



MFA Housing New Mexico  
 MFA February Board of Directors Meeting 2023  
 February 15, 2023  
 9:30 am-12:30 pm Mountain Time

## **Chair Convenes Meeting**

Roll Call (Izzy Hernandez)

Approval of Agenda - Board Action

Approval of Board Meeting Minutes January 18, 2023 - Board Action

## **Board Action Items**

### **Consent Agenda**

- 1 NextHome/NextDown Policy Revision Correction (Jeff Payne) – Finance Committee YES

### **Finance Committee**

- 2 12/31/22 Quarterly Financial Statement Review (Lizzy Ratnaraj) YES

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

- 3 New Mexico MFA Subservicing Agreement (Teresa Lloyd) YES

### **Other**

- 4 Request for Use of New Mexico Housing Trust Fund for FirstDown Downpayment Assistance (Jeff Payne) YES
- 5 Recommendation to Approve Allocation of Available New Mexico Housing Trust Funds (Robyn Powell) YES
- 6 Appointment of the Nominating Committee (Chair, Angel Reyes) NO
- 7 Strategic Marketing Plan update (Paul Dahlgren) NO
- 8 Update – Annual Real Estate Owned Portfolio (Teresa Lloyd) NO
- 9 Quarterly Multifamily Project Completion Report (George Maestas) NO
- 10 Closed Session (Motion and affirmative vote are required to close the meeting for these limited purposes)
  - Executive Session – Acquisition of Real Property YES
  - Executive Session to be held pursuant to Section 10-15-1 H (8) of the Open Meetings Act: Discuss Purchase Agreement Related to Acquisition of Real Property and Financing (Izzy Hernandez, Jeff Payne, Lizzy Ratnaraj, Tom Jenkins & Eleanor Werenko)
- 11 Open Session
  - (Motion and affirmative vote are required to open the meeting)
  - Approve Purchase Agreement Related to Acquisition of Real Property (Chair Angel Reyes) YES

- 12 Approve Real Property Financing Resolution (Chair Angel Reyes)  
YES

**Other Board Items**

- 13 (Staff is available for questions)

- ☐ Staff Action Requiring Notice to Board
- ☐ COVID Staff Actions
- ☐ 12/31/22 Quarterly Investment Financial Report
- ☐ Strategic Plan Dashboard

**14 Quarterly Reports**

- ☐ Quarterly Board Report

**Announcement and Adjournment**

Confirmation of Upcoming Board Meetings

- ☐ March 7, 2023 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- ☐ March 15, 2023 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting-MFA)
- ☐ April 11, 2023 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- ☐ April 19, 2023 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- ☐ May 9, 2023 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- ☐ May 17, 2023 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Board Meeting**  
**344 4th St. SW, Albuquerque, NM**  
**Wednesday, February 15, 2023 - Wednesday- 9:30 a.m.**

**Proposed Agenda**

**Chair Convenes Meeting**

**Roll Call (Izzy Hernandez)**

- Approval of Agenda – Board Action
- Approval of 1/18/23 Board Meeting Minutes – Board Action
- Executive Director Updates

**Board Action Items**

**Action Required?**

**Consent Agenda**

- |   |     |
|---|-----|
| 1 NextHome/NextDown Policy Revision Correction (Jeff Payne) – Finance Committee | YES |
|---|-----|

**Finance Committee**

- |  |     |
|--|-----|
| 2 12/31/22 Quarterly Financial Statement Review (Lizzy Ratnaraj) | YES |
|--|-----|

**Contracted Services/Credit Committee & New Mexico Housing Trust Fund (NMHTF) Advisory Committee**

- |  |     |
|--|-----|
| 3 New Mexico MFA Subservicing Agreement (Teresa Lloyd) | YES |
|--|-----|

**Other**

- |  |     |
|--|-----|
| 4 Request for Use of New Mexico Housing Trust Fund for FirstDown Downpayment Assistance (Jeff Payne) | YES |
| 5 Recommendation to Approve Allocation of Available New Mexico Housing Trust Funds (Robyn Powell)    | YES |
| 6 Appointment of the Nominating Committee (Chair, Angel Reyes)                                       | NO  |
| 7 Strategic Marketing Plan update (Paul Dahlgren)  | NO  |
| 8 Update – Annual Real Estate Owned Portfolio (Teresa Lloyd)   | NO  |
| 9 Quarterly Multifamily Project Completion Report (George Maestas)                                   | NO  |

**Closed Session**

**Action Required**

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

- |   |     |
|---|-----|
| 10 Executive Session – Acquisition of Real Property   | YES |
| <ul style="list-style-type: none"> <li>▪ Executive Session to be held pursuant to Section 10-15-1 H (8) of the Open Meetings Act: Discuss Purchase Agreement Related to Acquisition of Real Property and Financing (Izzy Hernandez, Jeff Payne, Lizzy Ratnaraj, Tom Jenkins &amp; Eleanor Werenko)</li> </ul> |     |

**Open Session**

**Action Required**

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

- |   |     |
|---|-----|
| 11 Approve Purchase Agreement Related to Acquisition of Real Property (Chair Angel Reyes) | YES |
| 12 Approve Real Property Financing Resolution (Chair Angel Reyes)                         | YES |

**Other Board Items**

**Information Only**

- |   |  |
|---|--|
| 13 (Staff is available for questions)   |  |
| <ul style="list-style-type: none"> <li>▪ Staff Action Requiring Notice to Board</li> <li>▪ COVID Staff Actions</li> <li>▪ 12/31/22 Quarterly Investment Financial Report</li> <li>▪ Strategic Plan Dashboard</li> </ul> |  |

**Quarterly Reports**

**No Action Required**

- |  |  |
|--|--|
| 14 (Staff is available for questions)                                      |  |
| <ul style="list-style-type: none"> <li>▪ Quarterly Board Report</li> </ul> |  |

**Announcements and Adjournment****Discussion Only****Confirmation of Upcoming Board Meetings**

- March 7, 2023 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- March 15, 2023 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting-MFA)
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**Wednesday, February 15, 2023 - Wednesday- 9:30 a.m.**

**Proposed Agenda**

**Chair Convenes Meeting**

**Roll Call (Izzy Hernandez)**

- Approval of Agenda – Board Action
- Approval of 1/18/23 Board Meeting Minutes – Board Action
- Executive Director Updates

**Board Action Items**

**Action Required?**

**Consent Agenda**

- 1 NextHome/NextDown Policy Revision Correction (Jeff Payne)** – Finance Committee. Staff recommends a correction to the NextHome and NextDown programs and policies approved at the January Board of Directors meeting. The correction requested is to calculate the amount of down payment assistance as three percent (3%) of the sales price. YES

**Finance Committee**

- 2 12/31/22 Quarterly Financial Statement Review (Lizzy Ratnaraj)** – ongoing YES

**Contracted Services/Credit Committee & New Mexico Housing Trust Fund (NMHTF) Advisory Committee**

- 3 New Mexico MFA Subservicing Agreement (Teresa Lloyd)** - Staff requests approval to negotiate a three-year Mortgage Loan Subservicing and Single Family Program Support Services Agreement with IHFA with two additional one-year extensions. MFA will continue the transition of the in-house seller activities and maintain a long-term subservicing relationship with IHFA. Staff recommends continuing the subservicing model with IHFA for five years until September 30, 2028 and reevaluating the arrangement at the end of the agreement term. YES

**Other**

- 4 Request for Use of New Mexico Housing Trust Fund for FirstDown Downpayment Assistance (Jeff Payne)** - Staff recommends approval of an allocation \$5 million from the New Mexico Housing Trust Fund (NMHTF) to fund the FirstDown, single family downpayment assistance program. YES
- 5 Recommendation to Approve Allocation of Available New Mexico Housing Trust Funds (Robyn Powell)** - Staff recommends allocating up to \$5,000,000 of funding available in the New Mexico Housing Trust Fund for the purpose of additional requests for funding resulting from the State and Local Fiscal Recovery Funds Notice of Funding Availability. All awards will be made following the MFA Delegations of Authority.
- 6 Appointment of the Nominating Committee (Chair, Angel Reyes)** - Nominating Committee appointed to Elect Officers.
- 7 Strategic Marketing Plan update (Paul Dahlgren)** - Presentation to provide information about recent accomplishments and current, ongoing, and future marketing and communications initiatives at MFA. NO
- 8 Update – Annual Real Estate Owned Portfolio (Teresa Lloyd)** NO
- 9 Quarterly Multifamily Project Completion Report (George Maestas)** - For informational purposes, staff will provide an overview of the report on the construction progress for multifamily projects and present information on any upcoming loan closings and ribbon cuttings. NO

**Closed Session**

**Action Required**

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

- 10 Executive Session – Acquisition of Real Property** YES
- Executive Session to be held pursuant to Section 10-15-1 H (8) of the Open Meetings Act: Discuss Purchase Agreement and Financing Approval Related to Acquisition of Real Property (Izzy Hernandez, Jeff Payne, Tom Jenkins, and Eleanor Werenko)

<b><u>Open Session</u></b>	<b><u>Action Required</u></b>
(Motion and affirmative vote are required to open the meeting)	
<b>11 Approve Purchase Agreement Related to Acquisition of Real Property (Chair Angel Reyes)</b>	YES
<b>12 Approve Real Property Financing Resolution (Chair Angel Reyes)</b>	YES

<b><u>Other Board Items</u></b>	<b><u>Information Only</u></b>
<b>13 (Staff is available for questions)</b>	
<ul style="list-style-type: none"> <li>▪ Staff Action Requiring Notice to Board</li> <li>▪ COVID Staff Actions</li> <li>▪ 12/31/22 Quarterly Investment Financial Report</li> <li>▪ Strategic Plan Dashboard</li> </ul>	

<b><u>Quarterly Reports</u></b>	<b><u>No Action Required</u></b>
<b>14 (Staff is available for questions)</b>	
<ul style="list-style-type: none"> <li>▪ Quarterly Board Report</li> </ul>	

<b><u>Announcements and Adjournment</u></b>	<b><u>Discussion Only</u></b>
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# NEW MEXICO MORTGAGE FINANCE AUTHORITY

## Meeting Minutes

Inn and Spa at Loretto, 211 Old Santa Fe Trail, Santa Fe, NM

Wednesday, January 18, 2023 at 9:30 a.m.

Chair Reyes convened the meeting on January 18, 2023 at 9:36 a.m. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Gideon Elliot (designee for Attorney General Raúl Torrez), participated via conference call - Martina C'de Baca, (designee for Lieutenant Governor Howie Morales), JR Rael (designee for Treasurer Laura Montoya), Rebecca Wurzbarger, Patricia Sullivan and Derek Valdo (arrived at 10:19 - following the consent agenda items). 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 informed everyone that the meeting is being recorded, making reference to the recording microphone sensitivity. Chair Reyes informed the Board that the Oath of Office had been administered for both Attorney General Raúl Torrez (this morning at 8:00 a.m.) and State Treasurer Laura Montoya yesterday (Tuesday, January 17 at 10:30 a.m.) and welcomed proxies Gideon Elliot and JR Rael to the MFA Board of Directors. Chair Reyes then provided voting protocol for Board Members because member C'de Baca participated virtually.

Izzy welcomed additional guests in the audience. Representing the Santa Fe Public Schools, Superintendent Mr. Chavez, Ms. Wagner and Mr. Bostwick. St. Elizabeth's Shelter Mr. Archuleta executive director just appointed to the Allocation Review Committee and Lara Yoder housing program manager representing The Life Link.

**Approval of Agenda – Board Action.** Motion to approve the January 18, 2023 board agenda as recommended: Wurzbarger. Second: Sullivan. Vote: 6-0.

**Approval of December 14, 2022 Board Meeting Minutes – Board Action.** Motion to approve the December 14, 2022 Board Meeting Minutes as presented: Elliot. Second: Wurzbarger. Vote: 6-0.

### Local Perspectives

Mark O'C. O'Brien, Managing Director and Misty D. Dalke, Vice President - National Housing Group, Raymond James provided a housing overview and market update PowerPoint presentation. They went over the following information from the slides provided: An overview of Raymond James, Housing Market update, Municipal and Treasury Market update and the Single Family Housing Bond Market update.

John Anderson Government Relations Consultant - 2023 Legislative Overview. Anderson began his presentation by stating how nice it was to see everyone. He thought we might be looked upon as we were taken care of in getting a dedicated source of revenue for the Housing Trust Fund with the passing of SB134 in 2022. However, with the Governor having housing and homelessness on her agenda we may have a chance at our requests being funded. He gave accolades to Senator Rodriguez' for her tireless efforts in successfully getting SB 134 passed. The Legislature came to the realization that housing is as important as anything else that is done during this session. The Governor has made housing and homelessness priority. He provided information on the executive budget and made reference to the Governor's mention on MFA and housing. He further stated that in all the time he has lobbied he has never seen housing mentioned in the State of the State address. He further spoke to the new leadership this session, stating this is really exciting to see where were headed. He then reviewed bills being introduced on behalf of MFA.

Hernandez highlighted the following topics: **Program Updates:** 2022 Annual Results: 18,572 Assisted with \$642M; Mortgage Ops – Behind last year's production (weekly Avg) '21 - \$11.0m / '22 - \$9.3m / '23 - \$5.9 (as of 1/9/23), today's recommended changes to the programs later on the agenda might help us assist more homeowners. Interest rates: 1st Home (GOV) Interest rate 5.875% (1/13/23) - 4.50% (4/15/22). **Significant meetings/presentations:** 12/20: PBCA Procurement Cancelled. 12/20: SBOF: \$552M Total - Carry Forward \$199M Single Family, '23 PABC \$143M Single Family & \$210M multi-family. **Upcoming Meetings:** 1/25: 2023 A Bond Issue - ~\$60M. He reviewed the Product/Project Delay & Mortgage Rate graphs, which indicates that Mortgage rates doubling from 3% to 6% disqualified 20 million households from a 400k mortgage and reduced the potential borrower pool by 40%. He made reference to the

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January 18, 2023

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2023 Board Working Sessions/Training/Presentations. Chair Reyes recommended adding how we can impact development of SF homes/Support infrastructure how can we impact beyond current programs. Hernandez then made reference to the articles sent to the Board with emphasis on NM Governor releases FY24 Executive Budget - \$116M/\$48M. He thanked MFA Board for their support as well as staff present and listening in for all their hard work.

### Consent Agenda

- 1 **2023 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.
- 2 **MFA Bylaws (Julie Halbig)** - Finance Committee - Summary: As needed, MFA staff reviews and updates MFA's Bylaws. The Bylaws are updated to remain in alignment with the MFA Act (Section 58-18-2, NMSA 1978) as well as MFA's Policies and Procedures Manual. Staff recommends approval of the proposed updates to MFA's Bylaws.
- 3 **MFA Employee Handbook (Dolores Wood)** - Finance Committee - Annually, the MFA Employee Handbook is reviewed and updated. The Employee Handbook is revised as needed for changes as it relates to compliance, audit findings, clarifications, and changes in general practices.

Chair Reyes confirmed that all board members agree to approve the consent agenda items 1) 2023 Open Meetings Resolution, 2) MFA Bylaws, and 3) MFA Employee Handbook, seeing and hearing no objections he asked for a motion. Wurzburger made the motion to approve the consent agenda in its entirety: Second: Elliot. Vote: 6-0.

Member Valdo arrived at 10:19 a.m.

### Finance Committee

- 4 **9/30/2022 Report of Independent Auditors and Financial Statements and Single Audit Information (Emily Wilson, CLA)**. Ratnaraj introduced Emily Wilson of Clinton, Larson and Allen. She informed the Board that the Independent Audit for 2022 had been completed and they will present the audit results to the Board. Wilson informed the Board that Gaby Miller is available remotely and thanked the Board for the opportunity to present the results of the audit as of September 30, 2022. She began by providing background on CLA and the engagement team which consisted of Miller and Mandy Merchant, further informing the Board that she works with the Albuquerque office. Wilson informed the Board that today's presentation would include the following: Scope of work and engagement, Responsibilities of the various parties involved (governance, management and independent auditors), Audit timeline, Financial Statements highlights and results and Single Audit Summary, and Required Governance Communications. These items are located behind tab four and will be a part of the official Board packet. MFA received unmodified opinions on all reports issued for FY2022. In reviewing the Single Audit report, she explained that there were four programs evaluated, they were; HOME Investment Partnerships Program, ARRA Tax Credit Assistance Program (TCAP), Ginnie Mae Mortgage-Backed Securities (MBS), and Weatherization Assistance (WAP) for Low Income Persons. Of those tests, two areas were identified as areas of improvement in compliance resulting in findings; Timely Monitoring of subrecipients for the HOME & TCAP programs. She concluded her presentation with the Auditors Communication, which is also included in the presentation. Motion to approve the 9/30/22 Report of Independent Auditors, Financial Statements, Supplemental Schedules and Single Audit as presented: Rael. Second: Elliot. Vote: 7-0.
- 5 **Amended Resolution to Sell & Acquire Real Estate (Izzy Hernandez and Eleanor Werenko)**. Werenko informed the Board that today staff is requesting an amendment to a prior Resolution approved at the July 20, 2022 by the MFA Board of Directors. The Board adopted a resolution authorizing the sale and acquisition of real property, authorizing the borrowing of money, and grant of collateral among other authorized activities. These were all related to the sale of MFA's current building and the acquisition of a new building. We are coming to you today to request a small amendment to the prior resolution approved by the Board to change Section 1 of the July 20, 2022 Resolution to amend the members of the Property Committee. The proposed members shall include the Chair of the Board, Treasurer of the Board, Member Patricia Sullivan, and Executive Director/Chief Executive Officer (the "Property



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Committee”). That is the only change requested; to change the composition of the Property Committee. Motion to approve the Amended Resolution to Sell & Acquire Real Estate as presented: Sullivan. Second: Elliot. Vote: 7-0.

- 6 Policies and Procedures Manual Revisions (Julie Halbig).** Halbig informed the Board that items six and seven are covered by the same memo. She then informed the Board that at least annually and as needed, MFA staff reviews and updates the Policies and Procedures Manual. The Policies and Procedures Manual is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. General Counsel reviews the manual as needed. During this review cycle General Counsel reviewed these recommended changes. She discussed the more substantive changes located behind tab six, which will become a part of the official Board packet. Most of the changes discussed in the memo pertained to the Delegations of Authority. Werenko informed the Board that two separate motions were required for the Policies & Procedures Manual and the Delegations of Authority. Motion to approve the Policies and Procedures Manual Revisions as recommended: Elliot. Second: Sullivan. Vote: 7-0.
- 7 Delegations of Authority Revisions (Julie Halbig).** Halbig reminded the Board that the memo reviewed in the prior agenda also included tab seven; Delegation of Authority of Revisions. The Delegations of Authority is updated annually or on an as needed basis and is Exhibit E in the Policies and Procedures and is always presented as a separate item for discussion. The Delegations of Authority details the MFA’s review and approval process for program funding, loans, grants and contracts from the Director level up to the Board of Directors level. Proposed changes were discussed during tab six. Included is a redline document, located behind tab seven, which will be made a part of the official Board packet. Motion to approve the Delegations of Authority Revisions as recommended. Wurzbarger. Second: Rael. Vote: 7-0.
- 8 Program Revisions Recommendation for NextHome/NextDown Programs (Jeff Payne and Rene Acuna).** Payne explained that items eight and nine are similar to the prior two tabs whereas they are very much related, so we would like to request when we are completed with tab eight we get a separate vote for tab nine. Acuna began by explaining that he and Mr. Payne would jointly present on proposed programmatic changes to MFA’s single-family programs which can be best summarized into two distinct programs: a First Time Home buyer program and a non-first-time home time homebuyer program. He provided background information from the memo located behind tab eight, which will become a part of the official board packet. Acuna further explained that due to market volatility in early 2022 MFA was forced to suspend the NextHome program as mortgage rates rapidly climbed. As a result, we recommend program changes that allow us to use alternative funding sources for down payment assistance. These proposed changes will allow MFA to resume the non-first-time homebuyer program, NextHome. We recommend the following: 1) In conjunction with the Approval of New Mexico Housing Trust Advisory Committee we recommend adding the funding Down Payment Assistance as an allowable activity, and 2) We also recommend policy revisions to MFA’s non-first-time homebuyer program. Payne explained the benefits in using the New Mexico Housing Trust Fund (NMHTF) monies as listed in the memo provided. He further explained that the DPA loan would now be amortizing loan for 10 or 15 years. The small added payment for the DPA second would be more than offset by a lower payment on the first mortgage. He reviewed a chart showing examples of the existing and the proposed changes. He further explained that within the memo the red-lined versions of the policies are attached as Exhibits A and B. Sullivan commended staff for their visionary leadership. Motion to approve the Program Revisions Recommendation for NextHome/NextDown Programs as recommended. Wurzbarger. Second: Sullivan. Vote: 7-0.
- 9 Approval of New Mexico Housing Trust Fund for Single Family Down Payment Assistance (Jeff Payne).** Payne explained that this item related to the prior agenda. He further explained that this memo is addressed to the Housing Trust Fund Advisory Committee an advisory committee of the Board and was taken to that committee for approval prior approval. MFA Staff recommends use of the New Mexico Housing Trust Fund (NMHTF) to fund single family mortgage down payment assistance (DPA) programs as an approved activity as stated in the NMHTF Notice of Availability of Funds. Staff proposes that \$3 million in NMHTF be allocated to this use. Motion to approve the Approval of New Mexico Housing Trust Fund for Single Family Down Payment Assistance as recommended. Wurzbarger. Second: Elliot. Vote: 7-0.

**Contracted Services/Credit Committee**

- 10 Request for Proposals (RFP) for a new service provider for the EnergySmart Program (Troy Cucchiara and Dimitri Florez).** Florez began his presentation with a request for approval to issue the NM EnergySmart Request for

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Proposals (RFP) for program years July 1, 2023 – June 30, 2027. Successful offerors will enter into a one-year contract (July 1, 2023 – June 30, 2024) with an option of three, one-year renewals. Upon funding availability, there is a possibility that an agency can hold a contract from July 1, 2023, through June 30, 2027. He further informed the Board that the NM EnergySmart Program is funded by U.S. Department of Energy (DOE), Low Income Housing Energy Assistance Program (LIHEAP), New Mexico Gas Company, Public Service Company of NM (PNM), and State funding. The Program's purpose is to help low-income households reduce their energy consumption, reduce their energy costs, and improve their health and safety by implementing a variety of energy efficient measures in their homes. MFA administers the program through community-based nonprofit organizations who provide statewide services. MFA's RFP process is intended to procure for weatherization service providers. Funding allocations will be determined through a competitive process to eligible offerors under the DOE Weatherization Assistance Program. Successful offerors will serve a specific NM EnergySmart service territory listed in the memo located behind tab 10 and will be made a part of the official board packet. Southern Territory \$2,350,000; Northern Territory \$6,350,000, Multifamily Statewide Territory \$1,800,000 and Tribal Territory \$1,800,000. He also reviewed the RFP to include scoring, criteria and maximum scores available. Elliot asked if we could consider an amendment to the standard criteria that if a NM based business get a point if appropriate. Werenko stated that with respect to MFA's procurements for programs using state funds there is criteria to include points for New Mexico based businesses. However, when using federal funding either as a sole or primary source; anytime federal funding is included, we are prohibited from allowing a New Mexico point criterion. Discussion ensued regarding education programs in the southern part of the state to provide training for these services. Cucchiara explained that we currently contract with the College of Santa Fe to train students in this area and thanked member Sullivan for this useful information which will assist in expanding MFA's outreach. Motion to approve the Request for Proposals (RFP) for a new service provider for the EnergySmart Program as presented: Elliot. Second: Wurzbarger. Vote: 7-0.

