Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, March 16, 2022 at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 2/16/21 Board Meeting Minutes – Board Action
- Executive Director Updates

Board Action Items		Action Required?
1	To be Announce (TBA) Program Update (Mike Awadis managing director, Hilltop Securities)	NO
Consent Agenda		
2	Revised Internal Audit Plan for FY2022-2023 (Julie Halbig) – Finance Committee	YES
3	New Mexico Affordable Housing Charitable Trust – Reallocation of 2018 Veteran Housing Rehabilitation Modification Program (VHRMP) (Amy Gutierrez) – Contracted Services (February)	YES
Finance Committee		
4	9/30/21 Report of Independent Auditors, Financial Statements, Supplemental Schedules and Single Audit (Mandy Merchant, Principal, CLA)	YES
Contracted Services/Credit Committee- New Mexico Affordable Housing Charitable Trust		
5	Approval of Sustainable Energy Resources for Consumers (SERC) Grant (Troy Cucchiara and Dimitri Florez)	YES
6	Approval of NM Gas Company Grant (Troy Cucchiara and Dimitri Florez)	YES
7	HOME Investment Partnership-American Rescue Plan (HOME-ARP) Funding Acceptance and Plan Approval (Sonja Unrau and Sherry Stephens)	YES
8	Proposed Uses of $15 million in American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (FRF) (Rebecca Velarde)	YES
Other		
9	Document Custodian Emergency Procurement (Jeff Payne and Olivia Martinez)	YES
10	2022 Legislative Update (John Anderson and Rebecca Velarde)	NO

Other Board Items — **Information Only**

11 (Staff is available for questions)

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- 2022 Series A&B pricing Summary

Monthly Reports — **No Action Required**

12 (Staff is available for questions)

- 1/31/22 Financial Statements

Announcements and Adjournment — **Discussion Only**

Confirmation of Upcoming Board Meetings

- April 12, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- April 20, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- May 10, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- May 18, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- June 7, 2022 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- June 15, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting)

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Board Action Items **Action Required?**

1 **To be Announce (TBA) Program Update** (Mike Awadis managing director, Hilltop Securities)- Presentation regarding the TBA program. NO

Consent Agenda

2 **Revised Internal Audit Plan for FY2022-2023** (Julie Halbig) – Finance Committee -Staff recommends approval of the revised internal audit plan for FY2022 and FY2023 YES

3 **New Mexico Affordable Housing Charitable Trust – Reallocation of 2018 Veteran Housing Rehabilitation Modification Program (VHRMP)** (Amy Gutierrez) – Contracted Services (February) - Staff requests approval of the reallocation of funds between agencies as outlined in this memo from Tierra Del Sol Housing to Southwestern Regional Housing and Community Development Corporation. YES

Finance Committee

4 **9/30/21 Report of Independent Auditors, Financial Statements, Supplemental Schedules and Single Audit (Mandy Merchant, Principal, CLA) -** CliftonLarsonAllen, will present the 9/30/2021 external audit. Included are the Report of Independent Auditors and Financial Statements with Supplemental Schedules for the year ended 9/30/2021 and comparative information for 9/30/2020, along with Single Audit Information. YES

Contracted Services/Credit Committee- New Mexico Affordable Housing Charitable Trust

5 **Approval of Sustainable Energy Resources for Consumers (SERC) Grant** (Troy Cucchiara and Dimitri Florez) - MFA is requesting approval to apply for a $2,000,000 Sustainable Energy Resources for Consumers (SERC) Grant through a competitive process with DOE. If approved, funding from the grant would be used to utilized to install various distributed energy resource technologies at pilot multi-family projects to achieve energy efficiency, demand response capabilities, clean energy generation, and load flexibility YES

6 **Approval of NM Gas Company Grant** (Troy Cucchiara and Dimitri Florez) - NMGC is soliciting proposals from qualified entities for a three-year period from 2023 through 2026. MFA is seeking board approval to apply for funding in the amount of $4.5M to be utilized in the NM Energy$mart Program over the next three years ($1.5M per year beginning March 1, 2023, through February 28, 2026) YES

7 **HOME Investment Partnership-American Rescue Plan (HOME-ARP) Funding Acceptance and Plan Approval** (Sonja Unrau and Sherry Stephens) - MFA staff seek Board acceptance of HOME-ARP funding and approval of the HOME-ARP plan. YES

8 **Proposed Uses of $15 million in American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (FRF)** (Rebecca Velarde) - MFA staff recommend the MFA Board of Directors allocate $15 million awarded during the Special Legislative Session as follows: 1) $10.75 million for the development of energy efficient affordable rental housing; 2) $3.75 million for emergency assistance to make homes "weatherization ready" for participation in the New Mexico Energy$mart Program; and 3) $500,000 for housing programs based on emerging needs expressed by partners. MFA staff recommend the Board provide flexibility for MFA staff to move funding between these categories based on need and timing to ensure compliance with contractual deadlines. Additionally, MFA may take advantage of any additional or new flexibilities in the requirements provided by the State of New Mexico or the federal government, but MFA staff will always maintain the intent of the uses described above. If these

allocations are approved by the Board of Directors, MFA staff will come back separately for approval of specific contract amounts for these funds. YES

Other

9 **Document Custodian Emergency Procurement (Jeff Payne and Olivia Martinez) -** Staff requests approval for an emergency procurement to enter into a contract with Deutsche Bank to serve as MFA's document custodian. YES

10 **2022 Legislative Update** (John Anderson and Rebecca Velarde) - An update will be provided on the status of the New Mexico 2022 Legislative session to date. NO

Other Board Items **Information Only**

11 **(Staff is available for questions)**

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Monthly Reports **No Action Required**

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Minutes

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting Minutes

344 4th St. SW, Albuquerque, NM

Wednesday, February 16, 2022 at 9:30 a.m.

Chair Reyes convened the meeting on February 16, 2022 at 9:34 a.m. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Sally Malavé (designee for Attorney General Hector Balderas), Treasurer Tim Eichenberg, Martina C'de Baca, (designee for Lieutenant Governor Howie Morales), Rebecca Wurzburger and Patricia Sullivan. Absent: Derek Valdo. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

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

Approval of Agenda – Board Action. Motion to approve the February 16, 2022 board agenda as recommended: Wurzburger. Second: Sullivan. Roll call vote: Chair Reyes-yes, Eichenburg-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

Approval of January 19, 2022 Board Meeting Minutes – Board Action. Motion to approve the January 19, 2022 Board Meeting Minutes as presented: Wurzburger. Second: Malavé. Roll call vote: Chair Reyes-yes, Eichenburg-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

New Employee Introduction: Izzy Hernandez executive director/chief executive officer introduced Lizzy Ratnaraj chief finance officer. He informed the Board that Lizzy had joined MFA approximately two weeks ago and provided her qualifications. He also introduced and welcomed Claudia Gallegos who is training as Sandra Marez' backup.

Hernandez began by sharing the great news of the passage of Senate Bill 134, Sponsored by Senator Rodriguez and cosponsored by Representative Small. This bill would allocate 2.5% of the severance bond tax capacity to the MFA on a reoccurring basis. It is projected that when it begins it will provide $27mm in state FY 24 (July 1/2023). On 2/15/22 it passed the 2022 legislature in both chambers with a lot of bipartisan support. He further stated that projections are in large part based on oil and gas revenues. Next step is Governor approval/signature and there are indications that she is supportive and is expected to sign. This is transformational for MFA and affordable housing in New Mexico. These funds will be reoccurring funds which will allow us to assist many more New Mexican's obtain affordable housing. He further stated that this accomplishment equates to the executive order from Governor Johnson in 1997 that transferred all of the state housing programs to MFA, which really transformed us to what we are today. It will provide funding on a consistence basis and allow us to plan accordingly. He thanked Senator Rodriguez, Representative Small, Rebecca Velarde, Member Wurzburger who contacted many members as well as wrote letters on our behalf, our partners who were lined up to testify on our behalf, staff and of course John Anderson for their hard work and support. He apologized if he missed anyone and thanked everyone for their support.

He further informed the Board that he would not go through all of the updates emailed out but would just mention a few: **<u>Significant meetings/presentations</u>**: 2/16: State Board of Finance Committee approved a $33 mm multifamily bond issue, kudos to staff and thanked Treasurer Eichenburg for his support. **Mortgage Operations – Behind last year's production (Weekly Average)** '21 - $11.022m / '22 - $9.68m (as of 2/4/22). He referred to the interest rates and the impact of the fluctuations in the market, stating that staff are watching and adjusting as needed. **<u>Activities and Actions</u>**: Groundbreaking coming up on 3/3 with GAHP – Highland Plaza we can send the link to the Board to participate if interested in attending.

Board members were very complimentary of staff and Senator Rodriguez efforts, support and contributions for the passing of SB134.

Recognition of former MFA Board member Rosalyn Nguyen Chafey. Chair Reyes began by thanking member Nguyen Chafey for her service to the MFA Board of Directors and serving as the board representative on the Allocation Review Committee (ARC) during her time as a Board member. He presented her with a Nambé plaque which read; "With sincere appreciation for your dedication and significant contribution to the New Mexico Mortgage Finance Authority 2020-2021. MFA Board of Directors and Staff."

1 **ARC (Allocation Review committee) Committee Member Appointment (Kathryn Turner)**. Turner requested approval of staff's recommendation to appoint Rosalyn Nguyen Chafey to serve as a member of the Allocation Review Committee. She explained that Member Nguyen Chafey had served as MFA's Board Representative, her insight and attention to detail has been incredibly valuable. She has expressed interest and availability in serving as a member, and staff believes maintaining her presence on the Committee would provide valuable knowledge and continuity to the process. The Allocation Review Committee is currently comprised of six members. Motion to approve the Rosalyn Nguyen Chafey as a member of the ARC (Allocation Review committee) Committee as recommended: Wurzburger. Second: Sullivan. Roll call vote: Chair Reyes-yes, Eichenburg-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

2 **Election of Officers - Vacant positions: Vice Chair and Assistant Secretary (Chair, Angel Reyes).** Chair Reyes began his presentation by explaining that the purpose of this action is to replace the vacant positions that exist with the vice chair and assistant secretary. The recommendation is to fill the Vice Chair position with Lt. Governor Howie Morales and the Assistant Secretary with Lizzy Ratnaraj. Motion to approve the Election of Officers Vacant positions as recommended: Malavé. Second: Eichenburg. Roll call vote: Chair Reyes-yes, Eichenburg-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

Consent Agenda – Finance Committee

3 **Authorized Signature Resolution (Yvonne Segovia)** - The Authorized Signatures Resolution is updated periodically as needed. Staff recommends the update of the Authorized Signature Resolution to capture the signature of the newly appointed Vice-Chair of the Board and Chief Financial Officer.

4 **2022 Series C Single Family Bond Resolution (Cooper Hall)** - To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2022 Series C Single Family Bond Resolution in the aggregate amount of not to exceed $125 million. MFA anticipates providing funds for $125 million of new loans. The timing of issuance has not been determined and will depend on actual reservation activity and bond market conditions.

5 **Freddie Mac Certificate of Incumbency Approval (Olivia Martinez)** - Staff requests approval of the Freddie Mac, "Certificate of Incumbency for Housing Finance Authority," which certifies the validity of the Resolution of the MFA Board of Directors (the Resolution). This certification also specifies the members of MFA management that are authorized by the Resolution to sign for MFA and transact business on MFA's behalf.

6 **Inducement Resolution - Vista Mesa Villas Apartments (Jeanne Redondo and Kathryn Turner)** - Staff requests approval of the attached Inducement Resolution for Vista Mesa Villa Apartments to pursue issuance of up to $13 million in tax exempt bonds that are expected to close in April 2022. Bond proceeds will fund the completion of the acquisition and rehabilitation of 100 units, all of which are rent restricted units, located in the City of Grants. Approval of the Inducement Resolution will result in this property remaining affordable for the next 30 years.

Chair Reyes confirmed that all board members agree to approve the consent agenda items 3-6, seeing and hearing no objections he asked for a motion. Member Wurzburger made the motion to approve the consent agenda in its entirety: Second: Malavé. Roll call vote: Chair Reyes-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

Finance Committee

7 **EMLI at Wells of Artesia Bond Resolution (Jeanne Redondo and Kathryn Turner).** Redondo began her request for an approval of the Bond Resolution for EMLI at Wells of Artesia located behind tab seven, to issue up to $33 million in tax exempt bonds that are expected to close in March 2022 ($19,299,230 are expected to remain in the project as permanent financing). She further stated that the City of Artesia needs affordable housing, the bond proceeds will fund the construction of 198 new units, of which 191 will be rent restricted for 35 years. The developer is Liberty Multifamily, LLC, which is located in Dallas, TX. The owner of the project is EMLI Artesia TC I, LP, which consists of EMLI Artesia GP, LLC as the general partner and R4 EMLI Acquisition LLC, an R4 Capital LLC entity (fund to be determined) as the limited partner. The owner intends to engage Monarch Properties, Inc. to serve as property Manager. Redondo reminded the Board that the Inducement Resolution as well as the gap funding - HOME, New Mexico Housing Trust Fund (NMHTF), and National Housing Trust Fund (NHTF) Awards had been approved by the Board at last month's board meeting. It was also approved by State Board of Finance. Motion to approve the EMLI at Wells of Artesia Bond Resolution as presented: Wurzburger. Second: Sullivan. Roll call vote: Chair Reyes-yes, Eichenburg-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

8 **Employee Handbook (Dolores Wood).** Wood informed the Board that the MFA Employee Handbook is reviewed and updated annually. The Employee Handbook is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices. She further informed the Board that MFA's Attorney reviews the manual annually and last performed an evaluation of the manual, stating that those changes have also been incorporated. Wood further informed the Board that Quentin Smith is included on the call and available to answer any questions. She reviewed the summary of necessary changes incorporated for consideration, the memo includes the page number, policy and change, which are located behind tab eight and will be made a part of the official board packet. Discussion ensued regarding transfer of sick time with regards to catastrophic illness and limit on leave of absence as well as what will happen if the Election Act if passes. Hernandez explained that we would work with board counsel to make sure we are in compliance. Motion to approve the Employee Manual as presented: Malavé. Second: Sullivan. Roll call vote: Chair Reyes-yes, Eichenburg-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

9 **12/31/21 Quarterly Financial Statement Review (Yvonne Segovia).** Segovia informed the Board that this report will be for the 3 month period ending 12/31/21 for MFA's fiscal year. She began her review of FY end of the financial statements which are located behind tab nine and will be made a part of the official board packet. She reviewed the comparative year to date summary of highlights discussing the year-to-date metrics and variances which included the following: Production, Statement of Net Position, Statement of Revenues, Expenses and Net Position, Moody's Benchmarks and Servicing. Segovia then reviewed the monthly and quarterly graphs, and the Effect of GASB31on financial data. Segovia explained that the GASB 31 adjustment is not reflected on the management financials the Board sees on a monthly basis. We only record the adjustment to comply with GASB at year end and within the audit. It is brought to the Board's attention so that you are aware of the volatility, but you will not see it in the financial statements. Instead, it is included in the graph, "MFA Income with and Without GASB 31 Adjustment, 2017-2022," which is included in the quarterly financial review for this purpose. Motion to approve the 12/31/21 Quarterly Financial Statement Review as presented: Wurzburger. Second: Eichenburg. Roll call vote: Chair Reyes-yes, Eichenburg-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

10 **12/31/21 Quarterly Investment Review (Cooper Hall).** Hall presented the Quarterly Investment Review packet behind tab ten which will be included in the official board packet. He began by informing the Board that this report is as of 12/31/21, stating that all asset classes and asset class time horizons were compliant with policy. He reviewed the General Fund Investment Compliance Report, the Portfolio Summary-Short & Intermediate Term Investments, the Portfolio Summary-Long Term Investments including the State Investment Council Investments, the Portfolio Summary-Housing Trust Fund and the General Fund Investment Portfolio Metrics highlighting the asset class balances and yields/rates of returns. Motion to approve the 12/31/21 Quarterly Investment Review as presented: Wurzburger. Second: Eichenburg. Roll call vote: Chair Reyes-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

11 **HOME Reallocation of Funds (Donna Maestas-De Vries).** Maestas-De Vries began by informing the Board that MFA is the statewide Participating Jurisdiction for HUD HOME funds. She then made her request to reallocate $1,600,000 from the Homeowner Rehabilitation (Rehab) to Rental activity. MFA Delegations of Authority require Board approval for reallocations that exceed 25%. The reallocation of $1,600,000 is 57% of the Rehab activity and 57% of the Rental activity. She further explained on April 21, 2021 the Board allocated the 2021 HOME funds totaling $7,788,358, including $383,788 carried forward from 2020. Maestas-De Vries explained that Rehab projects in applicants' homes have slowed down due to COVID-19, and staff is currently working on closing out the existing projects. She then reviewed the breakdown in the various activities as shown in the matrix in memo located behind tab eleven which include; Homeowner Development $502,349, Rehabilitation $2,830,486, Rental $2,830,485, CHDO Set-aside $791,936, CHDO Operating $110,145, and Administration $722,957. Motion to approve the HOME Reallocation of Funds as presented: Eichenburg. Second: Wurzburger. Roll call vote: Chair Reyes-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

12 **Acceptance of Community Development Block Grant Coronavirus Response (CDBG-CV) funds for rental housing development projects (Sonja Unrau)**. Unrau began her presentation with a recommendation that the MFA Board of Directors accept $4,570,589 (plus any allocated administrative expenses) in Community Development Block Grant Coronavirus Response (CDBG-CV) funding for two multifamily rental housing development projects. She further explained that an allocation of $4.2 million will cover a portion of the acquisition and rehabilitation of the Lamplighter Hotel conversion to permanent housing in Santa Fe, and an allocation of $370,589 will go to land acquisition cost for the West Berry Senior affordable housing community in Hobbs, which also received an allocation of Low Income Housing Tax Credits ("LIHTC") from MFA. Contingent upon Board acceptance of these funds, MFA will function as the State's subrecipient to administer the grants for the projects. Motion to approve the Acceptance of Community Development Block Grant Coronavirus Response (CDBG-CV) funds for rental housing development projects; Lamplighter Hotel in Santa Fe, and West Berry Senior affordable Housing Community in Hobbs as presented: Wurzburger. Sullivan. Second: Roll call vote: Chair Reyes-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

<u>**Contracted Services/Credit Committee**</u>

13 **Approval of the Emergency Solutions Grant Rapid Re-Housing and Homeless Prevention Request for Proposal (RFP) (Lucas Wylie, Shannon Tilseth)**. Wylie began his presentation with a request for approval of the Emergency Solutions Grant Rapid Re-housing and Homeless Prevention Program Request for Proposal "RFP" for program year 2022/2023, with the option of renewal for four additional program years ending June 30, 2028, for sub-recipients that meet the renewal criteria set by MFA. Upon approval, the RFP will be released to the public, via the MFA website on February 24, 2022. MFA administers the Emergency Solutions Grant Rapid Re-housing and Homeless Prevention Program which is funded through the U.S. Department of Housing and Urban Development's "HUD." MFA also receives State Homeless funding for this program which is used to satisfy the ESG match requirement. Staff is also recommending that moving forward we refer to this program as the ESG Rapid Re-housing and Homeless Prevention Program instead of the Rental Assistance Program. Wylie reviewed the RFP changes listed in the memo located behind tab thirteen, which will become a part of the official board packet. Discussion ensued regarding extreme rent increases and people not able to afford to stay there. This program would not cover that however staff will see what is available through DFA, may have to be COVID-19 related. Motion to approve the Emergency Solutions Grant Rapid Re-Housing and Homeless Prevention Request for Proposal (RFP) as presented: Wurzburger. Second: Malavé. Roll call vote: Chair Reyes-yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-yes. Vote: 6-0.

14 **Recovery Housing Program (RHP) Award Recommendation (Theresa Laredo-Garcia).** Laredo-Garcia began her presentation with a request for approval to award Crossroads for Women, a nonprofit organization, Recovery Housing Program funds in the amount of $600,000 for the purchase of a 15-unit multifamily housing property in Albuquerque, NM. The property will operate as Level IV Recovery Housing to provide stable, temporary housing for to low- and moderate-income individuals in recovery from a substance use disorder. The RFP was approved by MFA's Board on November 17, 2021. MFA received 4 Letters of Intent from potential offerors, earmarking RHP funds for projected agency projects with award requests in excess of the available

RHP funding allocations. However, MFA only received one response to the RFP. Another procurement will be released in the near future with the remaining $1.1 mm funds. MFA received a single proposal that was reviewed independently by four MFA team members. The offeror's proposal met both the "Minimum Qualification and Requirements" and the minimum score requirement based on the scoring criteria. Crossroads for Women (CRFW), an Albuquerque-based nonprofit organization, received a total average score of 83.25 points. Upon Board approval, CRFW will enter into a performance agreement with MFA to ensure compliance with RHP. In addition, CRFW will comply with a 15-year period of affordability ensuring the project will provide long term recovery housing service. Discussion ensued regarding the affordability period and if there is a way to extend it to match some of MFA other programs. Motion to approve the Recovery Housing Program (RHP) Award Recommendation as presented: Eichenburg. Second: C'de Baca. Roll call vote: Chair Reyes-yes, Eichenberg–yes, C'de Baca–yes, Malavé-yes, Wurzburger–yes, Sullivan-ye s. Vote: 6-0.

Other

15 **Five-Year Strategic Marketing Plan (Paul Dahlgren).** Dahlgren introduced himself explaining that he is thrilled to work with such a talented team, wonderful leadership to advance such an important mission for our state. He recognized Maggie Cisco, Haven Collective for putting this together and Leann Kemp for all the hard work in making MFA's brand what it is today. He provided a presentation outlining the five-year strategies and goals for the marketing and communications department. Presentation included overall role of the department and key research findings and the overall five-year strategic marketing and communications plan for MFA.

16 **REO Annual Board Update (Teresa Lloyd).** Lloyd began her presentation by informing the Board that MFA staff provides this Real Estate Owned (REO) portfolio update on an annual basis. MFA's REO portfolio typically consists of single family and multi-family loans that MFA services and has foreclosed. Lloyd reviewed background information provided in the memo located behind tab sixteen which will become a part of the official board packet. She informed the Board that MFA anticipates two foreclosures in FY 2022 to result in a Real Estate Owned portfolio. MFA's exposure will be assessed at that time, but staff anticipates the financial impact to MFA will not be material. She further informed the Board that as foreclosure sales take place and properties are brought into the REO portfolio, MFA's exposure will be analyzed and approvals to move forward with disposition will be obtained according to policy. The MFA Board will receive updates from time to time via the staff action report. Non-Action Item

State Treasurer Eichenberg left the meeting 11:45 a.m.
Member Patricia Sullivan also left the meeting 11:45 a.m.

17 **Multifamily Project Completion Pipeline Report (George Maestas).** Maestas provided an overview of the multifamily project pipeline completion report which includes funding source and are listed by the project's loan application or tax credit allocation year. Overall, there are 61 active projects comprised of 4,390 units in 28 different municipalities across the state. They represent over $37.4mm in annual tax credits, $73.4mm in Private Activity Bonds and $42 mm in other MFA financing for a total of $152,995,926. Since the last report two projects have been given permission to start construction and forty two projects are currently under construction – approximately 15 projects are expected to be completed by end of calendar year. He also went over the COVID-19 delays – 12-month extensions, "tax credit swaps" to allow an additional year for two 2020 projects. Six projects complete, awaiting final inspections or formal notification. Hiland Plaza 3/3 groundbreaking, Luminaria Senior ribbon cutting 3/30 and Hope Village opening celebration late March or early April. Maestas reviewed the figures provided for economic impact as well as jobs. Members of the Board thanked Maestas for the summary provided before the tables. Non-Action Item.

Other Board Items - Information Only

18 **There were no questions asked of staff**

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- Strategic Plan Dashboard

<u>Quarterly Board Report - No Action Required</u>

19 There were no questions asked of staff

- Quarterly Board Report

<u>Announcements and Adjournment</u>. Hernandez further thanked Martina and Ana from the Lieutenant Governor's office for their hospitality and all the other staff that contributed to the passage of SB134. He indicated a celebration sometime in the near future

There being no further business the meeting was adjourned at 11:54 p.m.

Approved: March 16, 2022

Chair, Angel Reyes

Secretary, Isidoro Hernandez

Tab 1

TBA MARKET

NEW MEXICO MORTGAGE FINANCE AUTHORITY

BOARD MEETING 3/16/2021

Disclaimer

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- Created through the combination of Southwest Securities Inc. and FirstSouthwest Company

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- Sister companies: Prime Lending and Plains Capital Bank
- Hilltop Securities Inc. (HTS) is a wholly-owned subsidiary of Hilltop Holdings Inc. (NYSE: HTH); $17.7 billion in assets and Approx. 4,900 employees across the nation (as of March 31, 2021)
- HTS has approximately 740 employees
- One of the nation's largest clearing services firm by number of broker-dealer clients
- Working with HFAs for over 30 years

MAIN REVENUE GENERATING BUSINESS LINES

Capital Markets
Institutional sales and trading of munis and taxable fixed income; muni underwritings; portfolio trading

Public Finance
Generates financial advisory and underwriting fees for debt issuances of municipalities

Retail Brokerage
Employed financial advisors in Pacific and Gulf regions and independent advisors nationwide as part of HilltopSecurities Independent Network

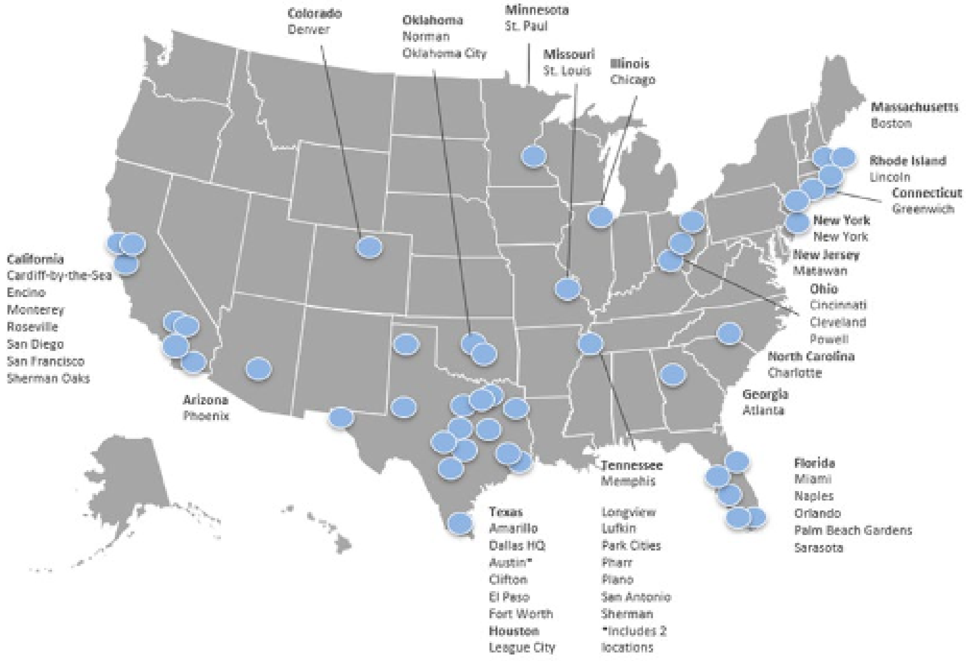
Structured Finance
Includes Mortgage Trading/Securitization, which provides interest rate protection for housing authorities

Clearing Services
Provides transaction clearing and ancillary services to correspondents

Securities Lending
Lends and borrows stock from third parties

HilltopSecurities National Platform
as of January 1, 2022

47 Office Locations in 18 States



TBA MARKET

Current Environment for HFA's

- Over 40 state HFAs have initiated non-bond MBS programs, fulfilling their mission by offering downpayment assistance and selling the companion MBS into the highly liquid TBA market, typically at a premium price
  - Other HFAs are maintaining flexibility to either sell into the TBA market or utilize as MRB collateral Without a pipeline hedge in place, an HFA faces market risk, and potential losses (or gains), should interest rates increase (decrease) pending loan delivery
- MFA maintains flexibility by offering both MRB programs and TBA by stratifying their product offerings to borrowers and lenders while doing best execution to optimize profitability to the Authority
- Since 2012, TBA has been the predominant single-family financing vehicle for HFA's – HTS estimates that the HFA TBA market is $20-30 billion annually
- HTS is currently providing TBA Administration to 18 state and local HFAs. To date we've accepted over $58 billion in locks and purchased over $45 billion in MBS. In CY 2021 HTS purchased about $8 billion in MBS from HFAs

TBA (Mortgage-Backed) Securities Market

- Mortgage-backed securities (MBS) -- debt obligations
- The most common form of MBS are pass-through certificates
- MBS are highly liquid -- particularly those backed by agency guarantees
- Most mortgages in the US are securitized through the agency MBS market
- This trading convention significantly improves agency MBS liquidity – leading to lower mortgage rates for households
- The key distinguishing feature of agency MBS is they carry a form of government guarantee – explicit (Ginnie Mae) or implied (Fannie and Freddie)
- Other distinguishing feature is the existence of liquid forward market for trading
- "TBAs" or "To Be Announced" are a form of future contracts

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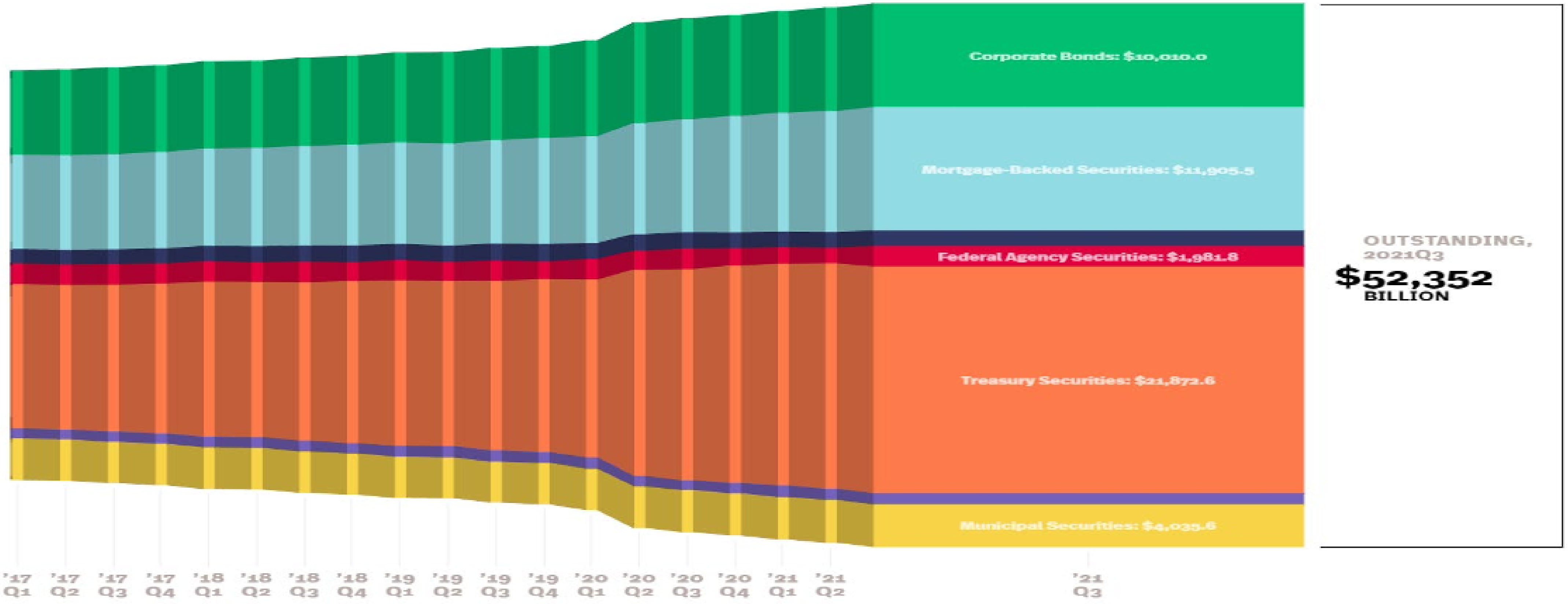
TBA (Mortgage-Backed) Securities Market – continued

- Vast majority of MBS trading (over 90%) occurs in the forward market – TBA Market
- Seller and buyer agree to a sale price without identifying the specific pool numbers
- Six basic characteristics -- issuer, maturity, coupon rate, price, par amount and settlement date are agreed upon
- On a forty-eight-hour day, the seller selects which MBS in its inventory will be delivered to the buyer at settlement
- Pools guaranteed by Ginnie Mae (a federal government agency), Fannie Mae or Freddie Mac (GSEs) can be allocated to TBA transactions
- The goal of the TBA market was to create liquidity
- A hedging tool – with settlement dates up to nine months out -- allows lenders to "lock in" sale prices for loans
  - The use of dollar rolls allows the seller to extend hedges
- Drivers of market activity are broker dealers. Virtually every primary broker/dealer on the street and in the world makes a market in TBA MBS

TBA (Mortgage-Backed) Securities Market – continued

- TBA trading occurs electronically on an over-the-counter basis
  - Two platforms, DealerWeb (interdealer trades) and TradeWeb (customer trades)
  - Trades can also take place via telephone, fax or e-mail – not common
- Securities Industry and Financial Markets Association (SIFMA) has specific rules regarding what constitutes TBA eligible deliveries also knows as "good delivery"
- Only mortgages meeting certain size and credit quality criteria "conforming mortgages" are eligible for inclusion
- Sheer aggregate size and the homogenous nature of agency MBS contribute significantly to liquidity – compared to corporate bonds or munis
- TBA Market is the largest debt market in the world outside of US Treasuries
- TBA Market is made possible largely because agency MBS are exempt from the registration requirement of the Securities Act of 1933

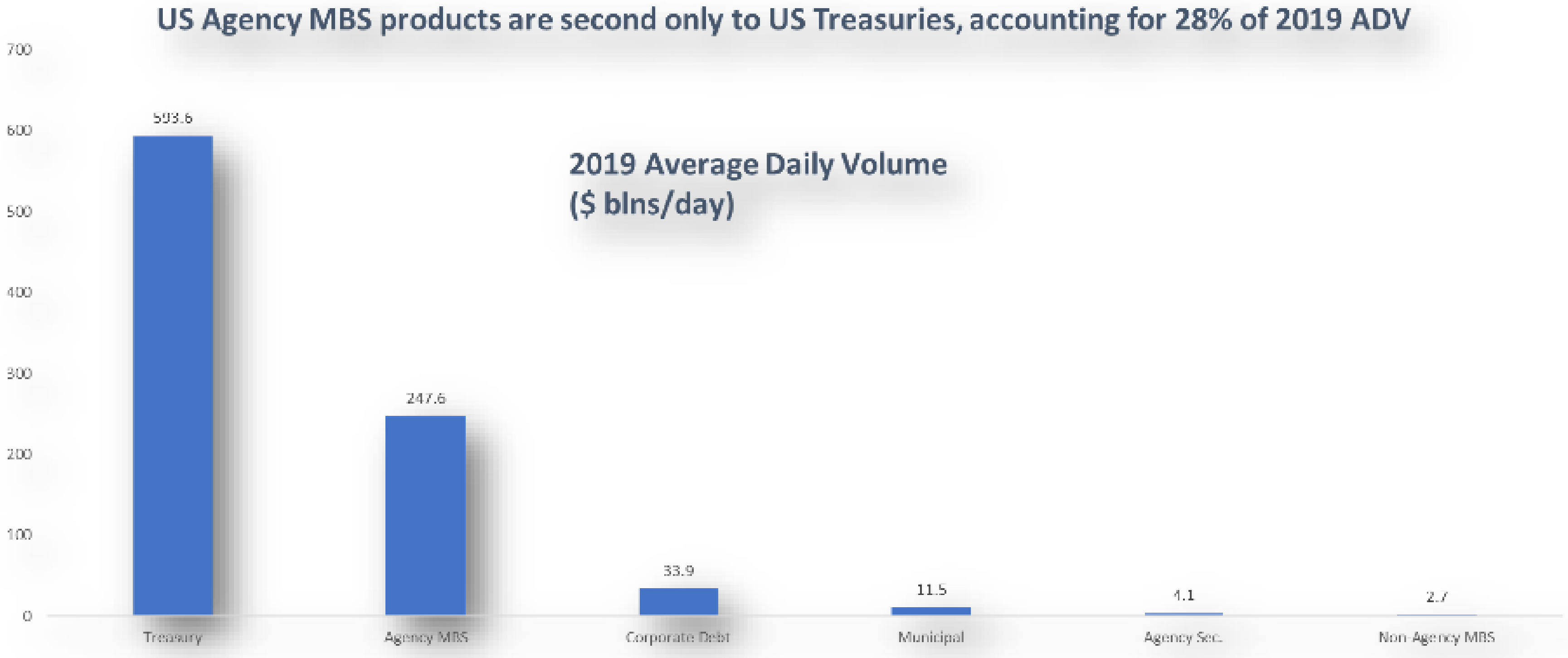
US Fixed Income Issuance Market (Outstanding)



Issuance is long-term instruments only.
ABS/MBS outstanding data lags by one quarter.

