MFA Housing New Mexico
MFA May Board of Directors Meeting 2023
May 17, 2023
9:30 am-12:30 pm Mountain Time

Chair Convenes Meeting

➢ Roll Call (Izzy Hernandez)
➢ Oath of Office Rebecca Wurzburger
➢ Oath of Office Derek Valdo

➢ Approval of Agenda - Board Action

➢ Approval of 3/2/23 Special Board Meeting Minutes - Board Action

➢ Approval of 4/19/23 Board Meeting Minutes – Board Action

➢ Approval of 4/19/23 Board meeting training – Strategic Planning- Board Action

➢ Executive Director Updates

Board Action Items

Presentation

1 Annual Investment Report and Market Update (John Ulrich, President and Molly Ritz, Partner Ulrich Investment Consultants) NO

Other

2 Restatement of MFA's 457b Retirement Plan (Karen Kahn, Modrall Sperling Law Firm)

Finance Committee

3 Quarterly Financial Statement Review (Lizzy Ratnaraj) YES

4 JLG NM SAF 2023 Bond Resolution (Christi Wheelock) YES

5 JLG NM ABQ 2023 Bond Resolution (Christi Wheelock) YES

6 Authorized Signatures Resolution (Yvonne Segovia) YES

7 Policy & Procedures Manual Revision – Authorized Signatures (Julie Halbig) YES

8 Delegation of Authority Revision – New Mexico Housing Trust Fund (NMHTF) Recurring Funds (Julie Halbig) YES

Allocation Review Committee

9 Proposed 2023 Low Income Housing Tax Credit (LIHTC) Awards (Jeanne Redondo) YES

Contracted Services/Credit Committee

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

(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)

a. Felician Villa II Apartments (Jacobo Martinez and George Maestas)

b. Tierra Encantada Apartments (Tim Martinez and George Maestas)

11 Sandoval Flats State Tax Credit Award (Hannah Faulwell and George Maestas) YES

12 HOME Investment Partnership (HOME Rehab) NOFA (Leann McDonald & John Garcia) YES

13 Recovery Housing Program (RHP) Award Recommendations (Theresa Laredo-Garcia) YES

14 NM Energy$mart Program DOE State Plan Approval (Troy Cucchiara, Dimitri Florez, David Gutierrez) YES

15 Emergency Housing Needs Pilot Program – Other Emergency Needs (Julie Halbig) YES

Other Board Items Information Only

16 **Other Board Items**
(Staff is available for questions)

☐ Staff Action Requiring Notice to Board

☐ COVID Staff Actions

☐ Semiannual Investment Review 3/31/23

☐ Q2 Strategic Plan Benchmarks

☐ Quarterly Multifamily Construction Pipeline Report

17 **Quarterly Reports**
(Staff is available for questions)

Quarterly Board Report

Announcements and Adjournments

➢ June 13, 2022 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
➢ June 21, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting – Taos, NM)
➢ 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)

MFA
Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, May 17, 2023 - 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Oath of Office Rebecca Wurzburger
- Oath of Office Derek Valdo
- Approval of Agenda – Board Action
- Approval of 3/2/23 Special Board Meeting Minutes – Board Action
- Approval of 4/19/23 Board meeting Minutes- Board Action
- Approval of 4/19/23 Board meeting training – Strategic Planning- Board Action
- Executive Director Updates

Board Action Items — Action Required?

Presentation

		Action Required?
1	Annual Investment Report and Market Update (John Ulrich, President and Molly Ritz, Partner Ulrich Investment Consultants)	NO

Other

2	Restatement of MFA's 457b Retirement Plan (Karen Kahn, Modrall Sperling Law Firm)	YES

Finance Committee

3	Quarterly Financial Statement Review (Lizzy Ratnaraj)	YES
4	JLG NM SAF 2023 Bond Resolution - Sangre de Cristo/Santa Fe Apartments (Christi Wheelock)	YES
5	JLG NM ABQ 2023 Bond Resolution - Mountain View II/III Apartments (Christi Wheelock)	YES
6	Authorized Signatures Resolution (Yvonne Segovia)	YES
7	Policy & Procedures Manual Revision – Authorized Signatures (Julie Halbig)	YES
8	Delegation of Authority Revision – New Mexico Housing Trust Fund (NMHTF) Recurring Funds (Julie Halbig)	YES

Allocation Review Committee

9 Proposed 2023 Low Income Housing Tax Credit (LIHTC) Project Presentations and Awards (Jeanne Redondo) YES

  a. Route 66 Flats, Albuquerque (Oriana Sanchez available for questions)
  b. Calle Cuarta, Albuquerque (Michelle DenBleyker available for questions)
  c. Tierra Encantada, Anthony (Cesar Marenco available for questions)
  d. Farolito Senior Community, Albuquerque (Felipe Rael available for questions)
  e. Felician Villa II, Rio Rancho (Tim Baker available for questions)

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) YES

(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)

  a. Felician Villa II Apartments - HOME CHDO and National Housing Trust Fund (NHTF) Loan Request (Jacobo Martinez and George Maestas)
  b. Tierra Encantada Apartments – National Housing Trust Fund (NHTF), New Mexico Housing Trust Fund (NMHTF), Primero Investment Fund Request (Primero) Loan Request (Tim Martinez and George Maestas)

11	Sandoval Flats State Tax Credit Award (Hannah Faulwell and George Maestas)	YES
12	HOME Investment Partnership (HOME Rehab) NOFA (Leann McDonald & John Garcia)	YES
13	Recovery Housing Program (RHP) Award Recommendations (Theresa Laredo-Garcia)	YES

14	NM Energy$mart Program DOE State Plan Approval (Troy Cucchiara, Dimitri Florez, David Gutierrez)	YES
15	Emergency Housing Needs Pilot Program – Other Emergency Needs (Julie Halbig)	YES

Other Board Items **Information Only**

16 (Staff is available for questions)

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- Semiannual Investment Review 3/31/23
- Q2 Strategic Plan Benchmarks
- Quarterly Multifamily Construction Pipeline Report

Quarterly Reports **No Action Required**

17 (Staff is available for questions)

- Quarterly Board Report

Announcements and Adjournment **Discussion Only**

Confirmation of Upcoming Board Meetings

- June 13, 2022 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- June 21, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting – Taos, NM)
- 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)

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, May 17, 2023 - 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Oath of Office Rebecca Wurzburger
- Oath of Office Derek Valdo
- Approval of Agenda – Board Action
- Approval of 3/2/23 Special Board Meeting Minutes – Board Action
- Approval of 4/19/23 Board Meeting Minutes – Board Action
- Approval of 4/19/23 Board meeting training – Strategic Planning
- Executive Director Updates

Board Action Items — Action Required?

Presentation

1 Annual Investment Report and Market Update (John Ulrich, President and Molly Ritz, Partner; Ulrich Investment Consultants) NO

Other

2 Restatement of MFA's 457b Retirement Plan (Karen Kahn, Modrall Sperling Law Firm) - 457(b) Restatement Plan: 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, ability to take loans. YES

Finance Committee

3 Quarterly Financial Statement Review (Lizzy Ratnaraj) - ongoing YES

4 JLG NM SAF 2023 (Sangre de Cristo/Santa Fe) Bond Resolution (Christi Wheelock) - Staff requests approval of the attached 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 228 units, all of which are rent restricted units targeted to extremely low-income households in the City of Santa Fe. YES

5 JLG NM ABQ 2023 (Mountain View II & III) Bond Resolution (Christi Wheelock) - Staff requests approval of the attached 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. YES

6 Authorized Signatures Resolution (Yvonne Segovia) - The Authorized Signatures Resolution is updated periodically as needed. Staff recommends the update of the Authorized Signature Resolution to clarify authorities and add the Controller Designee. YES

7 Policy & Procedures Manual Revision –Authorized Signatures (Julie Halbig) - 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. YES

8 Delegation of Authority Revision – New Mexico Housing Trust Fund (NMHTF) Recurring Funds (Julie Halbig) - Staff recommends approval 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) for annual plan to encumber funds along with approval of funded programs, notice of funding availability (NOFA) and selection of vendors. No changes to the NMHTF Advisory Committee process are needed.

Allocation Review Committee

9 Proposed 2023 Low Income Housing Tax Credit (LIHTC) Project Presentations and Awards (Jeanne Redondo) - Staff, by and through MFA's Allocation Review Committee ("ARC"), requests approval of five LIHTC awards, attached as Table 7A and approval of a forward allocation of 2024 tax credits in the amount of $1,471,061. YES

a. Route 66 Flats, Albuquerque (Oriana Sanchez available for questions)
b. Calle Cuarta, Albuquerque (Michelle DenBleyker available for questions)
c. Tierra Encantada, Anthony (Cesar Marenco available for questions)
d. Farolito Senior Community, Albuquerque (Felipe Rael available for questions)
e. Felician Villa II, Rio Rancho (Tim Baker available for questions)

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) YES

(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)

a. Felician Villa II Apartments HOME and National Housing Trust Fund (NHTF) Loan Request (Jacobo Martinez and George Maestas) - 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) - 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.

11 Sandoval Flats (Hannah Faulwell and George Maestas) – 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. YES

12 HOME Investment Partnership (HOME Rehab) NOFA (Leann McDonald & John Garcia) - Staff recommends approval to release the HOME Rehabilitation NOFA to the public on May 18, 2023, upon MFA Board approval. Awards resulting from this NOFA will be awarded to the agencies that meet the minimum qualifications for this funding.

13 Recovery Housing Program (RHP) Award Recommendations (Theresa Laredo-Garcia) - Staff recommends the approval of RHP awards to Hozho Center for Personal Enhancement in the amount of $969,499 and Crossroads for Women in the amount of $1,144,213 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. YES

14 NM Energy$mart Program DOE State Plan Approval (Troy Cucchiara, Dimitri Florez, David Gutierrez) - The NM Energy$mart 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 SERC grant on approximately 200 units. YES

15 Emergency Housing Needs Pilot Program – Other Emergency Needs (Julie Halbig) – Staff recommends 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. MFA's Board 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. These additional flexibilities would allow us to assist individuals or households before their situation results in them becoming homeless. YES

Other Board Items **Information Only**

16 (Staff is available for questions)

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- Semiannual Investment Review 3/31/2
- Q2 Strategic Plan Benchmarks
- Quarterly Multifamily Construction Pipeline Report

Quarterly Reports **No Action Required**

17 (Staff is available for questions)

- Quarterly Board Report

Announcements and Adjournment **Discussion Only**

Confirmation of Upcoming Board Meetings

- June 13, 2022 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- June 21, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting – Taos, NM)
- 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)

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Special Board Meeting Minutes
344 4th St. SW, Albuquerque, NM
March 2, 2023 at 2:00 p.m. (virtual meeting)

Chair Reyes convened the meeting on March 2, 2023 at 2:10 p.m. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Gideon Elliot (designee for Attorney General Raúl Torrez), Martina C'de Baca, (designee for Lieutenant Governor Howie Morales), Rebecca Wurzburger (joined the meeting at 2:12 a.m.), Patricia Sullivan and Derek Valdo. Absent: Treasurer Laura Montoya. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

Chair Reyes welcomed Board members and staff. He informed everyone that the meeting is being recorded, making reference to the recording microphone sensitivity. Chair Reyes then provided voting protocol for Board Members due to virtual participation.

Approval of Agenda – Board Action. Motion to approve the March 2, 2023 board agenda as recommended: Elliot. Second: Sullivan. Roll call vote: Reyes, C'de Baca, Elliot, Valdo, Sullivan. 5-0.

Closed Session **Action Required**

Chair Reyes stated that next on our agenda is Action Item one, Acquisition of Real Property. Board Legal Counsel has advised the Board to discuss this item in closed session pursuant to Section 10-15-1(H)(8) of the Open Meetings Act

He asked for a motion to close the meeting for the sole purpose of discussing the Acquisition of Real Property. Sullivan. Second: Valdo. Vote: 6-0.

Chair Reyes asked if there are any discussions regarding the motion to close the meeting for the sole purpose of discussing Action Item one, Acquisition of Real Property? Seeing none, all those in favor say aye, opposed same sign. The motion carries and the Board will now enter closed session. Vote: 6-0. Chair Reyes asked everyone except the Board members present, Board counsel, Policy Committee and MFA's Real Estate Broker Tom Jenkins and Bevin Owens to leave the room. Time 2:15 p.m. He then asked staff to terminate the recording and webcast at this time.

Present in Closed Session were the following persons: Chair Reyes, Member Valdo, Member Sullivan, Member Wurzburger, Proxy Elliot, Proxy C'de Baca, Izzy Hernandez, Jeff Payne, Lizzy Ratnaraj, Tom Jenkins Bevin Owens and general counsel Eleanor Werenko.
*Treasurer – excused absence.

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

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

Closed session discussion ended at 2:37pm

Open Session **Action Required**

At 2:40 p.m. Chair Reyes requested a motion to re-open the meeting; Elliot: Second: Wurzburger. He further inquired if there is any discussion regarding the motion to open the meeting? Seeing none, Roll call vote: Reyes, Elliot, C'de Baca, Valdo, Wurzburger and Sullivan. Vote: 6-0. The motion carries and the Board is now in open session.

Chair Reyes confirmed that the Board is now convened in open session, that the webcast and recording are running again, and made the following statement: Chair Reyes stated that the Board met in closed session and discussed only the Acquisition of Real Property matters that were identified in the agenda item one. No other issues were discussed, and no actions were taken.

2 **Approve Purchase Agreement Related to Acquisition of Real Property (Chair Angel Reyes).** Hernandez informed the Board that staff had two recommendations. The first recommendation is for the approval of the purchase and sale of real property located at 7425 Jefferson St., NE, Albuquerque. NM 87109, Bernalillo County, New Mexico, in the amount of $10M from Titan Tiburon, LLC. Motion to approve the Purchase Agreement Related to Acquisition of Real Property as presented: Wurzburger. Second: Elliot: Roll call vote: Reyes, Elliot, C'de Baca, Valdo, Wurzburger and Sullivan. Vote: 6-0.

3 **Approve Real Property Financing Resolution (Chair Angel Reyes)**. Hernandez then presented the second recommendation, approval of financing for the same building utilizing the best financing execution available to MFA. Valdo. Second: Wurzburger; Roll call vote: Reyes, Elliot, C'de Baca, Valdo, Wurzburger and Sullivan. Vote: 6-0.

Chair Reyes thanked staff, counsel, Tom Jenkins and Doug Heller for all their hard work in getting us to this point; recognizing that we've approved the opportunity to create more working capacity to fulfill the greater need of housing in New Mexico. He further stated that he was gracious to the Board for all their support, engagement and participation and is looking forward to the next steps in this process.

There being no further business the meeting was adjourned at 2:45 p.m.

Approved: April 19, 2023

Chair, Angel Reyes

Secretary, Isidoro Hernandez

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting Minutes
344 4th St. SW, Albuquerque, NM
Wednesday, April 19, 2023 at 9:30 a.m.

Chair Angel Reyes convened the meeting on April 19, 2023 (virtually) at 9:37 Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Derek Valdo, Martina C'de Baca (designee for Lieutenant Governor Howie Morales) (joined meeting at 9:45 a.m. Via conference call), Treasurer Laura M. Montoya, Rebecca Wurzburger and Patricia Sullivan. Absent: Gideon Elliot (designee for Attorney General Raúl Torrez). Hernandez informed the Board that the public had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

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

Approval of Agenda – Motion to approve the April 19, 2023 board agenda as recommended: Wurzburger. Second: Sullivan. Vote: 5-0.

Approval of March 15, 2023 Board Meeting Minutes – Board Action. Motion to approve the March 15, 2023 Board Meeting Minutes as presented: Montoya. Second: Wurzburger. Vote: 5-0.

Hernandez welcomed, Board, staff and guests. He provided the following Board updates: Good news Delinquencies 9.22 have decreased significantly, (3/23) vs 12.01 (1/23) & 15.67% (3/20). Mortgage Ops continue to be behind last year's production – (Weekly Avg) '21 - $11.0m / '22 - $9.3m / '23 - $6.8m (as of 4/10/23) but these few weeks have seen increased production. **Significant meetings/presentations:** 3/17: NM Homebuilders Board Meeting. 3/22: Tribal Clean Energy Infrastructure mtg. – Senator Shendo. 3/23: Allocation Review Committee Meeting good news; no appeals, awards will come to the May board mtg. for approval. 3/27-29: NCSHA Legislative Conference; meeting w/NM Delegates. 4/11: Las Cruces Housing Roundtable (Sen. Heinrich). **Upcoming Actions/Activities:** 4/19: NWCOG Board Meeting. 4/21: Espanola Housing Summit. 4/28: Gallup Housing Summit. 5/04: NM Housing Strategy Advisory Committee Meeting. 5/04: GAHP 30th Anniversary. 5/16: State Board of Finance Mtg – HTF Presentation. He then went over the graphs provided stating that delays in housing development; due to financing vs. supply chain issues (approximately 62%), the Resale Prices show NM holding steady; unlike other areas of the country. He made reference to the housing articles, indicating the press picked up the press release regarding MFA's $2.2m funding that the Board allocated at last month's meeting.

C'de Baca joined the meeting during the presentation of Tab 1 at 9:45 a.m.

Other

1 **2023 Regular Legislative Session Outcomes (Robyn Powell and John Anderson).** Powell began by introducing John Anderson. Anderson began his presentation by complimenting Powell on being a great partner and doing a great job during the session. He then provided information on the outcomes of the 2023 60-day Legislative Session for the 2023 housing initiatives provided behind tab one, which will be made a part of the official board packet. Anderson spoke about what was important to MFA and why we were successful. One of the greatest keys was Senator Rodriguez, who works harder than anyone in the legislature and serves as Vice Chair of the Senate Finance Committee. He further spoke about what an incredible staff and reputation MFA has. Anderson stated that part of next year's strategy is to begin by meeting with the Governor to go over her agenda with regards to HB414. Chair Reyes thanked the team for their diligence, efforts and contacts. He also thanked the Board members for their advocacy. He stated that we need to continue doing great work and make sure that we're telling our story. The more we interact with the legislators and the governor's office they will realize what we do, and they'll see the value to what we're doing, it's important for us to continue to sound that message. We have mutual interest in improving housing opportunities in New Mexico. Powell thanked Anderson for facilitating so much of what we did during the session and spoke to how meeting with various legislators and educating them on what it is we do and the good work that we do really resonates with them, and they understand what we do. It was a great opportunity; MFA's reputation definitely holds weight and was happy to be a part of it. Non Action Item.

2 **Approval of Updated Resolution to Approve Facsimile Signatures for Note Endorsements (Jeff Payne) – Finance Committee.** Staff recommends the approval and adoption of the updated, attached board resolution allowing the use of facsimile signature stamps to endorse the mortgage loan notes at the time of purchase from participating lenders.

Chair Reyes confirmed that all board members agree to approve the consent agenda item tab two Approval of Updated Resolution to Approve Facsimile Signatures for Note Endorsements, seeing and hearing no objections he asked for a motion. Wurzburger made the motion to approve the consent agenda in its entirety: Second: Montoya. Vote: 6-0.

Finance Committee

3 **External Audit Services RFP (Yvonne Segovia & Joseph McIntyre).** Lizzy Ratnaraj introduced Joe McIntyre as the Controller Designee who joined MFA two weeks ago. He will eventually ease into Yvonne's position. She then provided his education/certifications as well as work experience. Segovia began her presentation by providing background information provided in the memo located behind tab four, which will become a part of the official board packet. She informed the Board that on March 17, 2023 the New Mexico Office of the State Auditor (OSA) directed the MFA to seek proposals for the financial and compliance audit for the fiscal year ended September 30, 2023. Staff recommends the approval of the Request for Proposal for External Audit Services. Responses will be due to MFA by May 12, 2023 and recommendations for the award will be presented at the June Board meeting. The term of this Request for Proposal is for one year with three one-year extensions at the Board's option. There are no remaining extensions to the award approved by the Board on June 19, 2019. She further informed the Board that General Counsel has reviewed the RFP. Segovia reviewed the summary of the major changes from the RFP issued in 2019. Motion to approve the External Audit Services RFP as presented: Wurzburger. Second: Valdo. Vote: 6-0.

Contracted Services/Credit Committee

4 **Biannual Compliance Activity Report – November 2022- April 2023 (Julie Halbig).** Halbig began her presentation by informing the Board the compliance activities report is intended to provide information to the Board regarding compliance management activities and the results of related oversight of MFA's Homeownership and Servicing departments, including subservicing oversight. She reviewed the memo located behind tab four which will be made a part of the official board packet. She stated the activities described in this report cover November 2022 - April 2023. Halbig informed the Board that the following report will focus on the following areas: Vendor Management. Subservicing Oversight, Loan Quality Control and Regulatory Compliance, she also reviewed the total Homeowner Assistance Funds (HAF) distributed. She reported that during this reporting period, we are effectively managing compliance in these areas and there were no significant compliance concerns identified. Motion to approve the Biannual Compliance Activity Report – November 2022- April 2023 as presented: Montoya. Second: Sullivan. Vote: 5-0 then changed to 6-0. (lost audio with C'de Baca during the vote; later during tab 7; she explained that she could hear but lost audio and voted in favor of items 4 Biannual Compliance Activity Report – November 2022- April 2023 & 6 Peachtree State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds).

5 **Vista de Socorro-Tax Credit Assistance Program (TCAP) Grant Request (Tim Martinez and Kathryn Turner).** Martinez began by informing the Board that Jeff Curry, Director of Development from The JL Gray Company was present at today's meeting. Martinez presented a recommendation for approval from the Board for a Tax Credit Assistance Program (TCAP) grant request in the amount of $1M for Vista de Socorro, located in Socorro, New Mexico. Vista de Socorro is a New Construction project that will create 32 income-restricted rental units consisting of one- and two-bedroom units. The 32 income-restricted units will be reserved for households earning 30% of the Area Median Income (AMI), 50% of the AMI, and 60% of the AMI. All 32 units will receive rental assistance from Section 8 Project-Based Vouchers. Additionally, 20% of the units will be set-aside for Permanent Supportive Housing for individuals and/or households who are disabled, experiencing homelessness, or at-risk of homelessness. Motion to approve the Vista de Socorro-Tax Credit Assistance Program (TCAP) Grant Request as presented: Montoya. Second: Wurzburger. Vote: 6-0.

6 **Peachtree State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds (Ted Chavez and Robyn Powell).** Chavez began his presentation by introducing Thomas Development Group; Johnathan and Tom Andrews who were present at the meeting. Chavez continued with a request for approval for a new construction

project in the amount of $1,250,000 for Peach Tree Canyon located at 7081 N. Jornada Road, Las Cruces, NM. The site is approximately 6.5 acres and is located in a Planned Unit Development, which permits multi-dwelling residential complexes. The affordable housing community will consist of 144 living units, with one, two and three bedroom units. The project will have a total of 100% of the restricted units below 60% AMI and will meet the requirements of the Households with Children priority. He further informed the Board that the Peach Tree Canyon State application does comply with all the minimum Qualifications and requirements and scored an accumulative score of 81.5%. Motion to approve the Peachtree State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds as presented: Wurzburger. Second: Sullivan. Vote: 5-0 then changed to 6-0. (lost audio with C'de Baca during the vote; later during tab 7; she explained that she could hear but lost audio and voted in favor of items 4 Biannual Compliance Activity Report – November 2022- April 2023 & 6 Peachtree State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds).

7 **Pedrena State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds (Ted Chavez and Robyn Powell).** Chavez began his presentation introducing Angie Ferguson; Thomas Development Group who was present at the meeting. Chavez continued with a request for approval for a new construction project in the amount of $2,000,000 Pedrena Apartments located in Las Cruces, New Mexico. It will consist of 80 units. The unit mix, which will be identified in the recorded Regulatory Agreement, will serve households with incomes ranging from 30% to 60% of the area median income. The residents of Pedrena Apartments will be senior citizens, most of which will be receiving Social Security benefits. It is common that some residents will be receiving disability benefits, Veteran's Affairs benefits, Medicare benefits, and other federal benefits. He further informed the Board the Pedrena Apartments NOFA application did comply with all the minimum Qualifications and requirements and scored an accumulative score of 79.92%. Motion to approve the Pedrena State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds as presented: Montoya. Second: Valdo. Vote: 6-0. (During tab seven C'de Baca explained that she could hear but lost audio and also voted in favor of items 4 & 6).

8 **North Central NM Economic Development District (NCNMEDD) Housing (Workforce Integrated Network WIN Project) State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds (Ted Chavez and Robyn Powell).** Chavez began his presentation by providing background information regarding the Workforce Integrated Network Program from the memo located behind tab eight. The WIN program is a job placement program that seeks to provide 1,200 job placements in healthcare and skilled trade sectors, in large part by placing persons exiting substance abuse programs or the criminal justice system. He then made a request in the amount of $2,700,000 to NCNMEDD to provide housing to the target population of the grant because housing is not an eligible use of the Good Jobs Challenge Grant funds. Funding would be used to acquire and renovate housing options in Santa Fe, Taos, Espanola, Raton and Las Vegas for use by those persons who are in the WIN program. NCNMEDD plans to acquire rental housing from these hub communities, including existing buildings, homes and multi-family dwellings which can be renovated as group homes, or apartments. He further informed the Board the NCNMEDD NOFA application did comply with all the minimum qualifications and requirements and scored an accumulative score of 81.6%. Motion to approve the North Central NM Economic Development District (NCNMEDD) Housing (Workforce Integrated Network WIN Project) State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds as presented: Sullivan. Second: Wurzburger. Vote: 6-0.

9 **Encino Gardens State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds (Ted Chavez and Robyn Powell).** Chavez began his presentation introducing Juan Rivera and Christine Standly, ED of Encino Gardens who were present at the meeting. Chavez continued with a request for approval for an acquisition/rehab project located at 412 Alvarado Drive, Albuquerque, New Mexico, 87108. The project is currently and will continue to be reserved for senior households. Encino Gardens consists of two 5-story multifamily apartment buildings of approximately 127,056 square feet and containing a total of 165 apartments. The property is 100% Section 8 Senior Housing with project-based vouchers and remains fully occupied with a waiting list. He further informed the Board the Encino Garden application did comply with all the minimum qualifications and requirements (see Exhibit A) and scored an accumulative score of 100%. Discussion ensued regarding grandparents raising grandchildren, permanent situation. ED Standly advised the Board that presently grandchildren/guests are allowed to visit temporarily. Member Sullivan stated this is a situation where the grandparent takes custody/legal guardian of their grandchildren and had concerns of the family being displaced and inquired as to how long is "temporary" and how long do they have to relocate. Standly advised the Board that she would have to get back to them with this

information. Motion to approve the Encino Gardens State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds as presented: Sullivan. Second: Valdo. Vote: 6-0.

10 **San Felipe Pueblo Housing Authority (SFPHA) State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds (Ted Chavez and Robyn Powell).** Chavez began his presentation introducing Isaac Perez, San Felipe Pueblo Housing Authority who was present at the meeting. Chavez continued with a request for approval of a Roof Replacement and Repair program in the amount of $350,000. San Felipe Pueblo Housing Authority is requesting funds to support emergency roof replacements/repairs. He further stated that SFPHA's Program Manager has an on-file waiting list of over 25 low-moderate income level qualified applicants that need emergency roof replacement or repairs. Initial walk-thru assessments have been completed. The SFPHA has a Tribal Work Force Account consisting of over 40 construction workers that are available to start the project. Through a competitive bidding process, they have 2 licensed roofing companies on hand. A roofing demolition crew has been projected and is available immediately. The Project Manager anticipates that all assessments/scope of work estimates will be completed within 2-3 weeks of potential award. SFPHA plans to complete all work within 90-150 days of the award. He stated per the Scoring Committee review on February 27, 2023, the San Felipe Pueblo application did comply with all the minimum qualifications and requirements and scored an accumulative score of 100%. Isaac Perez thanked the Board and MFA for the continued support, explaining his mission with San Felipe Pueblo Housing Authority. Chavez further informed the Board San Felipe Pueblo application did comply with all the minimum qualifications and requirements and scored an accumulative score of 100%. Motion to approve the San Felipe Pueblo Housing Authority State and Local Fiscal Recovery Funding NOFA Recommendation to Award Funds as presented: Wurzburger. Second: Montoya. Vote: 6-0.

Hernandez provided a couple of comments with regards to the allocations of funds for the FY2023 Recurring Severance Tax Bond Funding. A lot of considerations were taken into account; some of the considerations taken in allocating the funds to the various activities were; the Governor's priorities – (Single Family development), leverage requirements, program income generation to continue growing fund and meeting needs, capacity to execute funds timely, statewide coverage and existing funding.

11 **FY2023 Recurring Severance Tax Bond Funding Resolution Notification and Certification and Allocation Recommendation (Robyn Powell).** Powell thanked Hernandez and continued with staff's recommendation that the Board adopt the New Mexico Mortgage Finance Authority Resolution, Notification and Certification to the New Mexico State Board of Finance certifying the need for funding in the amount of $37,530,000 for state fiscal year 2023-2024 and will be submitted to State Board of Finance (SBOF). She further explained that there is an ability to move the monies (5% cap) within the seven large buckets identified in exhibit A, which is located behind tab 11 and will be made a part of the official board packet. They are intended to have flexibility without the need to go through the administrative process of recertification. She stated that underlying those seven large buckets there are other programs where the funding will be further allocated; stating we don't have to provide that level of detail on those amounts. Staff is working internally on the accounting and programmatic controls, processes and procedures required to administer the funding, and have dedicated staff managing the funding. Discussion ensued on using these funds on transformational things; to move the needle, not just use to backfill existing programs (i.e., use for workforce housing). Capacity of service providers. Powell further stated that the funds have to be allocated in one year and expended by two years. Motion to approve as trustee of the New Mexico Housing Trust Fund the FY2023 Recurring Severance Tax Bond Funding Resolution Notification and Certification and Allocation Recommendation as presented: Montoya. Second: Wurzburger. Vote: 6-0.

12 **Direct Services Proposal (Gina Bell).** Bell began her presentation with a request for approval for the development and implementation of an MFA Direct Services Pilot Program (DSPP) for home rehabilitation. MFA has administered the HOME Rehabilitation program since 1997, in partnership with eligible nonprofit agencies, housing authorities, tribal housing authorities and local governments. Although this is a statewide program, there have not been enough service providers interested or able to provide the services to all counties. She provided background information from the memo located behind tab 12, which will become a part of the official board packet. The HOME Rehabilitation program currently has five service providers who cover 12 counties. Two of the five service providers provide services only on Native American land (See map, Exhibit A, located behind the memo). In addition, there are two agencies that have expressed interest in expanding their current Home Rehabilitation program to unserved

counties. MFA expects that the interested agencies will respond to the HOME Rehab NOFA that will be released in May and those additional counties will be served through that process. She further informed the Board that MFA will not compete with qualified service providers. Therefore, after funds are awarded through the NOFA, the Direct Service Program will only concentrate on unserved counties to provide these services. She reviewed the sections of the memo that include monitoring of the homes in process; counties being currently served, and which counties direct services would cover; funding sources and timeline. Staff is proposing that the complete applications we receive would determine which counties are served first. She concluded by stating we look forward to this new venture to help underserved communities in New Mexico. Chair Reyes inquired about the number of staff within the program. There are currently three individuals; with intent to hire more as the program grows. Motion to approve the Direct Services Proposal as presented: Sullivan. Second: Wurzburger. Vote: 6-0.

13 **Approval Restoring Our Communities (ROC) Program and Notice of Funding Availability (NOFA) Approval (Theresa Laredo-Garcia).** Laredo-Garcia began her presentation with a recommendation for approval of the Restoring Our Communities program (ROC) and corresponding NOFA to promote much needed affordable housing throughout the state while improving communities impacted by vacant or abandoned homes. The program will provide funding for the acquisition, rehabilitation, and resale of single-family properties with a goal to increase homeownership opportunities for low-moderate and middle-income households. The program also provides homebuyer assistance for qualified homebuyers. She provided background information from the memo located behind tab 13, which will become a part of the official Board packet. An allocation of New Mexico Housing Trust funds in the amount of $2,000,000 will be used initially to fund the program. The NOFA will remain open as long as there are available funds. She reviewed the following sections within the memo; scoring criterion for Service Provider Application, and Project Applications. Discussion ensued regarding choosing areas with greatest need/less expensive homes; maximize our investments. Chair Reyes referenced the Neighborhood Stabilization Program (NSP) and how successful that was. The question arose if this is new NMHTF monies from the new monies approved FY2023 Recurring Severance Tax Bond Funding; and whether this would preclude MFA from being involved in something we set the criteria for. Motion to approve the Restoring Our Communities (ROC) Program and Notice of Funding Availability (NOFA) - Approval with the guidance of general counsel/Elleanor Werenko: Montoya. Second: Valdo. Vote: 6-0.

14 **2023 Annual Action Plan (Sherry Stephens).** Stephens began her presentation with a request for final approval and acceptance of the draft 2023 Annual Action Plan. Stephens provided a timeline and allocations informing the Board that it is due in May in order to meet HUD regulations prior to the July 1 program year. HUD regulations stipulate that all planning documents are submitted 45 days before the beginning of the program year. She further informed the Board that the formula allocations for CDBG- $11,231,021 , HOME - $5,967,476, ESG-$ 1,208,579, and HOPWA - $1,423,600 have been released. NHTF allocation is different from the other four formulas this year and based on funding through mandatory set aside amounts from Fannie Mae and Freddie Mac. The allocation is projected to be public in late April 2023. It is customary to enter into the phases of citizen participation plan and presentations to ensure timelines are met and then adjust funding percentages when allocations are public. She stated that MFA is currently in the 30 day public comment period which began March 20, 2023 and ends April 20, 2023. Motion to approve the 2023 Annual Action Plan as presented: Wurzburger. Second: Montoya. Vote: 6-0.

<u>Other Board Items - Information Only</u>

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

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

<u>Monthly Reports - No Action Required</u>

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

- 2/28/23 Financial Statements

Announcements and Adjournment - Confirmation of Upcoming Board Meetings. Executive Director Hernandez stated that staff would need approximately 20 minutes to rearrange the room for the Strategic Planning Board Training following the Board meeting.

There being no further business the meeting was adjourned at 11:43 p.m.

Approved: May 17, 2023

Chair, Angel Reyes

Secretary, Isidoro Hernandez

NEW MEXICO MORTGAGE FINANCE AUTHORITY
MFA Board of Directors Minutes - Study Session
Board Meeting Minutes – Strategic Planning
344 4th St. SW, Albuquerque, NM
Wednesday, April 19, 2023

The meeting convened at 12:11 p.m. Members present: Chair Angel Reyes, Derek Valdo, Treasurer Laura M. Montoya, Martina C'de Baca (Designee for Lt. Governor Howie Morales (virtual), Rebecca Wurzburger and Patricia Sullivan. Members Absent: Gideon Elliot (Designee for Attorney General Raúl Torrez). Hernandez informed the Board that the public has been informed about today's meeting, in accordance with the New Mexico Open Meetings Act.

Staff in attendance included: Izzy Hernandez, Lizzy Ratnaraj, Jeff Payne, Robyn Powell, Julie Halbig, Paul Dahlgren, Sonja Unrau, Dominique Zuni and Sandra Marez.

General Counsel: Eleanor Werenko.

On Wednesday, March 19, 2023 the Board of Directors of the New Mexico Mortgage Finance Authority ("MFA") conducted a study session following the MFA Board of Directors meeting to provide an overview of the actions taken by the Board that correlate with strategies in the New Mexico Housing Strategy, to provide information on the revised strategic plan, and receive feedback from the Board in order to finalize. There will be no action taken by the Board at this time.

Hernandez provided an overview of the meeting agenda which includes an update on the New Mexico Housing Strategy and a strategic planning discussion. Hernandez encouraged the board to provide feedback and guidance to staff as we work to implement the housing strategy, work on outreach and communications, and continue to provide housing opportunities. Hernandez stated that MFA needs to do better in communications and marketing by telling the good story, as the Board has previously mentioned. Additionally, our culture for continuous improvement has surfaced some activities that will help us in continuing to accomplish our mission to include planning for the Severance Tax Bond (STB) recurring funds. Hernandez stated this is also an opportune time to review the NM Housing Strategy and align the actions MFA is taking with the strategies and goals identified therein.

The plan of action between now and the end of the year is a draft that will be finalized after the Boards feedback.

Staff then reviewed the power point presentation that focused on the Housing Strategy updates, board actions that relate to the strategies, and the outcomes from the board actions (e.g., programs, expenditures, projects). Staff also discussed policy changes that resulted from the most recent legislative session.

Treasurer Montoya recommended that we send out all the amazing MFA accomplishments to legislators, agency directors, council persons, city managers, mayors, contractors etc. so they keep seeing our name. Including them in our distribution will ensure they remember us as we have to go before them in future.

Some takeaways/actionable items from the study session included; continuing to tell our story/impact of MFA, provide an overlay of the HTF allocations compared to the need, provide a report to address how efficiently MFA is administering these funds, report on data points to highlight needs across the housing continuum, and provide personal stories from beneficiaries (human interest component) paired with data, Additional discussion and guidance included, MFA being deliberate in its language and clear in the distinction between "affordable" and "workforce" housing to overcome the stigma of subsidized housing programs. MFA should emphasize the connection between housing and economic development: New Mexico cannot prosper without safe, decent housing for its workforce. MFA should continue strategic engagement with stakeholders and partners, focusing on legislators and local government officials. MFA should not get stuck on the word "affordable" and "brand" ourselves as "housing for New Mexicans." MFA needs to be aware that there will be lots of eyes on the NM HTF and be prepared to report on outcomes and performance metrics.

Hernandez informed the Board that as part of these outreach efforts we are looking to have more out of town board meetings and need the Boards commitment and spoke to what some of these meetings might entail and that they would require a commitment of 1½ - 2 days.

There being no further business the meeting was adjourned at 1:57 p.m.

Approved: **May 17, 2023**

Chair, Angel Reyes

Secretary, Izzy Hernandez

Annual Report

New Mexico Mortgage Finance Authority

MAJOR MARKET INDICES (AS OF 3/31/2023)

	2023		Annualized			P/E Ratio
Domestic Equity	**Q1**	**YTD**	**1 Year**	**5 Year**	**10 Year**	**TTM**
S&P 500	7.5%	7.5%	-7.7%	11.2%	12.2%	20.62
Russell 3000	7.2%	7.2%	-8.6%	10.5%	11.7%	19.45
Russell 1000 Value	1.0%	1.0%	-5.9%	7.5%	9.1%	15.82
Russell 1000 Growth	14.4%	14.4%	-10.9%	13.7%	14.6%	26.98
Russell 1000	7.5%	7.5%	-8.4%	10.9%	12.0%	20.13
Russell 2000	2.7%	2.7%	-11.6%	4.7%	8.0%	11.38
Russell 2500	3.4%	3.4%	-10.4%	6.6%	9.1%	12.97
	2023		**Annualized**			**P/E Ratio**
International Equity	**Q1**	**YTD**	**1 Year**	**5 Year**	**10 Year**	**TTM**
MSCI ACWI Ex US	7.0%	7.0%	-4.6%	3.0%	4.7%	12.84
MSCI EAFE	8.6%	8.6%	-0.9%	4.0%	5.5%	13.69
Emerging Markets	4.0%	4.0%	-10.3%	-0.5%	2.4%	11.11
	2023		**Annualized**			
Fixed Income	**Q1**	**YTD**	**1 Year**	**5 Year**	**10 Year**	**Yield**
Barclays Aggregate	3.0%	3.0%	-4.8%	0.9%	1.4%	4.4%
Barclays Universal	2.9%	2.9%	-4.6%	1.0%	1.6%	4.8%
	2023		**Annualized**			
Other	**Q1**	**YTD**	**1 Year**	**5 Year**	**10 Year**	**Value**
S&P/LSTA Leveraged Loan	3.2%	3.2%	2.5%	3.6%	3.8%	-
FTSE Nareit Equity REITs	2.7%	2.7%	-19.2%	6.0%	6.0%	-
US Dollar	-1.0%	-1.0%	4.3%	2.6%	2.1%	$102.51
WTI	-2.2%	-2.2%	-25.0%	3.6%	-2.5%	$75.21
Gold	8.0%	8.0%	1.7%	8.0%	2.1%	$1,969

- U.S. stock indices posted positive returns in 1Q; however, it was not smooth sailing; strong returns in January were followed by negative results in February and mixed performance across sectors and styles in March.
- Growth outperformed Value, especially after the regional banking scare, which helped to propel Technology stocks over financials.
- International equities also posted solid returns with developed countries outperforming emerging, though China and other parts of Asia were broadly strong.
- Fixed income continued to be volatile (the MOVE index is higher than the VIX) and the yield curve remains inverted with the 2's and 10's ending the quarter with a 58 basis point spread. Longer term rates continue to fall across developed markets, signaling further expectations of recession.
- Gold continued to strengthen on the back of the regional banking crisis.

Source: Koyfin, Morningstar Direct, Callan

Portfolio Review

Fiscal Year and First Quarter 2023 Update

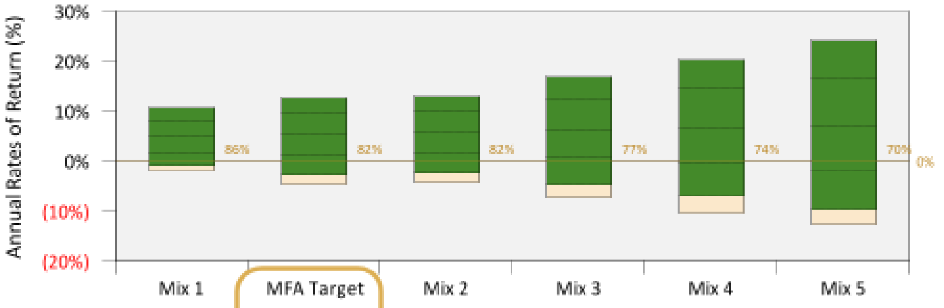
IPS Review

The following tables outline your strategic allocation per your investment policy statement and the associated risk and return characteristics.

NM Mortgage Finance Authority	Strategic Allocation	Upper Limit
Cash	**20%**	**25%**
Traditional Fixed Income	**56%**	**76%**
Domestic Fixed Income	*44%*	*59%*
High Yield Fixed Income	*12%*	*17%*
Non-U.S. Fixed Income	*0%*	*0%*
Capital Growth	**24%**	**44%**
Large Cap U.S. Equity	*11%*	*16%*
Small/Mid Cap U.S. Equity	*5%*	*10%*
International Equity	*8%*	*18%*
Expected Return*	5.3%	
Expected Downside (95th)	-4.5%	

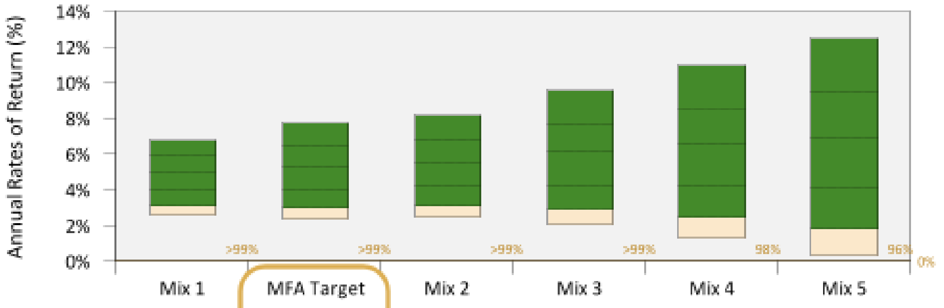
**10 Year Geometric Mean Return*

Range of Projected Rates of Return
Projection Period: 1 Year



	Mix 1	MFA Target	Mix 2	Mix 3	Mix 4	Mix 5
10th Percentile	10.8%	12.9%	13.3%	17.2%	20.5%	24.3%
25th Percentile	8.1%	9.8%	10.2%	12.3%	14.7%	16.7%
Median	5.2%	5.4%	5.7%	6.2%	6.5%	6.9%
75th Percentile	1.8%	1.3%	1.5%	0.7%	(0.4%)	(1.9%)
90th Percentile	(0.8%)	(2.7%)	(2.4%)	(4.6%)	(6.7%)	(9.6%)
95th Percentile	(1.9%)	(4.5%)	(4.3%)	(7.2%)	(10.3%)	(12.7%)
Prob > 0%	86.1%	81.6%	81.7%	77.3%	73.6%	70.1%

Range of Projected Rates of Return
Projection Period: 10 Years



	Mix 1	MFA Target	Mix 2	Mix 3	Mix 4	Mix 5
10th Percentile	6.8%	7.8%	8.2%	9.6%	11.1%	12.5%
25th Percentile	5.9%	6.5%	6.8%	7.7%	8.5%	9.4%
Median	5.0%	5.3%	5.5%	6.1%	6.5%	6.9%
75th Percentile	4.0%	4.0%	4.3%	4.3%	4.2%	4.1%
90th Percentile	3.2%	3.0%	3.1%	3.0%	2.5%	1.8%
95th Percentile	2.7%	2.4%	2.5%	2.1%	1.3%	0.4%
Prob > 0%	>99.0%	>99.0%	>99.0%	>99.0%	97.7%	95.6%

Quarterly Review

Asset Allocation

- As of 3/31, cash/short term investments are 5% over the IPS upper limit in anticipation of upcoming drawdowns for NM MFA's building purchase and remodeling.

Outlook:

The Fed encountered a hiccup, or perhaps more of a belch, on its path to combat inflation. Nine consecutive rate hikes, the most rapid in its history, took the Fed Funds rate from roughly 0% to 5% in one year's time. While higher rates are a welcome outcome for fixed income investors (on a going-forward basis), they have had deleterious effects on the longer-term balance sheet holdings of some banks. In March, word of losses at a few banks sparked fears for depositors and led to a bank run that resulted in regulators seizing regional lenders Silicon Valley Bank and Signature Bank. The U.S. Treasury, Federal Reserve, and Federal Deposit Insurance Corporation quickly stepped in and announced measures to provide additional liquidity to banks that needed it and further guaranteed depositors would have access to funds (beyond the $250,000 insured amount) at both banks. A third regional lender, First Republic, also came under significant pressure and a group of larger banks came together in a spirit of unity to provide liquidity.

As of quarter-end, nerves around the health of the U.S. banking system were frayed but fears of contagion were largely allayed. That said, the full impact of the "hiccup" is unknown as lending conditions are expected to tighten and will likely have an adverse effect on businesses and consumers. Despite these events, views are generally that large banks in the U.S. are in reasonably good shape and that this is not a repeat of 2008. However, it is reasonable to expect consolidation among smaller banks and/or increased regulatory scrutiny as these banks are not subject to the same level of regulation as their larger counterparts. While not in the same category, banking woes were on display outside the U.S. and exemplified by the Swiss government's carefully orchestrated purchase of 170-year-old Credit Suisse, one of the "global systematically important banks," by UBS.

Bond markets swiftly reacted to the banking turmoil in the U.S., with the two-year U.S. Treasury Note yield dropping about 100 bps in three business days, the most since the stock market crash in 1987. Its yield was 5.1% on March 8, and dropped to 4.0% by March 13 before closing the quarter at 4.1%. The S&P 500 Index was down about 3.4% over the same period but climbed nearly 7% into quarter-end.

While returns were positive for both stocks and bonds in 1Q23, there was significant intra-quarter volatility in both markets. It was most pronounced within fixed income, partly due to the hiccup mentioned above. The ICE BofA MOVE Index (commonly used to assess volatility in the U.S. Treasury market) spiked to levels not seen since 2008. Notably, stock and bond markets are painting two different pictures. The inverted U.S. Treasury yield curve suggests that bond market investors are expecting both rate cuts and a slowdown while stock markets do not appear to be priced for an economic downturn.

The Fed's 25 bps hike in March was seen as a "dovish" hike reflecting the uncertainty around the degree to which tighter lending conditions for consumers and businesses could lead to slower growth. This hike brought the Fed Funds rate to 4.75% - 5.0% with a unanimous vote. The last time that the Fed Funds rate was at this level was the fall of 2007. Notably, Chairman Jerome Powell softened language around the potential for future rate hikes, raising the possibility that the Fed may take a pause to assess the fallout from the stress seen in small/mid-sized banks. That said, the Fed's median expectation for the Fed Funds rate at year-end remains 5.1%, while market expectations are lower. As of quarter-end, futures markets were pricing in rate cuts of 50-75 bps before year-end.

Growth is expected to slow; the questions are how much, for how long, and, more importantly, what the impact on inflation will be. The U.S. economy grew 2.6% in 4Q, down slightly from the initial estimate of 2.9%. As of quarter-end, the Atlanta Fed's GDPNow forecast for 1Q GDP growth was 2.5%. Fed projections released at its March meeting show a 0.4% GDP real growth rate for the full year, implying a sharp slowdown in future quarters from the likely 1Q print.

Quarterly Review

Outlook, cont'd…

The Fed expects inflation to fall; the median expectation for the Core PCE Index is 2.6% in 2024 and 2.1% in 2025. Markets also expect inflation to trend lower; the five-year breakeven spread (the difference in yields between five-year U.S. Treasuries and five-year U.S. Treasury Inflation Protected Securities) was 2.4% as of quarter-end.

While inflation has moderated, it remained well above the Fed's 2% target. The CPI rose 6.0% in February (year-over-year) but this was the least since September 2021. The Fed's favored measure (Core PCE) was up 4.6% for the same period, down just a tad from 4.7% in January. Much of the inflation has come from the services sector as consumers have been spending money saved during the pandemic. February service sector inflation was 7.6%, the highest since 1982, and it accounts for about 60% of the broad index. Shelter costs, which comprise a significant part of the CPI, were up 8.1%.

The labor market continued to show resilience despite large layoffs in the tech sector. Unemployment was 3.6%, not far from the February 54-year low of 3.4%. The Fed expects unemployment to climb; the median projection is 4.5% in 2023 and 4.6% in 2024 and 2025. Over the past 12 months, average hourly earnings grew 4.6%, but the February increase was the smallest in one year.

After a grim 2022, stock and bond markets provided a reasonable start to the year despite the unforeseen swoon in the banking sector that muddies the picture going forward as it relates to both the impact of tighter lending conditions for businesses and consumers and the Fed's next moves. Perhaps not surprising, equity and fixed income markets appear to differ in their views, with equity investors being more sanguine/optimistic than bond investors. Thus far, the economy appears to have weathered the most rapid Fed rate hikes in history with only a hiccup, but it remains to be seen if deeper and more profound effects will be revealed. At the very least, the Fed has been forced to add a third consideration to its twin mandates of managing inflation and employment—financial stability. Further, geopolitical tensions, weakness in Europe, a continuing war in Ukraine, and a looming debt ceiling provide additional fodder for an uncertain and likely volatile remainder of the year. With this in mind, we continue to recommend a disciplined investment process that includes a well-defined long-term asset-allocation policy.

Portfolio Review FY 9.30.22 – Total Portfolio

Activity Summary

	Quarter To Date	Last 12 Months	Since Inception
Beginning Value	78,516,413.06	81,410,152.89	0.00
Net Additions	-674,087.01	1,510,446.27	82,546,353.41
Net Gain	-1,585,843.57	-6,664,116.68	-6,289,870.93
Ending Value	76,256,482.48	76,256,482.48	76,256,482.48

- NM MFA has provided Ulrich with historical data from 6/1/2021 ("since inception").
- Prior to 1/1/2023, performance available on SIC investments only ("supervised assets").

Return Summary Supervised Assets

	Quarter To Date	Last 12 Months	Since Inception
Return Supervised Assets Only	-4.8%	-17.9%	-13.1%[1]
Super Class Blended Benchmark Return	-5.4%	-17.2%	-12.8%
Class Blended Benchmark Return	-5.3%	-16.9%	-12.6%

[1] Annualized return

Account Value

	Ending Value
New Mexico Mortgage Finance Authority Total Portfolio	**76,256,482.48**
Supervised	31,218,817.02
MFA Housing Trust Fund	12,814,599.20
MFA Long-Term Investments	18,404,217.82
Unsupervised	45,037,665.46
MFA Intermediate-Term Investments	26,579,227.58
MFA Long-Term Investments	3,125,330.45
MFA Short-Term Investments	15,333,107.43

Cumulative Market Value

Portfolio Review FY 9.30.22 – General Fund

Activity Summary

	Quarter To Date	Last 12 Months	Since Inception
Beginning Value	65,206,171.56	64,675,269.91	0.00
Net Additions	-734,154.26	3,204,965.33	67,728,350.18
Net Gain	-1,030,134.02	-4,438,351.96	-4,286,466.90
Ending Value	63,441,883.28	63,441,883.28	63,441,883.28

- NM MFA has provided Ulrich with historical data from 6/1/2021 ("since inception")
- Prior to 1/1/2023, performance available on SIC investments only ("supervised assets")

Return Summary Supervised Assets

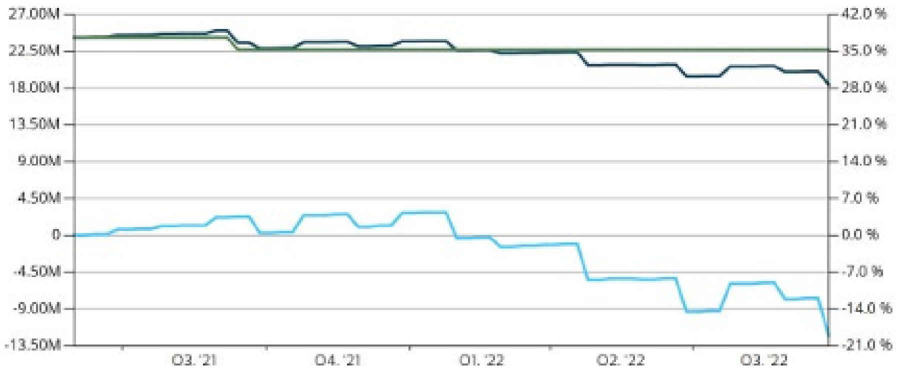
	Quarter To Date	Last 12 Months	Since Inception
Return Supervised Assets Only	-5.3%	-19.4%	-14.6%[1]
Super Class Blended Benchmark Return	-6.1%	-18.7%	-14.2%
Class Blended Benchmark Return	-5.8%	-18.4%	-14.0%

[1] Annualized return

Account Value

	Ending Value
New Mexico Mortgage Finance Authority General Fund	**63,441,883.28**
Supervised	18,404,217.82
MFA Long-Term Investments	18,404,217.82
Unsupervised	45,037,665.46
MFA Intermediate-Term Investments	26,579,227.58
MFA Long-Term Investments	3,125,330.45
MFA Short-Term Investments	15,333,107.43

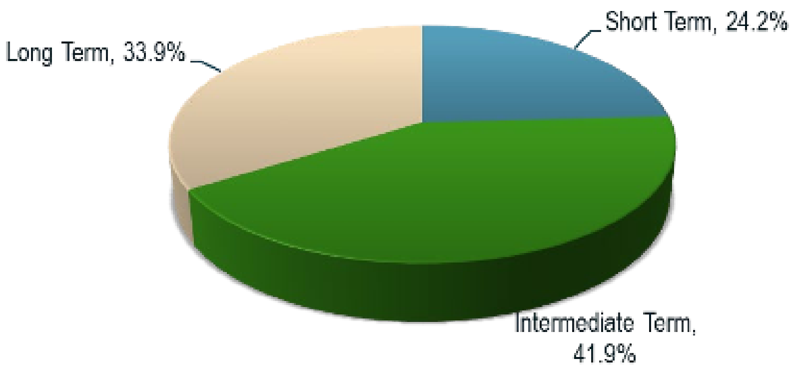
Cumulative Market Value



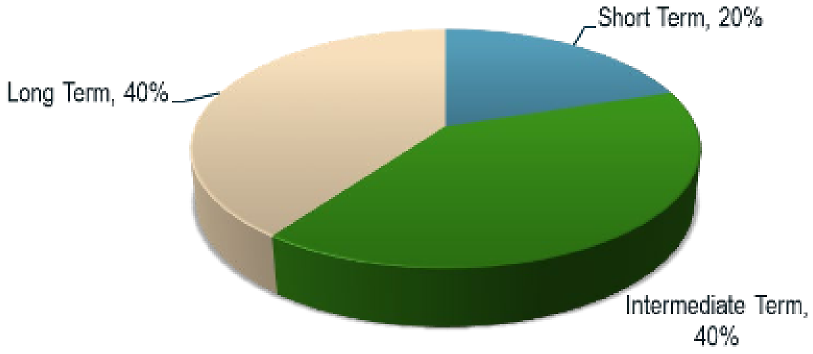
Portfolio Review FY 9.30.22 – General Fund

Asset Class	Actual $000s	Actual %	Target %	Maximum Allocation	Over/Under Target %	Over/Under $000s
Short Term	**$15,333**	**24.2%**	**20%**	**25%**	**4.2%**	**$2,645**
LGIP	*$10,677*	*16.8%*	*6%*	*11%*	*10.8%*	*$6,870*
Cash Held for Ops/Warehoused MBS	*$4,657*	*7.3%*	*14%*	*19%*	*-6.7%*	*($4,225)*
Intermediate Term	**$26,579**	**41.9%**	**40%**	**45%**	**1.9%**	**$1,202**
Bond Ladder	*$15,997*	*25.2%*	*27%*	*32%*	*-1.8%*	*($1,132)*
Intermediate MFA MBS	*$10,582*	*16.7%*	*13%*	*18%*	*3.7%*	*$2,335*
Long Term	**$21,530**	**33.9%**	**40%**	**45%**	**-6.1%**	**($3,847)**
Long Term MFA MBS	*$3,125*	*4.9%*	*4%*	*9%*	*0.9%*	*$588*
SIC Core Plus Bond Active	*$5,989*	*9.4%*	*12%*	*17%*	*-2.6%*	*($1,624)*
SIC Domestic Large Cap Index	*$5,908*	*9.3%*	*11%*	*16%*	*-1.7%*	*($1,071)*
SIC Small/Mid Cap Index	*$2,716*	*4.3%*	*5%*	*10%*	*-0.7%*	*($456)*
SIC International Developed	*$2,964*	*4.7%*	*6%*	*11%*	*-1.3%*	*($842)*
SIC Emerging Markets	*$826*	*1.3%*	*2%*	*7%*	*-0.7%*	*($443)*
Total Portfolio	**$63,442**	**100.0%**	**100.0%**			

Actual Allocation



Target Allocation



Performance Review FY 9.30.22 – General Fund SIC Funds

Returns for Periods Ended September 30, 2022

	Last Quarter	Year to Date	Last Year	Last 3 Years	Last 5 Years	EAF
Large Cap U.S. Equity						
Domestic Large Cap Index Equity Fund (SIC)	(4.62) (49)	(24.57) (52)	(17.19) (51)	--	--	--
Callan Large Cap	*(4.64)*	*(23.90)*	*(16.68)*	*7.10*	*8.65*	*0.55*
Russell:1000 Index	*(4.61)*	*(24.59)*	*(17.22)*	*7.95*	*9.00*	--
Small/Mid Cap U.S. Equity						
Small/Mid Cap Fund (SIC)	(2.44) (37)	(25.47) (58)	(23.67) (63)	--	--	--
Callan Small/MidCap Broad	*(3.42)*	*(24.40)*	*(19.33)*	*5.81*	*6.22*	*0.80*
Russell:2500 Index	*(2.82)*	*(24.01)*	*(21.11)*	*5.36*	*5.45*	--
International Equity						
Non-US Developed Markets Fund (SIC)	(9.31) (51)	(26.41) (45)	(24.34) (41)	--	--	--
Callan NonUS Dev Broad Eq	*(9.29)*	*(27.04)*	*(25.02)*	*(0.68)*	*(0.32)*	*0.70*
MSCI:EAFE	*(9.36)*	*(27.09)*	*(25.13)*	*(1.83)*	*(0.84)*	--
Non-US Emerging Markets Fund (SIC)	(12.25) (73)	(27.14) (35)	(27.76) (41)	--	--	--
Callan Emerging Broad	*(10.93)*	*(29.16)*	*(29.12)*	*(2.16)*	*(1.71)*	*0.83*
MSCI:EM	*(11.57)*	*(27.16)*	*(28.11)*	*(2.07)*	*(1.80)*	--
Domestic Fixed Income						
Core Plus Bond Funds-Active (SIC)	(4.13) (37)	(15.69) (74)	(15.57) (71)	--	--	--
Callan Core Plus FI	*(4.30)*	*(15.02)*	*(14.93)*	*(2.45)*	*0.41*	*0.30*
Blmbg:Universal	*(4.45)*	*(14.90)*	*(14.92)*	*(3.11)*	*(0.18)*	--

Stoplight Legend

	Last Quarter		Year to Date		Last Year		Last 3 and 5 Years
Top 75%	Green	Top 50%	Green	Top 50%	Green	Top 50%	Green
Bottom 25%	Yellow	Bottom 50%	Yellow	50% to 90%	Yellow	50% to 75%	Yellow
				Bottom 10%	Red	Bottom 25%	Red

Portfolio Review Update as of 3.31.23 – Total Portfolio

Activity Summary

	Quarter To Date	Last 12 Months	Since Inception
Beginning Value	76,000,474.90	78,469,417.27	0.00
Net Additions	-72,388.61	1,141,178.20	80,528,647.93
Net Gain	1,705,700.71	-1,976,808.47	-2,894,860.93
Ending Value	77,633,787.00	77,633,787.00	77,633,787.00

- NM MFA has provided Ulrich with historical data from 6/1/2021 ("since inception")
- Prior to 1/1/2023, performance is available on SIC investments only ("supervised assets").
- Total portfolio performance from 1/1/23 to 3/31/23 was 2.3% vs the policy benchmark return of 3.1%.

Return Summary Supervised Assets

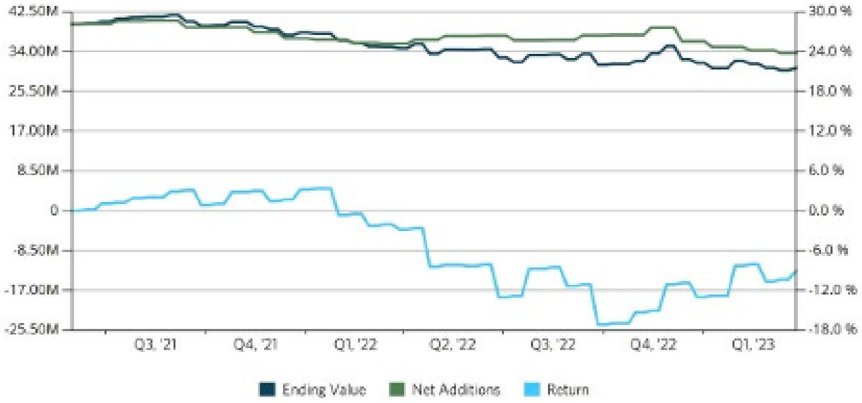
		Quarter To Date	Last 12 Months	Since Inception
Return	Supervised Assets Only	4.5%	-6.4%	-5.1%[1]
Super Class Blended Benchmark Return		4.9%	-5.4%	-4.4%
Class Blended Benchmark Return		4.8%	-5.7%	-4.5%

[1] Annualized return

Account Value

	Ending Value
New Mexico Mortgage Finance Authority Total Portfolio	**77,633,787.00**
Supervised	30,487,349.86
MFA Housing Trust Fund	9,717,932.85
MFA Long-Term Investments	20,769,417.01
Unsupervised	47,146,437.14
MFA Intermediate-Term Investments	23,701,562.88
MFA Long-Term Investments	3,084,740.40
MFA Short-Term Investments	20,360,133.86

Cumulative Market Value



The NM MFA Policy Benchmark is comprised of 20% 90-Day US Treasury Bills, 12% Bloomberg Barclay's Universal; 17% Bloomberg Aggregate Mortgage-Backed Bond Idx, 27% Bloomberg Aggregate 1-3 Year Gov't Bond Idx, 16% Russell 3000 and 8% MSCI-ACWI-Ex US.

Portfolio Review Update as of 3.31.23 – General Fund

Activity Summary

	Quarter To Date	Last 12 Months	Since Inception
Beginning Value	64,127,416.51	66,024,538.16	0.00
Net Additions	2,413,105.00	3,122,375.96	69,504,462.86
Net Gain	1,375,332.64	-1,231,059.97	-1,588,608.71
Ending Value	67,915,854.15	67,915,854.15	67,915,854.15

- NM MFA has provided Ulrich with historical data from 6/1/2021 ("since inception")
- Prior to 1/1/2023, performance available on SIC investments only, ("supervised assets")
- Total portfolio performance from 1/1/23 – 3/31/23 was 2.1% vs the policy benchmark return of 3.1%.

Return Summary Supervised Assets

		Quarter To Date	Last 12 Months	Since Inception
Return	Supervised Assets Only	5.3%	-7.0%	-4.8%[1]
Super Class Blended Benchmark Return		6.0%	-6.3%	-4.1%
Class Blended Benchmark Return		5.8%	-6.7%	-4.3%

[1] Annualized return

Account Value

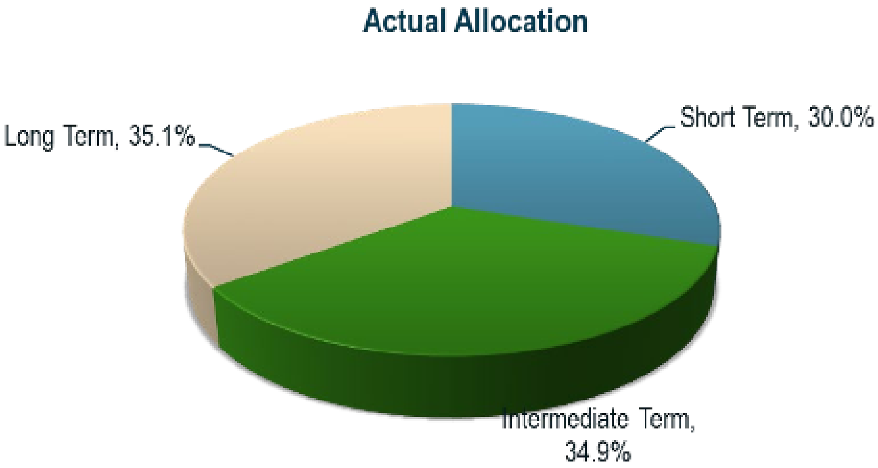
	Ending Value
New Mexico Mortgage Finance Authority General Fund	**67,915,854.15**
Supervised	20,769,417.01
MFA Long-Term Investments	20,769,417.01
Unsupervised	47,146,437.14
MFA Intermediate-Term Investments	23,701,562.88
MFA Long-Term Investments	3,084,740.40
MFA Short-Term Investments	20,360,133.86

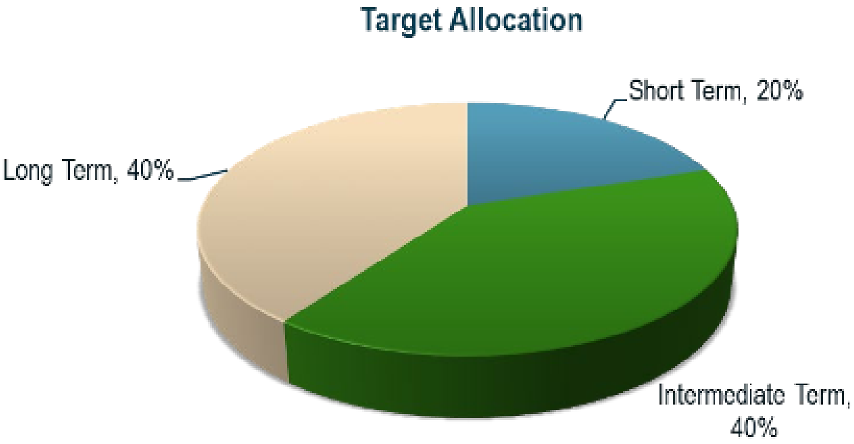
Cumulative Market Value

The NM MFA Policy Benchmark is comprised of 20% 90-Day US Treasury Bills, 12% Bloomberg Barclay's Universal; 17% Bloomberg Aggregate Mortgage-Backed Bond Idx, 27% Bloomberg Aggregate 1-3 Year Gov't Bond Idx, 16% Russell 3000 and 8% MSCI-ACWI-Ex US.

Portfolio Review Update as of 3.31.23 – General Fund

Asset Class	Actual $000s	Actual %	Target %	Maximum Allocation	Over/Under Target %	Over/Under $000s
Short Term	**$20,360**	**30.0%**	**20%**	**25%**	**10.0%**	**$6,777**
LGIP	*$12,908*	*19.0%*	*6%*	*11%*	*13.0%*	*$8,833*
Cash Held for Ops/Warehoused MBS	*$7,453*	*11.0%*	*14%*	*19%*	*-3.0%*	*($2,056)*
Intermediate Term	**$23,702**	**34.9%**	**40%**	**45%**	**-5.1%**	**($3,465)**
Bond Ladder	*$14,000*	*20.6%*	*27%*	*32%*	*-6.4%*	*($4,338)*
Intermediate MFA MBS	*$9,702*	*14.3%*	*13%*	*18%*	*1.3%*	*$873*
Long Term	**$23,854**	**35.1%**	**40%**	**45%**	**-4.9%**	**($3,312)**
Long Term MFA MBS	*$3,085*	*4.5%*	*4%*	*9%*	*0.5%*	*$368*
SIC Core Plus Bond Active	*$6,326*	*9.3%*	*12%*	*17%*	*-2.7%*	*($1,824)*
SIC Domestic Large Cap Index	*$6,811*	*10.0%*	*11%*	*16%*	*-1.0%*	*($660)*
SIC Small/Mid Cap Index	*$3,027*	*4.5%*	*5%*	*10%*	*-0.5%*	*($369)*
SIC International Developed	*$3,655*	*5.4%*	*6%*	*11%*	*-0.6%*	*($419)*
SIC Emerging Markets	*$950*	*1.4%*	*2%*	*7%*	*-0.6%*	*($408)*
Total Portfolio	**$67,916**	**100.0%**	**100.0%**			





Performance Review Update as of 3.31.23 – General Fund

Returns for Periods Ended March 31, 2023

	Last Quarter	Year to Date	Last Year	Last 3 Years	Last 5 Years	EAF
Large Cap U.S. Equity						
Domestic Large Cap Index Equity Fund (SIC)	7.48 (44)	7.48 (44)	(8.35) (58)	--	--	0.01 (100)
Callan Large Cap	*6.76*	*6.76*	*(7.89)*	*18.36*	*10.30*	*0.55*
Russell:1000 Index	*7.46*	*7.46*	*(8.39)*	*18.55*	*10.87*	--
Small/Mid Cap U.S. Equity						
Small/Mid Cap Fund (SIC)	3.34 (71)	3.34 (71)	(10.00) (73)	--	--	0.05 (100)
Callan Small/MidCap Broad	*4.53*	*4.53*	*(6.95)*	*20.88*	*7.81*	*0.80*
Russell:2500 Index	*3.39*	*3.39*	*(10.39)*	*19.42*	*6.65*	--
International Equity						
Non-US Developed Markets Fund (SIC)	6.81 (87)	6.81 (87)	(4.60) (84)	--	--	0.05 (100)
Callan NonUS Dev Broad Eq	*8.67*	*8.67*	*(0.63)*	*13.95*	*4.07*	*0.70*
MSCI:EAFE	*8.47*	*8.47*	*(1.38)*	*12.99*	*3.52*	--
Non-US Emerging Markets Fund (SIC)	4.45 (64)	4.45 (64)	(9.87) (54)	--	--	0.12 (100)
Callan Emerging Broad	*5.08*	*5.08*	*(9.62)*	*9.05*	*(0.42)*	*0.83*
MSCI:EM	*3.96*	*3.96*	*(10.70)*	*7.83*	*(0.91)*	--
Domestic Fixed Income						
Core Plus Bond Funds-Active (SIC)	3.16 (66)	3.16 (66)	(5.41) (80)	--	--	0.18 (100)
Callan Core Plus FI	*3.31*	*3.31*	*(4.79)*	*(0.64)*	*1.63*	*0.30*
Blmbg:Universal	*2.93*	*2.93*	*(4.61)*	*(2.02)*	*1.05*	--
Mortgage Backed Securities						
Intermediate MBS Portfolio	1.29 (94)	1.29 (94)	--	--	--	--
Long-Term MBS Portfolio	0.75 (96)	0.75 (96)	--	--	--	--
Callan Mortgage Backed FI	*2.61*	*2.61*	*(4.47)*	*(2.27)*	*0.64*	*0.26*
Blmbg:MBS	*2.53*	*2.53*	*(4.85)*	*(3.31)*	*0.20*	--
Short Term Governments						
Bond Ladder	0.21 (99)	0.21 (99)	--	--	--	--
Callan Short US Govt MFs	*1.52*	*1.52*	*(0.94)*	*(1.25)*	*0.62*	*0.68*
Blmbg:Gov 1-3 Yr	*1.59*	*1.59*	*0.23*	*(0.83)*	*1.09*	--
Cash						
Local Government Investment Pool	1.09	1.09	--	--	--	--
Cash Held	0.15	0.15	--	--	--	--
3 Month T-Bill	*1.07*	*1.07*	*2.50*	*0.89*	*1.41*	--

Stoplight Legend

Last Quarter		Year to Date	
Top 75%	Green	Top 50%	Green
Bottom 25%	Yellow	Bottom 50%	Yellow

Last Year		Last 3 and 5 Years	
Top 50%	Green	Top 50%	Green
50% to 90%	Yellow	50% to 75%	Yellow
Bottom 10%	Red	Bottom 25%	Red

ULRICH Investment Consultants

Take aim.

2023 Modeling and Allocation Review

Callan's Capital Market Assumptions

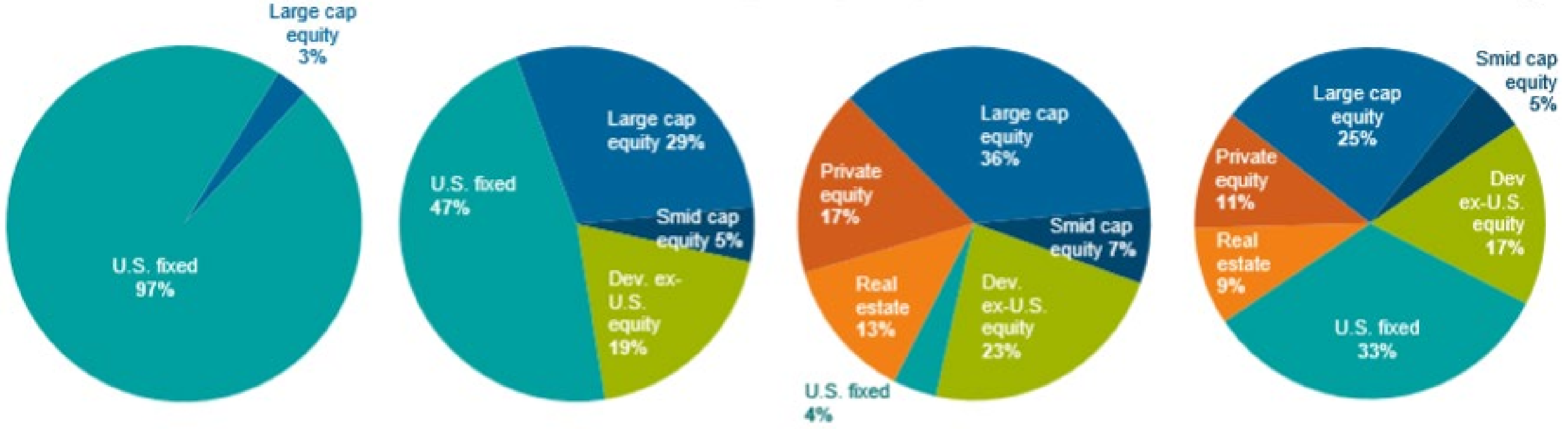
Summary of Callan's Long-Term Capital Market Assumptions (2023 - 2032)

		PROJECTED RETURN			PROJECTED RISK		2022 – 2031			vs 2022	
Asset Class	**Index**	**1-Year Arithmetic**	**10-Year Geometric***	**Real**	**Standard Deviation**	**Projected Yield**	**1-Year Arithmetic**	**10-Year Geometric**	**Standard Deviation**	**Geometric * Delta**	**Std Dev Delta**
Equities											
Broad U.S. Equity	Russell 3000	8.75%	7.35%	4.85%	18.05%	1.95%	8.00%	6.60%	17.95%	0.75%	0.10%
Large Cap U.S. Equity	S&P 500	8.60%	7.25%	4.75%	17.75%	2.00%	7.85%	6.50%	17.70%	0.75%	0.05%
Small/Mid Cap U.S. Equity	Russell 2500	9.60%	7.45%	4.95%	22.15%	1.75%	8.75%	6.70%	21.30%	0.75%	0.85%
Global ex-U.S. Equity	MSCI ACWI ex USA	9.45%	7.45%	4.95%	21.25%	3.70%	8.70%	6.80%	20.70%	0.65%	0.55%
Developed ex-U.S. Equity	MSCI World ex USA	9.00%	7.25%	4.75%	20.15%	3.75%	8.25%	6.50%	19.90%	0.75%	0.25%
Emerging Market Equity	MSCI Emerging Markets	10.45%	7.45%	4.95%	25.70%	3.55%	9.80%	6.90%	25.15%	0.55%	0.55%
Fixed Income											
Short Duration Gov't/Credit	Bloomberg Barclays 1-3 Yr G/C	3.75%	3.80%	1.30%	2.30%	3.45%	1.50%	1.50%	2.00%	2.30%	0.30%
Core U.S. Fixed	Bloomberg Barclays Aggregate	4.25%	4.25%	1.75%	4.10%	4.30%	1.80%	1.75%	3.75%	2.50%	0.35%
Long Government	Bloomberg Barclays Long Gov	4.55%	3.70%	1.20%	13.50%	4.90%	1.85%	1.10%	12.50%	2.60%	1.00%
Long Credit	Bloomberg Barclays Long Cred	5.75%	5.20%	2.70%	11.75%	6.50%	2.60%	2.10%	10.50%	3.10%	1.25%
Long Government/Credit	Bloomberg Barclays Long G/C	5.25%	4.75%	2.25%	11.35%	5.85%	2.30%	1.80%	10.40%	2.95%	0.95%
TIPS	Bloomberg Barclays TIPS	4.10%	4.00%	1.50%	5.30%	3.95%	1.35%	1.25%	5.05%	2.75%	0.25%
High Yield	Bloomberg Barclays High Yield	6.75%	6.25%	3.75%	11.75%	8.00%	4.40%	3.90%	10.75%	2.35%	1.00%
Global ex-U.S. Fixed	Bloomberg Barc Gl AggxUSD	2.70%	2.25%	-0.25%	9.80%	2.40%	1.20%	0.80%	9.20%	1.45%	0.60%
Emerging Market Sovereign Debt	EMBI Global Diversified	6.25%	5.85%	3.35%	10.65%	7.40%	4.00%	3.60%	9.50%	2.25%	1.15%
Alternatives											
Core Real Estate	NCREIF ODCE	6.60%	5.75%	3.25%	14.20%	4.40%	6.60%	5.75%	14.20%	0.00%	0.00%
Private Infrastructure	MSCI Glb Inf/FTSE Dev C50/50	7.15%	6.15%	3.65%	15.45%	4.60%	7.10%	6.10%	15.45%	0.05%	0.00%
Private Equity	Cambridge Private Equity	11.95%	8.50%	6.00%	27.60%	0.00%	11.45%	8.00%	27.60%	0.50%	0.00%
Private Credit	N/A	8.00%	7.00%	4.50%	15.50%	7.00%	6.40%	5.50%	14.60%	1.50%	0.90%
Hedge Funds	Callan Hedge FoF Database	5.80%	5.55%	3.05%	8.45%	0.00%	4.35%	4.10%	8.20%	1.45%	0.25%
Commodities	Bloomberg Commodity	5.05%	3.50%	1.00%	18.00%	2.25%	4.05%	2.50%	18.00%	1.00%	0.00%
Cash Equivalents	90-Day T-Bill	2.75%	2.75%	0.25%	0.90%	2.75%	1.20%	1.20%	0.90%	1.55%	0.00%
Inflation	CPI-U		2.50%		1.60%			2.25%	1.60%	0.25%	0.00%

** Geometric returns are derived from arithmetic returns and the associated risk (standard deviation).*
*** Annualized Std Dev from 12/1987*
**** Projected Yields represent the expected 10-year average yield*

2023 Modeling

Increasing Complexity



1993	2008	2022	2023
Return: 7.0%	Return: 7.0%	Return: 7.0%	Return: 7.0%
Risk: 6.2%	Risk: 9.4%	Risk: 16.8%	Risk: 11.8%

Increasing Risk

In 1993, our return expectation for broad U.S. fixed income was 6.85%.

Just 3% in return-seeking assets was required to earn a 7% projected return.

15 years later, an investor would have needed over half of the portfolio in public equities to achieve a 7% projected return.

In 2022 an investor was required to include 96% in return-seeking assets (including 30% in private market investments) to earn a 7% projected return at almost 3x the volatility compared to 1993.

Today's 7% expected return portfolio is much more reasonable than it was just a year ago, with a third in fixed income and a correspondingly lower level of risk.

2023 Modeling

NM MFA General Fund IPS Strategic Target Mapping

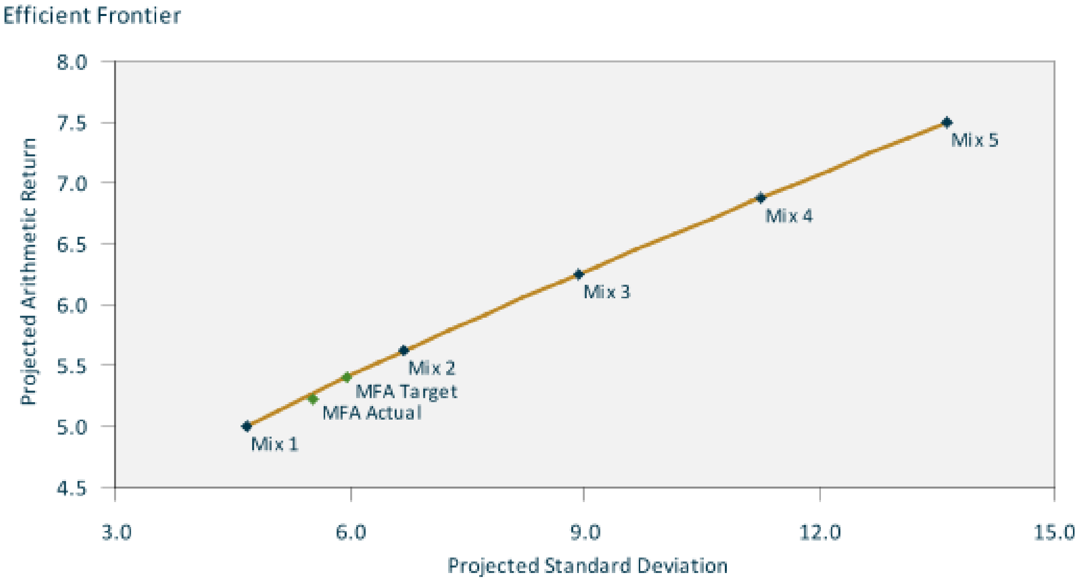
Asset Class	Strategic Allocation
SHORT TERM INVESTMENTS (Less than 1 Yr)	**20.0%**
Local Government Investment Pool	6.0%
Cash Held for Operations/Warehoused MBS	14.0%
INTERMEDIATE TERM INVESTMENTS (1 to 10 Yrs)	**40.0%**
Bond Ladder	27.0%
Intermediate MFA Mortgage Backed Sec Portfolio	13.0%
LONG TERM INVESTMENTS (More than 10 Yrs)	**40.0%**
Long-Term MFA MBS	4.0%
Core Plus Bond Active (SIC)	12.0%
Domestic Large Cap Index (SIC)	11.0%
Small/Mid Cap Index (SIC)	5.0%
International Developed (SIC)	6.0%
Emerging Markets (SIC)	2.0%
TOTAL	**100.0%**

Asset Class	Strategic Allocation
Cash	**20.0%**
Local Government Investment Pool	6.0%
Cash Held for Operations/Warehoused MBS	14.0%
Traditional Fixed Income	**56.0%**
Bond Ladder	27.0%
Intermediate MFA Mortgage Backed Sec Portfolio	13.0%
Long-Term MFA MBS	4.0%
Core Plus Bond Active (SIC)	12.0%
Capital Growth	**24.0%**
Domestic Large Cap Index (SIC)	11.0%
Small/Mid Cap Index (SIC)	5.0%
International Developed (SIC)	6.0%
Emerging Markets (SIC)	2.0%
TOTAL	**100.0%**

2023 Modeling

The asset mixes illustrated on this page represent mixes along the "efficient frontier." The efficient frontier is developed by identifying the most efficient portfolios based upon the capital market expectations used. Each asset mix situated on the efficient frontier curve provides the maximum level of expected return, given its expected level of risk, based on any investor constraints.

Portfolio Component	Mix 1	MFA Actual	MFA Target	Mix 2	Mix 3	Mix 4	Mix 5
Cash Equivalents	20%	25%	20%	20%	20%	20%	20%
Core US Fixed	55%	42%	44%	42%	29%	16%	3%
High Yield	6%	10%	12%	7%	6%	7%	7%
Large Cap US Equity	9%	11%	11%	15%	22%	28%	34%
Small/Mid Cap US Equity	3%	5%	5%	5%	7%	9%	12%
Developed ex-US Equity	5%	6%	6%	8%	11%	14%	17%
Emerging Market Equity	2%	1%	2%	3%	5%	6%	7%
Totals	100%	100%	100%	100%	100%	100%	100%
10 Yr. Geometric Mean Return	5.0%	5.2%	5.3%	5.5%	6.0%	6.4%	6.8%
Projected Arithmetic Return	5.0%	5.2%	5.4%	5.6%	6.3%	6.9%	7.5%
Projected Standard Deviation	4.7%	5.5%	6.0%	6.7%	8.9%	11.3%	13.6%

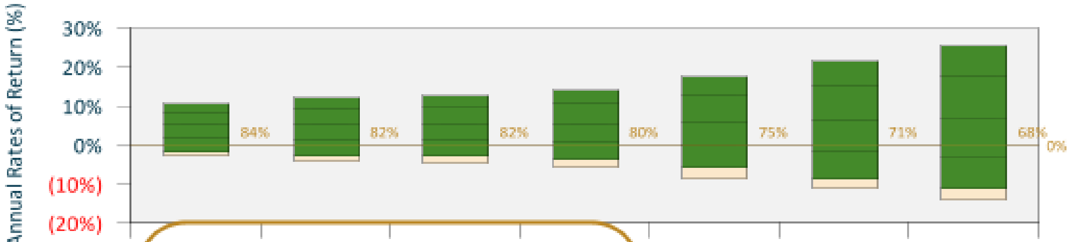


- The historic target rate of return has been 4.5% - 5.5%.
- The efficient mixes outlined, generate the targeted rates of return and show allocations around current IPS target that fall within allowable upper /lower ranges.
- We are recommending a tactical move closer to mix 1 and reducing equity exposure at this time.
- The expected rate of return would be reduced slightly (from 5.3% to 5.0%). The downside in any one year would be reduced from -4.5% to -2.5% (based on statistical confidence level of 95%).

IMPORTANT: The projections or other information generated by Ulrich Investment Consultants/Callan (using the interactive analysis tool) regarding the likelihood of various investment outcomes are hypothetical in nature, reflect only estimates based on unverified data and cannot be expected to accurately predict actual future investment results, and are not guarantees of future results.

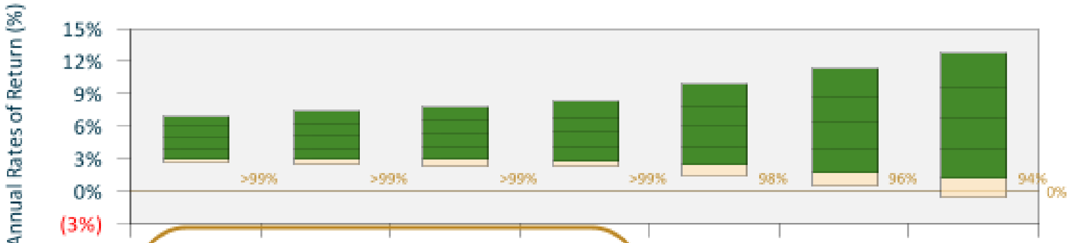
2023 Modeling

Range of Projected Rates of Return
Projection Period: 1 Year



	Mix 1	MFA Actual	MFA Target	Mix 2	Mix 3	Mix 4	Mix 5
10th Percentile	11.0%	12.1%	12.9%	14.5%	17.9%	21.7%	25.8%
25th Percentile	8.5%	9.4%	9.8%	10.6%	12.9%	15.3%	17.7%
Median	5.2%	5.3%	5.4%	5.6%	5.9%	6.6%	7.0%
75th Percentile	1.8%	1.4%	1.3%	1.1%	(0.2%)	(1.6%)	(3.2%)
90th Percentile	(1.3%)	(2.3%)	(2.7%)	(3.4%)	(5.5%)	(8.5%)	(10.9%)
95th Percentile	(2.5%)	(4.0%)	(4.5%)	(5.5%)	(8.3%)	(11.0%)	(13.9%)
Prob > 0%	84.2%	82.3%	81.6%	79.5%	74.5%	71.0%	68.4%

Range of Projected Rates of Return
Projection Period: 10 Years



	Mix 1	MFA Actual	MFA Target	Mix 2	Mix 3	Mix 4	Mix 5
10th Percentile	6.9%	7.5%	7.8%	8.3%	9.9%	11.4%	12.8%
25th Percentile	6.0%	6.3%	6.5%	6.8%	7.8%	8.7%	9.6%
Median	5.0%	5.2%	5.3%	5.6%	6.0%	6.4%	6.7%
75th Percentile	4.0%	4.0%	4.0%	4.1%	4.0%	4.0%	3.9%
90th Percentile	3.1%	3.0%	3.0%	2.9%	2.5%	1.8%	1.2%
95th Percentile	2.6%	2.5%	2.4%	2.2%	1.5%	0.5%	(0.5%)
Prob > 0%	>99.0%	>99.0%	>99.0%	>99.0%	98.4%	96.2%	94.3%

IMPORTANT: The projections or other information generated by Ulrich Investment Consultants/Callan (using the interactive analysis tool) regarding the likelihood of various investment outcomes are hypothetical in nature, reflect only estimates based on unverified data and cannot be expected to accurately predict actual future investment results, and are not guarantees of future results.

Allocation Review

- We believe equities remain highly valued, relative to expected earnings.
- We recommend moving to an underweight position versus the equity target (20% vs 24%), based on what we see as further drawdown potential. The earnings yield on the S&P 500 is about 4.25%, which is equivalent to the yield on the 2-year treasury.
- We will look to bring equities to target once evaluations appear more favorable.
- We recommend increasing the allocation to core fixed income and extending duration in anticipation of lower rates over the next 12 months.
- Maintain overweight to cash in anticipation of upcoming drawdowns for building purchase and remodeling.

NM MFA General Fund Recommendations

Asset Class	Current Holdings	Current Allocation	Target Allocation	Recommended Buy/(Sell)	%Change	IPS Lower Limit	IPS Strategic Target	IPS Upper Limit
SHORT TERM INVESTMENTS (Less than 1 Yr)	**$16,860,134**	**26.2%**	**26.2%**	**$0**	**0.0%**	***15%***	**20%**	***25%***
Local Government Investment Pool*	$12,907,516	20.0%	**20.0%**	$0	0.0%	*1%*	6%	*11%*
Cash Held for Operations/Warehoused MBS	$3,952,618	6.1%	**6.1%**	$0	0.0%	*9%*	14%	*19%*
INTERMEDIATE TERM INVESTMENTS (1 to 10 Yrs)	**$23,701,562**	**36.8%**	**36.8%**	**$0**	**0.0%**	***35%***	**40%**	***45%***
Bond Ladder	$13,999,761	21.7%	**21.7%**	$0	0.0%	*22%*	27%	*32%*
Intermediate MFA Mortgage Backed Sec Portfolio	$9,701,801	15.1%	**15.1%**	$0	0.0%	*8%*	13%	*18%*
LONG TERM INVESTMENTS (More than 10 Yrs)	**$23,854,157**	**37.0%**	**37.0%**	**($0)**	**0.0%**	***34%***	**40%**	***45%***
Long-Term MFA MBS	$3,084,740	4.8%	**4.8%**	$0	0.0%	*0%*	4%	*9%*
Core Plus Bond Active (SIC)	$6,326,228	9.8%	**13.2%**	$2,156,104	3.3%	*7%*	12%	*17%*
Domestic Large Cap Index (SIC)	$6,810,930	10.6%	**9.6%**	($627,008)	-1.0%	*6%*	11%	*16%*
Small/Mid Cap Index (SIC)	$3,026,897	4.7%	**3.0%**	($1,094,421)	-1.7%	*0%*	5%	*10%*
International Developed (SIC)	$3,655,467	5.7%	**5.0%**	($434,674)	-0.7%	*1%*	6%	*11%*
Emerging Markets (SIC)	$949,895	1.5%	**1.5%**	$0	0.0%	*0%*	2%	*7%*
TOTAL	**$64,415,853**	**100.0%**	**100.0%**	**($0)**			**100%**	

****Assumes $3.5MM has been withdrawn from Short Term investments for building purchase/remodel***

APPENDIX

Bond Portfolio Review

First Quarter 2023

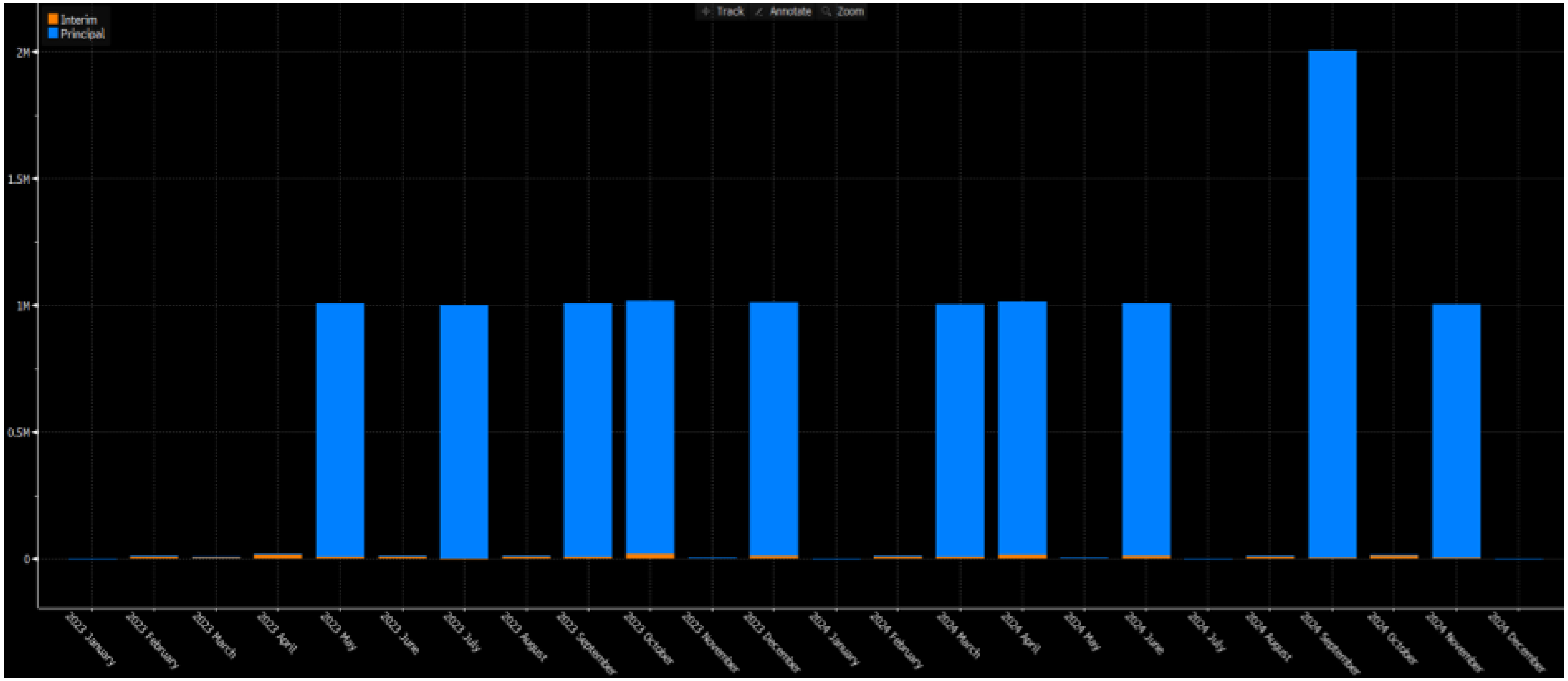
Portfolio Review Bond Ladder: Characteristics

Detail: As of 3/31/2023

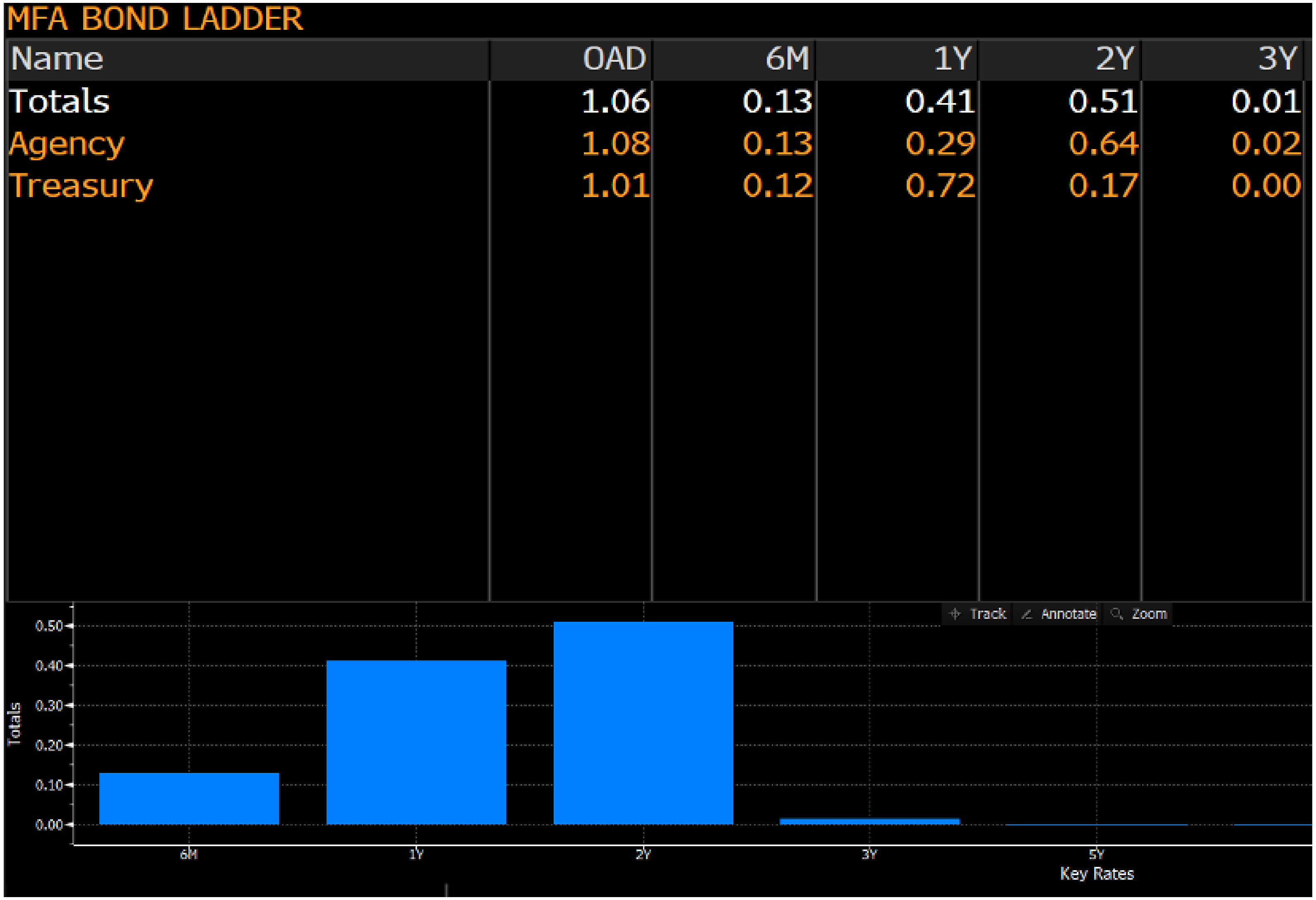
			Wgt	Mkt Val	Px Close	Pos	Yield to Mat	Yield to Worst	OAD	OAC	OAS	Index Rtg
MFA BOND LADDER			**100.00**	**13,584,074**			**4.65**	**4.65**	**1.06**	**0.02**	**13.37**	**AAA**
	Agency		71.79	9,752,037			4.67	4.67	1.08	0.02	20.03	AAA
		FFCB 0 ¼ 10/12/23	7.19	976,866	97.57	1,000,000.00	4.95	4.95	0.52	0.01	13.94	
		FFCB 0 ? 11/18/24	6.95	944,633	94.14	1,000,000.00	4.65	4.65	1.58	0.03	40.13	AAA
		FFCB 0.43 09/23/24	6.91	938,926	93.88	1,000,000.00	4.77	4.77	1.44	0.03	41.64	
		FFCB 1 ¾ 02/25/25	7.04	956,040	95.43	1,000,000.00	4.28	4.28	1.83	0.04	15.79	AAA
		FFCB 2 ¾ 04/25/25	7.22	980,231	96.83	1,000,000.00	4.37	4.37	1.95	0.05	30.93	
		FHLB 1 ¾ 06/14/24	7.14	969,297	96.41	1,000,000.00	4.86	4.86	1.16	0.02	31.46	
		FHLB 4 ? 12/13/24	7.53	1,022,915	100.40	1,000,000.00	4.37	4.37	1.59	0.03	15.34	AA1
		FHLMC 0 ¼ 05/19/23	7.32	994,987	99.41	1,000,000.00	4.72	4.72	0.13	0.01	-2.20	AAA
		FHLMC 0 ¼ 09/08/23	7.21	979,960	97.98	1,000,000.00	4.98	4.98	0.43	0.00	13.89	AAA
		FNMA 0 ¼ 07/10/23	7.27	988,182	98.76	1,000,000.00	4.81	4.81	0.27	0.00	1.68	AAA
	Treasury		28.21	3,832,037			4.59	4.59	1.01	0.02	-3.56	AAA
		T 0 ¼ 03/15/24	7.06	959,415	95.93	1,000,000.00	4.66	4.66	0.93	0.01	-5.23	AAA
		T 0 ? 12/15/23	7.13	968,957	96.86	1,000,000.00	4.70	4.70	0.69	0.01	-9.68	AAA
		T 0 ? 04/15/24	7.06	958,761	95.70	1,000,000.00	4.66	4.66	1.01	0.02	2.36	AAA
		T 0 ? 09/15/24	6.96	944,903	94.47	1,000,000.00	4.34	4.34	1.42	0.03	-1.60	AAA

OAD – option adjusted duration
OAC – option adjusted convexity
OAS – option adjusted spread

Portfolio Review Bond Ladder: Cash Flows



Portfolio Review Bond Ladder: Key Rates as of 3/31/23



MFA BOND LADDER

Name	OAD	6M	1Y	2Y	3Y
Totals	1.06	0.13	0.41	0.51	0.01
Agency	1.08	0.13	0.29	0.64	0.02
Treasury	1.01	0.12	0.72	0.17	0.00

Portfolio Review MBS Intermediate: Characteristics (1/3)

Detail: As of 3/31/2023

	Wgt	Mkt Val	Px Close	Pos	Yield to Mat	Yield to Worst	OAD	OAC	OAS	Index Rtg
MFA - MBS POOL INTERMEDIATE	100.00	9,879,689			4.56	4.56	3.65	0.08	78.51	
MBS Passthrough	100.00	9,879,689			4.56	4.56	3.65	0.08	78.51	
FG T30021	0.29	28,779	100.31	1,313,103.35	5.45	5.45	1.33	0.02	124.67	
FG T30022	0.11	10,916	100.10	2,420,563.02	5.52	5.52	0.99	0.01	110.82	
FG U30059	0.04	3,947	99.68	1,125,916.39	6.29	6.29	0.19	0.00	151.79	
FN 298263	0.09	8,888	100.01	2,962,666.18	6.06	6.06	0.59	0.01	134.11	
FN 569809	0.76	75,024	100.11	1,048,339.00	4.46	4.46	2.58	0.05	60.77	
FN 569810	1.60	158,280	100.45	421,197.78	4.39	4.39	3.16	0.03	60.32	
FN 569817	0.27	26,709	101.91	489,275.55	5.35	5.35	3.43	0.12	158.35	
FN 678230	0.42	41,748	101.41	237,921.35	4.70	4.70	3.00	0.07	88.49	
FN 684293	0.25	24,757	101.62	129,097.82	5.21	5.21	2.99	0.09	139.94	
FN 687653	0.31	30,768	101.19	122,204.45	4.78	4.78	3.09	0.09	98.30	
FN 696514	0.32	31,756	101.11	147,407.62	4.78	4.78	2.95	0.09	96.80	
FN 789487	0.71	70,039	100.48	125,475.74	4.40	4.40	3.50	0.08	66.20	
FN 793136	0.70	69,088	100.45	263,798.62	4.40	4.40	3.32	0.08	64.30	
FN 801653	0.41	40,989	100.37	74,124.12	4.43	4.43	3.49	0.11	69.67	
FN 813710	0.45	44,717	101.67	74,297.15	4.70	4.70	3.60	0.13	97.16	
FN 816785	0.47	46,682	102.25	424,096.55	4.84	4.84	3.62	0.13	110.64	
FN 816786	0.80	78,717	101.20	747,743.48	4.51	4.51	3.39	0.03	73.41	
FN 816799	1.02	100,295	103.09	345,252.82	4.84	4.84	3.30	-0.10	99.50	
FN 816802	0.43	42,974	100.30	288,811.05	4.50	4.50	3.07	0.08	70.93	
FN 816807	1.80	177,497	100.26	730,826.88	4.38	4.38	3.53	0.05	63.22	
FN 824156	1.19	117,949	101.70	254,034.32	4.43	4.43	3.48	0.07	67.11	
FN 828148	1.02	100,689	100.35	167,718.45	4.60	4.60	2.00	0.06	85.10	
FN 830844	0.71	69,752	101.30	243,837.06	4.50	4.50	3.64	0.09	77.34	
FN 830845	1.45	143,054	102.55	339,745.12	4.41	4.41	3.58	0.09	66.06	
FN 834948	0.90	88,865	102.25	220,819.50	4.49	4.49	3.66	0.12	76.65	
FN BK6811	1.41	138,920	101.48	715,618.51	4.72	4.72	4.26	-0.69	61.60	
G2 2246	0.05	4,936	100.11	634,125.11	6.33	6.33	0.95	0.01	185.12	
G2 404129	0.09	8,884	100.02	8,964,337.45	6.34	6.34	0.55	0.00	157.81	
G2 404139	0.03	2,961	100.00	1,882,915.53	6.19	6.19	0.43	0.00	139.45	
G2 404140	0.11	10,858	100.05	6,689,682.38	6.30	6.30	0.62	0.01	157.77	
G2 404150	0.07	6,908	100.04	6,899,235.02	6.30	6.30	0.71	0.00	164.05	
G2 406814	0.11	10,858	100.07	7,574,066.77	6.26	6.26	0.72	0.01	160.80	
G2 406819	0.19	18,762	100.13	10,439,496.00	6.38	6.38	0.61	0.00	165.91	
G2 406820	0.21	20,740	100.18	8,806,822.81	6.45	6.45	0.61	0.00	172.21	
G2 417638	0.05	4,937	100.06	1,017,054.36	6.83	6.83	0.82	0.01	224.42	
G2 442884	0.54	53,777	101.89	5,847,954.77	4.88	4.88	1.92	0.00	88.80	
G2 442891	0.31	30,777	101.31	7,754,015.48	5.18	5.18	1.97	0.03	119.38	
G2 442895	0.69	67,830	102.18	4,654,691.28	4.72	4.72	1.92	0.02	73.33	

Portfolio Review MBS Intermediate: Characteristics (2/3)