**11 Award Recommendation for Request for Proposal For Graphic Design and Creative Services (Paul Dahlgren).**

Dahlgren began his presentation with a recommendation for approval of Sunny 505 for the Graphic Design and Creative Services RFP. The Board approved the Request for Proposal (RFP) for Graphic Design and Creative Services on November 16, 2022. The RFP was advertised in Albuquerque, Las Cruces and Santa Fe local newspapers and posted on MFA's website. In addition, ten (10) firms were directly solicited to respond to the RFP. We received three (3) responses and all three met the Minimum Requirements and were scored. Staff recommends the award of the contract to Sunny 505. The contract is for a term of one (1) year, with the option of three (1) one-year extensions at the option of the MFA Board. Motion to approve the Award Recommendation for Request for Proposal For Graphic Design and Creative Services as presented: Elliott. Second: Sullivan. Vote: 7-0.

**Other**

**12 Appointment of Board Committees (Chair Angel Reyes).** Chair Reyes recommended the following members to both the Finance Committee and Contracted Services/Credit Committee. Finance Committee; Derek Valdo chair, Lieutenant Governor Howie Morales/Designee and Treasurer Laura Montoya/Designee. Contracted Services/Credit Committee; Rebecca Wurzbarger (Chair), Attorney General, Raul Torrez/Designee and Patricia Sullivan. Motion to approve the Appointment of Board Committees - Finance Committee and Contracted Services/Credit Committee as recommended: Wurzbarger. Second: Rael. Vote: 7-0.

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

Chair Reyes stated that "Next on our agenda (Item 13) is discussion of a Letter of Interest/Purchase Agreement Related to Acquisition of Real Property that Board Legal Counsel has advised the Board to discuss in closed session pursuant to Section 10-15-1(H)(8) a of the Open Meetings Act which allows for discussion of matters related to the purchase of real property in closed session.

He asked for a motion to close the meeting for the sole purpose of discussing the Letter of Interest/Purchase Agreement Related to Acquisition of Real Property. Wurzbarger. Second: Elliot.

Chair Reyes asked if there are any discussions regarding the motion to close the meeting for the sole purpose of discussing the prior mentioned Letter of Interest/Purchase Agreement Related to Acquisition of Real Property? Seeing none, all those in favor say aye, opposed same sign. The motion carries and the Board will now enter closed session. Vote: 7-0. Chair Reyes asked everyone except the Board members present, Board counsel, Policy Committee and MFA's Real

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Estate Broker Tom Jenkins (participated virtual) to leave the room. Time 11:24 a.m. He then asked staff to terminate the recording and webcast at this time.”

**13 Executive Session – Letter of Interest/Purchase Agreement Related to Acquisition of Real Property**

Executive Session to be held pursuant to Section 10-15-1 H (8) of the Open Meetings Act: Discuss

Letter of Interest/Purchase Agreement Related to Acquisition of Real Property (Izzy Hernandez, Jeff Payne, Tom Jenkins and Eleanor Werenko)

**Open Session**

**Action Required**

**14** At 11:54 a.m. Chair Reyes requested a motion to re-open the meeting; Elliot: Second: Wurzbarger. He further inquired if there are any discussion regarding the motion to open the meeting? Seeing none, all those in favor say aye, opposed same sign. The motion carries and the Board is now in open session. Vote: 7-0.

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 Letter of Intent/Purchase Agreement Related to the Acquisition of Real Property matters that were identified in the agenda as Item No. 13. No other issues were discussed, and no actions were taken.

**Other Board Items - Information Only**

**15 There were no questions asked of staff.**

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- 2022 Series E Pricing Summary
- 2023 Series A - Upcoming Single Family Bond Issuance

**Monthly Reports - No Action Required**

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

- 11/30/22 Financial Statements

**Announcements and Adjournment.** Chair Reyes informed the Board that the next MFA Board of Directors meeting would be held on February 15, 2023 at the offices of the MFA.

There being no further business the meeting was adjourned at 11:58 a.m.

**Approved: February 15, 2023**

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Chair, Angel Reyes

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Secretary, Isidoro Hernandez



# MEMO

TO: MFA Board of Directors

Through: Finance Committee – February 8, 2023

FROM: Jeff Payne, Chief Lending Officer

DATE: February 15, 2023

SUBJECT: NextHome/NextDown Policy Revision Correction

## Recommendation

Staff recommends a correction to the NextHome and NextDown programs and policies approved at the January Board of Directors meeting. The correction requested is to calculate the amount of down payment assistance as three percent (3%) of the sales price.

## Discussion

The previous NextHome and NextDown program policy offered down payment assistance in the amount of 3% of the loan amount and this was not updated in the request made at the January Board of Directors meeting. The existing FirstHome/FirstDown program calculates the DPA assistance at 3% of purchase price. To minimize confusion with borrowers and lenders, the amount of DPA assistance for the newly revised NextHome/NextDown programs should also be calculated as a percentage of sales price and not the loan amount. Staff should have made this change in the program revisions presented and approved at the January Board of Directors meeting.

The proposed NextHome/NextDown policy correction will read as follows:

### **Maximum Loan Amount:**

The current Next Down loan amount is up to three percent (3.00%) of the ~~Next Home loan balance~~ **purchase price**. MFA may seek to increase the amount of assistance through budget amendments or fund allocation requests if funding sources are available.

## Summary

Staff recommends a correction to the NextHome and NextDown program policies to calculate the amount of down payment assistance offered as three percent (3%) of the sales price.



*Housing New Mexico*

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

### ***Finance/Operations Committee Meeting***

**Wednesday, February 8, 2022 at 1:30 p.m.**

Webex - call-in information is +1-408-418-9388 (access code): 2481 935 6569

or you can join the call from the calendar item

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<b><u>Recommended for Consent Agenda</u></b>		
<b>1</b> NextHome/NextDown Policy Revision Correction (Jeff Payne)	2-Ø	YES
<b><u>Agenda</u></b>		
<b>2</b> 12/31/22 Quarterly Financial Statement Review (Lizzy Ratnaraj)	2-Ø	YES
<b><u>Information items</u></b>		
<b>3</b> December 2022 Wire Transfers		NO
<b>4</b> December 2022 Check Register		NO

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

Derek Valdo, Chair

☐ present

☒ absent

☐ conference call

State Treasurer Laura Montoya/Designee

JR Rael

☐ present

☐ absent

☒ conference call

Lt. Governor Howie Morales or  
Proxy Martina C'de Baca

☐ present

☐ absent

☒ conference call

New Mexico Mortgage Finance Authority

Combined Financial Statements  
and Schedules

December 31, 2022

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**FINANCIAL REVIEW**  
**For the one-month period ended December 31, 2022**

<b>COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):</b>		<u>3 months</u> <u>12/31/2022</u>	<u>3 months</u> <u>12/31/2021</u>	<u>% Change</u> <u>Year / Year</u>	<u>Forecast</u> <u>12/31/2022</u>	<u>Actual to</u> <u>Forecast</u>	<u>Forecast/Target</u> <u>9/30/23</u>
<b>PRODUCTION</b>							
1	Single family issues (new money):	\$75.0	\$99.9	-24.9%	\$75.0	0.0%	\$295.0
2	Single family loans sold (TBA):	\$0.0	\$30.3	-100.0%	\$0.0	0.0%	\$30.0
3	Total Single Family Production	\$75.0	\$130.2	-42.4%	\$75.0	0.0%	\$325.0
5	Single Family Bond MBS Payoffs:	\$15.8	\$48.2	-67.2%	\$34.8	-54.5%	\$139.1
<b>STATEMENT OF NET POSITION</b>							
6	Avg. earning assets:	\$1,663.0	\$1,521.6	9.3%	\$1,682.5	-1.2%	\$1,682.5
7	General Fund Cash and Securities:	\$97.6	\$100.5	-2.9%	\$85.6	14.0%	\$85.6
8	General Fund SIC FMV Adj.:	\$0.3	-\$0.5	150.3%	\$0.0	N/A	\$0.0
9	Total bonds outstanding:	\$1,372.6	\$1,233.2	11.3%	\$1,363.5	0.7%	\$1,363.5
<b>STATEMENT OF REVENUES, EXPENSES AND NET POSITION</b>							
10	General Fund expenses (excluding capitalized assets):	\$6.8	\$5.9	15.3%	\$7.0	-2.9%	\$27.3
11	General Fund revenues:	\$7.9	\$6.6	19.7%	\$7.1	11.3%	\$29.7
12	Combined net revenues (all funds):	\$1.6	(\$1.7)	195.7%	\$0.8	95.3%	\$3.4
13	Combined net revenues excluding SIC FMV Adj. (all funds):	\$1.7	(\$1.0)	278.7%	\$0.8	104.5%	\$3.4
14	Combined net position:	\$287.3	\$284.2	1.1%	\$289.5	-0.8%	\$289.5
15	Combined return on avg. earning assets:	0.40%	-0.45%	187.5%	0.20%	97.6%	0.20%
16	Combined return on avg. earning assets excluding SIC FMV Adj. (all funds):	0.41%	-0.25%	263.5%	0.20%	107.0%	0.20%
17	Net TBA profitability:	0.00%	1.40%	-100.0%	0.50%	0.0%	0.50%
18	Combined interest margin:	0.84%	0.44%	92.3%	0.63%	33.3%	0.63%
<b>MOODY'S BENCHMARKS</b>							
19	Net Asset to debt ratio (5-yr avg):	25.31%	27.40%	-7.6%	25.42%	-0.4%	25.42%
20	Net rev as a % of total rev (5-yr avg):	6.87%	7.49%	-8.2%	9.51%	-27.7%	9.51%
<b>SERVICING</b>							
21	Subserviced portfolio	\$1,961.3	\$1,763.3	11.2%	\$1,976.5	-0.8%	\$2,203.4
22	Servicing Yield (subserviced portfolio)	0.42%	0.42%	0.0%	0.42%	0.0%	0.41%
23	Combined average delinquency rate (MFA serviced)	8.95%	8.62%	3.8%	9.50%	-5.8%	9.50%
24	DPA loan delinquency rate (all)	9.04%	9.18%	-1.5%	N/A	N/A	N/A
25	Default rate (MFA serviced-annualized)	0.56%	0.40%	40.0%	1.30%	-56.9%	1.30%
26	Subserviced portfolio delinquency rate (first mortgages)	12.31%	13.70%	-10.1%	N/A	N/A	N/A
27	Purchased Servicing Rights Valuation Change (as of 12/31/22)	\$11.4	\$4.0	184.5%	N/A	N/A	N/A

Legend:

Positive Trend    Caution    Negative Trend    Known Trend/Immaterial

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**FINANCIAL REVIEW**  
**For the one-month period ended December 31, 2022**

**SUMMARY OF BOND ISSUES:**Single Family Issues:

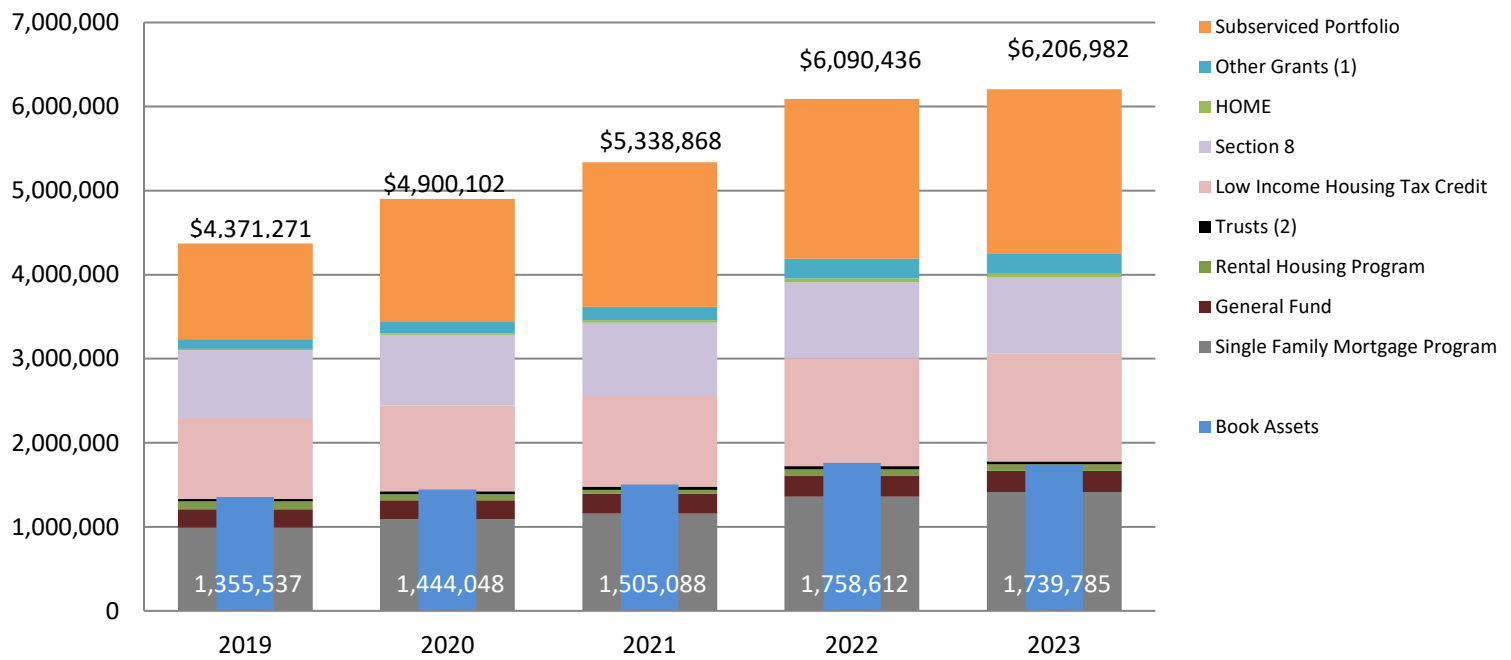
\$74.99 mm Series 2022E (November)

Multi-family Issues:**CURRENT YEAR FINANCIAL TRENDS & VARIANCES:**

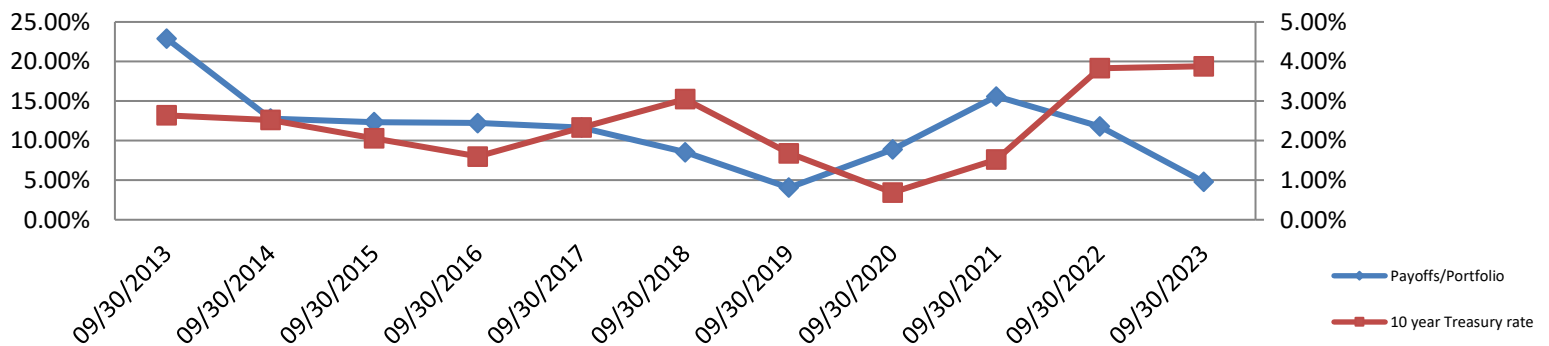
- The single-family production has decreased from last year due to headwinds from rising home prices, climbing mortgage rates, and high inflation. Due to changes in the economics of the mortgage program, we currently favor issuing tax-exempt bonds as the primary loan financing tool. We are currently not selling the Mortgage-Backed Securities (MBS) originated through our mortgage program into the TBA market. The issuance of bonds is currently producing a lower mortgage rate than the sales of loans to the TBA market. As a result, MFA is likely to lean more heavily toward bond financing and continue to use the TBA market where appropriate. MFA issued the 2022E Series for \$74.99 million in December and priced 2023A Series for \$60.0 million in January. Payoffs slowed by 67.2% due to rising mortgage rates discouraging homeowners from refinancing their loans.
- Any future issue of multi-family bonds for the benefit of a third party that is primarily liable for repayment of the debt will not be recorded in MFA books per GASB 91 requirements. Multi-family bond assets were eliminated from the financials effective October 1, 2022; as a conduit debt issuer, we make a limited commitment to maintaining the issue's tax-exempt status.
- In the first quarter of activities, the Return on Average earnings assets was 0.40%, which is better than last year as we rely heavily on bond financing, which led to growth in earning assets as new mortgage loans with higher interest rates are added to the balance sheet and earn interest revenue. Cash through bond proceeds and mortgage payments are invested in short-term funds earning higher interest revenue.
- The General Fund expenses increased by 15.3% due to increased compensation, lender fees, and repurchased loan expenses, while the General Fund revenue increased by 19.7% due to a shift to Mortgage Revenue Bond (MRB) financing, which resulting in a steady increase in the interest on loans and loan servicing income. The rise in short-term rates is also having a direct and immediate positive effect on MFA earnings.
- The combined interest margin of 0.84% increased from the FY22 year-end mark of 0.55% due to higher income from interest on loans and investments. The rising interest rates are positively impacting loan portfolio performance, bolstering MFA's investment income and discouraging homeowners from refinancing their loans.
- Based on Moody's issuer credit rating scorecard, MFA's 25.31% 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 6.87% ratio (5-year average) is below the optimal range (10-15%) because the percentage was negative in fiscal 2022 due to decreased FMV of SIC investments, lower TBA profitability resulting from market changes, increased lender fees and repurchased loan expenses and similar conditions persist in the fiscal year 2023 so far.
- 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 a high asset-to-debt ratio, good profitability, and a low-risk profile due to a mortgage-backed security structure, a 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.
- The Servicing Department monitors delinquencies and defaults to identify reduction strategies and refer borrowers to available loss mitigation programs. Sub-serviced Portfolio delinquency rate is 12.31%. The sub-serviced portfolio is approximately 85% FHA-insured loans. The Mortgage Bankers Association quarterly survey as of September 30, 2022, indicates that the delinquency rate for FHA loans nationally is 8.52%, and for New Mexico is 7.14%. In addition, FHA Single Family Loan Performance Trends for November 2022 showed 13.44% delinquency (for purchase loans only), which decreased from 13.65% in October 2022.
- The fair market value for purchased servicing rights as of December 2022 is \$29.4 million, an increase of about \$11.4 million over cost. GASB requires MFA to record the value of servicing rights at the 'lower of cost or market'. A steady increase over the last three quarters in FMV related to decreased prepayment speed projections and increased earnings rates impacted portfolio value positively. The current recorded cost of the asset is \$18 million. Valuations are obtained every quarter.



