



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Board Meeting**  
**344 4th St. SW, Albuquerque, NM**  
**Wednesday, September 16, 2020 at 9:30 a.m.**

**Agenda**

**Chair Convenes Meeting**

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- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of August 19, 2020 Board Meeting Minutes – Board Action
- Executive Director Updates
- Employee introductions:
  - Elizabeth Ongstad, intern (John Garcia)
  - Rebekah Pieniadz, program manager (John Garcia)
  - Jacobo Martinez, development loan manager (George Maestas)
  - Timothy Martinez, development loan manager (George Maestas)

**Board Action Items**

**Action Required?**

**Consent Agenda**

- |   |  |     |
|---|--|-----|
| 1 | Request for Proposals for Trustee and Paying Agent (Standalone Indentures) (Cooper Hall) | YES |
| 2 | Approval of Linkages New Housing Administrators (Rylee Giffin & John Garcia)             | YES |
| 3 | JLG North Bond Resolution for Refunding (Kathryn Turner)                                 | YES |
| 4 | JLG South Bond Resolution for Refunding (Kathryn Turner)                                 | YES |

**Contracted Services/Credit Committee**

- |   |  |     |
|---|--|-----|
| 5 | New Mexico Housing Trust Fund (NMHTF) loan modification request- Generations at West Mesa (Sharlynn Rosales, George Maestas, and Zach Johnson of Gorman and Company) | YES |
|---|--|-----|

**Finance Committee**

- |   |  |     |
|---|--|-----|
| 6 | Production Statistics (Gina Hickman & Donna Maestas DeVries) | NO  |
| 7 | FY 2020-2021 General Fund Budget (Yvonne Segovia)            | YES |
| 8 | Housing Opportunity Fund Appropriations (Yvonne Segovia)     | YES |

**New Mexico Affordable Housing Charitable Trust – Finance Committee**

- |   |   |     |
|---|---|-----|
| 9 | FY 2020-2021 NM Affordable Housing Charitable Trust Budget (Yvonne Segovia) | YES |
|---|---|-----|

**Other**

- |    |   |     |
|----|---|-----|
| 10 | 2021 Legislative Agenda (Rebecca Velarde)                         | YES |
| 11 | Multifamily Project Construction Pipeline Report (Kathryn Turner) | NO  |

**Other Board Items**

**Information Only**

- |    |   |  |
|----|---|--|
| 12 | (Staff is available for questions) <ul style="list-style-type: none"><li>▪ Staff Action Requiring Notice to Board</li><li>▪ Northern Regional Housing Authority Reports</li></ul> |  |
|----|---|--|

**Monthly Reports**

**No Action Required**

- |    |   |  |
|----|---|--|
| 13 | (Staff is available for questions) <ul style="list-style-type: none"><li>▪ 7/31/20 Financial Statements</li><li>▪ Communications Department Reports</li></ul> |  |
|----|---|--|

**Announcements and Adjournment**

**Discussion Only**

**Confirmation of Upcoming Board Meetings**

- Board Retreat - September 22- 23, 2020 (Virtual Meetings)
- October 13, 2020 - Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)

- October 21, 2020 - Wednesday - 9:30 a.m. (MFA Board of Directors Meeting) (Virtual Meeting)
- November 10, 2020 - Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
- November 18, 2020 - Wednesday - 9:30 a.m. (MFA Board of Directors Meeting) (Virtual Meetings)
- December 8, 2020 - Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
- December 16, 2020 - Wednesday - 9:30 a.m. (MFA Board of Directors Meeting) (Virtual Meetings)



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  - Timothy Martinez, development loan manager (George Maestas)

**Board Action Items**

**Action Required?**

**Consent Agenda**

- 1 Request for Proposals for Trustee and Paying Agent (Standalone Indentures) (Cooper Hall)** - MFA issued an RFP for Trustee and Paying Agent services for stand-alone indentures in 2015. At that time, the Board selected Bank of Albuquerque to provide those services for three years and subsequently exercised the two available one-year extensions until December 31, 2020. The term of this RFP is for three years with two one-year extensions at the Policy Committee's option. Staff recommends the approval of the Request for Proposal for Trustee and Paying Agent Services for single family and multifamily bonds issued under stand-alone indentures. Responses will be due to MFA by October 21, 2020. Awards will be made at the December Board meeting. YES
- 2 Approval of Linkages New Housing Administrators (Rylee Giffin & John Garcia)** - Staff recommends approval of three new Linkages service providers; Alianza to serve Curry county, the Supportive Housing Coalition to serve McKinley county and DreamTree to take over Taos county. Staff is also requesting approval to allocate \$234,724 to Alianza and The Supportive Housing Coalition and approval to reallocate \$97,200 from the Northern Regional Housing Authority to DreamTree if approved as a new service provider. YES
- 3 JLG North Bond Resolution for Refunding (Kathryn Turner)** - Staff requests approval of the attached Bond Resolution for JLG NM North Apartment Projects in order to pursue issuance of up to \$9.65mm in tax exempt bonds that must close in October 2020 in order to maintain eligibility for tax credit allocation. Bond proceeds will fund the completion of the acquisition and rehabilitation of 217 units, including 112 rent restricted units, located on separate sites in the Cities of Gallup and Bloomfield and the Town of Bernalillo. Approval of this Bond Resolution will result in these properties remaining affordable for the next 30 years. YES
- 4 JLG South Bond Resolution for Refunding (Kathryn Turner)** - Staff requests approval of the attached Bond Resolution for JLG NM South Apartment Projects in order to pursue issuance of up to \$9mm in tax exempt bonds that must close in October 2020 in order to maintain eligibility for tax credit allocation. Bond proceeds will fund the completion of the acquisition and rehabilitation of 220 units, including 115 rent restricted units, located on separate sites in the Cities of Anthony and Deming and the Village of Columbus. Approval of this Bond Resolution will result in these properties remaining affordable for the next 30 years. YES

**Contracted Services/Credit Committee**

- 5 New Mexico Housing Trust Fund (NMHTF) loan modification request- Generations at West Mesa (Sharlynn Rosales, George Maestas, and Zach Johnson of Gorman and Company)** - A New Mexico Housing Trust Fund (NMHTF) loan increase request in the amount of \$250,000 for the Generations at West Mesa Apartments, located in Albuquerque, NM. Generations at West Mesa was 2017 LIHTC award recipient as a new construction multifamily project with 54-units. The apartments are intended and operated for occupancy by persons 55 years of age or older. The target population is, but not restricted to, grandparents raising grandchildren. The original NM-HTF loan was approved in 2017 for \$500,000. Construction was complete in November 2019. Gorman and Company's Director of Housing Finance will give a brief presentation of the project and will be available for questions. YES

### Finance Committee

- 6 Production Statistics (Gina Hickman & Donna Maestas DeVries)** - In conjunction with the FY 2020-2021 General Fund Budget, staff will provide the Board a presentation on MFA production and financial highlights over the last 10-years. NO
- 7 FY 2020-2021 General Fund Budget (Yvonne Segovia)** - MFA's General Fund proposed budget for FY 2020-2021 is recommended for approval. Revenue is projected at \$28,362,000, an increase of \$4,218,000 or 17% over prior year budget and an increase of \$2,612,000 or 10% over projected 9/30/20 actual. The expense budget is projected at \$19,795,000, an increase of \$17,000 or 0% over prior year budget and an increase of \$1,723,000 or 10% over 9/30/20 projected actual. The FY 2020-2021 budgeted excess revenue over expenses is \$8,567,000. The capital budget is \$4,701,000, a decrease of (\$1,382,000) or (23%) under prior year budget and a decrease of (\$554,000) or (10%) under projected actual. YES
- 8 Housing Opportunity Fund Appropriations (Yvonne Segovia)** - In order to meet anticipated demand, Staff recommends \$7,050,000 be appropriated to the First Down DPA Loan Program, of which \$3,368,000 will be transferred from the Primero Program, \$428,000 will be transferred from the Partners Program, \$2,136,000 will be transferred from the Access Program, resulting in \$1,118,000 of new funds being appropriated to the Housing Opportunity Fund. YES

### New Mexico Affordable Housing Charitable Trust – Finance Committee

- 9 FY 2020-2021 NM Affordable Housing Charitable Trust Budget (Yvonne Segovia)** - The NM Affordable Housing Charitable Trust Budget is recommended for approval. Revenue is projected at \$132,000, and the expense budget is projected at \$138,000, resulting in a FY 2020-2021 budgeted excess revenue over expenses of (\$6,000). YES

### Other

- 10 2021 Legislative Agenda (Rebecca Velarde)** - Board approval is requested for MFA's legislative agenda for the 2021 New Mexico Legislative Session. The 2021 legislative agenda includes three requests: one appropriation and statutory change requests for the New Mexico Housing Trust Fund and a statutory changes request for the Regional Housing Law. YES
- 11 Multifamily Project Construction Pipeline Report (Kathryn Turner)** - For informational purposes, staff will provide an overview of the format of the new report on the construction progress for multifamily projects and present information on any upcoming loan closings and ribbon cuttings. NO

### Other Board Items

### Information Only

- 12 (Staff is available for questions)**
- Staff Action Requiring Notice to Board
  - Northern Regional Housing Authority Reports

### Monthly Reports

### No Action Required

- 13 (Staff is available for questions)**
- 7/31/20 Financial Statements
  - Communications Department Reports

### Announcements and Adjournment

### Discussion Only

#### Confirmation of Upcoming Board Meetings

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# Minutes

# **NEW MEXICO MORTGAGE FINANCE AUTHORITY**

## **Board Meeting Minutes**

**344 4th St. SW, Albuquerque, NM**

**Wednesday, August 19, 2020 at 9:30 a.m.**

Chair Reyes convened the meeting on August 19, 2020 at 9:33a.m. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Vice Chair Derek Valdo (joined after agenda vote), Sally Malavé (designee for Attorney General Hector Balderas), Martina C'de Baca (joined after agenda vote - designee for Lieutenant Governor Howie Morales arrived at 11:19 a.m. during tab 8), Diana Rosales-Ortiz (designee for state Treasurer Tim Eichenberg), Rebecca Wurzburger (joined at 9:43 a.m.) 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 introduced everyone on the phone and reminded the members of the protocol for today's webcast meeting. All members must identify themselves before they speak; this includes asking questions or making a motion. If at any time anyone loses their connection, please text Izzy and we will stop the meeting to wait for you to reconnect. There will be a roll call vote for all approvals.

**Approval of Agenda – Board Action.** Motion to approve the August 19, 2020 Board agenda as recommended: Malavé. Second: Nguyen Chafey. Roll call vote: Chair Reyes-yes, Rosales-Ortiz-yes, Malavé-yes, Nguyen Chafey-yes. Vote: 4-0.

### **Members Valdo and C'de Baca joined the meeting 9:37**

**Approval of July 15, 2020 Board Meeting Minutes – Board Action.** Motion to approve the July 15, 2020 Board Meeting Minutes as presented: Malavé. Second: Nguyen Chafey. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca -yes, Rosales-Ortiz-yes, Malavé-yes, Nguyen Chafey-yes. Vote: 6-0.

**New Employee introductions:** The following new employees were introduced by the following individuals; Gina Hickman deputy director of finance & administration introduced Cooper Hall finance analyst. Joseph Navarreté chief information officer introduced Amber Roybal document management technician. René Acuña director of homeownership introduced Miriam Najera intern. Izzy Hernandez executive director introduced Donna Maestas-DeVries deputy director of programs. Chair Reyes welcomed the new employees and stated that we look forward to all their great contributions.

### **Member Wurzburger joined the meeting during the Executive Directors update 9:43 a.m.**

Hernandez provided the Board with the following information for his monthly update; he informed the Board that the NM Housing Trust Fund (NMHTF) – Rental Assistance Program (RAP) Rounds 1- 4; assisted 31 households in 18 properties for a total of \$64,048. Enhanced Unemployment – Expired end of July; we could see a rise in need for rental and mortgage assistance. He informed the Board that Desert Hope in Las Cruces – 40 PSH units (Permanent Supportive Housing) and Hope Village in Albuquerque – 42 PSH units both had virtual ground breakings during the month. The Developers Forum was held on July 23, there was great participation and feedback from the developers; we'll look at bringing some of the suggested changes to the Board in the Qualified Allocation Plan (QAP) later in the year. He went over the number of Homeless Served: March: 318/ July: 511 (increase in motel vouchers). He informed the Board that later on the agenda Servicing will provide a more detailed report on delinquencies. He provided some trends going back to March - March: 866/9.36%; June: 1342/13.78%; Current: 1428/14.38%. He further informed the Board that we have seen an increase in loans in Forbearance 13.39% but only 7.57% are delinquent and they are included in delinquencies mentioned earlier. He informed the Board that MFA is moving full force ahead with the Strategic Plan and have had a few half days with staff and had held 5 Strategic Planning Listening Sessions with our partners and 3 more are scheduled. Staff will be ready to share with the Board at the retreat next month. Rebecca Velarde gave a presentation for the NM Association of Realtors legislative committee making sure that we have good collaboration. He gave kudos to staff for keeping up, stating Mortgage Operations is ahead of last year's production (Weekly Average) 2019 - \$9.6m 2020 - \$10.2m. The Building Remodel started on the 17th and is going smoothly and scheduled to complete by end of January. The Rehab and WAP Programs have started operating again, adjusted protocol so that the service providers can go into people's homes; production will be up in this area. MFA was not awarded Section 811 funds; application submitted on January 2020. It would have provided

additional funds to provide vouchers to individuals with severe mental illnesses; however, we did receive additional Linkages funding of \$1.5mm. We plan on a debrief with HUD to determine where we lost points in the proposal. The Legislative Council Services has scheduled MFA Act Oversight Committee (aka Legislative Oversight Committee LOC) meetings; September 11 and October 8. Normally we have 5 – 6 meetings. Legislative Finance Counsel Meeting has been scheduled for October 2, 2020 where MFA will make a presentation. We are working on the 5th Round of HTF RAP. HUD Regional Administrator (Michael Burley) is scheduled for a visit on 25-26 August (Solar Villa and Nuevo Atrisco). Aug. 20th – Community Development Council Meeting Potentially awarding ~\$12m of CDBG Funds to MFA for Rental and Mortgage Assistance Program – Develop program with CDBG requirements. Staff is planning for Board Retreat – Sept 22-23.

- 1 Adoption of Special rules of Orders – Consent Agenda (Eleanor Werenko).** Werenko (Board Counsel) informed the Board that a consent agenda is a board meeting practice that groups routine business and reports into one agenda item. The consent agenda can be approved in one action, rather than filing motions on each item separately. Its use can move routine items along quickly so that the Board of Directors can devote more time to discussing important issues. She reviewed the Proposed Special Rule of Order Authorizing Use of Consent Agenda as well as a basic outline of the Processes/Procedures as listed in the memo located behind tab one, which will become a part of the official board packet. She further informed the Board that the following Special Rule of Order is proposed for the consideration of the Board of Directors: “A consent agenda may be presented by the Board Chair at the beginning of a meeting. Items may be removed from the consent agenda at the request of any one member. Items not removed may be adopted by general consent without debate. Removed items may be taken up either immediately after the consent agenda or placed later on the agenda at the discretion of the assembly.” Motion to approve the Adoption of Special rules of Orders – Consent Agenda as recommended: Valdo. Second: Nguyen Chafey. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C’de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbürger-yes, Nguyen Chafey-yes. Vote: 7-0.

Member Malavé stated that she does not have issue with the consent process and procedure drafted by counsel. But wanted to caution the Board that public forum discussion on consent agenda items is minimized. It stifles one of the objectives of the open meeting act which is to conduct business in public. She emphasized the importance of discussion of items so that members of the public are aware of what is being voted on. Chair Reyes thanked Malavé for those comments stating that in putting forth the consent agenda we want to evaluate and balance the efficiency of the meeting with the need for public forum discussion. As a Board we have the ability to remove those items that we feel should come off the consent agenda for discussion and a separate vote.

### **Consent Agenda**

Executive Director, Izzy Hernandez read a brief summary for each of the following items listed under the consent agenda (tabs 2-4).

- 2 Fair Housing and Fair Lending Internal Executive Summary (Claire Hillary, Audit and Consulting Senior Manager, Emily Watson, Senior Audit Associate, REDW LLC).** Hernandez explained that this item had been presented to the Finance Committee. In July, REDW, MFA’s contracted internal auditors, completed the Fair Housing and Fair Lending internal audit. The audit scope included fair lending practices, social media and advertising campaigns, fair housing complaint processing, and how MFA is reporting fair housing activities to HUD. There were no findings.
- 3 Architectural Reviews and Inspection Services RFP Award Recommendations (Christi Wheelock and Kathryn Turner).** Hernandez explained that this item had been presented to the Contracted Services/Credit Committee. The Board approved the Request for Proposal for Architectural Review and Construction Inspection Services on May 20, 2020. MFA received four responses which met the Minimum Requirements. Staff recommends the Architectural Review and Construction Inspections Services be awarded to Jeebs and Zuzu, LLC, Mark Goldman Architect, Thomas Gifford Architect and Pyatt Studios. All four firms will be placed on the MFA list of approved providers and will furnish MFA with architectural reviews and construction inspection services for LIHTC and non-LIHTC, MFA-financed project.
- 4 Eastern Regional Housing Authority Commissioner Recommendations (Gina Bell).** Hernandez explained that this item had been presented to the Contracted Services/Credit Committee. Staff recommends Board approval of two new Commissioners for the Eastern Regional Housing Authority Board. Both candidates fulfill the requirements per the NMSA Regional Housing Law and have expressed interest in serving as a commissioner. Matthew Wade would

represent Lincoln County and Alfred Velasquez would represent Chavez county. Upon MFA Board approval, staff will send the recommendations to Governor Michelle Lujan-Grisham through the Board and Commissions Department for final approval.