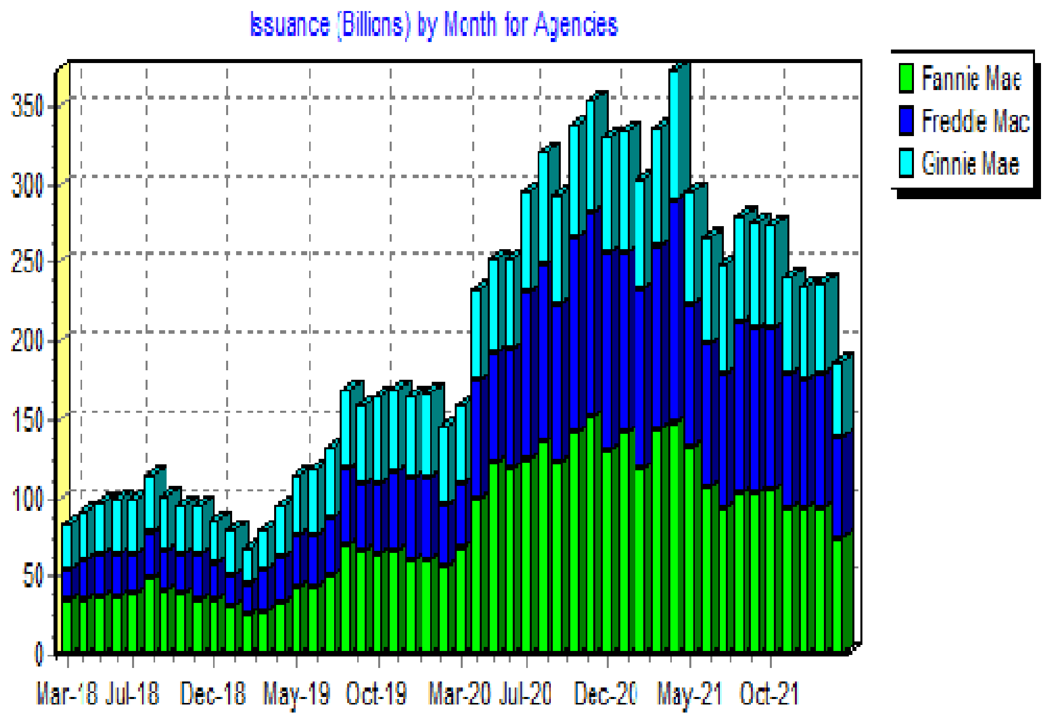
Source: SIFMA

US Fixed Income Daily Trading Volume

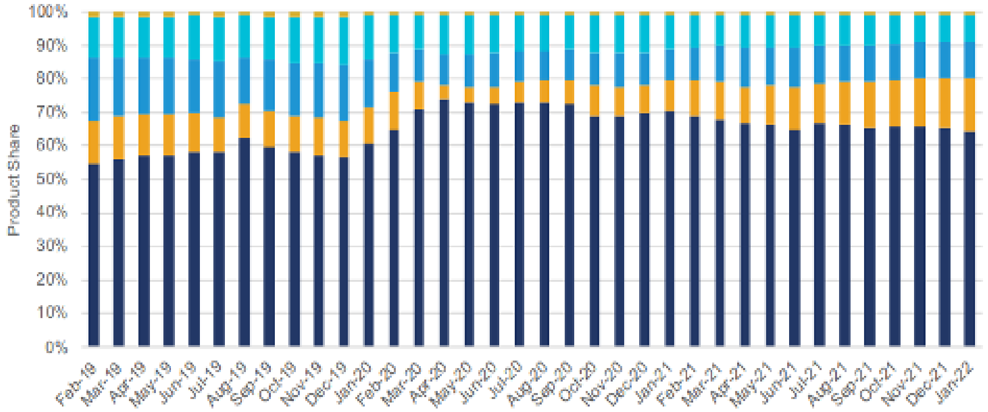


Source: FINRA

GSE Share of the Market



Source: eMBS



Loan Product Mix	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	64.1%	(125 BPS)	(185 BPS)	(644 BPS)
Nonconforming	16.2%	137 BPS	239 BPS	707 BPS
FHA	10.7%	19 BPS	0 BPS	174 BPS
VA	8.3%	(33 BPS)	(48 BPS)	(231 BPS)
USDA	0.7%	2 BPS	(7 BPS)	(7 BPS)

BLACK KNIGHT

TBA Program Benefits When Compared to MRB

- Provides a no risk forward commitment mortgage program with no costs of issuance, negative arbitrage and legal expenses (outsourced)
- Eliminates volume cap limitations
- Fund down payment and closing cost assistance without using HFA funds
- Flexibility to adjust rates as the market moves -- no yield implications
- Can be used to provide financing for non-first-time homebuyers, MFA Next Home
- Program is more lender friendly -- less paperwork for the lender
- Can be combined with MCCs thus creating a lower effective mortgage rate
- Gives HFAs the option of offering refinances
- It can be used as a hedging tool to accumulate MBS for future bond transactions

PRODUCTION TRENDS

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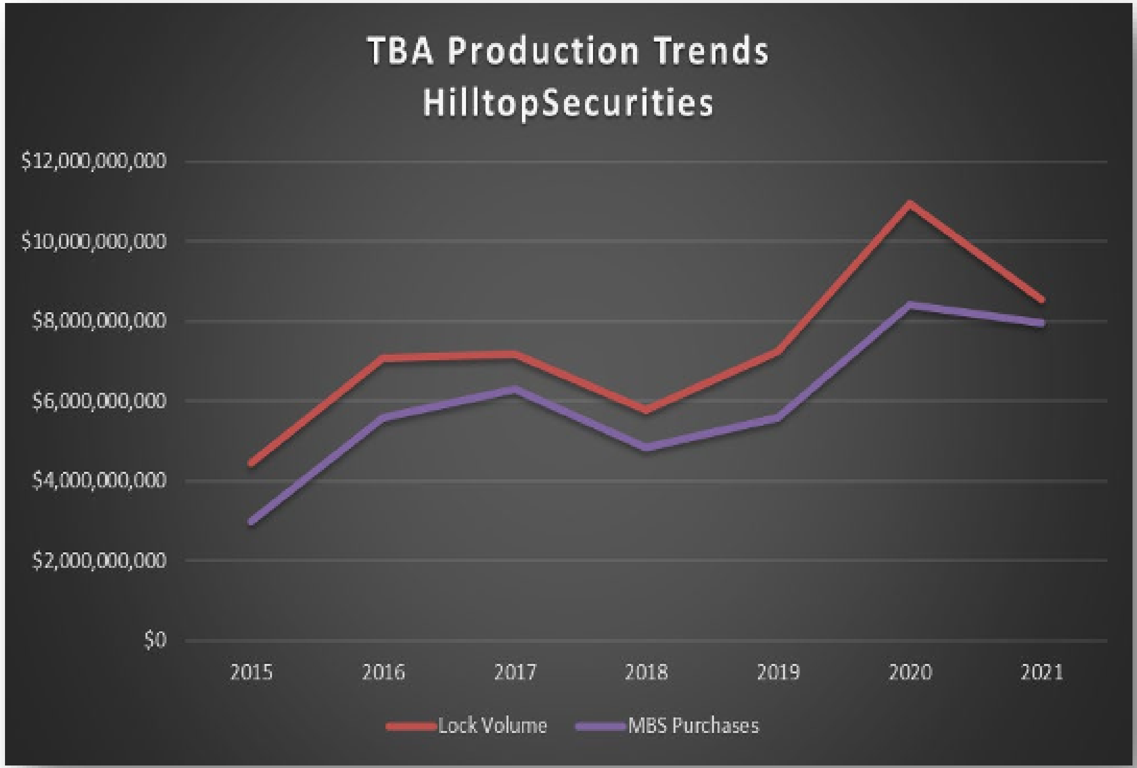
Production Trends

- HFAs continue to see robust TBA volume despite increase in MRB issuance
  - Record low mortgage rates
  - Strong home purchase activity
- 2021 was another strong year in lock volume for HTS clients
  - 2021 locks of $8.5 billion
- Since July 2012 represented 18 state programs and almost $58 billion in locks and over $45 billion in MBS purchases
- 11 out of 18 HTS HFA partners using both MRB and TBA to fund single family activity



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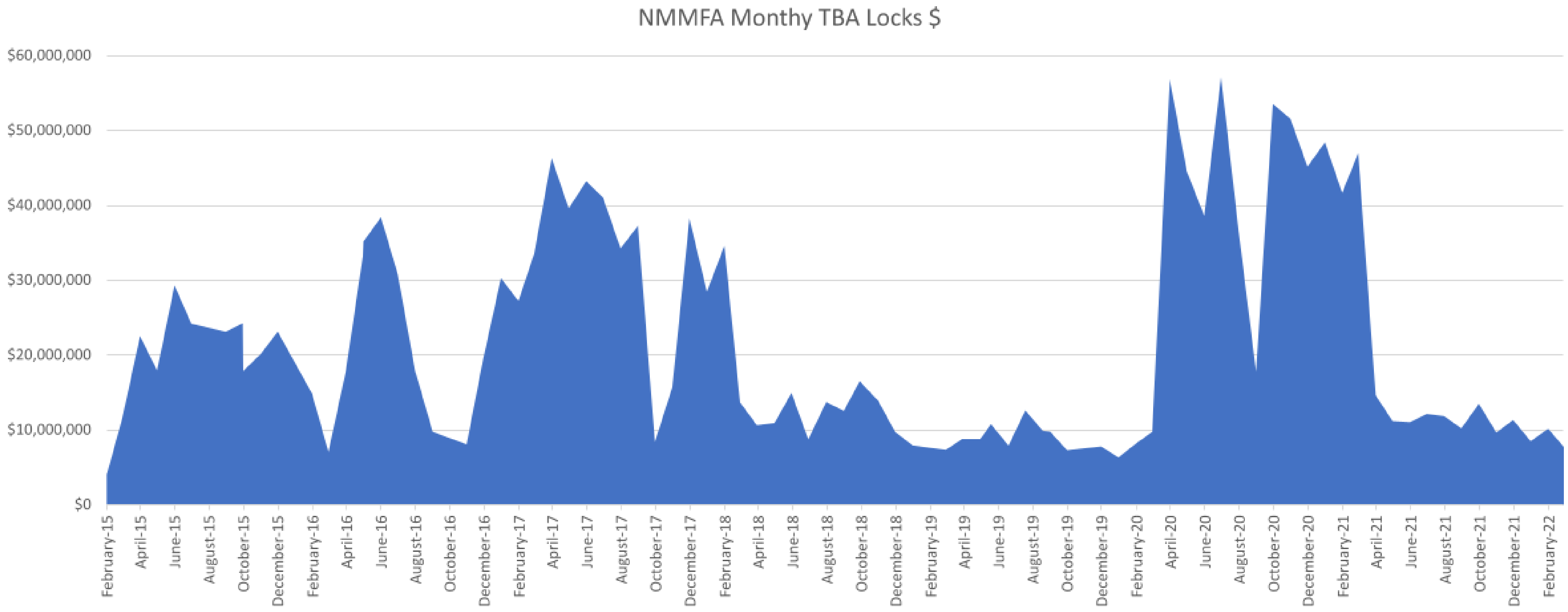
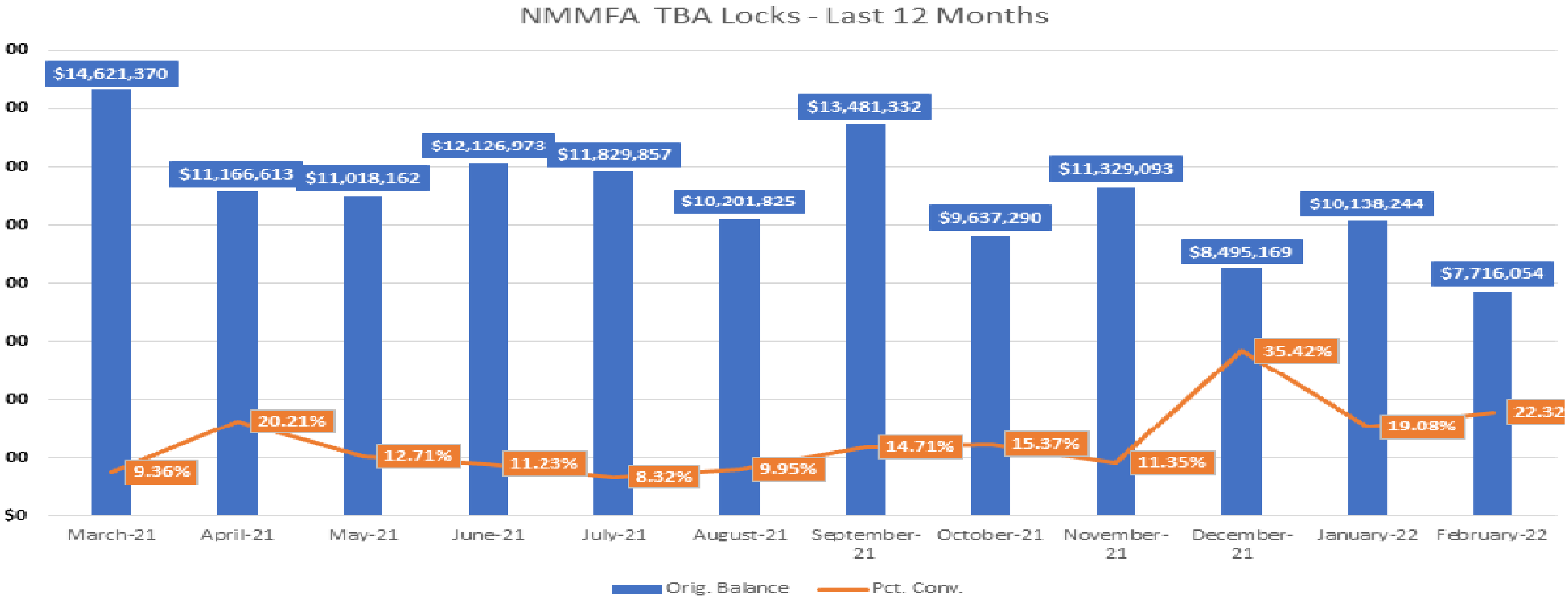
MFA Monthly TBA Lock Volume

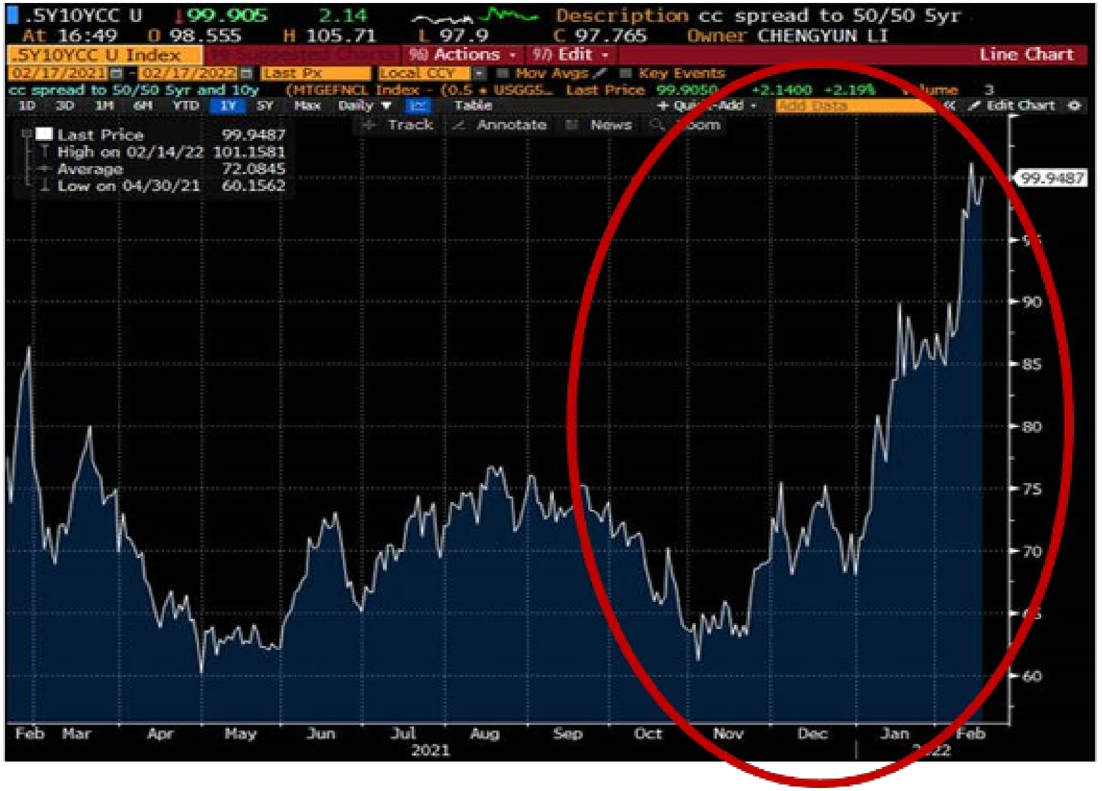


MFA TBA Locks – Last 12 Months



MARKET UPDATE

Market Update – TBAs

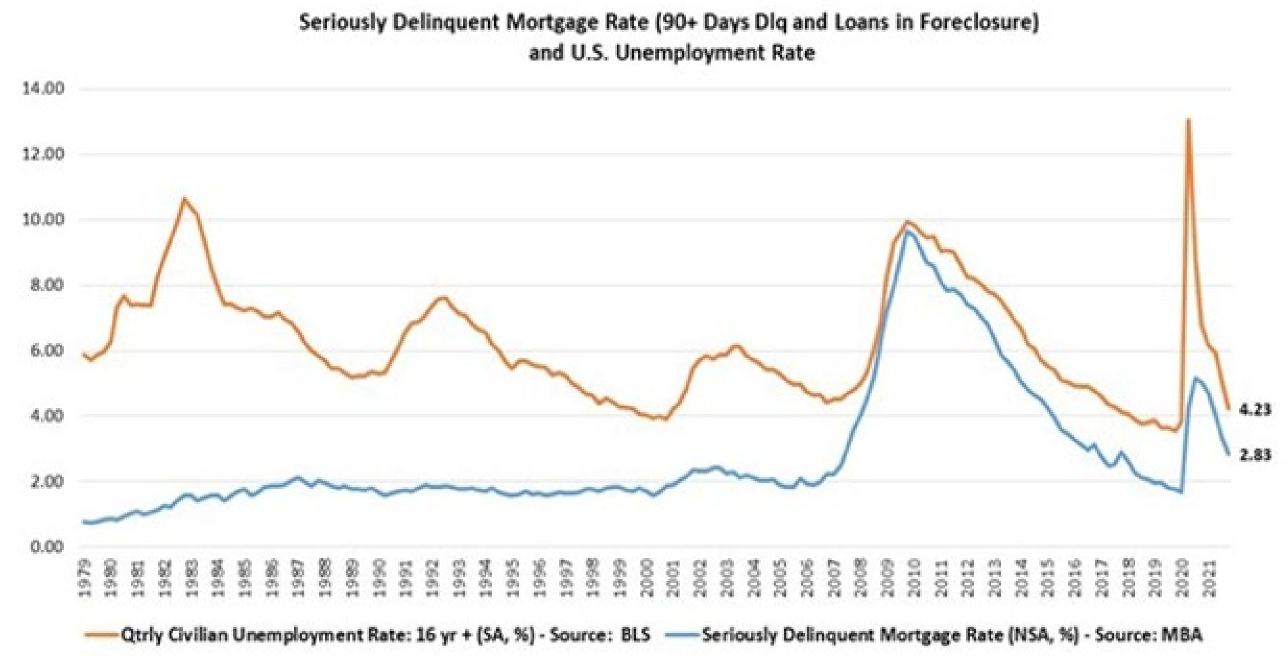


- Mortgage markets have been in steep decline this year

- Rate moves have sidelined the investor community

Source: Bloomberg

Market Update – HFA MBS



Courtesy MBA National Delinquency Survey.

- Delinquency rates continue to trend downward, nearing historic lows last seen before the pandemic
- MBA 4th Quarter National Delinquency Survey reported the overall delinquency rate fell to a seasonally adjusted rate of 4.65 percent of all loans outstanding, down 23 basis points from the third quarter of 2021 and down 208 basis points from one year ago.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Tab 2

Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Tuesday March 8, 2022 at 1:30 p.m.

Webex - call-in information is 1-844-992-4726 (access code): 146 652 1711
or you can join the call from the calendar item

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Presentation **1** Govenda Overview (Hether Guin,Govenda)	✓	NO
Recommended for Consent Agenda **2** Revised Internal Audit Plan for FY2022-2023 (Julie Halbig)	2-0	YES
Information items **3** January 2022 Wire Transfers	✓	NO
4 January 2022 Check Register	✓	NO
5 NCSHA Disclosure	✓	NO

Committee Members present:

Angel Reyes, Chair	☐ present	☐ absent	☑ conference call
State Treasurer Tim Eichenberg	☐ present	☑ absent	☐ conference call
Lt. Governor Howie Morales or Proxy Martina C'de Baca	☐ present	☐ absent	☑ conference call

MEMO

TO: MFA Board of Directors

Through: Finance Committee, March 8, 2022

Through: Policy Committee, February 22, 2022

FROM: Julie Halbig, Compliance Manager

DATE: March 16, 2022

SUBJECT: Revised Internal Audit Plan for FY2022 and FY2023

Recommendation

Staff recommends **a**pproval of the attached proposed changes to the FY2022 and FY2023 Internal Audit Plan.

Discussion

The Internal Audit Plan for FY2022 and FY2023 was approved by the Board of Directors on November 17, 2021. The plan was to audit the CDD Weatherization program (Utility) in FY2022 and CDD HOME Rehab in FY2023. Upon further examination, MFA management believes it would be more prudent to move the internal audit of HOME Rehab to FY2022 since the program has not been audited in some time. Portions of the Weatherization program have been audited by the Department of Energy (DOE) in recent years. The audit of the Weatherization program will take place in FY2023 with a focus on the funding by the utility industry and other aspects of the program as needed.

The expected hours for the internal audit budget remain at 380 hours in FY2022 and 440 hours in FY2023. Historically, these budgeted hours have come in under the projected amount.

Summary

Staff recommends approval of the revised internal audit plan for FY2022 and FY2023.

Revised Internal Audit Plan

FY2022

Program	Hours	Planning	Fieldwork	Wrap up (REDW Internal)	Reporting
Section 811 Program	80	2/7/2022	3/7/2022	3/21/22	Late March/April
Mortgage Ops Compliance & Subservicing Oversight	120	4/11/2022	5/2/2022	5/9/2022 & 5/16/2022	Late May/June
HOME Rehab	100	5/30/2022	6/20/2022	7/11/2022	Late July/August
Vendor Mgmt	80	7/18/2022	8/1/2022	8/15/2022	September
	380				

FY2023

Program	Hours	Planning	Fieldwork	Wrap up (REDW Internal)	Reporting
Employee Mgmt. and Retirement Plans	120				
AP/Cash Disbursements and ACH transactions (includes accounting and servicing)	120				
CDD – Weatherization Program (Utility)	100				
Housing Assistance Fund (HAF)	100				
	440				

Tab 3

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Contracted Services/Credit Committee Meeting

Tuesday, February 8, 2022 @ 10:00 am

MFA – Albuquerque

WebEx join the meeting from the calendar or call 1-844-992-4726 (access code): 146 715 1755.

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Recommended for Consent Agenda **1**		N/A	YES
Agenda **2** Approval of the Emergency Solutions Grant Rapid Re-Housing and Homeless Prevention Request for Proposal (Lucas Wylie, Shannon Tilseth)	10:00 – 10:15	3-Ø	YES
3 Recovery Housing Program Award Recommendation (Theresa Laredo-Garcia)	10:15 – 10:30	3-Ø	YES
4 Notification to reduce the 2018 Veterans Housing and Rehabilitation Modification Program (VHRMP) funding allocation for Tierra Del Sol Housing Corporation (TDS) and approval to reallocate these funds. (Amy Gutierrez)	10:30 – 10:45	3-Ø	YES
5 Questions/Comments from Committee	10:45 – 11:00	✓	NO

Committee Members present:

Rebecca Wurzburger, Chair	☐ present	☐ absent	☑ conference call
Attorney General Hector Balderas or Sally Malavé	☐ present	☐ absent	☑ conference call
Patricia Sullivan	☐ present	☐ absent	☑ conference call

JHernandez

New Mexico
AFFORDABLE HOUSING CHARITABLE TRUST

TO: MFA Board of Directors

Through: Policy Committee – January 25, 2022

Through: Contracted Services – February 8, 2022

FROM: Amy Gutierrez, Rehabilitation Program Manager

DATE: February 16, 2022

RE: Notification to reduce the 2018 Veterans Housing and Rehabilitation Modification Program (VHRMP) funding allocation for Tierra Del Sol Housing Corporation (TDS) and approval to reallocate these funds.

Recommendation:

Staff recommends approval to defund all remaining 2018 VHRMP projects originally allocated to TDS in the amount of $473,850, which includes leverage and match funding. $25,000 of the program funding will be used for lead-based paint remediation, and the remaining $447,865.33 will be reallocated to Southwestern Regional Housing and Community Development Corporation (SRHCDC).

Background:

In October 2018 the NM Affordable Housing Charitable Trust (NM AHCT) received a grant agreement from HUD for the VHRMP. The total grant amount is $1,000,000. MFA must provide a minimum of $500,000 match and $500,000 leverage funding to comply with the terms of the grant agreement for a total of $2,000,000. The NM AHCT designated a total of $473,850 to TDS to complete twelve (12) projects in the southwest counties of New Mexico.

In spring of 2021 , at the direction of MFA's Chief Housing officer, the Rehab Program Manager held weekly project status meetings with TDS to assist in the processing of their projects and to provide extensive guidance on processing inactive funding and projects within TDS. Initially, TDS expressed an interest in completing their current projects and becoming compliant with MFA policies and HUD regulations. After meeting with the agency for 7 weeks, minimal progress was made to complete project paperwork, submit revised set up and completion forms and to submit requests for reimbursements as requested by MFA. A deadline of August 16, 2021 was given to TDS to submit all required paperwork otherwise, MFA would have no choice but to remove funding from their agency. The 2018 VHRMP funding being evaluated, is approaching expenditure deadlines with HUD in November of 2023, therefore it is the responsibility of MFA as the stewards of this funding to re-allocate it so that it can be expended and avoid the risk of a reduction in any future HUD funding for MFA's Rehab programs.

TDS was not able to meet the deadline of August 16, 2021. As of that date, only one HOME/VET Rehab project was submitted out of eight that needed to be processed, one partial VETERAN project was submitted out of twelve projects required under the VHRMP contract, and only two Requests for Reimbursements were submitted. In addition to not meeting the expenditure deadlines above, TDS also continues to experience non-compliance issues discovered in a recent monitoring. There is a 2018 audit finding that has not been cleared by the auditor and a failure to provide a current 2019/2020 audit to MFA. MFA has also issued a finding for non-expenditure of funds under the 2018 HOME contract with TDS.

Discussion:

MFA has determined that TDS is not able to expend 2018 VHRMP funds timely and is in non-compliance with MFA and HUD policies, therefore, **$433,235.33** ($263,340 in program funds, $14,630 in agency administrative funds, $65,682.33 in HOME/VET Leverage funds and $89,583.00 in Match funds. MFA Admin in the amount of $14,630 will remain with MFA as part of this transfer) will be reallocated to SRHCDC. This transfer will ensure full expenditure of the 2018 VHRMP funding allocations issued by HUD.

Funding for lead-based paint testing and remediation for projects built prior to 1978 was not set aside in the original 2018 VHRMP allocations, therefore, staff is requesting that $25,000 of the original VHRMP program funding allocated to TDS be used for lead-based paint mitigation for the remaining four agencies working on projects with the 2018 VHRMP funding.

2018 Veterans Rehabilitation Program (VHRMP) Original Allocations

Agency	*Veteran's Rehab Units*	*TOTAL Veteran's Award*	*Veteran's Program Funding*	*Agency Admin 5%*	*MFA Admin 5%*	*HOME Leverage*	*MFA Match*	*Total*
Southwestern Regional Housing & CDC- SRHCDC	***20***	*$159,605*	*$143,645*	*$7,980*	*$7,980*	*$111,111*	*$57,333*	*$328,050*
Tierra del Sol Housing Corporation- TDS	***12***	*$317,600*	*$285,840*	*$15,880*	*$15,880*	**$66,667*	*$89,583*	*$473,850*
TOTAL Original 2018 VHRMP allocations for SRHCDC and TDS	***32***	***$477,205***	***$429,485***	***$23,860***	***$23,860***	***$177,778***	***$146,916***	***$801,899***

2018 Veterans Rehabilitation Program (VHRMP) Re-allocations

Agency	*VHRMP Rehab Units*	*2018 VHRMP TOTAL Award*	*VHRMP Program Funding Only*	*Agency Admin 5%*	*MFA Admin 5%*	*HOME Leverage*	*MFA Match*	*Total*
Tierra del Sol Housing Corporation-TDS (original above)	*12*	*$317,600*	*$285,840*	*$15,880*	*$15,880*	*$66,667 -*$984.67*	*$89,583*	*$473,850*
2018 VHRMP LEAD Set Aside		***($25,000)***						
TOTAL Amount transferred to SRHCDC	***12***	***$292,340***	***$263,340***	***$14,630***	***$14,630***	***$65,682.33***	***$89,583***	***$447,865.33***
TOTAL REVISED award to SRHCDC	***32***	***$452,205***	***$406,984.50***	***$22,610.25***	***$22,610.25***	***$176,793.33***	***$146,916***	***$775,914.33***
TOTAL Revised Award to TDS	*0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*

*Agency Admin removed at 3% rate for HOME Leverage requirement in the totals above. The remaining balance of the 2018 VHRMP Rehabilitation leverage funding was determined based on the funds already expended by TDS and funds committed but not yet expended. The VHRMP leverage amount listed is HOME funding utilized for the leverage requirement by HUD for the VHRMP program.

SRHCDC's ability to absorb this additional funding:

- SRHCDC currently has a total of 100+ qualified applicants across 10 counties in the south on their waiting list. These applicants cover the HOME Rehab, VET Rehab and Emergency Roof Repair Programs.
- SRHCDC currently has 2 HOME/VET projects in progress and qualified applications ready to submit for their original 18 project requirement and 2018 VHRMP allocation of $328,050.00
- TDS transferred 6 additional disabled veteran projects to MFA from their outside HAC funding. TDS informed MFA that they are losing their HAC funding and that they would still like to see if we can help these customers. MFA assigned these projects to SRHCDC to process and therefore, they need this additional funding for these projects.

- There are approximately 25 qualified applicants that applied for the Weatherization Program that will need full Rehab on their homes instead of Weatherization.
- The Executive Director has been networking in the area and has made contact with the President of the American Legion for the Southern counties.
  - The American Legion has an extensive list of disabled veterans that need Rehab assistance
  - SRHCDC is working closely with this agency to obtain qualified applications and fulfill their obligations to their 2018 VET contract.
- SRHCDC will need to commit all of these additional projects by July 31, 2022 and have them completed no later than January 30, 2023 (with the exception of supply chain issues, vendor delays or closures due to Covid and delays in permitting).
- During 2020/2021 SRHCDC closed their agency for 5 months due to Covid. Contractors were also delayed and closed and the production at SRHCDC in their Rehab program halted causing a delay in expenditures to their funding.
- Since this time, SRHCDC has increased their staffing capacity within their Rehab program to complete their original Rehab obligations/projects in both 2018 HOME and 2018 VET.
  - A construction manager was hired to manage contractors and the actual Rehab work
  - A Rehab Program Manager was hired to manage the paperwork for the program. This person was previously employed by SRHCDC for several years running the Rehab program and brings vast experience to the program.
  - An Administrative Assistant was also hired to help manage the overall operations of the Rehab program.

Staff is committed to working closely with TDS in the future to ensure their success in the Rehab program. It is the mission of MFA to provide funding and services to the households within the TDS community.

Summary:

Staff requests approval of the reallocation of funds as outlined in this memo. Upon your approval, fully executed contract amendments and all HOME Maintenance forms for the MFA Accounting Dept. will be processed for both of the agencies listed. Budgets will be adjusted in order to ensure full expenditure and commitment of the 2018 HOME funding by all HUD deadlines.

Thank you for your consideration and approval of this proposal.

Tab 4

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Tuesday, February 8, 2022 at 1:30 p.m.

Webex - call-in information is 1-844-992-4726 (access code): 146 652 1711
or you can join the call from the calendar item

	Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
1	Audit Exit Conference: 9/30/21 Report of Independent Auditors, Financial Statements, Supplemental Schedules and Single Audit– (Mandy Merchant and Gaby Miller, CLA)	3-Ø	YES
	Recommended for Consent Agenda		
2	Authorized Signature Resolution (Yvonne Segovia)	3-Ø	YES
3	2022 Series C Single Family Bond Resolution (Cooper Hall)	3-Ø	YES
4	EMLI at Wells of Artesia Bond Resolution (Jeanne Redondo and Christi Wheelock)	2-1	YES
5	Inducement Resolution - Vista Mesa Villas Apartments (Jeanne Redondo and Christi Wheelock)	3-Ø	YES
6	Freddie Mac Certificate of Incumbency Approval (Olivia Martinez)	3-Ø	YES
	Agenda		
7	12/31/21 Quarterly Financial Statement Review (Yvonne Segovia)	3-Ø	YES
8	12/31/21 Quarterly Investment Review (Cooper Hall)	3-Ø	YES
9	HOME Reallocation of Funds (Donna Maestas-De Vries)	3-Ø	YES
10	Acceptance of Community Development Block Grant Coronavirus Response (CDBG-CV) funds for rental housing development projects (Sonja Unrau)	3-Ø	YES
	Information items		
11	December 2021 Wire Transfers	✓	NO
12	December 2021 Check Register	✓	NO

Committee Members present:

Angel Reyes, Chair	☐ present	☐ absent	☑ conference call
State Treasurer Tim Eichenberg	☐ present	☐ absent	☑ conference call
Lt. Governor Howie Morales or Proxy Martina C'de Baca	☐ present	☐ absent	☑ conference call

2021 AUDIT RESULTS

Presented to the Board of Directors

March 16, 2022

MFA

Housing New Mexico

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Presentation Agenda

- Engagement Team
- Scope
- Responsibilities of Parties Involved
- Audit Timeline
- Financial Statements and Single Audit Summary
- Required Governance Communications
- Questions

CLA Engagement Team

Mandy Merchant,
Principal

Gaby Miller,
Director

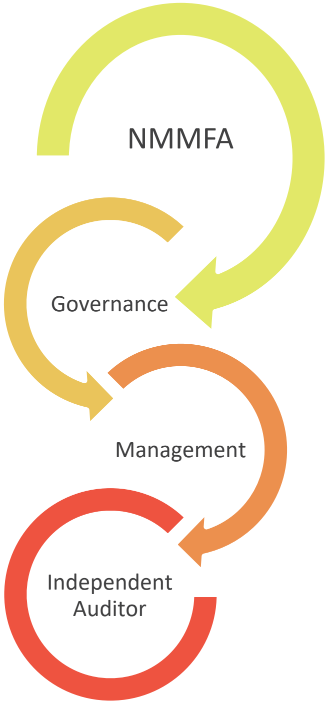
Brenna Reibold,
Senior Associate

Maegan Morris,
Senior Associate

ENGAGEMENT SCOPE

- Independent Auditors' Report – Auditors' Opinion on Financial Statements
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
- Additional information not included in this presentation:
    - Ginnie Mae Reports

Responsibilities of Parties Involved



Governance	Organizational Oversight
	Strategic Direction
	Transparent Decision Making
	Accountability, including financial reporting
	Ensure the future and mission of the organization
Management	Day to Day Decisions
	Internal Controls and Accounting Policies
	Management Decisions
	Fair Presentation of Financial Statements
	Programs to Prevent and Detect Fraud
Independent Auditor	Opinion on Fair Presentation of Financial Statements
	Audit in Accordance with GAAS and *Government Auditing Standards*
	Reasonable, not Absolute Assurance
	Understanding of Internal Controls
	Risk Based Audit Approach

Audit Timeline

Below is an overview of the audit timeline for the fiscal year 2021 audit.

Audit Planning / Interim
Continuous, beginning in July 2021

Remote Audit Procedures (Financial and Single Audit)
October - November 2021

Remote Wrap and CLA Review Process
December 2021 – January 2022
Follow up on open items, CLA review process

Final Reporting
February 2022

FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION

	2021	2020, As Restated	$ Change	% Change
Assets				
Cash and Investments	$ 226,121	$ 157,188	$ 68,933	44%
Restricted Securitzed Mortgage Loans, Net	1,106,311	1,098,368	7,943	1%
Mortgage Loans, Net	188,022	219,932	(31,910)	-15%
Other Assets	32,305	25,001	7,304	29%
Total Assets	1,552,759	1,500,489	52,270	3%
Deferred Outflows of Resources				
Unamortized Loss on Refunding	202	284	(82)	-29%
Liabilities				
Current Liabilities	31,005	26,920	4,085	15%
Notes Payable	26,941	32,509	(5,568)	-17%
Bonds Payable	1,161,309	1,121,174	40,135	4%
Noncurrent Liabilities	133	158	(25)	-16%
Total Liabilities	1,219,388	1,180,761	38,627	3%
Net Position				
Investment in Capital Assets	1,912	1,295	617	48%
Restricted for Debt Service	81,247	90,778	(9,531)	-10%
Restricted for Land Title Trust and Housing Trust	35,218	32,779	2,439	7%
Unrestricted	215,196	195,160	20,036	10%
Total Net Position	$ 333,573	$ 320,012	$ 13,561	4%

- Increase in cash and cash equivalents:
  - Increase primarily reflects larger balances in the bond acquisition fund due to timing of SF bond transactions
- Change in MBS and Whole Mortgage Loans:
  - The Authority purchased $207.5M of MBS, offset with repayments of securitized mortgage loans of $184.4M
  - The Authority disbursed $564.5M in whole loans, offset with repayments of $596.4M of whole and down payment assistance loans during the year.
- The purchased mortgage servicing rights portfolio associated with the loan originations increased $3M for a total portfolio of $17.5 million at year-end.
- Proceeds from the sale of bonds and notes payable were $432.2 million.
- Bond and note repayments and refundings totaled $397.7 million.