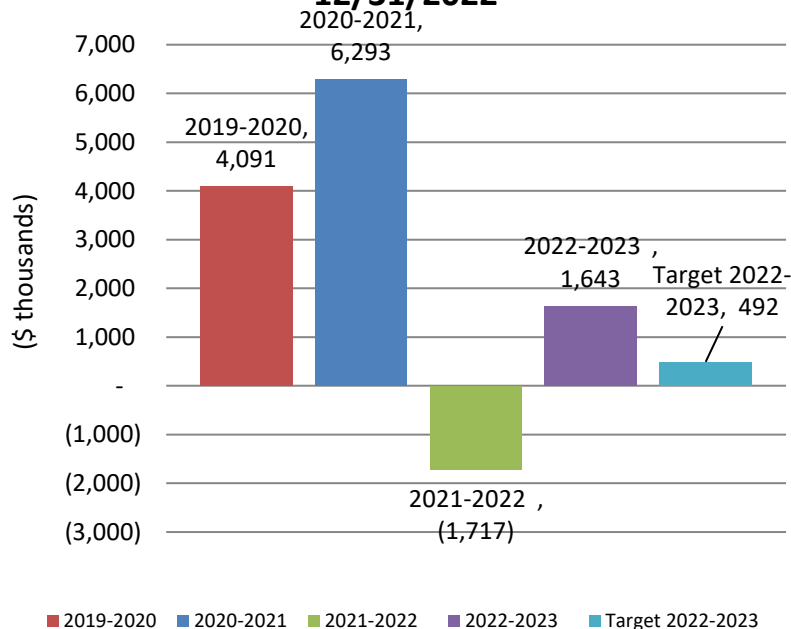
## Assets Under Management as of 12/31/2022 (\$ in thousands)



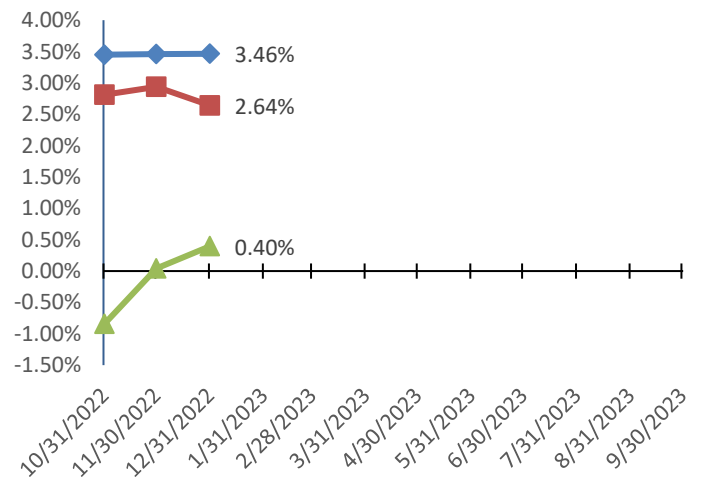
## YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2023



## YTD Excess Revenues over Expenses as of 12/31/2022



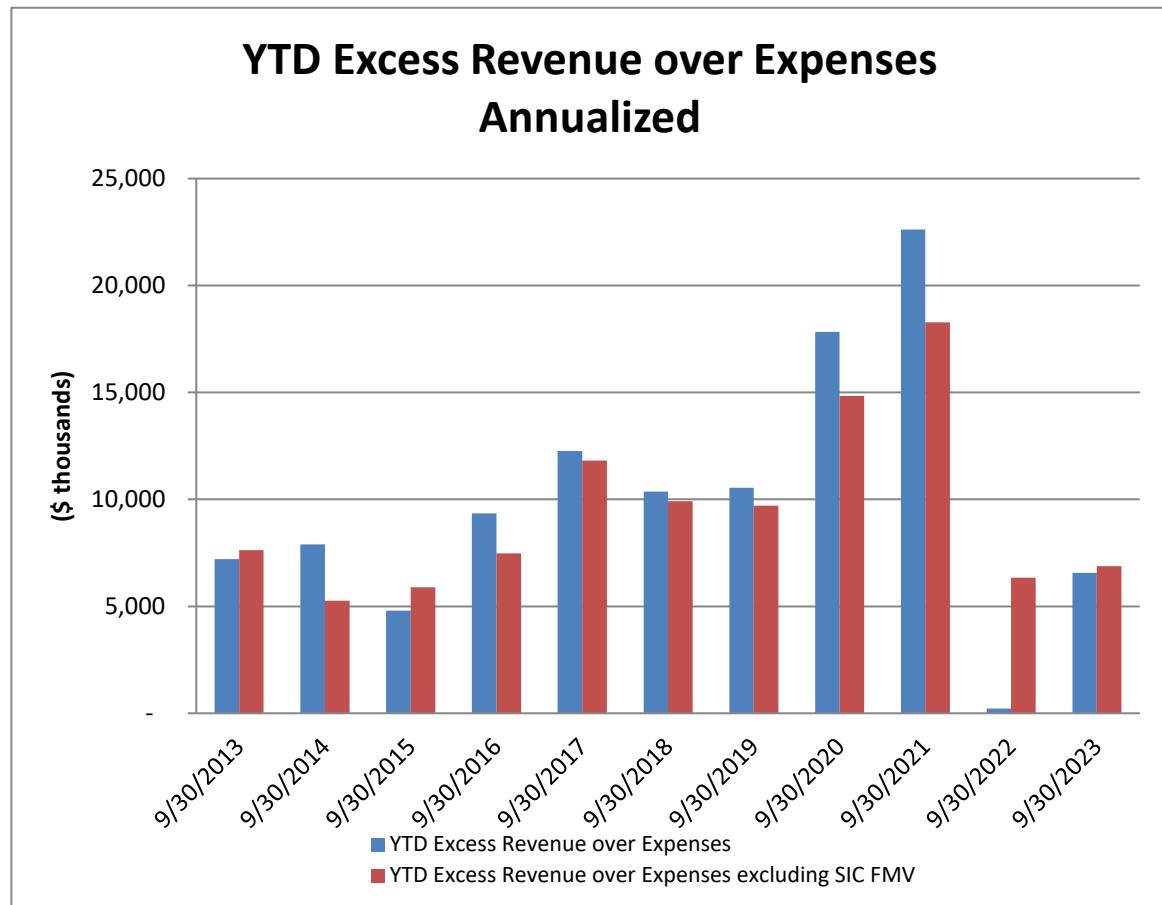
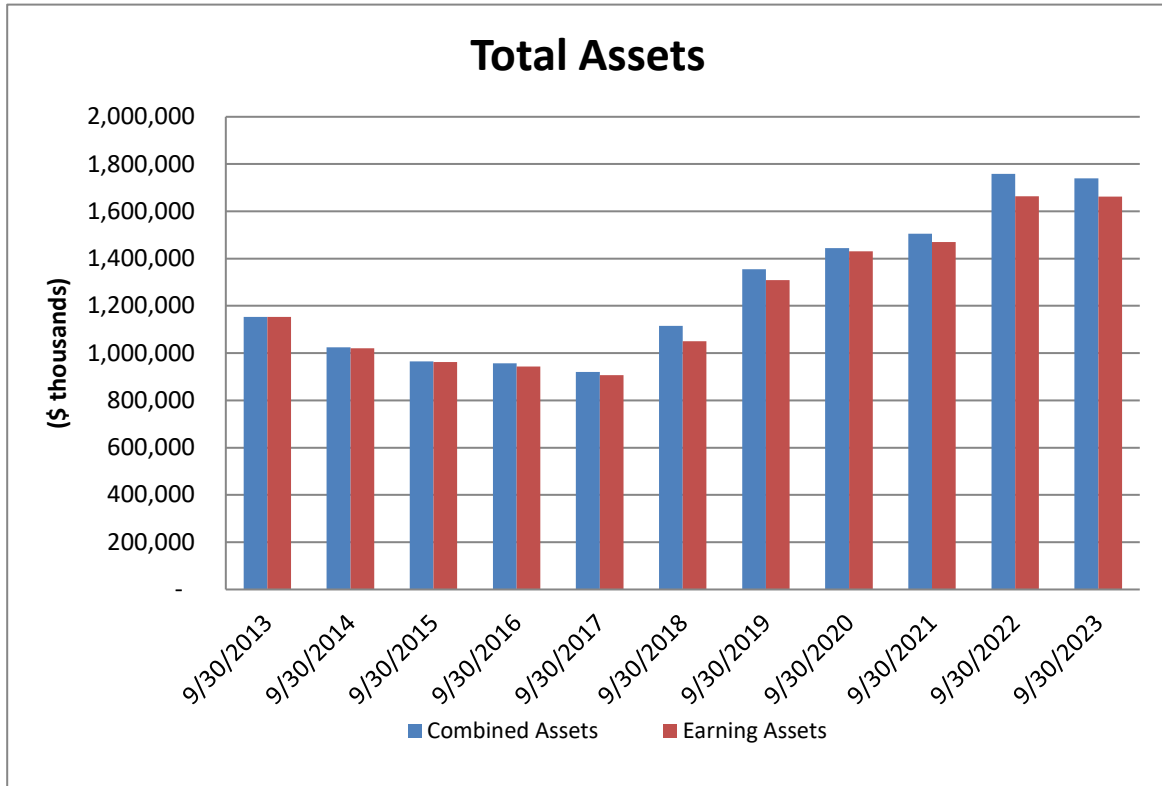
## Yield Targets 9/30/2023



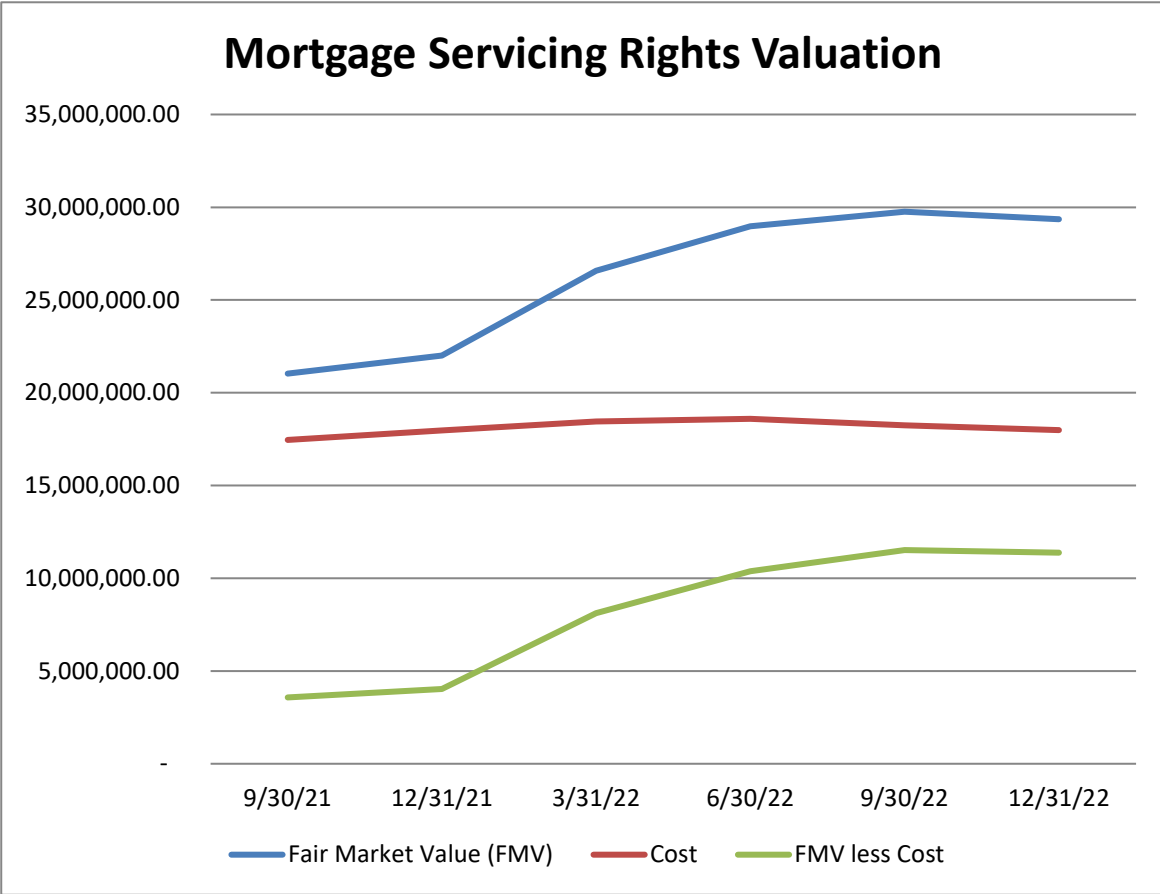
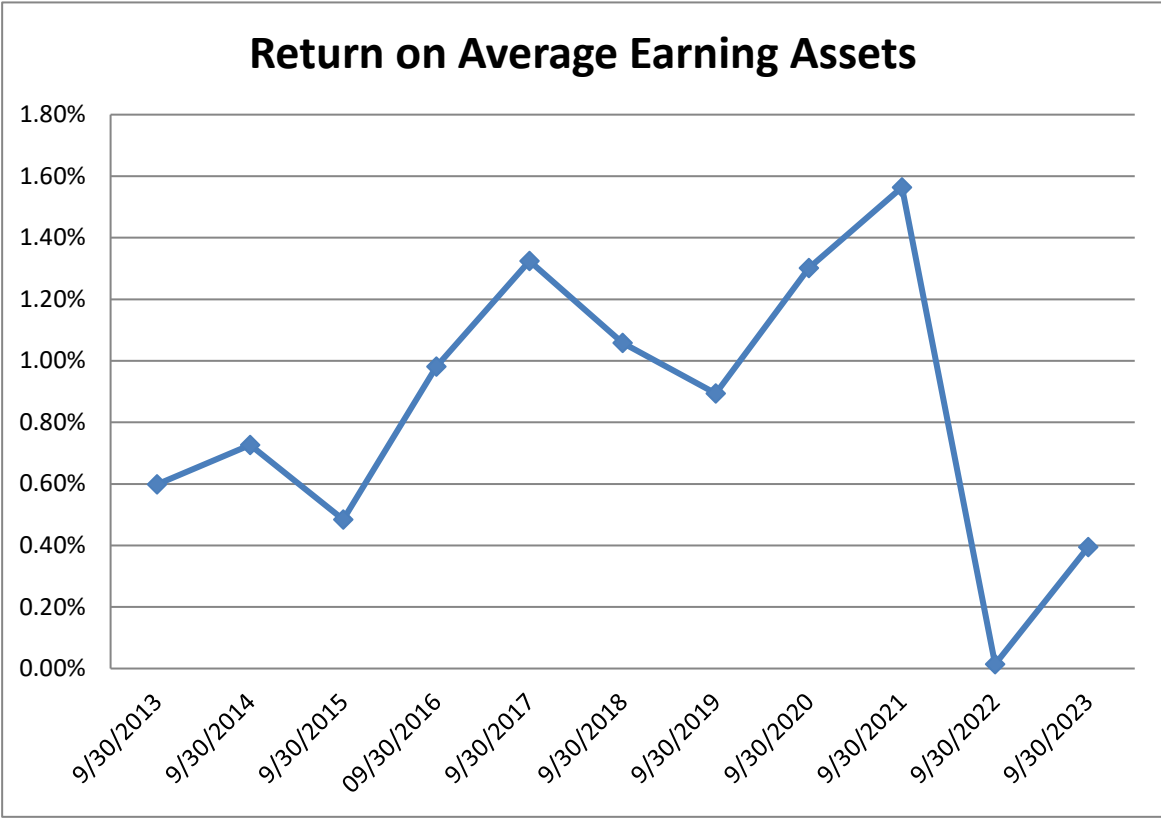
	2022	Target 2023
Loans Effective yield	3.31%	3.75%
Cash & Investments Effective yield	0.98%	1.50%
Rate of Return on Average Earning Assets	0.01%	0.11%

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

## QUARTERLY FINANCIAL GRAPHS



QUARTERLY FINANCIAL GRAPHS



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NEW MEXICO MORTGAGE FINANCE AUTHORITY  
COMBINED STATEMENT OF NET POSITION  
DECEMBER 2022  
(THOUSANDS OF DOLLARS)

	<u>YTD 12/31/22</u>	<u>YTD 12/31/21</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$53,385	\$51,622
RESTRICTED CASH HELD IN ESCROW	9,334	9,263
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	4,842	3,825
OTHER CURRENT ASSETS	6,725	3,396
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	2
INTER-FUND RECEIVABLE (PAYABLE)	(0)	0
TOTAL CURRENT ASSETS	<u>74,286</u>	<u>68,108</u>
 CASH - RESTRICTED	 126,249	 126,287
LONG-TERM & RESTRICTED INVESTMENTS	60,554	65,656
INVESTMENTS IN RESERVE FUNDS	-	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,286,982	1,093,439
MORTGAGE LOANS RECEIVABLE	179,418	158,497
ALLOWANCE FOR LOAN LOSSES	(9,856)	(9,148)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,755	1,851
OTHER REAL ESTATE OWNED, NET	2,125	2,394
OTHER NON-CURRENT ASSETS	13	-
INTANGIBLE ASSETS	18,090	17,990
TOTAL ASSETS	<u>1,739,607</u>	<u>1,525,073</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	178	186
 TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	 <u>1,739,785</u>	 <u>1,525,259</u>
 <u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$16,669	\$14,413
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	20,134	14,597
ESCROW DEPOSITS & RESERVES	9,207	9,063
TOTAL CURRENT LIABILITIES	<u>46,009</u>	<u>38,073</u>
 BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	 1,372,600	 1,177,403
MORTGAGE & NOTES PAYABLE	33,446	25,941
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	210	132
TOTAL LIABILITIES	<u>1,452,266</u>	<u>1,241,549</u>
DEFERRED INFLOWS	268	-
TOTAL LIAB/DEFERRED INFLOWS	<u>1,452,534</u>	<u>1,241,549</u>
 <u>NET POSITION:</u>		
NET INVESTED IN CAPITAL ASSETS	1,755	1,851
UNAPPROPRIATED NET POSITION (NOTE 1)	81,408	64,479
APPROPRIATED NET POSITION (NOTE 1)	204,089	217,380
TOTAL NET POSITION	<u>287,251</u>	<u>283,710</u>
 TOTAL LIABILITIES & NET POSITION	 <u>1,739,785</u>	 <u>1,525,259</u>

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NEW MEXICO MORTGAGE FINANCE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE THIRD MONTHS ENDED NOVEMBER 2022  
(THOUSANDS OF DOLLARS)

	<u>YTD 12/31/22</u>	<u>YTD 12/31/21</u>
<b><u>OPERATING REVENUES:</u></b>		
INTEREST ON LOANS	\$12,526	\$9,913
INTEREST ON INVESTMENTS & SECURITIES	1,375	365
LOAN & COMMITMENT FEES	949	925
ADMINISTRATIVE FEE INCOME (EXP)	1,251	2,066
RTC, RISK SHARING & GUARANTY INCOME	9	125
HOUSING PROGRAM INCOME	34	236
LOAN SERVICING INCOME	2,828	2,032
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>18,972</u>	<u>15,662</u>
<b><u>NON-OPERATING REVENUES:</u></b>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	(59)	(646)
OTHER NON-OPERATING INCOME	0	0
GRANT AWARD INCOME	18,619	12,374
SUBTOTAL NON-OPERATING REVENUES	<u>18,561</u>	<u>11,728</u>
<b>TOTAL REVENUES</b>	<u><u>37,532</u></u>	<u><u>27,390</u></u>
<b><u>OPERATING EXPENSES:</u></b>		
ADMINISTRATIVE EXPENSES	6,116	6,957
INTEREST EXPENSE	10,409	8,629
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(749)	(760)
PROVISION FOR LOAN LOSSES	(11)	134
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	40	38
AMORT. OF SERV. RIGHTS & DEPRECIATION	406	852
BOND COST OF ISSUANCE	699	884
SUBTOTAL OPERATING EXPENSES	<u>16,910</u>	<u>16,734</u>
<b><u>NON-OPERATING EXPENSES:</u></b>		
CAPACITY BUILDING COSTS	18	17
GRANT AWARD EXPENSE	18,960	12,363
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	<u>18,978</u>	<u>12,380</u>
<b>TOTAL EXPENSES</b>	<u><u>35,888</u></u>	<u><u>29,114</u></u>
<b>NET REVENUES</b>	1,644	(1,723)
<b>OTHER FINANCING SOURCES (USES)</b>	-	-
<b>NET REVENUES AND OTHER FINANCING SOURCES(USES)</b>	<u>1,644</u>	<u>(1,723)</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>285,608</u>	<u>285,434</u>
<b>NET POSITION AT 12/31/22</b>	<u><u>287,252</u></u>	<u><u>283,710</u></u>

NOTES TO FINANCIAL STATEMENTS  
(For Informational Purposes Only)  
(in Thousands of Dollars)

(Note 1) MFA Net Position as of December 31, 2022:

UNAPPROPRIATED NET POSITION:

\$ 26,492	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 34,528	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 948	is held for New Mexico Affordable Housing Charitable Trust.
<u>\$ 61,968</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:

\$ 117,129	for use in the Housing Opportunity Fund (\$106,418 in loans and grants plus \$10,711 unfunded, of which \$3,870 is committed).
\$ 43,059	for future use in Single Family & Multi-Family housing programs.
\$ 1,115	for loss exposure on Risk Sharing loans.
\$ 1,755	invested in capital assets, net of related debt.
\$ 17,979	invested in mortgage servicing rights.
\$ 24,808	for the future General Fund Budget year ending 09/30/23 (\$31,681 total budget less \$6,873 expended budget through 10/31/22.)
<u>\$ 205,845</u>	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

\$ 19,438	for use in the federal and state housing programs administered by MFA.
<u>\$ 19,438</u>	Subtotal - Housing Program
<u>\$ 225,283</u>	Total Appropriated Net Position
<u>\$ 287,251</u>	Total Combined Net Position at December 31, 2022

Total combined Net Position, or reserves, at December 31, 2022 was \$287 million, of which \$62 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$225.3 million of available reserves, with \$97.6 million primarily liquid in the General Fund and in the federal and state Housing programs and \$127.7 million illiquid in the programs of the General Fund, have been:

- for use in existing and future programs
- for coverage of loss exposure in existing programs
- to meet servicing requirements, and
- for support of operations necessary to carry out the programs.

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, servicing requirements and operations.