Member Wurzbarger made the motion to approve the Consent Agenda as presented: Second: Nguyen Chafey. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca (didn't vote technical/audio difficulties), Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 6-0.

#### **Finance Committee**

- 5 6/30/20 Quarterly Financial Statement Review (Gina Hickman).** Hickman began by discussing MFA's single family production stating that we are on track for another record year. She reminded the Board that on March 17<sup>th</sup> MFA began using the TBA execution; however, MFA is planning on a small bond issue of \$55mm that will price end of September and close in October. She continued her presentation making reference to 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. Hickman then reviewed the monthly and quarterly graphs, and the Loan and Credit Line Activity report. She further informed the Board that MFA's quarterly production board report is located behind tab 13. Motion to approve the 6/30/20 Quarterly Financial Statement Review as presented: Nguyen Chafey. Second: Valdo. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.
- 6 6/30/20 Quarterly Investment Review (Cooper Hall).** Hall presented the Quarterly Investment Review reports located behind tab six which will be included in the official board packet. He began by informing the Board that all asset classes are in compliance with the investment policy. He reviewed the General Fund Investment Compliance Report, the Portfolio Summary-Short & Intermediate Term Investments, the Portfolio Summary-Long Term 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 6/30/20 Quarterly Investment Review as presented: Malavé. Second: Nguyen Chafey. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.

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

- 7 Sacramento Apartments- Preservation Revolving Loan Fund (PRLF) loan request (Tim Martinez).** Martinez (George Maestas gave the presentation due to bandwidth issues with Martinez' system). Maestas began his presentation with a request for a PRLF loan request in the amount of \$510,726, int rate 1.5%, 25 year affordability period for the Sacramento Apartments, located in Cloudcroft, NM. Sacramento is a rehabilitation of an existing 20-unit multifamily project with 19 units income restricted to households earning 50% or less of Area Median Income. One unit is a non-income producing manager's unit. Of the 19 income restricted units, 18 are currently subsidized under a USDA Rural Development rental assistance contract, renewed annually. Motion to approve the Sacramento Apartments - Preservation Revolving Loan Fund (PRLF) loan request as presented: Valdo. Second: Nguyen Chafey. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lt. Governor Howie Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.

**Lt. Governor joined the meeting 11:19 a.m.**

#### **Other**

- 8 Northern Regional Housing Authority (NRHA) Update (Izzy Hernandez/Gina Bell).** Hernandez explained that Bell would provide an update on NRHA due to concerns with their level of performance. He further reminded the Board that HUD is in the role of oversight and MFA works closely with HUD to obtain information as required per the 2009 Senate Bill 20. Bell provided an overview of the monthly updates located behind tab eight, which will become a part of the official board packet. The report provided information on how Northern Regional Housing Authority is progressing on 1) HUD's Action Plan 2) Audit Findings 3) Status of vacant units and 4) Directors Monthly Report. Non Action Item

**9 Servicing Expansion and Delinquency Update (Jeff Payne/Teresa Lloyd).** Payne and Lloyd provided the following information on the Servicing Expansion and Delinquency Update presentation. Payne began by focusing on MFA's Servicing Expansion project, insights into the selection of our current, hybrid subservicing relationship, resulting benefits and innovations, and the path forward to achieve a traditional subservicing relationship. Lloyd also provided the Board information on delinquency trends in MFA's subserviced portfolio, what is influencing delinquency, and efforts to address delinquencies. **Non Action Item**

**10 Rental Assistance Presentation (Rebecca Velarde).** Velarde explained that MFA staff has been closely monitoring the need for rental assistance during the COVID-19 pandemic and has been continually forecasting need in an ever-shifting environment. She discussed projected need, the factors that could affect future need and how MFA is addressing it. **Non Action Item**

**Other Board Items - Information Only**

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

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- FY2020 Quarterly Strategic Plan Update (Q3)

**Monthly Reports - No Action Required**

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

- Communications Department Reports

**Monthly Reports - No Action Required**

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

- Quarterly Board Report
- 

**Announcements and Adjournment - Confirmation of Upcoming Board Meetings.** Chair Reyes made reference to the list of upcoming Board of Directors meetings listed at the end of the agenda, stating that it has been decided that all remaining Board of Directors meetings through the end of the year will be held virtually due to the pandemic. He further stated that we would like to target the first in person meeting in January at Santa Fe in conjunction with the legislative session. If conditions change, we will meet earlier; however, if things aren't what we expect them to be, we'll continue to meet virtually until we all feel safe to meet in person.

There being no further business the meeting was adjourned at 12:33 p.m.

**Approved: September 16 , 2020**

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Chair, Angel Reyes

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Secretary, Isidoro Hernandez

Tab 1



# MEMO

**TO:** MFA Board of Directors

Through: Contracted Services Committee – September 8, 2020

Through: Policy Committee – August 18, 2020

**FROM:** Cooper Hall

**DATE:** September 16, 2020

**SUBJECT:** Request for Proposals for Trustee and Paying Agent Services

**Recommendation:** Staff recommends the approval of the Request for Proposals (RFP) for Trustee and Paying Agent Services for the proposed issuance of single family and multifamily mortgage revenues bonds or other obligations issued under stand-alone (“closed”) indentures. Responses will be due to MFA by October 21, 2020 and recommendations for award will be presented at the December Board meeting.

**Background:** MFA issued an RFP for Trustee and Paying Agent Services in October 2015. The contract was awarded to Bank of Albuquerque 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 December 31, 2020.

**Discussion:** MFA is recommending we issue an RFP for Trustee and Paying Agent Services. The term begins the date the Board approves the award and ends December 31, 2023 with two subsequent one-year extensions at the option of the Policy Committee.

The substantive changes to the RFP are related to a legal review of the RFP template by general counsel. Legal updates were made to language for governing law, indemnification and confidentiality. In addition, references were added as a scoring criterion for all professional services procurements. Updates were also made to better align the template with MFA’s policies and procedures manual. The scope of work, minimum, experience and capacity requirements are unchanged from the previous Trustee and Paying Agent Services RFP.

**Summary:** MFA issued an RFP for Trustee and Paying Agent services for stand-alone indentures in 2015. At that time, the Board selected Bank of Albuquerque to provide those services for three years and subsequently exercised the two available one-year extensions until December 31, 2020. The term of this RFP is for three years with two one-year extensions at the Policy Committee’s option. Staff recommends the approval of the Request for Proposal for Trustee and Paying Agent Services for single family and multifamily bonds issued under stand-alone indentures. Responses will be due to MFA by October 21, 2020. Awards will be made at the December Board meeting.

**New Mexico Mortgage Finance Authority  
Request for Proposals  
To Provide Trustee and Paying Agent Services**

**Part I: Background & General Information**

**Introduction**

The New Mexico Mortgage Finance Authority (“MFA”) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, NMSA Sections 58-18-1 to 27 for the purpose of financing affordable housing for low- and moderate-income New Mexico residents.

**Purpose**

The purpose of this Request for Proposals (RFP) is to solicit proposals, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified financial institutions by reason of their skill, knowledge, and experience are able to furnish professional corporate trustee and paying agent services to MFA in connection with its proposed issuance of single family and multifamily mortgage revenue bonds (the “Bonds”) or other obligations issued under stand-alone indentures approved by the MFA Board of Directors under separate, stand-alone (“Closed”) Indentures of Trust. (“Offerors”)

The MFA intends to issue and sell single family and/or multifamily bonds under Closed Indentures. The single family Bonds could be structured either as a traditional mortgage revenue bonds (“MRBs”) issued with serial, term, supersinker, and/or Planned Amortization Class bonds, pass through structures, or they may be similar to Collateralized Mortgage Obligations (“CMOs”). The single family bonds may be secured by mortgage backed securities (FNMA’s, FHLMC’s and GNMA’s), and/or by whole loans. The multifamily Bonds may be secured by mortgages or mortgage-backed securities and FHA insurance under the 542(c) Program. Taxable bonds may also be included for single family and multifamily bonds. Other obligations could include draw down facility bonds, notes or other short-term debt. Debt service will generally be monthly, quarterly or semi-annually. Redemptions may occur on non-debt service dates. The bonds may be sold for forward delivery.

Since July 2005, MFA has issued all its single family series under a General Indenture. However, MFA may issue pass through structure bonds under stand-alone indentures. MFA will choose the bond structure and indenture type that is most advantageous to the MFA. There is no guarantee that any or all single family bonds will be issued under a stand-alone indenture. Multi-family bond issues have historically been issued under a stand-alone indenture.

**Questions and Answers**

Questions pertaining to this RFP and application must be submitted via the MFA website at <http://www.housingnm.org/rfp>. Then under “Current RFP’s,” select “Trustee and Paying Agent Services RFP.” On the Trustee and Paying Agent Services RFP page, select the “Trustee and Paying Agent Services FAQs” link. Questions will be checked on a daily basis. The FAQ will open the day after the RFP issues September 17<sup>th</sup>, 2020 and will close on October 21<sup>st</sup>, 2020. To submit your questions, scroll down to the “Ask a question” section, enter your name, email address, and type your question in the “Question” box, type in the two (2) words in the CAPTCHA box and click on “Send my question”. MFA will make every attempt to answer questions within two (2) business days.

### **Proposal Submission**

Proposal submissions must be received no later than October 21<sup>st</sup>, 2020 at 4:00 p.m., Mountain Time. Proposals which are not received by this time will not be accepted.

Utilize one of the following methods for proposal submission:

Via E-mail: Send to [chall@housingnm.org](mailto:chall@housingnm.org) with a subject line of "Proposal to Furnish Trustee and Paying Agent Services." Hard copies are not required.

### **Proposal Tenure**

All proposals shall include a statement that the proposal shall be valid until contract award, but no more than ninety (90) calendar days from the proposal due date.

### **RFP Revisions and Supplements**

If it becomes necessary to revise any part of this RFP or if additional information is necessary to clarify any provision of this RFP, the revision or additional information will be posted on the MFA web site.

### **Incurred Expenses**

MFA shall not be responsible for any expenses incurred by an Offeror in responding to this RFP. All costs incurred by Offerors in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Offerors.

### **Cancellation of Requests for Proposals or Rejection of Proposals**

MFA may cancel this RFP at any time for any reason MFA and may reject all proposals (or any proposal) which are/is not responsive.

### **Offeror's Rights to Withdraw Proposal**

Offerors will be allowed to withdraw their proposals by submitting a written withdrawal request addressed to Cooper Hall.

### **Evaluation of Proposals, Selection and Negotiation**

Proposals will be evaluated by an Internal Review Committee made up of MFA staff using the criteria listed in Part II Minimum Qualifications and Requirements, Part III Services to be Performed, and Part IV Compensation, below, pursuant to the Evaluation Criteria and scoring shown in Part V, Evaluation Criteria. Final selection shall be made by the full Board of Directors.

MFA may provide Offerors whose proposals are reasonably likely, in MFA's discretion, to be selected, an opportunity to discuss and revise their proposals prior to award, for the purpose of obtaining final and best offers. Proposals shall be evaluated on the criteria listed in Part IV Evaluation Criteria, below.

The MFA Board of Directors shall select the Offeror(s) whose proposal(s) is/are deemed to be most advantageous to MFA to enter into contract negotiations with MFA. If a final contract cannot be negotiated, then MFA will enter into negotiations with the other Offeror(s). The agreed-upon draft final contract will then be referred to the Contracted Services Committee of the MFA Board of Directors for its review and recommendation, with final approval to be made by the full Board of Directors.

### **Interview**

If selected as a finalist, Offerors agree to provide MFA the opportunity to interview proposed staff members identified by the Internal Review Committee. The Internal Review Committee may request a finalist to provide an oral presentation of the proposal as an opportunity for the Internal Review Committee to ask questions and seek clarifications. All requests for interviews and oral presentations shall be made in MFA's sole discretion.

### **Award Notice**

MFA shall provide written notice of the award to all Offerors within ten (10) days of the date of the award. The award shall be contingent upon successful negotiations of a final contract between MFA and the Offeror(s) whose proposal(s) is/are accepted by MFA.

### **Proposal Confidentiality**

Offerors or their representatives shall not communicate with MFA's Board of Directors or staff members regarding any proposal under consideration or that will be submitted for consideration, except in response to an inquiry initiated by the Internal Review Committee, or a request from the Board of Directors, or its Contracted Services Committee / Finance Committee for a presentation and interview. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of the Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, including any period immediately following release of the RFP.

MFA will not disclose, discuss or otherwise make available the contents of any proposal to competing or potential Offerors prior to the expiration of the protest period, which in the event a protest is presented, shall not occur until after final determination by the Board of Directors.

### **Irregularities in Proposals**

MFA may waive technical irregularities in the form of proposal of any Offeror selected for award which do not alter the price, quality or quantity of the services offered. Note especially that the date and time of proposal submission as indicated herein under "Part I Background and General Information, Proposal Submission" cannot be waived under any circumstances.

### **Responsibility of Offerors**

If an Offeror who otherwise would have been awarded a contract is found not to be a Responsible Offeror, a determination that the Offeror is not a Responsible Offeror, setting forth the basis of the finding, shall be prepared and the Offeror shall be disqualified from receiving the award. A Responsible Offeror means an Offeror who submits a proposal that conforms in all material respects to the requirements of this RFP and who has furnished, when required, information and data to prove that his financial resources, facilities, personnel, reputation and experience are adequate to make satisfactory delivery of the services described in this RFP. The unreasonable failure of an Offeror to promptly supply information in

connection with an inquiry with respect to responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

### **Protest**

Any Offeror who is aggrieved in connection with this RFP or the award of a Contract pursuant to this RFP may protest to the MFA. The protest must be written and addressed to:

Cooper Hall, Financial Analyst  
New Mexico Mortgage Finance Authority  
344 Fourth Street S.W.  
Albuquerque, New Mexico 87102

Or:

chall@housingnm.org

The protest must be submitted to MFA within five (5) business days after the notice of award. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five (5) business days of notice of protest. The protest process shall be:

- ◆ The protest will be reviewed by the Contracted Services Committee of MFA's Board of Directors, and that committee shall make a recommendation to the full Board of Directors regarding the disposition of the protest.
- ◆ The Board of Directors shall make a final determination regarding the disposition of the protest, which determination shall not be subject to appeal.

Offerors or their representatives shall not communicate with MFA Board of Directors or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the Board of Directors, until the protest period has expired, which if there is a protest shall not expire until final determination by the Board of Directors. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, which remains in effect until the expiration of the protest period, or does not follow the prescribed proposal and protest process.

### **Confidential Data**

Offerors may request, in writing, nondisclosure of confidential information which Offeror includes in its proposal. Such confidential information shall accompany the proposal but shall be readily separable from the proposal so as to facilitate public inspection of the non-confidential portions of the proposal. After the expiration of the protest period, which shall include final determination of any protest by MFA's Board of Directors, all proposals will be open to the public for inspection pursuant to MFA's Request to Inspect Documents Policy. Confidential information shall only include such information as is excepted under Section 14-2-1 NMSA 1978.

If MFA receives a request for inspection of its records which would require the disclosure of information identified by Offeror as confidential information, it will examine Offeror's request for confidentiality and make a written determination that specifies which portions of the proposal, including any information identified by Offeror as confidential information,

shall be disclosed. MFA will provide the Offeror with a written notice of determination which details which information MFA intends to disclose and the date it shall disclose such information.

## **Part II: Minimum Qualifications and Requirements**

Only those Offerors who meet the following minimum criteria are eligible to submit a proposal pursuant to this RFP:

1. All Offerors must be a corporation that is subject to federal supervision and audited by independent public accountants on an annual basis; and
2. All Offerors must have equity capital and surplus of at least \$75 million and/or \$500 million of assets under trust.
3. All Offerors must have experience as trustee and paying agent of state housing bond issues, including both single family and multifamily issues.
4. All Offerors must be able to provide monthly trust statements in electronic format at no extra cost.