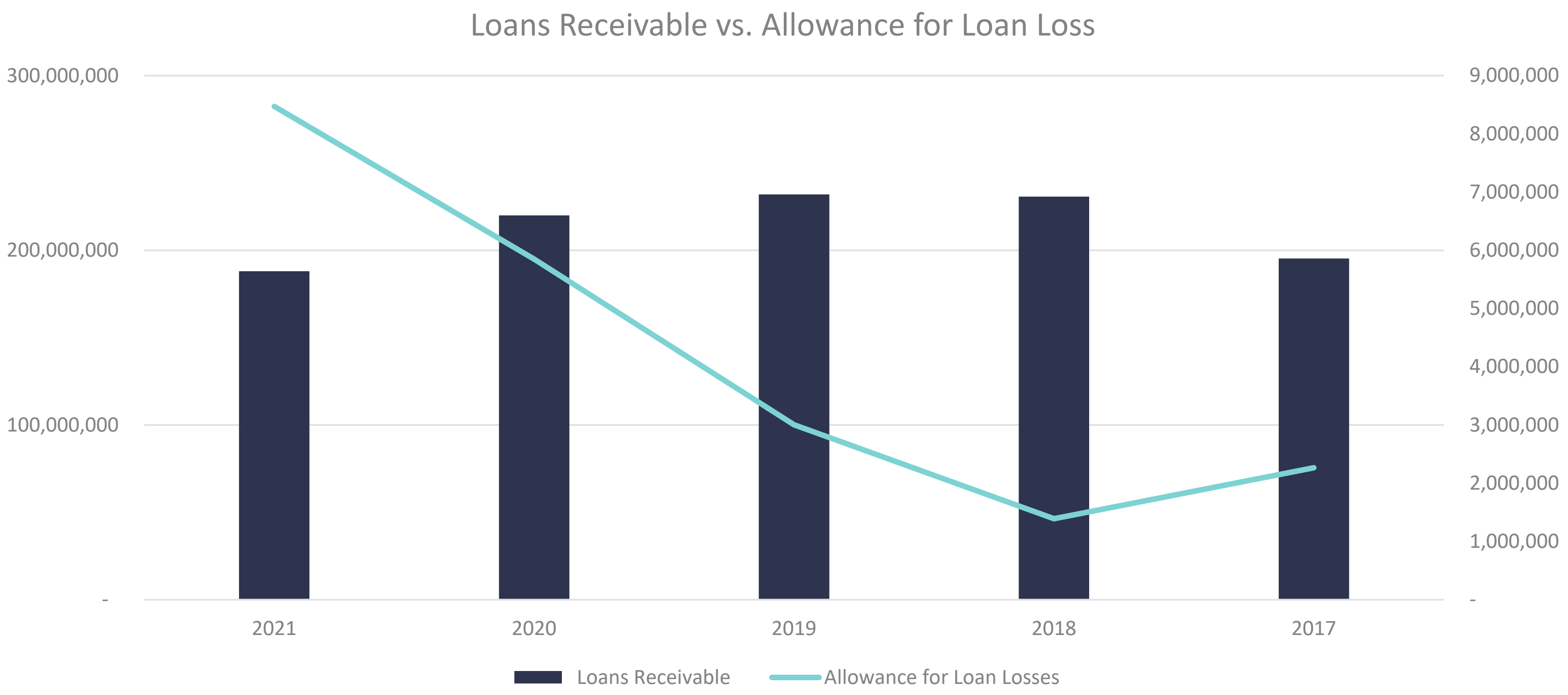
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2021	2020, As Restated	$ Change	% Change
Operating Revenues				
Interest on Loans and MBS	$ 44,280	$ 49,027	$ (4,747)	-10%
Interest on Securities and Investments	1,652	3,217	(1,565)	-49%
Housing Program Income	1,256	1,318	(62)	-5%
Program Servicing Fees	7,945	5,851	2,094	36%
Loan and Commitment Fees	2,393	2,299	94	4%
Administrative Fees	16,912	10,797	6,115	57%
Other Revenues	4,971	1,375	3,596	262%
Total Operating Revenues	79,409	73,884	5,525	7%
Operating Expenses				
Interest Expense	33,933	37,390	(3,457)	-9%
Bond Issuance Costs	2,139	1,625	514	32%
Provision for Loan Losses	65	199	(134)	-67%
Administrative Fees and Other Expenses	23,838	18,258	5,580	31%
Total Operating Expenses	59,975	57,472	2,503	4%
Operating Income	19,434	16,412	3,022	18%
Nonoperating Revenues (Expenses)				
Net (Decrease) Increase in Fair Value of Investments	(7,905)	26,712	(34,617)	-130%
State Appropriations	2,034	1,116	918	100%
Grant Income	88,264	50,593	37,671	74%
Grant Expense	(88,264)	(50,650)	(37,614)	74%
Trust Contributions	30	14	16	114%
Trust Distributions	(6)	(4)	(2)	50%
Transfers to Fiduciary Fund	(26)	-	(26)	100%
Total Nonoperating Revenues (Expenses)	(5,873)	27,781	(33,654)	-121%
Change in Net Position	13,561	44,193	(30,632)	-69%
Total Net Position - Beginning of Year, As Restated	320,012	275,819	44,193	16%
Total Net Position - End of Year	$ 333,573	$ 320,012	$ 13,561	4%

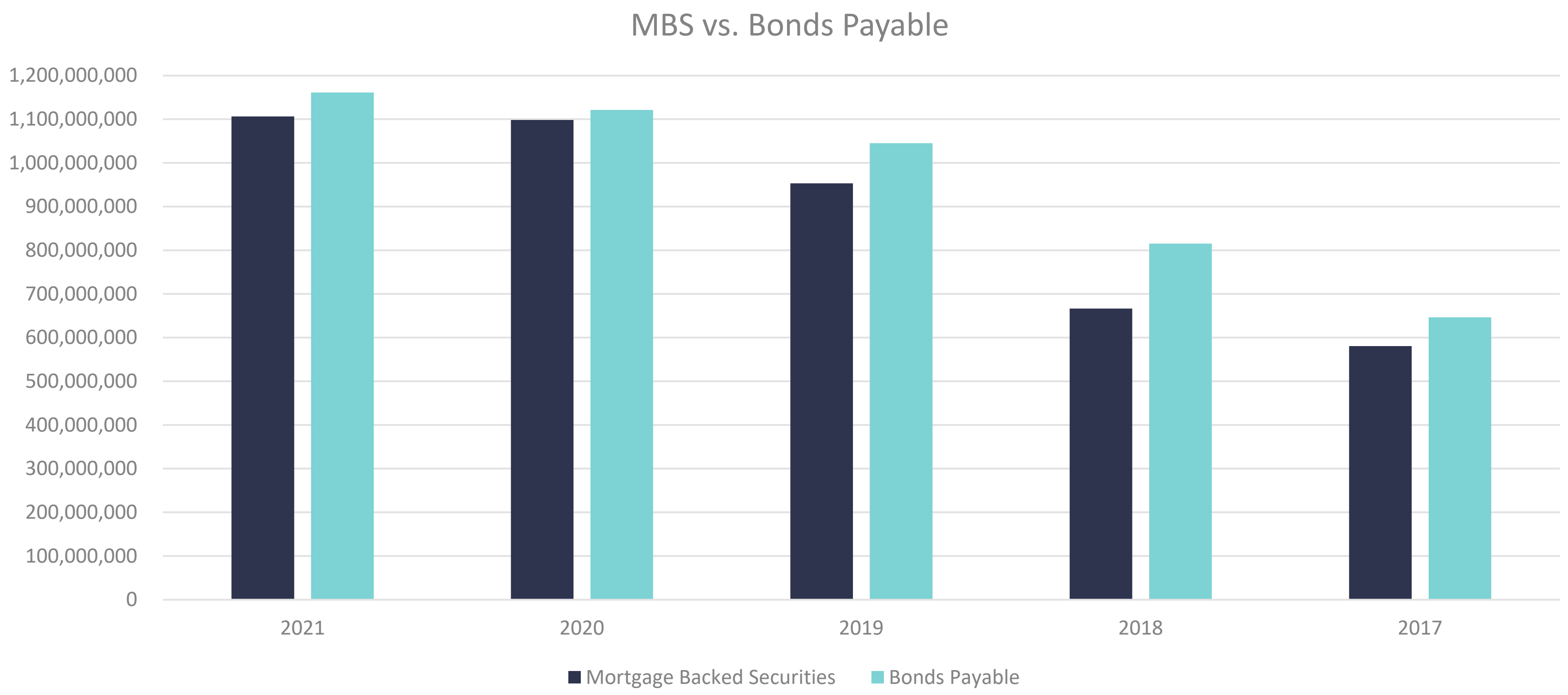
- There was an overall increase in Net Position of $13.6M, which is related to the following:
  - $6.3 million decrease in interest income
  - $94 thousand increase in loan commitment fees
  - $2 million increase in program servicing fees
  - $6.1 million increase in administrative fees earned
  - $3.6 million increase in other revenues
  - $5.6 million increase in administrative fees and other expenses
  - $3.5 million decrease in interest expense
  - $134k decrease in provision for loan loss
  - $34.6 negative change in FV of investments

Comparative Analytics

Program Loan Receivable



Mortgage-Backed Securities vs Bonds



SIGNIFICANT DISCLOSURES – Neutral, Consistent, Clear

- Summary of Significant Accounting Policies
- Cash, Cash Equivalents, and Investments
- Mortgage Loans, Net
- Capital Assets
- Bonds Payable
- Notes Payable
- Debt Service Requirements
- Accounts Payable and Accrued Expenses
- Noncurrent Liabilities and Compensated Absences
- Litigation
- Employee Benefit Plan
- Board-Designated Net Position
- Commitments and Contingencies
- Risk Management
- Joint Powers of Agreements and Memorandums of Understanding
- Appropriations
- Related-Party Transactions
- Escrow Deposits and Development Reserves
- Subsequent Events

SINGLE AUDIT REPORT

Programs Tested

- Emergency Solutions Grants Program (14.231)
- Coronavirus Relief Funds (21.019)
- Homeowners Assistance Fund (21.026)
- Low Income Home Energy Assistance Program (93.568)
- Ginnie Mae Mortgage-Backed Securities (14.188)
- CDBG and NSP (14.228)
- Risk Sharing Programs (14.188)

Single Audit Findings

- In the Community Development Block Grant program, three quarterly reports were submitted after the required filing dates.

Financial Statements

- None.

Auditor Communication

Overall
- Auditors' responsibility under generally accepted audit standards.
- No changes from planned scope; timing of issuance was delayed due to OMB Compliance Supplement
- GASB 84 (*Fiduciary Activities*)

Estimates
- We evaluated management's estimates and are comfortable with them
- Significant estimates: Allowances for loan losses and fair value estimates

Disclosures
- Neutral, consistent, and clear

Difficulties
- No significant difficulties.
- No disagreements with management
- No management consultations with other accounting firms

Other
- No audit adjustments
- No Uncorrected Misstatements
- Management representations forthcoming

Questions?

Special thanks to NMMFA staff during the 2021 audit!

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

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

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
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YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
BOARD OF DIRECTORS
SEPTEMBER 30, 2021

Name	Title
Angel Reyes	Chair
Derek Valdo	Vice Chair
Rebecca Wurzburger	Treasurer
Tim Eichenberg, New Mexico State Treasurer	Member
Howie Morales, New Mexico Lieutenant Governor	Member
Hector Balderas, New Mexico Attorney General	Member
Dr. Patricia A. Sullivan	Member

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate remaining fund information of the New Mexico Mortgage Finance Authority (the Authority), a component unit of the state of New Mexico, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate remaining fund information of the Authority as of September 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial position and changes in financial position of the Authority. They do not purport to, and do not, present fairly the financial position of the state of New Mexico as of September 30, 2021 and 2020, the changes in the financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

During the fiscal year ended September 30, 2021, the Authority adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Authority reported a restatement for the change in accounting principle (see Note 1). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
February 10, 2022

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NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021 AND 2020

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

This management discussion and analysis provides an overview of the Authority's financial position and changes in financial position for the fiscal years ended September 30, 2021, 2020, and 2019. This information is being presented to provide additional information regarding the activities and operations of the Authority and to meet the disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34) and GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The Authority is a self-supporting entity and follows business type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the Authority's financial activities. This analysis should be read in conjunction with the independent auditors' report, audited financial statements, and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of four parts: management's discussion and analysis; the basic financial statements; the notes to the financial statements; and required and other supplementary information. The management discussion and analysis only discusses the business-type activities and does not include the fiduciary fund. The basic financial statements include the following:

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

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

FINANCIAL HIGHLIGHTS

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

	2021	2020, As Restated	2019, As Restated
Cash and Cash Equivalents (Unrestricted and Restricted)	$ 156,627	$ 84,530	$ 109,291
Investments (Unrestricted and Restricted)	69,494	72,658	71,316
Mortgage-Backed Securities and Mortgage Loans Receivable	1,294,333	1,318,300	1,185,355
Total Assets	1,552,759	1,500,489	1,385,526
Bonds Payable	1,161,309	1,121,174	1,045,344
Total Liabilities	1,219,388	1,180,761	1,110,083
Total Net Position	333,573	320,012	275,819
Total Operating Revenues	79,409	73,884	61,963
Total Operating Expenses	60,001	57,472	51,103
Operating Income	19,408	16,412	10,860
Total Nonoperating Revenues (Expenses)	(5,847)	27,781	30,289
Change in Net Position	13,561	44,193	40,826

The Authority continued to experience the impacts of the Covid-19 pandemic into fiscal year 2021, as much of the Authority's business model is driven by capital markets and the interest rate environment, which remained dynamic through the second quarter due to the effects of the health crisis. These trends effected the Authority's Single Family Mortgage program funding strategy, the servicing business function, interest margins and yields, and loan repayment and refinancing activity. The Authority began the year selling the majority of its mortgage-backed securities (MBS) originated through the Single Family Mortgage program into the secondary market. There was a shift in market conditions in the third quarter, and the Authority was successful in issuing three tax-exempt revenue bonds to fund the first-time homebuyer program. Similar to the previous fiscal year, about 60% of the Authority's mortgage production this year was funded by loan sales, and about 40% through revenue bond proceeds. The result of this funding strategy was increased loan sale up front, one-time administrative fee income, rather than the long-term annuity cash flows provided by tax-exempt bond funding. Due to a drop in mortgage interest rates, both new single family loan production and loan payoffs increased significantly from the prior fiscal year, as borrowers took advantage of refinancing and home sale opportunities. The increase in loan production also helped to grow the Authority's servicing business line, as servicing rights are purchased at loan origination. This asset also provides long-term annuity revenue over the life of the MBS to support servicing functions. The federal funds rate remained low through the fiscal year, reaching its peak in July at 0.10%, which sustained lower yields for the Authority's fixed income assets on the balance sheet. However, overall, the Authority experienced solid financial performance with balance sheet growth and strong revenues.

Financial highlights are summarized as follows:

- Total assets were $1.6 billion, an increase of 3.5% from September 30, 2020. The increase primarily reflects growth in the one-time administrative fee income from direct market loan sales, which resulted in an 85% increase in cash and cash equivalents.

- Fiscal year 2021 MBS purchases and originations totaled $210.8 million as compared to $224.2 million in fiscal year 2020 due to the increased utilization of the secondary market loan sales and bond market loan sales to fund the Single Family Mortgage Program.

- Revenue bonds issued for the Single Family Mortgage program totaled $249.3 million in fiscal year 2021 and $190.0 million in fiscal year 2020. As previously noted, the pandemic created dysfunction in the bond market, thus there was less utilization of mortgage revenue bonds to fund the Single Family Mortgage Program in the prior year and through the second quarter of fiscal year 2021. Additionally, the Authority was able to take advantage of one refunding opportunity during fiscal year 2021.

- Total liabilities were $1.2 billion, an increase of 3.3% from September 30, 2020 due to revenue bond activity.

- In fiscal year 2021, net position increased $13.6 million or $21.5 million when excluding the net change in the fair value of investments. Valuation of interest rate sensitive assets tend to decrease in an increasing interest rate environment.

FINANCIAL POSITION

The net position of the Authority increased $13.6 million from September 30, 2020 to September 30, 2021 and increased $44.2 million from September 30, 2019 to September 30, 2020. The following table is a condensed summary of net position at September 30, 2021, 2020, and 2019 (in thousands):

	2021	2020, As Restated	2019, As Restated
Assets			
Current Assets	$ 92,420	$ 91,359	$ 69,378
Noncurrent Assets	1,460,339	1,409,130	1,316,148
Total Assets	1,552,759	1,500,489	1,385,526
Deferred Outflows of Resources			
Unamortized Loss on Refunding	202	284	376
Liabilities			
Current Liabilities	105,221	103,633	72,313
Noncurrent Liabilities	1,114,167	1,077,128	1,037,770
Total Liabilities	1,219,388	1,180,761	1,110,083
Net Position			
Investment in Capital Assets	1,912	1,295	1,184
Restricted	81,247	90,778	61,715
Restricted for Land Title Trust and Housing Trust	35,218	32,779	30,351
Unrestricted	215,196	195,160	182,569
Total Net Position	$ 333,573	$ 320,012	$ 275,819

COMPARISON OF YEARS ENDED SEPTEMBER 30, 2021 AND 2020

The increase in cash and cash equivalents of $72.1 million primarily reflects larger balances in the bond acquisition fund due to the timing of Single Family Mortgage bond transactions.

During this fiscal year, the Authority purchased $210.8 million of MBS and $564.5 million in whole loans. MBS and whole loan purchases were offset by $195.0 million in repayments of securitized mortgage loans and $596.4 million of whole loan and down payment assistance loan repayments during the year. The financial statements reflect a $4.4 million net decrease of MBS and mortgage loans receivable due to accelerated payoff activity resulting from low interest rates experienced throughout the fiscal year.

The purchased mortgage servicing rights portfolio associated with the loan originations increased $3.0 million for a total portfolio of $17.5 million at year-end.

Over the past year, the Authority experienced a 3.3% increase in liabilities due to tax-exempt bonding activity. Proceeds from the sale of bonds and notes payable were $432.2 million; bond and note repayments and refundings totaled $397.7 million, resulting in the net increase for the year of $37.8 million.

COMPARISON OF YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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

During this fiscal year, the Authority purchased $224.2 million of MBS and $505.5 million in whole loans. MBS and whole loan purchases were offset by $115.4 million in repayments of securitized mortgage loans and $517.4 million of whole loan and down payment assistance loan repayments during the year. The financial statements reflect a $96.9 million net increase of MBS and mortgage loans receivable. The purchased mortgage servicing rights portfolio associated with the loan originations increased $5.3 million for a total portfolio of $16.2 million at year-end, which was written down to fair market value of $14.5 million.

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

CHANGE IN FINANCIAL POSITION

The operating income for the year increased by approximately $3.0 million when compared to fiscal year 2020. The following table is a condensed summary of changes in net position for the years ended September 30, 2021, 2020, and 2019 (in thousands):

	2021	2020, As Restated	2019, As Restated
Operating Revenues			
Interest on Loans and MBS	$ 44,280	$ 49,027	$ 42,488
Interest on Securities and Investments	1,652	3,217	3,940
Program Revenues	9,201	7,169	5,593
Loan and Commitment Fees	2,393	2,299	3,281
Administrative Fees	16,912	10,797	5,175
Other Revenues	4,971	1,375	1,486
Total Operating Revenues	79,409	73,884	61,963
Operating Expenses			
Interest Expense	33,933	37,390	31,873
Bond Issuance Costs	2,139	1,625	3,033
Provision for (Recovery of) Loan Losses	65	199	839
Administrative and Other Expenses	23,864	18,258	15,681
Total Operating Expenses	60,001	57,472	51,426
Operating Income	19,408	16,412	10,537
Nonoperating Revenues (Expenses)			
Net (Decrease) Increase in Fair Value of Investments	(7,905)	26,712	30,228
State Appropriations	2,034	1,116	-
Grant Income	88,264	50,593	48,481
Grant Expense	(88,264)	(50,650)	(48,481)
Trust Contributions	30	14	68
Trust Distributions	(6)	(4)	(7)
Total Nonoperating Revenues (Expenses)	(5,847)	27,781	30,289
Change in Net Position	13,561	44,193	40,826
Total Net Position - Beginning of Year, As Restated (See Note 1)	320,012	275,819	234,993
Total Net Position - End of Year	$ 333,573	$ 320,012	$ 275,819

COMPARISON OF YEARS ENDED SEPTEMBER 30, 2021 AND 2020

Operating revenues increased $5.5 million from 2020 to 2021, or approximately 7.5%, primarily due to an increase in administrative fees from direct market loan sales and federal grants and increases in program revenues resulting from growth of the servicing portfolio.

Operating expenses increased by $2.5 million in 2021, approximately 4.4%, primarily due to increases in administrative and other expenses of $5.5 million offset with a decrease in bond interest expense of $3.5 million.

The change in fair value of securities for 2021 was a decrease of $7.9 million compared to an increase of $26.7 million in 2020. This represents a decrease in the overall fair market value of investments, held at September 30, 2021 compared to September 30, 2020. These valuation changes are due to the interest rate sensitivity of these assets and they are adjusted as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB No. 31) to fair value. The majority of the assets impacted by the GASB valuation requirement are the MBS held on the Authority's statement of net position that serve as collateral for the single family bonds issued and provide the revenue source to repay those debt obligations; legally the Authority cannot sell or trade the related securities unless the bonds are optionally redeemable and redeemed. Rating agencies do not include GASB No. 31 valuation adjustments in their analysis of a Housing Finance Agency's (HFA) performance; these adjustments represent unrealized gains or losses and the Authority considers these valuation changes nonoperating revenues.

COMPARISON OF YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Operating revenues increased $12 million from 2019 to 2020, approximately 19.2%, because of increased interest income, administrative fees, and program revenues. As a result of the level of tax-exempt bond issuance and reduction of MBS loan sales into the secondary market during the year, interest income increased $5.8 million and administrative fees increased by $5.7 million. These were offset by a decrease in loan commitment fees of $.98 million. Program revenues increased by $1.6 million due to the growth of the servicing portfolio.

Operating expenses increased by $6.0 million in 2020, approximately 11.8%, primarily due to increases in bond interest expense of $5.5 million and administrative and other expenses of $2.6 million.

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

DEBT ADMINISTRATION

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

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

During fiscal year 2021, the Authority issued $249.3 million of Single Family Mortgage Program revenue bonds; including $16.3 million of refunding bonds. This is $59.3 million more than the $190.0 million issued in 2020. The issuance of debt increased during fiscal year 2021 due to stabilization of the market conditions created by the health crisis. The Authority also sold $327.0 million of single family mortgages into the secondary market during the year. Due to the change in federal fiscal policy related to the pandemic, interest rates overall declined, but volatility in market conditions continues to subside during 2021. MBS margins decreased approximately $3.0 million this fiscal year in comparison to 2020 for the Single Family Mortgage Program. The Authority redeemed $189.2 million of Single Family Mortgage Program bonds due to repayments and maturities, compared to $98.9 million in 2020.

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

During fiscal year 2021, the Authority did not issue any Rental Housing Bonds during 2021 or 2020. In 2021, $40.5 million of Rental Housing Bonds were redeemed due to repayments and maturities compared to $24.5 million in 2020.

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

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

In addition to issuing bonds to fund the Authority's Single Family Mortgage Program, the Authority also uses short-term borrowings from the Federal Home Loan Bank of Dallas to support the warehousing of single family mortgages originated through the mortgage program. As of September 30, 2021, those notes outstanding total $26.9 million, in comparison to $32.5 million at the end of 2020. The Authority relies on this liquidity to purchase program mortgages.

ECONOMIC OUTLOOK

The Single Family Mortgage Program, administration of federal affordable housing programs, interest income on Authority loans and investments and servicing income are the primary sources of revenues for the Authority. While during 2021 and 2020, the Authority's programs achieved strong financial results despite the COVID-19 impacts, the general decline of the economy and lower interest rates overall, will continue per forecasts over the next few years. Most economic experts believe the recovery will be slow. There were significant declines in gross domestic product and large, unprecedented increases in unemployment for a period of time. While both indicators have stabilized, concerns remain. However, the New Mexico housing market was strong and the Authority experienced record high demand for the Single Family Mortgage Program during 2021. That is expected to continue as we look forward, but will be limited by a diminishing housing supply and increasing housing costs.

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

The MBS, which provides collateral for the Single Family Mortgage Program bonds, had previously been rated AAA. However, on August 5, 2011, Standard and Poor's Rating Services (S&P) downgraded the United States of America (U.S.) long-term rating to AA+ due to political risks and rising debt burden. A "Negative Outlook" was also placed on the rating. During 2015, S&P revised the outlook from negative to stable. As a result of the initial U.S. downgrade, S&P lowered its rating on certain publicly financed debt issues that are credit enhanced by Fannie Mae and Ginnie Mae. During 2015, the Authority changed its primary rating agency relationship to Moody's Investors Service (Moody's). Moody's has not downgraded the U.S. and provides a AAA rating for all bonds backed by Fannie Mae and Ginnie Mae credit enhanced securities. Currently, approximately 10% of the Authority's bonds outstanding reflect the AA+ S&P rating and approximately 90% reflect the AAA Moody's rating. The Authority's single family housing bonds moving forward will carry the AAA rating.

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

The Authority's investments outside of the Single Family Mortgage Programs are also conservative and include the AAAm rated New Mexico State Treasurer's Local Government Investment Pool and internal loan warehousing for short-term investments. Liquid and marketable U.S. agency obligations and Authority program MBS are maintained in the intermediate term investment portfolio. For long-term investment purposes the Authority invests in program MBS as well as the nonrated New Mexico State Investment Council Investment Funds Program (SIC). The Authority's SIC portfolio includes corporate investment grade bond funds (31%), a large cap equities fund (32%), a small/mid cap fund (15%), a non-U.S. developed markets fund (17%) and a non-U.S. emerging markets fund (5%). Several years ago, to improve investment returns, the Authority began investing in its own MBS as bond programs became callable and residual MBS from those bond programs became available.

Due to the strong investment returns associated with the MBS asset class, the Authority now carries both intermediate and long-term MBS portfolios which yielded approximately 5.11% and 3.07% respectively during fiscal year 2021. The Authority's agency obligations provided yields of 0.34%, as compared to 1.5% in fiscal year 2020. Investments in the SIC experienced $4.3 million in fair market value gains in comparison to 2019 when fair market value gains were $1.3 million. There was extreme market volatility especially during the beginning of the year due to the health crisis. However, the overall rate of return on the Authority's SIC long-term portfolio for 2021 recovered over the course of the year, and as of the last quarter was 18.61%.

Moving into fiscal year 2022, the Authority expects to continue to utilize both the secondary market and tax-exempt bond issuance to fund the Single Family Mortgage Program depending on market conditions. Based on economic forecasts, the cost of funds in the traditional tax-exempt bond market is expected to begin to be less advantageous to the Authority and potential first-time homebuyers. This does potentially limit the ability to grow the Authority's earning asset base especially considering expected high mortgage payoff activity as a result of historically low mortgage rates. However, selling loans into the secondary market will assist in supporting the single family loan production. There will be continued challenges in competing with the traditional mortgage market as rates continue at historical lows, but overall economic benefits for the Authority are monitored closely regarding funding the Single Family Mortgage Program. If borrowers have good credit and are not in need of down payment assistance, they may be able to get better mortgage rates elsewhere. The Authority does, however, believe that the down payment assistance programs will help in maintaining program demand and viability. Additionally, the Authority will continue to purchase the mortgage servicing rights associated with the Single Family Mortgage Program growing that new revenue base for the organization.

Market interest rates effect both the Single Family Mortgage Programs and investment income revenues. During the last part of the fiscal year, the effect of federal fiscal policy in relation to interest rates began to finally shift. If interest rates increase, the Authority expects interest income on loans and investment income to increase as new loans are originated and new investments are purchased at a higher level.

If interest rates continue to fall or stabilize, the Authority expects interest income on loans, and investment income to decrease as new loans are originated and new investments are purchased at lower levels. Market forecasts indicate that traditional mortgage and reinvestment rates will continue at current levels, which has already been noted, are very low. Regarding prepayments, with the decrease in mortgage rates, prepayments will continue at current levels or could even increase. Conversely, an increase in mortgage interest rates could cause a decrease in prepayments. As previously discussed, the Authority will continue to issue bonds and sell loans into the secondary market to fund the Single Family Mortgage Program depending on capital markets and which execution provides the best economic benefit to the Authority and homebuyers. This strategy will provide a balanced approach in that revenues related to the program will flow to the Authority as long-term annuity revenue over time when bonds are issued. The benefit of the upfront transaction fees associated with loan sales will provided increased immediate cash. The Authority anticipates that federal funding levels for affordable housing programs will continue to increase from normal levels, providing administrative fee income related to those programs at higher levels. Additional federal funding did flow to the Authority in 2021 and 2020 to support affordable housing needs as a result of the health crisis.

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

BASIC FINANCIAL STATEMENTS

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021 AND 2020
(IN THOUSANDS)

	2021	2020 As Restated
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents:		
Unrestricted	$ 49,523	$ 26,601
Restricted	23,124	37,841
Restricted Cash Held in Escrow	9,135	10,599
Total Cash and Cash Equivalents	81,782	75,041
Securitized Mortgage Loans	-	7,750
Accrued Interest Receivable	4,153	4,485
Due from Fiduciary Fund	10	41
Other Current Assets	6,475	4,042
Total Current Assets	92,420	91,359
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	74,845	9,489
Investments:		
Restricted Investments	16,735	14,712
Unrestricted Investments	51,846	56,928
Unrealized Gain on Restricted and Unrestricted Investments	913	1,018
Total Investments, Net	69,494	72,658
Restricted Securitized Mortgage Loans, Net:		
Securitized Mortgage Loans, Net	1,057,876	1,034,383
Unrealized Gain on Securitized Mortgage Loans	48,435	56,235
Restricted Securitized Mortgage Loans, Net	1,106,311	1,090,618
Mortgage Loans, Net:		
Restricted Mortgage Loans, Net	44,091	69,956
Restricted Trust Funds Mortgage Loans, Net	17,088	14,875
Unrestricted Mortgage Loans, Net	126,843	135,101
Total Mortgage Loans, Net	188,022	219,932
Capital Assets, Net	1,912	1,295
Intangible Assets	17,477	14,476
Other Noncurrent Assets	2,278	662
Total Noncurrent Assets	1,460,339	1,409,130
Total Assets	1,552,759	1,500,489
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Loss on Refunding Bonds	202	284
Total Assets and Deferred Outflows of Resources	$ 1,552,961	$ 1,500,773

See accompanying Notes to Financial Statements.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2021 AND 2020
(IN THOUSANDS)

LIABILITIES AND NET POSITION	2021	2020 As Restated
CURRENT LIABILITIES		
Escrow Deposits and Reserves	$ 9,005	$ 10,496
Accrued Interest Payable	7,250	7,089
Accounts Payable and Other Accrued Expenses	14,207	8,803
Compensated Absences	543	532
Current Portion of Bonds Payable	50,323	46,639
Current Portion of Notes Payable	23,893	30,074
Total Current Liabilities	105,221	103,633
NONCURRENT LIABILITIES		
Bonds Payable, Net of Current Portion	1,110,986	1,074,535
Notes Payable, Net of Current Portion	3,048	2,435
Other Noncurrent Liabilities	133	158
Total Noncurrent Liabilities	1,114,167	1,077,128
Total Liabilities	1,219,388	1,180,761
NET POSITION		
Investment in Capital Assets	1,912	1,295
Restricted for Debt Service	81,247	90,778
Restricted for Land Title Trust and Housing Trust	35,218	32,779
Unrestricted	215,196	195,160
Total Net Position	333,573	320,012
Total Liabilities and Net Position	$ 1,552,961	$ 1,500,773

See accompanying Notes to Financial Statements.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(IN THOUSANDS)

	2021	2020 As Restated
OPERATING REVENUES		
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 44,280	$ 49,027
Interest on Securities and Investments	1,652	3,217
Housing Program Income	1,256	1,318
Program Servicing Fees	7,945	5,851
Loan and Commitment Fees	2,393	2,299
Administrative Fees	16,912	10,797
Other Revenues	4,971	1,375
Total Operating Revenues	79,409	73,884
OPERATING EXPENSES		
Interest Expense	33,933	37,390
Bond Issuance Costs	2,139	1,625
Provision for Loan Losses	65	199
Administrative and Other Expenses	23,864	18,258
Total Operating Expenses	60,001	57,472
OPERATING INCOME	19,408	16,412
NONOPERATING REVENUES (EXPENSES)		
Net (Decrease) Increase in Fair Value of Investments	(7,905)	26,712
State Appropriations	2,034	1,116
Grant Income	88,264	50,593
Grant Expense	(88,264)	(50,650)
Trust Contributions	30	14
Trust Distributions	(6)	(4)
Total Nonoperating Revenues (Expenses)	(5,847)	27,781
CHANGE IN NET POSITION	13,561	44,193
Total Net Position - Beginning of Year, As Restated (See Note 1)	320,012	275,819
TOTAL NET POSITION - END OF YEAR	$ 333,573	$ 320,012

See accompanying Notes to Financial Statements.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(IN THOUSANDS)

	2021	2020, As Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Purchase of Loans	$ (564,526)	$ (505,556)
Receipts of Loan Repayments	596,438	517,436
Loan and Commitment Fees	2,393	2,299
Mortgage Interest Received	44,612	48,725
Purchase of Securitized Mortgage Loans	(210,810)	(224,233)
Discount (Premium) on MBS	277	(2,577)
Principal Repayment of Securitized Mortgage Loans	195,033	115,383
Restricted Escrow and Reserves, Net	(1,491)	(79)
Receipts for Services	17,853	14,906
Payments to Employees for Services	(9,549)	(8,105)
Payments to Suppliers of Goods or Services	(9,477)	(7,469)
Other Payments	(4,476)	(4,707)
Net Cash Provided (Used) by Operating Activities	56,277	(53,977)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Sale of Bonds and Notes Payable	432,243	474,815
Repayment and Refunding of Bonds and Notes Payable	(397,676)	(404,752)
Payment of Interest on Bonds and Notes	(33,772)	(36,181)
Payment for Bond Issuance Costs	(2,139)	(1,625)
Receipt of Grant Income	88,264	50,593
Payment of Grants	(88,264)	(50,650)
Contributions to Land Title Trust	30	79
Land Title Trust Distributions	(6)	(54)
State Appropriations	2,034	1,116
Net Cash Provided by Noncapital Financing Activities	714	33,341
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of Capital Assets	(844)	(306)
Net Cash Used by Capital Financing Activities	(844)	(306)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Other Real Estate Owned	(1,258)	(1,261)
Purchase of Investments	(21,536)	(28,357)
Proceeds from Maturity and Sale of Investments	37,150	22,776
Investment Interest Income	1,652	3,217
(Premium) on Investments	(58)	(185)
Gain on Sale of Securities	-	3
Net Cash Provided (Used) by Investing Activities	15,950	(3,807)
NET CHANGE IN CASH AND CASH EQUIVALENTS	72,097	(24,749)
Cash and Cash Equivalents - Beginning of Year	84,530	109,279
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 156,627	$ 84,530
Current Cash and Cash Equivalents	$ 81,782	$ 75,041
Noncurrent Cash and Cash Equivalents	74,845	9,489
Cash and Cash Equivalents - End of Year	$ 156,627	$ 84,530

See accompanying Notes to Financial Statements.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(IN THOUSANDS)

	2021	2020, As Restated
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	$ 19,408	$ 16,412
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Bond Issuance Costs	2,139	1,625
Loan and Commitment Fees	(2,393)	(2,299)
Amortization of Securitized Mortgage Loans and Mortgage Loan Discounts/Premiums	3,780	2,486
(Gain) Loss on Sale of Assets	(358)	625
Depreciation Expense	227	194
Provision of Loan Losses	65	199
Investment Interest Income	(1,652)	(3,217)
Interest Expense on Bonds and Notes Payable	33,933	37,390
Changes in Assets and Liabilities:		
Accrued Interest Receivable on Securitized Mortgage Loans and Mortgage Loans	332	(302)
Other Current Assets	(2,433)	(872)
Other Noncurrent Assets	(4,617)	(4,153)
Accounts Payable and Other Accrued Expenses	5,404	(636)
Escrows and Deposits	(1,491)	(79)
Other Noncurrent Liabilities	(6,956)	(5,724)
Securitized Mortgage Loans, Net Cost	(21,021)	(107,631)
Mortgage Loans	31,910	12,005
Net Cash Provided (Used) by Operating Activities	$ 56,277	$ (53,977)

See accompanying Notes to Financial Statements.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF FIDUCIARY NET POSITION
NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST
YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(IN THOUSANDS)

	2021		2020, As Restated	
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents:				
Unrestricted	$	863	$	469
Total Cash and Cash Equivalents		863		469
Other Current Assets		23		41
Total Current Assets		886		510
Total Assets	$	886	$	510
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Due to Authority	$	10		41
Total Current Liabilities		10		41
Total Liabilities		10		41
NET POSITION				
Restricted		876		469
Total Net Position		876		469
Total Liabilities and Net Position	$	886	$	510

See accompanying Notes to Financial Statements.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST
YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(IN THOUSANDS)

		2021		2020, As Restated
ADDITIONS				
CONTRIBUTIONS				
Trust Contributions	$	459	$	65
Grant Income		43		-
Total Contributions		502		65
OTHER				
Administrative Fees		9		41
Total Additions		511		106
DEDUCTIONS				
Trust Distributions		30		50
Grant Expense		43		-
Administrative and Other Expenses		31		41
Total Deductions		104		91
CHANGE IN NET POSITION		407		15
Total Net Position - Beginning of Year		469		454
TOTAL NET POSITION - END OF YEAR	$	876	$	469

See accompanying Notes to Financial Statements.

NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Basis of Presentation

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

Basis of Accounting

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

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

Estimates

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

Programs

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

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

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

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

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

Programs (Continued)

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

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

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

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

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

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

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

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

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

Programs (Continued)

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

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

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

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

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

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

Programs (Continued)

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

Homeownership Assistance Fund (HAF) – This program was established to mitigate financial hardships associated with the coronavirus pandemic, for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services and displacements of homeowners experiencing financial hardship through qualified expenses related to mortgages and housing.

Cash and Cash Equivalents

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

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

Unrestricted and Restricted Investments

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

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

Securitized Mortgage Loans

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

Mortgage Loans

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

For qualifying borrowers in the Single Family Mortgage Programs, the Authority offers loans to provide DPA. DPA loans are secured by second liens. Additionally, included in mortgage loans as of September 30, 2021 and 2020 were $3.1 million of loans to borrowers of certain nonprofit organizations, which are subject to reimbursement provisions in lieu of insurance.

Allowance for Mortgage Loan Losses

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

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

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

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

Interest on Mortgage Loans

Interest on mortgage loans is accrued based upon the principal amounts outstanding net of service fee expenses of approximately $93,000 and $93,000 as of September 30, 2021 and 2020, respectively. Mortgage loans are placed on nonaccrual after 90 days' delinquency.

Loan Origination and Commitment Fees

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

Bond Issuance Costs

Bond issuance costs are expensed in the period incurred.

