



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Board Meeting**  
**344 4th St. SW, Albuquerque, NM**  
**Wednesday, March 17, 2021 at 9:30 a.m.**

**Proposed Agenda**

**Chair Convenes Meeting**

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 2/17/21 Board Meeting Minutes – Board Action
- Executive Director Updates
- New Employee Introductions:
  - Alejandra Burgos mortgage service representative (Blanca Vasquez)
  - Jennifer Tyler community development program manager (Gina Bell)
  - Steve Hagins servicing team lead (Teresa Lloyd)

**Board Action Items**

**Action Required?**

**Presentation**

- |   |    |
|---|----|
| 1 To Be Announced (TBA) Program Update (Mike Awadis, Managing Director, Hilltop Securities) | NO |
|---|----|

**Consent Agenda**

- |   |     |
|---|-----|
| 2 Authorized Signature Resolution (Yvonne Segovia)    | YES |
| 3 Award for Financial Advisory Services (Cooper Hall) | YES |

**Finance Committee**

- |  |     |
|--|-----|
| 4 MFA Code of Conduct; Conflict of Interest Transactions/Board Disclosures (Ellie Werenko) | YES |
|--|-----|

**Contracted Services/Credit Committee**

- |  |     |
|--|-----|
| 5 La Serena Apartments - NMHTF Award (Tim Martinez/George Maestas and Thomas C. Mannschreck, President – Thomas Development Company) | YES |
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**Other**

- |                                      |    |
|--------------------------------------|----|
| 6 Legislative Update (John Anderson) | NO |
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**Other Board Items**

**Information Only**

- |   |  |
|---|--|
| 7 (Staff is available for questions) <ul style="list-style-type: none"><li>▪ Staff Action Requiring Notice to Board</li><li>▪ COVID Staff Actions</li></ul> |  |
|---|--|

**Monthly Reports**

**No Action Required**

- |  |  |
|--|--|
| 8 (Staff is available for questions) <ul style="list-style-type: none"><li>▪ 1/31/21 Financial Statements</li><li>▪ ESG Cares Act Shelter Expenditure Report</li></ul> |  |
|--|--|

**Announcements and Adjournment**

**Discussion Only**

- Confirmation of Upcoming Board Meetings – until further notice all Board Meetings & Committees will be held Virtually
- March 9, 2021- Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
  - March 17, 2021 – Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
  - March 17, 2021 – Wednesday- following the board meeting (MFA Board of Directors Training Session - Homeless Program Overview)
  - April 13, 2021 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
  - April 21, 2021 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
  - May 11, 2021 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
  - May 19, 2021 – Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
  - June 8, 2021- Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
  - June 16, 2021 – Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)



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**Board Action Items**

**Action Required?**

**Presentation**

- 1 To Be Announced (TBA) Program Update (Mike Awadis, Managing Director, Hilltop Securities) - Presentation  
regarding the TBA Program update NO

**Consent Agenda**

- 2 **Authorized Signature Resolution (Yvonne Segovia)** - The Authorized Signatures Resolution is updated periodically as needed. Staff recommends the update of the Authorized Signature Resolution to incorporate the revisions to the Policy and Procedures Manual and position title changes. YES
- 3 **Award for Financial Advisory Services (Cooper Hall)** - MFA Board approved a Request for Proposal (RFP) for Financial Advisory Services for Single Family and Multifamily Programs at its December 2020 Board meeting. MFA received one response to the RFP which met minimum threshold. The proposal was scored by an internal committee of five staff members in accordance with the evaluation criteria as outlined in the RFP. CSG Advisors received a high number of points in the scoring process and staff recommends that CSG Advisors be selected to provide Financial Advisory Services. Per the RFP, the contract begins on the date the MFA Board approves the award and ends on March 31, 2024. At the option of the Policy Committee, the contract may be extended for two, one (1) year periods under the same terms and conditions. YES

**Finance Committee**

- 4 **MFA Code of Conduct; Conflict of Interest Transactions/Board Disclosures (Ellie Werenko)** - Staff recommends approval of proposed changes to MFA's Code of Conduct to align the Code of Conduct with the MFA Act as well as the Financial Disclosures Act. YES

**Contracted Services/Credit Committee**

- 5 **La Serena Apartments - NMHTF Award (Tim Martinez/George Maestas and Thomas C. Mannschreck, President – Thomas Development Company)** - A NMHTF loan request in the amount of \$1,500,000 for La Serena Apartments, located in Albuquerque, NM. La Serena is a proposed new construction of a 78-unit multifamily, supportive senior project (55+) with 36 units income restricted to households earning 80% or less of Area Median Income (AMI), 3 units restricted to 60% or less of AMI, 19 units restricted to 50% or less of AMI, 6 units restricted to 40% or less of AMI, and 14 units restricted to 30% or less of AMI. YES
- 6 **Legislative Update (John Anderson).** An update will be provided on the status of the New Mexico 2021 Legislative session to date. NO

**Other Board Items**

**Information Only**

- 7 (Staff is available for questions)

- Staff Action Requiring Notice to Board
- COVID Staff Actions

**Monthly Reports**

**No Action Required**

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

- 1/31/21 Financial Statements
- ESG Cares Act Shelter Expenditure Report

**Announcements and Adjournment**

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# Minutes

# NEW MEXICO MORTGAGE FINANCE AUTHORITY

## Board Meeting Minutes

344 4th St. SW, Albuquerque, NM

Wednesday, February 17, 2021 at 9:30 a.m.

Chair Reyes convened the meeting on February 17, 2021 at 9:31 a.m. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Vice Chair Derek Valdo, Sally Malavé (designee for Attorney General Hector Balderas), Lieutenant Governor Howie Morales (left the meeting at 9:48 a.m. Martina C'de Baca designee joined the meeting), Diana Rosales-Ortiz (designee for State Treasurer Tim Eichenberg), Rebecca Wurzbarger, and Rosalyn Nguyen Chafey. Absent: none. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

Chair Reyes welcomed Board members and staff. He began by stating that today's meeting is being webcast. He 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. He further advised the Board that he would need to leave at approximately 10:00 a.m. for an appointment but would return. In the interim Vice Chair Valdo will conduct the business of the Board.

Approval of Agenda – Board Action. Motion to approve the February 17, 2021 Board agenda as recommended: Wurzbarger. Second: Valdo. Roll call vote: Chair Reyes-yes, Valdo-yes, Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.

Approval of January 20, 2021 Board Meeting Minutes – Board Action. Motion to approve the January 20, 2021 Board Meeting Minutes as presented: Malavé. Second: Wurzbarger. Roll call vote: Chair Reyes-yes, Valdo-yes, Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.

Approval of January 20, 2021 Board Training – Draft Strategic Plan – Board Action. Motion to approve the January 20, 2021 Board Training – Draft Strategic Plan as presented: Malavé. Second: Wurzbarger. Roll call vote: Chair Reyes-yes, Valdo-yes, Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.

Hernandez provided the Board with an update on the following topics: **Significant meetings/presentations:** 1/22 & 2/3: City of Albuquerque Bernalillo County, Dona Ana County, MFA: Rental Housing Program Coordination. 1/28: PRC Commissioner Maestas – MFA's EnergySmart Program overview. 1/28: CYFD: Program for Youth Aging out of foster care. 2/2: Luminaria Groundbreaking (Senior Housing – GAHP) 2/5: Nuevo Atrisco Ribbon Cutting (YES Housing) - virtual. Legislative Hearings/Testimony (various). **Activities and Actions:** Hernandez provided information on MFA's Re-Organization informing the Board that it will include title changes and a "Lending Division" being added. Annual Report Released: 18,400 Assisted/\$638M in Production. He went over the Homeless Served: March: 318/December: 214. Delinquencies: Total Delinquencies January: 1986/18.29% Forbearance 15.831% (1719 loans). Mortgage Operations – Ahead of last year's production (Weekly Average) 2020 - \$10.5m / 2021 - \$10.7m (as of 2/12/2021). CDBG - \$12.3M - 6802 Applications (3911 Denied/Ineligible), 1740 Funded/Funding - \$2.9M. Federal Stimulus - Emergency Rental Assistance: \$200M for State. **Upcoming Actions/Activities:** Legislative Session Begins (ends 3/20), 2/25: CDBG Internal Audit – Exit Conference, Strategic Plan – Work Plan Development. He also noted what to expect on next month's Board agenda.

Lieutenant Governor Morales left the meeting 9:48 a.m. Designee C'de Baca joined the meeting.

**New Employee introductions:** The following new employees were introduced by the following individuals: Leann Kemp director of communications and marketing introduced Daniel Porter digital content manager. Joseph Navarrete chief information officer introduced Reginald Stamps IT support technician. Doris Clark assistant controller introduced Benjamin Kennedy accounting intern. Chair Reyes welcomed the new employees informing further commenting that they were joining a great organization.

### **Finance Committee**

- 1 12/31/20 Quarterly Financial Statement Review (Gina Hickman).** Hickman informed the Board that this report will be for the three-month period ending 12/31/20 for MFA's fiscal year. Hickman began by reviewing 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.

Chair Reyes left the meeting, Vice Chair Valdo conducted the business of the Board 10:07 a.m.

Hickman then reviewed the monthly and quarterly graphs, and the Loan and Credit Line Activity report. Motion to approve the 12/31/20 Quarterly Financial Statement Review as presented: Malavé. Second: Wurzburger. Roll call vote: Valdo-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes, Nguyen Chafey-yes Vote: 5-0. (C'de Baca on the call - technical difficulties-no response).

- 2 12/31/20 Quarterly Investment Review (Cooper Hall)** Hall presented the Quarterly Investment Review packet behind tab seven which will be included in the official board packet. He began by informing the Board that this report is as of 12/30/20. 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 12/31/20 Quarterly Investment Review as presented: Malavé. Second: Rosales-Ortiz. Roll call vote: Valdo-yes, C'de Baca, Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes, Nguyen-Chafey-yes. Vote: 5-0. (C'de Baca on the call - technical difficulties-no response).

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

- 3 Approval to release the HOME Investment Partnership Rehabilitation Program NOFA (Amy Gutierrez/John Garcia).** Gutierrez began her presentation by providing background information as noted in the memo located behind tab three which will be made a part of the official board packet. She further informed the Board that the HOME Rehabilitation Program helps income eligible qualified homeowners who lack the resources necessary to make essential home repairs and improvements. This assistance can be used to make energy saving conservation improvements, eliminate health and safety hazards, enhance accessibility for a disabled or elderly person, structural alterations and reconstruction, repair or replacement of major housing systems, add or replace roofing, reconditioning of plumbing systems, install or replace a septic system, and general property improvements that are non-luxury in nature. Eligibility for the Homeowner Rehabilitation program requires that homeowners have an annual household income that does not exceed 80% AMI, adjusted for family size. The amount available for release under this NOFA is \$4,804,398 which includes a ten (10) percent administrative award. Three (3) percent of the administrative award is issued to the agencies and a seven (7) percent administrative award remains at MFA. The purpose of this request is to release this NOFA to agencies, who are knowledgeable, skilled, and experienced in managing federal funding and that can provide HOME Rehabilitation services for essential home improvements to all income eligible qualified homeowners. Agencies will be selected based on their capacity, experience, and the ability to provide HOME Rehabilitation services. Staff recommends approval to release the HOME Rehabilitation NOFA to the public on February 17, 2021 upon Board approval. The NOFA will then be awarded to the agencies that met minimum qualifications for this funding on March 29, 2021. Motion to approve the HOME Investment Partnership Rehabilitation Program NOFA as presented: Wurzburger. Second: Rosales-Ortiz. Roll call vote: Valdo-yes, C'de Baca- (no answer during tab 3 - on the call); in tab 4 voted in favor of agenda items 3 & 4), Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes, Nguyen-Chafey-yes. Vote: 6-0. (C'de Baca sent a chat during the vote for tab four that she also is in favor/votes for tab 3).

- 4 Approval to release the Veterans Housing Rehabilitation and Modification Program (VHRMP) NOFA through the Affordable Housing Charitable Trust (Amy Gutierrez/John Garcia).** Gutierrez began her presentation by providing background information as noted in the memo located behind tab four will be made a part of the official board packet. She then reminded the Board that the New Mexico Affordable Housing Charitable Trust (NMAHCT) was awarded funding from the Department of Housing and Urban Development (HUD) for the Veterans Housing Rehabilitation and Modification Pilot Program (VHRMP) in the amount of \$1,000,000. NMAHCT 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. Gutierrez then reviewed the purpose of the program stating VHRMP helps income eligible qualified disabled Veterans who lack the resources necessary to make essential home repairs and improvements. She reviewed the list of assistance in which these funds can be used to modify and rehabilitate the primary residence of an eligible

veteran as listed in the memo. Staff recommends approval to release the VHRMP NOFA to the public on February 17, 2021 upon Board approval. The NOFA will then be awarded to the agencies that met minimum qualifications for this funding on March 29, 2021. Discussion ensued with regards to the veteran not being able to stay in the home for the minimum of 5 years due to extenuating circumstances. Recommendations to include a mechanism in case of extenuating circumstances to substantiate a reason that the veteran could not stay in the home for the five-year period. Malavé made a motion to approve the NOFA with the stated policy modifications as presented: Second: Wurzbürger. Roll call vote: Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbürger-yes, Nguyen-Chafey-yes. Vote: 6-0. (C'de Baca sent a chat during tab four presentation to Vice Chair Valdo that she also is in favor/votes for tab 3).

- 5 San Roque Apartments HOME, NMHTF, NHTF Loan Requests (Jacobo Martinez/George Maestas and Thomas C. Mannschreck, President - Thomas Development Company).** Martinez began his presentation with three loan requests for San Roque Apartments a new construction project consisting of 136 rental units located in Albuquerque. Martinez then introduced Tom Mannschreck of Thomas Development Company who provided an overview of the San Roque Apartments and responded to questions provided by the Board. Martinez reviewed the parameters of each of the three loans being recommended by staff; HOME loan - no payments during construction period, not to exceed 24 months; thereafter 479 equal principal payments (0% interest), based on an 80-year amortization, with a final payment of all outstanding principal due upon its maturity in 40 years. NMHTF loan - interest only monthly during the construction period not to exceed 24 months; thereafter 360 equal Principal & Interest payments during the permanent loan period. NHTF loan - No payments during the construction period, which is not to exceed 24 months; thereafter, annual payments, 1) as determined from available cash flow or 2) a fixed principal payment of \$500, maturing in 35 years. Motion to approve San Roque Apartments HOME, NMHTF, NHTF Loan Requests as presented: Malavé. Second: Wurzbürger. Roll call vote: Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbürger-yes, Nguyen-Chafey-yes. Vote: 6-0.

- 6 Approval of Executive Director for Northern Regional Housing Authority (Gina Bell).** Bell began her presentation by informing the Board that Mr. Baca has been the Acting Executive Director of Northern Regional Housing Authority (NRHA) since August 2019. During this time, he has been working very closely with HUD to consolidate Northern Regional, Las Vegas and Raton Housing Authorities which was completed last month. She further reminded the Board that Senate Bill 20 (Laws of New Mexico 2009, Chapter 28) amending the Regional Housing Statute 11-3A-20 NMSA 1978, to redefine the activities of the regional housing authorities, includes MFA's Board of Directors approval of the Executive Directors for all the Regional Housing Authorities. However, HUD regulations states that any housing authority reorganization, also called a transfer, consolidates all assets and liabilities under one Public Housing Agency. Transfers may include employees and in this case all employees from Northern Regional, Las Vegas and Raton Housing Authorities were part of the transfer. Mr. Terry Baca was already the Executive Director of Raton Housing Authority and since he is part of the reorganization of Northern Regional, Las Vegas and Raton Housing Authorities, the Board did not believe that the requirement to have MFA's Board of Directors approve his official appointment was necessary. Through this process it has become apparent that the Regional Housing Statute and the ability to put an Executive Director in place through a transfer do not coincide. Through that process NRHA's Board officially assigned Mr. Baca as Executive Director of NRHA. Staff immediately reached out to Rayetta Trujillo (available for questions today), the Board Chair and Julian Barela, the HUD Region VI Manager informing them that Regional Housing Statute requires that Mr. Baca be approved by MFA's Board of Directors as well. Therefore, to comply with Senate Bill 20, staff is coming to MFA's Board with a request for approval of Terry Baca as the Executive Director of NRHA. Bell provided a few highlights of Mr. Baca's achievements from his resume which is provided behind the memo. MFA and HUD agree that Mr. Baca's experience makes him a solid choice for the position of Executive Director for NRHA. His deep understanding of Housing Authorities, his relationship with HUD and his strong leadership qualities are what is needed for the future success of NRHA. Mr. Baca thanked the Board for their consideration and stood for any questions the Board might have. Motion to approve Terry Baca as Executive Director for Northern Regional Housing Authority as presented: Wurzbürger. Nguyen-Chafey. Second: Roll call vote: Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbürger-yes, Nguyen-Chafey-yes. Vote: 6-0.