Selected Offerors must also meet the following requirements:

5. Offeror shall provide a written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
6. Offeror shall provide a written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.
7. A Written certification that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Code of Conduct and MFA's Anti-Harassment Policy. A copy of MFA's Code of Conduct and MFA's Anti-Harassment Policy is posted on the MFA website for review at <http://www.housingnm.org/rfp>. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflict or potential conflicts of interest.
8. Offeror shall provide a written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

## **Part III: Services to be Performed**

Offerors may respond to this RFP to provide corporate trustee and paying agent services for MFA's proposed issuance of single family and multifamily mortgage revenue bonds or other obligations issued under stand-alone indentures approved by the MFA Board of Directors under separate, stand-alone ("Closed") Indentures of Trust.

As requested by MFA, professional Trustee and Paying Agent services required to be provided and to be incorporated into the contract to be awarded pursuant to this RFP include, but are not limited to, the following:

1. Account for required flows of funds, investments and yield tracking as required by each Indenture.
2. Be available, at no extra cost, to attend meetings of the MFA, bond closing, and to execute the Bonds. The Bond issues are anticipated to close in Albuquerque. Any travel and related expenses incurred for Bond issues not closing in Albuquerque would be reimbursed by the MFA in accordance with the MFA expense reimbursement policies and procedures set forth in its Policies and Procedures Manual;
3. Furnish, at no extra cost, current market information relating to the MFA's assets in trust;
4. Transact all receipts and disbursements under the resolution at no extra cost as directed by the MFA, including ACH and other electronic funds transfers, wire transfers and checks;
5. Reconcile and confirm cash balances, investments, and bonds outstanding, prepare and confirm bond redemption calculations, and monitor key dates and reporting requirements;
6. Provide, at no extra cost, redemption notices and other notices to Electronic Municipal Market Access ("EMMA") as required under the SEC's secondary market disclosure rules;
7. Provide all trust transaction information in electronic format. Train MFA staff on utilization of all electronic transaction and/or reporting systems at no extra cost. At a minimum, monthly trust statements must be provided in electronic format at no extra cost;
8. Furnish trust transaction balance information and/or annual trust statements to rebate analysts, financial advisors, bond underwriters, independent auditors or other interested parties as directed by the MFA at no extra cost;
9. Furnish the following on an annual basis within six months of fiscal year end at no extra cost: audited financial statements; Service Organization Control (SOC 1) Report, or equivalent information; most recent Community Reinvestment Act Examination Report, if applicable; credit rating report; results of Federal Reserve Dodd-Frank Act Stress Test, if applicable; and results of Federal Reserve Comprehensive Capital Analysis & Review, if applicable;
10. Respond to MFA electronic messages or telephone calls within 48 hours. Resolve any MFA questions within 5 business days unless MFA agrees via electronic message to a longer time period, and
11. Perform paying agent functions including disbursement of funds and payment of all bond interest and principal payments to The Depository Trust Company (DTC), any other successor depository or to bondholders in the event the services provided by DTC are discontinued for any reason.

#### **Part IV: Compensation**

Fee basis should be an all-inclusive, fixed fee based on completion of service. Offeror must also state in their submission how long the Offeror can hold the all-inclusive fixed fee for service with the minimum amount of time being three (3) years from the date of proposal and should address how increases will be negotiated. If selected, contracts with Offerors must reflect the all-inclusive, fixed fee for service. Billing on the project should occur on a frequency to be negotiated with successful Offeror(s) and will be based on proposed fixed fee for service.

## Part V: Evaluation Criteria

MFA shall award the contract for trustee and paying agent services to the Offeror whose proposal is most advantageous to MFA. Proposals that meet the Minimum Qualifications and Requirements shall be evaluated primarily on experience and fees. Proposals shall be scored on a scale of 1 to 100 based on the criteria listed below. Please note that a serious deficiency in any one criterion may be grounds for rejection regardless of overall score.

Criteria	Point Range	Maximum Points
1. Experience and Financial Capacity:  Offeror's skill, knowledge, experience and assets under management as noted in the experience and financial capacity section.	0-30	30
2. Capabilities and Responsiveness  Offerors proposal for delivering services, information technology structure, and responsiveness as noted in the capabilities and responsiveness section.	0-30	30
2. Fees:  Fee schedule for single family bonds (Exhibit A Part 1) Fee schedule for multifamily bonds (Exhibit A Part 2)	0-10 0-15	25
4. References	0-10	10
5. New Mexico Resident Business: Offeror is licensed to do business in New Mexico and the majority of Offeror's employees who would perform the services to be performed in New Mexico reside in New Mexico	0-5	5
<b>Maximum Points</b>	0-100	100

## Part VI: Proposal Format and Instructions to Offeror

Proposals submitted to MFA must, at a minimum, contain the following information and shall be organized as follows:

1. Letter of Transmittal – to include at least the following:
  - A. Name, address and telephone number of Offeror and name of contact person.
  - B. A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.
  - C. Date of proposal.

- D. A statement that the Offeror, if awarded the contract, will comply with the contract terms and conditions set forth in this RFP.
- E. A statement describing how long the Offeror can hold the fee schedules outlined in Exhibit A with the minimum being three (3) years from date of proposal.
- F. A statement that the Offeror's proposal is valid for ninety (90) days after the deadline for submission of proposals.
- G. Provide a statement that the Offeror is subject to federal supervision and indicate the oversight agency. Provide a statement that the Offeror is audited by independent public accountants on an annual basis and indicate the name of the current auditor.
- H. Provide a copy of the Offeror's most recent audited financial statement as a separate attachment. Please reference the page(s) which shows that the Offeror has equity capital and surplus of at least \$75 million and/or \$500 million of assets under trust.

2. Disclosure and Certifications – Offeror shall provide:

- A. A written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
- B. A written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.
- C. A Written certification that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Code of Conduct and MFA's Anti-Harassment Policy.
- D. A written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.
- E. A written certification that Offeror is eligible to participate in any and all federal- or state funded housing programs; is not currently facing disciplinary action by any federal, state or local entity; is not suspended, debarred or excluded from participation in any federal or state funded housing program; and is not listed as an excluded party (ies) on the System for Award Management's list of excluded parties accessed at [www.sam.gov](http://www.sam.gov); and has not been debarred by MFA.
- F. Location. Provide the location of the Offeror's main office and the location of the office where MFA's main contact person is located.

- G. Community Reinvestment Act. Provide a copy of the last Community Reinvestment Act (CRA) Examination document made available to the general public, if applicable, as a separate attachment.
- H. AICPA Service Organization Control SOC1 Report (formerly SAS 70 Report): Offeror must be able to provide the Report or equivalent information on an annual basis. Please attach your most recent Report or equivalent information to Offeror's response as a separate attachment.
- I. Discuss the Offeror's compliance with the Basel III tier 1 capital requirements.
- J. Provide a copy of the Offeror's latest rating agency report.
- K. Provide the most recent results of Offeror's Federal Reserve Dodd-Frank Act Stress Test and Comprehensive Capital Analysis & Review, if applicable. If not applicable, please explain.

### 3. Experience and Financial Capacity

- A. A description of [businesses, clients, state agencies, municipalities, local government, etc.] represented by or for which Offeror has [worked, performed services, etc.] currently or in the last ten years.
- B. Names and Resumes. Provide the names and resumes of the lead contact and other key personnel, including support staff, to be assigned to the account. Resumes describing the qualifications of personnel to be utilized in the performance of this contract must show, at a minimum, the person's name, education, location, position, and total years and types of experience relevant to the performance of the contract.
- C. Trustee's Counsel. The name of the attorney and firm intended to be used as trustee's counsel. All operational questions requiring legal work will be directed to the MFA. In most cases the MFA will ask its own legal counsel to perform any necessary research.
- D. Assets Under Management.
  - i. Provide the total amount of assets under corporate trust and the amount of assets under corporate trust for state/local single family housing bond issues and multifamily bond issues.
  - ii. Provide a description of experience and services performed as trustee and paying agent for state/local single family housing bond issues and multifamily bond issues. For single family housing bond issues indicate your experience with pass through bond structures, MRBs, CMOs. For multifamily housing bond issues indicate your experience with 542(c) and conduit issues.

### 4. Capabilities and Responsiveness

- A. Offeror's proposal for delivering services, including organization of responsibilities, work plan, approach, and the availability of personnel for consultation, discussion and coordination with staff, and for travel both within and outside New Mexico, as necessary, to serve the needs of MFA.
- B. Operations. A description of back-office procedures, equipment and software, detailing the Offeror's capability to account for bond activity, ability to deliver responsive, quality services, and the availability of personnel for consultation and discussion as necessary to serve the needs of the MFA.

- C. Report and Electronic Information. Describe the trustee and paying agent month-end and annual reports. Provide sample reports in an appendix of the Offeror's reporting of transactions and period-end balances. Provide detail information about the availability of one-line electronic transaction and balance information and the ability to export such data, including the available export formats. Indicate how long the data is available electronically and what flexibility is availability for the data ranges used to download/export the data.
- D. Security Policies. Describe the security policies and procedures the Offeror has in place to protect MFA and bondholder records and assets. Provide details regarding the Offeror's procedures to detect and prevent fraud and unauthorized transactions.
- E. Disaster Recovery. Describe the Offeror's disaster recovery procedures for its trustee and paying agent function, the projected response time to catastrophic events, the frequency, extent and results of testing of these procedures. In the event of a disaster that required the Offeror to rely on these procedures, describe the impacts MFA would experience as a result.

## 5. Fees

- F. Two forms for fee proposals are attached to this RFP, one for single family issue fees, EXHIBIT A (Part 1) and one for multifamily issue fees, EXHIBIT A (Part 2). Offeror must submit both forms. They must be sent to the MFA with your proposal. Please note that Offeror's proposed aggregate set-up fee and proposed annual fee must include all charges for Offeror's services, costs and expenses, and New Mexico gross receipts tax. In addition, include Offeror's other fees and/or costs charged in the event of default or extraordinary events. The MFA will not pay Offeror any amount in excess of Offeror's proposed fees.
  - i. Offeror must give MFA at least a three (3) year commitment on the rate schedule offered. The contract may be extended for two, one (1) year periods at the option of the MFA Board. Provide information regarding the Offeror's policy about increasing the proposed fees in Exhibit A (Part 1) and Exhibit A (Part 2) during the duration of a transaction, upon the expiration of the Contract Term.
  - ii. Offeror must absorb the cost of familiarizing itself with MFA programs, policies and procedures, rules, regulations and past bond issues. Program documents and any other relevant information shall be made available for Offeror's review at MFA's office in Albuquerque. MFA will not pay for such work. Indicate how much time Offeror expects to devote to familiarizing itself with MFA programs, policies and procedures, rules, regulations and provide a timetable for doing so.
  - iii. Offeror is required to submit itemized billing statements one week prior to the close of a bond issue.

## 6. References

- A. Offeror shall provide at least three references for Offeror's work as trustee and paying agent on single family mortgage revenue bond issues, and three references for work as Trustee on multifamily housing revenue bond issues. References must be for clients managed by the Offeror's representatives that would be assigned to the MFA account.

B. MFA shall provide the form attached hereto as **Exhibit B** to all references.

7. New Mexico Resident Business

A. Evidence that the Offeror is licensed to do business in Mexico.

B. Representation that the majority of Offeror's employees who would perform the services to be performed reside in New Mexico.

8. Please provide any other relevant information which will assist MFA in evaluating Offeror's ability to provide trustee and paying agent services to MFA.

**Part VII: Principal Contract Terms and Conditions**

In addition to the terms respecting the services to be performed and compensation described above, the contract between MFA and the successful Offeror (herein "Contractor") shall include, but may not be limited to, terms substantially similar to the following:

Contract Term

The term of the trustee and paying agent Contract shall begin the date the MFA Board of Directors approves the award and ends December 31, 2023. At the option of the Policy Committee, the contract may be extended for two, one (1) year periods under the same terms and conditions. There will be a transition period for matters in process at the beginning and the end of the contract term.

Hold Harmless and Indemnification. Offeror shall indemnify, defend, and hold harmless MFA and the State of New Mexico, its officers, directors, agents, employees, successors and permitted assigns (each, a "MFA Indemnitee") from and against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including attorneys' fees, that are incurred by a MFA Indemnitee (collectively, "Losses") arising out of or related to any third party claim alleging (i) breach or non-fulfillment of any provision of this Agreement by Offeror or Offeror's personnel; (ii) any negligent or more culpable act or omission of Offeror or Offeror personnel, including any reckless or willful misconduct, in connection with the performance of Offeror's obligations under this Agreement; (iii) any bodily injury, death of any person, or damage to real or tangible, personal property resulting from willful, fraudulent, or negligent acts or omissions of Offeror or Offeror personnel, or (iv) any failure by Offeror or its personnel to comply with any applicable federal, state or local laws, regulations, or codes in the performance of its obligations under this Agreement. Offeror shall further defend, indemnify, and hold harmless the MFA Indemnitees from and against any and all claims that any of the Services or deliverables or MFA's receipt or use thereof infringes any intellectual property right of a third party.

Assignment/Change in Key Contractor Personnel

Contractor shall not assign or transfer any interest in the contract or assign any claims for money due or to become due under the contract (except as security for a bank loan in its ordinary course of its business) without the prior written approval of MFA. Any change to key Contractor personnel, including lead and other attorneys assigned to the contract, shall require prior written notice to and approval by MFA, and amendment to the contract to reflect the change in assigned Contractor personnel.

Permitted Subcontractors. Offeror shall obtain MFA's written approval, which approval shall be given in MFA's sole discretion, prior to entering into any agreements with or otherwise engaging any person, including all subcontractors, other than Offeror's employees, to provide any Services to MFA (each such approved subcontractor or other third party, a "Permitted Subcontractor"). MFA's approval shall not relieve Offeror of its obligations under the Agreement, for any reason, including but not limited to Permitted Subcontractor's bankruptcy, insolvency, or other inability to perform the services required under any subcontract, an Offeror shall remain fully responsible for the performance of each such Permitted Subcontractor and its employees and for their compliance with all of the terms and conditions of this Agreement as if they were Offeror's own employees. Nothing contained in this Agreement shall create any contractual relationship between MFA and any Permitted Subcontractor or supplier. Offeror shall require each such Permitted Subcontractor to be bound in writing by the confidentiality and intellectual property assignment provisions of this Agreement.

Records. Maintain complete and accurate records relating to the provision of the Services under this Agreement, including records of the time spent and materials used by Offeror in providing the Services in such form as MFA shall approve. During the Term and for a period of two years thereafter, upon MFA's written request, Offeror shall allow MFA or MFA's representative to inspect and make copies of such records and interview Offeror personnel in connection with the provision of the Services. MFA shall have the right to audit bills submitted to MFA under this Agreement both before and after payment. Payment under this Agreement shall not foreclose the right of MFA to recover excessive and/or illegal payments.

Payment. Payment shall be made to Offeror at the times, and in the amounts, that shall be set forth in a Service Agreement between MFA and Offeror.

Insurance. Offeror shall procure and maintain at its expense until final payment by MFA for Services covered by this Agreement, insurance in the kinds and amounts hereinafter provided with insurance companies authorized to do business in the state of New Mexico, covering all operations under this Agreement, whether performed by the Offeror or its agents. Before commencing the Services, and on the renewal of all coverages, the Offeror shall furnish to MFA a certificate or certificates, providing for not less than thirty (30) days' notice to MFA of non-renewal or cancellation, in form satisfactory to MFA showing that it has complied with this Sub-Section. Various types of required insurance may be written in one or more policies. With respect to all coverages required other than workers' compensation, MFA shall be named an additional insured. Kinds and amounts of insurance required are as follows:

- i. Commercial General Liability insuring the activities of Offeror under this Agreement with limits no less than \$750,000 per occurrence and \$750,000 in the aggregate, and with a claim/aggregate deductible in an amount reasonable for a firm of Offeror's size and financial condition, in a form acceptable to MFA.
- ii. Professional Liability covering all liabilities and risks inherent in Offeror's performance of the services required under this Agreement, with limits no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate and with a claim/aggregate deductible in an amount reasonable for a firm of Offeror's size and financial condition, in a form acceptable to MFA.

Equal Opportunity Data. The Offeror will maintain data relative to "Equal Opportunity" as related to Minority Business Enterprises ("MBE") and Women Business Enterprises ("WBE"). At a minimum, such data shall include the number and dollar value of MBE/WBE contracts and subcontracts awarded. This data is required to be reported to MFA annually in the format prescribed MFA and is due to MFA each year at a time to be determined by MFA in its sole discretion.

Termination. If, in the judgment of MFA, the Offeror, for any cause, fails or omits to carry out the Work in an acceptable manner MFA may give notice in writing of such failure or omission and of a reasonable time within which to cure the deficiency. The Successful Offeror shall take corrective measures within

such time. The Successful Offeror's failure to comply with such notice and to cure the deficiency as provided in the notice shall subject this Agreement to immediate termination by MFA. In the event of a for-cause termination, MFA shall terminate this Agreement by delivering to Architect a written notice of termination. The effective date of termination shall be the date stated in the notice or, if no date is stated, then the date of delivery of the notice. Upon such termination, Successful Offeror shall deliver to MFA all design plans, construction estimates, drawings, documents, survey books, and all other materials developed under this Agreement. MFA shall then have the right to retain the services of other design professionals to complete Successful Offeror's Work under this Agreement, and shall have no obligation to seek bids for that replacement design professional(s). The cost of completing Successful Offeror's Work under this Agreement shall be paid for by applying the balance of the contract amount remaining on this Agreement at the time of termination. If the cost to complete the Work under this Agreement is less than the remaining contract amount, the remaining contract amount shall be paid to Successful Offeror. If the cost of completing the Work under this Agreement exceeds the contract amount, then Successful Offeror shall pay MFA for the difference between the contract amount and the cost to complete Successful Offeror's Work.