Detail: As of 3/31/2023

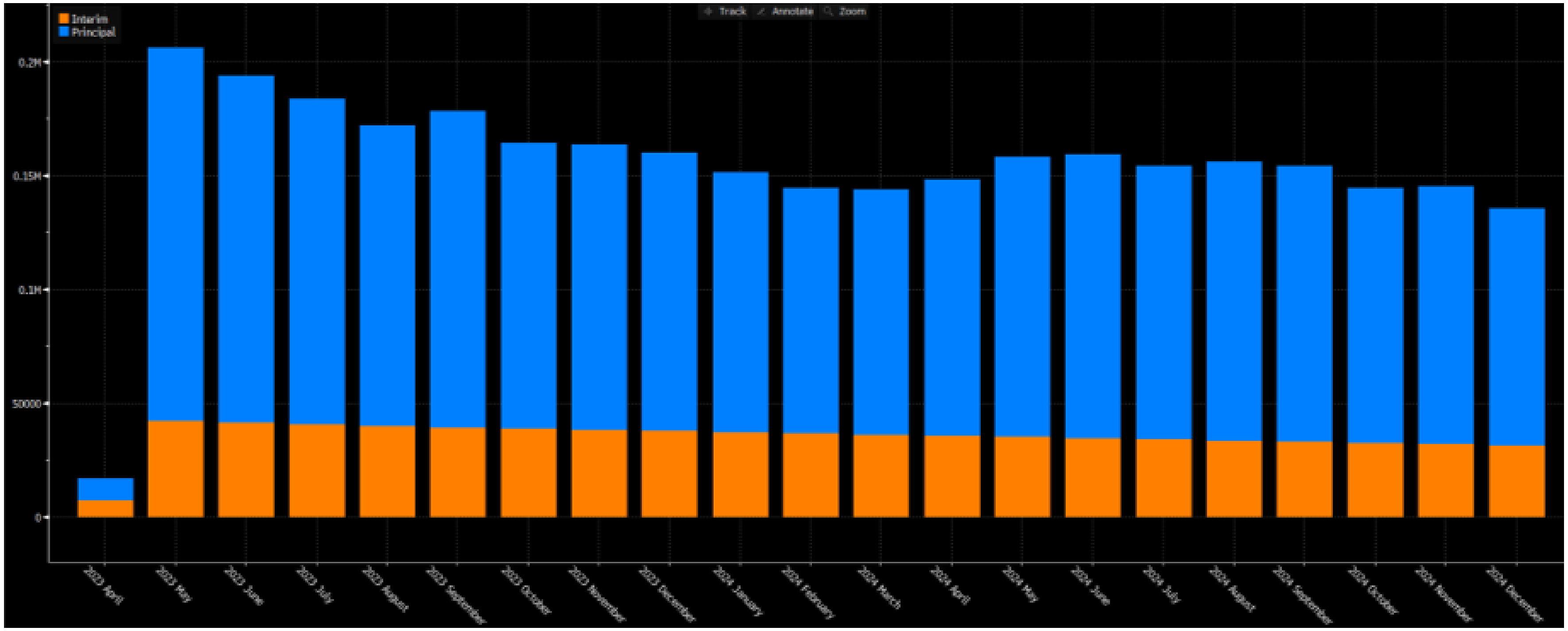
			Wgt	Mkt Val	Px Close	Pos	Yield to Mat	Yield to Worst	OAD	OAC	OAS	Index Rtg
		G2 442908	0.29	28,726	100.84	3,783,055.85	5.26	5.26	1.55	-0.01	114.45	
		G2 442934	0.12	11,838	100.12	1,063,770.08	5.54	5.54	0.97	0.01	109.47	
		G2 496979	0.10	9,867	100.14	1,338,885.73	5.60	5.60	1.16	0.02	128.39	
		G2 535857	1.07	105,442	102.70	854,610.40	4.26	4.26	2.92	0.10	46.92	
		G2 545720	0.45	44,940	102.13	1,904,813.64	4.56	4.56	3.38	0.13	82.30	
		G2 545722	0.32	31,563	101.20	662,161.87	5.33	5.33	2.75	0.09	149.15	
		G2 545726	0.67	66,166	101.44	5,599,362.49	5.02	5.02	2.10	-0.02	116.65	
		G2 545727	0.91	89,750	101.37	3,166,978.49	5.06	5.06	2.09	-0.02	119.23	
		G2 545731	0.36	35,621	101.97	3,402,542.51	4.87	4.87	3.50	0.14	113.53	
		G2 545737	0.50	49,393	102.64	369,411.06	5.06	5.06	3.55	0.14	132.37	
		G2 545745	1.63	161,352	103.53	4,319,434.64	4.64	4.64	3.06	0.09	85.34	
		G2 545748	0.49	48,409	102.45	2,787,089.15	5.08	5.08	3.40	0.13	132.55	
		G2 545751	0.46	45,567	102.20	285,165.49	4.73	4.73	3.39	0.14	98.75	
		G2 545755	2.50	246,627	103.88	5,754,730.91	4.22	4.22	3.17	0.12	46.12	
		G2 545758	1.18	116,406	102.51	1,010,798.00	4.30	4.30	2.86	0.09	50.39	
		G2 545762	2.20	217,599	103.92	1,524,216.63	4.05	4.05	3.41	0.13	32.13	
		G2 545764	0.68	67,249	102.53	2,031,252.22	4.92	4.92	2.95	0.10	111.59	
		G2 545765	1.39	136,918	103.19	2,155,192.85	4.19	4.19	3.22	0.12	44.20	
		G2 556343	0.21	20,706	101.23	1,942,910.27	5.42	5.42	3.47	0.14	167.34	
		G2 556344	0.12	11,873	100.00	1,029,821.75	4.89	4.89	0.81	0.01	33.58	
		G2 562601	2.35	232,339	103.26	8,843,481.34	4.82	4.82	2.92	0.10	101.88	
		G2 562602	0.42	41,605	102.10	1,582,762.45	4.73	4.73	3.45	0.14	99.89	
		G2 562608	1.10	108,345	103.41	1,374,804.06	4.35	4.35	3.41	0.14	61.94	
		G2 562609	1.65	163,285	103.45	7,329,857.49	4.92	4.92	3.35	0.14	117.13	
		G2 562612	0.27	26,614	100.82	4,295,068.11	5.55	5.55	2.40	0.07	165.54	
		G2 562626	0.34	33,657	101.89	725,385.23	4.80	4.80	3.54	0.15	108.25	
		G2 562627	0.34	33,477	101.44	824,004.34	5.47	5.47	3.13	0.12	168.28	
		G2 562635	0.36	35,437	101.85	367,522.06	5.43	5.43	3.58	0.16	169.15	
		G2 565861	0.07	6,902	100.10	2,295,386.73	4.78	4.78	1.79	0.04	76.34	
		G2 565880	0.94	92,495	102.75	173,539.16	4.35	4.35	3.26	0.12	60.12	
		G2 566036	0.57	56,072	102.58	188,777.38	4.47	4.47	3.57	0.14	74.99	
		G2 566044	0.51	50,544	102.68	1,317,000.05	4.66	4.66	3.68	0.16	95.08	
		G2 566048	0.80	79,374	102.73	3,007,616.88	4.51	4.51	3.00	0.11	72.90	
		G2 566049	0.37	36,718	101.41	240,537.15	4.39	4.39	3.58	0.10	66.99	
		G2 566052	0.35	34,547	101.85	61,798.13	5.15	5.15	3.46	0.14	141.11	
		G2 566057	0.83	82,313	102.38	671,564.53	4.53	4.53	2.87	0.10	73.37	
		G2 583387	1.00	98,893	103.24	3,631,684.19	4.82	4.82	3.30	0.12	106.38	
		G2 583406	0.55	54,524	102.65	187,616.35	4.60	4.60	3.22	0.12	84.70	
		G2 583417	0.55	54,562	101.74	279,797.68	4.56	4.56	2.84	0.09	75.13	

Portfolio Review MBS Intermediate: Characteristics (3/3)

Detail: As of 3/31/2023

			Wgt	Mkt Val	Px Close	Pos	Yield to Mat	Yield to Worst	OAD	OAC	OAS	Index Rtg
		G2 583417	0.55	54,562	101.74	279,797.68	4.56	4.56	2.84	0.09	75.13	
		G2 583425	2.47	244,000	104.75	6,684,019.94	4.07	4.07	3.55	0.14	36.30	
		G2 583437	0.99	98,255	103.49	1,441,506.81	4.42	4.42	3.42	0.13	69.10	
		G2 583457	2.12	209,132	104.50	5,110,597.74	4.09	4.09	3.39	0.10	35.65	
		G2 583461	0.34	33,626	101.31	1,070,159.07	4.92	4.92	2.73	0.08	109.26	
		G2 583497	1.53	151,026	103.38	2,959,026.99	4.34	4.34	3.24	0.12	59.64	
		G2 583525	0.73	72,417	102.78	990,218.43	4.53	4.53	3.25	0.12	77.37	
		G2 586435	0.58	57,578	102.54	242,126.24	4.53	4.53	3.85	0.17	84.35	
		G2 586446	0.94	92,457	102.38	1,126,085.94	4.42	4.42	3.11	0.06	64.63	
		G2 586448	1.62	160,225	103.56	698,187.09	4.34	4.34	3.57	0.15	62.60	
		G2 586456	0.80	79,482	102.84	673,401.29	4.50	4.50	3.46	0.14	77.78	
		G2 586463	0.82	81,481	103.04	505,716.20	4.48	4.48	3.60	0.15	77.39	
		G2 593045	0.49	48,509	102.34	475,448.48	4.73	4.73	3.36	0.13	99.10	
		G2 593046	0.50	49,537	102.18	760,319.32	4.69	4.69	3.20	0.12	93.19	
		G2 593051	0.25	24,726	101.40	191,341.84	5.02	5.02	3.41	0.13	126.87	
		G2 606334	0.79	78,444	102.45	124,565.54	4.50	4.50	3.90	0.15	81.09	
		G2 631372	0.48	47,611	102.25	77,018.73	4.62	4.62	3.95	0.18	94.13	
		G2 631394	0.31	30,497	101.85	160,678.02	5.47	5.47	3.97	0.19	177.00	
		G2 631406	0.37	36,691	101.74	443,246.96	4.48	4.48	4.14	0.07	79.15	
		G2 631411	0.25	24,738	101.40	41,126.45	4.81	4.81	3.90	0.18	111.77	
		G2 646124	0.61	60,550	102.39	454,194.25	4.52	4.52	3.98	0.18	84.50	
		G2 646138	0.44	43,584	102.29	198,510.34	4.91	4.91	3.74	0.16	120.83	
		G2 646139	1.42	140,503	102.54	253,747.46	4.20	4.20	3.75	0.16	51.15	
		G2 646140	0.83	81,530	102.78	713,208.03	4.40	4.40	3.86	0.17	71.83	
		G2 646192	1.81	179,151	101.32	826,212.04	4.13	4.13	3.83	0.14	43.98	
		G2 646200	0.98	96,888	101.43	234,989.98	4.13	4.13	4.16	0.17	47.53	
		G2 646225	0.55	54,632	101.86	198,394.62	4.49	4.49	3.80	0.14	78.98	
		G2 710415	4.29	423,561	102.14	3,610,669.66	4.26	4.26	4.65	0.08	57.99	
		G2 BI7355	4.66	460,650	102.48	1,314,112.59	5.01	5.01	4.56	-0.27	106.87	
		G2 BJ5780	1.40	138,690	102.48	272,346.51	5.00	5.00	4.53	-0.21	109.51	
		GN 768913	1.82	179,499	102.25	2,666,769.91	4.56	4.56	4.79	0.14	86.17	
		GN 774927	3.42	337,477	102.49	2,393,182.49	4.50	4.50	4.68	0.14	81.18	
		GN 775491	2.73	269,286	102.37	2,655,369.37	4.53	4.53	4.75	0.15	83.73	
		GN 792422	3.09	305,141	102.85	1,745,993.57	4.45	4.45	4.90	0.21	78.14	
		GN 792673	0.88	86,542	101.81	837,337.03	4.65	4.65	4.86	0.15	95.07	
		GN 793246	1.94	191,571	100.84	2,882,640.08	4.34	4.34	4.81	0.13	65.07	
		GN AA0326	3.32	328,264	100.84	2,829,197.01	4.33	4.33	4.75	0.10	63.94	

Portfolio Review MBS Intermediate: Cash Flows



Portfolio Review MBS Intermediate: Key Rates

MFA - MBS POOL INTERMEDIATE

Name	OAD	6M	1Y	2Y	3Y	5Y	7Y	10Y	20Y	30Y
Totals	3.65	0.03	0.14	0.27	0.52	0.77	0.89	0.85	0.20	-0.01
MBS Passthrough	3.65	0.03	0.14	0.27	0.52	0.77	0.89	0.85	0.20	-0.01

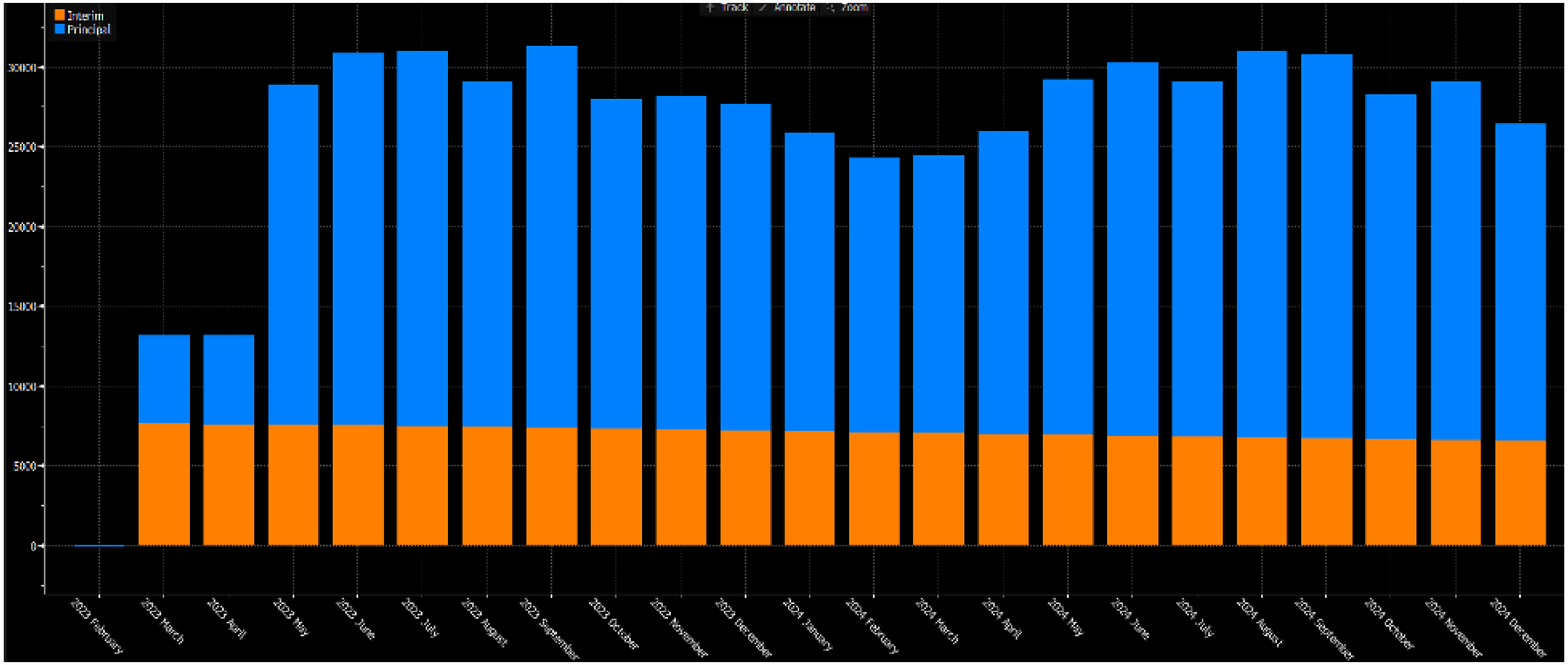
Portfolio Review MBS Long Term: Characteristics

Detail: As of 3/31/2023

			Wgt	Mkt Val	Px Close	Pos	Yield to Mat	Yield to Worst	OAD	OAC	OAS	Index Rtg
MBS - MBS POOL LONG TE			100.00	2,747,422			4.36	4.36	6.29	-0.03	56.90	
	MBS Passthrough		100.00	2,747,422			4.36	4.36	6.29	-0.03	56.90	
		G2 AI9816	1.74	47,895	90.46	66,213.01	4.35	4.35	6.15	0.40	68.62	
		G2 AJ2004	1.79	49,305	93.06	67,613.81	4.17	4.17	5.97	0.33	51.11	
		G2 BK0683	4.18	114,969	102.48	119,401.22	5.02	5.02	4.73	-0.16	113.17	
		G2 BV6546	92.28	2,535,254	91.75	3,297,618.87	4.33	4.33	6.37	-0.03	54.24	

OAD – option adjusted duration
OAC – option adjusted convexity
OAS – option adjusted spread

Portfolio Review MBS Long Term: Cash Flows



Portfolio Review MBS Long Term: Key Rates

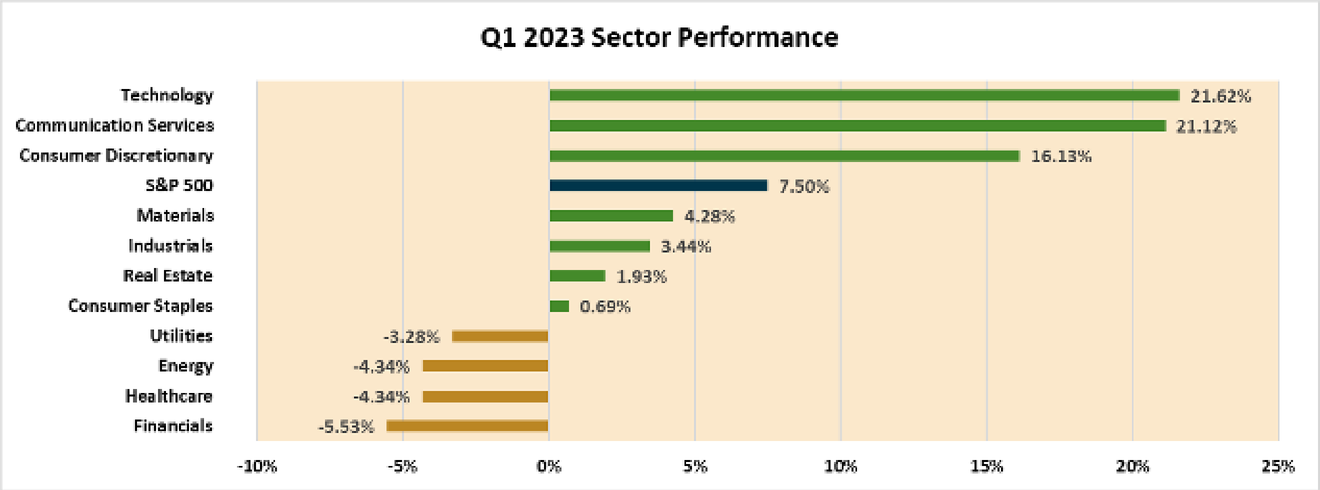
MBS - MBS POOL LONG TERM

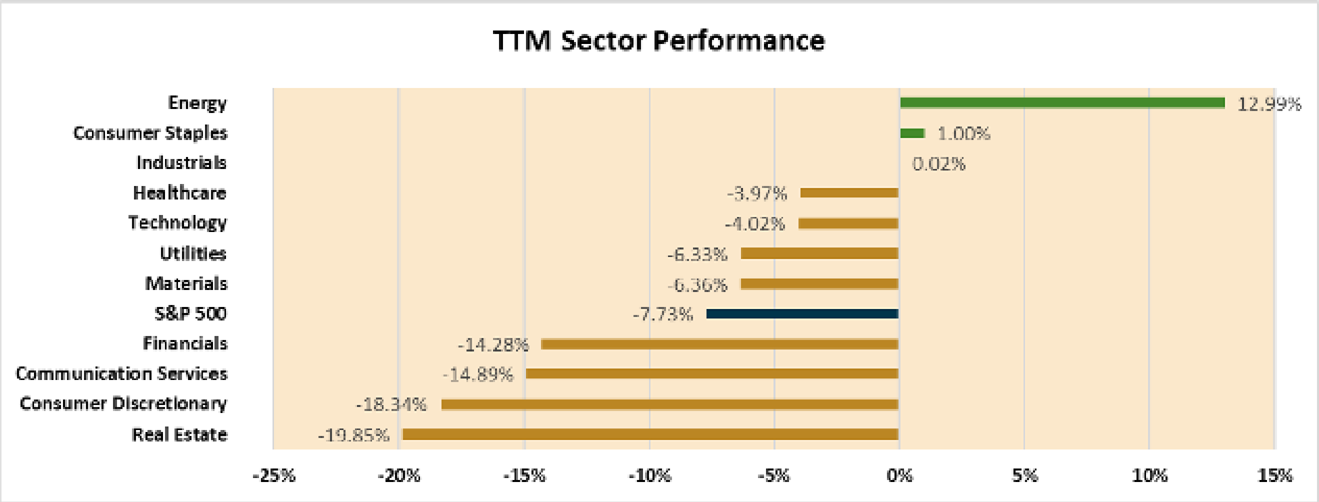
Name	OAD	6M	1Y	2Y	3Y	5Y	7Y	10Y	20Y	30Y
Totals	6.29	0.01	0.08	0.18	0.42	0.66	0.86	1.83	1.95	0.30
MBS Passthrough	6.29	0.01	0.08	0.18	0.42	0.66	0.86	1.83	1.95	0.30

Capital Markets Review & Outlook

First Quarter 2023

SECTOR PERFORMANCE





- Q1 was a rebound of what had done the worst in 2022.
- Technology ended up being a safe haven from the regional banking crisis.
- Energy retreated as oil prices fell, right before OPEC announced a production cut. However, energy is still the leading sector over the last 12 months.

Source: Morningstar Direct

MARKET VALUATIONS

- Valuations have increased since year end, with PE ratios climbing to 17.8x up from 16.7x at then end of 2022.
- This is on top of expectations for lower earnings over the next two quarters.
  - S&P 500 earnings are expected to fall 7% in Q1 year over year
  - Just 3 sectors are expected to show improved margins: energy, industrials, and consumer discretionary
- Smaller firms are expected to fair worse, as they are more economically sensitive and have greater exposure to regional lenders
- The S&P 500 has traded within a 5% range of 4000 81% of the time over the last 11 months.
  - These narrow trading ranges rarely last longer than 250 days.

S&P 500 Price Index

Characteristic	3/24/2000	10/9/2007	2/19/2020	1/3/2022	3/31/2023
Index Level	1,527	1,565	3,386	4,797	4,109
P/E Ratio (fwd.)	25.2x	15.1x	19.2x	21.4x	17.8x
Dividend Yield	1.4%	1.9%	1.9%	1.3%	1.7%
10-yr. Treasury	6.2%	4.7%	1.6%	1.6%	3.5%

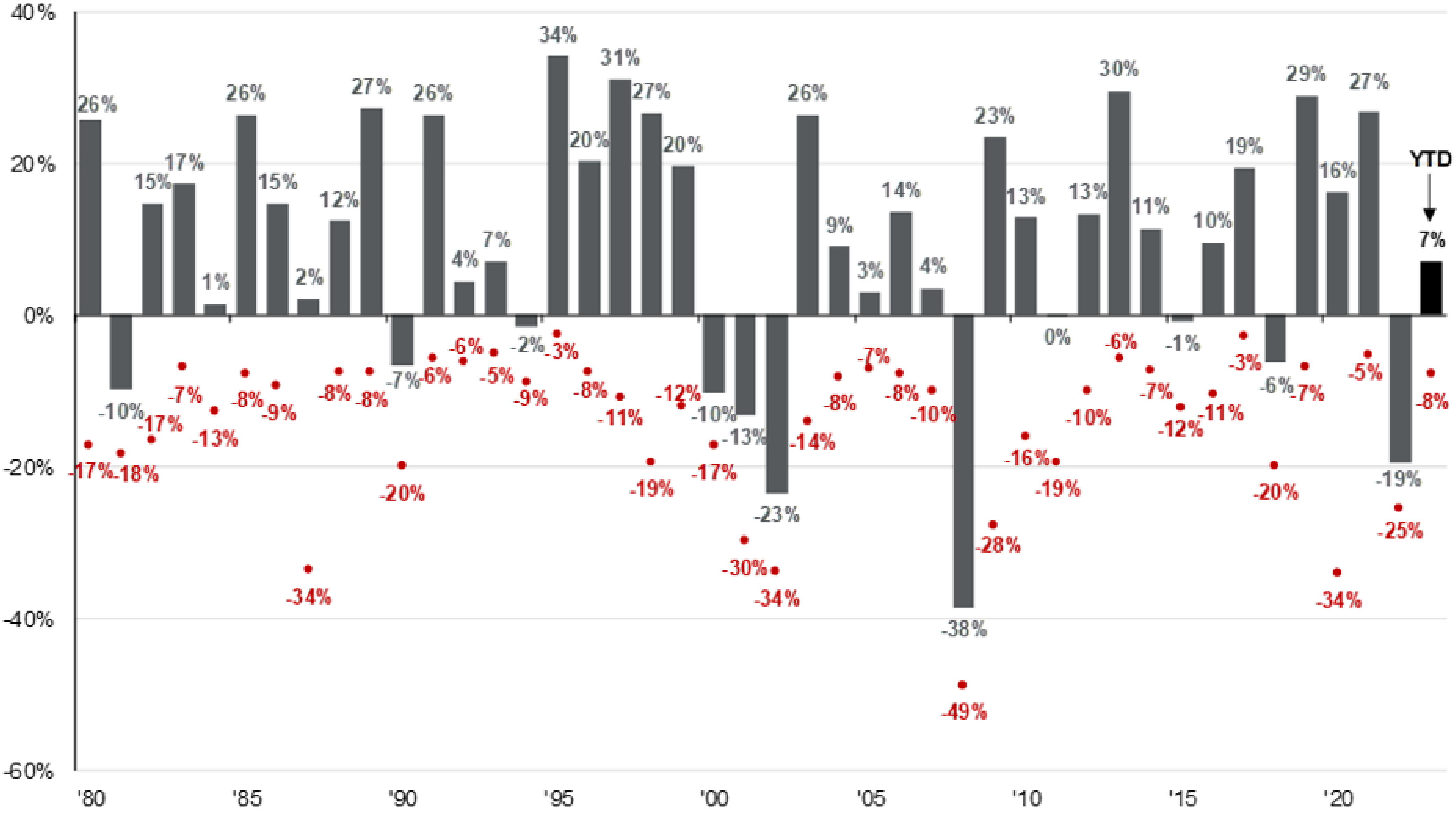
S&P 500 Index: Forward P/E ratio

Valuation measure	Description	Latest	25-year avg.*	Std. dev. over/under-valued
P/E	Forward P/E	17.81x	16.80x	0.30
CAPE	Shiller's P/E	29.82x	27.89x	0.30
Div. Yield	Dividend yield	1.74%	1.99%	0.74
P/B	Price to book	3.57x	3.10x	0.58
P/CF	Price to cash flow	13.25x	11.21x	0.93
EY Spread	EY minus Baa yield	-0.04%	0.29%	0.17

Source: JP Morgan

ANNUAL RETURNS AND INTRA-YEAR DECLINES

- Despite average intra-year drops of 14.3%, annual return were positive 32 of 43 years.

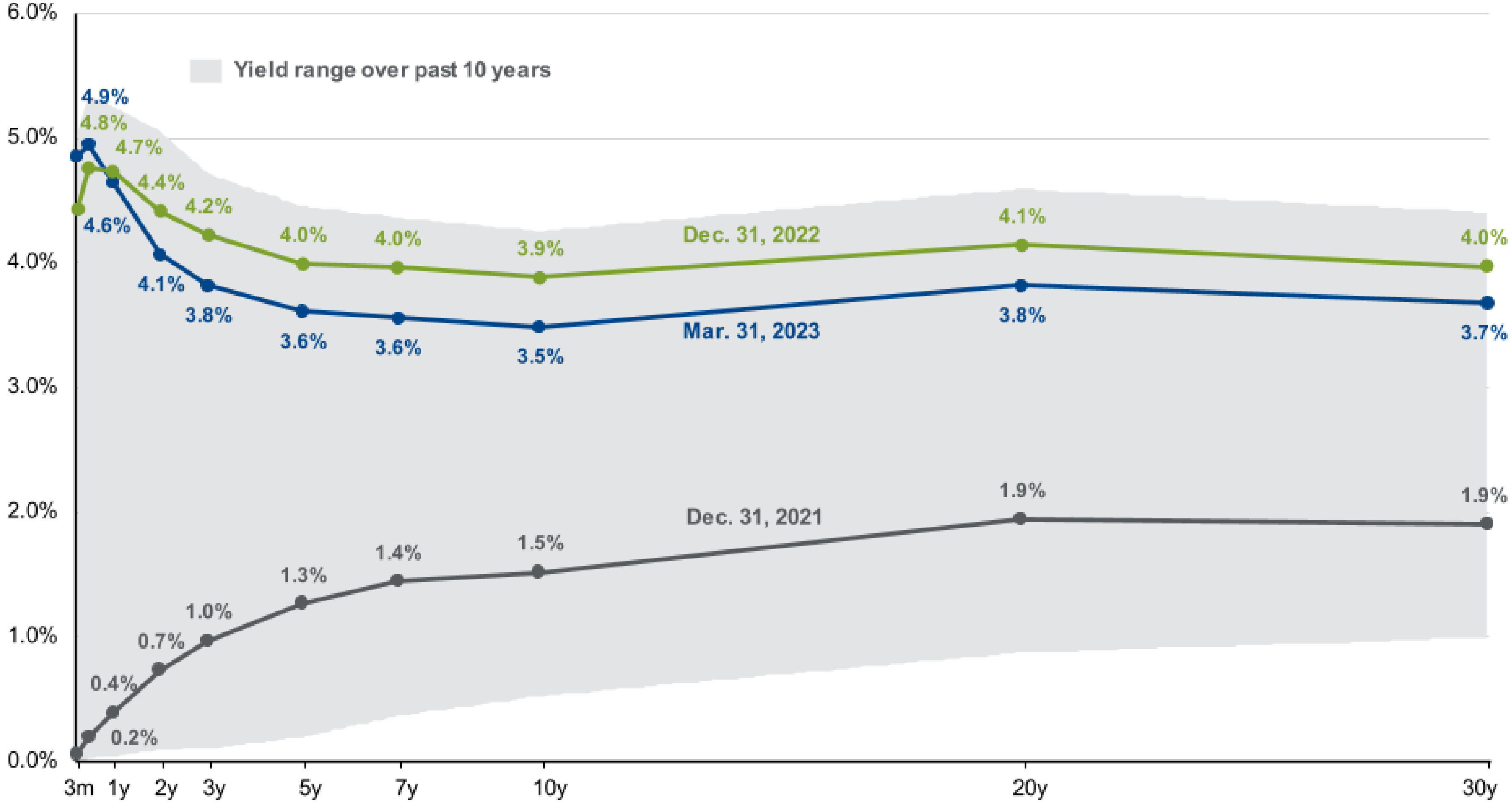


Source: JP Morgan

WHAT A DIFFERENCE A YEAR MAKES

- The Regional Banking crisis rattled bond markets, sending longer-term rates 30-50 bps lower.
- Markets are currently pricing in a 70% chance of a 25 bps point rate hike at the next Fed meeting in May.

U.S. Treasury yield curve



Source: JP Morgan

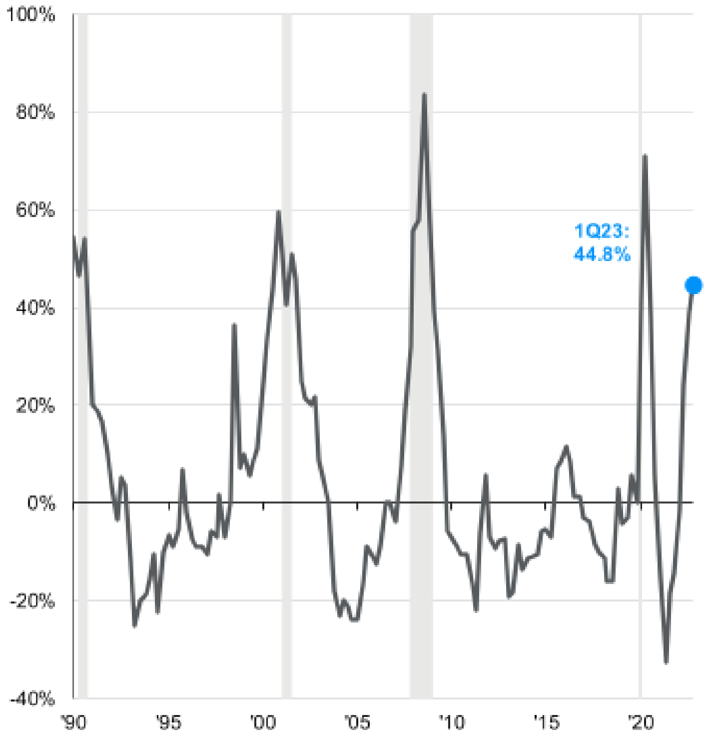
ULRICH Investment Consultants | Take aim.

BANK CAPITALIZATION AND LENDING SENTIMENT

- Although banks are much better capitalized than they were during the Great Financial Crisis, their balance sheets are not immune to rising rates, which hurts their bond portfolios.
- Increases in rates have resulted in tighter lending standards, and higher interest on deposits, shrinking margins.
- US bank lending contracted by the most on record in the last 2 weeks of march, primarily from fewer real estate and commercial and industrial loans.
- Total assets dropped by $220 billion and total liabilities dropped by more than $188 Billion, as depositors fled to money markets and Treasuries.

U.S. bank tier 1 capital ratio

Tier 1 capital as a % of risk-weighted assets



Net percentage of banks tightening lending standards

Commercial and industrial loans for large and middle-market firms

Banks outside of the top 25 account for:

- 67% of all commercial real estate loans,
- 70% of construction and development loans
- and 90% of loans secured by farmland.

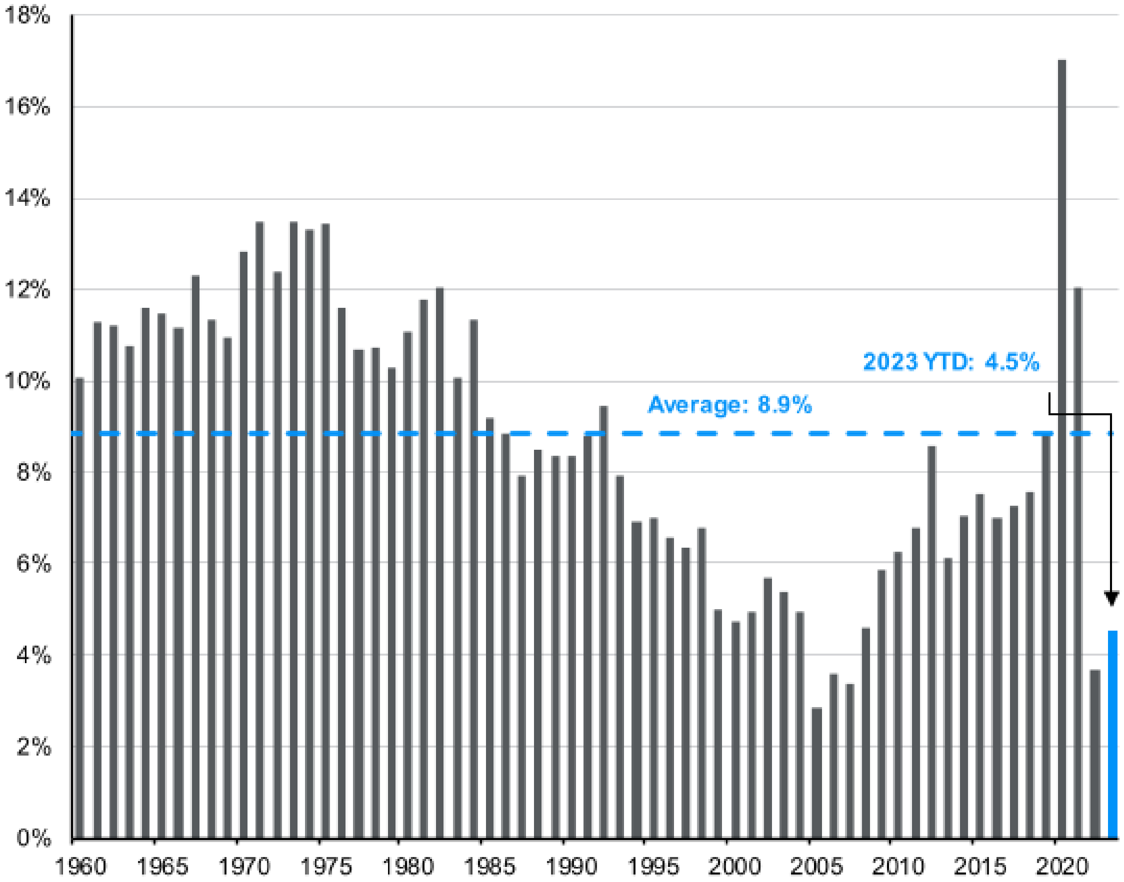
Source: JP Morgan

CONSUMER SAVING AND BORROWING

- Credit balances are rising as overall borrowing rates are also increasing
- Student debt represents 9% of consumer liabilities, or roughly 20% of all non-mortgage related debt.

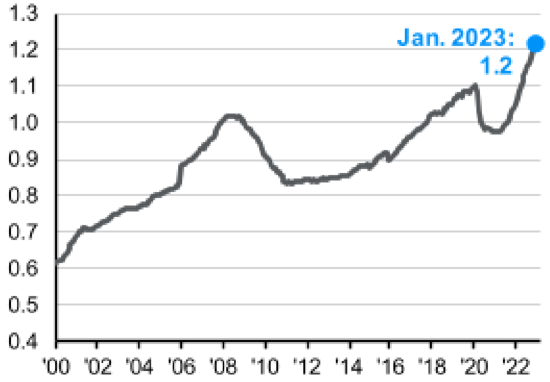
Personal saving rate

Personal savings as a % of disposable personal income, annual



Revolving consumer credit outstanding

USD trillions, SA



Revolving consumer credit outstanding

% of disposable income, SAAR

Source: JP Morgan

LABOR MARKETS

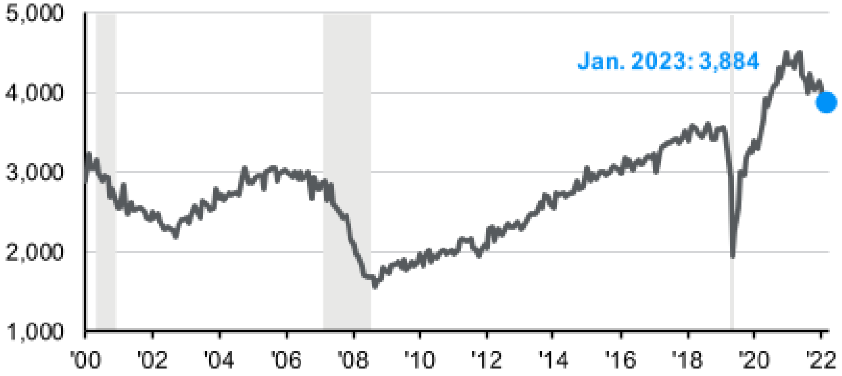
- Job vacancies dropped to 9.9MM, the lowest since May 2021, compared to 12MM in March of 2022.
- Job Openings / unemployed people dropped from 1.9 to 1.67
- The drop in job openings was before the banking crisis and tighter credit conditions, so these numbers are likely to worsen.

JOLTS job openings*

Total job openings, thousands, seasonally adjusted

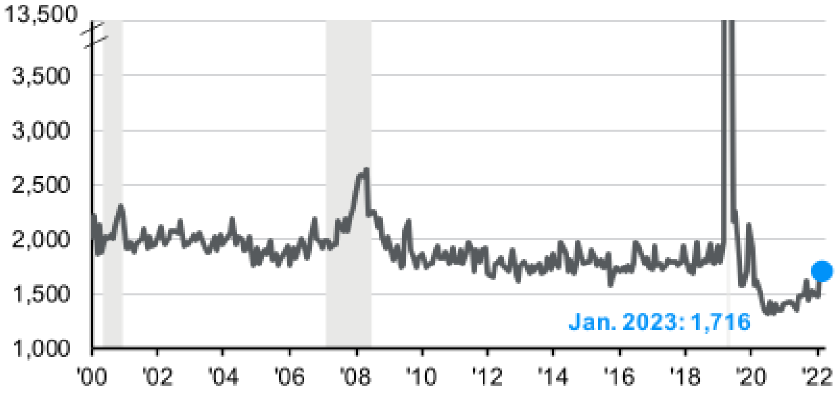
JOLTS quits

Total nonfarm quits, thousands, seasonally adjusted



JOLTS layoffs

Total nonfarm layoffs, thousands, seasonally adjusted



Source: JP Morgan

OIL MARKETS

- Saudi Arabia announced a cut in production of 1 million barrels per day, at a time when US inventories are at their lowest in years after President Biden drained the SPR in 2022.
- US Oil demand generally falls in recession, but global demand only falls in a crisis (like COVID).
- The fact that increased prices did not hurts tocks may be evidence that investors are more worried about growth than inflation.

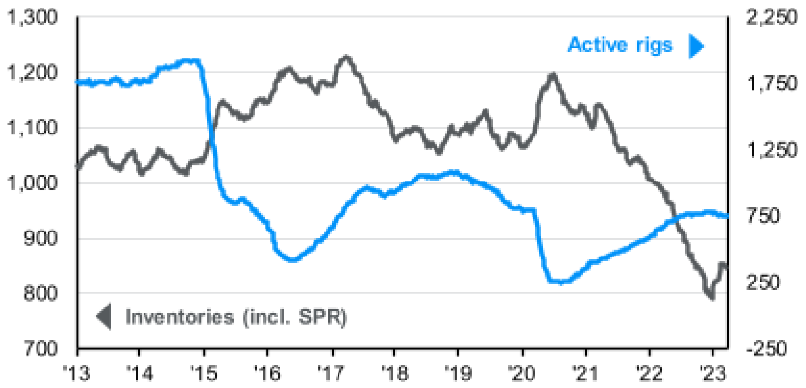
Change in production and consumption of liquid fuels

Production, consumption and inventories, millions of barrels per day

Production	2019	2020	2021	2022	2023*	Growth since '19
U.S.	19.5	18.6	19.0	20.2	21.1	7.9%
OPEC	34.6	30.7	31.7	34.2	34.1	-1.6%
Russia	11.5	10.5	10.8	10.9	10.3	-10.3%
Global	**100.3**	**93.9**	**95.7**	**99.9**	**101.5**	**1.2%**
Consumption						
U.S.	20.5	18.2	19.9	20.3	20.5	-0.4%
China	14.0	14.4	15.3	15.2	15.9	13.2%
Global	**100.9**	**91.6**	**97.1**	**99.4**	**100.9**	**0.0%**
Inventory Change	-0.6	2.3	-1.4	0.4	0.6	

U.S. crude oil inventories and rig count**

Million barrels, number of active rigs



Price of oil

WTI crude, nominal prices, USD/barrel

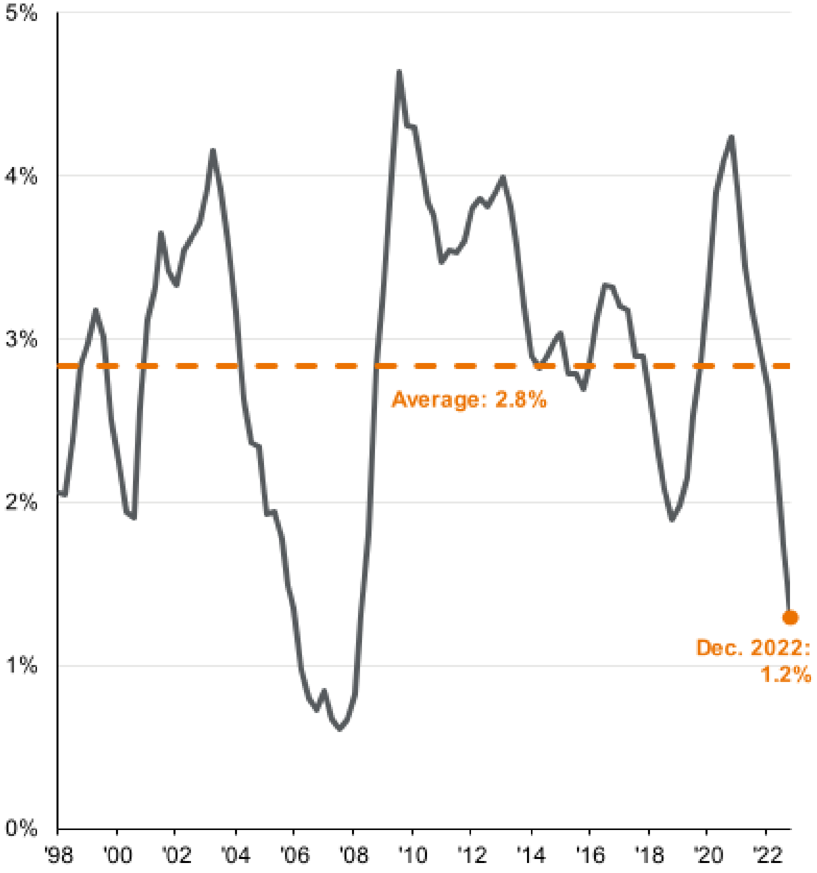
Source: JP Morgan, WSJ and Barron's

US REAL ESTATE DYNAMICS

- Rising interest rates have sent cap rate spreads plummeting, meanwhile prices on bonds backed by commercial real estate mortgages have dropped to level not seen since the pandemic.
- Vacancies remain elevated on office space, while retail appears to be recovering and industrial is still in high demand. Prices on multi-family buildings have started to drop (prices fell 8.7% in February Year over Year)

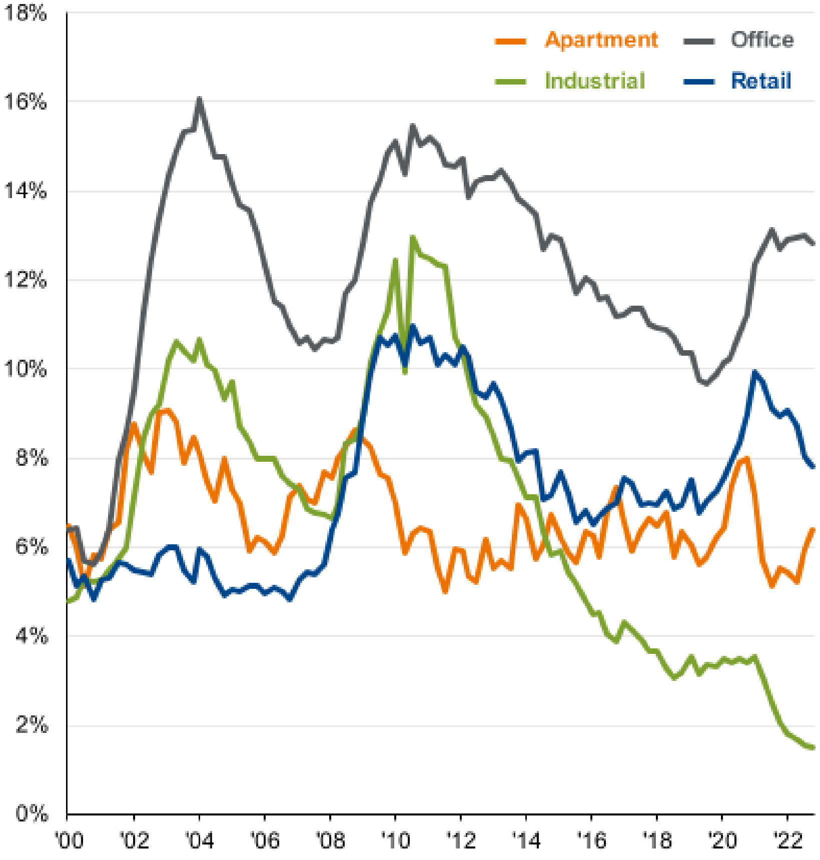
U.S. real estate cap rate spreads

Transaction based, spread to 10y UST, 4-quarter rolling average



U.S. vacancy rates by property type

Percent



Source: JP Morgan

ULRICH Investment Consultants

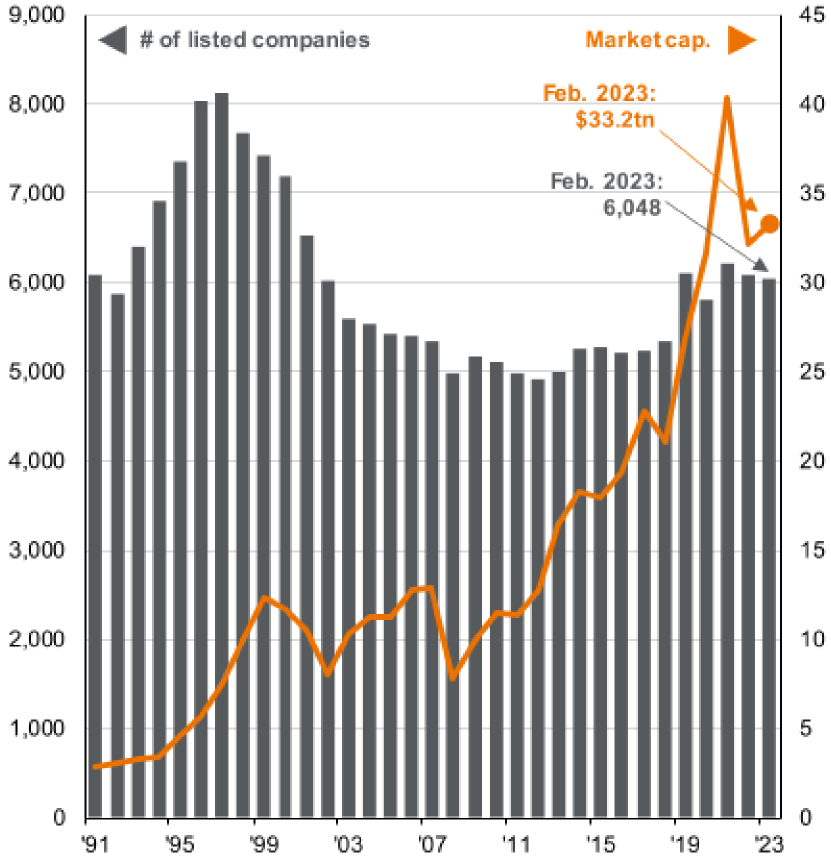
Take aim.

PUBLIC VS. PRIVATE MARKETS

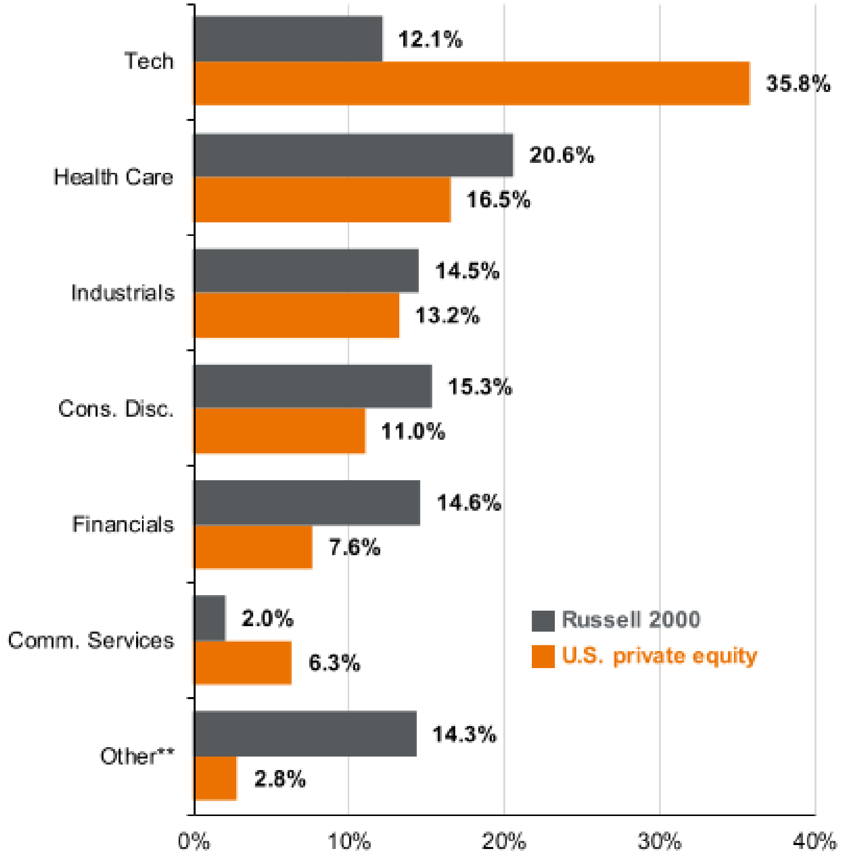
- Companies are waiting longer to go public, and hence one can't participate in the early growth stages of a private company in the public markets.
- There are over 100,000 private companies with revenues over $15 million vs. 6,000 in the public market.

Number of listed U.S. companies* and market cap.

Number, S&P 500 market capitalization in USD trillions

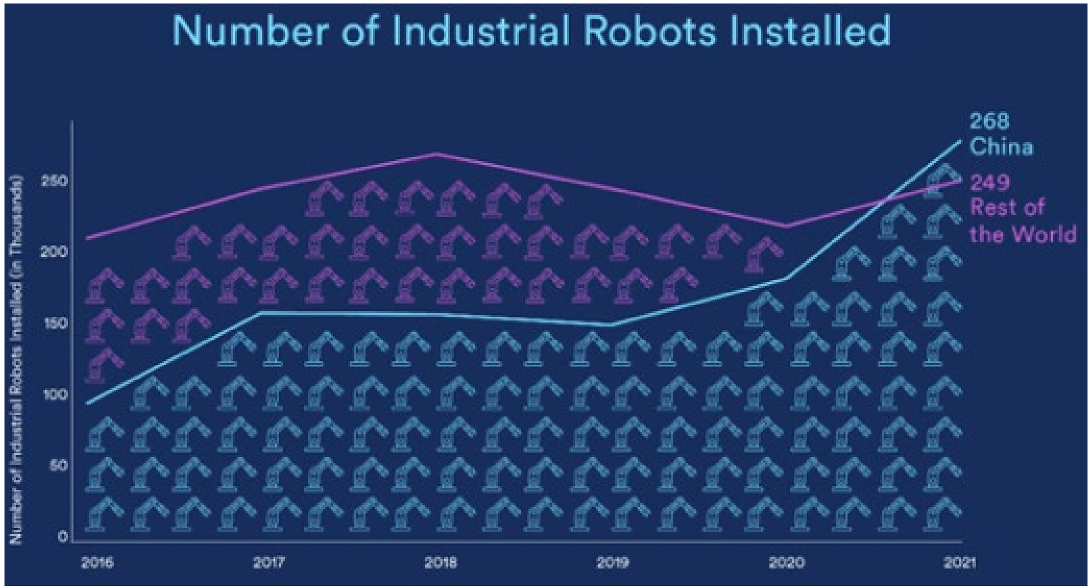


Private vs. public equity sector weights



Source: JP Morgan

ARTIFICIAL INTELLIGENCE

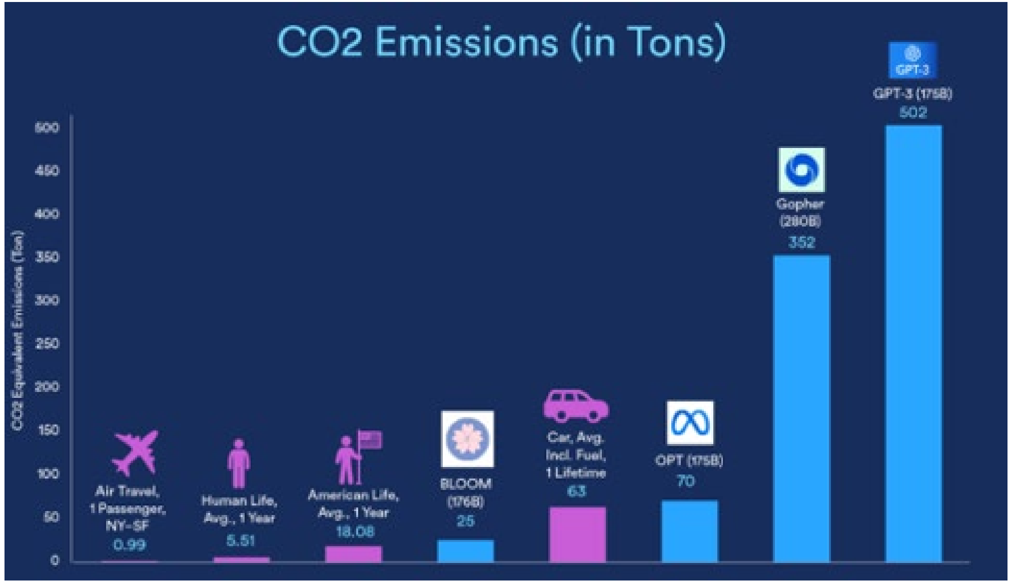


China Embraces Artificial Life:

- Robotic installations are up 31% around the world, but no country prioritized integration of robots quite like China.
- In 2013, China overtook Japan as the nation installing the most industrial robots, and since then, that gap has only widened.
- In 2021, China installed more of these robots than the rest of the world combined, and today, the country represents 51.8% of all industrial robotic installations.

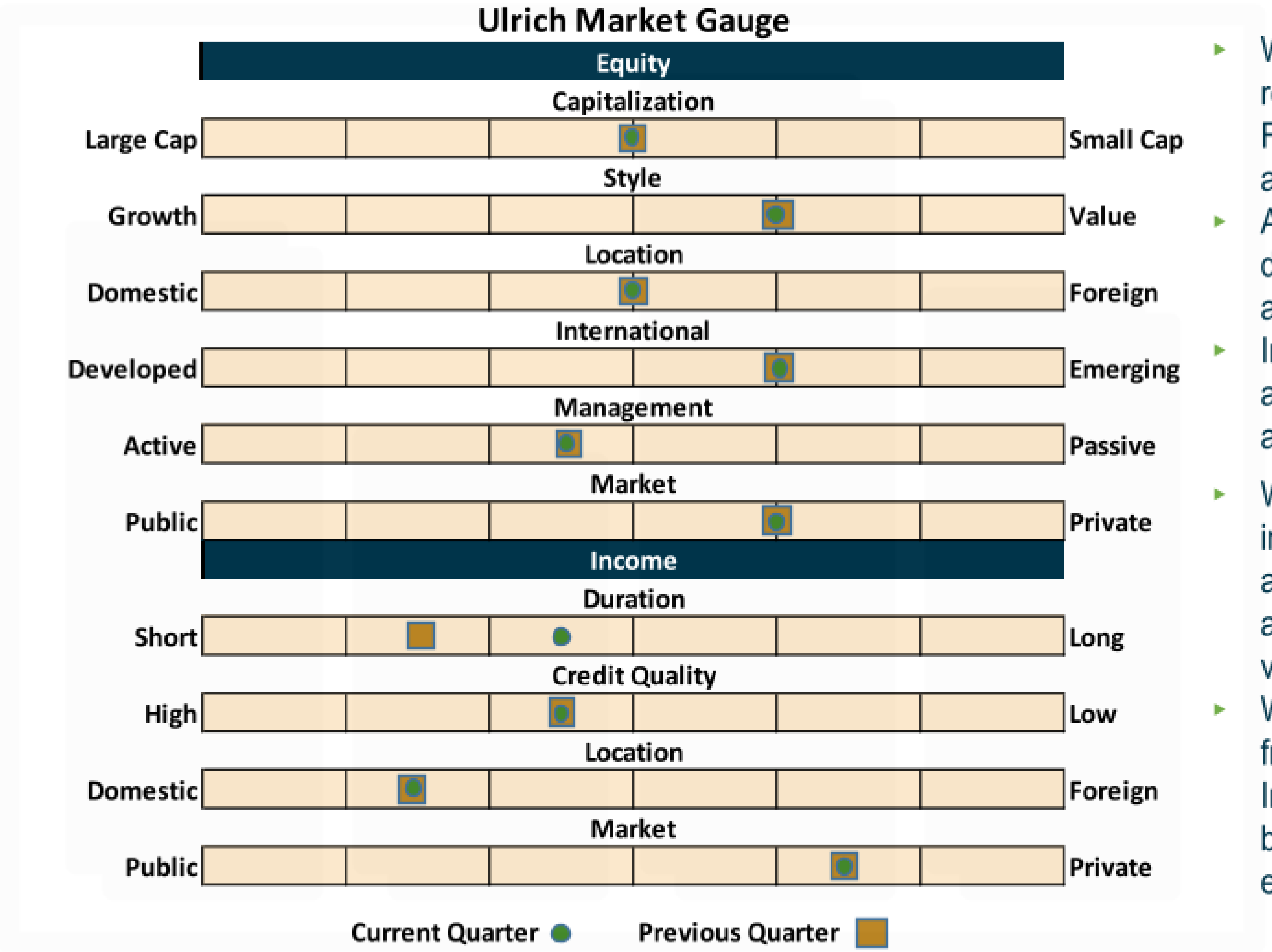
Intelligence at What Cost?

- Big models emit big carbon emissions numbers – through large numbers of parameters in the models, power usage effectiveness of data centers, and even grid efficiency.
- The heaviest carbon emitter by far was GPT-3, but even the relatively more efficient BLOOM took 433 MWh of power to train, which would be enough to power the average American home for 41 years.



Source: International Federation of Robotics (IFR)

SUMMARY AND OUTLOOK



- We believe the tightening effects in the regional banking space have sped up the Fed's rising interest rate cycle and rates are nearing a peak.
- As such, we are beginning to lengthen duration in fixed income portfolios to take advantage of future rate cuts.
- International equities continue to look attractive from a valuation perspective and could benefit from China's reopening.
- We expect Geopolitical tensions, weakness in Europe, a continuing war in Ukraine, and a looming debt ceiling debate to provide additional fodder for an uncertain and likely volatile remainder of the year.
- We continue to believe portfolios will benefit from the addition of Alternative Investments; and secondary markets could become more interesting in a distressed environment.

Disclosures

DISCLOSURES

Ulrich Investment Consultants is registered as an investment adviser under the United States Investment Advisor Act of 1940, as amended, with the Securities and Exchange Commission.

The views expressed represent the opinion of Ulrich Investment Consultants. The views are subject to change and are not intended as a forecast or guarantee of future results. This material contains information about general market conditions and is for informational purposes only. It does not constitute investment advice and is not intended as an endorsement of any specific investment. Stated information is derived from sources that have not been independently verified for accuracy or completeness. While Ulrich Investment Consultants believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and Ulrich Investment Consultants' view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions that may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements

For more information about Ulrich Investment Consultants please contact us for a copy of our disclosure brochure. Please do not send money for investing until you have read it. For more information pertaining to the registration status of Ulrich Investment Consultants, please visit www.adviserinfo.sec.gov.

Ulrich Investment Consultants may be notified by mail:
Ulrich Investment Consultants
1805 Rio Grande Blvd, N.W. Suite 1
Albuquerque, NM 87104
Compliance@ulrichcg.com or Johnu@ulrichcg.com

Target Benchmark Disclosures

Beginning 6/1/2022, the NM MFA Policy Benchmark is comprised of 20% 90-Day US Treasury Bills, 12% Bloomberg Barclay's Universal; 17% Bloomberg Aggregate Mortgage-Backed Bond Idx, 27% Bloomberg Aggregate 1-3 Year Gov't Bond Idx, 16% Russell 3000 and 8% MSCI-ACWI-Ex US.

MODRALL SPERLING

LAWYERS

April 21, 2023

Karen L. Kahn
505.848.1898
Fax: 505.449.2098
kkahn@modrall.com

Dolores Wood
Human Resources Director
New Mexico Mortgage Finance Authority
344 Fourth Street S.W.
Albuquerque, NM 87102

Re: Restated 457(b) Plan

Dear Dolores,

As we discussed, we have restated the 457(b) plan. The main reason was to change eligibility to allow in anyone who defers the maximum salary deferral without catch-up, under the 401(k) Plan. That way, if they want to do catch-up and their prior year's salary was over $145,000 in 2023 (indexed annually), then they can make pre-tax catch-up contributions.

In consultation with Dorothy, we also made the following changes:

The Plan now provides for daily valuation, instead of at the end of the plan year.

The Plan will only allow cash distributions and not provide for in-kind distributions as an option.

We put in monthly entry dates, in case someone maxes out on deferrals toward the end of the year and misses say the October 1st entry date.

We changed the vesting schedule so that it is the same as the 401(k) Plan, if the employer ever makes contributions to the 457(b) plan.

I also added loans although I think they would be rare. But this way if you are explaining the 457(b) Plan to an employee, you won't have to remember that one has loans and the other plan doesn't.

Although this is not a change, I wanted to point out that on termination of employment, NMMFA will be able to force out of the Plan anyone with an account balance of under $5,000 and under SECURE 2.0 that will soon increase to $7,000.

Attached are the following documents for NMMFA's review and signature where applicable.

Modrall Sperling
Roehl Harris & Sisk P.A.

500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com

1. New Mexico Mortgage Finance Authority 457(b) Plan Adoption Agreement and the Basic Plan Document. These two items together constitute the Plan Document.

2. Formal Record of Action.

3. Plan Description (PD) for the Plan. The PD can be distributed to anyone joining the Plan, but it is not required.

4. Beneficiary Designation Form. This is for any new participants or those wishing to change their beneficiary designations.

5. Salary Deferral Form for changes in deferral amounts, and new participants.

6. The Administrative Policy for Qualified Domestic Relations Orders (QDROs

7. Amendment for the SECURE/CARES/CAA Amendment, which NMMFA already adopted, but needs to be included with this restated document.

8. Loan Procedures. We enclose them, but I believe Bank of Oklahoma will want NMMFA to use their loan policy.

Once you have reviewed the documents, please have two copies of the signature pages of the above documents signed and return one original signed page to me.

If you have any questions, please give me a call.

Sincerely,

Karen Kahn

Karen L. Kahn

KLK/jmw
Enclosures
cc: Dorothy Sanmann
Y:\dox\client\87070\0001\CORRES\W4694907.DOCX

NEW MEXICO MORTGAGE FINANCE AUTHORITY

SECTION 457(b) PLAN

Basic Plan Document

August 1, 2023

MODRALL SPERLING

LAWYERS

Prepared by:
Modrall Sperling
500 Fourth Street
Suite 1000
Albuquerque, NM 87102

NEW MEXICO MORTGAGE FINANCE AUTHORITY
457(b) PLAN
TABLE OF CONTENTS

ARTICLE 1 INTRODUCTION

Section 1.01 PLAN

This document ("Basic Plan Document") and its related Adoption Agreement are intended to provide deferred compensation for Eligible Employees of the Company. This Plan is intended to constitute an "eligible deferred compensation plan" within the meaning of Code section 457(b) and, if the Plan is not a Governmental Plan, a top hat plan within the meaning of ERISA sections 201(2), 301(a)(3) and 401(a)(1). The provisions of this Plan are intended to comply with requirements of Code section 457 in form and operation and shall be interpreted in a manner consistent with such Code section and regulations or guidance promulgated pursuant thereto.

Section 1.02 APPLICATION OF PLAN

Except as otherwise specifically provided herein, the provisions of this Plan shall apply to those individuals who are Eligible Employees of the Company on or after the Effective Date. Except as otherwise specifically provided for herein, the rights and benefits, if any, of former Eligible Employees of the Company whose employment terminated prior to the Effective Date, shall be determined under the provisions of the Plan, as in effect from time to time prior to that date.

ARTICLE 2 DEFINITIONS

"Account" means the book entry account maintained with respect to each Participant pursuant to Article 5.

"Adoption Agreement" means the document executed in conjunction with this Basic Plan Document that contains the optional features selected by the Plan Sponsor.

"Beneficiary" means the person or persons designated by the Participant to receive distributions from the Participant's Account after the Participant's death. Upon enrollment, the Participant shall designate a Beneficiary to receive distributions from the Participant's Account in the event of the Participant's death. A Participant may change his or her designated Beneficiary at any time. A Participant may designate any person or persons as Beneficiaries. Unless otherwise provided in the Beneficiary designation form, each designated Beneficiary shall be entitled to equal shares of the benefits payable after the Participant's death. If the Participant fails to designate a Beneficiary, or if no designated Beneficiary survives the Participant for a period of fifteen (15) days, then the Participant's surviving spouse shall be the Beneficiary. If the Participant has no surviving spouse, or if the surviving spouse does not survive the Participant for a period of fifteen (15) days, then the estate of the Participant shall be the Beneficiary.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" means the Plan Sponsor and any other entity that has adopted the Plan with the approval of the Plan Sponsor.

"Compensation" shall have the meaning set forth in the Adoption Agreement. Compensation for an independent contractor shall include payment by the Company to the independent contractor. Effective for Plan Years beginning after December 31, 2008, Compensation shall include differential wage payments (as defined in Code section 3401(h)(2)) pursuant to Code section 414(u)(12), Notice 2010-5 and any superseding guidance.

"Deferral" means, the amount of Compensation deferred, whether by salary reduction or by employer contribution. The amount of Compensation deferred under the Plan is taken into account as an annual deferral in the taxable year of the Participant in which deferred, or, if later, the year in which the amount of Compensation deferred is no longer subject to a substantial risk of forfeiture. The term "Deferral" shall not include transfers and rollovers from another plan described in Article 5. To the extent provided in the Adoption Agreement, a Participant may also defer accumulated sick pay, accumulated vacation pay, and back pay.

If the amount of Compensation deferred under the Plan during a taxable year is not subject to a substantial risk of forfeiture, the amount taken into account as an annual deferral is not adjusted to reflect gain or loss allocable to the compensation deferred. If, however, the amount of Compensation deferred under the Plan during the taxable year is subject to a substantial risk of forfeiture, the amount of Compensation deferred that is taken into account as an annual deferral in the taxable year in which the substantial risk of forfeiture lapses must be adjusted to reflect gain or loss allocable to the Compensation deferred until the substantial risk of forfeiture lapses.

"Deferral Agreement" means the agreement between an Employer and a Participant, including any amendments thereto, which specifies the amount of Deferrals to be made by the Employee. Each Deferral Agreement or amendment thereto shall be made or confirmed in writing under procedures established by the Plan Administrator.

"Effective Date" shall have the meaning set forth in the Adoption Agreement.

"Eligible Deferred Compensation Plan" means a plan maintained by any employer that constitutes an "eligible deferred compensation plan" within the meaning of Code section 457 and that has at all relevant times included the deferral limitations set forth in section 457(b).

"Eligible Employee" means any Employee employed by or performing services for the Company, subject to the modifications and exclusions described in the Adoption Agreement. If the Plan is not a Governmental Plan, it is intended that participation in the Plan be limited to a select group of management or highly compensated employees within the meaning of Title 1 of the Employee Retirement Income Security Act. If an individual is subsequently reclassified as, or determined to be, an Employee by a court, the Internal Revenue Service or any other governmental agency or authority, or if the Company is required to reclassify such individual an Employee as a result of such reclassification determination (including any reclassification by the Company in settlement of any claim or action relating to such individual's employment status), such individual shall not become an Eligible Employee by reason of such reclassification or determination.

An individual who becomes employed by the Employer in a transaction between the Employer and another entity that is a stock or asset acquisition, merger, or other similar transaction involving a change in the employer of the employees of the trade or business shall not become eligible to participate in the Plan until the Plan Sponsor specifically authorizes such participation.

"Employee" means (i) any individual who is employed by the Employer and (ii) any independent contractor who performs services for the Employer within the meaning of Treas. Reg. 1.457-(2)(e). Effective for Plan Years beginning after December 31, 2008, a Participant receiving differential wage payments (as defined in Code section 3401(h)(2)) shall be treated as an Employee of the Employer making the payment pursuant to Code section 414(u)(12), Notice 2010-5 and any superseding guidance.

"Employer" means the Company or any other employer required to be aggregated with the Company under Code sections 414(b), (c), (m) or (o); provided, however, that "Employer" shall not include any entity or unincorporated trade or business prior to the date on which such entity, trade or business satisfies the affiliation or control tests described above. An Employer is limited to an entity that is a State or a Tax-Exempt Entity. The term "Employer" does not include a church as defined in Code section 3121(w)(3)(A), a qualified church-controlled organization as defined in Code section 3121(w)(3)(B), or the Federal government or any agency or instrumentality thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, all amendments thereto and all federal regulations promulgated pursuant thereto.

"Governmental Plan" means a Plan maintained by a State. The Plan shall be considered to be a Governmental Plan only to the extent provided in the Adoption Agreement.

"Includible Compensation" means, with respect to the taxable year, the Participant's compensation, as defined in Code section 415(c)(3). Includible Compensation shall be determined without regard to any community property laws.

"Normal Retirement Age" shall have the meaning set forth in the Adoption Agreement. For purposes of the special Code section 457 catch-up in Section 5.02(c), an entity sponsoring more than one eligible plan may not permit a Participant to have more than one Normal Retirement Age under the eligible plans it sponsors.

"Participant" means an Eligible Employee who participates in the Plan in accordance with Articles 3 and 4.

"Plan Administrator" means the person(s) designated pursuant to the Adoption Agreement and Section 7.01.

"Plan Sponsor" means the entity described in the Adoption Agreement.

"Plan Year" means the 12-consecutive month period described in the Adoption Agreement.

"Pre-tax Deferral" means Deferrals that are not includible in the Participant's gross income at the time deferred.

"Pre-tax Deferral Account" means so much of a Participant's Account as consists of a Participant's Pre-Tax

Deferrals (and corresponding earnings) made to the Plan.

"Required Beginning Date" means April 1st of the calendar year following the calendar year of a Participant's attainment of age 70-1/2 or Termination, whichever is later.

"Roth Deferral" means an Deferral that is: (a) designated irrevocably by the Participant at the time of the cash or deferred election as a Roth Deferral that is being made in lieu of all or a portion of the Pre-tax Deferrals the Participant is otherwise eligible to make under the Plan; and (b) treated by the Company as includible in the Participant's income at the time the Participant would have received that amount in cash if the Participant had not made a cash or deferred election. Except as otherwise provided, Roth Deferrals shall be subject to the same conditions and limitations as apply to Deferrals.

"Roth Deferral Account" means so much of a Participant's Account as consists of a Participant's Roth Deferrals (and corresponding earnings) made to the Plan. The Plan will maintain a record of the amount of Roth Deferrals in each Participant's Roth Deferral Account.

"State" means a state (treating the District of Columbia as a state as provided under Code section 7701(a)(10)), a political subdivision of a state, and any agency or instrumentality of a state.

"Tax-Exempt Entity" means includes any organization exempt from tax under subtitle A of the Internal Revenue Code, except that a governmental unit (including an international governmental organization) is not a tax-exempt entity.

"Termination" and "Termination of Employment" means:

(a) Employee. The cessation of an Employee's active employment with an Employer.

(b) Independent Contractor. An independent contractor is considered to have a Termination upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed if the expiration constitutes a good-faith and complete termination of the contractual relationship.

"Trust Agreement" means in the case of a Governmental Plan, the written agreement (or declaration) made by and between the Employer and the Trustee under which the Trust Fund is maintained.

"Trust Fund" means in the case of a Governmental Plan, the trust fund or custodial account (to the extent permitted under Code section 457(g) and Treas. Reg. section 1.457-8) created under and subject to the Trust Agreement.

"Trustee" means in the case of a Governmental Plan, the trustee or custodian duly appointed and currently serving under the Trust Agreement. In the case of a Plan maintained by a Tax-Exempt Entity, the trustee duly appointed and currently serving under the grantor trust.

"Valuation Date" shall have the meaning set forth in the Adoption Agreement.

ARTICLE 3 PARTICIPATION

Section 3.01 PARTICIPATION

Each Eligible Employee as of the Effective Date who was eligible to participate in the Plan immediately prior to the Effective Date shall be a Participant eligible to participate in the Plan pursuant to Article 4 on the Effective Date. Each other Eligible Employee who was not a Participant in the Plan prior to the Effective Date shall become a Participant eligible to participate pursuant to Article 4 on the date specified in the Adoption Agreement; provided that he is an Eligible Employee on such date.

Section 3.02 TRANSFERS/TERMINATIONS

If a change in job classification, Termination or a transfer results in an individual no longer qualifying as an Eligible Employee, such Employee shall cease to be a Participant for purposes of Articles 4 and 5 (or shall not become eligible to become a Participant) as of the first day of the month immediately succeeding such change of job classification or transfer; or in the case of a Termination, the effective date of the Termination. Should such Employee again qualify as an Eligible Employee or if an Employee who was not previously an Eligible Employee becomes an Eligible Employee, he shall become a Participant on the first day of the month following the later of the effective date of such subsequent change of status or the date the Employee meets the eligibility requirements of this Article 3.

Section 3.03 PROCEDURES FOR ADMISSION

The Plan Administrator shall prescribe such forms and may require such data from Participants as are reasonably required to enroll a Participant in the Plan or to effectuate any Participant elections. The Plan Administrator may impose other limitations and/or conditions with respect to participation in the Plan on Eligible Employees who commence or recommence participation in the Plan pursuant to Section 3.02.

ARTICLE 4 ELECTIONS

Section 4.01 DEFERRAL ELECTIONS

This Section shall apply only to the extent that the Adoption Agreement permits Participant Deferrals.

(a) Compensation. A Deferral Agreement shall become effective no earlier than the later of the Effective Date or first day of the calendar month following the month in which the agreement is made. A new Employee may defer Compensation payable in the calendar month during which the Participant first becomes an Employee if an agreement providing for the Deferral is entered into on or before the first day on which the Participant performs services for the Employer.

(b) Roth Deferrals. If the Plan is a Governmental Plan and to the extent provided in the Adoption Agreement, Participants shall be eligible to irrevocably designate some or all of their Deferrals as either Pre-tax Deferrals or Roth Deferrals. All elections shall be subject to the same election procedures, limits on modifications and other terms and conditions on elections as specified in the Plan. If Roth Deferrals are not permitted, all Deferrals shall be designated as Pre-tax Deferrals.

(c) Sick, Vacation and Back Pay. To the extent provided in the Adoption Agreement, a Participant may also defer accumulated sick pay, accumulated vacation pay, and back pay. Such elections may be deferred for any calendar month only if an agreement providing for the Deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the Participant is an Employee on the date the amounts would otherwise be paid or made available. For purposes of section 457, Compensation that would otherwise be paid for a payroll period that begins before severance from employment is treated as an amount that would otherwise be paid or made available before an Employee has a severance from employment.

Section 4.02 ELECTION PROCEDURES

Each Participant may execute elections pursuant to this Article 4 in the form and manner prescribed by the Plan Administrator. The Plan Administrator shall provide each Participant with the forms necessary to make such elections. Notwithstanding the foregoing, a Participant shall be eligible to make elections only to the extent such elections are permitted in the Adoption Agreement and relate to contributions and/or benefits for which the Participant has met the eligibility requirements of Article 3. The Adoption Agreement may provide additional conditions and/or limitations on Participant elections.

ARTICLE 5 ACCOUNTS/BENEFITS

Section 5.01 ESTABLISHMENT OF ACCOUNTS

(a) Accounts. The Plan Administrator shall establish and maintain a book entry account on behalf of each Participant to the extent necessary to account for benefits provided hereunder. Each such book entry account shall reflect the aggregate of Participant and/or Company contributions and investment experience attributable to each such book entry account based upon the investment experience/plan expenses described in Section 5.05 below. Each book entry account shall also reflect any reductions due to expense charges applied to, and distributions made from, each such account. If the Plan is not a Governmental Plan, such account(s) shall be simply an unsecured claim against the general assets of the Company and a Participant shall have no interest in such account, which is established merely as an accounting convenience. For purposes of this Subsection, "Participant" shall mean an Eligible Employee who has met the eligibility requirements of Article 3.

(b) Employer Contributions. To the extent provided in the Adoption Agreement, the Company may, in its sole discretion, make additional credits to the Account of any Participant either as matching or other non-elective contributions. Except as otherwise provided, any such additional credits shall be treated as Deferrals for all purposes of the Plan. Deferrals may be made for former Employees with respect to compensation described in § 1.415(c)-2(e)(3)(ii) (relating to certain compensation paid within 2-1/2 months following severance from employment), compensation described in § 1.415(c)-2(g)(4) (relating to compensation paid to Participants who are permanently and totally disabled), and compensation relating to qualified military service under section 414(u).

(c) Contribution to Trust Fund. If the Plan is a Governmental Plan, Deferrals by the Participant under the Plan shall be transferred to the Trust Fund within a period that is not longer than is reasonable for the proper administration of the Participant's Account. For this purpose, Deferrals shall be treated as contributed within a period that is not longer than is reasonable for the proper administration if the contribution is made to the Trust Fund within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant. Effective as provided in Internal Revenue Service Revenue Ruling 2011-1 (as modified by Revenue Service Notice 2012-6 and any superseding guidance), to the extent that the Plan's trust is a part of any group trust (within the meaning of Internal Revenue Service Revenue Rulings 81-100 and 2011-1), such group trust may invest in the accounts and plans described in Internal Revenue Service Revenue Ruling 2011-1; provided, that requirements of such ruling and superseding guidance are met.

(d) USERRA. An Employee whose employment is interrupted by qualified military service under Code section 414(u) or who is on a leave of absence for qualified military service under Code section 414(u) may elect to make additional Deferrals and receive allocations of Company contributions, if any, upon resumption of employment with the Employer equal to the maximum Deferrals that the Employee could have elected during that period (or received if Company contributions) if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Deferrals, if any, actually made for the Employee during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

Section 5.02 LIMITATIONS

(a) General Limitation. Except as provided in Subsection (b) and (c), a Participant's Deferrals for a taxable year shall not exceed the lesser of:

(1) $15,000 (or such greater dollar limit as may be in effect under Code section 457(e)); or

(2) One hundred percent (100%) of the Participant's Includible Compensation for the calendar year.

(b) Age 50 Catch-Up. If the Plan is a Governmental Plan, a Participant who will attain age 50 or more by the end of the calendar year is permitted to elect an additional amount of Deferrals pursuant to Code section 414(v), up to the maximum age 50 catch-up amount for the year. The maximum dollar amount of the age 50 catch-up Deferrals for a year is $5,000, adjusted for cost-of-living after 2006 to the extent provided under the Code. The Age 50 Catch-up described in this Subsection does not apply for any taxable year for which a higher limitation applies under the special Code section 457 catch-up under Section 5.02(c).

(c) Catch-up Limitation. If the applicable year is one of a Participant's last 3 calendar years ending before the year in which the Participant attains Normal Retirement Age and the amount determined under this Subsection (c) exceeds the amount computed under Subsection (a) and if a Governmental Plan Subsection (b), then the annual Deferral limit under this Section 5.02 shall be the lesser of:

(1) An amount equal to 2 times the Subsection (a)(1) applicable dollar amount for such year; or

(2) The sum of:

(A) An amount equal to (x) the aggregate Subsection (a) limit for the current year plus each prior calendar year beginning after December 31, 2001 during which the Participant was an Eligible Employee under the Plan, minus (y) the aggregate amount of Compensation that the Participant deferred under the Plan during such years, plus

(B) An amount equal to (x) the aggregate limit referred to in Code section 457(b)(2) for each prior calendar year beginning after December 31, 1978 and before January 1, 2002 during which the Participant was an Eligible Employee, minus (y) the aggregate contributions to Pre-2002 Coordination Plans for such years.

The amounts under this Subsection 5.02(c) shall be determined in accordance with Treas. Reg. section 1.457-4(c)(3).

(d) Participant Covered By More Than One Eligible Plan. If the Participant is or has been a participant in one or more other eligible plans within the meaning of section 457(b) of the Code, then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Section 5.02. For this purpose, the Plan Administrator shall take into account any other such eligible plan maintained by the Employer and shall also take into account any other such eligible plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan.

(e) Pre-Participation Years. In applying Subsection (c), a year shall be taken into account only if (i) the Participant was eligible to participate in the Plan during all or a portion of the year and (ii) Compensation deferred, if any, under the Plan during the year was subject to the basic annual limitation described in Subsection (a) or any other plan ceiling required by section 457(b) of the Code.

(f) Pre-2002 Coordination Plans. For purposes of Subsection (c)(2)(B)(y), "contributions to Pre-2002 Coordination Plans" means any employer contribution, salary reduction or elective contribution under any other eligible Code section 457(b) plan, or a salary reduction or elective contribution under any Code section 401(k) qualified cash or deferred arrangement, Code section 402(h)(1)(B) simplified employee pension (SARSEP), Code section 403(b) annuity contract, and Code section 408(p) simple retirement account, or under any plan for which a deduction is allowed because of a contribution to an organization described in section 501(c)(18) of the Code, including plans, arrangements or accounts maintained by the Employer or any employer for whom the Participant performed services. However, the contributions for any calendar year are only taken into account for purposes of Subsection (c)(2)(B)(y) to the extent that the total of such contributions does not exceed the aggregate limit referred to in section 457(b)(2) of the Code for that year.

(g) Disregard Excess Deferral. For purposes of Subsections (a), (b) and (c), an individual is treated as not having deferred compensation under a plan for a prior taxable year to the extent excess Deferrals under the Plan are distributed, as described in Subsection (h). To the extent that the combined deferrals for pre-2002 years exceeded the maximum deferral limitations, the amount is treated as an excess Deferral for those prior years.

(h) Correction of Excess Deferrals. If the annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above, or the annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another eligible deferred compensation plan under Code section 457(b) for which the Participant provides information that is accepted by the Plan Administrator, then the annual Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant as soon as administratively feasible. If the annual Deferral made on behalf of a Participant for any calendar year exceeds the limitations described above and the Plan is not a Governmental Plan the excess (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant no later than April 15 of the subsequent taxable year. If the vesting of a Participant's Account pursuant to Section 5.06 may cause the limitations of this Section to be exceeded, the Plan Administrator may elect to defer such vesting and/or refund or reduce Deferrals.

Section 5.03 TRANSFERS

This Section shall apply to the extent that the Adoption Agreement permits transfers from Eligible Deferred Compensation Plans. At the direction of the Company, the Plan Administrator may accept a transfer of assets to the Plan as provided in this Section. Such a transfer is permitted only if the other plan provides for such direct transfer. The Plan Administrator may require in its sole discretion that the transfer be in cash or other property acceptable to the Plan Administrator and may require such documentation from the other plan as it deems necessary to effectuate the transfer. A transfer shall only be permitted to the extent that it is permissible in accordance with Code section 457(e)(10) and Treas. Reg. section 1.457-10(b).

Section 5.04 GOVERNMENTAL PLAN ROLLOVERS

This Section shall apply only to the extent that the Plan is a Governmental Plan and the Adoption Agreement permits rollovers.

(a) In General. A Participant (or in the discretion of the Plan Administrator an Eligible Employee) who is an Employee and who is entitled to receive an eligible rollover distribution from another eligible retirement plan may request to have all or a portion of the eligible rollover distribution paid to the Plan. The Plan Administrator may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with Code section 402 and to confirm that such plan is an eligible retirement plan within the meaning of Code section 402(c)(8)(B).

To the extent permitted by the Plan Administrator, to the extent the Plan permits Roth Deferrals and to the extent permitted by Code section 402A(c), Notice 2010-84 and any superseding guidance, a distribution from the Plan other than from a designated Roth Account that is an eligible rollover distribution (as defined in Code section 408A(e)) may be rolled over to a designated Roth Account maintained under this Plan for the benefit of the individual to whom the distribution is made.

(b) Eligible Rollover Distribution.

(1) For purposes of Subsection (a), an eligible rollover distribution means any distribution of all or any portion of a Participant's benefit under another eligible retirement plan, except that an eligible rollover distribution does not include (A) any installment payment for a period of 10 years or more, (B) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the employee, or (C) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under Code section 401(a)(9).

(2) In addition, an eligible retirement plan means an individual retirement account described

in Code section 408(a), an individual retirement annuity described in Code section 408(b), a qualified trust described in Code section 401(a), an annuity plan described in Code section 403(a) or 403(b), or an eligible governmental plan described in Code section 457(b), that accepts the eligible rollover distribution.

(3) If the Plan permits Roth Deferrals, the Plan may accept a rollover contribution to a Roth Deferral Account only if it is a direct rollover from another Roth deferral account under an applicable retirement plan described in Code section 402A(e)(1) and only to the extent the rollover is permitted under the rules of Code section 402(c).

(c) Separate Accounting. The Plan shall establish and maintain for the Participant a separate Account for any eligible rollover distribution paid to the Plan from any eligible retirement plan that is not an eligible governmental plan under Code section 457(b). In addition, the Plan shall establish and maintain for the Participant a separate Account for any eligible rollover distribution paid to the Plan from any eligible retirement plan that is an eligible governmental plan under Code section 457(b).

Section 5.05 EARNINGS/EXPENSES

(a) Earnings. A Participant's Accounts shall be credited with earnings in the manner specified in the Adoption Agreement. The Plan Administrator shall credit investment experience to each Participant's Account as of each Valuation Date specified in the Adoption Agreement. Except as provided in Subsection (c), if the Adoption Agreement provides for predetermined investments, such investments are to be used for measurement purposes only and there is no obligation for the Plan Administrator or Company to set aside, fund or actually purchase any investments.

(b) Expenses. The expenses of administering the Plan, including (i) expenses incurred by the Plan Administrator in the administration of the Plan, (ii) fees and expenses approved by the Plan Administrator for investment advisory, custodial, recordkeeping, and other plan administration and communication services, and (iii) any other expenses or charges allocable to the Plan that have been approved by the Plan Administrator may be charged, at the discretion of the Plan Administrator, to Participants' Account balances. If amounts are deposited into an account or trust owned by the Employer, brokerage fees, transfer taxes, and any other costs incident to the purchase or sale of securities or other investments shall be deemed to be part of the cost of such securities or investments or deducted in computing the sales proceeds therefrom and shall be accounted for accordingly.

(c) Governmental Plan. If the Plan is a Governmental Plan, the earnings/losses shall be determined with respect to the Participant's allocable share of the earnings and losses of the Trust Fund.

Section 5.06 VESTING

(a) A Participant shall have a fully vested and nonforfeitable interest in his Accounts relating to Participant contributions.

(b) Subject to the provisions of Section 5.02(h), the Participant's interest in his Accounts relating to Company contributions shall vest based on his years of vesting service in accordance with the terms of the Adoption Agreement.

For purposes of the Adoption Agreement, "3-7 Year Graded", "2-6 Year Graded", "1-5 Year Graded", "1-4 Year Graded", "5 Year Cliff", "3 Year Cliff" and "2 Year Cliff" shall be determined in accordance with the following schedules:

	Years of Vesting Service	Vesting Percentage
"3-7 Year Graded":	Less than Three Years	0%

Three Years but less than Four Years	20%
Four Years but less than Five Years	40%
Five Years but less than Six Years	60%
Six Years but less than Seven Years	80%
Seven or More Years	100%

"2-6 Year Graded":

Less than Two Years	0%
Two Years but less than Three Years	20%
Three Years but less than Four Years	40%
Four Years but less than Five Years	60%
Five Years but less than Six Years	80%
Six or More Years	100%

"1-5 Year Graded":

Less than One Year	0%
One Year but less than Two Years	20%
Two Years but less than Three Years	40%
Three Years but less than Four Years	60%
Four Years but less than Five Years	80%
Five or More Years	100%

"1-4 Year Graded":

Less than One Year	0%
One Year but less than Two Years	25%
Two Year but less than Three Years	50%
Three Years but less than Four Years	75%
Four or More Years	100%

"5 Year Cliff":

Less than Five Years	0%
Five or More Years	100%

"3 Year Cliff":

Less than Three Years	0%
Three or More Years	100%

"2 Year Cliff":

Less than Two Years	0%
Two or More Years	100%

In addition, the Adoption Agreement may provide that a Participant will become fully (100%) vested upon: (i) his attainment of Normal Retirement Age while an Employee, (ii) his death while an Employee, (iii) his suffering a disability while an Employee, or (iv) other event as specified in the Adoption Agreement.

(c) Special Forfeitures. Notwithstanding any provision to the contrary, a Participant shall also forfeit his or her Account pursuant to any special forfeiture provisions in the Adoption Agreement. Such special forfeiture provisions may include, without limitation, a provision requiring complete forfeiture of Participant's Account upon the occurrence of a specified event.

Section 5.07 FORFEITURES

(a) Non Governmental Plan. If the Plan is not a Governmental Plan, all forfeitures shall revert to the Company.

(b) Governmental Plan. If the Plan is a Governmental Plan, forfeitures shall be used to reduce Company contributions or to pay Plan expenses.

ARTICLE 6 DISTRIBUTIONS

Section 6.01 TIME OF DISTRIBUTION

(a) Non Governmental Plan. If the Plan is not a Governmental Plan and except as provided in Sections 6.03 and 6.04, benefits shall commence no earlier than the sixty-first (61st) day following: (i) the date of the Participant's Termination or, (ii) if earlier and so provided in the Adoption Agreement, the date the Participant attains age 70-1/2. Not later than sixty (60) days following the date the Participant becomes eligible to commence distributions, the Participant may elect a commencement date for all of the Participant's Account balance. A Participant's election of a benefit commencement date under this Section shall be irrevocable, provided, however, the Participant may, at least 30 days prior to such commencement date, elect a deferred commencement date as permitted under Code section 457(e)(9)(B). Any Participant who has made such a second election of a deferred commencement date may not thereafter revoke or modify that election. Benefits may not commence later than the date specified in the Adoption Agreement.

(b) Governmental Plan. If the Plan is a Governmental Plan and except as provided in Sections 6.03, 6.04 and 6.07, upon (i) Termination or (ii) if earlier and so provided in the Adoption Agreement, the date the Participant attains age 70-1/2, a Participant shall be entitled to receive a distribution of his or her Account under any form of distribution permitted under Section 6.02 commencing at the date elected by the Participant. Benefits may not commence later than the date specified in the Adoption Agreement.

(c) Participants Receiving Differential Wage Payments During Service in the Uniformed Service. A Participant receiving differential wage payments (as defined in Code section 3401(h)(2)) shall be treated as having Terminated from employment during any period of services described in Code section 3401(h)(2)(A). If a Participant elects to receive a distribution by reason of this paragraph, the Participant may not make a Participant Contribution during the 6-month period beginning on the date of distribution.

(d) Ordering Rule. The Plan Administrator shall determine the ordering rule for distributions; provided that such ordering rule is nondiscriminatory. Such ordering rule may provide that the Participant or Beneficiary may elect to have payments made first or last from his Roth Deferral Account and any other Account.

Section 6.02 FORM OF DISTRIBUTION

(a) In General. A Participant's benefit under the Plan may only be paid in the forms and medium specified in the Adoption Agreement and permitted under Code section 457 and regulations promulgated thereunder. No election of a distribution form under this Section may be made or changed after the commencement date for such distribution form. If an election is not made prior to the date benefits commence under Section 6.01, distributions shall be made in a single lump sum payment as soon as practicable thereafter.

(b) Limitations. No distribution option may be selected by a Participant or Beneficiary under this Article 6 unless it satisfies the requirements of Code sections 401(a)(9) and 457(d).

(c) Cash Outs. The Plan Administrator reserves the right to adopt guidelines under which Account balances below a specified level may be distributed in a lump sum upon Termination or at a deferred commencement date and to establish minimum amounts of installment payments.

Section 6.03 SMALL DISTRIBUTIONS

To the extent provided in the Adoption Agreement, the Plan Administrator reserves the right, subject to the limitations of Code section 457(e)(9)(A), to establish uniform guidelines under which all or a portion of a Participant's Account balances may be distributed in a lump sum before the Participant's Termination, and either with or without the Participant's consent, provided that (i) the amount of the distribution does not exceed $5,000 (or the dollar limit under Code section 411(a)(11), if greater), (ii) no Deferral has been credited to the Participant's

Account in the preceding twenty-four (24) months, and (iii) no prior payment has been made to the Participant under this Section.

Section 6.04 UNFORESEEABLE EMERGENCIES

(a) In General. If the Participant has an unforeseeable emergency before retirement or other Termination, the Participant may elect to receive a lump sum distribution equal to the amount requested or, if less, the maximum amount determined by the Plan Administrator to be permitted to be distributed under this Section.

(b) Unforeseeable Emergency Defined. An unforeseeable emergency is defined as a severe financial hardship of the Participant resulting from:

(1) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in Code section 152 determined without regard to Code section 152(b)(1), (b)(2) and (d)(1)(B));

(2) loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster);

(3) the need to pay for the funeral expenses of the Participant's spouse, Beneficiary or dependent (as defined in Code section 152 determined without regard to Code section 152(b)(1), (b)(2) and (d)(1)(B));

(4) or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

For example, the imminent foreclosure of or eviction from the Participant's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, the cost of prescription drug medication, and other similar situations, such as those described in Revenue Ruling 2010-27 (significant water damage from a water leak and funeral expenses for an adult child who is not a dependent; credit card debt is not considered unforeseeable), may constitute an unforeseeable emergency. Except as otherwise specifically provided in this Section, neither the purchase of a home nor the payment of college tuition is an unforeseeable emergency.

(c) Unforeseeable Emergency Distribution Standard. A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan.

(d) Distribution Necessary to Satisfy Emergency Need. Distributions because of an unforeseeable emergency may not exceed the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).

Section 6.05 DEATH

(a) In General. Payments to the Participant's Beneficiary shall be subject to the election procedures in Section 6.01 and shall be made in the time and form specified in the Adoption Agreement.

(b) Death Benefits Under USERRA. Effective January 1, 2007, if the Adoption Agreement specifies the Plan is a Governmental Plan, and a Participant dies while performing qualified military service (as defined in Code section 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the plan had the Participant resumed and then Terminated employment on account of death pursuant to Code section 401(a)(37), Notice 2010-5 and any superseding guidance. For example, this may include full vesting for death while an Employee under Section 5.06(b) if provided under the Adoption Agreement.

Section 6.06 WITHHOLDING

To the extent required by applicable law, income and other taxes shall be withheld from each payment, and payments shall be made reported to the appropriate governmental agency or agencies.

Section 6.07 DISTRIBUTIONS FROM ROLLOVER ACCOUNT

If the Plan is a Governmental Plan and a Participant has a separate Account attributable to rollover contributions to the Plan, the Participant may at any time elect to receive a distribution of all or any portion of the amount held in the rollover Account to the extent provided in the Adoption Agreement.

Section 6.08 TRANSFERS

This Section shall apply to the extent that the Adoption Agreement permits transfers to another Eligible Deferred Compensation Plan. At the direction of the Company, the Plan Administrator may transfer assets to the other Plan as provided in this Section. Such a transfer is permitted only if the other plan provides for such direct transfer. The Plan Administrator may require such documentation from the other plan as it deems necessary to effectuate the transfer. A transfer shall only be permitted to the extent that it is permissible in accordance with Code section 457(e)(10) and Treas. Reg. section 1.457-10(b).

Section 6.09 DIRECT ROLLOVERS - GOVERNMENTAL PLANS

(a) In General. This Section shall only apply to a Governmental Plan. A Participant, the surviving spouse of a Participant (or a Participant's former spouse who is the alternate payee under a domestic relations order, as defined in Code section 414(p)), or a non-spouse beneficiary who is entitled to an eligible rollover distribution may elect, at the time and in the manner prescribed by the Plan Administrator, to have all or any portion of the distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover. A non-spouse beneficiary must be a designated beneficiary within the meaning of Code section 401(a)(9)(E) and such direct rollovers shall be subject to the terms and conditions of IRS Notice 2007-7 and superseding guidance, including but not limited to the provision in Q&A-17 regarding required minimum distributions.

(b) Eligible Rollover Distribution. For purposes of this Section, an eligible rollover distribution means any distribution of all or any portion of a Participant's Account, except that an eligible rollover distribution does not include (1) any installment payment for a period of 10 years or more (2) any distribution made as a result of an unforeseeable emergency, or (3) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under Code section 401(a)(9). In addition, an eligible retirement plan means an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), a qualified trust described in Code section 401(a), an annuity plan described in Code section 403(a) or 403(b), an eligible governmental plan described in Code section 457(b), or a Roth IRA (subject to Code sections 408A(c)(3)(B) and 457(e)(16)) that accepts the eligible rollover distribution.

If any portion of an eligible rollover distribution is attributable to payments or distributions from a Roth Deferral Account, an eligible retirement plan shall only include another Roth deferral account under an applicable retirement plan described in Code section 402A(e)(1) or to a Roth IRA described in Code section 408A and only to the extent the rollover is permitted under the rules of Code section 402(c).

(c) Mandatory Rollover. In the event of a mandatory distribution greater than $1,000 in accordance with the provisions of Sections 6.02 and 6.03, if the Participant does not elect to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution directly, then the Plan Administrator will pay the distribution in a direct rollover to an individual retirement plan designated by the Plan Administrator.

Section 6.10 SERVICE CREDIT TRANSFERS

(a) This Section shall only apply to a Governmental Plan. If permitted in the Adoption Agreement and a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code section 414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account transferred to the defined benefit governmental plan. A transfer under this Section may be made before the Participant has Terminated.

(b) A transfer may be made under Section only if the transfer is either for the purchase of permissive service credit (as defined in Code section 415(n)(3)(A)) under the receiving defined benefit governmental plan or a repayment to which Code section 415 does not apply by reason of Code section 415(k)(3).

Section 6.11 QUALIFIED HEALTH INSURANCE PREMIUMS FOR RETIRED PUBLIC SAFETY OFFICERS

If the Adoption Agreement specifies that the Plan is a Governmental Plan, the Plan Administrator may allow retired public safety officers to elect to have distributions used to pay for qualified health insurance premiums as provided in Code section 402(l). Such distributions shall be subject to the terms and conditions of IRS Notice 2007-7 and superseding guidance.

Section 6.12 DEATH OR DISABILITY DURING QUALIFIED MILITARY SERVICE

If provided in the Adoption Agreement, a Participant that dies or becomes disabled while performing qualified military service (as defined in Code section 414(u)) will be treated as if he had been employed by the Company on the day preceding death or disability and Terminated employment on the day of death or disability and receive benefit accruals related to the period of qualified military service as provided under Code section 414(u)(8), subject to paragraphs (a) and (b) below:

(a) All Participants eligible for benefits under the Plan by reason of this section shall be provided benefits on reasonably equivalent terms.

(b) For the purposes of applying Code section 414(u)(8)(C), a Participant's contributions shall be determined based on the Participant's average actual contributions for:

(1) the 12-month period of service with the Employer immediately prior to qualified military service, or

(2) if service with the Employer is less than such 12-month period, the actual length of continuous service with the employer.

Section 6.13 LOANS

(a) In General. If the Plan is a Governmental Plan and if the Adoption Agreement so provides, a Participant who is an Employee may apply for and receive a loan from his or her Account as provided in this Section. Any such loan may not be for an amount less than the minimum amount specified by the Administrator. If not specified by the Plan Administrator, the minimum loan amount shall be $1,000.

(b) Maximum Loan Amount. No loan to a Participant hereunder may exceed the lesser of: (x) $50,000, reduced by the greater of (i) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made or (ii) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the day before the date the loan is approved by the Plan Administrator (not taking into account any payments made during such one-year period), or (y) one half of the value of the Participant's vested

Account (as of the Valuation Date immediately preceding the date on which such loan is approved by the Plan Administrator). For purposes of this Subsection, any loan from any other plan maintained by a participating employer shall be treated as if it were a loan made from the Plan, and the Participant's vested interest under any such other plan shall be considered a vested interest under this Plan; provided, however, that the provisions of this Subsection shall not be applied so as to allow the amount of a loan under this Section to exceed the amount that would otherwise be permitted in the absence of this Subsection.

(c) Terms of Loan. The terms of the loan shall:

(1) require level amortization with payments not less frequently than quarterly throughout the repayment period, except that alternative arrangements for repayment may apply in the event that the borrower is on a bona fide unpaid leave of absence for a period not to exceed one year for leaves other than a qualified military leave within the meaning of Code section 414(u) or for the duration of a leave which is due to qualified military service;

(2) require that the loan be repaid within five years unless the Participant certifies in writing to the Plan Administrator that the loan is to be used to acquire any dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as a principal residence of the Participant; and

(3) provide for interest at a rate equal to one percentage point above the prime rate as published in the *Wall Street Journal* on the first business day of the month in which the loan is approved by the Plan Administrator.

(d) Security for Loan; Default.

(1) Security. Any loan to a Participant under the Plan shall be secured by the pledge of the portion of the Participant's interest in the Plan invested in such loan.

(2) Default. In the event that a Participant fails to make a loan payment under this Section within 90 days after the date such payment is due, a default on the loan shall occur. In the event of such default, (i) all remaining payments on the loan shall be immediately due and payable, (ii) effective as of the first day of the calendar month next following the month in which any such loan default occurs, the interest rate for such loan shall be (if higher than the rate otherwise applicable) the rate being charged on loans from the Plan that are approved by the Plan Administrator in the month in which such default occurs, (iii) no contributions shall be made on such Participant's behalf prior to the first payroll period that follows by 12 calendar months the date of repayment in full of such loan, and (iv) the Participant shall be permanently ineligible for any future loans from the Plan. In the case of any default on a loan to a Participant, the Plan Administrator shall apply the portion of the Participant's interest in the Plan held as security for the loan in satisfaction of the loan on the date of Termination. In addition, the Plan Administrator shall take any legal action it shall consider necessary or appropriate to enforce collection of the unpaid loan, with the costs of any legal proceeding or collection to be charged to the Account of the Participant.

(e) Death. Notwithstanding anything elsewhere in the Plan to the contrary, in the event a loan is outstanding hereunder on the date of a Participant's death, his or her estate shall be his or her Beneficiary as to the portion of his or her interest in the Plan invested in such loan (with the Beneficiary or Beneficiaries as to the remainder of his or her interest in the Plan to be determined in accordance with otherwise applicable provisions of the Plan).

(f) Repayment. The Participant may be required, as a condition to receiving a loan, to enter into an irrevocable agreement authorizing the Employer to make payroll deductions from his or her Compensation as long as the Participant is an Employee and to transfer such payroll deduction amounts to the Trustee in payment of such loan plus interest. Repayments of a loan shall be made by payroll deduction of equal amounts (comprised of both principal and interest) from each paycheck, with the first such deduction to be made as soon as practicable after the loan funds are disbursed; provided however, that a Participant may prepay the entire outstanding balance of his loan at any time (but may not make a partial prepayment); and provided, further, that if any payroll deductions cannot be made in full because a Participant is on an unpaid leave of absence or is no longer employed by a participating employer (that has consented to make payroll deductions for this purpose) or the Participant's paycheck is insufficient for any other reason, the Participant shall pay directly to the Plan the full amount that would have been deducted from the Participant's paycheck, with such payment to be made by the last business day of the calendar month in which the amount would have been deducted.

Section 6.14 REFUNDS/INDEMNIFICATION

If the Plan Administrator determines that any person has directly or indirectly received excess payments under the Plan, the Plan Administrator shall notify such person and such person shall repay such excess amount as soon as possible, but in no event later than 30 days after the date of notification. A person receiving excess payments shall indemnify and reimburse the Company for any liability the Company may incur for making such payments. If a person fails to timely repay an excess amount and/or make sufficient indemnification, the Plan Administrator may: (i) to the extent permitted by applicable law, offset the person's salary or wages, and/or (ii) offset other benefits payable hereunder.

Section 6.15 CLAIMS PROCEDURE

(a) If the Adoption Agreement specifies that the Plan is a Governmental Plan, claims procedures shall be established by the policies and procedures of the Plan Administrator and/or Company and any other applicable law.

(b) If the Adoption Agreement specifies that the Plan maintained by a tax-exempt entity, claims procedures shall be established by the policies and procedures of the Plan Administrator and/or Company in conformance with ERISA section 503 and comply with the provisions below.

(1) Application for Benefits. A Participant or any other person entitled to benefits from the Plan (a "Claimant") may apply for such benefits by completing and filing a claim with the Plan Administrator. Any such claim shall be in writing and shall include all information and evidence that the Plan Administrator deems necessary to properly evaluate the merit of and to make any necessary determinations on a claim for benefits. The Plan Administrator may request any additional information necessary to evaluate the claim.

(2) Timing of Notice of Denied Claim. The Plan Administrator shall notify the Claimant of any adverse benefit determination within a reasonable period of time, but not later than 90 days (45 days if the claim relates to a disability determination) after receipt of the claim. This period may be extended one time by the Plan for up to 90 days (30 additional days if the claim relates to a disability determination), provided that the Plan Administrator both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies the Claimant, prior to the expiration of the initial review period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. If the claim relates to a disability determination, the period for making the determination may be extended for up to an additional 30 days if the Plan Administrator notifies the Claimant prior to the expiration of the first 30-day extension period.

(3) Content of Notice of Denied Claim. If a claim is wholly or partially denied, the Plan Administrator shall provide the Claimant with a written notice identifying (1) the reason or reasons for such denial, (2) the pertinent Plan provisions on which the denial is based, (3) any material or information needed to grant the claim and an explanation of why the additional information is necessary, and (4) an explanation of the steps that the Claimant must take if he wishes to appeal the denial including a statement that the Claimant may bring a civil action under ERISA.