**7 2021-2025 Strategic Plan (Rebecca Velarde).** Velarde began her presentation by informing the Board that MFA staff started its 2021-2025 strategic planning process in February 2020 and held many meetings with board members, MFA staff and partners in addition to completing a housing needs assessment. Based on this information and board feedback, MFA is presenting a proposed 2021-2025 Strategic Plan, including goals, objectives, initiatives and benchmarks. She stated that staff is proposing several initiatives as shown in the 2021-2025 Strategic Plan Goals, Objectives and Initiatives” document. This document is redlined to reflect changes made since the January 20, 2021 training session to incorporate board feedback. Velarde reviewed the redline changes to get any additional feedback on the changes the Board may have. Discussion ensued regarding the statewide housing strategy and its timing. Member Rosales-Ortiz asked if more specific language could be included in the foster youth initiative under Goal 1, Objective 5 to include an age range. Valdo commended Velarde on providing the updates and reminded the Board that the 2021-2025 Strategic Plan is a living document and changes can be made in the future if necessary. Motion to approve the 2021-2025 Strategic Plan with the comments as recommended to Goal 1, Objective 5: Malavé. Second: Wurzbarger. Roll call vote: Valdo-yes, C’de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen-Chafey-yes. Vote: 6-0.

**8 Annual Real Estate Owned (REO) Portfolio 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.

Chair Reyes re-joined the meeting 11:25 p.m.

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 eight and will become a part of the official board packet. She informed the Board that MFA anticipates three foreclosures later in FY 2021 borrowers which may create an REO 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; at this point this portfolio is experiencing less impact related to the pandemic. Non-Action Item

**9 MFA Portfolio Delinquency Update (Jeff Payne & Teresa Lloyd).** Lloyd informed the Board that Mr. Payne was not available for today’s meeting and will present the update. She reviewed background information provided in the presentation located behind tab nine regarding delinquency trends for MFA’s loan portfolio as of December 31, 2020. Corona Virus Relief Fund Mortgage Assistance provided nearly \$11 million in assistance to almost 2,200 who are in COVID payment forbearance plans in New Mexico for past due payments from April through November 2020. This assistance has moved these borrowers from being seriously delinquent to 30 days past due. MFA’s subserviced delinquency numbers reflect the impacts of the health crisis. MFA’s in-house serviced portfolio has seen steady improvement from a high of 13.89% in March 2017 to 10.30% as of December 2020. Non-Action Item

**10 Multifamily Project Completion Pipeline Report (Shawn Colbert).** Colbert provided the multifamily project completion pipeline report for informational purposes. She 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. Each row lists the project name, location, developer, date of loan approval, loan closing date and a bit about the project including the number of apartments, type of construction project, what priority population is being served and then it gets into the construction milestone dates. Overall, there are 48 active projects comprising of 3,535 units in 25 different municipalities across the state. They represent over \$27.4mm in annual tax credits, \$39.4mm in Private Activity Bond and \$26.74mm in other MFA financing. Since the last report one project has closed and five more are expected to close in the April timeframe. Chair Reyes stated that this is great information. He asked if we could add a section to the report which incorporate employment created, number of jobs benefited and what the economic development impact would be. It’s great to highlight how MFA contributes to the economic impact; great to take a pause and reflect on the huge impact of these developments. Hernandez responded that we do have a model from the National Home Builders Association that helps us calculate economic impact and jobs created and will incorporate into the next pipeline report. Non-Action Item.

Member Valdo left the meeting 11:52 a.m.

**11 2021 Legislative Update. (John Anderson).** Hernandez informed that he would provide a brief update on the 2021 Legislative session to date because Mr. Anderson was held up in a hearing and not available. Hernandez began by

stating that one positive aspect of virtual climate is that it has enabled people to sign up and testify in support of our legislation. The two bills introduced and supported by our oversight committee are the NM Housing Trust Fund Statutory Changes, SB 27 which has been through two senate committees, the senate floor and referred to 2 house committees; but not yet scheduled. NM Housing Trust Fund \$12M Appropriation SB 28 has been through one of the senate committees; referred to another committee and if passed will go to the senate floor. We have had great support from the legislators and our partners and are hopeful they will get all the way through. Additional bills being tracked HB196 RHA Act – changes that would get rid of duplication of oversight between HUD and MFA. Keeping a close eye on HB111 protection for tenants and extending evictions and those type of processes this also includes the state housing counsel.

**Other Board Items - Information Only**

**12 Comments regarding bullet 3 (Rebecca Velarde) - Disclosure of Conflict of Interest for COVID-19 Housing Cost Assistance Program as Required by 24 CFR 570.61.**

- Staff Action Requiring Notice to Board
- COVID Staff Actions - Disclosure of Conflict of Interest for COVID-19 Housing Cost Assistance Program as Required by 24 CFR 570.61. Velarde explained that she would like to make a comment with regards to the Disclosure of Conflict of Interest for COVID-19 Housing Cost Assistance Program. This funding source is funded through CDBG which is a HUD funding source that has specific conflict of interest requirements. Justin Carmona, who is an MFA employee that helps implement the program, disclosed a potential conflict of interest to the COVID-19 Housing Cost Assistance Program. He has signed the COVID-19 Housing Cost Assistance Program Notification and Request for Waiver of Conflict-of-Interest form. His cousin applied for housing assistance for the months of October, November and December. Upon initial disclosure of this application, Justin Carmona has removed himself from any approval processes for the housing assistance this applicant has applied for. We are including this in the Board packet as well as the minutes of the meeting to satisfy the requirements of HUDs conflict of interest.

**Monthly Reports - No Action Required**

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

- Communications Department Reports

**Quarterly Reports - No Action Required**

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

- Quarterly Board Report

**Announcements and Adjournment - Confirmation of Upcoming Board Meetings.** Hernandez informed the Board that the next Board of Directors meeting will be held on March 17, 2020 followed by a Board Study Session - Homeless Program Overview.

There being no further business the meeting was adjourned at 12:06 p.m.

**Approved: March 17, 2021**

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Chair, Angel Reyes

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Secretary, Isidoro Hernandez

Tab 1

# TBA MARKET

NEW MEXICO MORTGAGE  
FINANCE AUTHORITY  
BOARD MEETING 3/17/2020

## Disclaimer

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# Contents

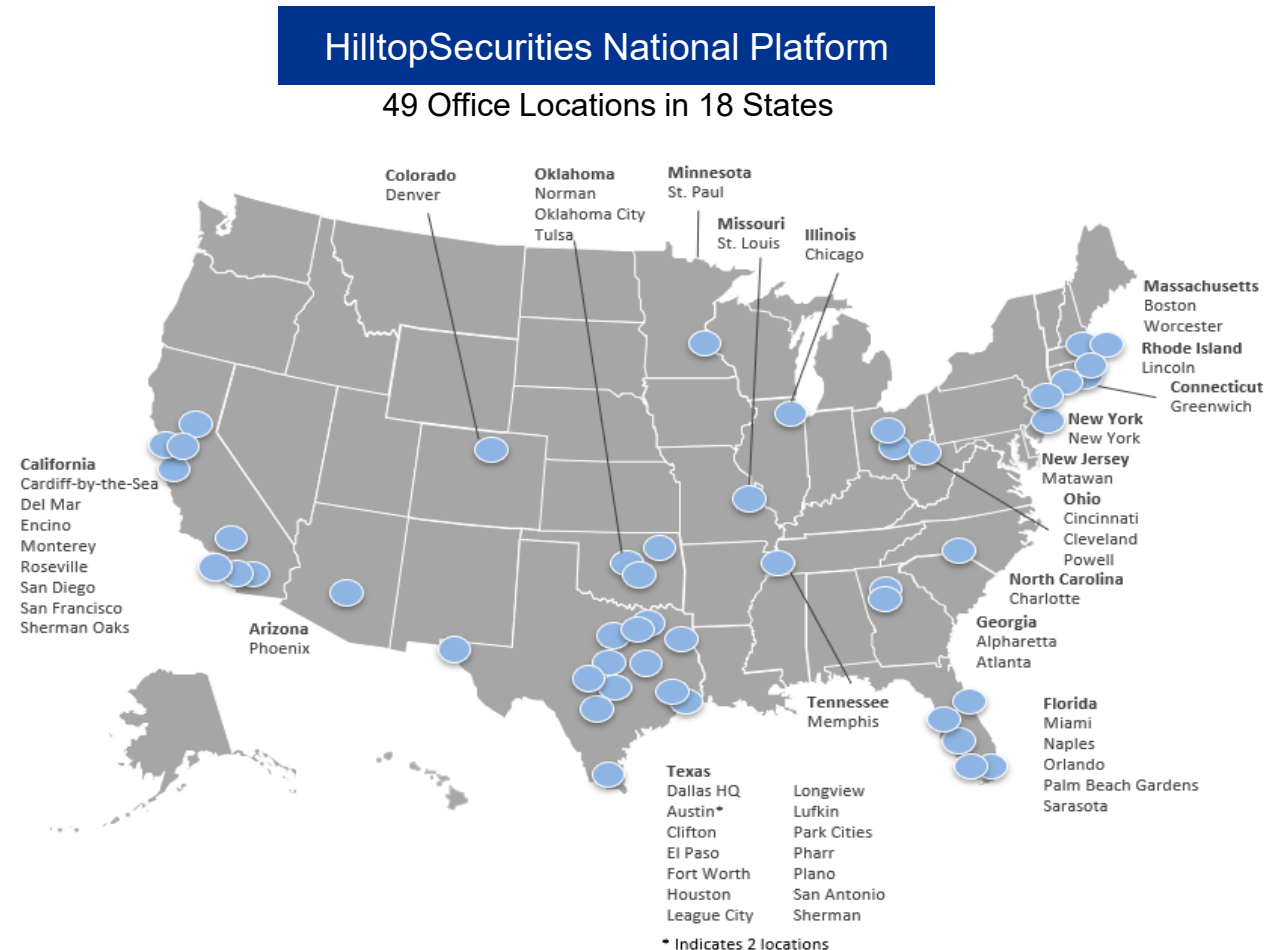
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- Basics of TBA Market
- Production Trends
- Market Update
  - TBAs
  - HFA MBS

# TBA MARKET

# About HilltopSecurities and HTH

- Hilltop Securities Inc. (HTS) is a wholly-owned subsidiary of Hilltop Holdings Inc. (NYSE: HTH); \$17 billion in assets and Approx. 5,000 employees across the nation (as of December 31, 2020)
- Main business lines:
  - Underwriting
  - Investment Banking
  - Capital Markets
  - Public Finance
  - Retail Brokerage
  - Structured Finance (Housing)
  - Clearing Services
  - Securities Lending
- Approx. 800 employees
- One of the nation's largest clearing services firm by number of broker-dealer clients
- Working with HFAs for over 30 years



## Current Environment for HFA's

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- 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 Almost \$50 billion in locks and purchased over \$38 billion in MBS. In CY 2020 HTS purchased over \$8.4 billion in MBS from HFAs

## TBA (Mortgage-Backed) Securities Market

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- 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

## TBA (Mortgage-Backed) Securities Market – continued

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- 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
- 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

## TBA (Mortgage-Backed) Securities Market – continued

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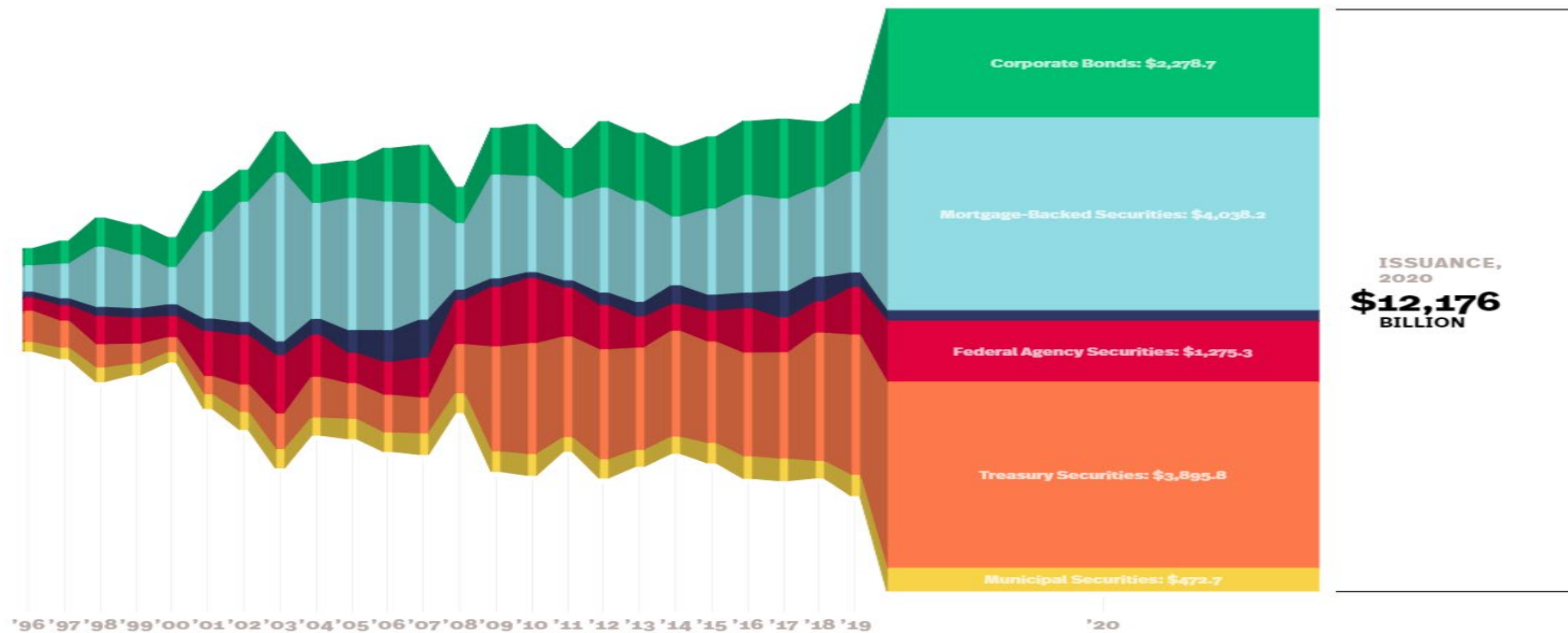
- TBA trading occurs electronically on an over-the-counter basis
  - Two platforms, DealerWeb (interdealer trades) and TradeWeb (customer trades)
  - Trades can also take place via telephone, fax or e-mail – not common
- Securities Industry and Financial Markets Association (SIFMA) has specific rules regarding what constitutes TBA eligible deliveries also known 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
- Virtually every primary broker/dealer on the street and in the world makes a market in TBA MBS

## TBA (Mortgage-Backed) Securities Market – continued

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- TBA Market is made possible largely because agency MBS are exempt from the registration requirement of the Securities Act of 1933
- Although not required, agencies do publicly disclose information about the composition of each pool
- Similar to Treasury futures, TBAs trade on a “cheapest-to-deliver” basis
- On a forty-eight-hour day, the seller selects which MBS in its inventory will be delivered to the buyer at settlement
- In practice, most TBA trades do not ultimately lead to a transfer of physical MBS
  - In most cases the seller will either unwind or “roll” an outstanding trade