Capital Assets

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

Intangible Assets

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

Deferred Outflow of Resources

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

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

Accrued Arbitrage Rebate

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

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

Advances on Revenue

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

Compensated Absences

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

Vacation Leave

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

Sick Leave

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

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

Net Position

Net position is classified as follows:

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

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

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

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

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

Revenues and Expenses

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

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

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

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

Revenues and Expenses (Continued)

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

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

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

Income Taxes

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

Change in Accounting Principle

During the year ended September 30, 2021, the Authority adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by removing the New Mexico Affordable Housing Charitable Trust from business-type activities and recording the New Mexico Affordable Housing Charitable Trust as a Private Purpose Trust Fiduciary Fund. Beginning net position has been restated to reflect this change:

	Business-Type Activities	NM Affordable Housing Charitable Trust Private Purpose Trust Fund
Net Position, October 1, 2019, As Previously Reported	$ 276,273	$ -
Change in Accounting Principle (Implementation of GASB 84)	(454)	454
Net Position, October 1, 2019, As Restated	$ 275,819	$ 454

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

	2021	2020
Cash on Deposit at Financial Institutions	$ 39,575	$ 22,321
Cash on Deposit at New Mexico State Treasurer	11,112	3,906
Cash on Deposit Held in Escrow	9,135	10,599
Cash Equivalents Not Considered Deposits:		
Money Market Funds	95,709	46,039
Repurchase Agreements	377	376
Guaranteed Investment Contracts	719	1,289
Total	$ 156,627	$ 84,530

Investment Policy

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

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

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

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be recovered. The investment policy requires consideration of the creditworthiness in selecting financial institutions. At September 30, 2021 and 2020, the Authority's bank balance was approximately $50,421,000 and $25,127,000 (which includes the bank balances of the Trust of $863,000 and $469,000), respectively. The Federal Deposit Insurance Corporation (FDIC) insures each depositor up to $250,000 per insured bank. The total amounts subject to custodial credit risk at September 30, 2021 and 2020 are approximately $27,202,000 and $8,870,000, respectively. Management does not believe the remaining approximately $22,469,000 and $15,864,000 are subject to custodial credit risk at September 30, 2021 and 2020, respectively.

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

Investment Interest and Credit Risk

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

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

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

Investment Interest and Credit Risk (Continued)

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

	September 30, 2021					
		Investment Maturities (in Years)				
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	Not Available
Money Market Funds	$ 95,709	$ 95,354	$ -	$ -	$ 355	$ -
Repurchase Agreements	377	377	-	-	-	-
Guaranteed Investment Contracts	719	233	-	-	486	-
Internal State Investment Pools:						
State Treasurer	11,112	11,112	-	-	-	-
State Investment Council	39,577	-	-	-	-	39,577
U.S. Agencies	16,028	4,010	12,018	-	-	-
Securitized Mortgage Loans:						
Unrestricted	13,889	-	450	436	13,003	-
Restricted	1,106,311	-	278	7,085	1,098,948	-
Total	$ 1,283,722	$ 111,086	$ 12,746	$ 7,521	$ 1,112,792	$ 39,577

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

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

Investment Interest and Credit Risk (Continued)

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

	September 30, 2021								
	Fair Value	AAA	AA+	A+	A	BBB	U.S. Government Guaranteed	Not Rated	Not Available
Money Market Funds	$ 95,709	$ 95,709	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Repurchase Agreements	377	-	-	-	-	-	-	-	377
Guaranteed Investment Contracts	719	-	-	186	533	-	-	-	-
Internal State Investment Pools:									
State Treasurer	11,112	11,112	-	-	-	-	-	-	-
State Investment Council	39,577	-	-	-	-	-	-	-	39,577
U.S. Agencies	16,028	-	16,028	-	-	-	-	-	-
Securitized Mortgage Loans:									
Unrestricted	13,889	-	2,201	-	-	-	11,688	-	-
Restricted	1,106,311	-	161,720	-	-	-	944,591	-	-
Total	$ 1,283,722	$ 106,821	$ 179,949	$ 186	$ 533	$ -	$ 956,279	$ -	$ 39,954

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Authority's investment in a single issuer. The following issuers and their respective percentage of total investments represent greater than 5% of the Authority's total investments reported on the statements of net position as of September 30, 2021 and 2020, respectively: Ginnie Mae: 81% and 80%, and Fannie Mae: 14% and 15%.

Fair Value Reporting

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

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

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

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

	2021	2020
Cash on Deposit at Financial Institutions	$ 863	$ 469

NOTE 3 MORTGAGE LOANS, NET

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

	2021	2020
Total Mortgage Loan Principal Outstanding	$ 196,493	$ 225,779
Less: Allowance for Mortgage Loan Losses	(8,471)	(5,847)
Mortgage Loans, Net	$ 188,022	$ 219,932

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

	2021	2020
Beginning Balance	$ 5,847	$ 3,300
Provision for Loan Losses	65	199
Specific Reserves	3,766	3,116
Loans Written Off Net of Recoveries	(1,207)	(768)
Ending Balance	$ 8,471	$ 5,847

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

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

MBSs have stated interest rates ranging from 2.30% and 7.49%.

As of September 30, 2021 and 2020, mortgage loans with pending foreclosure actions have aggregate principal balances of approximately $78,000 and $199,000, respectively. As of September 30, 2021 and 2020, mortgage loans' total delinquent aggregate principal balances are approximately $6,285,000 and $8,005,000, respectively.

NOTE 3 MORTGAGE LOANS, NET (CONTINUED)

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

	2021	2020
Southwest Neighborhood Housing Services	$ 227	$ 235
TIWA Lending Services	7,510	7,213
Fannie Mae Loans	216,852	202,244
Ginnie Mae Loans	1,501,654	1,248,799
Nambe Housing	1,555	256
Southwest Community Resources	3	8
City of Albuquerque	15,831	15,666
Ventana Fund	2,423	3,977
Ohkay Owingeh	319	258
Total	$ 1,746,374	$ 1,478,656

NOTE 4 CAPITAL ASSETS

Changes in capital assets during 2021 and 2020 were as follows (in thousands):

	October 1, 2020	Additions	Dispositions	Transfers	September 30, 2021
Land (Nondepreciable)	$ 512	$ -	$ -	$ -	$ 512
Building and Improvements	3,572	791	-	-	4,363
Furniture and Equipment	2,054	53	(7)	-	2,100
Total Capital Assets	6,138	844	(7)	-	6,975
Less Accumulated Depreciation:					
Building and Improvements	(2,991)	(98)	-	-	(3,089)
Furniture and Equipment	(1,852)	(129)	7	-	(1,974)
Total Accumulated Depreciation	(4,843)	(227)	7	-	(5,063)
Capital Assets, Net	$ 1,295	$ 617	$ -	$ -	$ 1,912

	October 1, 2019	Additions	Dispositions	Transfers	September 30, 2020
Land (Nondepreciable)	$ 512	$ -	$ -	$ -	$ 512
Building and Improvements	3,388	184	-	-	3,572
Furniture and Equipment	2,016	122	(84)	-	2,054
Total Capital Assets	5,916	306	(84)	-	6,138
Less Accumulated Depreciation:					
Building and Improvements	(2,922)	(69)	-	-	(2,991)
Furniture and Equipment	(1,810)	(126)	84	-	(1,852)
Total Accumulated Depreciation	(4,732)	(195)	84	-	(4,843)
Capital Assets, Net	$ 1,184	$ 111	$ -	$ -	$ 1,295

NOTE 5 BONDS PAYABLE

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

Single Family Mortgage Programs	2021	2020
2010 Series A - 4.625% interest payable semiannually, principal due through 2021	$ -	$ 2,565
2011 Series A - 5.00% to 5.35% interest payable semiannually, principal due through 2030	3,364	5,305
2011 Series B - 2.77% to 5.00% interest payable semiannually, principal due through 2021	-	11,795
2011 Series C - 2.32% to 4.625% interest payable semiannually, principal due through 2021	-	12,735
2012 Series A - 2.85% to 4.25% interest payable quarterly, principal due through 2042	9,610	13,750
2012 Series B - 2.80% to 3.90% interest payable quarterly, principal due through 2043	15,935	20,285
2013 Series A - 2.60% interest payable monthly, principal due through 2043	6,884	8,785
2013 Series B - 2.23% to 2.85% interest payable monthly, principal due through 2043	9,486	13,786
2013 Series C - 4.50% interest payable monthly, principal due through 2043	12,838	16,520
2014 Series A - 3.30% to 5.00% interest payable quarterly, principal due through 2044	5,340	6,680
2014 Series B - 2.75% interest payable monthly, principal due through 2035	3,761	4,768
2015 Series A - 2.35% to 4.00% interest payable quarterly, principal due through 2045	16,850	21,280
2015 Series B - 2.75% interest payable monthly, principal due through 2035	2,414	3,196
2015 Series C - 3.00% interest payable monthly, principal due through 2041	9,285	12,460
2015 Series D - 3.125% interest payable monthly, principal due through 2037	4,821	5,939
2015 Series E - 3.10% interest payable monthly, principal due through 2037	6,771	8,633
2016 Series A - 1.80% to 3.80% interest payable quarterly, principal due through 2046	28,385	36,355
2016 Series B - 2.60% interest payable monthly, principal due through 2040	12,365	15,985

NOTE 5 BONDS PAYABLE (CONTINUED)

Single Family Mortgage Programs	2021	2020
2016 Series C - 1.65% to 3.5% interest payable quarterly, principal due through 2045	$ 33,985	$ 45,375
2017 Series A - 2.98% interest payable monthly, principal due through 2038	11,806	14,900
2017 Series B - 1.70% to 3.80% interest payable quarterly, principal due through 2048	36,510	46,645
2018 Series A 2.20% to 4.00% interest payable quarterly, principal due through 2049	43,260	52,625
2018 Series B 2.20% to 4.00% interest payable quarterly, principal due through 2049	49,915	60,765
2018 Series C 2.05% to 4.00% interest payable quarterly, principal due through 2049	56,230	70,365
2018 Series D 2.45% to 4.25% interest payable quarterly, principal due through 2049	38,160	46,425
2019 Series A 2.00% to 4.25% interest payable quarterly, principal due through 2050	55,905	65,580
2019 Series B 3.45% interest payable monthly, principal due through 2040	14,800	19,564
2019 Series C 1.80% to 4.00% interest payable quarterly, principal due through 2050	69,270	77,250
2019 Series D 1.45% to 3.75% interest payable quarterly, principal due through 2050	89,925	98,040
2019 Series E 2.90% interest payable monthly, principal due through 2040	11,894	17,683
2019 Series F 1.40% to 3.50% interest payable monthly, principal due through 2050	112,055	118,720
2020 Series A 1.10% to 3.50% interest payable monthly, principal due through 2051	66,575	69,925
2020 Series B - 0.25% to 3.00% interest payable monthly, principal due through 2051	53,555	-
2021 Series A - 0.125% to 3.00% interest payable monthly, principal due through 2052	78,000	-
2021 Series B - 1.62% interest payable monthly, principal due through 2042	14,837	-
2021 Series C - 0.20% to 3.00% interest payable monthly, principal due through 2052	100,000	-
Subtotal	1,084,791	1,024,684
Unaccreted Premium, Net of Underwriters' Discount	31,665	25,013
Subtotal Single Family Mortgage Programs, Net Bonds Payable	$ 1,116,456	$ 1,049,697

NOTE 5 BONDS PAYABLE (CONTINUED)

Rental Housing Mortgage Programs	2021	2020
2003 Series A&B Multifamily Risk Sharing - Aztec - 5.10% to 5.15% interest payable semiannually, principal due through 2021	$ -	$ 7,135
2004 Series A&B Multifamily Risk Sharing - NM5 - 5.05% to 5.20% interest payable semiannually, principal due through 2039	1,290	1,340
2004 Series C & D Multifamily Risk Sharing - Alta Vista - 5.25% to 6.00% interest payable semiannually, principal due through 2021	-	9,905
2005 Series C & D Multifamily Risk Sharing - Chateau - 4.70% interest payable semiannually, principal due through 2040	3,175	3,270
2005 Series E & F Multifamily Risk Sharing - Sun Pointe - 4.80% to 5.06% interest payable semiannually, principal due through 2040	10,120	10,415
2007 A & B Multifamily Risk Sharing - St. Anthony - 5.05% to 5.25% interest payable semiannually, principal due through 2042	4,830	4,945
2007 C & D Multifamily - NM Rainbow - 5.85% to 10.00% interest payable monthly for senior bonds and semiannually for subordinate bonds, principal due through 2043	12,075	12,289
2008 A & B Multifamily - Villas de San Ignacio - variable interest rate* (0.05% and 0.12% at September 30, 2021) payable monthly, principal due through 2043	8,000	8,000
2010 A & B Multifamily Risk Sharing - Villa Alegre Senior Housing - 5% interest payable semiannually, principal due through 2047	795	810
2012 A Multifamily - Gallup Apartments - 5% interest payable monthly, principal due through 2049	4,532	4,606
2019 Multifamily - JLG South Apartments - 5.25% interest payable monthly, principal due through 2020	-	3,331
2019 Multifamily - JLG North Apartments - 5.25% interest payable monthly, principal due through 2020	-	5,391
Subtotal	44,817	71,437
Unaccreted Premium	36	40
Subtotal Rental Housing Mortgage Programs, Net Bonds Payable	$ 44,853	$ 71,477

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

NOTE 5 BONDS PAYABLE (CONTINUED)

	2021	2020
Total Bonds Payable	$ 1,129,608	$ 1,096,121
Total Unaccreted Premium, Net of Unamortized Discount	31,701	25,053
Total Bonds Payable	$ 1,161,309	$ 1,121,174

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

The single family mortgage loans purchased with the proceeds of all the bond issuances occurring during fiscal years 2021 and 2020 were pooled and packaged as mortgage loan pass-through certificates insured by Ginnie Mae or Fannie Mae.

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

During fiscal year 2021, the Authority continued to issue bonds under the General Indenture of Trust dated November 1, 2005 as follows:

- $55 million Single Family Mortgage Program Class I Bonds, 2020 Series B (Tax-Exempt) (Non-AMT). The $55 million 2020 Series B bonds were used to originate new loans.

NOTE 5 BONDS PAYABLE (CONTINUED)

- $94.3 million Single Family Mortgage Program Class I Bonds, 2021 Series A (Tax-Exempt) (Non-AMT) and 2021 Series B (MBS Pass-Through Program) (Federally Taxable). The $78 million 2021 Series A bonds were used to originate new loans. The $16.3 million 2021 Series B bonds combined with funds in the trust estates, were used to fully refund the Single Family Mortgage Program Bonds 2011 Series B and 2011 Series C. The Authority will realize a $3.0 million positive cash flow from this refunding and an economic gain of approximately $2.1 million.

- $100 million Single Family Mortgage Program Class I Bonds, 2021 Series C (Tax-Exempt) (Non-AMT). The $100 million 2021 Series C bonds were used to originate new loans.

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

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

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

During fiscal years 2021 and 2020, the Authority did not issue any bonds under the General Indenture of Trust dated December 1, 2009.

NOTE 6 NOTES PAYABLE

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

Assets Pledged as Collateral	2021	2020
PRLF Cash and Loans	$ 1,591	$ 1,659
Securities and Loans Held for Sale	23,500	30,000
Subtotal: Debt With Pledged Collateral	25,091	31,659
SBIC Loan Fund	1,000	-
Other Direct Borrowings Without Assets Pledged	850	850
Total Direct Borrowings	$ 26,941	$ 32,509

The Authority also has a line of credit in the amount of $2,500,000 and $2,500,000 as of September 30, 2021 and 2020, respectively. The Authority has an outstanding balance of $1,000,000 and $0 as of September 30, 2021 and 2020, respectively.

The Authority's outstanding debt pledged by PRLF cash and loans of $1,591,000 contains a provision that in the event of default, the Lender may declare all indebtedness immediately due and payable and may proceed to enforce its rights to any instrument securing the debt.

NOTE 6 NOTES PAYABLE (CONTINUED)

The Authority's outstanding debt pledged by securities and loans held for sale of $23,500,000 contains a provision that in the event the FHLB Bank withdraws its approval to participate in the Held For Sale program, the Bank will designate a Held for Sale Transition Date, after which the Authority will not be able to pledge loans until the Authority is re-approved.

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

NOTE 7 DEBT SERVICE REQUIREMENTS

A summary of bond and note debt service requirements as of September 30, 2021 is as follows (in thousands):

	Bonds Payable		Notes from Direct Borrowings	
Year Ending September 30,	Interest	Principal	Interest	Principal
2022	$ 35,301	$ 50,323	$ 62	$ 23,893
2023	34,628	23,677	44	499
2024	34,034	24,266	24	1,181
2025	33,380	25,127	14	74
2026	32,736	25,813	13	74
2027 - 2031	151,607	141,672	54	371
2032 - 2036	126,830	176,381	35	371
2037 - 2041	91,914	258,667	16	371
2042 - 2046	46,472	255,440	1	107
2047 - 2051	9,970	147,497	-	-
2052 - 2056	11	745	-	-
Subtotal	596,883	1,129,608	263	26,941
Net Unaccreted Premium	-	31,701	-	-
Total	$ 596,883	$ 1,161,309	$ 263	$ 26,941

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2021	2020
Vendor	$ 10,348	$ 7,363
Employee Benefits	723	625
Advances on Revenue	3,136	815
Total	$ 14,207	$ 8,803

NOTE 9 NONCURRENT LIABILITIES AND COMPENSATED ABSENCES

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

	October 1, 2020	Increases	Decreases	September 30, 2021	Current Portion
Bonds Payable	$ 1,121,174	$ 276,943	$ (236,808)	$ 1,161,309	$ 50,323
Notes from Direct Borrowings	32,509	155,300	(160,868)	26,941	23,893
Other Noncurrent Liabilities	158	-	(25)	133	-
Compensated Absences	532	546	(535)	543	543
Total	$ 1,154,373	$ 432,789	$ (398,236)	$ 1,188,926	$ 74,759

	October 1, 2019	Increases	Decreases	September 30, 2020	Current Portion
Bonds Payable	$ 1,045,344	$ 199,315	$ (123,485)	$ 1,121,174	$ 46,639
Notes from Direct Borrowings	38,276	275,500	(281,267)	32,509	30,074
Other Noncurrent Liabilities	166	-	(8)	158	-
Compensated Absences	403	569	(440)	532	532
Total	$ 1,084,189	$ 475,384	$ (405,200)	$ 1,154,373	$ 77,245

NOTE 10 LITIGATION

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

NOTE 11 EMPLOYEE BENEFIT PLAN

The Authority sponsors the New Mexico Mortgage Finance Authority 401(k) Plan (the Benefit Plan). The Benefit Plan is a defined-contribution 401(k) plan, which covers substantially all of the Authority's employees. Participating employees may make pre-tax salary deferrals of not less than 1% of the participating employee's annual salary. If the employee makes the minimum 1% employee salary deferral, the Authority will make a matching contribution. The Authority match is the same as the employee if they contribute 1% or 2%, if the employee contributes 3% the Authority match is equal to 5% of the participating employee's salary on a per payroll basis. In addition to the matching contribution, the Authority makes a fixed annual contribution equal to 11% of each participating employee's salary regardless of whether or not the participant makes a salary deferral. Plan participants become fully vested in the Authority's contributions after five years of service. The Authority also sponsors a 457(b) plan. The Authority's and employees' contributions to the Benefit Plan were approximately $1,005,000 and $399,000, respectively, for the year ended September 30, 2021. The Authority's and employees' contributions to the Benefit Plan were approximately $886,000 and $371,000, respectively, for the year ended September 30, 2020. The Executive Director, Human Resources Director, and Chief Financial Officer have the authority to amend the plans.

NOTE 12 BOARD-DESIGNATED NET POSITION

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

	2021	2020
Single Family and Multifamily Programs as Designated by the Board	$ 33,270	$ 21,950
Future General Operating Budget	29,325	24,495
Housing Opportunity Fund	116,629	116,629
Risk-Sharing Loss Exposure	1,191	1,624
Federal and State Housing Programs Administered by the Authority	17,325	16,010
Investment in Mortgage Servicing Rights	17,456	14,452
Total Board-Designated Net Position	$ 215,196	$ 195,160

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

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Authority entered into a risk-sharing agreement with the U.S. Department of Housing and Urban Development (HUD) under Section 542(c) of the Housing and Community Development Act of 1992, whereby HUD and the Authority provide credit enhancements for third-party multifamily housing project loans. HUD has assumed 90% of the risk and the Authority guarantees the remaining 10% risk of loss in the event of default on specific loans. As of September 30, 2021 and 2020, the Authority is committed to assume a risk of approximately $4,656,000 and $6,497,000 for the 36 and 38 loans closed, respectively. These loans are considered in the Authority's assessment for the allowance for mortgage loan losses. As of September 30, 2021, of the 36 loans closed, 4 of the loans are not included in the Authority's financial statements because they are 100% participations with Fannie Mae. Of the $4,656,000 risk assumed as of September 30, 2021, the Authority's assumed risk approximated $209,000 for these off balance sheet loans. The end dates for the guarantees range from 2027-2058. In situations where the Authority is called upon to honor its guarantee, the Authority will take possession of and sell the loan collateral. HUD and the Authority will make up any shortfall resulting from the sale of the collateral on a 90%/10% prorata basis.

The Authority also entered into a risk-sharing agreement with the U.S. Department of Agriculture under Section 538 Rural Rental Housing Guaranteed Loan Program. The Rural Housing Service (RHS), Department of Agriculture (USDA) provides credit enhancements to encourage private and public lenders to make new loans for affordable rental properties that meet program standards. The USDA has assumed 90% of the risk in the one loan closed and funded by the Authority as of September 30, 2021. As of September 30, 2021 and 2020, the Authority is committed to assume a risk of approximately $106,000 and $108,000 for the one loan closed, respectively.

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

NOTE 14 RISK MANAGEMENT

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

NOTE 15 JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING

The Authority has entered into three joint powers agreements (JPAs) or memorandums of understanding (MOU) with various departments of the state. At September 30, 2021, these JPAs and MOUs were as follows:

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

(b) The Authority entered into a JPA with the New Mexico Department of Finance and Administration (DFA) in October 2019. The purpose of the agreement is for the implementation and administration of a subgrant of the HUD Neighborhood Stabilization Program 1 grant. The Authority has the responsibility for program operations. The JPA was effective October 22, 2019 and was extended until October 22, 2022. The maximum amount to be reimbursed under the JPA is $1,527,000, all of which is applicable to the Authority. The Authority does not contribute funds to this project. The Authority is responsible for the audit of the funds received under this JPA.

(c) The Authority entered into a JPA with DFA in October 2019. The purpose of the agreement is for the implementation and administration of a subgrant of the HUD Neighborhood Stabilization Program 3 grant and the Neighborhood Stabilization Program 3 Substantial Amendment. The Authority has the responsibility for program operations. The JPA was effective October 22, 2019 and was extended until October 22, 2022. The maximum amount to be reimbursed under the JPA is $2,000,000, all of which is applicable to the Authority. The Authority does not contribute funds to this project. The Authority is responsible for the audit of the funds received under this JPA.

NOTE 16 APPROPRIATIONS

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

The following chart describes the appropriations from the state severance tax or general obligation bonds (in thousands) as of September 30, 2021:

Description	Original Appropriation	Appropriation Period	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balance
Housing Trust Fund	$ 2,000	7/29/2019-6/30/2023	$ 2,000	$ 2,000	$ -
Weatherization and Energy Efficiency	1,000	7/29/19-6/30/2023	1,000	1,000	-
Veterans Rehab	110	7/29/19-6/30/2021	27	110	-
Housing Trust Fund	1,200	9/9/20-6/30/2024	1,000	1,000	200
Weatherization and Energy Efficiency	1,000	9/9/20-6/30/2024	495	1,000	-
Total	$ 5,310		$ 4,522	$ 5,110	$ 200

NOTE 17 TRANSACTIONS WITH NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST

In September 2007 the Authority's board of directors approved the creation of the New Mexico Affordable Housing Charitable Trust, a 501(c)3 entity. The purpose of the Trust is to support the purposes and programs of the Authority, to seek gifts and grants of property, to borrow money, and to lend, lease, sell, exchange, or otherwise transfer or distribute property for affordable housing. The Trust is governed by the Authority's board of directors. The Authority supports the ongoing operations of the Trust with an annual contribution in the amount of the cost of operations. During fiscal years 2021 and 2020, the Authority incurred $325,600 and $180,900 respectively on behalf of the Trust. The Authority made an in-kind contribution to the Trust in the amount of $11,700 and $3,400 in order to forgive amounts incurred, and a cash contribution of $313,900 and $177,500, in fiscal years 2021 and 2020 respectively. As of September 30, 2021 and 2020, there were $10,400 and $41,000 balances due to/from the Trust, respectively.

NOTE 18 ESCROW DEPOSITS AND DEVELOPMENT RESERVES

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

NOTE 19 SUBSEQUENT EVENTS

On October 26, 2021, the Authority issued the Series 2021 JLG Central Apartments Projects multifamily housing revenue tax-exempt bonds in the amount of $11,000,000. The proceeds will be used to fund a loan to assist in the acquisition, rehabilitation, and equipping of six multifamily rental housing facilities located in the state of New Mexico.

On November 18, 2021, the Authority issued $99,990,000 (2021 Series D) of Single Family Mortgage Program Class I Bonds under the 2005 General Indenture. The 2021 Series D Bonds will be used to finance certain qualifying mortgage loans under the Single Family Mortgage Program. A portion of the 2021 Series D Bonds was sold at a premium generating $3,693,000, which will be used to purchase 2021 Series D Certificates, to fund 2021 Series D Participation Loans and to fund a portion of bond expenses.

On February 23, 2022, the Authority issued $100,000,000 (2022 Series A) of Single Family Mortgage Program Class I Bonds and $33,467,000 (2022 Series B) of MBS Pass-through Program Bonds under the 2005 General Indenture. The 2022 Series A Bonds will be used to finance certain qualifying mortgage loans under the Single Family Mortgage Program. The 2022 Series B Bonds combined with funds in the trust estates, will be used to fully refund the Single Family Mortgage Program Bonds 2012 Series A, 2012 Series B, and the 2011A/2015 Series C NIBP Bonds. A portion of the 2022 Series A Bonds was sold at a premium generating $3,106,000, which will be used to purchase 2022 Series A Certificates, to fund 2022 Series A Participation Loans and to fund a portion of bond expenses.

SUPPLEMENTARY STATEMENTS AND SCHEDULES

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
SINGLE FAMILY MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021
(IN THOUSANDS)

	Single Family Mortgage Programs		Total
	2005 General Indenture	2009 General Indenture	Single Family Mortgage Programs
ASSETS			
CURRENT ASSETS			
Restricted Cash and Cash Equivalents	$ 20,635	$ 330	$ 20,965
Accrued Interest Receivable	2,993	95	3,088
Intra-Entity Payable	(528)	(13)	(541)
Total Current Assets	23,100	412	23,512
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	73,301	923	74,224
Restricted Securitized Mortgage Loans, Net:			
Securitized Mortgage Loans, Net Cost	1,031,429	26,447	1,057,876
Unrealized Gain on Securitized Mortgage Loans	45,935	2,499	48,434
Total Restricted Securitized Mortgage Loans, Net	1,077,364	28,946	1,106,310
Total Noncurrent Assets	1,150,665	29,869	1,180,534
Total Assets	1,173,765	30,281	1,204,046
DEFERRED OUTFLOWS			
Refundings of Debt	202	-	202
Total Assets and Deferred Outflows	$ 1,173,967	$ 30,281	$ 1,204,248
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued Interest Payable	$ 6,921	$ 65	$ 6,986
Accounts Payable and Other Accrued Expenses	25	-	25
Current Portion of Bonds Payable	49,093	330	49,423
Total Current Liabilities	56,039	395	56,434
NONCURRENT LIABILITIES			
Bonds Payable	1,042,296	24,737	1,067,033
Total Noncurrent Liabilities	1,042,296	24,737	1,067,033
Total Liabilities	1,098,335	25,132	1,123,467
NET POSITION RESTRICTED FOR DEBT SERVICE	75,632	5,149	80,781
Total Liabilities and Net Position	$ 1,173,967	$ 30,281	$ 1,204,248

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
SINGLE FAMILY MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2021
(IN THOUSANDS)

	Single Family Mortgage Program 2005 General Indenture	Single Family Mortgage Program 2009 General Indenture	Total Single Family Mortgage Programs
OPERATING REVENUES			
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 32,587	$ 1,601	$ 34,188
Interest on Securities and Temporary Investments	20	1	21
Loan and Commitment Fees	2,149	-	2,149
Administrative Fees and Other	(3,970)	(178)	(4,148)
Total Operating Revenues	30,786	1,424	32,210
OPERATING EXPENSES			
Interest	29,692	1,187	30,879
Bond Issuance Costs	2,139	-	2,139
Administrative Fees and Other	153	12	165
Total Operating Expenses	31,984	1,199	33,183
OPERATING INCOME (LOSS)	(1,198)	225	(973)
NONOPERATING REVENUES (EXPENSES)			
Net Decrease in Fair Value of Investments	(5,815)	(1,985)	(7,800)
Other Financing Sources (Uses) - Operating Transfers	245	(765)	(520)
Total Nonoperating Revenue (Expenses)	(5,570)	(2,750)	(8,320)
CHANGE IN NET POSITION	(6,768)	(2,525)	(9,293)
Total Net Position - Beginning of Year	82,400	7,674	90,074
TOTAL NET POSITION - END OF YEAR	$ 75,632	$ 5,149	$ 80,781

CONDENSED STATEMENTS OF CASH FLOWS

	2005 General Indenture	2009 General Indenture	Total Single Family Mortgage Programs
NET CASH PROVIDED (USED) BY:			
Operating Activities	$ (26,131)	$ 34,658	$ 8,527
Noncapital Financing Activities	71,486	(37,359)	34,127
Investing Activities	7,470	-	7,470
NET INCREASE (DECREASE)	52,825	(2,701)	50,124
Cash and Cash Equivalents - Beginning of Year	41,111	3,954	45,065
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 93,936	$ 1,253	$ 95,189

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021
(IN THOUSANDS)

	Rental Housing Mortgage Programs				
	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D	2005 Series A, B
ASSETS					
CURRENT ASSETS					
Restricted Cash and Cash Equivalents	$ -	$ -	$ 45	$ -	$ -
Accrued Interest Receivable	-	-	6	-	-
Intra-Entity Payable	-	-	-	-	-
Total Current Assets	-	-	51	-	-
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	-	-	200	-	-
Restricted Mortgage Loans, Net	-	-	1,286	-	-
Total Noncurrent Assets	-	-	1,486	-	-
Total Assets	$ -	$ -	$ 1,537	$ -	$ -
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accrued Interest Payable	$ -	$ -	$ 6	$ -	$ -
Accounts Payable and Other Accrued Expenses	-	-	-	-	-
Current Portion of Bonds Payable, Net	-	-	45	-	-
Total Current Liabilities	-	-	51	-	-
NONCURRENT LIABILITIES					
Bonds Payable, Net	-	-	1,245	-	-
Total Noncurrent Liabilities	-	-	1,245	-	-
Total Liabilities	-	-	1,296	-	-
NET POSITION RESTRICTED FOR DEBT SERVICE	-	-	241	-	-
Total Liabilities and Net Position	$ -	$ -	$ 1,537	$ -	$ -

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2021
(IN THOUSANDS)

	Rental Housing Mortgage Programs				
	2005 Series C, D	2005 Series E, F	2007 Series A, B	2007 Series C, D	2008 Series A, B
ASSETS					
CURRENT ASSETS					
Restricted Cash and Cash Equivalents	$ 100	$ 315	$ 120	$ 18	$ -
Accrued Interest Receivable	12	42	21	149	-
Intra-Entity Payable	-	-	-	(6)	-
Total Current Assets	112	357	141	161	-
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	50	218	112	-	-
Restricted Mortgage Loans, Net	3,046	9,713	4,653	12,075	8,000
Total Noncurrent Assets	3,096	9,931	4,765	12,075	8,000
Total Assets	$ 3,208	$ 10,288	$ 4,906	$ 12,236	$ 8,000
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accrued Interest Payable	$ 12	$ 41	$ 21	$ 149	$ -
Accounts Payable and Other Accrued Expenses	-	-	-	-	-
Current Portion of Bonds Payable, Net	100	315	120	227	-
Total Current Liabilities	112	356	141	376	-
NONCURRENT LIABILITIES					
Bonds Payable, Net	3,085	9,830	4,725	11,848	8,000
Total Noncurrent Liabilities	3,085	9,830	4,725	11,848	8,000
Total Liabilities	3,197	10,186	4,866	12,224	8,000
NET POSITION RESTRICTED FOR DEBT SERVICE	11	102	40	12	-
Total Liabilities and Net Position	$ 3,208	$ 10,288	$ 4,906	$ 12,236	$ 8,000

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2021
(IN THOUSANDS)

	Rental Housing Mortgage Programs				Total Rental Housing Mortgage Programs
	2010 Series A, B	2012 Series A	2019 JLG South Apt	2019 JLG North Apt	
ASSETS					
CURRENT ASSETS					
Restricted Cash and Cash Equivalents	$ 15	$ 5	$ -	$ -	$ 618
Accrued Interest Receivable	4	10	-	-	244
Intra-Entity Payable	-	-	-	-	(6)
Total Current Assets	19	15	-	-	856
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	41	-	-	-	621
Restricted Mortgage Loans, Net	786	4,531	-	-	44,090
Total Noncurrent Assets	827	4,531	-	-	44,711
Total Assets	$ 846	$ 4,546	$ -	$ -	$ 45,567
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accrued Interest Payable	$ 4	$ 10	$ -	$ -	$ 243
Accounts Payable and Other Accrued Expenses	-	5	-	-	5
Current Portion of Bonds Payable, Net	15	78	-	-	900
Total Current Liabilities	19	93	-	-	1,148
NONCURRENT LIABILITIES					
Bonds Payable, Net	767	4,453	-	-	43,953
Total Noncurrent Liabilities	767	4,453	-	-	43,953
Total Liabilities	786	4,546	-	-	45,101
NET POSITION RESTRICTED FOR DEBT SERVICE	60	-	-	-	466
Total Liabilities and Net Position	$ 846	$ 4,546	$ -	$ -	$ 45,567

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021
(IN THOUSANDS)

	Rental Housing Mortgage Programs				
	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D	2005 Series A, B
OPERATING REVENUES					
Interest on Mortgage Loans and Securitized Mortgage Loans	$ -	$ 51	$ 67	$ 85	$ -
Interest on Securities and Temporary Investments	-	(1)	8	4	-
Administrative Fees and Other	-	-	-	-	-
Total Operating Revenues	-	50	75	89	-
OPERATING EXPENSES					
Interest Expense	-	60	68	86	-
Administrative Fees and Other	-	127	-	110	-
Total Operating Expenses	-	187	68	196	-
OPERATING INCOME (LOSS)	-	(137)	7	(107)	-
CHANGE IN NET POSITION	-	(137)	7	(107)	-
Total Net Position – Beginning of Year	-	137	234	107	-
TOTAL NET POSITION - END OF YEAR	$ -	$ -	$ 241	$ -	$ -

CONDENSED STATEMENTS OF CASH FLOWS

	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D	2005 Series A, B
NET CASH PROVIDED (USED) BY:					
Operating Activities	$ -	$ 6,821	$ 109	$ 9,448	$ -
Noncapital Financing Activities	-	(7,226)	(118)	(10,035)	-
Investing Activities	-	10	8	6	-
NET INCREASE (DECREASE)	-	(395)	(1)	(581)	-
Cash and Cash Equivalents - Beginning of Year	-	395	246	581	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ -	$ 245	$ -	$ -

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021
(IN THOUSANDS)

	Rental Housing Mortgage Programs				
	2005 Series C, D	2005 Series E, F	2007 Series A, B	2007 Series C, D	2008 Series A, B
OPERATING REVENUES					
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 149	$ 489	$ 253	$ 795	$ 6
Interest on Securities and Temporary Investments	-	18	-	-	-
Administrative Fees and Other	5	-	-	1	-
Total Operating Revenues	154	507	253	796	6
OPERATING EXPENSES					
Interest Expense	151	496	254	795	6
Administrative Fees and Other	-	3	2	1	-
Total Operating Expenses	151	499	256	796	6
OPERATING INCOME (LOSS)	3	8	(3)	-	-
CHANGE IN NET POSITION	3	8	(3)	-	-
Total Net Position – Beginning of Year	8	94	43	12	-
TOTAL NET POSITION - END OF YEAR	$ 11	$ 102	$ 40	$ 12	$ -
CONDENSED STATEMENTS OF CASH FLOWS					
NET CASH PROVIDED (USED) BY:					
Operating Activities	$ 248	$ 782	$ 365	$ 1,011	$ 6
Noncapital Financing Activities	(248)	(794)	(371)	(1,011)	(6)
Investing Activities	-	17	-	-	-
NET INCREASE (DECREASE)	-	5	(6)	-	-
Cash and Cash Equivalents - Beginning of Year	150	528	238	18	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 150	$ 533	$ 232	$ 18	$ -

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021
(IN THOUSANDS)

	Rental Housing Mortgage Programs				Total Rental Housing Mortgage Programs
	2010 Series A, B	2012 Series A	2019 JLG South	2019 JLG North	
OPERATING REVENUES					
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 41	$ 232	$ 269	$ 344	$ 2,781
Interest on Securities and Temporary Investments	-	-	-	-	29
Administrative Fees and Other	-	-	-	-	6
Total Operating Revenues	41	232	269	344	2,816
OPERATING EXPENSES					
Interest Expense	41	232	269	344	2,802
Administrative Fees and Other	2	7	-	-	252
Total Operating Expenses	43	239	269	344	3,054
OPERATING INCOME (LOSS)	(2)	(7)	-	-	(238)
CHANGE IN NET POSITION	(2)	(7)	-	-	(238)
Total Net Position – Beginning of Year	62	7	-	-	704
TOTAL NET POSITION - END OF YEAR	$ 60	$ -	$ -	$ -	$ 466