**GENERAL FUND**  
**Fiscal Year 2022-2023 Budget**  
**For the three months ended 12/31/2022**

	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 %
<b>Revenue</b>							
Interest Income	626,417	1,963,596	2,101,348	8,405,392	137,752	6,441,796	23.36%
Interest on Investments & Securities	182,487	508,211	329,564	1,318,256	(178,647)	810,045	38.55%
Loan & Commitment Fees	10,535	29,490	43,836	175,344	14,346	145,854	16.82%
Administrative Fee Income (Exp)	739,218	2,254,666	2,102,216	8,408,864	(152,450)	6,154,198	26.81%
Risk Sharing/Guaranty/RTC fees	2,802	9,200	115,933	463,730	106,732	454,530	1.98%
Housing Program Income	15,533	33,153	70,607	1,530,014	37,454	1,496,861	2.17%
Loan Servicing Income	748,437	2,827,923	2,358,686	9,434,743	(469,237)	6,606,820	29.97%
Other Operating Income			-	-	-	-	
<b>Operating Revenues</b>	2,325,430	7,626,239	7,122,189	29,736,343	(504,050)	22,110,104	25.65%
Gain (Loss) Asset Sale/Debt Ex	1,075,815	273,887	-	-	(273,887)	(273,887)	
Other Non-operating Income	30	40	25	100	(15)	60	40.00%
<b>Non-Operating Revenues</b>	1,075,845	273,927	25	100	(273,902)	(273,827)	273926.80%
<b>Revenue</b>	3,401,274	7,900,166	7,122,214	29,736,443	(777,952)	21,836,277	26.57%
Salaries	540,444	1,637,758	2,134,471	7,978,035	496,713	6,340,277	20.53%
Overtime	1,940	6,060	10,119	37,585	4,059	31,525	16.12%
Incentives	140,081	143,203	181,104	677,169	37,901	533,967	21.15%
Payroll taxes, Employee Benefits	290,261	772,404	1,014,831	3,958,534	242,427	3,186,130	19.51%
<b>Compensation</b>	972,726	2,559,424	3,340,525	12,651,323	781,101	10,091,899	20.23%
Business Meals Expense	406	767	1,805	7,220	1,038	6,453	10.62%
Public Information	16,696	68,056	84,872	339,488	16,816	271,432	20.05%
In-State Travel	7,184	23,982	39,918	159,671	15,935	135,689	15.02%
Out-of-State Travel	7,236	29,428	67,011	268,046	37,584	238,618	10.98%
<b>Travel &amp; Public Information</b>	31,521	122,233	193,606	774,425	71,374	652,192	15.78%
Utilities/Property Taxes	6,754	19,288	19,925	79,700	637	60,412	24.20%
Insurance, Property & Liability	20,587	61,760	56,657	226,628	(5,103)	164,868	27.25%
Repairs, Maintenance & Leases	137,522	410,248	420,738	1,643,951	10,490	1,233,703	24.95%
Supplies	486	7,774	8,925	35,700	1,151	27,926	21.78%
Postage/Express mail	4,242	14,276	10,200	40,800	(4,076)	26,524	34.99%
Telephone	1,631	4,130	5,675	22,701	1,546	18,571	18.19%
Janitorial	3,008	9,179	10,225	40,900	1,046	31,721	22.44%
<b>Office Expenses</b>	173,940	514,858	532,159	2,089,634	17,301	1,574,777	24.64%
Dues & Periodicals	3,820	18,822	15,693	62,773	(3,129)	43,951	29.98%
Education & Training	13,275	25,394	42,673	170,690	17,279	145,296	14.88%
Contractual Services	106,702	251,896	350,501	1,402,004	98,605	1,150,108	17.97%
Professional Services-Program	20,100	42,871	60,688	242,751	17,816	199,880	17.66%
Direct Servicing Expenses	556,298	2,498,538	1,221,392	4,885,567	(1,277,146)	2,387,029	51.14%
Program Expense-Other	19,666	55,003	45,112	180,448	(9,891)	125,445	30.48%
Rebate Analysis Fees			-	-	-	-	
Miscellaneous	(196)	(196)			196	196	

**GENERAL FUND**  
**Fiscal Year 2022-2023 Budget**  
**For the three months ended 12/31/2022**

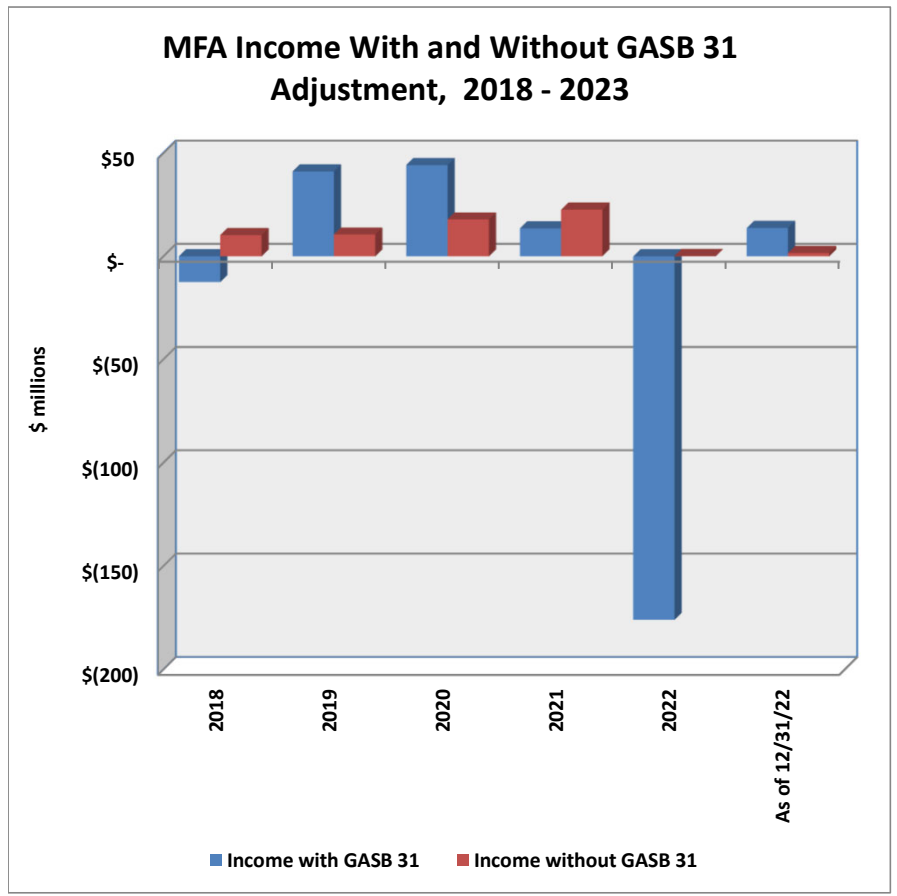
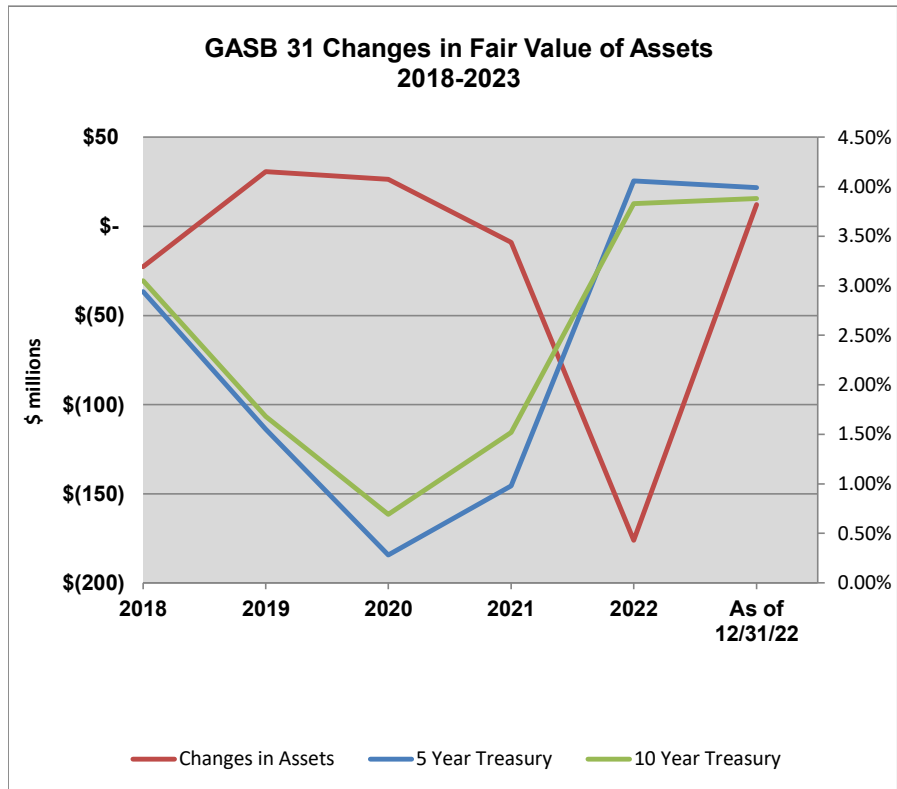
	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Other Operating Expense	719,666	2,892,328	1,736,058	6,944,233	(1,156,270)	4,051,905	41.65%
Interest Expense	111,841	294,456	411,305	1,645,220	116,849	1,350,764	17.90%
Non-Cash Expenses	121,292	394,496	710,275	2,841,098	315,779	2,446,602	13.89%
Expensed Assets	-	586	19,963	79,850	19,377	79,264	0.73%
<b>Operating Expenses</b>	<b>2,130,986</b>	<b>6,778,381</b>	<b>6,943,890</b>	<b>27,025,783</b>	<b>165,509</b>	<b>20,247,403</b>	<b>25.08%</b>
Program Training & Tech Asst	5,436	5,747	37,975	151,900	32,229	146,154	3.78%
Program Development	2,771	12,548	27,981	111,925	15,433	99,377	11.21%
Capacity Building Costs	8,207	18,295	65,956	263,825	47,662	245,530	6.93%
<b>Non-Operating Expenses</b>	<b>8,207</b>	<b>18,295</b>	<b>65,956</b>	<b>263,825</b>	<b>47,662</b>	<b>245,530</b>	<b>6.93%</b>
<b>Expenses</b>	<b>2,139,193</b>	<b>6,796,675</b>	<b>7,009,846</b>	<b>27,289,608</b>	<b>213,171</b>	<b>20,492,933</b>	<b>24.91%</b>
<b>Excess Revenue over Expenses</b>	<b>1,262,081</b>	<b>1,103,491</b>	<b>112,368</b>	<b>2,446,835</b>	<b>(991,123)</b>	<b>1,343,344</b>	<b>45.10%</b>



**GENERAL FUND CAPITAL BUDGET**  
**Fiscal Year 2022-2023 Budget**  
**For the three months ended 12/31/2022**

	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 %
<b>2690 PURCHASED SERVICING RIGHTS</b>	19,708	76,505	1,087,712	4,350,847	1,011,207	4,274,342	1.76%
<b>2950 COMPUTER HARDWARE</b>	-	-	10,081	40,324	10,081	40,324	0.00%
<b>2960 SOFTWARE LICENSES</b>	-	-	-	-	-	-	
<b>2920 FURNITURE &amp; EQUIPMENT-10 YR</b>	-	-	-	-	-	-	
<b>2930 FURNITURE &amp; EQUIP, 5 YR.</b>	-	-	-	-	-	-	
<b>2860 BUILDING</b>	-	-	-	-	-	-	
<b>Capital Budget</b>	19,708	76,505	1,097,793	4,391,171	1,021,288	4,314,666	1.74%

**New Mexico Mortgage Finance Authority**  
Effect of GASB31 on Financials



New Mexico Mortgage Finance Authority  
Loan and Credit Line Activity  
As of 12/31/2022

Lender	Purpose	Collateral	Board Authorization Date	Authority Limit	Outstanding 9/30/22	Advances	Repayments	Outstanding 12/31/2022	Maturity	Interest Rate as of 12/31/22	Interest Payments this quarter
Community Banks	Fund DPA program and assist financial institutions meet CRA requirements	DPA portfolio	March 2018	5,000,000	-	-	-	-	n/a	n/a	
FHLB	Mortgage Backed Security Warehouse, Loans Held for Sale Program	Mortgage loan pipeline	October 2017	60,000,000	19,000,000	21,500,000	19,000,000	21,500,000	3/10/2022	4.558%	114,663
FHLB	Mortgage Backed Security Warehouse, Loans Held for Sale Program & operations	Securities	October 2017	25,000,000	10,000,000		-	10,000,000	n/a	4.05%	86,625
USDA-RD	Preservation Revolving Loan Fund Demonstration Program	PRLF mortgage loans	September 2015	2,125,000	-	-	-	-	n/a	n/a	
SBIC	Capitalize Primero Loan Fund	None	April 2014, March 2019	2,500,000	-	-		-	11/30/2023	n/a	
FHLB	Mortgage Revenue Bond (MRB) Warehousing	MRB Mortgage backed securities	June 2013	30,000,000	-	-	-	-	n/a	n/a	
Wells Fargo	Capitalize Primero Loan Fund	None	October 2011	850,000	531,250	-	106,250	425,000	11/15/2023	2.00%	2,916
USDA-RD	Preservation Revolving Loan Fund Demonstration Program	PRLF mortgage loans	May 2011	2,000,000	1,521,355	-	-	1,521,355	1/20/2042	1.00%	-
TOTAL				122,475,000	31,052,605	21,500,000	19,106,250	33,446,355			204,204



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Contracted Services/Credit Committee Meeting**  
**Tuesday, February 7, 2023 @ 10:00 am**  
**MFA – Albuquerque**

WebEx join the meeting from the calendar or call 1-408-418-9388 (access code): 2486 488 7753

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
1 New Mexico MFA Subservicing Agreement (Teresa Lloyd)	10:00 – 10:15	2-0	YES
2 Questions/comments from Committee	10:15 – 10:30	✓	YES

**Committee Members present:**

Rebecca Wurzbarger, Chair

☐ present

☐ absent

☒ conference call

Attorney General Raul Torrez/Designee

Gideon Elliot

☐ present

☐ absent

☒ conference call

Patricia Sullivan

☐ present

☒ absent

☐ conference call



# MEMO

TO: MFA Board of Directors

Through: Contracted Services – February 7, 2023  
Through: Policy Committee – January 24, 2023

FROM: Teresa Lloyd, Director of Servicing

DATE: February 15, 2023

SUBJECT: **Mortgage Loan Subservicing and Single Family Program Support Services Agreement Single Source Renewal**

## Recommendation

Staff is recommending retaining the services of Idaho Housing Finance Association (IHFA) as the Mortgage Loan Subservicer for the Single-Family program and entering into an agreement for a period of another three years with an option to extend for two one-year agreements as a limited source procurement at the expiration of the current agreement on September 30, 2023.

## Background

In June 2015, the Board approved the implementation of a Hybrid Sub-Servicing Model in partnership with IHFA to administer MFA's Single Family Mortgage Program loans. Prior to that time, IHFA served as MFA's master servicer, purchasing and owning all the loans produced by MFA. On June 1, 2016, MFA implemented a new hybrid, subservicing model with IHFA.

The Hybrid Sub-Servicing model developed between MFA and IHFA combines components of both master servicing and sub-servicing along with the provision of additional services not typical in a subservicing relationship and has been referred to as the Servicing Expansion Initiative. The implementation of this model provided MFA with the opportunity to:

1. Develop and implement internal processes that support a standard sub-servicing model to eliminate MFA's dependency on third-party loan servicers (Master Servicers) to administer MFA's Single-Family Program.
2. Gain ownership and maintain financial control over the Mortgage Servicing Rights (MSR). Ownership of the MSR provides MFA with a long-term revenue stream and supports MFA's strategic plan to develop revenue-generating activities.
3. Ensure continuity of service to MFA's Single Family Program, including homebuyers, participating lenders, and related business partners.

4. Provide “high touch” customer service to MFA borrowers.
5. Work in partnership with IHFA, an approved Ginnie Mae, Fannie Mae, and Freddie Mac “seller/servicer”, to acquire the knowledge and experience to activate MFA’s Ginnie Mae and Fannie Mae “seller” approvals.

### **Discussion**

The Servicing Expansion has been beneficial to both MFA and IHFA. IHFA understands and supports MFA’s strategic goal to generate long-term servicing revenue and has provided MFA with much of the training and technical assistance necessary to develop and implement the purchase and sale of first mortgages. IHFA is a master servicer for several Housing Finance Authorities and has extensive knowledge and expertise. They are committed to the subservicing partnership with MFA because it reduces the capital requirements for purchasing and servicing MFA loans while providing revenue to IHFA for those services performed on MFA’s behalf. The relationship was designed to be flexible and evolve over time while maintaining a defined slate of services, tangible fee structure, contractual milestones, and program continuity.

MFA’s Servicing Expansion initiative has accomplished several important objectives over recent years. First, MFA was previously not able to deliver our loans directly. To gain ownership of the mortgage servicing rights with the accompanying servicing income stream, IHFA’s began the purchase of the New Mexico loans with a subsequent transfer of the servicing rights to MFA. IHFA purchased loans originated by MFA’s participating lenders and MFA reimbursed IHFA daily. IHFA delivered these loans to Ginnie Mae and Fannie Mae and subsequently transferred the servicing rights to MFA.

In the intervening time, MFA built a Secondary Market department and staff had no experience or expertise in this area. Staff gained the expertise with IHFA’s help and put in place technical systems to deliver loans in MFA’s name. IHFA still performs reviews of the loan documents and works with lenders to make needed corrections prior to purchase. IHFA still purchases the loans on behalf of MFA but now, the loans are owned by MFA and delivered to Ginnie Mae and Fannie Mae by MFA. The transfer of servicing rights from IHFA is no longer required. This change has taken years to not only implement, but to practice and perfect, especially with the complications and delays brought on by the recent pandemic.

The final remaining steps planned are for IHFA to transition the pre-purchase reviews and quality control underwriting along with the purchasing of the loans to MFA. This will require MFA staff to receive completed loan files electronically directly from lenders, perform pre-purchase reviews, wire payment for the loans purchased, receive physical notes and other needed loan documents from lenders, track and follow up on all trailing documents and send the required physical documents (such as the notes) to the document custodian. The data needed for IHFA to service the purchased loans on MFA’s behalf will be provided by MFA which will be a change in the current process. MFA will provide our own reporting of loan sales and MBS settlements to our own accounting department. MFA will continue to outsource underwriting reviews of closed loans to assure lenders are following underwriting

requirements. We anticipate that IHFA will continue to provide that role but other third party vendors are available if IHFA should ever decline to provide that service.

The reason this procurement is considered a sole source procurement is that there are no other vendors available to provide the support MFA currently receives from IHFA in the loan purchase process.

During the fiscal year 2020, staff obtained approval from the Board of Directors to continue the subservicing agreement with IHFA through September 30, 2023. Due to unforeseen delays, the last steps in the transition mentioned above have taken longer than expected. Staff is projecting completion of the transition by the fiscal year end of 2023, barring any further technological challenges.

Staff has also determined that moving from the subservicing model to servicing all single-family first mortgages in-house by MFA staff is not currently viable for the following reasons:

- The cost of in-house servicing is prohibitive without a large portfolio of loans. Staff has determined to begin reaching cost effectiveness would require over 50,000 first mortgage loans.
- Insufficient automation and reporting capabilities by the current servicing platform to efficiently manage the volume of loans.
- Insufficient knowledge or processes to manage the volume, regulatory requirements, and constant changes. Training new staff to reach knowledgeable levels would take a minimum of 12 months and more with inexperienced staff.
- Hiring pool in New Mexico for experienced servicing staff for all positions is significantly limited to building out the department. MFA has estimated to service the first mortgage portfolio would require a staff increase from the current 15 to approximately 48.
- The risk MFA would absorb given the above concerns.

Staff reviewed the cost of upgrading the current servicing platform or changing to a different platform. The cost to upgrade the existing platform is approximately \$30,000 to \$60,000 plus annual fees of \$7,000 to \$9,000, which MFA is considering to increase efficiency. A review of multiple new platforms revealed that changing to a new platform would cost as much as \$450,000 for implementation and upwards of a \$30,000 monthly processing fee and continue to increase as the portfolio size increases.

The staff has implemented a semiannual third-party audit of the subserviced portfolio as a measure to manage the risks associated with servicing compliance, regulatory requirements, investor requirements, repurchase requirements, and reputational risk. MFA will continue to mitigate these risks by establishing comprehensive Subservicing Oversight Policies and Procedures. MFA contracts with lending partners include appropriate representations, warranty, and buyback provisions, as well as a re-certification process to ensure the financial capacity of those lending partners to repurchase loans. In addition, the partnership with IHFA, a sister organization with the same mission and goals and significant experience in the mortgage operations business, is still the perfect partner for MFA's subservicing relationship to continue. Staff is satisfied with IHFA's performance, supported by the most recent annual internal audit review completed with no findings. IHFA is implementing recommendations made by MFA

and the auditors. IHFA readily makes improvements and continues to provide improved reporting as requested.

The cost of servicing per loan through 2021, according to the Mortgage Bankers Association (MBA), is \$240 per loan, which equates to an annual amount of approximately \$2,982,240 for MFA's Single Family first mortgage portfolio. However, MFA paid servicing fees to IHFA, totaling \$2,770,826 for FY 2022. Therefore, MFA estimates that utilizing the subservicing model, the servicing cost per loan to MFA is \$223. In FY 2022 MFA's servicing fee income grossed \$7,463,756. MFA paid IHFA \$2,770,826, leaving MFA with net servicing fee income of \$4,692,930.

### **Summary**

Staff requests approval to negotiate a three-year Mortgage Loan Subservicing and Single Family Program Support Services Agreement with IHFA with two additional one-year extensions. MFA will continue the transition of the in-house seller activities and maintain a long-term subservicing relationship with IHFA. Staff recommends continuing the subservicing model with IHFA for five years until September 30, 2028 and reevaluating the arrangement at the end of the agreement term.





# MEMO

TO: MFA Board of Director

FROM: Jeff Payne, Chief Lending Officer

DATE: February 15, 2023

SUBJECT: Request for Use of New Mexico Housing Trust Fund for FirstDown  
Downpayment Assistance

## Recommendation

Staff recommends approval of an allocation from the New Mexico Housing Trust Fund (NMHTF) to fund the FirstDown, single family downpayment assistance program.

## Discussion

The MFA Board of Directors approved the use of the NMHTF to fund single family down payment assistance programs at the January 2023 meeting. At that time, the Board approved an allocation to the NextDown program.

The current request is made in an expedited manner directly to the Board after discussion by MFA's Policy Committee but without the recommendations of a Board Committee. Authorization for use of NMHTF for single family down payment programs was approved by the New Mexico Housing Trust Fund Advisory Committee in January 2023 but the present allocation was not presented for their review.

Staff requests an additional allocation from the NMHTF for use in the single family down payment assistance program for first time homebuyers, FirstDown. Staff believes this is a good use of some of the additional NMHTF that have been allocated to MFA. The FirstDown loans are amortizing, second mortgages which will provide program income to the NMHTF as borrowers make the monthly payments.

FirstDown is currently funded through General Fund allocated to the Housing Opportunity Fund. The estimated funding need FirstDown in FY 2023 is \$13.3 million. To date, we have funded and committed \$3.5 million from General Fund. We request an allocation from the NMHTF of \$5 million. The program policy and borrower requirements will remain unchanged.

## Summary

Staff recommends approval of an allocation \$5 million from the New Mexico Housing Trust Fund (NMHTF) to fund the FirstDown, single family downpayment assistance program.



# MEMO

**TO:** MFA Board of Directors

**FROM:** Robyn Powell, Director of Policy and Planning

**DATE:** February 15, 2023

**SUBJECT:** Recommendation to Approve Allocation of Available New Mexico Housing Trust Funds

## Recommendation

Staff recommends approval to allocate up to \$5,000,000 of available New Mexico Housing Trust Funds for the purpose of funding the State and Local Fiscal Recovery Funds Notice of Funding Availability (NOFA). Staff is also recommending revisions to the current NOFA to include additional language related to Funding Limits and Restrictions.

## Background

At the December 2022 Board of Directors meeting, staff recommended an initial allocation of \$5,000,000 for a Notice of Funding Availability using American Rescue Plan Act State and Local Fiscal Recovery Funds. The NOFA was subsequently published following Board approval. As of February 9, 2023, MFA has received \$5,753,000 in requests for a funding, which are pending review and recommendation to the Board. Included in the applications are requests to award housing development project that have already received MFA administered funding through the Low-Income Housing Tax Credit Program, an award of federal recovery funds, or with other MFA program gap financing.

## Discussion

Staff is recommending that up to \$5,000,000 in available funds be allocated to the uses outlined in the State and Local Fiscal Recovery Funds Notice of Funding Availability (NOFA) so that the NOFA can remain open for applications. All awards will be approved subject to the MFA Delegations of Authority, the New Mexico Housing Trust Fund Act, and MFA Rules and Regulations.

Staff recommends amending the current NOFA to add language under Funding Limits and Restrictions as follows, which will provide MFA flexibility when evaluating requests for awards for existing projects and programs:

If applicable, applications under this NOFA will be reviewed in conjunction with all pending applications submitted by or on behalf of the applicant for other MFA administered funds. Applicants will be required to comply with all applicable funding source requirements and agreements in place for the specific project or program.

MFA in its discretion will determine the appropriate amount allowed under each request in part or in whole for a specific project or program.

**Summary**

The State and Local Fiscal Recovery Funds NOFA is oversubscribed due to a great need for flexible funding to support affordable housing programs and projects throughout the state. Staff is seeking approval of the recommendation to allocate up to \$5,000,000 of available New Mexico Housing Trust Funds for the purpose of funding the State and Local Fiscal Recovery Funds Notice of Funding Availability. Staff is seeking approval to issue an amended NOFA to incorporate additional language provided herein above.



