



MFA Housing New Mexico
 MFA June Board of Directors Meeting
 Kit Carson Electric Cooperative, Inc.
 118 Cruz Alta Road, Taos, NM
 Wednesday, June 21, 2023 – 10:00 a.m.

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 5/17/2023 Board Meeting Minutes – Board Action
- Executive Director Updates
- Local Perspectives
 - The Honorable Pascualito Maestas Mayor, City of Taos
 - Catherine Hummel Executive Director, DreamTree
 - Lisa O'Brien Executive Director for Taos Housing Partnership

Board Action Items

(Action Required?)

Presentation

- 1 Single Family Development Opportunities (Stephen Martinez General Partner and Eric Martinez Government Relations & Partner, YSM Development Advisors) NO

Consent Agenda

- 2 Broker Dealer List Approval (Lizzy Ratnaraj) YES
- 3 HomeForward Program Acquisition Cost Limit Adjustment (Jeff Payne and René Acuña) YES

Finance Committee

- 4 External Audit Services Award (Yvonne Segovia) YES

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

- 5 2023-2024 Housing Opportunities for Persons with AIDS (HOPWA) award recommendations (John Garcia) YES
- 6 Recommendation to allocate New Mexico Housing Trust Fund (NMHTF) severance tax bond (STB) funds for use under the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Notice of Funding Availability (NOFA) and recommendation to make a NMHTF STB award to Three Sisters Apartments. YES

Other

- 7 Single Family Programs Report (Jeff Payne) NO
- 8 Youth Homelessness Demonstration Project – presentation (Kelly Patterson) NO

Other Board Items Information Only

9 (Staff is available for questions)

- Staff Action Requiring Notice to Board

Monthly Reports No Action Required

10 (Staff is available for questions)

- 4/30/23 Financial Statements

Announcements and Adjournment Discussion Only

Confirmation of Upcoming Board Meetings

- July 11, 2023 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- July 19, 2023 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- August 8, 2023 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- August 16, 2023 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- September 12, 2023 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- September 20 -21, 2023 - Wednesday- Thursday 9:30 a.m. (MFA Board Meeting and Retreat – Santa Fe - Location TBD)



NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting

Kit Carson Electric Cooperative, Inc.

118 Cruz Alta Road, Taos, NM

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Proposed Agenda

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Board Action Items

Action Required?

Presentation

- | | |
|---|----|
| 1 Single Family Development Opportunities (Stephen Martinez General Partner and Eric Martinez Government Relations & Partner, YSM Development Advisors) | NO |
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Consent Agenda

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| 2 Broker Dealer List Approval (Lizzy Ratnaraj) | YES |
| 3 HomeForward Program Acquisition Cost Limit Adjustment (Jeff Payne) | YES |

Finance Committee

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| 4 External Audit Services Award (Yvonne Segovia) | YES |
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Contracted Services/Credit Committee & New Mexico Housing Trust Fund (NMHTF) Advisory Committee

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Other

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|---|----|
| 7 Single Family Programs Report (Jeff Payne) | NO |
| 8 Youth Homelessness Demonstration Project – presentation (Kelly Patterson) | NO |

Other Board Items

Information Only

- | | |
|---|--|
| 9 (Staff is available for questions) <ul style="list-style-type: none"> ▪ Staff Action Requiring Notice to Board | |
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Monthly Reports

Non Action Required

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Announcements and Adjournment

Discussion Only

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Board Action Items

Action Required?

Presentation

- 1 **Single Family Development Opportunities (Stephen Martinez General Partner and Eric Martinez Government Relations & Partner, YSM Development Advisors)** – a presentation will be provided for a potential single family development project “Salazar South Project” located on the NW corner of Salazar Rd & Este Es Rd, Taos, NM. NO

Consent Agenda

- 2 **Broker Dealer List Approval (Lizzy Ratnaraj)** - At least annually and as needed, the MFA staff reviews and updates the Broker, Dealer, Custodian, and Depository list. Staff recommends approval of the revised Broker, Dealer, Custodian, and Depository List. All organizations meet established qualifications as stated in the MFA Investment Policy. YES
- 3 **HomeForward Program Acquisition Cost Limit Adjustment (Jeff Payne)** - Staff recommends an adjustment to the HomeForward Policy allowing the MFA Policy Committee to determine Acquisition Cost Limits based on county Average Area Sales Price published by the IRS or other appropriate metrics. YES

Finance Committee

- 4 **External Audit Services Award (Yvonne Segovia)** - The Board approved the RFP for External Audit Services on April 19, 2023. We received one response which met the Minimum Requirements and was scored. Staff recommends the approval of the External Audit Services to be provided by CliftonLarsonAllen LLP pending approval by the Office of the State Auditor (OSA). YES

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

- 5 **2023-2024 Housing Opportunities for Persons with AIDS (HOPWA) award recommendations (John Garcia)** - Staff is requesting approval to award funding to the Housing Opportunities for Persons with AIDS Program (HOPWA) in the amount of \$1,380,892.00 for the two service providers that applied for HOPWA funding, Alianza of New Mexico and Southwest CARE Center, and \$42,708.00 in admin to MFA, for a total of \$1,423,600.00. Upon approval, this funding will become available to the HOPWA service providers beginning July 1, 2023. YES
- 6 **Recommendation to allocate New Mexico Housing Trust Fund (NMHTF) severance tax bond (STB) funds for use under the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Notice of Funding Availability (NOFA) and recommendation to make a NMHTF STB award to Three Sisters Apartments (Robyn Powell)** - Recommendation to allocate \$3,500,000 of available New Mexico Housing Trust Fund (NMHTF) to the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Notice of Funding Availability (NOFA) and recommendation to make a \$3,500,000 CSLFRF NOFA award to Three Sister housing development project. YES

Other

- 7 Single Family Programs Report (Jeff Payne)** - Staff will provide an update of the Single Family program production for the first quarter of the current fiscal year. NO
- 8 Youth Homelessness Demonstration Project presentation (Kelly Patterson)** - Presentation to provide information regarding the YHDP program. Including an update on current service providers and counties served, the 2023-2024 match award amounts, as well as information regarding how many youths have benefited from this program during the current program year and since its inception. NO

Other Board Items

Information Only

9 (Staff is available for questions)

- Staff Action Requiring Notice to Board

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Non Action Required

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- 4/30/23 Financial Statements

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NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting Minutes

344 4th St. SW, Albuquerque, NM

Wednesday, May 17, 2023 at 9:30 a.m.

Chair Reyes convened the meeting on May 17, 2023 at 9:38 a.m. Secretary Hernandez called the roll. Members attending in person Chair Angel Reyes, Martina C'de Baca (designee for Lieutenant Governor Howie Morales), Rebecca Wurzburger and Patricia Sullivan. Virtual attendance - Derek Valdo, JR Rael (designee for State Treasurer Laura M. Montoya) and Gideon Elliot (designee for Attorney General Raúl Torrez). 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, guests and staff. He informed everyone that the meeting is being recorded, making reference to the recording microphone sensitivity. He then provided voting protocol for Board Members participating virtually.

Oath of Office Member Rebecca Wurzburger. Chair Reyes administered the oath of office for Board member Rebecca Wurzburger who had been reappointed to MFA's Board of Directors for another term.

Oath of Office Derek Valdo. Chair Reyes informed the Board that the oath of office had been administered to Board member Derek Valdo earlier this morning.

Approval of Agenda - Board Action. Motion to approve the May 17, 2023 Board agenda as presented: Wurzburger. Second Sullivan: Vote: 7-0.

Approval of 3/2/23 Special Board Meeting Minutes - Board Action. Motion to approve the March 2, 2023 Special Board Meeting Minutes as presented: Wurzburger. Second Sullivan: Vote: 6-0 (Rael abstained).

Approval of 4/19/23 Board Meeting Minutes - Board Action. Motion to approve the April 19, 2023 Board Meeting Minutes as presented: Wurzburger. Second Sullivan: Vote: 6-0 (Rael abstained).

Approval of 4/19/23 Board meeting training – Strategic Planning – Board Action. Motion to approve the 3/2/23 Special Board Meeting Minutes as presented: Wurzburger. Second Sullivan: Vote: 7-0. Approval of Board Meeting Minutes – Board Action

Hernandez provided his Executive Director updates: He reviewed the Greater Albuquerque Santa Fe Housing Market homeownership information graphs. **Program Updates:** Homeless Served (Unduplicated): Mar. 23: 257 – Total, 11,206 Mortgage Ops – Behind last year's production; however, in the last few weeks we've experienced healthy increases. HAF: 3099 served w/\$23.4M. **Significant meetings/presentations:** 5/04: NM Housing Strategy Advisory Committee Meeting. 5/8: NM HTF Committee Mtg. 5/12: IRA/EPA Mtg w/Secretaries from IAD, NMED, NMEMNRD, and ICAST. 5/16: State Board of Finance Mtg. – NM HTF Presentation. **Upcoming Meetings:** 5/22: 1st LOC Meeting 19 members. 5/23: LFC Housing Policy Spotlight. 6/06: Calle Cuarta Groundbreaking – YES Housing, Albuquerque. 6/13: Casa de Sierra Grand Opening – DBG Properties, Albuquerque. 6/20: Taos Mtg w/Legislator, City officials and Partners.

Mr. Ulrich (arrived at 10:00 a.m.) Ms. Kahn was having technical difficulties; the meeting began with tab 3.

Finance Committee

3 Quarterly Financial Statement Review (Lizzy Ratnaraj). Ratnaraj informed the Board that this report would be for the 6-month period ending 3/31/23 for MFA's fiscal year. She began her review of the financial statements which are located behind tab three and will be made a part of the official board packet. She reviewed the comparative year-to-date summary of highlights discussing the year-to-date metrics and variances which included the following: Production, Statement of Net Position, Statement of Revenues, Expenses and Net Position, Moody's Benchmarks and Servicing. Ratnaraj then reviewed the monthly and quarterly graphs, and the effect of GASB31 adjustment on MFA financials. Motion to approve the 3/31/23 Quarterly Financial Statement Review as presented: Sullivan. Second: Wurzburger. Vote: 7-0.

Presentation

- 1 Annual Investment Report and Market Update (John Ulrich, President Ulrich Investment Consultants).** Ratnaraj provided an in depth introduction of the new investment consultant John Ulrich, president of Ulrich Investment Consultants and his company. Ulrich provided a comprehensive annual investment report. He discussed current market conditions as well as what might be expected in the markets going forward. The presentation also included a review of and discussion on MFA General Fund allocations, cash flows, portfolio and performance review and allocation recommendations. He further indicated that over the next few months they will go over the rest of the portfolio to bring back to the Board. Mr. Ulrich thanked the Board for the opportunity to present an update on MFA's General Fund investment portfolio. Non-Action Item.

Member Wurzburger stepped out of the meeting at 10:25 a.m.

Other

- 2 Restatement of MFA's 457b Retirement Plan (Karen Kahn, Modrall Sperling Law Firm).** Kahn began her presentation by explaining that the primary reason the plan restatement was initiated was to change the eligibility of participants. Allowing for anyone who maximizes salary deferrals in the 401(k) plus catch up contributions are eligible to participate in the 457(b) plan. Other minor changes were made to the plan to include daily valuation versus year end, cash disbursements, entry dates into the plan, and the ability to take loans. Motion to approve the Restatement of MFA's 457b Retirement Plan as presented: Valdo. Second: C'de Baca. Vote: 6-0.

Member Wurzburger returned to the meeting at 10:30 a.m.

Finance Committee

- 4 Gray NM SAF 2023 Bond Resolution - Sangre de Cristo/Santa Fe Apartments (Christi Wheelock).** Wheelock began her presentation with a request for approval of the Bond Resolution for JLG NM SAF 2023, LLLP, dba Sangre de Cristo and Santa Fe Apartments to pursue issuance of up to \$60.5 million in tax-exempt bonds, \$44,507,000 of the bonds are expected to remain in the project as permanent financing. Bond proceeds will fund the completion of the acquisition and rehabilitation of two projects/228 units, all of which are rent restricted units targeted to extremely low-income households in the City of Santa Fe, NM. The developer will include 18 renovated units equipped for disabled residents (13 handicap and 5 for the hearing impaired). Approval of the Bond Resolution will result in these properties remaining affordable for the next 30 years. She introduced board attendee Bobby Griffith, JL Gray Co. Motion to approve the JL Gray NM SAF 2023 Bond Resolution - Sangre de Cristo/Santa Fe Apartments as presented: Wurzburger. Second: C'de Baca. Vote: 7-0.
- 5 JL Gray NM ABQ 2023 (Mountain View II & III) Bond Resolution (Christi Wheelock).** Wheelock began her presentation with a request for approval of the requests Bond Resolution for JLG NM ABQ 2023, LLLP, dba Mountain View II and Mountain View III Apartments to pursue issuance of up to \$37.5 million in tax-exempt bonds, of which \$26,939,000 are expected to remain in the project as permanent financing. Bond proceeds will fund the completion of the acquisition and rehabilitation of 241 units, all of which are rent restricted units targeted to low-income households in the City of Albuquerque, NM. Approval of the Bond Resolution will result in these properties remaining affordable for the next 30 years. Motion to approve the JL Gray NM ABQ 2023 (Mountain View II & III) Bond Resolution as presented: Wurzburger. Second: Sullivan. Vote: 7-0.
- 6 Authorized Signatures Resolution (Yvonne Segovia).** Segovia began her presentation with a request for approval of the Authorized Signatures Resolution which is updated periodically as needed. Staff recommends the update of the Authorized Signature Resolution to clarify authorities and add the Controller Designee. Motion to approve the Authorized Signatures Resolution as presented. C'de Baca. Second: Wurzburger. Vote: 7-0.
- 7 Policy & Procedures Manual Revision –Authorized Signatures (Julie Halbig).** Halbig 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. Staff recommends approval of proposed revisions to the Policies and Procedures Manual as it relates to authorized signature changes under the Finance Section of the Manual. Halbig reviewed the summary of substantive changes incorporated into the manual for consideration from the memo located behind tab seven, which will

become a part of the official board packet. Motion to approve the Policy & Procedures Manual Revision – Authorized Signatures as presented. Sullivan. Second: Wurzbarger. Vote: 7-0.

- 8 Delegation of Authority Revision – New Mexico Housing Trust Fund (NMHTF) Recurring Funds (Julie Halbig).** Halbig requested approval from MFA Board as Trustee of the NMHTF of the proposed revisions to the Delegations of Authority as it relates to approval of recurring funds to the New Mexico Housing Trust Fund (NMHTF). Board approval is required for the annual plan to encumber funds along with approval of funded programs, notice of funding availability (NOFA) and selection of vendors. She further stated that no changes to the NMHTF Advisory Committee process are needed. Motion to approve the Delegation of Authority Revision – New Mexico Housing Trust Fund (NMHTF) Recurring Funds presented. Wurzbarger. Second: Sullivan. Vote: 7-0.