# US Fixed Income Issuance Market

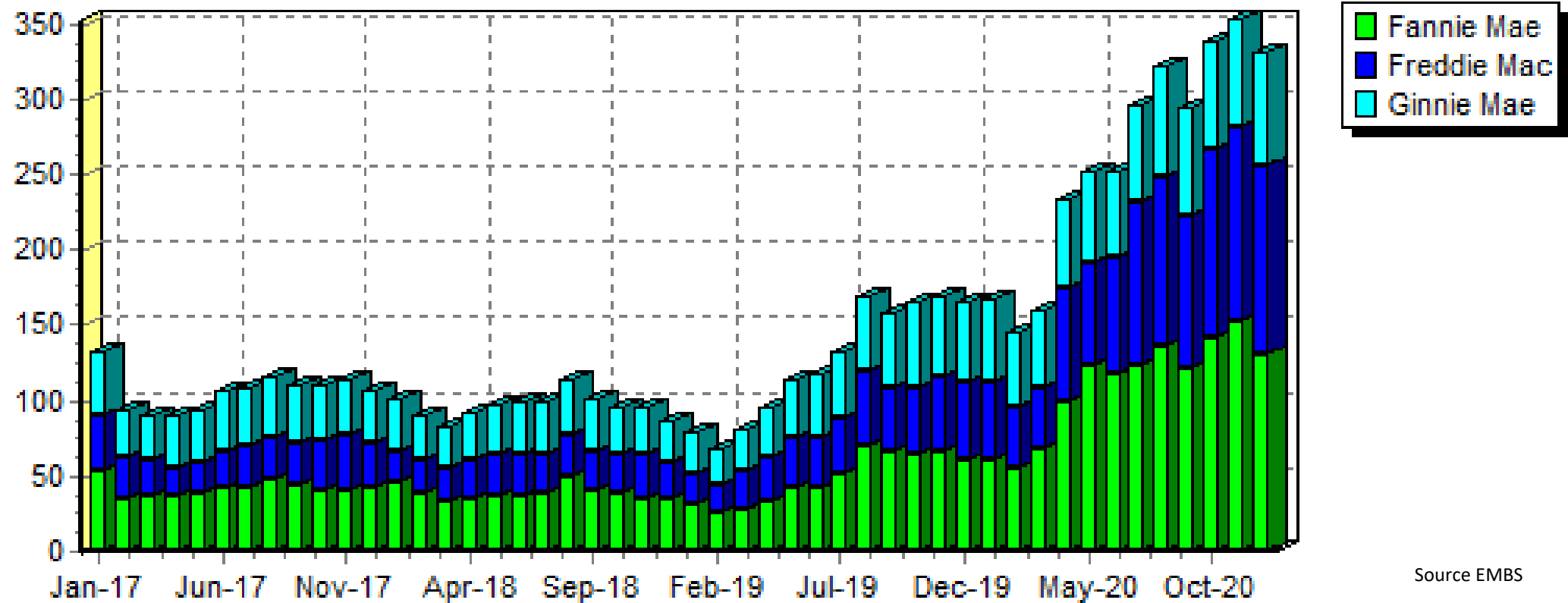


*Issuance is long-term instruments only.  
ABS/MBS outstanding data lags by one quarter.*

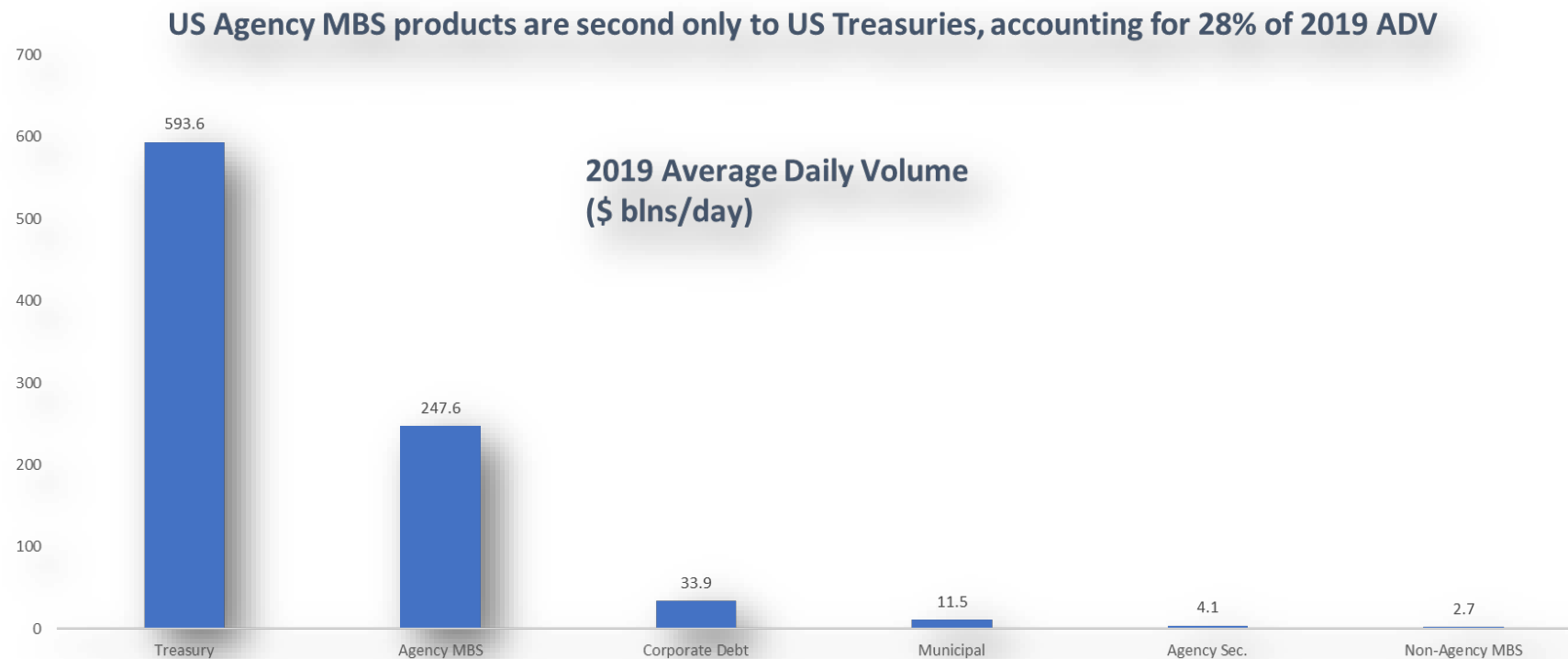
Source FINRA

# GSE Share of the Market

Issuance (Billions) by Month for Agencies



# US Fixed Income Daily Trading Volume



Source: FINRA

## TBA Program Benefits When Compared to MRB

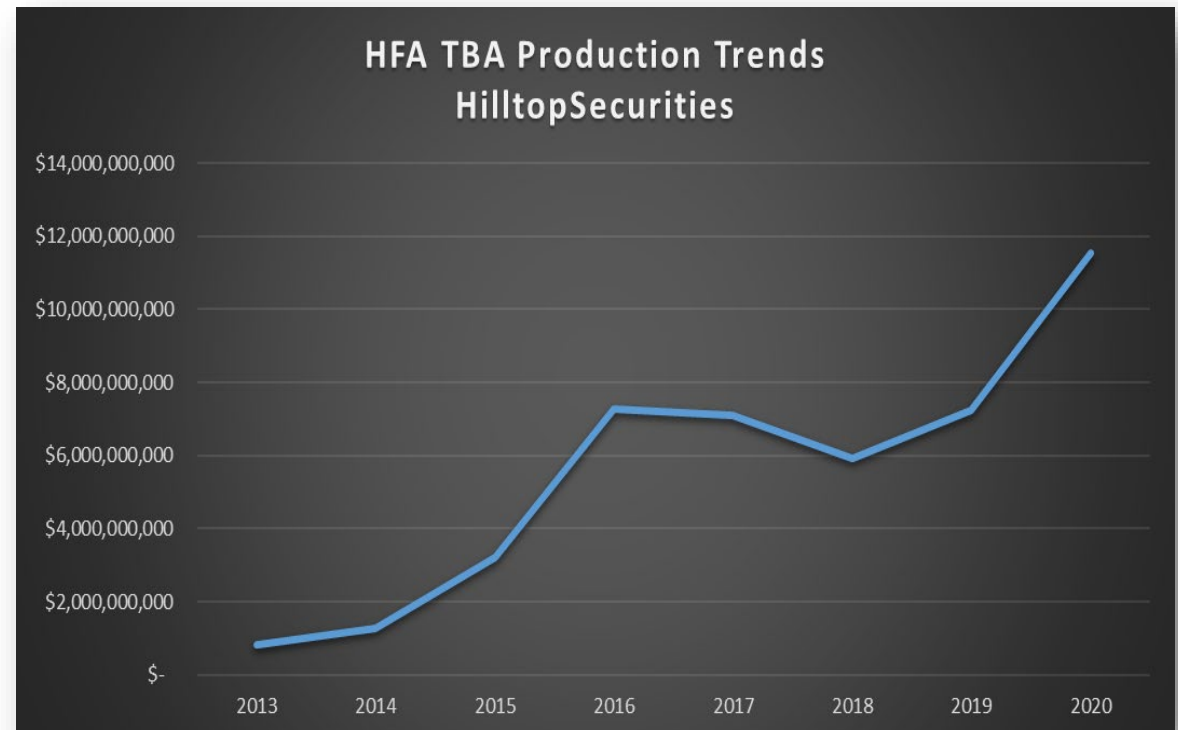
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- Provides a no risk forward commitment mortgage program with no costs of issuance, negative arbitrage and legal expenses (outsourced)
- Eliminates volume cap limitations
- Fund down payment and closing cost assistance without using HFA funds
- Flexibility 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

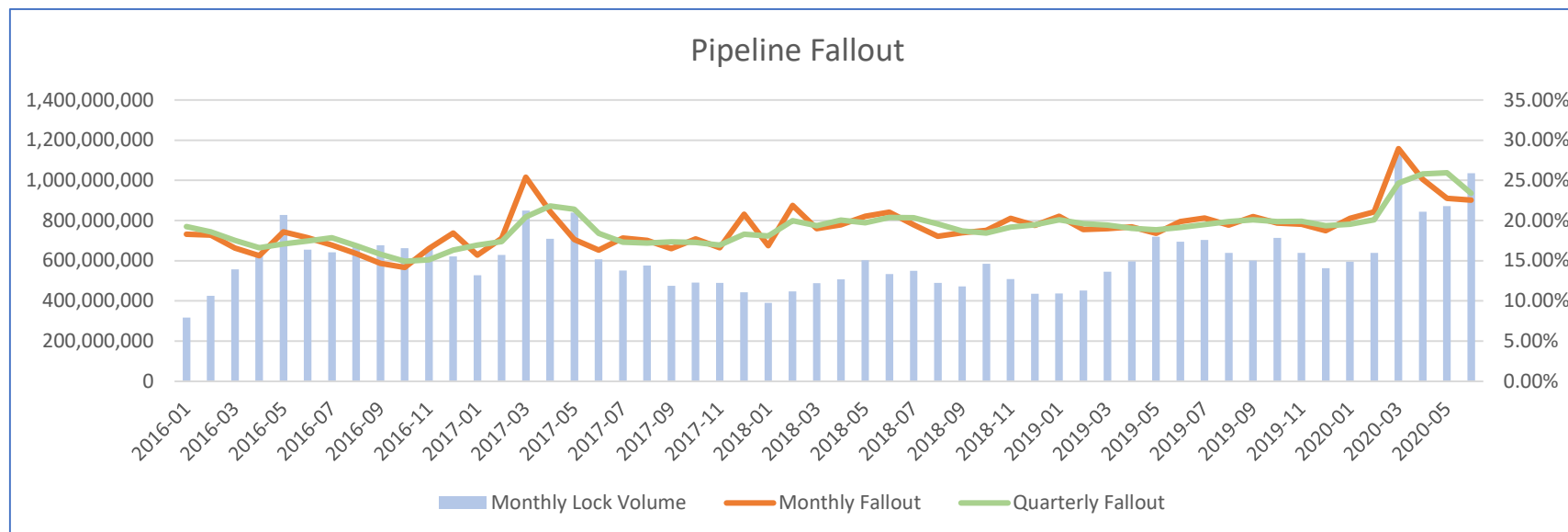
## Production Trends

- HFAs continue to see robust TBA volume despite increase in MRB issuance
  - Record low mortgage rates
  - Strong home purchase activity
- 2020 another record year in lock volume for HTS clients
  - 2020 locks of \$11.5 billion compared with \$7.23 billion in 2019 – up almost 60%
- Since July 2012 represented 18 state programs and almost \$50 billion in locks and over \$38 billion in MBS purchases
- 11 out of 18 HTS HFA partners using both MRB and TBA to fund single family activity



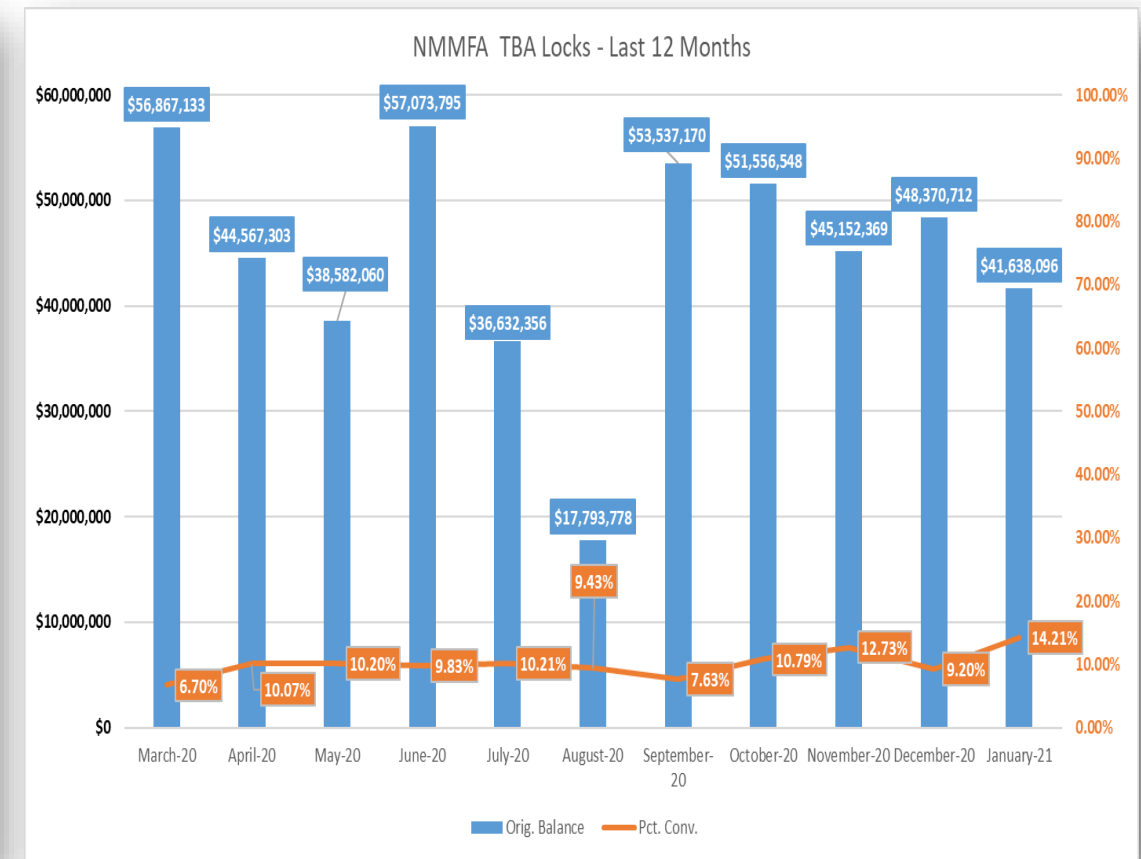
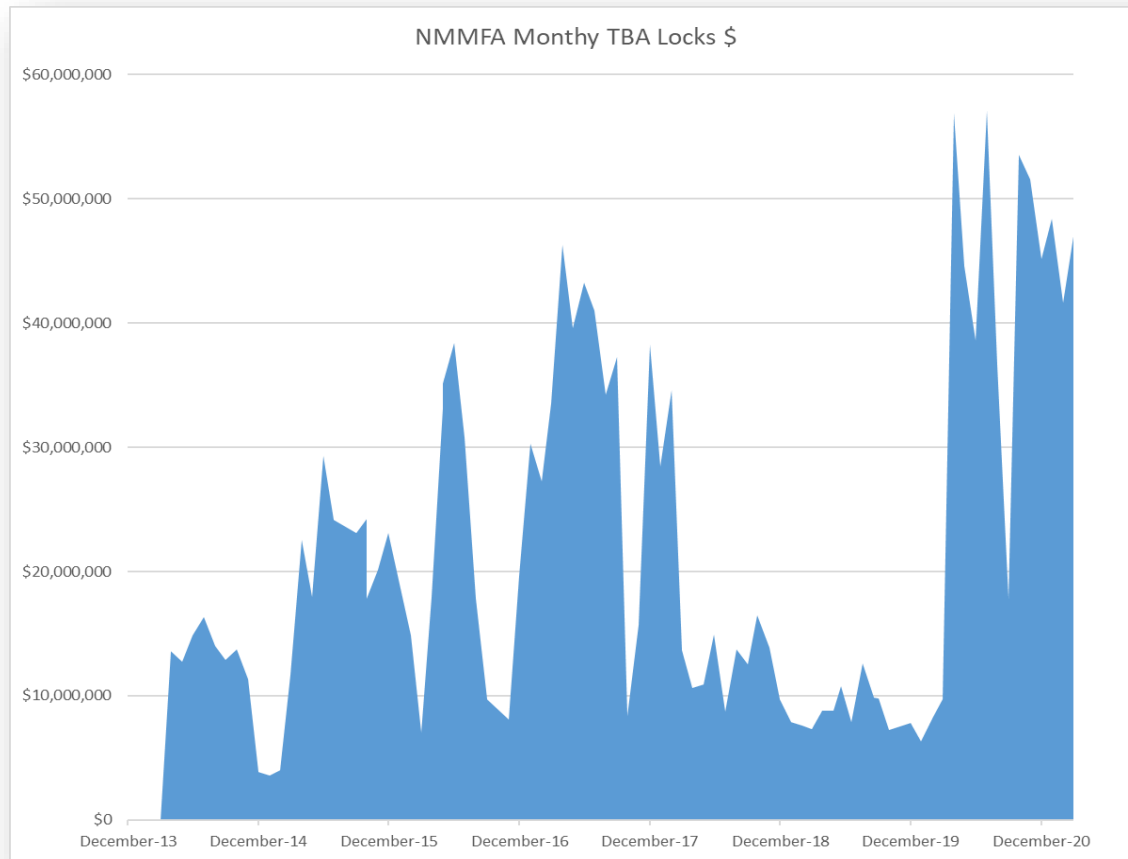
## Production Trends (cont..)