**Nominating Committee**  
**February 15, 2023**

Angel Reyes (Chair)

Lieutenant Governor, Howie Morales

Attorney General, Raúl Torrez

- (a) The Nominating Committee shall be responsible for presenting nominations for officers, other than the Chairman and the Executive Director, including without limitation the Vice Chairman, the Secretary, the Assistant Secretary, the Treasurer and the Assistant Treasurer.
- (b) The Chairman shall appoint a Nominating Committee during or prior to April of each year. The Nominating Committee shall consist of three members of the Authority.
- (c) The nominations shall be presented and elections held no later than the June meeting of the board of directors held in such year. The vote for officers shall be held in such manner as the directors may determine.



# MFA Marketing & Communications Initiatives Update



**Paul Dahlgren**

*Director of Communications and Marketing*



# Presentation Overview

## Communications and Marketing Department Overview

- Department Introduction
  - Who We Are
  - What We Do

## Recent Accomplishments

## Current and Ongoing Initiatives

## Upcoming and Future Initiatives

## Questions

# Department Overview

## *Who we are*



**Paul Dahlgren**

*Director of Communications and Marketing*



**Kait O'Brien**

*Digital Content Manager*

## **Communications and Marketing Support Staff:**

- HR Administrative Assistant (part-time)
- Management Trainee (part-time)
- Marketing Intern (unfilled)



MFA

Housing New Mexico

# 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



**MFA**

Housing New Mexico

# Recent Accomplishments

## *What We've Done*

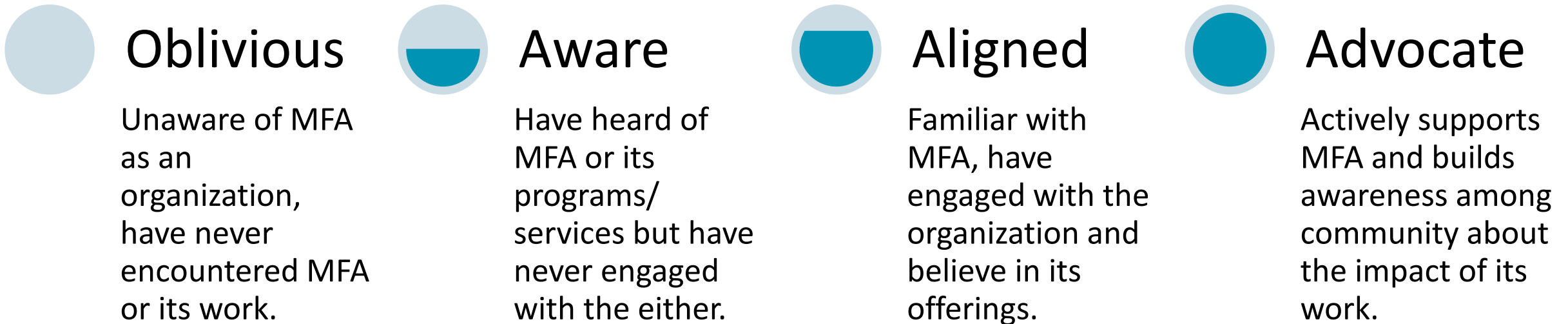


- **Hosted the 2022 New Mexico Housing Summit**
  - Three days - 49 educational sessions - Three keynotes – Awards ceremony – Opening Reception – After Hours Networking Event - 22 ancillary industry meetings
  - 104 speakers – 66 Staff attendees - 56 staff volunteers
  - Generated \$154,200 in sponsorships
  - Event was at maximum capacity and oversold the venue with 443 – Full Conference Attendees
  - Conference generated a total of \$296,000 in income. Made a profit of \$11,216.97

# Recent Accomplishments

## *What We've Done*

- **Developed more ongoing press releases and earned media about MFA programs and services**
  - Working toward generating deeper levels of engagement with stakeholders and creating more advocates for MFA and the programs and services we offer





# Recent Accomplishments

## What We've Done



### Santa Fe New Mexican

Publication Date: 01/03/2023 Page Number: 008

Title: Edward Archuleta

Author:

Size : 9 Inches Sq Santa Fe,NM Circulation: 19157

Keywords: Housing Tax Credit ~ Mortgage Finance Authority ~ New Mexico Mortga



Edward Archuleta



Ken Carson Jr.

**Edward Archuleta and Ken Carson Jr.** have joined the Low-Income **Housing Tax Credit** Allocation Review Committee at the **New Mexico Mortgage Finance Authority**. Archuleta is the executive director at St. Elizabeth Shelters and Supportive Housing in Santa Fe, where he has worked for 12 years. Archuleta has a bachelor's degree in environmental design from the University of New Mexico. Carson is owner of Nexus Brewery and Restaurant since May 2011 and also has a 40-year banking career, including as president of MyBank in Belen. Carson has a bachelor's degree in business administration from New Mexico State University.

Life-changing - State home improvement program celebrated in Silver City



Lt. Gov. Howie Morales embraces Silver City resident Joani Amos, at whose home National Weatherization Day was celebrated in New Mexico.



# Recent Accomplishments

## What We've Done

- Implemented targeted paid media - Google Adwords Search Advertising Campaigns
  - One for affordable housing in general and one for downpayment assistance
  - Stats from January 2023 below. Average CTR for Search ads across all industries is 1.91%

### TOP PERFORMING KEYWORDS

#### Keyword

affordable housing  
mfa loan  
nm housing  
[mfa loan]  
affordable apartments  
subsidized housing  
low income housing  
first time home buyer  
"subsidized housing albuquerque"  
first time buyers

**COST**

**\$2,391.41**

#### CLICKS

**7,617**

Previous period  
**12%**

Previous year  
**100%**

#### CONVERSION RATE

**0.00%**

Previous period  
**0%**

Previous year  
**100%**

#### IMPRESSIONS

**43,429**

Previous period  
**~4%**

Previous year  
**100%**

#### AVERAGE CPC

**\$0.32**

Previous period  
**~37%**

Previous year  
**100%**

#### CLICK-THROUGH RATE (CTR)

**17.54%**

Previous period  
**17%**

Previous year  
**100%**

#### COST PER THOUSAND IMPRESSION...

**\$55.26**

Previous period  
**~26%**

Previous year  
**100%**

#### SEARCH BUDGET LOST IMPRESSION...

**18.79%**

Previous period  
**26%**

Previous year  
**100%**

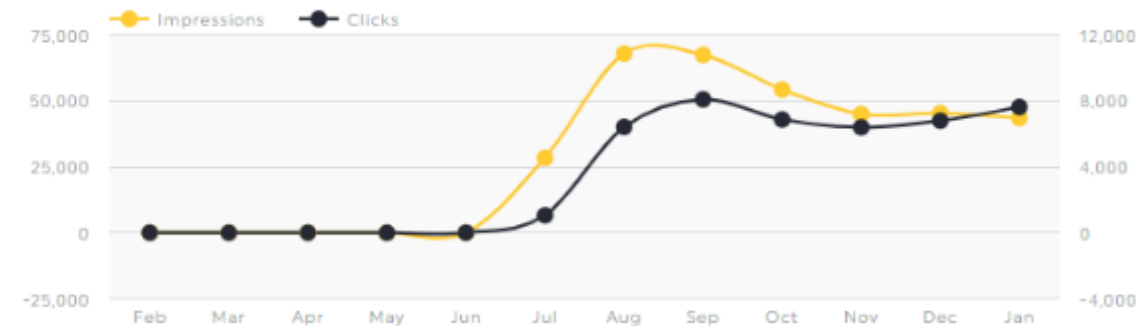
#### SEARCH IMPRESSION SHARE

**9.99%**

Previous period  
**~15%**

Previous year  
**100%**

#### AD IMPRESSIONS

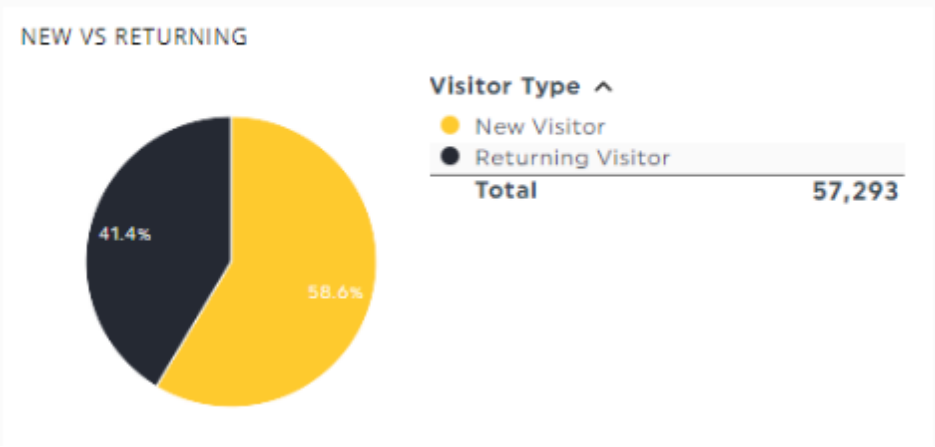
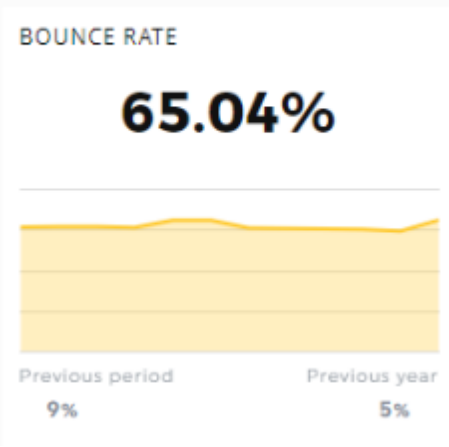
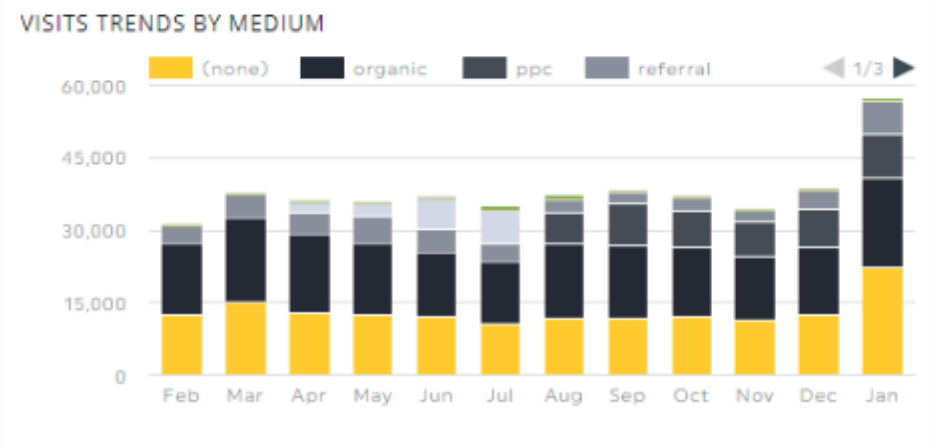
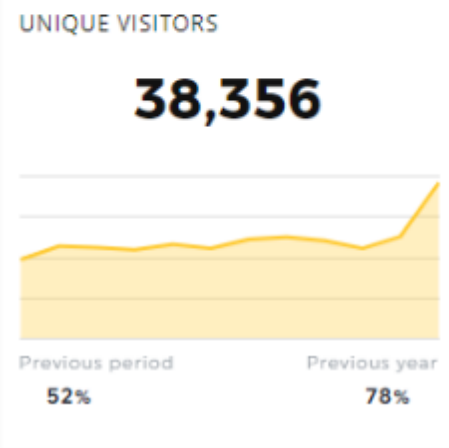
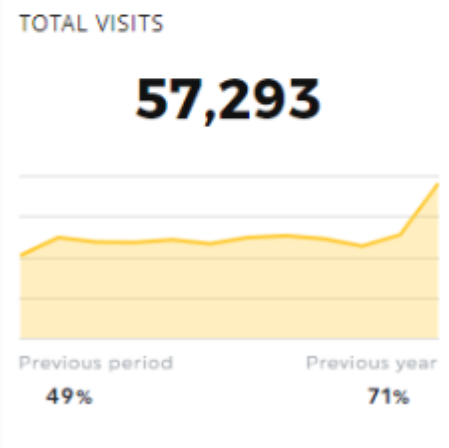
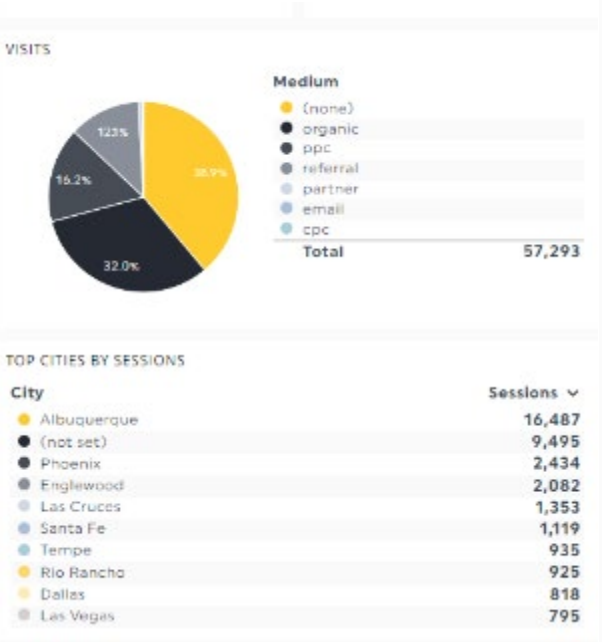


# Recent Accomplishments

## What We've Done

January 2023


### Website Traffic Overview



# Recent Accomplishments

## What We've Done

- Implemented targeted paid media – NM Society of CPAs
  - Placed an ongoing ad in the NM Society of CPAs monthly e-newsletter
  - Developed new marketing materials to promote the program




**APS PRACTICE SALES**  
THE NATIONAL LEADER IN PRACTICE SALES  
Ryan Pannell  
Ryan@APS.net | 800-397-0249  
www.APS.net

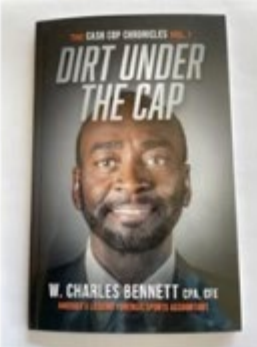
### NMSCPA On-Demand CPE Coming Soon.....

Would you prefer to complete your CPE in the comfort of your own home? At a time that is convenient for you?


Then CPE on-demand is the choice for you!

More details to come, stay tuned!





**Contribute to Affordable Housing**  
Get up to 50% of donation value back in state tax credits

 **MFA**  
Housing New Mexico

**Learn More**

### New Mexico's Best Kept Tax Secret

Get up to 50 percent of your contributions back through state tax credits.

State tax credits are available to individuals and businesses that provide donations to help build affordable housing in New Mexico. Land, buildings and cash are all able to be used as donations. Donations can range from \$200 up to \$2 million.

Consult your tax professional to see how your gift could translate into tax savings. Refer your tax advisor to NMSA Section 7-9I-1: Affordable Housing Tax Credit Act.

#### Your gift has an impact.

In 2021, MFA provided housing cost assistance to more than **2,200 renters** with physical or mental disabilities with funding totalling **\$3.2 million**; energy-efficiency upgrades and rehabilitation to **768 homes** using **\$9.9 million** in funding from MFA; shelter to **4,400 people** experiencing homelessness through non-profit partners, totalling nearly **\$4.5 million**; and MFA provided approximately **\$35.6 million** in project based rental assistance, distributed to **5,230 low-income households**.

Contribution Amount or Value: **\$1,000**  
(Land, buildings and services require an appraisal or valuation)

NM Affordable Housing Tax Credit: **- \$500**

Equivalent to 50% of contributions of \$200 or more

### Contributions to the Charitable Trust paid to weatherize Pete and Marylou Felix's home in Belen.

Pete and Marylou Felix lived in an older home and have struggled to stay warm before it was weatherized. Pete suspected that the heater was failing and installed a wood stove. Sadly, after a recent heart attack, he was unable to chop wood for the upcoming winter.

Pete and Marylou were approved to have their home weatherized through MFA's NM EnergySmart program. MFA used contributions to the Charitable Trust to pay for weatherization of the home in 2018.

Pete and Marylou now have a new energy-efficient heater, water heater, CO2 detectors and smoke alarms, along with mechanical ventilation and highly-rated insulation. They expect to **save \$850 per year in utility bills**, a significant impact for a family that relies on a fixed social security income.



The Charitable Trust is a 501(c)3 nonprofit organization administered by MFA that uses cash and similar contributions to the Charitable Trust to fund weatherization services, housing rehabilitation and affordable housing construction.

For more information contact Hannah Faulwell, Preservation Program Specialist II, at [hfaulwell@housingnm.org](mailto:hfaulwell@housingnm.org) or 505.308.4234

# Recent Accomplishments

## *What We've Done*

- **Improved Search Engine Optimization (SEO) on our website**
  - Organic search traffic ranking improved - Went from 9,729 key words in July 2022 to 15,395 keywords in October 2022
  - Organic Search Traffic improved – In January 2023, the website had most the unique visitors to date - 38,356. In February of 2022, the organic traffic to the website was 7,233 visitors per month. Today, the site is expected to see 10,600 visitors per month. This is an expected increase in organic traffic of 46%
  - From Oct. 22 – Feb. 23 Improved site health score from 81% to 88% and web errors were reduced from 35 to 4. The top 10% of websites have site score of 92%
  - The site score will also be improving soon as missing meta descriptions are added to the website. Over the last 2 months, our website contractor has corrected missing title tags, missing alt tags for images, and improved site speed where possible. In the upcoming month, they will be focusing on fixing broken links and completing work on meta descriptions.

# Recent Accomplishments

## What We've Done

- Improved Search Engine Optimization (SEO) on our website



**111%**  
increase in keywords in  
the top 100.

**127%**  
increase in keywords in  
the top 3.

The chart shows how many keywords the MFA website has ranked for over the last 12 months.

In February of 2022, the site ranked in the top 100 for 7,210 keywords. 77 of these keywords ranked in the top 3 of search results. Today, the site ranks for 15,218 keywords in the top 100. 175 of these words rank in the top 3 of search results.

- Developed Department Infrastructure

- Developed a marketing ticketing system
- Invested in new equipment
- Developed vendor relationships



# Current & Ongoing Initiatives

## *What We're Doing*

The past year was an important year for the marketing and communications department since it was an onboarding year for both marketing and communications staff, where processes and procedures had to be established, and planning for the 2022 Housing Summit was a major focus for the department. Current initiatives are focused on building proactive marketing and communications.

- Generating more earned media about what is happening with programs and services at MFA
- Promoting MFA programs with capacity to grow
- Expanding lender recognition initiatives
- Digitizing the Housing Services Directory into an easy-to-filter-and-print online directory for ease of use
- Exploring new sponsorships, targeted paid media and earned media opportunities
- Transitioning the master contact list to new system that integrates a mass email service
- Onboarding Sunny 505 as our new Graphic Design and Creative Services Contractor
- Highlighting the impact of MFA's programs, services and impact during the legislative session



# Upcoming and Future Initiatives

## *What We're Planning to do*

With a wide variety of major initiatives coming up in the next year, the department is focusing on a number of initiatives that will help ensure major changes and events all have strategy and timelines prior to the implementation phase.

- Changing name and logo to a DBA of “Housing New Mexico” from MFA to coincide with the move to a new building
- Reviewing all marketing collateral for ease of use and accessibility
- Planning Inventory Management system for marketing collateral and promotional items
- Planning for MFA Open House/networking event at new building
- Analyzing feasibility of separating website into a consumer-facing site and a partner-facing site for ease of use. Also looking at additional improvements that can be made to the website.
- Create more data visualizations about the economic impact of MFA’s work
- Developing internal branding concept

# Upcoming and Future Initiatives

## *What We're Planning to do*

Finally, we have a number of longer-term goals that will also tie into current marketing strategy and initiatives.

- Develop good working relationships with local, regional and national reporters
- Continue to find new ways to best tell the story of MFA
- Reframe the affordable housing narrative in New Mexico to favor affordable housing developments and programs. Developing campaigns to address NIMBYism
- Planning for 2024 Housing Summit – identifying possible keynote speakers/venues



# Thank you!

## Questions?



**Paul Dahlgren**

*Director of Communications and Marketing*

[pdahlgren@housingnm.org](mailto:pdahlgren@housingnm.org)

505.767.2248



# MEMO

TO: MFA Board of Directors

**Through:** Policy Committee - January 31, 2023

FROM: Teresa Lloyd – Director of Servicing

DATE: February 15, 2023

SUBJECT: Board Update – Real Estate Owned Property

**Background:** MFA staff is providing this annual Real Estate Owned (REO) portfolio update to the Board for FY2022. MFA's REO portfolio typically consists of single family and multi-family loans that MFA services and has foreclosed. Most of the single family, first mortgage loans that MFA services were originated through our Partners program. As a result, most of the properties that come into our REO portfolio are Partners loans. MFA attempts to work with the borrowers and Habitat for Humanity affiliates to avoid taking these homes back.

**Discussion:** As of December 31, 2022, MFA holds no REO properties.

MFA held one White Sands Habitat for Humanity property From FY 2021 into FY 2022 until eviction and disposition were completed May 26, 2022. MFA reported the loss of \$17,112 via Staff Action Reporting to the Board of Directors.

MFA anticipated one REO resulting from foreclosure to be completed by Idaho Housing Finance Agency on MFA's behalf for FY2022 on the subserviced whole loan portfolio.

- FHA loan repurchased from the Ginnie Mae pool for loan modification and the loan defaulted and was unable to be repooled. Unpaid principal balance is \$115,775.82. The property did not go to foreclosure. Idaho Housing Finance Association (IHFA) was able to contact with the borrower and negotiate new modification terms. Borrower has performed per the trial plan; the modification is pending execution.

MFA anticipates no foreclosure completions resulting in an REO portfolio in FY 2023 for the MFA direct servicing portfolio or the subserviced first mortgage portfolio.

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

**Summary:** The purpose of this memo is to provide an annual update to the Board regarding MFA's Real Estate Owned portfolio. MFA anticipates **no** foreclosures in FY 2023 to result in a Real Estate Owned portfolio. MFA's exposure will be assessed at that time, but staff anticipates the financial impact to MFA will not be material.

### Q1 2023 QUARTERLY MULTIFAMILY PIPELINE REPORT SUMMARY

Fifty-six (56) ACTIVE PROJECTS representing:

- ~\$44.8 million in annual tax credits
- ~\$98.8 million in MFA-issued bonds
- ~\$51.3 million in MFA loans
- Totaling \$194,859,135 in combined funding
- Consisting of 4,359 apartment units
- Located in 28 municipalities in 18 counties across the state

No project CLOSINGS in Q1 2023:

Thirty (35) projects are currently UNDER CONSTRUCTION:

- One project added, Three removed, 35 projects currently under construction
- Approximately 10 projects are expected to complete construction by end of the Q2

COVID-19 DELAYS:

- The IRS issued Notice 2022-52, granting two-year extensions for 9% projects awarded from 2018 to 2020, and an additional one-year was granted to the 2021 9% projects; therefore, a total of 20 projects are eligible for extensions; of these 20 projects:
  - Four have been removed-
    - Three are complete
    - One returned its credits (Villa Mirasol)
  - Five are in the final phase of approval
  - Seven are anticipated to be completed in 2023 and
  - Four will be completed in 2024.