(4) Appeals of Denied Claim. If a Claimant wishes to appeal the denial of a claim, he shall file a written appeal with the Plan Administrator on or before the 60th day (180th day if the claim relates to a disability determination) after he receives the Plan Administrator's written notice that the claim has been wholly or partially denied. The written appeal shall identify both the grounds and specific Plan provisions upon which the appeal is based. The Claimant shall be provided, upon request and free of charge, documents and other information

relevant to his claim. A written appeal may also include any comments, statements or documents that the Claimant may desire to provide. The Plan Administrator shall consider the merits of the Claimant's written presentations, the merits of any facts or evidence in support of the denial of benefits, and such other facts and circumstances as the Plan Administrator may deem relevant. The Claimant shall lose the right to appeal if the appeal is not timely made. The Plan Administrator shall ordinarily rule on an appeal within 60 days (45 days if the claim relates to a disability determination). However, if special circumstances require an extension and the Plan Administrator furnishes the Claimant with a written extension notice during the initial period, the Plan Administrator may take up to 120 days (90 days if the claim relates to a disability determination) to rule on an appeal.

(5) Denial of Appeal. If an appeal is wholly or partially denied, the Plan Administrator shall provide the Claimant with a notice identifying (1) the reason or reasons for such denial, (2) the pertinent Plan provisions on which the denial is based, (3) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits, and (4) a statement describing the Claimant's right to bring an action under section 502(a) of ERISA. The determination rendered by the Plan Administrator shall be binding upon all parties.

(6) Determinations of Disability. If the claim relates to a disability determination, determinations of the Plan Administrator shall include the information required under applicable United States Department of Labor regulations.

Section 6.16 MINOR OR LEGALLY INCOMPETENT PAYEE

If a distribution is to be made to an individual who is either a minor or legally incompetent, the Plan Administrator may direct that such distribution be paid to the legal guardian. If a distribution is to be made to a minor and there is no legal guardian, payment may be made to a parent of such minor or a responsible adult with whom the minor maintains his residence, or to the custodian for such minor under the Uniform Transfer to Minors Act, if such is permitted by the laws of the state in which such minor resides. Such payment shall fully discharge the Plan Administrator and the Company from further liability on account thereof.

Section 6.17 MISSING PAYEE

If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because it cannot ascertain the identity or whereabouts of such Participants or other person after reasonable efforts have been made to identify or locate such person, such payment and all subsequent payments otherwise due to such Participant or other person shall be forfeited one year after the date any such payment first became due.

Section 6.18 2009 REQUIRED MINIMUM DISTRIBUTIONS

Notwithstanding other provisions of the Plan to the contrary; to the extent provided by the Adoption Agreement and by Code section 401(a)(9), IRS Notice 2009-82 and any superseding guidance, a participant or beneficiary who would have been required to receive 2009 RMDs or Extended 2009 RMDs will receive those distributions for 2009 unless the participant or beneficiary chooses not to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence.

(a) In addition, notwithstanding other provisions of the Plan to the contrary, and solely for purposes of applying the direct rollover provisions of the Plan, certain additional distributions in 2009, as chosen above, will be treated as eligible rollover distributions.

(b) Definitions:

(1) "2009 RMDs" are required minimum distributions for 2009 but for the enactment of section 401(a)(9)(H) of the Code;

(2) "Extended 2009 RMDs" are one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancy) of the participant and the participant's designated beneficiary, or for a period of at least 10 years.

ARTICLE 7 PLAN ADMINISTRATION

Section 7.01 PLAN ADMINISTRATOR

(a) Designation. The Plan Administrator shall be specified in the Adoption Agreement. In the absence of a designation in the Adoption Agreement, the Plan Sponsor shall be the Plan Administrator. If a Committee is designated as the Plan Administrator, the Committee shall consist of one or more individuals who may be Employees appointed by the Plan Sponsor and the Committee shall elect a chairman and may adopt such rules and procedures as it deems desirable. The Committee may also take action with or without formal meetings and may authorize one or more individuals, who may or may not be members of the Committee, to execute documents in its behalf.

(b) Authority and Responsibility of the Plan Administrator. The Plan Administrator shall be the Plan "administrator" as such term is defined in section 3(16) of ERISA, and as such shall have total and complete discretionary power and authority:

(i) to make factual determinations, to construe and interpret the provisions of the Plan, to correct defects and resolve ambiguities and inconsistencies therein and to supply omissions thereto. Any construction, interpretation or application of the Plan by the Plan Administrator shall be final, conclusive and binding;

(ii) to determine the amount, form or timing of benefits payable hereunder and the recipient thereof and to resolve any claim for benefits in accordance with Article 6;

(iii) to determine the amount and manner of any allocations and/or benefit accruals hereunder;

(iv) to maintain and preserve records relating to Participants, former Participants, and their Beneficiaries and alternate payees;

(v) to prepare and furnish to Participants, Beneficiaries and alternate payees all information and notices required under applicable law or the provisions of this Plan;

(vi) to prepare and file or publish with the Secretary of Labor, the Secretary of the Treasury, their delegates and all other appropriate government officials all reports and other information required under law to be so filed or published;

(vii) to approve and enforce any loan hereunder including the repayment thereof;

(viii) to provide directions to the trustee of a trust established in conjunction with this Plan (if any) with respect to timing and methods of benefit payment, valuations at dates other than regular valuation dates and on all other matters where called for in the Plan or requested by the trustee;

(ix) to hire such professional assistants and consultants as it, in its sole discretion, deems necessary or advisable; and shall be entitled, to the extent permitted by law, to rely conclusively on all tables, valuations, certificates, opinions and reports which are furnished by same;

(x) to determine all questions of the eligibility of Employees and of the status of rights of Participants, Beneficiaries and alternate payees;

(xi) to adjust Accounts in order to correct errors or omissions;

(xii) to determine the status and effect of any domestic relations order and to take such action as the Plan Administrator deems appropriate in light of such domestic relations order;

(xiii) to retain records on elections and waivers by Participants, their spouses and their Beneficiaries and alternate payees;

(c) Procedures. The Plan Administrator may adopt such rules and procedures as it deems necessary, desirable, or appropriate for the administration of the Plan, including but not limited to, procedures relating to requirements for advance notice of any election or modification of an election, minimum and maximum amount of contributions, the types of compensation that may be deferred, the minimum amounts or percentages that may be allocated among investment options, and the timing and frequency of changes to investment elections. When making a determination or calculation, the Plan Administrator shall be entitled to rely upon information furnished to it. The Plan Administrator's decisions shall be binding and conclusive as to all parties.

(d) Allocation of Duties and Responsibilities. The Plan Administrator may designate other persons to carry out any of his duties and responsibilities under the Plan.

(e) Compensation. The Plan Administrator shall serve without compensation for its services.

(f) Expenses. All direct expenses of the Plan, the Plan Administrator and any other person in furtherance of their duties hereunder shall be paid or reimbursed by the Company.

(g) Allocation of Fiduciary Duties. A Plan fiduciary shall have only those specific powers, duties, responsibilities and obligations as are explicitly given him under the Plan. It is intended that each fiduciary shall not be responsible for any act or failure to act of another fiduciary. A fiduciary may serve in more than one fiduciary capacity with respect to the Plan.

Section 7.02 FUNDED STATUS

(a) Unfunded Plan. This Subsection applies if the Plan is not a Governmental Plan. The Plan is intended to constitute an unfunded plan. Any amount due and payable pursuant to the terms of the Plan shall be paid out of the general assets of the Company except to the extent that it is paid from a grantor trust. All assets of the Plan shall be subject to the claims of creditors of the Company. Participants and Beneficiaries shall not have an interest in any specific asset of the Company or in any specific asset held in a grantor trust or a Company account established as a result of participation in this Plan. Except as may be provided under the terms of a grantor trust, the Company shall have no obligation to set aside any funds for the purpose of making any benefit payments under this Plan. Nothing contained herein shall give any Participant any rights that are greater than those of an unsecured creditor of the Company with respect to any unpaid amount as to which the Participant has a vested interest. No action taken pursuant to the terms of this Plan shall be construed to create a funded arrangement, a plan asset, or fiduciary relationship among the Company, its designee and a Participant or Beneficiary.

(b) Trust Fund. This Subsection applies if the Plan is a Governmental Plan.

(1) Assets Held in Trust. All contributions, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall be held and invested in the Trust Fund in accordance with this Plan and the Trust Agreement. The Trust Fund, and any subtrust established under the Plan, shall be established pursuant to a written agreement. The Trustee shall ensure that all investments, amounts, property, and rights held under the Trust Fund are held for the exclusive benefit of Participants and their Beneficiaries. The Trust Fund shall be held in trust pursuant to the Trust Agreement for the exclusive benefit of Participants and their Beneficiaries and defraying reasonable expenses of the Plan and of the Trust Fund. It shall be impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the Trust Fund to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries.

(2) Custodial Accounts and Annuity Contracts. For purposes of the trust requirement of this Subsection (b), custodial accounts and annuity contracts described in Code section 401(f) that satisfy the requirements of Treas. Reg. 1.457-8(a)(3) are treated as trusts under rules similar to the rules of Code section 401(f).

(3) Creditors. Except as expressly provided in the Plan, the interests of each Participant or Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors.

(4) IRS Levy. the Plan Administrator may pay from a Participant's or Beneficiary's Account balance the amount that the Plan Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

(5) Mistaken Contributions. If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Plan Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Plan Administrator, to the Employer.

Section 7.03 INDEMNIFICATION

Unless otherwise provided in the Adoption Agreement, the Company shall indemnify and hold harmless any person serving as the Plan Administrator and, if applicable, the Trustee (and their delegates) from all claims, liabilities, losses, damages and expenses, including reasonable attorneys' fees and expenses, incurred by such persons in connection with their duties hereunder to the extent not covered by insurance, except when the same is due to such person's own gross negligence, willful misconduct, lack of good faith, or breach of its fiduciary duties under this Plan.

Section 7.04 COMMUNICATIONS

All enrollments, elections, designations, applications and other communications by or from an employee, Participant, Beneficiary, or legal representative of any such person regarding that person's rights under the Plan shall be made in the form and manner established by the Plan Administrator. Neither the Plan Administrator nor the Company shall be required to give effect to any such communication that is not made on the prescribed form and in the prescribed manner and that does not contain all information called for on the prescribed form.

ARTICLE 8 AMENDMENT AND TERMINATION

Section 8.01 AMENDMENT/TERMINATION

The provisions of the Plan may be amended and or terminated in writing at any time and from time to time by the Plan Sponsor. Notwithstanding the foregoing, an amendment/termination shall have no effect to the extent that it impermissibly accelerates a benefit payment or otherwise does not comply with Code section 457 and the regulations promulgated thereunder. Distributions may be made upon termination of the Plan to the extent such payments comply with Treas. Reg. section 1.457-10(a). No amendment or termination specified in this Article 8 shall result in a reduction or forfeiture of a Participant's Account unless such reduction or forfeiture is expressly provided under the terms of the Plan.

ARTICLE 9 MISCELLANEOUS

Section 9.01 NONALIENATION OF BENEFITS

No Participant or Beneficiary shall have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which he may expect to receive, contingently or otherwise, under the Plan.

Section 9.02 QDRO

Notwithstanding Section 9.01, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to the domestic relations law of any state ("domestic relations order"), then the amount of the Participant's Account shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Plan Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the domestic relations order.

Section 9.03 NO RIGHT TO EMPLOYMENT

Nothing contained in this Plan shall be construed as a contract of employment between the Company and the Participant, or as a right of any Employee to continue in the employment of the Company, or as a limitation of the right of the Company to discharge any of its Employees, with or without cause.

Section 9.04 GOVERNING LAW

The Plan shall be construed in accordance with and governed by the laws of the state or commonwealth of organization of the Plan Sponsor to the extent not preempted by Federal law.

Section 9.05 TAX EFFECT

The Company does not represent or guarantee that any particular federal, state or local income, payroll, personal property or other tax consequence will result from participation in this Plan. A Participant should consult with professional tax advisors to determine the tax consequences of his or her participation. Furthermore, the Company does not represent or guarantee investment returns with respect to any predetermined investment options and shall not be required to restore any loss which may result from such investment or lack of investment.

Section 9.06 ASSIGNMENT

The Company may transfer, assign or encumber any of its rights, privileges, duties or obligations under this Agreement.

Section 9.07 SEVERABILITY OF PROVISIONS

If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

Section 9.08 HEADINGS AND CAPTIONS

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

Section 9.09 GENDER AND NUMBER

Except where otherwise clearly indicated by context, the masculine and the neuter shall include the feminine and the neuter, the singular shall include the plural, and vice-versa.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

SECTION 457(b) PLAN

Adoption Agreement

August 1, 2023

MODRALL SPERLING
LAWYERS

Prepared by:
Modrall Sperling
500 Fourth Street
Suite 1000
Albuquerque, NM 87102

ADOPTION AGREEMENT
SECTION 457(b) DEFERRED COMPENSATION PLAN

NOTE: This Plan (Adoption Agreement and Basic Plan Document) has not been approved by the Internal Revenue Service. It must be reviewed by qualified counsel to ensure that it is appropriate for its intended use.

The undersigned adopting employer hereby adopts this Plan. The Plan is intended to qualify as an "eligible deferred compensation plan" within the meaning of Code section 457(b). The Plan shall consist of this Adoption Agreement, its related Basic Plan Document and any related Appendix and Addendum to the Adoption Agreement. Unless otherwise indicated, all Section references are to Sections in the Basic Plan Document.

COMPANY INFORMATION

1. Name of adopting employer (Plan Sponsor): New Mexico Mortgage Finance Authority
2. Address: 344 Fourth Street S.W.
3. City: Albuquerque
4. State: New Mexico
5. Zip: 87102
6. Phone number: 505-843-6880
7. Fax number: _____-
8. Plan Sponsor EIN: 85-0252748
9. Plan Sponsor fiscal year end: 09/30
10. State of organization of Plan Sponsor: New Mexico
11. The term "Employer" includes the Plan Sponsor.

PLAN INFORMATION

A. GENERAL INFORMATION

1. **Plan name:** a. New Mexico Mortgage Finance Authority
b. Section 457(b) Plan
2. **Effective Date:**
2a. Original effective date of Plan: 05/01/2002
2b. Is this a restatement of a previously-adopted plan?
[X] Yes [ ] No
2c. If **A.2b** is "Yes", effective date of Plan restatement: 08/01/2023.
NOTE: If **A.2b** is "No", the Effective Date shall be the date specified in **A.2a**, otherwise the date specified in **A.2c**; provided, however, that when a provision of the Plan states another effective date, such stated specific effective date shall apply as to that provision.
3. **Plan Year** means each 12-consecutive month period ending on 12/31 (e.g. December 31).
NOTE: The Plan Year should correspond to the Participant's taxable year which in most cases is the calendar year.

Plan Type

4. Type of Plan:
- **i.** [ ] Plan maintained by a tax-exempt entity within the meaning of Code section 457(e)(1)(B).
- **ii.** [X] Governmental Plan maintained by a state or related entity within the meaning of Code section 457(e)(1)(A).

Plan Features

5. Employer/Employee contributions permitted (check all that apply):
- **a.** [X] Matching Contributions.
- **b.** [X] Nonelective Contributions.
- **c.** [X] Participant Deferral Contributions.

d. [ ] If **A.5c** is selected and the Plan is a Governmental Plan, Roth Deferrals are permitted.
e. If Roth Deferrals are permitted, enter the effective date of the Roth Deferrals: _____(no earlier than January 1, 2011).

Compensation

6. Definition of Compensation (check all that apply):
- **a.** [X] Base salary.
- **b.** [X] The additional pay specified in **A.7.**

7. If **A.6.b** is selected, enter the additional pay: Any other compensation that is reflected in the Employee's W-2 but is not Base Salary, except compensation described below in 8b.

8a. Are there any exclusions from the definition of Compensation:
[X] Yes [ ] No

8b. If **A.8a** is "Yes", enter the exclusions from the definition of Compensation: Fringe benefits and reimbursements

8c. Exclude pay earned before participation in Plan from definition of Compensation:
[ ] Yes [X] No
Unless "No" is checked, Compensation shall include only that compensation which is actually paid to the Participant by the Company during that part of the Plan Year the Participant is eligible to participate in the Plan. Otherwise, Compensation shall include that compensation which is actually paid to the Participant by the Company during the Plan Year.

B. ELIGIBILITY

Eligible Employee

NOTE: If the Plan is not a Governmental Plan, participation in the Plan must be limited to a select group of management or highly compensated employees within the meaning of Title 1 of the ERISA.

1. Subject to the conditions and limitations of **B.2** through **B.4**, the term Eligible Employee shall include Employees who are also (check all that apply):
- **a.** [ ] Officers of the Company in the following positions: _____.
- **b.** [ ] Other management or highly compensated employees in the following classifications/positions:
.
- **c.** [ ] Employees listed in an appendix to the Adoption Agreement.
- **d.** [ ] All Employees except: _____.
- **e.** [X] All Employees.

NOTE: Only a Governmental Plan may select **B.1.d** or **B.1.e.**

2. Indicate whether an independent contractor may participate in the Plan:
[ ] Yes [X] No

Eligible Employee - Other

3. In addition to the requirements in **B.1**, the following additional conditions must be met in order for an Employee to become an Eligible Employee (check all that apply):
- **a.** [ ] Must be approved by the Chief Executive Officer of the Plan Sponsor.
- **b.** [ ] Must be approved by the Chief Executive Officer of the Employee's employing entity.
- **c.** [ ] Must be approved by the Board of the Plan Sponsor.
- **d.** [ ] Must be approved by the Board of the Employee's employing entity.
- **e.** [X] Other requirements listed in **B.4**.

4. If **B.3.e** is selected, enter other requirements: Employee has deferred the annual elective deferral limit, without catch-up, to the Employer's 401(k) plan and is approved by the Director of Human Resources.

Requirements for Participation

An Eligible Employee shall become eligible to participate in the Plan upon meeting the following conditions in **B.5** through **B.6**:

5. Minimum service requirement for an Eligible Employee to become eligible to be a Participant in the Plan:
- **i.** [X] None.
- **ii.** [ ] Completion of:
- **iii.** [ ] Other:

6. Frequency of entry dates:
- **i.** [X] first day of each calendar month
- **ii.** [ ] first day of each plan quarter
- **iii.** [ ] first day of the first month and seventh month of the Plan Year
- **iv.** [ ] first day of the Plan Year
- **v.** [ ] Other:

Modifications

7a. Indicate whether there are any modifications to the requirements specified in **B.1** - **B.6**:
[ ] Yes **[X]** No

7b. If **B.7a** is "Yes", specify the modifications: _____.

C. ELECTIONS/CONTRIBUTIONS

1a. If **A.5c** is selected (Participant Deferrals permitted), minimum Participant contribution: None

1b. If **A.5c** is selected (Participant Deferrals permitted), maximum Participant contribution: one hundred percent (100%).

2. If **A.5c** is selected (Participant Deferrals permitted), a Participant may defer accumulated sick pay, accumulated vacation pay, and back pay:
[ ] Yes **[X]** No

Matching Contributions

3. If **A.5a** is "Yes" (matching contributions are permitted), specify method to allocate matching contributions (Section 5.01(b)):
- **i.** [ ] Pursuant to the formula specified in **C.4**.
- **ii.** [X] An amount and allocation formula as determined by the Company.

4. If **A.5a** is "Yes" (matching contributions are permitted), and **C.3.i** is selected, indicate the formula to allocate such contributions: _____.

5. If **A.5a** is "Yes" (matching contributions are permitted), indicate any requirements that must be met in the applicable Plan Year to receive an allocation of such contributions: The Participant must make Salary Deferrals to receive any matching contribution.
NOTE: If **C.5** is blank or "None", there are no additional requirements for a Participant to receive an allocation of matching contributions.

Nonelective Contributions

6. If **A.5b** is "Yes" (nonelective contributions are permitted), specify method to allocate nonelective contributions (Section 5.01(b)):
- **i.** [ ] In the ratio that each Participant's Compensation bears to the Compensation of all eligible Participants.
- **ii.** [ ] Pursuant to the formula specified in **C.7.**
- **iii.** [X] An amount and allocation formula as determined by the Company.

7. If **A.5b** is "Yes" (nonelective contributions are permitted) and **C.6.ii** is selected, indicate the formula to allocate such contributions: _____.

8. If **A.5b** is "Yes" (nonelective contributions are permitted), indicate any requirements that must be met in the applicable Plan Year to receive an allocation of such contributions: None.

NOTE: If **C.8** is blank or "None", there are no additional requirements for a Participant to receive an allocation of nonelective contributions.

Transfers/Rollovers

9. Transfers/rollover contributions are permitted (Section 5.03 and 5.04):
[ ] Yes [X] No
NOTE: If the Plan is not a Governmental Plan and **C.9** is "Yes", Section 5.03 shall apply. If the Plan is a Governmental Plan and **C.9** is "Yes", Section 5.03 and 5.04 shall apply.

D. EARNINGS/TRUST

Earnings

1. A Participant's Accounts shall be credited with earnings in the following manner:
i. [ ] Fixed rate specified in **D.2**.
ii. [ ] Predetermined investment(s) specified in an appendix to the Adoption Agreement.
iii. [X] Predetermined investment(s) as specified by the Plan Administrator.
iv. [ ] Mid-term applicable federal rate (as defined pursuant to Code section 1274(d)) for January 1 of the calendar year.
NOTE: If the Plan is a Governmental Plan, **D.1** must be a predetermined investment.

2 If **D.1.i** (fixed rate) is selected, specify the rate: _____.
NOTE: If the rate specified in **D.2** is a published rate, and the entry in **D.2** does not specify when the rate is redetermined, such rate shall be redetermined at the beginning of each Plan Year.

3. If **D.1.ii** or **D.1.iii** (predetermined investments) is selected, specify the extent to which a Participant may choose among the predetermined investments:
i. [ ] A Participant may not choose among predetermined investments.
ii. [ ] As of each Valuation Date.
iii. [ ] As of the first day of each Plan Year.
iv. [X] Pursuant to Plan Administrator procedures.

4a. If **D.1.ii** or **D.1.iii** (predetermined investments) is selected and **D.3.ii**, **D.3.iii** or **D.3.iv** is selected (Participant direction is allowed), the Plan provides conditions and/or limitations to the Participant's right to select investments:
[X] Yes [ ] No

4b. If **D.1.ii** or **D.1.iii** (predetermined investments) is selected and **D.3.ii, D.3.iii** or **D.3.iv** is selected (Participant direction is allowed) and **D.4a** is "Yes", enter the conditions and/or limitations: Limited to the Investment Options provided by the Plan Administrator.

Grantor Trust

5. If the Plan is not a Governmental Plan, specify the extent to which the Company shall establish a grantor trust to pre-fund its obligations for benefits hereunder (Section 7.02(a)):
i. [ ] No grantor trust shall be established.
ii. [ ] The Company may, in its sole discretion, establish a grantor trust.
iii. [ ] The Company shall establish a grantor trust.
NOTE: If the Plan is a Governmental Plan, the Plan shall establish a Trust pursuant to Section 7.02(b).

Valuation Date

6a. Enter Valuation Date:
i. [ ] Last day of Plan Year
ii. [ ] Last day of each Plan quarter
iii. [ ] Last day of each month
iv. [X] Each business day
v. [ ] Other

6b. If **D.6a.v** is selected, enter the Valuation Date: _____(Must be at least annually).

E. VESTING FOR COMPANY CONTRIBUTIONS

Vesting Service Rules

1. Indicate the method of determining vesting service: Years of Service.
NOTE: Unless otherwise specified in **E.1**, a Participant shall earn one year of vesting service for each calendar year in which he is credited with 1,000 hours of service with the Employer.

Vesting Exceptions

2. Provide for full vesting for a Participant who Terminates employment with the Employer after attainment of Normal Retirement Age while an Employee (Section 5.06):
[X] Yes [ ] No
3. Provide for full vesting for a Participant who Terminates employment with the Employer due to death while an Employee (Section 5.06):
[X] Yes [ ] No
4. Provide for full vesting for a Participant who Terminates employment with the Employer due to disability while an Employee (Section 5.06):
[X] Yes [ ] No

5a. Provide for full vesting for a Participant upon the circumstances described in **E.5b** (Section 5.06):
[ ] Yes [X] No

5b. If **E.5a** is "Yes", describe the other circumstances: _____.

6a. Company contribution vesting schedule:
[ ] 100% [ ] 3-7 Year Graded [ ] 2-6 Year Graded [ ] 1-5 Year Graded [ ] 1-4 Year Graded [ ] 5 Year Cliff [ ] 3 Year Cliff [ ] 2 Year Cliff [ ] Other [X] Pursuant to another plan.
NOTE: If the amount of compensation deferred under the Plan during the taxable year is subject to a vesting schedule, the amount of compensation deferred that is taken into account as a Deferral in the taxable year in which the contribution vests must be adjusted to reflect gain or loss allocable to the compensation deferred until the contribution vests.

6b. If **E.6a** is "Other", enter other vesting schedule:

6c. If **E.6a is** "Pursuant to another plan", enter name of other plan: New Mexico Mortgage Finance Authority 401(k) Plan

Special Forfeiture Provisions

7a. Provide for special forfeiture provisions (Section 5.06(c)):
[ ] Yes [X] No

7b. If **E.7a** is "Yes", describe any event that shall result in a complete forfeiture of that portion of the Participant's Account specified in **E.7c:** _____.
NOTE: If the amount of compensation deferred under the plan during the taxable year is subject to a substantial risk of forfeiture, the amount of compensation deferred that is taken into account as an annual deferral in the taxable year in which the substantial risk of forfeiture lapses must be adjusted to reflect gain or loss allocable to the compensation deferred until the substantial risk of forfeiture lapses.

7c. If **E.7a** is "Yes", a Participant meeting the conditions of **E.7b** shall forfeit the following portion of his or her Account even if such Account is otherwise fully vested: _____.

F. DISTRIBUTIONS

NOTE: All distributions are subject to the minimum distribution requirements of Code section 401(a)(9).

Normal Retirement

1. Normal Retirement Age means Attainment of age: 65.
NOTE: Normal Retirement Age must be on or after the earlier of: (i) age 65, or (ii) the age at which Participants have the right to retire under a basic defined benefit pension plan of the Employer (or money

purchase plan if no defined benefit plan). An earlier age may apply for eligible plans of qualified police or firefighters. The age selected may not be later than age 70-1/2.

Time of Payment for Reasons other than Death

2. Benefits may not commence later than the date specified below (Section 6.01):
- **i.** [X] The earlier of the Required Beginning Date or the number of years specified in **F.3** after the Participant's Termination.
- **ii.** [ ] The earlier of the Required Beginning Date or Normal Retirement Age.
- **iii.** [ ] Required Beginning Date.

NOTE: If **F.2.ii** is selected, payment may not be made earlier than that specified in Section 6.01.

3. If **F.2.i** is selected (number of years after Termination), enter the number years after the Participant's Termination during which benefits must commence (Section 6.01): <u>within six (6) months of termination</u>.
NOTE: If zero is entered in **F.3**, distributions shall commence on the 61st day following the distribution event.

Form of Payment for Reasons other than Death

4a. Optional forms of payment payable for reasons other than death of the Participant (check all that apply):
- **i.** [X] A single lump sum payment.
- **ii.** [ ] Annual installment payments for a period of years (payable on an annual basis) which extends for no longer than the number of years specified in **F.4b.**
- **iii.** [ ] Other optional form of benefit specified in **F.4c.**

4b. If **F.4a.ii** (annual installments) is selected, enter the maximum number of years over which payments may be made: _____.
NOTE: May not extend beyond the life expectancy of the Participant and Beneficiary.

4c. If **F.4a.iii** (Other) is selected, describe other optional form of benefit: _____.

Payment on Participant Death

5. Distributions on account of the death of the Participant shall be made in accordance with one of the following payment forms (Section 6.05):
- **i.** [X] Pay entire remaining Account by end of the first calendar year following the date of death.
- **ii.** [ ] Participant's Beneficiary shall be entitled to make any elections as to timing and form of distribution as were available to the Participant at the time of death subject to the minimum distribution requirements of Code section 401(a)(9).

Unforeseeable Emergency

6a. A Participant may receive a distribution upon the occurrence of an unforeseeable emergency (Section 6.04):
[X] Yes [ ] No

6b. If **F.6a** is "Yes", **A.5c** (Participant Deferral Contributions) is selected, the Plan is a Governmental Plan, and Roth Deferrals are permitted, permit unforeseeable emergency distributions from Roth Deferral Accounts:
- **i.** [ ] Yes
- **ii.** [ ] Yes - But only if the withdrawal from the Roth Deferral Account qualifies as a "qualified distribution" within the meaning of Code section 402A(d)(2).
- **iii.** [ ] No

Small Distributions

7. A Participant may make a one-time election to receive a distribution of a small balance ($5,000 or less) as permitted by Code section 457(e)(9)(A) (Section 6.03):
[ ] Yes [X] No

Medium of Payment

8. Medium of distribution from the Plan:
- **i.** [X] Cash only
- **ii.** [ ] Cash or in-kind
- **iii.** [ ] In-kind only

Transfers

9a. Specify whether transfers may be made to another plan (Section 6.08):
[X] Yes [ ] No
NOTE: A transfer shall only be permitted to the extent that it is permissible in accordance with Code section 457(e)(10) and Treas. Reg. section 1.457-10(b).
NOTE: Governmental Plans are also subject to the direct rollover rules in Section 6.09.

9b. If the Plan is a Governmental Plan, specify whether service credit transfers may be made to another defined benefit governmental plan (Section 6.10):
[ ] Yes [X] No

Death or Disability during Qualified Military Service

10a. For benefit accrual purposes, a Participant that dies or becomes disabled while performing qualified military service will be treated as if he had been employed by the Company on the day preceding death or disability and terminated employment on the day of death or disability pursuant to Code section 414(u)(9), Notice 2010-5 and any superseding guidance (Section 6.12):
[ ] Yes [X] No

10b. If **F.10a** is "Yes", enter the effective date: _____(must be on or after January 1, 2007).

Loans/Inservice

11. If the Plan is a Governmental Plan, specify whether Participant loans may be made (Section 6.13):
[X] Yes [ ] No

12. If the Plan is a Governmental Plan and **C.9** permits rollover contributions, specify whether a Participant may receive an inservice withdrawal of his rollover Account (Section 6.07):
[ ] Yes [ ] No

13. Specify whether a Participant may receive an inservice withdrawal of his Account upon attainment of age 70-1/2:
[X] Yes [ ] No

2009 Required Minimum Distributions

14a. If the Plan is a Governmental Plan, indicate the extent to which participants and beneficiaries have an election to receive distributions that include 2009 RMDs:
- **i.** [ ] Default to continue 2009 RMDs.
- **ii.** [X] Default to discontinue 2009 RMDs.
- **iii.** [ ] Other: _____.

NOTE: If "Other" is selected, the below provisions will not apply except to the extent specified.

14b. Direct Rollovers of 2009 RMDs. For purposes of the direct rollover provisions of the Plan, the following will also be treated as eligible rollover distributions in 2009:
- **i.** [X] None. 2009 RMDs will not be treated as eligible rollover distributions in 2009.
- **ii.** [ ] 2009 RMDs only.
- **iii.** [ ] Extended 2009 RMDs only.
- **iv.** [ ] 2009 RMDs and Extended 2009 RMDs.

ADDENDUM TO THE ADOPTION AGREEMENT

The indemnification for the Plan Administrator (and if applicable, the Trustee) is provided pursuant to the following and not pursuant to section 7.03 of the Basic Plan Document.

No indemnification is permitted under this Plan

G. PLAN OPERATIONS

Plan Administration

1a. Designation of Plan Administrator (Section 7.01):
  i. [X] Plan Sponsor
  ii. [ ] Committee appointed by Plan Sponsor
  iii. [ ] Other

1b. If **G.1a.iii** is selected, Name of Plan Administrator: _____

2a. Type of indemnification for the Plan Administrator (and if applicable, the Trustee):
  i. [ ] Standard according to Section 7.03.
  ii. [X] Custom.

2b. If **G.2a.ii** (Custom) is selected, indemnification for the Plan Administrator (and if applicable, the Trustee) is provided pursuant to an Addendum to the Adoption Agreement.

H. MISCELLANEOUS

Failure to properly fill out the Adoption Agreement may result in the failure of the Plan to achieve its intended tax consequences and may further result in significant tax penalties.

The Plan shall consist of this Adoption Agreement, its related Basic Plan Document #457B and any related Appendix and Addendum to the Adoption Agreement.

The undersigned agree to be bound by the terms of this Adoption Agreement and Basic Plan Document and acknowledge receipt of same. The Plan Sponsor caused this Plan to be executed this _____ day of _______________, 2023.

NEW MEXICO MORTGAGE FINANCE AUTHORITY:

Signature: Hernandez
Print Name: Isidoro Hernandez
Title/Position: Executive Director/CEO

NEW MEXICO MORTGAGE FINANCE AUTHORITY
SECTION 457(b) PLAN

SECURE/CARES/CAA AMENDMENT

This Amendment is intended as a good faith effort to comply with the requirements of the Further Consolidated Appropriations Act, 2020, including the SECURE Act provisions, the Coronavirus, Aid, Relief and Economic Security (CARES) Act, and the Consolidated Appropriations Act, 2021 (CAA), and corresponding guidance (the "Applicable Law"). This Amendment is to be construed in accordance with the Applicable Law and both the Amendment and the Applicable Law will supersede any inconsistent Plan provisions.

OPTIONAL PROVISIONS:

For each item below, if the check boxes are empty, the *italicized* provision will apply.

1. Treatment of 2020 RMDs (see Section A. below)
Effective 01/01/2020, unless the Participant or beneficiary chooses otherwise, a Participant or beneficiary who would have been required to receive a 2020 RMD will ***not*** *receive this distribution.*

Effective ________ (no earlier than 01/01/2020):

☐ Unless the Participant or beneficiary chooses otherwise, a Participant or beneficiary who would have been required to receive a 2020 RMD will **not** receive this distribution.

☐ Unless the Participant or beneficiary chooses otherwise, a Participant or beneficiary who would have been required to receive a 2020 RMD will receive this distribution.

2. 2020 RMDs as Direct Rollovers (see Section A. below)
A direct rollover is not offered for 2020 RMDs or Extended 2020 RMDs.

For purposes of the direct rollover provisions of the Plan, the following will be treated as eligible rollover distributions in 2020:

☐ 2020 RMDs.

☐ 2020 RMDs and Extended 2020 RMDs.

☐ 2020 RMDs, but only if paid with an additional amount that is an eligible rollover distribution without regard to Code section 401(a)(9)(I).

3. Qualified Birth or Adoption Distributions (see Section C. below)
The Plan does not permit qualified birth or adoption distributions as a separate distribution event.

☐ Effective ________ (no earlier than 01/01/2020), the Plan permits qualified birth or adoption distributions as a separate distribution event.

☐ The following limitations and conditions apply: ________.

4. <u>Portability of Lifetime Income Options (see Section D. below)</u>
The Plan does not permit "qualified distributions" or "qualified plan distribution annuity contracts" of lifetime income investment options.

    [ ] The Plan permits "qualified distributions" or "qualified plan distribution annuity contracts" of lifetime income investment options when such investment options are no longer authorized to be held as an investment option under the Plan effective: _______ (no earlier than the plan year beginning after <u>12/31/2019</u>).

    [ ] The following limitations and conditions apply: ________.

5. <u>Time of Payment for Reasons other than Death</u>
The existing Plan provisions, if any, remain in effect for distributions to a Participant who has not separated from employment (e.g., benefits may not commence until Required Beginning Date).

    [ ] Effective ________ (no earlier than <u>01/01/2020</u>), the Plan permits distributions to a Participant who has not separated from employment if the Participant attains: _______ (age cannot be less than 59-1/2).

STANDARD PROVISIONS:

A. Required Minimum Distributions

In defining Required Beginning Date or determining required minimum distributions, any references to age 70-1/2 are replaced with: age 70-1/2 (for Participants born before <u>07/01/1949</u>) or age 72 (for Participants born after <u>06/30/1949</u>).

Notwithstanding other provisions of the Plan to the contrary and if selected above, a Participant or beneficiary who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a Participant with a required beginning date of <u>04/01/2021</u>) but for the enactment of section 401(a)(9)(I) of the Code ("2020 RMDs"), and who would have satisfied that requirement by receiving distributions that are either: (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancies) of the Participant and the Participant's designated beneficiary, or for a period of at least 10 years ("Extended 2020 RMDs"), may receive those distributions.

B. Distribution on Account of Death for Certain Eligible Retirement Plans

Whether before or after distribution has begun, a Participant's entire interest will be distributed to the designated beneficiary by <u>12/31</u> of the calendar year containing the tenth anniversary of the Participant's death unless the designated beneficiary meets the requirements of an "eligible designated beneficiary". An "eligible designated beneficiary" may receive distributions over the life of such designated beneficiary. If there is no designated beneficiary as of <u>09/30</u> of the year following the year of the Participant's death, the Participant's entire interest will be distributed by <u>12/31</u> of the calendar year containing the fifth anniversary of the Participant's death.

An "eligible designated beneficiary" is defined as any designated beneficiary who is: (i) the surviving spouse of the Participant; (ii) a minor child of the Participant; (iii) disabled; (iv) a chronically ill individual; or (v) an individual who is not more than 10 years younger than the Participant. The determination of whether a designated beneficiary is an "eligible designated beneficiary" is made as of the date of death of the Participant. If an "eligible designated beneficiary" dies before the portion of the Participant's interest is entirely distributed, the remainder of such portion must be distributed within 10 years after the death of such "eligible designated beneficiary".

C. Qualified Birth or Adoption Distributions

To the extent provided above, a Participant may receive a distribution up to $5,000 during the 1-year period beginning on the date on which the Participant's child is born or on which the legal adoption by the Participant of an eligible adoptee is finalized. An eligible adoptee is any individual (other than a child of the Participant's spouse) who has not attained age 18 or is physically or mentally incapable of self-support. The $5,000 maximum is an aggregate amount of such distributions from all plans maintained by the Employer.

D. Portability of Lifetime Income Investments

To the extent provided above, any amounts invested in a "lifetime income investment" may be distributed through either "qualified distributions" or "qualified plan distribution annuity contracts" no earlier than 90 days prior to the date that such "lifetime income investment" may no longer be held as an investment option under the Plan.

The following terms are used in this section:

"Qualified distribution" means a direct trustee-to-trustee transfer described in Code section 401(31)(A) to an eligible retirement plan (as defined in Code section 402(c)(8)(B)).

"Qualified plan distribution annuity contract" means an annuity contract purchased for a Participant and distributed to the Participant by a plan or contract described in subparagraph (B) of Code section 402(c)(8) (without regard to clauses (i) and (ii) thereof).

"Lifetime income investment" means an investment option which is designed to provide an employee with election rights which: (a) are not uniformly available with respect to other investment options under the plan, and (b) are to a "lifetime income feature" available through a contract or other arrangement offered under the plan (or under another eligible retirement plan (as so defined), if paid by means of a direct trustee-to-trustee transfer described in Code section 401(31)(A) to such other eligible retirement plan).

"Lifetime income feature" means: (a) a feature which guarantees a minimum level of income annually (or more frequently) for at least the remainder of the life of the employee or the joint lives of the employee and the employee's designated beneficiary, or (b) an annuity payable on behalf of the employee under which payments are made in substantially equal periodic payments (not less frequently than annually) over the life of the employee or the joint lives of the employee and the employee's designated beneficiary.

E. Disaster or Coronavirus-Related Relief

Notwithstanding any provision of the Plan to the contrary, the Plan may grant temporary disaster or coronavirus-related relief in compliance with Code sections 1400M and 1400Q, section 15345 of the Food, Conservation, and Energy Act of 2008, section 702 of the Heartland Disaster Tax Relief Act of 2008, section 502 of the Disaster Tax Relief and Airport and Airway Extension Act of 2017, section 11028 of the Tax Cuts and Jobs Act of 2017, section 20102 of the Bipartisan Budget Act of 2018, subtitle II of Division Q of the Further Consolidated Appropriations Act, 2020, section 2202 of the Coronavirus, Aid, Relief and Economic Security Act, and Title III of Division EE of the Consolidated Appropriations

Act, 2021 ("Applicable Law"). This Section only applies to the extent the Plan has provided some or all of the relief listed below in compliance with Applicable Law.

A. Qualified Distributions

I. "Qualified Distribution" means a distribution to a qualified individual within the applicable time periods as defined in the relevant sections of Applicable Law which may not exceed $100,000 in aggregate from all plans maintained by the Employer.

II. If the Plan permits rollover contributions, at any time during the 3-year period beginning on the day after the Qualified Distribution was received, an individual may contribute as a rollover to the Plan an aggregate amount that does not exceed the amount of the Qualified Distribution.

III. If the Plan permits rollover contributions, an individual who received a withdrawal for the purchase of a home, but could not use the withdrawal amount due to the disaster, may contribute as a rollover to the Plan an aggregate amount that does not exceed the amount of the withdrawal amount within the applicable time periods as defined in the relevant sections of Applicable Law.

B. Expanded Loan Provisions

I. The maximum loan limit under Code section 72(p)(2)(A) may be applied by substituting "$100,000" for "$50,000" and substituting "the present value" for "one-half the present value" under the Loan Procedures for a qualified individual within the applicable time periods as defined in the relevant sections of Applicable Law.

II. The loan repayment may be delayed for 1 year for a qualified individual within the applicable time periods as defined in the relevant sections of Applicable Law.

III. Subsequent repayments will be adjusted to reflect the 1-year delay and any interest accrued during such delay.

IV. The 1-year delay will be disregarded in determining the 5-year maximum term of loans under Code section 72(p)(2)(B) and (C).

IN WITNESS WHEREOF, the Employer has caused this Amendment to be executed this _____ day of ________________, 2023.

NEW MEXICO MORTGAGE FINANCE AUTHORITY:

Signature: Hernandez

Print Name: Isidoro Hernandez

Title/Position: Executive Director/CEO

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FORMAL RECORD OF ACTION

The following is a formal record of action taken by the governing body of New Mexico Mortgage Finance Authority (the "Company").

With respect to the amendment and restatement of the New Mexico Mortgage Finance Authority Section 457(b) Plan (the "Plan"), the following resolutions are hereby adopted:

> **RESOLVED**: That the Plan be amended and restated in the form attached hereto, including the SECURE/CARES/CAA Amendment, which Plan and Amendment are hereby adopted and approved;
>
> **RESOLVED FURTHER**: That the appropriate officers of the Company be, and they hereby are, authorized and directed to execute the Plan on behalf of the Company;
>
> **RESOLVED FURTHER**: That the officers of the Company be, and they hereby are, authorized and directed to take any and all actions and execute and deliver such documents as they may deem necessary, appropriate or convenient to effect the foregoing resolutions including, without limitation, causing to be prepared and filed such reports, documents or other information as may be required under applicable law.

Dated this 17th day of May, 2023.

____
Chair Angel Reyes

MFA
Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Tuesday May 9, 2023 at 1:30 p.m.

Webex - call-in information is 1-408-418-9388 (access code): 2483 035 4429
or you can join the call from the calendar item

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Agenda		
1 JLG NM SAF 2023 Bond Resolution – Sangre de Cristo/Santa Fe Apartments - Christi Wheelock	2-0	YES
2 JLG NM ABQ 2023 Bond Resolution – Mountain View II/III Apartments- Christi Wheelock	2-0	YES
3 Semiannual Investment Review 3/31/23 –Viktoria Gonsior	2-0	YES
4 3/31/23 Financial Statement Review (Lizzy Ratnaraj)	2-0	YES
5 Authorized Signatures Resolution (Yvonne Segovia)	2-0	YES
6 Policy & Procedures Manual Revision – Authorized Signatures (Julie Halbig)	2-0	YES
7 Delegation of Authority Revisions – NMHTF Recurring Funds (Julie Halbig)	2-0	YES
Information items		
8 March 2023 Wire Transfers		NO
9 March 2023 Check Register		NO

Committee Members present:

Derek Valdo, Chair	☐ present	☑ absent	☐ conference call
State Treasurer Laura Montoya/ JR Rael	☐ present	☐ absent	☑ conference call
Lt. Governor Howie Morales or Proxy Martina C'de Baca	☐ present	☐ absent	☑ conference call

Hernandez

New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

March 31, 2023

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the six-month period ended March 31, 2023

	COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):	6 months 3/31/2023	6 months 3/31/2022	% Change Year / Year	Forecast 3/31/2023	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	$57.3	-100.0%	$0.0	0.0%	$30.0
3	Total Single Family Production	$135.0	$257.2	-47.5%	$135.0	0.0%	$325.0
4	Single Family Bond MBS Payoffs:	$23.6	$82.0	-71.3%	$69.6	-66.1%	$139.1
	STATEMENT OF NET POSITION						
5	Avg. earning assets:	$1,680.6	$1,499.2	12.1%	$1,682.5	-0.1%	$1,682.5
6	General Fund Cash and Securities:	$99.7	$93.0	7.2%	$85.6	16.5%	$85.6
7	General Fund SIC FMV Adj.:	$0.2	($1.48)	116.5%	$0.0	N/A	$0.0
8	Total bonds outstanding:	$1,405.3	$1,220.1	15.2%	$1,363.5	3.1%	$1,363.5
	STATEMENT OF REVENUES, EXPENSES AND NET POSITION						
9	General Fund expenses (excluding capitalized assets):	$12.2	$11.6	5.2%	$13.6	-10.3%	$27.3
10	General Fund revenues:	$15.7	$13.4	17.2%	$14.7	6.8%	$29.7
11	Combined net revenues (all funds):	$5.6	($0.9)	736.1%	$1.7	230.9%	$3.4
12	Combined net revenues excluding SIC FMV Adj. (all funds):	$5.7	$1.4	299.9%	$1.7	239.8%	$3.4
13	Combined net position:	$291.2	$284.5	2.3%	$289.5	0.6%	$289.5
14	Combined return on avg. earning assets:	0.66%	-0.12%	667.5%	0.20%	231.4%	0.20%
15	Combined return on avg. earning assets excluding SIC FMV Adj. (all funds):	0.68%	0.19%	256.7%	0.20%	240.3%	0.20%
16	Net TBA profitability:	0.00%	0.76%	-100.0%	0.50%	0.0%	0.50%
17	Combined interest margin:	0.86%	0.49%	76.8%	0.63%	36.3%	0.63%
	MOODY'S BENCHMARKS						
18	Net Asset to debt ratio (5-yr avg):	25.31%	27.83%	-9.1%	25.42%	-0.4%	25.42%
19	Net rev as a % of total rev (5-yr avg):	10.38%	11.39%	-8.9%	9.51%	9.2%	9.51%
	SERVICING						
20	Subserviced portfolio	$2,000.7	$1,811.5	10.4%	$2,052.1	-2.5%	$2,203.4
21	Servicing Yield (subserviced portfolio)	0.41%	0.42%	-1.6%	0.41%	0.0%	0.41%
22	Combined average delinquency rate (MFA serviced)	8.50%	8.40%	1.2%	9.50%	-10.5%	9.50%
23	DPA loan delinquency rate (all)	7.53%	6.98%	7.9%	N/A	N/A	N/A
24	Default rate (MFA serviced-annualized)	0.52%	0.60%	-13.3%	1.30%	-60.0%	1.30%
25	Subserviced portfolio delinquency rate (first mortgages)	9.22%	11.60%	-20.5%	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

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the six-month period ended March 31, 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 71.3% due to rising mortgage rates discouraging homeowners from refinancing their loans.

● In six months of activities, the Return on Average earnings assets was 0.66%, which is better than last year as we rely heavily on bond financing, which led to growth in earning assests 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 5.2% due to increased compensation, and repurchased loan expenses, while the General Fund revenue increased by 17.2% 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.

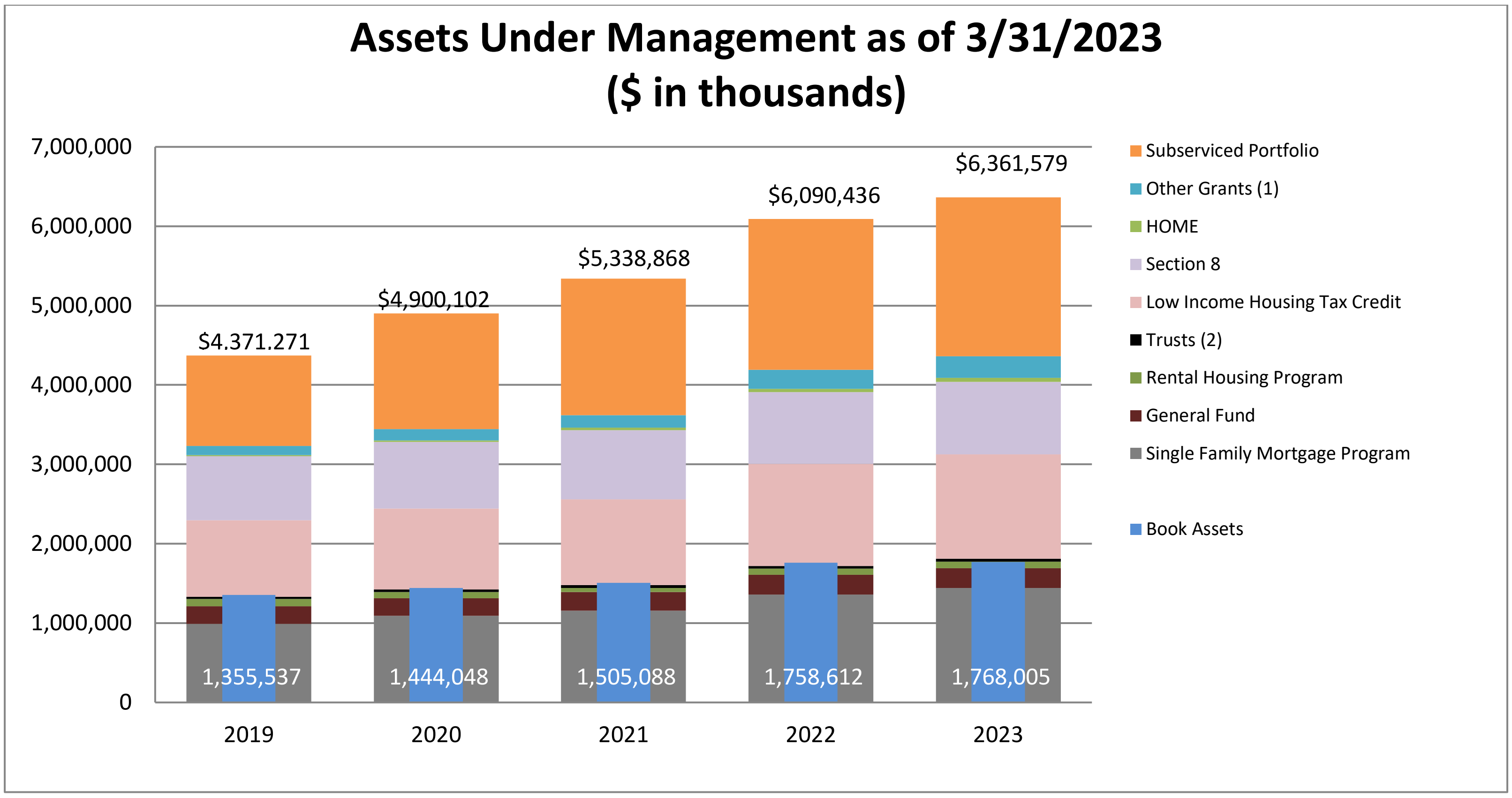
● The combined interest margin of 0.86% increased from the FY22 year-end mark of 0.55% due to higher income from interest on loans and investments. The rising interest rates are positively impacting loan portfolio performance, bolstering MFA's investment income and discouraging homeowners from refinancing their loans.

● Based on Moody's issuer credit rating scorecard, MFA's 25.31% net asset to debt ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (> 20 %). The net revenue as a percent of total revenue measures performance and profitability. We take caution as MFA's 10.38% ratio (5-year average) is barely within 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.

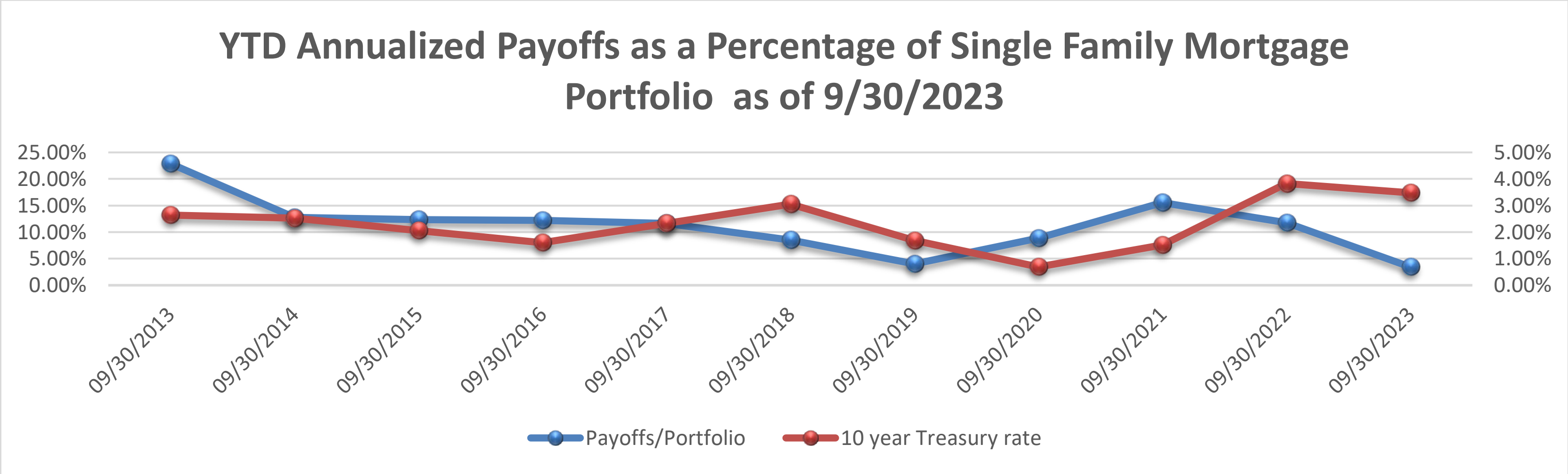
● Moody's Investor Services completed an updated credit opinion on MFA's Issuer Rating in June 2020. They reaffirmed the Aa3/stable rating. Comments included a high asset-to-debt ratio, good profitability, and a low-risk profile due to a mortgage-backed security structure, a multifamily Risk Sharing 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 9.22%. The sub-serviced portfolio is approximately 85% FHA-insured loans. The Mortgage Bankers Association quarterly survey as of December 31, 2022, indicates that the delinquency rate for FHA loans nationally is 10.61%, and for New Mexico is 7.78%. In addition, FHA Single Family Loan Performance Trends for February 2023 showed 13.44% delinquency (for purchase loans only), which decreased from 13.49% in January 2023.

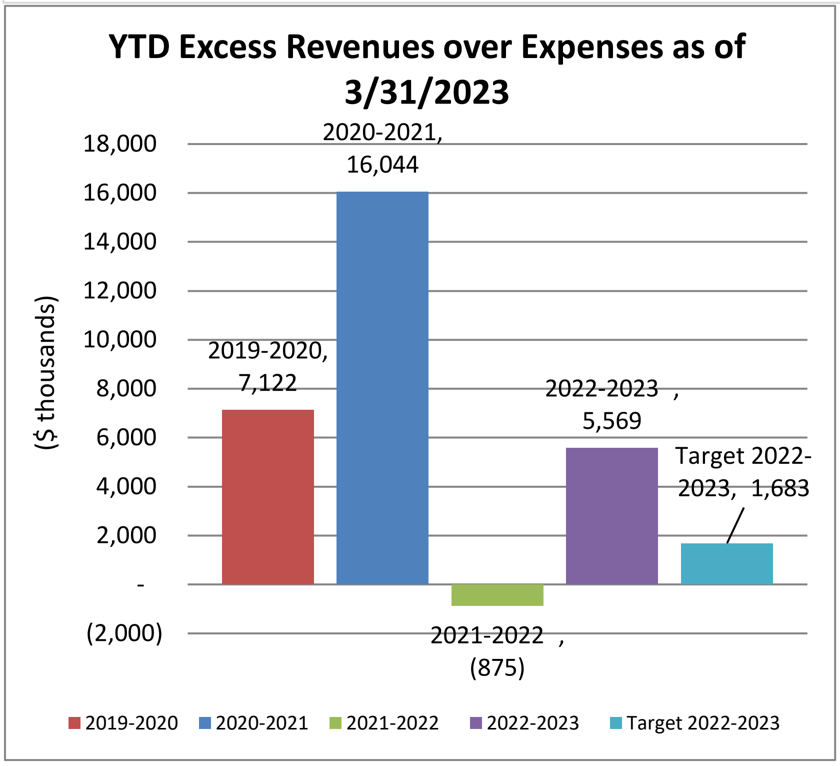
● The fair market value for purchased servicing rights as of March 2023 is $29.4 million, an increase of about $9.9 million over cost. GASB requires MFA to record the value of servicing rights at the 'lower of cost or market'. The elevated FMV is related to decreased prepayment speed projections and increased earnings rates impacted portfolio value positively. The current recorded cost of the asset is $19.5 million. Valuations are obtained every quarter.



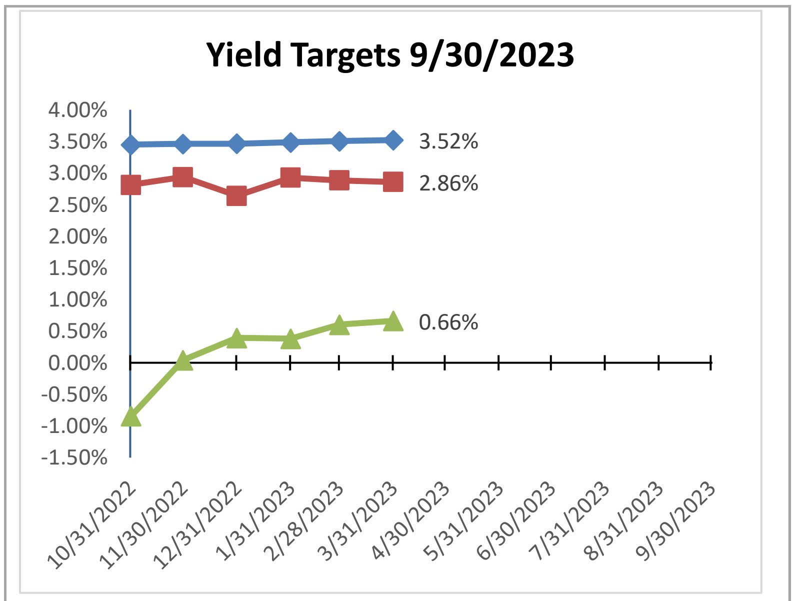
Assets Under Management as of 3/31/2023 ($ in thousands)



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



YTD Excess Revenues over Expenses as of 3/31/2023

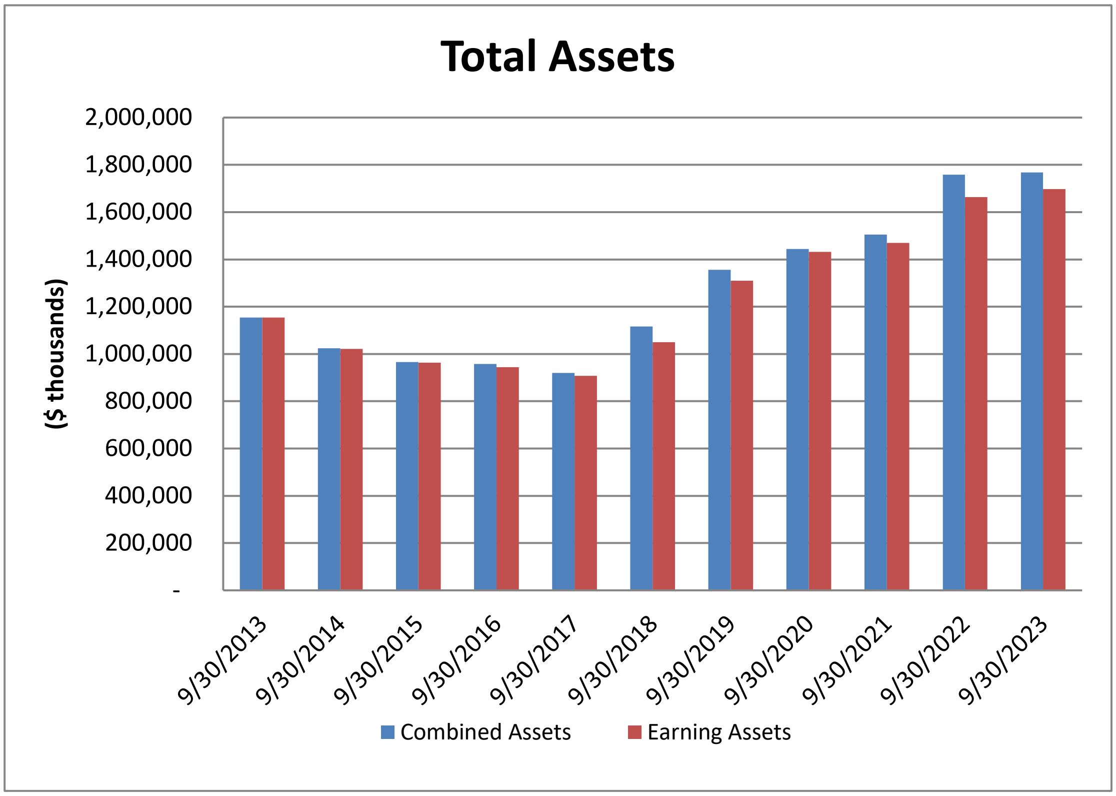


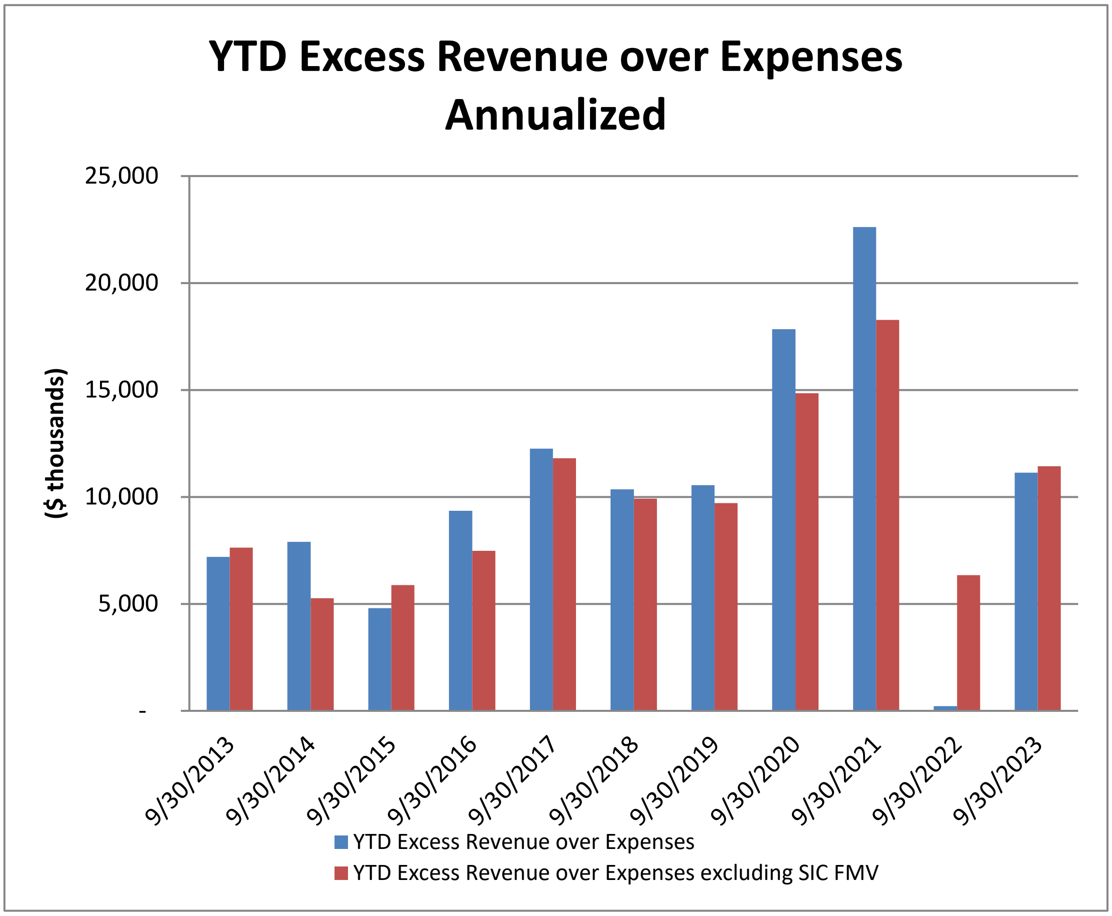
Yield Targets 9/30/2023

	2022	Target 2023
◆ Loans Effective yield	3.20%	3.50%
■ Cash & Investments Effective yield	0.98%	1.20%
▲ Rate of Return on Average Earning Assets	0.01%	0.20%

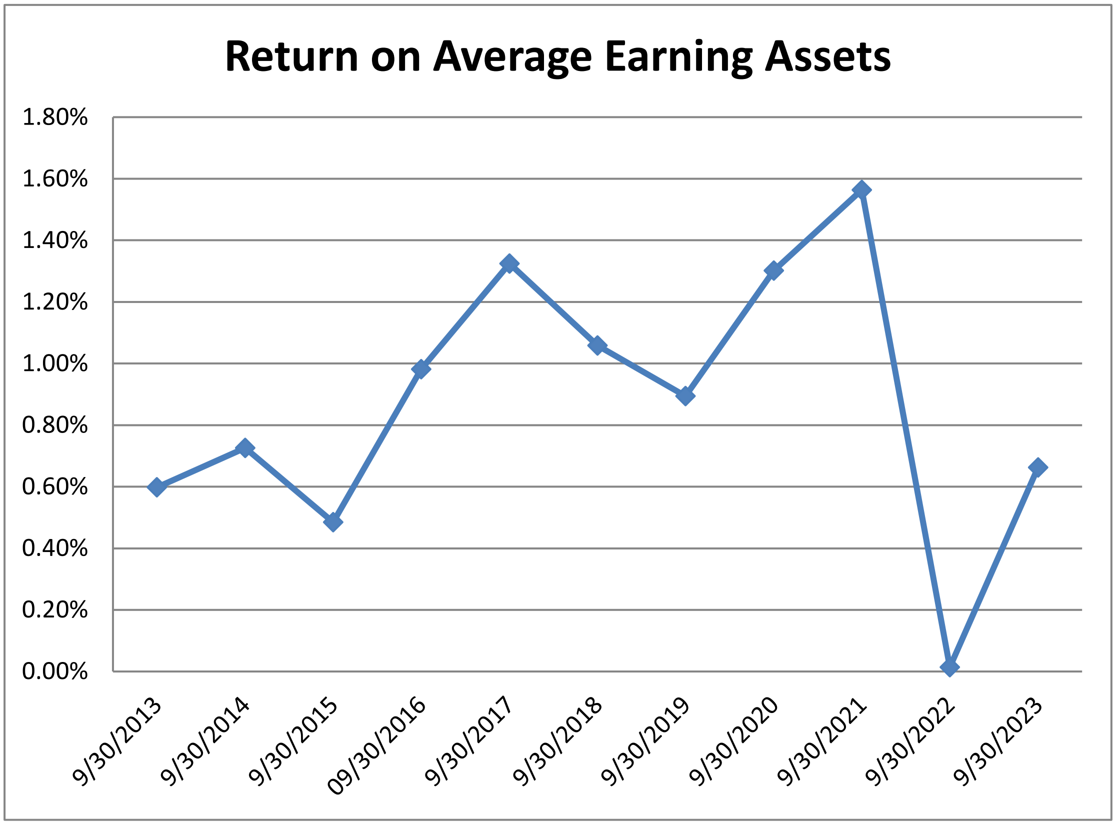
(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership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

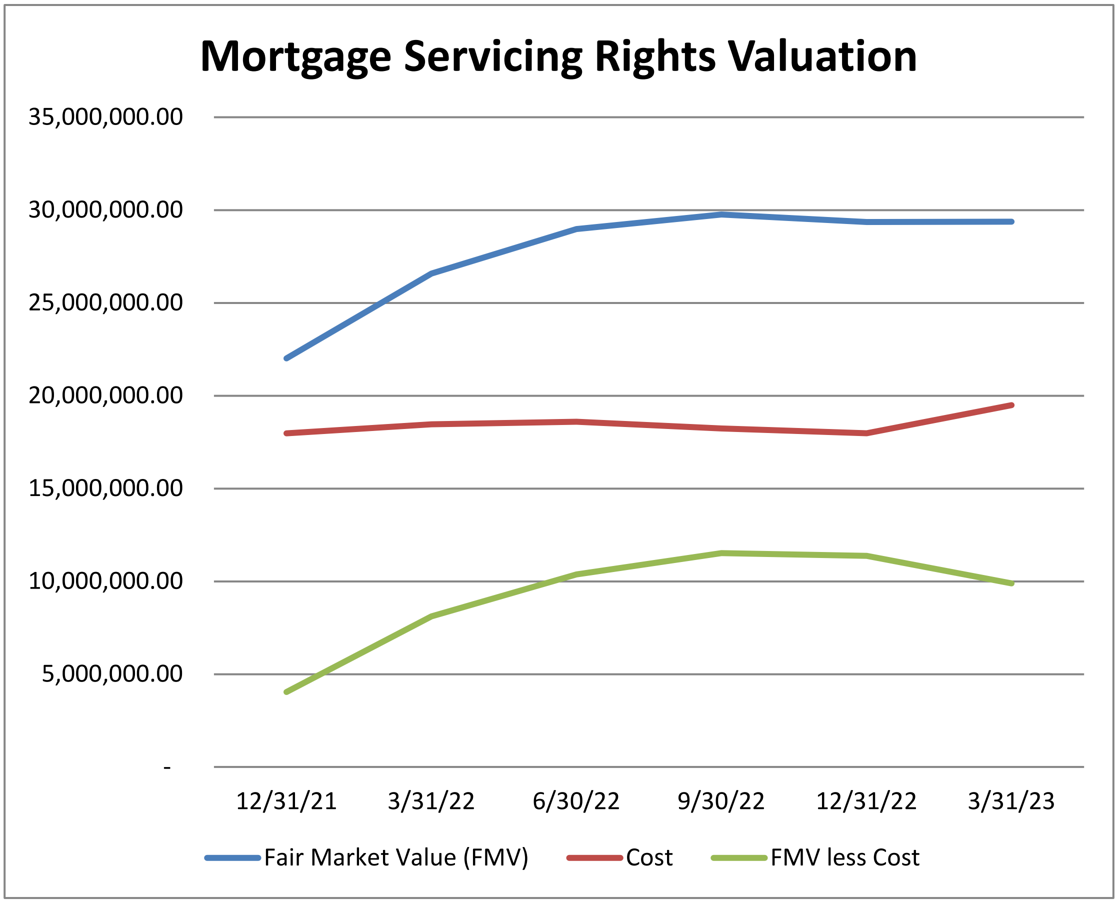
QUARTERLY FINANCIAL GRAPHS





QUARTERLY FINANCIAL GRAPHS





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

	YTD 3/31/23	YTD 3/31/22
ASSETS:		
CURRENT ASSETS:		
CASH & CASH EQUIVALENTS	$59,819	$43,137
RESTRICTED CASH HELD IN ESCROW	9,754	9,433
SHORT-TERM INVESTMENTS	93	(100)
ACCRUED INTEREST RECEIVABLE	4,977	4,041
OTHER CURRENT ASSETS	5,747	6,703
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	6
INTER-FUND RECEIVABLE (PAYABLE)	(0)	-
TOTAL CURRENT ASSETS	80,389	63,221
CASH - RESTRICTED	96,687	116,044
LONG-TERM & RESTRICTED INVESTMENTS	56,749	65,102
INVESTMENTS IN RESERVE FUNDS	-	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,340,381	1,135,266
MORTGAGE LOANS RECEIVABLE	180,724	157,064
ALLOWANCE FOR LOAN LOSSES	(10,153)	(9,648)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,813	1,818
OTHER REAL ESTATE OWNED, NET	1,639	2,869
OTHER NON-CURRENT ASSETS	12	-
INTANGIBLE ASSETS	19,591	18,471
TOTAL ASSETS	1,767,833	1,550,207
DEFERRED OUTFLOWS OF RESOURCES		
REFUNDINGS OF DEBT	171	205
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	1,768,005	1,550,412
LIABILITIES AND NET POSITION:		
LIABILITIES:		
CURRENT LIABILITIES:		
ACCRUED INTEREST PAYABLE	$7,660	$7,319
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	20,543	14,970
ESCROW DEPOSITS & RESERVES	9,624	9,325
TOTAL CURRENT LIABILITIES	37,826	31,614
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,405,266	1,220,060
MORTGAGE & NOTES PAYABLE	33,271	13,765
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	204	133
TOTAL LIABILITIES	1,476,567	1,265,572
DEFERRED INFLOWS	260	300
TOTAL LIAB/DEFERRED INFLOWS	1,476,828	1,265,871
NET POSITION:		
NET INVESTED IN CAPITAL ASSETS	1,813	1,818
UNAPPROPRIATED NET POSITION (NOTE 1)	63,399	61,326
APPROPRIATED NET POSITION (NOTE 1)	225,965	221,397
TOTAL NET POSITION	291,177	284,541
TOTAL LIABILITIES & NET POSITION	1,768,005	1,550,412

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

	YTD 3/31/23	YTD 3/31/22
OPERATING REVENUES:		
INTEREST ON LOANS	$25,953	$20,292
INTEREST ON INVESTMENTS & SECURITIES	2,996	666
LOAN & COMMITMENT FEES	1,673	1,831
ADMINISTRATIVE FEE INCOME (EXP)	2,590	3,788
RTC, RISK SHARING & GUARANTY INCOME	28	151
HOUSING PROGRAM INCOME	530	779
LOAN SERVICING INCOME	5,144	4,096
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	38,914	31,602
NON-OPERATING REVENUES:		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	(148)	(2,117)
OTHER NON-OPERATING INCOME	0	0
GRANT AWARD INCOME	45,110	30,112
SUBTOTAL NON-OPERATING REVENUES	44,961	27,995
TOTAL REVENUES	83,875	59,597
OPERATING EXPENSES:		
ADMINISTRATIVE EXPENSES	10,273	10,919
INTEREST EXPENSE	21,734	17,334
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(1,650)	(1,564)
PROVISION FOR LOAN LOSSES	450	231
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	76	73
AMORT. OF SERV. RIGHTS & DEPRECIATION	901	1,582
BOND COST OF ISSUANCE	1,254	2,021
SUBTOTAL OPERATING EXPENSES	33,038	30,596
NON-OPERATING EXPENSES:		
CAPACITY BUILDING COSTS	87	38
GRANT AWARD EXPENSE	45,182	29,856
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	45,269	29,894
TOTAL EXPENSES	78,306	60,490
NET REVENUES	5,569	(893)
OTHER FINANCING SOURCES (USES)	-	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	5,569	(893)
NET POSITION AT BEGINNING OF YEAR	285,608	285,434
NET POSITION AT 3/31/23	291,177	284,541

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

(Note 1) MFA Net Position as of March 31, 2023:

UNAPPROPRIATED NET POSITION:

$ 27,509	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$ 34,915	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$ 975	is held for New Mexico Affordable Housing Charitable Trust.
$ **63,399**	Total Unappropriated Net Position

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

$ 117,129	for use in the Housing Opportunity Fund ($106,165 in loans and grants plus $10,964 unfunded, of which $3,992 is committed).
$ 50,879	for future use in Single Family & Multi-Family housing programs.
$ 1,108	for loss exposure on Risk Sharing loans.
$ 1,813	invested in capital assets, net of related debt.
$ 19,490	invested in mortgage servicing rights.
$ 17,324	for the future General Fund Budget year ending 09/30/23 ($31,681 total budget less $14,357 expended budget through 10/31/23.)
$ 207,743	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

$ 20,035	for use in the federal and state housing programs administered by MFA.
$ 20,035	Subtotal - Housing Program
$ **227,778**	Total Appropriated Net Position
$ **291,177**	Total Combined Net Position at March 31, 2023

Total combined Net Position, or reserves, at March 31, 2023 was $291.2 million, of which $63.4 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $227.8 million of available reserves, with $99.7 million primarily liquid in the General Fund and in the federal and state Housing programs and $128.1 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 six months ended 3/31/2023

	One Month Actual	Year to Date Actuals	ProRata Budget	Annual Budget	Under/(Over)	Annual Budget	Expended Annual
Revenue							
Interest Income	673,972	3,911,970	4,202,696	8,405,392	290,726	4,493,422	46.54%
Interest on Investments & Securities	192,618	1,124,539	659,128	1,318,256	(465,411)	193,717	85.31%
Loan & Commitment Fees	8,402	76,546	87,672	175,344	11,126	98,798	43.65%
Administrative Fee Income (Exp)	853,182	4,636,568	4,204,432	8,408,864	(432,136)	3,772,296	55.14%
Risk Sharing/Guaranty/RTC fees	2,761	27,136	231,865	463,730	204,729	436,594	5.85%
Housing Program Income	44,740	529,401	558,661	1,530,014	29,260	1,000,613	34.60%
Loan Servicing Income	750,244	5,143,954	4,717,372	9,434,743	(426,583)	4,290,789	54.52%
Other Operating Income			-	-	-	-	
Operating Revenues	2,525,920	15,450,114	14,661,826	29,736,343	(788,288)	14,286,230	51.96%
Gain (Loss) Asset Sale/Debt Ex	(563,175)	246,384	-	-	(246,384)	(246,384)	
Other Non-operating Income	10	50	50	100	(0)	50	50.00%
Non-Operating Revenues	(563,165)	246,434	50	100	(246,384)	(246,334)	246434.41%
Revenue	1,962,755	15,696,548	14,661,876	29,736,443	(1,034,672)	14,039,895	52.79%
Salaries	832,582	3,581,830	3,964,017	7,978,035	382,187	4,396,205	44.90%
Overtime	7,199	19,855	18,792	37,585	(1,062)	17,730	52.83%
Incentives	156,049	300,021	336,462	677,169	36,441	377,148	44.31%
Payroll taxes, Employee Benefits	353,452	1,657,772	1,968,292	3,958,534	310,520	2,300,762	41.88%
Compensation	1,349,282	5,559,478	6,287,563	12,651,323	728,085	7,091,845	43.94%
Business Meals Expense	302	1,661	3,610	7,220	1,949	5,559	23.01%
Public Information	9,804	118,102	169,744	339,488	51,642	221,386	34.79%
In-State Travel	6,799	38,958	79,836	159,671	40,878	120,713	24.40%
Out-of-State Travel	8,433	55,354	134,023	268,046	78,669	212,692	20.65%
Travel & Public Information	25,337	214,074	387,213	774,425	173,138	560,351	27.64%
Utilities/Property Taxes	6,132	39,764	39,850	79,700	86	39,936	49.89%
Insurance, Property & Liability	20,587	123,520	113,314	226,628	(10,206)	103,108	54.50%
Repairs, Maintenance & Leases	149,830	753,201	828,475	1,643,951	75,275	890,750	45.82%
Supplies	1,723	19,832	17,850	35,700	(1,982)	15,868	55.55%
Postage/Express mail	5,703	27,347	20,400	40,800	(6,947)	13,453	67.03%
Telephone	1,174	7,354	11,351	22,701	3,996	15,347	32.40%
Janitorial	2,944	19,945	20,450	40,900	505	20,955	48.77%
Office Expenses	186,358	974,562	1,051,317	2,089,634	76,755	1,115,072	46.64%
Dues & Periodicals	6,282	33,931	31,386	62,773	(2,545)	28,842	54.05%
Education & Training	16,087	49,188	85,345	170,690	36,157	121,502	28.82%
Contractual Services	90,845	490,805	701,002	1,402,004	210,197	911,199	35.01%
Professional Services-Program	38,263	193,735	121,376	242,751	(72,359)	49,016	79.81%
Direct Servicing Expenses	(1,220,423)	2,567,122	2,442,784	4,885,567	(124,338)	2,318,445	52.55%
Program Expense-Other	10,315	100,384	90,224	180,448	(10,160)	80,064	55.63%
Rebate Analysis Fees			-	-	-	-	
Miscellaneous	-	196			(196)	(196)	

GENERAL FUND
Fiscal Year 2022-2023 Budget
For the six months ended 3/31/2023

	One Month Actual	Year to Date Actuals	ProRata Budget	Annual Budget	Under/(Over)	Annual Budget	Expended Annual
Other Operating Expense	(1,058,631)	3,435,360	3,472,116	6,944,233	36,756	3,508,873	49.47%
Interest Expense	100,688	594,606	822,610	1,645,220	228,004	1,050,614	36.14%
Non-Cash Expenses	729,965	1,349,556	1,420,549	2,841,098	70,993	1,491,542	47.50%
Expensed Assets	1,068	10,143	39,925	79,850	29,782	69,707	12.70%
Operating Expenses	1,334,067	12,137,780	13,481,293	27,025,783	1,343,513	14,888,003	44.91%
Program Training & Tech Asst	24,891	32,963	75,950	151,900	42,987	118,937	21.70%
Program Development	10,549	53,981	55,963	111,925	1,982	57,944	48.23%
Capacity Building Costs	35,440	86,944	131,913	263,825	44,969	176,881	32.96%
Non-Operating Expenses	35,440	86,944	131,913	263,825	44,969	176,881	32.96%
Expenses	1,369,507	12,224,724	13,613,206	27,289,608	1,388,482	15,064,884	44.80%
Excess Revenue over Expenses	593,248	3,471,824	1,048,670	2,446,835	(2,423,154)	(1,024,989)	141.89%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2022-2023 Budget
For the six months ended 3/31/2023

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
2690 PURCHASED SERVICING RIGHTS	1,848,064	2,026,343	2,175,423	4,350,847	149,081	2,324,504	46.57%
2950 COMPUTER HARDWARE	-	-	20,162	40,324	20,162	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)	(105,550)	
Capital Budget	1,953,614	2,131,893	2,195,585	4,391,171	63,693	2,259,278	48.55%

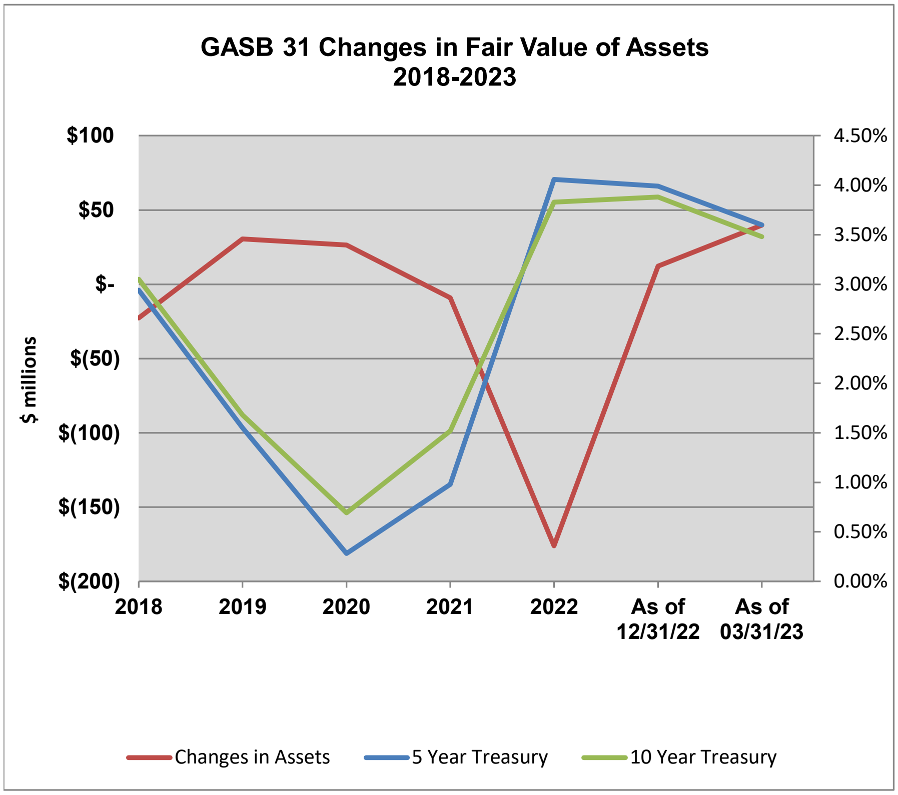
New Mexico Mortgage Finance Authority
HOUSING OPPORTUNITY FUND (HOF)
Unobligated Balance as of March 31, 2023

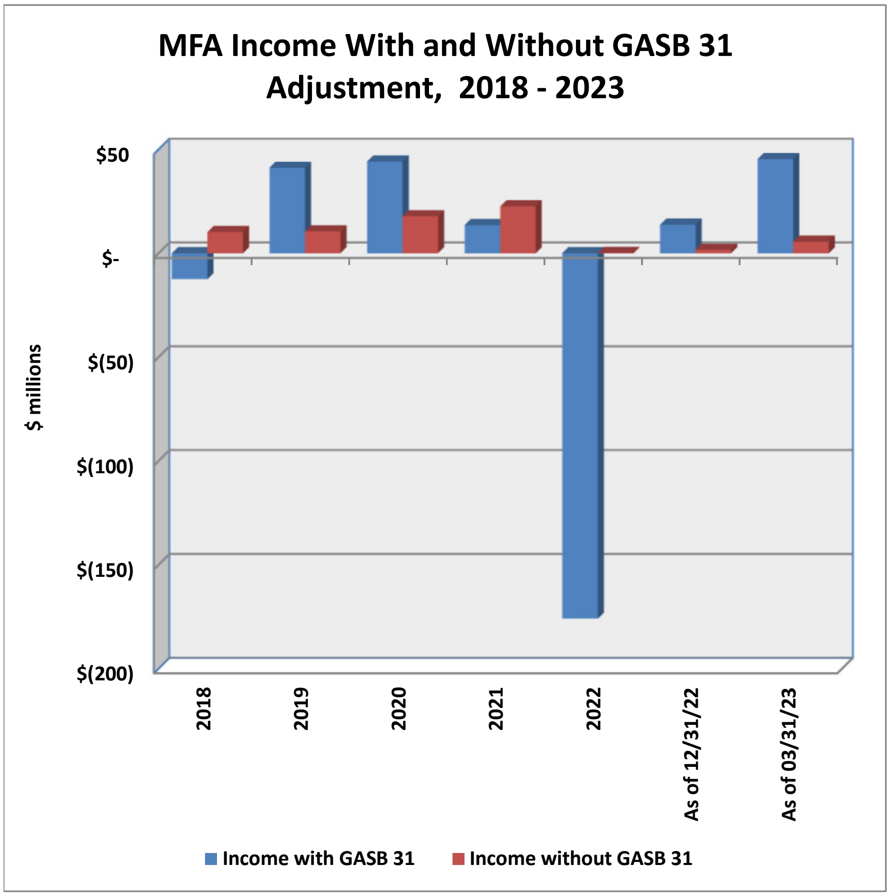
Description	Access Loans	BUILD IT Loan Guaranty	DPA Mortgages	Emergency Housing Needs Grant	HERO 1st Mortgages	Partners Loans	Primero Loans	Primero Loans PRLF	Primero Working Capital Loans	Total
AVAILABLE BALANCE 9/30/22	**(218,546)**	**0**	**3,155,060**	**470,000**	**(0)**	**71,837**	**3,862,151**	**3,438,122**	**0**	**10,778,624**
ADD RECEIPTS FY23:										
General Fund Authorized	0	0	0	0	0	0	0	0	0	0
Third-Party Awards			0				0	0		0
Current Year Appropriations			0					0		0
Loan Repayments	228,369	0	3,896,332	0	29,666	135,639	63,497	31,720	0	4,385,222
LESS DISBURSEMENTS FY23:	.			.						
Loans Funded	0	0	(4,189,451)	0	0	0	0	0	0	(4,189,451)
Grants Funded				(10,000)						(10,000)
Transfers	0	0	29,666	0	(29,666)	0	0	0	0	0
TOTAL UNUSED FUNDS 3/31/2023	9,823	0	2,891,608	460,000	(0)	207,476	3,925,648	3,469,842	0	10,964,396
FUNDS COMMITTED 3/31/2023			776,739			100,800		3,114,035		3,991,574
AVAILABLE BALANCE as of 03/31/2023	9,823	0	2,114,869	460,000	(0)	106,676	3,925,648	355,807	0	6,972,822

Number of Loans Outstanding at 3/31/2023	1,575		12,538		12	105	88	136		14,454
Units/Loans Funded Since Inception	1,649	105	23,270		63	253	3,511	210		29,061
Units/Loans Funded Current Year as of 03/31/2023	-	-	518	-	-	-	-	-	-	518
Loans/Grants Funded since Inception	31,522,224	0	155,505,375	40,000	9,258,705	13,532,400	19,052,318	1,935,965	35,000	230,881,987
Loan Amount Outstanding at 3/31/2023	24,120,177		76,392,925		1,256,620	2,390,525	384,393	1,580,158		106,124,798
Loan Yield at 3/31/2023	5.91%	0.00%	5.39%	0.00%	5.14%	0.00%	3.01%	3.00%	0.00%	5.33%
Loan Loss Allowance at 3/31/2023			9,922,822				221,466			10,144,288
Loan Write-offs since Inception	0	0	7,933,352	n/a	0	0	662,777	0	0	8,596,129
Loan Loss Provision Current Year as of 03/31/2023			454,165				0			454,165

New Mexico Mortgage Finance Authority

Effect of GASB31 on Financials





New Mexico Mortgage Finance Authority
Loan and Credit Line Activity
As of 3/31/2023

Lender	Purpose	Collateral	Board Authorization Date	Authority Limit	Outstanding 12/31/2022	Advances	Repayments	Outstanding 03/31/2023	Maturity	Interest Rate as of 03/31/23	Interest Payments this quarter
Community Banks	Fund DPA program and assist financial institutions meet CRA requirements	DPA portfolio	March 2018	5,000,000	-		-	-	n/a	n/a	
FHLB	Mortgage Backed Security Warehouse, Loans Held for Sale Program	Mortgage loan pipeline	October 2017	60,000,000	21,500,000	22,500,000	12,500,000	31,500,000	6/23/2023	4.700%	204,805
FHLB	Mortgage Backed Security Warehouse, Loans Held for Sale Program & operations	Securities	October 2017	25,000,000	10,000,000		10,000,000	-	n/a	4.05%	117,000
USDA-RD	Preservation Revolving Loan Fund Demonstration Program	PRLF mortgage loans	September 2015	2,125,000	-	-	-	-	n/a	n/a	
SBIC	Capitalize Primero Loan Fund	None	April 2014, March 2019	2,500,000	-	-		-	11/30/2023	n/a	
FHLB	Mortgage Revenue Bond (MRB) Warehousing	MRB Mortgage backed securities	June 2013	30,000,000	-	-	-	-	n/a	n/a	
Wells Fargo	Capitalize Primero Loan Fund	None	October 2011	850,000	425,000	-	106,250	318,750	11/15/2023	2.00%	2,385
USDA-RD	Preservation Revolving Loan Fund Demonstration Program	PRLF mortgage loans	May 2011	2,000,000	1,521,355	-	69,387	1,451,969	1/20/2042	1.00%	15,505
	TOTAL			122,475,000	33,446,355	22,500,000	22,675,637	33,270,719			339,695

MFA
Housing New Mexico

MEMO

TO: MFA Board of Directors

Through: Policy Committee – May 2, 2023

Through: Finance Committee – May 9, 2023

FROM: Christi Wheelock, Tax Credit Program Analyst

DATE: May 17, 2023

SUBJECT: Bond Resolution – JLG NM SAF 2023

RECOMMENDATION:

Staff requests approval of the attached Bond Resolution.

BACKGROUND:

MFA received an application for 4% low-income housing tax credits and $60.5 million of tax-exempt bond volume cap for the rehabilitation of the Sangre de Cristo and Santa Fe Apartments, collectively known as JLG NM SAF 2023 (the "Project"), that will renovate 228 rent-restricted units located in the City of Santa Fe within Santa Fe County. Community Preservation Partners, LLC ("CPP"), a developer headquartered in Irvine, CA; who was also the developer of several projects totaling 739 units that have received tax exempt bonds through MFA as the issuer between 2019 and 2022. The entities that were allocated MFA bonds include Vista Mesa Villas LLLP, JLG NM Central 2017 LLLP, JLG NM North 2017 LLLP and JLG NM South 2017 LLP. The owner of this project is JLG NM SAF 2023 LLLP, which consists of Santa Fe 2023, LLC as the general partner and US Bank (fund to be determined) as the limited partner. JL Gray Company, Inc. will serve as property manager.

Prior to receiving approval of the inducement resolution on March 29, 2023, from MFA Executive Staff member Jeff Payne, jurisdictional notices were sent to the City of Santa Fe, in accordance with Internal Revenue Code Section 42(m)(1)(A)(ii) and Section 58-18-10 New Mexico Statutes Annotated 1978 edition. MFA received support for the rehabilitation of the projects from the Honorable Alan Webber, Mayor, City of Santa Fe.

A TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) hearing was held on April 12, 2023, and the Certificate of the Governor's public approval of the private activity bonds was signed by the Governor on April 19, 2023.

DISCUSSION:

Both properties receive subsidy through a Housing Assistance Payment (HAP) Contract with the U.S. Department of Housing and Urban Development (HUD) covering 100% of the units in which the residents pay 30% of their income toward the rent with HUD subsidy providing the remaining portion, enabling the project to serve extremely low-income households. MFA staff has reviewed the proposed rehabilitation, including area market studies, wait lists, appraisals, and the developer's pro forma spreadsheets, and has determined the proposed financing for the Project is financially feasible and the projects will comply with MFA's 2023 Mandatory Design Standards for Multifamily Housing. The Project operates at a stabilized occupancy rate, maintains wait lists, and will continue to satisfy the demand for extremely low-income units in Santa Fe. The additional work to be performed is reasonable; hard construction costs are estimated at $14 million dollars[1] or $61,400 per unit with total development costs of approximately $81 million dollars. The proposed bonds will be a single series privately placed with US Bank. Permanent financing will be funded by KeyBank, using the Freddie Mac-TEL[2] forward rate lock product with terms of 5.74% interest and a 40-year amortization. The Project is anticipated to close in June 2023 with construction beginning immediately upon closing.

Both properties were built prior to 1970 and require modernization and upgrades that will benefit the residents and ensure the livability of the communities for another 30 years. Some highlights of the substantial rehabilitation include the addition of evaporative coolers in each apartment (the community currently lacks any type of air conditioning), energy efficient appliances, new flooring, cabinetry and counter tops. Accessibility will be addressed throughout both sites with the creation of 13 fully accessible units and five hearing impaired units, collectively. Accessible routes will be created to the new playgrounds, clubroom and laundry facilities. Exterior improvements will include clubroom updates, landscaping with attention to water conservation, double paned thermal windows and parking lot replacement.

---

[1] The hard construction costs do not include contractor overhead, profit, general requirements, gross receipts tax or construction contingency totaling over $4.8 million dollars. Other costs included in the $81 million total development costs include land and building acquisition, professional services (architecture, engineering & legal), construction financing costs, permanent financing costs, syndication costs, soft costs (due diligence studies, tax credit fees, relocation costs and cost certification), reserves and developer fees.

[2] Freddie Mac-Tax-Exempt Loans (TELs) are time and cost efficient for borrowers who buy or refinance affordable multifamily properties financed with tax-exempt debt. Financing for the acquisition or refinance of stabilized affordable multifamily properties with 4% Low-Income Housing Tax Credits (LIHTC) with at least 7 years remaining in the LIHTC compliance period.

SUMMARY:

Staff requests approval of the attached 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 228 units, all of which are rent restricted units targeted to extremely low-income households in the City of Santa Fe. Approval of the Bond Resolution will result in this property remaining affordable for the next 30 years.

CERTIFICATE REGARDING THE RESOLUTION

OF THE AUTHORITY

I, the undersigned, Isidoro Hernandez, the Executive Director/Chief Executive Officer and Secretary of the New Mexico Mortgage Finance Authority (the "Authority"), DO HEREBY CERTIFY that: (i) the annexed resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on May 17, 2023, at which meeting a quorum was present and acting throughout; (ii) the annexed resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed resolution has not been altered, amended or repealed; and (iv) the annexed resolution is in full force and effect on the date of this certificate.

EXECUTED, DATED AND SEALED May 17, 2023.

____
Isidoro Hernandez
Executive Director/Chief Executive Officer and
Secretary

(SEAL)

A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE "AUTHORITY") AUTHORIZING THE ISSUANCE OR INCURRENCE OF INDEBTEDNESS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $60,500,000 IN THE FORM OF BONDS, NOTES OR OTHER DEBT OBLIGATIONS TO FINANCE THE ACQUISITION, REHABILITATION AND/OR EQUIPPING OF MULTIFAMILY RESIDENTIAL RENTAL HOUSING FACILITIES; PROVIDING FOR THE PLEDGE OF REVENUES FOR THE PAYMENT OF SUCH BONDS; APPROVING THE TERMS AND AUTHORIZING THE EXECUTION OF A TRUST INDENTURE, A LOAN AGREEMENT, A TAX REGULATORY AGREEMENT, A FEDERAL TAX AGREEMENT, A BOND PURCHASE AGREEMENT AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; CONSENTING TO THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT IN CONNECTION WITH SUCH OBLIGATIONS; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH SUCH OBLIGATIONS; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the New Mexico Mortgage Finance Authority (the "**Authority**") is authorized by the Constitution and the laws of the State of New Mexico (the "**State**"), particularly Chapter 58, Article 18, NMSA 1978, as amended (the "**Act**") (a) to issue revenue bonds, notes, loans and other obligations for the purpose of making project mortgage loans to finance the acquisition, construction or rehabilitation of multifamily housing facilities; (b) to enter into agreements for the purpose of providing revenues to pay such revenue obligations upon such terms and conditions as the Authority may deem advisable; (c) to secure the payment of such revenue obligations; and (d) to otherwise participate fully in federal government housing programs to secure for the people of the State the benefits of such programs; and

WHEREAS, to provide decent, safe and sanitary residential housing facilities for low or moderate income persons within the State who are eligible under the Act, and after having determined that mortgage loans are not otherwise available upon reasonably equivalent terms and conditions from private lenders, the Authority has developed rules and regulations with respect to the issuance by the Authority of multifamily revenue bonds, notes, loans and other obligations to finance the construction, acquisition/rehabilitation and/or equipping of multifamily residential facilities intended for rental to eligible persons located in the State; and

WHEREAS, JLG NM SAF 2023, LLLP, a New Mexico limited liability limited partnership (or an entity related to or affiliated therewith), on behalf of itself and its affiliated entities either existing now or to be created (collectively, the "**Borrowers**" and each a "**Borrower**"), has proposed a project consisting of the acquisition, rehabilitation and/or equipping of the multifamily housing project identified in Exhibit A attached hereto (the "**Project**"); and

WHEREAS, to finance a portion of the Project costs, to fund certain reserves and to pay certain issuance costs, the Borrower has requested the Authority to issue its Tax-Exempt Multifamily Housing Revenue Bonds (Santa Fe Apartments and Sangre De Cristo Project) Series 2023, in an aggregate principal amount not to exceed $60,500,000 (the "**Series 2023 Bonds**"); and

WHEREAS, following the posting of a notice of a public hearing on the Authority's website on April 5, 2023 (the "**Notice**"), the Authority conducted a public hearing on April 12, 2023 pursuant to and in compliance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended ("**Code**"), at which such hearing all interested parties were given an opportunity to express their views orally or in writing for or against the proposed issuance of the Series 2023 Bonds to finance the costs of the Project, all pursuant to a plan of financing; and

WHEREAS, the Authority has proposed to issue the Series 2023 Bonds pursuant to a Trust Indenture (the "**Indenture**") to be entered into between the Authority and U.S. Bank Trust Company, National Association (the "**Trustee**") and to make to the Borrower a construction-phase loan of the proceeds thereof pursuant to a Loan Agreement (the "**Loan Agreement**") to be entered into between the Authority and the Borrower for such purposes; and

WHEREAS, the Series 2023 Bonds are expected to be purchased by KeyBanc Capital Markets (the "**Purchaser**"), pursuant to a Bond Purchase Agreement (the "**Purchase Agreement**") to be entered into among the Authority, the Borrower and the Purchaser (or any other entity named therein as purchaser of the Series 2023 Bonds), and to be offered for resale to the public pursuant to a Preliminary Official Statement (the "**Preliminary Official Statement**", and with such modifications and insertions of final terms as shall be necessary to reflect the final terms of the Series 2023 Bonds, the "**Official Statement**"); and

WHEREAS, the Bond will be cash-collateralized with the proceeds of a construction loan (the "**Construction Loan**") from U.S. Bank National Association to the Borrower such that when the proceeds of the Series 2023 Bonds are drawn to pay Project costs, corresponding draws on the Construction Loan will be deposited in a collateral fund held by the Trustee under the Indenture for security of the repayment of the principal and interest on the Series 2023 Bonds; and

WHEREAS, pursuant to a commitment ("**Freddie Mac Commitment**") between the Borrower and KeyBank National Association, in its capacity as the Federal Home Loan Mortgage Corporation's seller/servicer (collectively, "**Freddie Mac**") has agreed, on satisfaction of certain conditions, to provide funds to convert the construction-phase loan to the permanent-phase loan for the Project ("**Conversion**"); and

WHEREAS, at Conversion, (a) the Series 2023 Bonds will be tendered for purchase and purchased with funds held by the Trustee in the collateral fund, (b) the Series 2023 Bonds will be resized to the permanent phase amount (as determined by Freddie Mac at Conversion), (c) the Series 2023 Bonds will be converted to a Multifamily Housing Revenue Note (Santa Fe Apartments and Sangre De Cristo Project) Series 2023 (the "**Governmental Lender Note**", and to describe the Governmental Lender Note or the Series 2023 Bonds, whichever may be outstanding from time to time, the "**Obligation**") and purchased by Freddie Mac, (d) the Indenture and the Loan Agreement will be superseded by (i) a Funding Loan Agreement (the "**Funding Loan Agreement**"), the form of which is attached to the Indenture as Exhibit C, to be entered into among KeyBank National Association, as funding lender, the Authority, as governmental lender, and the U.S. Bank Trust Company, National Association, as fiscal agent (the "**Fiscal Agent**"), and (ii) a Project Loan Agreement (the "**Project Loan Agreement**"), the form of which is attached to the Indenture as Exhibit D, to be entered into among the Authority, the Fiscal Agent, and the Borrower, respectively, and (e) the purchase price paid by Freddie Mac for the Governmental Lender Note, together with other available funds, will be used to repay the Construction Loan, and all security related to the Construction Loan will be released or assigned to Freddie Mac; and

WHEREAS, pursuant to the Loan Agreement (and the terms of the Project Loan Agreement following Conversion), the Borrower will be required to make loan payments sufficient to pay when due the principal, premium (if any), and interest on the Obligation and related fees, costs and expenses and thereby provide a revenue source with which to pay the Obligation, and the Obligation shall be a special limited obligation of the Authority payable solely from and secured by the proceeds, moneys, revenues, rights, interest and collections pledged therefor under the Indenture or the Funding Loan Agreement, as applicable; and

WHEREAS, in order to assure the Authority and the holders of the Obligation that interest thereon will be excludible from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code, and to satisfy the public purposes for which the Obligation is authorized to be issued under the Act, and to satisfy the purposes of the Authority in determining to issue the Obligation, certain limits on the occupancy of units at the Project and other requirements have been established pursuant to the terms of a Tax Regulatory Agreement (the "**Regulatory Agreement**"), by and among the Authority, the Fiscal Agent and the Borrower; and

WHEREAS, there have been prepared and filed with the Authority forms of the following documents (the "**Transaction Documents**"), which the Authority proposes to enter into and/or to consent to the use and distribution thereof:

(a) the Indenture (including without limitation the Funding Loan Agreement attached as Exhibit C thereto and the Project Loan Agreement attached as Exhibit D thereto;

(b) the Loan Agreement;

(c) the Purchase Agreement;

(d) the Regulatory Agreement;

(e) the Tax Certificate and Agreement (the "**Tax Certificate**") to be entered into between the Authority and the Borrower; and

(f) the Preliminary Official Statement.

WHEREAS, in furtherance of the purposes of the Authority, it has been deemed appropriate and necessary that the Authority authorize the issuance and sale of the Obligation and prescribe and establish conditions and other appropriate matters with respect to the issuance thereof.

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

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

Section 2. The Authority hereby finds, determines and declares that the issuance of the Obligation to finance the acquisition, rehabilitation and equipping of the Project is in furtherance of the public purposes set forth in the Act, is in compliance with the provisions of the Act, and therefore is in the public interest.

Section 3. The Indenture (including the Funding Loan Agreement attached as Exhibit C thereto and the Project Loan Agreement attached as Exhibit D thereto), the Regulatory Agreement, the Loan Agreement, the Purchase Agreement and the Tax Certificate (collectively, the "**Authority Documents**") in substantially the forms on file with the Authority are in all respects authorized, approved and confirmed. The Chair, the Executive Director/Chief Executive Officer and Secretary, the Chief Housing Officer, the Chief Financial Officer or the Chief Lending Officer of the Authority (the "**Authorized Officers**") are each hereby authorized to execute, attest, seal and deliver the Authority Documents, in the forms and with substantially the same content as on file with the Authority, for and on behalf of the Authority with such alterations, changes or additions as may be authorized herein.

Section 4. For the purpose of providing decent, safe and sanitary residential housing for low or moderate income persons within the State, all as authorized under the Act, the Authority shall issue the Obligation which, prior to Conversion shall be referred to as the Series 2023 Bonds and designated, unless otherwise provided by an officer of the Authority pursuant to Section 10 hereof, New Mexico Mortgage Finance Authority Tax-Exempt Multifamily Housing Revenue Bonds (Santa Fe Apartments and Sangre De Cristo Project) Series 2023 in an aggregate principal amount not to exceed $60,500,000, and which, after Conversion, shall be referred to as the Governmental Lender Note and designated, unless otherwise provided by an officer of the Authority pursuant to Section 10 hereof, Multifamily Housing Revenue Note (Santa Fe Apartments and Sangre De Cristo Project) Series 2023. The Obligation shall be issued only in fully registered form and shall have a maturity not to exceed forty (40) years after the date of issuance of the Obligation. The weighted average interest rate on the Obligation shall not exceed 5.74% per annum.

Section 5. The form, terms and provisions of the Obligation and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, tender and number shall be as set forth in the Indenture and the Funding Loan Agreement, as applicable. Each Authorized Officer is hereby authorized to execute, attest and seal by facsimile the Obligation and to deliver the Obligation to the bond registrar for authentication as may be required.

Section 6. Each Authorized Officer is hereby authorized to execute and deliver to the bond registrar the written order of the Authority for authentication and delivery of the Series 2023 Bonds in accordance with the provisions of the Indenture and to the Fiscal Agent the written order of the Authority for authentication and delivery of the Governmental Lender Note in accordance with the provisions of the Funding Loan Agreement, as applicable.

Section 7. The Series 2023 Bonds shall be sold to the Purchaser at a price not less than 100% of the principal amount thereof plus accrued interest, if any, in accordance with the provisions of the Purchase Agreement. Each Authorized Officer is hereby authorized to execute and deliver the Purchase Agreement in substantially the form on file with the Authority, for and on behalf of the Authority. Each Authorized Officer is hereby further authorized to specify and agree as to the interest rates and maturities of the Obligation for and on behalf of the Authority by the execution of the Purchase Agreement, the Indenture and/or the Funding Loan Agreement, as applicable, provided such terms are within the parameters set by this Resolution.

Section 8. Each Authorized Officer is authorized to take all action necessary or reasonably required by the Purchase Agreement to carry out, give effect to and consummate the transactions as contemplated thereby.

Section 9. Upon issuance, the Obligation will constitute a special limited obligation of the Authority payable solely from and to the extent of the sources set forth in the Indenture or the Funding Loan Agreement, as applicable. No provision of this Resolution or of the Purchase Agreement, the Authority Documents, or any other instrument, shall be construed as creating a general obligation of the Authority, or as creating a general obligation of the State or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Authority.