CONDENSED STATEMENTS OF CASH FLOWS

	2010 Series A, B	2012 Series A	2019 JLG South	2019 JLG North	Total Rental Housing Mortgage Programs
NET CASH PROVIDED (USED) BY:					
Operating Activities	$ 53	$ 299	$ 3,601	$ 5,734	$ 28,477
Noncapital Financing Activities	(55)	(306)	(3,616)	(5,758)	(29,544)
Investing Activities	-	-	-	-	41
NET INCREASE (DECREASE)	(2)	(7)	(15)	(24)	(1,026)
Cash and Cash Equivalents - Beginning of Year	58	12	15	24	2,265
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 56	$ 5	$ -	$ -	$ 1,239

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

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

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

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

CONDENSED STATEMENTS OF CASH FLOWS

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

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

	Rental Housing Mortgage Programs				
	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D	2005 Series A, B
ASSETS					
CURRENT ASSETS					
Restricted Cash and Cash Equivalents	$ -	$ 230	$ 50	$ 285	$ -
Accrued Interest Receivable	-	41	6	45	-
Intra-Entity Payable	-	-	-	-	-
Total Current Assets	-	271	56	330	-
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	-	165	196	296	-
Restricted Mortgage Loans, Net	-	6,867	1,328	9,430	-
Total Noncurrent Assets	-	7,032	1,524	9,726	-
Total Assets	$ -	$ 7,303	$ 1,580	$ 10,056	$ -
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accrued Interest Payable	$ -	$ 31	$ 6	$ 44	$ -
Accounts Payable and Other Accrued Expenses	-	-	-	-	-
Current Portion of Bonds Payable, Net	-	230	50	285	-
Total Current Liabilities	-	261	56	329	-
NONCURRENT LIABILITIES					
Bonds Payable, Net	-	6,905	1,290	9,620	-
Total Noncurrent Liabilities	-	6,905	1,290	9,620	-
Total Liabilities	-	7,166	1,346	9,949	-
NET POSITION RESTRICTED FOR DEBT SERVICE	-	137	234	107	-
Total Liabilities and Net Position	$ -	$ 7,303	$ 1,580	$ 10,056	$ -

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

	Rental Housing Mortgage Programs				
	2005 Series C, D	2005 Series E, F	2007 Series A, B	2007 Series C, D	2008 Series A, B
ASSETS					
CURRENT ASSETS					
Restricted Cash and Cash Equivalents	$ 95	$ 295	$ 115	$ 18	$ -
Accrued Interest Receivable	12	43	20	150	1
Intra-Entity Payable	-	-	-	(6)	-
Total Current Assets	107	338	135	162	1
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	55	233	123	-	-
Restricted Mortgage Loans, Net	3,139	10,007	4,767	12,289	8,000
Total Noncurrent Assets	3,194	10,240	4,890	12,289	8,000
Total Assets	$ 3,301	$ 10,578	$ 5,025	$ 12,451	$ 8,001
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accrued Interest Payable	$ 13	$ 42	$ 21	$ 150	$ 1
Accounts Payable and Other Accrued Expenses	-	-	-	-	-
Current Portion of Bonds Payable, Net	95	295	115	214	-
Total Current Liabilities	108	337	136	364	1
NONCURRENT LIABILITIES					
Bonds Payable, Net	3,185	10,147	4,846	12,075	8,000
Total Noncurrent Liabilities	3,185	10,147	4,846	12,075	8,000
Total Liabilities	3,293	10,484	4,982	12,439	8,001
NET POSITION RESTRICTED FOR DEBT SERVICE	8	94	43	12	-
Total Liabilities and Net Position	$ 3,301	$ 10,578	$ 5,025	$ 12,451	$ 8,001

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

	Rental Housing Mortgage Programs				Total Rental Housing Mortgage Programs
	2010 Series A, B	2012 Series A	2019 JLG South Apt	2019 JLG North Apt	
ASSETS					
CURRENT ASSETS					
Restricted Cash and Cash Equivalents	$ 15	$ 12	$ 15	$ 24	$ 1,154
Accrued Interest Receivable	4	10	15	24	371
Intra-Entity Payable	-	-	-	-	(6)
Total Current Assets	19	22	30	48	1,519
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	43	-	-	-	1,111
Restricted Mortgage Loans, Net	800	4,606	3,332	5,391	69,956
Total Noncurrent Assets	843	4,606	3,332	5,391	71,067
Total Assets	$ 862	$ 4,628	$ 3,362	$ 5,439	$ 72,586
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accrued Interest Payable	$ 4	$ 10	$ 15	$ 24	$ 361
Accounts Payable and Other Accrued Expenses	-	5	15	24	44
Current Portion of Bonds Payable, Net	15	74	3,332	5,391	10,096
Total Current Liabilities	19	89	3,362	5,439	10,501
NONCURRENT LIABILITIES					
Bonds Payable, Net	781	4,532	-	-	61,381
Total Noncurrent Liabilities	781	4,532	-	-	61,381
Total Liabilities	800	4,621	3,362	5,439	71,882
NET POSITION RESTRICTED FOR DEBT SERVICE	62	7	-	-	704
Total Liabilities and Net Position	$ 862	$ 4,628	$ 3,362	$ 5,439	$ 72,586

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

	Rental Housing Mortgage Programs				
	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D	2005 Series A, B
OPERATING REVENUES					
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 110	$ 369	$ 318	$ 519	$ 320
Interest on Securities and Temporary Investments	6	7	19	28	20
Gain Asset Sale/Debt Ext	-	(3)	-	-	-
Loan and Commitment Fees	-	-	-	-	-
Administrative Fees and Other	-		(37)	-	-
Total Operating Revenues	116	373	300	547	340
OPERATING EXPENSES					
Interest Expense	87	374	284	537	317
Bond Issuance Costs	-	-	-	-	-
Provision for Loan Losses	-	-	-	-	-
Administrative Fees and Other	173	2	2	3	439
Total Operating Expenses	260	376	286	540	756
OPERATING INCOME (LOSS)	(144)	(3)	14	7	(416)
CHANGE IN NET POSITION	(144)	(3)	14	7	(416)
Total Net Position – Beginning of Year	144	140	220	100	416
TOTAL NET POSITION - END OF YEAR	$ -	$ 137	$ 234	$ 107	$ -

CONDENSED STATEMENTS OF CASH FLOWS

	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D	2005 Series A, B
NET CASH PROVIDED (USED) BY:					
Operating Activities	$ 7,405	$ 585	$ 5,882	$ 787	$ 9,257
Noncapital Financing Activities	(7,991)	(595)	(6,134)	(804)	(10,072)
Investing Activities	10	325	20	28	23
NET INCREASE (DECREASE)	(576)	315	(232)	11	(792)
Cash and Cash Equivalents - Beginning of Year	576	80	478	570	792
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ 395	$ 246	$ 581	$ -

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

	Rental Housing Mortgage Programs				
	2005 Series C, D	2005 Series E, F	2007 Series A, B	2007 Series C, D	2008 Series A, B
OPERATING REVENUES					
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 154	$ 503	$ 259	$ 807	$ 70
Interest on Securities and Temporary Investments	2	18	3	2	-
Gain Asset Sale/Debt Ext	-	-	-	-	-
Loan and Commitment Fees	-	-	-	-	-
Administrative Fees and Other	3	-	-	1	-
Total Operating Revenues	159	521	262	810	70
OPERATING EXPENSES					
Interest Expense	156	510	260	807	70
Bond Issuance Costs	-	-	-	-	-
Provision for Loan Losses	-	-	-	-	-
Administrative Fees and Other	1	3	2	1	-
Total Operating Expenses	157	513	262	808	70
OPERATING INCOME (LOSS)	2	8	-	2	-
CHANGE IN NET POSITION	2	8	-	2	-
Total Net Position – Beginning of Year	6	86	43	10	-
TOTAL NET POSITION - END OF YEAR	$ 8	$ 94	$ 43	$ 12	$ -

CONDENSED STATEMENTS OF CASH FLOWS

	2005 Series C, D	2005 Series E, F	2007 Series A, B	2007 Series C, D	2008 Series A, B
NET CASH PROVIDED (USED) BY:					
Operating Activities	$ 245	$ 780	$ 364	$ 1,011	$ 78
Noncapital Financing Activities	(247)	(799)	(372)	(1,011)	(78)
Investing Activities	2	18	3	1	-
NET INCREASE (DECREASE)	-	(1)	(5)	1	-
Cash and Cash Equivalents - Beginning of Year	150	529	243	17	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 150	$ 528	$ 238	$ 18	$ -

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

	Rental Housing Mortgage Programs				Total Rental Housing Mortgage Programs
	2010 Series A, B	2012 Series A	2019 JLG South	2019 JLG North	
OPERATING REVENUES					
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 43	$ 236	$ 105	$ 131	$ 3,944
Interest on Securities and Temporary Investments	-	-	-	-	105
Gain Asset Sale/Debt Ext	-	-	-	-	(3)
Loan and Commitment Fees	-	-	-	-	-
Administrative Fees and Other	-	6	-	-	(27)
Total Operating Revenues	43	242	105	131	4,019
OPERATING EXPENSES					
Interest Expense	42	236	105	131	3,916
Bond Issuance Costs	-	-	-	-	-
Provision for Loan Losses	-	-	-	-	-
Administrative Fees and Other	-	-	-	-	626
Total Operating Expenses	42	236	105	131	4,542
OPERATING INCOME (LOSS)	1	6	-	-	(523)
CHANGE IN NET POSITION	1	6	-	-	(523)
Total Net Position – Beginning of Year	61	1	-	-	1,227
TOTAL NET POSITION - END OF YEAR	$ 62	$ 7	$ -	$ -	$ 704

CONDENSED STATEMENTS OF CASH FLOWS

	2010 Series A, B	2012 Series A	2019 JLG South	2019 JLG North	Total Rental Housing Mortgage Programs
NET CASH PROVIDED (USED) BY:					
Operating Activities	$ 55	$ 313	$ (1,475)	$ (3,821)	$ 21,466
Noncapital Financing Activities	(56)	(306)	1,490	3,845	(23,130)
Investing Activities	1	-	-	-	431
NET INCREASE (DECREASE)	-	7	15	24	(1,233)
Cash and Cash Equivalents - Beginning of Year	58	5	-	-	3,498
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 58	$ 12	$ 15	$ 24	$ 2,265

SINGLE AUDIT INFORMATION

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures	Beginning Balance, Loan or Loan Guarantees	Total
FEDERAL GRANTS						
U.S. Department of Housing and Urban Development						
Section 8 Project Based	14.195	NM800CC001	$ 32,709,524	$ 33,832,700	$ -	$ 33,832,700
Section 811	14.326	NM21RDD1301	300,348	342,501	-	342,501
Emergency Solutions Grants Program	14.231	S21-DC-35-0001	1,057,160	1,200,754	-	1,200,754
COVID-19 Emergency Solutions Grants Program - CARES Act	14.231	E-20-DW-35-0001	3,548,574	3,631,283	-	3,631,283
Total Emergency Solutions Grants Program			4,605,734	4,832,037	-	4,832,037
HOME Investment Partnerships Program	14.239	M21-SG350100	909,988	4,396,252	38,100,428	42,496,680
Housing Opportunities for People with AIDS	14.241	NMH021-F999	764,633	802,554	-	802,554
COVID-19 Housing Opportunities for People with AIDS	14.241	NMH20-FHW999	67,929	73,430	-	73,430
Total Housing Opportunities for People with AIDS			832,562	875,984	-	875,984
ARRA-Tax Credit Assistance Program	14.258	M-09-ES-35-0100	-	-	12,691,307	12,691,307
Housing Trust Fund	14.275	F21-SG350100	-	5,606,566	6,165,171	11,771,737
NMAHCT Veterans Housing Rehabilitation & Modification Pilot Program	14.278	V-R1-6N-M0-0002	-	9,356	-	9,356
COVID-19 CDBG Pass-Through City of Las Cruces	14.218	B-20-MW-35-0002	1,649	504,587	-	504,587
Neighborhood Stabilization Program						
Pass-through State DFA (a Community Development Block/Grant Neighborhood Stabilization Program)	14.228	19-NSP1-2-J-01	2,149,807	2,221,270	2,478,116	4,699,386
COVID-19 Community Development Block Grant Pass-Through State	14.228	20-CV-1001	51,999	7,425,382	-	7,425,382
Total Community Development Block Grants/State's Program			2,201,806	9,646,652	2,478,116	12,124,768
Total U.S. Department of Housing and Urban Development			41,561,611	60,046,635	59,435,022	119,481,657
U.S. Department of Treasury						
Capital Magnet Fund	21.011	201CM055112	-	280,998	3,381,652	3,662,650
COVID-19 Homeowner Assistance Fund						
Pass-through State DFA	21.026	N/A	-	4,898,055	-	4,898,055
COVID-19 Coronavirus Relief Fund						
Pass-through State DFA	21.019	20-CV-1000	14,329,339	15,000,000	-	15,000,000
Total Department of Treasury			14,329,339	20,179,053	3,381,652	23,560,705
Department of Energy						
Weatherization Assistance for Low-Income Persons	81.042	EE0007937	1,859,507	1,967,257	-	1,967,257
Total Department of Energy			1,859,507	1,967,257	-	1,967,257
U.S. Department of Health & Human Services						
Pass-Through from the NM Department of Human Services:						
Low Income Home Energy Assistance Program	93.568	22-630-9000-0009	3,324,091	3,400,329	-	3,400,329
Total Federal Grants			61,074,548	85,593,274	62,816,674	148,409,948
LOAN GUARANTY PROGRAMS						
U.S. Department of Housing and Urban Development:						
Mortgage Insurance - Homes (FHA)	14.117	N/A	-	-	6,198,120	6,198,120
U.S. Department of Housing and Urban Development:						
GNMA Mortgage Backed Security Program	14.000	N/A	-	252,854,650	1,248,799,101	1,501,653,751
U.S. Department of Veterans Affairs:						
Veterans Housing-Guaranteed and Insured Loans	64.114	N/A	-	-	457	457
U.S. Department of Agriculture:						
Very Low to Moderate Income Housing Loans	10.410	N/A	-	-	11,936	11,936
Section 538 Rural Rental Housing Guaranteed Loans	10.438	N/A	-	-	972,291	972,291
U.S. Department of Housing and Urban Development:						
Housing Finance Agencies Risk Sharing Programs	14.188	N/A	-	-	55,575,476	55,575,476
Total Loan Guaranty Programs			-	252,854,650	1,311,557,381	1,564,412,031
Total Federal Expenditures for Schedule of Federal Awards			$ 61,074,548	$ 338,447,924	$ 1,374,374,055	$ 1,712,821,979

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as applicable for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. All federal financial assistance received from the federal agencies, including amounts passed through from other governmental entities and disbursed by the Authority, is included in the Schedule in accordance with the requirements of OMB Circular 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as applicable. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 RELATIONSHIP TO THE AUTHORITY'S FINANCIAL STATEMENTS

Federal financial assistance program expenditures as presented in the accompanying Schedule primarily represent federal financial assistance payments disbursed by the Authority during the year ended September 30, 2021 or federally insured loans as described in Note 3.

NOTE 3 MORTGAGE INSURANCE AND GUARANTEES

Certain mortgage loans of the Authority are insured by the Federal Housing Administration (FHA) and partially guaranteed by the Veterans Administration (VA). At September 30, 2021, the Authority recorded approximately $4,656,000 of FHA insured loans. These serviced loans are included on the accompanying Schedule.

The Authority participates in the Risk Sharing loan program, under which the Department of Housing and Urban Development (HUD) provides credit enhancements for multifamily housing project loans. HUD and the Authority share in the risk of loss on the mortgage. HUD has assumed 90% of the risk in 36 loans. HUD's assumed risk approximated $46,565,000 at September 30, 2021. Of the 36 loans closed, the Authority funded 32 loans with outstanding principal of $44,472,000 at September 30, 2021. HUD's assumed risk of loss of approximately $40,024,000 related to these 32 loans is recorded in the accompanying Schedule.

The Authority participates in the Section 538 Rural Rental Housing Guaranteed Loan Program, under which the Rural Housing Service (RHS), Department of Agriculture (USDA), provides credit enhancements to encourage private and public lenders to make new loans for affordable rental properties that meet program standards. The USDA has assumed 90% of the risk in the one loan closed and funded by the Authority.

NOTE 3 MORTGAGE INSURANCE AND GUARANTEES (CONTINUED)

At September 30, 2021, the loan had an outstanding principal of $1,058,000, of which the USDA assumed risk of loss of approximately $952,000 is recorded in the accompanying Schedule.

NOTE 4 LOANS AND LOAN GUARANTEES

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

The following is a summary of changes in federal loan balances for the year ended September 30, 2021:

Program Title	CFDA Number	September 30, 2020 Balance	Current Year Activity	September 30, 2021 Balance
HOME Investment Partnerships Program	14.239	$ 38,100,428	$ 4,775,406	$ 42,875,834
ARRA-Tax Credit Assistance Program	14.258	12,691,307	(128,307)	12,563,000
Neighborhood Stabilization Program	14.228	2,478,116	24,134	2,502,250
Mortgage Insurance - Homes (FHA)	14.117	6,198,120	(1,542,589)	4,655,531
Veterans Housing-Guaranteed and Insured Loans	64.114	457	-	457
Very Low to Moderate Income Housing Loans	10.410	11,936	(3,086)	8,850
Section 538 Rural Rental Housing Guaranteed Loans	10.438	972,291	(20,385)	951,906
GNMA Mortgage Backed Security Program	14.000	1,248,799,101	252,854,650	1,501,653,751
Housing Finance Agencies Risk Sharing Programs	14.188	55,575,476	(15,551,106)	40,024,370
Capital Magnet Fund	21.011	3,381,652	64,419	3,446,071
Housing Trust Fund - National	14.275	6,165,171	5,460,329	11,625,500
Total		$ 1,374,374,055	$ 245,933,465	$ 1,620,307,520

NOTE 5 INDIRECT COSTS

The Authority has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance for loans awarded after November 12, 2020.

CliftonLarsonAllen LLP
CLAconnect.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the New Mexico Mortgage Finance Authority (the Authority), a component unit of the state of New Mexico, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 10, 2022.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
February 10, 2022

CliftonLarsonAllen LLP
CLAconnect.com

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

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

Report on Compliance for Each Major Federal Program

We have audited New Mexico Mortgage Finance Authority's (the Authority), a component unit of the state of New Mexico, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended September 30, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

New Mexico Mortgage Finance Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. New Mexico Mortgage Finance Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
February 10, 2022

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
14.231	Emergency Solutions Grants Program
14.228	Community Development Block Grants and Neighborhood Stabilization Program
14.000	Ginnie Mae Mortgage- Backed Security Program
21.019	COVID-19 Coronavirus Relief Funds
21.026	COVID-19 Homeowner Assistance Fund
93.568	Low Income Home Energy Assistance Program
14.188	Risk Sharing Loan Program

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

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

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

2021-001

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

Federal Program Titles: COVID-19 Community Development Block Grants/State's Program

Federal Assistance Listing Number: 14.228

Award Period: October 1, 2020 – September 30, 2021

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement:
Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal controls should include timely submission to ensure the compliance of all required financial and performance reports submitted to the federal agencies.

Under the CDBG-CV grant agreement, one copy of each progress report shall be submitted no later than 20 days after the end of each quarter.

Condition: During out testing of the CDBG- CV reports submitted, it was noted that the Authority did not have controls in place to ensure reporting requirements were being met.

Questioned Costs: Not able to determine

Context: During our testing of the CDBG- CV reports submitted, 3 out of 3 quarterly reports were submitted after the required filing dates.

Cause: Staff were focused on implementing a new program and disbursing funds quickly in the pandemic environment; therefore, gathering the data for the reports took longer. As such, the reports were submitted 3-19 days after the deadline.

Effect: Failure to file reports timely may jeopardize future funding from the identified federal agencies.

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

2021-001 (Continued)

Repeat Finding: No

Recommendation: We recommend the Authority design controls to ensure reporting requirements are being met.

Views of responsible officials: Management agrees the reports were submitted late. Staff were focused on implementing a new program and disbursing funds quickly in the pandemic environment; therefore, gathering the data for the reports took longer. MFA was in communication with the State regarding the status of the reports and they were accepted when submitted, up to 19 days after the deadline. The program has now been discontinued and MFA is working with the State to close out the program.

Section IV – Summary of Prior Year Audit Findings

FINDINGS - FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS-FEDERAL AWARD PROGRAMS AUDITS

2020-001 SEFA Completeness

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

Status: Resolved.

MFA
Housing New Mexico

CORRECTIVE ACTION PLAN

February 1, 2022

The New Mexico Mortgage Finance Authority respectfully submits the following corrective action plan for the year ended September 30, 2021.

Name and address of independent public accounting firm:

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

Audit period: Year ended September 30, 2021

The findings from the September 30, 2021 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2021-001 Community Development Block Grants/State's Program
Federal Assistance Listing Number 14.228

Recommendation:
We recommend the Authority design controls to ensure reporting requirements are being met.

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

Views of responsible officials and planned corrective actions:
Management agrees the reports were submitted late. Staff was focused on implementing a new program and disbursing funds quickly in the pandemic environment; therefore, gathering the data for the reports took longer. MFA was in communication with the State regarding the status of the reports and they were accepted when submitted, up to 19 days after the deadline. The program has now been discontinued and MFA is working with the State to close out the program. In the future, reporting requirements will be identified for new programs, assigned to responsible staff and added to a tickler for action.

Name of the person responsible for corrective action:
Chief Housing Officer

Planned completion date for corrective action plan:
A final close out report was submitted to the State dated 9/20/2021. The program will be closed as soon as the State accepts the final close out report, which is pending as of this date.

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

Sincerely yours,

New Mexico Mortgage Finance Authority

Isidoro Hernandez
Executive Director/CEO

MFA

OTHER REQUIRED SCHEDULES

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
EXIT CONFERENCE
YEAR ENDED SEPTEMBER 30, 2021

An exit conference was conducted on February 8, 2022, in which the contents of this report were discussed with the following:

New Mexico Mortgage Finance Authority

Angel Reyes, Chair of the Board and Finance Committee
Martina CdeBaca, proxy for Attorney General Howie Morales, Lt. Governor, Finance Committee Member
Tim Eichenberg, Finance Committee Member
Isidoro Hernandez, Executive Director/Chief Executive Officer
Lizzy Ratnaraj, Chief Financial Officer
Donna Maestas-De Vries, Chief Housing Officer
Jeff Payne, Chief Lending Officer
Yvonne Segovia, Controller

CliftonLarsonAllen, LLP

Mandy Merchant, Principal
Gaby Miller, Director

Tab 5

MFA

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Contracted Services/Credit Committee Meeting

Tuesday, March 8, 2022 @ 10:00 am

MFA – Albuquerque

WebEx join the meeting from the calendar or call 1-844-992-4726 (access code): 146 715 1755.

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Recommended for Consent Agenda			
Agenda **1** Approval of Sustainable Energy Resources for Consumers (SERC) Grant (Troy Cucchiara and Dimitri Florez)	10:00 – 10:10	3-0	YES
2 Approval of NM Gas Company Grant (Troy Cucchiara and Dimitri Florez)	10:10 – 10:20	3-0	YES
3 HOME Investment Partnership-American Rescue Plan (HOME-ARP) Funding Acceptance and Plan Approval (Sonja Unrau and Sherry Stephens)	10:20 – 10:30	3-0	YES
4 Proposed Uses of $15 million in American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (FRF) (Rebecca Velarde)	10:30 – 10:40	3-0	YES
Presentation **5** Govenda Overview (Hether Guin,Govenda)	10:40-11:00	✓	NO
6 Questions/Comments from Committee	11:00–11:10	✓	NO

Committee Members present:

Rebecca Wurzburger, Chair	☐ present	☐ absent	☑ conference call
Attorney General Hector Balderas or Sally Malavé	☐ present	☐ absent	☑ conference call
Patricia Sullivan	☐ present	☐ absent	☑ conference call

Hernandez

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

MEMORANDUM

TO: **MFA Board of Directors**

Through: Contract Services Committee – March 15, 2022

Through: Policy Committee – February 22, 2022

FROM: Troy Cucchiara

DATE: March 16, 2022

SUBJECT: Approval of Department of Energy (DOE) Sustainable Energy Resources for Consumers (SERC) Grant

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Recommendation

MFA is requesting approval to apply for a $2,000,000 Sustainable Energy Resources for Consumers (SERC) Grant through a competitive process with DOE, and approval to accept funds if awarded.

Background

SERC Description

DOE has $12.3M of funding available for competitive Grants that would be used to expand the Weatherization Program for materials, benefits, and renewable and domestic energy technologies not currently covered. Further, this funding must align with DOE's goal of delivering 40% of the overall benefits of climate investments to disadvantaged communities. These funds are being released under a competitive grant referred to as Sustainable Energy Resource for Consumers (SERC) Grant and would need to be expended between July 1, 2022, and June 30, 2023.

These funds are deriving from Title IV of the Energy Independence and Securities Act of 2007, Section 411(b) authorizes the use of 2 percent of funds when total appropriated amounts exceed $275 million for the Weatherization Assistance Program (WAP), administered by the DOE.

Process

MFA is partnering with its current statewide multifamily (MF) WAP service provider, ICAST (International Center for Appropriate and Sustainable Technology) to request $2,000,000 of these SERC funds delivering services to at least 200 low-income units. ICAST is a national 501c3 nonprofit, focused on providing green solutions to low-income populations, and has a long history of working with MFA.

ICAST plans to convert qualified, inefficient, multifamily buildings, into Grid-Interactive Efficient Buildings to demonstrate how WAP funding can assist low-income communities in significantly reducing their energy burden, while using the best available technology to reduce carbon emissions.

Funding from a SERC grant would be utilized to install various distributed energy resource technologies at pilot multi-family projects to achieve energy efficiency, demand response capabilities, clean energy generation, and load flexibility. If the SERC grant is awarded to New Mexico, the funding would supplement WAP funds, utility rebates, tax credits, and other incentives including green loans for the multi-family owners.

ICAST will identify, qualify, and install deep energy retrofit upgrades at qualified multi-family properties. ICAST will provide its award-winning and innovative one stop shop retrofit services to the SERC customers including: outreach, qualification and enrollment, energy audits and energy modeling, leveraging financing from multiple sources, construction management, data tracking and reporting, education and training of property staff and tenants, and workforce development for at-risk youth. ICAST has 20 years of experience in developing, launching, and managing energy retrofit programs across the country, for local governments and utility companies. ICAST currently installs energy efficiency measures, solar PV, control solutions, and energy management systems for approximately 30,000 households per year.

ICAST has successfully implemented its programs in the past 30 months by engaging and working closely with the utility clients and their key stakeholders and hiring highly qualified, local staff and subcontractors while ensuring all state and federal level protocols for safety for COVID-19 pandemic are followed.

The following technologies and solutions will be evaluated, designed and installed:

- Standard weatherization including building envelope, HVAC, appliances, and lighting
- Beneficial electrification via heat pump HVAC and water heater
- Onsite renewable energy resources such as solar PV
- Distributed energy storage systems such as battery energy storage
- Smart technology controls
- Electric vehicle charging stations
- Building management systems

Summary

MFA is requesting approval to apply for a $2,000,000 Sustainable Energy Resources for Consumers (SERC) Grant through a competitive process with DOE. If approved, funding from the grant would be used to utilized to install various distributed energy resource technologies at pilot multi-family projects to achieve energy efficiency, demand response capabilities, clean energy generation, and load flexibility.

Tab 6

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

MFA | Housing New Mexico

MEMORANDUM

TO: **MFA Board of Directors**

Through: Contract Services Committee – March 15, 2022

Through: Policy Committee – February 22, 2022

FROM: Troy Cucchiara

DATE: March 16, 2022

SUBJECT: Approval to respond to New Mexico Gas Company RFP

Recommendation
Approval to respond to an RFP issued by the New Mexico Gas Company, Inc. (NMGC) for funding to be used in the NM Energy$mart Program.

Background
NMGC has provided funding to the NM Energy$mart Program since 2013. NMGC funding supplements the DOE federal funding used to weatherize homes. For the last eight years, NMGC has issued contracts to MFA as its income qualified energy efficiency provider. NMGC is now seeking proposals for program years 2023-2026 for their income qualified energy efficiency programs.

Process
The NM Energy$mart program utilizes NMGC funding with several other funding sources to find the best combination of energy efficiency measures of the homes they weatherize. NMGC funding benefits the program by increasing the number of items that can go into each home. In addition, our partnership with NMGC is of great value to the NM Energy$mart program as the funding from our federal partners, DOE and LIHEAP stretches when utilizing NMGC funding, allowing us to provide services to approximately 100 additional homes per year.

In September 2022, the NM Energy$mart Program is expecting to receive an additional $23M in funding from the Bipartisan Infrastructure Deal. As a result, the program will be weatherizing many more homes and could use the NMGC funding on any homes that fall within the NMGC territory.

Summary
NMGC is soliciting proposals from qualified entities for a three-year period from 2023 through 2026. MFA is seeking board approval to apply for funding in the amount of $4.5M to be utilized in the NM

Energy$mart Program over the next three years ($1.5M per year beginning March 1, 2023, through February 28, 2026)

Tab 7

MFA Housing New Mexico

MEMO

TO: MFA Board of Directors
Through: MFA Contracted Services Committee on March 8, 2022
Through: MFA Policy Committee on March 1, 2022

FROM: Sonja Unrau and Sherry Stephens, Policy and Planning

DATE: March 16, 2022

SUBJECT: HOME Investment Partnership-American Rescue Plan (HOME-ARP) Funding Acceptance and Plan Approval

Recommendation

MFA staff recommend that the MFA Board of Directors accept New Mexico's $19,577,227 HOME-ARP allocation and approve the HUD required HOME-ARP plan.

The plan describes housing needs and gaps for New Mexico's homeless and at-risk of homelessness populations and justifies allocating $9,000,000 for supportive services and $7,640,638 for rental housing development. The remaining $2,936,589 of New Mexico's allocation may go towards administrative and planning expenses.

Background

Passed as part of the American Rescue Plan (ARP) Act of 2021 and under the HOME Investment Partnerships Program (HOME), HOME-ARP provides funding for homelessness assistance and supportive services. New Mexico was allocated $19,577,227 with a term expiration of September 30, 2030.

HOME-ARP funds are to address the need for homelessness assistance and supportive services that primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations.

Eligible activities include:

(1) Development and support of affordable housing;
(2) Tenant-based rental assistance (TBRA);
(3) Provision of supportive services; and
(4) Acquisition and development of non-congregate shelter units.

As part of the required HUD planning process, Policy and Planning staff conducted an extensive consultation process with developers, public housing authorities, supportive service providers and other MFA partners. Among the categories of eligible activities, rental housing and supportive services emerged as priority needs for the qualifying population. Further, these were the only two activities for which partners expressed eagerness to engage with MFA.

Discussion

Supportive Services. Funding allocated to supportive services would be made available for activities similar to MFA's ESG Rental Assistance Program (RAP). The recommendation to allocate $9 million dollars for these activities is based on the importance of homelessness prevention, the low level of regular funding currently available in the state for the program, the need to continue support for new partners, and the enthusiasm of service providers to administer the funding.

During consultations, various partners cited the need to prevent homelessness through a program like RAP. These partners explained that keeping at-risk of homelessness households housed or quickly relocated to new housing is best for household well-being as well as more cost efficient compared to interventions required for households experiencing homelessness.

The Community Development Department noted that with the increase of ESG CARES Act funding, MFA was able to involve four new service providers in its programming to cover an additional 22 counties. With this funding set to expire in the fall of 2022, retaining the service providers will be a challenge if not impossible with only the state's regular ESG allocation. However, making HOME-ARP funds available for RAP or other similar supportive service would mitigate this risk.

Rental Housing. Funding for rental housing would be made available for rental housing development. These developments could be permanent supportive housing (PSH) projects. Consultations with developers revealed that allowing some flexibility beyond a strict definition of PSH would make the funding source more attractive. Among the most enthusiastic developer partners was Santa Fe Civic Housing Authority, which has vouchers available for a project to support the qualifying population and is looking to expand its portfolio.

Assuming these projects were each 30-unit developments, MFA estimates the $7,640,638 could support two to five developments, depending on whether 9% credits and National Housing Trust Funds were used in the financing structure. At this stage of the planning process, MFA staff anticipates making the HOME-ARP rental housing funds available through an RFP to allow for a high level of scrutiny in project selection.

Public Participation. A 30-day public comment period was held from February 15, 2022, to March 16, 2022. A hybrid in-person/virtual public hearing was on March 9, 2022 at 9 am. To date, MFA has not received any public comments.

Timeline. Policy and Planning staff have updated the below timeline to accomplish the planning requirements and program design elements:

3/16/2022	Board Presentation
3/25/2022	Substantial Amendment and HOME-ARP Plan Submitted
5/30/2022	Receive HUD approval or feedback
5/30/2022	Begin HOME-ARP program implementation

Summary:

MFA staff seek Board acceptance of HOME-ARP funding and approval of the HOME-ARP plan.

HOME-ARP Allocation Plan Template

Guidance

- To receive its HOME-ARP allocation, a PJ must:
  - Engage in consultation with at least the required organizations;
  - Provide for public participation including a 15-day public comment period and one public hearing, at a minimum; and,
  - Develop a plan that meets the requirements in the HOME-ARP Notice.
- To submit: a PJ must upload a Microsoft Word or PDF version of the plan in IDIS as an attachment next to the "HOME-ARP allocation plan" option on either the AD-26 screen (for PJs whose FY 2021 annual action plan is a Year 2-5 annual action plan) or the AD-25 screen (for PJs whose FY 2021 annual action plan is a Year 1 annual action plan that is part of the 2021 consolidated plan).
- PJs must also submit an SF-424, SF-424B, and SF-424D, and the following certifications as an attachment on either the AD-26 or AD-25 screen, as applicable:
  - Affirmatively Further Fair Housing;
  - Uniform Relocation Assistance and Real Property Acquisition Policies Act and Anti-displacement and Relocation Assistance Plan;
  - Anti-Lobbying;
  - Authority of Jurisdiction;
  - Section 3; and,
  - HOME-ARP specific certification.

Participating Jurisdiction: New Mexico Mortgage Finance Authority
Date: 2/16/2022

Consultation

Before developing its plan, a PJ must consult with the CoC(s) serving the jurisdiction's geographic area, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities, at a minimum. State PJs are not required to consult with every PHA or CoC within the state's boundaries; however, local PJs must consult with all PHAs (including statewide or regional PHAs) and CoCs serving the jurisdiction.

Summarize the consultation process:
During the fall of 2021, MFA held seven, one-hour, virtual consultation sessions with the New Mexico Continuum of Care, homeless service providers, victim service providers, veterans' groups, public housing authorities, tribal housing partners, public agencies that address the needs

of the qualifying population, and organizations that address civil rights, fair housing, and people with disabilities, tribal housing partners and housing developers. In total MFA invited 123 entities to participate in HOME-ARP consultations, twenty-three entities attended the consultations, and twenty entities provided input during the consultations. The entities that provided feedback collectively provide services across the entire state. Entities that were unable to attend a scheduled consultation were invited to send written comments to MFA. (See appendix 1 for complete list of entities invited to participate in the HOME-ARP consultation process.) During these consultations, MFA provided an overview of the HOME-ARP program, including the definitions of the qualifying population and eligible activities. MFA also sought information on the size and demographics of the qualifying population, unmet shelter, housing, and service needs of the qualifying population, and gaps within the current shelter and housing inventory and service delivery system. Further, MFA used the consultations as an opportunity to discuss practicalities of implementing HOME-ARP activities, including possible partnerships, client outreach strategies, and subsidy layering options.

List the organizations consulted, and summarize the feedback received from these entities.

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
Project Moxie	Other public or private agency that addresses the needs of the qualifying population	Virtual Discussion	• Provide as much flexibility as possible with funding and project. • Project-based vouchers are essential to making rental housing financially feasible for the qualifying population. • Motel conversions are only feasible with vouchers and other resources. • Look to use HOME-ARP for rental housing projects with financing gaps. • There are rental housing gaps in rural parts of the state and for youth aging out of foster care. • Homelessness prevention will be critical as eviction moratoriums expire.
Greater Albuquerque Housing Partnership	Other public or private agency that addresses the needs of the qualifying population	Virtual Discussion	• Sustaining operations through affordable housing restricted use periods is a concern when HOME-ARP funds are only available for 10 years.

			• Using HOME-ARP funding as a capitalized operating reserve could support operations and services. • Hotel conversions can be challenging and costly.
Mesilla Valley Community of Hope	Homeless services provider/Veteran's group/Private organization that address the needs of persons with disabilities	Virtual Discussion	• There is a need for more rental units for the qualifying population. The dearth of rental units has created a challenge for even housing voucher holders to secure a home. • There is a need to bolster supportive services based at affordable housing development. • Increasingly there is a need to assist families experiencing homelessness. • While addressing the need for permanent rental housing should be the priority, there is also need for transitional housing including safe, outdoor camps. • There needs to be services tied to LIHTC projects. • Homelessness prevention, like rapid rehousing, will reduce the need for more costly, long term interventions.
BeauxSimone Consulting	Other public or private agency that addresses the needs of the qualifying population	Virtual Discussion	• HOME-ARP could be used to address the financing gaps in New Mexico's permanent supportive housing pipeline. • MFA should adopt the broadest, most inclusive qualifying population definition so that communities have the flexibility to respond to their housing needs. • HOME-ARP for rental housing development would be best offered as a grant. • MFA should open an RFP or NOFA and let communities tell MFA how to best use the funding for rental housing development. • Projects should involve staff with credentials to bill Medicaid.