Termination for convenience of MFA. On fifteen (15) business day's written notice to Successful Offeror, MFA may terminate this Agreement in whole or in part for its own convenience in the absence of termination for cause or any default of Successful Offeror. In the event of a termination for convenience, MFA shall terminate this Agreement by delivering to Successful Offeror notice of termination without cause specifying the extent to which performance of Work under this Agreement is terminated and the date upon which such termination becomes effective. Within ten (10) calendar days of the effective date of termination, Successful Offeror shall deliver to MFA all design plans, construction estimates, drawings, documents, survey books and any or all other materials developed under this Agreement. Upon delivery of such notice, Successful Offeror shall have the right to receive payment for services satisfactorily performed to termination date, including reimbursement then due.

All Offerors must be in good standing with MFA and all other state and federal affordable housing agencies. For example, debarment from HUD, MFA or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior MFA or federally financed Projects on the part of any Offeror may result in termination of this Agreement.

Independent Offeror. The nature of the Offeror's and its staff's relationship to MFA will be that of an independent contractor, and the Offeror will not be deemed an agent, employee or servant of MFA. The compensation agreed upon by MFA and the Offeror will not be subject to withholding from taxes, F.I.C.A., or otherwise, and nothing in this Agreement burdens MFA with the duties of an employer concerning the Offeror and its staff under any state worker's compensation laws, state or federal occupational health and safety laws, or any other state or federal laws. The Offeror and its staff will not participate in any of the fringe benefits generally made available by MFA to its officers or employees. MFA will not provide the Offeror office space, clerical help, office supplies or the like except as mutually agreed to by MFA and the Offeror. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

Awards to Other Offerors. The Offeror shall not assign or transfer any rights, duties, obligations or interest in or to the proceeds of this Agreement without the prior written approval of MFA. If approved, any assignee will be subject to all terms, conditions and provision of this Agreement. No such approval by MFA of any assignment shall obligate MFA for payment of amounts in excess of the Program Funds. In accordance with 2 CFR 200.213, Offeror shall not make any awards or permit any award (subcontract or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible to participate in Federal assistance programs under Executive Order 12549 and 12689, "Debarment and Suspension."

Intellectual Property Rights; Ownership. MFA is, and shall be, the sole and exclusive owner of all right, title, and interest in and to the deliverables provided pursuant to the provision of the Services, including all Intellectual Property Rights therein. Offeror agrees, and will cause its Offeror personnel to agree, that with respect to any deliverables that may qualify as "work made for hire" as defined in 17 U.S.C. §101, such deliverables are hereby deemed a "work made for hire" for MFA. To the extent that any of the Deliverables do not constitute a "work made for hire", Offeror hereby irrevocably assigns, and shall cause the Offeror personnel to irrevocably assign to MFA, in each case without additional consideration, all right, title, and interest throughout the world in and to the deliverables, including all Intellectual Property Rights therein. The Offeror shall cause the Offeror personnel to irrevocably waive, to the extent permitted by applicable law, any and all claims such Offeror personnel may now or hereafter have in any jurisdiction to so-called "moral rights" or rights of droit moral with respect to the deliverables. Upon the request of MFA, Offeror shall, and shall cause the Offeror personnel to, promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist MFA to prosecute, register, perfect, or record its rights in or to any deliverables.

Confidential Information. Simultaneous herewith, Offeror shall enter into a Non-Disclosure Agreement with MFA under which Offeror shall agree Offeror will not, during the term of this Agreement, or thereafter, without the written consent of MFA, disclose to anyone, or use for Offeror's own account, any confidential information concerning the businesses or affairs of MFA. Offeror will retain all such knowledge and information respecting such confidential information in trust for the sole benefit of MFA. Upon termination of this Agreement, Offeror will deliver to MFA all writings relating to or containing confidential information or destroyed with destruction certified by the receiving Party.

Remedies. Offeror recognizes that irreparable injury would be caused by any breach of any of the provisions of this Agreement by Offeror. MFA, in addition to all other rights and remedies at law or equity as may exist in its favor, will have the right to enforce the specific performance of the provisions of this Agreement and to apply for injunctive relief against any act that would violate any such provisions. Offeror shall reimburse MFA for all costs and expenses, including reasonable attorney fees incurred by MFA by reason of Offeror's breach of this Agreement. Nothing herein shall be read to limit Offeror's remedies in the event of a breach of this Agreement by the MFA.

Licenses/Compliance with Laws and Regulations. Before the date on which the Services are to start, obtain, and at all times during the Term of this Agreement maintain, all necessary licenses and consents and comply with all relevant laws applicable to the provision of the Services.

Compliance with MFA Rules, Regulations and Policies. Comply with, and ensure that all Offeror personnel comply with, all rules, regulations, and policies of MFA that are communicated to Offeror in writing, including security procedures concerning systems and data and remote access thereto, building security procedures, and general health and safety practices and procedures.

Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico without giving effect to any choice or conflict of law provision or rule that would cause the application of laws of any jurisdiction other than those of the State of New Mexico. Any legal suit, action, or proceeding arising out of, or related to, this Agreement or the Services provided hereunder shall be instituted exclusively in the federal courts of the United States or the courts of the State of New Mexico in each case located in the city of Albuquerque and County of Bernalillo, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding.

## **New Mexico Mortgage Finance Authority**

### **Board Members**

Chair Angel Reyes – President, Centinel Bank in Taos  
Vice Chair – Derek Valdo – Chief Executive Officer, AMERIND Risk  
Treasurer Rebecca Wurzbarger – Strategic Planning Consultant  
Member Howie Morales – Lieutenant Governor, State of New Mexico  
Member Hector Balderas – Attorney General, State of New Mexico  
Member Tim Eichenberg – Treasurer, State of New Mexico  
Member Rosalyn Nguyen Chafey – Attorney

**Management**

Isidoro Hernandez, Executive Director  
Gina Hickman, Deputy Director of Finance & Administration  
Donna Maestas-De Vries, Deputy Director of Programs

**EXHIBIT A (Part 1)**  
**NEW MEXICO MORTGAGE FINANCE AUTHORITY**

**Single Family Program Series – Closed Indenture**

**Fee Proposal**

**I. Trustee and Paying Agent Fees.**

The successful Offeror shall furnish professional services as corporate trustee and paying agent in connection with the MFA's issuance of single family mortgage revenue bonds. The Bonds are to be sold periodically, possibly for forward delivery, under Closed Indentures which may total up to \$120,000,000 annually, not including other obligations. The Bonds could be structured as a traditional MRB issue with serial, term, and other bonds, pass through bond structures, or they may be similar to Collateralized Mortgage Obligations. Taxable bonds may also be included. Other obligations could include draw down facility bonds, notes or other short-term debt. The Bonds may be secured by mortgage-backed securities (FNMAs, FHLMCs and GNMA's), or by whole loans.

The trustee and paying agent fees may include an initial set-up fee and an annual fee based on the principal amount of bonds outstanding. The set-up fee should be bid assuming that the account structure will be the same in each series, although account structure may vary. **The annual fee bid should consider the fact that a minimum fee, if any, will be calculated based on the outstanding bond principal of the sum of all issues closed during each calendar year, and not of the separate issues.**

- A. Aggregate initial set-up fee for each series: This is a one-time aggregate fee payable at bond closing. The fee is to include all fees and disbursements of the trustee and paying agent and its' counsel, including New Mexico gross receipts tax, for review of documents, attendance at MFA meetings and conferences prior to bond closing, attendance at bond closing, initial certification and authentication of bonds at closing, and setting-up of trustee records, accounts and procedures.

PROPOSED AGGREGATE SET-UP FEE FOR EACH SERIES: \$\_\_\_\_\_

- B. Annual fee: This fee covers all the on-going fees of the trustee and paying agent and will be payable in semi-annual installments in arrears. The fee is to include all fees and disbursements of the trustee and paying agent and its' counsel, including New Mexico gross receipts tax, except fees and disbursements of trustee and paying agent's counsel incurred in connection with events of default or extraordinary events by the MFA under the bond resolution or indenture and rebate calculations. The fee schedule should be expressed in terms of basis points per \$1,000 of principal amount of each series of bonds outstanding.

PROPOSED ANNUAL FEE: \_\_\_\_\_ bp/\$1000

- C. Other fees: Fees and disbursements of trustee and paying agent's counsel incurred in connection with events of default or extraordinary events by the MFA under the bond resolution or indenture and rebate calculations. Please detail any other costs.

PROPOSED OTHER FEES: \$\_\_\_\_\_

**EXHIBIT A (Part 2)**  
**NEW MEXICO MORTGAGE FINANCE AUTHORITY**

**Multifamily Program Series – Closed Indenture**

**Fee Proposal**

**I. Trustee and Paying Agent Fees.**

The successful Offeror shall furnish professional services as corporate trustee and paying agent in connection with the MFA's issuance of multifamily mortgage revenue bonds. Taxable bonds may be included. The Bonds are to be sold periodically, possibly for forward delivery, under Closed Indentures which may total between \$3,000,000 and \$50,000,000 annually, not including short term refunding bonds. The Bonds may be secured by mortgage-backed securities or by whole loans.

The trustee and paying agent fees may include an initial set-up fee and an annual fee based on the principal amount of bonds outstanding. The set-up fee should be bid assuming that the account structure will be the same in each series, although account structure may vary. **The annual fee bid should consider the fact that a minimum fee, if any, will be calculated based on the outstanding bond principal of the sum of all issues closed during each calendar year ending, and not of the separate issues.**

- A. Aggregate initial set-up fee for each series: This is a one-time aggregate fee payable at bond closing. The fee is to include all fees and disbursements of the trustee and trustee's counsel, including New Mexico gross receipts tax, for review of documents, attendance at MFA meetings and conferences prior to bond closing, attendance at bond closing, initial certification and authentication of bonds at closing, and setting-up of trustee records, accounts and procedures.

PROPOSED AGGREGATE SET-UP FEE FOR EACH SERIES: \$ \_\_\_\_\_

- B. Annual fee: This fee covers all the on-going fees of the trustee and paying agent and will be payable in semi-annual installments in arrears. The fee is to include all fees and disbursements of the trustee and paying agent and its' counsel, including New Mexico gross receipts tax, except fees and disbursements of trustee and paying agent's counsel incurred in connection with events of default or extraordinary events by the MFA under the bond resolution or indenture and rebate calculations. The fee schedule should be expressed in terms of basis points per \$1,000 of principal amount of each series of bonds outstanding.

PROPOSED ANNUAL FEE: \_\_\_\_\_ bp/\$1000

- C. Other fees: Fees and disbursements of trustee and paying agent's counsel incurred in connection with events of default or extraordinary events by the MFA under the bond resolution or indenture and rebate calculations. Please detail any other costs.

PROPOSED OTHER FEES: \$ \_\_\_\_\_

## **EXHIBIT B**

### **ORGANIZATIONAL REFERENCE QUESTIONNAIRE**

The New Mexico Mortgage Finance Authority, as part of the RFP process, requires Offerors to submit at least three references from financial institutions, governmental entities, and/or mortgage servicers and at least one reference for whom [INSERT TYPE OF PROFESSIONAL SERVICE] has been provided as required within this document. The purpose of these references is to document Offeror's experience relevant to the scope of work in an effort to establish Offeror's responsibility. MFA will send the following reference form to each business reference listed in Offeror's proposal.

**TRUSTEE AND PAYING AGENT SERVICES RFP**

**ORGANIZATIONAL REFERENCE QUESTIONNAIRE FOR:**

This form is being submitted to your company for completion as a business reference for the company named above. This form is to be returned to the New Mexico Mortgage Finance Authority via facsimile or e-mail at:

Name: Cooper Hall  
Address: 344 4<sup>th</sup> St. SW  
Albuquerque, NM 87102  
Telephone: (505)767-2284  
Fax: (505) 243-3289  
E-mail: chall@housingnm.org

No later than October 21<sup>st</sup>, 2020 **4:00 p.m. Mountain Time** and must **NOT** be returned to the company requesting the reference.

For questions or concerns regarding this form, please contact the individual first named above.

Company providing reference:	
Contact name and title/position:	
Contact telephone number:	
Contact e-mail address:	
Description of services provided:	
Dates services provided (starting and ending):	

1. How would you rate the timeliness of work conducted and information requested?

\_\_\_\_\_ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

2. How would you rate how the work was planned and executed?

\_\_\_\_\_ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

3. How would you rate the knowledge and technical expertise demonstrated?

\_\_\_\_\_ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

4. How would you rate the value added to your organization through the Offeror's recommendations?

\_\_\_\_\_ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

5. With which aspect(s) of this Offeror's services are you most satisfied?

COMMENTS:

6. With which aspect(s) of this Offeror's services are you least satisfied?

COMMENTS:

7. Would you recommend this Offeror's services?

COMMENTS:

# Tab 2



## MEMORANDUM

**TO:** MFA Board of Directors

**Through:** *Contract Services – September 8, 2020*

**Through:** *Policy Committee – August 25, 2020*

**FROM:** Rylee Giffin, Program Manager

**DATE:** September 16, 2020

**SUBJECT:** 2020/2021 Linkages Program Award to New Service Providers

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### Recommendation

Staff recommends approval to establish partnerships with three new service providers for the Linkages Program. Two of the service providers are in Curry and McKinley counties respectively, which are areas not currently being served by the Linkages program. The third service provider will be taking over the Northern Regional Housing Authority (NRHA) contract in Taos county. \$234,247 was set aside from the 2020 Linkages award to fund the two new providers; staff also recommends approval to allocate this amount to these providers. The third new provider will be taking over the Taos county allocations in the amount of \$97,200.

### Background

The Linkages Program is funded by the state of New Mexico, Behavioral Health Service Division “BHSD”, Human Services Department “HSD”. Funding provides permanent, supportive housing to extremely low-income persons with a severe mental illness diagnosis who are homeless or at risk of becoming homeless. The designation of the service area is based on the availability and qualifications of local Housing Administrators “HA” and an HSD Certified Social Services Administrator “SSA” whose role is to oversee the provision of supportive services and help clients obtain and sustain permanent housing. Social services are provided as an integral part of mental health management.

Limited Source Procurement is used for services that are available from only one source, or when there are such a limited number of qualified sources for the procurement, as determined under the facts and circumstances of the procurement, that a competitive, sealed proposal procedure would be impractical. In New Mexico, there are a limited number of HA’s that qualify for funding under the Linkages Program. The program requires HA’s to have both rental voucher experience and a partnering arrangement with a Certified SSA. For this reason, staff recommends that funding be awarded to the selected qualified Housing Administrators on a yearly basis, through Limited Source Procurement. There are currently six

HA's administering the Linkages Program, which will be eight after approval of the new HA's presented in this memo. In June 2018, MFA's Board of Directors approved a request to allow for two, one-year renewal extensions to the contract requiring only Policy Committee approval for funding allocation; we are currently in the second extension year. The existing six HA's have already been awarded their funding for this year.

The Linkages program received an additional \$1,570,000 in program funds for the 20/21 program year for a total of \$2,940,000. Allocations to the six current service providers and MFA admin funds were approved at the August 18<sup>th</sup> PC meeting in the amount of \$2,470,526 to HA's, and \$235,200 in MFA admin funds. The remaining balance of \$234,274 will be awarded to the two service providers if this memo is approved. The additional funding presented MFA an opportunity to reach the underserved areas of the program. Two service providers located in underserved areas were identified, one in Curry county and the other in McKinley county; both have the capacity to run the Linkages program.

The Northern Regional Housing Authority is currently operating the linkages program in Taos County, however, because of capacity issues, they are unable to meet program requirements and have agreed to give up the program to another service provider. MFA reached out to an existing Emergency Homeless Assistance program (EHAP) service provider in the area and they agreed to take on the program.

The funding breakdown is as follows:

2020/2021 Funding Allocations	Amount
Linkages Existing Housing Administrator Award	\$2,470,526.00
New Housing Administrator Award	\$234,274
MFA Administrative Fee @ 8%	\$235,200.00
<b>Total</b>	<b>\$2,940,000.00</b>

### Discussion

MFA staff reached out to several services providers in the underserved areas of the Linkages program and received interest from Alianza for Curry county and The Supportive Housing Coalition (SHC) for McKinley county. These agencies are currently receiving funding from MFA for other programs; Alianza is a service provider for the Housing Opportunities for People with AIDS (HOPWA) program and SHC is a Continuum of Care (CoC) service provider. When it was determined that the Northern Regional Housing Authority could not continue as the Linkages housing provider in Taos county, MFA reached out to DreamTree, who receives MFA funding for the EHAP program.