Chair Reyes informed the Board that the next two items on the Agenda, Items nine and ten, relate to multi-family housing projects that are being recommended by the Allocation Review Committee for an award of Low-Income Housing Tax Credits under the 2023 Qualified Allocation Plan. An important part of the LIHTC process that MFA staff goes through each year is to underwrite LIHTC applications to ensure that the proposed projects are financially feasible. In order to be financially feasible, the project application must demonstrate that the projects can be built and will have sufficient resources to sustain operations for the entirety of the required affordability period. In many instances a project's financial feasibility will be dependent on the project being awarded Gap Financing through MFA. MFA's Gap Financing resources include, among others, the New Mexico Housing Trust Fund, HOME, and National Housing Trust Fund. He further commented that this was an effort to explain how tabs nine & ten are interconnected and hopes it brings clarity to the process.

Allocation Review Committee

- 9 Proposed 2023 Low Income Housing Tax Credit (LIHTC) Project Presentations and Awards (Jeanne Redondo).** Redondo informed the Board that she would begin by going over high level changes to the tax credit ceiling and how we arrived at the recommended awards. She introduced the following developers of the recommended awards who provided a brief video presentation on each of their projects and stood for questions by the Board. Oriana Sanchez, Blueline Development - Route 66 Flats (new construction) special needs, 48 units Albuquerque, NM. Michelle Den Bleyker - YES Housing, Inc. – Calle Cuarta (new construction), households with children, 61 units Albuquerque, NM. Cesar Marengo (independent contractor) and Rose Garcia, Tiera Del Sol Housing Corp. - Tierra Encantada (rehabilitation) households with children, 24 units Anthony, NM. Felipe Rael, Greater Albuquerque Housing Partnership - Farolito Senior Community (new construction) seniors 55+, 82 units Albuquerque, NM. and Tim Baker - Chelsea Investment Corporation - Felician Villa II (new construction) seniors 55+, 66 units Rio Rancho, NM. Redondo informed the Board that five projects were determined to be "Eligible" for tax credit awards; three applications were rejected, due to financial infeasibility; and one project was withdrawn by the developer to pursue alternative MFA financing not requested with the tax credit application. Preliminary award and rejection letters were mailed on March 25, 2023, outlining MFA's appeal process as described in Section IV.F.4 of the QAP. MFA did not receive any appeals. Redondo reviewed the changes to the 2023 QAP. After covering the highlights of the request, she stated that staff, by and through MFA's Allocation Review Committee, requests approval of five LIHTC awards in the amount of \$5,366,596 (2023 \$3,895,535) pursuant to Table 7A, which also includes the approval of a forward allocation of 2024 tax credits in the amount of \$1,471,061. The total amount will cover four new construction and one rehab for a total of 281 units. These items are located behind tab six and will become a part of the official board packet. Redondo further informed the Board that staff will go over the parameters of each of the loans being recommended by staff for Gap financing under the next tab of the agenda.

Member Valdo left the meeting during the video presentations for the LIHTC recommendation awards 11:14 a.m.

Member Patricia Sullivan (Chair of the ARC committee) moved adoption of the staffs' recommendation as presented today and as resolved by the Allocation Review committee under the resolution provided for approval. She thanked Kathryn, Jeanne, and staff for their dedication to ensuring maximum benefit of this program. The presentations today clearly reflect that these are outstanding projects and meet the community needs in various ways. She also thanked the committee for their time and thoroughness in reviewing the projects not only in compliance with the QAP but also in their ability to process the impact housing has for New Mexico residents. Motion to approve staff's recommendation as presented: Second: Wurzbarger. Vote: 6-0.

Contracted Services/Credit Committee & NM Housing Trust Fund Committee

10 Low Income Housing Tax Credit (LIHTC) Gap Financing Loan Requests (Jacobo Martinez, Tim Martinez and George Maestas).

(Note: at the request of any Board Member, any of the two projects listed below may be removed from this combined agenda item and discussed and voted upon separately).

Chair Reyes asked if any of the Board members wished to consider any of the projects separately. He stated hearing none, MFA staff will proceed with their presentation of the Gap Financing requests which will be voted on as a single item if a motion and second to approve the financing is made.

- a. **Felician Villa II Apartments HOME and National Housing Trust Fund (NHTF) Loan Request (Jacobo Martinez and George Maestas).** Martinez began his presentation with a HOME loan request in the amount of \$1,000,000 and a National Housing Trust Fund (NHTF) loan request in the amount of \$400,000 for the Felician Villa II Apartments, located in Rio Rancho, New Mexico. Felician Villa II Apartments is a New Construction project that will create 66 one- and two-bedroom units for households with seniors (55+). The income-restricted units will be for households earning 30% of the Area Median Income (AMI), 50% of the AMI, and 60% of the AMI.
- b. **Tierra Encantada Apartments – National Housing Trust Fund (NHTF), New Mexico Housing Trust Fund (NMHTF), Primero Investment Fund Request (Primero) (Tim Martinez and George Maestas).** Martinez began his presentation with a National Housing Trust Fund (NHTF) loan request in the amount of \$400,000, a New Mexico Housing Trust Fund (NMHTF) loan request in the amount of \$2,000,000 and a Primero Investment Fund (Primero) loan request in the amount of \$1,000,000 for Tierra Encantada Apartments, located in Anthony, New Mexico. Tierra Encantada Apartments involves the acquisition and rehabilitation of 24 units comprised of two-, three- and four-bedroom units to be reserved for farmworker households. Additionally, six units (25%) will be reserved for households with children. The income-restricted units will be reserved for households earning 30% of the Area Median Income (AMI) and 50% of the AMI. All units will continue to receive project-based USDA Rental Assistance.

Chair Reyes asked for a motion to approve the two projects for Gap Financing Loan Requests as one vote but asked that the record show they were acted on individually: Felician Villa Apartments HOME and National Housing Trust Fund (NHTF) Loan Requests; The Three Sisters Apartments HOME and National Housing Trust Fund (NHTF) Loan Requests; Calle Cuarta – HOME, National Housing Trust Fund (NHTF), and New Mexico Housing Trust Fund Loan Requests as recommended: Wurzbarger. Second: Sullivan. Vote: 6-0.

Member Wurzbarger stepped out of the meeting at 11:45 a.m.

- 11 **Sandoval Flats State Tax Credit Award (Hannah Faulwell and George Maestas).** Faulwell began her presentation with a request of an allocation of \$2,000,000 from the Affordable Housing Charitable Trust, based on anticipated earmarked donations from the Sponsor/Developer in the amount of \$2,000,000, which will finance a portion of the construction costs associated with the project. Sandoval Flats is a new construction project of two hundred sixteen (216) affordable multifamily units targeted to households at or below 60% Area Median Income (AMI) and will be designed to prioritize Households with Children as its target population. These multifamily units will be composed of twelve (12) one-bedroom units, one hundred eight (108) two-bedroom units, and ninety-six (96) three-bedroom units. Motion to approve the Sandoval Flats State Tax Credit Award as presented: Sullivan. Second: C'de Baca. Vote: 5-0.

Member Wurzbarger returned to the meeting at 11:50 a.m.

- 12 **HOME Investment Partnership (HOME Rehab) NOFA (Leann McDonald & John Garcia).** Garcia began by introducing Leann McDonald as MFA's HOME/Rehab program manager. Garcia then requested approval for the release the HOME Rehabilitation NOFA to the public on May 18, 2023, upon MFA Board approval. The HOME Rehabilitation program received \$4,997,360 for the program year. The balance and the amount available for release under this NOFA is \$4,497,360 which includes a three (3) percent administrative award to service providers. He further informed the Board that the awards resulting from this NOFA will be awarded to the agencies that meet the minimum

qualifications for this funding. This NOFA will remain open as long as there are funds available. Service providers will be able to request additional funding when their initial award is at least 80% expended and when it is determined by MFA that they have satisfactorily completed assigned projects. Any previously awarded HOME funds by the MFA must be fully expended before funds under this NOFA may be used. Motion to approve the HOME Investment Partnership (HOME Rehab) NOFA as presented: Wurzbarger. Second: C'de Baca. Vote: 6-0.

13 Recovery Housing Program (RHP) Award Recommendations (Theresa Laredo-Garcia). Laredo-Garcia began her presentation by reminding the Board that under the RHP, MFA will provide funding for recovery housing and services to provide stable, temporary housing to low- and moderate-income individuals in recovery from a substance use disorder. She informed the Board that MFA received four responses; three of the four applications met both the minimum qualifications and requirement, and the minimum score requirement based on the scoring criteria in the NOFA. She reviewed the scores provided in the memo located behind tab 13, which will become a part of the official board packet. Based upon those scores she requested that the RHP awards be made to Hozho Center for Personal Enhancement in the amount of \$969,499 and Crossroads for Women in the amount of \$1,144,213. Motion to approve the Recovery Housing Program (RHP) Award Recommendations as presented: Wurzbarger. Second: Sullivan. Vote: 6-0.

14 NM EnergySmart Program DOE State Plan Approval (Troy Cucchiara, Dimitri Florez, David Gutierrez). Cucchiara, Florez and Gutierrez presented the NM EnergySmart Program/Department of Energy (DOE) plan for approval. The NM EnergySmart program helps low-income New Mexicans save money on utility bills. Homeowners and renters who qualify for the program receive an average of \$9,103 in weatherization measures including weatherization readiness. The Department of Energy (DOE) is the primary funding source and they set the rules and regulations for the program. Additionally, DOE is the source of funding that provides for vehicles, equipment, and a training and technical assistance budget. To receive funding from DOE, a State Plan must be submitted no later than May 1, 2023. Funding for the 2023/2024 State Plan totals \$4,755,217. With the DOE funding, we are projecting that ICAST will weatherize approximately 36 multifamily statewide units, Central New Mexico Housing will weatherize approximately 103 single family units, and Southwestern Regional Housing and Community Development Corporation will weatherize approximately 39 single family units for a total of 178 units. ICAST will begin sustainability projects with the Sustainable Energy Resources for Consumers (SERC) grant on approximately 200 units. Motion to approve the NM EnergySmart Program DOE State Plan Approval as presented: Sullivan. Second: Wurzbarger. Vote: 6-0.

15 Emergency Housing Needs Pilot Program – Other Emergency Needs (Julie Halbig). Halbig began her presentation with a recommendation for approval of additional flexibilities for providing assistance to New Mexicans who are experiencing emergency housing needs but do not qualify for assistance through any other federal or state program. She reminded the Board that they had approved the Emergency Housing Needs Pilot program in April 2022 to assist individuals or households facing a circumstance that poses an immediate risk of displacement or threatens the health and safety of an individual or household. In June 2022, the NMHTF Advisory Committee and the Board approved authorization of \$3M to assist individuals or households impacted by the wildfires. Staff seeks approval to expand the scope of how these funds can be utilized to assist individuals or households not only impacted by a natural disaster but also any emergency housing need and require that it be approved by the Executive Director/CEO. Staff will update the Board through the Staff Action report on assistance provided. These additional flexibilities would allow us to assist individuals or households before their situation results in them becoming homeless. Motion to approve the Emergency Housing Needs Pilot Program – Other Emergency Needs as presented: Wurzbarger. Second: C'de Baca. Vote: 6-0.

Other Board Items - Information Only

16 A question was asked of staff regarding the COVID-19 staff actions. Hernandez explained that he doesn't foresee any in the future; we will remove it from the monthly reports going forward.

- Staff Actions Requiring Notice to Board
- COVID -19 Staff Actions
- Q2 Strategic Plan Dashboard
- Quarterly Multifamily Construction Pipeline Report

MFA Regular Board Meeting Minutes
May 17, 2023
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Quarterly Reports - No Action Required

17 There were no questions asked of staff.

- Quarterly Board Report

Announcements and Adjournment - Confirmation of Upcoming Board Meetings. Hernandez informed the Board that the next MFA Board of Directors meetings will be June 21, 2023 at 9:30 a.m. in Taos NM. We plan on arriving the day before and having dinner with legislators, community leaders and partners, more details will be provided as we work out the logistics. He further informed the Board that MFA had closed on the new building located at 7425 Jefferson.

There being no further business the meeting was adjourned at 12:21 p.m.

Approved: June 21, 2023

Chair, Angel Reyes

Secretary, Isidoro Hernandez

YSM DEVELOPMENT ADVISORS

WORKFORCE
HOUSING MODEL
OVERVIEW

AFFORDABLE VS WORKFORCE HOUSING

AFFORDABLE HOUSING

Pertains to household income levels at or below 50% - 80% of Area Median Income (AMI)

Primarily financed via LIHTC and government subsidies within capital structure. Exceptionally time consuming due diligence for LIHTC sourcing & execution, and cost-inefficient. Targeted by investors seeking income tax reductions

Current municipal housing programs offer up 120% of AMI

WORKFORCE HOUSING

Targeted towards working/middle socio-economic demographic that doesn't qualify for Affordable Housing or any assistance from current government programs

Price points are set below market-rate housing, yet are above traditional AMI levels. Typical price range is 10% - 20% below market offerings outside of New Mexico. This model does not exist in New Mexico.

Primarily targeted in economic climates with low cost of capital and higher equity contribution availability. Current market climates don't allow for this model.