- Under 14% of YTD locks comprise conventional product, down from 36% for the same period of 2019
  - Many HFAs have discontinued offerings conventional products altogether
- Pipeline fallout has increased compared with ~19% long term average



Source: Hilltop Securities

# MFA Production Trends



# MARKET UPDATE

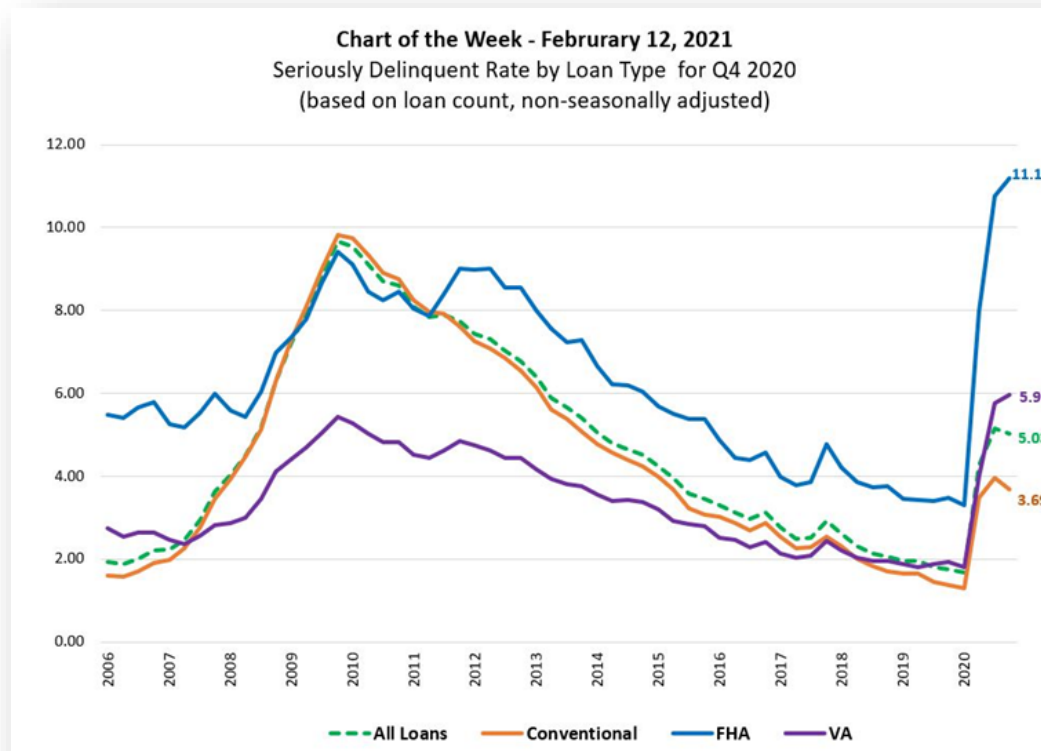
## Market Update – TBAs



Source: Bloomberg

- As mortgage rates have continued to climb the last 6 weeks production has shifted into higher coupons
- Fed has been buying ~5bb/day supporting the TBA market
- Fed is currently buying 2.0s and 2.5s in G2 TBA space but we expect that to change soon

# Market Update – HFA MBS



Source: MBA

- The overall delinquency rate on residential properties has declined from 7.65% to 6.73% at the end of quarter – biggest quarterly decline in history
- Record FHA and VA delinquencies
- Involuntary prepaids stemming from Bank purchases of seriously delinquent loans have intensified overall prepaids further
- How GSEs and HUD will deal with the record number of loans in forbearance is being closely anticipated



HilltopSecurities<sup>SM</sup>

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# Tab 2



*Housing New Mexico*

## **NEW MEXICO MORTGAGE FINANCE AUTHORITY**

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

**Tuesday, March 9, 2021 at 1:30 p.m.**

Webex - call-in information is 1-844-992-4726 (access code): (access code): 187 600 6388  
or you can join the call from the calendar item.

AGENDA ITEMS	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<b><u>Recommended for Consent Agenda</u></b>		
<b>1</b> Authorized Signature Resolution (Yvonne Segovia)	2-0	YES
<b>2</b> Award for Financial Advisory Services (Cooper Hall)	3-0	YES
<b><u>Agenda</u></b>		
<b>3</b> MFA Code of Conduct; Conflict of Interest Transactions/Board Disclosures (Ellie Werenko)	3-0	YES

**Committee Members present:**

Derek Valdo, Chair

☐ present

☐ absent

☒ conference call

State Treasurer Tim Eichenberg

☐ present

☐ absent

☒ conference call

*After 1st Agenda Item*

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

☐ present

☐ absent

☒ conference call

*B Hernandez*



# MEMO

TO: MFA Board of Directors  
Through: Finance Committee – March 9, 2021  
Through: Policy Committee – March 2, 2021  
FROM: Yvonne Segovia, Controller  
DATE: March 17, 2021  
SUBJECT: Authorized Signatures Resolution

## **Recommendation:**

Staff recommends the update of the Authorized Signature Resolution to incorporate the revisions to the Policy and Procedures Manual and position title changes.

## **Background:**

During the January 20, 2021 meeting the Board of Directors approved the revisions to the Policy and Procedures Manual. The revisions included a change that expanded authorized signatures on contracts to include director level staff where awards have been approved by Policy Committee and/or the Board. In addition, MFA will be implementing a reorganization effective March 29, 2021 and a number of staff will have new titles.

## **Discussion:**

The Authorized Signatures Resolution is updated periodically as needed. The resolution has been updated to reflect the change to the Policy and Procedures Manual and the new staff titles as a result of the reorganization. In addition, the Corporate Resolution used for banking purposes was updated to reflect the new position titles.

## **Summary:**

The Authorized Signatures Resolution is updated periodically as needed. Staff recommends the update of the Authorized Signature Resolution to incorporate the revisions to the Policy and Procedures Manual and position title changes.

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**AUTHORIZED SIGNATURES RESOLUTION**

**WHEREAS**, a regular meeting of the Board of Directors of the New Mexico Mortgage Finance Authority (MFA) was held at 344 Fourth St. SW, Albuquerque, New Mexico on March 17, 2021 at 9:30 a.m.; and

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

**IT IS THEREFORE RESOLVED:**

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

Executive Director/Chief Executive Officer

~~Deputy Director(s)~~

Chief Financial Officer

Chief Housing Officer

Chief Lending Officer

Human Resources Director

~~Senior Director of Mortgage Operations~~

Director of Servicing

Assistant Director of Servicing

~~Director of~~ Secondary Market ~~Manager~~

Secondary Market Loan Processor

Employees Designated by Management

2. The individuals holding the following positions are designated as Authorized Signatures on Bank Accounts and related banking documents:

Chair of the Board

Vice-Chair of the Board

Treasurer of the Board

Board Members Designated by the Chair of the Board

Executive Director/Chief Executive Officer

~~Deputy Director(s)~~

Chief Financial Officer

Chief Housing Officer

Chief Lending Officer

Controller

~~Senior Director of Mortgage Operations~~

3. The individuals holding the following positions are designated as Authorized Signatures on documents that legally bind the MFA, including contracts and federal fiscal reports and payment vouchers in accordance with OMB 2 CFR 200.415:

Chair of the Board

Executive Director/Chief Executive Officer

Chief Financial Officer

Chief Housing Officer

Chief Lending Officer ~~Deputy Director(s)~~

Human Resources Director

Controller

~~Senior Director of Mortgage Operations~~

Director level staff where awards have been approved by Policy Committee or Board of Directors:

Senior Director of Policy & Planning  
Senior Director of Information Technology  
Director of Asset Management  
Director of Community Development  
Director of Housing Development  
Director of Homeownership  
Director of Secondary Market  
Director of Servicing  
Director of Communications & Marketing

After discussion the foregoing resolution was adopted on March 17, 2021.

**NEW MEXICO MORTGAGE FINANCE AUTHORITY  
CORPORATE RESOLUTION**

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

Angel A. Reyes	Chair of the Board	_____
Derek Valdo	Vice-Chair of the Board	_____
Rebecca Wurzbarger	Treasurer of the Board	_____
Isidoro Hernandez	Executive Director/CEO	_____
Gina Hickman	Chief Financial Officer	_____
Donna Maestas-De Vries	Chief Housing Officer	_____
Jeff Payne	Chief Lending Officer	_____
Yvonne Segovia	Controller	_____

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

**CORPORATE CERTIFICATION**

I HEREBY CERTIFY, that I am the Secretary of New Mexico Mortgage Finance Authority; that the above and foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the vote of a majority or more of the directors of the New Mexico Mortgage Finance Authority in accordance with the MFA by-laws on March 18, 2020; that there is no provision in the articles of the MFA conflicting with said resolution; and that said resolution has not been modified or revoked and still remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this \_\_\_\_\_ day of March, 2021.

\_\_\_\_\_  
Isidoro Hernandez, Secretary

(CORPORATE SEAL)

# Tab 3

**TO:** Board of Directors  
**Through:** Finance Committee – March 9, 2021  
**Through:** Policy Committee – March 2, 2021  
**FROM:** Cooper Hall  
**DATE:** March 17, 2021  
**SUBJECT:** Award for Financial Advisory Services

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**Recommendation:** Staff recommends that CSG Advisors be selected to provide Financial Advisory services to MFA Single Family and Multifamily Programs.

**Background:** MFA issued a Request for Proposal (RFP) for Financial Advisory Services for Single Family and Multifamily housing programs in January 2016. The contract was awarded to CSG Advisors for a term of three years with two-one year extensions at the option of the Policy Committee. The Policy Committee exercised the last available extension which expires on March 31, 2021.

At its December 2020 meeting the Board approved issuance of an RFP for Financial Advisory Services for Single Family and Multifamily programs.

**Discussion:** The RFP was sent electronically to 8 active housing financial advisory firms and posted on the MFA website.

MFA received one proposal from CSG Advisors in response to the RFP. The proposal met minimum threshold. The proposal was reviewed by an internal review committee of five staff members. Each member of the internal review committee independently scored the individual proposals.

Points were awarded to the Offeror based on the criteria outlined in Part V: Evaluation Criteria of the RFP. A simple average was then calculated based on the committee member individual scores for each of the scoring criteria with the exception of the scoring for proposed fees and costs. The scoring for fees and costs was analyzed and compared to prior financial advisory services contracts and scored accordingly. CSG has not increased their proposed fees from the prior contract.

As noted in the RFP, the contract begins on the date the MFA Board of Directors approves the award and ends on March 31, 2024. At the option of the Policy Committee, the contract may be extended for two, one (1) year periods under the same terms and conditions.

Attached are the following spreadsheets: (a) Exhibit A showing that the Offeror met the minimum threshold, (b) Exhibit B showing the average points awarded to the Offeror.

CSG Advisors has provided financial advisory services for our housing programs since 2012. Their firm is a highly respected financial advisor for housing finance agencies across the country and are national experts in the field. Staff has been extremely satisfied with their knowledge and service levels.

**Summary:** MFA Board approved a Request for Proposal (RFP) for Financial Advisory Services for Single Family and Multifamily Programs at its December 2020 Board meeting. MFA received one response to the RFP which met minimum threshold. The proposal was scored by an internal committee of five staff members in accordance with the evaluation criteria as outlined in the RFP. CSG Advisors received a high number of points in the scoring process and staff recommends that CSG Advisors be selected to provide Financial Advisory Services. Per the RFP, the contract begins on the date the MFA Board approves the award and ends on March 31, 2024. At the option of the Policy Committee, the contract may be extended for two, one (1) year periods under the same terms and conditions.

**Exhibit A:**

	Minimum Qualification		CSG
1	All Offerors must have met the registration requirements of both the SEC and MSRB.	X	
2	All Offerors must have at least ten years' experience providing Financial Advisory Services to state housing authorities for single family and multifamily housing programs.	X	
3	All Offerors must have at least five years' documented experience with at least one state housing agency that utilizes a master (open) indenture for single family programs, and five years' documented experience with at least one state housing agency that utilizes a stand-alone indenture both single family and multifamily programs.	X	
4	Offeror must utilize DBC software to structure transactions and prepare annual cash flows.	X	
5	Disclosure of political contributions, current or proposed business transactions between Offeror and MFA officers or staff, potential conflicts of interest.	X	
6	Disclosure of recent or pending investigations or litigation	X	
7	Certification of compliance with MFA's Code of Conduct and Anti Harassment policy	X	
8	Certification of equal opportunity employer.	X	

**Exhibit B:**

	Factor	Point Range	Maximum Points	CSG Advisors
1	Experience and Qualifications			
	Qualifications of Personnel	0-25	25	25
	Financial Advisory Experience	0-25	25	25
2	Responsiveness to MFA and Technical Capabilities	0-15	15	14.8
3	Fees:			
	Single Family	0-15	15	15
	Multi Family	0-5	5	5
4	References	0-5	5	5
5	New Mexico Resident Business	N/A-5	5	N/A
6	Interviews, If held	0-5	5	N/A
	Total	0-100	100	89.8

# Tab 4



# MEMO

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**TO:** MFA Board of Directors  
Through: Policy Committee – March 2, 2020  
Through: Finance Committee – March 9, 2020  
**FROM:** Eleanor Werenko  
**DATE:** March 17, 2021  
**SUBJECT:** MFA Code of Conduct: Conflict of Interest Transactions/Board Disclosures

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**Recommendation:**

Staff recommends the MFA's Board of Directors approve the revisions to the MFA Code of Conduct.

**Background:**

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

Among other requirements, the MFA Act requires that if any Member, Officer or Employee of MFA has an interest in a contract or loan to/from MFA, the interest shall be disclosed to MFA in writing and shall be set forth in the minutes of the authority.

Accordingly, MFA's Code of Conduct requires that Members, Management and Employees disclose any known conflict of interest upon joining MFA and thereafter annually as well as at any time that a previously undisclosed conflict of interest may arise.

A separate disclosure is required under New Mexico's Financial Disclosure Act, NMSA 1978 § 10-16A-1 to 10-16A-8 which requires the financial disclosure of specific financial interests by certain individuals described within the Financial Disclosure Act, including MFA's Board Members.

**Discussion:**

While both the MFA Act and the Financial Disclosure Act require the disclosure of certain financial information, the information sought under each disclosure process is not the same.

MFA's Disclosure Statement asks Board Members to disclose/identify:

- Any business that they, their spouse, or any other close Family Member as defined in MFA's Code of Conduct is engaging in or is proposing to engage in a Transaction with MFA; and
- Any program or proposed program that the Member or their Family Member are likely to participate in or benefit from.

The Financial Disclosure Act require Board Members to disclose the following information for the Member and their spouse (other close Family Members are not included):

- Employer Information
- Income Source
- Areas of Specialization
- Registered Lobbyist Status
- Real Estate owned
- Other Business Interests (over \$10,000)
- Board Membership
- Professional Licenses
- Goods or Services Supplied to State
- State Agency Representation, and
- General Information.

In order to align MFA's Code of Conduct with the MFA Act and the Financial Disclosure Act, the following substantive changes to MFA's Code of Conduct are proposed for the Board's consideration:

Section	Proposed Change
Section 1.2 D 2	Changes were made to clarify that Board Members shall disclose conflicts of interest using MFA's Disclosure Statement and shall also submit a financial disclosure statement to the Secretary of State pursuant to the Financial Disclosures Act.

The redlined Code of Conduct is attached for your review.

**Summary:**

Staff recommends approval of proposed changes to MFA's Code of Conduct to align the Code of Conduct with the MFA Act as well as the Financial Disclosures Act.

## 1.2 MFA Code of Conduct

### A. Preamble

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

### B. Purpose

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

### C. Definitions

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

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

**"Confidential Information"** means information a Member, Management or Employee has obtained or may obtain by virtue of his/her status as a Member, Management or Employee, including but not limited to, confidential work product of MFA as well as personally identifiable information (PII) as defined in Section 1.3.1 of this manual; any personnel records about any former or current MFA employee; any personal information about any Member, contractor or sub-grantee, including financial information.

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

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

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

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

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

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

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

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

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

**"Management"** means the Executive Director, Deputy Director of Programs, Deputy Director of Finance and Administration, and Human Resources Director employed by MFA.