Below is a description of each service provider.

**Alianza-** The Executive Director is Ryan Nix and his office is in Roswell (Chavez county). He and his staff travel to Curry county frequently for other programs they manage and is very comfortable working in Clovis. They are also a current provider for MFA's HOPWA program. The Curry county area's SSA will be "Behavioral Health Resources".

**The Supportive Housing Coalition-** The Executive Director is Steve Ross and they are based in Albuquerque and have an office in Gallup that is centrally located close to public transportation. The



facility also has a private meeting room that can be used to ensure client privacy. Additionally, Supportive Housing Coalition receives CoC match funding from MFA and has the desired qualifications to administer the program. The SSA for the area will be Presbyterian Medical Services in Gallup.

**DreamTree-** The Executive Director is Catherine Hummel and they are located in Taos. They have an experienced housing and management team, some of which have worked with the Linkages Program in the past. DreamTree has expressed great enthusiasm, and their staff resumes suggest strong experience with voucher programs, making them a very safe choice to take this program from NRHA.

The chart below shows the recommended allocations for the new Linkages HA's for the 2020-2021 program year.

Housing Administrator	Area Served	Recommended Award	Maximum # of Vouchers
Alianza	Clovis	\$93,737	12
Supportive Housing Coalition	Gallup	\$140,537	18
<b>Sub-Total of new agencies</b>		<b>\$234,274</b>	<b>30</b>
DreamTree-Replaces Northern RHA	Taos	\$97,200	12
<b>Grand Total</b>		<b>\$331,474</b>	<b>42</b>

The approved amounts from the August 18<sup>th</sup> PC Committee are as follows:

Agency	Area Served	New Award	New Maximum # of Vouchers
Bernalillo County Housing Department	Albuquerque, Sandoval	\$912,576	112
Mesilla Valley Community of Hope	Dona Ana, Luna	\$334,400	44
<b>To be given to DreamTree:</b> Northern Regional Housing Authority	Taos	\$97,200	12
San Juan County Partnership	San Juan	\$141,516	18
The Life Link	Santa Fe	\$837,954	78
Western Regional Housing Authority	Grant	\$146,880	24
MFA Admin	N/A	\$235,200	
<b>Total</b>		<b>\$2,705,726</b>	<b>288</b>



**Summary**

Staff recommends approval of three new Linkages service providers; Alianza to serve Curry county, the Supportive Housing Coalition to serve McKinley county and DreamTree to take over Taos county. Staff is also requesting approval to allocate \$234,274 to Alianza and The Supportive Housing Coalition and approval to reallocate \$97,200 from the Northern Regional Housing Authority to DreamTree if approved as a new service provider.

# Tab 3



# MEMO

TO: Board of Directors  
Via: Policy Committee (September 1, 2020)  
FROM: Kathryn Turner, Tax Credit Program Officer  
DATE: September 16, 2020  
RE: Bond Resolution – Refunding JLG North Apartments Projects

## **RECOMMENDATION:**

Staff requests approval of the attached Bond Resolution and Omnibus Amendment.

## **BACKGROUND:**

MFA received an application for 4% low income housing tax credits and \$9.65mm of tax exempt bond volume cap for the development of JLG North Apartments Projects (the "Project"), an existing 217 unit Project, including 212 rent restricted units located on separate sites. The specific properties of the Project include Cliffside I-III in the City of Gallup, Pinos Blancos I-II in the City of Bloomfield and Sandia Vista in the Town of Bernalillo. The developer is Community Preservation Partners, LLC ("CPP"), which is located in Irvine, CA. The owner of the project is JLG NM North 2017 LLLP, which consists of JLG Properties, LLC as the general partner and a WNC & Associates, Inc. entity (fund to be determined) as the limited partner. MFA previously issued tax exempt bonds in 2016 for Doña Ana 6, which is another rehabilitation project wherein CPP served as the developer.

The first "official action" required of MFA as the bond issuer is to adopt an Inducement Resolution communicating intent to issue bonds for a specific activity. An Inducement Resolution for the Project was adopted by the Board of Directors ("MFA Board") on January 24, 2018.<sup>1</sup> Staff then made application to the New Mexico State Board of Finance ("SBOF") for an allocation of private activity bond volume cap for the Project, and \$9,650,000 of volume cap was approved at their February 20, 2018 meeting. At the June 19, 2018 meeting of SBOF, MFA received an extension of the allocation expiration date from June 30, 2018 to December 31, 2018 due to the need to change the financing structure in response to a reduction in tax credit pricing and an increase in interest rates. Following this extension, Foothills Bank, the proposed private placement lender for the transaction, obtained approval to be a United States Department of Agriculture ("USDA") 538 lender, which would further improve the financing structure for the transaction. However, due to this change, it was again delayed. Thus, MFA requested SBOF approval of a carryforward

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<sup>1</sup> The MFA Board also approved Inducement Resolutions for those properties located in their central and south portfolios.

allocation of \$9,650,000 for the Project, and SBOF approved it at their December 18, 2018 meeting.<sup>2</sup> MFA approved the most recent bond resolution in June of 2019. Since then, the Project has been under construction and expects to place-in-service at the end of the year or the beginning of 2021. However, the bonds as issued mature on November 1, 2020, and the bonds cannot be retired until after the units place-in-service in order to be eligible for tax credits. The Project was granted their refunding request from SBOF on September 15, 2020.

#### **DISCUSSION:**

MFA staff has reviewed the proposed rehabilitation, including area market studies, wait lists, appraisals and the developer's pro forma spreadsheets, and has determined the proposed financing for the Project is financially feasible. The properties within the Project receive a subsidy through a Rental Assistance Agreement with USDA Rural Development. The Project operates at a stabilized occupancy rate, maintains wait lists, and will continue to satisfy a portion of the demand for low income units in their respective areas. The additional work to be performed is reasonable. The proposed bonds will be purchased by Foothills Bank. The Project is nearing completion, and this refunding, extension, and new Bond Resolution will ensure that the Project remains eligible for 4% tax credits at the close of construction.

#### **SUMMARY:**

Staff requests approval of the attached Bond Resolution for JLG NM North Apartment Projects in order to pursue issuance of up to \$9.65mm in tax exempt bonds that must close in October 2020 in order to maintain eligibility for tax credit allocation. Bond proceeds will fund the completion of the acquisition and rehabilitation of 217 units, including 212 rent restricted units, located on separate sites in the Cities of Gallup and Bloomfield and the Town of Bernalillo. Approval of this Bond Resolution will result in these properties remaining affordable for the next 30 years.

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<sup>2</sup> The State Board of Finance took similar actions for the central and south portfolios.....

CERTIFICATE REGARDING THE RESOLUTION  
OF THE AUTHORITY

I, the undersigned, Isidoro Hernandez, Executive Director of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on September 16, 2020, at which meeting a quorum was present and acting throughout; (ii) the annexed resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed resolution has not been altered, amended or repealed; and (iv) the annexed resolution is in full force and effect on the date of this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 16<sup>th</sup> day of September, 2020.

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Isidoro Hernandez,  
Executive Director  
New Mexico Mortgage Finance Authority

(SEAL)

BOND RESOLUTION  
Cliffside I Apartments  
Cliffside II Apartments  
Cliffside III Apartments  
Pinos Blancos I Apartments  
Pinos Blancos II Apartments  
Sandia Vista Apartments

RESOLUTION

A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE “AUTHORITY”) AUTHORIZING THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS MULTIFAMILY HOUSING REVENUE TAX-EXEMPT REFUNDING BONDS (JLG NORTH APARTMENTS PROJECTS) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$9,650,000 TO FINANCE THE COSTS OF THE MULTIFAMILY HOUSING PROJECTS SET FORTH BELOW BY REFUNDING CERTAIN OUTSTANDING SERIES OF BONDS AND TO PAY COSTS INCURRED IN CONNECTION WITH THE ISSUANCE OF BONDS, AND OTHER MATTERS RELATING THERETO.

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

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

WHEREAS, the Authority issued its Multifamily Housing Revenue Tax-Exempt Bonds (JLG North Apartments Projects) Series 2019 (the “Prior Bonds”) at the request of JLG Properties, LLC, a New Mexico limited liability company and general partner of JLG NM North 2017 LLLP, a New Mexico limited liability limited partnership (or an entity related to or affiliated therewith) (collectively, the “Borrowers” and each a

“Borrower”), in order to finance the acquisition, rehabilitation and equipping of each of the multifamily housing projects identified in Exhibit A attached hereto (collectively, the “Projects”); and

WHEREAS, the Borrower has requested that the Authority refund the outstanding principal amount of the Prior Bonds and issue, in one or more tax-exempt series, its Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG North Apartments Projects) Series 2020 (the “Bonds”) for the purpose of financing or refinancing the Projects;

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

WHEREAS, the Bonds shall be special limited obligations of the Authority payable solely from and secured by the proceeds, moneys, revenues, rights, interest and collections pledged therefor under the Trust Indenture (the “Indenture”) entered into between the Authority and BOKF, NA, as trustee (the “Trustee”), as amended by the Omnibus Amendment (the “Omnibus Amendment”), as presented to the Authority at this meeting; and

WHEREAS, the Omnibus Amendment will also amend the transaction documents entered into with respect to the Prior Bonds relating to the financing of the Projects.

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

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

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

Section 3. The Indenture, the Financing Agreement and the Tax Regulatory Agreements, as amended by the Omnibus Amendment (collectively, the “Authority Documents”) in substantially the forms presented to the Authority are in all respects authorized, approved and confirmed. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are hereby authorized to execute, attest, seal and deliver the Authority Documents in the forms and with substantially the same content as presented to the Authority for and on behalf of the Authority with such alterations, changes or additions as may be authorized herein.

Section 4. For the purpose of providing decent, safe and sanitary residential housing for low or moderate income persons within the State, all as authorized under the Act, the Authority shall issue the Bonds which shall be designated, unless otherwise provided by an officer of the Authority pursuant to Section 12 hereof, New Mexico Mortgage Finance Authority Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG North Apartments Projects) Series 2020 in an aggregate principal amount not to exceed \$9,650,000. The Bonds shall be issued only in fully registered form and shall have a maturity date of April 1, 2021 with an option to extend until July 1, 2021 for an additional extension fee due and payable at the date of the extension. The Bonds may be redeemed with available tax credit equity prior to maturity upon placement in service and closing of the Section 538 loan from the U.S. Department of Agriculture to the Borrower. The weighted average interest rate on the Bonds shall not exceed 5.90% per annum.

Section 5. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, tender and number shall be as set forth in the Indenture. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are hereby authorized to execute, attest and seal by facsimile the Bonds and to deliver the Bonds to the bond registrar for authentication.

Section 6. The appropriate officials of the Authority are hereby authorized to execute and deliver to the bond registrar the written order of the Authority for authentication and delivery of the Bonds in accordance with the provisions of the Indenture.

Section 7. The Bonds shall be sold to Foothills Bank (the "Purchaser") at a price not less than 100% of the principal amount thereof plus accrued interest, if any, in accordance with the provisions of the Bond Purchase Agreement, as amended by the Omnibus Amendment, (the "Bond Purchase Agreement") entered into among the Authority, the Purchaser and the Borrower. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are hereby authorized to execute and deliver the Bond Purchase Agreement in substantially the form presented to the Board at this meeting, for and on behalf of the Authority. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary are hereby authorized to specify and agree as to the interest rates and maturities of the Bonds for and on behalf of the Authority by the execution of the Bond Purchase Agreement and the Indenture, provided such terms are within the parameters set by this resolution.

Section 8. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are, and each of them is, hereby authorized to enter into an investment agreement or agreements ("Investment Agreement"), in form and substance satisfactory to such officer or to direct the Trustee to enter into an Investment Agreement.

Any and all proceeds of, and investment income attributable to, the Bonds may be loaned to or deposited from time to time pursuant to the Investment Agreement for the periods, and at the interest rates, specified therein.

Section 9. The appropriate officers of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary, are authorized to take all action necessary or reasonably required by the Bond Purchase Agreement to carry out, give effect to and consummate the transactions as contemplated thereby.

Section 10. Upon their issuance, the Bonds will constitute special limited obligations of the Authority payable solely from and to the extent of the sources set forth in the Bonds and the Indenture. No provision of this resolution or of the Bond Purchase Agreement, the Authority Documents, the Bonds or any other instrument, shall be construed as creating a general obligation of the Authority, or as creating a general obligation of the State or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Authority.

Section 11. The appropriate officials of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary are authorized to make any alterations, changes or additions in the Authority Documents, the Bonds, the Bond Purchase Agreement or any other document herein authorized or that may be made pursuant to the Act which may be necessary or desirable. In addition, to the extent that the mortgage loans to be made to the Borrower with proceeds of the Bonds are unable to be closed prior to the expiration of the volume cap allocations for the Bonds, as determined by the appropriate officials of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary, such appropriate officials of the Authority are authorized to make any alterations, changes or additions in the Authority Documents, the Bonds, the Bond Purchase Agreement or any other document herein as may be necessary or desirable to issue the Bonds prior to expiration of the volume cap allocations and invest the proceeds thereof in permitted investments as provided under the Indentures for a period of no more than a year until such Bonds can be refunded or remarketed and the proceeds thereof be used to make mortgage loans to the Borrower.

Section 12. The appropriate officials of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary, are hereby authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this resolution and the documents authorized and approved herein.

Section 13. After any of the Bonds are delivered by the Trustee to the Purchaser and upon receipt of payment therefore, this resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 14. Except as otherwise disclosed to the governing board of the Authority prior to the adoption of this resolution, no member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority herein.

Section 15. If any provisions of this resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this resolution.

Section 16. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 17. This resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE  
AUTHORITY THIS 16<sup>th</sup> DAY OF SEPTEMBER, 2020.

---

Chair

(SEAL)

ATTEST:

---

Executive Director

## EXHIBIT A

### PROJECTS

The Projects are described below:

1. Cliffside I-III Apartments consisting of a total of 107 units collectively:
  - a. Cliffside I Apartments located at approximately 602 Dani Drive, Gallup, New Mexico;
  - b. Cliffside II Apartments located at approximately 601 Dani Drive, Gallup, New Mexico; and
  - c. Cliffside III Apartments located at approximately 621 Dani Drive, Gallup, New Mexico;
2. Pinos Blancos I-II Apartments consisting of a total of 69 units collectively:
  - a. Pinos Blancos I Apartments located at approximately 512 West Blanco Boulevard, Bloomfield, New Mexico; and
  - b. Pinos Blancos II Apartments located at approximately 600 West Blanco Boulevard, Bloomfield, New Mexico; and
3. Sandia Vista Apartments located at approximately 492 Camino Don Tomas, Bernalillo, New Mexico, consisting of 41 units.

## **OMNIBUS AMENDMENT TO TRANSACTION DOCUMENTS**

THIS OMNIBUS AMENDMENT TO TRANSACTION DOCUMENTS (the “Amendment”) is made effective as of the [ ] day of October, 2020, by and among NEW MEXICO MORTGAGE FINANCE AUTHORITY (the “Issuer”), a public body politic and corporate, separate and apart from the State of New Mexico, constituting a governmental instrumentality, BOKF, NA (the “Trustee”), JLG NM NORTH 2017 LLLP, a New Mexico limited liability limited partnership (the “Borrower”), JLG PROPERTIES, LLC, a New Mexico limited liability company (the “Guarantor”), FOOTHILLS BANK, a division of Glacier Bank (the “Lender”), MUSSER ARCHITECTS, INC. (the “Architect”), and TOFEL DENT CONSTRUCTION, LLC, an Arizona limited liability company (the “General Contractor” and together with the Issuer, the Trustee, the Borrower, the Guarantor, the Lender and the Architect, the “Parties”).

### **PRELIMINARY STATEMENTS**

WHEREAS, the Parties entered into all or some of the documents listed in Exhibit A attached hereto (the “Transaction Documents”) in connection with the issuance by the Issuer of its \$9,650,000 New Mexico Mortgage Finance Authority Multifamily Housing Revenue Tax-Exempt Bonds (JLG North Apartments Projects) Series 2019 (the “Prior Bonds”) for the purpose of financing the costs of the acquisition, rehabilitation and equipping of three multifamily residential projects located in McKinley County, San Juan County and Sandoval County, New Mexico (collectively, the “Projects”);

WHEREAS, the Parties were unable to complete construction on the Projects and meet the initial maturity date of August 1, 2020, with the permitted automatic extension to November 1, 2020 (the “Initial Maturity Date”), as set forth in the Transaction Documents;

WHEREAS, the Issuer therefore wishes to refund the outstanding principal amount of the Prior Bonds and issue, in one or more tax-exempt series, its Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG North Apartments Projects) Series 2020 (the “Bonds”); and

WHEREAS, the parties desire to amend the Transaction Documents as set forth below.