SYSTEMIC FLAWS OF CURRENT HOUSING MODEL

GOVERNMENT ASSISTANCE LIMITATIONS

Municipal programs provide assistance up to 120% of AMI

- ★ Core focus historically has neglected demographic above 120% of AMI

Majority of State Financing intended for Public Use/Ownership

- ★ Public funds traditionally used for public infrastructure financing

SUPPLY VS DEMAND

For-sale inventory is stagnant and turnover has decreased significantly with interest rate increases

- ★ Sale prices remain high, produces increases for rent market

Rental deliverables are increasing at record pace and outpricing the market

- ★ ABQ Metro has increased 18% year-over-year

Below market rate options will equilibrate the market due to new inventory

- ★ Increased supply will force a shift in housing sale prices to remain competitive

MARKET IMPLICATIONS

Median House Prices are significantly higher than AMI classifications

- ★ Upper threshold of Santa Fe's working class produces \$84,000/year, equating to purchasing power of \$300,000 which is 49% of median home prices

Purchasing power is drastically diminished

- ★ Housing prices, access to capital, and cost of living are increasing faster than increases in compensation

Cost Burden continues to increase

- ★ Over 200k of New Mexico homeowners/renters allocate over 30% of income towards housing. 40% of that demographic allocates over 50% to housing

YSM PROPRIETARY INVESTMENT MODEL

PRIVATE SECTOR BUILDER SUPPLY CHAIN

YSM has strategically partnered with distributors with proprietary supply chain of building material to be able to provide significantly discounted price points compared to the open market to reduce overall construction costs

EQUITY CONTRIBUTIONS

Public Sector equity financing including capital outlay, LEDA funds

DEBT FINANCING

NMFA/MFA participation via revolving loan debt funds

Revolving funds used for construction financing with debt allocations in multiple tranches based on project size and operating model

DEED RESTRICTIONS

Provides housing availability exclusively for income-qualified, working New Mexico residents

Promotes long-term investment, essential workforce residency/retention, equity appreciation, and profit sharing for municipality

Significantly discounted home prices to New Mexico residents relative to market rate housing inventory

DEED RESTRICTIONS

QUALIFICATIONS & REQUIREMENTS

Established New Mexico residency or intended residency

Income qualifications pertain to MFA standards per household that varies between municipalities

Purchased homes must be primary residence, not an investment property

Purchasers must have full-time employment in New Mexico

Deed restrictions are permanent and transferable*

Annual equity cap on home value appreciation is 3% simple interest

Properties sold prior to expiration of deed restriction duration relinquish all equity appreciation above the 3% annual threshold. Buyer must be qualified deed restriction purchaser.

DEED RESTRICTION MODEL BENEFITS

Deed Restriction Value (DRV) is premised on the difference between the deed restriction-based home price and the market value of the property.

DRV can be allocated to the balance sheet of the municipality or housing partnership as an intangible asset.

Aggregate DRV of residential development can be used to establish a line of credit and augment lending/bonding capability of municipality or housing partnership.

Deed restriction model includes some residual income post home purchase to be redirected to the municipality or housing partnership

Ensures that below market-rate housing is directed towards essential workforce creation and retention

GOVERNMENT FINANCING PARTNERSHIP BENEFITS

New Mexico Finance Authority

Public Project Revolving Fund (PPRF) can be used by qualified entities to finance land/building/infrastructure development

Cost of debt capital currently between 3%-5% depending on capital structure, sources of equity, project use, and duration of project.

Mortgage Finance Authority

Consortium of loan funds can be used for construction financing on housing development

Cost of capital for construction loan financing between 2.5% - 3.5%.

MFA can provide down-payment assistance for homebuyers along with below market-rate financing options.

State/Legislative Financing

Capital Outlay can be utilized for infrastructure financing and represents a much less time/capital intensive alternative to infrastructure financing than tax increment financing.

No debt to the municipality is incurred for capital outlay or similarly structured tax incentive allocations

LONG TERM FINANCING RESOURCES

NEW MEXICO STATE INVESTMENT COUNCIL

Investment policy statement allows for asset allocation of aggregate funds

- ★ Real Estate – 12%
- ★ Private Equity 12%

Capital allocations are directed towards Funds or Fund of Funds. New Mexico workforce housing can become an investment initiative of the Investment Policy Statement

SEVERANCE TAX FUNDS

Increase in allocations for workforce housing can augment the capabilities of NMFA and MFA infrastructure and housing investment

INCREASE CAPACITY OF NMFA FINANCING

Current PPRF financing is for qualified entity infrastructure financing

- ★ Create flexibility of bond duration to reflect construction loans and long-term amortization

CURRENT HOME PURCHASING POWER

Assumptions														
Rate	7.40%													
Duration	30-yr													
<u>Loan Amount</u>		<u>Payment</u>	-	<u>Prop Taxes</u>	-	<u>Insurance</u>	-	<u>Taxes & Insurance</u>	-	<u>Total Payment</u>	-	<u>Yearly Payment</u>	-	<u>Required Income</u>
\$250,000		\$1,730		0.64%		2.50%		\$54		\$1,784		\$21,412		\$71,373
\$300,000		\$2,077		0.64%		2.50%		\$65		\$2,142		\$25,707		\$85,689
\$350,000		\$2,423		0.64%		2.50%		\$76		\$2,499		\$29,989		\$99,963
\$400,000		\$2,770		0.64%		2.50%		\$87		\$2,857		\$34,284		\$114,279
\$500,000		\$3,462		0.64%		2.50%		\$109		\$3,571		\$42,848		\$142,828
\$600,000		\$4,154		0.64%		2.50%		\$130		\$4,284		\$51,413		\$171,377

CURRENT PURCHASING POWER – WITH 20% DOWNPAYMENT

<u>Assumptions</u>																
Rate	7.40%															
Duration	30-yr															
<u>Loan Amount</u>		<u>Less 20% Down</u>		<u>Payment</u>	-	<u>Prop Taxes</u>	-	<u>Insurance</u>	-	<u>Taxes & Insurance</u>	-	<u>Total Payment</u>	-	<u>Yearly Payment</u>	-	<u>Required Income</u>
\$250,000		\$200,000.0		\$1,385		0.64%		2.50%		\$43		\$1,428		\$17,142		\$57,140
\$300,000		\$240,000.0		\$1,662		0.64%		2.50%		\$52		\$1,714		\$20,570		\$68,567
\$350,000		\$280,000.0		\$1,939		0.64%		2.50%		\$61		\$2,000		\$23,999		\$79,995
\$400,000		\$320,000.0		\$2,216		0.64%		2.50%		\$70		\$2,286		\$27,427		\$91,423
\$500,000		\$400,000.0		\$2,770		0.64%		2.50%		\$87		\$2,857		\$34,284		\$114,279
\$600,000		\$480,000.0		\$3,323		0.64%		2.50%		\$104		\$3,427		\$41,128		\$137,094

BUSINESS MODEL RISK MITIGATION & BENEFITS

INVESTMENT RISK – Housing availability is the most critical component that has yet to be addressed in a statewide market that is experiencing housing shortages, historically high price points, and expensive access to capital. This model allows for the municipality to invest in the community in a manner that creates significantly reduced purchase prices specifically for their constituents.

CREDIT RISK – The cost of capital through the state financing agencies represents an exceptionally large delta over rates available in the open market. This allows for significantly lower interests rates/debt service, allowing for much flexibility in capital structures and interest coverage ratios.

ECONOMIC IMPACT – Direct capital investment for workforce housing creates the ability to increase and promote labor force sustainability, provide new taxable income streams through GRT and property tax revenue, and equilibrate a housing market that has been artificially inflated. All of which can be accomplished with inexpensive financing.

MIDDLE CLASS HOUSING – This model addresses the 70% demographic within the Santa Fe market that are facing income unsustainability with regards to housing. The current gap between the \$300k affordability range and the median home price of \$608k will begin to reduce with the implementation of this model.



MEMO

TO: MFA Board of Directors

Through: Finance Committee – June 13, 2023

Through: Policy Committee – May 23, 2023

FROM: Lizzy Ratnaraj

DATE: June 21, 2023

SUBJECT: Approval of MFA Broker/Dealers, Custodians, and Depositories

Recommendation: Staff recommends approval of the MFA Broker/Dealer, Custodian, and Depository List.

Background: At least annually and as needed, the MFA staff reviews and updates the list of brokers, dealers, custodians, and depositories. The Broker/Dealer, Custodian, and Depository List includes firms that are part of our Underwriting Team, other underwriters who have expressed interest in working with MFA by responding to our most recent underwriting request for proposal (RFP) and who meet the required criteria in the Investment Policy. Depository and custodial relationships are established as part of either an RFP process or are institutions utilized by the State of New Mexico. The one exception is the Federal Home Loan Bank of Dallas, a government-sponsored enterprise that provides financial services to member institutions, including Housing Finance Agencies.

Discussion: A due diligence review was conducted, and organizations meet established qualifications as stated in the MFA Investment Policy. Staff requests including Hillcrest Bank, Main Bank, Sunflower Bank, and Zions Bank as recommended depositories and removing Bank of America and US Bank from the list who have not participated in banking-related Request for Information (RFIs) in recent years. We also request removing Wells Fargo as a recommended custodian, as all MFA's securities are at Dallas's Federal Home Loan Bank (FHLB).

Summary: At least annually and as needed, the MFA staff reviews and updates the Broker, Dealer, Custodian, and Depository list. Staff recommends approval of the revised Broker, Dealer, Custodian, and Depository List. All organizations meet established qualifications as stated in the MFA Investment Policy.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
APPROVED BROKER/DEALERS, CUSTODIANS, AND DEPOSITORIES
202~~32~~-202~~43~~

Recommended Broker/Dealers:

Underwriting Team and underwriters with local offices who have expressed interest in working with MFA
 (by responding to our most recent RFPs and who meet the required criteria):

B of A Securities
 Jefferies, LLC
 J.P. Morgan Securities, LLC
 Morgan Stanley
 Raymond James & Associates
 RBC Capital Markets, LLC
 Stifel
 UBS

Bidding Agent:

CSG Advisors

TBA Administrator:

Hilltop Securities Inc.

Investment Departments of Banks and Other Registered Broker/Dealers Approved for Broker/Dealer Relationship:

BOK Financial Securities, Inc.
 Federal Home Loan Bank of Dallas
 Moreton Capital Markets, LLC
 Wells Fargo Securities, LLC
 Zions Bank Capital Markets/Zions Direct

Recommended Custodians:

Federal Home Loan Bank of Dallas
~~Wells Fargo Bank New Mexico/Wells Fargo Securities, LLC~~
 Zions Bank

Recommended Depositories:

Bank of Albuquerque/BOKF, NA
~~Bank of America~~
 Bank of the West
 Federal Home Loan Bank of Dallas
~~Hillcrest Bank~~
 KeyBank
~~Main Bank~~
~~Sunflower Bank~~
~~US Bank~~
 Wells Fargo Bank New Mexico
~~Zions Bank~~

Note: *Additionally, for a certificate of deposit investments, MFA has the authority to utilize approved depositories as per the Collateral Review Report prepared by the State Treasurer's Office as part of their risk assessment program.*



MEMO

TO: MFA Board of Directors

Through: Finance Committee – June 13, 2023

FROM: Rene Acuna, Director of Homeownership
Jeff Payne, Chief Lending Officer

DATE: June 21, 2023

SUBJECT: Home Forward Program Acquisition Cost Limit Policy Adjustment

Recommendation

Staff recommends an adjustment to the HomeForward program and policy. The adjustment is to utilize the Average Area Sales Price published by the IRS or other appropriate metrics as determined by the MFA Policy Committee.

Discussion

The HomeForward program policy approved in January of 2023, set the maximum acquisition cost (sales price) at the county median sales price. The intent of the HomeForward program was to offer expanded opportunities for non-first time homebuyers to purchase median priced homes. The source of the county median sales price was not specified in the program policy and staff utilized data published by the New Mexico Association of Realtors. Staff found that data for rural counties varies a great deal depending on the limited transactions that are reported and the timing of those transactions. The effect is that homebuyers in some counties benefited a great deal from the new program but several rural counties were very limited in their ability to utilize this program due to very low purchase price limits.

The requested adjustment would give MFA's Policy Committee the ability to use average home prices for the state of New Mexico as published by the IRS each year. Policy Committee would also be able to use other appropriate metrics if needed to determine sales price limits. The purpose would be to allow the program to have its desired impact throughout the entire state by providing a program that can be used by New Mexicans that may not be considered low income or first time homebuyers.

The Policy Redline is attached and the proposed HomeForward policy correction will read as follows under the "Eligible Properties" heading:

Eligible Properties:

- Properties must be owner-occupied and specified as a Single family residence by the appraiser.

- Property types eligible for financing under the HomeForward program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Acquisition Cost Limits shall ~~not exceed the county's median sales price~~ be determined by the MFA Policy Committee using the county Average Area Sales Price published by the IRS or other appropriate metrics.

Summary

Staff recommends an adjustment to the HomeForward Policy allowing the MFA Policy Committee to determine Acquisition Cost Limits based on county Average Area Sales Price published by the IRS or other appropriate metrics.

Exhibit A

“HomeForward” Program Policy

Released March 27, 2023

Updated June 21, 2023

Program Description:

The HomeForward Program (“HomeForward”) is designed to increase homeownership opportunities for low-to-moderate income families and individuals throughout the state of New Mexico. HomeForward is a combination first mortgage purchase loan and a Down Payment (“DPA”) second mortgage which features simplified qualification/eligibility guidelines as well as reduced documentation requirements. There is no First-time homebuyer requirement for the HomeForward program.

Eligible Mortgage Lenders:

Mortgage Lenders must be approved by MFA (“Participating Lender”) to originate HomeForward program loans. MFA publishes a list of eligible Participating Lenders on the MFA website.

www.housingnm.org/homebuyers/find-a-participating-lenders

Availability of Funds:

HomeForward program funds are made available on a continuous basis through various funding sources including but not limited to TBA or taxable bonds and may be reserved by participating lenders for homebuyers through MFA’s online reservation system, which can be accessed on MFA’s website.

www.housingnm.org/lenders_realtors/online-reservations

First Mortgage Loan Terms:

The loan term will not exceed 30-years, fixed interest rate with full amortization, paid in equal monthly installments of principal and interest. HomeForward loans do not carry a pre-payment penalty.

Mortgage Loan Types:**FHA:**

- 203(b), 203(k) and in accordance with FHA guidelines.

VA:

- In accordance with VA guidelines.

USDA-RHS:

- In accordance with USDA guidelines.

Fannie Mae: HFA Preferred

- In accordance with FNMA and Primary Mortgage Insurance guidelines.
- HFA Preferred term sheets and program descriptions are available on the MFA website. www.housingnm.org/lenders_realtors/program-information

HUD-Section 184

- In accordance with HUD-Section 184 guidelines.

Interest Rate:

HomeForward program interest rates are set according to the MFA Rules and Regulations and are published each day on MFA's website.

(www.housingnm.org/lenders_realtors/lenders-current-rates).

Reservation/Extension/Late Fee:

Loan reservation, loan extension and late fee guidelines can be found on MFA's website.

(www.housingnm.org/lenders_realtors/online-reservations).

Maximum Loan to Value ("LTV") and Combined Loan to Value ("CLTV")

- FHA/VA/USDA-RHS: as determined within the underwriting/insurance eligibility criteria for each loan type.
- Fannie Mae HFA Preferred: as determined by Fannie Mae or Freddie Mac

Down Payment Assistance (DPA) Second Mortgage:

The *HomeForward* program loans may be used in conjunction with the *HomeForward* DPA second mortgage program loans. The DPA is used, in addition to the borrower's own funds, to provide the minimum down payment. The DPA funds must be used for down payment only and may not be used for closing costs. Because USDA or VA loans do not require a down payment, the DPA assistance may be used to cover closing costs for these loan types only.