			• Behavioral health service providers or community mental health providers can offer supportive services to meet the diverse needs of the qualifying population.
Mesilla Valley Public Housing Authority	Public Housing Authority	Virtual Discussion	• Mesilla Valley Public Housing Authority just completed 40 units of supportive housing that have 36 project vouchers. HOME-ARP funding could be used to sustain supportive services.
Alianza of New Mexico	Homeless services provider	Virtual Discussion	• There is a lack of service providers and affordable housing inventory in the southwestern and southeastern part of the state. • The southern part of the state has a need for supportive services, short term shelter, and permanent housing. • As CARES Act funding expires, service providers will need new funding to maintain the existing services being provided. • Without reliable resources the issue of coverage gaps will worsen.
Chicanos Por La Causa/HELP NM	Homeless services provider	Virtual Discussion	• Transitional housing is a missing piece on the housing spectrum. • A rental unit shortage makes it difficult for people to use housing vouchers. • More housing for youth is critical. • Rents now exceed HUD fair market rates and encouraging landlords to participate in programs is a challenge in Northern New Mexico.
HEART of Taos	Homeless Services Provider	Virtual Discussion	• In Taos there are few emergency shelters, and the only affordable properties are a few LIHTC developments that don't offer any support services

If additional space is needed, insert image of table here:

Agency/Org Feed Back Continued

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
Albuquerque Health Care for the Homeless	Homeless Services Provider	Virtual Discussion	• People of color, especially Native Americans, are overrepresented in New Mexico’s homeless population. • Seniors (age 55+) are an increasing share of the homeless population. • New housing development is a huge need, and housing development should be “low barrier.” • HOME-ARP is an opportunity to target funding to households at the 30% AMI or below level. • Priorities should be new permanent supportive housing and include project-based and tenant-based subsidies. • The 30% AMI and below households are at the greatest risk of homelessness.
Families & Youth, Inc.	Other public or private agency that addresses the need of the qualifying population	Virtual Discussion	• In Las Cruces there is a lack of affordable family units. • There are waiting lists for transitional living units for youth.
A New Day Youth and Families Services	Other public or private agency that addresses the need of the qualifying population	Virtual Discussion	• There needs to be diverse housing options for youth that meet their developmental needs, which could include small group housing units or transitional housing arrangements.
Saint Elizabeth Shelter	Homeless Services Provider	Virtual Discussion	• There is a need for support services to help people maintain housing; such a program would be new in New Mexico.
HopeWorks	Other public or private agency that addresses the need of the qualifying population/ Homeless Services Provider	Virtual Discussion	• Permanent supportive housing should be a priority.
San Felipe Housing Authority	Tribal Housing Authority	Virtual Discussion	• Homelessness in San Felipe Pueblo often manifests as overcrowding. There are even households pitching tents in the backyards of their families. COVID-19 highlights the need to

			address homelessness in the form of overcrowding. • Overcrowding has led to a rapid spread of diseases and also lead to an increase in domestic violence cases. • There are also many tribal members with mental illness, on and off the reservation, struggling to secure and maintain housing. • San Felipe Pueblo needs more rental units and a small domestic violence shelter.
Pueblo of Acoma Housing Authority	Tribal Housing Authority	Virtual Discussion	• The Pueblo of Acoma has serious overcrowding issues. The Pueblo has rental assistance through the CARES Act but is still in need for more units, including single-family and multi-family for homeownership and rental.
Albuquerque Housing Authority	Public Housing Authority	Virtual Discussion	• Renovation of public housing is key. It is best not to concentrate development to only serve the lowest income levels or only persons at risk of homelessness. • Mixed income housing is best practice. • The housing authority needs supportive services for voucher holders to help them find and retain housing. • The housing authority would possibly be interested in HOME tenant based rental assistance.
Santa Fe Civic Housing	Public Housing Authority	Virtual Discussion	• Santa Fe Civic Housing Authority would consider developing permanent supportive housing with HOME-ARP funds. • The main issue for the Santa Fe homeless population is single individuals with mental health conditions. They need to be connected with existing services for supportive services.
New Mexico Coalition to End Homelessness	New Mexico Continuum of Care/ Homeless and domestic violence service provider/Veteran’s group	Virtual Discussion	• There is a huge need for permanent supportive housing and additional rental units. • It is increasingly difficult to find landlord participation in voucher programs. • There is a lack of case management and housing

			navigators to facilitate services already available. • Gallup is heavy on homelessness, and there is a Howard Johnson hotel that is available for a possible rehabilitation project in future. • There is no need for tenant based rental assistance with the amounts of COVID-19 rental assistance available. • As the COVID-19 eviction moratoriums expire, there will be a need to fund eviction prevention. • Capital projects that result in new housing units are needed. • The best use of funding is to mix capital and supportive services in a single project. • Medicaid does not cover every service vulnerable populations need, but there is a need to link permanent supportive housing with service providers who know how to bill to Medicaid. • Using HOME-ARP as capital may be appropriate as it is one time funding.
YES Housing	Other public or private agency that addresses the need of the qualifying population/ Homeless Services Provider	Virtual Discussion	• Operating and services funding remains the key issue for rental housing development to support the qualifying population. Even if you move these individuals into housing, you need services to help them maintain stability.
New Mexico Center for Law and Poverty	Organizations that address civil rights, fair housing, and people with disabilities	Virtual Discussion	• As eviction moratoriums expire, there is significant need to prevent households from falling into homelessness. • There are eviction diversion programs that could use supportive service funding to keep families housed. • With rent prices increasing throughout the state, short- and medium-term rental assistance as well as funding for security deposits is critical.

Public Participation

PJs must provide for and encourage citizen participation in the development of the HOME-ARP allocation plan. Before submission of the plan, PJs must provide residents with reasonable notice and an opportunity to comment on the proposed HOME-ARP allocation plan of **no less than 15 calendar days**. The PJ must follow its adopted requirements for "reasonable notice and an opportunity to comment" for plan amendments in its current citizen participation plan. In addition, PJs must hold **at least one public hearing** during the development of the HOME-ARP allocation plan and prior to submission.

For the purposes of HOME-ARP, PJs are required to make the following information available to the public:

- The amount of HOME-ARP the PJ will receive,
- The range of activities the PJ may undertake.

Describe the public participation process, including information about and the dates of the public comment period and public hearing(s) held during the development of the plan:

- ***Public comment period:*** *start date* - Click or tap to enter a date. *end date* ***- 3/16/2022***
- ***Public hearing: 3/9/2022***

A 30-day public comment period, which sought to broaden citizen participation, was published on MFA's, DFA's website and in local newspapers in metro and rural areas. It started on February 15, 2022 and ended on March 16, 2022. A public hearing was held on March 9, 2022. In order to reach as many as possible additional formats upon request were made available in large print, braille, audio, Hamilton relay, TTY, voice, mobile caption and Spanish. During the public comment period MFA published a draft of its HOME-ARP plan on its website to seek public input. The public hearing was held in a hybrid in-person/virtual format to allow for broad public participation.

Describe any efforts to broaden public participation:

MFA conducted outreach for the plan by discussing HOME-ARP at events such as Albuquerque Affordable Housing Coalition meetings and presenting at meetings facilitated by the New Mexico Coalition to End Homelessness (New Mexico's CoC).

A PJ must consider any comments or views of residents received in writing, or orally at a public hearing, when preparing the HOME-ARP allocation plan.

Summarize the comments and recommendations received through the public participation process:

Enter narrative response here.

Summarize any comments or recommendations not accepted and state the reasons why:

Enter narrative response here.

Needs Assessment and Gaps Analysis

PJs must evaluate the size and demographic composition of qualifying populations within its boundaries and assess the unmet needs of those populations. In addition, a PJ must identify any gaps within its current shelter and housing inventory as well as the service delivery system. A PJ should use current data, including point in time count, housing inventory count, or other data available through CoCs, and consultations with service providers to quantify the individuals and families in the qualifying populations and their need for additional housing, shelter, or services. The PJ may use the optional tables provided below and/or attach additional data tables to this template.

OPTIONAL Homeless Needs Inventory and Gap Analysis Table

Homeless													
	Current Inventory					**Homeless Population**				**Gap Analysis**			
	Family		Adults Only		Vets	Family HH (at least 1 child)	Adult HH (w/o child)	Vets	Victims of DV	Family		Adults Only	
	# of Beds	# of Units	# of Beds	# of Units	# of Beds					# of Beds	# of Units	# of Beds	# of Units
Emergency Shelter	#	#	#	#	#								
Transitional Housing	#	#	#	#	#								
Permanent Supportive Housing	#	#	#	#	#								
Other Permanent Housing						#	#	#	#				
Sheltered Homeless						#	#	#	#				
Unsheltered Homeless						#	#	#	#				
Current Gap										#	#	#	#

Suggested Data Sources: 1. Point in Time Count (PIT); 2. Continuum of Care Housing Inventory Count (HIC); 3. Consultation

OPTIONAL Housing Needs Inventory and Gap Analysis Table

Non-Homeless			
	Current Inventory	**Level of Need**	**Gap Analysis**
	# of Units	# of Households	# of Households
Total Rental Units	#		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness)	#		
Rental Units Affordable to HH at 50% AMI (Other Populations)	#		
0%-30% AMI Renter HH w/ 1 or more severe housing problems (At-Risk of Homelessness)		#	
30%-50% AMI Renter HH w/ 1 or more severe housing problems (Other Populations)		#	
Current Gaps			#

Suggested Data Sources: 1. American Community Survey (ACS); 2. Comprehensive Housing Affordability Strategy (CHAS)

Describe the size and demographic composition of qualifying populations within the PJ's boundaries:
Point in Time (PIT) Count data from 2020 reports 2,704 households (3,333 individuals) were experiencing homelessness on a single night in January. Of the homeless households, 1,071 (39.6%) are unsheltered homeless households (1,259 persons). Of these unsheltered homeless households, 19 (1.7%) are households with children. Since 2016 homeless individual counted for PIT count data has increased by 47.3%.

Homelessness Management Information System (HMIS) data provided by the New Mexico Coalition to End Homelessness reports that 23,079 people sought help for homelessness in New Mexico during 2021. Among those people 1,468 were veterans, 2,772 were parenting, and 6,371 were chronically homeless. Black or African American persons make up 8.4% of the homeless population and American Indian Alaska Native persons comprise 15.3%. Both these groups are overrepresented in New Mexico's homeless population compared to the state's general population. Hispanic persons represent 47.7% of New Mexico's homeless population, which is nearly proportional to the state's general population. Males make up 53.7% of the state's homeless population, females comprise 43%, and trans or gender non-conforming persons account for .73%. (See appendix 2 for table on HMIS data describing the size and demographic composition the qualifying population in New Mexico.)

HMIS data from 2021 reports that among New Mexico's homeless population, many individuals deal with special needs including mental health conditions (35.1%), alcohol abuse (4.8%), substance abuse (8.4%), chronic health conditions, including persons with AIDS/HIV (21.7%), developmental disability (9.1%), physical disability (20.1%), and chronic homelessness (27.6%). Further this data shows that among our state's homeless population, there are veterans (6.4%), persons who have experienced domestic violence (28.9%), persons parenting (12.0%), youth aged 18-24 (7.7%), and seniors aged 62+ (7.5%).

Comprehensive Housing Affordability Strategy (CHAS) data from the 2014-2018 period shows that there are 102,190 households at or below 30% area median income, which reflects being at-risk of homelessness. American Community Survey data from the 2015-2019 period reports that 8,853 households are severely overcrowded (having more than 1.5 occupants per room) and are also considered at-risk of homelessness. Further 15,457 (35.7%) of the 43,258 renter households surveyed in New Mexico for the most Week 39 (September 29-October 11, 2021) of the Housing Pulse Survey reported being "very likely" or "somewhat likely" to leave their home due to eviction in the next two months. These households also reflect the at-risk of homelessness population in the state.

CHAS data from 2014-2018 data reports that in New Mexico there are 15,855 extremely cost burdened renter households with incomes between 30% and 50% household of the area median income, which is an indication of being at risk of homelessness. An analysis of data from the New Mexico Interpersonal Violence Data Central Repository found that in 2019 there were 25,375 domestic violence victims identified by law enforcement in New Mexico. This population also faces a high risk of homelessness because when leaving an abusive relationship, long-term affordable housing options are scarce.

Describe the unmet housing and service needs of qualifying populations, including but not limited to:

- ***Sheltered and unsheltered homeless populations;***
- ***Those currently housed populations at risk of homelessness;***
- ***Other families requiring services or housing assistance or to prevent homelessness; and,***
- ***Those at greatest risk of housing instability or in unstable housing situations:***

New Mexico’s rental housing market has become increasingly competitive. In 2020 the average rent price was $848, a 14% greater than 2016 average rent prices. Relatedly, vacancy rates have declined from 5.9% in 2016 to 4.3% in 2020. The tightening of the rental market has impacted low-income renters more than any other segment, who more than ever face challenges finding affordable rental units. Consequently, housing insecurity, including homelessness, has become a more acute concern for New Mexico.

As indicated by HMIS data, significant segments of the qualifying populations who are homeless have special needs, including substance use disorders and/or behavioral health conditions. These persons face limited options for housing that incorporates supportive services, which are critical to maintaining housing. 2020 Housing Inventory County (HIC) data shows that statewide the permanent supportive housing beds are utilized at a rate of 84%. During the consultation process, stakeholders emphasized that addressing deficit of permanent rental housing units, including permanent supportive housing units, will have the greatest and most lasting impact on reducing homelessness. Stakeholders also noted that there is a gap in short term housing solutions (emergency shelters are utilized at a rate of 82%) but that responding to the gaps in permanent housing is the most urgent concern.

For those currently housed populations, other families requiring services or housing assistance or to prevent homelessness, and those at greatest risk of housing instability or in unstable housing situations, there is a gap in homelessness prevention services. 2020 HIC data shows that the rapid-rehousing program in New Mexico is operating at full capacity. Further, funding for coronavirus relief programs, like the Emergency Rental Assistance Program and CARES Act Emergency Solutions Grant, are set to expire in the fall of this year. The loss of these resources coupled with termination of protections like eviction moratoria, make new supportive services for homelessness prevention especially critical to combating a rise in homelessness in the near future.

These groups face the risk of homelessness in part due to a lack of affordable permanent rental housing units. CHAS data reports that there are 56,040 renters at the 30% AMI level who are housing cost burdened. Among these renters, 33,330 are extremely cost burdened. Further 27,376 households are overcrowded. This housing condition issue is a reflection of an affordable housing deficit when households are compelled to take in family and friends who are unable to secure housing for themselves and who might otherwise become homeless.

Identify and consider the current resources available to assist qualifying populations, including congregate and non-congregate shelter units, supportive services, TBRA, and affordable and permanent supportive rental housing:

The 2020 Housing Inventory Count (HIC) reports that there are 2,067 emergency shelter beds (82% utilization rate), 661 transitional housing beds (56% utilization rate), 820 rapid rehousing beds (100% utilization rate), and 2,070 permanent supportive housing beds (84% utilization rate). The HIC data includes non-federally funding programs, like the state-financed permanent supportive housing program Linkages.

For program year 2021-2022, MFA's recurring funding for homelessness prevention was $798,748, for emergency shelter activities and operations the amount was $941,768.00, and for Continuum of Care MFA received $461,966. MFA administered $3,001,884 for a state program called Linkages, which provides housing vouchers for individuals experiencing or at-risk of homeless who also have a serious mental illness. MFA total reoccurring funding for homelessness and homelessness prevention was $5,204,366.

MFA also received a one-time Coronavirus Aid, Relief, and Economic Security (CARES) Act Emergency Solutions Grant $12,936,302 award, which it has put toward homelessness prevention and emergency shelter activities. This funding is set to expire in November 2022. While the CARES Act funding has been an essential resource for mitigating and addressing homelessness in the wake of the coronavirus, the recurring regular funding is insufficient to provide services statewide. Without additional funding for homelessness prevention, only 11 out of 33 New Mexico counties will retain these supportive services.

New Mexico received $200,000,000 through the Emergency Rental Assistance Program. As of February 2022, the State of New Mexico and the City of Albuquerque have spent $93,976,167 of their $185,543,756.80 allocation on 40,247 awards. Any unspent balance will expire in September 2022. Beyond that period, resources will be needed to keep New Mexicans housed who are at-risk of homelessness.

MFA's 2021 National Housing Trust Fund allocation was $6,111,129. While this resource essential resources for producing housing for extremely low-income households, the funding falls short of providing sufficient resources for rental housing development demand.

Identify any gaps within the current shelter and housing inventory as well as the service delivery system:

All partners cited that the lack of deeply affordable rental housing was the greatest gap in New Mexico's housing inventory, which is supported by quantitative housing data. Among renters, 54,537 (21.6%) households pay between 30% and 50% of their annual income on housing cost and 54,074 (21.4%) pay more than 50%. An analysis of 2019 American Community Survey shows that there is only one affordable rental unit for every two renters with incomes less than $25,000 and a gap of approximately 32,000 rental units for households at the 30% AMI level. An analysis completed by the Coalition for Supportive Housing found that New Mexico is in need of 7,299 supportive housing beds. (Coalition for Supportive Housing. Supportive Housing Needs in the United States. 2020.)

This gap has created a challenge for homeless service providers in transitioning the sheltered homeless population out of temporary housing and implementing homelessness prevention programs. Partners explained that the lack of housing affordable for extremely low-income households has made it difficult for even portable housing voucher holders to find and secure housing. Relatedly, partners noted that addressing homelessness for some of the most vulnerable unhoused persons demands an investment in permanent supportive housing. Persons who are homeless with behavioral health and/or medial conditions and other special needs require supportive services, including health care and case management, to achieve stable housing.

Homeless service providers noted that the many homeless persons lack options for immediate shelter or short-term transitional housing options. The lack of emergency shelters or space for the homeless to set up tents means many individuals experiencing homelessness live unsheltered and in unsafe conditions. These service providers explained that the development of non-congregate shelters should be low-barrier and align with the “Housing First” model, which focuses on triaging individuals and families to supportive services, health care, and permanent housing. Also, some Tribal housing partners cited a need for shelters for persons that have experienced or are fleeing domestic violence. Both homeless service providers and Tribal housing partners emphasized that shelters and temporary housing provides relief to individuals experiencing homelessness or at risk of homelessness but are not a solution that will result in an actual reduction of homelessness and extreme housing instability.

Partners agreed that in addition to responding to the needs of people currently experiencing homelessness, preventing homelessness is key to avoiding an exacerbated problem. Supportive services programs that offer short- and medium-term rental assistance to keep at risk households in their home, or quickly re-house persons who have lost their home, was cited as an essential homelessness prevention response that should be expanded. As eviction moratoriums expire, the need for these services is becoming more acute.

Identify the characteristics of housing associated with instability and an increased risk of homelessness if the PJ will include such conditions in its definition of “other populations” as established in the HOME-ARP Notice:
MFA will not include any additional conditions in its definition of other qualifying populations as established in the HOME-ARP notice.

Identify priority needs for qualifying populations:
MFA has identified two priority needs for the qualifying population from its 2021 Consolidated Plan: 1) Affordable housing development and rehabilitation; and 2) Housing assistance for

vulnerable population. Using HOME-ARP funds for rental housing development addresses the first need through new construction or substantial rehabilitation of rental units targeted to these populations. Allocating HOME-ARP funds for supportive services activities, including, but not limited to, homelessness prevention and rapid re-housing assistance, addresses the second need.

Explain how the level of need and gaps in its shelter and housing inventory and service delivery systems based on the data presented in the plan were determined:
MFA relied primarily on four data sources to determine levels of need in the state: the Homelessness Management Information System (HMIS), the Point in Time (PIT) count, the Comprehensive Housing Affordability Strategy (CHAS) and the Housing Inventory Count (HIC). The HMIS data reflects the unduplicated count of persons seeking services for homelessness during calendar year 2021, which captures to a reasonable degree the prevalence of homelessness and those at risk of homelessness in New Mexico. The PIT count data provides an indication of the sheltered and unsheltered homeless population on a given night. CHAS data indicates the number of households at risk of homelessness. Finally, the HIC data captures the shelter and permanent supportive housing inventory and utilization rates.

Drawing on these quantitative data sources along with the feedback received during the consultation process supports the need for rental housing and supportive services for homelessness prevention. Responding to these needs will increase long-term housing stability for those experiencing and those at risk of homelessness.

HOME-ARP Activities

Describe the method for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors and whether the PJ will administer eligible activities directly:
MFA intends to publish a Request for Proposals (RFP) to contract with housing developers for the rental housing activities. Through the RFP process for rental housing, MFA will incentivize partnerships between housing developers, property management companies, and entities that provide behavioral health services. One of the goals of these partnerships is to ensure that a portion of the rental units produced through the HOME-ARP program can support the special needs of the qualifying population.

MFA will use a Notice of Funding Availability (NOFA) or and RFP for supportive services for homelessness prevention. MFA seeks to utilize the service providers currently administering Emergency Solutions Grants homelessness prevention programs and maintain statewide coverage. MFA will also explore options to partner with state mandated eviction diversion programs.

If any portion of the PJ's HOME-ARP administrative funds were provided to a subrecipient or contractor prior to HUD's acceptance of the HOME-ARP allocation plan because the

subrecipient or contractor is responsible for the administration of the PJ's entire HOME-ARP grant, identify the subrecipient or contractor and describe its role and responsibilities in administering all of the PJ's HOME-ARP program:
MFA will not provide any portion of the HOME-ARP administrative funds to a subrecipient or contractor prior to HUD's acceptance. MFA is not relying on any subrecipient or contractor to administer the entirety of its HOME-ARP grant.

PJs must indicate the amount of HOME-ARP funding that is planned for each eligible HOME-ARP activity type and demonstrate that any planned funding for nonprofit organization operating assistance, nonprofit capacity building, and administrative costs is within HOME-ARP limits. The following table may be used to meet this requirement.

Use of HOME-ARP Funding

	Funding Amount	**Percent of the Grant**	**Statutory Limit**
Supportive Services	$ 9,000,000		
Acquisition and Development of Non-Congregate Shelters	$ #		
Tenant Based Rental Assistance (TBRA)	$ #		
Development of Affordable Rental Housing	$ 7,640,638		
Non-Profit Operating	$ #	# %	5%
Non-Profit Capacity Building	$ #	# %	5%
Administration and Planning	$ 2,936,589	15 %	15%
Total HOME ARP Allocation	$ 19,577,227		

Additional narrative, if applicable:
Enter narrative response here.

Describe how the characteristics of the shelter and housing inventory, service delivery system, and the needs identified in the gap analysis provided a rationale for the plan to fund eligible activities:
MFA drew on feedback received during the consultation process and housing data to determine the plan to fund supportive services and rental housing development. MFA allocated $7,640,638 to rental housing development to address the shortage of units affordable and suitable to the qualifying population. MFA allocated $9,000,000 for supportive services because of the need to prevent homeless among the at-risk qualifying population and to assist those experiencing homelessness secure and maintain housing.

HOME-ARP Production Housing Goals

Estimate the number of affordable rental housing units for qualifying populations that the PJ will produce or support with its HOME-ARP allocation:

MFA estimates that it can support between 60 and 150 rental housing units, depending on the financing structure of the developments

Describe the specific affordable rental housing production goal that the PJ hopes to achieve and describe how it will address the PJ's priority needs:
By producing 60-150 new rental housing units MFA will address the affordable housing development and rehabilitation priority need. Throughout the consultation process, partners and stakeholders emphasized that addressing this deficit is key to reducing the number of people experiencing homelessness.

Preferences

Identify whether the PJ intends to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project:

- Preferences cannot violate any applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in 24 CFR 5.105(a).
- PJs are not required to describe specific projects to which the preferences will apply.

In order to serve the greatest number of people in the qualifying population through the HOME-ARP program and to ensure program flexibilities that allow subrecipient and contractors to respond to their specific community needs, MFA will not incorporate any preferences.

If a preference was identified, explain how the use of a preference or method of prioritization will address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or category of qualifying population, consistent with the PJ's needs assessment and gap analysis:
Enter narrative response here.

If a preference was identified, describe how the PJ will use HOME-ARP funds to address the unmet needs or gaps in benefits and services of the other qualifying populations that are not included in the preference:
Enter narrative response here.

HOME-ARP Refinancing Guidelines

If the PJ intends to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds, the PJ must state its HOME-ARP refinancing guidelines in accordance with 24 CFR 92.206(b). The guidelines must describe the conditions under with the PJ will refinance existing debt for a HOME-ARP rental project, including:

- ***Establish a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing to demonstrate that rehabilitation of HOME-ARP rental housing is the primary eligible activity***
  Enter narrative response here.

- ***Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving qualified populations for the minimum compliance period can be demonstrated.***
  Enter narrative response here.

- ***State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.***
  Enter narrative response here.

- ***Specify the required compliance period, whether it is the minimum 15 years or longer.***
  Enter narrative response here.

- ***State that HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.***
  Enter narrative response here.

- ***Other requirements in the PJ's guidelines, if applicable:***
  Enter narrative response here.

Appendix 1: Entities Invited to Participate in the HOME-ARP Consultations

Entities that Attended a Consultation and Provided Input	*Entity Type*
New Mexico Coalition to End Homelessness	New Mexico Continuum of Care
New Mexico Center for Law & Poverty	Organizations that address civil rights, fair housing, and people with disabilities
Greater Albuquerque Housing Partnership	Other public or private agency that addresses the need of the qualifying population (rental housing developer)
Santa Fe Civic Housing Authority	Public/Tribal Housing Authority
Mesilla Valley Public Housing Authority	Public/Tribal Housing Authority
Pueblo of Acoma Housing Authority	Public/Tribal Housing Authority
Albuquerque Housing Authority	Public/Tribal Housing Authority
San Felipe Pueblo Housing Authority	Public/Tribal Housing Authority
St. Elizabeth Shelter	Homelessness Supportive Services Provider
Chicanos Por La Causa/HELP NM	Homelessness Supportive Services Provider
HopeWorks	Homelessness Supportive Services Provider
Beaux Simone Consulting	Other public or private agency that addresses the need of the qualifying population (rental housing developer)
Project Moxie	Other public or private agency that addresses the need of the qualifying population (rental housing developer)
Mesilla Valley Community of Hope	Other public or private agency that addresses the need of the qualifying population (rental housing developer)
YES Housing	Other public or private agency that addresses the need of the qualifying population (rental housing developer)
Families and Youth, Inc.	Homelessness Supportive Services Provider/Recover & Transitional Housing

New Day Youth and Family Services	Homelessness Supportive Services Provider/Recover & Transitional Housing
Albuquerque Health Care for the Homeless, Inc.	Homelessness Supportive Services Provider/Recover & Transitional Housing
Alianza of New Mexico	Homelessness Supportive Services Provider
Heart of Taos- HEART House	Homelessness Supportive Services Provider/Recover & Transitional Housing
Entities that Attended a Consultation and Did Not Provided Input	*Entity Type*
El Camino Real Housing Authority	Public/Tribal Housing Authority
JL Gray	Other public or private agency that addresses the need of the qualifying population (rental housing developer)
Barrett Foundation, Inc.	Homelessness Supportive Services Provider/Recover & Transitional Housing
Entities that Were Invited But Did Not Attended A Consultation Opportunity	*Entity Type*
Jemez Pueblo Housing Department	Public/Tribal Housing Authority
Mescalero Apache Tribe Housing Department	Public/Tribal Housing Authority
Santa Clara Pueblo Housing Authority	Public/Tribal Housing Authority
Pecos Housing Authority	Public/Tribal Housing Authority
Alamogordo Housing Authority	Public/Tribal Housing Authority
Santa Clara Housing Authority	Public/Tribal Housing Authority
Isleta Pueblo Housing Authority	Public/Tribal Housing Authority
Jicarilla Apache Housing Authority	Public/Tribal Housing Authority
Wagon Mound Housing Authority	Public/Tribal Housing Authority
Tucumcari Housing Authority	Public/Tribal Housing Authority
Santa Fe County Housing Authority	Public/Tribal Housing Authority
Springer Housing Authority	Public/Tribal Housing Authority

Taos Pueblo Housing Authority	Public/Tribal Housing Authority
Clayton Housing Authority	Public/Tribal Housing Authority
Southern Ute Indian Housing Authority	Public/Tribal Housing Authority
Truth or Consequences Housing Authority	Public/Tribal Housing Authority
Bayard Housing Authority	Public/Tribal Housing Authority
San Juan Housing Authority	Public/Tribal Housing Authority
Artesia Housing Authority	Public/Tribal Housing Authority
Rio Arriba Housing Authority	Public/Tribal Housing Authority
Chama Housing Authority	Public/Tribal Housing Authority
Fort Sumner Housing Authority	Public/Tribal Housing Authority
Raton Housing Authority	Public/Tribal Housing Authority
Eastern Regional Housing Authority	Public/Tribal Housing Authority
Santa Clara Village Housing Authority	Public/Tribal Housing Authority
County of Sandoval Permanent Supportive Housing	Public/Tribal Housing Authority
Bernalillo County Housing Department	Public/Tribal Housing Authority
Sunland Park Housing Authority	Public/Tribal Housing Authority
Sandia Pueblo	Public/Tribal Housing Authority
Native Partnership for Housing	Public/Tribal Housing Authority
Clovis Housing Authority	Public/Tribal Housing Authority
Pueblo of Pojoaque	Public/Tribal Housing Authority
Santo Domingo Housing Authority	Public/Tribal Housing Authority
Northern Pueblos Housing Authority (Picuris, Tesuque, San Ildefonso)	Public/Tribal Housing Authority
Las Vegas Housing Authority	Public/Tribal Housing Authority
Gallup Housing Authority	Public/Tribal Housing Authority
Western Regional Housing Authority	Public/Tribal Housing Authority

Pueblo of Zuni Housing Authority	Public/Tribal Housing Authority
Pueblo of Zia Housing Services	Public/Tribal Housing Authority
Nambé Pueblo Housing Entity	Public/Tribal Housing Authority
Pueblo de Cochiti Housing Authority	Public/Tribal Housing Authority
Lordsburg Housing Authority	Public/Tribal Housing Authority
Navajo Housing Authority	Public/Tribal Housing Authority
Rio Arriba County Housing Authority	Public/Tribal Housing Authority
Cuba Housing Authority	Public/Tribal Housing Authority
City of Santa Fe Housing and Community Development	Public/Tribal Housing Authority
Okhay Owingeh Housing Authority	Public/Tribal Housing Authority
Tamaya Housing Inc.	Public/Tribal Housing Authority
Assurance Home	Homelessness Supportive Services Provider
Barrett Foundation	Homelessness Supportive Services Provider
Center of Protective Environment (COPE)	Homelessness Supportive Services Provider
DreamTree	Homelessness Supportive Services Provider
El Refugio	Homelessness Supportive Services Provider
Family Crisis Center	Homelessness Supportive Services Provider
Grammy's House	Homelessness Supportive Services Provider
Hartley House	Homelessness Supportive Services Provider
Haven House	Homelessness Supportive Services Provider
Heading Home	Homelessness Supportive Services Provider
Option, Inc.	Homelessness Supportive Services Provider
S.A.F.E. House	Homelessness Supportive Services Provider
Valencia Shelter Services	Homelessness Supportive Services Provider
CLNkids, Inc.	Homelessness Supportive Services Provider

Crisis Center of Northern NM	Homelessness Supportive Services Provider
Enlace Comunitario	Homelessness Supportive Services Provider
The Life Link	Homelessness Supportive Services Provider
San Juan County Partnership	Homelessness Supportive Services Provider
Abode Inc.	Homelessness Supportive Services Provider
Catholic Charities	Homelessness Supportive Services Provider
La Casa Inc.	Homelessness Supportive Services Provider
Housing Trust	Other public or private agency that addresses the need of the qualifying population (rental housing developer)
Steelbridge Ministries	Homelessness Supportive Services Provider/Recover & Transitional Housing
Amistad Crisis Shelter - YDI	Homelessness Supportive Services Provider/Recover & Transitional Housing
Casa Hermosa- YDI	Homelessness Supportive Services Provider/Recover & Transitional Housing
Santa Fe Recovery Center	Homelessness Supportive Services Provider/Recover & Transitional Housing
People Assisting the Homeless (PATH)	Homelessness Supportive Services Provider/Recover & Transitional Housing
Women's Housing Coalition	Homelessness Supportive Services Provider/Recover & Transitional Housing
Community Against Violence, Inc.	Homelessness Supportive Services Provider/Recover & Transitional Housing
Town of Taos	Homelessness Supportive Services Provider/Recover & Transitional Housing
Pueblo of Santa Clara	Homelessness Supportive Services Provider/Recover & Transitional Housing
New Mexico Veterans Integration Center	Homelessness Supportive Services Provider/Recover & Transitional Housing

Childhaven	Homelessness Supportive Services Provider/Recover & Transitional Housing
Casa Esperanza	Homelessness Supportive Services Provider/Recover & Transitional Housing
All Faiths Receiving Home	Homelessness Supportive Services Provider/Recover & Transitional Housing
La Casa, Inc.	Homelessness Supportive Services Provider/Recover & Transitional Housing
Santa Clara Pueblo Behavioral Health	Homelessness Supportive Services Provider/Recover & Transitional Housing
Rio Arriba County	Homelessness Supportive Services Provider/Recover & Transitional Housing
City of Espanola	Homelessness Supportive Services Provider/Recover & Transitional Housing
Community Against Violence	Homelessness Supportive Services Provider/Recover & Transitional Housing
Espanola Pathways Shelter	Homelessness Supportive Services Provider/Recover & Transitional Housing
Good Shepherd Center	Homelessness Supportive Services Provider/Recover & Transitional Housing
New Mexico AIDS Services	Homelessness Supportive Services Provider/Recover & Transitional Housing
El Centro Family Health	Homelessness Supportive Services Provider/Recover & Transitional Housing
Crossroads for Women	Homelessness Supportive Services Provider/Recover & Transitional Housing
San Juan Catholic Charities	Homelessness Supportive Services Provider/Recover & Transitional Housing
Susan's Legacy	Homelessness Supportive Services Provider/Recover & Transitional Housing
El Refugio, Inc.	Homelessness Supportive Services Provider/Recover & Transitional Housing

Youth Shelters & Family Services	Homelessness Supportive Services Provider/Recover & Transitional Housing
Silver City Gospel Mission	Homelessness Supportive Services Provider/Recover & Transitional Housing
Theraputic Living Services, Inc.	Homelessness Supportive Services Provider/Recover & Transitional Housing
Saranam, LLC	Homelessness Supportive Services Provider/Recover & Transitional Housing

Appendix 2: Homelessness Management Information System (HMIS) Data on New Mexico's Homeless Population Size and Demographic Characteristics (Calendar Year 2021)

Total Persons Seeking Services for Homelessness	23,079	
Gender		
Male	12385	53.7%
Female	9925	43.0%
Trans	134	0.58%
Gender Non-Conforming	34	0.15%
Client Does Not Know/No Data Collected	601	2.6%
Race		
White	15312	66.3%
Black or African American	1932	8.4%
Asian	75	0.3%
American Indian Alaska Native	3542	15.3%

Native Hawaiian or Other Pacific Islander	191	0.8%
Multiple Races	774	3.4%
Client Does Not Know/No Data Collected	1253	5.4%
Ethnicity		
Non-Hispanic/Non-Latino	11152	48.3%
Hispanic/Latino	11014	47.7%
Client Does Not Know/No Data Collected	913	4.0%
Age		
Under 17 (Children)	4588	19.9%
18-24 (Youth)	1781	7.7%
25-61 (Adult)	14298	62.0%
62+ (Senior)	1729	7.5%
Client Does Not Know/No Data Collected	683	3.0%

Tab 8

MEMO

TO: Board of Directors

Through: Policy Committee on March 1, 2022

New Mexico Housing Trust Fund Advisory Committee on March 2, 2022

Contracted Services Committee on March 8, 2022

FROM: Rebecca Velarde, Senior Director of Policy and Planning

DATE: March 16, 2022

SUBJECT: Proposed Uses of $15 million Awarded During the Special Legislative Session

Recommendation

MFA staff recommend the MFA Board of Directors allocate $15 million awarded during the Special Legislative Session as follows: 1) $10.75 million for the development of energy efficient affordable rental housing; 2) $3.75 million for emergency assistance to make homes "weatherization ready" for participation in the New Mexico Energy$mart Program; and 3) $500,000 for housing programs based on emerging needs expressed by partners. MFA staff recommend the Board provide flexibility for MFA staff to move funding between these categories based on need and timing to ensure compliance with contractual deadlines.

Background:

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

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

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

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

MFA staff has made the assumption that the awarded funds are FRF, but there is a possibility that these awarded funds could be general funds. The State of New Mexico Department of Finance and Administration is currently researching the source of funds. MFA is planning on adhering to the most restrictive requirements but will be able to adjust as needed.

On January 19, 2022, MFA’s Board of Directors voted to accept the funds awarded at the Special Legislative Session.

The Treasury Department issued its Final Rule for ARPA FRF on January 6, 2022, and the Final Rule’s effective date is April 1, 2022. However, MFA can choose to take advantage of the Final Rule’s flexibilities now. According to the Final Rule, MFA must obligate its funds by December 31, 2024 and expend them by December 31, 2026. A draft contract from the State has an expenditure deadline for these funds of June 30, 2025.

Discussion:

ARPA FRF Final Rule Analysis
The purpose of ARPA FRF is to ensure that governments have the resources needed to:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts;
- Maintain vital public services, even amid declines in revenue; and
- Build a strong, resilient and equitable recovery by making investments that support long-term growth and opportunity.

Affordable housing generally falls under “support[ing] families and businesses struggling with its public health and economic impacts.”

The Final Rule defines households and communities that are presumed to be “impacted” versus “disproportionately impacted” by the pandemic and states certain activities are eligible for each population. Impacted classes experienced the general, broad-based impacts of the pandemic, while disproportionately impacted classes faced meaningfully more severe impacts, often due to preexisting disparities.

The households or communities presumed to be impacted include:

- Low- or moderate-income households or communities (defined as: 1) income at or below 300% of the Federal Poverty Guidelines for the household size; or 2) income at or below 65% of area median income)[1]
- Households that experienced unemployment
- Households that experienced increased food or housing security
- Households that qualify for the Children's Health Insurance Program, Childcare Subsidies through the Child Care Development Fund Program, or Medicaid
- *When providing affordable housing programs:* households that qualify for the National Housing Trust Fund and Home Investment Partnerships Program.