**NOW, THEREFORE**, in consideration of the above and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to amend the Transaction Documents as follows:

### **AGREEMENT**

(a) Preliminary Statements. The preliminary statements set forth above are accurate, represent the intent of the parties hereto and are incorporated herein by reference.

(b) Amendments.

**(i) The following definitions are hereby deleted in their entirety from the Trust Indenture dated as of August 13, 2019 (the “Indenture”) between the Issuer and Trustee and replaced with the following:**

“Bonds” means the New Mexico Mortgage Finance Authority Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG North Apartments Projects) Series 2020 issued in the original aggregate principal amount of \$9,650,000.

“Closing Date” means the date on which the Bonds are delivered to the Initial Purchaser, being October [ ], 2020.

“Extension Fee” means 0.25% of the principal amount of the Bonds to be paid by the Borrower to the Bondowner Representative on the initial maturity of April 1, 2021 for the Bonds in order to extend the maturity thereof for three additional months to July 1, 2021.

“Payment Date” means the first day of each month, commencing on October 1, 2020.

**(ii) All references in the Transaction Documents to the Bonds are hereby amended to reference the Bonds as defined herein.**

**(iii) All references in the Transaction Documents to the Initial Maturity Date as defined herein are hereby modified to reflect a maturity date of April 1, 2021 with a permitted automatic extension to July 1, 2021 for an additional Extension Fee (the “Maturity Date”). The Bonds may be redeemed with available tax credit equity prior to the Maturity Date upon placement in service and closing of the Section 538 loan from Rural Development to the Borrower.**

**(iv) Sections 3.1(a)(iv) and 3.2 of the Indenture are hereby deleted in their entirety and replaced with the following:**

Section 3.1(a)(iv) Extraordinary Mandatory Redemption. The Bonds are subject to extraordinary mandatory redemption in whole on any Business Day during the period commencing on April 1, 2021 through and including July 1, 2021, from loan proceeds to be received from a lender to provide permanent financing for the Projects, and together with sufficient capital contributions from tax credit equity investor, at the direction of the Bondholder Representative, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest.

Section 3.2(i) Optional Redemption. The Bonds are subject to redemption, at the option of the Borrower, prior to their stated maturity, in whole or in part, on any Payment Date at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date; provided, however that the Projects shall have been placed in service and all rehabilitation completed prior to such redemption, as evidenced to the Trustee by a certification from the Borrower.

**(v) The Specimen Bond relating to the Prior Bonds is hereby deleted in its entirety and replaced with Exhibit B hereto.**

(vi) **The Promissory Note relating to the Prior Bonds is hereby deleted in its entirety and replaced with Exhibit C hereto.**

(c) No Impairment. Except as expressly set forth herein, the terms and provisions set forth in the Transaction Documents and the certificates attached thereto or given in accordance therewith are unmodified and shall remain in full force and effect, and the Parties thereto hereby ratify and confirm such terms and provisions.

(d) Counterparts. This Amendment may be executed in counterparts. Each of the counterparts, when executed and delivered, shall be deemed an original and, taken together, shall constitute but one and the same instrument.

(e) Miscellaneous. This Amendment will be binding upon and will inure to the benefit of the parties hereto and to their respective successors and permitted assigns.

*[remainder of page intentionally left blank]*

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the first date written above.

**ISSUER**

**NEW MEXICO MORTGAGE FINANCE  
AUTHORITY**

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

**TRUSTEE**

**BOKF, NA, as Trustee**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to Omnibus Amendment –JLG North Apartments)

**BORROWER**

**JLG NM NORTH 2017 LLLP**, a New Mexico  
Limited Liability Limited Partnership

By: JLG Properties, LLC,  
a New Mexico limited liability company,  
its General Partner

By: \_\_\_\_\_  
Name: Jack L. Curry  
Title: Managing Member

(Signature Page to Omnibus Amendment –JLG North Apartments)

**GUARANTOR**

**JLG PROPERTIES, LLC**, a New Mexico limited liability company

By: \_\_\_\_\_  
Jack L. Curry, Managing Member

(Signature Page to Omnibus Amendment –JLG North Apartments)

**LENDER**

**FOOTHILLS BANK**, a division of Glacier Bank

By: \_\_\_\_\_

Name: Scott Fagin

Title: Executive Vice President

(Signature Page to Omnibus Amendment –JLG North Apartments)

**ARCHITECT**

**MUSSER ARCHITECTS, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to Omnibus Amendment –JLG North Apartments)

**GENERAL CONTRACTOR**

**TOFEL CONSTRUCTION, LLC, an Arizona  
limited liability company**

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

(Signature Page to Omnibus Amendment –JLG North Apartments)

Exhibit A

Transaction Documents

SEE ATTACHED

Exhibit B

**NEW MEXICO MORTGAGE FINANCE AUTHORITY  
MULTIFAMILY HOUSING REVENUE TAX-EXEMPT REFUNDING BOND  
(JLG NORTH APARTMENTS PROJECTS)  
SERIES 2020**

No. RA1-\_\_

\$9,650,000.00

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>
5.25%	April 1, 2021	October [ ], 2020

Registered Holder: Foothills Bank, a division of Glacier Bank

Principal Amount: NINE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS AND NO/100\*\*\*\*\*

The New Mexico Mortgage Finance Authority (the "Issuer"), a public body politic and corporate, separate and apart from the State of New Mexico (the "State"), constituting a governmental instrumentality, created and existing under the laws of the State, for value received, promises to pay to the Registered Holder specified above, or registered assigns, but only from the Trust Estate established under the Indenture described below, and upon presentation and surrender hereof at the payment office of the Trustee named below, the Principal Amount specified above as shall have been advanced to the Issuer as reflected by the Schedule of Drawings attached as Schedule A hereto (and as confirmed by the Trustee (as hereinafter defined) on the Schedule of Drawings maintained by the Trustee), on the Maturity Date specified above, or, if this Bond is to be redeemed or purchased as stated below, on a prior date on which it shall have been duly called for redemption or purchase, and to pay interest on said Principal Amount to the Record Date Holder hereof, as defined below, solely from the Bond Fund, until the Principal Amount is paid or discharged, at the Interest Rate(s) per annum specified in the Indenture. Interest shall accrue only on such Principal Amount as has been actually drawn by the Issuer, as reflected on the Schedule of Drawings attached hereto and as confirmed on the Schedule of Drawings maintained by the Trustee.

Interest hereon shall be calculated as set forth in the Indenture. Interest shall be payable on the first day of each month, commencing October 1, 2020 (each a "Payment Date"). This Bond shall bear interest from the Dated Date specified above or (in the case of transfer or exchange) from the most recent Payment Date to which interest has been paid or provided for. The "Record Date Holder" is the person in whose name this Bond is registered (the "Holder" hereof) in the Bond Register maintained by BOKF, NA, as Bond Registrar, or its successor, on: (a) the Business Day next preceding each Payment Date (the "Record Date"), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Payment Date, or (b) if there shall be a default in payment of interest due on such Payment Date, at the close of business on a date (the "Special Record Date") for the payment of such defaulted

interest established by notice mailed by the Trustee on behalf of the Issuer. Notice of the Special Record Date shall be mailed not less than 15 days before the Special Record Date, to the Holder at the close of business on the fifth Business Day preceding the date of mailing. Interest shall be payable by check or draft mailed to the Holder at his, her or its address as it appears on the Bond Register on the Record Date or the Special Record Date, as the case may be, except as otherwise provided in the Indenture. Notwithstanding the foregoing, any Holder of at least \$1,000,000 principal amount of any Bonds (or a lesser amount of such Bonds if such Bonds constitute all the Bonds at the time Outstanding), upon payment by the Holder of the cost of such wire transfer, may file with the Trustee acting as Paying Agent (the "Paying Agent") an instrument satisfactory to the Paying Agent requesting the amounts payable by the Paying Agent to such Holder be paid by transferring by wire transfer in immediately available funds, on the day such payment is due, the amount to be distributed to such Holder to a designated account maintained by such Holder at any bank in the United States. Notwithstanding the foregoing, all payments of principal of and interest on the Bonds payable on the final Maturity Date or on any date of redemption in whole shall only be payable upon presentation of the Bonds at the payment office of the Paying Agent. The principal of and interest and premium, if any, on this Bond are payable in lawful money of the United States of America.

The Bonds are issued under the provisions of and in full compliance with the Mortgage Finance Authority Act, consisting of Sections 58-18-1 through 58-18-27, inclusive, and Section 2-12-5, New Mexico Statutes Annotated, 1978, as amended (the "Act") and a resolution duly adopted by the Issuer pursuant to which this Bond is issued and which authorizes the execution and delivery of the Loan Agreement (as herein defined) and the Indenture. This Bond and the issue of which it is a part are limited obligations of the Issuer, and the principal and premium, if any, and interest thereon are payable solely and only from revenues, and other amounts derived by the Issuer from the Loan Agreement pledged and assigned by the Issuer to the Trustee under the Indenture to secure payment of the principal of, premium, if any, and interest on this Bond.

THE BONDS AND THE INTEREST THEREON ARE A LIMITED OBLIGATION OF THE ISSUER PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THE BONDS ARE NOT A DEBT OR OTHER OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW MEXICO, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW MEXICO. THE BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED THEREIN AND IN THE INDENTURE, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THE BONDS AGAINST ANY PAST, PRESENT, OR FUTURE OFFICER, DIRECTOR, MEMBER, EMPLOYEE OR AGENT OF THE ISSUER,

OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

All capitalized terms used in this Bond and not defined herein shall have the meaning ascribed thereto in the Indenture.

This Bond is one of a duly authorized issue of bonds of the Issuer, issued in the initial aggregate principal amount of \$9,650,000, known as the New Mexico Mortgage Finance Authority Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG North Apartments Projects) Series 2020 (the “Bonds”). The Bonds are issued in accordance with a Trust Indenture dated as of August 13, 2019, (the “Indenture”) between the Issuer and BOKF, NA, as trustee (the “Trustee”), setting forth the terms upon which such Bonds are issued, as amended by the Omnibus Amendment to Transaction Documents dated as of October [ ], 2020 by and among the Issuer, the Trustee, JLG NM North 2017 LLLP, a New Mexico limited liability limited partnership, (the “Borrower”) JLG PROPERTIES, LLC, a New Mexico limited liability company (the “Guarantor”), FOOTHILLS BANK, a division of Glacier Bank (the “Lender”), MUSSER ARCHITECTS, INC. (the “Architect”), and TOFEL DENT CONSTRUCTION, LLC, an Arizona limited liability company (the “General Contractor”) (the “Omnibus Amendment”). The Bonds are issued by the Issuer for the purpose of making a loan of the proceeds thereof (the “Loan”) to the “Borrower under the provisions of a Loan Agreement dated as of August 13, 2019, as amended by the Omnibus Amendment, (the “Loan Agreement”) among the Issuer, the Trustee, and the Borrower, to finance the acquisition, rehabilitation, and equipping of three multifamily residential rental housing facilities consisting of: (1) Cliffside I Apartments, Cliffside II Apartments and Cliffside III Apartments located in Gallup, McKinley County, New Mexico, (2) Pinos Blancos I Apartments and Pinos Blancos II Apartments located in Bloomfield, San Juan County, New Mexico and (3) Sandia Vista Apartments located in Bernalillo, Sandoval County, New Mexico (individually, each a “Project” and collectively, the “Projects”) and to pay certain costs of issuance. The Loan made to the Borrower relating to the Bonds is evidenced by a Promissory Note, as amended by the Omnibus Amendment, (the “Note”) from the Borrower to the Issuer and endorsed without recourse by the Issuer to the Trustee. The Borrower has agreed under the Note and the Loan Agreement to repay the Loan, together with interest thereon, in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same shall become due and payable.

Pursuant to the Indenture, the Issuer has assigned and pledged to the Trustee all revenues and receipts derived by the Borrower from the operation of the Project for the equal and ratable benefit of the Holders of the Bonds to secure the payment of principal of and interest and premium, if any, on the Bonds. Pursuant to the Mortgage, Assignment of Rents and Leases, Security Agreement and Financing Statements filed with respect to the Projects, as amended by the Omnibus Amendment (the “Mortgage”) dated as of August 13, 2019, and executed by the Borrower for the benefit of the Issuer, and assigned by the Issuer to the Trustee, the Borrower

has granted to the Trustee, for the equal and ratable benefit of the Holders of the Bonds, a lien on and a security interest in the Project and the rents and leases thereof.

Reference is hereby also made to the Loan Agreement, the Indenture and the Mortgage, including all supplements thereto, including the Omnibus Amendment, for a description of the property encumbered and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights of the Issuer, and the rights, duties and obligations of the Borrower, the Trustee, and the Holders of the Bonds, and the terms upon which the Bonds are issued and secured.

The Bonds are subject to redemption or purchase at the redemption prices or purchase prices and following such notice as set forth in the Indenture.

This Bond shall be governed by and construed in accordance with the laws of the State of New Mexico, without regard to the choice of law rules thereof.

The terms of this Bond are subject in all respects to the terms of the Indenture. If there is a conflict between the provisions of this Bond and the Indenture, the Indenture shall control.

THIS BOND SHALL NOT BE VALID OR BECOME OBLIGATORY for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Bond Registrar on the certificate of authentication endorsed hereon.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS OF THE ABOVE, New Mexico Mortgage Finance Authority, has caused this Bond to be signed in the name of the Issuer and in their official capacities by the manual or facsimile signatures of the Chair and Secretary of the Issuer, all as of the date stated above.

NEW MEXICO MORTGAGE FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Chair

Attest:

By: \_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and has been authenticated on this date: \_\_\_\_\_.

BOKF, NA, as Bond Registrar

By: \_\_\_\_\_

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_, the undersigned sells, assigns and transfers unto:

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated:\_\_\_\_\_

Signature:\_\_\_\_\_

NOTICE: The signature on this assignment must correspond with the name(s) of the Registered owner as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” that is a member of or a participant in a “signature guarantee program” (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program).

SCHEDULE A

SCHEDULE OF DRAWINGS

<u>Date of Draw</u>	<u>Amount of Draw</u>
October [ ], 2020	[\$ ]

Exhibit C

PROMISSORY NOTE

\$9,650,000

October [ ], 2020

FOR VALUE RECEIVED, JLG NM North 2017 LLLP, a New Mexico limited liability limited partnership, its successors and assigns (the “Borrower”), promises to pay to the order of the New Mexico Mortgage Finance Authority, a public body politic and corporate, separate and apart from the State of New Mexico (together with its successors and assigns, the “Lender”), the principal sum of not to exceed \$9,650,000 and equal to the aggregate amount of the Bond Proceeds Advances, payable as provided herein with a final maturity of April 1, 2021, with a permitted automatic extension to July 1, 2021 (the “Loan”), and interest accrued on the unpaid portion thereof from the date of the initial delivery of the Lender’s bonds designated its Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG North Apartments Projects) Series 2020 (the “Bonds”) as set forth below and payable on the dates and computed as described herein. All capitalized terms used and not otherwise defined in this Promissory Note (this “Note”) have the meanings given to those terms in the Trust Indenture, dated as of August 13, 2019, by and between the Lender and BOKF, NA, as Trustee (the “Trustee”) relating to the Bonds (the “Indenture”) as amended by the Omnibus Amendment to Transaction Documents dated as of October [ ], 2020 by and among the Lender, the Trustee, the Borrower, JLG PROPERTIES, LLC, a New Mexico limited liability company, FOOTHILLS BANK, a division of Glacier Bank, whose principal office is located in Washington, D.C., MUSSER ARCHITECTS, INC., and TOFEL DENT CONSTRUCTION, LLC, an Arizona limited liability company (the “Omnibus Amendment”) or the Loan Agreement, dated as of August 13, 2019 by and among the Lender, the Borrower and the Trustee, as amended by the Omnibus Amendment, unless the context or use clearly indicates a different meaning.

1. Issuance of Bonds to Fund Loan. This Note is executed and delivered in connection with the issuance of the Bonds and the Lender’s use of Bond proceeds to make the Loan in the amount of this Note. The Loan is evidenced by this Note and secured by the Mortgage and is otherwise evidenced and secured by the other Loan Documents. The Borrower acknowledges and agrees that upon the issuance of the Bonds the Lender intends to assign this Note to the Trustee, whereupon the Trustee shall for all purposes hereof become the “Lender” hereunder.