In some cases, especially if combined with other DPA programs, the DPA received is to be used to make a down payment that exceeds the minimum down payment requirements for the first mortgage (*HomeForward*). *HomeForward* DPA program guidelines can be found on the MFA website (<https://housingnm.org/lenders-realtors/mfa-loan-programs>).

Fees:

- Participating lenders may charge an Origination Fee of no more than .5% to the borrower. No discount fee may be charged to the borrower.
- Participating Lenders will be paid no more than a 1% origination fee by MFA or through the Contracted Service Provider at the time of loan purchase.
- Participating Lenders will be paid no more than 1.50% Service Release Premium by MFA or through the Contracted Service Provider at the time of loan purchase.
- Participating Lenders may charge additional fees to the borrower (underwriting, document preparation, processing, etc.) as long as such fees are "reasonable and customary".

Eligible Properties:

- Properties must be owner-occupied and specified as a Single family residence by the appraiser.
- Property types eligible for financing under the *HomeForward* program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Acquisition Cost Limits shall be determined by the MFA Policy Committee using the county Average Area Sales Price published by the IRS or other appropriate metrics.

Borrower Eligibility:

- There is no First-time homebuyer requirement under the *HomeForward* program.
- Household Income Limits as specified in the MFA Rules and Regulations Limit may be adjusted from time to time by MFA as allowed in the MFA Rules and Regulations.
- The Director of Homeownership will set the required minimum credit score which will be no lower than 620.
- Homebuyers must occupy the property within 60 days of closing.

Homebuyer Counseling:

Encouraged for all borrowers.

- Required for First-time Homebuyers, only.
- eHomeAmerica Online pre-purchase homebuyer counseling or face to face/group pre-purchase homebuyer counseling provided through a HUD approved Housing Counseling agency.



NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Monday June 12, 2023 at 1:30 p.m.

Webex - call-in information is 1-408-418-9388 (access code): 2481 985 1901
or you can join the call from the calendar item

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<u>Recommended for Consent Agenda</u>		
1 Broker Dealer List Approval (Lizzy Ratnaraj)	3-2	YES
2 HomeForward Program Acquisition Cost Limit Adjustment (Jeff Payne and René Acuña)	3-2	YES
<u>Agenda</u>		
3 External Audit Services Award (Yvonne Segovia and Joe McIntyre)	3-2	YES
<u>Information items</u>		
4 April 2023 Wire Transfers	✓	NO
5 April 2023 Check Register	✓	NO
6 NCSHA Disclosure	✓	NO

Committee Members present:

Derek Valdo, Chair

State Treasurer Laura Montoya/

JR Rael

Lt. Governor Howie Morales or

Proxy Martina C'de Baca

☐ present

☐ absent

☒ conference call

☐ present

☐ absent

☒ conference call

☐ present

☐ absent

☒ conference call

D. Hernandez



MEMO

TO: MFA Board of Directors

Through: *Finance Committee – June 13, 2023*

Through: *Policy Committee – June 6, 2023*

FROM: Yvonne Segovia, Controller

DATE: June 21, 2023

SUBJECT: External Audit Services Award

Recommendation

Staff recommends the approval of the External Audit Services to be provided by CliftonLarsonAllen LLP pending approval by the Office of the State Auditor (OSA).

Background

The Board approved the RFP for External Audit Services on April 19, 2023. The RFP was advertised in the Albuquerque and Santa Fe local newspapers and publicized on MFA's website. In addition, six firms were directly solicited to respond to the RFP. We received one response from CliftonLarsonAllen LLP, which met the Minimum Requirements and was scored.

Discussion

Minimum Requirements:

1. Offeror must be included on the New Mexico Office of the State Auditor 2023 Approved Audit Firms List;
2. Offeror must be a certified public accounting firm in good standing as a registrant with the Public Company Accounting Oversight Board (PCAOB);
3. Offeror must be licensed in the State of New Mexico;
4. Offeror must maintain professional liability insurance of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

Services to be Performed:

Services required to be provided under and to be incorporated into the contract to be awarded pursuant to this RFP include, but are not limited to, the following:

1. Financial Statement Audit consisting of the Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, Statement of Cash Flows and the Notes to the financial statements for the fiscal year ended September 30, 2023 in accordance with auditing standards generally accepted in the

- United States of America, Government Auditing Standards, and 2.2.2 NMAC Audit Rule 2023 (available at www.saonm.org) issued by the New Mexico Office of the State Auditor;
2. Federal Audit for the fiscal year ended September 30, 2023 in accordance with Government Auditing Standards issued by the United States Government Accountability Office and Office of Management and Budget (OMB) 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
 3. Financial Statement Preparation;
 4. GNMA Compliance Reports;
 5. Delivery of the Financial Statements and GNMA Compliance Reports within one hundred twenty (120) days after fiscal year end;
 6. Delivery of the Financial Statements and Federal Audit Reports within one hundred twenty (120) days after fiscal year end;
 7. Electronic submission of the financial statements, and preparation and submission of the Data Collection Form to the Federal Audit Clearinghouse within 30 days after release of the Federal Audit;
 8. Because the MFA's bonds are publicly offered and held, the auditor may be asked to consent to inclusion of the auditor's report in the MFA's official statements and on certain occasions to issue letters to underwriters in connection with the offering of MFA's bonds on a fee basis;
 9. Presentation of reports to the Board and/or Finance Committee regarding recent accounting, audit and tax updates that may affect the housing finance industry and/or MFA financial statements;
 10. In accordance with NMAC 2.2.2.10 J. the Offeror shall be required to identify significant state statutes, rules and regulations applicable to the MFA and perform tests of compliance.

Evaluation & Scoring:

The RFP response was reviewed by an internal committee of five members. They were scored individually and the final scores reflect the average of all scores.

Criteria	Max. Points	CLA
Available resources	5	5.0
Meets independence standards	2	2.0
External Quality Control Peer Review	10	10.0
References	3	2.0
Organization and completeness of proposal	3	3.0
Knowledge of audit objectives, MFA needs, and product	5	5.0
Technical Plan and time estimate	7	7.0
MFA staff support required	8	7.8
Approach for planning and conducting subsequent year audits	2	1.9
Governmental audit experience of manager	10	8.4
Specialization with HFAs, public securities, and financial institutions	10	10.0
GASB experience	10	10.0
Governmental component units experience	5	5.0
Experience with State Audit Act	5	5.0
Firm Strengths	5	5.0

Audit Fees	10	8.2
SUBTOTAL	100	95.3
Interview (optional)	5	n/a
TOTAL	105	95.3

Summary:

The Board approved the RFP for External Audit Services on April 19, 2023. We received one response, which met the Minimum Requirements and was scored. Staff recommends the approval of the External Audit Services to be provided by CliftonLarsonAllen LLP pending approval by the Office of the State Auditor (OSA).



NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting
Tuesday, June 13, 2023 @ 10:00 am
MFA – Albuquerque

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

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
1 2023-2024 Housing Opportunities for Persons with AIDS (HOPWA) award recommendations (Jackie Homet)	10:00 -10:10	3-0 approved	YES
2 Allocation of New Mexico Housing Trust Fund (NMHTF) to the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Notice of Funding Availably (NOFA) and recommendation to make an award to Three Sister housing development project (Sonja Unrau & Robyn Powell)	10:10-10:25	3-0 approved	YES
3 Questions/comments from Committee	10:25-10:30		NO

Committee Members present:

Rebecca Wurzbarger, Chair

☐ present

☐ absent

☒ conference call

Attorney General Raul Torrez/Designee

Gideon Elliot

☐ present

☐ absent

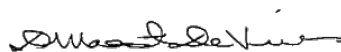
☒ conference call

Patricia Sullivan

☐ present

☐ absent

☒ conference call



06/13/2023



MEMO

TO: MFA Board of Directors

Through: Contract Services – June 13, 2023

Through: Policy Committee – May 30, 2023

FROM: Jackie Homet, HOPWA Program Manager

DATE: June 21, 2023

SUBJECT: 2023-2024 Housing Opportunities for Persons with AIDS (“HOPWA”) Award Recommendations

DoA: #15 All Programmatic RFP Language Approved and Selection of Vendor(s)

Recommendation

Staff is requesting approval to award funding to the Housing Opportunities for Persons with AIDS Program (HOPWA) in the amount of **\$1,380,892.00** for the two service providers that applied for HOPWA funding, Alianza of New Mexico, and Southwest CARE Center, as well as **\$42,708.00** in admin to MFA, for a total of **\$1,423,600.00**.

Background

HOPWA funds are distributed in New Mexico to two geographic areas by The U.S Department of Housing and Urban Development (HUD); the City of Albuquerque and the Balance of State (all areas outside of Albuquerque) through MFA. These funds are used for Tenant Based Rental Assistance (TBRA), Short Term Rent, Mortgage, and Utility Assistance (STRMU) and Permanent Housing Placement (PHP) assistance.

Discussion

HUD awards separate funding for the City of Albuquerque which has been awarded to Southwest CARE Center for the last several years because of their location and capacity to provide services. The awards for the Balance of State are determined by the number of people with HIV/AIDS per county, who are living below the federal poverty level, as reported to the New Mexico Department of Health. Award allocations are then determined based on need.

Agency	Region	HIV # below FPL	% of Total	Program Amount	Admin (7%)	Total Award
Southwest CARE Center	Region 1	1,650	100% (ABQ)	\$628,049.24	\$47,272.52	\$675,321.76
Southwest CARE Center	Region 2	1,129	50.3%	\$330,058.70	\$24,843.13	\$354,901.83
Alianza of NM	Regions 3 & 4	1,117	49.7% (BoS)	\$326,121.62	\$24,546.79	\$350,668.41
	Subtotal	3,896		\$1,284,229.56	\$96,662.44	\$1,380,892.00
MFA Admin (3%) (ABQ)	\$20,886.24					
(Balance of State)	\$21,821.76					\$42,708.00
					Total	\$1,423,600.00

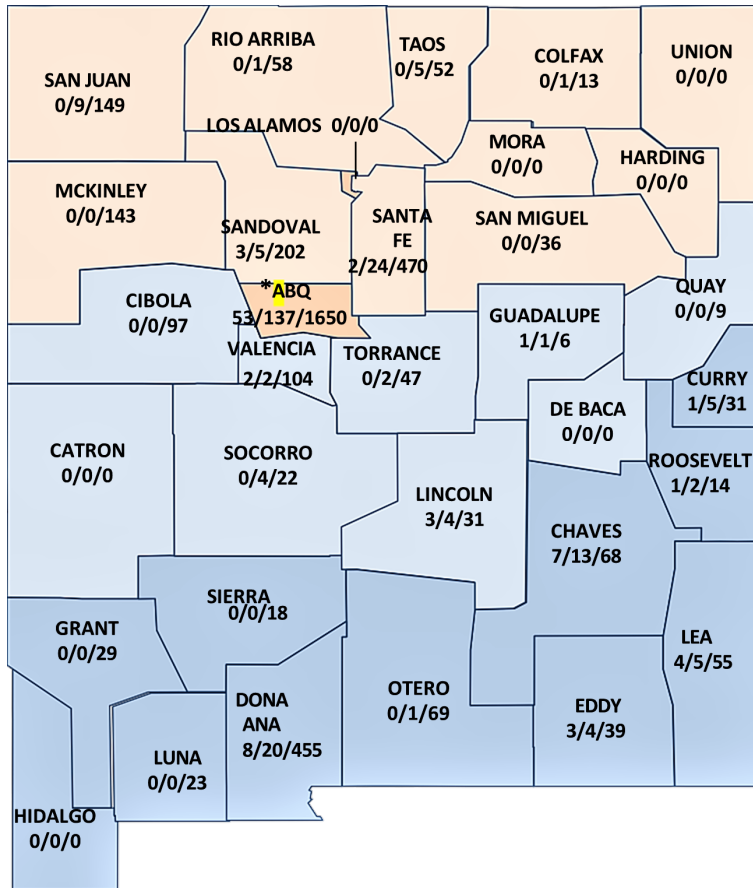
The 33 NM counties are shown on the map below. Each county shows three sets of data:

- The number of first-time, unduplicated, individuals assisted in 2022-2023
- The total number of individuals assisted in 2022-2023; may include those who have been in the program since before July 2022
- The number of individuals diagnosed with HIV/AIDS (reported by NMDOH)

HOPWA Assistance by County

Program Year 2022-2023

New in Program Year/Total for Program Year/*HIV Cases



Region 1 – ABQ – SWCC (53/137/1,650)

Region 2 – SWCC (5/45/1,129)

Region 3 – ANM (6/13/316)

Region 4 – ANM (21/46/801)

*Bernalillo County includes: Cedar Crest, Sandia Park, Tijeras, Isleta
- there are no reported cases of HIV in these areas

This map shows data for the city of ABQ rather than Bernalillo Cty

Summary

Staff is requesting approval to award funding to the Housing Opportunities for Persons with AIDS Program (HOPWA) in the amount of **\$1,380,892.00** for the two service providers that applied for HOPWA funding, Alianza of New Mexico and Southwest CARE Center, and **\$42,708.00** in admin to MFA, for a total of **\$1,423,600.00**. Upon approval, this funding will become available to the HOPWA service providers beginning July 1, 2023.



MEMO

TO: MFA Board of Directors

Through: Policy Committee on June 6, 2023
New Mexico Housing Trust Fund Advisory Committee on June 12, 2023
Contracted Services Committee on June 13, 2023

FROM: Robyn Powell, Director of Policy and Planning

DATE: June 20, 2023

SUBJECT: Recommendation to allocate New Mexico Housing Trust Fund (NMHTF) severance tax bond (STB) funds for use under the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Notice of Funding Availability (NOFA) and recommendation to make a NMHTF STB award to Three Sisters Apartments.

ATTACHEMENT: NMHTF Certified Uses, Award Summary, and Impact Statement

Recommendation¹

Staff recommend approval to:

- Allocate \$3.5 million of State Fiscal Year 2024 NMHTF STB for use under the SLFRF NOFA; and to
- Award \$3.5 million in NMHTF STB funds to Three Sisters Apartments.