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

**"Policy Committee"** means the Executive Director, Deputy Director of Programs and Deputy Director of Finance and Administration employed by MFA.

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

#### **D. Principles and Disclosure Obligations**

1. **Principles.** All MFA Members, Management, Employees and Funding Committee members shall adhere to the following principles:
  - a) Any Financial Interest held by any Member, Management, Employee or Funding Committee member of MFA should be disclosed, no matter the degree of the Financial Interest.
  - b) No Member, Management, Employee or Funding Committee member should participate in any Official Act that would in any way benefit him or her or any Family Member of him or her.
  - c) If any Member, Management, Employee or Funding Committee member of MFA is aware of having any form of Financial Interest in any MFA business, and is aware that an action he/she may take in their official capacity might impact that Financial Interest, that person must disclose the Financial Interest to MFA and must not become involved in MFA actions affecting that Financial Interest.
2. **Initial and Annual Disclosures.** Within thirty (30) days of assuming duties as a Member or commencing Employment with MFA, each new Member, Management and Employee will be required to complete a Disclosure Statement, in the form of attached Exhibit A, which shall disclose to the best of his/her knowledge, his/her and/or his/her Family Members' Financial Interest(s) in any Business engaged in, or proposing to engage in, any Transaction with MFA. On or before January 31 of each year, each MFA Member, Management and Employee shall complete and deliver to MFA a disclosure statement disclosing to the best of his/her knowledge, his/her and his/her Family Members' Financial Interest(s) in any Business engaged or, proposing to engage in any Transaction with MFA. The disclosure statement for each Member, Management and Employees shall be in the form of Exhibit A ("Disclosure Statement") ~~and for Members, in the form required by the Secretary of State pursuant to the New Mexico Financial Disclosure Act.~~ The ~~Employee~~-Disclosure Statement shall contain at least the following information:

- a) The name of the Business engaging in, or proposing to engage in, a Transaction with MFA;
- b) If the Transaction is with a Business in which an Employee or Employee's Family Member has a Financial Interest, the approximate value of the Transaction.
- c) A list of all MFA programs or proposed programs that a Member, Management, Employee or Family Member is likely to participate in and/or benefit from.

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

3. **Updated Disclosures.** Each Member, Management and Employee shall update his/her Disclosure Statement within forty-five (45) days of the date that, to the best of his/her knowledge:
  - a) He/she or any Family Member acquires a Financial Interest in any Business engaging in, or proposing to engage in, a Transaction with MFA;
  - b) He/she learns that a Family Member has a Financial Interest in a Business which is engaging in, or proposing to engage in, a Transaction with MFA; or
  - c) He/she learns that a Business, in which he/she or any Family Member has a Financial Interest, is engaging in, or proposing to engage in, a Transaction with MFA.
4. **Disclosure in the Minutes.** In addition to written disclosure as provided herein, whenever any Member, Management or Employee of MFA has an interest, either direct or indirect, in any contract to which MFA is to be a party or in any mortgage lender requesting a loan from or offering to sell mortgage loans to MFA or in any sponsor requesting a project mortgage loan, and any action with respect to that contract, mortgage lender or sponsor is brought before the Board, the interest shall be disclosed and set forth in the Board minutes.

## 5. Special Disclosures

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- a) **Funding Committees.** Upon the commencement of a funding round, each member of MFA's Allocation Review Committee of the Low Income Housing Tax Credit (LIHTC) Program, Housing Trust Fund and Land Title Trust Fund Advisory Committees, and all other MFA Funding Committees, shall disclose, upon receipt of the list of applicants to the funding round, his/her and any Family Member's Financial Interest in any entity named on the list of applicants to that funding round. The disclosure statement shall be in the form of Exhibit B ("Funding Committee Disclosure Statement")
- b) **Project-Specific Multifamily Bonds.** Prior to the issuance of a project-specific multifamily housing bond, each MFA Member, Management, and Employee shall disclose any Financial Interest he/she or any Family Member has in any entity proposing to engage in the bond transaction with MFA. The disclosure statement shall be in the form of Exhibit C ("Multifamily Bond Disclosure Statement").

Special Disclosures will be distributed and collected by MFA's Housing Development Department.

- 6. **Disclosure Process.** Completed Annual and Updated Disclosure Statements are to be provided to MFA's Human Resources Director who shall review them in conjunction with General Counsel to determine the existence or potential existence of a conflict of interest on the part of any MFA Board Member, Management or Employee with regard to any MFA Transaction or anticipated Transaction. It shall be the responsibility of the Human Resources Director to inform the Policy Committee of any existing or anticipated conflicts of interest indicated in any Disclosure Statement form. If approval of the Board is required for any Transaction under sub-section F of this policy, it shall be the responsibility of MFA's General Counsel to disclose the Transaction to the Board and to request the required approval. In addition, as required by applicable federal regulation, MFA's General Counsel shall notify the federal awarding agency in writing of any potential conflicts of interest related to federal programs in accordance with federal awarding agency policy. It shall be the responsibility of MFA's General Counsel to provide notice to the Board of these federal program conflicts of interest through the staff actions reporting process.

#### **E. Gifts**

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

create the appearance that it influenced him/her in the performance of an Official Act.

## **F. Conflict of Interest Transactions**

### **1. Prohibited Transactions - Members, Management and Employees**

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

- 2. **Transactions Involving Former Members or Management.** MFA shall not enter into any Transaction with a former Member or former Management for a period of one (1) year after the Member or Management ceases to be a Member or Management of MFA, except with prior approval of a disinterested majority of all MFA Members.
- 3. **Other Employment.** Members, Management and Employees shall not engage in or accept employment or render services for other persons when that employment or service is incompatible with or may affect the discharge of their official duties or when that employment may tend to impair their independence of judgment or action in the performance of their official duties. The Executive Director must approve all outside employment by an

Employee prior to his/her accepting outside employment. Employees who are engaged in outside employment at the time they are first hired by MFA and who wish to continue that outside employment must have the outside employment approved by the Executive Director prior to starting work at MFA. MFA Board must approve all outside employment by the Executive Director prior to his/her accepting outside employment.

4. **Exceptions.** Nothing in this Code of Conduct shall be deemed or construed to limit the right of any Member, Management or Employee of MFA to:
  - a) Acquire or purchase any interest in bonds or notes of MFA;
  - b) Have a Financial Interest in, or do business with, any banking institution in which MFA funds are or are to be deposited or which is or is to be acting as trustee or paying agent under any trust indenture to which MFA is a party; or
  - c) Accept employment with MFA.

#### **G. Political Activities**

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

#### **H. Sanctions and Penalties**

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

#### **I. Effective Date**

This Code of Conduct is effective as amended herein as of ~~January 15, 2020~~[March 17, 2021](#).

# Tab 5

## 2021 RENTAL AWARD SUMMARY

<b>Project Name &amp; Address</b>	<b>La Serena Apartments</b> <b>Corner of Coors Boulevard NW and Los Volcanes Rd NW, Albuquerque NM 87121</b>			
<b>Proposed Award</b>	<b>\$1,500,000</b>	<b>NMHTF</b>	<b>Rate</b>	<b>3.00% Fixed</b>
<b>Borrower</b>	<b>La Serena Apartments LLC</b> , a New Mexico limited liability corporation formed in 2020, is 0.0051% owned by La Serena-SHCNM LLC as the Managing Member with the Supportive Housing Coalition of NM as its sole member, and 0.0049% owned by La Serena-TDC Associates LLC as a Non-Managing Member with Thomas Development Co. as its sole member. The remaining 99.99% is owned by CREA as the Investor Member.			
<b>Management</b>	<b>Monarch Properties, Inc.</b> is a privately held Texas corporation chartered in 1982. Monarch provides third-party, full-service management of multifamily apartment communities throughout Texas, New Mexico and Oklahoma. The corporate office is located in Albuquerque, New Mexico. The total apartments under management have consistently averaged more than 7,500 with over 280 team members employed.			
<b>Developer</b>	<p><b>Thomas Development Co. (TDC)</b> is a Boise, Idaho, based real estate development company founded in 1990. Under the direction of principals Tom Mannschreck and Barbara Mannschreck, the company has developed more than 4,000 apartment units valued in excess of \$700 million across Idaho, Utah, Montana, Arizona and New Mexico. TDC brings with it a deep knowledge of all aspects of affordable housing and financing and land-use planning as well as a commitment to incorporating energy efficient, environmentally conscious, and highly durable design.</p> <p>TDC's CPA-reviewed financial statements for the fiscal year ending in 12/31/19 show \$193K in Cash, \$6.6M in Total Assets (comprised primarily of Developer Fee Receivables), a Net Worth of \$5.1M, resulting in a debt-to-worth ratio of 0.30:1.00, a positive net income, and a positive traditional cash flow. CPA-reviewed financials for FYE 12/31/2018 show \$177K in Cash, \$6.0M in Total Assets, a Net Worth of \$4.5M, resulting in a debt-to-worth ratio of 0.32:1.00, a positive net income, and a positive traditional cash flow. TDC's company-prepared financials for the ten months ending on 10/31/2020 show \$31K in Cash, \$7.0M in Total Assets, a Net Worth of \$5.6M resulting in a debt-to-worth ratio of 0.24:1.00, a positive net income, and a positive traditional cash flow. TDC is an experienced developer that has a proven history of obtaining LIHTC investors at favorable prices and large bank financing at favorable rates.</p> <p><b>Supportive Housing Coalition of New Mexico</b> is a 501(c)(3) New Mexico nonprofit organization founded in 1996 and headquartered in Albuquerque. Led by Executive Director Steve Ross, SHCNM specializes in the development, ownership, and management of affordable and supportive housing. Formal collaboration has enabled SHCNM and its partnering agencies to pool resources, reduce competition, better coordinate service delivery, increase efficiencies, and embrace a broader strategy for creating affordable supportive housing. The company owns and manages six affordable multi-family properties consisting of 349 units. SHCNM currently manages 228 rental housing units, of which 126 are affordable units; of the affordable units, 102 are supportive housing units.</p> <p>SHCNM's Consolidated CPA-audited financials for fiscal year 12/31/19 are ongoing but not yet available due to COVID related delays. However, SHCNM's Consolidated CPA-audited financials for FYE 12/31/2018 show \$74K in Cash, \$28M in Assets, a Net Worth of \$25M resulting in a debt-to-worth ratio of 0.12:1.00. SHCNM shows a negative net income for 2018, however, SHCNM shows a positive traditional cash flow for the same year. SHCNM's company-prepared financials for FYE 12/31/2020 show \$52K in Cash, \$34.4M in Assets, a Net Worth of \$24.7M resulting in a debt-to-worth ratio of 0.39:1.00. SHCNM shows a negative net income for 2020, however, traditional cash flow is positive for the same year.</p>			
<b>Project Type &amp; Size</b>	New Construction of a 78-unit multifamily senior (55+) supportive housing project, with 36 units income restricted to households earning 80% or less of Area Median Income (AMI), 3 units restricted to 60% or less of AMI, 19 units restricted to 50% or less of AMI, 6 units restricted to 40% or less of AMI, and 14 units restricted to 30% or less of AMI.			
<b>Project Description</b>	La Serena Apartments involves the new construction of a 78-unit multifamily senior housing community located in Albuquerque, NM. The project consists of one L-shaped three-story residential building and			

	<p>one community building for a total gross square-footage of 75,134. There will be 48 one-bedroom apartment units, 29 two-bedroom apartment units, and 1 two-bedroom manager's unit. The project's one-bedroom units average 601 net square feet and the two-bedroom units average 926 net square feet. Amenities include washers and dryers in each unit, an elevator, fitness room, business center, and meeting room where support services or other counseling services can be conducted. The building also features a large third floor patio with a dog park, raised community gardens, fenced perimeter with security gate, private decks, patios, and locking outside storage. The project will be consistent with Enterprise Green Building Standards. Additionally, upon completion, La Serena will obtain a HERS rating lower than 65. The project will make considerations for water conservation, energy efficiency, healthy living environments with an emphasis on indoor air quality, and careful consideration for sustainable materials, durability, and universal design.</p> <p>The Novogradac market study, dated 06/18/2020, advises that the subject project is feasible as presented. The report concludes that, after construction, a market will exist for the 78-unit project, La Serena Apartments, in Albuquerque, NM. The subject site is located in the northwest portion of Albuquerque in the Los Volcanes neighborhood, which is a mixed-use neighborhood consisting of vacant land, commercial/retail, single-family homes, and multifamily developments. Adjacent land-uses include are commercial/retail in average to good condition as well as the subject's sister property, San Roque Apartments (construction beginning 2021). Public transportation, medical services, groceries, and shopping are available to the site. The market study finds that the construction of the project will positively impact the neighborhood.</p> <p>There is a significant level of demand for affordable housing in the subject site area. Additionally, a number of affordable housing developments maintain waiting lists for all unit types in the area. The site MSA and the PMA have demonstrated that they are areas of growth and are projected to continue to grow through 2024. Furthermore, both the PMA and the MSA have significant portions of their households earning below the area median income. As both areas of analysis continue to grow, the need for affordable housing is also expected to increase.</p>
<b>Affordability Requirements</b>	<p><u>NMHTF Requirements:</u> Households earning 60% AMI or less, equaling 42 units in the project, for which a Land Use Restriction Agreement (LURA) is to be filed in Bernalillo County. The NMHTF affordability period is 30 years; 20 as required by NMHTF Affordable Housing Act Rules and 10 for MFA's extended affordability period (i.e. in concurrence with the loan term) and starts on the date the Certificate of Occupancy is issued.</p>
<b>Repayment and Disbursement</b>	<p><u>NMHTF Loan:</u></p> <p><u>Payments:</u> Interest only monthly during the construction period not to exceed 24 months; 360 equal principal &amp; interest payments during the permanent loan period. Outstanding principal and interest due at the earlier of maturity, refinance or sale of the project.</p> <p><u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p>
<b>Special Conditions</b>	<ol style="list-style-type: none"> <li>1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate &amp; amortization) may be revised in line with projected cash flow at closing;</li> <li>2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect;</li> <li>3. Financing commitments acceptable to MFA prior to funding on all funding sources;</li> <li>4. Acceptance of 2021 award of Low-Income Housing Tax Credits (LIHTC);</li> <li>5. Approval of plans/construction monitoring/draws by a third party acceptable to MFA (i.e. hired by MFA, investor or primary construction lender) and shared with MFA. Cost to be paid by applicant;</li> <li>6. Other conditions as may be determined by staff; and</li> <li>7. Subject to availability of funds.</li> </ol> <p><b>Additional Conditions: NMHTF Loan</b></p> <ol style="list-style-type: none"> <li>1. Loan to be in second lien position;</li> </ol>

	<p>2. Thomas Development Company (TDC) and Thomas &amp; Barbara Mannschreck must provide construction guarantees;</p> <p>3. Borrower must provide evidence that (1) the project has been registered with the relevant certifying agency (i.e. to achieve Enterprise Green Building Certification) before loan closing, and (2) certification by that agency upon project completions.</p>		
<b>MFA Commitments to Other Projects</b>	<p><b><u>Thomas Development Company (TDC):</u></b>  2019 LIHTC (4%) - Marbella Apartments - \$420,282  2019 HOME/Rental award - Marbella Apartments - \$720,000  2019 NMHTF loan - Marbella Apartments - \$500,000  2020 LIHTC (4%) - \$1,119,881  2021 HOME - \$800,000  2021 NHTF - \$1,325,000  2021 NMHTF - \$2,622,031</p> <p><b><u>Supportive Housing Coalition of New Mexico:</u></b>  2006 LIHTC (9%) - Chuska - \$663,243  2006 HOME/Rental award - Chuska - \$240,000  2007 STC/Rental award - Chuska - \$125,000  2008 HOME/Rental award - Vista Gallinas - \$600,000  2008 LIHTC (9%) - Downtown@700-2<sup>nd</sup> - \$959,090  2008 LIHTC - Silver Gardens I - \$1,031,881  2008 Risk Share loan - Silver Gardens I - \$990,340  2009 TCAP loan - Downtown@700-2<sup>nd</sup> - \$392,132  2011 LIHTC (9%) - Silver Gardens II - \$747,130  2011 Risk Share loan - Silver Gardens II - \$199,608  2020 LIHTC (4%) - \$1,119,881  2021 NHTF - \$1,325,000  2021 HOME - \$800,000  2021 NMHTF - \$2,622,031</p> <p>(1) <i>Risk Share loans carry 10% MFA risk</i></p>		
<b>Total MFA Exposure</b>	\$8,389,111		
<b>Prepared by</b>	Tim Martinez, Development Loan Manager	<b>Date</b>	03/02/2021
<b>Reviewed by</b>	George Maestas, Assistant Director of Housing Development		

PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
La Serena Apartments		Albuquerque				
Total Development Cost	\$ 14,393,075		NC	78	1-BED & 2-BED	30% AMI, 40% AMI, 50% AMI, 60% AMI, 80%
Borrowers	La Serena Apartments LLC					
Management	Monarch Properties, Inc.		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	Thomas Development Company		NC		\$ 593,275	4%
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
NEW MEXICO HOUSING TRUST FUND LOAN INFORMATION			NUMBER OF NMHTF UNITS:			42
Funds Available as of:	01/31/21	\$6,522,911				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$1,500,000	\$1,500,000	\$1,500,000 construction / \$500,000 permanent			
Rates	1.0% to 5.0%	3.0%				
Loan Fees	NA	NA				
Maximum Loan Term	2 yr construct, 30 yr perm	2 yr construct, 30 yr perm				
Loan Amortization	Mthly during perm	Mthly during perm				
Lien Position	Subordinate allowed	3rd lien position	2nd lien position due to no other			
Affordability Requirements	Min 20 years, Max 60% AMI	30 yrs, 60% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	1.19 increasing to 1.44 by year 15	DSCR is slightly below guidelines in year 1 and ends slightly above guidelines by year 15			
Scoring Criteria	50-100 points	72				

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	La Serena Apartments	Total	% TDC	Cost/GSF*
<b>Acquisition Costs</b> (land, building acquisition, & other acquisition costs)		\$ 563,107	4%	\$ 7.49
<b>Construction Hard Costs</b>		\$ 6,987,457	49%	\$ 93.00
<b>Other Construction Costs</b> (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 3,010,589	21%	\$ 40.07
<b>Professional Services/Fees</b> (architect, engineer, real estate legal, etc)		\$ 399,937	3%	\$ 5.32
<b>Construction Financing Costs</b> (interest, insurance, inspections, fees, etc)		\$ 733,641	5%	\$ 9.76
<b>Permanent Financing Costs</b> (fees, title/recording, etc)		\$ 134,233	1%	\$ 1.79
<b>Other Soft Costs</b> (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 367,947	3%	\$ 4.90
<b>Syndication-Related Costs</b> (organization, bridge loan, tax opinion, etc)		\$ 65,000	0.5%	\$ 0.87
<b>Reserves</b> (rent-up, operating, replacement, escrows, etc)		\$ 659,735	5%	\$ 8.78
<b>Developer Fees</b> (inc consultant fees)		\$ 1,471,429	10%	\$ 19.58
<b>Total Development Costs (TDC)</b>		<b>\$ 14,393,075</b>	<b>100%</b>	<b>\$ 191.57</b>
<b>TDC w/o Land, Reserves &amp; Commercial</b>		<b>\$ 13,170,233</b>	<b>92%</b>	<b>\$ 175.29</b>

\*Gross square footage: 75,134

CONSTRUCTION SOURCES				
Project:	La Serena Apartments	Total	% of Total	Per Unit
<b>Construct. Lender - 1st Lien</b>	Cedar Rapids Bank and Trust/Bernalillo County (bond issuer)	\$ 10,669,525	74.1%	\$ 136,789
<b>2nd Lien holder</b>	MFA NMHTF Loan	\$ 1,500,000	10.4%	\$ 19,231
<b>Deferred Developer Fee</b>	Thomas Development Company/Supportive Housing Coalition NM	\$ 1,037,000	7.2%	\$ 13,295
<b>LIHTC Equity</b>	CREA	\$ 1,186,550	8.2%	\$ 15,212
<b>Total Construction Sources</b>		<b>\$ 14,393,075</b>	<b>100.0%</b>	<b>\$ 184,527</b>

Check TDC in Development Cost Budget

PERMANENT SOURCES				
Project:	La Serena Apartments	Total	% of Total	Per Unit
<b>Construct. Lender - 1st Lien</b>	Cedar Rapids Bank and Trust/Bernalillo County (bond issuer)	\$ 6,923,323	48.1%	\$ 88,761
<b>2nd Lien holder</b>	MFA NMHTF Loan	\$ 500,000	3.5%	\$ 6,410
<b>Deferred Developer Fee</b>	Thomas Development Company/Supportive Housing Coalition NM	\$ 1,037,000	7.2%	\$ 13,295
<b>LIHTC Equity</b>	CREA	\$ 5,932,752	41.2%	\$ 76,061
<b>Total Permanent Sources</b>		<b>\$ 14,393,075</b>	<b>100.0%</b>	<b>\$ 184,527</b>

## **Housing Development Underwriting Analysis of 2021 Rental Award Summary – La Serena Apartments**

This MFA document is designed to provide additional detail and analysis to the reviewer. This analysis should not repeat information contained in the award summary but rather provide further detail, discuss strengths & weaknesses and explain why the request is recommended.

A. **Request:** Applicant requests and staff recommends a \$1,500,000 New Mexico Housing Trust Fund (NMHTF) construction loan, to be paid down to a \$500,000 permanent loan. Total Development Cost (TDC) is estimated at \$14,393,075. This project has received a MFA 4% LIHTC award of \$593,275. Private Activity Bonds have been issued by Bernalillo County, and the project received approval for the bond volume cap by the State Board of Finance on December 15, 2020. See 03/02/2021 New Mexico Housing Trust Fund Rental Awards Summary for details.

B. **Market & Site/Environmental:**

1. **Market Study:** The award summary provided info from the 06/18/2020 Novogradac market study, which is not repeated here. In summary, Novogradac concludes that, after construction, a market will exist for the 78-unit project, La Serena Apartments, located at Coors Boulevard NW and Los Volcanes Rd NW in Albuquerque, NM. The site is located within Census Tract 47.41, which is a 2020 Qualified Census Tract. The Primary Market Area (PMA) generally encompasses downtown and western Albuquerque. Novogradac concludes that the area around La Serena represents a more than adequate demand in the market to support both the Subject and the existing competitive supply. All major shopping, employment and recreational amenities are within reasonable proximity. Public transportation, medical services, groceries, and shopping are available.
2. **Site/Environmental:** A Phase I Environmental Site Assessment (ESA) prepared by Marron & Associates dated 9/17/20 concludes there is no evidence of recognized environmental conditions in connection with the property. However, the report has identified a finding at the adjoining property to the West as the property is registered on the CERCLIS database. Currently, there is no indication of this finding affecting soil or groundwater at the subject property. Additionally, the FEMA flood plain map that was submitted indicates the property is not in a flood plain.

C. **Town and County Characteristics:**

The subject site is located in the northwest portion of Albuquerque in the Los Volcanes neighborhood, which is a mixed-use neighborhood consisting of vacant land, commercial/retail, single-family homes, and multifamily developments. As per the 06/18/20 Novogradac market study the general population in the Primary Market Area (PMA) is forecast to continue to increase through 2024 as is that of the MSA (Albuquerque Metropolitan Statistical Area). The market study shows evidence that there is a significant level of demand for affordable housing in the area. The number of affordable housing developments maintain waiting lists for all unit types.

D. **Developer Capacity:**

1. **Management:** This will be third project in New Mexico for Thomas Development Company (TDC). The company has a successful 20-year history of development in Idaho, Utah, Arizona, and Montana, with dozens of completed projects. We believe it has the capacity to successfully manage this new construction.
2. **Financial:** TDC's CPA-reviewed financial statements for the fiscal year ending in 12/31/19 show \$193K in Cash, \$6.6M in Total Assets (comprised primarily of Developer Fee Receivables), a Net Worth of \$5.1M, resulting in a debt-to-worth ratio of 0.30:1.00, a positive net income, and a positive traditional cash flow. CPA-reviewed financials for FYE 12/31/2018 show \$177K in Cash, \$6.0M in Total Assets, a Net Worth of \$4.5M, resulting in a debt-to-worth ratio of 0.32:1.00, a positive net income, and a positive traditional cash flow. TDC's company-prepared financials for the ten months ending on 10/31/2020 show \$31K in Cash, \$7.0M in Total Assets, a Net Worth of \$5.6M resulting in a debt-to-worth ratio of 0.24:1.00, a positive net income, and a positive traditional cash flow. It is not unusual for developers to have significant assets outside their development entities. This is the case for Barbara & Thomas Mannschreck, which is why we require their personal guarantees during the construction period (see below Guarantor analysis).
3. **Non-Profit Member Financial Capacity:** Supportive Housing Coalition of NM (SHCNM) (i.e. includes affiliates) CPA-audited financial statements for FYE 12/31/18 show Unrestricted Cash of \$74K, Total Assets of \$28M and a Net Worth of \$25M, resulting in a Debt-to Worth Ratio of 0.12:1.00. SHCNM shows a negative net income for 2018, however, SHCNM shows a positive traditional cash flow for the same year. There was a \$952K decrease in Net Assets (i.e. profit) primarily because of a decrease in grants and contracts and tax credit fees. However, there was a positive increase in rents receivable and a \$395K decrease of Liabilities which includes a \$296K decrease in deferred revenue. SHCNM's company-prepared financials for FYE 12/31/2020 show \$52K in Cash, \$34.4M in Assets, a Net Worth of \$24.7M resulting in a debt-to-worth ratio of 0.39:1.00. SHCNM shows a negative net income for 2020, however, traditional cash flow is positive for the same year.

E. **General Partner Capacity:** Same as above (TDC and SHCNM)

1. **Management:** Same as above
2. **Financial:** Same as above

- F. **Guarantor:** TDC's financials (reviewed above) reflects a liquidity that may be insufficient to support the project in the event that a significant problem might arise during construction that would require cash. Therefore, we will not only require TDC's guaranty of the loans during construction but also those of its owners, Barbara & Thomas Mannschreck. We believe that the Mannschrecks have the financial & managerial ability to handle this new construction project.

G. **Project Financials & Projections:**

1. **Financial Statements:** N/A – New construction
2. **Projections & Assumptions** – The Borrower is an LLC, and the Developer has provided a detailed 15-year cash flow projection for the project. Additionally, the Novogradac market study reviewed the supplied expense projections and compared them with nine LIHTC affordable housing projects within the market area of which four are target seniors. Novogradac concludes that the developer's overall total per unit expense estimate appears reasonable based upon the comparables, as it is well within the range. Less taxes, utilities, and reserves, the developer's total per unit expense is slightly below the range of the comparables, but not significantly so, and seems reasonable for an affordable new construction development. Operating expenses were estimated at \$3,637 per unit per annum (PUPA) after reducing for Social Services (\$30) PUPA. These operating expenses are within MFA 2020 standards of \$3,300 to \$4,800 but fall slightly below newly implemented 2021 standards of \$4,300 to \$5,800. A 7% vacancy (MFA standard) was applied to our underwriting. However, the Novogradac market study maintains that the average vacancy for affordable (LIHTC) housing in the PMA is 2.6%.

The fifteen-year Debt Service Coverage Ratio (DSCR) on all hard debt is projected to range from 1.19:1.00 in year one to 1.44:1.00 in year 15. This range is largely within the parameters of MFA's general underwriting standards of 1.20 to 1.40. Based on the investor's letter of interest, the project is currently underwritten using a credit price of 89 cents on the dollar, which is within the 2020 MFA guideline of 88 to 95 cents. Every one (1) cent drop in that price would create the need for an additional \$66,660 in deferred developer fee or cash flow loan.

- H. **Collateral:** An "as complete" appraisal report was not ordered for this transaction. However, MFA does not base its subordinate debt decisions on collateral but rather on cash flow, because, as New Mexico's Housing Finance Agency (HFA), it is our mission to help provide such loans to cover gaps and make projects feasible.

- I. **Risk Factors:** (i.e. Low, Medium or High & explain why)

1. **Market – Low** (Low vacancy demonstrated in market study comparables, current waiting lists for similar LIHTC properties)
2. **Construction – Medium** (developer/guarantors have experience with similar LIHTC projects, and first mortgage lender's construction representative will monitor and review all construction draws. Also, the construction company will be Tofel Dent Construction, a well-known Tucson, AZ company with over three decades of experience).
3. **Developer – Low** (TDC has extensive experience in affordable housing development).

4. **Guarantor – Medium** (TDC & the Mannschrecks have the financial capacity to cover small to medium cost overruns should they occur)
5. **General Partner/Managing Member – Medium** (Supportive Housing Coalition has a long history of providing quality support and services.)
6. **Community Opposition – Low** (Project will be adjacent to similar multifamily uses, and the project has faced little to no opposition during community outreach).
7. **Financing – Medium** (as long as market conditions for interest rates & LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project may not move forward. MFA's final underwriting is required before loan closing to ensure viability before final commitment)

- J. **Summary & Recommendation:** The proposed project presents a favorable risk profile and is recommended for approval.

**Recommend**

**Concur**

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Tim Martinez  
Development Loan Manager

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George Maestas  
Assistant Director of Housing Development

Dated as of March 02, 2021

Appendix A: Development Cost Budget		
<b>La Serena Apartments</b>	<b>Gross Sq. Footage:</b>	<b>75,134</b>
<b>Albuquerque</b>	<b>TOTAL COST</b>	<b>COST/GSF</b>
<b>ACQUISITION COSTS</b>		
Land Acquisition	\$ 563,107	\$ 7.49
Building Acquisition		\$ -
Other: Closing/Title Costs		\$ -
<b>SUBTOTAL</b>	<b>\$ 563,107</b>	<b>\$ 7.49</b>
<b>CONSTRUCTION HARD COSTS</b>		
Demolition		\$ -
Accessory Structures	\$ 94,018	\$ 1.25
Site Construction	\$ 674,179	\$ 8.97
Buildings and Structures	\$ 6,219,260	\$ 82.78
Off-Site Improvements		\$ -
Other:		\$ -
<b>SUBTOTAL</b>	<b>\$ 6,987,457</b>	<b>\$ 93.00</b>
<b>OTHER CONSTRUCTION COSTS</b>		
Contractor Overhead	\$ 138,942	\$ 1.85
Contractor Profit	\$ 416,825	\$ 5.55
General Requirements	\$ 416,825	\$ 5.55
Construction Contingency	\$ 610,475	\$ 8.13
Gross Receipts Tax (GRT)	\$ 1,312,522	\$ 17.47
Landscaping		\$ -
Furniture, Fixtures, & Equipment	\$ 115,000	\$ 1.53
Other: Builder's Risk Insurance, P&P Bond, Building Permits		\$ -
<b>SUBTOTAL</b>	<b>\$ 3,010,589</b>	<b>\$ 40.07</b>
<b>PROFESSIONAL SERVICES/FEES</b>		
Architect (Design)	\$ 309,550	\$ 4.12
Architect (Supervision)		\$ -
Attorney (Real Estate)	\$ 20,000	\$ 0.27
Engineer/Survey	\$ 55,387	\$ 0.74
Other : HERS Testing/ Phase 1/2, Geotechnical	\$ 15,000	\$ 0.20
<b>SUBTOTAL</b>	<b>\$ 399,937</b>	<b>\$ 5.32</b>
Hazard Insurance		\$ -
Liability Insurance	\$ 20,000	\$ 0.27
Performance Bond	\$ 179,621	\$ 2.39
Interest	\$ 306,325	\$ 4.08
Origination\Discount Points	\$ 116,695	\$ 1.55
Credit Enhancement		\$ -
Inspection Fees	\$ 21,000	\$ 0.28
Title and Recording	\$ 40,000	\$ 0.53
Legal	\$ 50,000	\$ 0.67
Taxes		\$ -

Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 733,641</b>	<b>\$ 9.76</b>
<b>Project: La Serena Apartments</b>		
<b>PERMANENT FINANCING COSTS</b>		
Bond Premium	\$ -	\$ -
Credit Report	\$ -	\$ -
Origination\Discount Points	\$ 69,233	\$ 0.92
Credit Enhancement		\$ -
Title and Recording		\$ -
Legal	\$ 35,000	\$ 0.47
Pre-Paid MIP		\$ -
Reserves and Escrows		\$ -
Other:	\$ 30,000	\$ 0.40
<b>SUBTOTAL</b>	<b>\$ 134,233</b>	<b>\$ 1.79</b>
<b>SOFT COSTS</b>		
Market Study	\$ 8,500	\$ 0.11
Environmental		\$ -
Tax Credit Fees	\$ 39,447	\$ 0.53
Appraisal	\$ 8,000	\$ 0.11
Hard Relocation Costs	\$ -	\$ -
Accounting/Cost Certification	\$ 12,000	\$ 0.16
Other: Soft Cost Contingency, Constr. Mngm	\$ 300,000	\$ 3.99
<b>SUBTOTAL</b>	<b>\$ 367,947</b>	<b>\$ 4.90</b>
<b>SYNDICATION</b>		
Organization	\$ 65,000	\$ 0.87
Bridge Loan		\$ -
Tax Opinion		\$ -
Other:		\$ -
<b>SUBTOTAL</b>	<b>\$ 65,000</b>	<b>\$ 0.87</b>
<b>TDC before Dev. Fees &amp; Reserves</b>	<b>\$ 12,261,911</b>	<b>\$ 163</b>
<b>RESERVES</b>		
Rent Up	\$ -	\$ -
Operating	\$ 367,235	\$ 4.89
Replacement (inc. only if capitalized)	\$ 292,500	\$ 3.89
Escrows/Working Capital		\$ -
Other:		\$ -
<b>SUBTOTAL</b>	<b>\$ 659,735</b>	<b>\$ 8.78</b>
<b>DEVELOPER FEES</b>		
Developer Fee	\$ 1,471,429	\$ 19.58
Consultant Fee		\$ -
<b>SUBTOTAL</b>	<b>\$ 1,471,429</b>	<b>\$ 19.58</b>
<b>Total Development Cost (TDC)</b>	<b>\$ 14,393,075</b>	<b>\$ 191.57</b>
<b>TDC w/o Land, Reserves &amp; Commercial</b>	<b>\$ 13,170,233</b>	<b>\$ 175.29</b>

# Tab 6

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a presentation at the  
meeting.