2. Payment.

a. Place and Time of Payment. Except as otherwise provided herein, the principal hereof (and premium, if any) and the interest hereon and all other amounts due hereunder shall be payable to the designated account of the corporation then acting as Trustee by 12:00 p.m. (noon) Mountain Time on the date such payment is due pursuant to the terms of this Note. All such payments shall be in immediately available funds or in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

b. Obligations Absolute. The obligations of the Borrower to make the payments required by and perform its other obligations under this Note shall be absolute and unconditional and shall not be subject to diminution by set-off, recoupment, counterclaim, defense, abatement or otherwise. The Borrower will not suspend or discontinue any payments, and will perform and observe all of its other agreements in this Note, and will not terminate this Note for any cause, including but not limited to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Mortgaged Property or the Borrower's business, the taking of the Mortgaged Property or the Borrower's business by condemnation or otherwise, the lawful prohibition of the Borrower's use of the Mortgaged Property or the Borrower's business, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Note, any Loan Document or the Indenture, the lack of right, power or authority of the Lender to enter into this Note, any Loan Document or the Indenture, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Lender or the Trustee, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or failure of any third party, including, but not limited to, the Lender, to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Note, or any Loan Document or the Indenture, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the payment of the amount owing under the Note and other amounts payable by the Borrower under the Loan Documents shall be paid in full when due without any delay or diminution whatever.

3. Interest. Except as provided in Sections 7 and 13, interest shall accrue on the unpaid principal of this Note until paid in full at a rate of 5.25% per annum, or in any event at an annual rate necessary to ensure that monthly payments of interest are sufficient to provide for payment of interest on the Bonds. The Borrower shall make monthly interest payments on this Note in amounts equal to monthly interest payments on the Bonds coming due on the next succeeding Payment Date. Interest shall be computed in the same manner as interest is computed on the Bonds.

4. Payment of Principal and Interest. The Borrower agrees to pay the principal of and interest on this Note as follows:

a. Primary Payment Obligation. The primary obligation of the Borrower under this Note is to pay amounts under this Note at the times and in the amounts necessary to pay all principal of, premium, if any, and interest on, the Bonds as they become due, whether at maturity, by acceleration, by optional or mandatory redemption or otherwise. In the event of any deficiency in the funds available under the Indenture for payment of principal of, premium, if any, or interest on the Bonds when due, the Borrower shall immediately pay the amount of the deficiency to the Trustee upon notice of the deficiency from the Lender or the Trustee. The Borrower shall be obligated to pay the deficiency regardless of the reason for the deficiency, including any deficiency resulting from any shortfall in payments made or to be made by the Borrower under this

Note, any loss due to a default under any investment held under the Indenture, a change in value of any such investment or otherwise.

b. Scheduled Principal Payments. The Borrower shall pay principal amounts equal to principal on the Bonds coming due on the next succeeding Payment Date.

c. Payments. Subject to Section 3, subsection 4(a) and subsection 4(b), the Borrower shall pay principal and interest on this Note in amounts equal to the principal and interest coming due on the Bonds on the next succeeding Payment Date, beginning on the twentieth (20<sup>th</sup>) day of the month after the month in which the Closing Date occurs and on the twentieth (20<sup>th</sup>) day of each calendar month thereafter (the “Note Payment Date”).

d. Payment at Maturity Date. Subject to subsection (a), the Borrower shall pay all unpaid principal of and interest on this Note on the earlier of April 1, 2021 (with a permitted automatic extension to July 1, 2021) or the date on which the unpaid principal balance of this Note becomes due, whether by acceleration or otherwise (“Maturity Date”). Any principal of this Note not paid on the Maturity Date shall continue to bear interest from the Maturity Date, as set out in Section 7, from and including the Maturity Date to, but excluding, the date on which such amounts are paid in full.

e. Receipt Date. For the purpose of calculating the amount of interest due under this Note, any regularly scheduled installment of principal of or interest on this Note that is received by the Lender before the date it is due shall be deemed to have been received on the due date. Nothing in this subsection (e) shall apply to a prepayment of this Note pursuant to Section 9.

f. Insurance Casualty or Condemnation. If prior to full payment of the Bonds (or provision for the full payment of the Bonds in accordance with the provisions of the Indenture) the Mortgaged Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, all or any portion of the Mortgaged Property shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Note to the extent the principal of this Note is not prepaid.

g. Credit for Payments. The Borrower shall receive a payment credit for an installment payment due under Section 4(c) of this Note if and to the extent that (i) the Indenture permits investment earnings in the Revenue Fund to be credited towards paying interest or principal on Bonds and, (ii) the Trustee applies such earnings to pay interest or principal on Bonds on such Payment Date. The foregoing shall not relieve the Borrower of its primary obligation to make the payments on this Note as and when due. Payments by the Borrower under this Note on any Note Payment Date shall not be credited against the principal amount of this Note unless and until such monies are applied to the payment of the principal amount of Bonds.

h. The Borrower's Continued Obligation in the Event of Any Disgorgement. Notwithstanding any payment by the Borrower under this Note or the occurrence of the Maturity Date, this Note shall not be extinguished or canceled, but shall remain in effect, and the Borrower's obligation to make payments under this Note shall continue until such time as all sums due under this Note have been paid in full.

5. Additional Obligations. The Borrower agrees to make the following payments:

a. Insurance and Taxes Escrow. The Borrower shall pay on each Note Payment Date an amount equal to one-twelfth (1/12) of the amount budgeted by the Borrower for annual premiums for insurance required to be maintained pursuant to the Loan Agreement and for real estate taxes or other charges for governmental service for the current year (except for utility charges).

b. Application of Payments. If at any time the Trustee receives, from the Borrower or otherwise, any amount applicable to this Note which is less than all amounts due and payable at such time, the Trustee may apply that payment to amounts then due and payable in the manner and in the order set forth in the Indenture. The Borrower agrees that neither the Trustee's acceptance of a payment from the Borrower in an amount that is less than all amounts then due and payable nor the Trustee's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

6. Default; Cross Default; Acceleration.

a. If (i) any payment due under Section 3, 4(a), 4(b) or 4(c) of this Note is not paid within three (3) days after payment is due, (ii) any payment due under this Note (other than payments specified in (i) above) is not paid when due, (iii) there is a default (beyond any applicable cure periods, if any) by the Borrower in the performance of any covenant or obligation by the Borrower contained in this Note, or (iv) an Event of Default shall have occurred, with respect to the Borrower, under any Loan Document, the Loan Agreement or the Indenture, then, in any of such events, the entire principal amount outstanding hereunder and accrued interest thereon shall at once become due and payable, in full or in part, at the written direction of the Lender. The Lender may exercise its option to accelerate during any default by the Borrower regardless of any prior forbearance.

b. Bondowner Representative & WNC Cure Rights. Notwithstanding anything herein to the contrary, if a default occurs hereunder and the Lender gives to the Borrower written notice (a "Default Notice") of such default, the Lender shall send a copy of such Default Notice to the Bondowner Representative and WNC Institutional Tax Credit Fund 44, L.P. at the same time and in the same manner that the Lender sends such notice to the Borrower. Such Default Notice shall state the duration of the cure period, if any, applicable to such default, and the Lender agrees to accept cure of such default from the Bondowner Representative or WNC Institutional Tax Credit Fund 44, L.P. to the same extent as cure of such default from the Borrower.

(1) With respect to a default consisting of a failure to pay money due under this Note, the Bondowner Representative and WNC Institutional Tax Credit Fund 44, L.P. shall have the option, but not the obligation, to pay or cause to be paid the sums necessary to cure such default within three (3) Business Days of the date of mailing of the Default Notice, and upon payment within such three Business Day period, such default shall be deemed cured.

(2) With respect to a default consisting of failure to perform non-monetary obligations under this Note, the Bondowner Representative and WNC Institutional Tax Credit Fund 44, L.P. shall have the option, but not the obligation, to cure such default within the applicable cure period specified in this Note, the Indenture or any other Loan Document.

(3) Unless a default should occur under this Note which is not cured by the Bondowner Representative or WNC Institutional Tax Credit Fund 44, L.P. within the time periods specified in subsection (1) or (2) above, as the case may be, the Lender, without the prior written consent of the Bondowner Representative, (A) shall not cause the principal and interest on this Note to be immediately due and payable, (B) shall not foreclose the lien of the Mortgage, (C) shall not release any part of the Mortgaged Property on which the Bondowner Representative may have a lien to secure obligations of the Borrower or its general partner or member to the Bondowner Representative, other than Permitted Encumbrances or (D) shall not terminate the Loan Documents or the Indenture or take any other actions or seek other remedies under the Loan Documents, the Indenture or otherwise.

7. Default Rate. So long as any monthly installment or any other payment due under this Note remains past due, interest shall accrue on the unpaid amount from the due date at the Default Rate or, if less, the maximum interest rate which may be collected from the Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. The Borrower also acknowledges that its failure to make timely payments will cause the Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment or other payment under this Note is delinquent, the Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on the Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. The Borrower also acknowledges that, during the time that any monthly installment or other payment due under this Note is delinquent, the Lender's risk of nonpayment of this Note will be materially increased and the Lender is entitled to be compensated for such increased risk. The Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses the Lender will incur by reason of the Borrower's delinquent payment and the additional compensation the Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

8. Liability; Recourse Loan.

a. The Borrower and its general partner are liable for the repayment of all of the obligations under this Loan Agreement, the Note and the Mortgage.

b. The Trustee may exercise its rights against the Borrower personally without regard to whether the Trustee has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to the Trustee under this Note, the Loan Agreement, the Mortgage, or applicable law. For purposes of this Section 8, the term "Mortgaged Property" shall not include any funds that (a) have been applied by the Borrower as required or permitted by the Mortgage prior to the occurrence of an Event of Default, or (b) the Borrower was unable to apply as required or permitted by the Mortgage because of a bankruptcy, receivership, or similar judicial proceeding.

9. Voluntary and Mandatory Prepayments.

a. Prepayment Premium. Any prepayment of the principal of this Note must result in a redemption of a corresponding amount of the Bonds. A redemption premium may be payable in connection with such redemption. If this Note is prepaid, the Borrower shall pay, in addition to the other amounts due under this Note, a prepayment premium equal to the premium, if any, due upon redemption of the corresponding Bonds as provided in the Indenture.

b. Timing of Credit of Payments as Prepayments. No payment to be applied as a prepayment (whether voluntary or mandatory) of principal of this Note shall be credited against the unpaid principal of this Note until the date on which Bonds in a like amount are redeemed or defeased pursuant to the Indenture. Until the Borrower's payment is credited as a prepayment, the amount of the intended prepayment shall continue to be unpaid principal of this Note and shall continue to bear interest to the date of prepayment.

c. Voluntary Prepayments. The Borrower may voluntarily prepay this Note in whole or in part only on a date when the Bonds may be optionally redeemed pursuant to the terms of the Indenture.

d. Conditions Precedent to Voluntary Prepayments. The right of Borrower to voluntarily prepay the principal of this Note, in whole or in part, as permitted by subsection (c) is subject to the satisfaction of the following conditions precedent:

(1) the Borrower has given written notice of such prepayment to the Lender and the Trustee at least thirty (30) days prior to the effective date of prepayment, which notice shall state the date of such prepayment and the amount of principal to be prepaid; and

(2) to initiate the prepayment, the Borrower has paid the amounts specified in subsection (g) not later than one (1) Business Day prior to the date

under the Indenture upon which the Trustee must have received such funds for such redemption.

e. Mandatory Prepayments. The Borrower shall be required to prepay the principal of this Note to the following extent and under the following circumstances:

(1) at any time the Bonds have been accelerated or called for redemption to the extent of the principal amount of such Bonds:

(2) at any time the Lender applies any collateral or other security to the repayment of any principal of this Note to the extent of the principal amount of such repayment; or

(3) at any time the Lender exercises its right of acceleration of this Note to the extent of the outstanding principal amount of this Note.

f. Amount of Partial Voluntary Prepayment. Any partial voluntary prepayment must be in an amount corresponding to the then applicable Authorized Denomination of the Bonds.

g. Borrower's Payment Obligation in Connection with a Prepayment. The Borrower shall pay, or cause to be paid, all of the following amounts in connection with any prepayment of this Note (whether voluntary or mandatory):

(1) the principal of the Note being prepaid;

(2) interest on the principal of the Note being prepaid to the effective date of prepayment as provided in subsection (b);

(3) to the extent not covered by the amount required in clause (2), interest payable on the Bonds to the date of redemption; and

(4) the redemption premium, if any, payable with respect to the redemption of the Bonds.

h. In the event of any permitted or required partial prepayment of the outstanding principal balance of this Note, the amount of each subsequent monthly installment shall be decreased to correspond with the revised payment schedule relating to the Bonds established pursuant to the Indenture such that the provisions of Section 3 and 4(b) are satisfied.

10. Costs and Expenses. The Borrower shall pay, not less than thirty (30) days after demand all reasonable expenses and costs, including reasonable fees and reasonable out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by the Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding

(including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

11. Forbearance. Any forbearance by the Lender in exercising any right or remedy under this Note, the Mortgage or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Lender of any security for the Borrower's obligations under this Note shall not constitute an election by the Lender of remedies so as to preclude the exercise of any other right or remedy available to the Lender.

12. Waivers. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting this Note are waived by the Borrower and all endorsers and guarantors of this Note and all other third-party obligors.

13. Loan Charges. If any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and the Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to the Lender in excess of the permitted amounts shall be applied by the Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower has been violated, all interest, as well as all other charges made in connection with the Loan that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

14. Commercial Purpose. The Borrower represents that the Loan is being incurred by the Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

15. Payment on Business Day; Counting of Days. If the specified date for any payment under this Note shall be a day other than a Business Day then such payment may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the specified date for such payment. Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

16. Governing Law. This Note shall be governed by the law of the jurisdiction in which the Mortgaged Property is located.

17. Captions. The captions of the Sections of this Note are for convenience only and shall be disregarded in construing this Note.

18. Notices. All notices, demands and other communications required or permitted to be given by the Lender to the Borrower pursuant to this Note shall be given in accordance with Section 12.1 of the Loan Agreement.

19. Consent to Jurisdiction and Venue. The Borrower agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in the jurisdiction in which the Mortgaged Property is located (the "Property Jurisdiction"). The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. The Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

20. Waiver of Trial by Jury. THE BORROWER, THE TRUSTEE AND THE ISSUER EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS LOAN AGREEMENT OR THE RELATIONSHIP AMONG THE PARTIES AS THE BORROWER, THE TRUSTEE AND THE ISSUER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

21. Successors and Assigns. The provisions of this Note, the Mortgage and all other Loan Documents shall be binding on the successors and assigns of the Borrower, including, but not limited to, any receiver, trustee, representative or other person appointed under foreign or domestic bankruptcy, receivership or similar proceedings of the Borrower, and any person having an interest in the Borrower.

22. Severability. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement of the Borrower contained in this Note shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Borrower to the full extent permitted by law.

IN WITNESS WHEREOF, the Borrower has signed and delivered this Note or has caused this Note to be signed and delivered by its duly authorized representative.

JLG NM NORTH 2017 LLLP, a New Mexico Limited Liability  
Limited Partnership

By: JLG Properties, LLC,  
a New Mexico limited liability company,  
its General Partner

By: \_\_\_\_\_  
Name: Jack L. Curry  
Title: Managing Member

Pay to the order of:

BOKF, NA, as Trustee, without recourse.

NEW MEXICO MORTGAGE FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Name: Angel Reyes  
Title: Chair

Dated as of \_\_\_\_\_, 2020

# Tab 4



# MEMO

TO: Board of Directors  
Via: Policy Committee (September 1, 2020)  
FROM: Kathryn Turner, Tax Credit Program Officer  
DATE: September 16, 2020  
RE: Bond Resolution – Refunding JLG South Apartments Projects

## **RECOMMENDATION:**

Staff requests approval of the attached Bond Resolution and Omnibus Amendment.

## **BACKGROUND:**

MFA received an application for 4% low income housing tax credits and \$9mm of tax exempt bond volume cap for the development of JLG South Apartments Projects (the “Project”), an existing 220 unit Project, including 215 rent restricted units located on separate sites. The specific properties of the Project include Franklin Vista I-V Apartments in the City of Anthony, Rio Mimbres I-II Apartments in the City of Deming and Columbus Apartments in the Village of Columbus. The developer is Community Preservation Partners, LLC (“CPP”), which is located in Irvine, CA. The owner of the project is JLG NM South 2017 LLLP, which consists of JLG Properties, LLC as the general partner and a WNC & Associates, Inc. entity (fund to be determined) as the limited partner. MFA previously issued tax exempt bonds in 2016 for Doña Ana 6, which is another rehabilitation project wherein CPP served as the developer.

The first “official action” required of MFA as the bond issuer is to adopt an Inducement Resolution communicating intent to issue bonds for a specific activity. An Inducement Resolution for the Project was adopted by the Board of Directors (“MFA Board”) on January 24, 2018.<sup>1</sup> Staff then made application to the New Mexico State Board of Finance (“SBOF”) for an allocation of private activity bond volume cap for the Project, and \$9,000,000 of volume cap was approved at their February 20, 2018 meeting. At the June 19, 2018 meeting of SBOF, MFA received an extension of the allocation expiration date from June 30, 2018 to December 31, 2018 due to the need to change the financing structure in response to a reduction in tax credit pricing and an increase in interest rates. On August 15, 2018, the MFA Board passed three Bond Resolutions, one for each property group of the Project; this approval was obtained when the deal was structured with the tax-exempt bonds as permanent financing. Following this approval, Foothills Bank, the proposed

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<sup>1</sup> The MFA Board also approved Inducement Resolutions for those properties located in their central and north portfolios.

private placement lender for the transaction, obtained approval to be a United States Department of Agriculture (“USDA”) Section 538 lender, which would further improve the financing structure for the transaction compared to utilizing the tax-exempt bonds during the permanent period. However, due to this change, closing was again delayed. Thus, MFA requested SBOF approval of a carryforward allocation of \$9,000,000 for the Project, and SBOF approved it at their December 18, 2018 meeting.<sup>2</sup> MFA approved the most recent bond resolution in June of 2019. Since then, the Project has been under construction and expects to place-in-service at the end of the year or the beginning of 2021. However, the bonds as issued mature on November 1, 2020, and the bonds cannot be retired until after the units place-in-service in order to be eligible for tax credits. The Project was granted their refunding request from SBOF on September 15, 2020.