Background

In December 2022 and February 2023, MFA Board of Directors approved allocating a total of \$10 million from the NMHTF to the CLSFRF NOFA. The NOFA includes requirements from both the NMHTF and the CSLFRF regulatory guidelines. During the February and March meetings, the Board of Directors approved awards to 10 applicants, exhausting the \$10 million available. The recommended \$3.5 million additional allocation to the NOFA will draw on State Fiscal Year 2024 NMHTF Severance Tax Bond Funds. (See attached *NMHTF Certified Uses and Awards Summary*.)

While Three Sisters Apartments (Chelsea Investment Corporation), a 70-unit housing development project to be located in Las Cruces, meets the NOFA threshold requirements, it has not yet received an award recommendation. The NOFA stipulated that award recommendations are to be made on a “first come, first serve” basis. By the time Three Sisters submitted its application NOFA funds were no longer available to fulfill its award request.

Discussion

Three Sisters has secured the following funding but requires the \$3.5 million award to close:

¹ The New Mexico Housing Trust Fund Act designates MFA as the trustee for the fund.

LIHTC Equity	\$12,008,911
City of Las Cruces	\$2,400,000
Permanent Mortgage Loan	\$1,700,000
HOME	\$1,000,000
Deferred Developer Fee	\$340,032
National Housing Trust Fund	\$400,000

Included in its NOFA application is a third-party market study, which provides significant justification of the project's need and viability.

Summary

Staff recommend approval to:

- Allocate \$3.5 million of State Fiscal Year 2024 NMHTF STB for use under the SLFRF NOFA; and to
- Award \$3.5 million in NMHTF STB funds to Three Sisters Apartments.

NMHTF Certified Uses, Award Summary and Impact Statement

Certified Use	Description	Certified Use Amount	Total Previous Certified Use Awards	Total This Award	Total Certified Use Awards to Date	Certified Use Balance
Down payment assistance	Provide down payment assistance to first-time and non-first-time homebuyers with low to moderate incomes	\$ 8,500,000	\$ -	\$ -	\$ -	\$ 8,500,000
First mortgage; Affordable homeownership loan purchase	Provide first mortgage loans for first-time and non-first-time homebuyers with low to moderate incomes; purchase home loans originated by partners and provided to low to moderate income homeowners	\$ 3,400,000	\$ -	\$ -	\$ -	\$ 3,400,000
Single family emergency repairs, accessibility, energy efficiency	Home (vacant or occupied) emergency repairs, accessibility and energy efficiency improvements and complete rehabilitation for low to moderate income homeowners.	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
Single family acquisition and rehabilitation	Provide assistance to stabilize communities by acquiring vacant, abandoned and/or foreclosed homes and by rehabilitating, reselling and/or redeveloping these homes; conduct demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization.	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000
Rental and single-family development	Provide construction and permanent financing to develop, including both new and substantial rehabilitation, affordable rental and homeownership for low to moderate income households.	\$ 22,130,000	\$ -	\$ 3,500,000	\$ 3,500,000	\$ 18,630,000
Total (STB) funds		\$ 37,530,000	\$ -	\$ 3,500,000	\$ 3,500,000	\$ 34,030,000

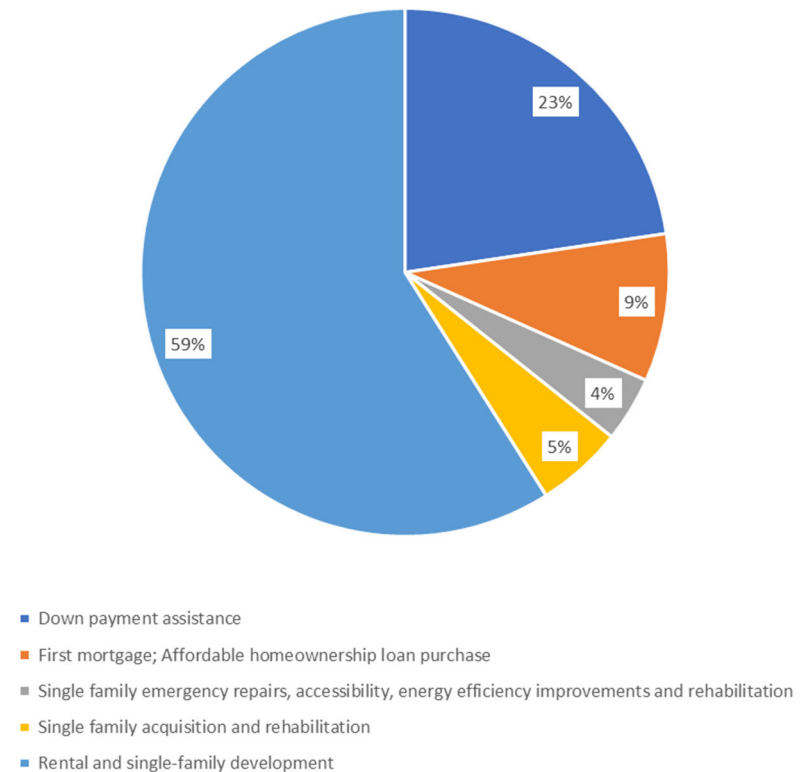
Impact: Dona Ana County is projected to need 1,150 rental units by 2025 for households with incomes at or below 80% area median income (New Mexico Housing Strategy). By providing 70 affordable rental units, the Three Sisters Apartments address 6% of that need. Based on National Home Builders Association modeling, this project is expected to generate \$8 million in economic activity and support over 100 jobs.

Certified Use Planning Process

During the April 4, 2023 meeting MFA Board of Directors Approved the above certified uses of the state fiscal year 2024 NMHTF STB appropriation. Staff determined the recommended allocations through an evaluation of the eligible activities based on several factors, including:

- Eligibility under the Severance Tax Bond Act and New Mexico Housing Trust Fund Act
- Housing priorities identified by the Governor and state level stakeholders;
- The ability to successfully administer funding under the New Mexico Housing Trust Fund Act;
- The availability of federal resources to leverage with state funding;
- Statewide coverage of the eligible activity;
- Program mandate to address underserved regions and populations;
- Availability of partners and stakeholders to support the activity efficiently and with the broadest reach;
- Consistency of activities with the goals identified in the New Mexico Statewide Housing Strategy;
- Potential future program income to support affordable housing, and existing programmatic funding and constraints.

State Fiscal Year 2024 NMHTF STB Certified Uses

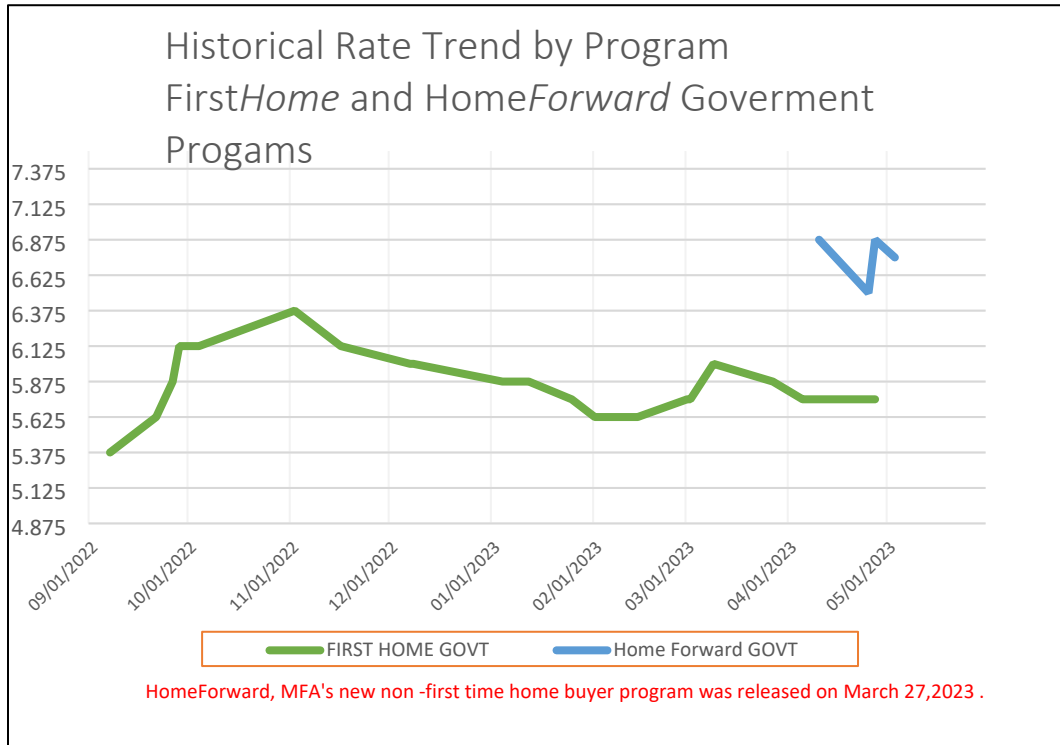




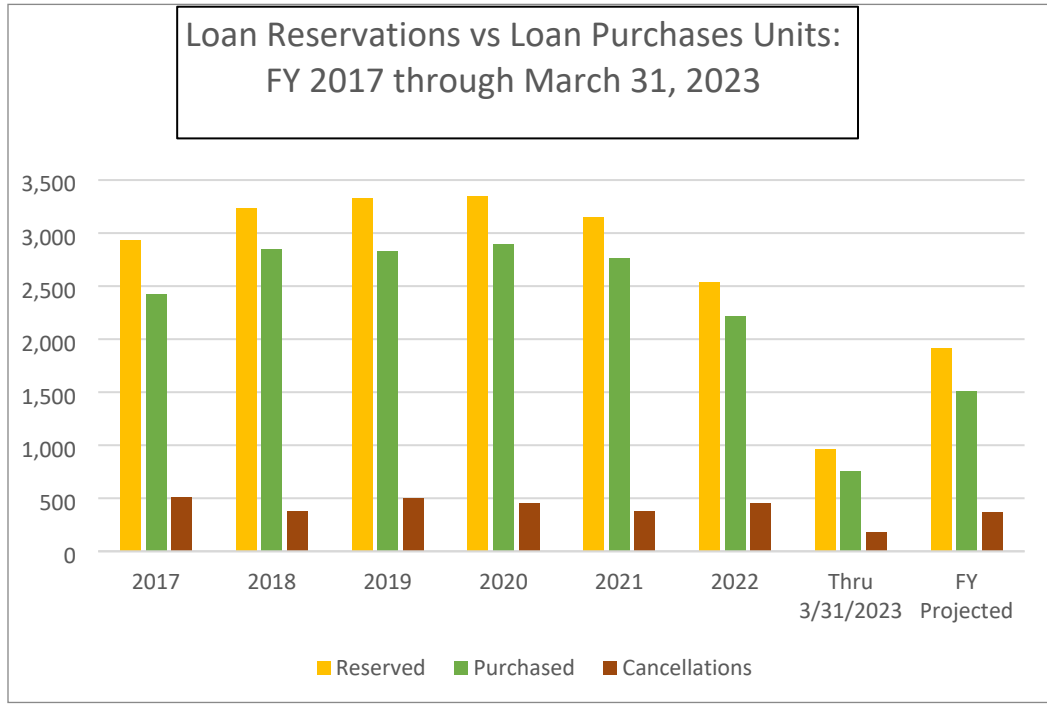
MEMO

TO: MFA Board of Directors
FROM: Rene Acuña
Director of Homeownership
DATE: June 21, 2023
SUBJECT: Semiannual Single Family Production Report

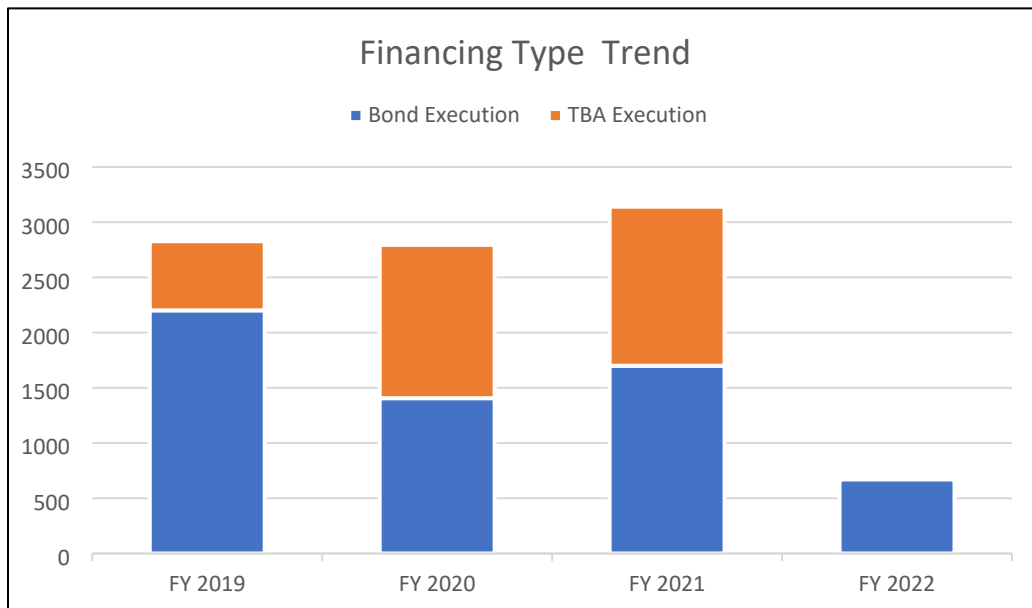
- Interest Rate History by Program



- Historical Reservation and Purchased Loan Trend



- Financing Executions



- Reservations by Program

Reservations by Program	Fiscal Year 2023 (10/01/2022 - 3/31/2023)	Fiscal Year 2022 (10/01/2021 - 9/30/2022)
FIRST HOME GOV'T	75.32%	70.03%
FIRST HOME FNMA 80% AMI	17.89%	9.66%
FIRST HOME FNMA ABOVE 80% AMI	6.78%	7.38%
NEXT HOME GOV'T -NEXT DOWN DPA	N/A	10.10%
NEXT HOME FNMA 80% AMI	N/A	0.45%
NEXT HOME FNMA ABOVE 80% AMI	N/A	2.38%

- Comparison of Down Payment Assistance (DPA) Sources

Down Payment Comparison	Fiscal Year 2023 (10/01/2021 - 3/31/2022)	Fiscal Year 2022 (10/01/21 - 9/30/2022)
FIRST DOWN (30YR)	81.03%	75.61%
FIRST DOWN (15YR)	0.00%	0.38%
FIRST DOWN (10YR)	0.16%	0.14%
HOME NOW	18.81%	7.39%
NEXTDOWN FORGIVABLE LOAN	N/A	16.43%