The households or communities presumed to be disproportionately impacted include:

- Low-income households or communities (defined as: 1) income at or below 185% of the Federal Poverty Guidelines for the household size; or 2) income at or below 40% of area median income)[2]
- Households residing in Qualified Census Tracts (QCTs)
- Households that qualify for certain federal benefits[3]
- Households receiving services provided by Tribal governments
- Households residing in the U.S. territories or receiving services from these governments

The following housing-related items were specifically enumerated as eligible in the Final Rule by beneficiary type:

Enumerated Use	Class	Final Rule Page No.
Remediation of lead paint or other hazards	DI	80, 126-127
Housing vouchers	DI	80, 128, 420
Assistance relocating to neighborhoods with higher levels of economic opportunity	DI	80, 128, 420
Housing stability services (e.g. – housing counseling, case management related to stability, legal aid, court-based eviction prevention)	I	82-83, 419
Emergency housing assistance (e.g. - rent, mortgage and utility assistance, delinquent property tax assistance, rapid rehousing)	I	83, 418
Transitional Shelters	DI[4]	83
Development of high-quality affordable housing (production, rehabilitation, repair and preservation of affordable rental housing and, in some cases, affordable homeownership units as well as operating expenses and capitalized operating reserves)	I	103, 105-109, 419

[1] MFA can measure income for a specific household or the median income for the community, depending on whether the response we plan to provide serves specific households or the general community.
[2] MFA can measure income for a specific household or the median income for the community, depending on whether the response we plan to provide serves specific households or the general community.
[3] A list can be found on page 19 on the Overview of the Final Rule.
[4] Assumption by MFA staff; not explicitly stated in the Final Rule. More research is needed.

Supportive housing and other services for individuals experiencing homelessness (development operating subsidies and wraparound services)	I	103, 105, 107-108, 419
Homeownership assistance (down payment assistance, mortgage reserve account for missed payments, or homeownership assistance eligible under CDBG)	I[5]	107
Vacant or abandoned properties (rehabilitation, renovation, maintenance, costs to secure, acquisition, removal and remediation of environmental contaminants, demolition when paired with greening or lot improvement, greening or cleanup, conversion to affordable housing, inspection fees and other administrative costs)[6]	DI	133-137, 420
Support for prevention, mitigation or other services in congregate living facilities (adaptations, ventilation improvements, mitigation and prevention practices)[7]	DI[8]	56, 60-61, 190, 200, 417
Emergency assistance for home repairs and weatherization	I	80, 84-85, 418

The Final Rule provides flexibility for other uses beyond the enumerated uses and presumed eligible populations. The following table illustrates the steps needed to be taken by MFA to determine if a separate use is eligible under ARPA FRF:

1. Identify COVID-19 public health or economic impact	2. Design a response that addresses or responds to the impact
• Can identify impact to a specific household, business or nonprofit or to a class of households, businesses, or nonprofits (i.e., group) • Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a class	• Types of responses can include a program, service or capital expenditure • Response should be related and reasonably proportional to harm • Response should also be reasonably designed to benefit impacted individual or class

Any activity chosen by MFA may be subject to specific caveats as described in the Final Rule. For example, if FRF funding is used as a short-term loan that matures or is forgiven on or before December 31, 2026, then MFA may use FRF to fund the loan principal. However, if it is a longer-term loan, then MFA can only use FRF for the projected cost of the loan.

State Statute Analysis

In addition to the FRF Final Rule, it is necessary to examine applicable state statutes. House Bill 2 from the Special Session in December 2021 appropriated the funding through the New Mexico

[5] Assumption by MFA staff; not explicitly stated in the Final Rule. More research is needed.
[6] Treasury encourages recipients to undertake these activities as part of a strategy for neighborhood revitalization and to consider how the cleared property will be used to benefit the disproportionately impacted community. Treasury also encourages recipients to be aware of potential impacts of demolition on vacant or abandoned properties. Demolition activities that exacerbate the pandemic's impact on housing insecurity or lack of affordable housing are not eligible uses of funds.
[7] Construction of new congregate facilities would generally not be a proportional response to mitigate or prevent COVID-19.
[8] Assumption by MFA staff; not explicitly stated in the Final Rule. More research is needed.

Housing Trust Fund (NMHTF), and MFA will need to ensure compliance with the NMHTF Rules and Statute. As this is one of MFA's most flexible funding sources, this requirement likely will not be difficult to meet. The NMHTF Rules allow MFA to "retain up to five percent (5%) of the funds disbursed from the Fund annually for its actual expenses in administering the Fund."

House Bill 2 also requires the funding to be spent on "energy-efficient affordable housing." This language was added to the bill following an inquiry by Representative Nathan Small, who was one of the bill's sponsors, into MFA's energy efficiency requirements. In responding to this inquiry, MFA sent the Housing Development Department's most recent Design Standards and pointed out all energy efficiency requirements. In order to meet the intent of this language, MFA must ensure all units that MFA funds with these funds are energy efficient.

Analysis of Proposed Uses

MFA staff have analyzed an array of potential uses and have proposed the following allocations[9]:

Proposed Use	FRF Eligible? (Enumerated Use)	Class	Eligible Per State Statute ?	Proposed Allocation	Caveats, Concerns or Other Notes
Emergency Assistance to Make Homes "Weatherization Ready"	Yes (Emergency assistance for home repairs)	I	Yes	$3,750,000	
Affordable Rental Development	Yes (Affordable housing development)	I	Yes	$10,750,000	Funding would be used to provide additional funding for 2020 LIHTC projects affected by construction cost increases and could be used to finance rental housing for individuals experiencing homelessness or at risk of homelessness (where it could be paired with HOME-ARP).
Housing Programs Based on Emerging Needs Expressed by Partners	Yes (TBD)	TBD	Yes	$500,000	MFA would create a process so new, innovative programs could be proposed by MFA and its partners to meet affordable housing needs of the State. MFA would ensure

[9] Please note the NMHTF Rules allow MFA to take 5% funds disbursed from the Fund annually for administrative expenses; the admin percentage from each of these categories may vary.

					all proposals meet applicable federal and state requirements.
TOTAL				***$15,000,000***	

MFA staff recommend the Board provide flexibility for MFA staff to move funding between these categories based on need and timing to ensure compliance with contractual deadlines. Additionally, MFA may take advantage of any additional or new flexibilities in the requirements provided by the State of New Mexico or the federal government, but MFA staff will always maintain the intent of the uses described above.

Summary:

MFA staff recommend the MFA Board of Directors allocate $15 million awarded during the Special Legislative Session as follows: 1) $10.75 million for the development of energy efficient affordable rental housing; 2) $3.75 million for emergency assistance to make homes "weatherization ready" for participation in the New Mexico Energy$mart Program; and 3) $500,000 for housing programs based on emerging needs expressed by partners. MFA staff recommend the Board provide flexibility for MFA staff to move funding between these categories based on need and timing to ensure compliance with contractual deadlines. Additionally, MFA may take advantage of any additional or new flexibilities in the requirements provided by the State of New Mexico or the federal government, but MFA staff will always maintain the intent of the uses described above. If these allocations are approved by the Board of Directors, MFA staff will come back separately for approval of specific contract amounts for these funds.

Tab 9

MEMO

TO: MFA Board of Directors

FROM: Olivia Martinez, Director of Secondary Market

DATE: March 16, 2022

SUBJECT: Document Custodian Emergency Procurement

Recommendation:

Staff recommends that an emergency procurement be approved to contract with Deutsche Bank as New Mexico Mortgage Finance Authority's single family mortgage program document custodian.

Background:

Fannie Mae, Freddie Mac and Ginnie Mae require that executed loan documents such as the note and title policy be held in trust by an approved custodian. This is to ensure that the documents evidencing the borrower's requirement to repay the loan and the investor's ownership of that obligation are protected. The custodian receives these documents and certifies that the documents exist, are in the custodian's possession, were executed properly, and are available if needed in proceedings to collect on the debt. MFA used BNY Mellon as our document custodian until 2017 when MFA entered into a contract with Wells Fargo Bank. Documents from all new MFA single family mortgage loans originated after 2017 were sent to Wells Fargo while BNY Mellon held the documents from prior years.

BNY Mellon subsequently lost their approval as an approved Ginnie Mae document custodian and in March of 2021, staff was tasked with overseeing the required transfer of our Ginnie Mae pool loan documents held by BNY Mellon, to Wells Fargo. -The process has proven to be very time consuming and is still not completed.

On November 1, 2021, Computershare acquired the assets of Wells Fargo Corporate Trust Services. Wells Fargo was MFA's document custodian for both our GNMA and FNMA portfolio. MFA was informed via email that all services would continue as normal and that Computershare had received all regulatory approvals. An email received from Computershare on November 3. 2021 specifically stated that no action needed to be taken.

On November 4, 2021, GNMA issued a letter stating that Wells Fargo was no longer an approved Ginnie Mae Document Custodian. The letter mandated that as a Ginnie Mae issuer, MFA would be required to identify a new document custodian and begin using them by April 30, 2022. In addition, a transfer of all collateral documents to the new document custodian was required to be completed by October 1, 2022. Ginnie Mae indicated that issuers would no longer be allowed to deliver loan documents to Wells Fargo/Computershare after the April 30, 2022, deadline. Computershare continues to be an approved Fannie Mae and Freddie Mac document custodian.

Idaho Housing and Finance Association (IHFA), MFA's sub-servicer, suggested we contact Deutsche Bank. IHFA entered into an agreement with Deutsche Bank as one of their document custodians prior to the change in ownership of the Wells Fargo operation. Staff contacted several other document custodians, but only Deutsche Bank responded with a proposal. Our size as a small HFA has posed some challenges for us finding a new document custodian. Many of the bigger companies are not interested in dealing with an HFA of our size. Our affiliation with IHFA may have played a role in Deutsche Bank's willingness to respond to our inquiry.

While searching for a new potential document custodian, staff shared concerns with Ginnie Mae that the timeframe was too short to make such a large transition. On February 9, 2022, Ginnie Mae issued a new letter extending the deadline to October 1, 2022, to cease delivering loan documents and pools to Wells Fargo. GNMA also extended the deadline for the custodial transfer of pools and loan packages to April 30, 2023.

Discussion:

Although more time has been granted by Ginnie Mae to identify a new document custodian and to transfer the pools and loan packages, we feel it best to move forward with an emergency procurement for Deutsche Bank to be our new document custodian. As mentioned, our size has rendered it difficult to find other vendors that would offer us these services. Staff recommends quickly entering into an agreement with Deutsche Bank for the following reasons:

- Staff fears that although more time has been granted by Ginnie Mae to select a new document custodian, Computershare may soon begin losing employees and as a result, capacity to continue to operate efficiently will decline.

- The ability to deliver and issue Ginnie Mae MBS is critical to MFA's ongoing finances and operation. An interruption or capacity issues by Computershare could have a significant negative impact to MFA's single-family programs

- The proposed fees from Deutsche Bank appears to be very similar to the rates we are currently charged by Wells Fargo/Computershare

- Deutsche Bank already has a relationship with IHFA who acts as MFA's subservicer and is familiar with the process.

- There are many Wells Fargo document custody customers that are faced with the same situation and MFA's size puts us at a competitive disadvantage for finding a replacement custodian

- There are several agreements between multiple parties that need to be executed and signed along with the actual transfer of over 11,000 GNMA files.

Computershare continues to be FNMA approved and thus those pools and loan packages will not need to be transferred unless MFA desires to do so. Staff proposes that we continue our relationship with Computershare for the purpose of Fannie Mae loans.

Summary:

Staff requests approval for an emergency procurement to enter into a contract with Deutsche Bank to serve as MFA's document custodian.

Tab 10

2022 Legislative Outcomes for Housing Initiatives

https://www.nmlegis.gov/

	Bill	Outcome	Administrative Agency	Recipient Entity	Funding Passed
MFA Sponsored Bills and Projects					
New Mexico Housing Trust Fund - Severance Tax Bond Capacity	SB 134	Passed/Signed	DFA/LGD	MFA	2.5% of Severance Tax Bonding Capacity Starting in January 2024.
Capital Outlay Projects - to acquire, build and rehabilitate, including weatherization, affordable housing statewide, pursuant to the provisions of the New Mexico housing trust fund and the affordable housing act.	SB 212 (originally SB 19)	Passed/Signed	DFA/LGD	MFA	$ 9,000,000
New Mexico Housing Trust Fund Appropriation	HB 2 (originally SB 19)	Passed/Signed	DFA/LGD	MFA	$ 10,000,000
FY23 Subtotal					***$ 19,000,000***
Other Bill and Projects					
To acquire property and to plan, design, construct, renovate, improve, equip and furnish buildings for senior housing statewide.	SB 212	Passed/Signed	DFA/LGD	Statewide	$ 2,000,000
To plan, design and construct a housing complex in the Gadii'ahi/To'Koi chapter of the Navajo Nation in San Juan county.	SB 212	Passed/Signed	Indian Affairs	Navajo Nation	$ 75,000
To plan, design, furnish, equip and construct a transitional and affordable housing project for sick and indigent individuals.	SB 212	Passed/Signed	DFA/LGD	Bernalillo County	$ 221,100
To acquire land and rights of way and to plan, design, construct and improve affordable housing.	SB 212	Passed/Signed	DFA/LGD	Bernalillo County	$ 455,000
To plan, design, construct and equip improvements to the Calle Cuarta affordable housing development in the north valley of Albuquerque in Bernalillo county.	SB 212	Passed/Signed	DFA/LGD	Bernalillo County	$ 130,000
To acquire property and to plan, design, construct, rehabilitate and improve multi-unit housing for people experiencing homelessness.	SB 212	Passed/Signed	DFA/LGD	Bernalillo County	$ 225,000
To purchase, equip and renovate a facility to provide temporary housing for youth in transition	SB 212	Passed/Signed	DFA/LGD	Bernalillo County	$ 585,000
To acquire land for and to plan, design, develop and construct workforce housing pursuant to the provisions of the federal Affordable Housing Act and local ordinance.	SB 212	Passed/Signed	DFA/LGD	Lincoln County	$ 980,000
To plan, design, construct, equip and furnish public housing site improvements.	SB 212	Passed/Signed	DFA/LGD	Santa Fe County	$ 835,000
To plan, design and construct an affordable housing project.	SB 212	Passed/Signed	DFA/LGD	Taos County	$ 150,000
To plan, design, construct and equip sanitary sewer, storm drainage and required road infrastructure for an affordable housing project	SB 212	Passed/Signed	DFA/LGD	Bernalillo County	$ 550,000
To plan, design, construct and renovate housing.	SB 212	Passed/Signed	Indian Affairs	Pueblo of Cochiti	$ 1,205,000
To plan, design, construct and renovate tribal housing.	SB 212	Passed/Signed	Indian Affairs	Pueblo of Santo Domingo	$ 1,200,000
To plan, design, construct, furnish and equip utility and site infrastructure for a housing development.	SB 212	Passed/Signed	Indian Affairs	Pueblo of San Ildefonso	$ 1,000,000
For projects, programs, and guidance services for homeless persons in Lea County.	SB 48	Passed/Vetoed	DFA/LGD	Lea County	$ 50,000
Provide outreach and services to homeless veterans.	SB 48	Passed/Vetoed	VSD	Statewide	$ 100,000
Homeless support services	SB 48	Passed/Vetoed	HSD	Las Cruces	$ 50,000
Outreach to the homeless through evidence-based peer support using peer-driven services.	SB 48	Passed/Vetoed	HSD	Taos	$ 50,000
Contract for transitional housing for victims of domestic violence	SB 48	Passed/Vetoed	HSD	Statewide	$ 50,000
Homeless shelter and supportive housing program.	SB 48	Passed/Vetoed	HSD	Santa Fe	$ 100,000

*Linkages	HB 2	Passed/Signed	HSD	MFA	$	3,539,543
Temporary Assistance for Needy Families (TANF) funding to supportive housing project.	HB 2	Passed/Signed	HSD	Statewide	$	900,000
To plan, design, construct, renovate and make improvements to building 32 or the residential housing unit located at Navajo preparatory school in San Juan county.	HB 2	Passed/Signed	DFA	Navajo Nation	$	5,000,000
To provide housing assistance for homeless persons.	HB 2	Passed/Signed	DFA	Statewide	$	10,000,000
To administer energy efficiency measures in low-income households.	HB 2 (Connected to HB 37)	Passed/Signed	EMNRD	Statewide	$	15,000,000
To administer energy efficiency measures in low-income households.	HB 37	Passed/Signed	EMNRD			
Permits public and private partners to enter into an agreement with the objective of constructing or improving broadband telecommunication network facilities.	HB 55	Did not pass.				
Expands renters' legal protection and resources.	HB 65	Did not pass.				
A housing and economic development task force to study and make recommendations to alleviate problems in housing availability by improving efficiency in the construction industry at all levels of government.	HM 9	Did not pass.				
FY23 Subtotal					***$***	***44,050,643***

*Linkages appropriation is based on last year's funding received from HSD. The coming program year allocation is yet to be finalized.

Total FY23 Funding for All Housing Initiatives	**$ 63,050,643**

Tab 11

Staff Actions Requiring Notice to Board
During the Period of February 2022

Department and Program	Project	Action Taken	Comments / Date Approved
Community Development-Weatherization	NM Energy$mart	NM Energy$mart service providers are reliant on MFA to reimburse monthly PNM invoices for supplying refrigerators to clients. After the refrigerators are delivered and installation is complete, MFA can invoice PNM for reimbursement. It is estimated that the service providers will need no more than $9,000 per month and staff estimates that the monthly advance will be reimbursed by PNM within 14 weeks. The previous approval expired October 31, 2021. We request this approval remain in place until October 31, 2022.	Approved at Policy Committee February 7, 2022
Community Development-Linkages	2021/2022 Linkages - New Housing Administrator	Awarded Hope Works a total of $29,984.64 under Limited Source Procurement for the remainder of program year. Hope Works will become an additional Housing Administrator for the Linkages program, and support 12 more vouchers in Bernalillo County.	Approved at Policy Committee February 15, 2022
Servicing	Quarterly Quality Control Review Loan Servicing for December 2021	Approval of report issued by REDW – no findings.	Approved by Policy Committee on February 22, 2022
Community Development-Linkages	Linkages – Mesilla Valley Community of Hope	Mesilla Valley Community of Hope (MVCH) had requested additional Linkages funding to cover the cost of damages to rental units caused by four Linkages clients in the amount of $7,767. The clients are facing eviction therefore MFA has requested the additional funding from Behavioral Health to cover the costs. MVCH	Approved by Donna Maestas-De Vries on February 24, 2022

Department and Program	Project	Action Taken	Comments / Date Approved
		does not have enough remaining funding this program year to cover the damages.	
Community Development-Weatherization	PNM Funding Contract	PNM has provided MFA with a contract for funding in the amount of $600,000. The allowable administrative cost are $100,000 (16.67% of total funding). MFA will receive 5% of the administrative costs and the remaining 11.67% will be divided among our Service Providers. Total Program Operations for the Service Providers is $500,000.	Approved by Donna Maestas-De Vries on February 24, 2022

COVID-19
Staff Actions Requiring Notice to Board
During the Period of February 14, 2022 - present

Department and Program	Project	Action Taken	Comments / Date Approved

MFA Housing New Mexico

MEMO

TO: MFA Board of Directors

FROM: Cooper Hall

DATE: March 16, 2022

SUBJECT: Single Family Mortgage Bonds 2022 Series A and 2021 Series B – Pricing Summaries

2022 Series A

The 2022 Series A transaction is a new money bond issue which closed on February 23, 2022. The following is a summary of the bond sale:

Structure: The bond issue is a $100.0 million tax-exempt traditional bond issue which provides for non-AMT serial bonds, term bonds and a premium planned amortization class ("PAC") bond.

Marketing: In order to enhance the marketing of bonds to retail investors, our selling group members participated in the underwriting syndicate, namely, D.A. Davidson & Co., Fidelity Capital Markets, Drexel Hamilton, Inc. and UBS Financial Services Inc. New Mexico retail investors had first priority followed by national retail investors. The underwriting syndicate submitted $0.77 million in orders and was allotted $0.77 million of bonds. There was significant demand from retail investors in general; a total of $16.9 million in retail orders were received of which $1.2 million was New Mexico retail. This is a slight reduction in retail orders compared to the 2021 Series D issuance which priced in October of 2021.

As a result of strong demand overall from investors, the PAC bonds were oversubscribed 5.1 times and we were able to lower the yield by 5 basis points.

Total orders for the bond issue were $339.9 million for both retail and institutional investors.

Use of Bond Proceeds: The $100.0 million is being used to originate new mortgage loans and to roll forward a subsidy generated from prior bond issues which helped maintain competitive mortgage rates. The weighted average mortgage rates are as follows:

Program	Government	Conventional <80% AMI	Conventional >80% AMI
FIRST HOME	3.471%	3.538%	3.934%

Spread: The spread on the transaction is 1.121%. Spread is the difference between the mortgage yield and the bond yield. The maximum spread permitted by federal tax law is 1.125%. The net present value benefit of the transaction is $2.6 million or approximately 2.6% of the bonds issued.

Investment of Bond Proceeds: Funds from the bond issue are invested in Federal Government Obligations Fund Institutional Shares through Zions Bank, the General Indenture Trustee.

2022 Series B

The 2022 Series B transaction is a Federally taxable refunding bond issue which closed on February 23, 2022. The following is a summary of the bond sale.

Structure: The bond issue is a $33.467 million Federally taxable pass-through refunding bond issue. The pass-through structure provides for monthly loan revenues to be passed through to the bond investors in the form of principal and interest payments with bonds being called on a monthly basis. MFA will receive its admin fee on a monthly basis after payment of the bond holders and the Trustee.

Marketing: Bonds were marketed to institutional investors. MFA received orders for the bonds from seven institutional investors of which two institutional investors put in orders for all of the bonds resulting in the bonds being three times oversubscribed. Due to the robust demand by institutional investors, the yield was reduced by five basis points.

Use of Bond Proceeds: Bond proceeds were used to refund the 2011 Series A/ 2015 Series C, 2012 Series A and 2012 Series B.

Spread: The bonds are Federally taxable which means that MFA can retain all of the savings generated from the refunding. The net present value of the transaction is approximately $1.055 million.

Investment of Bond Proceeds: Funds from the bond issue are invested in State and Local Government Securities through Zions Bank, the General Indenture Trustee. On March 1, 2022 funds were used to call bonds from the 2011 Series A/ 2015 Series C issue, the 2012 Series A issue and 2012 Series B issue.

The attached Exhibit 1 contains a table summarizing more detailed information about the 2022 Series A and Series B bond issue as well as bond issue characteristics from other recent single family issuances for comparative purposes.

Following Exhibit 1 is a comprehensive in-depth "Post Sale Analysis" for 2022 Series A and Series B, prepared by MFA's Financial Advisor, CSG Advisors.

EXHIBIT 1

New Mexico Mortgage Finance Authority

Summary of Recent Bond Issue Characteristics

		For Info Only	For Info Only	For Info Only	For Info Only	
		2021B	**2021C**	**2021D**	**2022A**	**2022B**
		Refunding Federally Taxable	New Money Tax-Exempt	New Money Tax-Exempt	New Money Tax-Exempt	Refunding Federally Taxable
Type of Structure		Pass-Through	Traditional	Traditional	Traditional	Pass-Through
1	Tax Exempt Bonds	n/a	$100,000,000	$99,990,000	$100,000,000	n/a
	Taxable Bonds	n/a	n/a	n/a	n/a	n/a
	Tax-Exempt Refunding Bonds	n/a	n/a	n/a	n/a	n/a
	Taxable Refunding Bonds	$16,286,857	n/a	n/a	n/a	$33,467,202
	Total Amount of Bonds Issued	$16,286,857	$100,000,000	$99,990,000	$100,000,000	$33,467,202
2	Bond Issue(s) Refunded	2011 Series B and 2011 Series C	n/a	n/a	n/a	2011 Series A/ 2015 Series C, 2012 Series A and 2012 Series B
3	MFA Subsidy*/Benefit-(New Available)/ Present Value Economic Benefit	$0.84 million	$2.9 million/$2.9 million	$2.6 million/$1.4 million	$2.6 million/$2.7 million	$1.055 million
4	Original Bond Ratings:					
	Standard & Poor's	None	None	None	None	None
	Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
5	Pricing Date(s)	4/13/2021	7/8/2021	10/13/2021	1/13/2022	1/13/2022
6	Bond Closing Date	5/20/2021	8/19/2021	11/18/2021	2/23/2022	2/23/2022
7	Serial Bond Maturities					
	AMT	None	None	None	None	None
	Non-AMT	None	7/1/22-7/1/33	7/1/23-7/1/33	3/1/23-9/1/34	None
	Taxable	None	None	None	None	None
8	Term Bond Maturities	5/1/2042	7/1/36,7/1/41 7/1/46,7/1/51	7/1/36,7/1/41 7/1/46,7/1/51	9/1/37,9/1/42 9/1/47,9/1/52	1/1/44
9	Premium PAC Maturity	None	1/1/52	1/1/52	3/1/53	None
10	Split Between FIRST HOME Government and Conventional Loans					
	Government	n/a	85%	84%	84%	n/a
	Conventional	n/a	15%	16%	16%	n/a
11	Weighted Average Loan Rates+					
	FIRST HOME - Government	n/a	3.001%	3.101%	3.471%	n/a
	FIRST HOME - Conventional <80%	n/a	3.120%	3.167%	3.538%	n/a
	FIRST HOME - Conventional >80%	n/a	3.500%	3.548%	3.934%	n/a
12	10-Year Treasury Rate at Pricing	1.64%	1.30%	1.54%	1.70%	1.70%
13	GIC Rates**					
	Acquisition Fund Rate	n/a	n/a	n/a	n/a	n/a
	Float Fund Rate	n/a	n/a	n/a	n/a	n/a
14	MFA Contribution at Closing					
	Cost of Issuance (COI)	$138,000	$890,000	$870,000	$835,000	$260,000
	COI as a % of Bonds Issued	0.85%	0.89%	0.87%	0.84%	0.78%
	Negative Arbitrage Deposit	$0	$1,000,000	$1,000,000	$1,000,000	$0
15	Yield Spread	n/a	1.122%	1.123%	1.121%	n/a
16	Administrative Fee (to MFA)	2.279%	0.180%	0.180%	0.180%	1.618%
17	Bond Allocation System Followed***	Yes	Yes	Yes	Yes	Yes

*Subsidy was generated by a prior bond issue.
+Weighted average rate of loans in the pipeline.
**The Guaranteed Investment Contract is competitively bid.
***The bond allocation system that is followed is common in the investment banking industry and is as follows:
The lead manager keeps track of when the orders are received which is referred to as an order flow tracking system.
The bond allocation system also dictates that Bonds are awarded to managers prior to any selling group members even though group members may have entered orders first. In-state retail orders receive first priority, followed by orders for the benefit of the group which are allocated by management fee percentage; next are net designated orders placed through the senior manager where the buyer designates the sales credit to specific managers, and finally, member orders receive the lowest priority.

$100,000,000
New Mexico Mortgage Finance Authority
Single Family Mortgage Program Class I Bonds
2022 Series A (Tax-Exempt) (Non-AMT)

POST-SALE ANALYSIS

KEY RESULTS FOR MFA

Purpose. This transaction is a traditional single-family bond issue with semi-annual interest and principal, though bonds can be redeemed quarterly from excess revenues. Its purpose, like similar prior new money transactions is to:

1. Finance new loan production at attractive interest rates for homebuyers,
2. Provide beneficial economics to MFA with as close to the maximum yield spread permitted by the IRS as possible,
3. Use as few of MFA's zero participation loans as needed, and
4. Keep negative arbitrage to a minimum.

Additionally, this transaction reallocates zero participation loans from the prior series (2021 Series D) well within the required time of 18 months for which to reallocate loans.

Approach and Strategy. Over the past three years, MFA has used traditional bond structures to finance new production that did not need a refunding component in order to generate full spread economics. Since the beginning of 2018, MFA has issued multiple all new-money transactions that did not include a refunding component. These series of bonds represent significant milestones in providing MFA with a balance sheet solution for new production without a form of subsidy such as refundings. A modest amount of zero participation loans will be used in this transaction to bring it to full spread.

From a strategic point of view, MFA has been:

1. Building a loan pipeline by reserving loans, while reviewing expected rates on a traditional bond structure,
2. Issuing bonds to begin financing mortgage-backed securities at bond closing and over a 2 to 3-month origination period, and
3. Protecting itself against rates rising before bonds are sold, by using zero participation interest subsidies it has earned from past transactions.

Primary Objectives. MFA therefore has three primary objectives:

1. Finance existing production at the lowest yield possible,

2. While keeping mortgage loan rates low, use as little of MFA's approximately $23.8 million of zero participations (prior to issuing 2022A) as possible to achieve full spread, thus preserving more zero participations for future production, and,

3. Raise bond premium in order to generate proceeds to help fund the purchase of the MBS from the servicer at 101%, to fund cash flow lag, and to fund the costs of issuance of the transaction.

Structure. The 2022A bonds:

- Included bond proceeds sufficient to finance more than $100 million of new pipeline production and provide sufficient proceeds to use and store zero participations,

- Were structured with serials bonds, term bonds and Planned Amortization Class (PAC) bonds,

- Sold the PAC bonds with a total premium of $3.1 million which provides additional funds to purchase $100.26 million of MBS and fund all costs of issuance. Given the amount of premium raised, the issue is being slightly overcollateralized by $0.26 million of new MBS, which strengthens the cash flows of the indenture and will provide MFA with excess assets in the future.
- Were priced 6 weeks prior to closing, enabling MFA to lock in its borrowing cost sooner as well as finance more of its pipeline production prior to closing; thus reducing both interest rate risk and negative arbitrage,
- Allowed for either GNMA, Fannie Mae (FNMA), or Freddie Mac (FHLMC) MBS depending on MFA's loan pipeline,
- Provided MFA with an optional par call in just more than 9 years if it proves profitable to redeem the bonds in the future,
- Deposited $1.0 million of Authority funds in a negative arbitrage account for securities – including those to be financed by the zero participations – that had not yet been originated by bond closing. We expect most or all of MFA's funds to be transferred back to MFA within 12 to 18 months.

Results. The bond structure consisted of three major components: non-AMT serial bonds, term bonds and a premium PAC bond.

1. **Yields.** The bond yield (true interest cost) was 2.25% assuming 100% FHA prepayments.
2. **Use of Zero Participations.** In order to achieve full spread, 2022A consumed $3.6 million in zeros resulting in $20.2 million in zeros for future bond issues (assuming participation with a future issue in 3 months).
3. **Net Economic Benefits.** The transaction's projected net present value before zeros was $2.6 million at 150% PSA prepayment speed, or approximately 2.6% of the bonds issued. Including the impact of zeros consumed, the net present value was $2.7 million (including the effect of the timing of zeros in and out as well as the higher loan rate of such zeros).

Bond Results. Following are key highlights:

1. **Timing.** The bonds were priced on Thursday, January 13th with a retail order period in the morning followed by an institutional order period that afternoon.

   Single family issuance was heavy during the week that 2022A was priced. Including MFA's sale, (6) single family bond issues were priced the week of January 10th. Strong municipal bond fund inflows throughout 2021 have kept demand for muni bonds relatively strong, though the rapid rise in interest rates since the start of 2022 has increased nominal housing bond rates from levels in late 2021.

   On the pricing date of January 13th, the 10-year Treasury was lower by 0.05% from the prior day to a 1.70% yield. The municipal market in terms of MMD rates was unchanged for the day. See "Market Details" below for a full description of the market leading up to the pricing date.

Retail Interest. A separate 2-hour retail order period was established with first priority to orders from New Mexico retail investors and second priority to national retail investors. This resulted in a total of $16.9 million of retail orders ($1.2 million of New Mexico retail); a slight decrease in retail orders compared to 2021 Series D which priced in October. $13.8 million of the 2022A retail orders were for serial bonds, which combined with $2.8 million in institutional orders left 13 out of 24 serial bonds with unsold balances. As such, 11 of the serial bonds were repriced higher by 0.05%, leaving $6.3 million of unsold serial bond balances underwritten by the senior managers.

2. **Institutional Interest.** In all, institutions put in orders totaling $323 million, $108 million of which were for the (4) term bonds (maturing in 2037, 2042, 2047 and 2052). Investor interest for the $41.5 million in PAC bonds was also strong, with $212 million in orders. Term bonds in 2037 and 2047 were lower by 0.05% as was the PAC bond. The 2042 term bond didn't receive much interest and was increased by 0.05%. With the 5 bp reduction to the PAC yield, it priced at a spread to MMD (+0.60% over the 5-year MMD).

3. **Selling Group.** To enhance the order flow particularly with retail investors, four selling group members were included in the underwriting syndicate for 2022A, continuing the same group from the last six transactions as well. Selling group members included D.A. Davidson, Drexel Hamilton, Fidelity Capital Markets, and UBS. See below for orders and allotments from the selling group, of which UBS brought the most orders to the pricing:

RETAIL ORDERS BY SELLING GROUP MEMBER (THOUSANDS):

Selling Group Member	Orders	Allotments
D.A. Davidson & Company	$ 75	$ 75
Drexel Hamilton	-	-
Fidelity Capital Markets	695	695
UBS	-	-
TOTAL	***$ 770***	***$ 770***

The selling group was somewhat useful to the issuance in terms of generating additional retail interest, though retail has been less drawn to municipal bonds recently given the volatility in interest rates experienced thus far in 2022. Fidelity led the selling group in orders, followed by D.A. Davidson.

4. **Comparable Transactions.** The 2022A bonds priced well compared to the $125 million non-AMT Rhode Island HFA issue (Aa1/AA+) that priced the same day, in part due to MFA's superior credit rating and MBS structure. MFA's longer term serial bonds were mostly 5 bps lower in yield across comparable maturities (Rhode Island sold locked-out serial bonds from 2026-2029 which are not comparable). MFA's term bond in 2037 priced 10 bps lower in yield than Rhode Island's comparable term bond in 2036. In addition, MFA's PAC did better Rhode Island PAC bond by a spread of 0.08%. It also outperformed the South Dakota and Montana PAC sales from the day prior by 5 and 6 bps, respectively. In summary, even in a more challenging bond market than in 2021, MFA continues to receive good interest for its term bonds and PAC bonds, in part due to investors' preference for MBS collateral as opposed to whole loans. Serial bonds have been challenging to sell for a variety of HFAs.

See **Section 3** for detailed pricing comparables of all recent tax-exempt traditional bond issues priced around 2022 Series A.

MARKET DETAILS

Key Dates:	Institutional Order Period:	Thursday, January 13, 2022
	Closing Date:	Wednesday, February 23, 2022

Economic Calendar. With the economy growing from shutdown levels--including an increase to GDP of 6.6% GDP in 2Q 2021 and a slower 2.1% during 3Q 2021, the $1.9 trillion April federal fiscal stimulus, $1 billion new infrastructure bill passed in November—the focus of Fed policy and investors has been on inflation. Inflation is currently running at the highest rate in 40 years. CPI for the 12-months ending December 2021 was 7.0%, highest since 1982. Inflation continues to drive headlines and both consumer and Fed concern, with both real wages and prices of goods continuing to rise well above the 2.0% Fed target. In December, Fed Chairman Powell indicated they would no longer use 'transitory' to describe this inflation. To combat this inflation, the Federal Reserve and Treasury have begun their long-expected tapering of purchases of Treasury bonds and MBS.

Nonfarm payroll reports have been on the lower end of expectations the last two months (249k increase in November, 199k in December), though that's likely in part due to the rise in Omicron variant cases and impacts on hiring. Otherwise, most other economic news was positive, including unemployment dropping to 3.9%, the lowest level since February 2020. Perhaps the most striking economic news was the Case-Shiller home price index having increased almost 20% since a year before.

Treasuries. As of the market close on the day of pricing, 10-year and 30-year US Treasury yields were 1.70% and 2.13%, respectively. These yields are 0.16% and 0.10% higher than at the time MFA priced its last single family bonds on October 13, 2021, when the 10-year closed at 1.54% and the 30-year was 2.03%. *(See rate graphs in Appendix 2.)*

Key themes driving market activity include the following:
- In order to combat inflation, bond market participants currently expect the Federal Reserve to complete their tapering of Treasury bond and MBS purchases by its March meeting, at which time they are expected to increase the Fed Funds interest rate increase by 0.25%, the first interest rate hike since 2018. At its January 26, 2022 meeting, the Federal Reserve indicated that it expects a rate increase at its March meeting, at which time it will begin the process of starting to reduce its balance sheet, which will put further pressure on rates to go higher over time.
- One of the more significant changes in recent months has been the flattening of the yield curve. The difference between the 10-year and 2-year Treasury was 117 basis points when MFA was priced its last bond issue in October; this difference was only 80 basis points when 2022B was priced.
- Treasury yields fluctuated throughout 2021 based on fears of inflation and expectations of Federal tapering, offset by news of COVID-19 variants.

Municipals. Although the rapid rise in interest rates experienced thus far in 2022 has left less demand from retail investors, the municipal market continues to provide a favorable environment for bond issuers. Demand for municipal bonds remains strong, as evidenced by consistent inflows into municipal bond funds each week, while investors have been slightly more cautious given the rate volatility experienced recently. Municipal market rates as measured by MMD drastically outperformed Treasuries throughout 2021. Municipal yields as a percentage of Treasury yields fell to all-time lows several months ago and though they've increased the last two months with rising rates, they remain low historically; an advantage for municipal bond issuers.

TABLE 1: COMPARISON OF RATES IN RECENT TRANSACTIONS

Issue	Date	10 Year Treasury	10 Year MMD	MMD to Treasury Ratio	30 Year Treasury	30 Year MMD	MMD to Treasury Ratio
2020 A	1/22/20	1.77%	1.28%	72.3%	2.22%	1.93%	86.9%
2020 B	9/24/20	0.67%	0.82%	122.4%	1.41%	1.58%	112.1%
2021 A	4/13/21	1.64%	1.01%	61.6%	2.32%	1.62%	69.8%
2021 C	7/8/21	1.30%	0.81%	62.3%	1.93%	1.33%	68.9%
2021 D	10/13/21	1.54%	1.19%	77.2%	2.03%	1.69%	83.2%
2022 A	**1/13/22**	**1.70%**	**1.18%**	**69.4%**	**2.04%**	**1.64%**	**80.4%**
Change from 2021D to 2022A		*+ 16 bps*	*- 1 bps*	*- 7.8%*	*+ 1 bp*	*- 5 bps*	*- 2.8%*

UNDERWRITING

Underwriter. RBC Capital Markets served as senior managing underwriter and Raymond James as co-manager. As described above, we also had a four-firm selling group.

Underwriting Fees. The underwriter discount of $6.55 per $1,000 bonds is reasonable compared to other similarly sized issues in the market.

Performance. RBC Capital Markets as the book-running senior manager and Raymond James as co-manager worked well together and achieved good order flow as described above. The strong order flow was evidenced by the ability to generate $323 million in total orders (excluding stock member orders), including sufficient oversubscription to lower the PAC bond and (2) of the term bonds by 0.05%.