# Tab 7

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

<b>Department and Program</b>	<b>Project</b>	<b>Action Taken</b>	<b>Comments / Date Approved</b>
Community Development	Weatherization/NM EnergySmart	Approved advance payment to NM EnergySmart service providers for the cost of refrigerators due to suppliers now requiring payment for refrigerators upon order.	Approved at PC – 2/8/21

**COVID-19**  
**Staff Actions Requiring Notice to Board**  
**During the Period of February 10, 2021 - present**

<b>Department and Program</b>	<b>Project</b>	<b>Action Taken</b>	<b>Comments / Date Approved</b>
Asset Management; COVID-19 Housing Cost Assistance Program; CDBG-CV funding	COVID-19 Housing Cost Assistance Program Staffing	Approval of an additional term position to support the program team.	Approved by: Policy Committee – 2/16/21
Asset Management; COVID-19 Housing Cost Assistance Program; CDBG-CV funding	COVID-19 Housing Cost Assistance Program Application Round	Approval to open the program for a 3 <sup>rd</sup> round of assistance under similar guidelines as previous rounds.	Approved by: Policy Committee – 3/4/21

# Tab 8

New Mexico Mortgage Finance Authority

Combined Financial Statements  
and Schedules

January 31, 2021

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**FINANCIAL REVIEW**  
For the four-months period ended January 31, 2021

**COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):**

	4 months <u>1/31/2021</u>	4 months <u>1/31/2020</u>	% Change <u>Year / Year</u>	Forecast <u>1/31/2021</u>	Actual to <u>Forecast</u>	Forecast/Target <u>9/30/21</u>
<b>PRODUCTION</b>						
1 Single family issues (new money):	\$55.0	\$120.0	-54.2%	\$55.0	0.0%	\$175.0
2 Single family loans sold (TBA):	\$131.8	\$34.5	282.0%	\$58.3	125.9%	\$175.0
3 Total Single Family Production	\$186.8	\$154.5	20.9%	\$113.3	64.8%	\$350.0
4 Multifamily issues (new money):	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$20.0
5 Single Family Bond MBS Payoffs:	\$51.9	\$21.1	146.0%	\$53.9	-3.7%	\$161.6
<b>STATEMENT OF NET POSITION</b>						
6 Avg. earning assets:	\$1,399.1	\$1,359.7	2.9%	\$1,389.9	0.7%	\$1,428.7
7 General Fund Cash and Securities:	\$84.1	\$87.6	-4.0%	\$79.1	6.3%	\$72.1
8 General Fund SIC FMV Adj.:	\$2.0	\$1.8	11.1%	\$0.0	N/A	\$0.0
9 Total bonds outstanding:	\$1,111.0	\$1,137.5	-2.3%	\$1,124.9	-1.2%	\$1,130.8
<b>STATEMENT OF REVENUES, EXPENSES AND NET POSITION</b>						
10 General Fund expenses (excluding capitalized assets):	\$6.8	\$5.7	19.3%	\$6.7	1.5%	\$19.8
11 General Fund revenues:	\$15.9	\$10.4	52.9%	\$9.5	67.4%	\$28.4
12 Combined net revenues (all funds):	\$9.2	\$6.7	37.3%	\$2.2	324.6%	\$6.5
13 Combined net revenues excluding SIC FMV Adj. (all funds):	\$7.0	\$5.0	40.0%	\$2.2	223.1%	\$6.5
14 Combined net position:	\$272.5	\$252.1	8.1%	\$265.5	2.6%	\$269.8
15 Combined return on avg. earning assets:	1.98%	1.47%	34.7%	0.45%	340.0%	0.45%
16 Combined return on avg. earning assets exluding SIC FMV Adj. (all funds):	1.51%	1.11%	36.0%	0.45%	235.6%	0.45%
17 Net TBA profitability:	2.15%	1.05%	104.8%	1.75%	22.9%	1.75%
18 Combined interest margin:	0.47%	0.91%	-48.4%	0.41%	14.6%	0.41%
<b>MOODY'S BENCHMARKS</b>						
19 Net Asset to debt ratio (5-yr avg):	28.89%	29.34%	-1.5%	28.60%	1.0%	28.60%
20 Net rev as a % of total rev (5-yr avg):	11.87%	10.60%	12.0%	10.65%	11.5%	10.65%
<b>SERVICING</b>						
21 Subserviced portfolio	\$1,559.5	\$1,250.0	24.8%	\$1,525.2	2.2%	\$1,679.8
22 Servicing Yield (subserviced portfolio)	0.40%	0.40%	0.0%	0.40%	0.0%	0.40%
23 Combined average delinquency rate (MFA serviced)	9.19%	9.87%	-6.9%	10.00%	-8.1%	10.00%
24 DPA loan delinquency rate (all)	8.25%	9.13%	-9.6%	N/A	N/A	N/A
25 Default rate (MFA serviced-annualized)	0.42%	1.11%	-62.2%	1.30%	-67.7%	1.30%
26 Subserviced portfolio delinquency rate (first mortgages)	18.29%	10.23%	78.8%	N/A	N/A	N/A
27 Purchased Servicing Rights Valuation Change (as of 12/30)	\$0.1	\$1.4	-92.9%	N/A	N/A	N/A

**Legend:**

Positive Trend   Caution   Negative Trend   Known Trend/Immaterial

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**FINANCIAL REVIEW**  
**For the four-months period ended January 31, 2021**

**SUMMARY OF NEW BOND ISSUES:**

Single Family Issues:

\$55.0 mm 2020 Series B Bonds-New Money (October)

Multi-family Issues:

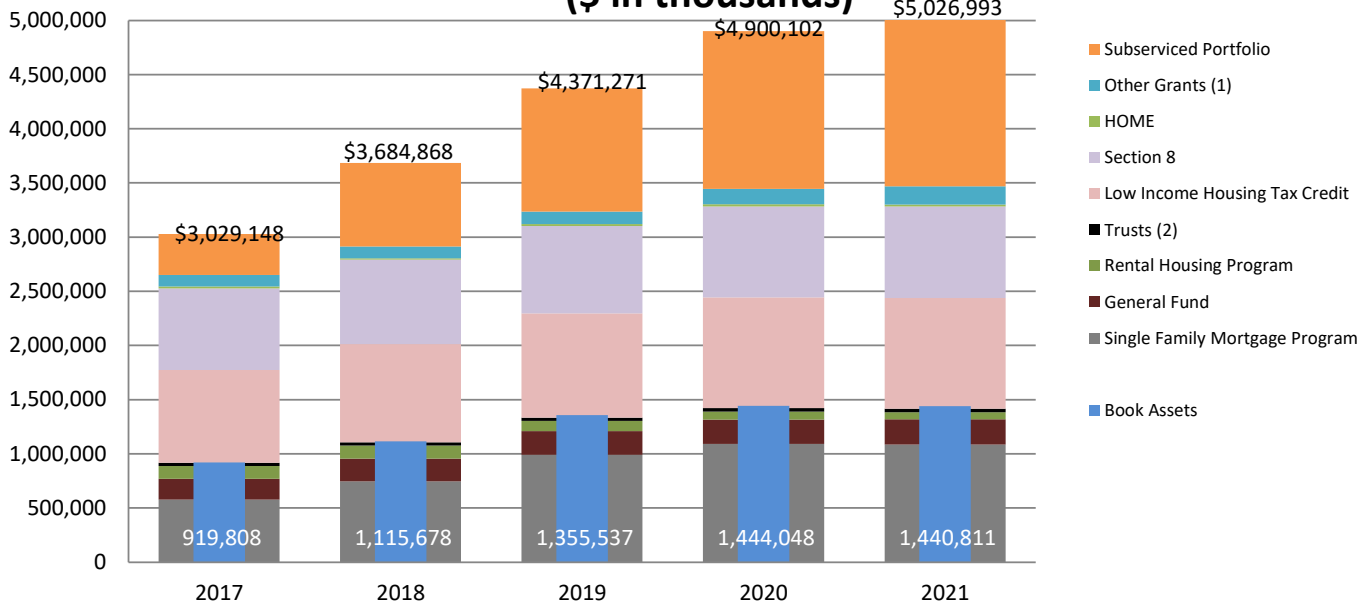
\$9.7 mm 2020 Series JLG North Multifamily-Refunding (October)

\$9.0 mm 2020 Series JLG South Multifamily-Refunding (October)

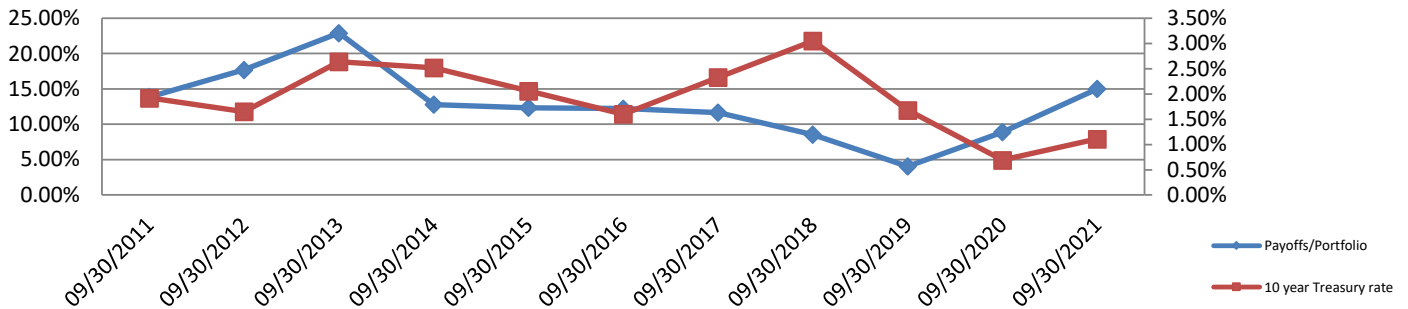
**CURRENT YEAR FINANCIAL TRENDS & VARIANCES:**

- ▶ Due to decreases in mortgage rates, prepayments are trending higher than last year.
- ▶ Federal interest rate policy as a result of the health crisis is driving yields and margins down in comparison to last year at this same time; overall much lower interest rate environment.
- ▶ Due to market conditions related to the health crisis, the State Investment Council (SIC) General Fund portfolio continues to experience significant volatility. Valuations increased \$9.9 million in December. While these market movements are non-operating in nature, they impact General Fund revenues, combined net revenues and return on average earning assets. Just a reminder that the accounting records are one month in arrears due to SIC reporting timeframes.
- ▶ MFA is still primarily using the TBA loan sale program as best execution for the Single Family Mortgage first-time homebuyer program. While the bond market has improved significantly since the beginning of the pandemic, the loan sale execution is still providing the best economics for MFA and low interest rates for first-time homebuyers. For the bond program the majority of the revenue is earned over time and with TBA loans sales all revenue is received upfront, thus currently creating a positive net revenue variance. Staff forecasted a 50 percent split this year for the two executions; that strategy will continue to be evaluated ongoing as markets change.
- ▶ Incurred approximately \$5 million in cost of issuance for Single Family Mortgage program bond issuance (\$55 million); expense was paid for through bond premium.
- ▶ The subservicing oversight position reports to the Director of Servicing and provides full-time monitoring of loss mitigation activities, collections and foreclosure services provided by MFA's servicer. They coordinate with the Compliance Officer on risk management strategies and reporting. Staff actively analyzes default trends, quality control reports and portfolio profile characteristics to understand reasons for higher than expected delinquency rates. These delinquencies have an effect on the credit risk associated with MFA's down payment assistance portfolio as well as the financial impacts associated with defaults on the first mortgages themselves. Staff is actively engaged with the servicer to identify additional delinquency reduction strategies, particularly early intervention strategies to prevent loans from becoming seriously delinquent. As risk has increased significantly since the pandemic the management of this portfolio has become even more of a priority. MFA staff continues to receive weekly forbearance information to analyze trends at the portfolio level. MFA's subservicing oversight team is receiving regular and improved reporting to better monitor and reconcile portfolio activities related to delinquencies. Additionally, MFA's servicer has increased staff and implemented improved technology to support forbearance and delinquency trends as well as loss mitigation activity. The foreclosure moratorium continues to impact delinquencies as we are unable to move seriously delinquent loans through the judicial and claims process. Of the 18.29 percent portfolio delinquency rate, 13.20 percent represents delinquent loans in forbearance. As of January 31st, 28.87 percent of MFA loans on forbearance plans are current. The subserviced portfolio is approx. 85 percent FHA insured loans. The Mortgage Bankers Association quarterly survey as of December 30, 2020 indicates that the delinquency rate for FHA loans nationally is 15.83 percent and for New Mexico 13.14 percent. FHA Single Family Loan Performance Trends for January 2021 show 18.61 percent delinquency (for purchase loans only) up from 11.98 percent in February 2020 reflecting the impact of COVID-19 forbearance agreements.
- ▶ Fair market value for purchased servicing rights as of December 31, 2020 is \$15.5 million, an increase of approximately \$1.1 million over cost. GASB requires MFA to utilize "lower of cost or market" accounting for this asset. FMV decreases resulting from the health crisis have been recovered. Current purchased servicing rights are recorded at a cost of \$15.4 million. Valuations are obtained on a quarterly basis.
- ▶ Based on Moody's issuer credit rating scorecard, MFA's 28.89 percent net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining MFA's creditworthiness under stressful circumstances (> 20 percent). The net revenue as a percent of total revenue measures performance and profitability and MFA's 11.87 percent ratio (5-year average) points to high profitability with favorable trends (10-15 percent range).
- ▶ Moody's Investor Services completed an updated credit opinion on MFA 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 the spring of 2019.