Section 10. The appropriate officials of the Authority, including without limitation the Authorized Officers, are authorized to make any alterations, changes or additions in the Authority Documents, the Obligation, or any other document herein authorized or that may be made pursuant to the Act which may be necessary or desirable. In addition, to the extent that the mortgage loans to be made to the Borrower with proceeds of the Obligation are unable to be closed prior to the expiration of the volume cap allocations for the Obligation, as determined by the appropriate officials of the Authority, including without limitation the Authorized Officers, such appropriate officials of the Authority are authorized to make any alterations, changes or additions in the Authority Documents, the Obligation, the Purchase Agreement or any other document herein as may be necessary or desirable to issue the Bonds prior to expiration of the volume cap allocations and invest the proceeds thereof in permitted investments as provided under the Indentures for a period of no more than a year until such Bonds can be refunded or remarketed and the proceeds thereof be used to make mortgage loans to the Borrower.

Section 11. The appropriate officials of the Authority, including without limitation the Authorized Officers, are hereby authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 12. The Authority hereby consents to the lawful use and distribution of the Preliminary Official Statement, in substantially the form on file with the Authority, with such changes, insertions and omissions therein as may be required in connection with the offering and sale of the Series 2023 Bonds. Each Authorized Officer is hereby authorized to certify on behalf of the Authority and for and in the name of the Authority that the Authority Portion (defined below) of the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("**Rule 15c2-12**") (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Except for information contained under the captions "ISSUER" and "NO LITIGATION – The Issuer" (or such similar captions) as such captions relate solely to the Authority in the Preliminary Official Statement and the Official Statement (together, the "**Authority Portion**"), the Authority has not and will not confirm, and assumes no responsibility for, the accuracy, sufficiency or fairness of any statements in the Preliminary Official Statement and the Official Statement or any amendment or supplement thereto, or in any reports, financial information, offering or disclosure documents or other information relating to the Project, the Borrower or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrower or the Project or otherwise contained in the Preliminary Official Statement and the Official Statement.

The Authority hereby consents to the lawful use and distribution of copies of said Official Statement, in preliminary and final form, to purchasers of the Series 2023 Bonds.

Section 13. U.S. Bank Trust Company, National Association is hereby appointed and approved as Trustee, bond registrar, paying agent and/or Fiscal Agent, as applicable. The Trustee and the Fiscal Agent are hereby authorized to receive and receipt for the proceeds of the Obligation, as applicable, on behalf of the Authority and to hold, invest and disburse said proceeds in accordance with the provisions of the applicable Transaction Documents.

Section 14. After any of the Series 2023 Bonds are delivered by the Trustee to the Purchaser and/or the Governmental Lender Note is delivered by the Fiscal Agent to Freddie Mac and upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the principal of, premium, if any, and interest on the Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 15. At the public hearing conducted by the Authority on April 12, 2023 regarding the proposal of the Authority to issue the Obligation for the purpose of financing the costs of the Project, all interested parties who desired to do so were given the opportunity to express their views orally and in writing for or against the proposed Obligation and the Project. Notice of the public hearing was published on the Authority's website (https://housingnm.org/meetings-events-notices) on April 5, 2023 in compliance with the requirements of Section 147(f) of the Code. The Notice was published in an area of the Authority's website which is used to inform its residents about events affecting the residents and which is clearly identified and accessible to members of the general public seeking information concerning the plan of finance, the issuance of the Obligation and the Project. The Notice remained continuously published on the Authority's website for the entire period of at least 7 days prior to the hearing date described in the Notice. The Authority has considered all oral and written statements which were made or filed for or against the proposed Obligation and hereby determines that the proposed issuance by the Authority of the Obligation, for the purposes set forth in the Notice, is in the best interest of the Authority and the same is hereby approved in accordance with the public approval requirements of Section 147(f) of the Code.

Section 16. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Authority contained in this Resolution, the Obligations or any other document executed in connection therewith against any officer of the Authority or employee, as such, in his or her individual capacity, past, present or future, of the Authority, either directly or through the Authority, whether by virtue of any constitutional provision, statute or rule or law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Resolution, the Obligations and all other documents referred to herein are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any officer of the Authority, employee as such, past, present or future, of the Authority, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the Authority, the Fiscal Agent, the Trustee, or the bondholder or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, officer and employee is, by the adoption of this Resolution and the execution of the Note or any other documents referred to herein and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Note or any other documents referred to herein, expressly waived and released. The immunity of officers of the Authority and employees of the Authority under the provisions contained in this Section 15 shall survive the termination of this Resolution.

Section 17. Except as otherwise disclosed to the governing board of the Authority prior to the adoption of this Resolution, no member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority herein.

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

Section 19. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 20. All actions not inconsistent with the provisions of this Resolution heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, consultants, contractors or agents directed toward the issuance and sale of the Obligations are hereby approved and ratified.

Section 21. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS 17th DAY OF MAY, 2023.

Chair

(SEAL)

ATTEST:

Executive Director/Chief Executive Officer
and Secretary

EXHIBIT A

PROJECT

The Project is described below:

- a 164-unit multifamily housing apartment project known as Sangre De Cristo, located at 1801 Espinacitas Street, Santa Fe, New Mexico 87505; and

- a 64-unit multifamily housing apartment project known as Santa Fe Apartments, located at 255 Camino Alire, Santa Fe, New Mexico 87501

MEMO

TO: MFA Board of Directors

Through: Policy Committee – May 2, 2023

Through: Finance Committee – May 9, 2023

FROM: Christi Wheelock, Tax Credit Program Analyst

DATE: May 17, 2023

SUBJECT: Bond Resolution – JLG NM ABQ 2023

RECOMMENDATION:

Staff requests approval of the attached Bond Resolution.

BACKGROUND:

MFA received an application for 4% low-income housing tax credits and $37.5 million of tax-exempt bond volume cap for the rehabilitation of the Mountain View II and Mountain View III Apartments, collectively known as JLG NM ABQ 2023 (the "Project"), that will renovate 241 rent-restricted units located in the City of Albuquerque within Bernalillo County. Community Preservation Partners, LLC ("CPP"), a developer headquartered in Irvine, CA, was also the developer of several projects totaling 739 units that have received tax exempt bonds through MFA as the issuer between 2019 and 2022. The entities that were allocated MFA bonds include Vista Mesa Villas LLLP, JLG NM Central 2017 LLLP, JLG NM North 2017 LLLP and JLG NM South 2017 LLP. The owner of this project is JLG NM ABQ 2023 LLLP, which consists of ABQ 2023, LLC as the general partner and R4 Capital (fund to be determined) as the limited partner. JL Gray Company, Inc. will serve as property manager.

Prior to receiving approval of the inducement resolution on April 26, 2023, from MFA Executive Staff member Jeff Payne, jurisdictional notices were sent to the City of Albuquerque, in accordance with Internal Revenue Code Section 42(m)(1)(A)(ii) and Section 58-18-10 New Mexico Statutes Annotated 1978 edition.

A TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) hearing was held on April 12, 2023, and the Certificate of the Governor's public approval of the private activity bonds was signed by the Governor on April 19, 2023.

DISCUSSION:

Both properties receive subsidy through a Housing Assistance Payment (HAP) Contract with the U.S. Department of Housing and Urban Development (HUD) covering 93% of the units, in which the residents pay 30% of their income toward the rent with HUD subsidy providing the remaining portion, enabling the project to serve extremely low-income households. Eighteen of the units will be rent restricted to 60% of area median income. MFA staff has reviewed the proposed rehabilitation, including area market studies, wait lists, appraisals, and the developer's pro forma spreadsheets, and has determined the proposed financing for the Project is financially feasible and the projects will comply with MFA's 2023 Mandatory Design Standards for Multifamily Housing. The Project operates at a stabilized occupancy rate, maintains wait lists, and will continue to satisfy the demand for extremely low-income units in Albuquerque. The work to be performed is reasonable with hard construction costs estimated at $15.4 million dollars[1] or $63,900 per unit with total development costs of approximately $57 million dollars. The proposed bonds will be a single series privately placed with US Bank. Permanent financing will be funded by KeyBank, using the Freddie Mac-TEL[2] forward rate lock product with terms of 5.74% interest and a 40-year amortization. The Project is anticipated to close in May 2023 with construction beginning immediately upon closing.

Both properties were built prior to 1969 and require modernization and upgrades that will benefit the residents and ensure the livability of the communities for another 30 years. Some highlights of the substantial rehabilitation include upgraded, energy efficient appliances, new flooring, cabinetry and counter tops, in addition to new plumbing fixtures and LED lighting. Accessibility will be addressed throughout both sites with the creation of 13 fully accessible units and five hearing impaired units, collectively. Accessible routes will be created to the new playgrounds, office and laundry facilities. Exterior improvements will include stucco and roof repairs, upgraded landscaping with attention to water conservation, double paned thermal windows and parking lot asphalt replacement.

---

[1] The hard construction costs do not include contractor overhead, profit, general requirements, gross receipts tax or construction contingency totaling approximately four million dollars. Other costs included in the $57 million total development costs include land and building acquisition, professional services (architecture, engineering & legal), construction financing costs, permanent financing costs, syndication costs, soft costs (due diligence studies, tax credit fees, relocation costs and cost certification), reserves and developer fees.

[2] Freddie Mac-Tax-Exempt Loans (TELs) are time and cost efficient for borrowers who buy or refinance affordable multifamily properties financed with tax-exempt debt. Financing for the acquisition or refinance of stabilized affordable multifamily properties with 4% Low-Income Housing Tax Credits (LIHTC) with at least 7 years remaining in the LIHTC compliance period.

Additionally, Mountain View II sustained a casualty loss of a 24-unit building to fire, which will be fully upgraded and restored.

SUMMARY:

Staff requests approval of the attached 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. Approval of the Bond Resolution will result in this property remaining affordable for the next 30 years.

CERTIFICATE REGARDING THE RESOLUTION
OF THE AUTHORITY

I, the undersigned, Isidoro Hernandez, the Executive Director/Chief Executive Officer and Secretary of the New Mexico Mortgage Finance Authority (the "Authority"), DO HEREBY CERTIFY that: (i) the annexed resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on May 17, 2023, at which meeting a quorum was present and acting throughout; (ii) the annexed resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed resolution has not been altered, amended or repealed; and (iv) the annexed resolution is in full force and effect on the date of this certificate.

EXECUTED, DATED AND SEALED May 17, 2023.

____
Isidoro Hernandez
Executive Director/Chief Executive Officer and
Secretary

(SEAL)

BOND RESOLUTION
Mountain View II & III Apartments Project

A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE "AUTHORITY") AUTHORIZING THE ISSUANCE OR INCURRENCE OF INDEBTEDNESS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $37,500,000 IN THE FORM OF BONDS, NOTES OR OTHER DEBT OBLIGATIONS TO FINANCE THE ACQUISITION, REHABILITATION AND/OR EQUIPPING OF MULTIFAMILY RESIDENTIAL RENTAL HOUSING FACILITIES; PROVIDING FOR THE PLEDGE OF REVENUES FOR THE PAYMENT OF SUCH BONDS; APPROVING THE TERMS AND AUTHORIZING THE EXECUTION OF A TRUST INDENTURE, A LOAN AGREEMENT, A TAX REGULATORY AGREEMENT, A FEDERAL TAX AGREEMENT, A BOND PURCHASE AGREEMENT AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; CONSENTING TO THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT IN CONNECTION WITH SUCH OBLIGATIONS; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH SUCH OBLIGATIONS; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the New Mexico Mortgage Finance Authority (the "**Authority**") is authorized by the Constitution and the laws of the State of New Mexico (the "**State**"), particularly Chapter 58, Article 18, NMSA 1978, as amended (the "**Act**") (a) to issue revenue bonds, notes, loans and other obligations for the purpose of making project mortgage loans to finance the acquisition, construction or rehabilitation of multifamily housing facilities; (b) to enter into agreements for the purpose of providing revenues to pay such revenue obligations upon such terms and conditions as the Authority may deem advisable; (c) to secure the payment of such revenue obligations; and (d) to otherwise participate fully in federal government housing programs to secure for the people of the State the benefits of such programs; and

WHEREAS, to provide decent, safe and sanitary residential housing facilities for low or moderate income persons within the State who are eligible under the Act, and after having determined that mortgage loans are not otherwise available upon reasonably equivalent terms and conditions from private lenders, the Authority has developed rules and regulations with respect to the issuance by the Authority of multifamily revenue bonds, notes, loans and other obligations to finance the construction, acquisition/rehabilitation and/or equipping of multifamily residential facilities intended for rental to eligible persons located in the State; and

WHEREAS, JLG NM ABQ 2023, LLLP, a New Mexico limited liability limited partnership (or an entity related to or affiliated therewith), on behalf of itself and its affiliated entities either existing now or to be created (collectively, the "**Borrowers**" and each a "**Borrower**"), has proposed a project consisting of the acquisition, rehabilitation and/or equipping of the multifamily housing project identified in Exhibit A attached hereto (the "**Project**"); and

WHEREAS, to finance a portion of the Project costs, to fund certain reserves and to pay certain issuance costs, the Borrower has requested the Authority to issue its Tax-Exempt Multifamily Housing Revenue Bonds (Mountain View II & III Apartments Project) Series 2023, in an aggregate principal amount not to exceed $37,500,000 (the "**Series 2023 Bonds**"); and

WHEREAS, following the posting of a notice of a public hearing on the Authority's website on April 5, 2023 (the "**Notice**"), the Authority conducted a public hearing on April 12, 2023 pursuant to and in compliance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended ("**Code**"), at which such hearing all interested parties were given an opportunity to express their views orally or in writing for or against the proposed issuance of the Series 2023 Bonds to finance the costs of the Project, all pursuant to a plan of financing; and

WHEREAS, the Authority has proposed to issue the Series 2023 Bonds pursuant to a Trust Indenture (the "**Indenture**") to be entered into between the Authority and U.S. Bank Trust Company, National Association (the "**Trustee**") and to make to the Borrower a construction-phase loan of the proceeds thereof pursuant to a Loan Agreement (the "**Loan Agreement**") to be entered into between the Authority and the Borrower for such purposes; and

WHEREAS, the Series 2023 Bonds are expected to be purchased by KeyBanc Capital Markets (the "**Purchaser**"), pursuant to a Bond Purchase Agreement (the "**Purchase Agreement**") to be entered into among the Authority, the Borrower and the Purchaser (or any other entity named therein as purchaser of the Series 2023 Bonds), and to be offered for resale to the public pursuant to a Preliminary Official Statement (the "**Preliminary Official Statement**", and with such modifications and insertions of final terms as shall be necessary to reflect the final terms of the Series 2023 Bonds, the "**Official Statement**"); and

WHEREAS, the Series 2023 Bonds will be cash-collateralized with the proceeds of a construction loan (the "**Construction Loan**") from KeyBank National Association to the Borrower such that when the proceeds of the Series 2023 Bonds are drawn to pay Project costs, corresponding draws on the Construction Loan will be deposited in a collateral fund held by the Trustee under the Indenture for security of the repayment of the principal and interest on the Series 2023 Bonds; and

WHEREAS, pursuant to a commitment ("**Freddie Mac Commitment**") between the Borrower and KeyBank National Association, in its capacity as the Federal Home Loan Mortgage Corporation's seller/servicer (collectively, "**Freddie Mac**") has agreed, on satisfaction of certain conditions, to provide funds to convert the construction-phase loan to the permanent-phase loan for the Project ("**Conversion**"); and

WHEREAS, at Conversion, (a) the Series 2023 Bonds will be tendered for purchase and purchased with funds held by the Trustee in the collateral fund, (b) the Series 2023 Bonds will be resized to the permanent phase amount (as determined by Freddie Mac at Conversion), (c) the Series 2023 Bonds will be converted to a Multifamily Housing Revenue Note (Mountain View II & III Apartments Project) Series 2023 (the "**Governmental Lender Note**", and to describe the Governmental Lender Note or the Series 2023 Bonds, whichever may be outstanding from time to time, the "**Obligation**") and purchased by Freddie Mac, (d) the Indenture and the Loan Agreement will be superseded by (i) a Funding Loan Agreement (the "**Funding Loan Agreement**"), the form of which is attached to the Indenture as Exhibit C, to be entered into among KeyBank National

Association, as funding lender, the Authority, as governmental lender, and U.S. Bank Trust Company, National Association, as fiscal agent (the "**Fiscal Agent**"), and (ii) a Project Loan Agreement (the "**Project Loan Agreement**"), the form of which is attached to the Indenture as Exhibit D, to be entered into among the Authority, the Fiscal Agent, and the Borrower, respectively, and (e) the purchase price paid by Freddie Mac for the Governmental Lender Note, together with other available funds, will be used to repay the Construction Loan, and all security related to the Construction Loan will be released or assigned to Freddie Mac; and

WHEREAS, pursuant to the Loan Agreement (and the terms of the Project Loan Agreement following Conversion), the Borrower will be required to make loan payments sufficient to pay when due the principal, premium (if any), and interest on the Obligation and related fees, costs and expenses and thereby provide a revenue source with which to pay the Obligation, and the Obligation shall be a special limited obligation of the Authority payable solely from and secured by the proceeds, moneys, revenues, rights, interest and collections pledged therefor under the Indenture or the Funding Loan Agreement, as applicable; and

WHEREAS, in order to assure the Authority and the holders of the Obligation that interest thereon will be excludible from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code, and to satisfy the public purposes for which the Obligation is authorized to be issued under the Act, and to satisfy the purposes of the Authority in determining to issue the Obligation, certain limits on the occupancy of units at the Project and other requirements have been established pursuant to the terms of a Tax Regulatory Agreement (the "**Regulatory Agreement**"), by and among the Authority, the Fiscal Agent and the Borrower; and

WHEREAS, there have been prepared and filed with the Authority forms of the following documents (the "**Transaction Documents**"), which the Authority proposes to enter into and/or to consent to the use and distribution thereof:

(a) the Indenture (including without limitation the Funding Loan Agreement attached as Exhibit C thereto and the Project Loan Agreement attached as Exhibit D thereto;

(b) the Loan Agreement;

(c) the Purchase Agreement;

(d) the Regulatory Agreement;

(e) the Tax Certificate and Agreement (the "**Tax Certificate**") to be entered into between the Authority and the Borrower; and

(f) the Preliminary Official Statement.

WHEREAS, in furtherance of the purposes of the Authority, it has been deemed appropriate and necessary that the Authority authorize the issuance and sale of the Obligation and prescribe and establish conditions and other appropriate matters with respect to the issuance thereof.

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

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

Section 2. The Authority hereby finds, determines and declares that the issuance of the Obligation to finance the acquisition, rehabilitation and equipping of the Project is in furtherance of the public purposes set forth in the Act, is in compliance with the provisions of the Act, and therefore is in the public interest.

Section 3. The Indenture (including the Funding Loan Agreement attached as Exhibit C thereto and the Project Loan Agreement attached as Exhibit D thereto), the Regulatory Agreement, the Loan Agreement, the Purchase Agreement and the Tax Certificate (collectively, the "**Authority Documents**") in substantially the forms on file with the Authority are in all respects authorized, approved and confirmed. The Chair, the Executive Director/Chief Executive Officer and Secretary, the Chief Housing Officer, the Chief Financial Officer or the Chief Lending Officer of the Authority (the "**Authorized Officers**") are each hereby authorized to execute, attest, seal and deliver the Authority Documents, in the forms and with substantially the same content as on file with the Authority, for and on behalf of the Authority with such alterations, changes or additions as may be authorized herein.

Section 4. For the purpose of providing decent, safe and sanitary residential housing for low or moderate income persons within the State, all as authorized under the Act, the Authority shall issue the Obligation which, prior to Conversion shall be referred to as the Series 2023 Bonds and designated, unless otherwise provided by an officer of the Authority pursuant to Section 10 hereof, New Mexico Mortgage Finance Authority Tax-Exempt Multifamily Housing Revenue Bonds (Mountain View II & III Apartments Project) Series 2023 in an aggregate principal amount not to exceed $37,500,000, and which, after Conversion, shall be referred to as the Governmental Lender Note and designated, unless otherwise provided by an officer of the Authority pursuant to Section 10 hereof, Multifamily Housing Revenue Note (Mountain View II & III Apartments Project) Series 2023. The Obligation shall be issued only in fully registered form and shall have a maturity not to exceed forty (40) years after the date of issuance of the Obligation. The weighted average interest rate on the Obligation shall not exceed 5.74% per annum.

Section 5. The form, terms and provisions of the Obligation and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, tender and number shall be as set forth in the Indenture and the Funding Loan Agreement, as applicable. Each Authorized Officer is hereby authorized to execute, attest and seal by facsimile the Obligation and to deliver the Obligation to the bond registrar for authentication as may be required.

Section 6. Each Authorized Officer is hereby authorized to execute and deliver to the bond registrar the written order of the Authority for authentication and delivery of the Series 2023 Bonds in accordance with the provisions of the Indenture and to the Fiscal Agent the written order of the Authority for authentication and delivery of the Governmental Lender Note in accordance with the provisions of the Funding Loan Agreement, as applicable.

Section 7. The Series 2023 Bonds shall be sold to the Purchaser at a price not less than 100% of the principal amount thereof plus accrued interest, if any, in accordance with the provisions of the Purchase Agreement. Each Authorized Officer is hereby authorized to execute and deliver the Purchase Agreement in substantially the form on file with the Authority, for and on behalf of the Authority. Each Authorized Officer is hereby further authorized to specify and agree as to the interest rates and maturities of the Obligation for and on behalf of the Authority by the execution of the Purchase Agreement, the Indenture and/or the Funding Loan Agreement, as applicable, provided such terms are within the parameters set by this Resolution.

Section 8. Each Authorized Officer is authorized to take all action necessary or reasonably required by the Purchase Agreement to carry out, give effect to and consummate the transactions as contemplated thereby.

Section 9. Upon issuance, the Obligation will constitute a special limited obligation of the Authority payable solely from and to the extent of the sources set forth in the Indenture or the Funding Loan Agreement, as applicable. No provision of this Resolution or of the Purchase Agreement, the Authority Documents, or any other instrument, shall be construed as creating a general obligation of the Authority, or as creating a general obligation of the State or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Authority.

Section 10. The appropriate officials of the Authority, including without limitation the Authorized Officers, are authorized to make any alterations, changes or additions in the Authority Documents, the Obligation, or any other document herein authorized or that may be made pursuant to the Act which may be necessary or desirable. In addition, to the extent that the mortgage loans to be made to the Borrower with proceeds of the Obligation are unable to be closed prior to the expiration of the volume cap allocations for the Obligation, as determined by the appropriate officials of the Authority, including without limitation the Authorized Officers, such appropriate officials of the Authority are authorized to make any alterations, changes or additions in the Authority Documents, the Obligation, the Purchase Agreement or any other document herein as may be necessary or desirable to issue the Series 2023 Bonds prior to expiration of the volume cap allocations and invest the proceeds thereof in permitted investments as provided under the Indentures for a period of no more than a year until such Bonds can be refunded or remarketed and the proceeds thereof be used to make mortgage loans to the Borrower.

Section 11. The appropriate officials of the Authority, including without limitation the Authorized Officers, are hereby authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 12. The Authority hereby consents to the lawful use and distribution of the Preliminary Official Statement, in substantially the form on file with the Authority, with such changes, insertions and omissions therein as may be required in connection with the offering and sale of the Series 2023 Bonds. Each Authorized Officer is hereby authorized to certify on behalf of the Authority and for and in the name of the Authority that the Authority Portion (defined below) of the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("**Rule 15c2-12**") (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Except for information contained under the captions "ISSUER" and "LITIGATION – The Issuer" (or such similar captions) as such captions relate solely to the Authority in the Preliminary

Official Statement and the Official Statement (together, the "**Authority Portion**"), the Authority has not and will not confirm, and assumes no responsibility for, the accuracy, sufficiency or fairness of any statements in the Preliminary Official Statement and the Official Statement or any amendment or supplement thereto, or in any reports, financial information, offering or disclosure documents or other information relating to the Project, the Borrower or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrower or the Project or otherwise contained in the Preliminary Official Statement and the Official Statement.

The Authority hereby consents to the lawful use and distribution of copies of said Official Statement, in preliminary and final form, to purchasers of the Series 2023 Bonds.

Section 13. U.S. Bank Trust Company, National Association is hereby appointed and approved as Trustee, bond registrar, paying agent and/or Fiscal Agent, as applicable. The Trustee and the Fiscal Agent are hereby authorized to receive and receipt for the proceeds of the Obligation, as applicable, on behalf of the Authority and to hold, invest and disburse said proceeds in accordance with the provisions of the applicable Transaction Documents.

Section 14. After any of the Series 2023 Bonds are delivered by the Trustee to the Purchaser and/or the Governmental Lender Note is delivered by the Fiscal Agent to Freddie Mac and upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the principal of, premium, if any, and interest on the Series 2023 Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 15. At the public hearing conducted by the Authority on April 12, 2023 regarding the proposal of the Authority to issue the Obligation for the purpose of financing the costs of the Project, all interested parties who desired to do so were given the opportunity to express their views orally and in writing for or against the proposed Obligation and the Project. Notice of the public hearing was published on the Authority's website (https://housingnm.org/meetings-events-notices) on April 5, 2023 in compliance with the requirements of Section 147(f) of the Code. The Notice was published in an area of the Authority's website which is used to inform its residents about events affecting the residents and which is clearly identified and accessible to members of the general public seeking information concerning the plan of finance, the issuance of the Obligation and the Project. The Notice remained continuously published on the Authority's website for the entire period of at least 7 days prior to the hearing date described in the Notice. The Authority has considered all oral and written statements which were made or filed for or against the proposed Obligation and hereby determines that the proposed issuance by the Authority of the Obligation, for the purposes set forth in the Notice, is in the best interest of the Authority and the same is hereby approved in accordance with the public approval requirements of Section 147(f) of the Code.

Section 16. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Authority contained in this Resolution, the Obligations or any other document executed in connection therewith against any officer of the Authority or employee, as such, in his or her individual capacity, past, present or future, of the Authority, either directly or through the Authority, whether by virtue of any constitutional provision, statute or rule or law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Resolution, the Obligations and all other documents referred to herein are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any officer of the Authority, employee as such, past, present or future, of the Authority, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the Authority, the Fiscal Agent, the Trustee, or the bondholder or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, officer and employee is, by the adoption of this Resolution and the execution of the Note or any other documents referred to herein and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Note or any other documents referred to herein, expressly waived and released. The immunity of officers of the Authority and employees of the Authority under the provisions contained in this Section 15 shall survive the termination of this Resolution.

Section 17. Except as otherwise disclosed to the governing board of the Authority prior to the adoption of this Resolution, no member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority herein.

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

Section 19. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 20. All actions not inconsistent with the provisions of this Resolution heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, consultants, contractors or agents directed toward the issuance and sale of the Obligations are hereby approved and ratified.

Section 21. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS 17th DAY OF MAY 2023.

Chair

(SEAL)

ATTEST:

Executive Director/Chief Executive Officer
and Secretary

EXHIBIT A

PROJECT

The Project is described below:

- a 105-unit multifamily housing apartment project known as Mountain View II Apartments, located at 1515 Columbia Drive, SE, Albuquerque, New Mexico 87106; and
- a 136-unit multifamily housing apartment project known as Mountain View III Apartments, located at 1333 Columbia Drive, SE, Albuquerque, New Mexico 87106

MEMO

TO: MFA Board of Directors
Through: Finance Committee – May 9, 2023
Through: Policy Committee – May 2, 2023
FROM: Yvonne Segovia, Controller
DATE: May 17, 2023
SUBJECT: Authorized Signatures Resolution

Recommendation:

Staff recommends the update of the Authorized Signature Resolution to clarify authorities and add the Controller Designee.

Background:

The Authorized Signatures Resolution is updated periodically as needed.

Discussion:

The Authorized Signature Resolution is being revised to clarify the following distinct authorities as well as specify names:

1. Sign program related documents;
2. Establish bank accounts and sign checks;
3. Effectuate daily operations, approve electronic funds transfers and endorse checks;
4. Sign contracts;
5. Sign federal fiscal reports and payment vouchers;
6. Sign contracts where awards have been approved by Policy Committee or Board.

In addition, the Controller Designee was hired effective April 3, 2023 and has begun training with the Controller for the transition of responsibility. In order to support the daily operations and approve disbursement of funds, staff is requesting the Controller Designee be added as an authorized signer on electronic disbursement of funds, federal fiscal reports and payment vouchers, and contracts where awards have been approved by Policy Committee or Board. Also the Secondary Market Supervisor was added to sign program documents and the Assistant Controller was added to approve electronic transfers.

Summary:

The Authorized Signatures Resolution is updated periodically as needed. Staff recommends the update of the Authorized Signature Resolution to clarify authorities and add the Controller Designee.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
AUTHORIZED SIGNATURES RESOLUTION

WHEREAS, a regular meeting of the Board of Directors of the New Mexico Mortgage Finance Authority (MFA) was held at 344 Fourth St. SW, Albuquerque, New Mexico on May 17, 2023 at 9:30 a.m.; and

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

IT IS THEREFORE RESOLVED:

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

Executive Director/Chief Executive Officer	Isidoro R. Hernandez
Chief Financial Officer	Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Chief Lending Officer	Jeff Payne
Human Resources Director	Dolores Wood
Director of Servicing	Teresa Lloyd
Assistant Director of Servicing	Blanca Vasquez
Director of Secondary Market	Olivia Martinez
Secondary Market Supervisor	Cindy Arellano
Secondary Market Loan Processor	Janet Armijo

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

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

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

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

4. The individuals holding the following positions are designated as Authorized Signatures on contracts and documents that legally bind the MFA. The Executive Director/Chief Executive Officer (ED/CEO) is the authorized signer on behalf of MFA. Other Management (as defined in MFA's

Bylaws) are designated to sign on behalf of ED/CEO; however, they shall be limited to signing contracts and documents within the individual's area of responsibility.

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

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

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

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

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

After discussion the foregoing Resolution was:
ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS 17th DAY OF MAY, 2023.

Angel Reyes, Chair

CERTIFICATION

I HEREBY CERTIFY, that I am the Secretary of the New Mexico Mortgage Finance Authority; that the above and foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the vote of the majority or more of the directors of the New Mexico Mortgage Finance Authority in accordance with the MFA bylaws in effect on January 18, 2023; that there is no provision in the articles of the MFA bylaws conflicting with said resolution; and that said resolution has not been modified or revoked and still remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this 17th day of May, 2023.

____

Isidoro Hernandez, Secretary

(SEAL)

NEW MEXICO MORTGAGE FINANCE AUTHORITY
AUTHORIZED SIGNATURES RESOLUTION

WHEREAS, a regular meeting of the Board of Directors of the New Mexico Mortgage Finance Authority (MFA) was held at 344 Fourth St. SW, Albuquerque, New Mexico on ~~February 16, 2022~~May 17, 2023 at 9:30 a.m.; and

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

IT IS THEREFORE RESOLVED:

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

Executive Director/Chief Executive Officer	Isidoro R. Hernandez
Chief Financial Officer	Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Chief Lending Officer	Jeff Payne
Human Resources Director	Dolores Wood
Director of Servicing	Teresa Lloyd
Assistant Director of Servicing	Blanca Vasquez
Director of Secondary Market	Olivia Martinez
Secondary Market Supervisor	Cindy Arellano
Secondary Market Loan Processor	Janet Armijo
~~Employees Designated by Management~~	

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

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

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

~~Executive Director/Chief Executive Officer~~	
Chief Financial Officer	Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Chief Lending Officer	Jeff Payne
Controller	Yvonne Segovia
Controller Designee	Joseph G. McIntyre
Assistant Controller	Domenica Duran-Arias

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

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

~~3.~~5. ~~-~~The individuals holding the following positions ~~including~~ are designated as Authorized Signatures on~~contracts and~~ federal fiscal reports and payment vouchers in accordance with OMB 2 CFR 200.415:

~~Chair of the Board~~	
~~Executive Director/Chief Executive Officer~~	
Chief Financial Officer	Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
~~Chief Housing Officer~~	
~~Chief Lending Officer~~	
~~Human Resources Director~~	
Controller	Yvonne Segovia
Controller Designee	Joseph G. McIntyre

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

~~Senior Director of Policy & Planning~~	
~~Senior Director of Information Technology~~Controller	Yvonne Segovia
Controller Designee	Joseph G. McIntyre
Senior Director of Information Technology	Joseph Navarrete

Director of Asset Management	Patrick Ortiz
Director of Communications & Marketing	To Be Determined
Director of Community Development	Kellie Tillerson
Director of Compliance & Initiatives	Julie Halbig
~~Director of Housing Development~~	
Director of Homeownership	Rene Acuna
Director of Housing Development	George Maestas
Director of Policy & Planning	Robyn Powell

Director of Secondary Market	Olivia Martinez
Director of Servicing	Teresa Lloyd
~~Director of Communications & Marketing~~	

After discussion the foregoing ~~r~~Resolution was: ~~adopted on February 16, 2022.~~

ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS 17th DAY OF MAY, 2023.

Angel Reyes, Chair

CERTIFICATION

I HEREBY CERTIFY, that I am the Secretary of the New Mexico Mortgage Finance Authority; that the above and foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the vote of the majority or more of the directors of the New Mexico Mortgage Finance Authority in accordance with the MFA bylaws in effect on January 18, 2023; that there is no provision in the articles of the MFA bylaws conflicting with said resolution; and that said resolution has not been modified or revoked and still remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this 17th day of May, 2023.

Isidoro Hernandez, Secretary

(SEAL)

~~NEW MEXICO MORTGAGE FINANCE AUTHORITY~~
~~CORPORATE RESOLUTION~~

~~RESOLVED, the individuals listed below are fully authorized and empowered to establish accounts in any bank or financial or depository institution (bank) in the name and on behalf of New Mexico Mortgage Finance Authority (MFA); to make deposits in, change, transfer funds to, or withdraw funds from such accounts by checks, drafts, wire transfers, or other instruments or orders customarily used for the payment of accounts or the transfer of funds, including the proceeds of mortgages; and to make, execute, and deliver, under the seal of New Mexico Mortgage Finance Authority, any and all written instruments necessary or proper to effectuate the authority hereby conferred; and that any such actions heretofore taken by any of the following persons on behalf of New Mexico Mortgage Finance Authority are hereby ratified, approved and confirmed.~~

~~Angel A. Reyes~~	~~Chair of the Board~~	______________________
~~Howie Morales~~	~~Vice-Chair of the Board~~	______________________
~~Rebecca Wurzburger~~	~~Treasurer of the Board~~	______________________
~~Isidoro Hernandez~~	~~Executive Director/CEO~~	______________________
~~Lizzy Ratnaraj~~	~~Chief Financial Officer~~	______________________
~~Donna Maestas-De Vries~~	~~Chief Housing Officer~~	______________________
~~Jeff Payne~~	~~Chief Lending Officer~~	______________________
~~Yvonne Segovia~~	~~Controller~~	______________________

~~IT IS FURTHER RESOLVED, that the authority conferred hereinabove shall continue in full force and effect until written notice of modification or revocation shall be received by the bank and that bank shall be protected in action upon any form of such written notice of modification or revocation which it in good faith believes to be genuine.~~

~~CORPORATE CERTIFICATION~~

~~I HEREBY CERTIFY, that I am the Secretary of New Mexico Mortgage Finance Authority; that the above and foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the vote of a majority or more of the directors of the New Mexico Mortgage Finance Authority in accordance with the MFA by-laws on February 16, 2022; that there is no provision in the articles of the MFA conflicting with said resolution; and that said resolution has not been modified or revoked and still remains in full force and effect.~~

~~IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this~~ ______________ ~~day of February 16, 2022.~~

____

~~Isidoro Hernandez, Secretary~~

~~(CORPORATE SEAL)~~

MEMO

TO: MFA Board of Directors

Through: Finance Committee – May 9, 2023
Through: Policy Committee – May 2, 2023

FROM: Julie Halbig

DATE: May 17, 2023

SUBJECT: MFA Policy and Procedure Manual Revisions – Authorized Signatures and Other Revisions

Recommendation: Staff recommend approval of the authorized signature changes under the Finance section of the Policies and Procedures Manual for purposes of conducting MFA's business. Staff also recommend referring to MFA's list of Programs and Down Payment Assistance Loan program offerings on the MFA website instead of maintaining the lists in the Policies and Procedures Manual. Finally, staff included a reference to MFA's Executive Liability Coverage to various definitions.

Background: At least annually and as needed, MFA staff reviews and updates the Policiesand 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.

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

Page(s) # (redline)	Section	Proposed Changes
5	Section 1 – General Policies 1.2 Code of Conduct C. Definitions	Add a definition of "Chief Officers" This definition differs slightly from definition of "Management"
5 & 6	Section 1 – General Policies 1.2 Code of Conduct C. Definitions	Add language to the following definitions: • Chief Officers • Management • Member Language added is a reference MFA's

		Executive Liability Policy coverage and how they define insured executive.
12 & 13	Section 1.3 – Conduct of Business D. Finances 1 & 2	Separate signature requirements for Checks vs. Electronic Fund Transfers (EFTs). D.1. Checks: Requires signature of the (i) Chair or the Vice Chair, and (ii) Treasurer (or other Board Member(s) designated by the Chair. D.2. Electronic Fund Transfers: The Chief Officer(s) or Controller shall be required on any EFT. For EFTs on disbursements over $5,000, two signatures of any of the Chief Officer(s) or Controller(s) are required. For EFTs between MFA-owned accounts regardless of dollar amount, a single signature of the Chief Officer(s) or Controller(s) is required.
61	Section 4 Program Policies	Delete list of MFA's Programs in the Manual and include statement that a complete and updated list of MFA's Programs can be found on MFA's website.
63 & 64	Section 4 Program Policies Section 4.3 Single Family Second Mortgage Default, Foreclosure, and Deed in Lieu of Foreclosure (DIL), Short Sales and Bankruptcies A. Down Payment Assistance	Delete list of Down Payment Assistance Loan programs in the Manual and include statement that a complete and updated list of DPA Loan programs can be found on MFA's website.

Summary: At least annually and as needed, MFA staff reviews and updates the Policies and Procedures Manual. The Policies and Procedures Manual is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. Staff recommend approval of the authorized signature changes under the Finance section of the Policies and Procedures Manual for purposes of conducting MFA's business. Staff also recommend referring to MFA's list of Programs and Down Payment Assistance Loan program offerings on the MFA website instead of maintaining the lists in the Policies and Procedures Manual. Finally, staff included a reference to MFA's Executive Liability Coverage to various definitions.

MFA Policies and Procedures
Table of Contents

MFA MISSION, VISION AND CORE VALUES

MFA Mandate

In 1975, the New Mexico state legislature created the New Mexico Mortgage Finance Authority (MFA) as a public body politic and corporate, separate and apart from the state, constituting a governmental instrumentality, with the power to raise funds from private investors in order to make such private funds available to finance the acquisition, construction, rehabilitation, and improvement of residential housing for persons and families of low or moderate income within the state.

MFA Vision

All New Mexicans will have quality affordable housing opportunities.

MFA Mission

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

MFA Core Values

- Responsive: To meet New Mexico's needs, MFA optimizes resources, cultivates partnerships, and makes our programs accessible.

- Professional: MFA upholds personal and professional standards. We comply with regulations and ensure prudent financial stewardship.

- Dynamic: MFA is a dynamic place to work. Our employees are our strength. We embrace diversity and provide opportunities for personal and professional growth.

SECTION 1 - GENERAL POLICIES

1.1 Policies & Procedures Manual - Purpose

A. With respect to Board Members, Management and Employees[1] and the conduct of MFA business, the policies & procedures shall be set forth in this manual, adopted by the Board and consistent with MFA's approved Bylaws. The Board shall approve the manual at least annually, and any changes shall have Board approval, specific to the section affected. All Board Members shall be provided with a current, complete Policies & Procedures Manual.

B. Although this manual sets forth MFA's policies and procedures, the Board retains its authority established by law, as restricted by law and MFA's bylaws. In the event that the Board takes a lawful action that is inconsistent with the policies set forth in this manual, the provisions of this manual will nonetheless remain in place until they have been amended by the Board.

1.2 MFA Code of Conduct

A. Preamble

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

B. Purpose

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

C. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

---

[1] Member, Management and Employee are defined in sub-section C of MFA’s Code of Conduct, which is section 1.2 of this manual. These terms are used throughout this manual.

"Official Act" means any action taken by a Member, Management, Employee, or Funding Committee member that is within her/his capacity to take by virtue of his/her position and which constitutes a decision, resolution, determination, recommendation, approval, disapproval, or other action that involves the exercise of discretionary authority.

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

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

D. Principles and Disclosure Obligations

1. **Principles**. All MFA Members, Management, Employees and Funding Committee members shall adhere to the following principles:

    a) Any Financial Interest held by any Member, Management, Employee or Funding Committee member of MFA should be disclosed, no matter the degree of the Financial Interest.

    b) No Member, Management, Employee or Funding Committee member should participate in any Official Act that would in any way benefit him or her or any Family Member of him or her.

    c) If any Member, Management, Employee or Funding Committee member of MFA is aware of having any form of Financial Interest in any MFA business, and is aware that an action he/she may take in their official capacity might impact that Financial Interest, that person must disclose the Financial Interest to MFA and must not become involved in MFA actions affecting that Financial Interest.

2. **Initial and Annual Disclosures**. Within thirty (30) days of assuming duties as a Member or commencing Employment with MFA, each new Member, Management and Employee will be required to complete a Disclosure Statement, in the form of attached Exhibit A, which shall disclose to the best of his/her knowledge, his/her and/or his/her Family Members' Financial Interest(s) in any Business engaged in, or proposing to engage in, any Transaction with MFA. On or before January 31 of each year, each MFA Member, Management and Employee shall complete and deliver to MFA a disclosure statement disclosing to the best of his/her knowledge, his/her and his/her Family Members' Financial Interest(s) in any Business engaged or proposing to engage in any Transaction with MFA. The disclosure statement for each Member, Management and Employees shall be in the form of Exhibit A ("Disclosure Statement"). The Disclosure Statement shall contain at least the following information:

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

    b) If the Transaction is with a Business in which an Employee or Employee's Family Member has a Financial Interest, the approximate value of the Transaction.

    c) A list of all MFA programs or proposed programs that a Member, Management, Employee or Family Member is likely to participate in and/or benefit from.

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

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

   a) He/she or any Family Member acquires a Financial Interest in any Business engaging in, or proposing to engage in, a Transaction with MFA;

   b) He/she learns that a Family Member has a Financial Interest in a Business which is engaging in, or proposing to engage in, a Transaction with MFA; or

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

4. **Disclosure in the Minutes.** In addition to written disclosure as provided herein, whenever any Member, Management or Employee of MFA has an interest, either direct or indirect, in any contract to which MFA is to be a party or in any mortgage lender requesting a loan from or offering to sell mortgage loans to MFA or in any sponsor requesting a project mortgage loan, and any action with respect to that contract, mortgage lender or sponsor is brought before the Board, the interest shall be disclosed and set forth in the Board minutes.

5. **Special Disclosures.**

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

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

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

6. **Disclosure Process**. Completed Management and Employee Annual and Updated Disclosure Statements are to be provided to MFA’s Human Resources Director who shall review them in conjunction with General Counsel to determine the existence or potential existence of a conflict of interest on the part of any MFA Management or Employee with regard to any MFA Transaction or anticipated Transaction. It shall be the responsibility of the Human

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

E. Gifts

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

F. Conflict of Interest Transactions

1. **Prohibited Transactions - Members, Management and Employees**

   a) **Official Act**. No Member, Management or Employee shall take any Official Act which may directly or indirectly benefit his/her or a Family Member's position or Financial Interests.

   b) **Confidential Information**. No Member, Management or Employee shall utilize Confidential Information to benefit himself/herself or a Family Member. Members, Management and Employees shall safeguard all information that is of a confidential or proprietary nature, and shall not disclose such information, except as otherwise authorized. A Confidentiality Agreement in the form of Exhibit D shall be signed by all Management and Employees annually and kept on file.

   c) **Member, Management and Employee Transactions**. No Business in which a Member, Management or Employee (or a Family Member) has a Financial Interest shall engage in a Transaction with MFA unless the Member, Management or Employee has disclosed his/her or his/her Family Member's Financial Interest in the Business to MFA in the manner provided in sub-section D of this policy prior to engaging in the Transaction and, with respect to all Transactions of Members and Management, and Employee Transactions in excess of $10,000, the Transaction is approved by a disinterested majority of MFA Members. Transactions of Employees of $10,000 or less may be approved by the Executive Director provided a disclosure of such Transactions is made to MFA Board and is recorded in the minutes of the meeting in which it is made.

2. **Transactions Involving Former Members or Management**. MFA shall not enter into any Transaction with a former Member or former Management for a period of one (1) year after

the Member or Management ceases to be a Member or Management of MFA, except with prior approval of a disinterested majority of all MFA Members.

3. **Other Employment**. Members, Management and Employees shall not engage in or accept employment or render services for other persons when that employment or service is incompatible with or may affect the discharge of their official duties or when that employment may tend to impair their independence of judgment or action in the performance of their official duties. The Executive Director/CEO must approve all outside employment by an Employee prior to his/her accepting outside employment. Employees who are engaged in outside employment at the time they are first hired by MFA and who wish to continue that outside employment must have the outside employment approved by the Executive Director/CEO prior to starting work at MFA. MFA Board must approve all outside employment by the Executive Director/CEO prior to his/her accepting outside employment.

4. **Exceptions**. Nothing in this Code of Conduct shall be deemed or construed to limit the right of any Member, Management or Employee of MFA to:

   a) Acquire or purchase any interest in bonds or notes of MFA;

   b) Have a Financial Interest in, or do business with, any banking institution in which MFA funds are or are to be deposited or which is or is to be acting as trustee or paying agent under any trust indenture to which MFA is a party; or

   c) Accept employment with MFA.

G. Political Activities

1. A Member, Management or Employee shall not, through his or her position at MFA:

   a) Directly or indirectly coerce, command, advise, solicit, or attempt to coerce, command, advise or solicit anyone to pay, lend or contribute money or other thing(s) of value to a party, committee, organization, agency, or person for political purposes; or

   b) Use MFA funds, resources, or time to support or oppose any political candidate for any public office, provided, however, that Members, Management, and Employees may use MFA funds, resources, and time to pursue legislative purposes as approved by the Board and MFA Legislative Oversight Committee from time to time.

2. Management and Employees shall not, through their position at MFA, while on duty, or using MFA funds or resources:

   a) Campaign or engage in political activity in concert with a political party, a candidate for partisan political office, or a partisan political group, provided that this policy is not intended to limit Management or Employees from actively participating in political activities or partisan political campaigns, while off duty, and provided that no MFA funds or resources are utilized.

H. Sanctions and Penalties

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

I. Effective Date

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

1.3 Conduct of Business

A. Meetings

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

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

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

2. **Definitions.**

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

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

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

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

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

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

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

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

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

   b) the integrity of the original records is maintained;

   c) the process for digitizing records is reliable and secure;

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

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

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

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

   h) backup and recovery plans are implemented;

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

   j) periodic audit controls are implemented;

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

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

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

C. Written Reports

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

1. Combined financial statements are to be provided monthly and

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

D. Finances

1. Authorized Check~~ and Electronic Funds Transfer (EFT)~~ Signatures. The ~~single ~~signature of (i)

theChair~~,~~ or the Vice Chair~~,~~ and (ii) the Treasurer (or other Board Member(s) designated by the Chair)~~, Executive Director/CEO, Chief Officer(s), or Controller~~ shall be required on any checks~~ or EFT up to $5,000~~.

~~1.~~2. Authorized Electronic Funds Transfer (EFT) Signatures. The single signature of the Chief Officer(s) or Controller shall be required on any EFT. Two signatures of any of the ~~above~~ Chief Officers(s) or Controller(s) shall be required on disbursements ~~from~~ over $5,000~~ up to $10,000~~. ~~Disbursements of $10,000 or more require dual signatures, one of which must be the Chair, Vice Chair, Treasurer, or a designee of the Chair.~~ The single signature of the ~~Chair, Vice Chair, Treasurer (or other Board Member(s) designated by the Chair), Executive Director/CEO,~~ Chief Officer(s)~~,~~ or Controller(s) shall be required on EFTs between MFA-owned accounts regardless of the dollar amount.

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

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

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

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

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

E. Investment Policies-General Fund

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

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

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

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

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

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

3. **Delegation of Authority**

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

b) **Finance Committee Responsibilities**. The Finance Committee will be charged with the following:

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

c) **Duties and Responsibilities of Management and Employees**. Responsibilities will be as follows:

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

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

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

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

   “Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. “Notwithstanding and in addition to the limitation of liability found in Section 58-18-21 of the MFA Act, the staff and the Board while acting in accordance with written procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control any possible adverse developments. The MFA Code of Conduct, including provisions regarding conflicts of interest and disclosure, is applicable to all investment decisions, recommendations, and transactions.

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

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

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

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

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

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

   Rebalancing of the portfolio will occur as needed.

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

   a) Control of collusion;

   b) Separation of transaction authority from accounting and recordkeeping;

c) Custodial safekeeping;

d) Avoidance of physical delivery of securities;

e) Clear delegation of authority to subordinate staff members; Written confirmation of transactions for investments and wire transfers; and

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

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

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

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

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

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

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

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

   g) In the State of New Mexico Office of the Treasurer Local Government Investment Pool; or

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

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

   a) **Definitions**:
      1) Short Term Investments: Funds held for ongoing operations and cash flow needs of MFA. These funds will primarily be held in the State Local Government Investment Pool, bank deposits and warehoused securities that have maturities less than one year.
      2) Intermediate Term Investments: Investment funds that are in excess of liquidity needs held in operating accounts. These funds must be held in marketable securities that can be sold if needed to provide for liquidity. The investments in this

portion of the portfolio will have maturities from 1 to 10 years and will be only invested in higher quality and liquid (marketable) securities.

3) Long Term Investments: Investment funds needed for long-term reserves. These funds may be invested in long-term bond and equity funds managed by the State Investment Council with maturities exceeding 10 years. These funds will have credit risk and interest rate risk exposure and it is expected that these funds will earn higher rates of return over interest rate cycles but will have greater price volatility within specified horizon periods.

b) **Asset Allocation Strategy**

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

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

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

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

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

b) **Securities Broker/Dealers**. Staff shall prepare and the Board, upon the recommendation of the Finance Committee, shall approve a list of approved broker/dealers, including New Mexico securities broker/dealers, based on the criteria listed below.
   1) This approved Broker/Dealers list will be reviewed by the Board at least annually. Competitive bids from the broker/dealers will be obtained by MFA staff on all purchases and sales of securities. All securities will be purchased and sold consistent with what the current marketplace dictates at the time of the purchase or sale and according to the prudent person rule.
   2) Criteria for Selection of Broker/Dealers for purchase and sale of government bonds, agency obligations and other authorized investments:
      i. The firm(s) must be a registered dealer pursuant to the Securities Act of New Mexico, Section 58-13C-401 thru 406, NMSA 1978.
      ii. The firm(s) must be registered as a dealer under the Securities Exchange Act of 1934.

   iii. The firm(s) must be a member of the Financial Industry Regulatory Authority (FINRA).
   iv. The firm(s) and assigned broker(s) must have been engaged in the business of effecting transactions in United States Government Bonds for at least five (5) consecutive years.
   v. The firm(s) must certify that they have read the MFA investment policy and will abide by MFA's Third-Party Code of Conduct.

c) Investment Advisors/Bidding Agents. These firms must be registered with the Securities and Exchange Commission and meet the requirements of the New Mexico Uniform Uniform Securities Act, Section 58-13C-401 thru 406, NMSA 1978. The advisory contract may be for oversight services or investment management services including transactions. If the advisor is to transact with broker/dealers on behalf of MFA, the advisor must annually submit a broker/dealer list for approval. The adviser may only provide non-discretional management services, which requires prior authorization from MFA on all transactions.

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

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

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

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

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

12. **Reporting Requirements**. The individual assigned by the Executive Director/CEO will present semi-annually to the to the Finance Committee and Board and prepare a written report at least quarterly on the overall status of the fund. This report will include at least:

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

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

c) Market value of the investments;

d) Analysis of asset allocation;

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

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

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

F. General Fund Cash Reserves

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

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

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

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

    c) **Multifamily Program Activities**
        1) Assuring that borrowers, servicers, compliance monitors and other contractors areperforming under their contracts.
        2) Responding to audits for grantor agencies, IRS, and MFA's External and Internal auditors.
        3) Assuring that projects are in compliance with low-income set-asides and other regulations to ensure that the requirements for the tax exemption of the bonds are

met.
4) Providing technical assistance to borrowers, servicers, program administrators,compliance monitors and borrowers.
5) Compiling reports regarding program performance.
6) Handling defaults and troubled projects.
7) Completing assumptions and transfers of ownership.
8) Loan servicing on certain multifamily transactions.

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

As long as MFA has outstanding bonds, MFA will need staff available to respond to inquiries, comply with all bond closing documents including reporting requirementsof indentures and answer requests for financial information from the institutions and individuals that own MFA's bonds and from any organization that has rated thebonds.

1. The ability to maintain a market for the initial sale and, as importantly, the secondary market resale of MFA's bonds requires timely and responsive financial and programmatic reporting to the owners, buyers and sellers of the taxable and tax-exempt bonds as well as maintaining a rating on the bonds. To ignore this requirement would be extremely harmful to the long-term viability of MFA's bonds in the marketplace.
2. These responsibilities are handled by professional staff including Homeownership (single family programs), Housing Development (multifamily programs), Finance and Accounting Departments with staff in these areas trained to understand the flow of funds and tax law related to the various programs of MFA. If no additional bonds are issued, these responsibilities with respect to MFA's bonds will continue up to 40 years or until all the bonds are paid off.

3. **Other Program Responsibilities**. The Low Income Housing Tax Credit program and the federal HOME and National Housing Trust Fund "NHTF" Programs and other programs require the following commitments during thelife of the credits/loans:

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

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

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

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

b) Complying with Government National Mortgage Association (GNMA) capital and liquidity requirements. Conducting public hearings as required.

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

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

e) Complying with program reporting requirements.

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

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

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

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

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

5) Provide for the development of new programs to meet the state's housing needs; and
6) Maintain financial strength.

b) To meet cash[2] reserves requirements for commitments and program continuation, MFA shall maintain the following:
1) One year of the two-year historical average of the total operating expense;
2) One year of the two-year historical average of Housing Opportunity Fund loan fundings;
3) One year of the two-year historical average of capital servicing investment; and
4) 1.0 % of the GNMA mortgage-backed security portfolio or $2,500,000, whichever is higher.

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

G. Bond Issuance and Debt Management Policy

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

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

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

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

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

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

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

---

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

authorizes the Executive Director/CEO and/or other MFA officers to establish the form and substance of indentures pursuant to which the bonds are issued and approve all other necessary documentation and agreements. Specific Board approval shall be required for the adoption of a new master indenture.

3. **Process.**

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

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

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

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

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

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

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

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

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

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

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

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

g) **Investor Communications Inquiries.** All Investor inquiries should be routed to the Chief Financial Officer or his/her designee. MFA will maintain an Investor Resources section under the Programs and Partners section on its website whereby the annual financial statements, bond disclosures and official statements will be maintained.

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

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

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

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

4. **Bond Parameters/Financial Objectives**

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

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

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

c) Occasionally, bond refunding opportunities will be available to MFA which will allow MFA to call bonds early. MFA will review each refunding to assess the benefit ofdoing the refunding or not depending on the scenario or need.

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

e) The aggregate principal amount of refunding bonds shall not be constrained, but at a minimum must meet the profitability measure outlined above. In addition, MFA will review each refunding to assess the benefit to MFA of undertaking the refunding.

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

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

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

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

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

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

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

H. To Be Announced (TBA) Program Policy

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

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

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

   Pursuant to this policy, the Board will provide authority to Staff (section 2, (b) (Financing Team), through the approval of the policy, to create and sell forward committed MBS for the purpose of funding the single family mortgage program. MFA will take into consideration a desired profit margin, lender compensation and the generation of DPA when determining the interest rate that will be offered to participating lenders while also carefully managing the loan pipeline to be sold into the Secondary Market through a TBA execution. To accomplish this MFA will establish short and long-range financial objectives that support an affordable housing plan (See section 3: TBA Parameters & Financial Objectives). These objectives may change in response to economic and other factors.

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

   Single family program loan funding decisions will be reviewed on an ongoing basis by the

Financing Team to determine the best method of accessing the financial markets, either through issuance of debt or sale of MBS. The primary objective is to keep readily accessible funding for the single family program without incurring losses or subsidizing the program.

2. Process

a) **TBA Administrator**

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

b) **Financing Team and Staff Responsibilities**

1) In conjunction with developing bond issuance strategies, the Financing Team discussed in section G of this manual will also evaluate and monitor TBA program activities. The Financing Team in conjunction with MFA's Policy Committee will establish a profitability threshold, which will include compensation for participating lenders, sufficient DPA funding to support the transaction and a specified profit for MFA to support the operation of the program. The pricing threshold will be applied to the daily interest rates provided by the TBA Administrator, which will determine the interest rate that will be provided each day to participating lenders for reservation.
2) The Financing Team will meet at least annually to ensure that strategies, plans, and guidelines are consistent with policy and are implemented and updated as necessary.
3) The Finance Department in accordance with the established profitability threshold is responsible for analyzing the daily rate sheet from MFA's TBA Administrator providing market mortgage rate comparisons. Changes to daily rates will be approved by either the Secondary Market Department or the Home Ownership Department.
4) The Secondary Marketing Department confirms the daily pricing of TBA loan sales, reconciles monthly settlements and confirms cancellations. Secondary Marketing

also ensures timely delivery and pooling of loans as well as performs reconciliation of subservicer invoices related to TBA settlements.

5) The Homeownership Department will be responsible for posting daily MFA mortgage rates, confirming extensions and expirations with the TBA Administrator, and tracking pipeline fallout.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. **Information Requiring Protection**.

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

   PII is defined as:
   a) information that directly identifies an individual (e.g., first and last name or first initial and last name); in combination with
   b) one or more data elements that identifies an individual, such as information used by an agency in conjunction with other data elements (which may include address, telephone number, email address, social security number or other identifying number or code, gender, race, birth date, geographic indicator, and other descriptors); or
   c) information permitting the physical or online contacting of a specific individual

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

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

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

K. Media Contact

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

L. Service of Process

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

M. Suspension and Debarment

1. **Basis for Debarment**. MFA may deem any individual or entity to be ineligible to respond to a Request for Proposals issued by MFA; receive a loan or grant from MFA; enter into a contractual agreement with MFA; or serve as a subcontractor, service provider, participating mortgage lender, or as a partner, general or limited, in any project funded by MFA, based upon a determination by MFA pursuant to this policy that the individual or entity has engaged in any of the following conduct:

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

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

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

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

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

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

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

3. **Procedure to Determine Debarment**.

a) **Documentation**. The documentation in support of a proposal for debarment shall contain:

1) A narrative statement in chronological order identifying which of the Basis for Debarment listed in sub-section 1 of this policy are present and support the debarment proposal. The statement shall include:
    i. Complete names, aliases, current addresses, zip codes, and a list of known affiliates of the individual or entity proposed for debarment.
    ii. Tax Identification Number and/or Social Security number of the entity or individual proposed for debarment, if available.
    iii. Names and telephone numbers of any persons with information pertinent to the facts at issue.
    iv. A statement of justification as why immediate debarment is necessary to protect the public and MFA's financial interest.

2) A determination by MFA's Compliance Officer that the conduct upon which the proposed debarment is based falls within the scope of MFA's Suspension and Debarment Policies. Such a determination may also include consideration of statutory, regulatory, or common law, if applicable, with guidance from General

Counsel or MFA policy or program requirements for fiscal and/or administrative capacity.

3) Copies of any relevant correspondence between MFA and the individual or entity proposed for debarment, and related documents such as audit/investigatory reports; media reports; contract(s); regulatory /management agreements for multifamily and single family developments; inspection reports; signed interviews/affidavits; mortgage contracts; and/or any other documentation constituting evidence sufficiently probative of the facts at issue.
4) Any information that mitigates, justifies, or excuses the conduct of which the entity or individual is accused.
5) Any additional information or evidence pertinent to a determination regarding the proposed debarment.

b) **Notice of Proposal to Debar**. When the documentation required by sub-section 3.a) above has been compiled, written notice of the proposed debarment shall be sent by MFA's Compliance Officer or another MFA-designated staff member to the individual or entity proposed for debarment. The notice shall advise the individual or entity of the following:

1) That the individual or entity is being considered for debarment under MFA's Suspension and Debarment Policies;
2) The factual reasons for the proposed debarment in terms sufficient to put the individual or entity on notice of the conduct or transaction(s) upon which it is based;
3) The specific Basis for Debarment relied upon under MFA's Suspension and Debarment Policies;
4) That within thirty (30 days) after receipt of the notice, the individual or entity may submit to MFA in writing, either directly or through a representative, information, argument, and any documentary evidence, including notarized witness statements, to support the individual or entity's claim(s) in opposition to the proposed debarment;
5) In actions not based upon a civil judgment or criminal conviction, if MFA's Compliance Officer concludes that the individual's or entity's submission in opposition raises a genuine dispute over facts material to the proposed debarment, MFA shall consider the evidence presented in opposition to the debarment when making a determination on the proposed debarment, and shall thereafter provide the individual or entity with a written explanation as to the weight attributed to the evidence the individual or entity provided in the consideration of the proposed debarment. General Counsel may be asked to provide guidance regarding statutory, regulatory, or common law issues as needed;
6) MFA's procedures governing debarment decision-making;
7) The effect of the issuance of the notice of proposed debarment; and
8) The potential effect of an actual debarment.

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

c) **Determination on Proposed Debarment.**

1) The Policy Committee has the sole authority and responsibility to determine whether debarment is appropriate based upon review of the information submitted in support of and in opposition to the proposed debarment.
2) The Policy Committee's decision for debarment shall be based on the greater weight

of the evidence presented in support of and in opposition to the proposed debarment. Evidence that the individual or entity has a civil judgment or criminal conviction directly related to misuse of public funds or abuse of the public trust shall suffice to meet this standard of proof.

3) The individual or entity for which debarment has been proposed shall be informed of the Policy Committee's determination in writing.

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

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

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

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

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

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

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

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

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

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

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

N. Consumer Complaints-Financial Products and Services

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

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

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

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

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

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

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

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

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

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

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

2. General Guidelines.

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

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

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

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

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

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

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

O. Vendor Management

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

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

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

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

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

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

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

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

   c) Take prompt corrective action to address problems identified through the monitoring process, including termination of the relationship.
      1) MFA will work to ensure that, when necessary, relationships terminate in an efficient manner and MFA consumers are not adversely affected by the termination.

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

6. **Examination Standards.**
   a) High-risk vendors will be examined annually.
   b) Moderate-risk vendors will be examined every 12 - 24 months.
   c) Low-risk vendors will be assessed on an as-needed basis.

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

abusive, or discriminatory practices and the Vendor Management Policy.

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

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

P. Compliance Management System

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

1. **Scope.** The Compliance Management System has been developed to ensure compliance with the Consumer Financial Protection Bureau's (CFPB) requirement that supervised entities such as MFA proactively ensure compliance with Federal Consumer Financial Law and any other federal agency regulations in order to prevent or mitigate risk to MFA's consumers and to document those systems and processes accordingly.

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

3. **Responsibilities.**

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

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

    c) Pursuant to Freddie Mac's Guide Section 1301.2, MFA must establish and maintain an effective Office of Foreign Assets Control (OFAC) Compliance program that ensures compliance with OFAC Regulations; and at a minimum "develop internal controls, policies and procedures designed to detect Suspicious Activity and to report such Suspicious Activity to Freddie Mac."

        1. MFA has designated the Chief Financial Officer (CFO) or (their designee) as it qualified individual responsible for day-to-day monitoring of Suspicious Activity and compliance with the OFAC Compliance program

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

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

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

Q. Electronic Signatures

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

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

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

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

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

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

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

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

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

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

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

5. **Prohibited Uses.** In addition to any prohibited use of electronic signature which may be identified by MFA Department Directors/Managers pursuant to Section 6 of this Policy, electronic signatures are expressly prohibited in the following circumstances that apply to MFA business:
   a) Notices of default, acceleration, repossession, foreclosure, or eviction, or the right to cure under a credit agreement secured by, or rental agreement for, a primary residence of an individual;

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

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

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

1.4 Business Travel and Meal Expenses

A. General Guidelines

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

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

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

B. Travel Expenses

1. **Reimbursable Expenses.**

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

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

c) **Authorization**. All in-state and out-of-state travel must be authorized as follows:

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

d) **Travel Arrangements**. All travel arrangements for members of Management and Employees may be made by designated MFA Employees. Members and external Advisory Committee Members may, but are not required to, make their travel arrangements through MFA Employees.

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

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

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

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

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

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

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

C. Business Meals

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

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

a) **"Directly Related" Test**. A meal expenditure is directly related to MFA business if it occurred in a clear business setting and meets all the following requirements:
Expected Benefit. At the time of the meal expenditure MFA is expected to derive some income or other specific business benefit at some future time (i.e., a general goodwill or public relations purpose is not enough, but it is not necessary that income/business result from expenditure);

1) **Business Discussions**. During the meal period, an MFA Member, Management or Employee actively engaged in a bona fide MFA business meeting or discussion;
2) **Business Purpose**. The principal character of the combined business and meal was the active conduct of MFA business; and

3) **Business Contact Presence**. The business meal involves an MFA Member, Management or Employee and a person with whom MFA Member, Management or Employee was actively conducting MFA business (there is no eat-alone reimbursement except for approved travel away from home).

4) **Examples**

   i. John, an MFA employee, meets with Joe, an investment banker, at a restaurant to discuss refunding certain MFA multifamily housing bonds. During the meal John and Joe discuss the pros and cons of refunding the bonds, including market conditions, costs of issuance, etc. John picks up the tab. The business meal constitutes a reimbursable meal expense.

   ii. In May 2013, Mary an MFA Member worked closely with XYZ Investment Bank in connection with the issuance of its 2013A Single Family Mortgage Purchase Refunding Bonds. In September 2013, as a goodwill gesture, Mary calls Bob, an XYZ executive, and invites him to lunch. Mary pays for lunch. Because there is no expectation of a specific business benefit, but only a general goodwill or public relations purpose, this business meal is not a reimbursable expense.

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

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

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

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

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

a) The amount of the meal expenditure;

b) The time and place of the business meal;

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

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

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

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

D. Expense Reimbursement Procedures

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

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

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

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

E. Third Party Expenditures

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

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

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

1.5 Transaction Authorizations

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

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

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

D. **Authorized Delegations of Authority**. Management and staff can appoint an “Acting” in their absence in accordance with their designated Delegations of Authority[3] for program transaction approval. Bank account and contract authority cannot be delegated nor can signature authority above individual Employee delegations. Hourly staff cannot be appointed “Acting” in a management capacity. Appointments must be approved by the Executive Director/CEO or Chief Officer(s) as appropriate. Notification must include Management (as defined in Section 1.2.C) and the Controller.

1.6 Fair Housing Policy

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

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

C. MFA prohibits discrimination against any person in making available a residential real estate-related

---

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

transaction, or in the terms or conditions of such a transaction, because of race, color, religion, sex, age, sexual orientation, gender identity, disability, familial status, national origin, or other protected class including those protected under the New Mexico Human Rights Act.

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

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

SECTION 2 – HUMAN RESOURCES

2.1 Conditions of Employment

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

2.2 Organizational Structure

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

2.3 Personnel Records

A. Personnel records of MFA consist of:

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

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

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

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

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

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

2.4 401(k) Investment Policy

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

B. In conjunction with the Plan Administrator, an internal 401(k) Investment Committee administers the Plan. The members of the 401(k) Investment Committee are: Executive Director/CEO, Chief Housing Officer, Chief Lending Officer, Chief Financial Officer, Human Resources Director and two Employee representatives.

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

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

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

F. In addition, it is intended that, through the Plan, participants will be able to direct their investments and select a diversified portfolio. The Plan's participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. If a participant does not choose an investment, the participant's deferral contributions and MFA's contribution will be invested in a target date fund appropriate to the participant's age.

G. The 401(k) Investment Committee reviews certain qualitative and quantitative measures and fund recommendations prepared by the Plan Administrator in evaluating potential investment options. The 401(k) Investment Committee will have at least two regularly scheduled meetings per year to review fund performance. The Plan Administrator prepares the analysis that is reviewed by the 401(k) Investment Committee. Returns, benchmarks, risk metrics, strategy style, track record of the investment options portfolio manager, and fees are all monitored.

H. An investment option may be placed on Watch status, a higher review status, to indicate the awareness of a change or area of concern related to the fund. An investment option may remain on Watch status as long as deemed necessary. Both subjective (investment quality, correlation with other investment options, strategy) and objective factors (performance, percentile rank, tenure) will be considered when deciding whether to keep the fund on Watch status, take the fund off Watch status, or terminate the fund from the Plan. The 401(k) Investment Committee, under the guidance of the Plan Administrator has sole discretion to replace a fund. In the event a fund is slated for replacement, the 401(k) Investment Committee will choose a replacement fund after reviewing the recommendation from the Plan Administrator. Once a fund has been selected, the 401(k)

Investment Committee will coordinate the communication efforts to assist with the transition for plan participants with respect to the new fund introduction.

SECTION 3 - PROCUREMENT POLICIES

3.1 Policies and Purposes

MFA is committed to providing affordable housing for low and moderate income New Mexico residents; promoting free competition among potential contractors; and supporting New Mexico based businesses. Although the New Mexico Procurement Code is inapplicable to MFA, these procurement policies and procedures are intended to be patterned after the New Mexico Procurement Code, Section 13-1-28, et seq., NMSA (1978), in conjunction with the unique needs and structure of MFA, and to provide general procurement guidelines for MFA.

A. **Application**. These procurement policies and procedures shall apply to the following purchases, with the exceptions provided in sub-section B below:

1. **Services**.

   a) **Professional Services**. Professional Services, including Services rendered by legal counsel, consultants, accountants, auditors, and other professionals as needed from time to time.

   b) **Financial Services**. Financial Services, including Services rendered by investment bankers, underwriters, trustees, custodians, financial advisors, credit enhancement providers, loan servicers and investment agreement providers and others as needed from time to time.

   c) **Other Services**. All other services, including advertising, public relations, and printing services.

2. **Tangible Personal Property**. All Tangible Personal Property, including furniture, fixtures, equipment, and supplies.

3. **Program Expenditures and Awards**. Aside from the procurement procedures permitted by Program Policies (see section 4 of this Manual) and the exceptions provided below, expenditures or disbursement of funds or awards of benefits from federal and state programs administered by MFA and from MFA programs for Services, Tangible Personal Property and other awards shall be subject to these Procurement Policies except when in conflict with any federal or state regulations.

Please see MFA's current Authorizations ("Exhibit E").

B. **Exceptions**. These Procurement Policies do not apply to procurement of Tangible Personal Property, Services or Program Expenditures and Awards (as referred to in subsection A) as follows:

1. **Small Purchases**. A small purchase is a purchase of Tangible Personal Property, Services or Program Expenditures and Awards costing less than $50,000 within a given calendar year, including any charges such as taxes and travel that are essential to the provision of the Services or Tangible Personal Property.

2. **Informal Bids/Requests for Qualifications (RFQs)**. At least three, if possible, informal bids

or RFQ responses, as appropriate, will be obtained from vendors for purchase of Tangible Personal Property, Services or Program Expenditures and Awards costing $50,000 or more but less than $200,000 within a given calendar year. Where the Tangible Personal Property, Services or Program Expenditures and Awards are provided by current vendors, a request for informal bids or RFQs will be mailed to current vendors and to other known vendors. All requests for informal bids or RFQs will include descriptions of:

a) the Tangible Personal Property, Services or Program Expenditures and Awards to be purchased;

b) the terms and conditions applicable to the purchase, including the period of time during which Offeror(s)' prices will remain in effect;

c) the response submission date, time, and place; and

d) The criteria to be utilized by MFA in selecting the successful Offeror(s).

Informal bids or RFQ responses must be obtained in writing but do not have to be opened in public. Multiple vendors may be selected and placed on a list of approved vendors to provide the Tangible Personal Property, Services or Program Expenditures and Awards in question, in which case contracts need not be entered into; however, payments to vendors may not exceed the prices proposed in vendors' responses to the RFQ, for the period identified in the RFQ. MFA may permit Offerors who are not selected under the RFQ to provide the same kinds of Tangible Personal Property, Services or Program Expenditures and Awards proposed in their informal bid or RFQ response, subject to the limitations stated in sub-section B.1 above. For any given engagement, vendors may be selected based on availability and other relevant factors. The basis for individual selections will be documented.

3. **Emergency**. An emergency procurement is a procurement made:

   a) under a condition creating an immediate threat to operations or funding of MFA, any federal or state program or project, or to any bond issue; or

   b) In response to a natural disaster or other emergency creating an immediate need for housing or housing-related Tangible Personal Property, Services or Program Expenditures and Awards.

   In such conditions MFA may conduct negotiations to obtain the price and terms most advantageous to MFA, with any vendor or vendors that MFA determines to be most capable of delivering the procurement.

4. **Limited Source Procurement**. Limited source procurement is procurement for items or services that are only available from one source or when there are such a limited number of qualified sources for the procurement, as determined under the facts and circumstances of the procurement, that a competitive sealed proposal procedure would be impracticable and therefore competition is determined inadequate. In such conditions MFA may conduct negotiations to obtain the price and terms most advantageous to MFA, with any vendor or vendors that MFA determines to be most capable of delivering the procurement. Limited source procurements may also by utilized in federally funded programs if the federal awarding agency expressly authorizes noncompetitive proposals.

5. **Healthcare/Dental Providers**. In the healthcare industry there are a limited number of similar or like sources to healthcare/dental providers which makes a competitive sealed proposal procedure impractical. So as not to interrupt healthcare/physician/dental services for MFA Employees, MFA may conduct negotiations with the like sources and obtain the price and terms most advantageous to MFA.

6. **Banking Services.** As a financial intermediary with banking requirements similar to those required in a correspondent banking relationship, MFA requires very complex banking services in order to meet the needs of the business. These services would not be available through most banking institutions. In addition, MFA's borrowing needs and primary collateral are very specialized. To ensure an efficient and effective process MFA may selectively seek these services through a strategic request for information (RFI) process and obtain these services on the price and terms most advantageous to MFA.

7. **State Contract**. A state contract procurement is a procurement in which the vendor has an existing procurement contract with the state; the pricing offered by the vendor to MFA is the same as the pricing under the state contract; the same standards and specifications apply; and the quantity purchased does not exceed the quantity which may be purchased under the applicable price agreement.

4. **Approval**. Exceptions described in this sub-section B are to be reviewed and approved according to MFA's Authorizations. ("Exhibit E")

9. **Documentation**. All exceptions to the Procurement Policy will be documented with respect to the justification for the exception as described above. Documentation of RFQs and RFQ responses and the name and address of each contractor, the amount and term the contracts and a list of all Tangible Personal Property, Services or Program Expenditures and Awards under each contract will be maintained on file in accordance with MFA's policy for retention and disposition of records by the department procuring the services.

C. **Procedures**. Procurement of Tangible Personal Property, Services or Program Expenditures and Awards costing $200,000 or more within a given calendar year, and procurements not subject to the exceptions in sub-section B of this policy, are subject to a competitive sealed proposal or "Request for Proposals" (RFP) as follows:

1. **Requests for Proposals (RFPs).** Competitive, sealed proposals will be solicited through an RFP. All RFPs shall include descriptions of:

    a) The Tangible Personal Property or Services to be purchased;

    b) The terms and conditions applicable to the procurement; including the period of time during which Offeror(s)' prices will remain in effect;

    c) The date, time and place where proposals are to be received and reviewed, including a statement that late proposals will not be accepted;

    d) The applicable protest procedures; and

e) The criteria to be utilized by MFA in selecting the successful Offeror(s) and the weight to be attributed to each criterion.

2. **Notices of Funds Availability (NOFAs).** NOFAs will be used in place of RFPs to identify funding opportunities when individual program policies require that the funds be made continually available, and it is anticipated that there will be more funds available than applicants for anyone round of funding. Selection of eligible Offeror(s) will be based on specific factors and criteria identified within the NOFA.

3. **Review**. Final RFPs and NOFAs do not need legal review and approval if approved template has been used prior to publishing.

4. **Resident Business Preference**. For a procurement of goods or services through an RFP process in which the goods or services to be purchased will be purchased with non-federal funds:

   a) If procurement is made through an informal bidding process, including an RFQ, a bid submitted by a Resident Business shall be deemed to be five percent lower than the bid actually submitted;

   b) If procurement is made through an RFP, five percent of the total weight of all factors used to evaluate the proposals shall be awarded to a Resident Business;

   c) If the contract is awarded on a point-based system, a Resident Business shall be awarded the equivalent of five percent of the total possible points to be awarded based on its status as a Resident Business.

   A New Mexico Resident Business, for the purposes of MFA's Procurement Policies, is defined as one in which the majority of the Offeror's employees who would perform the services to be performed pursuant to the relevant procurement reside in New Mexico. If an Offeror is seeking preference points as a New Mexico Resident Business, the Offeror's proposal must include:

   a) Evidence that the Offeror is licensed to do business in New Mexico; and,

   b) A representation that the majority of the Offeror's employees who would perform the services to be performed reside in New Mexico.

5. **Negotiation**. MFA may provide Offeror(s) whose proposals are reasonably likely, in MFA's discretion, to be selected an opportunity to discuss and revise their proposals at any time after submission of proposals and prior to award, for the purpose of obtaining final and best offers. MFA may negotiate with responsive Offeror(s) for award.

6. **Award/Selection**. Offerors whose proposals are most advantageous to MFA, taking into consideration the evaluation criteria set forth in the RFP or NOFA, will be selected according to the current Authorizations. MFA has the discretion to select an Offeror that is most advantageous to MFA even if they do not receive the highest score under the Evaluation Criteria in the RFP or NOFA. Written notice of the selection of the Offeror(s) will be sent to all Offeror(s) as soon as reasonably possible.

7. **Internal Review Committee**. As required by the Delegations of Authority, all proposals for each RFP requiring Board approval will be reviewed by an Internal Review Committee of at least three (3) MFA staff members including the Chair of the Internal Review Committee, who will be responsible for establishing the Internal Review Committee, getting Internal Review Committee membership approval from the Policy Committee, distributing the proposals to the members, setting meeting times, ensuring proposals are scored in a uniform manner, summarizing the scores and presenting the results to the Policy Committee, Board Committee and the Board. From time to time, as needed, one or more reviewers from outside MFA may be invited to participate in the review process. It is also recommended that the Chair of the Internal Review Committee propose an alternate member for approval along with the regular Internal Review Committee members who will score the proposals if another member becomes unavailable to participate in the process.

8. **Contract Requirement**. All awards and funding allocations through a NOFA shall be evidenced by a fully executed contract. All contracts (as to form) require documented legal review.

9. **Responsibility of Offeror(s)**. If an Offeror who otherwise would have been awarded a contract or approved for funding, is not a Responsible Offeror, a determination that the Offeror is not a Responsible Offeror, setting forth the basis of the finding, shall be prepared and the Offeror shall be disqualified from receiving an award. The failure of an Offeror to promptly supply information in connection with an inquiry concerning responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

10. **Irregularities in Proposals**. MFA may waive technical irregularities in the form of the proposal of the Offeror(s) selected for award or approved for funding if such irregularities do not alter the price, quality or quantity of the Services or Tangible Personal Property offered.

11. **Protest Procedure for RFPs.**

   a) An Offeror may protest the selections in accordance with the provisions of the RFP. In general, the protest must be submitted in writing to MFA, within five (5) business days after the notice of award. The protest must be written and addressed to the Contact Person listed in the RFP.

   b) The Contact Person shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the Protest.

   c) The Offerors receiving notice may file responses to the protest within five (5) business days of notice of the Protest.

   d) The protest is then heard by the applicable Board Committee. The Board Committee's recommendation is then taken to the full Board for approval.

   e) MFA will issue a notice of determination relating to the protest within a reasonable period of time after submission of the protest. The determination by MFA shall be final. No appeal of the determination of the protest shall be allowed.

   f) Offerors and Members of MFA Board of Directors shall not communicate regarding a pending offer or award until the protest period has expired or, in the event there is a protest, until the protest is decided by the Board.

12. **Documentation**. Thorough documentation of all RFPs will be maintained on file by the department procuring the services in accordance with MFA's policies on retention and disposition of records.

D. **Reimbursement of Travel Expenses**. Reimbursement of successful Offeror(s)' travel expenses will be consistent with MFA travel reimbursement policies.

E. **Third-Party Code of Conduct**. All Offerors shall agree to conduct themselves in a manner consistent with MFA's Third-Party Code of Conduct. This code of conduct will be included in all RFP and RFQ solicitations and will require signature and submission as part of the Offeror's submittal. See Exhibit F.

F. **Multiple Small, RFQ and RFP Purchase Selections**. Services and/or Tangible Personal Property purchases of the same nature cannot be artificially divided between multiple service providers or vendors to constitute a small, RFQ or RFP purchase as established in this policy.

G. **Procurement Utilizing Federal Funds.** All procurement activities involving the expenditure of federal funds must be conducted in compliance with the Procurement Standards codified in Uniform Guidance, 2 C.F.R. Part 200.317 through 200.326 as well as Part 200.327 which addresses contract provisions.

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

H. **Definitions**

"Authorizations" means the delegations of review and decision-making authority to staff, Board committees and the Board of Directors, as approved by the Board from time to time (see Exhibit E).

"Notice of Funding Availability (NOFA)" is a notice describing the type of funding available on a first come first serve or competitive basis.

"Offeror" is the person or entity who submits a response to an RFQ or RFP.

"Request for Proposal" or **"RFP"** means all documents, including those attached or incorporated by reference in the Request, used for soliciting proposals.

"Request for Informal Bids," "Request for Qualifications" or **"RFQ"** means all documents, including those attached or incorporated by reference in the Request, used for soliciting bids under part 3.1.B.2 above.

"Responsible Offeror" means an Offeror who submits a responsive proposal to an RFP, RFQ or informal bid and who has furnished, when required, information and data to prove that their/his/her financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the Services or Tangible Personal Property described in the proposal.

"Responsive Offer" means a proposal which conforms in all material respects to the requirements of an RFP, RFQ or informal bid. Material respects of an RFP, RFQ or informal bid include but are not limited to price, quality, quantity, or delivery requirements.

"Responsive Offeror" means a person who has submitted a Responsive Offer.

"Services" means the furnishing of labor, time or effort by a contractor not involving the delivery of a specific product, other than reports and other materials, which are merely incidental to the required performance.

"Tangible Personal Property" means physical property including furniture, fixtures, equipment, and supplies.

I. Disposition or Sale of Tangible Goods

Upon Management's determination that it is in MFA's best interest to sell or dispose of personal property or other tangible goods, the following steps will be taken and documented:

1. Management may authorize the sale of the property or goods at either:

    a) Public auction, or

    b) Through bids requested in newspaper and/or Internet advertisement/auctions, in which event comparable goods will be priced to determine current fair market value, and the fair market value will be used as the minimum bid; Employees may respond, and the award will be based on the highest bid received; or Management may negotiate the saleof the property or goods to a public school or other public entity;

2. Management may negotiate the sale of the property or goods, or the donation of the property or goods, to a non-profit organization that has as its primary purpose the provision of affordable housing or the aid of indigent persons; or

3. Upon Management's determination that the goods or property have no resale value, Management may have the property or goods destroyed.

The Board shall be provided notice through the Staff Action Report of the disposition of all property and goods sold or donated.

SECTION 4 - PROGRAM POLICIES

The MFA Board will, from time to time, promulgate and approve formal Program Policies for all ongoing Programs. A complete and updated list of MFA's programs may be found on MFA's website at www.housingnm.org under the Resource tab. The policies and procedures for ~~the following~~ MFA's programs are incorporated into this manual by reference.

~~A. FirstHome~~
~~B. NextHome~~
~~C. HOME Single Family Development~~
~~D. HOME Rental~~
~~E. Risk Sharing~~
~~F. Partners~~
~~G. Mortgage$aver~~
~~H. Primero Investment Fund~~
~~I. Low Income Housing Tax Credits/Qualified Allocation Plan (QAP)~~
~~J. HERO~~
~~K. Land Title Trust Fund~~
~~L. New Mexico Housing Trust Fund~~
~~M. New Mexico Affordable Housing Tax Credit~~
~~N. HOME and Community Development Block Grant – House by House Rehab~~
~~O. HOME Rehab~~
~~P. Energy$avers~~
~~Q. Energy$mart~~
~~R. Neighborhood Stabilization Program~~
~~S. Tax Credit Assistance Program~~
~~T. Tax Credit Exchange Program~~
~~U. National Housing Trust Fund~~
~~V. Veteran's Home Rehabilitation Pilot Program~~
~~W. Linkages~~
~~X. HOPWA~~
~~Y. Preservation Revolving Loan Fund~~
~~Z. Ventana Fund~~
~~AA. Emergency Services Grant (ESG)~~
~~BB. Youth Homeless Demonstration Program~~
~~CC. Continuum of Care (COC)~~
~~DD. Recovery Housing Program~~
~~EE. Homeowners Assistance Fund~~
~~FF. Other Board-approved programs.~~

4.1 Single Family Mortgage Loans

MFA has a legitimate, recognized interest in fostering its public purpose as set forth in Section 58-18-2 of the Mortgage Finance Authority Act, in limiting assumptions of its loans to those persons whom the New Mexico Legislature intended to benefit by establishing MFA's public purpose of providing homeownership to persons of low or moderate income who intend to occupy the home as a principal residence.

A. **Transfer/Assumption**. Single Family Mortgage Loans may be transferred to or assumed by another person so long as the following criteria, among other applicable program requirements and policies, are satisfied:

1. The transferee/assumptor is a “person of Low or Moderate Income" as defined in the single family, homeownership programs.

2. The transferee/assumptor intends to occupy the mortgaged property as the principal residence of the transferee/assumptor and does so occupy the mortgaged property for a period of time not inconsistent with such intent.

B. **Occupancy Waiver**. A borrower or assumptor faced with financial hardship may be forced to vacate the mortgaged property within six months of closing but may do so only with a written owner occupancy waiver from MFA. The criteria for granting such a waiver are as follows:

1. Adverse change in the borrower’s employment status (i.e., transfer, layoff, demotion);

2. Adverse change in marital status (i.e., divorce or death of spouse); or

3. Serious illness affecting borrower or borrower’s family.

4. Other extenuating circumstances in which a financial hardship has been created on the borrower upon discretionary review by the Executive Director/CEO or Chief Officer(s).

The Executive Director/CEO or the Chief Officer(s) have the authority to approve or deny a request for a waiver of the owner-occupancy requirement. If approved, the waiver will have a term of no more than six months unless later extended. The Executive Director/CEO or Chief Officer(s) may also require the borrower to market the property for sale.

Once the borrower has occupied the property for six months, MFA’s permission to vacate is no longer required unless otherwise restricted by grantors and/or federal regulations.

4.2 Single Family and Multifamily Acquired Properties (Real Estate Owned “REO”)

Occasionally MFA acquires ownership of “real” property through judicial foreclosure action or acquires ownership by accepting a deed-in-lieu of foreclosure (DIL). Multifamily and Single Family Development foreclosures or accepting a DIL requires the Board to be given notice through the Staff Action Report. After MFA acquires title to the property, a market valuation is obtained (unless MFA has obtained a market valuation in the preceding six months)to estimate MFA’s ***projected loss amount*** (unpaid principal balance plus accrued interest, escrow advances, fees, and other costs; less projected sales proceeds) based on the current property value.

Upon determination of the current market value, staff will obtain necessary approvals[4] based on the resulting ***projected loss amount*** to move forward with the marketing and sale of said property.

The purpose of obtaining approval based on ***projected loss amount*** is to provide MFA staff authorization to list the property at a sale price in line with the current market value. Without required approval prior to listing, the approval process will likely delay MFA’s ability to negotiate a sale and may result in lost opportunities to sell and additional REO holding cost to MFA.

---

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

A. **Disposition**. In disposing of said properties, the staff will select a qualified real estate broker; obtain his/her written opinion of the properties' value or an appraisal from a qualified independent fee appraiser[5]. An appraisal is required when the value of the property is 80% or less of MFA's exposure (including cost of repairs and improvements, net of anticipated hazard and/or mortgage insurance claim proceeds). In addition, MFA staff may utilize an auction service provider for the disposition of REO properties. The property disposition strategy is to market properties in such a manner as to:

1. Maximize recovery to MFA by obtaining the highest net realizable value, considering the cost of repairs or improvements and their anticipated effects on marketing time, other liens, maintenance, holding costs and local market conditions.

2. Maximize the benefits available under any policy or policies of mortgage insurance or loan guarantees.

3. MFA will make reasonable efforts to dispose of REO properties quickly and in accordance with MFA's affordable housing mission. However, in order to expedite the disposition of a property, investor sales offers will be considered.

4. MFA staff will manage the property and the sale of the property in accordance with Investor[6] and regulatory requirements including oversight of MFA's sub-serviced REO properties. Regarding multifamily properties, MFA will ensure compliance with special affordability requirements and terms of the multifamily loan documents.

5. MFA staff must obtain prior approval[7] for repairs or improvements to REO properties.

6. After sale or final disposition of the property, MFA staff will report actual gains or losses to the Board. Losses under $100,000 will be reported to the Board through the Staff Action Report and losses greater than $100,000 must be approved by the Board.

7. MFA Management will have the authority to negotiate terms and approve final disposition of REO property.

B. **Reporting.** MFA staff will provide total REO inventory and exposure on a quarterly basis and a complete REO portfolio update on an annual basis to the Board.

4.3 Single Family Second Mortgage Default, Foreclosure, and Deeds in Lieu of Foreclosure (DIL), Short Sales, and Bankruptcies

A. **Down Payment Assistance**. MFA offers several ~~currently has ten types of~~ down payment assistance (DPA) loans. For a complete and updated list of DPA loan programs, please consult MFA's website at www.housingnm.org. ~~:~~

~~1. First*Down*~~

---

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

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

[7] Exhibit E, Policies & Procedures Manual – Delegations of Authority: Programmatic-Related Losses

~~2. Next*Down*~~
~~3. HELP~~
~~4. Payment$aver~~
~~5. Helping Hand~~
~~6. Take 5~~
~~7. MortgageBooster~~
~~8. Home*Now*~~
~~9. HERO~~
~~10. Tax Credit Loan Program~~

B. **Down Payment Assistance Loan Defaults**. The following procedures will be followed to maximize recovery and minimize MFA's potential exposure when the DPA loan defaults. All legal notificationsand/or proceedings will be forwarded to and handled by MFA's Mortgage Servicing legal counsel regardless of loan balance.

1. General Fund DPA Loans (Amortizing Loan). As described in MFA Single Family program policy, a default of MFA's first mortgage triggers a default on MFA's second mortgage DPA loan. MFA will be informed of such default by the first mortgage Servicer and/or legal notification (i.e., Complaint for Foreclosure). Upon notification, MFA will forward appropriate documentation to its Mortgage Servicing legal counsel to Answer or Disclaim MFA's interest. The decision to Answer or to Disclaim will be determined by MFA staff afterevaluating exposure, loan to value, legal fees, and the likelihood of collection.

2. DIL/Short Sales. MFA's general fund does not bear a loss on the foreclosure of first mortgages funded with the proceeds of the sale of bonds which have been securitized by a MBS. Under the whole loan programs (first mortgage with pre-1994 bond issues) the bond issue will generally incur a loss of $1,500 - $2,000 on an FHA, VA or RHS first mortgage foreclosure. This should be taken into consideration while evaluating the exposure. Therefore, MFA's only concern is the exposure on the General Fund DPA loan. Accordingly,releasing the General Fund DPA loan to accommodate a DIL or Short Sale on the first mortgage will not be automatic. MFA staff should work with the first mortgage Servicer to mitigate the exposure of loss on the property.

3. HomeNow, Payment$aver, Helping Hand, and Other federally-funded DPA Loans. MFA will take the same approach with all federally funded DPA loans as it does with General Fund DPA loans. Although they are not funded with General Fund monies, MFA must proceed with due diligence and continued collection efforts and ensure compliance with all applicable program regulations to avoid repayment of funds or audit issues.

   DPA loan write-offs and foreclosure approvals[8] will be handled consistent with MFA's Delegations of Authority.

C. **First Mortgage Procedures.** MFA follows the foreclosure guidelines[9] of the U.S. Department of Housing and Urban Development ("HUD") and complies with all state and federal regulatory requirements.

1. **MBS Program**. MFA does not bear any loss on the foreclosure of the first mortgage. Therefore, MFA's only concern is the exposure on the General Fund DPA loan. Accordingly, releasing the General Fund DPA loan to accommodate a DIL or Short Sale on the first

---

[8] Exhibit E, Policies & Procedures Manual – Delegations of Authority: Programmatic-Related Losses and Foreclosures and DIL

[9] Timelines and Regulatory Requirements

mortgage is not normally an option.

Upon notification of foreclosure, foreclosure complaint filed by the Servicer and MFA being served (as second lien holder), MFA will notify its Mortgage Servicing legal counsel to respond to the complaint. Staff will send out demand letters as appropriate and determine the amount of equity in the property by reviewing one or more readily available valuation models and calculating current loan to value to determine the amount of equity.

a) **Options**

1) If the review shows sufficient equity to cover principal and interest balance of the first mortgage, principal, and interest balance of the second mortgage, repairs and an additional 10% to cover selling costs, MFA will then bid the amount of the first and second mortgage plus interest and expenses, or take the property into REO, repair and market for sale.

2) If the review shows insufficient equity to cover the principal and interest balance of the first mortgage, principal, and interest balance of the second mortgage, repairs and an additional 10% to cover selling costs, MFA will proceed to evaluate its legal remedies in the foreclosure action, including an assessment of whether MFA should disclaim its interest. The decision to participate in the foreclosure proceeding or to disclaim will be determined by MFA staff after evaluating exposure, loan to value, legal fees, and the likelihood of collection.

2. **Whole Loan Program**. The same procedures outlined above should be followed while keeping in mind that MFA would bear a portion of the loss on the foreclosure due to additional un-reimbursable expenses on government loans. DIL or Short Sales can and should be considered in cases when the exposure on pursuing a foreclosure is greater. Each loan will be different and will be analyzed individually, keeping in mind our goals of maximizing recovery to MFA and minimizing our potential exposure.

D. **Multifamily Mortgage Procedures.** MFA follows HUD's foreclosure guidelines and complies with all state and federal regulatory requirements; however, staff will be required to inform the Board of any delinquencies exceeding 120 days via the Watchlist.

4.4 Nonaccrual Status of Delinquent Single Family and Multifamily Mortgage Loans

The mortgage loan system automatically accrues interest on all mortgage loans. Once mortgage loans are 90 days or more delinquent, they will be placed on nonaccrual status and interest income will not be recognized. The collection of interest on loans which are on nonaccrual status is considered doubtful.

4.5 Single Family Second Mortgage Write-Offs

MFA General Fund Second Mortgage loans normally go into default as a result of a first mortgage foreclosure, short sale, or deed in lieu. All legal notifications and/or proceedings naming MFA are handled by MFA's Mortgage Servicing Legal Services Attorney. The Attorney will act on MFA's behalf to protect our interest in the property.

A. **Foreclosure**. When the first mortgage loan is disposed through foreclosure, staff will receive notice and documentation from the attorney of the final outcome of the foreclosure with a recommendation to close MFA's case.

B. **Short Sale**. Through mortgage industry defined loss mitigation initiatives, the borrower will have the opportunity to sell the property in order to avoid foreclosure. In most instances, the amount of the sales proceeds will not be sufficient to repay MFA's Second Mortgage in full. The first mortgage lender will contact MFA to obtain an approval to accept less than the total amount due and release MFA's lien in order to proceed with the sale.

C. **Deed in Lieu**. In order to avoid foreclosure, the borrower may opt to deed the property back to the first mortgage lender. In order to exercise this option, all subordinate liens must be removed prior to the acceptance of the deed in lieu by the first mortgage lender. The first mortgage lender will contact MFA to obtain approval to accept less than the total amount due and release MFA's lien to accept the deed in lieu.

Once any of the aforementioned actions has been completed, staff will prepare a write-off recommendation for the remaining unpaid principal balance and include the reason for write-off. The recommendation will be presented to the Write-off Approval Committee. Write-off approvals will be handled consistent with MFA's Delegations of Authority.

4.6 Single Family DPA Non-Performing Loan Write-Offs.

Non-performing loans for MFA's purposes are defined as second mortgage DPA loans upon which the borrower has not made his or her scheduled payments for at least eighteen (18) months and all collection efforts have been exhausted. A non-performing loan is not in any stage of legal action (i.e., foreclosure or bankruptcy) or in review for short sale or deed in lieu.

A. Once an MFA second mortgage loan is deemed non-performing, the likelihood that it will be repaid in full are considerably low. However, because these loans are secured by the property, MFA holds a lien on the property which will remain in place until the debt is settled with MFA.

B. Staff will periodically evaluate Second Mortgage loans that fall under the definition of a non-performing loan. Staff will prepare a write-off recommendation for the remaining unpaid principal balance and include the default status and the reason further collection efforts are futile.

The recommendation will be presented to the Write-off Approval Committee. Write-off approvals will be handled consistent with MFA's Delegations of Authority.

4.7 Single Family HOME Program Loan Write-offs

MFA will take the same approach with HOME funded second mortgage loans as it does with General Fund Second Mortgages. Once a foreclosure, short sale or deed in lieu has been completed, staff will prepare a write-off recommendation for the remaining unpaid principal balance and include the reason for write-off.

The recommendation will be presented to the HOME Program Manager for approval. Write off approvals will be handled consistent with MFA's Delegations of Authority.

4.8 Allowance for Loan Loss and Contingent Liabilities – Single Family and Multifamily Portfolios

The purpose of the Allowance for Loan Loss Policy is to maintain a systematic, approved approach to calculate an Allowance for Loan Loss reserve to fully cover losses incurred in all loan categories within each portfolio and to emphasize to MFA's Management its significant responsibility to maintain a satisfactory allowance.

Per the Governmental Accounting Standards Board (GASB) Statement 62 if ultimate recovery of the carrying amount of a mortgage loan is doubtful and the impairment is considered to be other than temporary, the carrying amount of the loan should be reduced to its expected collectible amount. Accounting literature provides guidance that the use of historical statistics, present value of future cash flows, a loan's observable market price, or the fair value of the collateral are all valid methods for measuring the impairment.

A. On at least an annual basis, Management will conduct a thorough analysis of all loan portfolios to determine whether there is any risk of loss. A reserve will be recorded in accordance with generally accepted accounting principles. Consideration factors included in the analysis of each portfolio may include:

    1. Historical loss rates based on a three year look back period
    2. Delinquency history on individual or groups of loans
    3. Property valuation reports
    4. Current Loan to Value
    5. Specialized portfolio analysis
    6. Specific Reserves
    7. Consideration of characteristics inherent to individual portfolios
    8. Consideration of any current economic developments that may affect the portfolio. In addition, Management will review the loan portfolio delinquency and impairment at leastquarterly. Adjustments to the allowance for loan loss will be made as needed based on information available to Management.

B. Loan Portfolios addressed and methodologies used are summarized as follows:

    1. **Single Family Whole Loan Portfolios**: The historical loss rate is used to estimate reserve; if there were no losses incurred during the look back period, no reserve is necessary.
    2. **Multi-Family Portfolios (excluding Risk Sharing Loans):** The historical loss rate is used to estimate reserve; delinquencies are reviewed for the last twelve months and specific identification of impaired loans is reserved.
    3. **Real Estate Owned ("REO")**: The reserve amount is based on the difference between current book value and current property valuation reports. The property valuation reports include Broker's Price Opinion ("BPO"), Broker's Opinion of Value ("BOV") or appraisal; are current within two years; and are prepared by third parties.
    4. **Risk Sharing Loans**: The historical loss rate is reviewed; financial analysis is performed to determine Net Operating Income ("NOI") Value and Liquidation Value and specific identification of impaired loans is reserved.
    5. **Down Payment Assistance ("DPA") Loan Portfolios**: The historical loss rate is used to estimate reserve, except if the first mortgage is non-performing or in foreclosure/bankruptcy. The reserve will be updated monthly because this is an originating portfolio that fluctuates monthly. For non-performing loans (defined in section 4.6) and loans with the first mortgage in foreclosure/ bankruptcy, 100% of the outstanding loan balance is impaired and is reserved. Given the risk and economic conditions surrounding the DPA portfolio, the loan loss will be adjusted semi-annually for loans with the first mortgage in foreclosure/bankruptcy.

C. **Contingent Liabilities**: Occasionally, circumstances in other areas of MFA operations may arise that necessitate a specific reserve to be established. For example, funds on housing programs may be disbursed inappropriately by a sub-recipient, but MFA still bears responsibility for the return of the funds to the funding agency. As soon as these situations are recognized, a specific reserve must be established on MFA's books. All potential liabilities of this nature must be reviewed and disclosed, at minimum, on an annual basis.

D. **Peer Group Comparisons:** As a benchmark, the overall MFA allowance for loan loss as a percentage of loan balances should be compared to a representative Housing Finance Agency and the banking industry for reasonableness.

E. **Review/Approval:** The Allowance for Loan Loss analysis for all portfolios is prepared by Accounting Department staff, with support by Housing Development Department staff for the multifamily portfolio. The methodology and results are then reviewed by the Loan Loss Allowance Committee consisting of the Controller, the Director of Servicing, and the Director of Housing Development. The Chief Financial Officer acts as a reviewer and approver before any changes recommended by the Loan Loss Allowance Committee are then submitted for final review and approval by the Policy Committee. Upon completion of the annual loan loss analysis, MFA staff will present to MFA's Contracted Services Committee for review along with REO valuation adjustments.

SECTION 5 - AUDITING POLICIES AND PROCEDURES

5.1 External Auditing Policy Statement

An external audit by an independent firm is conducted annually. The external audit will consist of 1) an audit of the financial statements for the fiscal year ended September 30th conducted in accordance with auditing standards generally accepted in the United States of America, Generally Accepted Government Auditing Standards (GAGAS), and 2.2.2 NMAC Audit Rule (available at www.saonm.org) issued by the New Mexico Office of the State Auditor; 2) a Federal Single Audit for the fiscal year ended September 30th conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and Office of Management and Budget (OMB) 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and 3) GNMA Compliance Reports conducted in accordance with US Department of Housing and Urban Development requirements. All reports will be delivered within one hundred twenty (120) days after fiscal year end, except where an extension has been granted by the agency requiring the audit.

In accordance with GAGAS, in all matters relating to the audit work, the auditor must be free from personal, external, and organizational impairments to independence and must avoid the appearance of such impairments of independence. Auditors and audit organizations must maintain independence so that their opinions, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by objective third parties with knowledge of the relevant information. Audit organizations must not provide non-audit services that involve performing management functions or making management decisions and audit organizations must not audit their own work or provide non-audit services in situations in which the non-audit services are significant or material to the subject matter of the audits.

In order to best serve the interests of MFA and its constituents, the following criteria for required auditor rotation will apply: 1) an audit firm is prohibited from conducting the external audit for a period of two years if the firm has provided external audit services for eight consecutive years; 2) a firm that has undergone a merger or acquisition will be determined to be a new firm for the purposes of the rotation requirement if it fulfills the requirements of the State Audit Rule.

MFA Finance Committee serves as the Board's Audit Committee and is tasked with providing regular oversight of the external audit process. The external auditor is required to conduct an Entrance Conference concurrent with the start of fieldwork with the Finance Committee. As per Statement on Auditing Standards (SAS) No. 114, The Auditor's Communication with Those Charged with Governance, the external auditor is required to keep the Finance Committee informed throughout the process of relevant audit issues including audit progress, threats to established timelines, potential audit findings, potential audit adjustments, and significant pending items. At the conclusion of the audit, the external auditor conducts an Exit Conference with staff and the Finance Committee where the draft audit and related reports are discussed. After the Office of the State Auditor releases the audit to the public, the final audit and related reports are presented by the external auditor and staff to the full MFA Board for approval. Management is responsible for addressing and clearing audit findings on a timely basis.

5.2 Internal Auditing Policy Statement

The Internal Audit function's framework shall closely adhere to the Institute of Internal Auditors *Standards for the Professional Practice of Internal Auditing, Consulting Standards* issued by the American Institute of Certified Public Accountants or other relevant professional standards. Audit emphasis shall be placed on areas within MFA perceived to be of significant financial or operational risk to provide the greatest service to MFA. The Internal Audit's function activities shall be conducted in a professional manner with a mission of performing quality audits that provide factual, comprehensive results and promote more effective operations throughout.

5.3 Internal Audit Statement of Purpose, Authority and Responsibility

A. **Purpose**. The function of the Internal Audit is to provide an independent appraisal activity within the organization as a service to Management and the Board of Directors through the Finance Committee. The Internal Auditor assists Management in managing risks effectively in order to sustain operations and achieve business objectives by evaluating, monitoring, and reporting on:

   1. The adequacy of accounting, financial and operating controls;

   2. The efficiency and effectiveness of uses of the organization's resources;

   3. The reliability of information provided to Management;

   4. Compliance with established bylaws, policies, procedures, governmental regulation, and program requirements;

   5. The presence of or possibility of potential matters of business risk, fraud, theft, mismanagement, and other similar irregularities; and

   6. Management's action with respect to correcting previously reported deficiencies.

B. **Authority**. The Internal Auditor has neither the responsibility nor authority for management of operating activities but is expected to maintain a sound working relationship with managers who do have such responsibility and authority. The working relations with departmental and other operating units should be directed toward a full understanding of the benefits of having Internal Auditor evaluations and consultation regarding:

   1. Contemplated, as well as executed, business transactions, contracts and operating activities;

   2. The adequacy, effectiveness and efficiency of existing controls, systems and procedures;

   3. Contemplated changes or revisions to systems and procedures;

   4. Organizational and structural changes; and

   5. Status of compliance with established policies and procedures.

C. **Responsibility**. The aforementioned Internal Auditor evaluations and consultations are for the purpose of providing meaningful recommendations and information to Management, thereby maximizing the benefit of the Internal Audit function. In order to maintain its objectivity and independence, the Internal Audit function must not:

   1. Take responsibility or authority for the implementation of such recommendations; or

   2. Be performed by MFA's current External Auditor.

5.4 Annual Internal Audit Planning Procedures

A. The purpose of this procedure is to provide guidelines for the preparation of the annual internal audit plan. The planning process shall be performed by Internal Audit with input from Management, the Finance Committee, and the Board of Directors. Proper planning will help to ensure that all major areas of known risk or other areas of concern are evaluated for audit coverage in the annual plan.

B. It is anticipated that events may occur during the year resulting in special requests by Management or the Board of Directors that the Internal Audit perform specific reviews or other procedures. Such requests may take priority over items on the annual audit plan.

C. In coordination with MFA's Compliance Officer, Internal Audit will conduct annual enterprise risk management assessments and prepare a Risk Assessment Report that:

   1. Identifies the areas of risk and ranks the risk as low, medium or high;

   2. Identifies the reasons each area is considered to be at risk; and

   3. Identifies a proposed audit focus based on the Risk Assessment Report.

D. Internal Audit will prepare a proposed audit plan including projected hours to complete each audit area being considered for the year. This proposed audit plan shall be prepared considering the following:

   1. The direction from the Finance Committee after review of the Risk Assessment Report;

   2. New programs and/or functions;

   3. Electronic data processing system changes or additions;

   4. Strategic and emerging risks identified during the annual enterprise risk management assessment;

   5. Prior audits completed and their results; and

   6. Other information obtained during the current audit period.

E. The proposed audit plan will consider and take into account Management's views regarding risk of the proposed audit areas, timing of the proposed audits, and additional areas that may warrant review in the upcoming year.

F. The proposed audit plan will be presented to the Finance Committee for its review and input. Once the Finance Committee has approved the proposed annual audit plan, it shall be presented to the Board of Directors along with the Risk Assessment Report for final approval.

G. Any changes made to the annual audit plan during the year shall be reported to and approved by the Finance Committee and Board of Directors.

5.5 Procedures for Initiation of an Audit

A. The purpose of the following procedure is to provide general guidelines that will assist Internal Audit in the process of starting an audit project. MFA Management and staff should be informed of the nature and timing of audit activities.

B. Internal Audit will make every effort to facilitate audit work in a manner that will result in the least amount of disruption to personnel and/or functions audited.

C. Prior to the start of an audit segment, Internal Audit will contact the Compliance Officer and schedule an opening meeting with Policy Committee, the Controller, and the manager responsible for the area under audit to communicate audit objectives. Internal Audit will also explain the extent to which assistance may be required and the types of information necessary to complete the audit.

D. If the anticipated start date of the audit conflicts with planned activities or personnel schedules in the area to be audited, every effort should be made to reschedule the start date of the audit or the timing of audit procedures to be performed.