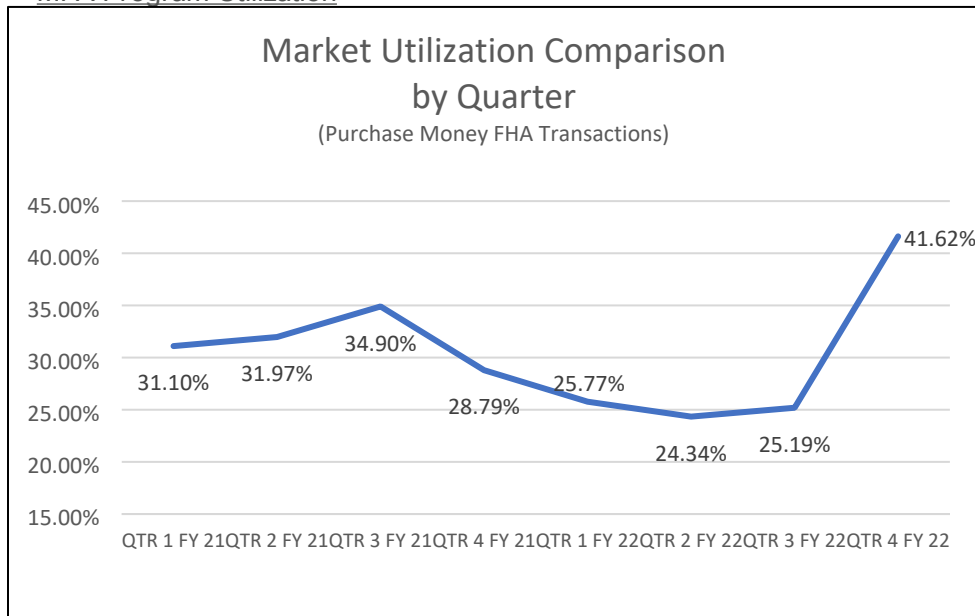
- Comparison of Loan Types

Loan Type Comparison	Fiscal Year 2023 (10/01/2022- 3/31/2023)	Fiscal Year 2022 (10/01/21 - 9/30/2022)
FHA	70.55%	77.22%
Conventional	24.66%	19.86%
HUD Section 184	0.60%	0.45%
VA	3.14%	1.78%
USDA / RHS	1.05%	0.69%
FHA 203K	0.00%	0.00%

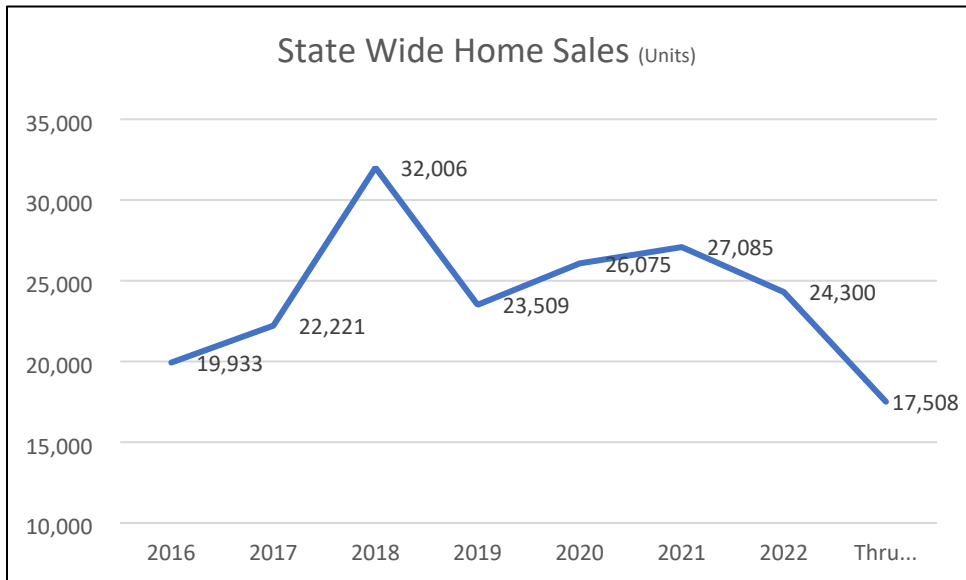
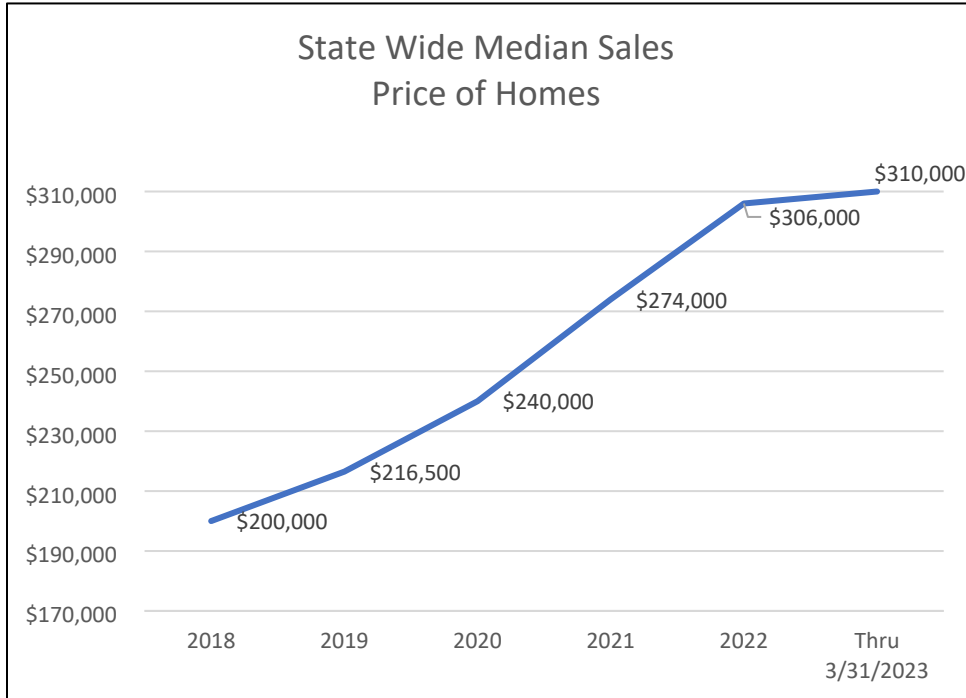
- Borrower Demographic

	Fiscal Year 2022 (10/01/2022 - 3/31/2023)	Fiscal Year 2022 (10/01/2021 - 9/30/2022)2
Average Sales Price	\$205,152	\$199,557
Average Loan Amount	\$195,578	\$194,064
Average Down Payment Assistance Amount	\$7,581	\$7,413
Average Household Income	\$56,112	\$53,244
Average Family Size	2.54 persons	2.55 persons
Ethnicity	63.05 percent Minority	59.20 percent Minority
Average Borrower Age	34	35
Average Number of Dependents	1 dependent	1 dependent
Primary Borrower Gender	48.60% female/ 49.32% male	45.96% female/ 53.38% male
Average FICO score	696	689

- MFA Program Utilization



- Median Sales Price and Home Sales Trend for New Mexico





YHDP

Youth Homelessness Demonstration Program

Program Highlights

- The Youth Homelessness Demonstration Program (YHDP) was designed by HUD in cooperation with youth with lived experience of homelessness. The goal is to drastically reduce the number of youth experiencing homelessness, including unaccompanied, pregnant and parenting youth.
- In NM, the YHDP program receives state funding through HSD to be utilized as a match for YHDP HUD award recipients.
- This funding is allocated between four service providers who receive YHDP funding from HUD in Northern NM.

Program Funding 2023-2024

- Northern NM received \$1.7 million for YHDP from HUD.
- The state of NM has awarded \$413,000 as match funding for this project.
- State funding became reoccurring in 2020-2021.
- The Service Providers receive:
 - **Youth Shelter and Family Services:** \$220,108.35
 - **NMCEH:** \$48,259.05
 - **DreamTree Project, Inc.:** \$87,886.40
 - **San Juan County:** \$36,096.20

Counties Served by YHDP

Youth Shelters and Family Services

Santa Fe, Los Alamos,
McKinley, Cibola, Sandoval

DreamTree Project, Inc.

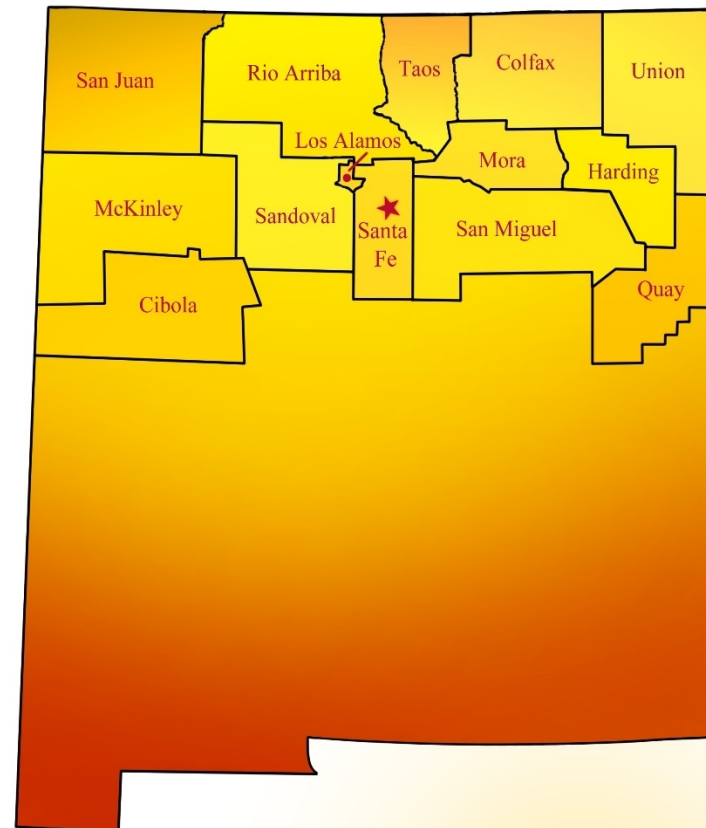
Taos, Rio Arriba, Colfax, Union,
Harding, San Miguel, Mora,
Quay

San Juan County Partnership

San Juan County

NMCEH

All counties in service area –
Coordinated Entry



YHDP Community Goals

- YHDP Communities are charged with bringing together a wide variety of stakeholders, including housing providers, local and state child welfare agencies, school districts, workforce development organizations, and the juvenile justice system.
- Convene Youth Action Boards (YAB), comprised of youth that have current or past lived experience of homelessness, to lead the planning and implementation of the YHDP.
- Assess the needs of special populations at higher risk of experiencing homelessness, including racial and ethnic minorities, LGBTQ+ youth, parenting youth, youth involved in the foster care and juvenile justice systems, and youth victims of human trafficking.
- Create a coordinated community plan that assesses the needs of youth at-risk of and experiencing homelessness in the community and addresses how it will use the money from the YHDP grant, along with other funding sources, to address these needs.
- Communities may propose innovative projects and test new approaches to address youth homelessness.

Youth Eligibility Requirements

- Communities awarded funds under the Youth Homelessness Demonstration Project (**YHDP**) can serve unaccompanied youth up to the age of 24, including pregnant and parenting youth, who meet Category 1, 2, OR 4 of homelessness in HUD's Final Definition of Homeless.
 - Cat 1: Literally homeless
 - Cat 2: About to be homeless
 - Cat 4: Fleeing domestic violence

YHDP Services and Goal

YHDP's goal is to enhance the array of services for youth and young adults experiencing homelessness throughout Northern New Mexico by expanding and creating access to the following types of housing and housing-support services within 30 days from an initial request:

- Crisis Residential/Transitional Housing
- Rapid Re-Housing
- Host Homes and Shared Housing
- Permanent Supportive Housing
- Assistance with Family Reunification
- Case Management
- Transportation

And collaborate with partners throughout Northern New Mexico to provide the following supportive services to youth and young adults as indicated or requested:

- Behavioral Healthcare
- Life Skills Development
- Enhanced Educational Opportunities
- Employment
- Childcare
- Access to Healthy Food

Program Impact

During the 22-23 Program Year from July 1, 2022 to present

50 new clients have entered the YHDP program and 19 clients have exited to permanent housing.

MFA Contact Information

Kelly Patterson

YHDP Program Manager

505-767-2281

kpatterson@housingnm.org

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

Department and Program	Project	Action Taken	Comments / Date Approved
Programs – Recovery Housing Program (RHP)	RHP – Substance Use Disorder funding	MFA accepted FY2023 Recovery Housing Program funds in the amount of \$1,268,811 from DFA/LGD	Approved by PC on May 23, 2023
Servicing	NPL Write Off	Servicing approved write off under the NPL Write off policy for the balance of 5 DPA loans totaling \$29,950.61: Loan # 121910 = \$7,724.67 Loan # 132513 - \$ 7,876.65 Loan # 358501916 = \$5,527.71 Loan# 127450 = \$7,787.41 Loan # 358503509 = \$1,034.17	Approved by Teresa Lloyd on May 31, 2023
Servicing	Write Off	Servicing approved loan # 112430, First Down DPA loan balance to be written off in the amount of \$98.03. Final loss after foreclosure sale reconciliation.	Approved by Teresa Lloyd on May 31, 2023
Servicing	HOME Write Off	Servicing approved write off for two home loans: Loan # 121656 in the amount of \$5,850 Loan # 122108 in the amount of \$8,000 for a Combined total \$13,850.00	Approved by Teresa Lloyd and Julie Halbig, Acting CHO for Donna Maestas-De Vries on May 31, 2023
Housing Development - 4% LIHTC/PAB	Thomas Development Group – Peachtree Canyon, Las Cruces	Approval of Inducement Resolution for Private Activity Bonds.	Signed by Jeff Payne on May 10, 2023
Housing Development – HOME and New Mexico Housing Trust Fund (NMHTF)	Copper Terrace	Extension of HOME and NMHTF loan construction period from 29 months to 32 months.	Approved by Jeff Payne on May 11, 2023
Community Development Emergency Solutions Grant – Cares Act (ESG)	Reallocation of Emergency Solutions Grant (ESG) Cares Act Awards.	Approval for reallocation of funds. From St. Elizabeth Shelter to seven other shelters. St. Elizabeth Shelter has had difficulty expending	Approved by Donna Maestas-De Vries on May 11, 2023