The four-firm selling group modestly enhanced the sale of the bonds. We recommend that MFA use a selling group on the next traditional bond issuance as well.

$33,467,202
New Mexico Mortgage Finance Authority
Single Family Mortgage Program Class I Bonds
2022 Series B (MBS Pass-Through Program) (Federally Taxable)

POST-SALE ANALYSIS

KEY RESULTS FOR MFA

Purpose. This transaction continued MFA's successful federally taxable single-family monthly pass-through bond issues to refund old bond issues at lower interest rates available in the current market. This issue refunded 2012 Series A 2012 Series B, and 2011 Series A / 2015 Series C Bonds (the "Prior Bonds"); all of which are eligible for optional redemption on March 1, 2022.

Primary Objectives.

1. Refund the Prior Bonds such that MFA's net interest margin and net worth increase over time.
2. Refund in such a way that allows MFA to keep the interest rate savings as opposed to simply subsidizing new production with such savings.
3. Allow for the release of over $3.5 million of mortgage-backed securities to MFA's General Fund, increasing its available liquidity.

Structure. Key structuring characteristics of Series 2022B include:

- Bonds are taxable, allowing MFA to retain all of the savings achieved by the refunding.
- Bonds were structured as monthly pass-through bonds to take advantage of the lower yield of pass-through bonds.
- A projected average life of 4.4 years at 257% PSA (historic PSA prepayments speed over the last 12 months) and 5.4 years at 188% PSA (lifetime speed of the portfolio).
- An optional par call in just over 9 years if it proves profitable to redeem the bonds in the future.

Accomplishments. The results were very successful.

1. **Low Yields.** The Bonds were sold at a yield of 2.20%. This provides an ongoing annual net spread to MFA of 162 basis points, over $470k in the first year.

2. **Tightness to Treasury Yields.** MFA's 2022B pass-through bonds were priced at slightly tighter spreads to Treasury yields than MFA's most recent taxable refunding (MFA 2021B Bonds), though at a much higher nominal yield given the rise in interest rates since the last transaction.

3. **Net Present Value.** The net present value of the transaction, assuming (conservatively) a 300% prepayment speed is approximately $1.055 million at a 2.5% discount rate. This net economic benefit is approximately 3.2% of the outstanding bonds. This type of economic benefit is above the usual standard of 3% savings for whether a refunding is economically desirable, and releases mortgage-backed securities to MFA's General Fund as mentioned above.

Bond Results. Following are key highlights:

1. **Investor Interest.** The initial pre-marketing discussion had the bonds at a spread of 75 basis points to the 5-year US Treasury, which on the day before pricing yielded 1.50%, so the 2022B bonds were offered during the institutional order period at a rate of 2.25%. 7 investors put in orders including 2

orders for all the bonds, resulting in the bonds being oversubscribed by 3.0 times. As a result, the yield on the bonds was lowered to a 2.20% yield, 0.05% lower than pre-marketing levels. The 5-year US Treasury ended the day at a yield of 1.47%, such that the 2022B bonds priced at a spread of 73 basis points.

Benefits to Investors. The bonds allowed an investor to purchase a housing bond that is very similar to buying taxable securities but with a key additional advantage. To buy GNMA securities with similar underlying loans and net coupons, an investor would normally have to pay an upfront premium in today's market of up to 4% or more. By purchasing 2022 Series B bonds at par, an investor avoids the risk of early prepayments wiping out the value of its premium, making MFA's bonds more attractive.

FEATURES OF THIS ISSUE

Pricing. Because the bonds consisted of a single maturity of monthly pass-through bonds suited to institutional investors, the bonds were not offered to retail investors. Pricing took place after pre-marketing by the underwriter to approach investors who have shown interest and participation in the pass-through product.

Strong Institutional Demand. MFA attracted strong investor support for the Bonds, with orders from 7 institutional investors. This included 2 orders for all the bonds and 5 partial orders.

UNDERWRITING

Underwriter. RBC Capital Markets served as the book-running sole senior manager.

Underwriting Fees. As with the prior pass-through issues, takedowns were established at lower levels than industry standards for long-term tax-exempt bond sales. Management fees were appropriate, consistent with industry standards, and in the same range as fees reported for other housing issues of similar size and structure.

Comparison to Other Single-Family Pass-Through Bond Issues.

Given a lack of refunding opportunities, the number of taxable pass-through refundings has decreased over the last year, though Minnesota and Colorado issued new money taxable pass-through bonds for volume cap preservation purposes throughout 2021.

Two days prior to MFA's sale, Iowa priced $16MM in taxable pass-through bonds backed by a blend of new money MBS (61%) as well as MBS originated in 2012-2013 (39%). Iowa's pass-through bonds priced at a 2.50% yield, or +81 bps over the 7-year Treasury (+99 bps over the 5-year Treasury). MFA's 2022B bonds were attractive to investors because, (a) all of MFA's MBS were seasoned, (b) had historic prepayment speeds to demonstrate to investors, and (c) had faster future projected prepayment speeds and shorter projected average lives than Iowa's bonds. On a spread basis, MFA's 2022B bonds priced at a spread of +73 to the 5-year Treasury (+56 to the 7-year Treasury), 26 basis points better on a spread basis. *(see pricing comparables for full comparison to recent transactions).*

MARKET DETAILS

Key Dates:	Institutional Order Period:	Thursday, January 13, 2022
	Closing Date:	Wednesday, February 23, 2022

Economic Calendar. With the economy growing from shutdown levels--including an increase to GDP of 6.6% GDP in 2Q 2021 and a slower 2.1% during 3Q 2021, the $1.9 trillion April federal fiscal stimulus, $1 billion new infrastructure bill passed in November—the focus of Fed policy and investors has been on inflation. Inflation is currently running at the highest rate in 40 years. CPI for the 12-months ending December 2021 was 7.0%, the highest since 1982. Inflation continues to drive headlines and both consumer and Fed concern, with both real wages and prices of goods continuing to rise well above the 2.0% Fed target. In December, Fed Chairman Powell indicated they would no longer use 'transitory' to describe this inflation. To combat this inflation, the Federal Reserve and Treasury have begun their long-expected tapering of purchases of Treasury bonds and MBS.

Nonfarm payroll reports have been on the lower end of expectations the last two months (249k increase in November, 199k in December), though that's likely in part due to the rise in Omicron variant cases and impacts on hiring. Otherwise, most other economic news was positive, including unemployment dropping to 3.9%, the lowest level since February 2020. Perhaps the most striking economic news was the Case-Shiller home price index having increased almost 20% since a year before.

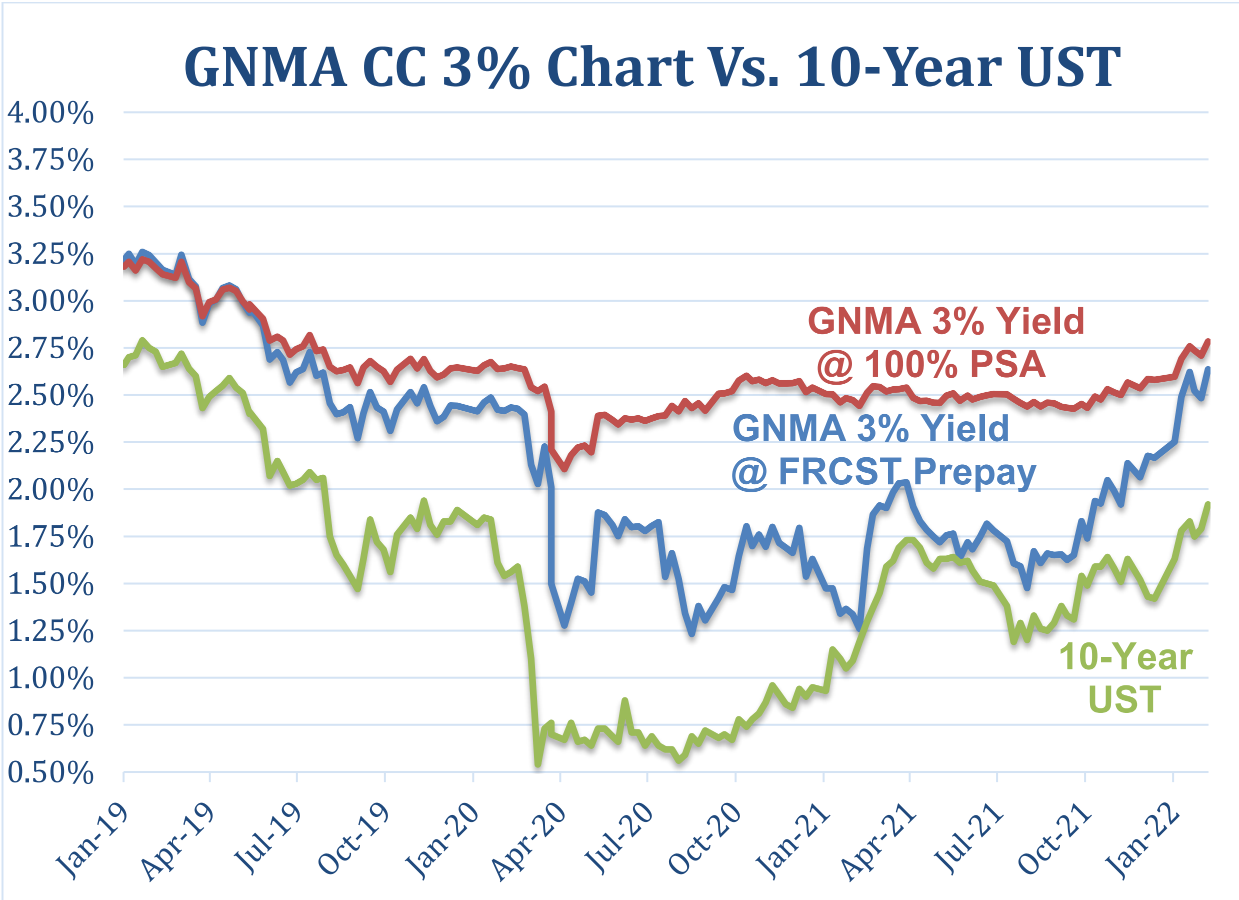
Treasuries. As of the market close on the day of pricing, 10-year and 30-year US Treasury yields were 1.70% and 2.13%, respectively. These yields are 0.16% and 0.10% higher than at the time MFA priced its last single family bonds on October 13, 2021, when the 10-year closed at 1.54% and the 30-year was 2.03%. *(See rate graphs in Appendix 2.)*

Key themes driving market activity include the following:

- In order to combat inflation, bond market participants currently expect the Federal Reserve to complete their tapering of Treasury bond and MBS purchases by its March meeting, at which time they are expected to increase the Fed Funds interest rate increase by 0.25%, the first interest rate hike since 2018. At its January 26, 2022 meeting, the Federal Reserve indicated that it expects a rate increase at its March meeting, at which time it will begin the process of starting to reduce its balance sheet, which will put further pressure on rates to go higher over time.
- One of the more significant changes in recent months has been the flattening of the yield curve. The difference between the 10-year and 2-year Treasury was 117 basis points when MFA was priced its last bond issue in October; this difference was only 80 basis points when 2022B was priced.
- Treasury yields fluctuated throughout 2021 based on fears of inflation and expectations of Federal tapering, offset by news of COVID-19 variants.

Municipals. Muni yields played a minor role in this all-taxable transaction. For context, MMD outperformed Treasuries throughout 2021, with the 10- year MMD/Treasury ratio dropping to all-time lows. Demand for municipal bonds throughout 2021 remained strong as evidenced by inflows into muni bond funds week-over week, though the increase in rates so far the first two weeks of 2022 has weakened investor appetite for municipal bonds compared to last year.

MBS Secondary Markets. Buyers for pass-through bonds look to the pricing of comparable MBS, which have significantly greater global liquidity than pass-through bonds. The yields on MBS have generally followed the same pattern as those on 10- year Treasuries.


GNMA CC 3% Chart Vs. 10-Year UST
4.00%
3.75%
3.50%
3.25%
3.00%
2.75%
2.50%
2.25%
2.00%
1.75%
1.50%
1.25%
1.00%
0.75%
0.50%
Jan-19
Apr-19
Jul-19
Oct-19
Jan-20
Apr-20
Jul-20
Oct-20
Jan-21
Apr-21
Jul-21
Oct-21
Jan-22
GNMA 3% Yield @ 100% PSA
GNMA 3% Yield @ FRCST Prepay
10-Year UST

Tab 12

New Mexico Mortgage Finance Authority

Combined Financial Statements

and Schedules

January 31, 2022

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the four-month period ended January 31, 2022

	COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):	4 month 1/31/2022	4 month 1/31/2021	% Change Year / Year	Forecast 1/31/2022	Actual to Forecast	Forecast/Target 9/30/22
	PRODUCTION						
1	Single family issues (new money):	$99.9	$55.0	81.6%	$99.9	0.0%	$225.0
2	Single family loans sold (TBA):	$39.4	$131.8	-70.1%	$20.2	95.0%	$150.0
3	Total Single Family Production	$139.3	$186.8	-25.4%	$120.1	16.0%	$375.0
4	Multifamily issues (new money):	$11.0	$0.0	0.0%	$10.0	10.0%	$20.0
5	Single Family Bond MBS Payoffs:	$59.3	$51.9	14.3%	$47.0	26.2%	$140.9
	STATEMENT OF NET POSITION						
6	Avg. earning assets:	$1,479.7	$1,399.1	5.8%	$1,528.1	-3.2%	$1,528.1
7	General Fund Cash and Securities:	$92.1	$84.1	9.5%	$84.8	8.6%	$84.8
8	General Fund SIC FMV Adj.:	($0.03)	$2.0	-101.7%	$0.0	N/A	$0.0
9	Total bonds outstanding:	$1,187.9	$1,111.0	6.9%	$1,241.1	-4.3%	$1,241.1
	STATEMENT OF REVENUES, EXPENSES AND NET POSITION						
10	General Fund expenses (excluding capitalized assets):	$7.7	$6.8	13.2%	$8.3	-7.2%	$24.9
11	General Fund revenues:	$10.1	$15.9	-36.5%	$9.9	2.0%	$30.0
12	Combined net revenues (all funds):	$0.4	$9.2	-96.0%	$0.9	-56.9%	$2.6
13	Combined net revenues excluding SIC FMV Adj. (all funds):	$0.6	$7.0	-91.8%	$0.9	-32.1%	$2.6
14	Combined net position:	$286.3	$272.5	5.1%	$288.5	-0.7%	$288.5
15	Combined return on avg. earning assets:	0.07%	1.98%	-96.2%	0.17%	-56.3%	0.17%
16	Combined return on avg. earning assets exluding SIC FMV Adj. (all funds):	0.12%	1.51%	-92.2%	0.17%	-31.1%	0.17%
17	Net TBA profitability:	1.40%	2.15%	-34.9%	0.50%	180.0%	0.50%
18	Combined interest margin:	0.51%	0.47%	9.4%	0.55%	-5.8%	0.55%
	MOODY'S BENCHMARKS						
19	Net Asset to debt ratio (5-yr avg):	28.02%	28.89%	-3.0%	26.82%	4.5%	26.82%
20	Net rev as a % of total rev (5-yr avg):	10.56%	11.87%	-11.1%	11.25%	-6.2%	11.25%
	SERVICING						
21	Subserviced portfolio	$1,783.2	$1,559.5	14.3%	$1,930.4	-7.6%	$1,930.4
22	Servicing Yield (subserviced portfolio)	0.42%	0.40%	4.2%	0.41%	1.7%	0.41%
23	Combined average delinquency rate (MFA serviced)	8.69%	9.19%	-5.4%	9.00%	-3.4%	9.00%
24	DPA loan delinquency rate (all)	8.96%	8.25%	8.6%	N/A	N/A	N/A
25	Default rate (MFA serviced-annualized)	0.48%	0.42%	14.3%	2.00%	-76.0%	2.00%
26	Subserviced portfolio delinquency rate (first mortgages)	12.85%	18.29%	-29.7%	N/A	N/A	N/A
27	Purchased Servicing Rights Valuation Change (as of 9/30/21)	$4.0	$0.1	3900.0%	N/A	N/A	N/A

Legend: Positive Trend | Caution | Negative Trend | Known Trend/Immaterial

SUMMARY OF BOND ISSUES:

Single Family Issues:

$99.99 mm Series 2021D (November)

Multi-family Issues:

$11.0 mm Series 2021 JLG Central (October)

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

● There has been a slowing of loan production & refinancing activity due to seasonal trends and an increase in interest rates; single-family production through January was 24.4% *lower* than the same period last year. TBA loans sold to date were 70.1% lower than last year since the Bond execution was more favorable than it was at the beginning of FY21, and MFA issued the 2021D Series for $99.9 million in November. Payoffs remain stronger than this time last year, a 14.3% increase, although less than the year-over-year change for the end of FY21 of 78.9%. MFA issued 2022 Series A for $100 million and Series B refunding for $33.5 million in February. MFA continues to make funding decisions on a case-by-case basis, given current market conditions (Bonds vs. TBA).

● The multifamily JLG Central bond issue closed in October for $11 million. This was the first MF issue since the 2019 Series JLG North & South totaling $18.7 million.

● With four months of activity, the Return on Average earnings assets was at 0.07% which is lower than last year, mostly due to the effect of HAF awards made through the NM Housing Trust Fund on consolidated revenues (funds to be replenished with HAF grant). This, along with seasonal trends and lower TBA profitability resulting from market changes, has also affected general fund revenues and Moody's net revenue benchmark.

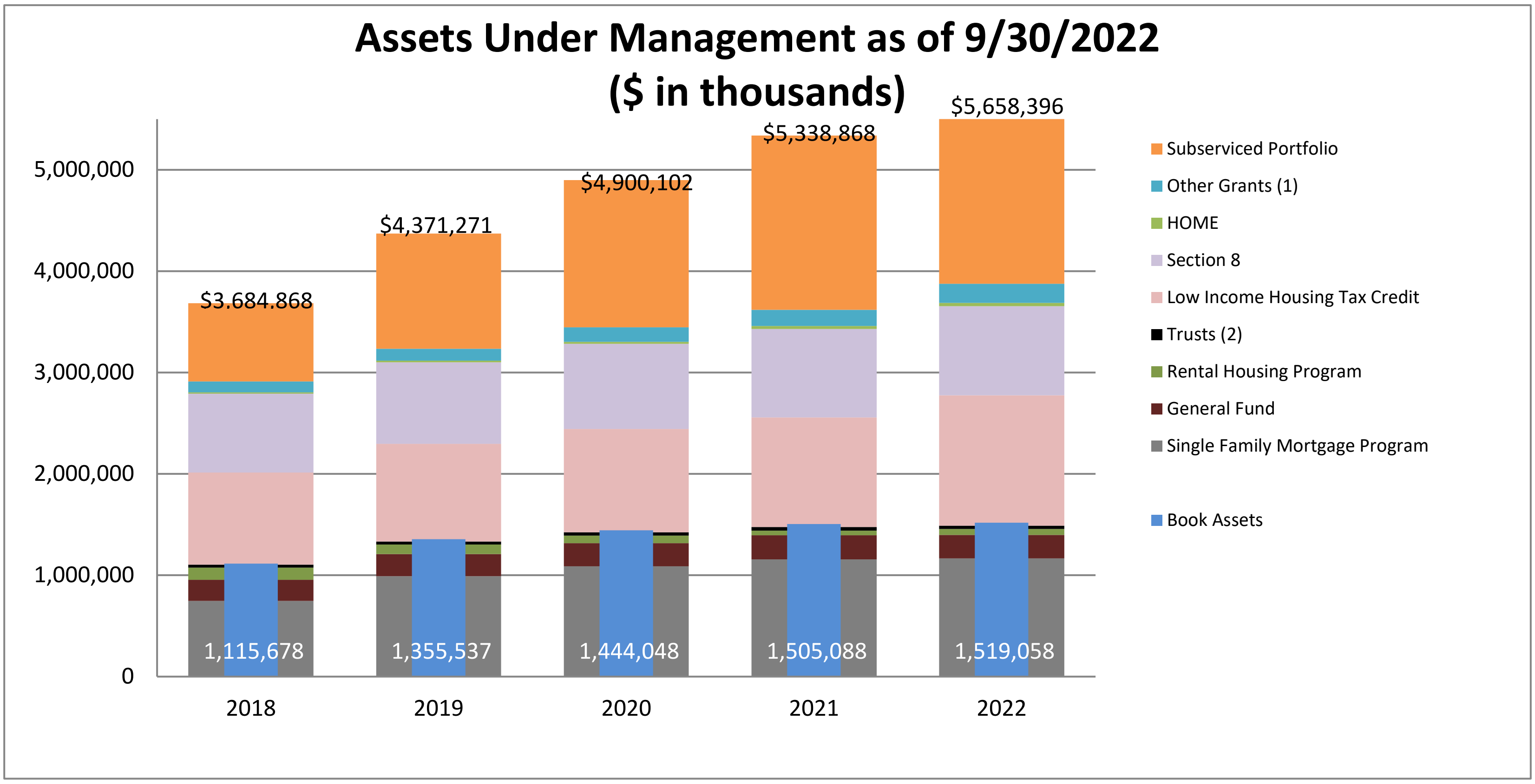
● Interest margins are up slightly in comparison to last year at this same time, and there has been some volatility in the market given anticipated increases in interest rates at the federal level. The combined interest margin of 0.51% is a decrease from the FY21 year-end mark of 0.62%. The State Investment Council (SIC) General Fund portfolio valuation decreased $541.6K in December, but still not recovered to previous year-end levels. While the FMV changes are non-operating, they do impact General Fund revenues, combined net revenues, and Return on Average Earning Assets.

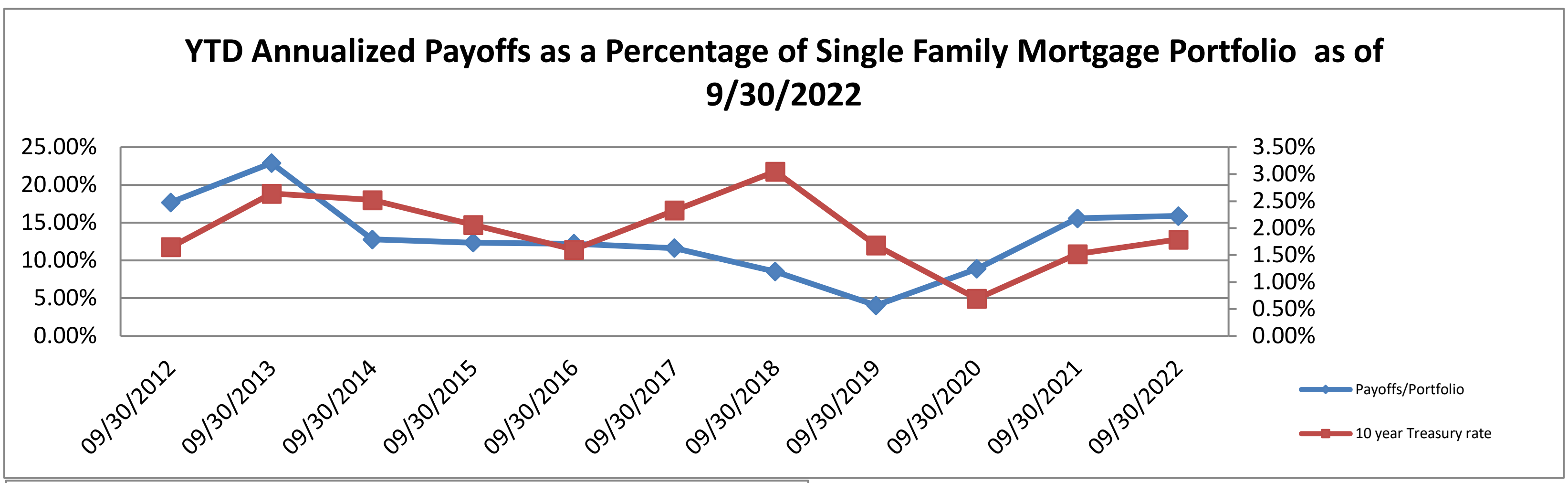
● The Servicing Department continues to monitor delinquencies and defaults to identify reduction strategies and refer borrowers to available loss mitigation programs. Of the 12.85% Sub-serviced Portfolio delinquency rate, 4.78% represents loans in forbearance; and of these 4.63% are delinquent forbearance loans. The sub-serviced portfolio is approximately 85% FHA insured loans. The Mortgage Bankers Association quarterly survey as of December 31, 2021, indicates that the delinquency rate for FHA loans nationally is 10.76% and for New Mexico 9.14%. FHA Single Family Loan Performance Trends for December 2021 showed 13.92% delinquency (for purchase loans only) down from 19.20% in December 2020.

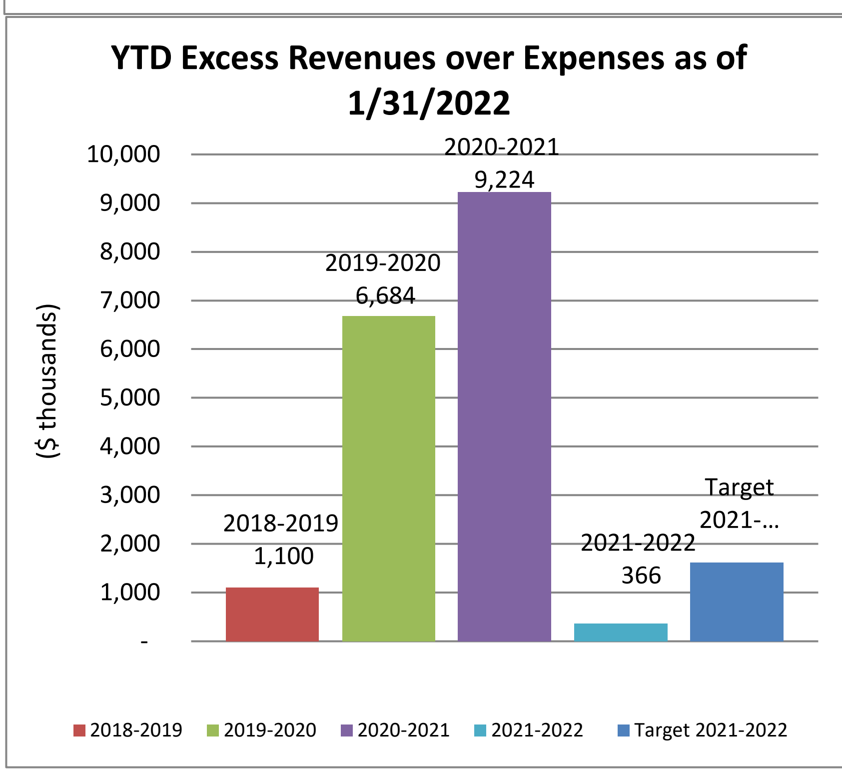
● The fair market value for purchased servicing rights as of December 2021 is $22.0 million, an increase of about $4.0 million over cost. GASB requires MFA to record the value of servicing rights at the 'lower of cost or market'. Decreases in FMV related to the pandemic have been recovered. The current recorded cost of the asset is $18.0 million. Valuations are obtained on a quarterly basis.

● Based on Moody's issuer credit rating scorecard, MFA's 28.02% 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 10.56% ratio (5-year average) is barely within the optimal range (10-15%) because of the NMHTF activity on consolidated revenues.

● Moody's Investor Services completed an updated credit opinion on MFA's Issuer Rating in June 2020. They reaffirmed the Aa3/stable rating. Comments included high asset to debt ratio, good profitability, and low-risk profile due to mortgage-backed security structure, multifamily Risk Sharing Program, and no exposure to variable rate debt. Additionally, Moody's reaffirmed the Aaa/stable rating on the single-family indenture in April 2021, noting a growing asset to debt ratio and stabilizing profitability.







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

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

	YTD 1/31/22	YTD 01/31/21
ASSETS:		
CURRENT ASSETS:		
CASH & CASH EQUIVALENTS	$43,792	$33,574
RESTRICTED CASH HELD IN ESCROW	9,600	9,122
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	4,191	4,326
OTHER CURRENT ASSETS	3,683	6,068
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	-
INTER-FUND RECEIVABLE (PAYABLE)	(0)	(0)
TOTAL CURRENT ASSETS	61,266	53,090
CASH - RESTRICTED	54,039	54,781
LONG-TERM & RESTRICTED INVESTMENTS	64,910	68,234
INVESTMENTS IN RESERVE FUNDS	11,001	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,111,947	1,029,255
MORTGAGE LOANS RECEIVABLE	202,517	223,762
ALLOWANCE FOR LOAN LOSSES	(9,277)	(6,755)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,835	1,710
OTHER REAL ESTATE OWNED, NET	2,419	740
OTHER NON-CURRENT ASSETS	-	-
INTANGIBLE ASSETS	18,219	15,738
TOTAL ASSETS	1,518,876	1,440,555
DEFERRED OUTFLOWS OF RESOURCES		
REFUNDINGS OF DEBT	182	255
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	1,519,057	1,440,811
LIABILITIES AND NET POSITION:		
LIABILITIES:		
CURRENT LIABILITIES:		
ACCRUED INTEREST PAYABLE	$5,032	$5,931
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	14,380	8,937
ESCROW DEPOSITS & RESERVES	9,450	8,850
TOTAL CURRENT LIABILITIES	28,862	23,717
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,187,925	1,110,992
MORTGAGE & NOTES PAYABLE	15,871	33,441
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	132	148
TOTAL LIABILITIES	1,232,791	1,168,299
NET POSITION:		
NET INVESTED IN CAPITAL ASSETS	1,835	1,710
UNAPPROPRIATED NET POSITION (NOTE 1)	65,094	66,155
APPROPRIATED NET POSITION (NOTE 1)	219,338	204,647
TOTAL NET POSITION	286,267	272,511
TOTAL LIABILITIES & NET POSITION	1,519,057	1,440,811

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

	YTD 1/31/22	YTD 01/31/21
OPERATING REVENUES:		
INTEREST ON LOANS	$14,142	$14,396
INTEREST ON INVESTMENTS & SECURITIES	548	632
LOAN & COMMITMENT FEES	1,264	590
ADMINISTRATIVE FEE INCOME (EXP)	2,655	6,638
RTC, RISK SHARING & GUARANTY INCOME	136	70
HOUSING PROGRAM INCOME	685	294
LOAN SERVICING INCOME	2,710	2,291
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	22,141	24,910
NON-OPERATING REVENUES:		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	(57)	2,876
OTHER NON-OPERATING INCOME	0	10
GRANT AWARD INCOME	17,375	38,401
SUBTOTAL NON-OPERATING REVENUES	17,318	41,286
TOTAL REVENUES	39,458	66,196
OPERATING EXPENSES:		
ADMINISTRATIVE EXPENSES	8,508	6,064
INTEREST EXPENSE	12,154	12,842
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(1,066)	(939)
PROVISION FOR LOAN LOSSES	134	(6)
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	51	47
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,089	813
BOND COST OF ISSUANCE	884	535
SUBTOTAL OPERATING EXPENSES	21,753	19,357
NON-OPERATING EXPENSES:		
CAPACITY BUILDING COSTS	20	37
GRANT AWARD EXPENSE	17,319	37,343
OTHER NON-OPERATING EXPENSE	-	236
SUBTOTAL NON-OPERATING EXPENSES	17,339	37,616
TOTAL EXPENSES	39,092	56,973
NET REVENUES	366	9,224
OTHER FINANCING SOURCES (USES)	-	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	366	9,224
NET POSITION AT BEGINNING OF YEAR	285,900	263,288
NET POSITION AT 1/31/22	286,267	272,511

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

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

UNAPPROPRIATED NET POSITION:

$ 30,877	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$ 33,281	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$ 936	is held for New Mexico Affordable Housing Charitable Trust.
$ **65,094**	Total Unappropriated Net Position

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

$ 116,629	for use in the Housing Opportunity Fund ($108,214 in loans plus $8,415 unfunded, of which $4,861 is committed).
$ 45,360	for future use in Single Family & Multi-Family housing programs.
$ 1,168	for loss exposure on Risk Sharing loans.
$ 1,835	invested in capital assets, net of related debt.
$ 18,202	invested in mortgage servicing rights.
$ 19,902	for the future General Fund Budget year ending 09/30/22 (29,325 total budget less 9,423 expended budget through 01/31/22.)
$ 203,096	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

$ 18,077	for use in the federal and state housing programs administered by MFA.
$ 18,077	Subtotal - Housing Program
$ **221,173**	Total Appropriated Net Position
$ **286,267**	Total Combined Net Position at January 31, 2022

Total combined Net Position, or reserves, at January 31, 2022 was $286.3 million, of which $65.1 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $221.2 million of available reserves, with $92.1 million primarily liquid in the General Fund and in the federal and state Housing programs and $129.1 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 2021-2022 Budget
For the four months ended 1/31/2022

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Revenue							
Interest Income	653,673	2,220,115	2,481,419	7,444,257	261,304	5,224,141	29.82%
Interest on Investments & Securities	112,681	376,491	394,871	1,184,614	18,380	808,123	31.78%
Loan & Commitment Fees	25,223	56,227	60,846	182,537	4,619	126,310	30.80%
Administrative Fee Income (Exp)	1,010,992	3,800,388	3,853,514	11,560,542	53,126	7,760,154	32.87%
Risk Sharing/Guaranty/RTC fees	10,635	134,464	27,736	83,207	(106,728)	(51,257)	161.60%
Housing Program Income	448,399	684,690	404,173	1,332,863	(280,518)	648,173	51.37%
Loan Servicing Income	678,450	2,710,107	2,724,330	8,172,989	14,223	5,462,883	33.16%
Other Operating Income			-	-	-	-	
Operating Revenues	2,940,054	9,982,482	9,946,888	29,961,009	(35,594)	19,978,527	33.32%
Gain (Loss) Asset Sale/Debt Ex	587,772	188,565	-	-	(188,565)	(188,565)	
Other Non-operating Income			33	100	33	100	
Non-Operating Revenues	587,772	188,565	33	100	(188,532)	(188,465)	188565.03%
Revenue	3,527,826	10,171,047	9,946,921	29,961,109	(224,125)	19,790,062	33.95%
Salaries	509,541	1,967,119	2,424,183	7,090,697	457,064	5,123,577	27.74%
Overtime	733	3,768	10,268	30,181	6,500	26,414	12.48%
Incentives	1,117	162,393	203,666	595,931	41,273	433,538	27.25%
Payroll taxes, Employee Benefits	239,047	922,885	1,176,247	3,529,179	253,362	2,606,293	26.15%
Compensation	750,437	3,056,165	3,814,364	11,245,988	758,199	8,189,822	27.18%
Business Meals Expense	-	676	1,623	4,870	948	4,194	13.88%
Public Information	9,017	46,029	122,292	366,875	76,263	320,846	12.55%
In-State Travel	3,316	20,833	43,804	131,412	22,971	110,579	15.85%
Out-of-State Travel	-	2,352	62,945	188,834	60,592	186,482	1.25%
Travel & Public Information	12,333	69,890	230,664	691,991	160,774	622,101	10.10%
Utilities/Property Taxes	6,656	28,346	25,437	76,311	(2,909)	47,965	37.15%
Insurance, Property & Liability	16,865	67,460	68,065	204,194	604	136,733	33.04%
Repairs, Maintenance & Leases	99,703	609,563	412,442	1,237,325	(197,122)	627,762	49.26%
Supplies	1,438	6,568	12,733	38,200	6,165	31,632	17.19%
Postage/Express mail	3,904	14,687	18,333	55,000	3,646	40,313	26.70%
Telephone	2,954	4,458	7,567	22,701	3,109	18,243	19.64%
Janitorial	3,428	12,408	12,167	36,500	(242)	24,092	34.00%
Office Expenses	134,351	740,506	555,717	1,667,152	(184,789)	926,646	44.42%
Dues & Periodicals	2,866	17,360	19,340	58,020	1,980	40,660	29.92%
Education & Training	16,693	22,815	49,953	149,859	27,138	127,044	15.22%
Contractual Services	90,018	372,098	529,335	1,588,004	157,237	1,215,906	23.43%
Professional Services-Program	8,522	23,176	22,800	68,400	(376)	45,224	33.88%
Direct Servicing Expenses	476,915	1,960,553	1,680,629	5,041,886	(279,924)	3,081,333	38.89%
Program Expense-Other	2,525	26,517	21,006	63,019	(5,510)	36,502	42.08%
Rebate Analysis Fees			-	-	-	-	
Other Operating Expense	597,540	2,422,519	2,323,063	6,969,188	(99,457)	4,546,669	34.76%

GENERAL FUND
Fiscal Year 2021-2022 Budget
For the four months ended 1/31/2022

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Interest Expense	5,579	26,313	139,275	417,824	112,962	391,511	6.30%
Non-Cash Expenses	236,811	1,222,042	1,127,418	3,382,254	(94,624)	2,160,212	36.13%
Expensed Assets	2,563	106,148	39,950	119,850	(66,198)	13,702	88.57%
Operating Expenses	1,739,614	7,643,584	8,230,451	24,494,247	586,867	16,850,664	31.21%
Program Training & Tech Asst	186	5,074	54,967	164,900	49,892	159,826	3.08%
Program Development	3,178	14,918	68,167	204,502	53,249	189,584	7.29%
Capacity Building Costs	3,364	19,993	123,134	369,402	103,141	349,409	5.41%
Non-Operating Expenses	3,364	19,993	123,134	369,402	103,141	349,409	5.41%
Expenses	1,742,978	7,663,576	8,353,585	24,863,649	690,008	17,200,073	30.82%
Excess Revenue over Expenses	1,784,848	2,507,470	1,593,337	5,097,459	(914,134)	2,589,989	49.19%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2021-2022 Budget
For the four months ended 1/31/2022

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
2690 PURCHASED SERVICING RIGHTS	449,772	1,758,973	1,397,750	4,193,250	(361,223)	2,434,277	41.95%
2950 COMPUTER HARDWARE	-	-	61,441	184,324	61,441	184,324	0.00%
2960 SOFTWARE LICENSES	-	-	-	-	-	-	
2920 FURNITURE & EQUIPMENT-10 YR	-	-	27,967	83,900	27,967	83,900	0.00%
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	-	-	-	-	-	-	
Capital Budget	449,772	1,758,973	1,487,158	4,461,474	(271,815)	2,702,501	39.43%