5.6 Issuance of Internal Audit Reports

A. This procedure provides a general description of the process by which audit reports will be issued. This process ensures that Management is aware of the information in the audit report prior to its presentation to the Finance Committee or the Board of Directors and allows for Management to provide responses to recommendations made in the report.

B. The results of the audit shall be discussed with Policy Committee, the Controller, and the manager or Employee primarily responsible for the area under audit upon completion of an audit segment. This step allows the manager or Employee to correct any misunderstandings by the internal auditor or erroneous information prior to finalizing the internal audit report.

C. A summary of findings and recommendations will be provided to Management. This summary communicates all findings whether reportable or not, to Management for their information.

D. Management will provide responses to findings and recommendations made and will also ensure that any findings are correctly stated. Internal Audit will work closely with Management to arrive at responses that are workable for Management but also address adequately the underlying concern.

E. A draft of the audit report shall be provided to Management prior to issuance of the final report. This step allows for Management input or comments on the report prior to presentation to the Finance Committee or the Board of Directors.

F. The final audit report shall be issued to Management and the Board of Directors through the Finance Committee.

G. Internal Audit will provide Management with a schedule of open items and their disposition. Internal Audit will update this schedule at least annually.

5.7 Internal Audit - Reporting to the Finance Committee and the Board of Directors

A. The purpose of this procedure is to define the nature and timing of internal audit reporting to the Finance Committee and the Board of Directors. Internal Audit must keep the Finance Committee and the Board of Directors informed of the results and the status of internal auditing activities.

B. Internal Audit shall provide a copy of all internal audit reports issued to the Finance Committee members at their monthly meeting as the reports are issued.

C. Internal Audit shall provide a status report of the internal auditing activities to the Finance Committee from time to time at their monthly meetings. This report will indicate the status of internal audits, which are in process or have been undertaken since the previous status report, and the status of hours incurred vs. budgeted hours.

D. Internal Audit shall provide an annual summary of internal auditing results and activities completed for each fiscal year, and an analysis of the completion of the Annual Audit Plan for that fiscal year. This report shall be presented to the Finance Committee and the Board of Directors at their monthly meetings immediately following the end of the contract.

E. Internal Audit shall have the freedom to contact the members of the Finance Committee or the Board of Directors should the need arise at times other than those noted above.

5.8 Internal Auditing Working Papers

A. Completed working papers shall be kept by the Internal Audit firm. If appropriate, copies may bemade available for Management, external auditors, legal counsel, or third parties.

SECTION 6 – REQUESTS TO INSPECT DOCUMENTS

A. Although MFA is not subject to New Mexico’s Inspection of Public Records Act (Sections 14-2-1 to -12, NMSA 1978), these procedures are modeled after that statute. When a request to inspect MFA records is received, the following procedures apply.

B. All requests shall be immediately directed to MFA’s custodian of records who will communicate with the requesting party to coordinate the appropriate response and delivery of records in the same medium in which the custodian received the request. The custodian may provide an additional response to the same request in any other medium the custodian deems appropriate.

C. A written request, if requesting copies of records for delivery by mail, must have the name and postal service mailing address of the requestor. All requests must provide the telephone number of the requestor and shall identify the records sought with reasonable particularity.

D. MFA has fifteen (15) calendar days from the receipt of a written request within which to produce the records requested or inform the requester that additional time will be needed to respond to the request. The custodian of records will notify the requestor within three days of receipt of the request of the day the records will be produced, or if the records are either not in thepossession of MFA or are exempt under the law from the right of public inspection. If MFA staff or the custodian of records deems the request excessively burdensome or broad, the custodian of records will notify the requestor that additional time to processthe request will be necessary**.** Inspections of records at MFA offices shall be by appointment only.

E. At its discretion, MFA may charge a reasonable reproduction fee, not to exceed $1.00 per page for documents eleven inches by seventeen inches or smaller, for reproduction of paper copies of public records requested. In addition, MFA may charge for reproducing in electronic format any public records requested. These fees will be charged in advance and a receipt will be given. In addition to a reproduction fee, MFA will charge a reasonable mailing fee, if applicable, not to exceed MFA’s actual cost of mailing public records requested. It is MFA’s standard practice to provide public records in the form in which they exist at the time of the request.

F. If the custodian of records denies a written request, he or she will provide the requestor a written denial within fifteen (15) calendar days of receiving the request, stating the reason for the denial of the records sought. The denial will be emailed, mailed, or delivered to therequestor within fifteen (15) calendar days after the written request was received.

G. MFA may redact personal identifier information as provided for in the New Mexico Inspection of Public Records Act and pursuant to other state and federal law.

EXHIBIT A

DISCLOSURE STATEMENT

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

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

Date: ______________________________

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

The following is a list of all Businesses in which either I, or a Family Member, have a Financial Interest (as defined in the Code of Conduct) which are engaged or proposing to engage in a Transaction with MFA. If the answer is **"none"**, please write **"none"**.

Name of Business:

____
____
____
____

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

____
____
____
____

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

____
____
____
____

Signed: ______________________________

NOTE: Use additional sheets as necessary.

EXHIBIT B

FUNDING COMMITTEE DISCLOSURE STATEMENT

To: **NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) - HOUSING DEVELOPMENT**

From: ____
(Funding Committee Member)

Date: ____

RE: [insert funding year] of the [insert name of funding program or trust]

The undersigned __[insert name of Funding Committee] _member states that he/she has read and understands the New Mexico Mortgage Finance Authority Code of Conduct and that the information provided below is, to the best of his/her knowledge and belief, accurate and complete in all respects, as of the date hereof.

Attached is a list of all entities that have submitted an application in the [insert funding year] funding round of the [insert funding program or trust name].

Of the entities listed above, which are applicants to the [insert funding year] funding round of the [insert name of funding program or trust], I, or a Family Member (as defined in the Code of Conduct), have a Financial Interest (as defined in the Code of Conduct) in the following. If the answer is "none", please write "none".

Name of Business:

Signed: ____

NOTE: Use additional sheets as necessary.

EXHIBIT C

MULTIFAMILY BOND DISCLOSURE STATEMENT

To: **NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) - HOUSING DEVELOPMENT**

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

Date: ____

RE: **Multifamily Housing Bonds [insert program name(s) and project] Series__ and**
Multifamily Housing Bonds [insert program name(s) and project] Series_

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

The following is a list of all Businesses in which either I, or a Family Member, have a Financial Interest (as defined in the Code of Conduct) which are engaged or proposing to engage in any transaction or enterprise financially related to or in any manner connected with the Multifamily Housing Revenue Bond issue cited above. If the answer is **"none"**, please write **"none"**.

Name of Business:

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

The undersigned Member, Management, or Employee acknowledges that **it is his/her responsibility to update this Disclosure Form within forty-five (45) days** of the date that he/she acquires an interest in MFA program or transaction as described above or learns of a Family member having or acquiring an interest in MFA program or transaction, as described above.

Signed: ____

NOTE: Use additional sheets as necessary.

EXHIBIT D

CONFIDENTIALITY AGREEMENT

I, ____, presently employed by or currently accepting employment with MFA do hereby accept, consent, and agree to be subjected to the following as a condition of employment:

I understand that during the course of my employment, I may acquire knowledge of confidential and proprietary information, including but not limited to, confidential work product of MFA as well as personally identifiable information (PII) as defined in Section 1.3.J of this manual; any personnel records about any former or current MFA employee; any personal information about any Member, contractor, or sub-grantees, including financial information. This information is confidential and proprietary in nature. I acknowledge that this proprietary and confidential information may not be disclosed to anyone, either inside or outside the scope of my employment, without the specific permission from a member of Management.

I agree not to remove any confidential or proprietary records, files, reports or other confidential or proprietary information from the workplace without prior permission from a member of Management. I agree that no records, files, reports, or other documents may be photocopied, hand copied, or copied electronically for removal from the workplace without the prior written permission from my immediate supervisor. If my immediate supervisor is not available, I must follow the chain of command to obtain approval.

I understand and agree not to divulge to anyone any confidential and proprietary information regarding MFA or any employee, representative, or consultant to this facility, including financial, internal records, reports, investigations, disciplinary matters, and other similar items.

I agree not to use any information obtained through any of MFA's computer systems, software programs, databases, etc. for personal gain or for any purposes other than in conjunction with the performance of my duties. Further I agree not to share confidential or proprietary information obtained through any of MFA's computer systems, software programs, databases, etc. with anyone not employed by MFA. I agree that any confidential information obtained will be shared only with those employees who, by nature of their position(s), should be informed.

I further understand and agree that should my employment cease for any reason, any breach of this Confidentiality Agreement, prior to or after my termination, may result in the filing of a cause of action against me by my employer and that MFA shall have the right to injunctive relief, with no need to post a bond, as well as any other existing rights or relief.

I agree that I am signing this Confidentiality Agreement with full knowledge that any breach of the preceding will be reasonable grounds for immediate disciplinary action being taken against me, up to and including the termination of my employment.

This agreement is made this__________day of______________________________, in the year___________, between MFA ("Employer") and _ , ("Employee").

Employee: ____

Name (print): ____

Signature: ____

Human Resources Representative: ____

EXHIBIT E, Policies & Procedures Manual
DELEGATIONS OF AUTHORITY: APPROVALS AND REVIEW PROCESS REQUIREMENTS
As approved by Board (1/18/2023)

	ITEM REVIEWED / APPROVED	DIRECTORS APPROVAL REQUIRED	EXECUTIVE DIRECTOR/CEO OR CHIEF OFFICER(S) APPROVAL REQUIRED	POLICY COMMITTEE (2) REVIEW OR APPROVAL REQUIRED	BOARD APPROVAL REQUIRED
1	**Programmatic-Related Losses (includes Write-offs, Repairs/Improvements to Property)(1)**	Yes, if < $10,000	Yes, if < $25,000	Yes, if < $100,000	Yes, if > $100,000 or Staff Action
2	**MFA to Awardee: Lending/Loans (Initial amount)(2)(13)**	Yes, if < $100,000	Yes, if < $250,000	Yes, if < $500,000	Yes, only if > $500,000
3	**MFA to Awardee: General Fund Grant Awards (initial amounts) (4) (9)(13)**	Yes, if < 5,000	Yes, if < 10,000	Yes, if <50,000	Yes, if > 50,000
4	**MFA to Awardee: Modifications to Loans (increase over initial amount)(2)(3)(13)**	Yes, if >10%	Yes, if >15%	Yes, if < 25%	Yes, if > 25%
5	**MFA to Awardee: Modifications of Grants (based Need/Capacity/Timing Constraints) (5)(13)**	Yes, if < $50,000	Yes, if > $50,000	Yes, if > $100,000	Staff Action
6	**HOME, CDBG, ESG & NHTF (Activity Allocation as Percent of Original Line Item Allocation)**	No	No	Yes, up to 25%	Yes, over 25%
7	**State Appropriations (Legislative or State Agency)(6)**	Yes, if < $50,000	Yes, if > $50,000	Yes, if > $100,000	Staff Action
8	**MFA applications for funding and receipt of Awards and/or New Funding Source to MFA**	No	Yes, if < $100,000	Yes, if > $100,000	Staff Action
9	**Disposition or Sale of Tangible Goods**	No	No	Yes, All Instances	Staff Action
10	**Professional Service Contracts RFP Language Approval and Selection of Vendor(7) (12)**	No	No	No	Yes
11	**Professional Service Contract RFP Renewals**	Yes	Yes	Staff Action	No
12	**Small Purchases per Procurement Policy ($1 - $50,000/ No RFQ Required)**	No	Yes, if <$50,000	Staff Action	No
13	**RFQ/Informal Bids (Advance and Selections Approvals) for all procurement, modifications and renewals**	No	Yes, RFQ needed Approval between $50,001 - $75,000	Yes, RFQ needed Approval between $75,001 - $200,000	Yes, if > $200,000 or Staff Action if below $200K
14	**Emergency, Limited Source, State Contract (Per individual contract limit – No RFQ Required)**	Yes if <=$50,000	Yes, if between $50,001 - $75,000	Yes, if between $75,001 - $200,000 or Staff Action if below $75K	Yes, only if >$200,000 or Staff Action if below 200K
15	**All Programmatic RFP Language Approved and Selection of Vendor (12)**	No	No	No	Yes
16	**All Programmatic RFP Contract Renewals**	No	Yes	Staff Action	No
17	**Regional Housing Authorities: Approval of Contracts and MOUs over $100,000 (does not include real estate transactions or MFA funds)(Note: Contracts <100K do not require MFA approval)(14)**	No	No	Yes, for any amount over $100,00	Staff Action
18	**Program Policies (8)**	No	No	No	Yes
19	**Consolidated and Action Plans (HOME)**	No	No	No	Yes
20	**State Plan Approval and allocation of DOE Funds (9)**	No	No	No	Yes
21	**NMHTF Competitive Awards (11)**	No	Yes	Yes	Yes
22	**NMHTF Award Modifications (3)**	No	Yes	Yes	Staff Action
	Servicing				
23	**Foreclosures and Deeds in Lieu of Foreclosure - Multi Family and Single Family Development**	No	No	Yes	Staff Action
24	**Individual Loan Modifications**	Yes	No	No	No
	Housing Development				
25	**LIHTC QAP and Awards (10)**	No	No	Yes	Yes
26	**LTTF Awards (11)**	No	Yes	Yes	Yes
27	**LTTF Award Modifications (3)**	No	Yes	Yes	Staff Action
28	**All Other HD Loan/Grant Programs (HOME, NHTF)**	Yes, if < $100,000 (Loan) Yes, if <$5,000 (Grant)	Yes, if < $250,000 (Loan) Yes, if <$10,000 (Grant)	Yes, if < $500,000 (Loan) Yes, if < $50,000 (Grant)	Yes, only if > $500,000 (Loan) Yes, if > $50,000 (Grant)

(1) Notice, including final REO losses, are to be provided to the Board at the following month’s meeting through the Staff Action report. A member of management has the authority to negotiate sales terms and final disposition.

(2) If at the time of the approval, the borrower's outstanding obligations to MFA and commitments by MFA exceed $5 million (measured in commitments), approvals by Policy Committee, Committee and Board will be required regardless of the current or proposed increased loan approval amount. If at the time the original loan approved by the Board authorizes staff to increase the loan by up to 10%, an increase within this amount would not need to go back to Committee or the Board for approval regardless of whether total outstanding obligations to MFA and MFA commitments exceed $5 million. Home Ownership Director is authorized to purchase single family loans up to $300,000 threshold as long as the loans are an acceptable risk to MFA or if due to MFA or subservicer error and not the fault of the lender.

(3) Modifications to loans over the initial amount only need approval if it exceeds the original loan amount.

(4) These grants are funded through the general fund.

(5) For grants, please consult funder/funding guidance for modification/reallocation.

(6) Presentation to the Board at the discretion of MFA’s ED/CEO.

(7) This applies to the following professional services: bond underwriter, legal and bond counsel, sub-servicer, lobbyist, trustee, architects, engineers, and auditors, all of which require approval by the Board. Includes contracts for services paid from the MFA General Fund.

(8) Once the Board has initially approved the Program policies, the implementation of program policy changes mandated by funding agency do not require Board approval. Staff actions or presentation is at the discretion of MFA’s Executive Director/CEO.

(9) DOE Formula accounts for census population, poverty rates, heating/cooling days in allocating of funding.

(10) Exceptions granting staff authority as stated in QAP, including granting staff authorization to award credits to tax exempt bond projects. Competitive cycle awards are recommended by outside Advisory committee.

(11) By Statute, NMHTF and LTTF awards are presented for recommendation by outside Advisory Committees.

(12) If the RFP’s selected vendor has been approved by the Board, then Director may sign contract.

(13) The term Awardee includes: Subrecipients, individual households and borrowers.

(14) The Board will review and approve real estate transactions involving the Regional Housing Authorities.

NOTE: Delegations for Directors and Chiefs are capped at the lower end of the delegated authority or approved budget.

NOTE: Directors and Chiefs will provide Staff Actions to PC for all items approved and Staff Actions will be provided to the Board as noted above.

EXHIBIT F

NEW MEXICO MORTGAGE FINANCE AUTHORITY THIRD-PARTY CODE OF CONDUCT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. **Onsite Visitor Requirements.** While on MFA's premises, Third Parties must comply with all MFArules and procedures, including security measures and requests. These may include but are not limited to:

- Registering with reception.
- Accessing only authorized areas unless accompanied by an MFA Employee.
- Promptly reporting known security violations and property loss or damage.
- Complying with all MFA facility requirements, including maintaining a substance-freeand violence-free workplace.
- Any public health and safety policies in effect, including wearing a face mask.

H. **Compliance with Laws, Regulations, Policies and Procedures and Contracts.** All Third Parties must comply with all applicable state and federal laws, codes, and regulations and MFA's policies and procedures to the extent applicable to the Third-Party and must not violate any terms and conditions established by contract with MFA.

I. **Business Integrity.** Any and all forms of illegal or inappropriate activity by a Third-Party doing business with MFA, including, but not limited to, corruption, misrepresentation, extortion, embezzlement, or bribery, are strictly prohibited and may result in termination of any or all agreements with MFA.

OFFEROR ACKNOWLEDGMENT

DATE

MEMO

TO: MFA Board of Directors
Through: Finance Committee – May 9, 2023
Through: Policy Committee – April 18, 2023

FROM: Julie Halbig

DATE: May 17, 2023

SUBJECT: MFA Delegations of Authority Revisions -

New Mexico Housing Trust Fund (NMHTF) Recurring Funds and NMHTF Advisory Committee

Recommendation: Staff recommends discussion and approval of proposed revisions to the Delegations of Authority as it relates to approval of recurring funds to the New Mexico Housing Trust Fund for activities and projects. No changes to the NMHTF Advisory Committee process are needed.

Background: At least annually and as needed, MFA staff reviews and updates the Policies and Procedures Manual. The Policies and Procedures Manual is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. Within the Manual, the Delegations of Authority (Exhibit E) is located.

Changes that are needed before the annual review may come before the Board for approval. With the passage of Senate Bill 381 during the 2023 legislative session, recurring funds from the severance tax bonds will be available beginning on July 1, 2023.

This memo addresses proposed changes for the Board's consideration so that MFA can expend the recurring funds in the most efficient manner possible while still retaining the proper oversight of the MFA Board.

Discussion: The following is a recommended change to be incorporated into the Delegations of Authority (Exhibit E in the MFA Policies and Procedures Manual).

Delegation of Authority Chart
AMEND LINE 22:

- NMHTF Recurring Funds –
    - Annual Plan to Encumber Funds
    - Funded Programs including Program Guidelines
    - Notice of Funding Availability (NOFA) Language and Selection of Awardees

- Approval Needed by the MFA Board for all of the above.

Delegation of Authority Chart
AMEND LINE 23:

- NMHTF Individual Project Awards and Programmatic Award Modifications
    - Approval by PC
    - Staff Action Notice to MFA Board

INSERT **NEW** FOOTNOTE: Once the requirements in Line 22 have been approved by the Board, MFA Management and staff may allocate funds to awardees for individual projects without additional approval by the Board. This includes both competitive or needs-based awards. The Board will be given notice of individual project awards through the monthly Staff Action report.

One additional part of this analysis involved the examination of state statute. Under NMSA §58-18C-5D, the New Mexico Housing Trust Fund Advisory Committee,

> "The committee shall review all project applications or program guidelines and make recommendations to the authority for funding them."

The statute also provides that the committee shall adopt rules regarding: (1) the time, place and procedures of committee meetings; and (2) the procedures for review of and standards for recommending applications or program guidelines for loans or grant projects. MFA and the Advisory Committee have not created additional rules under which the committee conducts its business. Therefore, no changes to the NMHTF Advisory Committee process are needed.

Finally, staff proposes the addition of one new line (Line 19) to the Delegations of Authority for all other Notice of Funding Availability (NOFA's) opportunities that are released but not funded through NMHTF funds.

Summary: Staff recommends discussion and approval of proposed revisions to the Policies and Procedures Manual and Delegations of Authority as it relates to approval of recurring funds to the New Mexico Housing Trust Fund for activities and projects. No changes to the NMHTF Advisory Committee process are needed.

EXHIBIT E, Policies & Procedures Manual
DELEGATIONS OF AUTHORITY: APPROVALS AND REVIEW PROCESS REQUIREMENTS
As approved by Board (5/17/2023)

	ITEM REVIEWED / APPROVED	DIRECTORS APPROVAL REQUIRED	EXECUTIVE DIRECTOR/CEO OR CHIEF OFFICER(S) APPROVAL REQUIRED	POLICY COMMITTEE (2) REVIEW OR APPROVAL REQUIRED	BOARD APPROVAL REQUIRED
1	Programmatic-Related Losses (includes Write-offs, Repairs/Improvements to Property)(1)	Yes, if < $10,000	Yes, if < $25,000	Yes, if < $100,000	Yes, if > $100,000 or Staff Action
2	MFA to Awardee: Lending/Loans (Initial amount)(2)(13)	Yes, if < $100,000	Yes, if < $250,000	Yes, if < $500,000	Yes, only if > $500,000
3	MFA to Awardee: General Fund Grant Awards (initial amounts) (4) (9)(13)	Yes, if < 5,000	Yes, if < 10,000	Yes, if <50,000	Yes, if > 50,000
4	MFA to Awardee: Modifications to Loans (increase over initial amount)(2)(3)(13)	Yes, if >10%	Yes, if >15%	Yes, if < 25%	Yes, if > 25%
5	MFA to Awardee: Modifications of Grants (based Need/Capacity/Timing Constraints) (5)(13)	Yes, if < $50,000	Yes, if > $50,000	Yes, if > $100,000	Staff Action
6	HOME, CDBG, ESG & NHTF (Activity Allocation as Percent of Original Line Item Allocation)	No	No	Yes, up to 25%	Yes, over 25%
7	State Appropriations (Legislative or State Agency)(6)	Yes, if < $50,000	Yes, if > $50,000	Yes, if > $100,000	Staff Action
8	MFA applications for funding and receipt of Awards and/or New Funding Source to MFA	No	Yes, if < $100,000	Yes, if > $100,000	Staff Action
9	Disposition or Sale of Tangible Goods	No	No	Yes, All Instances	Staff Action
10	Professional Service Contracts RFP Language Approval and Selection of Vendor (7)(12)	No	No	No	Yes
11	Professional Service Contract RFP Renewals	Yes	Yes	Staff Action	No
12	Small Purchases per Procurement Policy ($1-$50,000/No RFQ Required)	No	Yes, if < $50,000	Staff Action	No
13	RFQ/Informal Bids (Advance and Selections Approvals) for all procurement, modifications and renewals	No	Yes, RFQ needed – Approval between $50,001- $75,000	Yes, RFQ needed - Approval between $75,001 - $200,000	Yes, if > $200,000 or Staff Action if below $200K
14	Emergency, Limited Source, State Contract (Per individual contract limit – No RFQ Required)	Yes if <=$50,000	Yes, if between $ 50,001- $75,000	Yes, if between > $75,001 - $200,000 Staff Action if below $75K	Yes, only if >$200,000 or Staff Action if below $200K
15	All Programmatic RFP Language Approved and Selection of Vendor (12)	No	No	No	Yes
16	All Programmatic RFP Contract Renewals	No	Yes	Staff Action	No
17	Regional Housing Authorities: Approval of Contracts and MOUs (does not include real estate transactions or MFA funds)(Note: Contracts <100K do not require MFA approval)(14)	No	No	Yes, for any amount over $100,000	Staff Action
18	Program Policies (8)	No	No	No	Yes
19	Notice of Funding Availability (NOFA) Language and Selection of Vendor(s) (All other funding sources except for NMHTF) (16)	No	No	No	Yes
20	Consolidated and Action Plans (HOME)	No	No	No	Yes
21	State Plan Approval and allocation of DOE Funds (9)	No	No	No	Yes
22	NMHTF ~~Competitive Awards~~ Reoccurring Funds (11) (17) • Annual Plan to Encumber Funds • Funded Programs including Program Guidelines • Notice of Funding Availability (NOFA) Language and Selection of Vendor(s)	No	Yes	Yes	Yes
23	NMHTF Individual Program Awards and Programmatic Award Modifications ~~(3)~~(15)	No	Yes	Yes	Staff Action
	Servicing				
24	Foreclosures and Deeds in Lieu of Foreclosure - Multi Family and Single Family Development	No	No	Yes	Staff Action
25	Individual Loan Modifications	Yes	No	No	No
	Housing Development				
26	LIHTC QAP and Awards (10)	No	No	~~Yes~~ No	Yes
27	LTTF Awards (11)	No	~~Yes~~ No	~~Yes~~ No	Yes
28	LTTF and NMHTF Award Modifications (3)	No	~~Yes~~ No	Yes	Staff Action
29	All Other HD Loan/Grant Programs (HOME, NHTF, NMHTF)	Yes, if < $100,000 (Loan) Yes, if <$5,000 (Grant)	Yes, if < $250,000 (Loan) Yes, if <$10,000 (Grant)	Yes, if < $500,000 (Loan) Yes, if < $50,000 (Grant)	Yes, only if > $500,000 (Loan) Yes, if > $50,000 (Grant)

(1) Notice, including final REO losses, are to be provided to the Board at the following month's meeting through the Staff Action report. A member of management has the authority to negotiate sales terms and final disposition.

(2) If at the time of the approval, the borrower's outstanding obligations to MFA and commitments by MFA exceed $5 million (measured in commitments), approvals by Policy Committee, Committee and Board will be required regardless of the current or proposed increased loan approval amount. If at the time the original loan approved by the Board authorizes staff to increase the loan by up to 10%, an increase within this amount would not need to go back to Committee or the Board for approval regardless of whether total outstanding obligations to MFA and MFA commitments exceed $5 million. Home Ownership Director is authorized to purchase single family loans up to a $300,000 threshold as long as the loans are an acceptable risk to MFA or if due to MFA or subservicer error and not the fault of the lender.

(3) Modifications to loans over the initial amount only need approval if it exceeds the original loan amount.

(4) These grants are funded through the general fund.

(5) For grants, please consult funder/funding guidance for modification/reallocation.

(6) Presentation to the Board at the discretion of MFA's ED/CEO.

(7) This applies to the following professional services: bond underwriter, legal and bond counsel, sub-servicer, lobbyist, trustee, architects, engineers and auditors, all of which require approval by the Board. Includes contracts for services paid from the MFA General Fund

(8) Once the Board has initially approved the Program policies, the implementation of program policy changes mandated by funding agency do not require Board approval. Staff actions or presentation at the discretion of MFA's ED/CEO.

(9) DOE Formula accounts for census population, poverty rates, heating/cooling days in allocating of funding.

(10) Exceptions granting staff authority as stated in QAP, including granting staff authorization to award credits to tax exempt bond projects. Competitive cycle awards are recommended by outside Advisory committee.

(11) By Statute, NMHTF and LTTF project applications or program guidelines ~~awards~~ are presented for recommendation by outside Advisory Committees.

(12) If the RFP's selected vendor has been approved by the Board, then Director may sign contract.

(13) The term Awardee includes: Subrecipients, individual households and borrowers.

(14) The Board will review and approve real estate transactions involving the Regional Housing Authorities.

(15) Once the annual plan to encumber funds has been approved by the Board, MFA Management and staff may award or designate funds to awardees (Subrecipients) for individual projects. This includes both competitive and needs-based awards. The Board will be given notice of individual awards through the monthly Staff Action report.

(16) Once the NOFA language has been approved by the Board, MFA Management and staff may designate funds for individual projects.

(17) The Executive Director/CEO or Chief Officers and Policy Committee shall review and approve before final approval by the Board.

NOTE: Delegations for Directors and Chiefs are capped at the lower end of the delegated authority or approved budget.

NOTE: Directors and Chiefs will provide Staff Actions to PC for all items approved and Staff Actions will be provided to the Board as noted above.

MEMO

TO: MFA Board of Directors

Through: Special Policy Committee – February 23, 2022

Through: Allocation Review Committee – March 23, 2023

Through: Contracted Services Committee – May 9, 2023 (discussion only)

FROM: Jeanne Redondo, Tax Credit Program Manager

DATE: May 17, 2023

SUBJECT: Low Income Housing Tax Credit Award Recommendations

Recommendation

Staff, by and through MFA's Allocation Review Committee ("ARC"), requests approval of five Low Income Housing Tax Credit ("LIHTC") awards, attached as Table 7A, and approval of a forward allocation of 2024 tax credits[1] in an amount not to exceed $1,471,061.[2]

Background

In accordance with the 2023 *State of New Mexico Low-Income Housing Tax Credit Program Qualified Allocation Plan* ("QAP"), MFA accepted applications for the competitive 9% Tax Credit round submitted by the January 20, 2023 application deadline. Each application was reviewed for threshold requirements[3], scored, and underwritten to test financial feasibility and determine the maximum allowable tax credit award.

---

[1] Internal Revenue Code ("IRC") Section 42(h)(1)(C) permits housing finance agencies to issue a binding commitment to allocate a specified housing credit dollar amount to a project beginning in a specified future taxable year. This allows a state to allocate all available housing credits each year, and thereby qualify for additional tax credits from the National Pool of unused housing credit carryover under IRC Section 41(h)(3)(D)(iii).

[2] National Pool credits are allocated under IRC Section 42(h)(3)(D) in the fourth quarter of each calendar year to states that do not have unused housing credit ceiling. These credits are added to that calendar year's housing credit ceiling. The $1,471,061 would be reduced by any National Pool credits received for 2023. The $52,983 National Pool credit amount received in 2022 is approximately $25,000 higher than the average annual allocation received since 2017. (Attached Table 1 reflects how the National Pool factors into the tax credit ceiling calculation for the year.)

[3] Threshold requirements are discussed in Section III.C. of the QAP and include the following: (i) site control; (ii) appropriate zoning; (iii) all fees current; (iv) market study; (v) applicant eligibility; (vi) financial feasibility; and (vii) pre-application requirements.

Threshold issues were discussed with legal counsel and pursuant to Section IV.C.5 of the QAP, Applicants were allowed a deficiency correction period to remedy correctable threshold issues. All correctable threshold deficiencies identified were remedied. In addition, supplemental information requests were made pursuant to Section IV.C.6 of the QAP. The information provided in connection with these supplemental information requests was satisfactory.

The results of staff's rating and ranking were reviewed and approved by the ARC at their meeting on March 23, 2023. The ARC approved a motion to recommend five projects for award, including forward allocations, as presented herein to the Board of Directors. 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 for the ARC to hear in 2023.

As detailed in the attached Table 1, *2023 Housing Tax Credit Ceiling*, MFA began the tax credit round with an estimated balance of $3,034,714 after deducting the forward allocations from last year's round. As discussed below, staff recommends the allocation of all remaining 2023 tax credits plus a forward allocation of up to $1,471,061 of 2024 tax credits to fully fund the top four ranking new construction projects and the sole rehabilitation project submitted in the round. There are no eligible wait-listed projects this year.

Discussion

A. Overview

- Demand for Tax Credits in 2023 was down somewhat in comparison to 2022. MFA received 9 applications this year requesting a total of $8,944,954 in annual tax credits vis-à-vis 2022 applications totaling $10,403,899. However, demand remains higher than 2021, when applications requested a total of $7,951,972 in annual tax credits.

- Average cost per unit (new construction) this year is $289,529, up significantly from $248,930 in 2022 and $203,206 in 2021. All eight new construction projects remained within the new construction cost limits as defined in Section IV.C.2 of the QAP.

- Average cost per unit (acquisition/rehab projects) this year is $215,172, which is lower than the $253,058 average in 2022, but is still up from $169,915 in 2021 and $175,116 in 2020. This is explained in part by the more limited rehabilitation scope of work for the sole project submitted in this round in comparison to the projects submitted in 2022, which required more extensive rehabilitation to meet MFA's design standards.

- Average project size increased; 61.0 units as compared with 52.4 units in 2022 and 58.22 units in 2021.

- 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.

- At the conclusion of the ARC meeting held on March 23, 2023, ARC passed a motion recommending approval of the five proposed awards presented in Table 7A. ARC recommended approval of a forward allocation up to $1,471,061 in 2024 tax credits to fully fund the five proposed awards.

- The four remaining projects were not eligible to be included on a waitlist, as they were ineligible for an award for the reasons stated previously in this memo.

- The 10% Non-Profit Set-Aside[4] and the 20% Underserved Populations Set-Aside[5] were both achieved in 2023.

- All five of the recommended projects have a sponsor or co-sponsor that is a nonprofit entity, local housing authority or local tribally designated housing entity (TDHE).

- Of the five recommended projects, two projects will serve senior households and two projects will serve households with children, and one project will serve households with special needs.

- The five recommended projects are located in the following counties: Bernalillo, Doña Ana and Sandoval. Four projects are located in urban areas (Albuquerque and Rio Rancho) and one project is located in a rural area (Anthony). While the past two years have seen more tax credits awarded to urban areas, the awards over the period from 2000 to 2023 remain balanced with 48.03% going to urban areas and 51.97% going to rural areas. Expressed as a number of annual tax credits per capita, urban areas have received $53.60 per capita overall and rural areas have received $50.10 per capital since 2000. The $46.76 annual tax credits per capital in Bernalillo County remains below the average $51.72 annual tax credits per capita statewide. (*See* Table 8 for further information.) MFA offers to meet with developers who did not qualify for an award, so they understand what will be required to be successful in the future.

- The five recommended projects contain unit sizes ranging from 24 to 82 units.

---

[4] IRC 42(h)(5)(A) states that not more than 90 percent of the State housing credit ceiling for any State for any calendar year shall be allocated to projects other than those involving qualified nonprofit organizations. This is referred to as the nonprofit set-aside.

[5] States will often include set-aside(s) in their QAP to incentivize developers to address housing priorities identified by the state. The Underserved Populations set-aside addresses a priority for permanent supportive housing and units on Tribal Trust lands in New Mexico.

- Four of the five recommended projects involve new construction (projects contain 48, 61, 66 and 82 units, for a total of 257 units) and one of the five recommended projects involves rehabilitation (24 units).
- A total of 281 units will be constructed or rehabilitated and all of these will be low income units. The table below details the unit rental restrictions for the units to be constructed or rehabilitated.

Unit Rental Restrictions for Recommended Projects

30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Not Restricted
93	-	80	88	-	20	-
33.1%	0%	28.5%	31.3%	0%	7.1%	0%

B. Tax Credit Efficiency

Three of the five projects recommended for award qualified for points under project selection criterion no. 18 entitled *Efficient Use of Tax Credits*. Farolito Senior Community qualified for five points and Calle Cuarta and Tierra Encantada qualified for three points. The table below outlines the tax credit efficiency for each of the five projects. [6]

New Construction:

Project Name:	Gross Sq. Ft.	Applicable Fraction	Low Income Units	Tax Credit Request	Tax Credits/Adj. Sq. Ft.	Tax Credits/Low Income Unit
Route 66 Flats	35,785	100%	48	$1,417,000	$39,60	$29,520.83
Calle Cuarta	69,455	100%	61	$1,394,826	$20.08	$22,866.00
Farolito Senior Community	76,675	100%	82	$1,622,805	$21.16	$19,790.30
Felician Villa II	61,475	100%	66	$1,621,723	$26.38	$24,571.56

---

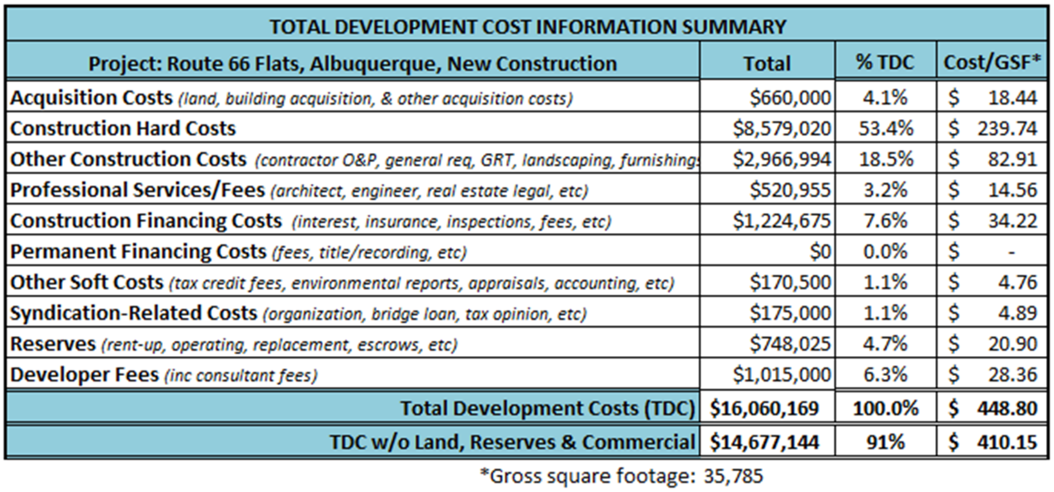
[6] The efficiency is based on the entire number of tax credits in the project's capital stack, so Calle Cuarta's tax credits in the tax credit efficiency table includes the $1,078,540 tax credits awarded in 2022 plus the $316,286 supplemental tax credits recommended in 2023.

Rehabilitation:

Project Name:	Gross Sq. Ft.	Applicable Fraction	Low Income Units	Tax Credit Request	Tax Credits/Adj. Sq. Ft.	Tax Credits/Low Income Unit
Tierra Encantada	22,049	100%	24	$388,782	$17.63	$16,199.25

C. Total Development Costs-

The Total Development Cost Analysis (cost/gross square foot) for each of the recommended Projects is as follows[7]:



TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Route 66 Flats, Albuquerque, New Construction	**Total**	**% TDC**	**Cost/GSF***
Acquisition Costs *(land, building acquisition, & other acquisition costs)*	$660,000	4.1%	$ 18.44
Construction Hard Costs	$8,579,020	53.4%	$ 239.74
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishing*	$2,966,994	18.5%	$ 82.91
Professional Services/Fees *(architect, engineer, real estate legal, etc)*	$520,955	3.2%	$ 14.56
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*	$1,224,675	7.6%	$ 34.22
Permanent Financing Costs *(fees, title/recording, etc)*	$0	0.0%	$ -
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*	$170,500	1.1%	$ 4.76
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*	$175,000	1.1%	$ 4.89
Reserves *(rent-up, operating, replacement, escrows, etc)*	$748,025	4.7%	$ 20.90
Developer Fees *(inc consultant fees)*	$1,015,000	6.3%	$ 28.36
Total Development Costs (TDC)	**$16,060,169**	**100.0%**	**$ 448.80**
TDC w/o Land, Reserves & Commercial	**$14,677,144**	**91%**	**$ 410.15**

*Gross square footage: 35,785

---

[7] Calle Cuarta and Farolito Senior Community: To provide more information regarding how the commercial space impacts costs, including cost per square foot, tables with and without the commercial space have been presented here. Tables with residential areas only do not include commercial space costs. The tables with both residential and commercial square footage includes the total development costs of the project, including the cost of commercial space that is not paid for with tax credit equity.

TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Calle Cuarta, Albuquerque, New Construction**	**Total**	**% TDC**	**Cost/GSF***
Acquisition Costs *(land, building acquisition, & other acquisition costs)*	$546,910	2.4%	$ 7.87
Construction Hard Costs	$13,101,967	57.5%	$ 188.64
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishing*	$4,844,561	21.3%	$ 69.75
Professional Services/Fees *(architect, engineer, real estate legal, etc)*	$759,558	3.3%	$ 10.94
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*	$1,624,808	7.1%	$ 23.39
Permanent Financing Costs *(fees, title/recording, etc)*	$66,650	0.3%	$ 0.96
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*	$214,166	0.9%	$ 3.08
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*	$30,000	0.1%	$ 0.43
Reserves *(rent-up, operating, replacement, escrows, etc)*	$309,701	1.4%	$ 4.46
Developer Fees *(inc consultant fees)*	$1,292,500	5.7%	$ 18.61
Total Development Costs (TDC) w/o Commercial	**$22,790,821**	**100.0%**	**$ 328.14**
TDC w/o Land, Reserves & Commercial	**$21,939,210**	**96%**	**$ 315.88**

*Gross square footage: 69,455

**Residential Areas Only

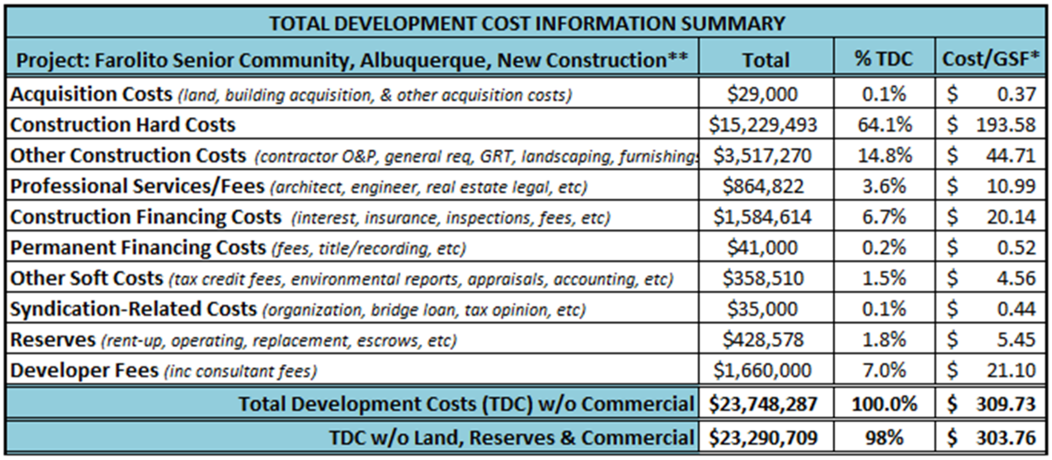
TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Calle Cuarta, Albuquerque, New Construction**	**Total**	**% TDC**	**Cost/GSF***
Acquisition Costs *(land, building acquisition, & other acquisition costs)*	$546,910	2.1%	$ 6.35
Construction Hard Costs	$15,098,148	58.4%	$ 175.27
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishing*	$5,614,565	21.7%	$ 65.18
Professional Services/Fees *(architect, engineer, real estate legal, etc)*	$940,892	3.6%	$ 10.92
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*	$1,713,785	6.6%	$ 19.89
Permanent Financing Costs *(fees, title/recording, etc)*	$69,500	0.3%	$ 0.81
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*	$229,841	0.9%	$ 2.67
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*	$30,000	0.1%	$ 0.35
Reserves *(rent-up, operating, replacement, escrows, etc)*	$309,701	1.2%	$ 3.60
Developer Fees *(inc consultant fees)*	$1,292,500	5.0%	$ 15.00
Total Development Costs (TDC)	**$25,845,842**	**100.0%**	**$ 300.03**
TDC w/o Land & Reserves	**$24,994,231**	**97%**	**$ 290.14**

*Gross square footage: 86,144

**Residential + Commercial GSF

TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Tierra Encantada, Anthony, Acquisition/Rehabilitation	**Total**	**% TDC**	**Cost/GSF***
Acquisition Costs *(land, building acquisition, & other acquisition costs)*	$1,320,000	23.0%	$ 59.87
Construction Hard Costs	$1,959,900	34.1%	$ 88.89
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishing*	$727,384	12.7%	$ 32.99
Professional Services/Fees *(architect, engineer, real estate legal, etc)*	$313,682	5.5%	$ 14.23
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*	$285,395	5.0%	$ 12.94
Permanent Financing Costs *(fees, title/recording, etc)*	$69,875	1.2%	$ 3.17
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*	$227,881	4.0%	$ 10.34
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*	$28,000	0.5%	$ 1.27
Reserves *(rent-up, operating, replacement, escrows, etc)*	$310,057	5.4%	$ 14.06
Developer Fees *(inc consultant fees)*	$505,000	8.8%	$ 22.90
Total Development Costs (TDC)	**$5,747,174**	**100.0%**	**$ 260.65**
TDC w/o Land, Reserves & Commercial	**$5,164,117**	**90%**	**$ 234.21**

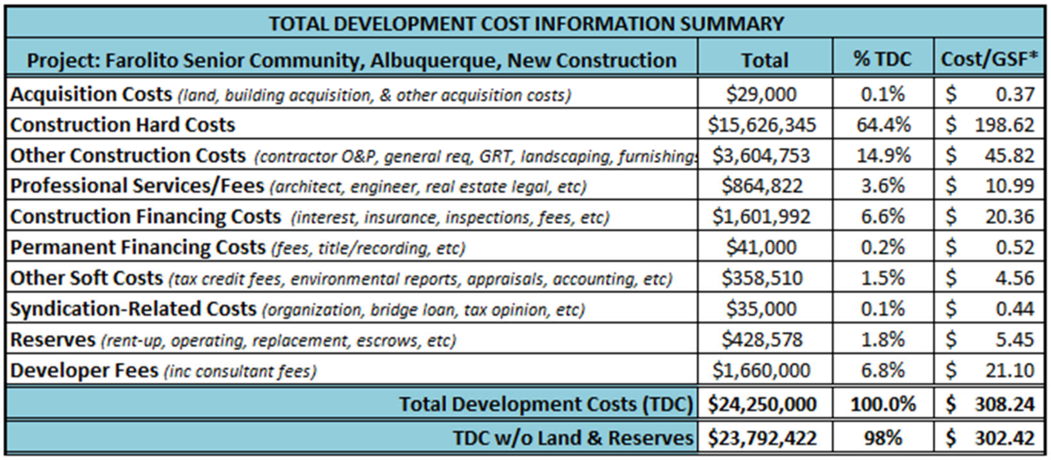
*Gross square footage: 22,049



TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Farolito Senior Community, Albuquerque, New Construction**	**Total**	**% TDC**	**Cost/GSF***
Acquisition Costs *(land, building acquisition, & other acquisition costs)*	$29,000	0.1%	$ 0.37
Construction Hard Costs	$15,229,493	64.1%	$ 193.58
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishing*	$3,517,270	14.8%	$ 44.71
Professional Services/Fees *(architect, engineer, real estate legal, etc)*	$864,822	3.6%	$ 10.99
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*	$1,584,614	6.7%	$ 20.14
Permanent Financing Costs *(fees, title/recording, etc)*	$41,000	0.2%	$ 0.52
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*	$358,510	1.5%	$ 4.56
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*	$35,000	0.1%	$ 0.44
Reserves *(rent-up, operating, replacement, escrows, etc)*	$428,578	1.8%	$ 5.45
Developer Fees *(inc consultant fees)*	$1,660,000	7.0%	$ 21.10
Total Development Costs (TDC) w/o Commercial	**$23,748,287**	**100.0%**	**$ 309.73**
TDC w/o Land, Reserves & Commercial	**$23,290,709**	**98%**	**$ 303.76**

*Gross square footage: 76,675

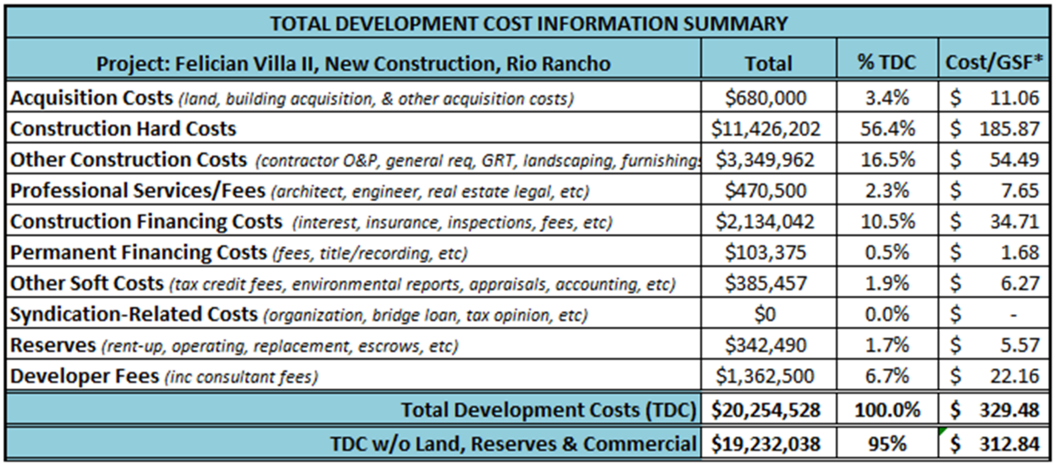
**Residential Areas Only



TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Farolito Senior Community, Albuquerque, New Construction	**Total**	**% TDC**	**Cost/GSF***
Acquisition Costs *(land, building acquisition, & other acquisition costs)*	$29,000	0.1%	$ 0.37
Construction Hard Costs	$15,626,345	64.4%	$ 198.62
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishing*	$3,604,753	14.9%	$ 45.82
Professional Services/Fees *(architect, engineer, real estate legal, etc)*	$864,822	3.6%	$ 10.99
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*	$1,601,992	6.6%	$ 20.36
Permanent Financing Costs *(fees, title/recording, etc)*	$41,000	0.2%	$ 0.52
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*	$358,510	1.5%	$ 4.56
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*	$35,000	0.1%	$ 0.44
Reserves *(rent-up, operating, replacement, escrows, etc)*	$428,578	1.8%	$ 5.45
Developer Fees *(inc consultant fees)*	$1,660,000	6.8%	$ 21.10
Total Development Costs (TDC)	**$24,250,000**	**100.0%**	**$ 308.24**
TDC w/o Land & Reserves	**$23,792,422**	**98%**	**$ 302.42**

*Gross square footage: 78,673

**Residential + Commercial GSF



TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Felician Villa II, New Construction, Rio Rancho	**Total**	**% TDC**	**Cost/GSF***
Acquisition Costs *(land, building acquisition, & other acquisition costs)*	$680,000	3.4%	$ 11.06
Construction Hard Costs	$11,426,202	56.4%	$ 185.87
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishing*	$3,349,962	16.5%	$ 54.49
Professional Services/Fees *(architect, engineer, real estate legal, etc)*	$470,500	2.3%	$ 7.65
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*	$2,134,042	10.5%	$ 34.71
Permanent Financing Costs *(fees, title/recording, etc)*	$103,375	0.5%	$ 1.68
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*	$385,457	1.9%	$ 6.27
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*	$0	0.0%	$ -
Reserves *(rent-up, operating, replacement, escrows, etc)*	$342,490	1.7%	$ 5.57
Developer Fees *(inc consultant fees)*	$1,362,500	6.7%	$ 22.16
Total Development Costs (TDC)	**$20,254,528**	**100.0%**	**$ 329.48**
TDC w/o Land, Reserves & Commercial	**$19,232,038**	**95%**	**$ 312.84**

*Gross square footage: 61,475

Summary

Staff and the ARC recommend approval of the following, all in accordance with ARC recommendations:

I. Approval of the following four new construction projects and one rehabilitation project, as follows:

1.	Route 66 Flats, new construction, Albuquerque	$1,417,000
2.	Calle Cuarta, new construction, Albuquerque	316,286
3.	Tierra Encantada, acquisition/rehabilitation, Anthony	388,782
4.	Farolito Senior Community, new construction, Albuquerque	1,622,805
5.	Felician Villa II, new construction, Rio Rancho	1,621,723
	Total	**$5,366,596**

II. Approval of a forward allocation of 2024 tax credits in the amount of $1,471,061 so that Felician Villa II may be fully funded.

Attachments:

1. Table 1 – 2023 LIHTC Ceiling
2. Table 2 - Summary of Proposed 2023 LIHTC & Loan Allocations
3. Table 4 – Scoring Summary
4. Tables 7A and 7B – 2023 Proposed Initial LIHTC Awards and Waitlist/Ineligible/Rejected Projects
5. Table 8 – LIHTC Awards by County
6. Recommended Project Photos with Brief Summaries[8]
7. Allocation Review Committee Resolution

---

[8] The total development costs per unit and construction cost per square foot in the summaries are calculated based upon the definitions to calculate Cost Limits described in the QAP Glossary and Section IV.C.2.

Table 1
2023 Housing Tax Credit Ceiling

Component	**Population**	**Credit $ Per Capita**	**Amount**	**Balance**
Population Allocation	2,113,344	2.75	$ 5,811,696	$ 5,811,696
2022 Forward Allocations			$ 2,776,982	$ 3,034,714
National Pool (2023) - To be Determined			$ -	$ 3,034,714
Returned or Unused Credits from Prior Years			$ 860,821	$ 3,895,535
			Set Aside	**Achieved**
Nonprofit Set Aside		10.00%	$ 667,252	$ 5,366,596
Underserved Populations Set Aside*		20.00%	$ 1,334,503	$ 1,417,000

* if QAP set aside requirements satisfied

Table 2
SUMMARY OF PROPOSED 2023 LIHTC & LOAN ALLOCATIONS

Project	NC, AR, or NC/AR[1]	Total # of Units[2]	Location	Total Development Cost	Total Development Cost w/o Land, Reserves, & Commercial Costs	Cost w/o Land, Reserves, & Commercial Costs		LIHTC Investor Equity[3]	9% LIHTC Allocation	HOME Loan (inc CHDO[4])	HOME/ARP[5]	NM HTF[6]	Primero	Ventana	Risk Share	Nat'l HTF[7]	PRLF[8]	Total 9 % LIHTC Allocation & MFA Loans
						Per Unit	Per Gross Square Foot (GSF)											
Route 66 Flats	NC	48	Albuquerque	$ 16,060,169	$ 14,677,144	$ 305,773.83	$ 410.15	$ 12,610,039	$ 1,417,000		$ 1,701,121							$ 3,118,121
Calle Cuarta[9]	NC	61	Albuquerque	$ 25,845,842	$ 21,939,210	$ 359,659.18	$ 315.88	$ 13,110,053	$ 1,394,826	$ 915,000		$ 1,000,000				$ 400,000		$ 3,709,826
Tierra Encantada	AR	24	Anthony	$ 5,747,174	$ 5,164,117	$ 215,171.54	$ 234.21	$ 3,382,065	$ 388,782			$ 2,000,000	$ 1,000,000	$ 750,000		$ 400,000		$ 4,538,782
Farolito Senior Community	NC	82	Albuquerque	$ 24,250,000	$ 23,290,709	$ 284,033.04	$ 303.76	$ 15,415,106	$ 1,622,805									$ 1,622,805
Felician Villa II	NC	66	Rio Rancho	$ 20,254,528	$ 19,232,038	$ 291,394.52	$ 312.84	$ 14,269,735	$ 1,621,723	$ 1,000,000						$ 400,000		$ 3,021,723
																	Total	**$ 16,011,257**

Average Costs for all 2023 Awards w/o Land, Reserves, and Commercial Costs		
Type of Project	**Cost per Unit**	**Cost per GSF**
New Construction	$ 310,215	$ 335.66
Acquisition/Rehab	$ 215,172	$ 234.21

[1] *New Construction = NC*
Acquisition/Rehab = AR

[2] *Includes employee units*

[3] *Low Income Housing Tax Credit Equity - Not included in Total 9% LIHTC Allocation & MFA Loans column*

[4] *Community Housing Development Corporation*

[5] *American Rescue Plan*

[6] *New Mexico Housing Trust Fund*

[7] *National Housing Trust Fund*

[8] *Preservation Revolving Loan Fund*

[9] *Calle Cuarta 9% LIHTC Allocation includes $1,078,540 from 2022 round; 2023 LIHTC are 316,286*

Blue font indicates awards to the Project approved by MFA's Board prior to the May 2023.

Table 4

Project Scoring Summary

Project Name	Self Score	MFA Score	Score Change
Calle Cuarta	83	81	-2
Tierra Encantada	81	76	-5
Farolito Senior Community	78	75	-3
Felician Villa II	76	73	-3
Route 66 Flats	77	66	-11
*Alameda Flats**	*76*	*73*	*-3*
*West Berry**	*76*	*69*	*-7*
*Elk Meadows**	*69*	*53*	*-16*
The Three Sisters	*76*	*73*	*-3*

**project did not meet threshold*

Application withdrawn

Table 7a

2023 LIHTC Awards - reduced by 2022 forward allocations

New Construction

Acq/Rehab

Total Ceiling after 2022 forward allocations: $3,895,535

Rank	Score	Project	Developer	Units	Threshold	Amount	Tax Credit Balance	Tie Breaker Calculation	Proposed Status*
1	66	Route 66 Flats	BlueLine Development	48	Yes	$1,417,000	$2,478,535	N/A	2023 Award
2	81	Calle Cuarta	YES Housing, Inc.	61	Yes	$316,286	$2,162,249	N/A	2023 Award
1	76	Tierra Encantada	Tierra Del Sol	24	Yes	$388,782	$1,773,467	$332,435.97	2023 Award
3	75	Farolito Senior Community	Greater Albuquerque Housing Partnership	82	Yes	$1,622,805	$150,662	N/A	2023 Award
4	73	Felician Villa II	Chelsea Investment Corporation & CC Housing, Inc.	66	Yes	$1,621,723	-$1,471,061	N/A	Split
				281	**Subtotal**	**$5,366,596**			

Grand Total	**$5,366,596**	**2024 Forward Allocations**	**-$1,471,061**

**The 2023 QAP states: In order to serve both the purpose of building new affordable housing units and rehabilitating existing structures to create or preserve affordable housing units, MFA will allocate the tax credits awarded in the 9% Application round based on project type. As such, new construction Applications, including Adaptive reuse Applications, will be scored against other new construction Applications and rehabilitation Applications will be scored against other rehabilitation Applications; thus creating two separate tracks or categories for purposes of scoring and reserving tax credits for specific Projects. An Adaptive reuse Project shall be categorized as a new construction Project for these purposes. From those tracks, the two highest scoring new construction Projects will be awarded first, followed by the highest scoring rehabilitation Project. The target pattern of two new construction Projects followed by one rehabilitation Project will be followed until all credits are allocated, or until the last Project in a track has been awarded. Projects awarded in the Nonprofit or Underserved Population set-asides will be considered in achieving this target. Forward allocations may be made following the same process, however any decision to forward allocate tax credits lies solely within MFA's inherent discretion and is not subject to further review.*

MFA will use the same process to select Projects that have been placed on the waiting list for an allocation of tax credits. For example, if a rehabilitation Project is initially awarded tax credits but later fails to move forward in the allocation process, the next highest-scoring rehabilitation Project may be given an award of tax credits. If no similarly categorized Project is available (e.g. if no rehabilitation Project is available for purposes of this example), then MFA may choose the next highest-scoring Project in the other track/category from the waiting list (e.g. new construction for purposes of this example.)

Table 7b
2023 LIHTC Waitlist / Ineligible Projects / Rejected Projects

New Construction
Acq/Rehab

Rank	Score	Project	Developer	Units	Threshold	Amount	Tax Credit Balance	Tie Breaker Calculation	Proposed Status*
5	NS	Alameda Flats	Tierra Realty Trust / Golden Spread Rural Frontier Coalition	70	No	$1,600,620	-$3,071,681	N/A	Rejected
6	NS	Elk Meadows	Mesa Apartments/ NMHDC/ Village of Ruidoso	70	No	$1,622,805	-$4,694,486	N/A	Rejected
7	NS	West Berry	YES Housing, Inc.	56	No	$74,040	-$4,768,526	N/A	Rejected
8	NS	The Three Sisters	Chelsea Investment Corporation / CC Housing, Inc.	70	No	$280,893	-$5,049,419	N/A	Withdrawn
				266	**Subtotal**	**$3,578,358**			

Grand Total Tax Credits	$8,944,954

**The 2023 QAP states: In order to serve both the purpose of building new affordable housing units and rehabilitating existing structures to create or preserve affordable housing units, MFA will allocate the tax credits awarded in the 9% Application round based on project type. As such, new construction Applications, including Adaptive reuse Applications, will be scored against other new construction Applications and rehabilitation Applications will be scored against other rehabilitation Applications; thus creating two separate tracks or categories for purposes of scoring and reserving tax credits for specific Projects. An Adaptive reuse Project shall be categorized as a new construction Project for these purposes. From those tracks, the two highest scoring new construction Projects will be awarded first, followed by the highest scoring rehabilitation Project. The target pattern of two new construction Projects followed by one rehabilitation Project will be followed until all credits are allocated, or until the last Project in a track has been awarded. Projects awarded in the Nonprofit or Underserved Population set-asides will be considered in achieving this target. Forward allocations may be made following the same process, however any decision to forward allocate tax credits lies solely within MFA's inherent discretion and is not subject to further review.*

MFA will use the same process to select Projects that have been placed on the waiting list for an allocation of tax credits. For example, if a rehabilitation Project is initially awarded tax credits but later fails to move forward in the allocation process, the next highest-scoring rehabilitation Project may be given an award of tax credits. If no similarly categorized Project is available (e.g. if no rehabilitation Project is available for purposes of this example), then MFA may choose the next highest-scoring Project in the other track/category from the waiting list (e.g. new construction for purposes of this example.)

Table 8
Low Income Housing Tax Credit Awards by County
2000 - 2023

Urban and Rural Areas $52.5 million or 48.03% of awards were made in urban areas.
$56.8 million or 51.97% of awards were made in rural areas.

County*	Population (July 1, 2022 Estimates)	Percent of Population	9% LIHTC Award Amount	Percent of Total 9% LIHTC Awards	9% LIHTC Awards in Urban Areas**	9% LIHTC Awards in Rural Areas	9% LIHTC per capita
Bernalillo County	672,508	31.8%	30,771,055	28.2%	30,771,055		45.76
Chaves County	63,894	3.0%	2,120,141	1.9%		2,120,141	33.18
Cibola County	26,950	1.3%	4,302,506	3.9%		4,302,506	159.65
Curry County	47,532	2.2%	5,134,327	4.7%		5,134,327	108.02
Doña Ana County	223,337	10.6%	12,569,062	11.5%	6,657,739	5,911,323	56.28
Eddy County	60,400	2.9%	3,374,358	3.1%		3,374,358	55.87
Grant County	27,686	1.3%	1,836,680	1.7%		1,836,680	66.34
Lea County	72,452	3.4%	7,696,634	7.0%		7,696,634	106.23
Lincoln County	20,411	1.0%	416,734	0.4%		416,734	20.42
Los Alamos County	19,187	0.9%	2,592,410	2.4%		2,592,410	135.11
Luna County	25,749	1.2%	1,732,343	1.6%		1,732,343	67.28
McKinley County	69,830	3.3%	3,728,121	3.4%		3,728,121	53.39
Otero County	68,823	3.3%	2,447,526	2.2%		2,447,526	35.56
Rio Arriba County	40,048	1.9%	307,779	0.3%		307,779	7.69
San Juan County	120,418	5.7%	2,775,168	2.5%		2,775,168	23.05
San Miguel County	26,953	1.3%	1,260,432	1.2%		1,260,432	46.76
Sandoval County	153,501	7.3%	4,849,431	4.4%	2,850,483	1,998,948	31.59
Santa Fe County	155,664	7.4%	13,197,579	12.1%	12,216,017	981,562	84.78
Socorro County	16,115	0.8%	768,507	0.7%		768,507	47.69
Taos County	34,580	1.6%	4,494,641	4.1%		4,494,641	129.98
Union County	3,980	0.2%	240,064	0.2%		240,064	60.32
Valencia County	78,080	3.7%	2,682,409	2.5%		2,682,409	34.35
Other Counties	85,286	4.0%	0	0.0%	0	0	0.00
Total New Mexico	**2,113,344**	**100%**	**109,297,907**	**100%**	**52,495,294**	**56,802,613**	**51.72**
Percentage of Tax Credits					**48.03%**	**51.97%**	

*Only counties receiving 9% LIHTC awards are listed separately.

**Urban Areas include Bernalillo County and the Cities of Rio Rancho, Las Cruces, and Santa Fe.

Route 66 Flats
Albuquerque

New, Special Needs, 48 units, $14,677,144 TDC, $319,003/unit, $254.30/sq ft, $1,417,000 LIHTC request

Features:

1 – 70% (33 units) PSH targeted to people exiting homelessness;

2 – 25 project-based rental assistance vouchers;

3 – Trauma informed design principles;

Calle Cuarta
Albuquerque

New, Households with Children, 61 units, $21,939,210 TDC, $368,543/unit, $197.29/sq ft, $316,286 LIHTC request

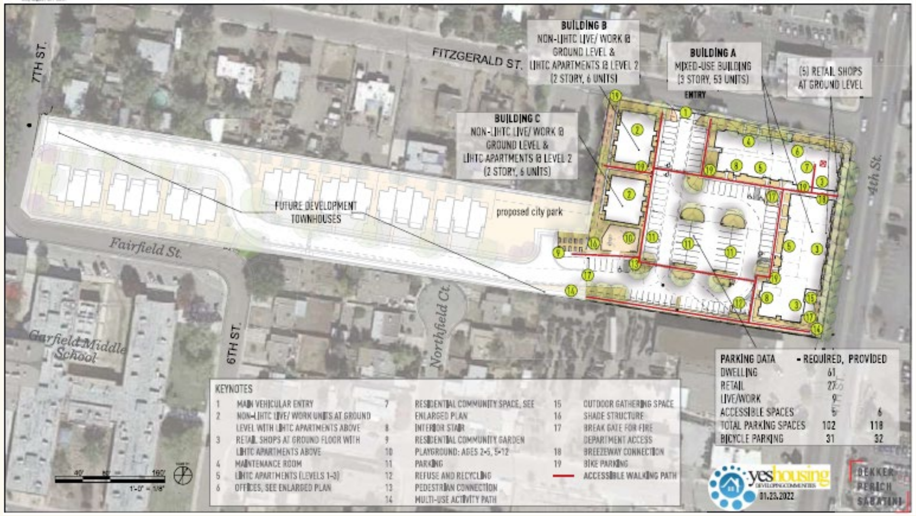
Features:

1 – Mixed use development includes live/work and storefront retail;

2 – Community amenities include a demonstration kitchen, laundry on each floor, computer lab, social services office and fitness room;

3 – City of Albuquerque contributing Workforce Housing funding and land donation;

4 - $1,078,540 (2022) + $316,286 (2023 request) = $1,394,826 LIHTC



Tierra Encantada
Anthony

Rehab, Households with Children, 24 units, $5,164,117 TDC, $226,547/unit, $101.04/sq ft, $388,782 LIHTC request

Scope of Work:

1 - Building Site – Reconfigure community building;

2 - Mechanical Systems- replace heating/cooling system and ductwork;

3 - Unit Interiors –replace fixtures, water heaters, commodes, GFCI breakers; new paint and vinyl plank flooring

4 - Exterior envelope – stucco repairs and painting, new insulated front doors, roof insulation and seal existing low E windows for energy efficiency

Farolito Senior Community
Albuquerque

New, Seniors 55+, 82 units, $23,390,709 TDC, $285,606/unit, $202.13/sq ft, $1,622,805 LIHTC request

Features:

1 – Wi-fi connectivity throughout the building;

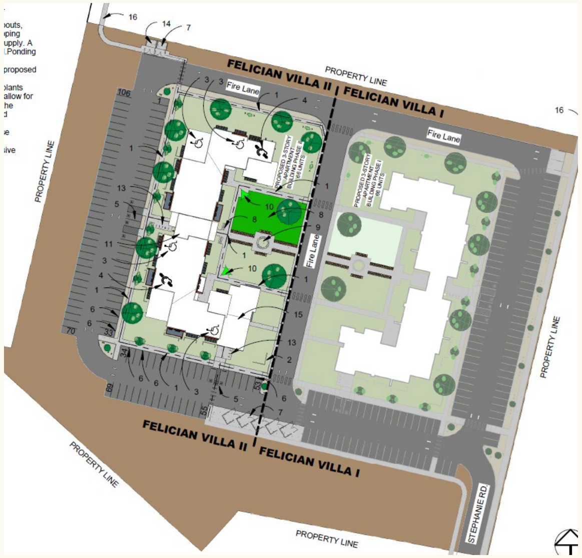
2 - Dog park, indoor pet washing station, pollinator garden and deck.

3 – Universal design elements facilitate aging in place

4 – LEED for Homes certification

Felician Villa II
Rio Rancho

New, Seniors 55+, 66 units, $19,232,038 TDC, $301,698/unit, $193.52/sq ft, $1,621,723 LIHTC request



Features:

1 – One 3-story building with community spaces;

2 – 25 Project Based Rental Assistance Vouchers;

3 – Meadowlark Senior Center within 500 feet of project offers meals at nominal cost, education, health and wellness seminars.

MFA
Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA)
HOUSING TAX CREDIT ALLOCATON REVIEW COMMITTEE RESOLUTION

Resolution:
Be it resolved, the Allocation Review Committee recommends to the MFA Board of Directors the following:

1. Approval of five (5) proposed initial awards to those 2023 9% Low Income Housing Tax Credit (LIHTC) Projects presented in Table 7A; and
2. Approval of the 2023 9% LIHTC Wait List, Ineligible Projects, and Rejected Projects as presented in Table 7B; and
3. Approval of a forward allocation in an amount not to exceed $1,471,061 in 2024 Tax Credits minus the amount of National Pool tax credits received by New Mexico pursuant to Internal Revenue Code §42(h)(3)(D) when they are allocated in the fourth quarter of 2023.

Approved this 23rd day of March 2023 by a vote of eight (8) in favor and zero (0) opposed:

DocuSigned by:

By: Patricia Sullivan
F44E19EDA3E94DC...
Patricia Sullivan, Allocation Review Committee Chair

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting
Tuesday, May 9, 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 HOME Investment Partnership (HOME Rehab) NOFA (Leann McDonald and John Garcia)	10:00 – 10:10	2-0	YES
2 Sandoval Flats State Tax Credit Award (Hannah Faulwell and George Maestas)	10:10-10:20	2-0	YES
3 NM Energy$mart Program DOE State Plan Approval (Troy Cucchiara and Dimitri Florez)	10:20-10:30	2-0	YES
4 Recovery Housing Program (RHP) Award Recommendations (Theresa Laredo-Garcia)	10:30-10:40	2-0	
<u>Allocation Review Committee</u> **5** Proposed 2023 Low Income Housing Tax Credit (LIHTC) Awards (Jeanne Redondo)	10:40-10:50	N/A (Info. Only)	YES
6 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) a. Felician Villa II Apartments - HOME CHDO and National Housing Trust Fund (NHTF) Loan Requests (Jacobo Martinez and George Maestas) b. Tierra Encantada Apartments – National Housing Trust Fund (NHTF), New Mexico Housing Trust Fund (NMHTF), Primero Investment Fund (Primero) Loan Requests (Tim Martinez and George Maestas)	10:50-11:00	2-0 2-0	YES
7 Emergency Housing Pilot Program – Other Emergency Needs (Julie Halbig)	11:10-11:20	2-0	YES
8 Questions/comments from Committee	11:20-11:30		NO

Committee Members present:

Rebecca Wurzburger, Chair ☐ present ☐ absent ☑ conference call

Attorney General Raul Torrez/Designee

Gideon Elliot ☐ present ☐ absent ☑ conference call

Patricia Sullivan ☐ present ☑ absent ☐ conference call

Hernandez

2023 RENTAL AWARD SUMMARY

<table>
<tr><td>Project Name & Address</td><td colspan="4">Felician Villa II Apartments
4210 Meadowlark Ln. SE Rio Rancho, NM 87124</td></tr>
<tr><td rowspan="2">Proposed Awards</td><td>$1,000,000</td><td>HOME CHDO</td><td>Rate</td><td>0%</td></tr>
<tr><td>$400,000</td><td>National Housing Trust Fund</td><td>Rate</td><td>0%</td></tr>
<tr><td>Borrowers</td><td colspan="4">HOME and NHTF
Felician Villa II CIC, LLLP, a to-be-formed Limited Liability Limited Partnership, is owned by CC Housing, Inc. (0.0051%), as the General Partner, and CIC Felician Villa II, LLC, an affiliate of Chelsea Investment Corporation (0.0049%), as the Class B Limited Partner; and 99.99% by a to-be-formed subsidiary of The Richman Group, the tax credit investor, as Limited Partner.</td></tr>
<tr><td>Management</td><td colspan="4">Monarch Properties, Inc. is a privately held Texas corporation chartered in 1982. Monarch provides third-party, full-service management of multifamily apartment communities throughout Texas, New Mexico and Oklahoma. The corporate office is located in Albuquerque, New Mexico. The total apartments under management have consistently averaged more than 7,500 with over 280 team members employed.</td></tr>
<tr><td>Developer</td><td colspan="4">Chelsea Investment Corporation (“Chelsea”) is a for-profit organization incorporated in 1986 by James J. Schmid, its CEO. Chelsea is a real estate company focused on the financing and development of affordable housing through its asset management, construction, and community investment affiliates. To date, Chelsea has developed over 100 affordable communities throughout California, New Mexico and Arizona and nearly 10,000 units throughout the Western United States. Chelsea has developed a variety of rental homes within both urban and suburban locations. Some of these developments are obligated to senior housing and/or are supportive housing. The company has developed approximately 1,000 units through acquisition and rehabilitation.

Consolidated (i.e., includes affiliates) audited financial statements for FYE 12/31/2020 show Unrestricted Cash of $8.4M, Total Assets of $28.9M, a Net Worth of $18.9M, a Debt-to-Worth ratio of 0.53 : 1.00, strong profit and positive traditional cash flow (i.e. net earnings plus non-cash charges). Consolidated audited financial statements for FYE 12/31/21 show Unrestricted Cash of $6.97M, Total Assets of $30.6M, a Net Worth of $21.2M, a Debt-to-Worth ratio of 0.44: 1.00, strong profit and positive traditional cash flow (i.e. net earnings plus non-cash charges). Consolidated internally prepared statements for the 11 months ending on 11/30/22 show Unrestricted Cash of $4.78M, Total Assets of $42M and a Net Worth of $23M, resulting in a Debt-to-Worth Ratio of 0.80: 1.00. Chelsea’s borrowing and repayment history with MFA have been good. Chelsea is an experienced developer that has a proven history of obtaining LIHTC investors at good prices and large bank financing at favorable rates.</td></tr>
<tr><td>Project Type & Size</td><td colspan="4">New construction of a 66-unit multifamily project to be located in Rio Rancho, NM. The project will target seniors 55 years and older and will give preference to active and retired military members. Eight of the units will be income restricted to households earning 30% or less of Area Median Income (AMI). Twenty-two of the units will be income-restricted to households earning 50% or less of AMI. Thirty-five units will be income restricted to households earning 60% or less of AMI. The additional unit will be a non-revenue producing management unit.</td></tr>
<tr><td>Project Description</td><td colspan="4">Felician Villa II Apartments will be located on a 7.96-acre parcel of land formerly owned by the Felician Sisters of the Southwest, Inc. and donated to CC Housing, Inc., the non-profit co-general partner. The 4.17 acre project represents Phase 2 of two proposed affordable housing developments on the site. Phase 1 of the project is Felician Villa I which was awarded a preliminary tax credit allocation in the 2022 NM MFA tax credit round. Felician Villa II will compliment Felician Villa I and double the number of senior affordable housing units on the site.

The Subject building will be a single three story fully enclosed building with double-hung corridors and two elevators. A community room with TV lounge area, library and kitchenette, a computer center, offices, exercise room, storage/maintenance area and laundry center will also be part of the interior building floor plan. The total building area will be approximately 61,475 gross square feet</td></tr>
</table>

	including the common areas, hallways, storerooms, and apartment homes. The manager's unit, office area, community room, the downstairs residential covered patios and common area will be approximately 18,518 total gross square feet. The residential units will make up the remainder of the building with 42,957 total gross square feet. The 66 units will be comprised of 54 one-bedroom units and 12 two-bedroom one-bathroom units. The one-bedroom units will average 569 net square feet and the two-bedroom units will average 868 net square feet. Outdoor amenities will include bicycle racks, garden areas, walking paths, a meditation garden, and onsite parking. The Project is close to a Walmart Supercenter, medical facilities serving seniors and others, senior residential facilities with various levels of care, various retail centers, grocery stores, banks, worship centers and restaurants. The Meadowlark Senior Center is within 500 feet of the proposed Project and provides meal service for a nominal fee as well as education, health and wellness seminars and other activities. Presbyterian Rust Medical Center and UNM Sandoval Regional Medical Center are within Rio Rancho. The proximity to Albuquerque (13+ miles) provides additional medical, shopping, services, cultural and entertainment venues, and job opportunities. The Rio Metro buses, Dial-a-Ride/Paratransit, Bike Share and New Mexico Rail Runner Express provide transportation throughout the County and Rio Rancho and service to Albuquerque. The County has the Sandoval Assisted Transportation Program. The application provided information from the Kinetic Valuation Group, Inc (KVG) market study, dated 1/16/2023. The market study established a Primary Market Area (PMA), the geographic area where the majority of support for the proposed subject site is expected to originate, where the community services that site residents will likely utilize are located and/or where comparable housing alternatives exist. The Subject development is located in the southern portion of the City of Rio Rancho. The primary market area (PMA) for the development consists of Rio Rancho, NM and a portion of Albuquerque, NM. The boundaries of the PMA are: North: U.S. Highway 550 East: Rio Grand River/Railroad South: Interstate 40 West: Arroyo de las Montoya River/Rainbow Boulevard/Unser Boulevard The market study advises that a survey of a representative sample of comparable apartment developments indicates the multifamily market in the PMA is good. The area is experiencing stable occupancy levels for both affordable and market rate developments. Analysis of comparable rents indicates that the development's proposed rents are achievable and provide a strong tenant rent advantage over market rate properties. Affordable housing alternatives such as home or condominium ownership do not pose a major threat due to the cost savings affordable housing provides. The markets study states that the development, which will provide good quality affordable housing, will positively enhance the local market area. The market study further advises that the development will provide excellent quality affordable housing that is in demand in the area. The property is within close proximity to employment, retail, and related amenities. The development's unit mix, unit sizes, and unit amenities are considered competitive. Affordable units are in demand, as evidenced by the rental activity of comparable market and affordable properties.
Environmental & Site	A HUD Part 58 Environmental Review is required for HOME and NHTF loans and must be completed prior to the acquisition of the property.
Site and Neighborhood Standards (HOME New	The area surrounding the development is a mixed-use area. The site is zoned R-6, Multi-Family Residential District. Per the zoning code for the city of Rio Rancho, the multifamily zone permits a high density of population in which the principal use is multi-family dwelling units. The site was rezoned from SU, Special Use District to R-6, Multi-Family Residential District on December 10,

Construction only)	2020. According to the municipal code for the city of Rio Rancho, the R-6, Multi-Family Residential District allows for a maximum of 50 units per acre, which would allow 178 units. A Site and Neighborhood Standards form must be completed prior to close and reviewed by MFA as the project does include new construction of residential units that will utilize HOME and NHTF funding.
Project Financials, Projections and Assumptions, and Subsidy Layering Review (HOME only)	**Projections and Assumptions:** A 5% vacancy (MFA standard for senior housing) was applied, and operating expenses were estimated at $4,949 per unit per annum (PUPA) after reducing for Replacement Reserves ($250 PUPA) and Social Services. Operating expenses are within MFA guidelines of $4,300 to $5,800. KVG, Inc. provided an analysis of the operating expenses in comparison with LIHTC properties in the region. KVG, Inc. concluded that the Subject's budget is within the range of the expense comparables and appears reasonable. The Debt Service Coverage Ratio (DSCR) on all hard debt is projected to begin at 1.15 : 1.00 in year 1 and improves to 1.23 : 1.00 by year 15. The DSCR falls below MFA's underwriting standards of 1.20 to 1.40 : 1.00 in the first 7 years, however, the DSCR falls within guidelines by year 8. The first mortgage loan is assumed to be at a 6.70% interest rate, rate per the letter of interest (6.20%) adjusted upwards by 50 basis points for underwriting. Currently, 15% (i.e., $204,793 of the $1,362,500) of the developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferral of the developer fee is usually allowable by the investor, provided that project cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Lender projections indicate that the Subject would fully repay the deferred developer fee by the end of the 6th year. The developer is assuming that credits can be sold to an investor at .88 cents on the dollar. Every one-cent drop in that price would create the need for additional $162,156 in capital to be filled by either deferring developer fee or a cash-flow-only loan from Rocky Mountain Community Reinvestment Corporation (RMCRC). **Subsidy Layering Reviews:** HOME- MFA's Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations. National HTF- MFA's Housing Development Department's underwriting guidelines, performed for the National Housing Trust Fund loan request, show this project is not over-subsidized per HUD regulations.

Affordability Requirements	**HOME Requirements:** Six HOME units consisting of: Three 1-bedroom apartments, and one 2-bedroom apartment for households at or below 60% AMI and restricted to High HOME rents and one 1-bedroom, and one 2-bedroom for households earning at or below 50% and restricted to Low HOME rents for which a Land Use Restriction Agreement (LURA) will be filed in Sandoval County. The affordability period is 40 years: 20 years as required by HOME rules standards and 20 years for MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final HOME project completion report and ends 40 years later. **NHTF Requirements:** Two NHTF units consisting of: One 1-bedroom apartment, and one 2-bedroom apartment to households earning the greater of 30% AMI or the federal poverty level, for which a Land Use Restriction Agreement (LURA) will be filed in Sandoval County. The affordability period is 35 years, 30 years as required by NHTF rules standards and 5 years for MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final NHTF project completion report and ends 35 years later.
Repayment and Disbursement	**HOME Loan:** Payments: No payments during the construction period, which is not to exceed 24 months; thereafter, 479 equal principal payments during the permanent loan period, based on an 80-year amortization, and one final balloon payment of all outstanding principal. Outstanding principal due at the earlier of maturity, refinance, or sale of the project. **Disbursement**: Allow three draws, one at construction closing, one during the construction period, and final disbursement upon submission of a HUD project completion report. **NHTF Loan:** Payments: No payments due during the construction period and, thereafter, annual payments, as determined from available cash-flow, or fixed at $500, maturing in 35 years with a final balloon payment of all outstanding principal due at its maturity. The interest rate will be **0.00%** and the **NHTF loan's** affordability period will be **35 years.** The affordability period starts on the placed in-service date and ends 35 years later. **Disbursement:** Allow three draws: two during the construction period, and the third upon submission of a final NHTF project completion report to HUD.
Special Conditions	1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate & amortization) may be revised in line with projected cash flow at closing; 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect; 3. Financing commitments acceptable to MFA prior to funding on all funding sources; 4. Acceptance of 2023 award of Low-Income Housing Tax Credits (LIHTC); 5. Approval of plans/construction monitoring/draws by MFA's Architectural Services Representative, or a third party acceptable to MFA (i.e., hired by MFA, investor or primary construction lender) and shared with MFA, Cost to be paid by applicant; 6. Other conditions as may be determined by staff; and 7. Subject to availability of funds. **Additional Conditions: HOME Loan** 8. Loan to be in second lien position;

	9. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; 10. Chelsea Investment Corporation (“Chelsea”) must provide a guarantee during the construction period; 11. If HOME CHDO (Community Housing Development Organization) funds are to be used, CC Housing, Inc. (CC) must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD’s CHDO rules. **Additional Conditions: NHTF Loan** 12. Loan to be in third lien position; 13. HUD Environmental Provision (EP) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; and 14. Project building plans must meet NHTF Rehabilitation Standards prior to acquisition and construction start; and 15. Chelsea Investment Corporation (“Chelsea”) must provide a guarantee during the construction period.

MFA Commitments to Other Projects	**Chelsea Investment Corporation** 2012 HOME – Park Place (fka Casa Hermosa) – $556,546 2012 Primero Grant – Park Place (fka Casa Hermosa) – $75,000 2012 9% Tax Credit – Park Place (fka Casa Hermosa) – $896,512 2013 Primero Grant – Cottonwood Apartments Artesia – $50,000 2013 Primero Grant – The Elms Apartments – $50,000 2014 Primero Grant – Roselawn Manor – $50,000 2015 9% Tax Credit – Parkside Terrace – $1,087,936 2015 9% Tax Credit – Roselawn Manor – $1,150,000 2015 HOME – Roselawn Manor – $371,667 2015 Risk Share – Roselawn Manor – $1,074,556 2018 9% Tax Credit – Mission la Posada – $800,000 2018 HOME – Mission la Posada – $397,500 2018 NHTF – Mission la Posada – $1,275,000 2019 9% Tax Credit – Sunray Lobo Canyon – $1,232,333 2019 HOME – Sunray Lobo Canyon – $243,953 2019 NHTF – Sunray Lobo Canyon – $360,000 2020 9% Tax Credit – Encantada Apartments – $633,630 2020 HOME – Encantada Apartments – $400,000 2020 NHTF – Encantada Apartments – $400,000 2021 9% Tax Credit- Belen Vista- $787,639 2021 HOME- Belen Vista- $1,000,000 2021 NHTF- Belen Vista- $400,000 2021 9% Tax Credit- Mariposa- $801,704 2021 HOME- Mariposa- $1,000,000 2021 NHTF- Mariposa- $400,000 2022 9% Tax Credit- Felician Villa- $1,228,760 2022 HOME- Felician Villa- $1,000,000 2022 LIHTC- Felician Villa- $400,000 2023- ARPA-FRF- Felician Villia- $2,800,000 2022 9% Tax Credit- Three Sisters- $1,341,912 2022 HOME- Three Sisters- $1,000,000 2022 LIHTC- Three Sisters- $400,000

<table>
<tr><td></td><td colspan="3">CC Housing, Inc.
2017 9% Tax Credit – Generations at West Mesa – $674,999
2017 NMHTF – Generations at West Mesa – $492,200
2017 NHTF – Generations at West Mesa – $400,000
2019 9% Tax Credit – Sunray Lobo Canyon – $1,232,333
2019 HOME – Sunray Lobo Canyon – $243,953
2019 NHTF – Sunray Lobo Canyon – $360,000
2020 9% Tax Credit – Encantada Apartments – $633,630
2020 HOME – Encantada Apartments – $400,000
2020 NHTF – Encantada Apartments – $400,000
2021 9$ Tax Credit- Belen Vista- $787,639
2021 HOME- Belen Vista- $400,000
2021 NHTF- Belen Vista- $400,000
2021 9% Tax Credit- Mariposa- $801,704
2021 HOME- Mariposa- $1,000,000
2021 NHTF- Mariposa- $400,000
2022 9% Tax Credit- Felician Villa- $1,228,760
2022 HOME- Felician Villa- $1,000,000
2022 LIHTC- Felician Villa- $400,000
2023- ARPA-FRF- Felician Villia- $2,800,000
2022 9% Tax Credit- Three Sisters- $1,341,912
2022 HOME- Three Sisters- $1,000,000
2022 LIHTC- Three Sisters- $400,000

Notes: Risk Share loans carry 10% MFA risk - loan balances as of 04/08/2023</td></tr>
<tr><td>**MFA Exposure**</td><td colspan="3">Total MFA Exposure: $13,771,422 (excludes LIHTC, grants and loans pending approval).</td></tr>
<tr><td>**Risk Factors**</td><td colspan="3">1. **Market – Low** (Strong demand for proposed property in PMA)
2. **Construction – Medium** (construction material pricing remains volatile, however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls)
3. **Developer – Low**
4. **Guarantor – Low**
5. **General Partner/Managing Member – Low (i.e., the developer)**
6. **Community Opposition – Low (Permitted Zoning)**
7. **Financing – Medium** (as long as market conditions for interest rates & LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project would not move forward. MFA's final underwriting is required before loan closing to ensure viability before final commitment)</td></tr>
<tr><td>**Summary & Recommendation**</td><td colspan="3">The proposed project presents a favorable risk profile and is recommended for approval.</td></tr>
<tr><td>**Prepared by**</td><td>Jacobo Martinez, Development Loan Manager, Team Lead</td><td></td><td>4/25/2023</td></tr>
<tr><td>**Reviewed by**</td><td>George Maestas, Director of Housing Development</td><td></td><td>4/25/2023</td></tr>
</table>

PROJECT INFORMATION SUMMARY						
Project Name		**City**	**NC, AR, or NC/AR**	**Total # Units**	**Sizes**	**Target AMIs**
Felician Villa II Apartments		**Rio Rancho, NM**				
Total Development Cost	**$ 20,254,528**		NC	66	1-BED, 2-BED	60%, 50% & 30%
Borrower	**Felician Villa II CIC, LLLP**					
Management	**Monarch Properties, Inc.**		**YEAR BUILT (AR)**		**LIHTC ALLOC**	**4% or 9%**
Developer	**Chelsea Investment Corp.**				$ 1,621,723	9%

NC =	New Construction
AR =	Acquisition/Rehab
AMI =	Area Median Income
MR =	Market Rate apartments

HOME LOAN INFORMATION			**NUMBER OF HOME UNITS:**	6
Funds Available as of:	HOME	Rental: $4,735,540		
includes 2022 allocation		CHDO: -$1,226,672		
	MFA Guidelines	**Loan Request**	**EXCEPTIONS/CONDITIONS/NOTES**	
Maximum Loan Amount	$1,000,000	$1,000,000	Max HOME CHDO loan	
Rates	0.0% to 3.0%	0.0%		
Loan Fees	N/A	N/A		
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm		
Loan Amortization	20 to 80 years	80 years		
Lien Position	Subordinate allowed	2nd lien position	2nd lien position during construction	
Affordability Requirements	Min 20 yrs, max 60% AMI	40 yrs, 60% AMI	High-HOME and Low-HOME rents	
DSCR	1.2 to 1.4 to 1 on all must-pay debt*	Within guidelines in year 8	*DSCR starts at 1.15, increasing to 1.20 in year 8 and increasing to 1.28 in year 15 with 50 point basis added by underwriting guidelines.*	
Scoring Criteria	N/A	N/A		

NATIONAL HOUSING TRUST FUND LOAN INFORMATION			**NUMBER OF NHTF UNITS:**	2
Funds Available as of:	NHTF	$2,391,995		
includes 2021 allocation	**MFA Guidelines**	**Loan Request**	**EXCEPTIONS/CONDITIONS/NOTES**	
Maximum Loan Amount	$400,000	$400,000	Max loan with 9% LIHTC	
Rates	0.0%	0.0%		
Loan Fees	N/A	N/A		
Maximum Loan Term	2 yr construct, no max on perm	2 yr construct, 35 yr perm		
Loan Amortization	Cash- flow or Forgiveable	Cash-flow	Cash flow or $500 fixed based on investors preference	
Lien Position	Subordinate allowed	3rd lien position	3rd lien position during construction	
Affordability Requirements	Min 30 years, NHTF units restricted to 30% AMI	35 years, NHTF units at 30% AMI		
DSCR	1.2 to 1.4 to 1 on all must-pay debt*	Within guidelines in year 8	*DSCR starts at 1.15, increasing to 1.20 in year 8 and increasing to 1.28 in year 15 with 50 point basis added by underwriting guidelines.*	
Scoring Criteria	40-100 points	93		

TOTAL DEVELOPMENT COST INFORMATION SUMMARY

Project:	**Felician Villa II Apartments**	**Total**	**% TDC**	**Cost/GSF***
Acquisition Costs *(land, building acquisition, & other acquisition costs)*		$ 680,000	3%	$ 11.06
Construction Hard Costs		$ 11,426,202	56%	$ 185.87
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishings, etc)*		$ 3,349,962	17%	$ 54.49
Professional Services/Fees *(architect, engineer, real estate legal, etc)*		$ 470,500	2%	$ 7.65
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*		$ 2,134,042	11%	$ 34.71
Permanent Financing Costs *(fees, title/recording, etc)*		$ 103,375	1%	$ 1.68
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*		$ 385,457	2%	$ 6.27
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*		$ -	0%	$ -
Reserves *(rent-up, operating, replacement, escrows, etc)*		$ 342,490	2%	$ 5.57
Developer Fees *(inc consultant fees)*		$ 1,362,500	7%	$ 22.16
	Total Development Costs (TDC)	**$ 20,254,528**	**100%**	**$ 329.48**
	TDC w/o Land, Reserves & Commercial	**$ 19,232,038**	**95%**	**$ 312.84**

*Gross square footage: 61,475

CONSTRUCTION SOURCES

Project:	**Felician Villa II Apartments**	**Total**	**% of Total**	**Per Unit**
Construct. Lender - 1st Lien	Rocky Mountain CRC	$ 14,269,733	70.5%	$ 216,208
2nd Lien holder	MFA HOME Loan	$ 900,000	4.4%	$ 13,636
3rd Lien holder	MFA NHTF Loan	$ 360,000	1.8%	$ 5,455
4th Lien holder	FHLB AHP	$ 750,000	3.7%	$ 11,364
Other source	CC Land Value	$ 680,000	3.4%	$ 10,303
Deferred Developer Fee	Deferred Development Fee	$ 440,848	2.2%	$ 6,680
LIHTC Equity	The Richman Group	$ 2,853,947	14.1%	$ 43,242
Other source		$ -	0.0%	$ -
Other source			0.0%	$ -
Other source			0.0%	$ -
Other source			0.0%	$ -
	Total Construction Sources	**$ 20,254,528**	**100.0%**	**$ 306,887**

PERMANENT SOURCES

Project:	**Felician Villa II Apartments**	**Total**	**% of Total**	**Per Unit**
Perm Lender - 1st Lien	Rocky Mountain CRC	$ 2,950,000	14.6%	$ 44,697
2nd Lien holder	MFA HOME Loan	$ 1,000,000	4.9%	$ 15,152
3rd Lien holder	MFA NHTF Loan	$ 400,000	2.0%	$ 6,061
4th Lien holder	FHLB AHP	$ 750,000	3.7%	$ 11,364
Other source	CC Land Value	$ 680,000	3.4%	$ 10,303
Deferred Developer Fee	Deferred Development Fee	$ 204,793	1.0%	$ 3,103
LIHTC Equity	The Richman Group	$ 14,269,735	70.5%	$ 216,208
Other source			0.0%	$ -
Other source			0.0%	$ -
Other source			0.0%	$ -
	Total Permanent Sources	**$ 20,254,528**	**100.0%**	**$ 306,887**

Appendix A: Development Cost Budget

Felician Villa II Apartments	**Gross Sq. Footage:**	61,475
Rio Rancho, NM	**TOTAL COST**	**COST/GSF**
ACQUISITION COSTS		
Land Acquisition	$ 680,000	$ 11.06
Building Acquisition	$ -	$ -
Other:	$ -	$ -
SUBTOTAL	**$ 680,000**	**$ 11.06**
CONSTRUCTION HARD COSTS		
Demolition	$ -	$ -
Accessory Structures	$ -	$ -
Site Construction	$ 1,773,100	$ 28.84
Buildings and Structures	$ 9,653,102	$ 157.02
Off-Site Improvements	$ -	$ -
Other Costs:	$ -	$ -
SUBTOTAL	**$ 11,426,202**	**$ 185.87**
OTHER CONSTRUCTION COSTS		
Contractor Overhead	$ 221,868	$ 3.61
Contractor Profit	$ 665,604	$ 10.83
General Requirements	$ 665,604	$ 10.83
Construction Contingency	$ 713,538	$ 11.61
Gross Receipts Tax (GRT)	$ 1,003,348	$ 16.32
Landscaping	$ 35,000	$ 0.57
Furniture, Fixtures, & Equipment	$ 45,000	$ 0.73
Other:	$ -	$ -
SUBTOTAL	**$ 3,349,962**	**$ 54.49**
PROFESSIONAL SERVICES/FEES		
Architect (Design)	$ 300,000	$ 4.88
Architect (Supervision)	$ 60,000	$ 0.98
Attorney (Real Estate)	$ -	$ -
Engineer/Survey	$ 110,500	$ 1.80
Other:	$ -	$ -
SUBTOTAL	**$ 470,500**	**$ 7.65**
CONSTRUCTION FINANCING		
Hazard Insurance	$ 60,000	$ 0.98
Liability Insurance	$ 145,435	$ 2.37
Performance Bond	$ 142,700	$ 2.32
Interest	$ 1,046,366	$ 17.02
Origination\Discount Points	$ 135,141	$ 2.20
Credit Enhancement	$ -	$ -
Inspection Fees	$ 35,000	$ 0.57
Title and Recording	$ 30,000	$ 0.49
Legal	$ 265,000	$ 4.31
Taxes	$ 8,400	$ 0.14
Other:	$ 266,000	$ 4.33
SUBTOTAL	**$ 2,134,042**	**$ 34.71**

Project: Felician Villa II Apartments		
PERMANENT FINANCING COSTS		
Bond Premium	$ -	$ -
Credit Report	$ -	$ -
Origination\Discount Points	$ 41,875	$ 0.68
Credit Enhancement	$ -	$ -
Title and Recording	$ 15,000	$ 0.24
Legal	$ 46,500	$ 0.76
Pre-Paid MIP	$ -	$ -
Reserves and Escrows	$ -	$ -
Other	$ -	$ -
SUBTOTAL	**$ 103,375**	**$ 1.68**
SOFT COSTS		
Market Study	$ 10,300	$ 0.17
Environmental	$ 20,000	$ 0.33
Tax Credit Fees	$ 121,879	$ 1.98
Appraisal	$ 8,000	$ 0.13
Hard Relocation Costs	$ -	$ -
Accounting/Cost Certification	$ 62,500	$ 1.02
Other: Marketing, Permits, Soft Cost Contin	$ 162,778	$ 2.65
SUBTOTAL	**$ 385,457**	**$ 6.27**
SYNDICATION		
Organization	$ -	$ -
Bridge Loan	$ -	$ -
Tax Opinion	$ -	$ -
Other:	$ -	$ -
SUBTOTAL	**$ -**	**$ -**
TDC before Dev. Fees & Reserves	**$ 18,549,538**	**$ 301.74**
RESERVES		
Rent Up	$ -	$ -
Operating	$ 297,490	$ 4.84
Replacement (inc. only if capitalized)		$ -
Escrows/Working Capital		$ -
Other:	$ 45,000	$ 0.73
SUBTOTAL	**$ 342,490**	**$ 5.57**
DEVELOPER FEES		
Developer Fee	$ 1,362,500	$ 22.16
Consultant Fee	$ -	$ -
Relocation Consultant	$ -	$ -
SUBTOTAL	**$ 1,362,500**	**$ 22.16**
Total Development Cost (TDC)	**$ 20,254,528**	**$ 329.48**
TDC w/o Land, Reserves & Commercial	**$ 19,232,038**	**$ 312.84**

2023 RENTAL AWARD SUMMARY

<table>
<tr><td>Project Name & Address</td><td colspan="4">Tierra Encantada Apartments
805 Clark Ave., Anthony, Doña Ana County, NM 88021</td></tr>
<tr><td rowspan="3">Proposed Awards</td><td>$400,000</td><td>National Housing Trust Fund (NHTF)</td><td>Rate</td><td>0%</td></tr>
<tr><td>$2,000,000</td><td>New Mexico Housing Trust Fund (NMHTF)</td><td>Rate</td><td>2.0%</td></tr>
<tr><td>$1,000,000</td><td>Primero Investment Fund (Primero)</td><td>Rate</td><td>2.5%</td></tr>
<tr><td>Borrowers</td><td colspan="4">TE Apartments LLLP (to be formed) will be owned .01% by TE LLC, as General Partner, with Tierra del Sol Housing Corporation as its Sole Member; and 99.99% by a to-be-determined tax credit investor, as Limited Partner.</td></tr>
<tr><td>Management</td><td colspan="4">The J. L. Gray Company (JL Gray) was incorporated in New Mexico in 1985. Jack L. Curry and J. Scot Fishburn are the owners and founders. The company acquires, develops, and manages affordable and conventional residential communities in New Mexico, Arizona, Utah, Texas and Colorado. It has two corporate offices in New Mexico, the development office is in Las Cruces, NM and the management office is in Farmington, NM. It currently manages over 100 market rate and subsidized apartment communities in the above referenced states.</td></tr>
<tr><td>Developer</td><td colspan="4">Tierra del Sol Housing Corporation (TDS), is a private, nonprofit organization incorporated in 1973 and 1980, in New Mexico and Texas respectively, and headquartered in Las Cruces, NM. TDS is a regional housing and community development corporation whose purpose is to improve the quality of life and economic conditions of low-income persons residing in distressed and underserved communities by providing affordable housing and community development through construction activities, lending, training and employment opportunities.
TDS has sponsored and developed 25 affordable multifamily properties for a total of 1,248 units in 15 scattered communities in New Mexico and Texas over its 40-year history. This represents a total investment of $76 million. Many of these properties have HUD, USDA Rural Development (RD), MFA, TDHCA, LIHTC, FHLB, and private foundation funding and project-based rental subsidy (Housing Assistance Payment Section 8 (HAP) and RD Rental Assistance (RA) contracts). TDS continues to own these properties and oversee their management. TDS has most recently completed the 9% LIHTC acquisition/rehabilitation projects Cielo De Oro Senior Apartments in Roswell and Valle Verde I in Pacitas, Dona Ana County.
The development team has worked together previously on multiple similar substantial rehabilitation projects. The team supporting TDS with the development of TE will include the Consultant Cesar Marenco, Architect Bob Hall with Integrated Design, General Contractor Rob Olson & Brian Gerritz with Pavilion Construction, Legal Counsel Mark Berry, accountant Matt Stille with Cohn Reznick, and Bobby Griffith with J.L. Gray Management, who all have extensive experience developing and delivering LIHTC projects on time and on budget.
TDS’s CPA audited financials for FYE 09/30/21 show unrestricted cash of $477K, total assets of $16.04M, a net worth of $10.09M, a debt-to-worth ratio of 0.59 : 1:00, a net income of $698K and positive traditional cash flow. Internally prepared financials for the interim period from 10/1/21-11/30/22 show total cash of $2.68M, total assets of $13.00M, a net worth of $9.14M, a debt-to-worth ratio of 0.42 : 1:00, a net income of $612K and positive traditional cash flow.</td></tr>
<tr><td>Project Type & Size</td><td colspan="4">Acquisition and Rehabilitation of 24 units to be located on a 3-acre site. Six units (25% of the project) will serve households with children. Three units will be income restricted to households earning 30% or less of Area Median Income (AMI) and twenty-one units will be income-restricted to households earning 50% or less of AMI. As an existing Section 514 Farm Labor Housing property, all units will continue to receive project-based USDA Rental Assistance.</td></tr>
<tr><td>Project Description</td><td colspan="4">TDS is proposing the acquisition and rehabilitation of Tierra Encantada Apartments; an existing 24-unit apartment project targeting farmworker households with children in Anthony, NM and the surrounding market area. The unit mix is 6 two-bedroom units at 680 square feet,16 three-bedroom units at 819 square feet, and 2 four-bedroom units at 972 square feet. The project’s gross square footage is approximately 22,049 square feet comprising of 8 one-story residential buildings and a community building. The Subject site is located in an established residential neighborhood in</td></tr>
</table>

	central Anthony and is located within a 1-mile radius of several retail, service, and civic /community facilities. Tierra Encantada was built in 1992 and underwent moderate rehabilitation in 2010, which resulted in the replacement of the roof, windows, kitchen and bathroom cabinets, some in-unit appliances, repainting of the exterior stucco siding, and the installation of a refrigerated air system. Although Tierra Encantada remains structurally sound, the developer is proposing additional rehabilitation activities reasonable for the property's age (31 years). The rehabilitation Scope of Work will address several major systems including the replacement of the existing heating & cooling system, the replacement of rusted HVAC ductwork, painting and patching of the stucco exterior, sealing of the existing low-E windows, and the installment of new insulated front doors to minimize/stop any air infiltration and transfer of heat/cold during the different seasons of the year. It will also improve the plumbing by replacing the fixtures, water heaters, and commodes and upgrading the electrical by installing LED lighting and GFCI breakers in the kitchens/bathrooms and insulating the roof crawl space cavity. Interior finishes will be updated including new paint & plank vinyl flooring. The existing community building will undergo a reconfiguration of the interior which will include the moving of walls, electrical, plumbing, & sewer lines. The rehabilitation will provide a playground for children under 5, exterior recreational chess, foosball, and ping pong table for kids 5-12 years of age, a basketball court for children 12 and above a garden area, barbeque picnic area, and bicycle racks for adults. Services will include a social service coordinator (present at least twice a week for 10 hours) and Enrichment Services such as Beyond Financial Literacy, CPR training, Health screenings, Nutrition Classes, Computer Training, Job Development, Gardening Classes, and Food Pantry. Services will be provided on-site and at no cost to residents. The community building will be renovated and reconfigured to provide an office space for services, events, and social interaction. The Kinetic Valuation Group market study dated 01/06/2023 generally defines the Subject's Primary Market Area as the communities along the Interstate 25 corridor which include Anthony, Vado, Serino, Chamberino in New Mexico and Anthony, Westway, Vinton, Canutillo, and small portion of northern El Paso in Texas. The market study advises that the Subject is feasible as proposed and will maintain good quality affordable housing that is in demand in the area. The property is within close proximity of employment, retail, and related amenities. Tenants residing in this market are willing to relocate throughout the PMA in order to find good quality affordable housing. The market study indicates other affordable housing developments in the PMA are experiencing stable occupancy levels and all have waiting lists. The market study indicates, at the time of inspection, the Subject was 100% occupied with a waiting list of nine households. The project's unit mix, size, rents, and amenity package are appropriate for its location and market and will be competitive with existing properties in the market. The market study demand estimate shows a Capture Rate of 0.3% for the overall market and a Capture Rate of 1.5% for farmworker units. Based upon properties surveyed, vacancy rates ranged from 0.0% to 4.2% with an overall average vacancy rate of 1.5%. The Subject is expected to maintain a 5% vacancy rate or below. The market study estimates that the Subject's units will be absorbed at a rate that will create stabilized occupancy of 95% in less than one year.
Environmental & Site	There are no known environmental issues affecting the Subject site, surrounding area, or original construction materials utilized to build the existing structures. A Phase 1 Environmental Site Assessment will be completed upon receipt of a tax credit allocation and the project moving forward. As required by the National Housing Trust Fund, Environmental Provision will need to be approved by MFA before construction is complete.
Site and Neighborhood Standards (HOME and NHTF New Construction only)	N/A

Project Financials, Projections and Assumptions, and Subsidy Layering Review

The applicant has provided a detailed 15-year cash flow projection for the project, which assumes total annual income of $283,632. The developers estimate $179,789 in total operating expenses less reserves and social services (i.e., $7,491 per unit per year), which is above MFA's standard underwriting range of $4,300 to $5,800. It is worth noting that smaller multifamily properties such as Tierra Encantada do not benefit from the economies of scale of larger properties with costs spread over more units. This effect is particularly accentuated with fixed costs such as management, maintenance, and employee benefits costs where expenses per unit tend to be significantly higher in smaller properties. Other factors affecting the operating budget is the higher USDA RD approved management fee which is closer to 7%, as compared to MFA's typical 6% limit (MFA provides exceptions to USDA RD properties above this threshold). Additionally, water, sewer, trash, and gas utilities are all master metered placing a higher burden on the property to carry these costs. Lastly, the USDA RD annual budget process is budget based. Operating expenses and rents, to a large extent, are adjusted every year to address the needs of the property and to a smaller extent on their database parameters from comparable USDA RD portfolio properties. This process is significantly different from the conventional underwriting lenders tend to utilize to determine project financial feasibility.

The Debt Service Coverage Ratio (DSCR) starts at 1.36 to 1.00 in year one, decreasing to 1.28 to 1.00 in year 15. This ratio is within MFA's underwriting standards of a range between 1.20 – 1.40 to 1:00 for the first 15 years of operation. The interest rate for Rocky Mountain CRC's first mortgage loan is assumed to be 7.112% (6.612% adjusted upwards by 50 basis points for underwriting). If, for any reason, the rate increases too much to accommodate required DSCR, then the first mortgage permanent loan can be reduced and that portion of it replaced by a cash flow loan from TDS.

Currently, it appears that 3.6% ($18,358) of the $505,000 developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferral of the developer fee is usually allowable by the investor, provided that cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Current projections indicate the Subject would fully pay off the deferred developer fee by the end of year 1.

With all units receiving rental assistance from project-based USDA RD vouchers and a market study supporting <5% vacancy for the Subject, this project was underwritten at a 5% vacancy rather than MFA's standard 7% vacancy. For projects with at least 90% of all apartments covered by a federal rental assistance contract, MFA may use the market study vacancy factor but not less than 5%.

Based on the investor's letter of interest, the project is currently underwritten using a credit price of 87 cents on the dollar, which is within the average range for recent 9% LIHTC projects. Every one (1) cent drop in that price would create the need for an additional $39K in deferred developer fee or cash flow loan from TDS.

Subsidy Layering Review

- National HTF- MFA's Housing Development Department's underwriting guidelines, performed for the National Housing Trust Fund loan request, show this project is not over-subsidized per HUD regulations.