Construction COMPLETION:

- Fifteen projects are now complete and either awaiting final inspections or formal notification of completion

Upcoming Ground Breakings/Ribbon-cuttings:

- The Laguna 3 Project, a 2022 9% LIHTC project, will celebrate its groundbreaking on Tuesday, January 31, 2023
- MFA is not aware of any other upcoming events

Estimated Economic Impact of the 35 projects (2,873 units) currently under construction:

- Approximately \$336 million in local income
- Approximately 4,597 jobs

Eventual Economic Impact of all 56 projects (4,359) units) once under construction:

- Approximately \$510 million in local income
- Approximately 6,974 jobs

Multifamily Project Completion Pipeline Report

Fiscal Year:	Total LIHTC Award:	\$	44,753,202	Total Projects:	56	Which will result in \$509,697,870 in local income and 6,974 jobs from the direct and indirect impact of construction activity, as well as the induced effect of spending income and tax revenue from the eventual construction activity.
Quarter:	Total MFA-Issued Bond Amount:	\$	98,776,778	Total # of Apts:	4,359	
Prepared:	Total MFA Loan and Grant Amount:	\$	51,329,155	# of Projects Under Construction:	35	
Overall Awards:		\$	194,859,135	Total # of Apts Under Construction:	2,873	
		# of Municipalities Served:				28 Pueblo of Laguna, Albuquerque, Rio Rancho, Las Cruces, Socorro, Belen, Hobbs, Taos, Mescalero, Pubelo fo Acoma, Los Lunas, Sunland Park, Las Alamos, Santa Fe, Los Ranchos de Albuquerque, Grants, Artesia, Hobbs, Columbus, Deming, Anthony, Ruidoso Dov
		# of Counties Served:				18 Cibola, Bernalillo, Sandoval, Dona Ana, Socorro, Valencia, Lea, Taos, Otero, Las Alamos, Santa Fe, Eddy, Lea, Luna, Lincoln, Roosevelt, San Miguel, Quay

Reported at February, May, August, and November Board Meetings for the prior quarter																		
Main Funding Source		Project Name	Application or Allocation Year	Total Development Cost (TDC)	Board Approval Date	Loan Closing Date Actual (A) or Projected (P)	No of Apts	NC - New Construction or AR - Acquisition/Rehab	Construction Start Approval Date Actual (A) or Projected (P)	33% Complete Date Actual (A) or Projected (P)	66% Complete Date Actual (A) or Projected (P)	Construction Completion Date Actual (A) or Projected (P)	Certificate of Occupancy/Placed in Service Date Actual (A) or Projected (P)	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan and Grant Amounts	MFA Loan or Grant Programs	Any Known Issues or Comments
9%	1	Laguna #3	2022	\$ 8,515,420	5/18/2022	N/A No MFA loans	20	NC	(P) 1/9/2023	(P) 6/11/2023	(P) 12/30/2023	(P) 11/15/2024	(P) 11/15/2024	\$ 928,988	N/A	N/A	N/A	
	2	Calle Cuarta	2022	\$ 18,948,536	5/18/2022	(P) 9/30/2023	61	NC	(P) 2/15/2023	(P) 5/12/2023	(P) 10/21/2023	(P) 11/15/2024	(P) 11/15/2024	\$ 1,078,540	N/A	\$ 915,000 \$ 400,000 \$ 1,000,000	HOME-CHDO NHTF NMHTF	
	3	120 La Plata	2022	\$ 10,637,950	5/18/2022	(P) 9/30/2023	32	AR	(P) 2/15/2023	(P) 5/23/2023	(P) 10/12/2023	(P) 11/15/2024	(P) 11/15/2024	\$ 749,825	N/A	\$ 1,000,000	Ventana	
	4	9000 Veranda	2022	\$ 12,211,462	5/18/2022	(P) 9/30/2023	35	AR	(P) 2/15/2023	(P) 5/23/2023	(P) 10/12/2023	(P) 11/15/2024	(P) 11/15/2024	\$ 765,840	N/A	\$ 1,000,000	Ventana	
	5	Felician Villa Apartments	2022	\$ 16,322,792	5/18/2022	(P) 9/30/2023	65	NC	(P) 2/15/2023	(P) 4/2/2023	(P) 8/2/2023	(P) 11/15/2024	(P) 11/15/2024	\$ 1,228,760	N/A	\$ 1,000,000 \$ 400,000	HOME-CHDO NHTF	
	6	The Three Sisters Apartments	2022	\$ 17,423,330	5/18/2022	(P) 9/30/2023	69	NC	(P) 2/15/2023	(P) 5/3/2023	(P) 9/2/2023	(P) 11/15/2024	(P) 11/15/2024	\$ 1,341,912	N/A	\$ 1,000,000 \$ 400,000	HOME-CHDO NHTF	
	7	Vista de Socorro	2021	\$ 8,734,011	05/19/21	(P) 4/30/2023	32	NC	(P) 2/15/2023	(P) 4/18/2023	(P) 6/22/2023	(P) 11/15/2024	(P) 11/15/2024	\$768,507	N/A	\$400,000 \$400,000 \$2,000,000	HOME NHTF NMHTF	10% Test Extension to 12/31/2022. IRS extension 12/31/2024
	8	Belen Vista	2021	\$ 12,026,396	05/19/21	(P) 3/30/2023	57	AR	(P) 2/1/2023	(P) 5/16/2023	(P) 7/18/2023	(P) 11/15/2024	(P) 11/15/2024	\$787,639	N/A	\$1,000,000 \$400,000	HOME-CHDO NHTF	10% Test Extended to 12/31/2022. Full forward credits deadline for PIS 12/31/2024
	9	West Berry	2021	\$ 17,245,527	05/19/21	(A) 8/25/2022	56	NC	(P) 5/15/2023	(P) 12/15/2023	(P) 7/15/2023	(P) 11/15/2024	(P) 11/15/2024	\$1,090,143	N/A	\$840,000 \$1,000,000 \$2,000,000 \$370,589	HOME-CHDO NMHTF ALTSD CDBG-CV	10% Test Extended to 12/31/2022 IRS Extension 12/31/2024  Per last report on 1/23/2023, the project is approx. 15% complete
	10	Mariposa	2021	\$ 14,308,030	05/19/21	(P) 3/30/2023	58	AR/NC	(P) 2/1/2023	(P) 5/16/2023	(P) 9/18/2023	(P) 11/15/2024	(P) 11/15/2024	\$1,069,704	N/A	\$1,000,000 \$400,000	HOME-CHDO NHTF	3/31/22 - In pre development stage 10% Test Extended to 12/31/2023 IRS Extension 12/31/2024
	11	Hiland Plaza	2021	\$ 22,625,287	05/19/21	N/A No MFA loans	92	NC	(A) 1/22/2022	(A) 9/30/2022	(P) 1/31/2023	(P) 11/15/2023	(P) 11/15/2023	\$1,652,725	N/A	N/A	N/A	
	12	A'diidi ni'kuwaa	2021*	\$ 12,453,378	06/17/20	(A) 9/21/2022	40	NC	(P) 2/1/2023	(P) 5/1/2023	(P) 8/1/2023	(P) 11/15/2023	(P) 11/15/2023	\$626,772	N/A	\$292,500 \$400,000	HOME NHTF	*Credit Swap - 2020 Credits Returned/Reissued as 2021 Credits Project is proposing change in project design due to cost 10% Test Extended to 12/31/2022



Main Funding Source		Project Name	Application or Allocation Year	Total Development Cost (TDC)	Board Approval Date	Loan Closing Date Actual (A) or Projected (P)	No of Apts	NC - New Construction or AR - Acquisition/Rehab	Construction Start Approval Date Actual (A) or Projected (P)	33% Complete Date Actual (A) or Projected (P)	66% Complete Date Actual (A) or Projected (P)	Construction Completion Date Actual (A) or Projected (P)	Certificate of Occupancy/Placed in Service Date Actual (A) or Projected (P)	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan and Grant Amounts	MFA Loan or Grant Programs	Any Known Issues or Comments
	13	Luminaria Senior	2020	\$ 17,048,929	06/17/20	N/A No MFA loans	92	NC	(A) 1/4/2021	(A) 6/9/2021	(A) 10/27/2021	(A) 10/3/2022	(A) 8/26/2022	\$1,142,400	N/A	N/A	N/A	LURA completed Sept 28, 2022 8609s pending. Issued 8609 Sep 28, 2022
	14	PAHA Homes #2	2020	\$ 7,559,179	06/17/20	N/A No MFA loans	30	NC	(A) 12/28/2020	(A) 11/4/2021	(A) 4/22/2022	(P) 8/15/2023	(P) 8/15/2023	\$671,000	N/A	N/A	N/A	
	15	Encantada Apartments	2020	\$ 7,463,178	06/17/20	(A) 4/20/2021	48	AR	(A) 4/12/2021	(A) 10/28/2021	(A) 11/29/2021	(A) 4/25/2022	(P) 8/15/2023	\$599,897	N/A	\$400,000 \$400,000	HOME NHTF	Final report received, minor items need to be addressed
	16	6100 Harper	2020	\$ 12,118,590	06/17/20	(A) 8/12/2021	59	AR	(A) 2/23/2021	(A) 9/21/2022	(P) 2/22/2023	(P) 11/15/2023	(P) 11/15/2023	\$912,789	N/A	\$400,000	NHTF	Extension to PIS to 12/31/2023
	17	Copper Terrace	2020	\$ 17,864,244	06/17/20	(A) 11/17/2020*	96	AR	(A) 12/30/2020	(A) 8/19/2021	(A) 2/28/2022	(P) 11/15/2023	(P) 11/15/2023	\$1,232,333	N/A	\$1,000,000 \$1,000,000	HOME-CHDO NMHTF	*Applying for additional funding-ARPA FRF PIS Extension to 12/31/2023 Building A scheduled to finish end of February
	18	Broadway/McKnight	2020	\$ 14,073,432	06/17/20	(A) 7/26/2021*	54	NC	(A) 9/13/2021	(A) 5/16/2022	(A) 9/12/2022	(P) 11/15/2023	(P) 11/15/2023	\$954,720	N/A	\$400,000 \$600,000	NHTF TCAP	Full Forward of 2021 Tax Credits - PIS date extended to 2023 *Applying for additional gap funding-TCAP
	19	The Bluffs	2019	\$ 12,871,284	06/17/19	N/A No MFA loans	64	NC	(A) 7/29/2021	(A) 7/28/2022	(P) 3/31/2023	(P) 11/15/2023	(P) 11/15/2023	\$1,028,671	N/A	N/A	N/A	COVID-related PIS extension request granted through 12/31/2023.  *As of 9/30/2022 project at 57%
	20	Siler Yard: Arts + Creativity Center	2019	\$ 17,412,768	06/17/19	N/A No MFA loans	65	NC	(A) 06/23/20	(A) 4/15/2021	(A) 8/16/2021	(P) 2/1/2023	(A) 10/12/2022	\$1,040,000	N/A	N/A	N/A	Pending 8609 Request and final architect report
	21	1115 Calle La Resolana	2019	\$ 10,906,333	06/17/19	(A) 10/15/2020	45	NC	(A) 02/03/21	(A) 7/30/2021	(A) 5/9/2022	(P) 2/1/2023	(A) 12/27/2022	\$723,285	N/A	\$400,000 \$400,000	HOME NHTF	PIS sent to developer 12/27/2022Draft 8609s to Developer Pending final architect report for corrections
	22	Canyon Walk	2018	\$ 14,329,930	06/13/18	N/A No MFA loans	70	NC	(A) 01/01/20	(A) 1/14/2021	(A) 8/21/2021	(A) 12/31/2021	(A) 12/31/2021	\$1,049,930	N/A	N/A	N/A	12/27/2022 Sent Draft 8609 to developer
4%	1	Peachtree Canyon				(P) 6/30/2023	144	NC	(P) 06/30/23	(P) 12/31/2023	(P) 3/31/2024	(P) 12/31/2024	(P) 12/31/2024	\$1,761,316	\$18,500,000	\$800,000 \$1,500,000 \$1,000,000	HOME NHTF NMHTF	
	2	Pedrena Senior				(P) 6/30/2023	80	NC	(P) 06/30/23	(P) 12/31/2023	(P) 3/31/2024	(P) 12/31/2024	(P) 12/31/2024	\$1,181,842	\$15,000,000	\$800,000 \$1,500,000 \$1,000,000	HOME NHTF NMHTF	
	3	San Roque	2022	\$ 48,423,556	1/20/2021	(P) 3/30/2023	137	NC	(P) 02/15/23	(P) 8/15/2023	(P) 6/15/2024	(P) 11/15/2024	(P) 11/15/2024	\$2,291,773	County-issued bonds	\$800,000 \$2,622,031 \$1,325,000	HOME NMHTF NHTF	
	4	Sandoval Flats	2022	\$ 74,302,735	N/A - no MFA loans or bonds	(A) No MFA loans	216	NC	(P) 03/01/23	(P) 09/21/23	(P) 04/12/24	(P) 11/15/24	(P) 11/15/24	\$3,590,256	County-issued bonds			
	5	Trailhead at Chamizal	2022	\$ 54,948,042	N/A - no MFA loans or bonds	N/A No MFA loans	204	NC	(P) 02/15/23	(P) 06/05/23	(P) 11/06/23	(P) 11/15/24	(P) 11/15/24	\$2,087,905	County-issued bonds	N/A	N/A	Bonds Closed August 2022 Sent preconstruction review to developer 6/2022
	6	Vista Mesa Villa	2022	\$ 17,959,252	N/A - no MFA loans or bonds	N/A No MFA loans	100	AR	(A) 11/30/22	(P) 01/31/23	(P) 05/31/23	(P) 11/15/24	(P) 11/15/24	\$773,209	\$12,276,778	N/A	N/A	Bonds Closed June 2022 Arch currently waiting on updated drawings to address preconstruction review

Main Funding Source		Project Name	Application or Allocation Year	Total Development Cost (TDC)	Board Approval Date	Loan Closing Date Actual (A) or Projected (P)	No of Apts	NC - New Construction or AR - Acquisition/Rehab	Construction Start Approval Date Actual (A) or Projected (P)	33% Complete Date Actual (A) or Projected (P)	66% Complete Date Actual (A) or Projected (P)	Construction Completion Date Actual (A) or Projected (P)	Certificate of Occupancy/Placed in Service Date Actual (A) or Projected (P)	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan and Grant Amounts	MFA Loan or Grant Programs	Any Known Issues or Comments
	7	EMLI at Wells of Artesia	2021	\$ 39,469,339	01/19/22	(A) 7/28/2022	192	NC	(A) 08/10/22	(P) 3/1/2023	(P) 10/02/23	(P) 2/22/2024	(P) 04/01/24	\$1,734,183	\$33,000,000	\$800,000 \$500,000 \$500,000	HOME NHTF NMHTF	Bonds Closed July 2022
	8	Casa de Encantada	2021	\$ 33,439,628	07/21/21	(A) 10/21/2021	152	NC	(A) 10/13/21	(P) 2/1/2023	(P) 03/31/23	(P) 11/15/2023	(P) 11/15/2023	\$1,508,725	County-issued bonds	\$2,000,000	NMHTF	As of 9/30 project at 25%
	9	Four Seasons	2020	\$ 12,425,963	N/A - no MFA loans or bonds	N/A No MFA loans	80	AR	(A) 10/26/20	(A) 4/22/2021	(A) 7/30/2021	(A) 12/20/2022	(A) 12/21/2022	\$328,052	County-issued bonds	N/A	N/A	8609s to Developer for Part II completion
	10	The Commons at Martineztown	2020	\$ 19,015,270	N/A - no MFA loans or bonds	N/A No MFA loans	96	AR	(A) 02/02/21	(A) 10/25/2021	(A) 9/12/2022	(P) 2/1/2023	(P) 2/1/2023	\$688,679	County-issued bonds	N/A	NMHTF	Third super - second site manager.
	11	Casa de Sierra	2020	\$ 22,079,103	N/A - no MFA loans or bonds	N/A No MFA loans	188	AR	(A) 3/4/2021	(A) 11/5/2021	(A) 6/15/2022	(P) 2/1/2023	(P) 2/1/2023	\$625,423	County-issued bonds	N/A	N/A	As of 9/30 project is at 85%
	12	550 Paseo	2020	\$ 46,009,961	Loans-1/20/2021	(A) 3/23/2021	240	NC	(A) 3/9/2021	(A) 5/3/2022	(P) 2/1/2023	(P) 6/30/2023	(P) 6/30/2023	\$1,719,114	County-issued bonds	\$750,000 \$2,000,000	HOME NMHTF	As of 9/30 Project is at 55%
	13	Ceja Vista	2019	\$ 30,382,495	Loans - 9/18/2019	(A) 12/16/2020	154	NC	(A) 10/06/20	(A) 8/18/2021	(A) 5/6/2022	(P) 5/1/2023	(P) 5/1/2023	\$996,816	County-issued bonds	\$1,500,000	NHTF	As of 9/30 project is at 75%
	14	Sandia Vista and Plaza David Chavez	2019	\$ 39,558,374	N/A - no MFA loans or bonds	N/A No MFA loans	213	AR	(A) 04/14/20	(A) 1/28/2021 (SV) 5/14/2022 (DC)	(A) 5/31/2021 (SV) 8/31/2022 (DC)	(A) 2/20/2021 (SV) 2/10/2023 (DC)	(A) 9/29/2021 (SV)* 3/10/2023 (DC)	\$1,340,250	County-issued bonds	N/A	N/A	*Sandia Vista Substantially Complete, Few ADA Parking and Landscape Items set to be complete soon Plaza David Chavez ongoing, some delays noted due to city code requirements
	15	JLG South Number of Projects: 8	2019	\$ 19,218,766	Bonds - 7/17/2019	(A) 8/2/2020	215	AR	(A) 08/01/20	(A) 12/4/2020	(A) 1/21/2021	(A) 9/14/2022	(A) 12/30/2021	\$648,880	\$9,000,000	N/A	N/A	9/19/2022 Final 8609s to owner- pending Completion of Part II
	16	JLG Central Number of Projects: 6	2019	\$ 19,218,451	Bonds - 7/17/2019	N/A No MFA loans	214	AR	(A) 5/2/2022	(A) 7/31/2022	(A) 9/30/2022	(P) 2/1/2023	(P) 2/1/2023	\$903,432	\$11,000,000	N/A	N/A	
LOANS ONLY	17	La Vida Nueva	2016	\$ 35,423,513	N/A - no MFA loans or bonds	(A) 7/7/2017	314	AR	(A) 07/01/17	(A) 7/15/2019	(A) 5/11/2020	(A) 10/1/2020	(A) 9/29/2022	\$1,128,967	County-issued bonds	\$1,000,000 \$1,000,000	NHTF Primerio	2017/2018 8609s released month of September. Remaining 2019/2020 8609s on hold until items on Arch Agreement are completed.
	1	Mountain View	2021	\$ 995,044	4/21/2021	(P) TBD*	45	N/A	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	\$995,044	PRLF	*USDA RD experiencing delays in processing
	2	Las Rosas I	2019	\$ 682,555	7/15/2020	(P) TBD*	28	AR	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	\$682,555	PRLF	*USDA RD experiencing delays in processing
	3	Las Rosas II	2019	\$ 925,710	7/15/2020	(P) TBD*	29	AR	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	\$925,710	PRLF	*USDA RD experiencing delays in processing
Grant Only	4	Sacramento Apts	2019	\$ 510,726	7/15/2020	(P) TBD*	20	AR	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	\$510,726	PRLF	*USDA RD experiencing delays in processing
	1	Lamplighter Inn	2021	\$ 8,737,339		(P) 2/1/2023	58	AR	(P) 02/01/23	(P) 3/11/2023	(P) 3/22/2023	(P) 4/1/2023	(P) 4/1/2023	N/A	N/A	\$4,200,000	DFA CDBG-CV	

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Session

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Session

**Staff Actions Requiring Notice to Board  
During the Period of January 2023**

<b>Department and Program</b>	<b>Project</b>	<b>Action Taken</b>	<b>Comments / Date Approved</b>
Community Development Weatherization Assistance Program- EnergySmart	El Paso Electric Funding Approval	Approval to accept a grant in the amount of \$543,805.03 from El Paso Electric (EPE) for use in the NM EnergySmart Program. This additional funding will allow the program to provide more services to the underserved communities in the El Paso Electric service territory.	Approved by PC January 3, 2023
Community Development Linkages	Linkages Housing Voucher Transfer	Approval to transfer 112 Linkages vouchers from Bernalillo County Housing Department to HopeWorks. Bernalillo County Housing Department informed MFA that they no longer wish to renew their Linkages contract on July 1, 2023. The voucher transfer will be done in two phases, in the first phase HopeWorks will assume their vouchers for which they are the Linkages SSA and any unassigned vouchers by March 1, 2023. In phase two, HopeWorks will assume the remainder of the vouchers for Albuquerque Healthcare for Homeless and First Nations. Upon approval, staff will prepare all the necessary internal procedures for a seamless transition.	Approved by PC January 9, 2023
Community Development Weatherization Assistance Program- EnergySmart	PNM Request Service Provider Advance	Approval of advance payments to NM EnergySmart service providers for PNM refrigerators. Refrigerator supply has been backlogged 10-14 weeks. Suppliers need payment from the service providers when refrigerators are ordered to secure delivery. PNM will not reimburse an invoice from MFA until the refrigerators are delivered. PC approved that MFA advance the cost of the refrigerators to the service providers to enable ordering and delivery of the refrigerators. It is estimated that the service providers will need no more than \$9,000 per month and staff estimates that the monthly advance will be reimbursed by PNM within 14 weeks. The previous approval expired October 31, 2022. This approval remains in place until October 31, 2023.	Approved by PC January 19, 2023
Programs Department – Regional Housing Authority Oversight	Western Regional Housing Authority	Policy Committee Approval to enter into a service contract greater than 100K with Cooks General Contracting – Est Contract Amount \$298,800 plus gross receipts tax. Project includes 7 duplexes (14 units) to replace the existing roofs with metal roofing, remove swamp coolers and replace with HVAC systems and re-stucco the exterior of the buildings. The average cost per unit \$21,343.	Approved by PC January 24, 2023
Housing Development National Housing Trust Fund	120 La Plata	In 2022, the 120 La Plata project was approved for a 9% LIHTC award of \$749,825. Since the award, the project's construction costs have increased by over 17%. The increase was primarily due to cost of construction material and labor. MFA's Policy Committee approved a \$400,000 National Housing Trust Fund Loan (NHTF) to fill the gap in funding sources.	Approved by PC January 31, 2023
Housing Development National Housing Trust Fund	9000 Veranda	In 2022, the 9000 Veranda project was approved for a 9% LIHTC award of \$765,833. Since the award, the project's construction costs have increased by over 32%. The increase was primarily due to cost of construction material and labor. MFA's Policy Committee approved a \$400,000 National Housing Trust Fund Loan (NHTF) to fill the gap in funding sources.	Approved by PC January 31, 2023