Department and Program	Project	Action Taken	Comments / Date Approved
		<p>their award due to receiving funds from other sources. They were carrying a high balance of \$98,502.88 and would not have been able to expend funds before their contract expires on September 30, 2023.</p> <p>C.O.P.E \$16,167.15 Barret Foundation \$16,167.15 Dream Tree Project Inc. 16,167.15 Family Crisis Center \$16,167.15 Heading Home \$16,167.13 Valencia Shelter Services \$16,167.15 Option, Inc. Only requested \$1,500.00</p>	
Community Development-Weatherization Assistance Program Department of Energy DOE and Weatherization Readiness Funds (WRF)	Funds transfer from Department of Energy to service providers.	<p>Approval to transfer excess MFA Department of Energy administrative fees to service providers, and to transfer Weatherization Readiness Funds \$30,268.20 from ICAST to the two single family agencies.</p> <p>Central NMH-\$15,134.10 SWRH- -\$15,134.10 \$26,000.00 of MFA administrative funds must be transferred to the service providers to ensure full expenditure of the grants.</p> <p>Central NMH-\$14,938.14 SWRH-\$5,861.86 Note that SWR received \$2,864.48 from Mutual Insurance Company.</p>	Approved by Donna Maestas-De Vries on May 16, 2023
Community Development-Weatherization Assistance Program (WAP)	Transfer LIHEAP Administrative funds to providers.	Approval to transfer a total of \$69,940 of MFA administrative funds to the service providers for use in program operations, administrative fees, and health and safety. Central New Mexico \$48,755.35, Southwest Regional \$21,184.65.	Approved by Izzy Hernandez on May 31, 2023

New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

April 30, 2023

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the seven-month period ended April 30, 2023

COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):		7 months 4/30/2023	7 months 4/30/2022	% Change Year / Year	Forecast 4/30/2023	Actual to Forecast	Forecast/Target 9/30/23
PRODUCTION							
1	Single family issues (new money):	\$135.0	\$199.9	-32.5%	\$135.0	0.0%	\$295.0
2	Single family loans sold (TBA):	\$0.0	\$65.3	-100.0%	\$0.0	0.0%	\$30.0
3	Total Single Family Production	\$135.0	\$265.2	-49.1%	\$135.0	0.0%	\$325.0
4	Single Family Bond MBS Payoffs:	\$29.4	\$97.9	-69.9%	\$81.1	-63.7%	\$139.1
STATEMENT OF NET POSITION							
5	Avg. earning assets:	\$1,693.2	\$1,509.5	12.2%	\$1,682.5	0.6%	\$1,682.5
6	General Fund Cash and Securities:	\$103.4	\$91.6	12.9%	\$85.6	20.9%	\$85.6
7	General Fund SIC FMV Adj.:	\$0.5	-\$1.4	133.3%	\$0.0	N/A	\$0.0
8	Total bonds outstanding:	\$1,400.0	\$1,191.0	17.5%	\$1,363.5	2.7%	\$1,363.5
STATEMENT OF REVENUES, EXPENSES AND NET POSITION							
9	General Fund expenses (excluding capitalized assets):	\$14.1	\$13.8	2.0%	\$15.8	-11.0%	\$27.3
10	General Fund revenues:	\$18.3	\$15.8	15.6%	\$17.1	7.0%	\$29.7
11	Combined net revenues (all funds):	\$7.1	(\$0.5)	1442.7%	\$2.0	264.1%	\$3.4
12	Combined net revenues excluding SIC FMV Adj. (all funds):	\$6.9	\$2.0	235.6%	\$2.0	250.0%	\$3.4
13	Combined net position:	\$292.8	\$284.9	2.8%	\$289.5	1.1%	\$289.5
14	Combined return on avg. earning assets:	0.72%	-0.06%	1297.0%	0.20%	262.0%	0.20%
15	Combined return on avg. earning assets excluding SIC FMV Adj. (all funds):	0.70%	0.23%	199.2%	0.20%	247.9%	0.20%
16	Net TBA profitability:	0.00%	0.68%	-100.0%	0.50%	0.0%	0.50%
17	Combined interest margin:	0.87%	0.51%	70.5%	0.63%	37.7%	0.63%
MOODY'S BENCHMARKS							
18	Net Asset to debt ratio (5-yr avg):	25.69%	28.21%	-8.9%	25.42%	1.1%	25.42%
19	Net rev as a % of total rev (5-yr avg):	9.46%	10.32%	-8.3%	9.51%	-0.5%	9.51%
SERVICING							
20	Subserviced portfolio	\$2,013.9	\$1,827.6	10.2%	\$2,077.4	-3.1%	\$2,203.4
21	Servicing Yield (subserviced portfolio)	0.41%	0.41%	0.0%	0.41%	0.0%	0.41%
22	Combined average delinquency rate (MFA serviced)	8.50%	8.26%	2.9%	9.50%	-10.5%	9.50%
23	DPA loan delinquency rate (all)	8.49%	7.45%	14.0%	N/A	N/A	N/A
24	Default rate (MFA serviced-annualized)	0.57%	0.70%	-19.5%	1.30%	-56.5%	1.30%
25	Subserviced portfolio delinquency rate (first mortgages)	10.39%	11.60%	-10.4%	N/A	N/A	N/A
26	Purchased Servicing Rights Valuation Change (as of 3/31/23)	\$9.9	\$8.1	22.1%	N/A	N/A	N/A

Legend:

Positive Trend	Caution	Negative Trend	Known Trend/Immaterial
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NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the seven-month period ended April 30, 2023

SUMMARY OF BOND ISSUES:

Single Family Issues:

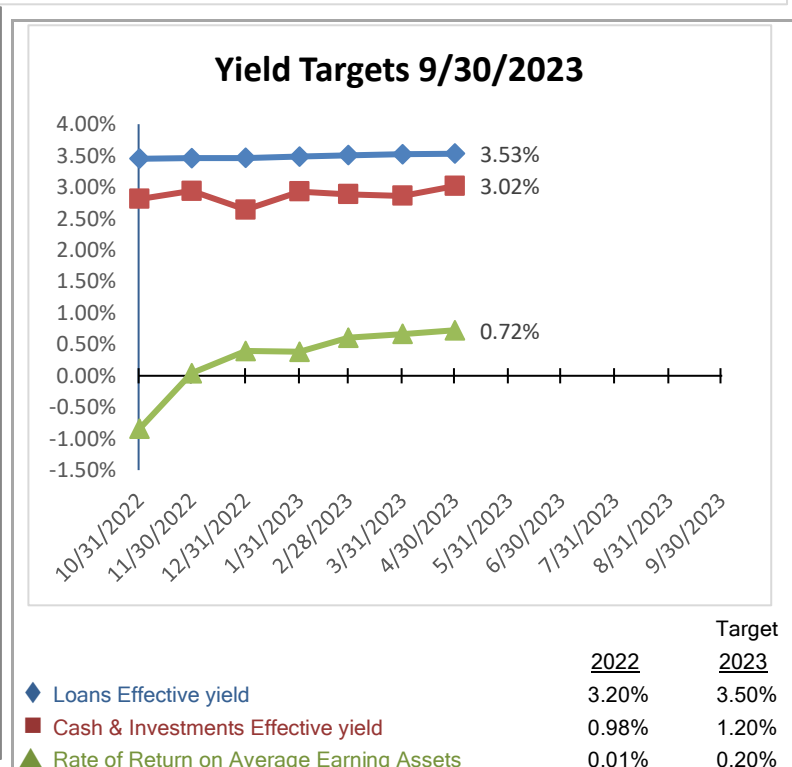
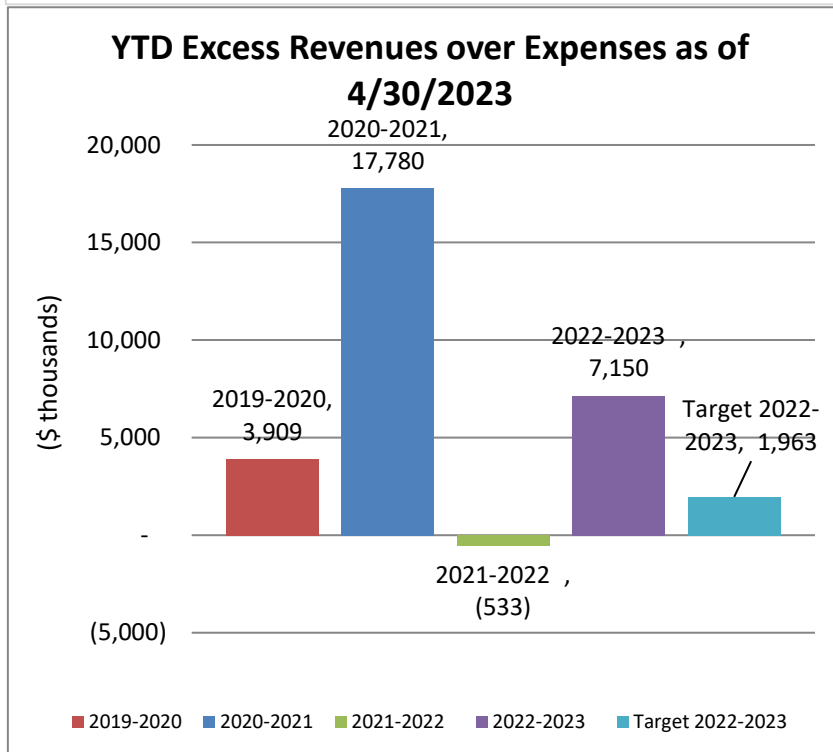
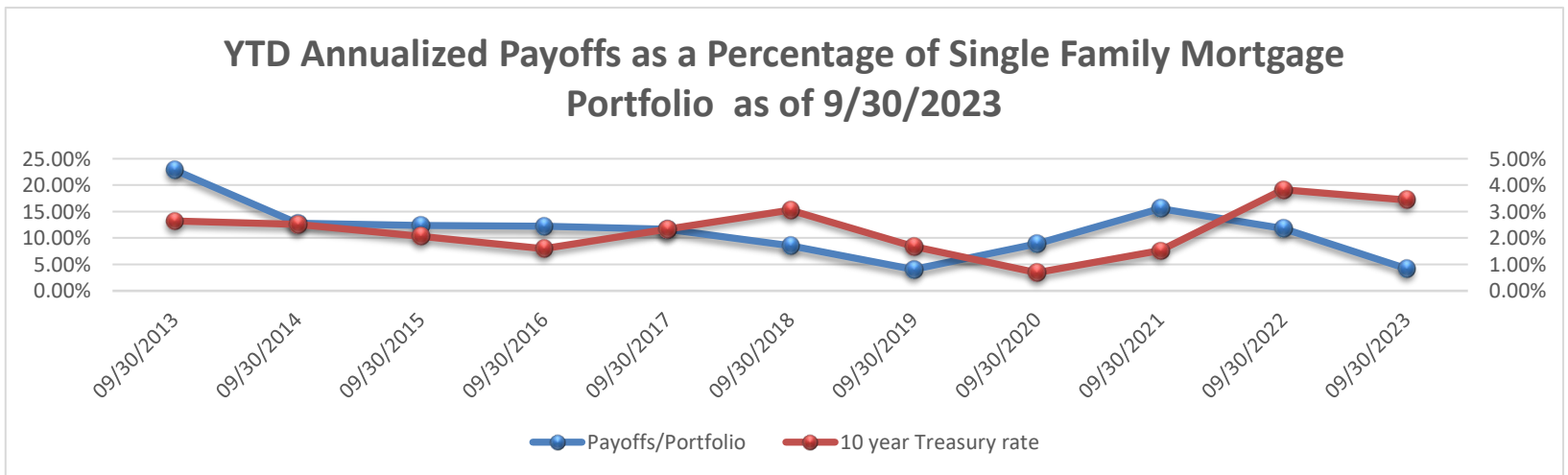
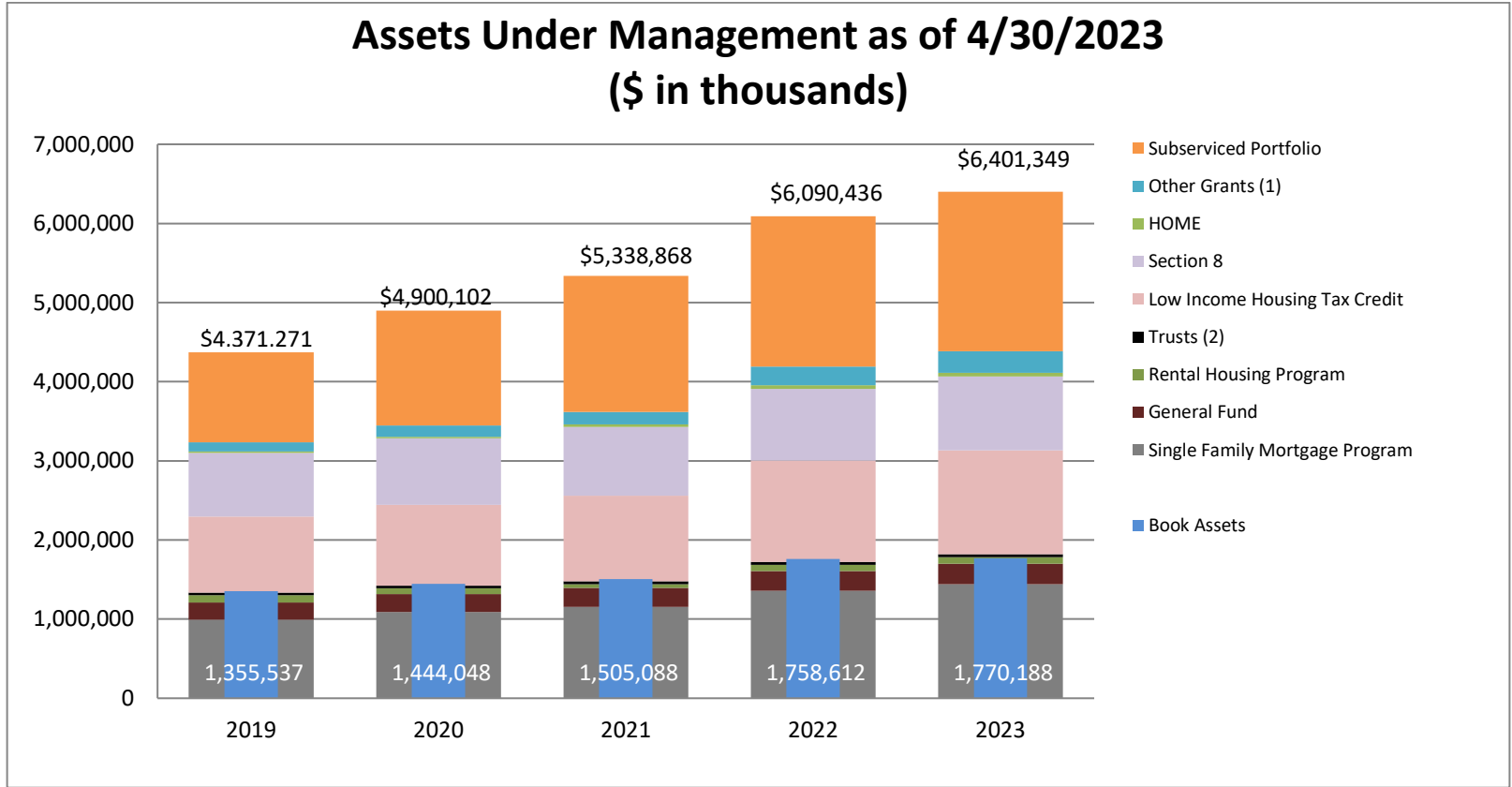
\$74.99 mm Series 2022E (November)