Affordability Requirements	**NHTF:** Two 2-bedroom apartments and one 3-bedroom apartment restricted to households earning the greater of 30% AMI or the federal poverty level, for which a Land Use Restriction Agreement (LURA) will be filed in Doña Ana County. The affordability period is 35 years, starting on the date of acceptance by HUD of a final NHTF project completion report and ends 35 years later. **NMHTF:** Twenty-four units (24) units income-restricted to households earning 60% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Doña Ana County. The NMHTF affordability period is 30 years; 20 as required by Affordable Housing Act Rules and 10 for MFA's extended affordability period (i.e., in concurrence with the loan term) and starts on the date the Certificate of Occupancy is issued. **Primero:** Ten units (10) reserved for households earning 60% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Doña Ana County. The Primero affordability period is 5 years and will start on the date that the architect of record issues a certificate of substantial completion AIA Form G704.
Repayment and Disbursement	**NHTF:** Payments: No payments during the construction period, which is not to exceed 24 months; thereafter, annual payments, 1) as determined from available cash flow or 2) a fixed principal payment of $500, maturing in 30 years. Disbursement: Allow up to three draws: two during the construction period, and the third upon submission of a final NHTF project completion report to HUD. **NMHTF:** Payments: Interest monthly during the construction period not to exceed 24 months; outstanding principal and interest due at maturity. Disbursement: Multiple disbursements upon evidence of costs incurred, not more frequently than monthly. **Primero:** Payments: Interest monthly during the construction period not to exceed 24 months; outstanding principal and interest due at maturity. Disbursement: Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.
Special Conditions	1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate & amortization) may be revised in line with projected cash flow at closing; 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect; 3. Financing commitments acceptable to MFA prior to funding on all funding sources; 4. Acceptance of 2023 award of Low-Income Housing Tax Credits (LIHTC); 5. Approval of plans/construction monitoring/draws by MFA's Architectural Services Representative or a third party acceptable to MFA (i.e. hired by MFA, investor or primary construction lender) and shared with MFA. Cost to be paid by applicant; 6. Other conditions as may be determined by staff; and 7. Subject to availability of funds. **Additional Conditions: NHTF Loan** 8. Loan to be in second lien position during construction and third lien position during the permanent term; and 9. HUD Environmental Provision (EP) approval must occur prior to construction completion; and

	10. Project building plans must meet NHTF Rehabilitation Standards prior to acquisition and construction start; and 11. If other than minimal funds used during construction (i.e. $50,000 or less), Tierra Del Sol Housing Corporation must provide a guarantee. **Additional Conditions: NMHTF** 12. Loan to be in third lien position (construction only); and 13. Tierra Del Sol Housing Corporation must provide a guarantee **Additional Conditions: Primero Loan** 14. Loan to be in fourth lien position (construction only); and 15. Tierra Del Sol Housing Corporation must provide a guarantee.		
MFA Commitments to Other Projects	**Tierra del Sol Housing Corporation:** 2007 HOME - Tierra Encantada - Loan HM105- $202,841 2008 LIHTC - Alta Tierra - $345,908 2008 LTTF - Alta Tierra - Loan #LTTF08002 - $151,245 2008 NMHTF - Alta Tierra - Loan #HTF08007 - $349,037 2008 HOME - Valle Verde I - Loan #HM122 - $283,345 2009 HOME - Villa de Tularosa- Loan #HM110 - $599,900 2010 Primero Grant - Villa de Tularosa - $33,500 2011 Primero Grant - Villa de Tularosa - $63,300 2012 Primero Grant - Villa del Sol - $75,000 2014 LIHTC - Cielo Del Oro - $370,519 2014 Risk Share - Cielo Del Oro - Loan #RS098 - $419,070 2014 NMHTF - Cielo Del Oro - Loan #HTF14005 - $415,124 2014 HOME - Cielo Del Oro - Loan #HM151 - $375,937 2015 LIHTC - El Camino Real - $884,729 2016 NMHTF - Horizon Apts (fka Eunice) - Loan #HTF16004 - $550,384 2016 Governor's Innovations in Housing Grant - $696,000 2018 NMHTF - Valle Verde I - Loan #NMHTF18003 - $472,961 2018 Primero - Valle Verde I - Loan #PIF99159 - $0 (1) *Risk Share loans carry 10% MFA risk* (2) *Bonds are non-recourse to MFA* (3) *Loan Balances as of 4/1/2023*		
MFA Exposure	$3,819,844 (excludes LIHTC, grants and loans pending approval)		
Risk Factors	1. **Market – Low** (Strong demand for proposed property in PMA) 2. **Construction – Medium** (construction material pricing remains volatile, however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls) 3. **Developer – Low** 4. **Guarantor – Medium** 5. **General Partner/Managing Member – Low (i.e. the developer)** 6. **Community Opposition – Low (existing project)** 7. **Financing – Medium** (as long as market conditions for interest rates & LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project would not move forward. Final underwriting is required before loan closing to ensure viability before final commitment)		
Summary & Recommendation	The proposed project presents a favorable risk profile and is recommended for approval.		
Prepared by	Tim Martinez, Development Loan Manager	Date	4/25/2022

Reviewed by	George Maestas, Director of Housing Development	Date	4/25/2022

PROJECT INFORMATION SUMMARY

Project Name	City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
Tierra Encantada Apartments	Anthony	AR	24	2-BED, 3-BED, 4-BED	30% AMI and 50% AMI

Total Development Cost	$ 5,747,174
Borrower	**TE Apartments LLLP**
Management	**The J. L. Gray Company**
Developer	**Tierra del Sol Housing Corporation**

YEAR BUILT (AR)	LIHTC ALLOC	4% or 9%
1992	$ 347,965	9%

NC =	New Construction
AR =	Acquisition/Rehab
AMI =	Area Median Income
MR =	Market Rate apartments

NATIONAL HOUSING TRUST FUND LOAN (NHTF) INFORMATION

NO. OF NHTF UNITS: 3

Funds Available as of:	03/31/23	$2,391,955	
	MFA Guidelines	**Loan Request**	**EXCEPTIONS/CONDITIONS/NOTES**
Maximum Loan Amount	$400,000	$400,000	Max loan with 9% LIHTC
Rates	0%	0.0%	
Loan Fees	N/A	N/A	
Maximum Loan Term	2 yr construct, no max on perm	2 yr construct, 35 yr perm	
Loan Amortization	cash-flow or forgivable	cash-flow	Borrower will have the option to make annual cash-flow payments or annual fixed payments of $500.
Lien Position	Subordinate allowed	3rd lien position	2nd lien position during construction, 3rd lien position during permanent period
Affordability Requirements	Min 30 yrs; NHTF restricted to at or below the greater of 30% AMI or federal poverty level	35 yrs; 3 units rent-restricted to the greater of 30% AMI or federal poverty level	
DSCR	1.2 to 1.4 to 1 on all must-pay debt	Within guidelines	Cash flow shows all-in DSCR beginning at 1.36 in Year 1 and decreases to 1.28 by year 15.
Scoring Criteria	40-115 points	56	

NEW MEXICO HOUSING TRUST FUND (NMHTF) LOAN INFORMATION

NO. OF NMHTF UNITS: 24

Funds Available as of:	03/31/23		
	MFA Guidelines	**Loan Request**	**EXCEPTIONS/CONDITIONS/NOTES**
Maximum Loan Amount	$2,000,000	$2,000,000	
Rates	1.0% to 5.0%	2.0%	
Loan Fees	NA	NA	
Maximum Loan Term	2 yr construct, 30 yr perm	2 yr construct	
Loan Amortization	Mthly during perm	Construction loan only. Interest only paid mthly. Outstanding P&I due at maturity.	
Lien Position	Subordinate allowed	3rd lien position	Construction loan only
Affordability Requirements	Min 20 years, Max 60% AMI	30 yrs, 24 units @ 60% AMI	
DSCR	N/A- Constr. only	N/A- Construction only	
Scoring Criteria	57-112 points	84	

PRIMERO INVESTMENT FUND LOAN INFORMATION			NO. OF PRIMERO UNITS:	10
Funds Available as of:	03/31/23	$3,925,649		
	MFA Guidelines	**Loan Request**	**EXCEPTIONS/CONDITIONS/NOTES**	
Maximum Loan Amount	$1,000,000	$1,000,000	Request within the Primero loan limit but exceeds ten percent of Housing Opportunity Fund, which is outside of interal Program Policy.	
Rates	2.5%	2.5%		
Loan Fees	1.0%	1.0%		
Maximum Loan Term	2 yr construction	2 yr construction		
Loan Amortization	N/A	N/A	Borrower will have the option to make annual cash-flow payments or annual fixed payments of $500.	
Lien Position	Subordinate allowed	4th lien position	Construction loan only	
Affordability Requirements	5 years, 40% of units at 60% AMI	5 years, 40% of units at 60% AMI		
DSCR	N/A- Constr. only	N/A- Construction only		
Scoring Criteria	N/A	N/A		

TOTAL DEVELOPMENT COST INFORMATION SUMMARY						
Project: Tierra Encantada Apartments		**Total**	**% TDC**		**Cost/GSF***	
Acquisition Costs *(land, building acquisition, & other acquisition costs)*	$	1,320,000	23%	$	59.87	
Construction Hard Costs	$	1,959,900	34%	$	88.89	
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishings, etc)*	$	727,384	13%	$	32.99	
Professional Services/Fees *(architect, engineer, real estate legal, etc)*	$	313,682	5%	$	14.23	
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*	$	285,395	5%	$	12.94	
Permanent Financing Costs *(fees, title/recording, etc)*	$	69,875	1%	$	3.17	
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*	$	227,881	4%	$	10.34	
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*	$	28,000	0%	$	1.27	
Reserves *(rent-up, operating, replacement, escrows, etc)*	$	310,057	5%	$	14.06	
Developer Fees *(inc consultant fees)*	$	505,000	9%	$	22.90	
Total Development Costs (TDC)	**$**	**5,747,174**	**100%**	**$**	**260.65**	
TDC w/o Land, Reserves & Commercial	**$**	**5,164,117**	**90%**	**$**	**234.21**	

*Gross square footage: 22,049

CONSTRUCTION SOURCES						
Project:	**Tierra Encantada Apartments**		**Total**	**% of Total**		**Per Unit**
Construct. Lender - 1st Lien	USDA Rural Development	$	43,268	0.8%	$	1,803
2nd Lien holder	NHTF	$	360,000	6.3%	$	15,000
3rd Lien holder	NMHTF	$	2,000,000	34.8%	$	83,333
4th Lien holder	Primero Fund	$	1,000,000	17.4%	$	41,667
5th Lien holder	Ventana Fund	$	750,000	13.0%	$	31,250
Other Source	Tierra del Sol Housing Corp. Seller Soft Loan	$	1,078,483	18.8%	$	44,937
Deferred Developer Fee	Tierra del Sol Housing Corp.	$	177,217	3.1%	$	7,384
LIHTC Equity	TBD Tax Credit Investor	$	338,206	5.9%	$	14,092
	Total Construction Sources	**$**	**5,747,174**	**100.0%**	**$**	**239,466**

Check TDC in Development Cost Budget

PERMANENT SOURCES						
Project:	**Tierra Encantada Apartments**		**Total**	**% of Total**		**Per Unit**
Perm. Lender - 1st Lien	Rocky Mountain CRC	$	825,000	14.4%	$	34,375
2nd Lien holder	USDA Rural Development	$	43,268	0.8%	$	1,803
3rd Lien holder	NHTF	$	400,000	7.0%	$	16,667
Other Source	Tierra del Sol Housing Corp. Seller Soft Loan	$	1,078,483	18.8%	$	44,937
Deferred Developer Fee	Tierra del Sol Housing Corp.	$	18,358	0.3%	$	765
LIHTC Equity	TBD Tax Credit Investor	$	3,382,065	58.8%	$	140,919
	Total Permanent Sources	**$**	**5,747,174**	**100.0%**	**$**	**239,466**

Appendix A: Development Cost Budget

Tierra Encantada Apartments	**Gross Sq. Footage:**			22,049
Artesia	**TOTAL COST**		**COST/GSF**	
ACQUISITION COSTS				
Land Acquisition	$	273,000	$	12.38
Building Acquisition	$	1,047,000	$	47.49
Other: Closing/Title Costs	$	-	$	-
SUBTOTAL	**$**	**1,320,000**	**$**	**59.87**
CONSTRUCTION HARD COSTS				
Demolition	$	-	$	-
Accessory Structures	$	-	$	-
Site Construction	$	618,740	$	28.06
Buildings and Structures	$	1,341,160	$	60.83
Off-Site Improvements	$	-	$	-
Other:	$	-	$	-
SUBTOTAL	**$**	**1,959,900**	**$**	**88.89**
OTHER CONSTRUCTION COSTS				
Contractor Overhead	$	39,198	$	1.78
Contractor Profit	$	117,594	$	5.33
General Requirements	$	117,594	$	5.33
Construction Contingency	$	195,990	$	8.89
Gross Receipts Tax (GRT)	$	188,494	$	8.55
Landscaping			$	-
Furniture, Fixtures, & Equipment			$	-
Other: Builder's Risk Insurance, P&P Bond, Building Permits	$	68,514	$	3.11
SUBTOTAL	**$**	**727,384**	**$**	**32.99**
PROFESSIONAL SERVICES/FEES				
Architect (Design)	$	207,728	$	9.42
Architect (Supervision)	$	36,204	$	1.64
Attorney (Real Estate)	$	17,000	$	0.77
Engineer/Survey	$	14,000	$	0.63
Other :	$	38,750	$	1.76
SUBTOTAL	**$**	**313,682**	**$**	**14.23**
CONSTRUCTION FINANCING				
Hazard Insurance	$	15,400	$	0.70
Liability Insurance	$	25,695	$	1.17
Performance Bond	$	24,800	$	1.12
Interest	$	127,500	$	5.78
Origination\Discount Points	$	18,250	$	0.83
Credit Enhancement	$	-	$	-
Inspection Fees	$	25,000	$	1.13
Title and Recording	$	35,000	$	1.59
Legal	$	5,000	$	0.23
Taxes	$	8,750	$	0.40
Other:	$	-	$	-
SUBTOTAL	**$**	**285,395**	**$**	**12.94**

Project: Tierra Encantada Apartments				
PERMANENT FINANCING COSTS				
Bond Premium	$	-	$	-
Credit Report	$	-	$	-
Origination\Discount Points	$	19,875	$	0.90
Credit Enhancement	$	-	$	-
Title and Recording	$	45,000	$	2.04
Legal	$	5,000	$	0.23
Pre-Paid MIP	$	-	$	-
Reserves and Escrows	$	-	$	-
Other:	$	-	$	-
SUBTOTAL	**$**	**69,875**	**$**	**3.17**
SOFT COSTS				
Market Study	$	6,000	$	0.27
Environmental	$	-	$	-
Tax Credit Fees	$	30,881	$	1.40
Appraisal	$	12,000	$	0.54
Hard Relocation Costs	$	120,000	$	5.44
Accounting/Cost Certification	$	27,000	$	1.22
Other: Soft Cost Contingency, Constr. Mngm	$	32,000	$	1.45
SUBTOTAL	**$**	**227,881**	**$**	**10.34**
SYNDICATION				
Organization	$	26,000	$	1.18
Bridge Loan	$	-	$	-
Tax Opinion	$	2,000	$	0.09
Other:	$	-	$	-
SUBTOTAL	**$**	**28,000**	**$**	**1.27**
TDC before Dev. Fees & Reserves	**$**	**4,932,117**	**$**	**224**
RESERVES				
Rent Up	$	10,000	$	0.45
Operating	$	130,057	$	5.90
Replacement (inc. only if capitalized)	$	-	$	-
Escrows/Working Capital	$	-	$	-
Other:	$	170,000	$	7.71
SUBTOTAL	**$**	**310,057**	**$**	**14.06**
DEVELOPER FEES				
Developer Fee	$	255,000	$	11.57
Consultant Fee	$	200,000		
Relocation Consultant	$	50,000	$	2.27
SUBTOTAL	**$**	**505,000**	**$**	**13.83**
Total Development Cost (TDC)	**$**	**5,747,174**	**$**	**251.58**
TDC w/o Land, Reserves & Commercial	**$**	**5,164,117**	**$**	**225.14**

2023 NM AFFORDABLE HOUSING TAX CREDIT AWARD SUMMARY

Project Name & Address	**Sandoval Flats–3200 Camino Encantadas NE, Rio Rancho, NM 87144- Sandoval County**	
Proposed Award	**Amount Requested: $2,000,000**	**Amount Recommended: $2,000,000**
Sponsor/Developer	The Developer of the Sandoval Flats project is Rio Rancho Leased Housing Development I, LLC, a single purpose entity. The development entity is owned and managed by Dominium Development and Acquisition, LLC, founded in 1972, is a developer, owner, and manager of affordable housing communities. They are the second largest developer of affordable housing in the nation, with over 225 apartment properties and 38,000 units under management. Dominium has extensive experience with several federal, state, and local level affordable housing programs. An identity of interest exists between the development entity and the project sponsors, Dominium Holdings I, LLC and Dominium Holdings II, LLC. Consolidated audited financial statements for the project sponsors for FYE 12/31/2021 show $251,026,799 in total assets with $0 in total liabilities, resulting in a net worth of $251,026,799. These financials also showed unrestricted cash totaling $3,961,014 and a positive operating cash flow for the same period. A consolidated balance sheet as of December 31, 2022 for the project sponsor shows $193,558,764 in total current assets with $0 in total liabilities, resulting in a net worth of $193,558,764. These financials also showed unrestricted cash totaling $3,298,627.	
Project Type & Size	New construction of two hundred sixteen (216) affordable multifamily units targeted to households at or below 60% Area Median Income (AMI). 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.	
Project Description	This new construction project will result in the development of 216 multifamily units in a series of 8 three-story residential buildings in the city of Rio Rancho. The project has a total development cost (TDC) of $81,198,960 and is proposed to be financed with 4% low-income housing tax credits (LIHTC) and Multifamily Private Activity Bonds issued by Sandoval County, as well as a New Mexico Housing Trust Fund loan, a private placement loan, an equity bridge loan, and limited partner equity. Site plan approval for the project occurred in August 2022 and construction is expected to begin in June 2023. The project is intended for occupancy by persons at or below 60% AMI and will be designed to prioritize Households with Children as its target population. Amenities planned for the gated multifamily community include a clubhouse and fitness center, pool and spa, cabanas, ramada, tot lot, barbeque, dog park, and other active and passive open space areas. The project is also located in proximity to several groceries, pharmacies, shops and restaurants. This application scored 80 out of a possible 120 points for evaluation criteria, meeting the minimum scoring threshold of 70 points.	
Tax Credit Impact	This applicant is seeking $**2,000,000** from the Affordable Housing Charitable Trust (Charitable Trust), based on anticipated earmarked donations to the Trust in the amount of $2,000,000 from the Sponsor/Developer, which will finance a portion of the construction costs associated with the project. The Sponsor/Developer will receive a $1,000,000 State Tax Credit voucher following their donation into the Charitable Trust.	

Affordability	Two hundred sixteen (216) multifamily units will be rented to an individual or household that is at 60% or below of AMI. The Affordability Period is for thirty (30) years, based on the MFA's Affordable Housing Tax Credit Rules.		
Special Conditions	1. Compliance with MFA single family design guidelines. 2. A Land Use Restriction Agreement will be filed on the property for a term of 30 years. 3. Initial affordability to be restricted to 60% or below of AMI, adjusted for household size. 4. Project Sponsor/Developer must contribute $2,000,000 to the Affordable Housing Charitable Trust before the Project is considered MFA-approved and before the $2,000,000 Charitable Trust allocation will be made.		
Other MFA Commitments to This Project	N/A		
Other MFA Commitments to Other Projects	N/A		
Tax Credits Available	Estimated $4,935,008 in unreserved credit authority as of 4/6/2023		
Recommended by	Hannah Faulwell, Preservation Program Manager	Date	4/18/2023
Concurred by	George Maestas, Director of Housing Development	Date	4/18/2023

MEMO

TO: MFA Board of Directors

Through: Contracted Services – May 9, 2023

Through: Policy Committee – May 2, 2023

FROM: Leann McDonald, Program Manager & John Garcia, Asst. Director

DATE: May 17, 2023

RE: Approval to release the HOME Investment Partnerships Program (HOME) Rehabilitation Program Notice of Funding Availability (NOFA).
Delegations of Authority # 15- All Programmatic RFP Language Approved and Selection of Vendor.

Recommendation:

Staff recommends approval to release the HOME Rehabilitation Program NOFA for the 2023 HOME allocation.

Background:

The New Mexico Mortgage Finance Authority ("MFA") has allocated a portion of the Federal HOME Investment Partnerships Program ("HOME") award for the HOME Rehabilitation program. 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.

Purpose:

The HOME Rehabilitation Program helps income eligible homeowners who lack the resources necessary to make essential home repairs and improvements. This assistance can be used to make energy saving conservation improvements, eliminate health and safety hazards, enhance accessibility for a disabled or elderly person, structural alterations and reconstruction, repair or replacement of major housing systems, add or replace roofing, reconditioning of plumbing systems, install or replace a septic system, and general property improvements that are non-luxury in nature. Eligibility for the Homeowner Rehabilitation program requires that homeowners have an annual household income that does not exceed 80 percent of the area median income, adjusted for family size.

The purpose of this request is to release this NOFA to agencies, who are knowledgeable, skilled, and experienced in managing federal funding and that can provide HOME Rehabilitation services for essential home improvements to all income eligible homeowners. Agencies will be selected based on their capacity, experience, and the ability to provide HOME Rehabilitation services.

Discussion:

Staff requests approval to release this NOFA as an outreach effort to encourage qualified agencies, including, but not limited to, public and private non-profit organizations, for-profit organizations and governmental housing agencies that can provide HOME Rehabilitation services to all counties across the State of New Mexico.

Final selection of applicants will be made by MFA pursuant to all requirements and guidelines specified in the NOFA. Upon approval, MFA and the Service Provider will enter into a Performance Agreement.

Criteria	Maximum Score
Financial Strength	25
Construction and Rehabilitation Experience	30
Implementation Plan	20
Waiting List	15
Underserved Counties	10
Total Maximum Points	**100**

To better manage this funding and to avoid the need for reallocations of funds between service providers in the event they are not able to expend this funding timely, as well as to prevent HUD performance flags on slow projects, awards will be made on a project-by-project basis up to five (5) projects at a time, unless otherwise approved by MFA. More projects may be awarded to service providers that have demonstrated the capacity to efficiently complete multiple projects. This will allow program staff to maximize the use of this funding by assuring the funding is awarded to service providers based on their capacity to complete projects.

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 MFA, must be fully expended before funds under this NOFA may be used.

Summary:

Staff recommends approval to release the HOME Rehabilitation NOFA to the public on May 18, 2023, upon MFA Board approval. Awards resulting from this NOFA will be awarded to the agencies that meet the minimum qualifications for this funding.

Thank you for your consideration of this proposal.

MFA
Housing New Mexico

Home Investment Partnership Homeowner (HOME) Rehabilitation Program

Notice of Funding Availability

EQUAL HOUSING
OPPORTUNITY

TABLE OF CONTENTS

OVERVIEW INFORMATION

INTRODUCTION AND BACKGROUND

The New Mexico Mortgage Finance Authority (MFA) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, N.M. Stat. Ann. Sections 58-18-1 1978 *et seq*. (1978) for the purpose of financing affordable housing for low and moderate income New Mexico residents.

MFA receives Federal HOME Investment Partnership Program (HOME) funds through a Housing and Urban Development (HUD) formula grant and allocates a portion of these funds to the HOME Rehabilitation Program. The HOME Rehabilitation program provides essential home repair and improvements that are non-luxury in nature to income eligible homeowners. The purpose of this Notice of Funding Availability (NOFA) is to invite the submittal of qualification statements from service providers in accordance with applicable guidelines set forth in this NOFA and established MFA minimum qualifications. MFA is looking for qualified, capable service providers, who are knowledgeable, skilled, and experienced in managing federal funding and can provide HOME Rehabilitation services. Service providers will be selected based on their capacity, experience, and the ability to provide program services.

AGENCY CONTACTS

MFA will be responsible for administering the HOME Investment Partnership Home Rehabilitation Program for current and subsequent funding allocations which include but are not limited to fund management, reporting, and monitoring of the Home Rehabilitation Program activities to ensure program compliance.

Point of Contact: Leann McDonald, Program Manager
Community Development Department
NM Mortgage Finance Authority
344 4th Street, Albuquerque, NM 87102
Office: (505) 767-2289
Email: lmcdonald@housingnm.org

Questions pertaining to the NOFA and potential Applicants will be answered through the NOFA FAQ.

Questions must be submitted via the FAQ at MFA's website https://housingnm.org/rfps/rfps-rfqs/2023-HOME Rehabilitation program for the HOME Rehabilitation Program. Select the HOME Rehabilitation Resources and type in your question(s) and submit. Questions will be checked daily. MFA will make every attempt to post responses to questions within 48 business hours of submission.

The FAQ will open immediately following release of the NOFA.

DEFINITIONS

UNIQUE ENTITY IDENTIFIER (UEI)

The Federal Government has transitioned from the use of the DUNS Number to the Unique Entity Identifier (UEI) as the primary means of entity identification for Federal awards government-wide. UEIs are required in accordance with 2 CFR Part 25, and the transition from DUNS to UEI has resulted in the UEI being issued by the Federal

Government in SAM.gov. This means entities no longer rely on a third- party to obtain an identifier (i.e., a DUNS issued by Dun and Bradstreet). This change streamlines the entity identification and validation process, making it easier and less burdensome for entities to do business with the Federal Government.

REHABILITATION

The improvement of the condition of a property from deteriorated or substandard to good condition. Rehabilitation may vary in degree from the extensive reconstruction to the cure of substantial accumulation of deferred maintenance.

AWARD INFORMATION

AWARD NOTICE

MFA shall provide electronic notice (e-mail) of project award(s) to successful Applicants within fifteen (15) days of the MFA Board approval of the award. The award shall be contingent upon signing final award documents. The notification will be delivered to the contact person indicated on the application. This process also applies to denial notification.

FUNDING ALLOCATION

The 2023 Department of Housing and Urban Development (HUD) HOME award allocations were approved by the MFA Board on May 17, 2023. 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 the service providers.

The administrative costs for the program may be used for non-direct project related activities that contribute to the service providers Rehabilitation Program. All direct project-related activities such as the wages for the project manager or administrative assistant must be charged as soft costs and not to the administrative fees. The administrative costs and soft costs cannot be passed to the homeowner. The NOFA will remain open as long as there are available funds. MFA will provide notice of additional funding allocations to the program through MFA's website.

FUNDING TERMS AND CONDITIONS

All awards will be subject to the availability of funds, applicable laws, and funding source regulations for the HOME Rehabilitation Program. MFA will allocate only the minimum amount of funds that it determines to be necessary for the financial feasibility of a project and its viability.

Awards will be made to approved service providers on a project-by-project basis up to five (5) projects, or determined by MFA, per funding round. Funding of up to $95,000 may be available per project. Actual construction costs (hard costs) are recommended at $85,000 and soft costs are limited to $10,000. Homeowners whose annual household income does not exceed eighty percent (80%) of the area median income, adjusted for family size, will be eligible for the HOME Rehabilitation Program.

The pre-rehabilitation value of the home must be determined by appraisal or MFA accepted method before any rehabilitation work is performed. MFA will place a lien on the property using a Restrictive Covenant or Tribal Land Agreement signed by the homeowner and notarized before any funds are expended on the project. At project completion, the agreement is to be recorded at the County Clerk's office where the property is located and delivered to MFA via certified mail. This will ensure compliance with the period of affordability and outlines the forgivable terms of the loan. In the event of a sale of the property during the period of affordability, the homeowner will be responsible to pay for hard costs associated with the rehabilitation of the home.

The value of the home (as determined by appraisal or other method approved by MFA such as a market analysis) cannot exceed the HUD published value for the unit size, after rehabilitation. Service providers must use the HUD 95% after rehabilitation median values which are available online at https://housingnm.org/rfps/rfps-rfqs/2023 HOME Rehabilitation Program.

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. Service providers who received HOME Rehab funding from MFA through any other past procurements must have fully expended their award before a request can be approved to release any funding under this NOFA.

If other funds become available to MFA during the contract period for activities like the work performed under the Program, additional funding may, at the option of MFA, be offered to the successful Applicants without a new NOFA.

METHOD OF DISTRIBUTION

MFA will award HOME Rehabilitation Program funds to an eligible service provider through this NOFA for the rehabilitation of eligible projects. MFA will solicit qualitative and quantitative information from Applicants to demonstrate the project being proposed for HOME Rehabilitation Program funding fulfills the program objectives.

ELIGIBILITY INFORMATION

ELIGIBLE APPLICANTS

MFA will award HOME Rehabilitation Program funding to eligible Applicants to include, but not limited to, public and private non-profit organizations, for-profit organizations, governmental housing agencies, authorities, entities, or instrumentalities, regional housing authorities, tribal governments or housing agencies, developers, builders, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility through execution of a Performance Agreement and/or other written agreements with MFA. Individual homeowners are not eligible for the HOME Rehabilitation Program. Applicants must be approved by MFA and must have demonstrated experience and capacity to conduct eligible activities that meet the requirements of *24 CFR 92 HOME investment Partnerships Program*.

As part of the application, eligible applicants must provide evidence the following:

1. Applicant must be able to provide housing rehabilitation related services to persons of low or moderate income.
2. Applicant must be formed as an organization under state, local, or tribal laws and provide proof of such organization and that the applicant is in good standing with HUD or as applicable.
3. Applicant must be able to conduct business in New Mexico by evidence of a business license or other governmentally issued document.

4. Applicant must have a functioning accounting system that is operated in accordance with Generally Accepted Accounting Principles (GAAP) or has designated an entity that will maintain such an accounting system that is consistent with GAAP.

5. Applicant must provide an independent Certified Public Accountant (CPA)'s auditors report (Audit) conducted in accordance with Government Auditing Standards (GAS). The GAS Audit will include an independent auditor's report on the following: 1) financial statements; and 2) internal control over financial reporting and compliance. Applicant will submit the most recent audit available; only the most recent of FY2021 or FY2022 will be accepted. If Applicant receives $750,000 in federal funds, a Single Audit is required pursuant to 2 CFR 200. The following types of audit findings may disqualify Applicant from funding:

   a. Repeat and unresolved audit findings or any pending investigations.

   b. If Applicant has received greater than $750,000 in funding and the single audit did not meet the requirements of 2 CFR 200.500-520.

   c. For Single Audit, no proof of federal audit clearinghouse submission (FORM SF-SAC) and, if Governmental entity, proof is not included of current audit submission to the Office of the New Mexico State Auditor.

   d. If referenced in audit as a separate communication, no submission of Management Response Letter.

   e. If any findings, no submission of management response to findings.

6. For Applicants that did not receive HOME Rehab funds in PY 2022-2023, the service provider must provide either an audit to the above standards or an independent CPA's review of financial statements.

7. Applicant shall have no significant financial audit findings, and (b) no significant outstanding or unresolved monitoring findings from any governmental entity, or from MFA or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, MFA or otherwise, stating that the findings are in the process of being resolved.

8. Applicant shall have among its purposes, the staffing capacity to provide significant activities related to providing HOME Rehabilitation services to income qualified homeowners Therefore, Applicant must provide resumes of the executive director (or equivalent), accountant, program manager and case manager(s) who will be administering this grant. **Applicant Capacity - Exhibit A**

9. Applicant shall not have defaulted on any obligation covered by a surety or performance bond.

10. Applicants who have received HOME Rehabilitation funds from MFA in the past but discontinued providing these services due to capacity, compliance and/or programmatic issues will be evaluated on a case-by-case basis by MFA to determine their capacity for receiving this funding.

11. Applicant must have a minimum of two (2) years of demonstratable history and familiarity with operating the type of activity related to providing housing or housing services to persons or households of low or moderate income for which it may receive funding. **Experience - Exhibit A**

12. Applicant must be in "good standing" as of the date this NOFA was issued. To be in good standing, Applicant must not have "suspended," "debarred" or have had HUD's Limited Denial of Participation status conferred upon it by MFA and/or other funding sources because of misconduct or alleged misconduct.

13. All applicants must have a Unique Entity Identifier (UEI) number and an active registration in the System for Award Management (SAM), found at **https://www.sam.gov/portal/public/SAM/**

14. Applicant must provide a print screen from **https://www.sam.gov/portal/public/SAM/** and **https:/www5.hud.gov/ecpcis/main/ECPCIS_List.jsp** documenting search for Applicant's name **and** executive director's name, as proof of compliance. The search must be dated within 30 days of the proposal date.

15. Applicant must have the capacity to attend all training related to administering this grant.

16. Applicants must provide proof of their business license.

17. Eligible Applicants can be located in any geographic area(s) within the State of New Mexico.

In addition to the eligibility requirements listed above, the following items are also required for eligibility:

18. **Non-Profits only-**Applicant must provide proof of its 501(c)(3) non- profit tax status.

19. **Non-Profits only**-Applicant must provide proof that it follows the Charitable Solicitations Act NMSA 1978, §57-22-1, et seq. and with the filing requirements by the New Mexico Attorney General's Office under that Act; and must submit **proof of current registration as a charitable organization with the New Mexico Attorney General's Office** for fiscal year ending in 2023 or proof of exemption therefrom. Registration/verification may be obtained at **https://secure.nmag.gov/coros/** Verification should be in the form of the first page of the "NM Charitable Organization Registration Statement."

20. **Non-Profits only**-Applicant must have no part of its net earnings benefitting any member, founder, contributor or individual.

21. **Non-Profits only**-Applicant must have a Board of Directors or other governing body and provide information on its members (names, contact information, employer, and term).

22. **Non-Profits only**-Applicant must provide a Resolution of the Board of Directors or Governing Body authorizing Applicant to apply for the HOME Rehabilitation funding or where authority has been delegated, documentation of the same and proof of authority to apply for HOME Rehabilitation funding. If Tribal entity, submit a current tribal resolution showing approval for applying to the HOME Rehabilitation Program.

23. **Non-Profits only**-Applicant must provide proof that they have been operating for a minimum of two (2) years. **Experience - Exhibit A**

ELIGIBLE ACTIVITIES

Approved service providers must comply with HOME Rehabilitation Program rules and regulations for the rehabilitation of eligible homeowner occupied projects. HOME Rehabilitation Program funds may be used only for reasonable and customary costs that are directly attributable and traceable to the awarded project. Costs related to the rehabilitation of a qualified project are eligible and include the purchase and replacement of manufactured housing if deemed necessary.

REHABILITATION

HOME Rehabilitation Program funds may be used for eligible home improvement activities which include but are not limited to making energy saving conservation improvements, eliminating health and safety hazards, enhancing accessibility for a disabled or elderly person, structural alterations and reconstruction, repair or replacement of major housing systems, adding or replacing roofing, reconditioning plumbing, installing or replacing a septic system, and general property improvements that are non-luxury in nature.

For the HOME Rehabilitation Program, the home must be owned and occupied by the applicants and be the primary residence as evidenced by a title search and a deed. Title to the property must be held as fee simple ownership or a 99-year leasehold. Homes located on Tribal Land may have a 50-year lease or alternative acceptable to MFA. Any person(s) whose name(s) appears on the title to the property, as well as all members of the household over the age of 18, must be included for income determination purposes. All property taxes must be current for non-tribal land.

The value of the home (as determined by appraisal or other method approved by MFA, such as a market analysis) cannot exceed the HUD published 95% after rehabilitation median values for the unit size, after rehabilitation. The combination of an existing mortgage loan and HOME loan cannot exceed the after-rehabilitation value of the home. On Tribal/Pueblo land MFA will accept a property valuation in lieu of a third-party appraisal.

Properties with a home equity mortgage lien on the property and properties located within the city limits of Las Cruces and Albuquerque are not eligible for this Program.

Project Applications (setup) – Upon execution of the Performance Agreement, a service provider can complete and submit individual project setup forms with all required documents included in the Project checklist. Under the provisions of this open NOFA, MFA staff will evaluate the project application using the Project document checklist listed in this NOFA (Exhibit B). Service providers will be allowed up to five (5) open project awards at any one time, unless otherwise approved by MFA.

Manufactured Homes

Mobile or manufactured homes are also eligible for rehabilitation under this Program. HOME funds may be used to purchase mobile or manufactured homes to replace homes that are too costly to rehabilitate. Under this Program, eligible manufactured housing must comply with MFA's Resource Efficiency Standards. Mobile or manufactured home rehabilitations or replacements are eligible only if the land they are set on has a minimum 99-year ground lease or is owned by the homeowner. The mobile home is ineligible for this rehabilitation program if it is in a mobile home park where a monthly lot fee is paid.

SUBCONTRACTORS

Eligible service providers shall not subcontract services for the management of the program performed under the Service Performance Agreement without the prior written approval of MFA. The only exceptions are for an EPA certified Risk and lead-based paint assessor, certified public accountant, and a general contractor's construction crews.

LEVERAGING AND MATCHING RESOURCES

It may take more than the "maximum" amount of HOME funds to adequately rehabilitate any single home. The intent of this Program is to provide more HOME funds to the lower income homeowners (0-80% AMI). To increase the number of families assisted with the limited HOME funds, MFA highly encourages leveraging with other resources such as USDA-Rural Development loans. Whenever possible, eligible service providers should coordinate with MFA's NM Energy$mart Weatherization Program service providers to incorporate weatherization with all rehabilitation projects.

PROJECT RESERVATIONS

The reservation of funding of each project is subject to submission of a project application package including a completed reservation request form. The project application package must be uploaded to the secure data transfer website which may be accessed at https://mfa.internal.housingnm.org/FileTransfer MFA will not accept project application packages sent via U. S. mail, FedEx, UPS or physically delivered to the MFA office. Applications will only be accepted through MFA's prescribed document management system. Funding will be reserved on a first come, first served basis pending funds availability. Only complete project packages will be accepted.

MFA's commitment to fund each rehabilitation project will be subject to MFA approval as evidenced by a project acceptance notice which must be signed and acknowledged by the eligible service provider and returned to MFA via email. Once the project has been entered into HUD's IDIS system, a project number will be generated. The project number and Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement will be forwarded via email to the eligible service provider. Eligible service providers may then begin invoicing MFA for reimbursable expenses related to the project.

PROJECT FUNDING/REIMBURSEMENT

Service Provider may request funds by using MFA's Request for Reimbursement form. Requests for reimbursements are paid on a reimbursement basis.

Interim Funding Interim funding is subject to the following:

- The submission of field inspection report including photos,
- Copies of contractor payment request and/or material receipts,
- If invoicing for project management as a soft cost, submission of employee timesheets. Invoices will not be paid until all required documents are received and approved by MFA. Projects that have not drawn any funds within 60 days of the reservation verification letter may be canceled by MFA. The project must be completed within 180 days from the receipt of a project number from MFA.

Final Funding The final funding of each project is subject to the following:

- The submission of a HOME Completion Report
- The submission of a copy of the certificate of occupancy and/or final inspection from the proper code enforcement agency signed by the homeowner
- The submission of the release of liens certification from the contractor
- The submission of the original recorded Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement
- Evidence of property ownership (Fee Simple or 99-year leasehold interest only)
- Evidence of flood insurance (if applicable)
- Copy of bid documents and advertisement
- Copy of executed construction contract with scope of work attached as an exhibit.
- Copies of lead-based paint risk assessment, notification certification(s), and clearance (if applicable)
- Environmental Review checklist and documents
- Completed file document checklist.

Final invoices will be paid when all close-out documents are received and approved by MFA.

PROJECT MINIMUM AND MAXIMUM FUNDING AMOUNTS

The minimum subsidy per unit for each tier is $1,500. The maximum average of the HOME subsidy amount is $95,000 per project. Actual construction costs (hard costs) are recommended at $85,000. Soft costs are recommended at $10,000.

PERIOD OF AFFORDABILITY

Each homeowner enters into a Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement. The terms of the agreement will vary depending on the cost to rehabilitate the home. The loan will be a non-amortizing, 0% interest loan that is due on sale, transfer, or refinance during the affordability period. As long as the homeowner is in compliance with the requirements of the loan, the loan amount shall be reduced on the anniversaries of the loan date as follows:

- If the grant amount is from $1 to $24,999, the grant shall be reduced at a rate of twenty percent (20%) per year for five years.
- If the grant amount is from $25,000 to $40,000, the grant shall be reduced at a rate of ten percent (10%) per year for ten years.
- If the grant amount is more than $40,000, the grant shall be reduced at a rate of approximately six-point-seven percent (6.7%) for fifteen years.

The form of assistance for households earning no more than 80% of area median income (AMI) will be a non-amortizing, 0% interest subordinate loan. **A lien will be placed on the property for actual hard construction costs only. Soft costs, administration fees and lead based paint activities will not be passed on to the homeowner**.

ELIGIBLE BENEFICIARIES

Per HOME Rehabilitation Program guidelines, to be eligible to receive HOME Rehabilitation Program funding, the home must be owned and occupied by the household as a principal residence. The annual household income of the homeowner must be at or below 80% of area median income (AMI) adjusted for family size as determined by the HUD and calculated pursuant to the HUD Part 5 (Section 8) guidelines. The incomes of all household members over 18 years of age are needed to determine income eligibility.

The income limits to be used to determine eligibility shall be those established by HUD and published annually. See the following HUD website:

https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_NM_2022.pdf

The new HOME homeownership value limits for existing HOME units is 95 percent of the median purchase price for the area based on Federal FHA single family mortgage program data for existing housing and other appropriate data that are available nationwide for sale of existing housing in standard condition. See the following HUD website:

https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/

FUNDING LIMITS AND RESTRICTIONS

HOME Rehabilitation Program awards are contingent on available funds. MFA, in its discretion, may set limits on the amount of funding to be awarded. Approved service providers are limited to five (5) open project awards at any one time unless otherwise approved by MFA.

To meet MFA's construction standards and HOME regulatory requirement, the minimum subsidy per unit is $1,500. The property must meet all construction standards upon final funding of the loan. The eligible service provider will be responsible for guaranteeing that the work is properly inspected and completed. It will be the obligation of the eligible service provider to ensure that the property meets all code requirements, construction standards and other HOME requirements, including but not limited to those associated with HOME Housing Quality Standards (HQS) or Uniform Physical Condition Standards (UPCS), and lead-based paint.

All work must meet MFA and HUD Construction Standards, local building code and manufacturer's warranty requirements, and must be performed by a GB02 contractor and if working with mobile homes the contractor must be licensed for manufactured homes. Program funds can be used to secure a manufactured home to a permanent foundation.

ENVIRONMENTAL REQUIREMENTS

All projects are subject to an environmental review and must receive appropriate clearance prior to any fund's expenditure, including soft costs and lead-based paint costs. MFA is the responsible entity for all projects being performed by for-profit and non-profit organizations and tribal housing authorities. Local governments and tribal entities (not tribal housing authorities) are their own responsible entity and are required to perform their own environmental reviews which need to be included in all reservation requests. Local governments and tribal entities must submit their Request for Release of Funds to MFA for approval (not to HUD). MFA will issue the Authority to Use Grant Funds.

FLOOD INSURANCE

Properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency (FEMA) shall be required to obtain and maintain flood insurance as a condition of receiving funding. At initial intake, service provider must provide verification that a property is not located in a flood plain.

LEAD-BASED PAINT

Service providers must certify and comply with applicable lead-based paint regulations listed in *24 CFR Part 35*. Fees for testing and abatement cannot be passed to the homebuyer and are allowable expenses under HOME Rehabilitation Program.

On April 22, 2008, EPA issued a rule requiring the use of lead-safe practices and other actions aimed at preventing lead poisoning. Under the rule, beginning in April 2010, contractors performing renovation, repair, and painting projects that disturb lead-based paint in homes, childcare facilities, and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

OTHER FEDERAL AND STATE REQUIREMENTS

Service providers must meet Conflict of Interest Requirements as well as any other federal and state requirements applicable to the HOME Rehabilitation Program.

APPLICATION, SUBMISSION, AND TIMELY RECEIPT OF INFORMATION

NOFA AVAILABILITY

The NOFA will remain open as long as there are funds available. Applications can be submitted once the NOFA is released. If funds remain following the initial funding round, MFA will post an announcement on its website stating the amount of funds still available to be awarded. Thereafter, applications will be received on a first come, first served basis, and will be evaluated in chronological order based on the date received. If sufficient funds are not available to fund all submitted requests for funding, they will be awarded based on the date received. MFA will close the NOFA if funding is no longer available.

The HOME Rehabilitation Program NOFA applications and forms will be provided electronically and may be downloaded from MFA's website. https://housingnm.org/rfps/rfps-rfqs

Requested documentation must be provided, in order, according to the attached checklist Exhibit B. Forms provided by MFA must be used. All requested documents must be submitted as one electronic PDF document to **marmijo@housingnm.org** and include "HOME Investment Partnership Home Rehabilitation Program Application Submission" in the subject line.

APPLICATION FORMAT AND INSTRUCTIONS TO APPLICANTS

Applicant's *service provider proposal* submissions must be complete and include all information requested in the NOFA. All exhibits identified in this NOFA are included in the application checklists. Application checklists include but are not limited to the exhibits, documentation, schedules, audits, certifications, and disclosures.

Staff may contact applicants for clarification of the information provided. In the event of a tie score, staff will recommend approval based on need and what is best for achieving program objectives. MFA will enter into service performance agreements and related agreements with the applicants whose applications are deemed to be most advantageous to achieving the goals of the HOME Rehabilitation Program.

Service Provider Proposal (Application) – (Exhibit A) Applicants must complete and submit the service provider application form with all required documents included in the service provider application checklist (Exhibit B). Under the provisions of this open NOFA, MFA staff will evaluate the application using the Minimum Qualifications and Requirements, and service provider evaluation and scoring criteria listed in this NOFA. Upon approval, MFA and the service provider will enter into a Performance Agreement. Upon execution of the Performance Agreement, project applications can be submitted for project awards.

IRREGULARITIES IN APPLICATIONS

MFA may waive technical irregularities in the application of any Applicant selected for an award which do not alter the price, quality or quantity of the services offered. Please note that the date and time of application submission as indicated herein under "Application Submission and Due Date" cannot be waived under any circumstances.

RESPONSIBILITY OF APPLICANTS

If an Applicant who otherwise would have been awarded funds is found not to be a responsible Applicant, a determination setting forth the basis of the finding, shall be prepared and the Applicant disqualified from receiving the award.

A responsible Applicant means an Applicant who submits an application that conforms in all material respects to the requirements of this NOFA and who has furnished, when required, information and data to support the application. MFA in its sole discretion, shall determine and otherwise verify Applicant's ability to make satisfactory delivery of the services described in this NOFA.

APPLICATION CONFIDENTIALITY

MFA will not disclose the contents of any application or discuss the contents of any application with an Applicant or potential Applicant. The contents of any offer will not be disclosed to competing or potential Applicants. After awards have been made, and notice given to Applicant(s), all applications shall be made available and open to the public for review pursuant to the MFA Inspection of Public Records policy and procedure.

APPLICATION REVIEW INFORMATION

EVALUATION OF APPLICANTS AND DOCUMENTATION

MFA staff will evaluate service provider applications using the Minimum Qualifications and Requirements, and service provider evaluation and scoring criteria as described in the following sections. MFA will follow its own policies and procedures to obtain the necessary award approvals.

Upon approval, MFA and the service provider will enter into a Performance Agreement with the term to be determined by MFA based on service provider capacity and other factors.

The Performance Agreement will include provisions for adequate security against the loss of HOME Rehabilitation Program funds in the event that a successful Applicant abandons or otherwise fails to complete a project and further will include remedies and default provisions in the event of the unsatisfactory performance by the successful Applicant.

SERVICE PROVIDER EVALUATION CRITERIA

The following criteria must be met by all Applicants to be considered an approved service provider to receive HOME Rehabilitation Program funding.

Qualified Applicants will submit a Service Provider Application Form (Exhibit A) which will be reviewed using the Minimum Qualifications and Requirements, and Service Provider evaluation and scoring criteria listed in this NOFA.

Applicants must score a minimum of 70 points of the total points possible.

Staff may contact Applicants for clarification of the information provided.

MINIMUM QUALIFICATION AND REQUIREMENTS

1. Be organized under state, local, or tribal laws and can provide proof of such organization and that Applicant is in good standing, as applicable;
2. A functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system consistent with generally accepted accounting principles or has a fiscal agent familiar with affordable housing programs and projects or in lieu of an audit, an independent CPA's review of financial statements, signed by the reviewer.

3. No significant financial audit findings, and no significant outstanding or unresolved monitoring findings from any governmental entity, or from MFA, or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, MFA, or otherwise stating that the findings are in the process of being resolved.
4. Not having been suspended, debarred, or otherwise restricted by any department or agency of the Federal Government or any State government from doing business with such department or agency because of misconduct or alleged misconduct.
5. Not having defaulted on any obligation covered by a surety or performance bond.
6. Insurance Requirements – service provider applicants must maintain acceptable General Liability Insurance and work with qualified and licensed and bonded contractors.

Non-profit applicants must also provide proof of the following:

1. 501(c)(3) tax status;
2. Having no part of its net earnings inuring to the benefit of any member, founder, contributor or individual; and
3. Compliance with the Charitable Solicitations Act, NMSA 1978, §57-22-1 et seq. and with the filing requirements by the New Mexico Attorney General's Office under that Act.

SERVICE PROVIDER SCORING CRITERIA

Criteria	Maximum Score
Financial Strength	25
Construction and Rehabilitation Experience	30
Implementation Plan	20
Waiting List	15
Underserved Counties	10
Total Maximum Points	**100**

Financial Strength – 25 Possible Points

External Audit (10 possible points)

Unresolved findings	0
Independent Audit with management letter and auditor-cleared findings	5
Independent Audit with zero findings	10

Independent audit or audited financial statements must be for the most recent completed fiscal year not ending earlier than 2022. Audit materials must include management's response to any findings and corrective action to clear the finding or provide details on the current status of a finding.

Financial Management (15 possible points)

Strength of internal control policy	10
Board of Director by-laws showing fiscal oversight	5

Provide the policy for the Applicant's system of internal controls for fiscal management as documented in a policies and procedures manual approved by the Applicant's Board of Directors/Owner.

Provide by-laws requiring Board of Director's/Owners fiscal oversight.

Construction and Rehabilitation Experience – 30 Possible Points

Complete the Field Experience and Capacity form and Project List in the

HOME REHABILITATION PROGRAM Project Application

Names and years of experience for Individuals that will be managing the program	Years of Experience	Capacity/Role/Services Offered

Number of Construction &/or Rehabilitation Projects Completed for MFA's **HOME** Program (10 possible points)

0-4 units	0
5 plus units	5
7 plus units	7
10 plus units	10

Number of Construction &/or Rehabilitation Projects with other Federal Rehab Programs (10 possible points)

0-4 units	0
5 plus units	5
7 plus units	7
10 plus units	10

Number of Years' Experience with Construction and Rehabilitation Projects (10 possible points)

Less than 15 years of combined experience	5
15 to 24 years of combined experience	7

25 plus years of combined experience	10

Implementation Plan – 20 Possible Points

Provide a summary of how the service provider will implement HOME Rehabilitation Program, a description of the process to be undertaken, listing all major steps chronologically. Also include an estimated timeline.

Implementation (20 possible points)

Executive Summary	5
How home rehabilitation fits into service providers mission	10
Quality Assurance Plan	5

Waiting List – 15 Possible Points

Service provider must provide property addresses for eligible homes

Number of Projects on Waiting List (up to 15 possible points)

1-5 Projects	5
5-10 Projects	10
10 or more Projects	15

Underserved County Projects – 10 Possible Points

Full Points will be awarded to service providers who commit to providing home rehab services to two or more of the following counties:

San Juan McKinley Cibola Rio Arriba Taos Colfax Mora San Miguel Union Los Alamos	Harding Quay Guadalupe Curry De Baca Lincoln Chavez Roosevelt Otero Lea	10

OTHER INFORMATION

INCURRED EXPENSES

MFA shall not be responsible for any expenses incurred by an Applicant in applying for HOME Rehabilitation Program funding. All costs incurred by an Applicant in the preparation, transmittal or presentation of any application or material submitted in response to this NOFA will be borne solely by the Applicant.

PROTEST

Any Applicant who is aggrieved in connection with this NOFA or the notification of preliminary selection to this NOFA may protest to MFA. A protest must be based on an allegation of a failure to adhere to the evaluation process as designated in the NOFA, including MFA's evaluation of proposals.

The protest must be delivered to MFA via e-mail marmijo@housing.org within five (5) business days after the preliminary notice of award. Protests received after the deadline will not be considered. Upon the timely filing of a protest, MFA shall give notice of the protest to all Applicants who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Applicants receiving notice may file responses to the protest within five (5) business days of notice of protest. The protest and responses to the protest shall be reviewed by the MFA Policy Committee, the Policy Committee shall either make a final determination.

No appeal of the determination shall be allowed. Applicants or their representatives shall not communicate with members of MFA's Board of Directors, or any MFA staff member regarding any application under consideration, except when specifically permitted to present testimony to the Board. An application will be deemed ineligible if the Applicant or any person or entity acting on behalf of the Applicant attempts to influence members of the MFA Board of Directors or MFA staff during any portion of the NOFA review process or does not follow the prescribed application and protest process.

CODE OF CONDUCT

Applicants, including members of the Applicant's board, shall warrant that it has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services related to this application. The Applicant shall always conduct itself in a manner consistent with the MFA's Third-Party Code of Conduct. A copy of the MFA Third Party Code of Conduct is posted on the MFA website for review at https://housingnm.org/uploads/documents/Third_Party_Code_of_Conduct.pdf . Upon request by MFA, Applicant shall disclose information that MFA may reasonably request relating to conflicts or potential conflicts of interest.

USE OF ELECTRONIC VERSIONS OF THIS NOFA

This NOFA is being made available by electronic means. If accepted by such means, the Applicant acknowledges and accepts full responsibility to ensure that no changes are made to the NOFA. In the event of a conflict between a version of the NOFA in the Applicant's possession and the version maintained by MFA, the version maintained by MFA will govern.

HOME REHABILITATION PROGRAM NOTICE OF FUNDING AVAIBILITY (NOFA) FORMS

The HOME Rehabilitation Program NOFA and forms may be obtained from MFA's website.

The service provider application and project application must include all required forms, documentation, schedules, certifications listed on their respective checklists.

Exhibit A

Application

Notice of Funds Available (NOFA)
HOME Rehabilitation Program

New Mexico Mortgage Finance Authority
344 Fourth St. SW
Albuquerque, New Mexico 87102
(505)843-6880

Applicants must complete and submit the Service Provider application form with all required documents included in the *Service Provider application checklist*. MFA staff will evaluate the application using the Minimum Qualifications and Requirements, and Service Provider evaluation and scoring criteria listed below. Upon approval, MFA and the Service Provider will enter into a Performance Agreement with a term to be determined by MFA based on service provider capacity and other factors. Upon execution of the Performance Agreement, project applications can be submitted for project awards.

MFA staff may contact Applicants for clarification of the information provided in the application process.
Entity Type:

☐ Non-Profit Organization
☐ For-Profit Organization
☐ Governmental Housing Agency or Authority
☐ Governmental Entity
☐ Governmental Instrumentality
☐ Regional Housing Authority
☐ Public Housing Authority
☐ Tribal Government
☐ Tribal Housing Agency or Housing Authority
☐ Other

Offeror ____Application Date ______________

Federal Tax ID ______________________________________UEI # _______________________

Address ____

City ____State _________ Zip _____

Contact Person ____Title __________________

E-Mail ___________________________________ Phone _________________________ Fax _____________

Offeror Website ____

Minimum qualification and requirements

1. Be organized under state, local, or tribal laws and can provide proof of such organization and that Applicant is in good standing, as applicable.
2. A functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system consistent with generally accepted accounting principles or has a fiscal agent familiar with affordable housing programs and projects or in lieu of an audit, an independent CPA's review of financial statements, signed by the reviewer.
3. No significant financial audit findings, and no significant outstanding or unresolved monitoring findings from any governmental entity, or from MFA, or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, MFA, or otherwise stating that the findings are in the process of being resolved.
4. Not having been suspended, debarred, or otherwise restricted by any department or agency of the Federal Government or any State government from doing business with such department or agency because of misconduct or alleged misconduct.
5. Not having defaulted on any obligation covered by a surety or performance bond.
6. Insurance Requirements – service provider applicants must maintain acceptable General Liability Insurance and work with qualified and licensed and bonded contractors.

Non-profit applicants must also provide proof of the following:

1. 501(c)(3) tax status;
2. Having no part of its net earnings inuring to the benefit of any member, founder, contributor or individual; and
3. Compliance with the Charitable Solicitations Act, NMSA 1978, §57-22-1 et seq. and with the filing requirements by the New Mexico Attorney General's Office under that Act.

The following criteria must be met by all Applicants to be considered an approved Service Provider to receive HOME Rehabilitation Program funding. To assist MFA in the scoring process, applicants must provide all requested documents listed in the Scoring Criteria section. Applicants must score a ***minimum of 70 points*** of the total points possible.

SCORING CRITERIA

FINANCIAL STRENGTH – 25 Possible Points

External Audit – 10 Possible Points

Independent audit or audited financial statements must be for the most recent completed fiscal year not ending earlier than 2022. Audit materials must include management's response to any findings and corrective action to clear the finding or provide details on the current status of a finding.

Financial Management – 10 Possible Points

Provide the policy for the applicant's system of internal controls for fiscal management as documented in a policies and procedure manual approved by the applicant's Board of Directors/Owner

Financial Management – 5 Possible Points - Provide by-laws requiring Board of Director's/Owner fiscal oversight.

CONSTRUCTION AND REHABILATION EXPERIENCE– 30 Possible Points

Complete the following table and include as an attachment, resumes for the executive director, accountant, program manger and support staff who will be administering the program

Administrative and Financial Management Capacity

Program/Staff Name	Title	Yrs. of Experience	Capacity/Role/Services Offered

Number of Construction &/or Rehabilitation Projects Completed MFA's **HOME** Program (10 possible points)

List Construction &/or Rehabilitation Projects

Please provide a list of Projects the Agency has completed in the last three years.

Project Location/Description	Date Completed

Number of Construction &/or Rehabilitation Projects with other Federal Rehab Programs (10 possible points)

List Construction &/or Rehabilitation Projects

Please provide a list of Projects the Agency has completed in the last three years.

Project Location/Description	Date Completed

Number of Years Experience with Construction and Rehabilitation Projects – 10 Possible Points

Field Experience and Capacity

Please provide the Names and years of experience for individuals that will be managing the HOME Rehab Program

Name	Years of Experience	Capacity/Role

IMPLEMENTATION PLAN – 20 Possible Points

Executive Summary- 5 Possible Points

Executive Summary of the agency detailing what comprises the agency and the agency's mission statement.

How HOME Rehabilitation fits into agencies mission- 10 Possible Points

Provide an explanation of how HOME Rehabilitation fits into the agency's mission and why this program will support the mission. In addition, please include answers to the following questions:

- Describe how your organization will prioritize the funds to assist low to moderate income populations.
- Describe how your organization will prioritize the funds to assist the elderly, persons with health issues, minority, and indigenous populations as it relates to providing HOME Rehabilitation services.
- Describe your organization's HOME Rehabilitation outreach efforts.

Quality Assurance Plan- 5 Possible Points

Quality Assurance plan that thoroughly describes how Applicant will ensure the highest level of service.

WAITING LIST – 15 Possible Points

Number of Projects on Waiting List (up to 15 possible points)

Homeowner Name	Property Address

UNDERSERVED COUNTY PROJECTS – 10 Possible Points

Place an (x) next to the county your agency is willing to commit to providing home rehabilitation services.

San Juan		Quay	
McKinley		Guadalupe	
Cibola		Curry	
Rio Arriba		De Baca	
Taos		Lincoln	
Colfax		Chavez	
Mora		Roosevelt	
San Miguel		Otero	
Union		Lea	
Harding		Los Alamos	

Exhibit B

Documentation Submission Checklist

Offeror must submit this checklist with the application.

Applicant Initials	Item Required
	Complete Service Provider Application with all requested information and Signature of Authorized Official on behalf of Applicant (Exhibit A)
	Proof organization is formed under state, local, or tribal laws and provide proof of such organization such as Articles of Incorporation
	Current Business License
	Organizational Chart
	Organization Mission Statement
	"Good Standing" Certification
	Provide one copy of the most recent independent Certified Public Accountant (CPA)'s auditor's report (audit) conducted in accordance with Government Auditing Standards (GAS) or a recent MFA approved audit letter
	Articles of incorporation, charter, by-laws, or resolution the evidences the organization has among its purposes the staffing capacity to provide significant activities related to providing HOME Rehabilitation services to low to moderate income individuals/families
	Resumes of the management and staff who will be administering the HOME Rehabilitation program
	Organizations Board of Directors or governing body information
	HOME Rehab Program Applicant's Certification
	HOME Rehab Program Applicant's Reputation Certification
	Accounting Practices Certification
Non-Profit Only	
	A 501 (c)(3) or (4) Certificate from the IRS
	Articles of incorporation **or** charter that evidence that no part of the non-profit's net earnings inures to the benefit of any member, founder, contributor, or individual.
	Proof of current registration as a charitable organization with the New Mexico Attorney General's Office for fiscal year ending in 2022 **or** proof of exemption therefrom (must include all pages of registration form)

I certify that the forms and documents submitted according to this checklist are true and correct.

Signature **Date**

Exhibit C

Additional information requested for submission to this NOFA

What county is your organization located in?____________________

Based on the program requirements, what counties does your organization have the capacity to serve? Check all that apply.

☐ Bernalillo
☐ Catron
☐ Chaves
☐ Cibola
☐ Colfax
☐ Curry
☐ De Baca
☐ Dona Ana
☐ Eddy
☐ Grant
☐ Guadalupe
☐ Harding
☐ Hidalgo
☐ Lea
☐ Lincoln
☐ Los Alamos
☐ Luna
☐McKinley
☐Mora
☐Otero
☐ Quay
☐ Rio Arriba
☐ Roosevelt
☐ Sandoval
☐ San Juan
☐ San Miguel
☐ Santa Fe
☐ Sierra
☐ Socorro
☐ Taos
☐ Torrance
☐ Union
☐ Valencia

If your organization proposes to serve counties outside of the county where you are located, describe how you will serve the targeted population in those counties with regards to outreach and capacity to serve these areas providing HOME Rehabilitation services.

TRIBAL AREAS:

Based on the Program requirements, what Tribal Area(s) does your organization have the capacity to serve? Check all that apply.

☐ Acoma
☐ Cochiti
☐ Isleta
☐ Jemez
☐ Jicarilla
☐ Kewa
☐ Laguna
☐ Mescalero
☐ Nambe
☐ Navajo Nation
☐ Ohkay Owingeh
☐ Picuris
☐ Pojoaque
☐ Sandia
☐ San Felipe
☐ San Ildefonso
☐ Santa Ana
☐Santa Clara
☐Taos
☐Tesuque
☐ Ute
☐ Zia
☐ Zuni

If your organization proposes to serve areas outside of the county or tribal area where you are located, describe how you will serve the targeted population in those counties or tribal areas with regards to outreach and capacity to serve these areas providing HOME Rehabilitation services.

Current Funding Sources

Please provide a complete list of all funding sources for your agency other than funding received by MFA

Funding Source/Grant	Amount Received	Purpose or Use of Funding	Last Date Monitored	List Outstanding Findings if any

In addition, does your organization have experience with the Following? Check all that apply.

☐ YES ☐ NO Experience administering federal grants – specifically those intended towards the Rehabilitation of homes.
☐ YES ☐ NO Experience with Federal Regulations
☐ YES ☐ NO Experience with the HOME Rehabilitation Program
☐ YES ☐ NO Experience with Contract Management
☐ YES ☐ NO Experience with Case management (targeted to the HOME Rehabilitation)
☐ YES ☐ NO Experience with Outreach (housing and qualified applicant search)
☐ YES ☐ NO Experience with Income Limits and Determination Calculation
☐ YES ☐ NO Experience with Property Eligibility (HOME Rehabilitation)
☐ YES ☐ NO Experience with Eligible Program Costs
☐ YES ☐ NO Experience with Lead-based paint requirements (HOME Rehabilitation)
☐ YES ☐ NO Experience with Unit inspections – habitability, other, specify
☐ YES ☐ NO Experience with Environmental Reviews (targeted to the HOME Rehabilitation)
☐ YES ☐ NO Experience with Project Set Up/Completion and Invoicing Requirements (targeted to the HOME Rehabilitation)
☐ YES ☐ NO Experience with Financial Management Requirements (targeted to the HOME Rehabilitation)
☐ YES ☐ NO Experience with Construction Management Requirements (targeted to the HOME Rehabilitation)

Exhibit D

"GOOD STANDING" CERTIFICATION

____
Applicant Name

I certify that ________________________is in "good standing" with all applicable federal, state, and local and MFA rules and regulations as of the date this application. (Applicant must have no unresolved findings including but not limited to the State of New Mexico, funding sources, partners and MFA. This is not applicable for new agencies.)

____ ___________________________
Signature of Authorized Official on behalf of Applicant Date

____
Printed Name

HOME REHABILITATION PROGRAM APPLICANT'S CERTIFICATION

__________________________(“Applicant”) is submitting an application to the Mortgage Finance Authority (“MFA”) to be considered for funding from HOME Rehabilitation Program

Applicant certifies that:

It will abide by all applicable federal and state of New Mexico laws and all applicable statutory, regulatory, and judicially created rules and guidelines.

It understands that MFA will monitor its performance and compliance. It is in good standing with all its funding sources.

It complies with MFA's Third-Party Code of Conduct, Equal Employment Law, and all government regulations regarding nondiscriminatory employment practices.

It understands and represents that any performance agreement it enters into with MFA will be binding in all

respects. It is currently registered with the NM Attorney General's Registry of Charitable Organizations, if

applicable.

This proposal shall be valid until the performance agreement is awarded.

I HEREBY CERTIFY THAT ALL INFORMATION PROVIDED IN THE SERVICE PROVIDER APPLICATION IS TRUE AND CORRECT, AND THAT I HAVE THE AUTHORITY TO BIND THE APPLICANT TO THE ASSURANCES, AS WITNESSED BY MY SIGNATURE BELOW.

Name: ______________________

Title: ______________________

Date: ______________________

Signature: ___________________

HOME REHABILITATION PROGRAM APPLICANT'S REPUTATION CERTIFICATION

Applicant: ___________________________

Describe any current or pending litigation, allegations, administrative proceedings, or investigations by any party, including any regulatory agency or funding entity, which could potentially impact the reputation or financial viability of the Applicant. (*If none, write "None")*

I HEREBY CERTIFY THAT ALL INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT, AND THAT I HAVE DISCLOSED ANY ISSUES THAT COULD IMPACT THE REPUTATION OF THE APPLICANT.

Name: ____________________

Title: ____________________

Date: ____________________

Signature: _________________

ACCOUNTING PRACTICES CERTIFICATION

Offeror: ____

Offeror has a functioning accounting system that is operated in accordance with Generally Accepted Accounting Principles (GAAP) or has designated an entity that will maintain such an accounting system that is consistent with GAAP and agrees to maintain the system if it administers the HOME Rehabilitation programs.

If Offeror uses another designated entity, provide the name of the agency/firm/individual.

____

____
Offeror Signature

____
Date

MEMO

TO: MFA Board of Directors

Through: Contracted Services – May 9, 2023

Through: Policy Committee – April 25, 2023

FROM: Theresa Laredo-Garcia, Program Development Manager

DATE: May 17, 2023

RE: Recovery Housing Program (RHP) Award Recommendations

Recommendation

Staff recommends approval to award the following qualified service providers, for MFA's Recovery Housing Program (RHP). 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.

Agency	**Award Amount**
Hozho Center for Personal Enhancement	$969,499
Crossroads for Women	$1,144,213
Total	2,113,712

Background

The RHP provides funding for states to provide stable, transitional housing for individuals in recovery from a substance use disorder, giving priority to entities with the greatest need and ability to deliver effective assistance in a timely manner. The funding covers a period of not more than two years or until the individual secures permanent housing, whichever is earlier. RHP was authorized under Section 8071 of the Support for Patients and Communities (SUPPORT) Act. The program encourages coordination with other federal partners addressing substance-abuse related programs.

The Department of Finance and Administration – Local Government Division (DFA-LGD) provided authorization to the New Mexico Mortgage Finance Authority (MFA) for the use of $940,000 from the FY2020, $902,621 from the FY2021 and $1,013,918 of the FY2022 RHP funding awards received by the State of New Mexico through the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program, for the period July 1, 2021, through September 1, 2027. One award was made in a previous RFP in the amount of $600,000, the amount available for funding in the current NOFA is $2,113,712.

Discussion

MFA released the RHP Notice of Funding Availability pursuant to MFA's procurement policy to solicit applications from qualified applicants capable of providing recovery housing services to eligible individuals.

MFA received four responses that were reviewed independently by four MFA team members. Applicants must meet "Minimum Qualification and Requirements" and must obtain a minimum score of at least 98 out of 140 possible points.

Three of the four applications met both the Minimum Qualifications and Requirement, and the minimum score requirement based on the scoring criteria listed below.

Scoring Criteria

Category	**Maximum Score**
Mandatory Priorities Imposed by the SUPPORT Act	5
Project Design and Implementation Plan	15
Project leverage of other resources, long-term viability (reserves, cash flow coverage)	15
Project provides safe, healthy, and sober living environment	5
Design of program that provides holistic, wrap around services	10
Project addresses housing needs of vulnerable or underserved populations	15
Ability to comply with funding source requirements	5
Readiness to proceed and obligate and expend funds within a reasonable timeframe to complete the activity/activities.	15
Community support for recovery housing	15
Coordination with state, local or regional service providers	15
Partner Coordination	10
Demonstrated data collection for outcomes (previous data)	10
Project includes trained recovery housing staff	5
Total Points Possible	**140**

Applicant Scores and Amounts Requested

Agency	**Total Score**	**Amount Requested**
Hozho Center for Personal Enhancement	134	$969,499
Crossroads for Women	130	$2,000,000
HopeWorks	123	$195,400
Total		$3,164,899

Staff is recommending the following awards to the top two scores, based on available funding.

Applicant	Score	Amount Requested
Hozho Center for Personal Enhancement	134	$969,499
Crossroads for Women	130	$1,144,213
Total Awards		**$2,113,712**

Hozho Center for Personal Enhancement

The mission of the Hozho Center is to serve the community by providing information, opportunity, support, and hope. They have proposed to create National Alliance for Recovery Residences (NARR) Level 2 recovery housing that will address the present gap that exists between Gallup's only 30-day detox program and being able to establish long-term housing with $969,499.00 of the funding.

Crossroads for Women

The mission of Crossroads for Women is to provide comprehensive, integrated services to empower women emerging from incarceration to achieve safe, healthy, and fulfilling lives in the community, for themselves and their children. They are requesting funds to support the rehabilitation of a 30,000 square foot building that was previously purchased using the Pilot Recovery Housing Program funds. They will be awarded the remaining balance of this RHP funding in the amount of $1,144,213.00.

Summary:

Staff recommends the approval of RHP awards to Hozho Center for Personal Enhancement in the amount of $969,499 and Crossroads for Women in the amount of $1,144,213 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.

MFA
Housing New Mexico

MEMO

TO: Board of Directors
Through: Contracted Services – May 9, 2023
Through: Policy Committee – May 2, 2023

FROM: Troy Cucchiara, David Gutierrez, and Dimitri Florez

DATE: May 17, 2023

SUBJECT: Approval of 2023/2024 DOE Annual and Master State Plan
Per Delegation of Authority 20. State Plan approval and allocation of DOE funds

Recommendation

Approval of the NM Energy$mart 2023/2024 Department of Energy (DOE) Weatherization Assistance Program Annual and Master State Plans.

Background

State Plan Description

The State Plan is the annual application package that is submitted by MFA to DOE prior to receiving funding for the Weatherization Assistance Program. DOE requires that the State Plan is submitted to them by May 1. The State Plan consists of two sections, the Annual Plan, and the Master Plan.

The Annual Plan includes a detailed breakdown of how the funds will be allocated. The Master Plan describes how the program will be managed overall by the NM Energy$mart Program.

Total Program Funding

For Program Year 2023/2024 the anticipated funding from all funding sources for the NM Energy$mart Program is **$16,049,872.** The State Plan only includes DOE and Sustainable Energy Resources for Consumers (SERC) funding.

Funding Source	2023-2024
DOE (Includes $30,000 Estimated Carry Over)	$2,790,217
DOE SERC	$1,965,000
Bipartisan Infrastructure Law (BIL)	$4,413,350
LIHEAP	$2,500,000
New Mexico Gas Co.	$1,300,000
Coronavirus State and Local Fiscal Recovery Fund (CSLRF)	$937,500
State of New Mexico NMHTD 22-G2445	$1,000,000
Public Service Company of NM	$600,000
El Paso Electric	$543,805
Total	**$16,049,872**

Other than DOE, funding sources referred to as leverage are used to increase the amount of work each home receives and it allows the federal funds to stretch further to weatherize more homes. An explanation of those funding sources is the following:

- Utility funding such as NM Gas, PNM, and El Paso Electric are driven by energy savings and Public Regulation Commission requirements.
- Low Income Home Energy Assistance Program (LIHEAP) funding is a federal source. Guidelines are based on DOE rules and regulations.
- 2022 Legislative State Funding NMHTD 22-G2445.
- Coronavirus State and Local Fiscal Recovery Fund (CSLRF) will be used for emergency home repairs and full weatherization.

Service Provider Category Breakdown

2023 Allocations					
Category	MFA	Central NM Housing Corp.	Southwestern Regional Housing and CDC	ICAST	**Total**
				(Multifamily)	
Administration	$138,010.85	$159,565.58	$61,251.78	$55,204.34	**$414,032.55**
Leverage	$9,000.00	-	-	-	**$9,000.00**
Readiness Fund	-	$175,622.23	$67,415.37	$60,759.40	**$303,797.00**
Capital Outlay	$180,000.00	-	-	-	**$180,000.00**
Training & Technical Assistance	$194,867.00	$105,000.00	$90,000.00	$67,500.00	**$457,367.00**
Program Operations	-	$552,901.26	$212,239.90	$191,285.29	**$956,426.45**
Health & Safety	-	$208,167.00	$79,908.20	$72,018.80	**$360,094.00**
Financial Audit	-	$5,000.00	-	-	**$5,000.00**
Liability Insurance	-	$47,000.00	$30,000.00	$27,500.00	**$104,500.00**
TOTAL Grant	**$521,877.85**	**$1,253,256.07**	**$540,815.25**	**$474,267.83**	**$2,790,217.00**
Estimated DOE Units	-	103	39	36	**178**
Sustainable Energy Resources for Consumers (SERC)					
Administration	$95,000.00			$175,000.00	**$270,000.00**
Program Operations				$1,695,000	**$1,695,000.00**
Total SERC	$95,000.00			$1,870,000	**$1,965,000.00**
SERC Units					**200**
Total State Plan	**$616,877.85**	**$1,253,256.07**	**$540,815.25**	**$2,344,267.83**	**$4,755,217.00**

**** The admin allocation is set at 15% total with MFA receiving 5% and the remaining 10% allocated to our Subgrantees. The overall admin allocation will portray to be less than 15% since the estimated $30,000 carry over is included.**

Process

The State Plan is subject to a 10-day public comment and review period. It was advertised in 15 statewide New Mexico newspapers and was posted on the MFA website on March 28, 2023. A Weatherization Assistance Program Policy Advisory Committee (WAP PAC) meeting and public hearing was virtually held on March 30, 2023. No comments were received.

Summary

The NM Energy$mart 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 in accordance with DOE requirements. 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 SERC grant on approximately 200 units.

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0009918, State: NM, Program Year: 2023)

This worksheet should be completed as specified in Section III of the Weatherization Assistance Program Application Package.

V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

Provide a description of the definition of income used to determine eligibility

Definition of income used to determine eligibility:

A unit shall be eligible for weatherization assistance under this part if it is occupied by a family unit whose income is at or below 200% of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, contains a member who has received cash assistance payments under Title IV or XVI of the Social Security Act or applicable State or local law at any time during the 12 month period preceding the determination of eligibility for weatherization assistance.

The 2021 US Census American Community Survey year estimates identified 193,332 family households in the state with incomes at or below 200% of the poverty level, the WAP eligibility limit. These households represent approximately 22% of the state's population of households.

Additionally, the 2021 US Census American Community Survey provides other significant findings about persons with incomes at or below the poverty level:

- 270,170 households contain one or more people under 18 years of age;
- Approximately 48,097 households contain children that were under six years of age.

From 2021 US Census American Community Survey regardless of poverty status:

- The number of units in which the elderly reside was estimated at 302,148;
- The number of units in which people with disabilities reside was estimated at 373,023.

New Mexico has three designated Rural Partner Networks: The Southwest NM Council of Governors region, Dona Ana region, and North Central Economic Development District. These three regions oversee the colonias housing issues and are exploring ways to designate funding to the colonias regions due to inadequate housing.

To be eligible for New Mexico Weatherization Assistance Program services, clients must meet the income criteria outlined in 10 CFR 440.22 or meet a minimum of one of the following criteria as outlined in WPN 22-3:

- Have a gross household income (total annual cash receipts) at or below 200% of the federal poverty level as established by the Director of the Office of Management and Budget (OMB);
- Receive cash assistance payments under Title IV or Title XVI of the Social Security Act or in accordance with applicable State or local law, at any time during the past one year preceding the determination of eligibility. Acceptable programs include:

    a. Temporary Aid to Needy Families (TANF);

    b. Supplemental Security Income (SSI);

    c. Social Security Disability Insurance (SSDI);

    d. Aid to Needy Disabled (AND);

    e. Old Age Pension (OAP);

    f. Supplemental Nutrition Assistance Program (SNAP);

    g. HUD means tested programs at 80% AMI.

Describe what household eligibility basis will be used in the Program

Eligibility Basis

Before a unit is qualified for weatherization, the client must be approved. This approval process begins with receipt of an application. A NM Energy$mart intake staff member reviews applications to ensure that clients qualify for the program. A client will not be qualified unless the following items are provided for the file. All eligibility documents must be maintained by the agency in client files and may be electronic or hard copies. Client files for single family must contain at minimum:

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0009918, State: NM, Program Year: 2023)

- A completed application;
- Income verification criteria listed in WPN 23-3:
    - Documented verification from income sources;
    - Current income tax return;
- Proof of ownership and/or landlord sign off
- A current utility bill for gas & electric service.

Multifamily Eligibility

Multifamily income eligibility can be verified by using four different methods:

1. Privately owned buildings receiving tenant-based assistance. Subrecipient must verify residents that hold Section 8 Housing Choice Vouchers through the property owners or residents themselves. Percentage of eligibility is determined by the ratio of these vouchers to total units. This process will show more than 67% of the tenants are Section 8 holders and the Property Owner certifies to that fact;
2. PHA operated buildings on the following lists to be income eligible: https://www.energy.gov/scep/wap/articles/weatherization-program-notice-22-5-expansion-client-eligibility-weatherization;
3. PHA operated buildings receiving assistance and confirmed by MFA to be eligible;
4. Privately owned buildings receiving project-based assistance and confirmed by MFA;
5. Tennant verification by obtaining necessary documents from each individual tenant.

WPN 17-4 procedures must be followed to certify buildings. The property owner or authorized agent of the property must sign a Self-Certification form attesting that:

The property owner or authorized agent maintains certified income records for households residing at the property.

1. The property owner or authorized agent certifies that all the information provided with the certification request is true and accurate;
2. The property owner or authorized agent has determined that at least 66 percent of the units in each building (or at least 50 percent of the units for 2- and 4-unit buildings) have certified incomes that are at or below 200 percent of the current federal poverty level based on household size;
3. The property owner or authorized agent has reviewed its current certified income records.

All documentation of eligibility must be provided to MFA before project approval and kept in the project folder to be made available during monitoring, invoice payment, or inspections.

Single Family Eligibility

Proof of ownership may be in the form of:

- Evidence of mortgage payments;
- Property deeds or proof of tax payment.

For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement. Intake staff also reviews the documentation for demographic information such as:

- Proper identification of head of household;
- Other household members are identified as applicable for disability or child status;
- Proof of disability (Medical documentation is requested to ascertain disability status).

Documentation proving eligibility must be verified by the agency prior to weatherization, kept in the client file, and made available to MFA upon request. Eligibility documentation is updated at least annually.

Notification:

Applicants are immediately notified of their eligibility status. Ineligible applicants are notified in writing, stating the reason for ineligibility.

Reweatherization

Units may be reweatherized if fifteen years have passed from the month of the final inspection. Units with higher ranking points that have never been weatherized in the same county, will have a higher preference over units that have been previously weatherized.

Client Appeals Policy

All subrecipients shall establish and maintain a policy allowing a client to appeal a denial of service in the agency's weatherization program manual. In addition, the agency **must post the policy on their website**, so clients have access to submit a formal appeal for denial of services. The policy must clearly state how the client can initiate an appeal, who will make the determination and the timeline for review.

Steps that should be part of subrecipient's policy include:

When the agency defers a unit or otherwise denies a client weatherization services, the agency must provide a formal letter to the client indicating the specific reason (s) for the denial.

If an appeal is received, the agency should have a minimum of a one tier review of the client's application by a staff member in the organization with a supervisory position. The person reviewing the appeal must be someone other than the person who made the initial decision to deny the client services. The reviewer must also be familiar with the regulations regarding eligibility.

The person reviewing the appeal should compare the provisions of the relevant regulation(s) to the application, speak to the agency staff involved in the initial denial, and speak to the client before making a decision.

If a judgement is made that the original determination was correct, a formal letter must be sent to the client outlining the reason for the appeal and once again articulate why services were denied. The letter should include the process that took place to confirm the denial.

If the person reviewing the appeal determines the appeal is granted, the client should be provided a letter stating such and detailing when their unit will be weatherized. The letter should include the process that took place to confirm the approval.

Describe the process for ensuring qualified aliens are eligible for weatherization benefits

MFA requires subrecipients to collect proof of a social security number/Identity for at least one adult living in the residence. If a social security number is not available for the remaining members of the household, a Non-Citizen Immigrant Status for all other members of the household is required. Immigrants are eligible under the current law referenced on the U.S. Department of Health and Human Services website. Questions regarding immigrant eligibility may be found within the following Health and Human Services guidance: https://www.acf.hhs.gov/ocs/policy-guidance/liheap-im-hhs-guidance-use-social-security-numbers-ssns-and-citizenship-status and http://aspe.hhs.gov/hsp/immigration/restrictions-sum.shtml.

Multifamily property owners must certify that the residents have provided proof of a social security number/Identity for at least one adult living in the residence from the clients in rental units. MF property owners may provide the required demographics as an alternative to supplying individual birthdates for an entire project, otherwise a birthdate must be provided.

The subrecipient passes the information through MFA's on-line system which has a secure server where the information is encoded. All data is redacted after it has been put into the online system. The online system scrambles the data for protection of the client.

V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

Procedures to determine that units weatherized have eligibility documentation

A unit is eligible for weatherization assistance if it is occupied by clients that meet the eligibility requirements in Section V.1.1. In addition, the client must have evidence of mortgage payment, property deed or proof of tax payment to be qualified. For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement. These documents must be kept in the client file and verified upon desk monitoring, monitoring and Quality Control Inspections (QCI).

Describe Reweatherization compliance

Re-weatherization

New Mexico does not encourage reweatherization of units however, if a unit or project has not been weatherized with DOE, LIHEAP, or other federal funds prior to 15 years of the current date, reweatherization will be allowed under the below conditions.

- A DOE approved energy audit must be run on the unit;
- All health and safety issues must be addressed;
- When applicable leverage funding for any measure that qualifies will be allowed;
- The subrecipient must determine that the applicant is eligible;
- There are no other applicants with higher ranking/priority residing in the same county.

If federal funds have been used to improve the conditions of the structure, and the work included measures not specific to weatherization but the improvements save energy, that does not preclude the unit from receiving full weatherization services.

Households located in a disaster area would be considered a priority for weatherization as long as the households are eligible, meet one of the ranking priorities, and are free and clear of any insurance claim resulting from damage incurred from the disaster.

All units that have received weatherization using any funding source since 2004, have been tracked by MFA's online system. All units are assigned a unique client number. When an application is received by intake, it is first entered into the online system to determine if the unit has been previously weatherized and if so, the date. If the online system shows the unit has been previously weatherized, the unit is deferred until 15 years has passed from the date of final inspection.

Describe what structures are eligible for weatherization

Eligible Structures

Housing types qualifying for weatherization include site built, mobile homes, shelters, and multi-family buildings.
Non-traditional dwelling units such as shelters or dwelling units sharing a wall with a business will be discussed with the DOE project officer prior to commencement of the project and full caution will be exercised to be sure the particular units are eligible. Weatherization of non-stationary campers and trailers that do not have a mailing address associated with the eligible applicant are not eligible and will not be allowed.

Buildings that have a major deficiency in their structure or condition that makes weatherization impractical

or not cost effective, may be eligible for other funding to first mitigate these issues. Subrecipients must explore all funding options such as weatherization readiness before deferring a unit.

Health and safety issues requiring more than what is allowed by WPN 22-7, or our Health and Safety Plan, will be deferred only if other funding options are not viable. The current Health and Safety Plan lists conditions of deferral that include code violations, fuel leaks exceeding the threshold, incidental repairs that cause the cumulative SIR of the building to be less than one, roofing and other structural issues, most of which can be remedied by weatherization readiness funds.

If the area is known to have redevelopment plans then weatherization will be deferred until redevelopment is complete.

All site built and multifamily units 50 years old or older will need SHPO clearance prior to weatherization. The SHPO programmatic agreement is uploaded as an attachment.

Describe how Rental Units/Multifamily Buildings will be addressed

Rental Units

Subrecipients must ensure that single family rentals follow the five points below:

1. Benefits of weatherization services accrue primarily to the low-income tenants;
2. The tenants have a way to appeal if they feel that the rent has increased as a result of these services and the landlords provide a statement notifying tenants of this procedure;
3. No undue or excessive enhancement shall occur to the unit;
4. Rent and permission of the building customers or authorized agents must be obtained before commencing work;
5. The customer or authorized agent must sign a statement that rent may not be increased for a minimum of one year unless increases are demonstrably related to matters other than weatherization work.

Single family rental units qualify for weatherization as long as the landlord agrees to the weatherization and signs a waiver stating that rents will not be raised on the units for a minimum of one year unless those increases are demonstrably related to matters other than the weatherization work performed.

To ensure that no undue or excessive enhancements are made to the unit, a NEAT or MHEA audit must be run on the unit prior to the scope of work being outlined.

The necessary steps that must be taken to ensure proper documentation for weatherizing a single family rental unit include:

- An application must be completed by the client;
- Proof of income must be provided;
- Proof of a lease must be obtained;
- Current copies of the clients gas and electric bills must be obtained;

- Written permission must be obtained from the landlord/agent;
- Subrecipient must obtain certification from the landlord that the rent of the unit will remain the same for at least one year following performance of weatherization work;
- MFA will monitor compliance with this policy only to the extent of the 5% to 10% sample monitoring;
- MFA's monitoring will include rental projects weatherized through the Program.

Multifamily Rental Units

Multifamily(MF) Rental units qualify for weatherization as long as the clients that are housed in the property qualify for weatherization. The MF agency may ask the customer/agent for a contribution of 20% of the weatherization materials. The customer/agent must sign a document agreeing to have weatherization services, that includes a waiver stating that they will not raise the rent on the units for a minimum of one year unless those increases are related to matters other than the weatherization work performed.

To ensure that no undue or excessive enhancements are made to the unit, a TREAT audit or approved priority list, depending on the building structure must be run on the complex prior to the scope of work being outlined.

The necessary steps that must be taken to ensure proper documentation for weatherizing a multi-family rental unit include:

- Obtain written permission from the customer or authorized agent;
- Verify that no less than 66 percent (50 percent for duplexes and four-unit buildings, and certain eligible types of large multi-family buildings) of the units in the building are eligible units, or will become eligible units within 180 days;
- Ensure that the benefits of weatherization assistance in connection with such rental units including units where the tenants pay for their energy through their rent, **will accrue primarily to the low-income tenants residing in such units;**
- By way of use of the energy audit, subrecipient must make certain that no undue or excessive enhancements are made to the units;
- Completed applications must be obtained from each of the clients in the rental units or
- Customer (property owner or manager) must fill out applications, project application templates and all forms to sign for tenants since they have the information on file;
- Current copies of gas and electric bills must be obtained from *some* of the rental units or supplied by the management to prove the utility is serving the property;
- The multifamily audit process must be followed and include the detailed scope of work, photos, and regular meetings between MFA, subrecipient, and multifamily building management or customers.

Once the information above is in place an approval request, in the form of an approved energy audit, must be submitted to MFA in order to weatherize multifamily units larger than a 4-plex. A description of the process that determined the measures being installed must be provided with the audit.

Procedures for customer contributions are as follows:

- A 20% contribution commitment of the weatherization materials may be requested from the customer prior to commencement of the weatherization project. The customer contribution is based on the estimated costs from the energy audit;
- Customers have the option of buying down measures if it is determined by use a TREAT energy audits that the cost is not a cost effective measure;
- Customers are not responsible for any additional costs over the written estimate. If the actual (final) cost of the project is higher than the estimate, then the Program will pay the difference;
- For large projects estimated cost for an engineer's estimate of HVAC costs is added to the energy audit costs;
- A contract or Memorandum or Understanding (MOU) will be executed between the customer's representative and subrecipient prior to the commencement of work;
- The contract will detail the amount of the customer contribution;
- The contract will commit the customer to certify that he/she will maintain rent at the HUD designated affordable rent levels for a period of one year following performance of weatherization work;
- The subrecipient is responsible for obtaining the required landlord contribution. The amount of the contribution must be included in the project outline to MFA prior to project approval;
- Customer contributions received shall be applied to supplement the cost of the project and be reported on the statement of expenditures for the month in which they are received;
- MFA will monitor compliance with this policy as needed. This may include monitoring during unit inspections, technical monitoring, programmatic monitoring, desk monitoring, and upon initial project submittal.

Describe the deferral Process

Deferral Process

There are some situations in which an agency or contractor should not, or may choose not to, weatherize an otherwise eligible unit. In MFA implements the deferral policy for all agencies administering the NM Energy$mart Program. This policy allows weatherization staff to defer services when certain conditions or circumstances exist. Under no circumstances will partial weatherization be allowed to be reported as a completed unit all units must be inspected by a Quality Control Inspection (QCI) and determined to be complete. Deferral is allowed under certain conditions; however, an agency should define its intentions at the time a condition occurs.

Client Driven Deferral

Subrecipients must defer weatherization under the following conditions where failure or the inability by the client to take appropriate actions occur:

- A unit received weatherization with federal funds (DOE, LIHEAP) within the 15 year period prior to the date of application;
- A unit is vacant;
- A unit is for sale;
- A unit is scheduled for demolition;
- The client is uncooperative with the weatherization agency or its contracted agent, either in demanding that certain work be done, refusing higher priority work which is needed, being abusive to the work crew or contractor, or by being unreasonable in allowing access to the unit. Every attempt should be made to explain the program and the benefits of the work. If this fails, work should be suspended and MFA should be consulted. In such cases, detailed documentation is required;
- Discrepancies found between the client application and observed conditions at the time of weatherization that cannot be resolved;
- There are illegal activities occurring on the premises;
- One or more occupants in a unit have been diagnosed with a contagious and life threatening disease and the subrecipient has determined the staff is unable to perform services safely;
- When a person’s health may be at risk and/or the work activities could constitute a health and safety hazard, the occupant at risk will be required to take appropriate action based on the severity of the risk;
- If at any time prior to the beginning of work (work officially begins when the audit is performed) the agency or contractor determines that the client is no longer eligible or staff believe that circumstances may have changed, the unit shall not be weatherized until the situation is resolved;
- Loose dogs that can't be contained by the client;
- Unvented combustion appliances the client will not agree to replace.

Structure Driven Deferral

NM strives to eliminate the number of structure driven deferrals by using Weatherization Readiness Funds (WRF) or other funding. The WRF Plan is located in the Misc. Section of the Annual File must be followed when using this funding category. The following conditions will trigger approval requests for the use of WRF or other funding prior to deferral:

- A unit proves to be dilapidated or structurally unsound and unsafe. Dilapidated units are classified as those which do not provide decent, safe, and sanitary shelter in their present state and have defects so serious and numerous that the repairs required to revive the structure to standard condition would not be economically feasible;
- A unit is deemed by the auditor to pose a threat to the health or safety of the crew or contractor;
- A mobile home is improperly installed (for example, without adequate supports);
- A unit is uninhabitable (for example, a burned-out apartment);
- A unit is affected by mold and mildew and the area affected is too large for the weatherization crew or contractor to remediate;
- The presence of animal feces and/or other excrement;
- There are rats, bats, roaches, reptiles, insects, or other animals/varmints that are present or not properly contained on the premises that could cause harm to the crew or contractor;
- Disconnected wastewater pipes;
- Hazardous electrical wiring where the cost to repair exceeds the SIR threshold of the unit.

In unusual situations where unique problems exist that are not similar to or covered above, MFA should be consulted.

Deferral Procedure:

If the subrecipient or its contractors cannot, or choose not to weatherize a unit, it must notify the client or owner/authorized agent by use of the Deferral of Services Form which should include:

- The nature and extent of the problem(s) and how the problem(s) relate(s) to the determination not to weatherize the unit;
- Any corrective action required before weatherization services can be initiated;
- A time limit for correcting problems so that weatherization services may be rescheduled;
- The name of the person or entity responsible for correcting the problem(s);
- The right of appeal;
- All documentation justifying the decision to defer services must be kept in the client file;
- Agencies must also keep an updated spreadsheet to track all referrals and deferrals.

If MFA has been contacted by the client, agencies must send the date of anticipated follow-up in writing to MFA.

V.1.3 Definition of Children

Definition of children (below age): **19**

V.1.4 Approach to Tribal Organizations

☐ Recommend tribal organization(s) be treated as local applicant?

If YES, Recommendation. If NO, Statement that assistance to low-income tribe members and other low-income persons is equal.

Low-income members of an Indian Tribe are eligible to apply for services under this plan. MFA has a staff member dedicated to Indian Housing issues who has been instrumental in weatherizing more units on native lands. Low income members of an Indian Tribe will receive benefits equivalent to the assistance provided to other low-income persons within the state.

V.2 Selection of Areas to Be Served

The NM Energy$mart Program is a statewide program serving the 33 counties of New Mexico:

San Juan; McKinley; Cibola; Rio Arriba; Taos; Colfax; Los Alamos; Santa Fe; Mora; San Miguel; Union; Harding; Quay; Curry; Guadalupe; DeBaca; Roosevelt; Sandoval; Bernalillo; Valencia; Torrance; Catron; Grant; Hidalgo; Luna; Socorro; Sierra; Dona Ana; Lincoln; Chaves; Otero; Eddy; and Lea.

The Program also serves the Pueblos of Zuni, Acoma, Laguna, Santa Clara, Ohkay Owingeh, Taos, Picuris, Nambe, Tesuque, Pojoaque, Cochiti, Isleta, Jemez, San Felipe, San Ildefonso, Sandia, Santa Ana, Santo Domingo, Zia, Jicarilla Apache Reservation, the Mescalero Apache Reservation, and the Navajo Nation.

The 2021 US Census American Community Survey was used to compile the data used for the distribution formula. The funding allocations for each county and tribe are arrived by using a formula that is based on the number of households with elderly, young children, disabled and low income occupants, weighted by heating and cooling degree days. This formula follows a similar method as the 10 CFR 440.10 that describes state allocations. The at-risk population segments are averaged with the amount of low income households to determine the allocations for each county and tribe.

DOE, LIHEAP and State funds will be allocated statewide based on the allocation formula. Utility funds will be allocated to the areas served by the participating utility companies using the same formula.

All subrecipients that serve the above areas must be a CAA, public, or nonprofit entity.

V.3 Priorities

Subrecipients will be required to disseminate information to the public about the availability of services within 30 days of receipt of the contractual agreement and shall retain proof of such dissemination in their records.

Subrecipients are encouraged to update the waiting lists annually to include written notification to individuals on the waiting list to determine if they still desire services.

Updating the waiting list will allow the subrecipients to identify the higher-ranking clients regardless of the amount of time they have been on the waiting list.

Priority among eligible applicants for the receipt of NM Energy$mart services is established by the NM Energy$mart online system, which follows the requirements specified in CFR 440.16 (b).

Priority is given by assigning points to to each of the four categories:

1. Elderly persons (a person who is 60 years of age or older) are assigned one to five points for each member based on the age;

2. Persons with disabilities are assigned one point for each member of the household with a disability;

3. Families with children (households with dependents not exceeding 18 years of age) are assigned one to five points for each member based on the age;

4. Households with high energy burden are assigned points in the following breakdown:

Energy Burden Percentage	Points
Between 6% and 10%	3
Between 11% and 15%	6
Between 16% and 20%	9
Between 21% and 30%	12
Between 31% and 40%	15
Between 41% and 50%	18
Between 51% and 60%	21
Between 61% and 70%	24
Between 71% and 80%	27
Between 81% and 90%	30
Between 91% and 99%	33
100% and over	36

Energy burden percentage is determined by dividing the energy bills by the household income. When a household uses 15% or more of the household income for energy usage, it is considered high energy burden.

Ranking of "high residential energy users" is not used to determine priority for weatherization and do not receive priority points.

These categories are the only allowable priorities for the NM Energy$mart Program. Applicants that have the oldest certification date within the same ranking category may be serviced before other applicants within the same ranking category.

All housing types allowable within this Master Plan are included in the ranking system, however, housing type is not used as a priority and may not be used to determine priority.

Subrecipients are required to service the minimum number of homes in each county determined by the allocation formula no less frequently than every two years. This requirement can only we waived with a “high energy burden waiver”. Counties that have a higher concentration of energy burden on the waiting list compared to other counties within the same service territory may qualify for a “high energy burden waiver” under the following conditions:

- Homes with the highest-ranking score in the county are weatherized first;
- The agency’s production plan shows when the units in the remaining counties will be weatherized;
- Allocations for counties outside of the high energy burden county will be reduced evenly across all counties by a percentage of the original allocation;
- Other funding sources are fully leveraged to spread the funds as far as possible;
- It can be demonstrated at the time of waiver submission; the county has a greater need than the minimum allocated units due to a dense concentration of high energy burden within that county. MFA will work with the agency by providing wait lists and energy burden scores regularly to the subrecipients.

When an agency proceeds with weatherizing home within any given county, homes with the highest number of priority points must be weatherized prior to other homes.

V.4 Climatic Conditions

New Mexico is the 5th largest of the 50 United States with a total area of 121,599 square miles (121,365 square miles land and 234 square miles covered by water). Within the state's boundaries, elevations reach as high as 13,161 feet above sea level (Wheeler Peak in Taos County) and as low as 2,842 feet above sea level (Red Bluff Reservoir in Eddy County). The vast land area, variations in local topography and elevation disparities cause measurable differences in climate even within each of the two identified regions.

Likewise, Lawrence Berkley National Laboratories (LBNL) has identified three distinct climactic zones that are independent of the particular heating and cooling demand associated with the region, but still significantly affect the performance of units within each zone. The Department of Energy has defined three distinct climate zones that cover parts of New Mexico. These climate zones help approximate the performance of a building within each zone due to the effects of heating cooling demand, precipitation, and relative humidity.

The three zones identified in NM are three (hot dry), four (mixed dry), and five (cold). For the purpose of this analysis, the county seat or most populous city was used to determine the average degree days for each county where available. Data was collected for 12 months to arrive at annual totals.

HEATING DEGREE DAYS Base 68: Zone three has an average of 4,799 HDD; Zone four has 5,104 average HDD; and Zone five has and average of 6,305 HDD.

COOLING DEGREE DAYS Base 70: Zone three has an average of 1,419 CDD; Zone four has 956 average CDD; and zone five has 738 average CDD.

Air conditioning system replacement, repair, or installation is allowed in units of at risk occupants or where climate conditions warrant. At risk occupants are defined as an occupant that is over the age of 60, has respiratory ailments, allergies, pregnant, or other unique health concerns. Climate conditions that would warrant this allowance are areas that have an average of 800 Cooling Degree Days (CDDs) or higher using a base 70. For all other areas, medical eligibility from a third party medical professional proving at risk is required for any occupant.

Some counties are very large in square footage and may have a vast variance in elevation and both heating and cooling degree days. Therefore it is necessary to modify the weather files to a climate that most closely resembles the local area of the individual buildings receiving the weatherization work, and not just the closest city. Due to the variations in climate throughout the state, each energy audit shall be adjusted to most accurately model the climactic conditions of the individual location. Likewise, each energy audit shall indicate the model climate used (either a location included in the DOE approved auditing software, or the HDD base 68 /CDD base 70 factors). There are 26 different weather stations used throughout New Mexico for the energy audit. Two maps have been uploaded that describe the different climatic zones that are used in New Mexico.

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

The NM Energy$mart Program is committed to full compliance with 10 CFR 440.21(i) and WPN 19-4 for energy audit procedures. All installations are using materials that are listed in Appendix A of 10 CFR 440.

The NM Energy$mart Program has approached the goal of meeting the specifications, desired outcomes, and objectives of the Standard Work Specifications (SWS) with several successful methods. Our Subrecipients have been in the practice of utilizing the SWS at full implementation since PY 2014. Below is a list of manuals and guides with dates of issue. Each of these have been uploaded with the State Plan in addition to the links provided below.

- NM Energy$mart Administrative Manual http://www.housingnm.org/community_development/energysmart
    - Re-issued 03/30/2023, updated 03/11/2023
- NM Energy$mart Technical Standards http:/ /www.housingnm.org/community_development/energysmart
    - Re-issued 09/25/20, updated 09/25/20
- Field Guide Single Family
    - Issued 02/16/2021, updated 02/16/2021
- Field Guide Mobile Homes
    - Issued 02/16/2021, updated 02/16/2021
- Field Guide Multifamily
    - Issued 01/08/2020, updated 01/08/2020

There are four ways the documents are made available to our subrecipients:

1. We communicate with our subrecipients on a regular basis referencing the necessary materials. This communication is either triggered by a conversation, email, monitoring or new regulations;
2. Technical Committee calls are held bi-weekly. During these calls, the Technical Standards and SWS may be discussed with challenges, successes, and innovative approaches to compliance. The attendees for these meetings are the Energy Auditors, Program Managers, Quality Control Inspectors and the staff from the Energy Smart Academy;
3. During any WAP RFP process, the links to the manuals are provided with the RFP package;
4. Subrecipient use of the documents are verified through the monitoring process. This includes monthly desk monitoring when invoices are submitted.

All NM Energy$mart contracts between subrecipients and MFA reference compliance to the SWS. The contracts contain the following statement:

Subrecipients will be responsible for providing services as required by the Department of Energy (DOE) Standard Work Specifications (SWS). The SWS requirements for Single Family Homes & Manufactured Housing can be accessed at https://sws.nrel.gov. If these specifications are not followed, reimbursement will not be made.

All subrecipients have incorporated language in their contracts with their subcontractors requiring compliance to the SWS. Subrecipients will incorporate language into their contracts that require all materials used must be listed in the 10 CFR 440 Appendix A. All contracts between any entities using WAP funds have signatures from both parties verifying acknowledgement of the aforementioned expectations.

Field guide types approval dates

Single-Family: 2/16/2021
Manufactured Housing: 2/16/2021
Multi-Family: 2/16/2021

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure: Single-Family
Audit Name: NEAT
Approval Date: 11/7/2018

Audit Procedure: Manufactured Housing
Audit Name: MHEA
Approval Date: 11/7/2018

Audit Procedure: Multi-Family
Audit Name: TREAT
Approval Date: 10/20/2022

Comments

Energy Model Software

NM was approved to use TREAT for multifamily buildings on June 27, 2022. All MF projects must be approved by MFA prior to commencement of work.

New Mexico's single family site built energy audit procedures have been approved by DOE to use NEAT on November 7, 2018. New Mexico's single family manufactured home energy audit procedures have been approved by DOE to use MHEA on November 7, 2018. For these two building types, NM will be seeking energy audit approval using the WA 10 online software with the below timeline and target dates:

Below is the timeline with goals and target dates:

Month	Activity
November 16, 2022	PO notified of intent to use WA V 10
March 2023	Library Import
April 2023	Provide access to DOE PO for library review
May-June	Training for Wav Users
July	Database aggregation and preparation for conversion
August	Conversion to WA 10
November	Single Family Audit Approval

Audit Procedures

This section summarizes the protocol that is detailed in the single family and multifamily energy audit procedures submitted with the energy audit review packages.

- Pre-visit planning and desk viewing;
- A certified energy auditor performs an in-person meeting, including client education, and completes a full building screening for weatherization viability and hazards;

- Thorough exterior envelope inspection for SWS requirements, Health and Safety, TREAT, NEAT or MHEA entry, and BPI standards;
- Interior inspection for data entry, Health and Safety, lead tests, baseload usage measures (lighting, refrigeration, etc.), number and location of appliances, and diagnostic testing arrangements;
- Diagnostic tests are performed on all required appliances for efficiency, safety, and operating condition outlined in the NM Energy$mart Technical Standards;
- Blower door testing procedures are performed including air leakage and barrier assessments, zonal tests, ASHRAE 62.2-2016 determinations, and duct leakage tests;
- Final walk through with recap on client education, double check on field notes, pilot lights, house condition, additional tests if needed;
- All information is reviewed and entered into energy audit software. This includes verifying input reports against actual notes, comparing audit results with preliminary scope of work, review of measure and SIR ranking, incidental repair and health and safety items;
- The energy audit assumptions are checked against the assessor’s knowledge, photos, and videos of the unit for accuracy;
- Energy Auditors will comply fully with the NM Energy$mart COVID Safety Response Plan by wearing all the required PPE, washing hands, spraying down surfaces, post cleaning of tools, and pre-client screening, when applicable.

Fuel Switching

MFA has gained approval from DOE to issue state level fuel switching approvals. Subrecipients must follow the fuel switching procedures that include package submittal to MFA. Package elements include photos of the home and complete audit paperwork. The audit inputs and recommendations are reviewed for accuracy. Approval is not awarded until all fields are satisfactory and the switch is proven to be cost effective.

Asbestos

In the event that dangerous friable materials (e.g. Lead-based paint dust, disturbed asbestos, or hazardous organic materials such as mold) may become air-borne due to depressurization testing, any testing requiring the use of a blower door may be omitted. Such conditions must be documented including photographs, and included in the unit file. For the purposes of energy auditing and air-sealing specification, the Energy Auditor will assume a .5 cfm 50 square feet of exposed envelope area.

Software Used

To ensure eligible occupants of multi-family housing will receive cost effective weatherization services, each weatherized building will have a computerized energy audit, TREAT, which complies with 10 CFR 440.21(b) completed prior to the installation of any weatherization measures. This energy audit will be included in each unit file. For single-family units a NEAT audit will be completed. For mobile home units, a MHEA ,or if the mobile home is structured more like a site built unit, a NEAT audit, will be completed.

Priority Lists

NM was approved to use priority lists December 6, 2022 for all building types. Agencies must follow the approved priority list procedures when it has been determined that the use of the priority list will be most advantageous to the home or project. MF projects must approved by MFA prior to commencement of work.

V.5.3 Final Inspection

In accordance with WPN 22-4, MFA will ensure that all final inspections meet the criteria below.

Subrecipient’s may not report a unit as having been weatherized until all weatherization materials identified for installation at said unit have been installed and the subrecipient, or authorized representative, has performed a final inspection(s) of said unit, and certified that the work has been completed in a workmanlike manner and in accordance with the priority determined by the audit procedures required by 10 CFR 440.21. All final inspections will meet the requirements of the Standard Work Specifications, Technical Standards, and the NM Field Guide. Local code requirements for mechanical appliance installation are included.

All subrecipient's final inspections will continue to be performed by a certified Quality Control Inspector (QCI) independent from the initiation of the work order, assessment, or work completed. All three of New Mexico's subrecipients have certified Quality Control Inspectors and Energy Auditors on staff. The NM Energy$mart Program continues to encourage each agency to pursue more QCI Inspectors and Energy Auditors. The use of contractors for QCI and energy audits is encouraged and allowable.

The subrecipient must verify that all weatherization materials identified for installation at the particular unit have been installed in a workmanlike manner and in accordance with the priority determined by the auditing procedure as required by 10 CFR 440.21, meet the requirements of SWS, Scope of Work, and our Field Guides prior to reporting the completed unit. Said verification must include, at a minimum, the following verifications and tests:

- Evaluation of the original assessment, the original audit, work order, invoices, and contents of the file;
    - The original field data collection, field notes, and input report must be reviewed to ensure the energy audit called for the correct measures. Missed opportunities must be addressed prior to unit passing inspection;
    - Files are not to be closed if missed opportunities are found. This includes an evaluation of all potential funding sources to be sure that all eligible energy saving measures (ECMs) are installed.
- All weatherization measures completed by agency's crew(s) or procured contractors;
- All mechanical work performed including: verification of new equipment size and rating; state inspector has been contacted for inspection, and required diagnostic testing;
- Combustion Appliance Zone(CAZ) Required testing under worse case conditions (BPI Protocol)- Required SWS tests must be completed or verified that HVAC contractor has completed;
- Post-Retrofit Blower Door Depressurization Test, Zone Pressure Diagnostics (See Energy Audit Section for more detail); Minimum Ventilation Compliance Verification.