Department and Program	Project	Action Taken	Comments / Date Approved
Community Development ESG	Reallocation of ESG Rapid Rehousing / Homeless Prevention funds	Approval to transfer funds between the ESG Rapid Rehousing/Homeless Preventions service providers. \$19,250.00 will be transferred from Alianza of New Mexico to Mesilla Valley Community of Hope.	Approved by Donna Maestas De Vries January 31, 2023
Community Development WAP	PNM Funding Contract-WAP	Approval of funds disbursement. PNM has provided MFA a contract for funding in the amount of \$600,000. The allowable administrative cost is \$100,000 (16.67% of total funding). MFA will receive \$30,000 (5%) of the administrative costs and the remaining \$70,000 (11.67%) will be divided among our service providers. Total program operations for the service providers equals \$500,000.	Approved by Donna Maestas De Vries January 19, 2023

**Staff Actions Requiring Notice to Board**  
**During the Period of January 11, 2023 – February 9, 2023**

<b>Department and Program</b>	<b>Project</b>	<b>Action Taken</b>	<b>Comments / Date Approved</b>



## **QUARTERLY INVESTMENT REPORT – EXECUTIVE SUMMARY FOR THE FIRST QUARTER OF THE FISCAL YEAR 2023**

1. MFA made no liquidations from the State Investment Council (SIC) portfolio in the first quarter of FY 2023. Currently, all asset allocations are compliant with the investment policy by asset class. Staff is holding more in short-term investments than normal in anticipation of the new building purchase. Staff is evaluating need to rebalance each month to maintain compliance with Policy ranges.
2. During the first quarter of FY 2023, one bond matured, and no purchases were made.
3. In December of 2022, the Federal Open Market Committee raised the targeted range of the federal funds rate to 4.25%-4.50%. Yields in our fixed-income portfolios of MBS have remained unchanged. The bond ladder has slightly underperformed its benchmark, but it will soon catch up as lower-yielding bonds mature and are re-invested at higher rates over the next few quarters.
4. The State Investment Council portfolio has performed relatively in line with its benchmarks in the first quarter of FY 2023. As of December 31, 2022, it is yielding 6.94% (27.75% annualized). The fair market value gain for the first quarter was \$1,195,578. This strong performance in the portfolio was largely driven by MFA's allocations in equities. In FY2023 Q1, the Non-US Developed Fund and the Non-US Emerging Fund returned 14.35% and 9.60%, respectively.
5. The Housing Trust Fund State Investment Council portfolio, which is 100% invested in a core bond fund, has experienced a rate of return of 5.85% and has outperformed its benchmark, which has a rate of return of 1.87% FYTD.
6. As of the first quarter of FY2023, interest income is 35% of the total annual budgeted interest income.
7. As of December 31, 2022, MFA's General Fund and Housing Trust Fund balances are as follows:

**General Fund:**

Asset Class	12/31/22 Balance	Yield/Rate of Return	Benchmark Rate of Return
Cash Held for Operations/Warehoused MBS	\$9,192,884	Various	n/a
Local Government Investment Pool	6,707,469	4.25%	n/a
Bond Ladder	14,996,747	0.65%	1.65%
MFA's Mortgage-Backed Securities-Intermediate Term	10,174,603	5.22%	n/a
MFA's Mortgage-Backed Securities-Long Term	3,104,964	3.00%	n/a
Core Plus Bond Fund-Active (SIC)	6,129,393	2.31%	1.87%
Large Cap Index Equity Fund (SIC)	6,336,153	6.99%	7.23%
Small/Mid Cap Fund (SIC)	2,929,131	7.54%	7.92%
Non-US Developed Markets Fund (SIC)	3,422,606	14.35%	15.57%
Non-US Emerging Markets Fund (SIC)	909,460	9.60%	9.70%

**Housing Trust Fund:**

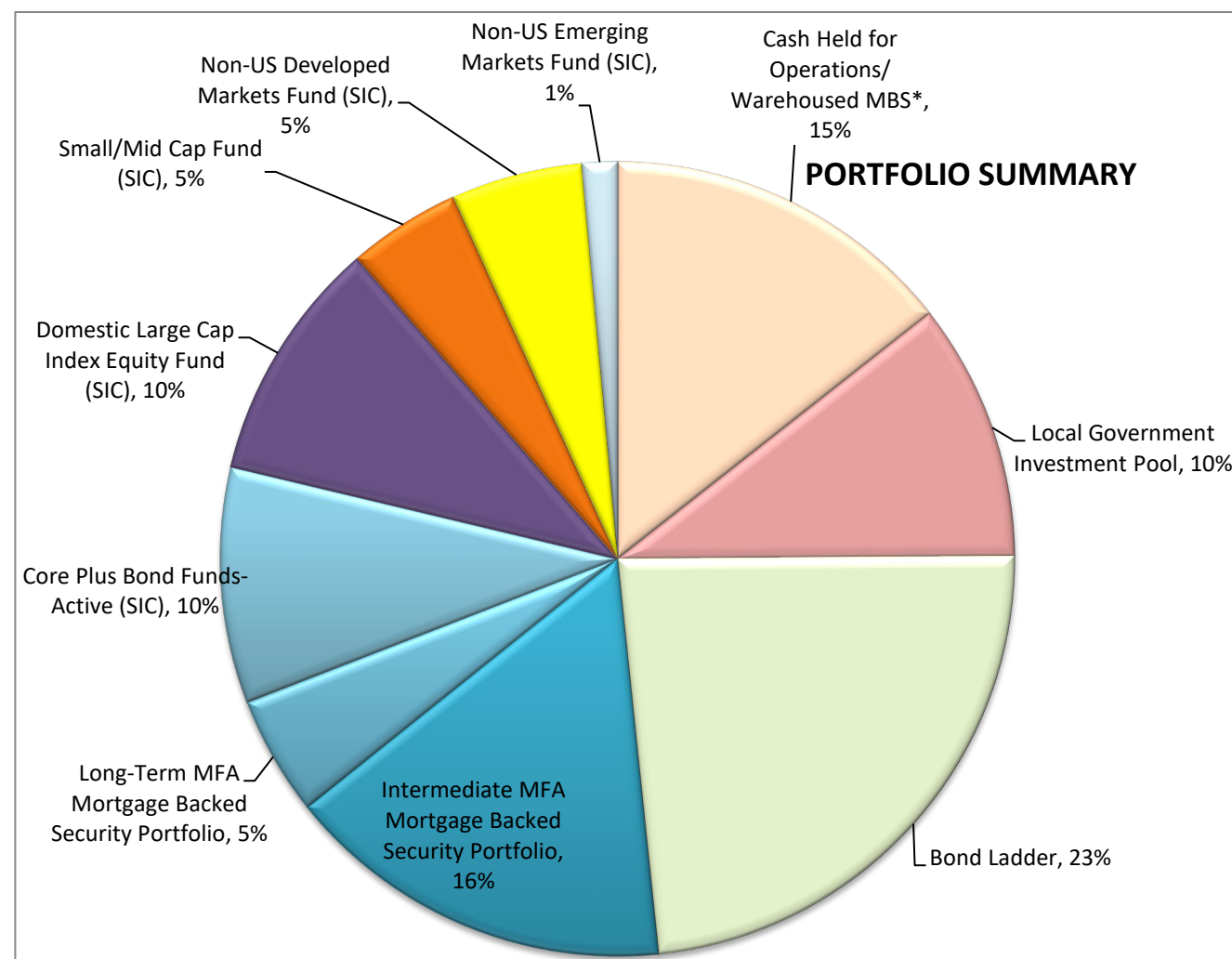
Asset Class	12/31/22 Balance	Yield/Rate of Return	Benchmark Rate of Return
Core Plus Bond Fund-Active (SIC)	\$11,873,058	5.85%	1.87%



## GENERAL FUND INVESTMENT COMPLIANCE REPORT FOR QUARTER 1 (AS OF December 31, 2022)

ASSET CLASS	Policy Requirement Target	Policy Requirement Range	Current Portfolio Carrying Value	Portfolio Weighting by Investment Horizon	Portfolio Weighting by Asset Class	Within \$ Limit Range	Action Plan
<b>Short-Term Investments (Less than 1 year)</b>	<b>20%</b>	<b>15%-25%</b>	<b>\$ 15,900,354</b>	<b>25%</b>		Yes	
Cash Held for Operations/Warehoused MBS*	14%	9%-19%	\$ 9,192,884		14%	Yes	
Local Government Investment Pool	6%	1%-11%	\$ 6,707,469		10%	Yes	No withdrawals from the SIC were made in the first quarter of FY 2023. One bond matured in December and was re-invested in January.
<b>Intermediate-Term Investments (1 to 10 years)</b>	<b>40%</b>	<b>35%-45%</b>	<b>\$ 25,171,350</b>	<b>39%</b>		Yes	
Bond Ladder	27%	22%-32%	\$ 14,996,747		23%	Yes	
Intermediate MFA Mortgage Backed Security Portfolio	13%	8%-18%	\$ 10,174,603		16%	Yes	
<b>Long-Term Investments (More than 10 years)</b>	<b>40%</b>	<b>35%-45%</b>	<b>\$ 22,831,708</b>	<b>36%</b>		Yes	
Long-Term MFA Mortgage Backed Security Portfolio	4%	0%-9%	\$ 3,104,964		5%	Yes	
Core Plus Bond Funds-Active (SIC)	12%	7%-17%	\$ 6,129,393		10%	Yes	
Domestic Large Cap Index Equity Fund (SIC)	11%	6%-16%	\$ 6,336,153		10%	Yes	
Small/Mid Cap Fund (SIC)	5%	0%-10%	\$ 2,929,131		5%	Yes	
Non-US Developed Markets Fund (SIC)	6%	1%-11%	\$ 3,422,606		5%	Yes	
Non-US Emerging Markets Fund (SIC)	2%	0%-7%	\$ 909,460		1%	Yes	
			<u>\$ 63,903,411</u>		<u>100.00%</u>		

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



### SIC FUND ALLOCATION

	Policy	Actual
SIC Core Plus Bond-Active	33%	31%
SIC Large Cap Index Equity	31%	32%
Small/Mid Cap Index	14%	15%
Non-US Developed Markets	17%	17%
Non-US Emerging Markets	5%	5%

### BOARD ACTIONS

August 2005 - approved General Fund Investment  
 February 2008 - approved new Large Cap Index ETF Pool  
 January 2009 - approved Revision to Investment Policy  
 October 2010 - Approved Revision to Investment Policy  
 May 2011 - Approved revision to Investment Policy  
 April 2012 - Approved revision to Investment Policy  
 April 2013 - Approved revision to Investment Policy  
 April 2016 - Approved revision to Investment Policy  
 October 2017 - Approved revision to Investment Policy  
 December 2020-Board affirmed current Investment Policy  
 January 2023-Approved revision to Investment Policy



## PORTFOLIO SUMMARY - Short & Intermediate Investments

General Fund	Book Value YTD/Quarter 1 as of 12/31/2022	Book Value YTD/Quarter 1 as of 12/31/2021	Unrealized Gain/Loss YTD/Quarter 1 as of 12/31/2022	Yield to Maturity YTD/Quarter 1 as of 12/31/2022	Yield to Maturity YTD/Quarter 1 as of 12/31/2021
<b>Short-Term</b>					
Cash Held for Operations/Warehoused MBS*	\$ 9,192,884	\$ 6,330,564	N/A	Various	Various
Local Government Investment Pool	\$ 6,707,469	\$ 5,621,951	N/A	4.25%	0.12%
<b>Intermediate-Term</b>					
Bond Ladder	\$ 14,996,747	\$ 16,023,903	\$ (587,237)	0.65%	0.32%
MFA Mortgage Backed Security Portfolio	\$ 10,174,603	\$ 8,691,092	\$ (5,743)	5.22%	5.11%
Yield to Maturity for Intermediate-Term Investments				2.50%	2.00%
<b>Total Short &amp; Intermediate-Term</b>	\$ 41,071,703	\$ 36,667,509	\$ (592,980)		

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

\*\*Weighted average maturity.

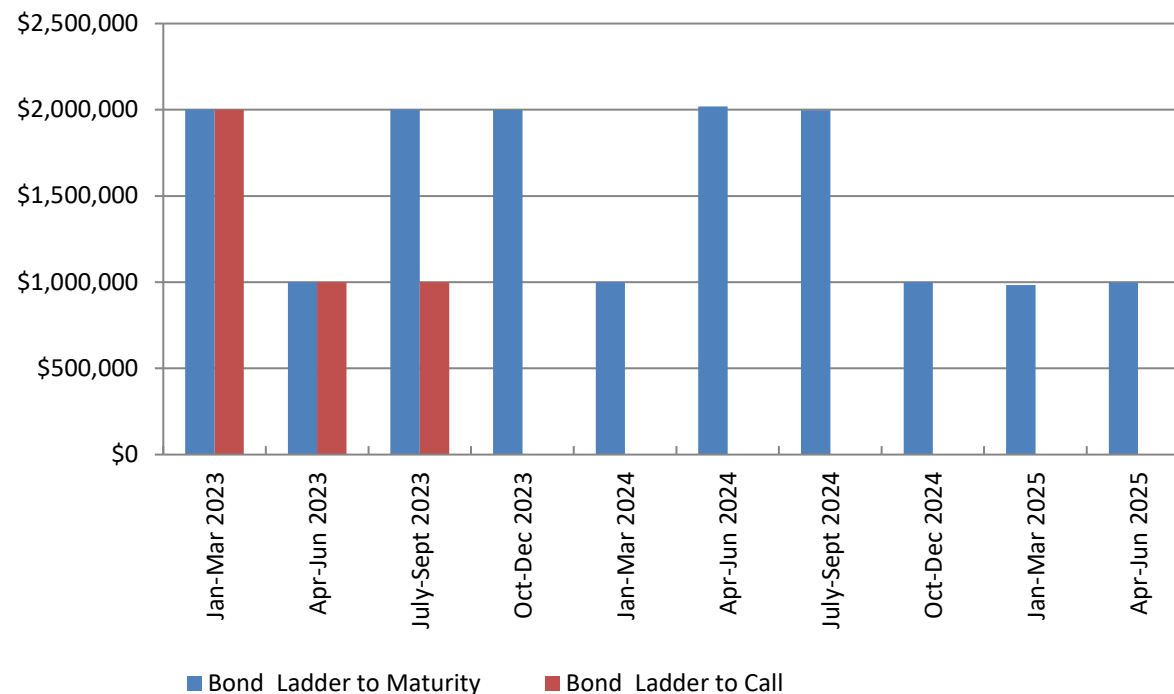
### BOND LADDER SECTOR ALLOCATION

	Book Value	% of Total Dollars
Fannie Mae	\$ 1,000,496	7%
Federal Farm Credit Bank	\$ 5,981,049	40%
Federal Home Loan Bank	\$ 3,000,022	20%
Freddie Mac	\$ 1,019,766	7%
US Treasury	\$ 3,995,414	27%
<b>Total</b>	<b>\$ 14,996,747</b>	<b>100%</b>

### INVESTMENTS PURCHASED IN THE FIRST QUARTER OF FY 2023

Date Purchased	Security	Interest Rate	YTM/YTC	Dollar Amount
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**BOND LADDER TO CALL AND MATURITY AS OF September 30, 2022**



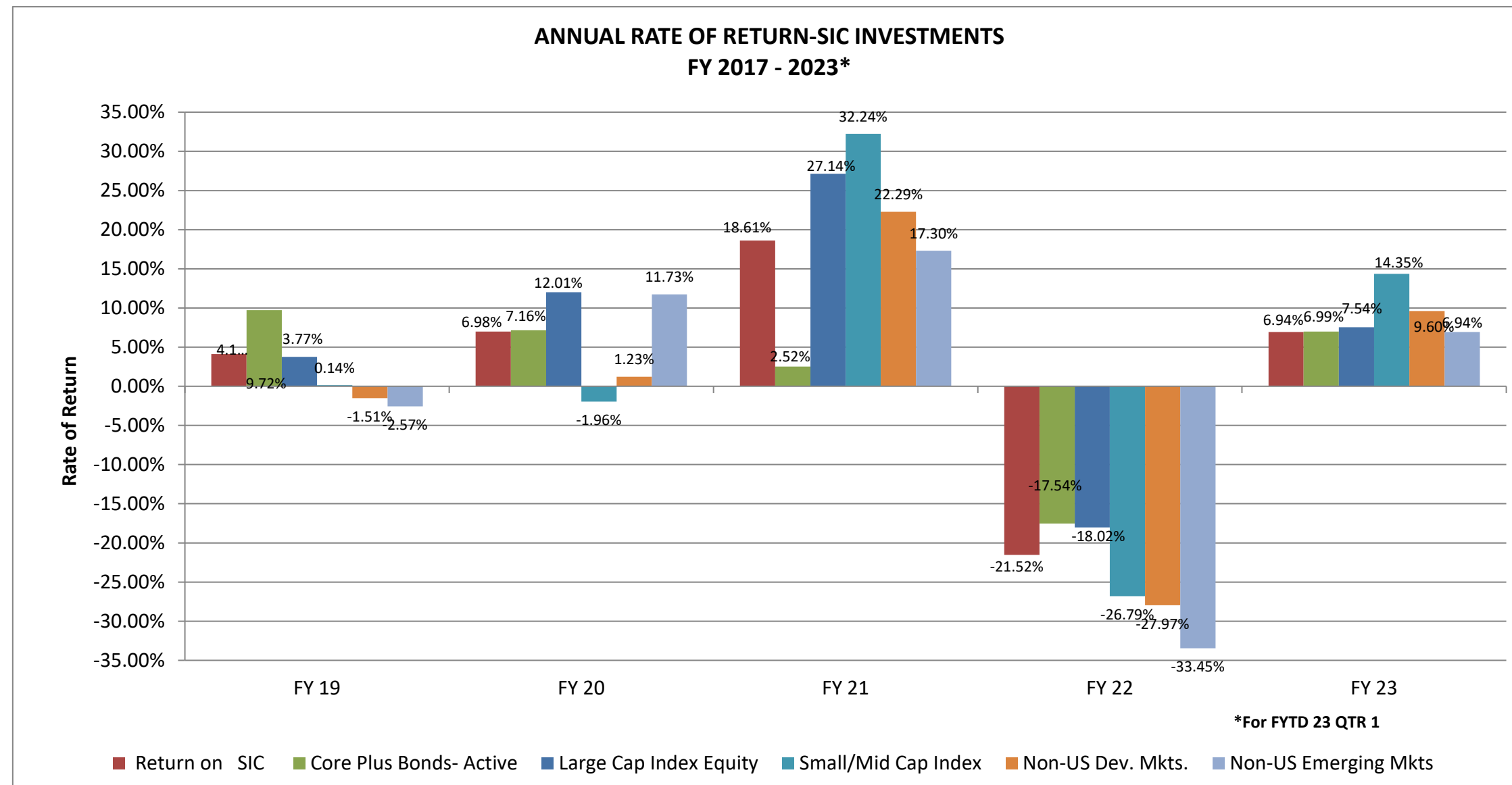


## PORTFOLIO SUMMARY - Long Term Investments Including State Investment Council Investments

General Fund Long Term	Book/Market Value YTD/Quarter 1 as of 12/31/2022	Book/Market Value YTD/Quarter 1 as of 12/31/2021	Unrealized/Realized** Gain/Loss YTD/Quarter 1 as of 12/31/2022	Rate of Return YTD/Quarter 1 as of 12/31/2022 *	Rate of Return YTD/Quarter 1 as of 12/31/2021 *
MFA's Mortgage Backed Securities Portfolio	\$ 3,104,964	\$ 3,488,588	\$ (412,587)	3.00%	3.08%
State Investment Council (SIC):					
Core Plus Bond Fund-Active	\$ 6,129,393	\$ 7,806,050	\$ 77,687	2.31%	0.18%
Domestic Large Cap Index Equity Fund	\$ 6,336,153	\$ 7,510,537	\$ 399,581	6.99%	9.04%
Small/Mid Cap Fund	\$ 2,929,131	\$ 3,214,855	\$ 203,761	7.54%	2.30%
Non-US Developed Markets Fund	\$ 3,422,606	\$ 4,015,574	\$ 443,892	14.35%	2.81%
Non-US Emerging Markets Fund	\$ 909,460	\$ 1,158,775	\$ 70,657	9.60%	-0.83%
Total State Investment Counsel	\$ 19,726,743	\$ 23,705,790	\$ 1,195,578	6.94%	3.71%
<b>Total Long-Term Investments</b>	<b>\$ 22,831,708</b>	<b>\$ 27,194,378</b>	<b>\$ 782,991</b>		