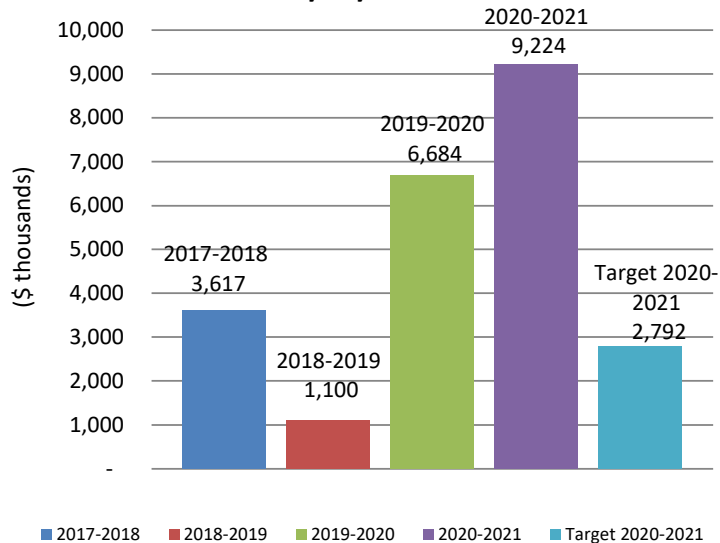
## Assets Under Management as of 9/30/2021 (\$ in thousands)



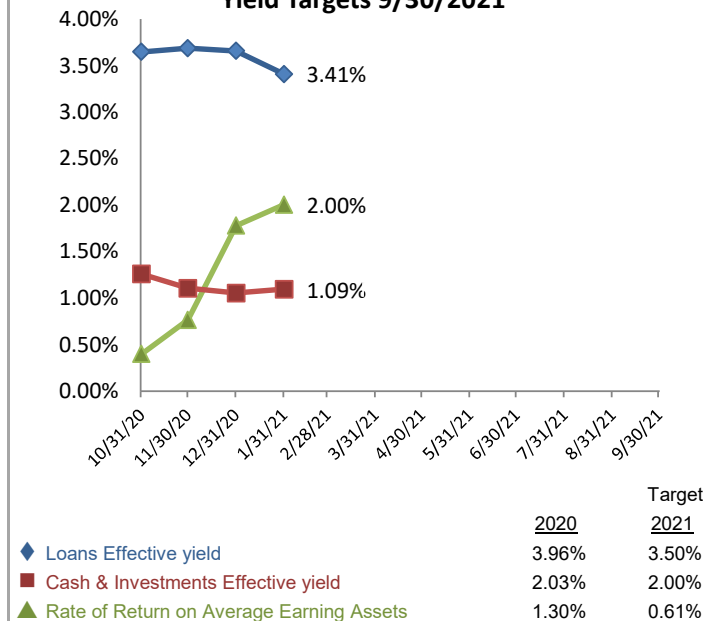
## YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2021



## YTD Excess Revenues over Expenses as of 1/31/2021



## Yield Targets 9/30/2021



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

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

	<u>YTD 01/31/21</u>	<u>YTD 1/31/2020</u>
<b><u>ASSETS:</u></b>		
<b><u>CURRENT ASSETS:</u></b>		
CASH & CASH EQUIVALENTS	\$33,574	\$31,592
RESTRICTED CASH HELD IN ESCROW	9,122	10,632
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	4,326	4,392
OTHER CURRENT ASSETS	6,068	2,512
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	-
INTER-FUND RECEIVABLE (PAYABLE)	(0)	-
TOTAL CURRENT ASSETS	<u>53,090</u>	<u>49,128</u>
 CASH - RESTRICTED	 54,781	 76,069
LONG-TERM & RESTRICTED INVESTMENTS	68,234	72,190
INVESTMENTS IN RESERVE FUNDS	-	326
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,029,255	1,018,288
MORTGAGE LOANS RECEIVABLE	223,762	229,510
ALLOWANCE FOR LOAN LOSSES	(6,755)	(4,126)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,710	1,181
OTHER REAL ESTATE OWNED, NET	740	-
OTHER NON-CURRENT ASSETS	-	-
INTANGIBLE ASSETS	15,738	12,260
TOTAL ASSETS	<u>1,440,555</u>	<u>1,454,827</u>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
REFUNDINGS OF DEBT	255	343
 TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	 <u>1,440,811</u>	 <u>1,455,170</u>
 <b><u>LIABILITIES AND NET POSITION:</u></b>		
<b><u>LIABILITIES:</u></b>		
<b><u>CURRENT LIABILITIES:</u></b>		
ACCRUED INTEREST PAYABLE	\$5,931	\$7,247
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	8,937	7,045
ESCROW DEPOSITS & RESERVES	8,850	10,548
TOTAL CURRENT LIABILITIES	<u>23,717</u>	<u>24,841</u>
 BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	 1,110,992	 1,137,520
MORTGAGE & NOTES PAYABLE	33,441	40,509
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	148	162
TOTAL LIABILITIES	<u>1,168,299</u>	<u>1,203,032</u>
 <b><u>NET POSITION:</u></b>		
NET INVESTED IN CAPITAL ASSETS	1,710	1,181
UNAPPROPRIATED NET POSITION (NOTE 1)	66,155	65,566
APPROPRIATED NET POSITION (NOTE 1)	204,647	185,391
TOTAL NET POSITION	<u>272,511</u>	<u>252,138</u>
 TOTAL LIABILITIES & NET POSITION	 <u>1,440,811</u>	 <u>1,455,170</u>

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

	<u>YTD 01/31/21</u>	<u>YTD 1/31/2020</u>
<b><u>OPERATING REVENUES:</u></b>		
INTEREST ON LOANS	\$14,396	\$16,119
INTEREST ON INVESTMENTS & SECURITIES	632	1,335
LOAN & COMMITMENT FEES	590	1,212
ADMINISTRATIVE FEE INCOME (EXP)	6,638	2,069
RTC, RISK SHARING & GUARANTY INCOME	70	30
HOUSING PROGRAM INCOME	294	422
LOAN SERVICING INCOME	2,291	1,851
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>24,910</u>	<u>23,038</u>
<b><u>NON-OPERATING REVENUES:</u></b>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	2,876	1,653
OTHER NON-OPERATING INCOME	10	16
GRANT AWARD INCOME	38,401	16,419
SUBTOTAL NON-OPERATING REVENUES	<u>41,286</u>	<u>18,088</u>
<b>TOTAL REVENUES</b>	<u>66,196</u>	<u>41,127</u>
<b><u>OPERATING EXPENSES:</u></b>		
ADMINISTRATIVE EXPENSES	6,064	4,908
INTEREST EXPENSE	12,842	13,325
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(939)	(818)
PROVISION FOR LOAN LOSSES	(6)	7
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	47	47
AMORT. OF SERV. RIGHTS & DEPRECIATION	813	449
BOND COST OF ISSUANCE	535	993
SUBTOTAL OPERATING EXPENSES	<u>19,357</u>	<u>18,912</u>
<b><u>NON-OPERATING EXPENSES:</u></b>		
CAPACITY BUILDING COSTS	37	95
GRANT AWARD EXPENSE	37,343	15,264
OTHER NON-OPERATING EXPENSE	236	171
SUBTOTAL NON-OPERATING EXPENSES	<u>37,616</u>	<u>15,531</u>
<b>TOTAL EXPENSES</b>	<u>56,973</u>	<u>34,443</u>
<b>NET REVENUES</b>	9,224	6,684
OTHER FINANCING SOURCES (USES)	-	(0)
<b>NET REVENUES AND OTHER FINANCING SOURCES(USES)</b>	<u>9,224</u>	<u>6,684</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>263,288</u>	<u>245,454</u>
<b>NET POSITION AT 01/31/21</b>	<u>272,511</u>	<u>252,138</u>

# NOTES TO FINANCIAL STATEMENTS

(For Informational Purposes Only)  
(Thousands of Dollars)

(Note 1) MFA Net Position as of January 31, 2021:

## UNAPPROPRIATED NET POSITION:

\$ 31,483	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 34,182	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 490	held for New Mexico Affordable Housing Charitable Trust .
<u>\$ 66,155</u>	Total unappropriated Net Position

## APPROPRIATED NET POSITION: GENERAL FUND

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

\$ 116,629	for use in the Housing Opportunity Fund (\$105,698 in loans plus \$10,931 unfunded, of which \$2,647 is committed).
\$ 39,113	for future use in Single Family & Multi-Family housing programs.
\$ 1,208	for loss exposure on Risk Sharing loans.
\$ 1,710	invested in capital assets, net of related debt.
\$ 15,720	invested in mortgage servicing rights.
<u>\$ 15,538</u>	for the future General Fund Budget year ending 9/30/21 (\$24,495 total budget less \$8,957 expended budget through 01/31/21.)
<u>\$ 189,918</u>	Subtotal - General Fund

## APPROPRIATED NET POSITION: HOUSING

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

\$ 16,438	for use in the federal and state housing programs administered by MFA.
\$ 16,438	Subtotal - Housing Program
<u>\$ 206,356</u>	Total appropriated Net Position
<u>\$ 272,511</u>	Total combined Net Position at January 31, 2021

Total combined Net Position, or reserves, at January 31, 2021 was \$272.5 million, of which \$66.2 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$206.4 million of available reserves, with \$84.1 million primarily liquid in the General Fund and in the federal and state Housing programs and 122.3 million illiquid in the programs of the General Fund, have been:

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

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

**GENERAL FUND**  
**Fiscal Year 2020-2021 Budget**  
**For the four months ended 1/31/2021**

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
<b>Revenue</b>							
Interest Income	590,416	2,253,951	2,455,505	7,366,516	201,554	5,112,565	30.60%
Interest on Investments & Securities	113,019	443,875	609,307	1,827,920	165,431	1,384,045	24.28%
Loan & Commitment Fees	5,981	42,993	3,333	10,000	(39,660)	(32,993)	429.93%
Administrative Fee Income (Exp)	2,349,650	7,857,534	3,852,291	11,556,874	(4,005,242)	3,699,340	67.99%
Risk Sharing/Guaranty/RTC fees	9,524	69,628	28,386	85,158	(41,242)	15,530	81.76%
Housing Program Income	267,530	294,384	378,873	1,104,920	84,488	810,536	26.64%
Loan Servicing Income	409,777	2,290,765	2,290,035	6,870,105	(730)	4,579,340	33.34%
Other Operating Income		-	-	500	-	500	0.00%
<b>Operating Revenues</b>	3,745,895	13,253,131	9,617,730	28,821,993	(3,635,401)	15,568,862	45.98%
Gain (Loss) Asset Sale/Debt Ex	1,283,621	2,658,094	(153,500)	(460,500)	(2,811,594)	(3,118,594)	-577.22%
Other Non-operating Income		-	53	160	53	160	0.00%
<b>Non-Operating Revenues</b>	1,283,621	2,658,094	(153,447)	(460,340)	(2,811,540)	(3,118,434)	-577.42%
<b>Revenue</b>	5,029,517	15,911,225	9,464,284	28,361,653	(6,446,941)	12,450,429	56.10%
Salaries	470,754	1,792,174	2,041,846	5,894,885	249,672	4,102,712	30.40%
Overtime	3,090	17,839	8,611	24,877	(9,228)	7,038	71.71%
Incentives	2,545	122,479	173,218	500,152	50,739	377,673	24.49%
Payroll taxes, Employee Benefits	216,173	828,879	973,480	2,870,269	144,601	2,041,389	28.88%
Compensation	692,562	2,761,371	3,197,155	9,290,183	435,783	6,528,812	29.72%
Business Meals Expense		-	1,787	5,360	1,787	5,360	0.00%
Public Information	17,579	149,756	90,298	270,895	(59,458)	121,139	55.28%
In-State Travel	-	(0)	40,963	122,888	40,963	122,888	0.00%
Out-of-State Travel		-	65,566	196,698	65,566	196,698	0.00%
Travel & Public Information	17,579	149,756	198,614	595,841	48,857	446,085	25.13%
Utilities/Property Taxes	6,772	24,986	24,717	74,150	(269)	49,164	33.70%
Leasehold Expense		-			-	-	
Insurance, Property & Liability	16,819	67,273	58,236	174,707	(9,037)	107,434	38.51%
Repairs, Maintenance & Leases	92,265	403,413	315,642	946,927	(87,770)	543,515	42.60%
Supplies	1,428	3,669	11,193	33,580	7,524	29,911	10.93%
Postage/Express mail	3,687	14,549	12,273	36,819	(2,276)	22,270	39.52%
Telephone	636	1,412	6,898	20,693	5,486	19,282	6.82%
Janitorial	3,405	13,542	13,425	40,276	(117)	26,734	33.62%
Office Expenses	125,011	528,844	442,384	1,327,153	(86,460)	798,309	39.85%
Dues & Periodicals	3,586	16,166	19,642	58,926	3,476	42,760	27.43%
Education & Training	16,061	24,767	43,793	131,380	19,026	106,613	18.85%
Contractual Services	90,322	297,963	426,307	1,272,421	128,344	974,458	23.42%
Professional Services-Program		-	12,800	38,400	12,800	38,400	0.00%
Direct Servicing Expenses	373,637	1,934,376	1,380,712	4,142,137	(553,663)	2,207,761	46.70%
Program Expense-Other		-	7,785	23,355	7,785	23,355	0.00%
Rebate Analysis Fees			-	-	-	-	

**GENERAL FUND**  
**Fiscal Year 2020-2021 Budget**  
**For the four months ended 1/31/2021**

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Other Operating Expense	483,607	2,273,272	1,891,040	5,666,619	(382,232)	3,393,347	40.12%
Interest Expense	37,135	150,068	117,936	353,809	(32,132)	203,741	42.42%
Non-Cash Expenses	188,730	805,408	709,202	2,127,607	(96,205)	1,322,199	37.86%
Expensed Assets	4,170	132,137	42,050	126,150	(90,087)	(5,987)	104.75%
<b>Operating Expenses</b>	<b>1,548,795</b>	<b>6,800,856</b>	<b>6,598,381</b>	<b>19,487,362</b>	<b>(202,475)</b>	<b>12,686,506</b>	<b>34.90%</b>
Program Training & Tech Asst	1,600	4,897	49,967	149,900	45,069	145,003	3.27%
Program Development	10,661	32,228	52,501	157,502	20,272	125,274	20.46%
Capacity Building Costs	12,261	37,126	102,467	307,402	65,341	270,276	12.08%
<b>Non-Operating Expenses</b>	<b>12,261</b>	<b>37,126</b>	<b>102,467</b>	<b>307,402</b>	<b>65,341</b>	<b>270,276</b>	<b>12.08%</b>
<b>Expenses</b>	<b>1,561,056</b>	<b>6,837,982</b>	<b>6,700,848</b>	<b>19,794,764</b>	<b>(137,133)</b>	<b>12,956,782</b>	<b>34.54%</b>
<b>Excess Revenue over Expenses</b>	<b>3,468,461</b>	<b>9,073,243</b>	<b>2,763,435</b>	<b>8,566,890</b>	<b>(6,309,808)</b>	<b>(506,354)</b>	<b>105.91%</b>

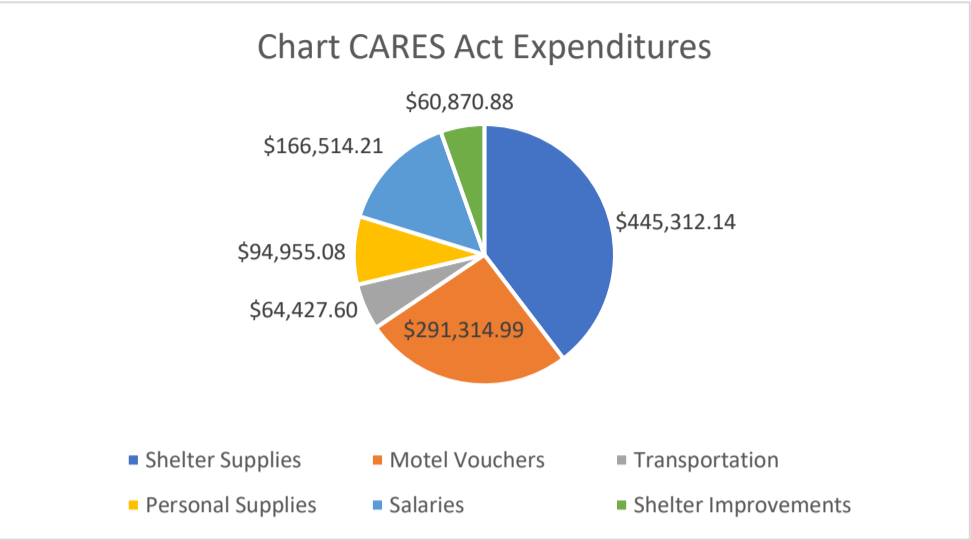
**GENERAL FUND CAPITAL BUDGET**  
**Fiscal Year 2020-2021 Budget**  
**For the four months ended 1/31/2021**

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
<b>2690 PURCHASED SERVICING RIGHTS</b>	489,917	1,639,148	1,281,583	3,844,750	(357,565)	2,205,602	42.63%
<b>2950 COMPUTER HARDWARE</b>	-	28,647	40,333	121,000	32,794	155,677	15.54%
<b>2960 SOFTWARE LICENSES</b>	-	-	-	-	-	-	
<b>2930 FURNITURE &amp; EQUIP, 5 YR.</b>	-	-	-	-	-	-	
<b>2860 BUILDING</b>	156,198	451,340	382,104	573,156	(163,662)	411,696	52.30%
<b>Capital Budget</b>	646,116	2,119,135	1,811,830	4,700,620	(488,432)	2,772,975	45.08%



# EHAP CARES ACT Expenditure Report Through January 31, 2021

3/10/2021 0:00		
ESG CARES Act I & II Expenditures		
CARES Act EHAP Award	EHAP-CV1	\$1,851,971
	EHAP-CV2	\$3,370,339
	Total	\$5,222,310
	Balance	\$4,098,915
Activity		Funds Expended
Shelter Supplies		\$445,312.14
Motel Vouchers		\$291,314.99
Transportation		\$64,427.60
Personal Supplies		\$94,955.08
Salaries		\$166,514.21
Shelter Improvements		\$60,870.88
Totals		\$1,123,394.90



Activity Descriptions
<p><b>Shelter Supplies:</b> cleaning supplies, PPE, utilities and maintenance</p> <p><b>Motel Vouchers:</b> motel rooms rented to mitigate the spread of covid in shelters .</p> <p><b>Transportation:</b> costs for transporting shelter residents relating to covid mitigation</p> <p><b>Personal Supplies:</b> Food and toiletries</p> <p><b>Salaries:</b> new staff covid related, hazard pay for existing staff covid related and data collection activites.</p> <p><b>Shelter Improvements:</b> changes or additions made to shelters related to the mitigation of covid, e.g. installing plexi glass barriers, replacing carpets, installing sanitation stations and adding restrooms or shelter space to accomidate social distancing.</p>