If Duct-sealing was performed:

- Worse-case depressurization test with air handler on and off;
- Pressure Pan Testing;
- System Balance Testing between rooms with ducts and unit (maximum 3pa pressurization);
- Visual inspection for plenum and end of leg boot sealing;
- Visual inspection for applied field guide methods;
- If Mechanical Ventilation has been installed, then the inspector shall verify continuous and peak flow output of the unit through Flow Hood Testing. NOTE: For HRV/ERV installations which use the central supply and return ductwork, Flow Hood Tests may be required at all supply and return register locations. All mechanical ventilation must comply with ASHRAE 62.2 2016;
- Client satisfaction interview and dialogue that includes review of client education;
- Visual inspection of all work completed for quality;
- Detailed and thorough file inspection compared with work for consistency.

The final inspection for each weatherized unit shall be performed by a certified subrecipient QCI, or a contracted MFA approved certified QCI within 45 working-days of the final day of weatherization work being completed by agency crew(s) or contractors. Any required rework shall be completed in a timely manner and must be verified by the original inspector. It is considered best practice to schedule the inspection as close to the completion of work as possible.

MFA's certified QCI staff will inspect 5% of all completed units. In the event an Energy Auditor also needs to inspect the units due to the QCI requirement, MFA's Green Initiatives Manager will inspect 10% of the completed units for that subrecipient.

The final inspector may perform minor adjustments to previously installed retrofits in order to obtain satisfactory inspection results. Such adjustments must not exceed one working hour per unit or within a reasonable time frame depending on the distance, and will not be considered a "weatherization retrofit" as noted above.

Once completed, subrecipients must ensure that the client file contains a form that certifies the unit has had a final inspection, and that all work meets the required standards. The subrecipient then uploads detailed information on each measure installed in the unit, including final inspector name, estimated & actual cost, energy savings and SIR into MFA's online system. MF projects are uploaded by project with the same information for the entire project.

During the invoicing process, MFA's Green Initiatives Managers review the information on the units to determine the accuracy and technical implications of the data. If the entries raise questions or concerns, then the unit is not eligible for reimbursement until all questions and concerns are answered to MFA's satisfaction. The said units may be flagged to be included in MFA's QCI inspections.

Under no circumstances may a job be completed if there are unsafe appliances or conditions left in the home.

Disciplinary actions for inadequate inspection processes determined by 100% desk monitoring or the required 5% to 10% field monitoring will first involve exploring the options of QCI re-training for the inspector. If training is not a viable option or does not remedy the problem, the inspector will not be allowed to perform inspections for a specified period, depending on the severity of the infraction, until proof of adequacy is obtained.

Continued inspector inability or refusal to comply with policies is grounds for MFA to recommend suspension, termination, or otherwise apply special conditions to the inspector performing further QCI inspections for the program. The agency will be required to utilize other QCI inspectors to verify completed units.

During the technical monitoring process, the Green Initiatives Managers verify the certificates of each QCI and Energy Auditor of the agency being monitored.
The Energy Smart Academy and the Green Initiatives Managers are in communication as needed about upcoming certification expirations and the need for training review prior to re-certification.

The monitoring process also observes the procedures of the QCI during a final inspection. Suggestions, comments, and best practice observations are communicated to the QCI and an official letter is sent to the agency after review.

As needed Final Inspectors will comply with the NM Energy$mart COVID Safety Response Plan by wearing all the required PPE, washing hands, spraying down surfaces, and client interviews.

This program year, MFA intends on submitting procedures for the QCI mentorship program to our DOE project officer.

Attached are final inspection forms, final diagnostic testing forms, and technical field monitoring forms.

V.6 Weatherization Analysis of Effectiveness

MFA qualified staff, our in-house on-line reporting system and the Energy Smart Academy provide long-term stability of the program. The Academy, developed in partnership with Santa Fe Community College, has earned a growing reputation as one of the premier training centers in the Weatherization Assistance Program. The Academy is IREC accredited in the four training job categories of Retrofit Installer, Crew Leader, Energy Auditor, and QCI. MFA and our partners use these pieces to enhance communication and target resources where they are needed. Our process for communication will remain in place going forward and will be used to help align with the announced new DOE program requirements.

In order to assess effectiveness, the NM Energy$mart Online System (System) captures the unit production data on a monthly basis. The completed unit data is captured for each agency and shows the projected energy savings in MMBTUs for each auditor in the network. The System also shows the frequency with which each agency and auditor installs individual measures and also allows MFA to assess each Agency’s performance in a number of areas. The system-level assessment allows MFA to select individual units for inspection. A separate unit inspection database collects information from inspected units. Monitoring data follows the path of information sharing that occurs through the online system.

MFA will be using this online system to increase the value of energy burden in relation to the other priority categories to place emphasis on underrepresented groups that tend to have a greater energy burden than populations that are not underserved. MFA is also working with the training academy to recruit and hire individuals from all communities, including the underrepresented communities as part of a workforce solutions plan.

MFA uses the System to conduct a 100% desk audit of all units completed prior to paying subrecipient invoices. Prior to invoices being paid, the following is reviewed by the weatherization team for accuracy:

- Measures installed on each unit are compared to determine the relationship between estimated costs and actual costs;
- Energy saving measures are confirmed to have SIRs and corresponding MMBTU savings;
- The SIRs and MMBTU savings are compared with averages. If a particular measure appears to be unusually high, the agency is asked to provide back up;
- Total cost and projected energy savings are tracked for each measure and for the unit as a whole;
- Year the unit was built to determine if additional information is needed from the agency for compliance with lead based paint and SHPO;
- Square footage and structure type;
- For some measures more detailed information is collected including R values of added insulation, Manual J calculations of new heating systems, and air reductions relative to the initial blower door reading, air sealing target and the achieved reduction.

This System is also used to flag units that need additional unit inspection monitoring. Any unusual numbers, costs, or circumstances may trigger the inspection. These unit inspections become a portion of the required 5% to 10% Quality Control Inspections. During the unit inspection, the entire client file is compared to the entries for accuracy along with client interview regarding utility bill savings.

During the MFA unit inspection process of completed units, the techniques used to achieve such reductions, efficacy of installation methods, baseload measure assumptions, and other energy saving measures are observed and any findings, concerns, comments, and best practices are noted.

The data generated by the System or during technical monitoring and unit inspections stimulates dialogue between agency management, Green Initiatives Managers and the Energy Smart Academy. Stakeholders can quickly determine additional training where needed. Due to the specific nature of the System’s reporting capability, specific training can be directed for specific auditors, inspectors and/or weatherization crews in order to resolve deficiencies in their skill set, and showcase best practices.

Upon request a monthly report may be sent out to of the Energy Auditors detailing MMBTU savings, client monetary savings on average and total numbers. This will enable the team to see how they compare with others and the national number of 29.3 MMBTUs per unit.

Energy Auditors are encouraged to practice the comparing of energy auditing estimates with utility bill usage. This helps the team realize how accurate their models are in comparison to actual usage and helps to spawn training where needed.

Over the last two years, the costs of materials have been observed to be increasing when reviewing invoices in the System. The costs of measures are reviewed on a regular basis prior to invoices being processed to compare with market costs of those particular measures. If something appears to be high, a detailed explanation is requested from the agency, or the agency's procurement may be examined for that item.

Continuous process and improvement is the goal of the combined training and monitoring programs. Through comprehensive training, staff continues to be cross trained and the basics are reviewed to widen the capabilities in addition to ensuring the existing staff understands the basics of the program on the most fundamental levels. Technical monitoring and regular conversation with the agencies help determine additional training needs.

MFA now has multiple staff members that use this system to generate multiple reports for the purpose of agency education, training, monitoring, and funder requests. These reports will be reviewed by the Green Initiatives Managers and dispersed to the agencies regularly. In addition to reports being made available to agencies and funders, the data will be used to target areas that can benefit from outreach to increase knowledge of the program.

At any point, a full report can be obtained for any subrecipient, funding source, or time period containing all the fields that have been entered into the system during the monthly invoicing.

If not already located in the Technical Standards or Administration Manual, the agencies answers to questions are reviewed by the Technical Review Committee that meets twice a month. These responses are entered into the appropriate manual and section during the normal updating process.

V.7 Health and Safety

See attached Health and Safety Plan.

V.8 Program Management

V.8.1 Overview and Organization

MFA

The New Mexico Mortgage Finance Authority (MFA) was created by the New Mexico State Legislature in 1975 as a statewide government "enterprise" to provide financing for affordable housing to medium and low-income persons and receives no money from the state to operate. MFA is governed by a board of seven members. Four members are appointed by the Governor and three members serve by virtue of their state office: the State Attorney General, the Lt. Governor and the New Mexico State Treasurer. The Chairman of the Board is appointed by the Governor. Rules and regulations formulated by the MFA are approved by a Legislative Oversight Committee of the State Legislature. The committee is comprised of eighteen members.

By Executive Order 97-01, the State Governor transferred all federally funded housing programs to MFA on January 14, 1997. The Weatherization Assistance Program (WAP) was included in this transfer. Consequently, MFA took over the administration of WAP during the ongoing plan for 1996-97. Shortly thereafter, MFA staff produced its first plan (1997-98). MFA does not administer the State Energy Plan nor LIHEAP.

MFA has assigned significant managerial resources to the Weatherization Assistance Program to ensure its successful administration. A list of MFA personnel with direct WAP responsibilities is provided below. MFA has integrated WAP as a core activity throughout its organization; e.g. Information Technology. The Accounting, Human Resource, Legal, and Marketing Departments are available to act on WAP activities and issues.

Program Manager

David Gutierrez is the weatherization program manager with three years of experience in code enforcement, zoning, and housing inspections with the City of Albuquerque. He has 15 years of housing experience including property management, LIHTC, HUD, HMIS, CoC. RAP, FEMA, Motel Vouchers, Displaced Tenants, and Rental Assistance. David is responsible for all reporting, purchases, programmatic monitoring, file organization, manual revisions, contracts, amendments, and risk assessments.

Green Initiatives Managers

Green Initiatives Manager, Troy Cucchiara has been with MFA as technical manager since March 2014. Troy came to the position with over 14 years of weatherization experience with a technical background. He is responsible for overall direction and supervision of the program, leverage efforts, coordination with grantee staff; and the overall management of subrecipients. His responsibilities for the technical aspects of the program include training and technical assistance as well as health and safety issues and program compliance with all DOE technical requirements. His qualifications include 10 years of field experience and he holds certificates for several areas in the field of weatherization including Energy Auditor, QCI and Multifamily QCI Certification.

Green Initiatives Manager, Dimitri Florez has been assisting Troy since January 2020 with managing the NM EnergySmart Program. Dimitri arranges technical monitoring visits and handles all on-site unit inspections. Dimitri manages most utility funders and carefully reviews each invoice for proper allocations between funding sources. Dimitri's qualifications include 3 years of field experience and holds the Building Analyst and Energy Auditor Certifications. Dimitri continues to learn all aspects of the program and successfully achieved his QCI on March 24, 2023.

Weatherization Team

Troy, Dimitri, and David work closely to monitor subrecipients' activities. They will conduct a minimum of one financial and operations monitoring visit and one technical monitoring visit per year for each agency. They will also monitor a minimum of 5% of files and provide on-site unit inspections of the files reviewed. On a monthly basis the two will conduct 100% of desk monitoring through our online system for all funding sources. A prescribed monitoring tool is used for all monitoring visits. The team provides training and technical assistance to our subrecipients as needed throughout the program year.

Supervisors:

Gina Bell, Director of Community Development, is responsible for the successful implementation of the weatherization program. She also provides direction to staff and promotes the weatherization efforts externally. Her oversight includes directing the activities and acceptable performance of the weatherization subrecipients and ensures that MFA and subrecipients are in compliance with all regulatory and contractual requirements of the program. She ensures the monitoring of subrecipients is in compliance with their contracted programs in accordance with regulations outlined in federal/state contractual agreements and MFA's Compliance Manuals. Ms. Bell works with staff in assisting the efforts to build their capacity through training and providing technical assistance on the program development. Ms. Bell also oversees the efforts to increase funding for the program.

John Garcia is the Assistant Director of Community Development. Mr. Garcia will assist Ms. Bell as needed, and will take over her duties in the case of her absence. John currently holds the position of Assistant Director of Community Development at MFA. He is responsible for managing the program managers for the HOME Homeowner Rehabilitation program, Emergency Homeless Assistance program, Housing Opportunities for People with Aids program and the Youth Homeless Demonstration project. John has 25 years of experience working for the state of New Mexico. His last position with the state was the Grants Management Bureau Chief for the Human Services Department. Over his career at the state, he has held the positions of EST Program Manager, Benefit Management Track Lead, Management Analyst, Child Support Enforcement Officer and Income Support Specialist. He has a Master's in Business Administration and holds a certificate in Project Management.

Administrative Support:

Indirect costs will be charged using the de minimus rate of 10% of Modified Total Direct Costs. Included indirect costs include the support of administrative staff.

The Controller and accountants, are responsible for reviewing monthly fiscal reports, preparing reimbursements, and maintaining all required financial records to account for Grantee and subrecipient expenditures and balances. They are also responsible for subrecipient financial management and quarterly reporting to DOE. The Administrative Support staff provides Marketing and Information Technology support to weatherization staff necessary to carry out the functions of the weatherization program.

MFA will comply with the record keeping requirements prescribed on section 10 CFR 440.24, and with the reporting requirements on section 10 CFR 440.25.

MFA's Policy Committee is responsible for overall management of the weatherization program. They provide oversight and effective and efficient management of the weatherization program and provide direction to weatherization staff along with the Director of Community Development. They promote the weatherization efforts externally.

V.8.2 Administrative Expenditure Limits

New Mexico's admin is set at 15% with MFA receiving 5% and the remaining 10% allocated to our subrecipients. MFA will NOT be requesting the additional admin funds for our existing subrecipients as Central New Mexico Housing Corporation, Southwestern Regional Housing and Community Development Corporation and ICAST all exceed the $350,000 threshold.

V.8.3 Monitoring Activities

Monitoring Approach

Monitoring is a tool used to assist its subrecipients with their efforts to resolve problems encountered in the administration and operation of the NM Energy$mart Program, and to ensure compliance with all applicable Federal and State laws, rules, codes and regulations. To achieve this goal, Troy Cucchiara, Dimitri Florez, and David Gutierrez, will conduct all monitoring. For the program year 2023-2024, training and technical assistance funding in the amount of $12,748 will be used for monitoring and $674 of leveraging will be used. Administration funds used for monitoring are $4,325 and will be 24% of the monitoring budget.

Desk Monitoring

Each month, agencies invoice for completed units that includes data entry by the agencies for numerous fields. This enables MFA to perform the following:

- All units and associated measures are viewed in detail for compliance during invoicing;
- Total costs for labor and materials are viewed for reasonableness;
- SIR and energy savings in MMBTUs are compared to averages;
- Geographical patterns with production plan submitted by agency are reviewed;
- Based on the age of each unit, random selections are made for compliance of Lead Based Paint(LBP) rules and State Historic Preservation Office (SHPO) obligations;
- Input reports and recommended measures for energy audits are requested from units that have unusual circumstances, and random units.

Unit Inspections

Unit inspections include at minimum the below items:

- Homes are selected based off desk monitoring, geography, random selections, or other factors;
- Prior to home visit, the client file is inspected from front to back for full program compliance;
- Complete inspections are conducted on the unit following BPI QCI protocol;
- Minimum of 5% for all three agencies are conducted;
- Minimum of 10% when the QCI final inspector is the same person as the assessor/energy auditor;
- Multifamily receives 5% units from each MF project.

Technical Monitoring

The below items are part of technical monitoring:

- Review of scheduling procedures is conducted;
- Eligibility and intake are reviewed;
- Rental audit procedures are confirmed;
- Multifamily audit procedures and compared with field work;
- Energy audits for single family are reviewed;
- Qualifications & training of agency staff (includes new hires) are reviewed;
- T and TA progress is discussed;
- Overall weatherization of units is monitored by field visits;
- Field work methods and work in progress is reviewed;
- The agency's QCI methods are discussed and observed;
- During all field visits, Health & Safety procedures and OSHA compliance is monitored;
- Equipment/inventory/material condition and calibration is inspected;
- Feedback & reporting is discussed with the agency;
- Unit inspections can be additional to the technical monitoring.

Programmatic Monitoring

The following items are reviewed for programmatic monitoring:

- Program overview (client file review, work orders, etc.);
- Financial/administrative process;
- Expenditures and admin;
- Financial administration;
- Quality management assurance;
- Vehicles & equipment inventory and maintenance;
- Procurement procedures and packages.

Financial Monitoring

During the programmatic monitoring, the fiscal piece is reviewed and includes:

- Financial management/accounting systems and operations;
- Financial audits and audit compliance;
- Fiscal tests including tracing item on GL to source;

- Fiscal tests on each funding source to all costs eligible;
- Payroll and personnel.

MFA staff coordinates all activities and provides clear and concise direction to comply with the applicable standards and regulations. Staff conducts field monitoring of subrecipient financial activities including financial audits, production and reporting requirements. Program staff also assists subrecipients to improve operations through training and technical assistance to correct noted problem areas.

Single Audits or Audited Financial Statements

In addition to the staff that conducts the monitoring, MFA's Accounting Department and Internal Auditors are available when needed to review subrecipient financial operations. Subrecipients financial audits are reviewed as part of their onsite monitoring. Financial audits are also reviewed at the time of audit submission when the financial audit is due for that year.

To complete the approval of the annual external financial audits, the first layer of review is by the Program Manager. The second layer of review and approval is either done by the Assistant Director of MFA's Community Development Department or MFA’s Controller.

At a minimum, MFA staff conducts one onsite or virtual programmatic monitoring visit, one financial visit, and one in field technical monitoring visit each year. Comprehensive monitoring tools are used as part of the thorough review of each subrecipient. If necessary, a follow up monitoring visit will be conducted to verify that corrective action has been initiated or completed. Through our online reporting system, staff conducts reviews on financial reporting and expenses.

General Monitoring Practices Staff will perform field onsite technical monitoring visits to Southwestern Regional Housing Community Development Corporation (SRHCDC), Central New Mexico Housing Corporation (CNMHC) and International Center for Appropriate and Sustainable Technology (ICAST) in the 2023/2024 Program Year. These technical monitoring visits may need to be conducted virtually and remain consistent with the approved virtual monitoring plan if travel is restricted.

In addition to the monitoring, MFA staff has developed their own QCI inspection policies. The team will perform certified QCI reviews of client files and inspect the corresponding units of 5% to 10%. This will occur on a continual basis to ensure that SWS, DOE guidance, and NM Standards are being followed. The team looks closely for missed opportunities. Health and Safety approach with the best practice possible are encouraged. In the event quality is not up to standards, and it is determined that there is a pattern, comprehensive or specific training will be scheduled to correct the issues. Health and Safety deficiencies, depending on the severity, are corrected immediately, with preference being the same day.

Quality Control review of units and files consists of reviewing every detail for each file prior to the unit visit. The file should accurately tell the story of the weatherization work that took place at the unit. If one thing is out of place, it serves as an indicator to look for additional related items.

In the event subrecipients fail QCI inspections; they are given the opportunity to remedy the problem within a reasonable time period. This rework is not eligible for reimbursement with DOE funds. The unit may be reinspected by MFA’s QCI, depending on the nature of the failure. Photos or other proof of correction is required. The training Academy is notified of the area of weakness and modifies the classes if needed. In extreme cases, additional classes are scheduled for the agency.

When there are findings or concerns that surface during inspections, the subrecipient is asked to explain how they will improve in their correction plan. This may entail updating their policies and procedures, more frequent monitoring by MFA, or training to help the subrecipient understand how the problem occurred and how to prevent it.

MFA also requires subrecipients be audited in accordance with section 10 CFR 440.23(d). For program year 2023/2024 only one of the NM Energy$mart subrecipients met the 2 CFR 200 threshold amount of $750,000.00.

As a follow up to each visit, MFA staff provides the subrecipient with a written report that describes noncompliance or problem areas, suggested comments and best practices. The report is submitted to the subrecipient within 30 days of the visit and the subrecipient is required to respond within 30 days to MFA with a Corrective Action Plan addressing any findings, concerns, and recommendations. This Corrective Action Plan must include an identified target date for each deficiency. This is tracked by an online tracking system. Follow up communication through phone conversations, email, and necessary onsite visits is continual until the problem is resolved.

The subrecipients are sent the updated monitoring instruments prior to the visit that will be used, since they are accountable for implementation of the program in accordance with the standards and procedures.

In all instances, MFA is committed to working closely with subrecipients to succeed. However, if after numerous attempts have been made towards compliance or if a subrecipient is either unwilling or unable to resolve a noncompliance issue, MFA would start to work toward defunding the agency.

When a problem is resolved to the mutual satisfaction of the subrecipient and MFA, MFA staff will send a follow-up letter to close the finding.

When a problem is resolved to the mutual satisfaction of the subrecipient and MFA, MFA staff will send a follow-up letter to close the finding.

If there is any suspicion of mismanagement, fraud, waste or abuse or if any significant problems are found, MFA will immediately notify the DOE Project Officer, in Washington D.C.

MFA will submit annual reports to the DOE Project Officer describing its monitoring efforts to date. The report will include at least the following:

- Number of monitoring visits to each subrecipient;
- General nature of the findings;
- A discussion of significant corrective actions.

MFA will also have all monitoring reports available, upon request, for DOE inspection. MFA will summarize and review its monitoring activities and findings for internal assessment of subrecipient needs, strengths and weaknesses and annual planning. This data will be incorporated in the New Mexico Consolidated Plan and Annual Performance report.

Credentials MFA staff has substantial experience in monitoring NM Energy$mart and other Federal and State programs.

Troy Cucchiara is the Green Initiatives Manager and a QCI for MFA. Troy oversees all aspects of the weatherization program including the programmatic, fiscal, technical, and QCI monitoring. He has been involved with the home retrofit industry for 23 years and has been an integral part of the Weatherization Assistance Program for different agencies since 2006. He has earned numerous certifications including Commercial Energy Auditor, Water Specialist IV, CBI Thermographer, Lead Certified Renovator, Lead Dust Sampling Technician, AHERA, OSHA 30, Building Analyst, Building Envelope, and Home Energy Professional Quality Control Inspector, Multifamily QCI, Energy Auditor, and has been a BPI Proctor for the Santa Fe Community College. Technical experience includes energy auditing, unit inspections, program management, water treatment design, inventory control, public speaking, staff training, and client education.

Dimitri Florez is the Green Initiatives Manager for MFA. Since January 2020, he has been assisting MFA's Green Initiative Manager, Troy Cucchiara with managing the NM EnergySmart Program. Dimitri schedules all technical monitoring visits, and on-site unit inspections. Dimitri's qualifications include 3 years of field experience and holds the Building Analyst and Energy Auditor Certification in the field of weatherization. Dimitri is learning all aspects of the program working closely with Troy. Dimitri will has received his QCI certification in March, 2023.

David Gutierrez conducts all programmatic and fiscal monitoring. David has three years of experience in code enforcement, zoning, and housing inspections with the City of Albuquerque. He has 15 years of housing experience including property management, LIHTC, HUD, HMIS, CoC. RAP, FEMA, Motel Vouchers, Displaced Tenants, and Rental Assistance.

Levels of Agency Performance

High Performance or Exemplary Agencies: By way of monitoring review, an agency has demonstrated performance standards that meet or exceed standards that are commonly observed in the following areas:

- No Health and Safety findings;
- No procedural findings;
- No financial audit material findings;
- In general an agency's production is high relative to funding;
- No "at risk" elements are found in major categories for an agency;
- The agency provides comprehensive service utilizing the latest building science and renewable technology, in a cost effective manner in accordance with NM Energy$mart Weatherization Assistance Program guidelines.

Stable Agency Performance: Typically, the frequency of monitoring will be (1) fiscal/operational visit and (1) technical visit per year by NM Energy$mart staff. The need for additional visits within the same year will be determined by the agency's program funding and production level and the timely responses to any outstanding monitoring findings. MFA expects every agency to meet standards of performance, have a well established systems for program administration and operations, with no more than one finding in the following areas:

- Compliance with major program requirements, such as, lead based paint procedures, cost allocation;
- No more than one program specific finding in the annual monitoring visit;
- No more than one fiscal specific finding in the annual monitoring visit;
- Staff is well trained in performance of specific job duties;
- Agency has complete and organized files;
- Evidence of prudent decision making as to the use of program resources;
- Complete scopes of work;
- NEAT/MHEA/TREAT documentation is current and consistent with billing;
- Staff is proficient in the use of auditing software;
- Evidence that NEAT/MHEA/TREAT is used with actual and true pre audit data (including costs);
- Evidence that NEAT/MHEA/TREAT is used effectively and thoughtfully in determining cost effective measures;
- Staff and contractors have demonstrated proficiency in technical applications, including diagnostics;
- Agency has a minimal number of procedural findings (as related to programs rules, policies and procedures) and health and safety findings from previous monitoring report;
- Agency complies with OSHA and MFA safety rules, as applicable;
- The agency maintains a professional working relationship with MFA;
- Past corrections are made and reported in a timely manner;
- Participate in NM Energy$mart Peer Exchange meetings;

- No “at risk” elements are found in major categories for an agency.

Vulnerable Agency Performance: If an agency's performance is deficient in some or all of the following levels of performance MFA will prepare a plan to help the agency clear the deficiencies and will provide additional monitoring within the same year to ensure the agency has a well established systems for program administration and operations, with no more than one finding in the following areas:

- Compliance with major program requirements such as lead based paint procedures, cost allocation plan/indirect cost rate, required contractor information;
- No more than one program specific finding in the annual monitoring visit;
- No more than one fiscal specific finding in the annual monitoring visit;
- Staff is well trained in performance of specific job duties;
- Lack of prudent decision making as to use of program resources;
- Completes scope of work;
- NM Energy$mart online reporting is current and consistent with billing;
- Staff is proficient in its use of the NM Energy$mart online payment system;
- Evidence of the NM Energy$mart online payment system is used with actual and true prepost data (including costs);
- Evidence of the NM Energy$mart online payment system is used effectively and thoughtfully in determining cost effective measures;
- Staff and contractors have not demonstrated proficiency in technical applications, including diagnostics;
- Agency has a number of and severity of procedural findings (as related to programs rules, policies and procedures) and health and safety findings from previous monitoring report;
- Agency does not comply with OSHA and MFA safety rules, as applicable;
- The agency does not maintain a professional working relationship with MFA;
- Past corrections were not made and reported in a timely manner;
- Agency does not participate in NM Energy$mart Exchange meetings;
- Agency does not report as outlined in program manual;
- Several “at risk” elements are found in major categories for an agency.

At Risk Agency Performance: At risk agencies will be monitored no less than twice annually. Other factors in the frequency of monitoring visits may be based upon the requirements of specific funding sources. These agencies may be identified as a result of a variety of factors that may include:

- Agency’s probation, i.e. an agency’s first year with the program;
- There is evidence of significant administrative or program substandard performance; for example, repetitive pattern of findings, failure to have copies of permits on file or lack of compliance with historical preservation rules;
- Agency is not in compliance with program policies, procedures and specifications;
- Agency has repeated health and safety findings;
- Agency staff members/crew has deficient technical skills;
- There has been a change in key staff;
- There has been a change in key weatherization subrecipients;
- Agency has deficient scopes of work (work plan is insufficient);
- Agency has program specific audit findings;
- Agency has fiscal findings;
- Agency files are incomplete or disorganized;
- Agency staff is unresponsive to MFA requests and deadlines. For example, the agency consistently fails to provide monthly reports and contract closeouts in a timely manner;
- Agency production is low relative to funding.

V.8.4 Training and Technical Assistance Approach and Activities

See Attached T and TA Plan

Percent of overall trainings

Comprehensive Trainings: 40.0
Specific Trainings: 60.0

Breakdown of T&TA training budget

Percent of budget allocated to Auditor/QCI trainings: 19.0

Percent of budget allocated to Crew/Installer trainings: 32.0
Percent of budget allocated to Management/Financial trainings: 49.0

V.9 Energy Crisis and Disaster Plan

Objective: The objective of the New Mexico disaster response plan is to implement response activities that ameliorate the effects of the disaster to affected low-income persons with due consideration to the limited funds available during the program year.

Definition: A disaster is an event or development in the State declared by a Presidential or Gubernatorial order to be either a Federal or State emergency.

Procedures: Declaration of an energy crisis enables a subrecipient to place households affected by the crisis at the top of the weatherization waiting list. Subrecipient must follow WPN 12-7 and complete all allowed measures by the energy audit. Partial weatherization is not allowed with DOE funds. Once a QCI has approved the work, the crews can move to the next identified unit that qualifies. If at all possible, the subrecipient should complete the emergency units within the current program year.

The subrecipients must maintain a list of the units served during the crisis and provide the list of measures for each unit and the proposed date for full weatherization during invoice submission.

Criteria include:

1. Households must meet current income guidelines;
2. Priority will be given to elderly person, persons with disabilities, families with children, high residential energy users, and household with high energy burdens;
3. Priority will be determined through the program priority list for the particular disaster area;
4. Units weatherized 15 years before the present date, can receive additional assistance under “Energy Crisis”;
5. Incidental repairs to an eligible unit will be allowed if the repairs are necessary to make the installation of weatherization materials effective;
6. Elimination of health and safety hazards will be allowed when it is necessary before the installation of weatherization materials.

Weatherization Grantee Health and Safety Plan

New Mexico Health and Safety Plan

☑ **POLICY SUBMITTED WITH PLAN**

1.0 – GENERAL INFORMATION

Grantees are encouraged to enter additional information here that does not fit neatly in one of the other sections of this document.

2.0 – BUDGETING

Grantees are encouraged to budget Health & Safety (H&S) costs as a separate category and, thereby, exclude such costs from the average cost per unit cost (ACPU) limitation. This separate category also allows these costs to be isolated from energy efficiency costs in program evaluations. Grantees are reminded that, if H&S costs are budgeted and reported under the program operations category rather than the H&S category, the related H&S costs must be included in the calculation of the ACPU and cost-justified through the approved energy audit.

Select which option is used below.

Separate Health and Safety Budget ☑

Contained in Program Operations ☐

3.0 – HEALTH AND SAFETY EXPENDITURE LIMITS

Pursuant to 10 CFR 440.16(h), Grantees must set H&S expenditure limits for their Program, providing justification by explaining the basis for setting these limits and providing related historical experience.

Low percentages should include a statement of what other funding is being used to support H&S costs, while larger percentages will require greater justification and relevant historical support. It is possible that these limits may vary depending upon conditions found in different geographical areas. These limits must be expressed as a percentage of the ACPU. For example, if the ACPU is $5,000, then an average expenditure of $750 per dwelling would equal 15 percent expenditures for H&S.

15 percent is not a limit on H&S expenditures but exceeding this amount will require ample justification. These funds are to be expended by the Program in direct weatherization activities. While required as a percentage of the ACPU, if budgeted separately, the H&S costs are not calculated into the per-house limitation. DOE strongly encourages using the table below in developing justification for the requested H&S budget amount. Each H&S measure the Grantee anticipates addressing with H&S funds should be listed along with an associated cost for each measure, and by using historical data the estimated frequency that each measure is installed over the total production for the year.

It is also recommend reviewing recent budget requests, versus expenditures to see if previous budget estimates have been accurate. The resulting “Total Average H&S Cost per Unit” multiplied by the Grantee’s production estimate in the Annual File should correlate to the H&S budget amount listed in the Grantee’s state plan.

Should a Grantee request to have more than 15 percent of Program Operations used for health and safety purposes, DOE will conduct a secondary level of review. DOE strongly encourages use of this H&S template and matrix to help expedite this process.

WPN 22-7 reinforces the requirement that all H&S expenditures are documented in each client file with the specific reason, cost, and funding source and clarifies that client education materials and H&S related training are not allowable H&S expenses but are Training and Technical Assistance budget items.

Agencies are expected to budget for health and safety funds to allow for all allocated units within the program year to receive weatherization. Agencies must keep their per unit average for health and safety below $2,023.00. For health and safety costs that are estimated to be greater than $3,500, agencies must obtain prior approval from MFA prior to proceeding with work.

4.0 – INCIDENTAL REPAIR MEASURES

If Grantees choose to identify any H&S measures as incidental repair measures (IRMs), they must be implemented as such under the Grantee's weatherization program in all cases – meaning, they can never be applied to the H&S budget category. In order to be considered IRMs, the measure must fit the following definition and be cost justified along with the associated efficiency measure.

Incidental Repairs means those repairs necessary for the effective performance or preservation of weatherization materials. Such repairs include, but are not limited to, framing or repairing windows and doors which could not otherwise be caulked or weather-stripped and providing protective materials, such as paint, used to seal materials installed under this program. (10 CFR 440 "Definitions")

Incidental Repairs means those repairs necessary for the effective performance or preservation of weatherization materials.

Incidental repairs include:
- Glass replacement
- Door Replacement
- Structural repairs to maintain the integrity of weatherization materials.
- Skirting for mobile homes
- Flue and venting replacement
- Dryer vents
- T and P for water heaters
- Fuel supply line repair
- Electrical repairs
- Modifications to allow for condensing furnace drainage.
- Minor roof repair <12 square feet
- Cover for evaporative coolers.
- Lock latch
- Wall repair
- Electrical costs for fan installation
- Thermostats
- Electrical panel upgrade for heat pumps

Health and safety measures may be listed as incidental repair only if the entire building still receives an SIR of 1 and this decision may not be made in the field. Incidental repairs are included in the per unit cost limitation and must be cost justified with the SIR for the package of measures. If incidental repairs are so exhaustive that the building no longer receives a cumulative SIR of 1, the agency may use weatherization readiness funds for the item that causes the high costs of IR.

General heat waste measures are included in the energy audit as itemized costs and do receive an SIR above 1.

Items that have the potential of receiving an SIR on their own such as doors, must be run as an ECM first. When the item is not cost effective, then it must be run under air sealing if it would normally be an incidental repair to air sealing. Otherwise, the item may be run as an incidental repair if the entire home receives an SIR above 1. For all HVAC units, the agencies must run the item as an ECM first and exhaust all potential eligible leveraged funding sources to determine if an SIR of 1 is achieved prior to using H&S funds.

5.0 – DEFERRAL/REFERRAL POLICY

Deferral of services may be necessary if H&S issues cannot be adequately addressed according to WPN 22-77 guidance. The decision to defer work in a dwelling is difficult but necessary in some cases. This does not mean that assistance will never be available, but that work must be postponed until the problems can be resolved and/or alternative sources of help are found. If, in the judgment of the auditor, any conditions exist which may endanger the health and/or safety of the workers or occupants, the unit should be deferred until the conditions

are corrected. Deferral may also be necessary where occupants are uncooperative, abusive, or threatening. Grantees must be specific in their approach and provide the process for clients to be notified in writing of the deferral and what conditions must be met for weatherization to continue. Grantees must also provide a process for the client to appeal the deferral decision to a higher level in the organization.
Grantee has developed a comprehensive written deferral/referral policy that covers both H&S, and other deferral reasons?
Yes ☑ No ☐
Where can this deferral/referral policy be accessed?
The Administration Manual, Section 6. This resides on the Grantee website and is also distributed to the Service Providers annually or when there are updates.

6.0 – HAZARD IDENTIFICATION AND NOTIFICATION FORM(S)

Documentation forms must be developed that include at a minimum: the client's name and address, dates of the audit/assessment and when the client was informed of a potential H&S issue, a clear description of the problem, a statement indicating if, or when weatherization could continue, and the client(s) signature(s) indicating that they understand and have been informed of their rights and options.

Documentation Form(s) have been developed and comply with guidance?
Yes ☑ No ☐

7.0 – HEALTH AND SAFETY CATEGORIES

For each of the following H&S categories identified by DOE:

- *Explain whether you concur with existing guidance from WPN 22-77 and how that guidance will be implemented in your Program, if you are proposing an alternative action/allowability, or if the identified category will not be addressed and will always result in deferral. Alternatives must be comprehensively explained and meet the intent of DOE guidance.*
- *Where an Action/Allowability or Testing is “required” or “not allowed” through WPN 22-77, Grantees must concur, or choose to defer all units where the specific category is encountered.*
- *“Allowable” items under WPN 22-77 leave room for Grantees to determine if the category, or testing, will be addressed and in what circumstances.*
- *Declare whether DOE funds or alternate funding source(s) will be used to address the particular category.*
- *Describe the explicit methods to remedy the specific category.*
- *Describe what testing protocols (if any) will be used.*
- *Define minimum thresholds that determine minor and major repairs.*
- *Identify minimum documentation requirements for at-risk occupants.*
- *Discuss what explicit steps will be taken to educate the client, if any, on the specific category if this is not explained elsewhere in the Plan. Some categories, like mold and moisture, require client education.*
- *Discuss how training and certification requirements will be provided for the specific category. Some categories, like Lead Based Paint, require training.*
- *Describe how occupant health and safety concerns and conditions will be solicited and documented.*

Grantees may include additional H&S categories for their particular Programs. Additional categories must include, at a minimum, all of the same data fields as the DOE-provided categories. Two additional tables have been created to utilize.

7.1 – Air Conditioning and Heating Systems

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Air Conditioning Unallowable Measure ☐ Heating Unallowable Measure ☐				
Funding				
DOE ☑	LIHEAP ☑	State ☑	Utility ☑	Other ☑
How do you address unsafe or non-functioning primary heating/cooling systems?				

Heating Systems

All homes must contain a safe, operable, primary heating system for the entire dwelling unit after weatherization is complete. System repair, replacement, or installation is allowed of red-tagged, inoperable, or nonexistent heating systems in all climate zones.

- Manual J must be used for sizing of the equipment when replacing.
- Flue and chimney inspection for code
- Complete testing consistent with the NM Technical Standards testing protocol within the CAZ.
- Depressurization consideration in conjunction with other combustion appliances in worse case and natural conditions.
- Inspection and testing procedures for solid fuel appliances (i.e., woodstoves and fireplaces) inlcude requirement that Grantees have specific testing policies and action levels.
- Solid fuel burning appliances must:
  - Adhere to local code including the venting.
  - Include a CO alarm installed in the combustion zone.
  - Client education and danger signs of what to do if the alarm were to sound.
  - Worst case CAZ depressurization testing
  - Be simulated at 300 CFM for worse case testing of other appliances.
  - Replacement is allowed for primary units but not secondary units.
- Repair and replacement of inoperable or unsafe combustion appliances is allowed, including the installation of direct-vent, sealed combustion appliances.
  - Repair and cleaning should be done before replacement is considered.
  - Proper venting to the outdoors, including gas dryers is required.
    - Correction of venting is allowed when testing or visual inspection indicates a problem.
    - This may be listed under incidental repair when it meets the definition of WPN 12-9.
- No work is permitted if the completed unit's primary heat source is an unvented gas heater. Replacement with a vented unit is an allowable H & S expense.
  - Unit must be sized to heat entire dwelling unit. And comply with the audit requirements of 10 CFR 440.21 (e)(2)
- **Building permits must be secured and other applicable building codes followed for all space heater work**. This is considered a program operation cost per 17-7 Attachment A.

All fuel-burning appliances in mobile homes, except ranges, ovens, illuminating appliances, clothes dryers, solid fuel-burning fireplaces and solid fuel-burning stoves, must be installed to provide for the complete separation of the combustion system from the interior atmosphere of the manufactured home (i.e., to draw their combustion air from outside).

- Masonry chimneys used by vented space heaters will be properly lined in compliance with the International Fuel Gas Code (IFGC). New equipment must meet local code requirements.

Cooling Systems

Air conditioning system replacement, repair, or installation is allowed in homes of at-risk occupants or where climate conditions warrant. Climate conditions that would warrant this allowance are areas that have an average of 800 CDDs or higher using a base 70. If weather data is unavailable the agency must use the weather file or data that most closely resembles the climate of the potential replacement. For other towns or areas with less than 800 CDD, medical eligibility from a third-party medical professional proving at risk is required for any occupant.

At risk occupants are defined as an occupant that is over the age of 60, has respiratory ailments, allergies, pregnant, or other unique health concerns. The cooling system must be run as an ECM first to determine if the unit is cost effective and Manual J must be used for the sizing of equipment.

Service Providers must provide T&TA to clients when installing a cooling unit when no previous unit existed.

An example statement of medical eligibility:

Re: Air Conditioner Replacement or Installation
Name: _______________, DOB: _________, age ______ years, is a patient under my care. S/he has a respiratory condition that increases her/his risk for heat-related illness during a heat wave.
As her/his health care provider, I strongly advise that s/he use an air conditioner at home during a heat wave to prevent serious heat-related illness and possibly death. If you have any questions or concerns, please feel free to contact me.
(Signature of health care provider)

How do you address unsafe or non-functioning secondary heating systems, Including unvented secondary space heaters?

- Secondary unvented units must conform to the safety standards of ANZI Z21.11.2 and must not have an input rating in excess of 40,000 Btu/hour. Replacement is not allowed, however the unit may be repaired, removed, or rendered inoperable. Deferral is required if this is not possible.
    - Must not be located in, or obtain combustion air from sleeping rooms, bathrooms, toilet rooms, or storage closets except:
        - One listed wall-mounted space heater in a bathroom or bedroom if permitted by the authority having jurisdiction and:
            - Does not have an input rating exceeding 6,000 Btu/hour for bathroom and not exceeding 10,000 Btu/hour for bedroom.
            - Equipped with an oxygen-depletion sensing safety shut-off system.
            - Bathroom or bedroom have adequate combustion air.
- No unvented combustion appliances may remain, even as secondary units, in manufactured homes.

Indicate Documentation Required for At-Risk Occupants

To determine at risk, the client must show medical provider proof in the form of test results or letter describing respiratory ailments, allergies, pregnancy, or other conditions determined to put the client at risk by the medical provider.

Testing Protocols

Testing protocol is described in the NM Technical Standards pages 98-109.
Testing includes at minimum:

- Combustion gases (carbon monoxide, oxygen, etc.) under worse case,
- Flue temperature,
- Temperature rise,
- Static pressure,
- Limit switch,
- Gas pressure test,
- Gas leaks,
- Flue condition,
- Combustion air supply,
- Spillage under worse case,
- Efficiency,
- Blower speed where applicable,
- Room to room balancing,
- Other testing determined by a licensed HVAC professional.

All systems must be checked for operations and performance. This includes determining if the system can be installed as an ECM using the energy audit, inspecting the chimney/flue, and testing the CAZ for depressurization.
Solid fuel appliances must be inspected for visual evidence of soot on the surrounding areas.

Client Education

Clients are educated on the existing levels and dangers of CO, maintenance needs, basic operation, air blocking, disposal of bulk fuel tanks, how to recognize depressurization, and thermostat use. It the assessor determines a client is unable to use a thermostat, then it will not be installed. Clients must receive information in writing describing reasons for deferral if deferral is the only option. A copy of this must be kept in the client file.

When heat pumps are used as a health and safety heating fuel switch, and the clients are utilizing evaporative cooling, they must sign off on a form stating their understanding that the electric bills may increase if the heat pump is used in addition to or instead of an evaporative cooler. Clients must be informed that the heat pump does not feel the same as an evaporative cooler when used. Agencies will explain to the clients that windows are not to be left open when the heat pump is in use, and to keep the thermostat at a constant temperature.

Training

Energy Auditor, Crew Leader, QCI as comprehensive training and specified HVAC classes as needed. All HVAC installers must have a New Mexico MM 03 or MM 98 for multifamily license.

All agencies will be required to have field staff receive training on cold climate air source heat pumps and must achieve an EPA 608 certification for heat pump installation.

7.2 - Asbestos - All

What is the blower door testing policy when suspected Asbestos Containing Material (ACM) is identified?

Blower door should be done with pressurization only. If friable asbestos is suspected, blower door testing will not be allowed. All energy auditors must be able to identify friable asbestos. Abatement is not allowed.

7.2a – Asbestos - in siding, walls, ceilings, etc.

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☐ LIHEAP ☑ State ☐ Utility ☐ Other ☑

How do you address suspected ACM's in siding, walls, or ceilings that will be disturbed through the course of weatherization work?

If ACM is suspected within the walls, ceilings or siding, the energy auditor must determine if the material is friable and if there will be disturbance of that material during weatherization work. Blower door testing will not be allowed if the substance is friable. If the ACM will be disturbed, the cost of using a licensed professional must be included in the cost of that measure. If the cumulative SIR for the home is under 1, the home must be deferred. It is recommended to drill through the interior when possible to avoid any disturbance of ACM. Siding may be removed and reinstalled if the siding is in good condition.

Testing Protocols

Inspect exterior wall, ceiling and other surface and subsurface for asbestos siding prior to drilling or cutting. Agencies will assume asbestos is present when suspect and defer the unit unless testing proves otherwise. Testing is an allowable H&S expense and must be collected by a certified tester.

Client Education

Inform the client that suspected asbestos siding is present and what precautions will be needed, and what the test results show. This must be done in writing, and if tests are conducted, the client must be notified of results.

Training and Certification Requirements

Safe practices for siding removal and replacement are part of installer training. How to identify asbestos containing materials is part of energy auditor training. ACME provides asbestos AHERA Training Course and is required for all energy auditors.

7.2b – Asbestos - in vermiculite

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☑

How do you address suspected ACMs in vermiculite that will be disturbed through the course of weatherization work?

When vermiculite is present, unless testing determines otherwise, take precautionary measures as if it contains asbestos, such as not using blower door tests and utilizing personal air monitoring while in attics. Proper respiratory protection must be used while in areas containing asbestos. Blower door testing of any kind will not be allowed when vermiculite is present. Encapsulation by an appropriately trained asbestos control professional is allowed. Removal is not allowed.

Testing Protocols

Assess whether vermiculite is present. Asbestos Hazard Emergency Response Act of 1986 (AHERA) certified prescriptive sampling is allowed by a certified tester.

Client Education

Clients should be instructed not to disturb suspected asbestos containing material. Asbestos safety information should be provided to the client. Formally notify client if test results are positive for asbestos and signed by the client. Client must receive in writing that conditions must be met prior to any weatherization activities.

Training and Certification Requirements

Auditors are required to have Energy Auditor training on how to recognize vermiculite, AHERA or other appropriately trained/certified asbestos control professional training for encapsulation.

7.2c – Asbestos - on pipes, furnaces, other small, covered surfaces

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☑

How do you address suspected ACM’s (e.g., pipes, furnaces, other small surfaces) that will be disturbed through the course of weatherization work?

Assume asbestos is present in covering materials. When friable asbestos is suspected, blower door testing will only be allowed after encapsulation by a trained professional. Removal may be allowed by an AHERA asbestos control professional on a case-by-case basis.
H&S costs directly associated with testing and encapsulation. Removal is not allowed.

Testing Protocols

After ACM is assessed for presence, AHERA testing, and collection is allowed by a certified tester.

Client Education

Clients should be instructed not to disturb suspected asbestos containing material. Asbestos safety information should be provided to the client. Formally notify client if test results are positive for asbestos and signed by the client. Client must receive in writing that conditions must be met prior to any weatherization activities.

Training and Certification Requirements

AHERA course for testing and asbestos control professional training for abatement. This includes how to identify asbestos containing materials and what constitutes friable asbestos.

7.5 – Biologicals and Unsanitary Conditions

(odors, mustiness, bacteria, viruses, raw sewage, rotting wood, etc.)

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Unallowable Measure ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☑

What guidance do you provide Subgrantees for dealing with biological and/or unsanitary conditions in homes slated for weatherization?

Remediation of conditions that may lead to or promote biological concerns and unsanitary conditions is allowed, however, addressing bacteria and viruses is not an allowable cost. Agencies must contact MFA for the use of Weatherization Readiness Funds prior to issuing a deferral. If all options are exhausted, deferral may be necessary in cases where a known agent is present in the home that may create a serious risk to occupants or weatherization workers that cannot be mitigated. This is like Mold and Moisture guidance in section 7.16.

Testing Protocols

Sensory inspection, visual inspection, client feedback.

Client Education

Inform client of observed conditions. Provide information on how to maintain a sanitary home and steps to correct deferral conditions.

Training

Agencies are trained as part of energy auditor and crew leader training in addition to field training on how to recognize conditions and when to defer. Worker safety when coming in contact these conditions is a huge priority.

7.6 – Building Structure and Roofing

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☑

What guidance do you provide Subgrantees for dealing with structural issues (e.g., roofing, wall, foundation) in homes slated for weatherization?

Agencies must utilize Weatherization Readiness and all funding sources available to remedy rehabilitation issues before deferring a unit. NM now has funding sources available such as CSLRF that can address many of these issues. Agencies are encouraged to defer as little as possible. DOE Health and Safety funds will not be used to fix structural issues beyond the thresholds outlined in this plan.

How do you define “minor” or allowable structure and roofing repairs, and at what point are repairs considered beyond the scope of weatherization?

12 square feet as is the maximum allowed for minor repair and the threshold for Weatherization Readiness or deferral for all homes except for flooring in mobile homes. The threshold for mobile home flooring is 32 square feet. Circumstances that warrant exceeding these thresholds will be considered on a case-by-case basis. An agency generated waiver to MFA will need to be first obtained with adequate justification. Repairs that are needed and can’t be remedied through the use of other funding sources, Weatherization Readiness, or eligible activities listed within this plan must result in the unit being deferred.

If priority lists are used, and these repairs are designated as Incidental Repairs, at what point is a site-specific audit required?

Site built audits will be used at any point there will be ECMs that the priority list does not cover. Site built audits may be run to determine the cumulative SIR of a building if it is reasonable for the assessor to believe the incidental repairs are extensive enough to warrant that action.

Client Education

The agency is to notify client of structurally compromised areas. The proper steps for the client to take in order for weatherization work to occur plus how to prevent future deterioration is communicated to the client verbally and in writing.

Training

Code compliance, energy auditor, crew leader, and installer, specifically how to identify structural and roofing issues. Carpentry through Interplay is available to agencies for basic understanding of structural issues.

7.7 – Code Compliance

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☑ Utility ☑ Other ☑

What guidance do you provide Subgrantees for dealing with code compliance issues in homes receiving weatherization measures?

Correction of pre-existing code compliance issues is not an allowable cost *other* than where weatherization measures are being conducted. State and local (or jurisdiction having authority) codes must be followed while installing weatherization measures. Condemned properties and properties where “red tagged” health and safety conditions exist that cannot be corrected under this guidance should be deferred if other funding sources or Weatherization Readiness cannot be used.

What specific situations commonly trigger code compliance work requirements for your network? How are they addressed?

The most common code compliance triggers are electrical issues, electrical upgrade for mini-splits, water heater and heating system replacements. Code compliance determined by the state inspectors for each item must be adhered to when replacing any mechanical appliance. These issues are addressed by obtaining a proper permit, replacing the unit, or conducting the work to code, and requesting inspection after work is complete.

The specific code must be sited and written clearly in the client file.

Client Education

Inform client of observed code compliance issues. If deferral is necessary, information must be provided in writing that describes the conditions that must be met for weatherization to begin.

Training

Code compliance for auditors. All field crew are trained as to when to contact the licensed contractor for that agency with code questions.

7.8 – Combustion Gases

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐

Funding

DOE ☑	LIHEAP ☑	State ☐	Utility ☐	Other ☐

Testing Protocols

- The following health and safety measures **must be performed on all combustion appliances** of weatherized homes. Staff must be training to simulate and recognize **worse case depressurization** when testing combustion equipment. These are performed at the **assessment level**, work **in progress end of day**, and **quality control final** inspection.
- Homes may not be left in an unsafe condition due to appliance failure of any kind.
    - Measurement of **ambient carbon monoxide** concentrations should be done. If any ambient level of CO **above 9 ppm** is found, the source must be identified, and the problem corrected.
        - The energy auditor should enter the dwelling with their CO measurement instrument running so that they can check the ambient CO concentration throughout the dwelling. An ambient air test for CO should be taken on coal, wood, unvented heaters and gas cook stoves.

    - A **CO test of undiluted flue gases** must be done on **all vented combustion appliances in worse case depressurization where applicable.** If a CO level **above 100 ppm** as measured is found in the undiluted flue gas sample, corrective action must be taken to reduce the CO to acceptable levels. If readings are detected above the minimum levels, no weatherization work is to be done until the problem is corrected.

    - **A gas leak detection test** must be taken on all natural and LP gas appliances and supply lines. All gas leaks must be repaired before any work is done.

    - **Spillage** on all vented natural gas, LP gas and oil appliances must be performed under **worst-case depressurization** conditions to ensure adequate venting.

    - An **inspection of the vent system** must be completed to ensure that the proper size and type of pipe is used, the condition of the vent pipe is satisfactory, the clearance meets applicable codes, and the vent system is unobstructed.

    - **Identify** the **combustion air source** and make sure it is unobstructed and sufficient, as defined by NFPA code.

- Replacement is an allowable H&S measure if unsafe conditions whose remediation is necessary to perform weatherization and the appliance run through the energy audit to determine if it can be justified as an ECM measure.
- Documentation justifying replacement with a cost comparison between replacement and repair must be maintained in the client file.
- A detailed description of these tests can be found in Section 1200 of the NM Energy$mart Technical Standards.

- The local agency is responsible for any potential health and safety problems that will be compounded if prescribed conservation measures are installed. For example, if a furnace is emitting unacceptable levels of CO, it is likely that tightening the home would increase the problem. Therefore, this problem must be fixed before any air sealing is completed.

How are crews instructed to handle problems discovered during testing, and what are the specific protocols for addressing hazards that require an immediate response?

Emergency Situations, Immediate Follow-up Required

Some safety problems may warrant discontinuing the combustion appliance testing or shutting off the appliance until the repairs can be made. Whenever a technician questions the safety of a situation, they should consult a supervisor. The local natural gas or propane supplier should be called in whenever possible. Examples of this type of situation are:

1. Propane or natural gas leak: Propane can be smelled more than three feet from the leaking fitting or verified by gas tester.
2. Clogged or disconnected flue: A clogged or disconnected flue that cannot be fixed, causing significant spillage of combustion products into a heated space or working area of the technician.
3. Back drafting or significant spillage: Any back drafting of combustion products in combination with carbon monoxide indications, which cannot be fixed.
4. Cracked furnace heat exchanger: Any visually identified cracked heat exchanger leaking combustion byproducts.
5. Carbon monoxide levels in the heated space above 35 ppm in the ambient air.
6. CO detected within the heating appliance greater than 100ppm.
7. Other hazards: Any other situation or combination of situations that the technician or supervisor judges hazardous to the health of the client or others.

Non-Emergency, One-day Follow-up Recommended

Some situations may not warrant discontinuing testing or shutting down the heating system but are serious enough to require attention within twenty-four hours. Examples of this type of situation are:

1. If carbon monoxide measured in the heated space exceeds the 9 ppm.
2. There is inadequate draft or spillage.
3. A furnace with no limit switch, or a limit switch that is disconnected.

Non-Emergency, Five-day Follow-up Recommended

All other safety-related follow-ups must begin within five days. Examples of this type of situation are:

1. Draft or spillage in an unheated area that does not comply with the procedures in Section 12860.
2. A furnace limit switch that does not shut the gas off by 225$_{o}$F.
3. A cracked heat exchanger is suspected, but there are no other apparent problems with the furnace.

Client Education

Client is provided with combustion safety and hazards information, including the importance of using exhaust ventilation when cooking and the importance of keeping burners clean to limit the production of CO. Clients are informed of any high levels of other gasses and fuel leaks.

Training

Agencies learn how to perform appropriate testing, determine when a building is excessively depressurized, and the difference between air free and as-measured CO action levels during the Energy Auditor training. This is also covered in HVAC, Crew Leader, and QCI.

7.9 – Electrical

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☑ Other ☑

What guidance do you provide Subgrantees for dealing with electrical hazards, including knob & tube wiring, in homes slated for weatherization?

Minor upgrades and repairs necessary for weatherization measures where the health or safety of the occupant is at risk are allowed. Agencies must provide sufficient over-current protection and damming prior to insulating over knob-and-tube wiring. When repairs needed are over the threshold of $3,500, agencies must use Weatherization Readiness Funds before deferring the unit.

How do you define "minor" or allowable electrical repairs, and at what point are repairs considered beyond the scope of weatherization?

Minor threshold is determined by cost and cumulative SIR. If the resulting cost of the electrical work causes the home to no longer achieve the SIR of 1 the home will need to be deferred. If the cost of the work is greater than $3,500, prior approval must be obtained.

If priority lists are used, and these repairs are designated as Incidental Repairs, at what point is a site-specific audit required?

Site specific audit is required if the repairs can result in more ECMs being installed that are not part of the priority list.

Client Education

Provide information to client on over-current protection, overloading circuits, basic electrical safety/risks.

Training

Code for energy auditors and crew leaders covers identification of electrical hazards. Agencies have the ability to use the Pathway created by Interplay to learn more of basic electrical training.

7.10 – Formaldehyde, Volatile Organic Compounds (VOCs), Flammable Liquids, and other Air Pollutants

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☑

What guidance do you provide Subgrantees for dealing with formaldehyde, VOCs, flammable liquids, and other air pollutants identified in homes slated for weatherization?

Removal of pollutants is allowed and is required if they pose a risk to workers. It is preferred the client remove these items prior to weatherization work. If pollutants pose a risk to workers and removal cannot be performed by the client or agency, the unit must be deferred.

Testing Protocols

Client Education

Inform client of observed condition and associated risks. Provide client written materials on safety and proper disposal of household pollutants. If deferral is warranted, the client must be provided in writing with the proper steps that must be met prior to weatherization.

Training

How to recognize potential hazards and when removal is necessary as part of field training. Healthy Homes training will be provided this program year to help identify these hazards.

7.11 – Fuel Leaks

(please indicate specific fuel type if policy differs by type)

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☑

Remediation Protocols

All exposed lines are tested from utility coupling into, and throughout the home. When there is a suspected fuel leak, it is verified with spray solution for bubble inspection. When confirmed a leak is present, it is considered an emergency with immediate follow-up required.

1. Determine if location of leak falls on client side of meter or supplier side.
2. Call the appropriate party (gas company, propane company, licensed HVAC) to assess the situation.
3. When the leak is determined to be on the client side of the meter, the severity of the leak and repair is communicated to the agency and client. If the leak is on the supplier/ gas company side, the leak is repaired and retested. If the leak is on the client side, the severity and cost of the leak will determine if it is within the scope of the program. Weatherization will not continue until the leak is repaired.

How do you define allowable fuel leak repairs, and at what point are repairs considered beyond the scope of weatherization?

If the amount of repair exceeds the threshold limit of $1,500, the agency may request approval for the use of Weatherization Readiness Funds. Deferral must be issued to the client if the use of WRF or other funding sources are not able to remedy the situation.

Client Education

Clients are notified verbally and in writing of the leak location and advised to not use combustible appliances until the leak is corrected. If the line to the home closed until the leak is repaired, the clients are informed of the estimated repair timeframe.

Clients are advised that there will be more visits that same day from either the fuel supplier company or a licensed HVAC professional to remedy the situation. Clients are also advised if deferral is needed, and the next steps involved.

Training

Energy Auditor, QCI, Crew Leader, and HVAC for Energy Auditors.

7.12 – Gas Ovens / Stovetops / Ranges

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☑ Utility ☐ Other ☑

What guidance do you provide Subgrantees for addressing unsafe gas ovens/stoves/ranges in homes slated for weatherization?

All gas ranges are to be tested and inspected for gas leaks, condition, carbon monoxide, and burner condition. When using DOE funds, replacement tune and clean are allowed. The use of LIHEAP or State funds may also be allowed when the appliance is no more than 32” wide.

Testing Protocols

1. Check for CO in ambient air upon arrival. If greater than 9 ppm, determine the source and correct the problem before proceeding.
2. Inspect the gas range installation for code compliance. Refer to the latest edition of the National Fuel Gas Code (NFPA 54), Household Cooking Appliances.
3. Check for gas leaks. If leaks are found, repair and document them before proceeding.
4. Check the flexible range connector for the date ring. If the connector does not have a date ring and/or is brass, replace the connector. The connector must connect outside of the cabinet and must pass through the wall of the range cabinet.
5. Inspect and test range top burners according to NM SWS Section 2.0201.2e Gas Range Burners.
6. For the oven bake burner (do not test a separate broil burner):
   a. Remove cooking utensils from oven. Make sure foil or other materials are not obstructing the holes in the oven floor.
   b. Turn on burner to the maximum temperature, but not to “broil”.
   c. Insert the probe into the oven vent far enough to get an undiluted exhaust gas sample.
   d. The CO emissions increase and then peak just after burner start up; they then fall to a momentary plateau before the burner shuts down as part of the duty cycle. The reading CO ppm must be taken during this stable plateau. Record this “plateau” reading in the client file.
   e. If the reading at steady state exceeds 200 ppm or 800 ppm air-free, then:
      I. Clean any rust and soot buildup on the spreader plate caused by flame impingement.
      II. Clean the burner if needed.
      III. Check for obstructed secondary air. If it is obstructed, remove the obstruction and educate the client how to keep from obstructing the burner.
      IV. Check the primary air adjustment and adjust if necessary or clear away any restrictions.
      V. Check to see that the burner is in alignment; it may require leveling the entire appliance.
      VI. Check the orifice size to ensure they are the right type and size in regard to LPG or natural gas. If the orifices need to be changed or adjusted, do so with the burner and the pilot orifices.
7. With a manometer (water column gauge), check that the gas pressure is correct. If the pressure regulator requires replacement, do so.

Client Education

Clients are informed of any problems associated with the unit, including CO levels, gas leaks, condition and cleanliness of unit, use of ventilation fan when cooking, and the dangers of carbon monoxide.

Training

Energy Auditor, QCI, Crew Leader.

7.13 – Hazardous Materials Disposal [Lead, Refrigerant, Asbestos, Mercury (including CFLs/fluorescents), etc.]

(please indicate material where policy differs by material)

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☑

Client Education

Client must be informed in writing of hazards being handled in the home.

Training

OSHA 30, local disposal requirements, and any health risks associated with the use of these materials.

Disposal Procedures and Documentation Requirements

Hazardous materials that are a result of weatherization work or generated as result of weatherization work shall be disposed of according to all local laws and regulations. Documentation of these activities must be kept in the client file. The person who replaces the mercury containing bulb or thermostat is responsible for proper disposal. Bulbs can be disposed in recycling bins at most hardware stores that sell the items. Mercury containing thermostats are less common but are still in existence. These are placed in recycle bins located with the vendor that provides thermostats and similar items.

7.14 – Injury Prevention of Occupants and Weatherization Workers

(Measures such as repairing stairs and replacing handrails)

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☑

What guidance do you provide Subgrantees regarding allowable injury-related repairs (e.g., stairs, handrails, porch deck board)?

Workers must take all reasonable precautions against performing work on homes that will subject workers or occupants to health and safety risks. Minor repairs and installation may be conducted only when necessary to effectively weatherize the home; otherwise, these measures are not allowed.

If the installation of handrails or other environmental modifications are considered an emergency to the client, then CSLRF Funds may be used.

How do you define "minor" or allowable injury prevention measures, and at what point are repairs considered beyond the scope of weatherization? Quantify "minor" or allowable injury prevention measures.

Minor is described as less than 10 square feet of work.

Training

OSHA 30 and other hazard identification training included in Energy Auditor or Installer and OSHA 10 for crew leaders and installers.

7.15 – Lead Based Paint				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐	Results in Deferral ☐	
Funding				
DOE ☑	LIHEAP ☑	State ☐	Utility ☑	Other ☐
Safe Work Protocols				

Each Service Provider must give notification to the occupants of homes to be weatherized regarding the potential hazards of lead paint and lead paint dust if the home was built prior to 1978. Lead based surface coverings (paint, varnishes, roofing, etc.) can exist in other forms than just paint. EPA's publication "Renovate Right: Important Lead Hazard Information for Families, Child Care Providers and Schools" must be given to an adult occupant of the affected home. For occupied homes, the weatherization staff, crew, or contractor must have an adult tenant or homeowner sign an acknowledgement after receiving the pamphlet. The pamphlet can also be sent by certified mail with receipt to be placed in the customer file.

Crews must follow EPA's Lead RRP when working in pre-1978 housing unless testing confirms the work area to be lead free.

Lead-Safe Weatherization (LSW) includes weatherization worker protection, general LSW work practice standards, and lead dust containment standards. Please refer to the latest weatherization program standard for details.

Only costs directly associated with testing and lead safe practices are allowable H&S costs.

- Level 1 Containment. LESS THAN SIX (6) SQUARE FEET OF INTERIOR OR LESS THAN TWENTY (20) SQUARE FEET OF EXTERIOR WORK
  - Level 1 containment is required in pre-1978 homes when less than 6 square feet of interior painted surface per room or 20 square feet of exterior painted surface will be disturbed.
  - Level 1 containment consists of methods that prevent dust generation and contains all debris generated during the work process. The containment establishes the work area which must be kept secure.
- Level 2 Containment. MORE THAN OR EQUAL TO SIX (6) SQUARE FEET OR MORE THAN OR EQUAL TO TWENTY (20) SQUARE FEET OF EXTERIOR WORK
  - Level 2 containment is required when Weatherization activities will disturb equal to or more than 6 square feet of interior surface per room or equal to or more than 20 square feet of exterior surfaces in homes built prior to 1978. Level 2 containment consists of methods that define a work area that will not allow any dust or debris from work area to spread. Level 2 containment requires the covering of all horizontal surfaces, constructing barrier walls, sealing doorways, covering HVAC registers with approved materials, and closing windows to prevent the spread of dust and debris.
  - If an EPA certified lead test demonstrates there is no lead present, level 2 containment will not be required.
  - Measures requiring level 2 containment other than areas that are equal to or more than 6 square of interior surface per room or equal to or more than 20 square feet of exterior surfaces may include:
    - Drilling holes in interior walls.
    - Drilling holes in exterior walls, removing painted siding.
    - Cutting attic access into ceiling or knee walls.
    - Planing a door in place.
    - Replacing door jambs and thresholds.
    - Replacing windows or doors.
    - Furnace replacements.
    - Additionally, Level 2 containment must ALWAYS be used where any of the following is conducted (even if the activities will disturb less than the hazard levels of 6 square feet of interior or 12 square feet of exterior surfaces within the Level 1 category):
      - Window replacement.
      - Demolition of painted surface areas.
      - Using any of the following: Open flame burning or torching; machines to remove paint through high-speed operation without HEPA exhaust control; or operating a heat gun at temperatures at or above 1100 F. Note that the use of a drill, reciprocating saw, or other power tool is considered a "machine" for removing paint. As examples: Cutting an attic hatch inside the dwelling or interior drilling of holes for the installation of insulation require level two containment.
- There must be adequate documentation in the client file to demonstrate that lead safe weatherization measures were performed when necessary. Documentation should include photos of the site and containment set up, measures taken, and a list of materials used. The final inspector for each unit must also certify that LSW procedures were used and properly implemented.
- New Mexico Weatherization will adhere to EPA lead safe rules as written in the "Lead; Renovation, Repair, and Painting Program" Final Rule (LRRPP Final Rule), as directed by DOE.
- In cases where the subgrantee cannot safely weatherize a home due to lead paint hazards, the subgrantee may defer the work. Such deferral will be considered by the state on a case-by-case basis.

Service Providers may not weatherize dwellings where there are cases of documented or suspected lead poisoning. Additionally, they shall not weatherize homes where there is an extraordinary lead paint hazard and there are no means to abate the hazard, including insufficient funds or insufficient training to properly address the hazard.

Testing Protocols
EPA approve testing kits must be used to determine presence or absence of lead, and the costs of test must be economically feasible. Job site cleaning is verified by the Certified Renovator. Lead safe work practices are verified during monitoring. If lead is present and the job is large enough for Weatherization Readiness Funds to be used, agencies must obtain a risk assessment for lead.
Client Education
Clients are given the Renovate Right pamphlet and are notified of the presence of lead and location. If deferral is necessary, clients must be notified in writing describing what steps must take place prior to weatherization.
Training and Certification Requirements
All employees and contractors working on these homes (pre-1978) must be Certified Renovators and receive training to install measures in a lead-safe manner according to SWS and EPA protocols. This training is the RRP Course offered through the Energy Smart Academy.
Documentation Requirements
Renovate Right must be signed and kept in each client file, certified renovator certification, lead testing information including photos of tests and site set up, location of lead presence, and notification of lead presence.

7.16 – Mold and Moisture

(Including but not limited to drainage, gutters, down spouts, extensions, flashing, sump pumps, dehumidifiers, landscape, vapor retarders, moisture barriers, etc.)

Concurrence, Alternative, or Deferral		
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐

Funding				
DOE ☑	LIHEAP ☑	State ☐	Utility ☐	Other ☑

What guidance do you provide Subgrantees for dealing with moisture related issues (e.g., drainage, gutters, down spouts, moisture barriers, dehumidifiers, vapor barrier on bare earth floors) in homes slated for weatherization?

The Weatherization Assistance Program is not a mold remediation program. The use of DOE funds for the removal of mold and other related biological substances is not an allowable health and safety expense. If necessary, Weatherization Program services may need to be deferred until the existing mold problem can be corrected or referred to another agency for funding of remedial action.

All homes should be checked for previous or existing moisture problems.

- Visual assessment of exterior drainage and other moisture danger areas is required.
- A moisture assessment must be conducted with special attention to the following signs:
    - Evidence of condensation on windows and walls indicated by stains or mold.
    - Standing water, open sumps, open wells, dirt floors, water stains, etc. in basements or crawlspaces. Also, check to see if firewood is stored in the basement and whether laundry is hung to dry during the winter months.
    - Leaking supply or waste pipes.
    - Attic roof sheathing that shows signs of mold or mildew.
    - Active roof leaks.
    - Dryer fan and bath exhaust fan ducting that is nonexistent, damaged or constricted, too long, or not connected to outdoors.
    - Presence of unvented space heaters.
- In the course of weatherization, measures that help reduce the humidity levels in the house may be installed. Examples of these measures are venting dryers to the outside, venting existing bath or kitchen exhaust fans or installing moisture barriers on dirt floors. Repair of moisture problems that might 1) result in health problems for the client, 2) damage the structure over the short- or long-term, or 3) diminish the effectiveness of the weatherization measures, must be done before the weatherization job is completed.

- Moisture problems can be reduced or eliminated by ventilating areas where excessive moisture is produced, such as bathrooms and kitchens. This should include installation of a high quality properly sized exhaust fan in the subject area and informing the client of the related moisture issues and the proper operation and use of the fan. Other methods include:
    - Venting dryers to the outside of the dwelling.
    - Exhaust ventilation
    - Sealing the foundation.
    - Providing positive drainage away from the foundation.
    - Repairing the roof, flashing, gutter, and downspouts.
    - Educating the client about the sources of moisture that they can control.
    - Removal of unvented space heaters.

- If an existing moisture, mold or mildew problem is found, the agency must determine if the moisture problem can be fixed under the scope of weatherization or if there should be a deferral of service because of the severity of the problem (typically 10 square feet or more of affected surface).
    - If it is determined that the problems are too severe under the scope of weatherization, a Deferral of Service form shall be signed at the time of inspection and left with the client and a copy placed in the client file.

    - Client education must be given to the client to inform them of the health and safety problems associated with mold or mildew and the possible self-help solutions they can perform at a later date.

    - The agency should try to refer the client to other programs or agencies that may be able to assist in resolution of the problem.

- If surface preparation that includes measures such as cleaning mold from windows prior to apply caulking or other similar items, it must be charged to the corresponding ECM, and not health and safety.
- Testing is not an allowable cost; agencies are encouraged to use moisture meters but is not required.
- Weatherization Readiness Funds may be used to prevent deferral.

How do you define "minor" or allowable moisture-related measures, and at what point is work considered beyond the scope of weatherization?

12 Square feet or more will trigger deferral.

Client Education

All clients are provided written documentation of the presence of mold, moisture, and if deferral is necessary. Clients are provided information on proper moisture control such as repairing roof leaks, drainage, and water flow towards the property. If deferral is necessary, clients must be notified in writing describing what steps must take place prior to weatherization.

Training

How to recognize drainage, moisture, or mold issues is included with Energy Auditor and QCI.

7.17 – Pests

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☐

What guidance do you provide Subgrantees for dealing with pests and pest intrusion prevention in homes slated for weatherization?

Pest removal is allowed only where infestation would prevent weatherization. Infestation of pests may be cause for deferral where it cannot be reasonably removed or poses health and safety concern for workers. Screening of windows and points of access is allowed to prevent intrusion.

Define Pest Infestation Thresholds, Beyond Which Weatherization Is Deferred

Testing Protocols

Assessment of presence and degree of infestation and risk to worker

Client Education

Inform client of observed condition, associated risks, and deferral policy.

Training

How to assess presence and degree of infestation, associated risks, and need for deferral.

7.18 – Radon

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☑

What guidance do you provide Subgrantees around radon?

- Provide the client with EPA's consumer guide to radon.
- PER SWS requirements, crawlspaces with exposed dirt must be covered with a 6-mil vapor permeable ground cover. In dwellings where radon may be present, precautions should be taken to reduce the likeliness of making radon concentrations higher.
- Based on the BEX report, every home is required to receive the following package of measures if applicable, regardless of radon zone where located:
  - Cover exposed dirt floors within the pressure/thermal boundary with a sealed soil gas retarder
  - Cover sump well/pits with airtight covers
  - Implement ventilation as required by ASHRAE 62.2-2016
- Provide an updated sample template for the occupant's informed consent which includes the required information and updated references.
- Radon mitigation is not allowed by DOE.

Testing Protocols

Testing is allowed in locations with high radon potential but is not recommended or practiced. These include Rio Arriba, Taos, Colfax, Mora, San Miguel, Santa Fe and Bernalillo Counties.

Client Education

Clients are provided A Citizens Guide to Radon and informed of the risks. They must sign an informed consent form prior to receiving weatherization services. Informed consent form is required be kept in the client file. This form must include:

> The results of the IAQ Study and the small risk of increasing radon levels when tightness is improved, list of precautionary measures that WAP installs, and the benefits of weatherization such as energy savings, improved home comfort, and increased safety.

Training and Certification Requirements

Training is provided to assessors and crew as to what radon is, and how it occurs. What factors may make radon worse are observed. Staff is trained on what weatherization measures may be helpful such as vapor barrier installation and mechanical ventilation. Weatherization staff is expected to be familiar with the zonal map located http://www.epa.gov/radon/pdfs/zonemapcolor.pdf .

Documentation Requirements

Citizen's Guide to Radon documentation that client has signed is kept in the client file, along with the informed consent form.

7.19 – Safety Devices: Smoke and Carbon Monoxide Alarms, Fire Extinguishers

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☐

What is your policy for installation or replacement of the following?

Smoke Alarms: Installation of smoke/CO detectors is allowed where detectors are not present or are inoperable. Installation of CO alarms is required in every home regardless of location or fuel sources. Replacement of functional smoke and CO alarms is allowed that are past the manufacturer's stated lifetime (usually 10 years), or the batteries of those that are operational but need replacement batteries.

All installations must follow manufacturer directions and SWS requirements.

- ♦ All smoke alarms must be in compliance with NFPA 72.
- ♦ All smoke alarms must be in accordance with UL 217.

Carbon Monoxide Alarms: Installation of smoke/CO detectors is allowed where detectors are not present, hard wired, or are inoperable. Replacement of operable smoke/CO detectors is not an allowable cost. All installations must follow manufacturer directions and SWS requirements.

- Where operable units are not present at least one CO alarm must be installed outside of each sleeping area as stated in section two of the SWS. Following the manufacturer's recommendations for locating and installing the alarm. Typically, alarms are installed where the clients spend most time, such as near bedrooms. If an entire multifamily building is to receive weatherization services, a CO alarm should be installed in each unit of the complex.
    - Combustion appliances are defined as any piece of equipment (such as a water heater, cook stove, or heating system) that burns a fuel such as wood, kerosene, oil, natural gas, or propane.
    - Unvented space heaters are expressly prohibited in weatherized homes unless they are compliant with ANSIZ21.11.2 with an alarm system indicating high CO levels.

- All installed CO alarms must:
    - Be in compliance with NFPA 720.
    - Be UL 2034 listed.
    - Have an electrochemical sensor with a 5-year warranty.
    - Be a plug-in type with a battery backup or battery-operated units with a 5-year warranty.
    - Have a sensor life monitor that alarms after 5 years or at the expiration of the useful sensor life.
    - Have a digital LCD display.
    - Sample ambient air at least every 2 minutes.
    - Have an alarm of 85 decibels at 10 feet.
    - Be capable of displaying: the current CO level detected from 35ppm to 500 ppm CO, the peak level detected, the total time peak level was recorded.

- Customer education is a vital part of protecting households from the dangers of CO. Ensure that client education regarding the potential hazards of combustion appliances is delivered.

- The cost of the CO alarm or combination CO and smoke alarm is a health and safety material and labor cost.

- Upon final inspection, the client will be interviewed and questioned on the usage of the alarm. Review by the final inspector will be necessary for clients that were not present during the initial installation or clients with unclear ideas of how the unit works.

    - The unit cannot be reported as complete if there are no residents that understand how the unit works and what to do in the event it was to sound an alarm.

Fire Extinguishers: Providing fire extinguishers is allowed only when solid fuel is present.

Testing Protocols

Operation checks on all existing alarms.

Client Education
Provide client with verbal and written information on use of smoke/CO detectors and fire extinguishers where allowed. Clients must receive adequate education on operation of alarm during final inspection in addition to assessment and work in progress.

Training
Where to install detectors. Local code compliance. Code for Energy Auditors class.

7.20 – Occupant Health and Safety Concerns and Conditions

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☑

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☑

What guidance do you provide Subgrantees for soliciting the occupants' health and safety concerns related to components of their homes?

General

When a person's health may be at risk and/or the work activities could constitute a health or safety hazard, the occupant at risk will be required to take appropriate action based on severity of risk. Temporary relocation of at-risk occupants may be allowed on a case-by-case basis. Failure or the inability to take appropriate actions must result in deferral.

What guidance do you provide Subgrantees for determining whether occupants suffer from health conditions that may be negatively affected by the act of weatherizing their home?

General

- All client applications must include a field for clients to include suspected health and safety concerns.
- Health and safety issues should be addressed as part of the client education process, both verbally and by distributing educational pamphlets during the audit "walk-through." This can be particularly effective as the auditor notices and discusses potential hazards.
- All Health and Safety Forms signed by the client must include a check box acknowledging that the weatherization work that will be performed will not worsen suspected health and safety concerns.
- Screening of occupant health conditions must be documented using the "Occupant Pre-existing or Potential Health Condition Screening Form" required by WPN 22-7.

What guidance do you provide Subgrantees for dealing with potential health concerns when they are identified?

General

- Weatherization services must be provided in a manner that minimizes risk to clients.
- Dwellings with unvented (vent-free) combustion appliances used as a primary heat source, may not be weatherized until such appliances are properly vented to the outdoors (according to the appropriate code) or removed. Refer to Section 8430 and DOE Guidance 17-7 for more information.
- Building owners and clients must be notified of any health or safety problems that require deferring the weatherization work. Documentation of this notification must be included in the client file.
- It is preferred that Subgrantees minimize or restrict the use of materials that may be hazardous to the client.
- Special precautions must be taken if the occupant of the home has respiratory ailments, allergies, is pregnant, or has unique health concerns.
- Subgrantees should try to protect all clients from respirable particles, such as paint or insulation dust, during the weatherization process.
- Two-part foam must be done in well-ventilated areas.
- Weatherization personnel shall not smoke cigarettes, cigars, or pipes in a client’s home or outdoors within 25 feet of the client’s home.
- If strong smelling chemicals, such as formaldehyde, are detected in the client's home, service provider should not perform any weatherization measures that would reduce the natural air leakage of the dwelling until the hazards are remedied.
- At a minimum, auditors and weatherization personnel should inform property owners of safety problems, code problems, and other health and safety issues. These items might include:
    - Hazardous levels of carbon monoxide.
    - Raw sewage leaking from waste plumbing pipes.
    - Mold and moisture.
    - Friable asbestos.
    - Radon gas.
    - Lead safe weatherization requirements.

Client Education

Provide client information of any known risks. Client must be informed in writing of known risks to the client due to pre-existing health conditions. Client must also be provided contact information in writing. If deferral is necessary, clients must be notified in writing describing what steps must take place prior to weatherization.

Documentation Form(s) have been developed and comply with guidance? Yes ☑ No ☐

7.21 – Ventilation and Indoor Air Quality

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☐

Identify the Most Recent Version of ASHRAE 62.2 Implemented (optional: identify Addenda used)

All units must comply with ASHRAE 62.2 2016. Prior to work beginning and during the initial assessment, clients will first receive proper education as to why it is important for the home to have adequate ventilation. If after given ample opportunity to receive the services, the client refuses mechanical ventilation, and there are no other solutions that comply with ASHRAE 62.2 2016, then the deferral process will begin. Protocols have been incorporated into the following areas of our training agenda:

- Energy audit process
- Air quality assessment
- ASHRAE 62.2

  Ventilation and Acceptable Indoor Air Quality shall be used for the installation of ventilation systems, both local ventilation and whole-building ventilation.

Actions to prevent zonal pressure differences greater than 3 pascals across a closed door if one exists are required.

Testing and Final Verification Protocols

ASHRAE 62.2 -2016 evaluation, fan flow, installed equipment and follow up testing are required to ensure compliance.

Client Education

Provide client with information on function, use, cleaning, and maintenance of ventilation system and components. This includes the location of the service switch. Disclaimers that ASHRAE 62.2 does not account for high polluting sources or guarantee indoor air quality should be included. Client must receive equipment manuals.

Training

ASHRAE 62.2 -2016 training required including proper sizing, evaluation of existing and new systems, depressurization tightness limits, critical air zones, etc. Energy Auditor, Crew Leader, QCI

7.22 – Window and Door Replacement, Window Guards

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☐ LIHEAP ☐ State ☐ Utility ☐ Other ☑

No funding is used as health and safety for these items.

What guidance do you provide to Subgrantees regarding window and door replacement and window guards?

Replacement, repair, or installation of windows and doors is not an allowable health and safety cost, but door replacement may be allowed as an incidental repair or an efficiency measure if cost justified.
If windows and doors present a health and safety concern, agencies must look to other funding sources to take care of the problem.

Testing Protocols

NA

Client Education

Lead Based Paint Risks

Training

Guidance Awareness

7.23 – Worker Safety (OSHA, etc.)

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☑ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☑ LIHEAP ☑ State ☐ Utility ☐ Other ☐

How do you verify safe work practices? What is your policy for in-progress monitoring?

Jobsites are visited during the technical monitoring and crews are observed using PPE and following OSHA standards such as safe ladder use. SDS sheets are inspected for updates and location during the technical field monitoring.

OSHA's Hazzard Communication Standard

NM agencies have been compliant with OSHA's Hazzard Communication Standard utilizing Safety Data Sheets that have replaced the MSDS since PY 2015. Each vehicle is equipped with the SDS sheets for the commonly used chemicals.

OSHA's Confined Space Requirement

The assessor must test for oxygen, carbon monoxide, hydrogen sulfide, and combustible gasses prior to entry and decide if the space is a permit required space based off OSHA guidance 1910.146. Agencies are required to keep documents in each client file that describes if confined spaces such as attics and crawl spaces require a safety permit and designated competent person during entry of a confined space.

Training and Certification Requirements

OSHA 10, OSHA 30, and use of PPE

7.24 – <Add in Topic>

Concurrence, Alternative, or Deferral

Concurrence with Guidance ☐ Alternative Guidance ☐ Results in Deferral ☐

Funding

DOE ☐ LIHEAP ☐ State ☐ Utility ☐ Other ☐

Remediation Protocols

Testing Protocols

ASHRAE 62.2 -2016 evaluation, fan flow, and follow up testing are required to ensure compliance.

Client Education

Training

7.24 – <Add in Topic>				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☐		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ☐	LIHEAP ☐	State ☐	Utility ☐	Other ☐
Remediation Protocols				
Testing Protocols				
Client Education				
Training				

TRAINING AND TECHNICAL ASSISTANCE (T&TA) PLAN NEW MEXICO

1.0 – GENERAL INFORMATION

COMMENTS THAT DO NOT GENERALLY FIT INTO THE AVAILABLE TABLES BELOW

The descriptions within this template will address both online and in-person classes.

2.0 – OVERALL T&TA PLAN

YOUR OVERALL T&TA PLAN MUST INCORPORATE SUGGESTIONS AND FEEDBACK THE FOLLOWING ELEMENTS.

FEEDBACK FROM INTERNAL AND EXTERNAL REVIEWS, EXAMPLES INCLUDE:

- FEEDBACK FROM DEPARTMENT OF ENERGY (DOE) PROJECT OFFICER (PO) MONITORING VISITS
- INTERNAL STATE AUDITS
- GRANTEE MONITORING OF THE SUBRECIPIENTS
- OFFICE OF INSPECTOR GENERAL (OIG) REPORTS
- AMERICAN CUSTOMER SATISFACTION INDEX FEEDBACK, AND
- OTHER. EXAMPLES INCLUDE:
  - TRAINING FEEDBACK
  - TRAINING RETENTION ACTIVITIES

Scheduled training is determined by the existing number of staff in each of the four categories, the desired number in each category, monitoring results, agency feedback, and unit inspections. The training schedule is changed to reflect feedback from the DOE Project Officer or other monitoring visits. Contractual requirements bind Subrecipients to the training schedule.

In addition to training in house staff, the network's intention is to use T&TA funding to train qualified contractors in as many areas of the state feasible.

DOE Monitoring Feedback:

DOE conducted a technical monitoring for the program in June 2021. MFA has provided feedback of the monitoring results to all three agencies. The training that was precipitated has already occurred and there is no anticipation of this same training being repeated for program year 2022-2023.

State Audit Feedback:

MFA requires a yellow book financial audit that follows all GAGAS standards for all Subrecipients. Single audits are required for entities that receive over $750,000. Three of the four entities will be receiving over this amount and therefore will be required to provide their single audits for MFA review. The audited financial statements and auditors report are reviewed my MFA upon completion. Areas that are considered findings are discussed with the Subrecipients to help find suitable solutions or training. The area of finding is followed up by MFA during the annual monitoring visit.

Monitoring of Subrecipients:

MFA closely communicates with Subrecipients on a consistent basis. MFA can assess training needs through the process of desk monitoring, desk monitoring, invoice approval, 5% to 10% quality control site visits, annual onsite programmatic and technical monitoring. The training needs are communicated immediately to the Subrecipients when they are determined and then to the Energy Smart Academy (ESA).

Notations, concerns, and findings resulting from a monitoring or inspection visit may but not always lead to comprehensive or specific training for the agency or individual in question.

When technical issues are discovered, the results are sent to the ESA with a request for training in the area of concern. This may result in changes in the agency training plan. If the problem is severe enough, the individual(s) will be required to complete training prior to working on any more homes.

EXISTING OR PLANNED ACCREDITED TRAINING CENTER PARTNERSHIP OR WORKING RELATIONSHIP.

Energy Smart Academy, Santa Fe Community College, 6401 Richards Avenue, Santa Fe, NM 87508
https://www.energysmartacademy.com/online-courses.html

PREPARATIONS FOR FUTURE/UPCOMING PROGRAM REQUIREMENTS, EXAMPLES INCLUDE:

- **UPDATED STANDARD WORK SPECIFICATIONS (SWS)**
- **MIGRATION TO ONLINE WEATHERIZATION ASSISTANT**
- **INCLUSION OF SPECIFIC LANGUAGE FROM WEATHERIZATION PROGRAM NOTICES (WPN)**
- **HEALTH AND SAFETY GUIDANCE CHANGES**
- **ENERGY AUDIT PROCEDURES**
- **PLANNING FOR NEW CATEGORIES OF FUNDINGS SUCH AS WEATHERIZATION READINESS**

In addition to following WAP Program Notices, MFA staff stays in close contact with NASCSP, Energy Out West, and other industry experts. Information gathered from phone meetings, conferences, emails, and updates is regularly dispersed to the Subrecipients and the Energy Smart Academy (Academy). If the industry changes or updates warrant a change in training or policies, those changes implemented soon after communication or training has taken place.

- Relevant WPNs and memos are sent out to the network within a day of release.
- Changes are discussed during our technical calls every two weeks.
- Agencies are contacted individually to discuss how changes can be made.

WHAT PROTOCOLS ARE IN PLACE WHICH ENSURE UNTRAINED STAFF ARE NOT LEFT WITHOUT SUPERVISIONS DURING FIELD OPERATIONS?

Untrained staff does not complete any work without supervision of trained staff. Although it is encouraged to hire certified staff from the network it is not frequently possible, therefore, it is not a requirement for applicants to have certification prior to hiring. Each Subrecipient is required to have a training plan for each job position.

Upon hire, the employee is required to complete the online training curriculum for their position after each agency's individual new employee probationary period. In addition, Subrecipients all have an internal training/shadowing on the job mentoring plan.

Each new staff member is responsible for attending and passing all the courses required for their job category and encouraged to within one year of being hired. MFA watches this process and communicates with the agency about the employee's progress.

For individuals that struggle with language barriers, there are Spanish/English courses available to help the student comprehend the job duties.

Contractor Training

MFA allows the use of T&TA funds to train the staff of contractors who will be working with the program in all applicable job areas, and for both specific and comprehensive categories. This helps ensure that untrained staff is not left unattended at the job sites. Training is not required for contractors but may be a condition of continued work with the program if issues are discovered upon inspection. Agencies must ensure the following is met:

- Retention agreement with contractor as part of the MOU or contract that states a minimum and reasonable number of projects or timeframe set by the agency. These agreements must not exceed one year.
- Agencies must have procurement standards that align with 2 CFR 200. MFA will monitor agencies to their own procurement standards.
- During the procurement process of contractors, agencies must include the training opportunities in their advertisements.
- If contractors are reimbursed for training, the invoice issued must be clear what line items are training and what is other overhead. Agencies must ensure training for the same activity is not billed for more than once.
- All reimbursement policies must be included in the contract and binding agreement with the contractors.
- Contractor completed training certifications must be provided to MFA to ensure all applicable guidelines such as WPN 22-4 are met.
- When agencies are submitting invoices for contractor T&TA reimbursement, the amounts must be in the T&TA category. Contractor invoices for the training must be provide to MFA at the time and must reflect Subgrantee labor rates, or other available data.
- Travel and other expenses must be based on actual costs, GSA per diem rates, or Subgrantee policy rates.
- Agencies must have contractor specific limits for reimbursement.

It is expected that the use of contractors will increase by 200% for HVAC, and installers. The majority of contractor need for training will be field work of installers and HVAC technicians.

It is an allowable expense for contractors to be reimbursed for labor, and other expenses related to training such as mileage and lodging only if the above conditions are met.

PARTNERSHIPS WITH THE STATEWIDE HOME PERFORMANCE INDUSTRY ON TRAINING ISSUES; IF APPLICABLE.
NA
HOW DOES ANALYSIS CONDUCTED, AS DETAILED IN SECTION V.6 OF THE ANNUAL APPLICATION, INFLUENCE THE DEVELOPMENT OF T&TA ACTIVITIES AND PRIORITIES?
In order to assess effectiveness, the NM Energy$mart Online System (System) captures the individual unit production data on a monthly basis. The completed unit data is captured for each agency and shows the projected energy savings in MMBTUs for each auditor in the agency in addition to other important details about the unit. Not only does this screen ineligible costs, but it allows for one and one conversation with the auditor, final inspector, or data entry person that yields opportunities for training that person. Each month, invoicing precipitates conversation between MFA and the agencies that can result in further conversation at technical meetings or training. This information is useful in that it can compare agency to agency, and auditor to auditor. Though the climatic conditions are vastly different from the northern part of the state to the southern, these comparisons can be helpful in determining weaknesses and individual training needs. The System also shows the frequency with which each agency and auditor installs individual measures and allows MFA to assess each agency's performance that is not tied to climatic differences. Reports are discussed during peer exchanges and are helpful for agencies to see the different needs between climates, and how multifamily differs from single family. The form of desk monitoring will allow for units to be flagged for future inspection if a particular house appears to be a good candidate for inspection and training. All correspondence that results from the desk monitoring yields opportunities for training.

3.0 – WORKFORCE CREDENTIALS

DESCRIBE THE FOLLOWING ASPECTS OF YOUR T&TA PLAN RELATED TO WORKFORCE CREDENTIALS.

FEDERALLY REQUIRED CREDENTIALS. EXAMPLES INCLUDE:

- **ENVIRONMENTAL PROTECTION AGENCY LEAD RENOVATION, REPAIR, AND PAINTING PROGRAM**
- **HOME ENERGY PROFESSIONALS QUALITY CONTROL INSPECTOR CERTIFICATION**

Installer/Crew Leader

In addition to hiring in house installers and crew leaders, the agencies will be utilizing some contractors for installer duties but will be keeping the crew leaders within the agency staff except for the multifamily provider who may train one contractor for this role.

EPA RRP

Crew Leaders, Energy Auditors, and QCI Inspectors are required to have received and passed the EPA Renovation, Repair and Painting course offered by the academy within timeframes set by each agency.

Recertifications needed: 0

New Certifications needed: 6

Energy Auditor

BPI Energy Auditor is required before obtaining a QCI. We do not require new assessors to successfully pass the tests, however, new assessors must receive the online class upon hire of that position.

Online Energy Auditor

This 36-hour class covers the following topics:

Basic building science, intro to weatherization, basic health and safety, construction details, data gathering, baseload, heating and cooling equipment, diagnostic testing, auditing software and more.

Additional classes that Energy Auditors will take as they progress:
OSHA 10, Lead RRP, AHERA for Inspectors, Advanced Auditing Software, Infrared for Home Retrofits.

Students wishing to take the Energy Auditor written exam may take it in person or through remote proctoring. Students taking the BPI EA Field exam usually will have a day of prep at the EnergySmart Academy before their scheduled exam.

The candidate must first complete Building Science Principles and Building Analyst prior to taking the exam and it is recommended prior to enrolling in Energy Auditor courses.

Recertifications needed: 0

New Certifications needed: 3

The network will be employing the promote from within approach and will aim for ten new certifications because of the BIL funding. There has already been one addition. Since this is over a five-year period, the goal for this program year is to obtain three more new certifications utilizing both BIL and 2023-2024 funding allowing NM will have a total of **13** BPI Certified Energy Auditors full time in the weatherization network by the end of the program year.

Quality Control Inspector

Online Quality Control Inspector Preparation Class

This class covers everything needed to then take the BPI Quality Control Inspector online exam and is 15 hours long. There is an Energy Auditor Certification as a prerequisite for this class.

Recertifications needed: 0

New Certifications needed: 3

There are currently no certified energy auditors that also do not have their QCI in NM. All three agencies practice cross training and the assessor/QCI performs both functions. Therefore, the need for QCI is the same as for energy auditor for program year 2023-2024. The goal is for three or more people to successfully pass this exam after obtaining their Energy Auditor.

OSHA

Recertifications needed: 0

New Certifications needed: 6

GRANTEE/STATE REQUIRED CREDENTIALS. EXAMPLES INCLUDE:

- BUILDING PERFORMANCE INSTITUTE BUILDING ANALYST
- GRANTEE-DEVELOPED CERTIFICATIONS

Optional certifications will be available for individuals and contractors within the agencies for various installer and crew leader activities. The system outlined below has been developed by the DOE toolkit and the Academy and can be a source of state certifications for weatherization. These badges map exactly to the Field Guide tasks.

1. **MFA** works with each agency to designate one trusted QCI, EA or CL (Grader) at the agency who can approve badges for **Installer** tasks. A Crew Leader who is already working with Installers in the field is the easiest choice.
2. **The Grader** then has a Zoom call or in person meeting with Academy staff, to go over the tasks, work guide and rubrics for grading.
3. While working, once an Installer can successfully complete a task (2-3 times), based on the steps in the visual guide, the **Installer** can ask the **Grader** to evaluate him / her, using the appropriate rubric.
4. **The Grader** will evaluate the task, fill out the grading rubric, then he/she will sign and send to ESA.
5. ESA will then **award a badge** to the candidate. The badge can be shared by email, social media, or downloaded as a certificate.

6. Although contractors who work with the program are encouraged to obtain their full credentials, they have the option of working with agency staff to obtain badges in areas designated by each agency.

SUBRECIPIENT/LOCAL REQUIRED CREDENTIALS. EXAMPLES INCLUDE:

- **LICENSING INCLUDING HVAC, ELECTRICAL, CONTRACTOR**

All Subrecipients that are not exclusive to working on Native Lands, are required to have contractor licenses issued by the Regulation and Licensing Department of the State of NM for the buildings in which they perform the work. Single family agencies need the GB02, mobile home crossover, and multifamily agencies are required to have the GB98 license.

The mechanical/plumbing licenses (MM04) are optional; however, the agencies have and maintain their mechanical license. Journeyman and electrical licenses should be obtained by the agencies as required.

INDUSTRY REQUIRED CREDENTIALS. EXAMPLES INCLUDE:

- **EQUIPMENT/MATERIAL MANUFACTURE CERTIFICATION**
- **VENDOR CERTIFICATION**
  (E.G. EQUIPMENT/MATERIAL MANUFACTURE CERTIFICATION, VENDOR CERTIFICATION)

No industry credentials are required; however, we are exploring if certifications will be required for specific heat pump installations.

PROCESS FOR MAINTAINING WORKFORCE CREDENTIALS

Subrecipients are responsible for ensuring everyone within their organization maintains each of their earned credentials. As a credential is approaching the expiration date, the individual holding that certification will schedule review classes if necessary and arrange for the recertification process and testing with the testing center that oversees that credential. In most cases that is the Academy.

As part of Training Needs Assessments and monitoring, MFA obtains the number of recertifications needed in each category from each agency, names of individuals, and expiration dates.

MFA is notified when the credential is successfully renewed.

HOW CREDENTIALS ARE TRACKED

During the annual renewal or RFP period, the Subrecipients are required to provide existing credentials with expiration dates for each person. This is also reviewed during monitoring, discussed during our bi-weekly calls, and individual ongoing discussion with each agency.

4.0 – TRAINING

GRANTEES HAVE TWO OPTIONS TO DESCRIBE THEIR TRAINING.

A) USE THE EMBEDDED SPREADSHEET* TO IDENTIFY AND DESCRIBE THE TRAINING SCHEDULE FOR GRANTEE AND SUBRECIPIENT STAFF. INCLUDE TECHNICAL AND NON-TECHNICAL TRAINING.
B) OR USE THE FIELDS BELOW TO IDENTIFY AND DESCRIBE THE TRAINING SCHEDULE FOR GRANTEE AND SUBRECIPIENT STAFF. INCLUDE TECHNICAL AND NON-TECHNICAL TRAINING.

GRANTEE'S ARE TO INCLUDE THE FOLLOWING IN THEIR DESCRIPTIONS REGARDLESS OF WHAT OPTION IS BEING USED TO DESCRIBE THEIR TRAINING PLAN:

- SPECIFY WHETHER ATTENDANCE IS MANDATORY, AND THE RAMIFICATIONS FOR NON-COMPLIANCE.
- SPECIFY IF THE T&TA PLAN SPANS MULTIPLE PROGRAM YEARS (PY), INDICATE WHICH TRAININGS ARE

INTENDED IN THE CURRENT PY AND WHICH ARE PLANNED FOR FUTURE PYS.
* THE EMBEDDED SPREADSHEET, IF COMPLETED AT THE END OF THE YEAR TO RECORD DELIVERED TRAINING, CAN BE USED AS DOCUMENTATION FOR THE REQUIRED ANNUAL T&TA REPORT. DOUBLE CLICK TO OPEN SPREADSHEET. ENTER INFORMATION AND CLOSE. IT WILL AUTOMATICALLY SAVE YOUR INFORMATION

PROGRAMMATIC/ADMINISTRATION TRAINING

- FINANCIAL (I.E. 2 CFR 200)
- MANAGEMENT (I.E. 10 CFR 440)

Financial training

2 CFR 200 training is offered annually or more frequently if requested this training covers how to understand the code, cost allocation plans, indirect costs, and procurement.

Procurement and Program Management

Training made available through the Litmos and EERE websites are encouraged for all new program staff and especially management. MFA will schedule additional procurement training as needed with each or all agencies.
ED2GO will be used by the SFCC to enhance the existing skills of each agency throughout the year.

COMPREHENSIVE TECHNICAL TRAINING ALIGNED TO THE JOB TASK ANALYSIS (IDENTIFY AT WHAT INTERVALS WORKERS WILL RECEIVE REGULAR, COMPREHENSIVE TRAINING AS REQUIRED BY WEATHERIZATION PROGRAM NOTICE (WPN) 15-4)

- QUALITY CONTROL INSPECTOR
- ENERGY AUDITOR
- CREW LEAD
- RETROFIT INSTALLER/TECHNICIAN

Comprehensive training is normally offered when requested by the Energy Smart Academy. Each agency consults with MFA prior to signing up for the classes about what would be most appropriate based off the most recent desk monitoring, monitoring, unit inspections, or phone conversations. The Comprehensive training classes should be determined at least one month prior to scheduling the class. Follow up on agency skills and conversations happen on a continual basis. Agencies must send MFA all certifications obtained from staff and contractors for comprehensive training.

MFA, the Academy and Subrecipients work together to develop a comprehensive training for new individuals as they are hired. As agencies hire new staff, the ESA is contacted to schedule training in their job category. Examples of this include Retrofit, Crew Leader, Building Analyst, Building Science Principles, OSHA 10, Lead Based Paint Installer, and QCI.

In addition to specific course modules, the Academy has the capability of providing Specific training and even additional Comprehensive training as needed to resolve issues from MFA or DOE monitoring. Training that results from a monitoring finding must be completed within the timeframe specified in the monitoring response letter.

The schedule minimizes production downtime and allows sufficient opportunities for Subrecipients to complete mandatory trainings in a timely manner. The Academy provides classroom space and a well-equipped lab to optimize skills acquisition across all training levels through a combination of lecture, hands on demonstration and field training. The Training Academy is fully equipped with a mobile rig, a diagnostic cabin, and demonstration units for insulation, attic air sealing, mobile home training, combustion appliances and an online training platform. Access to an expanded staff of specialists will allow additional training in OSHA, Lead Renovator/Dust Sampling, and HVAC.

SPECIFIC TECHNICAL TRAINING

- TOPICS IDENTIFIED DURING MONITORING VISIT(S)
- ENERGY MODELING
- HEALTH & SAFETY. ALL H&S TOPICS IN WPN 17-7 REQUIRE SOME LEVEL OF TRAINING FOR ALL AFFECTED WORKERS, THE FREQUENCY OF THIS TRAINING IS A GRANTEE DECISION. EXAMPLES INCLUDE:
    - AIR CONDITIONING AND HEATING SYSTEMS
    - ASBESTOS
    - BIOLOGICALS AND UNSANITARY CONDITIONS
    - BUILDING STRUCTURE AND ROOFING
    - CODE COMPLIANCE
    - COMBUSTION GASES
    - ELECTRICAL
    - FORMALDEHYDE, VOLATILE ORGANIC COMPOUNDS (VOCS), FLAMMABLE LIQUIDS, AND OTHER AIR POLLUTANTS
    - FUEL LEAKS
    - GAS RANGE/OVENS
    - HAZARDOUS MATERIALS DISPOSAL
    - INJURY PREVENTION OF OCCUPANTS AND WEATHERIZATION WORKERS
    - LEAD BASED PAINT
    - EPA'S LEAD RENOVATION, REPAIR & PAINTING PROGRAM (RRP)MOLD/MOISTURE
    - PESTS
    - RADON
    - SAFETY DEVICES
    - VENTILATION AND INDOOR AIR QUALITY
        - AMERICAN SOCIETY OF HEATING REFRIGERATION AND AIR-CONDITIONING ENGINEERS (ASHRAE)
    - WINDOW REPAIR, DOOR REPAIR
    - WORKER SAFETY
        - OSHA
    - ADDITIONAL TOPICS AS DESCRIBED IN HEALTH & SAFETY PLAN
- CLIENT EDUCATION (TRAINING WORKERS TO CONDUCT CLIENT EDUCATION). EXAMPLES INCLUDE:
    - ENERGY SAVINGS STRATEGIES
    - PROGRAM-SPECIFIC INFORMATION. EXAMPLES INCLUDE:
        - WHAT TO EXPECT
        - ADDITIONAL RESOURCES
    - HEALTH & SAFETY ISSUES

Specific trainings offered:

Electrification Hands on Lab

Cold Climate Air Source Heat Pump installation and design
Infrared Thermography
OSHA 10 hours for Construction, OSHA 30 for Construction
Lead RRP
Ride-Alongs for all job tasks
AHERA (Asbestos)
HVAC
Electrician Training
Electrical training offered through Interplay.
Residential Construction offered through Interplay.
Plumbing offered through Interplay.
Radon
Health Home Evaluator
Solar offered through Interplay
Utility Analysis
Building Science Principles
Version 10 Weatherization Assistant Online
Administrative and Business Training
Basic academic skills offered through Litmos.
Project Management
Transitioning to Supervisor

CONFERENCES. EXAMPLES INCLUDE:

- **ENERGY OUT WEST**
- **BUILDING PERFORMANCE ASSOCIATION**
- **NATIONAL ASSOCIATION FOR STATE AND COMMUNITY SERVICE PROVIDERS**
- **COMMUNITY ACTION PARTNERSHIP**

NASCSP, HPC, and Energy Out West conferences are allowable trainings under the NM Energy$mart Program. Agencies must use their Specific training budget for these conferences. Agencies may be limited on the amount of funds available for the conferences because of the Comprehensive majority requirement, and possible mandatory ride alongs resulting from unit inspections. Therefore, it is important that each agency carefully consider what staff will be attending each conference and which conference will be most beneficial for the particular individuals attending.

Conference training can be made available to contractors only after the agency has given an opportunity to all in-house staff to attend and there are specific T&TA funds remaining for that agency. Contractors will follow the same protocol as the agency staff if T&TA funds are used and will be required to fully attend each session available.

Since this is a highly sought after use of training funding, it is considered a valuable commodity. **Agencies are expected to obtain the full use of information gathered from the conferences. This includes attendance to all classes, updates, and sessions in addition to utilizing as much networking with other states as possible.** Agencies must submit a list to MFA of who will be attending each conference and a statement that each individual will attend all classes that he or she has selected. No conference reimbursements will be released without proof of all class attendance. If an individual chooses not to attend a class or does not obtain the necessary proof of attendance, the agency may not receive full reimbursement for that individual. T and TA funds may not be used to pay for anyone attending a conference that does not attend the accompanying classes or sessions. If conference activities such as hotel and flight costs have been paid for in advance by MFA and an individual is unable to attend the classes offered by the conference, MFA will not ask for reimbursement of those costs from the agency if there is justification for missing the classes.

OTHER, PLEASE SPECIFY:

5.0 – TECHNICAL ASSISTANCE

DESCRIBE THE TECHNICAL ASSISTANCE ACTIVITIES INCLUDED IN THE T&TA BUDGET CATEGORY.

PROGRAMMATIC/ADMINISTRATION SUPPORT

In addition to the Training Program, MFA meets with Subrecipients regularly throughout the year to discuss emergent issues. This type of communication helps maintain consistency in the services provided throughout the state. Each of these meetings will serve a core group of the weatherization workforce, in addition to including a gathering of program directors to discuss the program. These meetings will include a Program Director round table and, when necessary, staff discussion covering a specific topic, including fiscal, administrative, technical intake and client education issues. The goal of the program is to have two in person peer exchanges and numerous virtual meetings with all agencies.

Agencies reach out to MFA on a regular basis with administrative questions. It is our practice to provide accurate answers within a timely manner to prevent mistakes and keep production flowing.

Agency to agency peer exchanges is allowable provided MFA approves the purpose and amount of T&TA used.

TECHNICAL SUPPORT

The NM Energy$mart program has a Technical Committee which meets twice a month. The committee is composed of lead technical weatherization staff from each of the Subrecipients, MFA's Energy$mart staff and the training academy staff. The purpose of the Technical Committee is to identify challenges and share best practice among the agencies.

NM has been reaching out to other states with similar climates for the purpose of state-to-state peer exchanges. This will be considered specific training and will involve mostly technical and some program staff from participating agencies.

Web-Based NEAT and MHEA Transition

We are hoping to be fully transitioned during the beginning of the program year.

There will be constant oversight from MFA's Program Managers during the first few months that will start off as training and consulting and end up being a portion of monthly desk monitoring.

HEALTH & SAFETY SUPPORT ACTIVITIES

Health and Safety is continuously assessed and discussed throughout the year during monthly technical calls, desk monitoring, and unit inspections. Dialogue also takes place on an as needed basis between the field staff and MFA's technical managers (AKA Green Initiative Managers) with health and safety questions, comments or issues noticed from monthly reporting or day to day routine assessments. All this communication can result in Comprehensive or Specific training that can be anything from structured classroom setting to "ride alongs" where the instructor accompanies the crew on an actual job site.

At any point if an agency or individual feels more health and safety training is needed, MFA and the agency will work together to find the soonest viable option for that request.