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

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



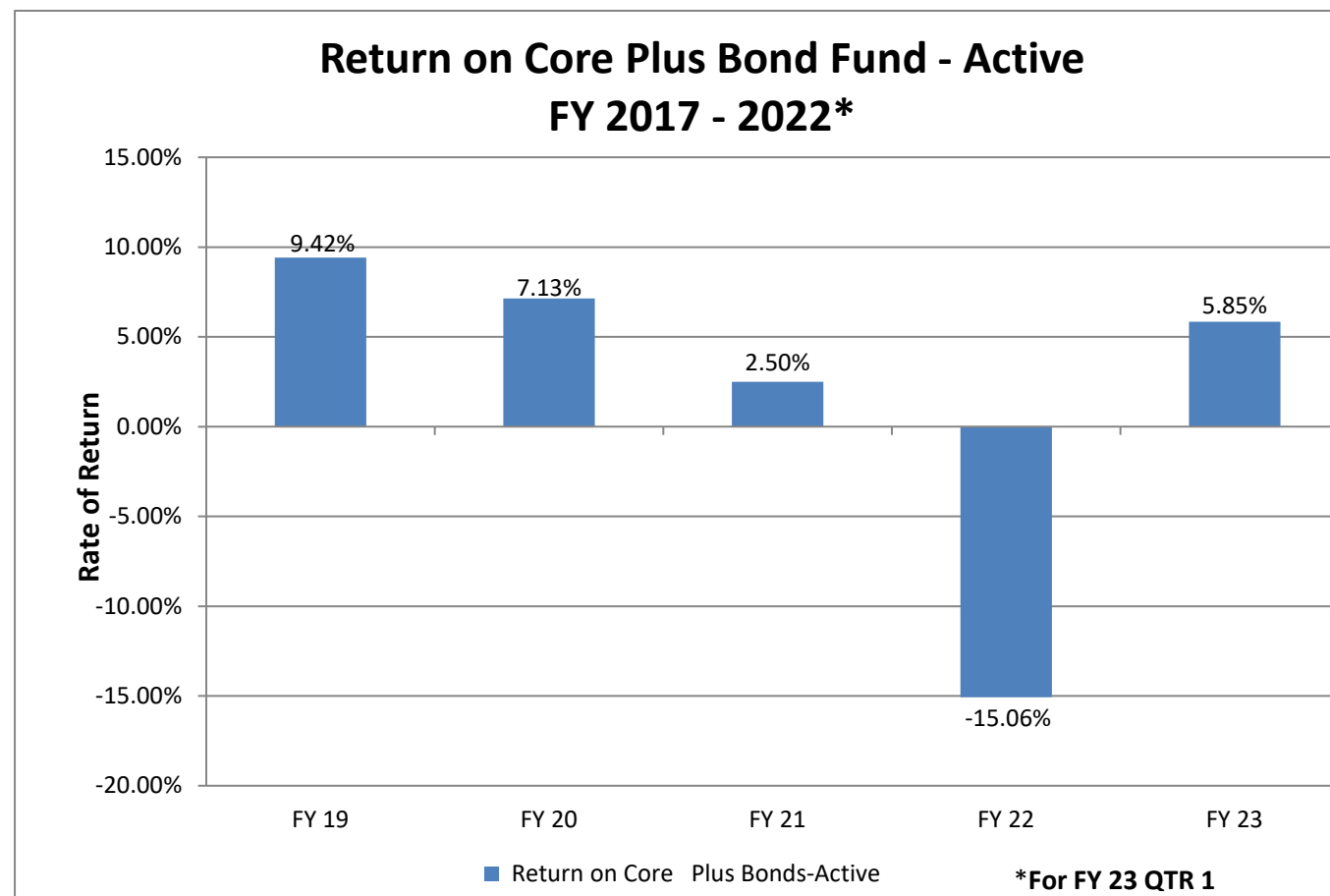


## PORTFOLIO SUMMARY - New Mexico Housing Trust Fund

	Market Value YTD/Quarter 1 as of 12/31/2022	Market Value YTD/Quarter 1 as of 12/31/2021	Realized Gain/Loss YTD/Quarter 1 as of 12/31/2022	Rate of Return YTD/Quarter 1 as of 12/31/2022	Rate of Return YTD/Quarter 1 as of 12/31/2021
<b>Housing Trust Fund</b>					
State Investment Council (SIC): Core Plus Bond Fund-Active	\$ 11,873,058	\$ 14,387,281	\$ 597,636	5.85%	2.50%
<b>Total State Investment Council</b>	<b>\$ 11,873,058</b>	<b>\$ 14,387,281</b>	<b>\$ 597,636</b>	<b>5.85%</b>	<b>2.50%</b>

### SIC FUND ALLOCATION

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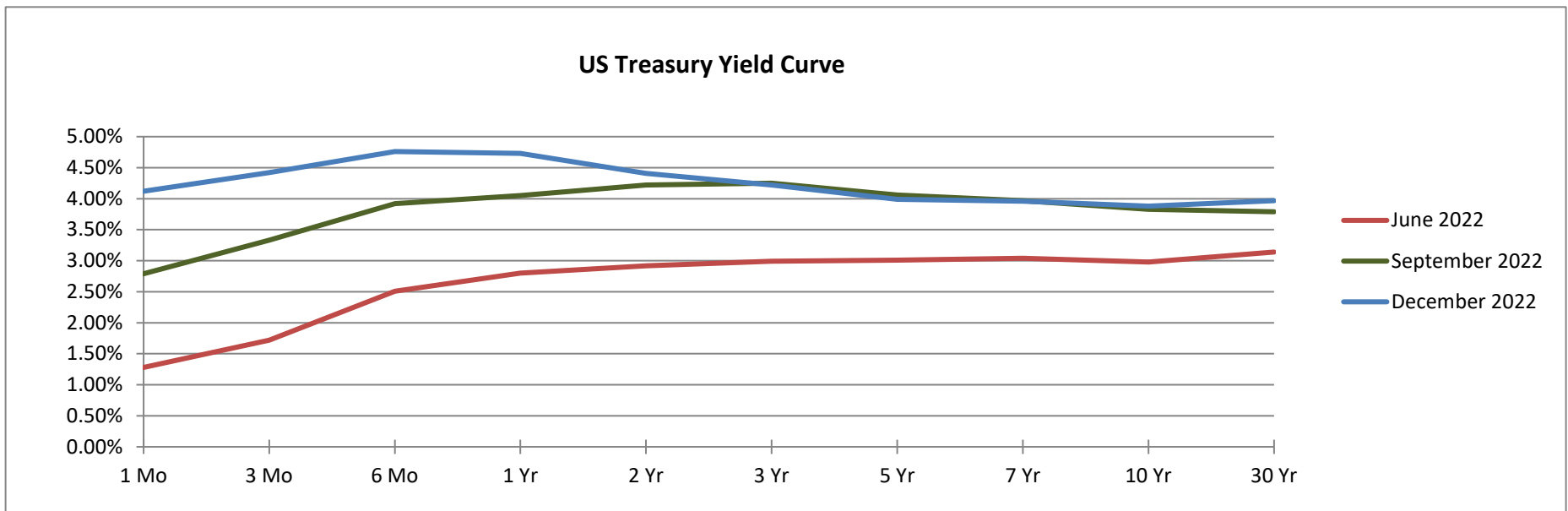
## GENERAL FUND INVESTMENT PORTFOLIO - METRICS

Asset Class	S&P Rating	Moody's Rating	Annual Interest Income (Budget) FY2023	Actual Annual Interest Income YTD/Quarter 1 12/31/2022	Interest Income Earned of Total Budget YTD/Quarter 1 12/31/2022
Cash Held for Operations/Warehoused MBS	N/R	N/R	\$ 3,176	\$ 116,526	3669%
Local Government Investment Pool	AAAm	N/R	\$ 7,347	\$ 49,398	672%
Bond Ladder			\$ 32,900	\$ 16,246	49%
Fannie Mae	N/R	Aaa/Stable			
Federal Farm Credit Bank	N/R	Aaa/Stable			
Federal Home Loan Bank	N/R	Aaa/Stable			
Freddie Mac	N/R	Aaa/Stable			
MFA Mortgage Backed Security Portfolio	N/R	Aa3/Stable	\$ 450,509	\$ 129,800	29%
Intermediate Term	AA+	Aa3/Stable			
Long-Term	AA+	Aa3/Stable			
State Investment Council			\$ 731,844	\$ 118,723	16%
Core Plus Bond Fund-Active	N/R	N/R			
Large Cap Index Equity Fund	N/R	N/R			
Small/Mid Cap Fund	N/R	N/R			
Non-US Developed Markets Fund	N/R	N/R			
Non-US Emerging Markets Fund	N/R	N/R			
			\$ 1,225,776	\$ 430,693	35%

Asset Class Benchmarks	Yield to Maturity/ Rate of Return YTD/Quarter 1 12/31/2022	Benchmark Yield/Rate of Return	
State Investment Council			
Core Plus Bond Fund-Active	2.31%	1.87%	Barclays US Agg Total Return Value
Large Cap Index Equity Fund	6.99%	7.23%	Russell 1000 Index-US Large Cap Equity
Small/Mid Cap Fund	7.54%	7.92%	Average <sup>(1)</sup>
Non-US Developed Markets Fund	14.35%	15.57%	Average <sup>(2)</sup>
Non-US Emerging Markets Fund	9.60%	9.70%	MSCI Emerging Markets Index (Net)
Cash Held for Operations/Warehoused MBS	Various	N/A	
Local Government Investment Pool	4.25%	N/A	
Bond Ladder	0.65%	1.65%	(1) Average of the following benchmarks: Russell Mid Cap Index Russell 2000 Value Index Russell 2000 Index
MFA Mortgage Backed Security Portfolio			
Intermediate Term	5.22%		
Long-Term	3.00%		(2) Average of the following benchmarks: MSCI EAFE Net Total Return US Index MSCI AC World Index EX USA Value Net Total Re MSCI ACW EX US Small Cap Index MSCI World Ex US IMI Index (net)
1% or more under benchmark			
In line with Benchmark			
1% or more above benchmark			

## Economic Indicators

	<u>12/31/2022</u>	<u>12/31/2021</u>		<u>12/31/2022</u>	<u>12/31/2021</u>	
Average US Gas Price	\$ 3.60	\$ 3.31	Federal Funds Rate	4.33%	0.07%	*Cumulative return for the period 10/1 through 12/31 which is one quarter of each respective fiscal year.
WTI Spot Price	\$ 80.26	\$ 76.99	Consumer Price Index (yoy)	6.50%	7.00%	
	<u>11/30/2022</u>	<u>11/30/2021</u>	Unemployment Rate	3.50%	3.90%	
US Median Home Price	\$ 370,700	\$ 365,300	Real GDP (yoy)	0.80%	6.20%	
NM Median Home Price	N/A	\$ 364,698	DJIA*	-4.17%	5.38%	
US Median Family Income	\$ 90,211	\$ 87,683				



	<u>1 Mo</u>	<u>3 Mo</u>	<u>6 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>	<u>30 Yr</u>
<b>June 2022</b>	1.28%	1.72%	2.51%	2.80%	2.92%	2.99%	3.01%	3.04%	2.98%	3.14%
<b>September 2022</b>	2.79%	3.33%	3.92%	4.05%	4.22%	4.25%	4.06%	3.97%	3.83%	3.79%
<b>December 2022</b>	4.12%	4.42%	4.76%	4.73%	4.41%	4.22%	3.99%	3.96%	3.88%	3.97%

Source: U.S. Department of the Treasury





# MFA Strategic Plan Benchmarks

## FY 2023

### Goal 1 - Create affordable housing opportunities that support and strengthen New Mexico's communities



Benchmark: 1

Provide mortgage financing for 2,043 homebuyers.

Q1

Caution

MFA financed 394 homebuyers in Q1 of FY 2023 and 394 homebuyers YTD.



Benchmark: 2

Maintain average mortgage product utilization of 25% of all FHA loans recorded in New Mexico.

Q1

On Target

The MFA quarterly product utilization reported for Q1 is 25.19% for a YTD average of 25.19%



Benchmark: 3

Finance the development and/or preservation of 900 rental and homeownership units.

Q1

On Target

Financed the development of 268 Multifamily units in Q1, for a YTD total of 268 units developed and/or preserved.



Benchmark: 4

Maintain a 35% exit rate of individuals experiencing homelessness served to permanent housing through EHAP.

Q1

New

The Q1 unduplicated clients were 789, and of these 257 (33%) exited to permanent housing. YTD rate is 33%.



Benchmark: 5

Achieve annual combined average loan delinquencies of MFA serviced portfolio below 9.5%.

Q1

On Target

MFA combined average delinquency rate is at 8.95% as of 12/31/2022 FY Q1



Benchmark: 6

Maintain subserviced portfolio delinquency percentage below the Federal Housing Administration Loan Performance Trend delinquency rate (purchase loans only).

Q1

On Target

Subserviced portfolio delinquency as of 12/31/2022 met and exceeded benchmark at 12.31% delinquency rate. FHA rate as of 11/2022 report is 13.44% delinquency.



Benchmark: 7

Evaluate at least three new specialty products or significant program or product improvements.

Q1

On Target

SLFRF Notice of Funding Availability, use of NM Housing Trust Fund as source of DPA for NextHome program as new specialty products.



## MFA Strategic Plan Benchmarks FY 2023

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



Benchmark: 8

Achieve an average of 2,118 social media engagements each quarter across all platforms.

Q1

On Target

In Q1, MFA had 4,388 in total engagements across all social media platforms. This was due, in part, to the launch of the DownPaymentAdvantage grant program.



Benchmark: 9

Expand services of at least one program to an underserved area of the state.

Q1

New

Amended and implemented changes to the MFA Rules and Regulations to define Moderate Income persons or families as those with income above 80% and up to 150% of the AMI adjusted for family size. Moderate income limits may be adjusted for high-cost areas to accommodate qualification of purchase of a median priced home in a county of the subject property or rent at the fair market rate.



Benchmark: 10

Conduct outreach to and/or assist at least 50 local governments, tribal governments, potential new program partners and/or elected officials.

Q1

New

Provided Affordable Housing Act assistance to Cibola, Grant and San Miguel counties. Presented to Council of Governments on Restoring our Communities (ROC) program and AHA Act.  
Participated in Association of Counties Better Informed Public Officials Conference.  
Policy and Planning: Rep. Dixon and Matthews, City of Taos (Steve Archuleta, Rep. Chandler, Guadalupe County Commissioner (housing strategy), Mid- Region Counsel of Governments (housing strategy), City of Las Cruces Policy Review Committee (housing strategy), Roosevelt County (housing plan outreach); Homeownership presentation at Sandoval Client Advisory Board Meeting



Benchmark: 11

Provide at least 50 formal group training opportunities for property owners, developers, service providers and/or lenders.

Q1

On Target

Homeownership programs: 20 trainings conducted. Community Development conducted a HOPWA Peer Exchange on 11/15 and a RAP Peer Exchange on 12/7. Housing Development provided a LIHTC Fundamentals Training (10/20) and the annual QAP Training (10/26). Met with Thornburg Foundation.



Benchmark: 12

Implement MFA housing summit or networking event.

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



Benchmark: 13



## MFA Strategic Plan Benchmarks

### FY 2023

Obtain unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits.

Q1	On Target	Audit issued with an unmodified opinion and no material weaknesses. Audit was approved by State Auditors Office 12/2022 and by Board 1/2023.
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Benchmark: 14

Maintain or improve credit rating.

Q1	On Target	There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating
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Benchmark: 15

Achieve operating performance and profitability equal to net revenues over total revenues of at least XX%,

Q1	On Target	Operating performance and profitability as of 12/31/22 is 9.1%
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Benchmark: 16

Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least XX%, based on five-year average.

Q1	On Target	Balance sheet strength as of 12/31/22 is 25.3%.
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Benchmark: 17

Realize administrative fee of at least 18 basis points on all bond issues.

Q1	On Target	2022 Series E was closed in Q1 with an 0.18% administrative fee.
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Benchmark: 18

Realize profitability of .5% on TBA executions.

Q1	On Target	While we did not settle any loans via TBA in Q1; the next home program is expected to return to Q2 at a profit level in excess of 0.5%
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Benchmark: 19

Maintain servicing fee yield at an average of XX% of the purchased servicing portfolio.



Benchmark: 20

Earn 100% base fees for PBCA contract.

Q1	On Target	All PBCA tasks were completed as required by the contract, and 100% of the base fees were earned for this quarter.
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Benchmark: 21



## MFA Strategic Plan Benchmarks

### FY 2023

Yield a collection rate of 98% or greater for compliance monitoring fees.

Q1	On Target	Invoices for compliance fees were processed and sent out to owner/agents this quarter.
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Benchmark: 22

Meet commitment and expenditure requirement of 95% of recurring grant funding.

Q1	New	Commitment and expenditure rate as of 12/31/22 is 100%.
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Benchmark: 23

Provide at least \$9.7 million in resources for affordable housing through expenditure of New Mexico Housing Trust Funds, contributions through the state affordable tax credit program, and allocations of 4% LIHTCs.

Q1	Caution	Total of resources provided in Q1 was \$405,435.
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Benchmark: 24

Evaluate at least one new business model or financial tool.



Benchmark: 25

Increase funding by at least one new source.

Q1	New	MFA was allocated \$3 million in federal congressionally directed spending in Q1, funding to be used for fire affected regions.
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Benchmark: 26

Improve at least 15 MFA process or resource.

Q1	New	Three total so far: Servicing 2 process improvements for FY Q1: 1. Worked with Idaho Housing to recover and have IHFA remit going forward servicing fees for the whole loan portfolio (repurchased loans for modification that cannot be repooled). MFA recovered over \$57k and will be receiving servicing fees each month on this group of loans. 2. Acceleration process: new process using Export Text file and less data entry - this will save staff time to run acceleration letters. 3. The Yearly production report has been automated to be provided through information gathered by Datawarehouse.
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#### Goal 4 - Provide robust technology solutions



Benchmark: 27

Maintain a RS3 score greater than or equal to 780, averaged over four quarters.

Q1	On Target	MFA's internal and external penetration testing was completed on 11/30/2022. MFA received a RiskSense Security Score (RS3) of 817 (low risk). RS3 represents MFA's cyber security posture, measuring risk posed by existing vulnerabilities and current potential threats. The rating range is from 300 (high risk) to 850 (very low risk).
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## MFA Strategic Plan Benchmarks

### FY 2023



Benchmark: 28

Achieve a Recovery Point Objective (RPO) for infrastructure servers at or below ten minutes and a Recovery Time Objective (RTO) at or below six hours.

Q1	On Target	The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective was just over two hours, which is below the goal of six.
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Benchmark: 29

Implement three new high-priority software solutions that improve organizational efficiency.

Q1	On Target	Completed the implementation of five new programs to New Mexico Energy Smart (BIL, CSLFRF, NMHTF 22.G2445, Multifamily PNM projects, and Multifamily measures).
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### Goal 5 - Foster a dynamic work environment



Benchmark: 30

Participate in Annual Employee Engagement Survey and determine and implement actionable steps to address opportunities for improvement.

Q1	On Target	Survey will be conducted in the May timeframe
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Benchmark: 31

Conduct internal benefits survey and address opportunities for enhancements.

Q1	On Target	Will conduct survey in the second quarter
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## Quarterly Report to the MFA Board of Directors Q1 FY2023

Production Statistics	Current Quarter	Same Quarter Last Year	Fiscal Year to Date
<b>Homeownership</b>			
Number of loans reserved	402	674	402
Amount of loans reserved	\$80,263,154	\$130,108,182	\$80,263,154
Number of loans purchased	394	651	394
Amount of loans purchased	\$78,260,498	\$125,051,686	\$78,260,498
Number of homebuyers counseled	322	453	322
Number of lenders/REALTORS contacted	1,423	1,352	1,423
<b>Housing Development</b>			
Amount of MF loans/grants/bonds	\$0	\$3,500,000	\$0
Amount of SF loans/grants	\$0	\$0	\$0
Amount of TC: LIHTC (MF) & State (MF & SF)	\$5,579,661	\$5,362,703	\$5,579,661
Number of MF units	268	335	268
Number of SF units	0	0	0
<b>Housing Rehab &amp; Weatherization</b>			
Amount of rehab expenditures	\$196,828	\$1,003,559	\$196,828
Number of units rehabilitated	4	5	4
Amount of NM EnergySmart expenditures	\$2,738,054	\$1,710,724	\$2,738,054
Number of units weatherized	174	126	174
<b>Shelter &amp; Supportive Housing Programs</b>			
Amount of shelter supportive service	\$813,327	\$1,210,757	\$813,327
Number of persons served <sup>1</sup>	1,020	975	1,020
Amount of rental assistance <sup>2</sup>	\$1,483,510	\$2,002,804	\$1,483,510
Number of persons assisted	255	378	255

1 - Coc & EHAP

2 - HOPWA, Linkages, , RAP & YHDP



### The need for MFA mortgage products:

MFA borrowers have an average annual income of \$57,503 and purchase homes with an average price of \$206,048. 34.26 percent are single-parent households; 62.69 percent are minorities.

MFA targets below market mortgage rates, and all first-time homebuyers receive pre-purchase counseling. MFA provides down payment assistance to 85.28 percent of its borrowers. Without these programs, many borrowers could not buy a home.



### The need for housing development:

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

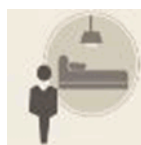
50 percent of renters are cost-burdened, about half pay between 30 percent and 49 percent of their income on rent; the other half pay more than 50 percent.



### The need for housing rehabilitation and weatherization:

New Mexico has aging housing stock. 47 percent of its homes were built before 1980; only 18.4 percent were built after 2000. The average age of homes in NM is 35 years.

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



### The Need for Assistance Programs:

The New Mexico Coalition to End Homelessness estimates that a total of 15,000 to 20,000 New Mexicans experience homelessness in a year.

The pandemic has increased the number of people experiencing homelessness.

While many people resolve their housing crisis on their own or with existing help, 6,500 people per year do not.

### Solutions:

Rapid Rehousing which is rental assistance for up to 2 years.

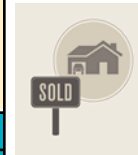
Permanent Supportive Housing for people with disabilities which is housing and support services provided for as long as needed.

Coordinated Entry to keep track of everyone in need of housing and quickly match people to appropriate housing.



## Quarterly Report to the MFA Board of Directors Q1 FY2023

Servicing	Current Quarter	Same Quarter Last Year	Target Rate
First Mortgage delinquency rate	0.00	0.00	
Partners Program delinquency rate	10.91	10.48	
DPA loan delinquency rate	9.04	9.18	
Multifamily loan delinquency rate	2.38	3.70	
Combined delinquency rate - Current Month	8.95	9.09	
Combined average delinquency rate-FY	9.01	8.62	9.50
Default rate (writeoffs/foreclosure losses)	0.14	0.10	1.30
Master Servicing MBS delinquency rate	10.49	11.36	
REO Inventory - # of loans	0	3	
REO Inventory - Exposure	\$0	\$13,504	



### MFA's Servicing Department:

Provides servicing for over 15,361 loans with a principal balance over \$326 million.

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

Delinquency rates in this portfolio can be benchmarked to Mortgage Banker Association averages 3.57 percent for all loans in New Mexico and 7.14 percent for FHA in New Mexico as of 9/30/2022.

As of 11/2022, the FHA Delinquency on new purchases was 13.44.

Monitoring	Current Quarter	Year to Date	Fiscal Year Monitoring Required
Asset Management			
Number of properties monitored	72	72	207
Number of units inspected	622	622	N/A
Number of files reviewed	728	728	N/A
Number of PBCA activities	316	316	N/A
Community Development			
Number of required monitorings <sup>3</sup>	16	0	58

3 - based on program year, 7/1 - 6/30



### MFA's Asset Management Department:

Monitors 271 properties and 18,255 units of housing financed by MFA, providing unit inspections and review of records and finances on a regular basis. Asset Management also supports 86 properties and 5,189 units under MFA's HUD Project Based Contract Administrator (PBCA) contract.



### MFA's Community Development Department:

Manages ten programs with multiple different funding sources, and approximately 91 partners across the state. Our partners deliver housing to more than 9,300 individuals and receive approximately \$17 million in funding. Monitoring is performed on a regular basis to ensure program compliance.