\$60.00 mm Series 2023A (February)

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 started to sell in April the Mortgage-Backed Securities (MBS) originated through our Home Forward mortgage program into the TBA market. The issuance of bonds is currently producing a lower mortgage rate for the First Home program than the sales of those loans to the TBA market. As a result, MFA is likely to lean more heavily toward bond financing and continue to use the TBA market where appropriate. MFA issued the 2022E Series for \$74.99 million in December and the 2023A Series for \$60.0 million in February. Payoffs slowed by 69.9% due to rising mortgage rates discouraging homeowners from refinancing their loans.
- In seven months of activities, the Return on Average earnings assets was 0.72%, 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 2% due to increased compensation, and repurchased loan expenses, while the General Fund revenue increased by 15.6% due to interest from loan and investment, and loan servicing income recognized higher than budgeted. The rise in short-term rates is having a direct and immediate positive effect on MFA earnings.
- The combined interest margin of 0.87% 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 25.69% 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 9.46% ratio (5-year average) is slightly 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, and increased repurchased loan expenses and similar TBA market 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 10.39%. The sub-serviced portfolio is approximately 85% FHA-insured loans. The Mortgage Bankers Association quarterly survey as of March 31, 2023, indicates that the delinquency rate for FHA loans nationally is 9.27%, and for New Mexico is 6.42%. In addition, FHA Single Family Loan Performance Trends for March 2023 showed 12.01% delinquency (for purchase loans only), which decreased from 13.44% in February 2023.
- The fair market value for purchased servicing rights as of March 2023 is \$29.4 million, an increase of about \$9.9 million over cost. GASB requires MFA to record the value of servicing rights at the 'lower of cost or market'. The elevated FMV is related to decreased prepayment speed projections and increased earnings rates impacted portfolio value positively. The current recorded cost of the asset is \$19.5 million. Valuations are obtained every quarter.

MONTHLY FINANCIAL GRAPHS



(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

5/15/2023 12:34 PM

NEW MEXICO MORTGAGE FINANCE AUTHORITY
COMBINED STATEMENT OF NET POSITION
APRIL 2023
(THOUSANDS OF DOLLARS)

	<u>YTD 4/30/23</u>	<u>YTD 4/30/22</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$59,819	\$41,655
RESTRICTED CASH HELD IN ESCROW	9,620	9,772
SHORT-TERM INVESTMENTS	-	(100)
ACCRUED INTEREST RECEIVABLE	5,047	4,156
OTHER CURRENT ASSETS	7,282	6,902
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	8
INTER-FUND RECEIVABLE (PAYABLE)	0	-
TOTAL CURRENT ASSETS	<u>81,769</u>	<u>62,393</u>
 CASH - RESTRICTED	 81,682	 79,479
LONG-TERM & RESTRICTED INVESTMENTS	57,137	65,559
INVESTMENTS IN RESERVE FUNDS	-	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,354,347	1,145,621
MORTGAGE LOANS RECEIVABLE	182,251	160,001
ALLOWANCE FOR LOAN LOSSES	(10,070)	(9,675)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,800	1,803
OTHER REAL ESTATE OWNED, NET	1,464	4,069
OTHER NON-CURRENT ASSETS	12	-
INTANGIBLE ASSETS	19,628	18,708
TOTAL ASSETS	<u>1,770,020</u>	<u>1,527,958</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	167	200
 TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	 <u>1,770,188</u>	 <u>1,528,158</u>
 <u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$11,145	\$9,668
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	18,648	14,450
ESCROW DEPOSITS & RESERVES	9,414	9,378
TOTAL CURRENT LIABILITIES	<u>39,207</u>	<u>33,496</u>
 BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	 1,399,992	 1,190,990
MORTGAGE & NOTES PAYABLE	37,771	18,265
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	201	228
TOTAL LIABILITIES	<u>1,477,171</u>	<u>1,242,979</u>
DEFERRED INFLOWS	259	298
TOTAL LIAB/DEFERRED INFLOWS	<u>1,477,430</u>	<u>1,243,277</u>
 <u>NET POSITION:</u>		
NET INVESTED IN CAPITAL ASSETS	1,800	1,803
UNAPPROPRIATED NET POSITION (NOTE 1)	64,160	61,270
APPROPRIATED NET POSITION (NOTE 1)	226,797	221,808
TOTAL NET POSITION	<u>292,758</u>	<u>284,881</u>
 TOTAL LIABILITIES & NET POSITION	 <u>1,770,188</u>	 <u>1,528,158</u>

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NEW MEXICO MORTGAGE FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE SEVEN MONTHS ENDED APRIL 2023
(THOUSANDS OF DOLLARS)

	<u>YTD 4/30/23</u>	<u>YTD 4/30/22</u>
<u>OPERATING REVENUES:</u>		
INTEREST ON LOANS	\$30,538	\$23,873
INTEREST ON INVESTMENTS & SECURITIES	3,658	817
LOAN & COMMITMENT FEES	1,907	2,128
ADMINISTRATIVE FEE INCOME (EXP)	2,940	4,338
RTC, RISK SHARING & GUARANTY INCOME	31	154
HOUSING PROGRAM INCOME	568	851
LOAN SERVICING INCOME	5,861	4,794
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>45,503</u>	<u>36,955</u>
<u>NON-OPERATING REVENUES:</u>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	268	(2,392)
OTHER NON-OPERATING INCOME	0	0
GRANT AWARD INCOME	54,114	35,168
SUBTOTAL NON-OPERATING REVENUES	<u>54,382</u>	<u>32,776</u>
TOTAL REVENUES	<u>99,885</u>	<u>69,731</u>
<u>OPERATING EXPENSES:</u>		
ADMINISTRATIVE EXPENSES	11,921	11,759
INTEREST EXPENSE	25,626	20,229
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(2,080)	(1,891)
PROVISION FOR LOAN LOSSES	450	148
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	91	86
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,027	1,828
BOND COST OF ISSUANCE	1,302	2,021
SUBTOTAL OPERATING EXPENSES	<u>38,335</u>	<u>34,180</u>
<u>NON-OPERATING EXPENSES:</u>		
CAPACITY BUILDING COSTS	89	57
GRANT AWARD EXPENSE	54,312	36,047
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	<u>54,400</u>	<u>36,104</u>
TOTAL EXPENSES	<u>92,735</u>	<u>70,284</u>
NET REVENUES	7,150	(553)
OTHER FINANCING SOURCES (USES)	-	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	<u>7,150</u>	<u>(553)</u>
NET POSITION AT BEGINNING OF YEAR	<u>285,608</u>	<u>285,434</u>
NET POSITION AT 4/30/23	<u>292,758</u>	<u>284,881</u>

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

(Note 1) MFA Net Position as of April 30, 2023:

UNAPPROPRIATED NET POSITION:

\$ 28,135	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 35,053	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 972	is held for New Mexico Affordable Housing Charitable Trust.
\$ 64,161	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 (\$105,989 in loans and grants plus \$11,140 unfunded, of which \$4,131 is committed).
\$ 53,632	for future use in Single Family & Multi-Family housing programs.
\$ 1,105	for loss exposure on Risk Sharing loans.
\$ 1,800	invested in capital assets, net of related debt.
\$ 19,529	invested in mortgage servicing rights.
\$ 15,310	for the future General Fund Budget year ending 09/30/23 (\$31,681 total budget less \$16,371 expended budget through 10/31/23.)
\$ 208,505	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

\$ 20,092	for use in the federal and state housing programs administered by MFA.
\$ 20,092	Subtotal - Housing Program
\$ 228,597	Total Appropriated Net Position
\$ 292,758	Total Combined Net Position at April 30, 2023

Total combined Net Position, or reserves, at April 30, 2023 was \$292.8 million, of which \$64.2 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$228.6 million of available reserves, with \$103.4 million primarily liquid in the General Fund and in the federal and state Housing programs and \$125.2 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 seven months ended 4/30/2023

	One Month Actual	Year to Date Actuals	ProRata Budget	Annual Budget	Under/(Over)	Annual Budget	Expended Annual
Revenue							
Interest Income	666,945	4,578,915	4,903,145	8,405,392	324,231	3,826,477	54.48%
Interest on Investments & Securities	217,635	1,342,174	768,983	1,318,256	(573,191)	(23,918)	101.81%
Loan & Commitment Fees	11,827	88,373	102,284	175,344	13,911	86,971	50.40%
Administrative Fee Income (Exp)	693,301	5,329,868	4,905,171	8,408,864	(424,698)	3,078,996	63.38%
Risk Sharing/Guaranty/RTC fees	2,773	29,908	270,509	463,730	240,601	433,822	6.45%
Housing Program Income	38,356	567,757	626,043	1,530,014	58,285	962,257	37.11%
Loan Servicing Income	716,972	5,860,926	5,503,600	9,434,743	(357,326)	3,573,817	62.12%
Other Operating Income			-	-	-	-	
Operating Revenues	2,347,807	17,797,921	17,079,735	29,736,343	(718,186)	11,938,422	59.85%
Gain (Loss) Asset Sale/Debt Ex	225,357	471,741	-	-	(471,741)	(471,741)	
Other Non-operating Income	-	50	58	100	8	50	50.00%
Non-Operating Revenues	225,357	471,791	58	100	(471,733)	(471,691)	471791.27%
Revenue	2,573,164	18,269,712	17,079,793	29,736,443	(1,189,919)	11,466,731	61.44%
Salaries	581,309	4,163,140	4,581,559	7,978,035	418,419	3,814,895	52.18%
Overtime	5,019	24,873	21,683	37,585	(3,190)	12,711	66.18%
Incentives	6,775	306,796	388,901	677,169	82,105	370,373	45.31%
Payroll taxes, Employee Benefits	280,935	1,938,707	2,287,552	3,958,534	348,845	2,019,827	48.98%
Compensation	874,038	6,433,516	7,279,695	12,651,323	846,179	6,217,807	50.85%
Business Meals Expense	201	1,862	4,212	7,220	2,350	5,358	25.79%
Public Information	(32,102)	86,000	198,035	339,488	112,035	253,488	25.33%
In-State Travel	3,058	42,016	93,141	159,671	51,125	117,655	26.31%
Out-of-State Travel	13,480	68,833	156,360	268,046	87,527	199,213	25.68%
Travel & Public Information	(15,364)	198,711	451,748	774,425	253,037	575,714	25.66%
Utilities/Property Taxes	6,068	45,832	46,492	79,700	660	33,868	57.51%
Insurance, Property & Liability	20,587	144,106	132,200	226,628	(11,907)	82,522	63.59%
Repairs, Maintenance & Leases	97,167	850,368	964,388	1,643,951	114,020	793,583	51.73%
Supplies	3,335	23,167	20,825	35,700	(2,342)	12,533	64.89%
Postage/Express mail	56,369	83,716	23,800	40,800	(59,916)	(42,916)	205.19%
Telephone	2,090	9,445	13,242	22,701	3,797	13,256	41.61%
Janitorial	3,533	23,478	23,858	40,900	380	17,422	57.40%
Office Expenses	187,441	1,162,003	1,224,370	2,089,634	62,367	927,632	55.61%
Dues & Periodicals	3,142	37,073	36,618	62,773	(456)	25,700	59.06%
Education & Training	16,680	65,868	99,569	170,690	33,701	104,822	38.59%
Contractual Services	129,509	620,314	817,836	1,402,004	197,521	781,690	44.24%
Professional Services-Program	615	194,350	141,605	242,751	(52,746)	48,401	80.06%
Direct Servicing Expenses	385,920	2,953,041	2,849,914	4,885,567	(103,127)	1,932,526	60.44%
Program Expense-Other	46,528	146,912	105,261	180,448	(41,651)	33,536	81.42%
Rebate Analysis Fees			-	-	-	-	
Miscellaneous	-	196			(196)	(196)	

GENERAL FUND
Fiscal Year 2022-2023 Budget
For the seven months ended 4/30/2023

	One Month Actual	Year to Date Actuals	ProRata Budget	Annual Budget	Under/(Over)	Annual Budget	Expended Annual
Other Operating Expense	582,394	4,017,755	4,050,803	6,944,233	33,048	2,926,478	57.86%
Interest Expense	109,533	704,139	959,712	1,645,220	255,572	941,081	42.80%
Non-Cash Expenses	125,551	1,475,108	1,657,307	2,841,098	182,200	1,365,990	51.92%
Expensed Assets	202	10,345	46,579	79,850	36,235	69,505	12.95%
Operating Expenses	1,863,795	14,001,576	15,670,213	27,025,783	1,668,638	13,024,208	51.81%
Program Training & Tech Asst	1,138	34,101	88,608	151,900	54,507	117,799	22.45%
Program Development	549	54,530	65,290	111,925	10,760	57,395	48.72%
Capacity Building Costs	1,687	88,631	153,898	263,825	65,267	175,194	33.59%
Non-Operating Expenses	1,687	88,631	153,898	263,825	65,267	175,194	33.59%
Expenses	1,865,483	14,090,206	15,824,111	27,289,608	1,733,905	13,199,402	51.63%
Excess Revenue over Expenses	707,682	4,179,506	1,255,682	2,446,835	(2,923,824)	(1,732,670)	170.81%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2022-2023 Budget
For the seven months ended 4/30/2023

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
2690 PURCHASED SERVICING RIGHTS	149,126	2,175,469	2,537,994	4,350,847	362,525	2,175,378	50.00%
2950 COMPUTER HARDWARE	-	-	23,522	40,324	23,522	40,324	0.00%
2960 SOFTWARE LICENSES	-	-	-	-	-	-	
2920 FURNITURE & EQUIPMENT-10 YR	-	-	-	-	-	-	
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	-	105,550	-	-	(105,550)	(105,550)	
Capital Budget	149,126	2,281,019	2,561,516	4,391,171	280,497	2,110,152	51.95%