All Subrecipient field staff will be required to complete OSHA 10 training within the first six months of employment. These courses will be construction safety courses configured to weatherization through use of Job Hazard Analysis and existing accident and injury logs of the Subrecipients. If contractors do not have their OSHA certifications, these courses will be made available to them.

When agencies are monitored, both the Health and Safety of the agency culture for staff is examined and the health and safety practices for the clients. This includes desk monitoring and day to day interactions with the agencies.

MONITORING

WHAT PERCENTAGE OF T&TA FUNDING IS ALLOCATED TO MONITORING? (IF DEFINED IN SECTION B OF THE BUDGET DETAILS WITHIN THE ANNUAL APPLICATION, INCLUDE THAT WITHIN YOUR DESCRIPTION BELOW.)

Administration funds used for monitoring is $4,325 and will be 24 % of the monitoring budget. T and TA funding used will be $12,478 for monitoring.

OTHER, PLEASE SPECIFY

DESCRIBE OTHER TECHNICAL ASSISTANCE ACTIVITIES HERE

6.0 CLIENT EDUCATION

DESCRIBE WHAT CURRENT AND PLANNED CLIENT EDUCATION MATERIALS AND/OR ACTIVITIES ARE INCLUDED IN THE T&TA BUDGET CATEGORY. ONLY THOSE PAID FOR WITH T&TA FUNDS NEED TO BE MENTIONED.

NOTE: THIS DOES NOT INCLUDE TRAINING WORKERS TO DELIVER CLIENT EDUCATION. THIS SHOULD BE DESCRIBED IN THE TRAINING SECTION, ABOVE.

CLIENT EDUCATION ACTIVITIES PRIOR TO, DURING AND AFTER WEATHERIZATION WHICH ADDRESS THE WEATHERIZATION PROCESS AND ENERGY SAVINGS DETAILS

In tandem with a well-trained workforce, a well-informed consumer will help make best choices in maximizing effect of weatherization measures. Understanding measures to be implemented at a home is key to garnering homeowner and occupant cooperation during installation and afterward.

The SWS has been thoroughly examined for all client education points. A list of all sections that specifically spell out what needs to be delivered to the clients has been given to the Subrecipients and the Subrecipient utilization of these topics are currently part of what monitoring, and unit inspections include.

CLIENT EDUCATION ACTIVITIES REGARDING H&S ISSUES AS INDICATED IN WPN 22-7

- AIR CONDITIONING AND HEATING SYSTEMS
- ASBESTOS
- BIOLOGICALS AND UNSANITARY CONDITIONS
- BUILDING STRUCTURE AND ROOFING
- CODE COMPLIANCE
- COMBUSTION GASES
- ELECTRICAL
- FORMALDEHYDE, VOLATILE ORGANIC COMPOUNDS (VOCS), FLAMMABLE LIQUIDS, AND OTHER AIR POLLUTANTS
- FUEL LEAKS
- GAS RANGE/OVENS
- HAZARDOUS MATERIALS DISPOSAL
- INJURY PREVENTION OF OCCUPANTS AND WEATHERIZATION WORKERS
- LEAD BASED PAINT
- EPA'S LEAD RENOVATION, REPAIR & PAINTING PROGRAM (RRP)MOLD/MOISTURE
- PESTS
- RADON
  - AGENCIES MUST FOLLOW WPN 22-7 AND EXPLAIN POTENTIAL RISK OF INCREASING RADON LEVELS WHEN BUILDING TIGHTNESS IS IMPROVED, PROVIDE A LIST OF PRECAUTIONARY MEASURES, WEATHERIZATION BENEFITS, AND CONFIRM THAT "A CITIZEN'S GUIDE TO RADON" WAS RECEIVED.
- SAFETY DEVICES
- VENTILATION AND INDOOR AIR QUALITY
  - AMERICAN SOCIETY OF HEATING REFRIGERATION AND AIR-CONDITIONING ENGINEERS (ASHRAE)
- WINDOW REPAIR, DOOR REPAIR
- WORKER SAFETY
  - OSHA
- ADDITIONAL TOPICS AS DESCRIBED IN HEALTH & SAFETY PLAN
- USE OF HEAT PUMP

Health and safety client education is provided by the intake staff, the energy auditor, the crew leader, installers, and final inspectors of the program. Everyone covers different areas and, in many cases, overlap with each other depending on the client needs and level of understanding. The following list are topics that may be covered during client education:

- Lead Based Paint – every home.
- Suspected asbestos containing materials.
- Radon- **every home must receive notification**.

- Combustion venting
- Carbon monoxide- almost every home
- Mold and mildew
- Plumbing and gas leaks
- Pests
- Existing air quality issues
- Electrical hazards
- Kitchen range safe use
- Dryer lint trap cleaning of 1/4” mesh
- ASHRAE fan use- most homes
- COVID-19 – as needed.
- Heat pump operation and use- In addition to providing basic training for clients that receive heat pumps, we will be training select members of the Mescalero Tribe to maintain and troubleshoot problems with heat pumps for a long term 125 home project.

Multifamily clients are provided education through the property management that has received it from the agency.

DOE F 540.2
(08/05)

OMB Control No: 1910-5127
Expiration Date: 05/31/2023

U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0009918, State: NM, Program Year: 2023)

IV.1 Subgrantees

Subgrantee (City)	Planned Funds/Units
Central NM Housing Corporation (Albuquerque)	$1,253,256.00 103
ICAST (International Center for Appropriate and Sustainable Technology (Lakewood)	$474,268.00 36
Southwest Regional Housing Community Development Corporation (Deming)	$540,815.00 39
Total:	**$2,268,339.00** **178**

SERC Subgrantees

Subgrantee (City)	Planned Funds/Units
ICAST (International Center for Appropriate and Sustainable Technology (Lakewood)	$1,870,000.00 200
Total:	**$1,870,000.00** **200**

IV.2 WAP Production Schedule

Weatherization Plans	Units
Total Units (excluding reweatherized)	178
Reweatherized Units	0
Planned SERC Units *	200

* Planned SERC units is the calculated total units for all SERC Subgrantees.

Average Unit Costs, Units subject to DOE Project Rules

VEHICLE & EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)		
A	Total Vehicles & Equipment ($5,000 or more) Budget	$180,000.00
B	Total Units Weatherized	178
C	Total Units Reweatherized	0
D	Total Dwelling Units to be Weatherized and Reweatherized (B + C)	178
E	Average Vehicles & Equipment Acquisition Cost per Unit (A divided by D)	$1,011.24
AVERAGE COST PER DWELLING UNIT (DOE RULES)		
F	Total Funds for Program Operations	$956,426.00
G	Total Dwelling Units to be Weatherized and Reweatherized (from line D)	178
H	Average Program Operations Costs per Unit (F divided by G)	$5,373.18
I	Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	$1,011.24
J	Total Average Cost per Dwelling (H plus I)	$6,384.42

IV.3 Energy Savings

Method used to calculate savings: ☑ WAP algorithm ☐ Other (describe below)

	Units	Savings Calculator (MBtus)	Energy Savings
This Year Estimate	178	29.3	5215

Prior Year Estimate	176	29.3	5157
Prior Year Actual	185	29.3	5420

Method used to calculate savings description:

New Mexico uses the DOE WAP algorithm to estimate energy savings. For program year 2023-2024 we estimate 5,162

MBTUs will be saved in 178 homes.

With SERC funds, NM estimates an additional 3,412 MBTU with 200 units.

SERC

MFA and ICAST will utilize TREAT (Targeted Residential Energy Analysis Tools) software to model the energy savings for the the portion of projects that are leveraged with DOE formula grant . TREAT is a U.S. Dept. of Energy-approved for multifamily and an approved tool for multifamily in the New Mexico State WAP Plan. This software enables MFA and ICAST to compare the energy usage of existing equipment to the efficient equipment while normalizing for weather and actual utility usage data. Efficiency data for the upgrades are gathered from sources including manufacturer data compiled by the Air Conditioning, Heating, and Refrigeration Institute (AHRI), nameplates (e.g., for lighting and water measures), and Energy Guides (for appliances)

Other modeling tools will be utilized for measures whose savings cannot be modeled by TREAT. For solar and storage, NM will utilize Aurora Solar, and Energy Toolbase. Aurora Solar can leverage utility data and other project details (e.g., building height as well as sunlight and shading) to simulate the size of the solar array, the total annual production and monthly production, and the energy usage offset. Energy Toolbase models charging and discharging of batteries on a regular basis (daily), to calculate energy savings.

IV.4 DOE-Funded Leveraging Activities

Leveraging Structure

DOE's annual funding helps only a portion of New Mexico's low-income homes in need of weatherization. MFA recognizes that increasing the number of weatherized homes requires additional funding and pursues other funding sources accordingly. Leveraging funds from other local partners has become crucial to maintaining the service level in New Mexico. We use these funds to defray costs from DOE by utilizing multiple funding sources in each home when applicable which frees up funding from DOE so that more homes can be weatherized across the state.

For PY 2023-2024, MFA is requesting leveraging funding in the amount of $9,000. The NM Energy$mart Program Managers spend time on leveraging funding sources ensuring that MFA complies with all contractual requirements, reporting and monitoring. Our leveraging funding sources are approximately $9,700,000. The program's efforts for leveraging funding sources continue to be fruitful and have created a strong weatherization program for New Mexico. Our current subrecipients are structured in a way that they can increase staff levels by using available T and TA funding without jeopardizing their programs. We work closely with our agencies to ensure that not only is our leverage funding expended but that the additional weatherization services provided are done in the most efficient manner possible.

When leveraged funds are combined with DOE funds in any given house, all the rules of the program must be followed. All energy saving measures must rank with the approved energy audit, incidental repairs must be within the scope and cost of the program, and all required health and safety measures must be installed.

LIHEAP

For the 2022/2023 program year MFA received $2.5M from the New Mexico Income Support Division, LIHEAP. For this year, the amount that will be received from LIHEAP will be the same amount of $2.5M. The Model Plan that has been written for LIHEAP states that DOE rules will be followed with some exceptions. MFA and the subrecipients work with these exceptions to provide the highest benefit possible to each household. NM allows LIHEAP and DOE funds to fund the same unit, and are in discussions about funding the same energy efficiency measure. If this is allowed, it will be closely watched to prevent double payment.

Utility Funding

The New Mexico legislature passed the Efficient Use of Energy Act (the Act) in 2005, which required public utility companies to place a tariff on their customers' utility bills. Both the electric and gas utility companies must redistribute the funds to the customers in the form of energy efficiency programs. MFA's receipt of these funds continues to be contingent upon award of DOE funds.

PNM
In January of 2023, MFA signed a renewal contract with the Public Service Company of New Mexico in the amount of $600,000. Reimbursements are provided to the subrecipients based on actual kWh savings determined by a calibrated energy audit and deemed savings.

NM Gas
The New Mexico Gas Company (NMGC) funding has increase the amount to $1,300,000. This utility funding will be used to achieve therm saving measures in homes being weatherized with other NM Energy$mart funding and will be reimbursed based on the lifetime savings of a measure at .70 cents per therm.

El Paso Electric

On February 4, 2023, MFA has entered into a contract with El Paso Electric in the amount of $543,805. These funds will be used to pay for any measure that yields a kWh savings and are reimbursed based on a lifetime savings basis. This reimbursement is similar to the pay structure that is used by NM Gas and PNM.

State Funding

Staff will continue to pursue State agencies and the State legislature for additional funding, while remaining with the proposals submitted by other public utility companies to the PRC in order to receive more funding.

Capital Outlay 22-G2445
MFA received $1M in State funds from the 2022 legislature and will continue using a portion of that funding to increase the amount of leverage and for agencies to provide the items each home needs.

CSLRF

MFA received $15M of Coronavirus State and Local Fiscal Recovery Funds (CSLRF) through the State of NM, and has started using $3.75M of those funds for emergency home repair needs. All homes that receive this service will also receive full weatherization between all funding sources. Only some homes using this funding will be leveraged with DOE funds.

IV.5 Policy Advisory Council Members

☐ Check if an existing state council or commision serves in this category and add name below

Cyndi Hazzard	Type of organization: Non-profit (not a financial institution) Contact Name: Phone: 5053454949 Email: chazzard@centralnmhousing.org
Ferdinand Garcia	Type of organization: Non-profit (not a financial institution) Contact Name: Phone: (575)374-6207 Email: fgarcia.gs@plateautel.net
Isaac Perez	Type of organization: Indian Tribe Contact Name: Phone: (505)771-9291 Email: iperez@sfpha.org
Jack MacgGillivray, CPM	Type of organization: For-profit or Corporate (not a financial institution or utility) Contact Name: Phone: (505)681-7778 Email: jmacg@monarchnm.com
Jaime Apodaca	Type of organization: Utility Contact Name: Phone: 5052414420 Email: jaime.apodaca@pnm.com
Latoya Ferguson	Type of organization: Utility Contact Name: Phone: 5052414420 Email: latoya.ferguson@pnmresources.com
Marilyn Newton-Wright	Type of organization: Unit of State Government Contact Name: Marilyn Newton-Wright Phone: 5058277266 Email: Marilyn.Wright@state.nm.us
Nadine Flores	Type of organization: Unit of State Government Contact Name: Phone: 5054707885 Email: Nadine.Flores@gcd.nm.gov
	Type of organization: For-profit or Corporate (not a financial institution or utility)

Page Olice	Contact Name: Phone: 5059239607 Email: pollice@yeshousing.org
Priscilla Lucero	Type of organization: Unit of Local Government Contact Name: Phone: (575)388-1509 Email: priscillalucero@gilanet.com
Steve Casey	Type of organization: Utility Contact Name: Phone: 5056973568 Email: SLCASEY@TECOENERGY.COM
Veronika Molina	Type of organization: Non-profit (not a financial institution) Contact Name: Phone: (575)546-4181 Email: veronika@swnm.org

IV.6 State Plan Hearings (Note: attach notes and transcripts to the SF-424)

Date Held	Newspapers that publicized the hearings and the dates the notice ran
03/30/2023	Draft of the State Plan has been posted on MFA's website on March 28, 2023. The notice was run with the following publications: February 23, 2023 - Rio Rancho Observer, Lovington Daily Leader; February 24, 2023 - Las Vegas Optic, Santa Fe New Mexican, Silver City Daily Press and Independent; February 25, 2023 - Gallup Independent; February 26, 2023 - Albuquerque Journal, Carlsbad Current Argus, Eastern New Mexico News, Farmington Daily Times, Hobbs News-Sun, Las Cruces Sun News, Roswell Daily Record, The Daily Times; March 1, 2023 - Union County Leader.

IV.7 Miscellaneous

Business Recipient Business Officer

Donna Maestas-DeVries
dmaestas-devries@housingnm.org
344 4th Street SW
Albuquerque, NM 87102
(505) 767-2225

Recipient Principal Investigator

Troy Cucchiara

tcucchiara@housingnm.org

344 4th Street SW
Albuquerque, NM 87102
(505) 767-2256

Composition of WAP PAC
Nadine Flores- Disabled (Employed by the State of NM)
Isaac Perez - Native American Representation (Employed and Member of the San Felipe Pueblo)
Jack MacGillvary - Multi-Family Property Management Company for low income properties

Page Olice, Ferdinand Garcia, Priscilla Lucero, Veronika Molina and Cyndi Hazzard are all employed by Housing Agencies that provide services directed to low income families which include children, elderly and disabled members.

Steve Casey, Jaime Apodaca and Marilyn Wright-Newton are all representative of our leverage funders. MFA works closely with these entities to ensure present and future funding in order to provide services through our subrecipients that are directed to low income families which include children, elderly and disabled members.

Solar
MFA is requesting approval to include solar PV in the list of measures for qualifying households.
MFA understands the solar PV projects might require a NEPA review, especially if they are ground mounted and disturb the ground.
The energy audit report will include solar as a measure and will demonstrate the SIR for the solar PV install, for it to be integrated into the approved package of measures for the project. MFA
believes that with the current installed costs of solar PV, it is a financially viable solution that can help our lowincome
families reduce their energy burden through WAP.
Due to our ability to leverage numerous sources, there is no anticipation that the addition of solar PV will have an impact on our ACPU or budgeted funds.

Weatherization Readiness Fund (WRF)

WRF will be used to **prevent deferral of units** when the work needed before a home can receive services is beyond the scope of weatherization. This falls in one or more of four categories:

- Health and Safety measures that exceed the threshold;
- Health and Safety measures that are not eligible costs under current guidance;
- Incidental Repairs that if included in the SIR calculations, would cause a unit to not be cost effective;
- Repairs not previously listed as incidental repair because of high cost or other reasons.

Distribution of Funds

Funds will be distributed to each agency using the same agency ratios as program funding. The agencies will prioritize deferred households using our ranking system described in Section V.3 of the Master File for each county. Homes that have been **previously deferred and currently meet eligibility requirements**, will receive WRF services before other homes in the same county. If one agency is unable to use the funds in a timely manner, the funds will be transferred to the other agencies that can use the funding for the intended purpose. Under no circumstances will WRF be used for other categories.

Restrictions

The following restrictions will apply to the use of WRF funding:

- All units must receive approval from MFA prior to commencement of work;
- Must only be used for homes that will receive full weatherization with the 2022-2025 DOE grant cycle;
- All other measures that are eligible under DOE rules are NOT eligible under WRF, unless those measures include incidental repairs that put the home below the cumulative SIR of 1. The funding is only to be used to prevent deferrals.

Monitoring

MFA will monitor the use of this funding in accordance with the regular monitoring routine. This includes desk monitoring before an invoice is paid, and QCI when a unit is selected for inspection. Agencies will include the weatherization readiness scope of work in their final QCI inspection.

Maximum ACPU

Subrecipients must keep the ACPU for this category at or below $19,000. This is kept separate from all other categorical ACPUs. There is no cap or maximum amount if the average is kept at or below $19,000.

Tracking and Reporting

The following items are currently tracked and will continue to be tracked:

- Year built;
- Housing type;
- Location;
- Client Ranking;
- Specific nature of repairs;
  - Roof repair and replacement;
  - Structure repair (wall, floor, ceiling, foundation);
  - Plumbing;

  - Electrical;
  - Multiple repairs;
- Per unit average;
- Other funds used for leverage.

Process

- Homes that have been previously deferred that are still eligible will be the first to receive services. For all other WRF needs, the agencies must follow the same priority and ranking used for weatherization.
- When it is identified by the agency that a home is in need of WRF, the agency must send MFA's program managers a scope of work, photos, and estimated costs of the unit.
- If request is reasonable, MFA issues an approval and the agency schedules the work.
- All state and local codes must be followed with required permits pulled, and final code enforcement inspections must be scheduled.
- Weatherization work is expected to occur as close to completion of WRF work as possible.
- Final QCI for the weatherization work includes final inspection of the WFR work. If deficiencies are present, a punch list for the contractor is generated and the contracting party does not receive final payment until the work is satisfactory.
  - Both the client and final inspector must sign off on the scope of work for both WRF and weatherization (two signatures are required).
- Completed units are reported to MFA during invoicing. WRF is treated as a separate billing category in the agency's invoice.
- Units that received WRF are tracked separate with their own ACPU.
- MFA will include a sample of units that received WRF as part of the minimum 5% QCI.
- Units that need work that are beyond what WRF, other funding sources, and weatherization can provide will be deferred following the regular deferral policy (Section V.1.2 Master File) and tracked.
  - The use of other funding sources is encouraged as much as possible to prevent the above situations.

SERC

WAP Production Schedule:

Project Milestones and Responsible Party		
Year 1		
0 Total Units Complete	ICAST	Quarter 1
0 Total Units Complete	ICAST	Quarter 2
0 Total Units Complete	ICAST	Quarter 3
0 Total Units Complete	ICAST	Quarter 4
Year 2		
0 Total Units Complete	ICAST	Quarter 5
50 Total Units Complete	ICAST	Quarter 6
100 Total Units Complete	ICAST	Quarter 7
150 Total Units Complete	ICAST	Quarter 8
Year 3		
200 Total Units Complete	ICAST	Quarter 9
200 Total Units Complete	ICAST	Quarter 10
200 Total Units Complete	ICAST	Quarter 11
200 Total Units Complete	ICAST	Quarter 12

No re-weatherized units are planned for this SERC project

Project Overview and Goals

MFA has partnered with International Center for Appropriate and Sustainable Technology (ICAST), its current statewide multifamily WAP service provider to conduct full retrofits on at least 200 low-income units in a range of communities across New Mexico, leveraging innovative approaches funded through SERC with traditional energy efficiency and WAP funds. MFA proposes to implement grid-interactive efficient buildings (GEBs) in multifamily affordable housing properties to increase housing affordability and enhance low-income residents' overall quality of life and health, while improving grid resilience and performance in urban, suburban, rural, and tribal lands. SERC funds will be expended in disadvantaged and environmental justice communities including Opportunity Zones.

This project will design, install, and evaluate the following technologies and solutions:

ICAST will conduct full retrofits on at least 200 low-income units in a range of communities across New Mexico, leveraging innovative approaches funded through SERC with traditional energy efficiency and WAP funds.   Grid-interactive Efficient Buildings (GEBs) will be implemented in multifamily affordable housing properties to increase housing affordability and enhance low-income residents' overall quality of life and health, while improving grid resilience and performance. MFA serves urban, suburban, rural, and tribal lands. SERC funds will be expended in disadvantaged and environmental justice communities including Opportunity Zones.

This project will design, install, and evaluate the following technologies and solutions:

1. Roof Mounted onsite renewable energy resources such as solar PV;
2. Battery energy storage systems;
3. Smart technology controls such as Smart Thermostats, Water Heater Controllers, Lighting controls, etc.;
4. Building energy management systems (hardware and software); and
5. Interior Infrastructure upgrades for Electrification (no energy savings).

The primary goal of our proposed project is to develop a scalable GEB strategy for existing, aging, multifamily affordable housing properties that reduces the energy-burden of low-income households and provides residents with safer, healthier, and more comfortable homes. The project will provide measurable benefits to its key stakeholders: low-income tenants, multifamily affordable housing property owners, and the local utilities. It is expected to improve the energy performance at pilot sites by at least 30% over baseline by utilizing SERC, DOE formula allocation, utility, and other leveraged funds energy efficiency funds to complete full building retrofits. Using solutions that are rarely available to low-income households will allow this team to support energy equity and improve environmental justice for at least 200 low-income families. GEB solutions at multiple multifamily affordable housing properties will be implemented with the following goals:

1. Demonstrate a replicable and scalable approach to transform aging properties into GEBs;
2. Demonstrate how WAP and other existing funding sources can be utilized to serve disadvantaged communities in alignment with the Justice40 Initiative;
3. Provide health and safety benefits to low-income tenants including better indoor air quality and thermal comfort;
4. Leverage SERC funding with other resources from federal, state, and private sources.

Program Outcomes include:

1. Distributed Energy Resource (DER) solutions are installed in at least **200 low-income households;**
2. Significantly reduce low-income tenants' energy burden with combined lifetime utility cost savings of at least $2,500,000;
3. Create GEBs in **2 buildings** to shift loads and reduce peak demands;
4. Achieve lifetime carbon emission reductions of ~**15,000 tons.**

Program Timeline and Milestones:

Tasks to be Performed	Quarters								
	1	2	3	4	5	6	7	8	9
Task 1.0: Project Management									
Subtask 1.1: Coordinate Project Mgmt. Plan & Provide Mgmt. Oversight and Reporting	▨	▨	▨	▨	▨	▨	▨	▨	▨
Subtask 1.2: Coordinate Roles and Responsibilities with Entire Project Team based on PMP	▨								
Task 2.0: GEB Pilot Project Identification									
Subtask 2.1 Develop Program Education and Outreach Materials and Outreach Plan	▨	▨							
Subtask 2.2: Research and Identify MFAH properties in Justice40 Disadvantaged Communities	▨	▨	▨						
Subtask 2.3: Outreach to MFAH owners to determine potential pilot demonstration sites		▨	▨	▨	▨	▨	▨	▨	▨
Subtask 2.4: Educate MFAH owners on DER technologies and benefits of GEBs		▨	▨	▨	▨	▨	▨	▨	▨
Task 3.0: GEB Pilot Project Development									
Subtask 3.1 Conduct site assessment and energy audit			▨	▨	▨	▨	▨	▨	▨
Subtask 3.2: Coordinate with MFAH Owner to develop DER scope of work to develop GEBs for their properties			▨	▨	▨	▨	▨	▨	▨
Subtask 3.3: Identify additional funding sources to leverage SERC	▨	▨	▨	▨	▨	▨	▨	▨	▨

grant and WAP funds	■	■	■	■	■	■	■	■	■
Subtask 3.4: Identify and Build Diverse Subcontractor Network capable of installing GEB technologies in MFAH properties	■	■	■	■	■	■	■	■	
Task 4.0 GEB Pilot Project Execution									
Subtask 4.1: Create project implementation schedule with property and contractors				■	■	■	■	■	
Subtask 4.2: Install GEB solutions with local contractors				■	■	■	■	■	■
Subtask 4.3: Perform inspections and closeout projects, including project documentation and reporting to DOE					■	■	■	■	■
Task 5.0 Development of Resource Guide									
Subtask 5.1: Collect feedback from MFAH Owners, contractors, Subject Matter Experts, and other stakeholders							■	■	■
Subtask 5.2: Compile case studies, best practices, program design plans, and GEB Pilot Roadmap into a Resource Guide							■	■	■
Task 6.0 Dissemination of Project Results									
Subtask 6.1: Create dissemination plan						■	■	■	■
Subtask 6.2: Disseminate Resource Guide to National Stakeholder Groups									■
Project Milestones									
PMP Finalized	■								
Education and Outreach Materials Finalized		■							
Outreach Plan Finalized			■						
First Pilot Project Identified				■					
Diverse Subcontractor Network Developed					■				
At least 50 pilot units completed						■			
At least 100 pilot units completed							■		
At least 150 pilot units completed							■		
All Pilot Sites Work Completed								■	
Dissemination Plan Finalized								■	
Resource Guide Finalized									■
Resource Guide Disseminated									■

Changes from initial submitted SERC Project Plan:

- *Removal of EV-Charger installations from planned measures;*
- *Addition of electrification infrastructure upgrades to planned measures;*
- *Clarification that measures will be interior or on building and not breaking ground.*

Anticipated Measures

Measures will be installed in at least **200 low-income households** in **2multifamily buildings**. Projects will vary greatly based on building type, number of units and existing technologies at the selected project sites. A rough estimate of measures is included below:

DER Measure	# of Units benefiting from measure
Standard WAP solutions such as building envelope, LED lighting, appliance, and health and safety improvements	200
Beneficial electrification via heat pump HVAC and heat pump water heater installs	120
Roof Mounted onsite renewable energy resources such as solar PV	150
Battery energy storage systems	80
Smart technology controls such as Smart Thermostats, Water Heater Controllers, Lighting controls, etc.	200
Building energy management systems (hardware and software)	200
Interior Infrastructure upgrades for Electrification	50

Changes from initial submitted SERC Project Plan:

- *Removal of EV-Charger installations from planned measures;*
- *Addition of electrification infrastructure upgrades to planned measures.*

Diversity, Equity, and Inclusion (DEI)

All beneficiaries of the proposed project will be low-income individuals living in multifamily affordable housing properties in disadvantaged communities that meet

Justice40 Initiative criteria.

Multifamily affordable housing residents are often people of color, individuals with disabilities, and/or fixed income seniors, who typically pay an excessive amount of their income for housing, utility, and health care costs. This is especially true in New Mexico, a minority majority state where communities of color have historically been lower income and more heavily impacted by pollution and substandard housing. This project will provide eligible individuals and families with access to technologies typically limited to wealthier households or large commercial organizations—to provide them an opportunity for social and energy equity. The demographics of families served are expected to mirror MFA's typical clients, whose demographics in turn mirror those of the state overall and are as follows:

Clients (last 30 months)	**Number and Proportion**
Native American	74 (4%)
Hispanic	1,079 (65%)
Black	50 (3%)
Disabled	523 (32%)
Elderly	907 (55%)
Households with children	322 (20%)
High energy burden	375 (23%)
TOTAL	**3,327**

The proposed project will help preserve and expand housing affordability, which is essential for building environmental justice and equity. Greening affordable housing not only benefits the environment by conserving energy, water, and other natural resources, it also helps reduce energy burdens and health inequities based on race and socioeconomic status. Healthy, affordable housing promotes a safe, healthy, stable, and sustainable environment in both physical and social surroundings.

ICAST will establish the following specific, measurable, achievable, relevant, and timely (SMART) milestones to ensure the proposed project is diverse, equitable, and inclusive (DEI):

- **Milestone 1:** A Community Metrics Report Template will be developed to ensure community demographics are accurately captured. The report template will be utilized on pilot sites to track metrics such as MFAH residents' income, race, age, family status, number of members within the household, and expected energy and cost savings;
- **Milestone 2:** 100% of the pilot projects will be within underserved communities as defined by Justice40;
- **Milestone 3**: Document ICAST's community outreach process and practices in ICAST's Resource Guide along with the necessary others to conduct community outreach that can help meet DEI goals.

MFA will work to ensure ICAST's DEI goals are implemented as part of the project during the monitoring described below.

Grantee Monitoring

MFA will use its NM Energy$mart Online System (System) to capture monthly unit production and energy savings data which will show the projected energy savings by individual measure, with the following measures being tracked. This is described in section of the V.8 Master File.

ICAST, will be responsible for recruiting and working directly with multifamily affordable housing pilot sites as well as installing recommended DERs and integrating GEB strategies. It will confer with MFA to ensure Distributed Energy Resource (DER) solutions and sites converted to GEB meet DOE and MFA eligibility criteria. Additionally, ICAST's integrated software system will provide MFA immediate access to status and site data. ICAST team members coordinate and manage work assignments through cloud-based software tools such as Microsoft, Sage Intacct (enterprise resource planning system), Smartsheet (project management software), Salesforce (customer relationship management tool) and ICAST's internal database: Impact Assessment Tool. ICAST uses Smartsheet to integrate all of the software solutions. These software tools offer a streamlined process to coordinate and communicate across the internal team and program stakeholders. During the retrofit process, ICAST staff will work with contractors to inspect on-site progress, collect required project data, and report to MFA, along with documentation of all retrofit actions and inspections. Upon receipt of inspection data, ICAST engineers will perform a desk review, evaluating and analyzing the inspection report to ensure it meets requirements for completeness, accuracy, and program qualifications. These desk reviews are made readily available to MFA upon request.

All issues are resolved between ICAST, property owner/resident, and the contractor before final inspection data is submitted to MFA for processing. Through these systems MFA will easily and effectively be able to monitor materials not typically covered by existing processes. Each project utilizing SERC funding will be reviewed through a modified inspection process which includes all SERC eligible upgrades and materials and project information. This will ensure quality assurance on the pilot projects.

Inspections

All SERC activities will receive inspections that will cover scope of work, functionality, client satisfaction, and installed items compared to proposed items. Contractor invoices will be reviewed and compared to the completed measures. This may be completed in conjunction with the 5% required QCI, if timing and scheduling allows.

Fiscal

ICAST's fiscal operations that utilize SERC will be monitored with the regular scheduled monitoring of their program. All applicable areas such as expense sampling, cost allocation, segregation of duties, and internal controls will be reviewed for activities that occur during the period of performance. The Single Audit that ICAST receives will be monitored for proper schedule of expenses.

Production

ICAST and MFA will be in constant communication about the progress of this projects and compared to the proposed goals of production. Any changes from these proposed goals will be noted on the monitoring report.

SERC T&TA

ICAST and MFA will leverage their existing T&TA partnership with Santa Fe Community College to provide training required for the SERC Projects. The project team will ensure staff receives training developed through the nationally recognized Energy Smart Academy and ensure minimum existing credentials for SERC projects.

The project team’s Green Initiatives Managers are responsible for the technical aspects of the program include training and technical assistance as well as health and safety issues and program compliance with all DOE technical requirements.

Only existing WAP T&TA funding will be utilized for these credentials; no SERC funding will be utilized.

SERC Analysis and Effectiveness

MFA has robust financial and quality assurance measures in place to support program staff and partners, as well as to ensure compliance with state and federal rules and regulations. Quality control review of units and files consists of reviewing details of the activities as a desk review prior to project visits.

For this SERC project annual analysis of effectiveness of the projects will be performed starting in budget performance period. The initial pilots are not anticipated to be complete until month 18. Analysis will be performed at month 24 and 36 of project performance period. At this point, actual energy usage will be compared with the prior, and modeled usage using available utility bills from before and after the retrofits.

Income Eligibility

This SERC project does not propose undertaking a different eligibility procedure than that of the existing approved state plan.

Health and Safety:

This SERC project will not make any changes to the existing health and safety plan.

MFA
Housing New Mexico

MEMO

TO: MFA Board of Directors

Through: Contracted Services – May 9, 2023

Through: Policy Committee – May 2, 2023

FROM: Julie Halbig, Director of Compliance and Initiatives

DATE: May 17, 2023

SUBJECT: Emergency Housing Needs Pilot Program – Other Emergency Needs

Recommendation

Staff recommends 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. MFA's Board approved the Emergency Housing Need Pilot program in April 2022 to assist individuals or households facing an emergency situation defined as a sudden or unexpected circumstance that has displaced a person or household, poses a significant risk of displacement to a person or household, or threatens the health and safety of an individual or household**.**

In June 2022, both the NMHTF Advisory Committee and the Board approved authorization of $3 million dollars 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 of MFA. Staff will update the Board through the Staff Action report on assistance provided.

Background:

At its inception, the Emergency Housing Needs Pilot was designed to serve low and moderate income New Mexicans. Applicants had to be low and moderate income at the time the award is granted and be determined by MFA staff and Policy Committee as lacking sufficient income or resources to maintain or preserve adequate decent, safe and sanitary residential housing in their locality or in an area reasonably accessible to their locality.

- This program is reserved as a "last resort" resource and generally, awarded for a one-time cost.
- Eligible costs may include the repair or replacement of housing.
- Rental or mortgage assistance for individuals or families experiencing homelessness or at-risk of homelessness will generally not be considered for funding under this program. These persons will be referred to existing rental and mortgage assistance and homelessness prevention programs.

- In limited circumstances, Policy Committee has the discretion to evaluate and approve assistance on a case-by-case basis for individuals or households impacted by a federal or state declared disaster.

Allocations approved by MFA's Board of Directors included:

- An allocation of $500,000 from MFA's General Fund Housing Opportunities Fund (HOF) to the Emergency Housing Needs Pilot Program.
    - As of 5/1/2023, MFA has expended $40,000 in emergency rental assistance to assist households impacted by the wildfires. Please see the chart included with this memo for an accounting of those funds.
- The NM Housing Trust Advisory Committee and the MFA Board of Directors released $3M in NMHTF for emergency housing needs according to the Emergency Housing Need Pilot Program policies and procedures for New Mexicans impacted by the wildfires.
    - As of 5/1/2023, MFA has provided a zero interest loan of $400,000 to the Village of Ruidoso for households impacted by the wildfires.

Discussion:

MFA now has a year's worth of experience in operating the Emergency Housing Needs Pilot Program. This past years' worth of experience has demonstrated the need for additional flexibility to assist individuals or households with emergency housing needs. Below are a few examples of inquiries received by MFA.

- Ability of MFA to reimburse an individual or household for emergency housing expense(s) due to time constraints that the household faced and had to initially pay the emergency expense out of pocket.
- Ability to provide gap funding to help an individual or household move into permanent housing that is not covered by an existing federal or state program.
- Ability to provide housing infrastructure repair not otherwise covered by the weatherization or HOME rehabilitation program (repair of wells, drainage, etc.)
- Ability to pay on a temporary basis utility or rental costs for individuals or households.

Management and staff believe it is appropriate to seek additional approval from MFA's Board to address these other emergency housing needs where feasible by allowing staff to have the flexibility to evaluate if a situation is an emergency situation as defined by the Pilot Program and seek the approval of the Executive Director/CEO in these situations.

Summary:

Staff recommends 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. MFA's Board approved the Emergency Housing Need Pilot program in April 2022 to assist individuals or households facing an emergency situation defined as a sudden or unexpected circumstance that has displaced a person or household, poses a significant risk of displacement to a person or household, or threatens the health and safety of an individual or household**.**

In June 2022, both the NMHTF Advisory Committee and the Board approved authorization of $3 million dollars 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 of MFA. Staff will update the Board through the Staff Action report on assistance provided.

Applicant	**Remaining Payments**	**351 MFA**	**Purpose**
Housing Assistance		37,000.00	
Administration		3,000.00	
Total Budget		**40,000.00**	
Household 1		796.44	Hotel, Utilities
Household 2	165.02	5,000.00	Hotel, Rent
Household 3		4,350.00	Rent
Household 4		671.73	Hotel, Utilities
Household 5		1,226.55	Utilities
Household 6		2,428.90	Rent
Household 7		701.55	Utilities
Household 8		433.74	Utilities
Household 9		102.14	Hotel, Utilities
Household 10		522.01	Utilities
Household 11		651.97	Utilities
Household 12		4,895.00	Hotel
Household 13		5,000.00	Rent
Household 14	3,400.00	5,000.00	Rent
Household 15	450.00	5,000.00	Rent/Rent deposit

Household 16		574.49	Utilities
Technology Costs		86.65	
Contract Personnel		1,803.83	
Funds Spent	**4,015.02**	**39,245.00**	
Balance		**755.00**	

Staff Actions Requiring Notice to Board
During the Period of April 2023

Department and Program	Project	Action Taken	Comments / Date Approved
Community Development – Housing Opportunities for Persons With AIDS-HOPWA	First Amendment to Performance Agreement for Alianza of NM	Approval of First Amendment to Contract. MFA will increase funding for Alianza of New Mexico in the amount of $3496.00 for the 2020-2021 program year that ended June 30, 2021.The term of the agreement shall be extended to June 30,2023. This will ensure 2020-2021 HOPWA funds will be extended to continue providing housing assistance for eligible individuals.	Approved by Donna Maestas-De Vries on April 12, 2023
Community Development-NMEnergy$mart- NM Gas Contract	Agreement for disbursement of funds to MFA - Weatherization Program	Approval of NM Gas contract to allow for leverage funding of $1,300,000 for the NM EnergySmart Program.	Approved by Donna Maestas-De Vries on April 23, 2023
Servicing	Quarterly Quality Control Loan Servicing December 2022 Report	Report Approved by PC.	Approved by PC on April 10, 2023
Servicing	Monthly Quality Control Loan Servicing January 2023 Report	Report Approved by PC.	Approved by PC on April 10, 2023
Servicing	Monthly Quality Control Loan Servicing February 2023 Report	Report Approved by PC.	Approved by PC on April 10, 2023
Housing Development, 4% LIHTC/PAB	JLG NM ABQ 2023 – Mountain View II-III	Approval of Inducement Resolution for Private Activity Bonds.	Approved by Jeff Payne on April 26, 2023
Policy and Planning	Southwestern Regional Housing and Community Development Corporation State and Local Fiscal Recovery Funds Award	Approval of award funds in the amount of $126,000 under the State and Local Fiscal Recovery Funds Notice of Funding Availability.	Approved by PC on April 4, 2023

Department and Program	Project	Action Taken	Comments / Date Approved
Policy and Planning	Thornburg Foundation Grant Application	Approval to submit an application for grant funding to complete a study related to the Linkages Supportive Housing Program. The grant request will be for $296,182.	Approved by PC on April 25, 2023

COVID - Staff Actions Requiring Notice to Board
During the Period of April 11, 2023 – May 12, 2023

Department and Program	Project	Action Taken	Comments / Date Approved

SEMIANNUAL INVESTMENT REPORT 3/31/2023 – EXECUTIVE SUMMARY

1. MFA made no liquidations from the State Investment Council (SIC) portfolio in the first two quarters of FY 2023. As of 3/31/2023, the short-term investment asset class is not compliant with the investment policy by asset class. MFA is holding more in short-term investments in anticipation of the new building purchase. Additionally, due to lower cash needs for daily operations, additional housing funds were moved to LGIP to earn a higher interest. MFA is working closely with its new investment advisor to regain compliance with policy ranges beyond the building purchase.

2. During the first half of FY 2023, three bonds matured, and staff purchased one bond in January.

3. In March 2023, the Federal Open Market Committee raised the targeted range of the federal funds rate to 4.75%-5.00%. Yields in our fixed-income portfolios of MBS have remained unchanged. The bond ladder has underperformed its benchmark, but it will soon catch up as lower-yielding bonds mature and are re-invested at higher rates over the next few quarters.

4. The State Investment Council portfolio has performed relatively in line with its benchmarks in the first half of FY 2023. As of March 31, 2023, it is yielding 12.08% (24.15% annualized). The fair market value gain for the second quarter was $2,107,430. This strong performance in the portfolio was largely driven by MFA's allocations in equities. The Non-US Developed Fund and the Domestic Large Cap Fund returned 20.88% and 14.20%, respectively.

5. The Housing Trust Fund State Investment Council portfolio, which is 100% invested in a core bond fund, has experienced a rate of return of 6.19% and has performed in line with its benchmark, which has a rate of return of 5.47% FYTD.

6. As of the first half of FY2023, interest income is 77% of the total annual budgeted interest income.

7. As of March 31, 2023, MFA's General Fund and Housing Trust Fund balances are as follows:

General Fund:

Asset Class	3/31/23 Balance	Yield/Rate of Return	Benchmark Rate of Return
Cash Held for Operations/Warehoused MBS	$7,452,618	Various	n/a
Local Government Investment Pool	$12,907,516	4.72%	n/a
Bond Ladder	$13,999,761	0.99%	2.20%
MFA’s Mortgage-Backed Securities-Intermediate Term	$9,701,801	5.22%	n/a
MFA’s Mortgage-Backed Securities-Long Term	$3,084,740	3.00%	n/a
Core Plus Bond Fund-Active (SIC)	$6,326,228	5.47%	4.89%
Large Cap Index Equity Fund (SIC)	$6,810,930	14.20%	15.22%
Small/Mid Cap Fund (SIC)	$3,026,897	10.81%	11.04%
Non-US Developed Markets Fund (SIC)	$3,655,467	20.88%	27.27%
Non-US Emerging Markets Fund (SIC)	$949,895	13.93%	14.17%

Housing Trust Fund:

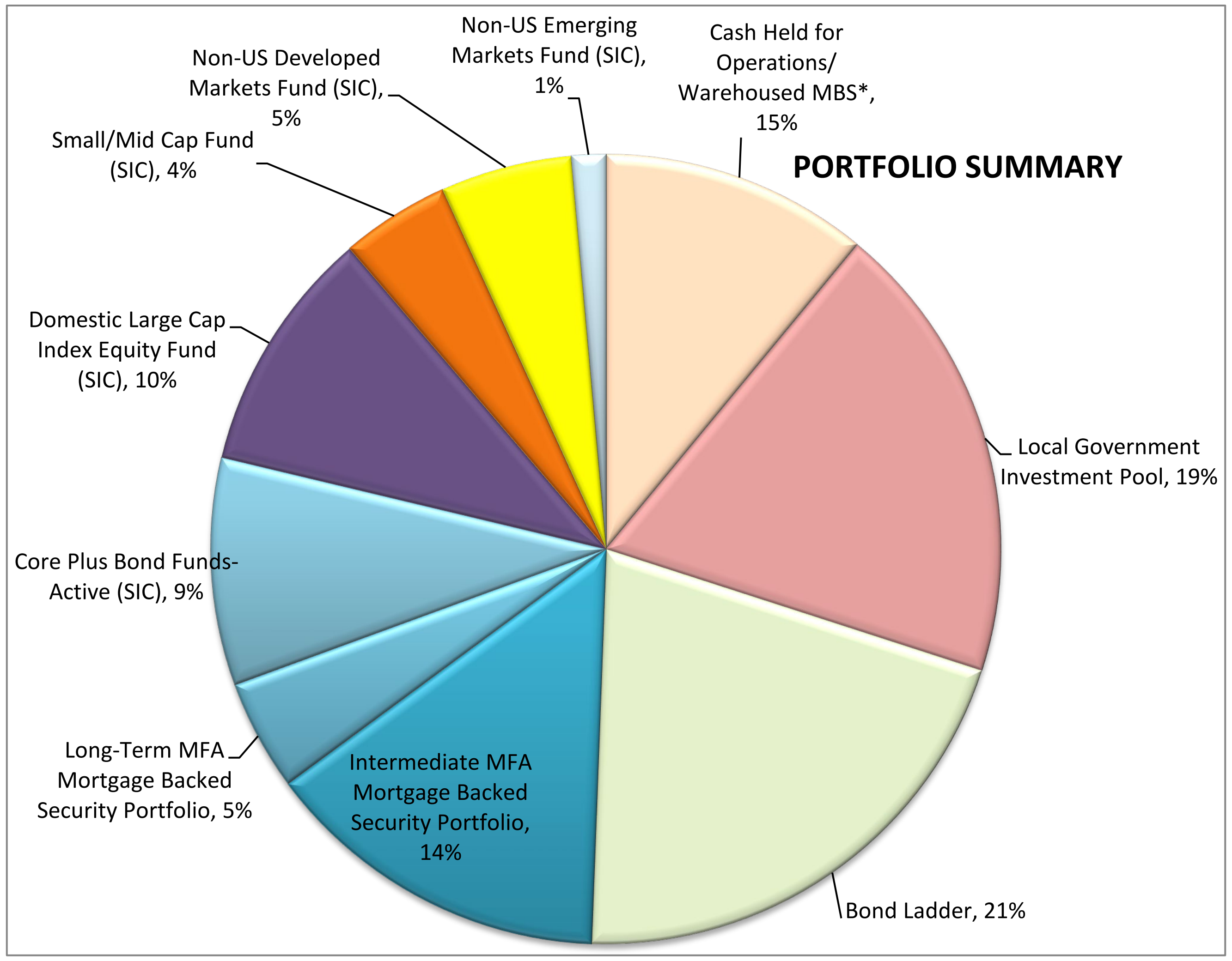
Asset Class	3/31/23 Balance	Yield/Rate of Return	Benchmark Rate of Return
Core Plus Bond Fund-Active (SIC)	$9,717,933	6.19%	4.89%

MFA | *Housing New Mexico*

SEMIANNUAL GENERAL FUND INVESTMENT COMPLIANCE REPORT (AS OF March 31, 2023)

ASSET CLASS	Policy Requirement Target	Policy Requirement Range	Current Portfolio Carrying Value	Portfolio Weighting by Investment Horizon	Portfolio Weighting by Asset Class	Within Limit Range	Action Plan
Short-Term Investments (Less than 1 year)	**20%**	**15%-25%**	**$ 20,360,134**	**30%**		No	No withdrawals from the SIC were made in the second quarter of FY 2023. Three Bonds matured and one was re-invested in January. MFA is holding more in short-term investments in anticipation of the new building purchase. Due to lower cash needs for daily operations, additional housing funds were moved to LGIP to earn a higher interest, causing an overallocation. MFA is working closely with its new investment advisor to regain compliance with policy ranges beyond the building purchase.
Cash Held for Operations/Warehoused MBS*	14%	9%-19%	$ 7,452,618		11%	Yes	
Local Government Investment Pool	6%	1%-11%	$ 12,907,516		19%	No	
Intermediate-Term Investments (1 to 10 years)	**40%**	**35%-45%**	**$ 23,701,562**	**35%**		Yes	
Bond Ladder	27%	22%-32%	$ 13,999,761		21%	No	
Intermediate MFA Mortgage Backed Security Portfolio	13%	8%-18%	$ 9,701,801		14%	Yes	
Long-Term Investments (More than 10 years)	**40%**	**35%-45%**	**$ 23,854,157**	**35%**		Yes	
Long-Term MFA Mortgage Backed Security Portfolio	4%	0%-9%	$ 3,084,740		5%	Yes	
Core Plus Bond Funds-Active (SIC)	12%	7%-17%	$ 6,326,228		9%	Yes	
Domestic Large Cap Index Equity Fund (SIC)	11%	6%-16%	$ 6,810,930		10%	Yes	
Small/Mid Cap Fund (SIC)	5%	0%-10%	$ 3,026,897		4%	Yes	
Non-US Developed Markets Fund (SIC)	6%	1%-11%	$ 3,655,467		5%	Yes	
Non-US Emerging Markets Fund (SIC)	2%	0%-7%	$ 949,895		1%	Yes	
			$ 67,915,853		100.00%		

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



SIC FUND ALLOCATION

	Policy	Actual
SIC Core Plus Bond-Active	33%	30%
SIC Large Cap Index Equity	31%	33%
Small/Mid Cap Index	14%	15%
Non-US Developed Markets	17%	18%
Non-US Emerging Markets	5%	5%

BOARD ACTIONS

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

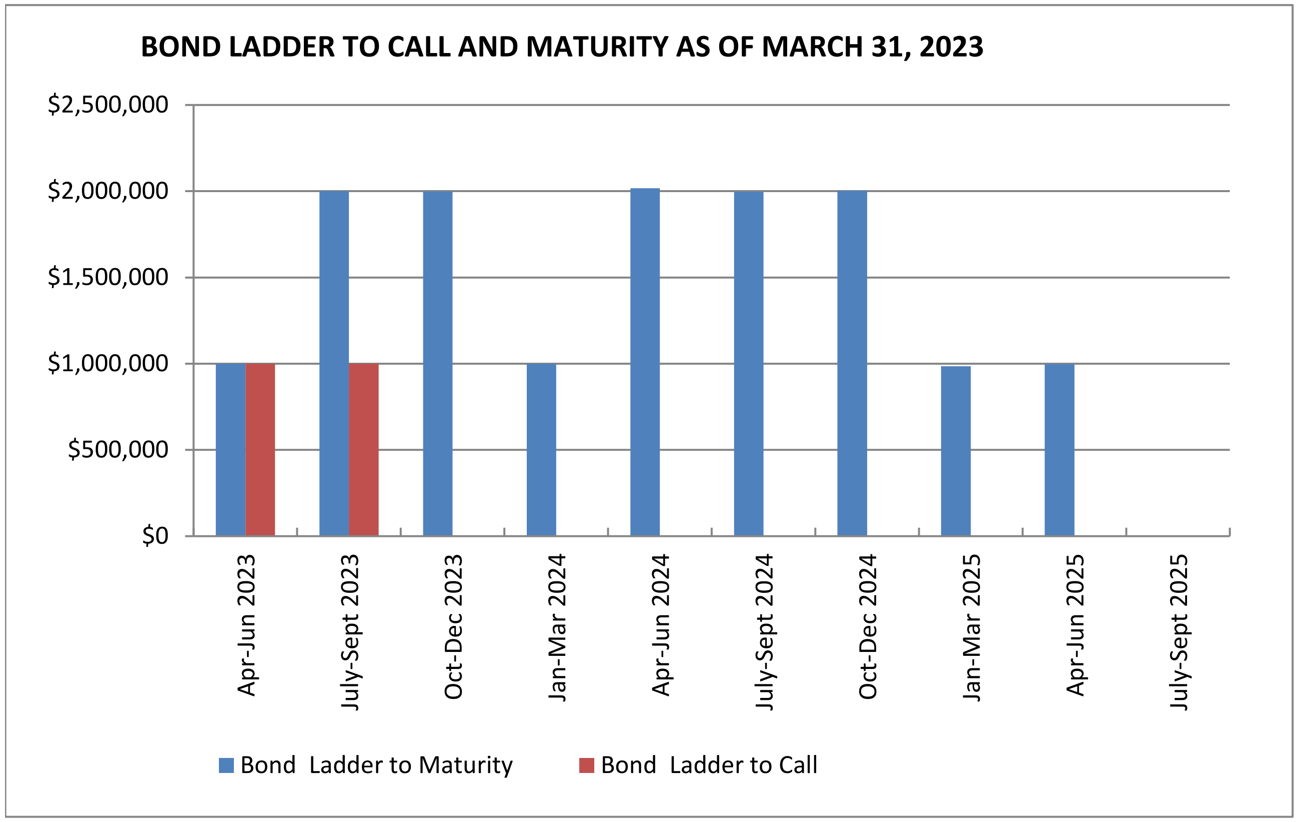
MFA | Housing New Mexico

PORTFOLIO SUMMARY - Short & Intermediate Investments

General Fund	**Book Value YTD/Quarter 2 as of 03/31/2023**	**Book Value YTD/Quarter 2 as of 03/31/2022**	**Unrealized Gain/Loss YTD/Quarter 2 as of 03/31/2023**	**Yield to Maturity YTD/Quarter 2 as of 03/31/2023**	**Yield to Matuity YTD/Quarter 2 as of 03/31/2022**
Short-Term					
Cash Held for Operations/Warehoused MBS*	$ 7,452,618	$ 7,940,828	N/A	Various	Various
Local Government Investment Pool	$ 12,907,516	$ 5,623,326	N/A	4.72%	0.13%
Intermediate-Term					
Bond Ladder	$ 13,999,761	$ 15,021,036	$ (448,301)	0.99%	0.33%
MFA Mortgage Backed Security Portfolio	$ 9,701,801	$ 11,790,881	$ 49,438	5.22%	5.22%
Yield to Maturity for Intermediate-Term Investments				2.72%	2.48%
Total Short & Intermediate-Term	$ 44,061,696	$ 40,376,072	$ (398,864)		

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

**Weighted average maturity.



BOND LADDER SECTOR ALLOCATION

	Book Value	% of Total Dollars
Fannie Mae	$ 1,000,262	7%
Federal Farm Credit Bank	$ 5,986,801	43%
Federal Home Loan Bank	$ 2,000,002	14%
Freddie Mac	$ 1,016,416	7%
US Treasury	$ 3,996,280	29%
Total	$ 13,999,761	100%

INVESTMENTS PURCHASED IN THE SECOND QUARTER OF FY 2023

Date Purchased	Security	Interest Rate	YTM	Dollar Amount
1/26/2023	FFCB	4.635%	4.400%	$ 1,000,000

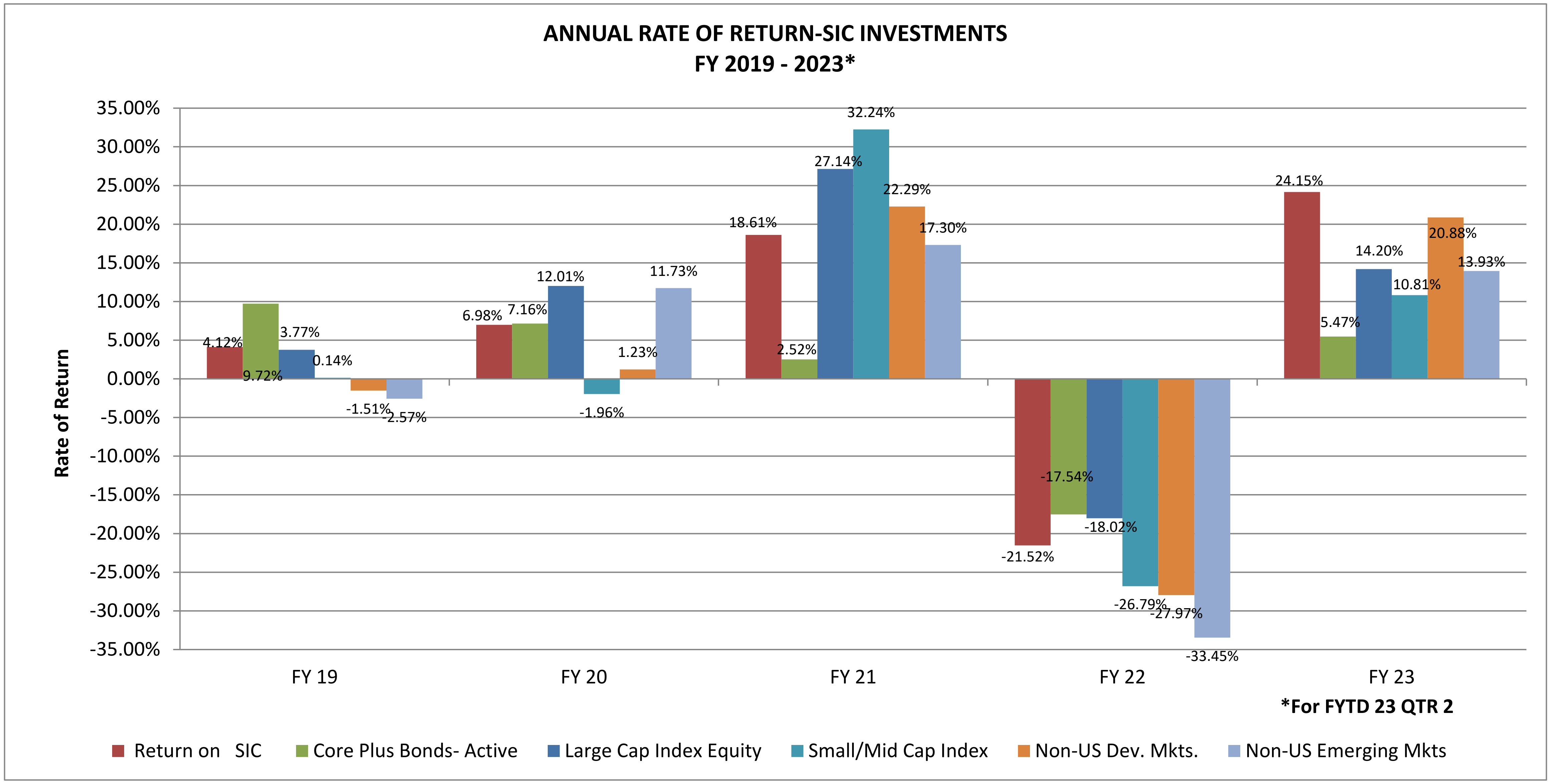
PORTFOLIO SUMMARY - Long Term Investments Including State Investment Council Investments

MFA | Housing New Mexico

General Fund Long Term	Book/Market Value YTD/Quarter 2 as of 03/31/2023	Book/Market Value YTD/Quarter 2 as of 03/31/2022	Unrealized/Realized** Gain/Loss YTD/Quarter 2 as of 03/31/2023	Unrealized/Realized** Gain/Loss YTD/Quarter 2 as of 03/31/2022	Rate of Return YTD/Quarter 2 as of 03/31/2023 *	Rate of Return YTD/Quarter 2 as of 03/31/2022
MFA's Mortgage Backed Securities Portfolio	$ 3,084,740	$ 3,315,319	$ (300,560)	$ (122,049)	3.00%	3.09%
State Investment Council (SIC):						
Core Plus Bond Fund-Active	$ 6,326,228	$ 7,175,382	$ 208,118	$ (538,996)	5.47%	-6.17%
Domestic Large Cap Index Equity Fund	$ 6,810,930	$ 7,050,686	$ 845,616	$ 243,590	14.20%	4.06%
Small/Mid Cap Fund	$ 3,026,897	$ 3,220,757	$ 293,235	$ (195,664)	10.81%	-5.45%
Non-US Developed Markets Fund	$ 3,655,467	$ 3,832,379	$ 649,113	$ (130,437)	20.88%	-2.32%
Non-US Emerging Markets Fund	$ 949,895	$ 1,053,932	$ 111,349	$ (116,741)	13.93%	-8.57%
Total State Investment Counsel	$ 20,769,417	$ 22,333,136	$ 2,107,430	$ (738,248)	24.15%	-2.26%
Total Long-Term Investments	**$ 23,854,157**	**$ 25,648,455**	**$ 1,806,870**	**$ (860,297)**		

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

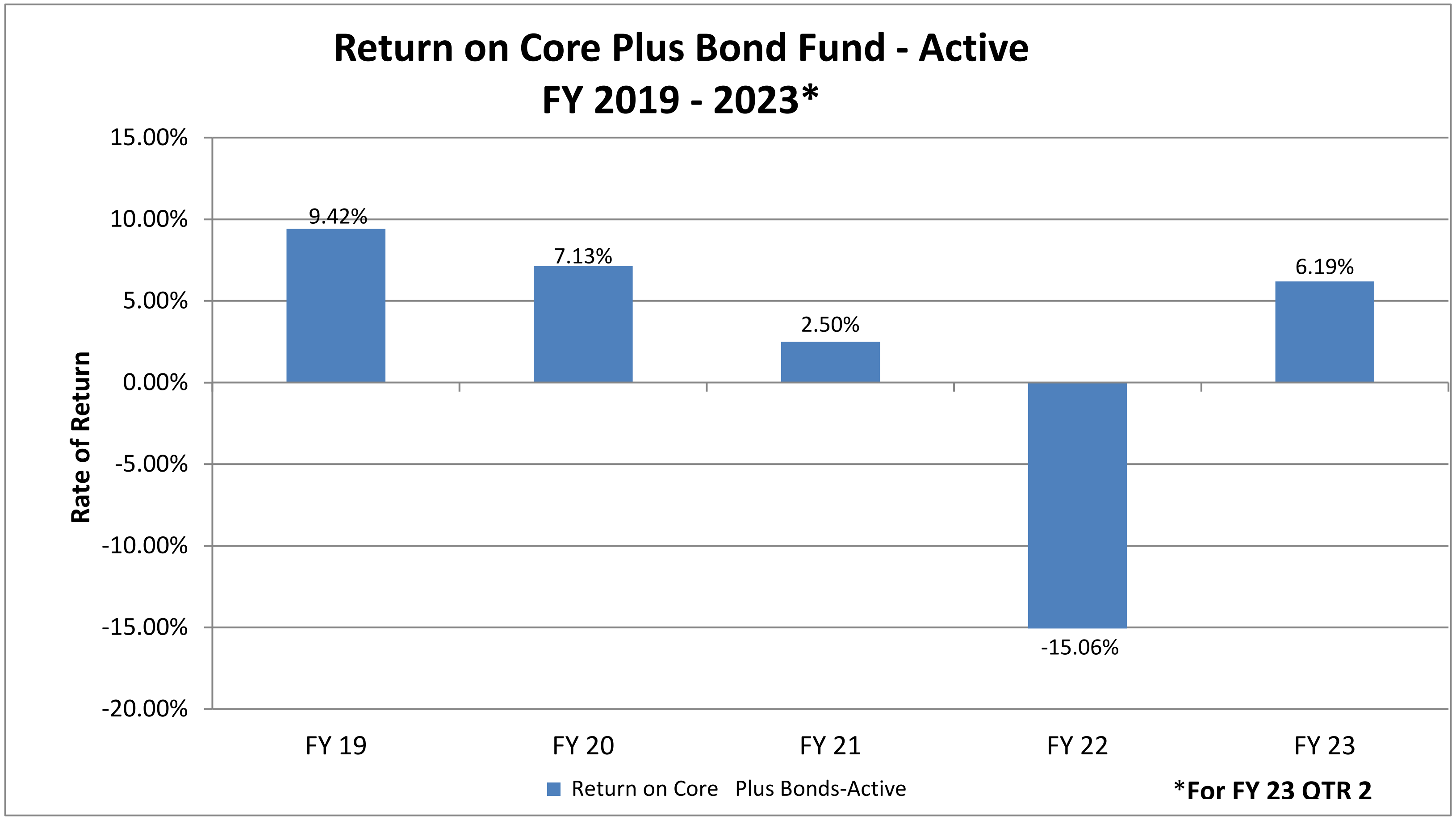
** Fair Market Value adjustments on the mortgage backed security portfolio are unrealized, however, they are realized on the SIC portfolio.


ANNUAL RATE OF RETURN-SIC INVESTMENTS
FY 2019 - 2023*

PORTFOLIO SUMMARY - New Mexico Housing Trust Fund

Housing Trust Fund	Market Value YTD/Quarter 2 as of 03/31/2023	Market Value YTD/Quarter 2 as of 03/31/2022	Realized Gain/Loss YTD/Quarter 2 as of 03/31/2023	Realized Gain/Loss YTD/Quarter 2 as of 03/31/2022	Rate of Return YTD/Quarter 2 as of 03/31/2023	Rate of Return YTD/Quarter 2 as of 03/31/2022
State Invesment Council (SIC):						
Core Plus Bond Fund-Active	$ 9,717,933	$ 12,444,879	$ 453,969	$ (314,939)	6.19%	-5.37%
Total State Investment Council	**$ 9,717,933**	**$ 12,444,879**	**$ 453,969**	**$ (314,939)**	**6.19%**	**-5.37%**

SIC FUND ALLOCATION		
SIC Core Plus Bond-Active	100%	100%



MFA | *Housing New Mexico*

GENERAL FUND INVESTMENT PORTFOLIO - METRICS

Asset Class	S&P Rating	Moody's Rating	Annual Interest Income (Budget) FY2023	Actual Annual Interest Income YTD/Quarter 2 3/31/2023	Interest Income Earned of Total Budget YTD/Quarter 2 3/31/2023
Cash Held for Operations/Warehoused MBS	N/R	N/R	$ 3,176	$ 280,417	8829%
Local Government Investment Pool	AAAm	N/R	$ 7,347	$ 132,704	1806%
Bond Ladder			$ 32,900	$ 36,030	110%
Fannie Mae	N/R	Aaa/Stable			
Federal Farm Credit Bank	N/R	Aaa/Stable			
Federal Home Loan Bank	N/R	Aaa/Stable			
Freddie Mac	N/R	Aaa/Stable			
MFA Mortgage Backed Security Portfolio	N/R	Aa3/Stable	$ 450,509	$ 253,597	56%
Intermediate Term	AA+	Aa3/Stable			
Long-Term	AA+	Aa3/Stable			
State Investment Council			$ 731,844	$ 243,831	33%
Core Plus Bond Fund-Active	N/R	N/R			
Large Cap Index Equity Fund	N/R	N/R			
Small/Mid Cap Fund	N/R	N/R			
Non-US Developed Markets Fund	N/R	N/R			
Non-US Emerging Markets Fund	N/R	N/R			
			$ 1,225,776	$ 946,577	77%

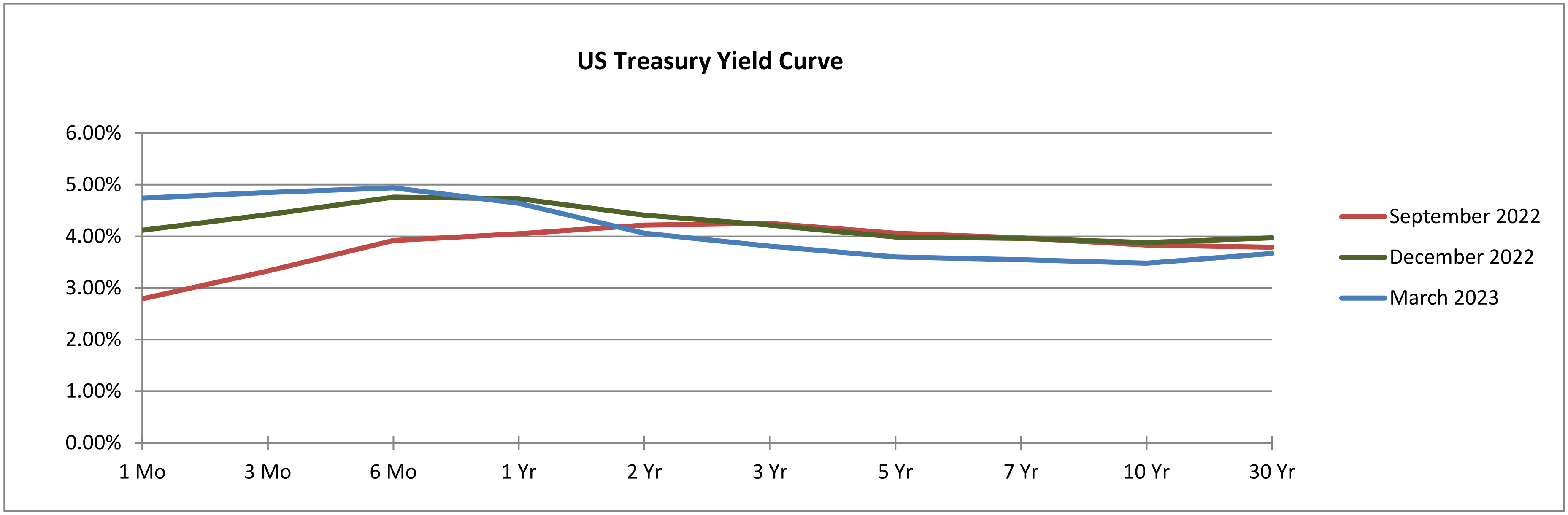
Asset Class Benchmarks	Yield to Maturity/ Rate of Return YTD/Quarter 2 3/31/2023	Benchmark Yield/Rate of Return	
State Investment Council			
Core Plus Bond Fund-Active	🟦 5.47%	4.89%	Bloomberg US Aggregate Statistics Index
Large Cap Index Equity Fund	🟦 14.20%	15.22%	Russell 1000 Index
Small/Mid Cap Fund	🟦 10.81%	11.04%	Russel 2500 Index
Non-US Developed Markets Fund	🟥 20.88%	27.27%	MSCI EAFE (net)
Non-US Emerging Markets Fund	🟦 13.93%	14.17%	MSCI Emerging Markets Index (net)
Cash Held for Operations/Warehoused MBS	Various	N/A	
Local Government Investment Pool	4.72%	N/A	
Bond Ladder	0.99%	2.20%	ICE BofA 1-3 Year US Agency Index
MFA Mortgage Backed Security Portfolio			
Intermediate Term	5.22%		
Long-Term	3.00%		

🟥 1% or more under benchmark
🟦 In line with Benchmark
🟩 1% or more above benchmark

Economic Indicators

	03/31/2023	3/31/2022		03/31/2023	3/31/2022
Average US Gas Price	$ 3.54	$ 4.32	Federal Funds Rate	4.83%	0.33%
WTI Spot Price	$ 75.67	$ 100.28	Consumer Price Index (yoy)	4.98%	8.54%
	2/28/2023	**2/28/2022**	Unemployment Rate	3.50%	3.60%
US Median Home Price	$ 367,500	$ 370,000	Real GDP (yoy)	1.60%	3.50%
NM Median Home Price	N/A	$ 300,000	DJIA*	17.09%	3.44%
US Median Family Income	$ 91,152	$ 85,952			

*Cumulative return for the period 10/1 through 3/31 which is two quarters of each respective fiscal year.



	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	30 Yr
September 2022	2.79%	3.33%	3.92%	4.05%	4.22%	4.25%	4.06%	3.97%	3.83%	3.79%
December 2022	4.12%	4.42%	4.76%	4.73%	4.41%	4.22%	3.99%	3.96%	3.88%	3.97%
March 2023	4.74%	4.85%	4.94%	4.64%	4.06%	3.81%	3.60%	3.55%	3.48%	3.67%

Source: U.S. Department of the Treasury

MFA Strategic Plan Benchmarks
FY 2023

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

Benchmark: 1

Provide mortgage financing for 2,043 homebuyers.

Q1	Caution	MFA financed 394 homebuyers in Q1 of FY 2023 and 394 homebuyers YTD.
Q2	Caution	MFA financed 361 homebuyers in Q1 of FY 2023 and 755 homebuyers YTD.

Benchmark: 2

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

Q1	On Target	The MFA quarterly product utilization reported for Q1 is 25.19% for a YTD average of 25.19%
Q2	Caution	The MFA quarterly product utilization reported for Q2 is 18.04% for a YTD average of 21.62%
Q4	On Target	The MFA quarterly product utilization reported for Q3 is XX% for a YTD average of XX%

Benchmark: 3

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

Q1	On Target	Financed the development of 268 Multifamily units in Q1, for a YTD total of 268 units developed and/or preserved.
Q2	Caution	Eighty additional units were financed in Q2 for a YTD total of 348 units developed and/or preserved.

Benchmark: 4

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

Q1	On Target	The Q1 unduplicated clients were 789, 269 exited to permanent housing. YTD rate is 34%.
Q2	On Target	The Q2 unduplicated clients were 826, 255 exited to permanent housing. YTD rate is 32%.

Benchmark: 5

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

Q1	On Target	MFA combined average delinquency rate is at 8.95% as of 12/31/2022 FY Q1
Q2	On Target	MFA combined average delinquency rate is at 8.50% as of 3/31/2022 FY Q2

Benchmark: 6

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

Q1	On Target	Subserviced portfolio delinquency as of 12/31/2022 met and exceeded benchmark at 12.31% delinquency rate. FHA rate as of 11/2022 report is 13.44% delinquency.

Q2	On Target	Subserviced portfolio delinquency as of 3/31/2023 equals 9.22% exceeding FHA's February 2023 reported delinquency of 13.44% for purchased loans.

✓ Benchmark: 7

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

Q1	On Target	SLFRF Notice of Funding Availability, use of NM Housing Trust Fund as source of DPA for NextHome program as new specialty products.
Q2	Met	Thornburg Foundation Grant opportunity/Linkages research project. Preservation Loan program approved. DPAdvantage was implemented. YTD 4

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

◎ Benchmark: 8

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

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

✓ Benchmark: 9

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

Q1	New	Amended and implemented changes to the MFA Rules and Regulations to define Moderate Income persons or families as those with income above 80% and up to 150% of the AMI adjusted for family size. Moderate income limits may be adjusted for high-cost areas to accommodate qualification of purchase of a median priced home in a county of the subject property or rent at the fair market rate.
Q2	Met	Awarded HOME-ARP grant for Cornerstone Apartments in Lordsburg. YTD 2

◎ Benchmark: 10

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

Q1	New	Provided Affordable Housing Act assistance to Cibola, Grant and San Miguel counties. Presented to Council of Governments on Restoring our Communities (ROC) program and AHA Act. Participated in Association of Counties Better Informed Public Officials Conference. Policy and Planning: Rep. Dixon and Matthews, City of Taos (Steve Archuleta, Rep. Chandler, Guadalupe County Commissioner (housing strategy), Mid- Region Counsel of Governments (housing strategy), City of Las Cruces Policy Review Committee (housing strategy), Roosevelt County (housing plan outreach); Homeownership presentation at Sandoval Client Advisory Board Meeting. Year to date: 14
Q2	On Target	Met with LFC staff to discuss NMHTF, AHA, Linkages, Section 8 Voucher Programs; met with LFC staff and HDS staff re. Linkages (1); Met with Elected Officials Anyanonu, Alcon, Armstrong, Baca, Block, Borrego, Castellano, Chandler, Chasey, Dixon, Duncan, Ezzell, Garcia, Harper, Herndon, Lane, Lente, Lord, Lujan, Matthews, Montoya, Romero, Small, Szczepanski,

		Terrazas, Diamond, Gallegos, Hickey, Ingle, Ortiz y Pino, Padilla, Rodriguez, Shendo (33); Met with UNM economic development staff regarding MFA housing programs (1); Met with federal delegation staff from Heinrich, Lujan, Stansbury, Leger-Fernandez offices regarding HAF (4); Met with federal delegation staff from Heinrich, Lujan, Stansbury, Leger-Fernandez, Vasquez regarding MFA and NCSHA federal priorities (5); Met with NM Legal Aid, The Housing Trust, Santa Fe Homebuilders as a potential new program partners (3). CDD staff met with City of Gallup to discuss the process of becoming a rehab service provider. Assisted Truth or Consequences and Valencia County with the Affordable Housing Act ordinances. Year to date: 61

Benchmark: 11

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

Q1	On Target	Homeownership programs: 20 trainings conducted. Community Development conducted a HOPWA Peer Exchange on 11/15 and a RAP Peer Exchange on 12/7. Housing Development provided a LIHTC Fundamentals Training (10/20) and the annual QAP Training (10/26). Met with Thornburg Foundation. CDD - HOPWA Peer Exchange 2/28/23 and 3/15/23; Homeless Prevention Peer Exchange 3/8/23; WAP Peer Exchange 3/30/23; EHAP Peer Exchange 2/28/23 (5 total for CDD in Q2) Year to date: 30
Q2	On Target	Section 811 Training, Mortgage Ops conducted 19 trainings. Five training for CDD. Year to date: 55

Benchmark: 12

Implement MFA housing summit or networking event.

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

Benchmark: 13

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

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

Benchmark: 14

Maintain or improve credit rating.

Q1	On Target	There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating
Q2	On Target	There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating.

Benchmark: 15

Achieve operating performance and profitability equal to net revenues over total revenues of at least 9.5%,

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

Q2	On Target	Operating performance and profitability as of 3/31/23 is 10.4%

Benchmark: 16

Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least 25.4%, based on five-year average.

Q1	On Target	Balance sheet strength as of 12/31/22 is 25.3%.
Q2	On Target	Balance sheet strength as of 3/31/23 is 25.3%.

Benchmark: 17

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

Q1	On Target	2022 Series E was closed in Q1 with an 0.18% administrative fee.
Q2	On Target	2023 Series A was closed in Q2 with an 0.18% administrative fee.

Benchmark: 18

Realize profitability of .5% on TBA executions.

Q1	On Target	While we did not settle any loans via TBA in Q1; the next home program is expected to return to Q2 at a profit level in excess of 0.5%
Q2	On Target	We did not settle any loans via TBA in Q2; however, the HomeForward program was rolled out in the end of Q2. Loans settling in Q3 are expected at a profit level above 0.5%

Benchmark: 19

Maintain servicing fee yield at an average of .41% of the purchased servicing portfolio.

Q1	On Target	The servicing fee yield at 12/31/2023 is .42%
Q2	On Target	The servicing fee yield at 12/31/2023 is .41%

Benchmark: 20

Earn 100% base fees for PBCA contract.

Q1	On Target	All PBCA tasks were completed as required by the contract, and 100% of the base fees were earned for this quarter.
Q2	On Target	As of 3/31/2023, all PBCA tasks were completed as required by the contract, and 100% of the base fees were earned.

Benchmark: 21

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

Q1	On Target	Invoices for compliance fees were processed and sent out to owner/agents this quarter.
Q2	On Target	As of 3/31/2023, 97.7% of the fees have been collected.

◎ Benchmark: 22

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

Q1	New	Commitment and expenditure rate as of 12/31/22 is 100%.
Q2	On Target	Commitment and expenditure rate as of 3/31/23 is 100%.

⚠ Benchmark: 23

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

Q1	Caution	Total of resources provided in Q1 was $405,435.
Q2	Caution	Total resources provided in Q2 was $2,186,341 for a YTD total of $2,591,776.

✓ Benchmark: 24

Evaluate at least one new business model or financial tool.

Q2	Met	CDD - Direct Services Model was evaluated and approved at April Board Meeting

✓ Benchmark: 25

Increase funding by at least one new source.

Q1	New	MFA was allocated $3 million in federal congressionally directed spending in Q1, funding to be used for fire affected regions.
Q2	Met	MFA signed a Contract with El Paso Electric for use in the NM Energy$mart Program. YTD 2

◎ Benchmark: 26

Improve at least 15 MFA process or resource.

Q1	On Target	Servicing: Worked with Idaho Housing to recover and have IHFA remit going forward servicing fees for the whole loan portfolio (repurchased loans for modification that cannot be repooled). MFA recovered over $57k and will be receiving servicing fees each month on this group of loans; Acceleration process: new process using Export Text file and less data entry - this will save staff time to run acceleration letters; The Yearly production report has been automated to be provided through information gathered by Datawarehouse. Year to date: 3
Q2	On Target	Accounting: implement Teams in VirPack to expedite the processing of funds transfers. Secondary: moved the 275 Fannie Mae files from BNY Mellon to Deutsche Bank thus no longer having to pay BNY Mellon their flat fee of $1000 per month; automated and streamlined the settlement process Servicing has implemented 10 process improvement in Q2: • Moved the process to manage returned payment coupon books and 1098 statements to Customer Service from the Front desk in an attempt to reach borrowers and obtain contact with the borrowers; Automated the Wells Fargo Stop file, elimination the manual process. The automation will capture daily Changes to servicing condition codes and notify Wells

Fargo.;
- Tracking Accounting Draws, instead of manually tracking disbursements on a spreadsheet all disbursements will be tracked using the Home Data Base Report; Early payment default process change was approved by PC allowing MFA to follow GSE and FHA… guidelines to issue repurchase when a loan goes into default within the first 6 to 12 months of the first payment due date, this will provide consistency; New loan approval when a borrower has caused a loss to MFA previously, a process has been put in place to address these requests consistently avoiding the risk of subjective review.;
- Automated SF disbursement Escrow Refund letters, eliminating the manual process to issue . The update to the ML Export now generates these letters based on borrowers who have a refund due eliminating manual update to start and another manual update to complete the process.;
- Combine single Family and Multifamily Autodraft files and reconciliations, this will make reconciliation, the tracking and submission to Wells Fargo more efficient.;
- Automated the submission of the stop file to Wells Fargo CEO with IT’s assistance ensuring Wells Fargo lock box has the most recent loan information.;
- ACH One Time, Transaction Draft Date Change Before Report population. Provides a procedure how to fix and find transaction changed (draft date) before the report is pulled.;
- First Mortgage Accruals review and process to validate service fee of .315 is included in the settlement of new loans. When this service fee is missing it causes expenses to exceed revenue. This fix and improvement included Accounting, Servicing, Homeownership, and Mitas fixing loans back to April 2018 to March 2023.

CDD is now asking for Core Documents from each service provider agency only once per year rather than for every program they apply for. Year to date: 15

Goal 4 - Provide robust technology solutions

Benchmark: 27

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

Q1	On Target	MFA's internal and external penetration testing was completed on 11/30/2022. MFA received a RiskSense Security Score (RS3) of 817 (low risk). RS3 represents MFA’s cyber security posture, measuring risk posed by existing vulnerabilities and current potential threats. The rating range is from 300 (high risk) to 850 (very low risk).
Q2	On Target	MFA received a RiskSense Security Score (RS3) of 818 (very low risk). RS3 represents MFA’s cyber security posture, measuring risk posed by existing vulnerabilities and current potential threats. The rating range is from 300 (high risk) to 850 (very low risk).

Benchmark: 28

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

Q1	On Target	The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective was just over two hours, which is below the goal of six.
Q2	On Target	The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective remains at just over two hours, which is below the goal of six.

Benchmark: 29

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

Q1	On Target	Completed the implementation of five new programs to New Mexico Energy Smart (BIL, CSLFRF, NMHTF 22.G2445, Multifamily PNM projects, and Multifamily measures).
Q2	On Target	Email security from Mimecast implemented to DMARK authentication, this verifies who the senders are and stops phishing and spoofing attacks. Worked with MITAS to correct the missing MSR values in loans so they could be amortized correctly.

Goal 5 - Foster a dynamic work environment

Benchmark: 30

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

Q1	On Target	Survey will be conducted in the May timeframe
Q2	On Target	Survey will be conducted in the May timeframe.

Benchmark: 31

Conduct internal benefits survey and address opportunities for enhancements.

Q1	On Target	Will conduct survey in the second quarter
Q2	On Target	In Progress

Q2 2023 QUARTERLY MULTIFAMILY PIPELINE REPORT SUMMARY

Fifty-six (57) ACTIVE PROJECTS representing:

- ~$48.1 million in annual tax credits
- ~$198.3 million in MFA-issued bonds
- ~$58.9 million in MFA loans
- Totaling $305,307,382 in combined funding
- Consisting of 4,586 apartment units
- Located in 28 municipalities in 18 counties across the state

No project CLOSINGS in Q2 2023:

Thirty (35) projects are currently UNDER CONSTRUCTION:

- Three projects added, three removed, so, again there are 35 projects currently under construction
- Approximately 10 projects are expected to complete construction by end of the Q3

Construction COMPLETION:

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

Upcoming Ground Breakings/Ribbon-cuttings:

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

Estimated Economic Impact of the 35 projects (2,895 units) currently under construction:

- Approximately $339 million in local income
- Approximately 4,632 jobs

Eventual Economic Impact of all 57 projects (4,586 units) once under construction:

- Approximately $536 million in local income
- Approximately 7,338 jobs

Multifamily Project Completion Pipeline Report

Fiscal Year: 2023

Quarter: 2nd

Prepared: 4/6/2023

Total LIHTC Award:	$ 48,101,449	**Total Projects:**	57	
Total MFA-Issued Bond Amount:	$ 198,276,778	**Total # of Apts:**	4,586	Which will result in $536,240,980 in local income and 7,338 jobs from the direct and indirect impact of contruction activity, as well as the induced effect of spending income and tax revenue from the eventual construction activity.
Total MFA Loan and Grant Amount:	$ 58,929,155	**# of Projects Under Construction:**	35	
Overall Awards:	$ 305,307,382	**Total # of Apts Under Construction:**	2,895	Which will result in $338,512,350, in local income and 4,632 jobs from the direct and indirect impact of contruction activity, as well as the induced effect of spending income and tax revenue from the eventual construction activity.
		# of Municipalities Served:	28	Pueblo of Laguna, Albuquerque, Rio Rancho, Las Cruces, Socorro, Belen, Hobbs, Taos, Mescalero, Pubelo fo Acoma, Los Lunas, Sunland Park, Las Alamos, Santa Fe, Los Ranchos de Albuquerque, Grants, Artesia,
		# of Counties Served:	18	Cibola, Bernalillo, Sandoval, Dona Ana, Socorro, Valencia, Lea, Taos, Otero, Las Alamos, Santa Fe, Eddy, Lea, Luna, Lincoln, Roosevelt, San Miguel, Quay

Reported at February, May, August, and November Board Meetings for the prior quarter

Main Funding Source		Project Name	Project Location	Project County	Developer	Application or Allocation Year	Total Development Cost (TDC)	Board Approval Date	Loan Closing Date Actual (A) or Projected (P)	No of Apts	NC - New Construction or AR - Acquisition/Re	Housing Priority or N/A	Construction Start Approval Date Actual (A) or Projected (P)	Construction Completion Date Actual (A) or Projected (P)	Certificate of Occupancy/Placed in Service Date Actual (A) or Projected (P)	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan and Grant Amounts	MFA Loan or Grant Programs	Any Known Issues or Comments
9%	1	**Laguna #3**	Pueblo of Laguna	Cibola	Laguna Housing Development and Management Enterprise	2022	$ 8,515,420	5/18/2022	N/A No MFA loans	20	NC	Households with Children	(A) 1/9/2023	(P) 11/15/2024	(P) 11/15/2024	$ 928,988	N/A	N/A	N/A	Construction to begin by second week of february with a 12 month timeline.(2.1.23)
	2	**Calle Cuarta**	Albuquerque	Bernalillo	YES Housing	2022	$ 18,948,536	5/18/2022	(P) 9/30/2023	61	NC	Households with Children	(P) 11/15/2023	(P) 11/15/2024	(P) 11/15/2024	$ 1,078,540	N/A	$ 915,000 $ 400,000 $ 1,000,000	HOME-CHDO NHTF NMHTF	
	3	**120 La Plata**	Albuquerque	Bernalillo	Albuquerque Housing Authority	2022	$ 10,637,950	5/18/2022	(P) 9/30/2023	32	AR	Households with Children	(P) 11/15/2023	(P) 11/15/2024	(P) 11/15/2024	$ 749,825	N/A	$ 1,000,000	Ventana	
	4	**9000 Veranda**	Albuquerque	Bernalillo	Albuquerque Housing Authority	2022	$ 12,211,462	5/18/2022	(P) 9/30/2023	35	AR	Households with Children	(P) 11/15/2023	(P) 11/15/2024	(P) 11/15/2024	$ 765,840	N/A	$ 1,000,000	Ventana	
	5	**Felician Villa Apartments**	Rio Rancho	Sandoval	Chelsea Investment Corp. & Catholic Charities	2022	$ 16,322,792	5/18/2022	(P) 9/30/2023	65	NC	Seniors	(P) 11/15/2023	(P) 11/15/2024	(P) 11/15/2024	$ 1,228,760	N/A	$ 1,000,000 $ 400,000 $ 2,800,000	HOME-CHDO NHTF ARPA-FRF	awarded 3-16-2023
	6	**The Three Sisters Apartments**	Las Cruces	Dona Ana	Chelsea Investment Corp. & Catholic Charities	2022	$ 17,423,330	5/18/2022	(P) 9/30/2023	69	NC	Households with Children	(P) 11/15/2023	(P) 11/15/2024	(P) 11/15/2024	$ 1,341,912	N/A	$ 1,000,000 $ 400,000	HOME-CHDO NHTF	
	7	**Vista de Socorro**	Socorro	Socorro	JL Gray	2021	$ 8,734,011	05/19/21	(P) 4/30/2023	32	NC	Special Needs (PSH)	(P) 4/30/2023	(P) 11/15/2024	(P) 11/15/2024	$768,507	N/A	$400,000 $400,000 $2,000,000 $ 1,000,000	HOME NHTF NMHTF TCAP	10% Test Extension to 12/31/2022. IRS extension 12/31/2024 pending approval in April 2023 Boad meeting
	8	**Belen Vista**	Belen	Valencia	Chelsea Investment Corp.	2021	$ 12,026,396	05/19/21	(P) 4/30/2023	57	AR	Households with Children	(P) 7/15/2023	(P) 11/15/2024	(P) 11/15/2024	$787,639	N/A	$1,000,000 $400,000	HOME-CHDO NHTF	10% Test Extended to 12/31/2022. Full forward credits deadline for PIS 12/31/2024
	9	**West Berry**	Hobbs	Lea	YES Housing	2021	$ 17,245,527	05/19/21	(A) 8/25/2022	56	NC	Seniors	(P) 6/15/2023	(P) 11/15/2024	(P) 11/15/2024	$1,090,143	N/A	$840,000 $1,000,000 $2,000,000 $370,589	HOME-CHDO NMHTF ALTSD CDBG-CV	10% Test Extended to 12/31/2022 IRS Extension 12/31/2024 Per last report on 1/23/2023, the project is approx. 15% complete
	10	**Mariposa**	Taos	Taos	Chelsea Investment Corp.	2021	$ 14,308,030	05/19/21	(P) 4/30/2023	58	AR/NC	Households with Children	(P) 6/15/2023	(P) 11/15/2024	(P) 11/15/2024	$1,069,704	N/A	$1,000,000 $400,000	HOME-CHDO NHTF	3/31/22 - In pre development stage 10% Test Extended to 12/31/2023 IRS Extension 12/31/2024

Main Funding Source		Project Name	Project Location	Project County	Developer	Application or Allocation Year	Total Development Cost (TDC)	Board Approval Date	Loan Closing Date Actual (A) or Projected (P)	No of Apts	NC - New Construction or AR - Acquisition/Re	Housing Priority or N/A	Construction Start Approval Date Actual (A) or Projected (P)	Construction Completion Date Actual (A) or Projected (P)	Certificate of Occupancy/Placed in Service Date Actual (A) or Projected (P)	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan and Grant Amounts	MFA Loan or Grant Programs	Any Known Issues or Comments
	11	**Hiland Plaza**	Albuquerque	Bernalillo	Greater Albuquerque Housing Partnership	2021	$ 22,625,287	05/19/21	N/A No MFA loans	92	NC	Households with Children	(A) 1/22/2022	(P) 7/15/2023	(P) 11/15/2023	$1,652,725	N/A	N/A	N/A	3/31 - Projected to complety by mid july
	12	**A'diidi ni'kuwaa**	Mescalero	Otero	Mescalero Apache Housing Authority	**2021***	$ 12,453,378	06/17/20	(A) 9/21/2022	40	NC	Special Needs (PSH)	(A) 2/10/2023	(P) 11/15/2023	(P) 11/15/2023	$626,772	N/A	$292,500 $400,000	HOME NHTF	*Credit Swap - 2020 Credits Returned/Reissued as 2021 Credits Project is proposing change in project design due to cost 10% Test Extended to 12/31/2022 As of 3/30 the project is noting 15% progress
	14	**PAHA Homes #2**	Pueblo of Acoma	Cibola	Pueblo of Acoma Housing Authority	2020	$ 7,559,179	06/17/20	N/A No MFA loans	30	NC	Special Needs (PSH)	(A) 12/28/2020	(P) 8/15/2023	(P) 8/15/2023	$671,000	N/A	N/A	N/A	
	15	**Encantada Apartments**	Los Lunas	Valencia	Chelsea Investment Corp. & Catholic Charities	2020	$ 7,463,178	06/17/20	(A) 4/20/2021	48	AR	Households with Children	(A) 4/12/2021	(A) 4/25/2022	(P) 8/15/2023	$599,897	N/A	$400,000 $400,000	HOME NHTF	Final report received, minor items need to be addressed
	16	**6100 Harper**	Albuquerque	Bernalillo	Albuquerque Housing Authority	2020	$ 12,118,590	06/17/20	(A) 8/12/2021	59	AR	Households with Children	(A) 2/23/2021	(P) 11/15/2023	(P) 11/15/2023	$912,789	N/A	$400,000	NHTF	Extension to PIS to 12/31/2023 As of 1/26/23 the project is at 95% with 2 buildings remaining. Anticipating completion by March.
	17	**Copper Terrace**	Albuquerque	Bernalillo	YES Housing	2020	$ 17,864,244	06/17/20	(A) 11/17/2020*	96	AR	Households with Children	(A) 12/30/2020	(P) 11/15/2023	(P) 11/15/2023	$1,232,333	N/A	$1,000,000 $1,000,000 $1,800,000	HOME-CHDO NMHTF FRF	*Applying for additional funding-ARPA FRF PIS Extension to 12/31/2023 Building A scheduled to finish end of February 11/22/2022 awarded
	18	**Broadway/McKnight**	Albuquerque	Bernalillo	Albuquerque Housing Authority	2020	$ 14,073,432	06/17/20	(A) 7/26/2021*	54	NC	Households with Children	(A) 9/13/2021	(P) 11/15/2023	(P) 11/15/2023	$954,720	N/A	$400,000 $600,000	NHTF TCAP	Full Forward of 2021 Tax Credits - PIS date extended to 2023 *Applying for additional gap funding-TCAP - As of 1/26/23 project is at 90% completion. Phase 1 - 2/17, Phase 2 - 3/3, Phase 3 3/31.
	19	**The Bluffs**	Los Alamos	Los Alamos	Bethel Development & SW Regional	2019	$ 12,871,284	06/17/19	N/A No MFA loans	64	NC	Seniors	(A) 7/29/2021	(P) 9/30/2023	(P) 11/15/2023	$1,028,671	N/A	N/A	N/A	COVID-related PIS extension request granted through 12/31/2023. *As of 9/30/2022 project at 57%
	20	**Siler Yard: Arts + Creativity Center**	Santa Fe	Santa Fe	New Mexico Inter-Faith Commmunity Housing Development Corp.	2019	$ 17,412,768	06/17/19	N/A No MFA loans	65	NC	Households with Children	(A) 06/23/20	(P) 5/1/2023	(A) 10/12/2022	$1,040,000	N/A	N/A	N/A	Pending 8609 Request and final architect report
	21	**1115 Calle La**	Santa Fe	Santa Fe	Santa Fe Civic Housing Authority	2019	$ 10,906,333	06/17/19	(A) 10/15/2020	45	NC	Households with Children	(A) 02/03/21	(P) 5/1/2023	(A) 12/27/2022	$723,285	N/A	$400,000 $400,000	HOME NHTF	PIS sent to developer 12/27/2022Draft 8609s to Developer Pending final architect report for corrections
4%	1	**JLG NM ABQ 2023**	Las Cruces	Dona Ana	Thomas Devlopment Co and Northwest Integrity Housing Co	2023	$ 52,960,324	05/17/23	No MFA Loans	241	AR	Households with children	(P) 06/08/23	P 9/8/2024	P 9/8/2024	$2,458,653	$37,500,000	N/A	N/A	Mountain View II & III Apartments
	2	**JLG NM SAF 2023**	Las Cruces	Dona Ana	Thomas Devlopment Co and Northwest Integrity Housing Co	2023	$ 81,286,062	05/17/23	No MFA Loans	228	AR	Households with children	(P) 06/08/23	P 9/8/2024	P 9/8/2024	$3,361,695	$60,500,000	N/A	N/A	Santa Fe Apartments & Sangre De Cristo Apartments
	3	**Peachtree**	Las Cruces	Dona Ana	Thomas Devlopment Co and Northwest Integrity Housing Co	2022	$ 37,120,317	06/14/23	(P) 6/30/2023	144	NC	Households with Children	(P) 06/30/23	(P) 12/31/2024	(P) 12/31/2024	$1,809,597	$20,000,000	$800,000 $1,500,000 $1,000,000	HOME NHTF NMHTF	

Main Funding Source	Project Name	Project Location	Project County	Developer	Application or Allocation Year	Total Development Cost (TDC)	Board Approval Date	Loan Closing Date Actual (A) or Projected (P)	No of Apts	NC - New Construction or AR - Acquisition/Re	Housing Priority or N/A	Construction Start Approval Date Actual (A) or Projected (P)	Construction Completion Date Actual (A) or Projected (P)	Certificate of Occupancy/Placed in Service Date Actual (A) or Projected (P)	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan and Grant Amounts	MFA Loan or Grant Programs	Any Known Issues or Comments
	4 **Pedrena Senior**	Las Cruces	Dona Ana	Thomas Devlopment Co and Northwest Integrity Housing Co	2022	$ 24,545,023	06/14/23	(P) 6/30/2023	80	NC	Seniors	(P) 06/30/23	(P) 12/31/2024	(P) 12/31/2024	$1,181,842	$15,000,000	$800,000 $1,500,000 $1,000,000	HOME NHTF NMHTF	
	5 **San Roque**	Albuquerque	Bernalillo	Thomas Development	2022	$ 48,423,556	1/20/2021	(P) 6/30/2023	137	NC	Households with Children	(P) 06/30/23	(P) 11/15/2024	(P) 11/15/2024	$2,291,773	County-issued bonds	$800,000 $2,622,031 $1,325,000	HOME NMHTF NHTF	
	6 **Sandoval Flats**	Rio Rancho	Sandoval	Rio Rancho Leased Housing Development	2022	$ 74,302,735	N/A - no MFA loans or bonds	(A) No MFA loans	216	NC	Households with Children	(P) 05/15/23	(P) 11/15/24	(P) 11/15/24	$3,590,256	County-issued bonds	$2,000,000	NMHTF	Came in for NMHTF and addt'l tax credits 2023
	7 **Trailhead at Chamizal**	Los Ranchos de Albuquerque	Bernalillo	Palindrome Properties Group	2022	$ 54,948,042	N/A - no MFA loans or bonds	N/A No MFA loans	204	NC	Households with Children	(A) 02/15/23	(P) 11/15/24	(P) 11/15/24	$2,087,905	County-issued bonds	N/A	N/A	Bonds Closed August 2022 Sent preconstruction review to developer 6/2022
	8 **Vista Mesa Villa**	Grants	Cibola	Community Preservation Partners	2022	$ 17,959,252	N/A - no MFA loans or bonds	N/A No MFA loans	100	AR	Households with Children	(A) 11/30/22	(P) 11/15/24	(P) 11/15/24	$773,209	$12,276,778	N/A	N/A	Bonds Closed June 2022
	9 **EMLI at Wells of**	Artesia	Eddy	Liberty Multifamily	2021	$ 39,469,339	01/19/22	(A) 7/28/2022	192	NC	Households with Children	(A) 08/10/22	(P) 2/22/2024	(P) 04/01/24	$1,734,183	$33,000,000	$800,000 $500,000 $500,000	HOME NHTF NMHTF	Bonds Closed July 2022
	10 **Casa de Encantada**	Rio Rancho	Sandoval	DBG Properties LLC	2021	$ 33,439,628	07/21/21	(A) 10/21/2021	152	NC	Seniors	(A) 10/13/21	(P) 11/15/2023	(P) 11/15/2023	$1,508,725	County-issued bonds	$2,000,000	NMHTF	As of 9/30 project at 25%
	12 **The Commons at Martineztown**	Albuquerque	Bernalillo	Albuquerque Housing Authority	2020	$ 19,015,270	N/A - no MFA loans or bonds	N/A No MFA loans	96	AR	Special Needs (PSH)	(A) 02/02/21	(P) 4/15/2023	(P) 4/15/2023	$688,679	County-issued bonds	N/A	N/A	Third super - second site manager.
	13 **Casa de Sierra**	Albuquerque	Bernalillo	DBG Properties LLC	2020	$ 22,079,103	N/A - no MFA loans or bonds	N/A No MFA loans	188	AR	Seniors	(A) 3/4/2021	(A) 2/28/2023	(P) 5/1/2023	$625,423	County-issued bonds	N/A	N/A	
	14 **550 Paseo**	Rio Rancho	Sandoval	DBG Properties LLC	2020	$ 46,009,961	Loans-1/20/2021	(A) 3/23/2021	240	NC	Households with Children	(A) 3/9/2021	(P) 9/15/2023	(P) 9/15/2023	$1,719,114	County-issued bonds	$750,000 $2,000,000	HOME NMHTF	As of 3/2 Project is at 67%
	15 **Ceja Vista**	Albuquerque	Bernalillo	GSL Development	2019	$ 30,382,495	Loans - 9/18/2019	(A) 12/16/2020	154	NC	Seniors	(A) 10/06/20	(P) 5/1/2023	(P) 5/1/2023	$996,816	County-issued bonds	$1,500,000	NHTF	As of 9/30 project is at 75%
	16 **Sandia Vista and Plaza David Chavez**	Albuquerque	Bernalillo	Cesar Chavez Foundation	2019	$ 39,558,374	N/A - no MFA loans or bonds	N/A No MFA loans	213	AR	Households with Children	(A) 04/14/20	(A) 9/29/21 (SV) (A) 2/28/2023 (DC)	(A) 9/29/2021 (SV)* (P) 4/15/2023 (DC)	$1,340,250	County-issued bonds	N/A	N/A	*Sandia Vista Substantially Complete, Few ADA Parking and Landscape Items set to be complete soon Plaza David Chavez ongoing, some delays noted due to city code requirements
	17 **JLG South** **Number of Projects: 8**	Columbus Deming Anthony	Luna Luna Dona Ana	JL Gray	2019	$ 19,218,766	Bonds - 7/17/2019	(A) 8/2/2020	215	AR	Households with Children	(A) 08/01/20	(A) 9/14/2022	(A) 12/30/2021	$648,880	$9,000,000	N/A	N/A	9/19/2022 Final 8609s to owner- pending Completion of Part II. Resent due to error on TIN, pending to receive 4-5-2023
	18 **JLG Central** **Number of Projects: 6**	Ruidoso Downs Belen Portales Las Vegas Artesia	Lincoln Valencia Roosevelt San Miguel Eddy	JL Gray	2019	$ 19,218,451	Bonds - 7/17/2019	N/A No MFA loans	214	AR	Households with Children & Seniors	(A) 5/2/2022	(P) 2/1/2023	(P) 2/1/2023	$903,432	$11,000,000	N/A	N/A	
	19 **La Vida Nueva**	Albuquerque	Bernalillo	Cesar Chavez Foundation	2016	$ 35,423,513	N/A - no MFA loans or bonds	(A) 7/7/2017	314	AR	Households with Children	(A) 07/01/17	(A) 10/1/2020	(A) 9/29/2022	$1,128,967	County-issued bonds	$1,000,000	NHTF	2017/2018 8609s released month of September. Remaining 2019/2020 8609s on hold until items on Arch Agreement are

Main Funding Source	Project Name		Project Location	Project County	Developer	Application or Allocation Year	Total Development Cost (TDC)	Board Approval Date	Loan Closing Date Actual (A) or Projected (P)	No of Apts	NC - New Construction or AR - Acquisition/Re	Housing Priority or N/A	Construction Start Approval Date Actual (A) or Projected (P)	Construction Completion Date Actual (A) or Projected (P)	Certificate of Occupancy/Placed in Service Date Actual (A) or Projected (P)	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan and Grant Amounts	MFA Loan or Grant Programs	Any Known Issues or Comments
																		$1,000,000	Primero	completed.
LOANS ONLY	1	**Mountain View**	Tucumcari	Quay	JL Gray	2021	$ 995,044	4/21/2021	(P) TBD*	45	N/A	N/A	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	$995,044	PRLF	*USDA RD experiencing delays in processing
	2	**Las Rosas I**	Tularosa	Otero	JL Gray	2019	$ 682,555	7/15/2020	(P) TBD*	28	AR	N/A	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	$682,555	PRLF	*USDA RD experiencing delays in processing
	3	**Las Rosas II**	Tularosa	Otero	JL Gray	2019	$ 925,710	7/15/2020	(P) TBD*	29	AR	N/A	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	$925,710	PRLF	*USDA RD experiencing delays in processing
	4	**Sacramento Apts**	Cloudcroft	Otero	JL Gray	2019	$ 510,726	7/15/2020	(P) TBD*	20	AR	N/A	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	$510,726	PRLF	*USDA RD experiencing delays in processing
Grant Only	1	**Lamplighter Inn**	Santa Fe	Santa Fe	JL Gray	2021	$ 8,737,339		(P) 7/30/2023	58	AR	Special Needs (PSH)	(P) 07/30/23	(P) 3/30/2024	(P) 4/1/2024	N/A	N/A	$4,200,000	DFA CDBG-CV	

Q1: *Added- Pedrena & Peachtree 4%. Removed Skyview Terrace (A), Desert Hope (A), Ochenta (A) - properties completed. Removed Villa Mirasol (P)-credits taken back in Dec. Removed La Serena (P)-project placed on hold. Updated Vista Mesa Villa from (P) to (A)*

Q2: February - Added 4% applications - JLG Santa Fe and JLG ABQ , removed Luminaria-complete. Removed Canyon Walk-complete Removed Four Seasons-complete. Projects changed from P to A Laguna #3, Addidi nikuwaa & Trailhead at Chamizal

Quarterly Report to the MFA Board of Directors
Q2 FY2023

Production Statistics	Current Quarter	Same Quarter Last Year	Fiscal Year to Date
Homeownership			
Number of loans reserved	557	649	959
Amount of loans reserved	$103,551,551	$127,706,268	$183,814,705
Number of loans purchased	361	557	755
Amount of loans purchased	$69,371,239	$107,744,710	$147,631,738
Number of homebuyers counseled	294	403	616
Number of lenders/REALTORS contacted	1,948	1,478	3,371
Housing Development			
Amount of MF loans/grants/bonds	$1,800,000	$0	$1,800,000
Amount of SF loans/grants	$0	$0	$0
Amount of TC: LIHTC (MF) & State (MF & SF)	$791,776	$380,037	$5,966,002
Number of MF units	80	0	348
Number of SF units	0	0	0
Housing Rehab & Weatherization			
Amount of rehab expenditures	$857,235	$100,696	$1,073,407
Number of units rehabilitated	10	7	15
Amount of NM Energy$mart expenditures	$2,595,249	$1,763,517	$5,333,303
Number of units weatherized	190	153	348
Shelter & Supportive Housing Programs			
Amount of shelter supportive service	$810,890	$1,334,771	$1,727,449
Number of persons served [1]	1,114	1,362	2,238
Amount of rental assistance [2]	$1,442,101	$2,058,823	$2,950,977
Number of persons assisted	450	323	740

1 - Coc & EHAP
2 - HOPWA, Linkages, , RAP & YHDP

The need for MFA mortgage products:

MFA borrowers have an average annual income of $54,594 and purchase homes with an average price of $204,175. 35.18 percent are single-parent households; 63.43 percent are minorities.

MFA targets below market mortgage rates, and all first-time homebuyers receive pre-purchase counseling. MFA provides down payment assistance to 88 percent of its borrowers. Without these programs, many borrowers could not buy a home.

The need for housing development:

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

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

The need for housing rehabilitation and weatherization:

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

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

The Need for Assistance Programs:

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

The pandemic has increased the number of people experiencing homelessness.

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

Solutions:

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

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

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

Quarterly Report to the MFA Board of Directors
Q2 FY2023

Servicing	Current Quarter	Same Quarter Last Year	Target Rate
First Mortgage Direct Servicing Delinquency Rate	0.00	3.85	
Partners Program delinquency rate	12.96	11.57	
DPA loan delinquency rate	7.53	6.98	
Multifamily loan delinquency rate	1.19	2.44	
Combined delinquency rate - Current Month	7.51	7.01	
Combined average delinquency rate-FY	8.50	8.40	9.50
Default rate (writeoffs/foreclosure losses)	0.26	0.30	1.30
Master Servicing MBS delinquency rate	7.73	9.47	
REO Inventory - # of loans	0	1	
REO Inventory - Exposure	$0	$29,665	

MFA's Servicing Department:

Provides direct servicing for over 15,427 loans with a principal balance over $327 million. Direct Servicing first mortgage delinquency is 0.00 percent. Many of the loans MFA services are for internal programs that target higher risk borrowers.

MFA’s Mortgage-Backed Securities (MBS) portfolio is serviced by our sub-servicer with delinquency of 9.22 percent.

Delinquency rates in this portfolio can be benchmarked to Mortgage Banker Association averages 3.74 percent for all loans in New Mexico and 7.78 percent for FHA in New Mexico as of 12/31/2022.

As of 02/2023, the FHA Delinquency on new purchases was 13.50.

Monitoring	Current Quarter	Year to Date	Fiscal Year Monitoring Required
Asset Management			
Number of properties monitored	28	100	172
Number of units inspected	246	868	N/A
Number of files reviewed	223	951	N/A
Number of PBCA activities	300	616	N/A
Community Development			
Number of required monitorings[3]	19	42	53

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

MFA's Asset Management Department:

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

MFA's Community Development Department:

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