#### DISCUSSION:

MFA staff has reviewed the proposed rehabilitation, including area market studies, wait lists, appraisals and the developer’s pro forma spreadsheets, and has determined the proposed financing for the Project is financially feasible. The properties within the Project receive a subsidy through a Rental Assistance Agreement with USDA Rural Development. The Project operates at a stabilized occupancy rate, maintains wait lists, and will continue to satisfy a portion of the demand for low income units in their respective areas. The additional work to be performed is reasonable. The proposed bonds will be purchased by Foothills Bank. The Project is nearing completion, and this refunding, extension, and new Bond Resolution will ensure that the Project remains eligible for 4% tax credits at the close of construction.

#### SUMMARY:

Staff requests approval of the attached Bond Resolution for JLG NM South Apartment Projects in order to pursue issuance of up to \$9 mm in tax exempt bonds that must close in October 2020 in order to maintain eligibility for tax credit allocation. Bond proceeds will fund the completion of the acquisition and rehabilitation of 220 units, including 215 rent restricted units, located on separate sites in the Cities of Anthony and Deming and the Village of Columbus. Approval of this Bond Resolution will result in these properties remaining affordable for the next 30 years.

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<sup>2</sup> The State Board of Finance took similar actions for the central and north portfolios.....

CERTIFICATE REGARDING THE RESOLUTION  
OF THE AUTHORITY

I, the undersigned, Isidoro Hernandez, Executive Director of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on September 16, 2020, at which meeting a quorum was present and acting throughout; (ii) the annexed resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed resolution has not been altered, amended or repealed; and (iv) the annexed resolution is in full force and effect on the date of this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 16<sup>th</sup> day of September, 2020.

\_\_\_\_\_  
Isidoro Hernandez,  
Executive Director  
New Mexico Mortgage Finance Authority

(SEAL)

BOND RESOLUTION  
Franklin Vista I Apartments  
Franklin Vista II Apartments  
Franklin Vista III Apartments  
Franklin Vista IV Apartments  
Franklin Vista V Apartments  
Rio Mimbres I Apartments  
Rio Mimbres II Apartments  
Columbus Apartments

RESOLUTION

A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE “AUTHORITY”) AUTHORIZING THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS MULTIFAMILY HOUSING REVENUE TAX-EXEMPT REFUNDING BONDS (JLG SOUTH APARTMENTS PROJECTS) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$9,000,000 TO FINANCE THE COSTS OF THE MULTIFAMILY HOUSING PROJECTS SET FORTH BELOW BY REFUNDING CERTAIN OUTSTANDING SERIES OF BONDS AND TO PAY COSTS INCURRED IN CONNECTION WITH THE ISSUANCE OF BONDS, AND OTHER MATTERS RELATING THERETO.

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

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

WHEREAS, the Authority issued its Multifamily Housing Revenue Tax-Exempt Bonds (JLG South Apartments Projects) Series 2019 (the “Prior Bonds”) at the request of JLG Properties, LLC, a New Mexico limited liability company and general partner of

JLG NM South 2017 LLLP, a New Mexico limited liability limited partnership (or an entity related to or affiliated therewith) (collectively, the “Borrowers” and each a “Borrower”), in order to finance the acquisition, rehabilitation and equipping of each of the multifamily housing projects identified in Exhibit A attached hereto (collectively, the “Projects”); and

WHEREAS, the Borrower has requested that the Authority refund the outstanding principal amount of the Prior Bonds and issue, in one or more tax-exempt series, its Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG South Apartments Projects) Series 2020 (the “Bonds”) for the purpose of financing or refinancing the Projects;

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

WHEREAS, the Bonds shall be special limited obligations of the Authority payable solely from and secured by the proceeds, moneys, revenues, rights, interest and collections pledged therefor under the Trust Indenture (the “Indenture”) entered into between the Authority and BOKF, NA, as trustee (the “Trustee”), as amended by the Omnibus Amendment (the “Omnibus Amendment”), as presented to the Authority at this meeting; and

WHEREAS, the Omnibus Amendment will also amend the transaction documents entered into with respect to the Prior Bonds relating to the financing of the Projects.

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

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

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

Section 3. The Indenture, the Financing Agreement and the Tax Regulatory Agreements, as amended by the Omnibus Amendment (collectively, the “Authority Documents”) in substantially the forms presented to the Authority are in all respects authorized, approved and confirmed. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are hereby authorized to execute, attest, seal and deliver the Authority Documents in the forms and with substantially the same content as presented to the Authority for and on behalf of the Authority with such alterations, changes or additions as may be authorized herein.

Section 4. For the purpose of providing decent, safe and sanitary residential housing for low or moderate income persons within the State, all as authorized under the Act, the Authority shall issue the Bonds which shall be designated, unless otherwise provided by an officer of the Authority pursuant to Section 12 hereof, New Mexico Mortgage Finance Authority Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG South Apartments Projects) Series 2020 in an aggregate principal amount not to exceed \$9,000,000. The Bonds shall be issued only in fully registered form and shall have a maturity date of April 1, 2021 with an option to extend until July 1, 2021 for an additional extension fee due and payable at the date of the extension. The Bonds may be redeemed with available tax credit equity prior to maturity upon placement in service and closing of the Section 538 loan from the U.S. Department of Agriculture to the Borrower. The weighted average interest rate on the Bonds shall not exceed 5.90% per annum.

Section 5. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, tender and number shall be as set forth in the Indenture. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are hereby authorized to execute, attest and seal by facsimile the Bonds and to deliver the Bonds to the bond registrar for authentication.

Section 6. The appropriate officials of the Authority are hereby authorized to execute and deliver to the bond registrar the written order of the Authority for authentication and delivery of the Bonds in accordance with the provisions of the Indenture.

Section 7. The Bonds shall be sold to Foothills Bank (the "Purchaser") at a price not less than 100% of the principal amount thereof plus accrued interest, if any, in accordance with the provisions of the Bond Purchase Agreement, as amended by the Omnibus Amendment, (the "Bond Purchase Agreement") entered into among the Authority, the Purchaser and the Borrower. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are hereby authorized to execute and deliver the Bond Purchase Agreement in substantially the form presented to the Board at this meeting, for and on behalf of the Authority. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary are hereby authorized to specify and agree as to the interest rates and maturities of the Bonds for and on behalf of the Authority by the execution of the Bond Purchase Agreement and the Indenture, provided such terms are within the parameters set by this resolution.

Section 8. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are, and each of them is, hereby authorized to enter into an investment agreement or agreements ("Investment Agreement"), in form and substance satisfactory to such officer or to direct the Trustee to enter into an Investment Agreement. Any and all proceeds of, and investment income attributable to, the Bonds may be loaned

to or deposited from time to time pursuant to the Investment Agreement for the periods, and at the interest rates, specified therein.

Section 9. The appropriate officers of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary, are authorized to take all action necessary or reasonably required by the Bond Purchase Agreement to carry out, give effect to and consummate the transactions as contemplated thereby.

Section 10. Upon their issuance, the Bonds will constitute special limited obligations of the Authority payable solely from and to the extent of the sources set forth in the Bonds and the Indenture. No provision of this resolution or of the Bond Purchase Agreement, the Authority Documents, the Bonds or any other instrument, shall be construed as creating a general obligation of the Authority, or as creating a general obligation of the State or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Authority.

Section 11. The appropriate officials of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary are authorized to make any alterations, changes or additions in the Authority Documents, the Bonds, the Bond Purchase Agreement or any other document herein authorized or that may be made pursuant to the Act which may be necessary or desirable. In addition, to the extent that the mortgage loans to be made to the Borrower with proceeds of the Bonds are unable to be closed prior to the expiration of the volume cap allocations for the Bonds, as determined by the appropriate officials of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary, such appropriate officials of the Authority are authorized to make any alterations, changes or additions in the Authority Documents, the Bonds, the Bond Purchase Agreement or any other document herein as may be necessary or desirable to issue the Bonds prior to expiration of the volume cap allocations and invest the proceeds thereof in permitted investments as provided under the Indentures for a period of no more than a year until such Bonds can be refunded or remarketed and the proceeds thereof be used to make mortgage loans to the Borrower.

Section 12. The appropriate officials of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary, are hereby authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this resolution and the documents authorized and approved herein.

Section 13. After any of the Bonds are delivered by the Trustee to the Purchaser and upon receipt of payment therefore, this resolution shall be and remain

irrepealable until the principal of, premium, if any, and interest on the Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 14. Except as otherwise disclosed to the governing board of the Authority prior to the adoption of this resolution, no member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority herein.

Section 15. If any provisions of this resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this resolution.

Section 16. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 17. This resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE  
AUTHORITY THIS 16<sup>th</sup> DAY OF SEPTEMBER, 2020.

---

Chair

(SEAL)

ATTEST:

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Executive Director

## EXHIBIT A

### PROJECTS

The Projects are described below:

1. Franklin Vista I-V Apartments consisting of a total of 136 units collectively:
  - a. Franklin Vista I Apartments located at approximately 820 Hettinga Lane, Anthony, New Mexico,
  - b. Franklin Vista II Apartments located at approximately 840 Hettinga Lane, Anthony, New Mexico,
  - c. Franklin Vista III Apartments located at approximately 825 Hettinga Lane, Anthony, New Mexico,
  - d. Franklin Vista IV Apartments located at approximately 705 Curry Court, Anthony, New Mexico,
  - e. Franklin Vista V Apartments located at approximately 505 Curry Court, Anthony, New Mexico;
2. Rio Mimbres I-II Apartments consisting of a total of 60 units collectively:
  - a. Rio Mimbres I Apartments located at approximately 400 West Florida Street, Deming, New Mexico; and
  - b. Rio Mimbres II Apartments located at approximately 1608 South Tin Street, Deming, New Mexico; and
3. Columbus Apartments located at approximately 60 Botanico Avenue, Columbus, New Mexico, consisting of 24 units.

## **OMNIBUS AMENDMENT TO TRANSACTION DOCUMENTS**

THIS OMNIBUS AMENDMENT TO TRANSACTION DOCUMENTS (the “Amendment”) is made effective as of the [ ] day of October, 2020, by and among NEW MEXICO MORTGAGE FINANCE AUTHORITY (the “Issuer”), a public body politic and corporate, separate and apart from the State of New Mexico, constituting a governmental instrumentality, BOKF, NA (the “Trustee”), JLG NM SOUTH 2017 LLLP, a New Mexico limited liability limited partnership (the “Borrower”), JLG PROPERTIES, LLC, a New Mexico limited liability company (the “Guarantor”), FOOTHILLS BANK, a division of Glacier Bank (the “Lender”), AKS ARCHITECTURE, P.C. (the “Architect”), and DAY BUILDERS, a California corporation (the “General Contractor” and together with the Issuer, the Trustee, the Borrower, the Guarantor, the Lender and the Architect, the “Parties”).

### **PRELIMINARY STATEMENTS**

WHEREAS, the Parties entered into all or some of the documents listed in Exhibit A attached hereto (the “Transaction Documents”) in connection with the issuance by the Issuer of its \$9,000,000 New Mexico Mortgage Finance Authority Multifamily Housing Revenue Tax-Exempt Bonds (JLG South Apartments Projects) Series 2019 (the “Prior Bonds”) for the purpose of financing the costs of the acquisition, rehabilitation and equipping of three multifamily residential projects located in Anthony, Deming and Columbus, New Mexico (collectively, the “Projects”);

WHEREAS, the Parties were unable to complete construction on the Projects and meet the initial maturity date of August 1, 2020, with the permitted automatic extension to November 1, 2020 (the “Initial Maturity Date”), as set forth in the Transaction Documents;

WHEREAS, the Issuer therefore wishes to refund the outstanding principal amount of the Prior Bonds and issue, in one or more tax-exempt series, its Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG South Apartments Projects) Series 2020 (the “Bonds”); and

WHEREAS, the parties desire to amend the Transaction Documents as set forth below.

**NOW, THEREFORE**, in consideration of the above and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to amend the Transaction Documents as follows:

### **AGREEMENT**

(a) Preliminary Statements. The preliminary statements set forth above are accurate, represent the intent of the parties hereto and are incorporated herein by reference.

(b) Amendments.

(i) **The following definitions are hereby deleted in their entirety from the Trust Indenture dated as of August 15, 2019 (the “Indenture”) between the Issuer and Trustee and replaced with the following:**

“Bonds” means the New Mexico Mortgage Finance Authority Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG South Apartments Projects) Series 2020 issued in the original aggregate principal amount of \$9,000,000.

“Closing Date” means the date on which the Bonds are delivered to the Initial Purchaser, being October [ ], 2020.

“Extension Fee” means 0.25% of the principal amount of the Bonds to be paid by the Borrower to the Bondowner Representative on the initial maturity of April 1, 2021 for the Bonds in order to extend the maturity thereof for three additional months to July 1, 2021.

“Payment Date” means the first day of each month, commencing on October 1, 2020.

**(ii) All references in the Transaction Documents to the Bonds are hereby amended to reference the Bonds as defined herein.**

**(iii) All references in the Transaction Documents to the Initial Maturity Date as defined herein are hereby modified to reflect a maturity date of April 1, 2021 with a permitted automatic extension to July 1, 2021 for an additional Extension Fee (the “Maturity Date”). The Bonds may be redeemed with available tax credit equity prior to the Maturity Date upon placement in service and closing of the Section 538 loan from Rural Development to the Borrower.**

**(iv) Sections 3.1(a)(iv) and 3.2 of the Indenture are hereby deleted in their entirety and replaced with the following:**

Section 3.1(a)(iv) Extraordinary Mandatory Redemption. The Bonds are subject to extraordinary mandatory redemption in whole on any Business Day during the period commencing on April 1, 2021 through and including July 1, 2021, from loan proceeds to be received from a lender to provide permanent financing for the Projects, and together with sufficient capital contributions from tax credit equity investor, at the direction of the Bondholder Representative, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest.

Section 3.2(i) Optional Redemption. The Bonds are subject to redemption, at the option of the Borrower, prior to their stated maturity, in whole or in part, on any Payment Date at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date; provided, however that the Projects shall have been placed in service and all rehabilitation completed prior to such redemption, as evidenced to the Trustee by a certification from the Borrower.

**(v) The Specimen Bond relating to the Prior Bonds is hereby deleted in its entirety and replaced with Exhibit B hereto.**

**(vi) The Promissory Note relating to the Prior Bonds is hereby deleted in its entirety and replaced with Exhibit C hereto.**

(c) No Impairment. Except as expressly set forth herein, the terms and provisions set forth in the Transaction Documents and the certificates attached thereto or given in accordance therewith are unmodified and shall remain in full force and effect, and the Parties thereto hereby ratify and confirm such terms and provisions.

(d) Counterparts. This Amendment may be executed in counterparts. Each of the counterparts, when executed and delivered, shall be deemed an original and, taken together, shall constitute but one and the same instrument.

(e) Miscellaneous. This Amendment will be binding upon and will inure to the benefit of the parties hereto and to their respective successors and permitted assigns.

*[remainder of page intentionally left blank]*

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the first date written above.

**ISSUER**

**NEW MEXICO MORTGAGE FINANCE  
AUTHORITY**

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

**TRUSTEE**

**BOKF, NA, as Trustee**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to Omnibus Amendment –JLG South Apartments)

**BORROWER**

**JLG NM SOUTH 2017 LLLP**, a New Mexico  
Limited Liability Limited Partnership

By: JLG Properties, LLC,  
a New Mexico limited liability company,  
its General Partner

By: \_\_\_\_\_  
Name: Jack L. Curry  
Title: Managing Member

(Signature Page to Omnibus Amendment –JLG South Apartments)

**GUARANTOR**

**JLG PROPERTIES, LLC**, a New Mexico limited liability company

By: \_\_\_\_\_  
Jack L. Curry, Managing Member

(Signature Page to Omnibus Amendment –JLG South Apartments)

**LENDER**

**FOOTHILLS BANK**, a division of Glacier Bank

By: \_\_\_\_\_

Name: Scott Fagin

Title: Executive Vice President

(Signature Page to Omnibus Amendment –JLG South Apartments)

**ARCHITECT**

**AKS ARCHITECTURE, P.C.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to Omnibus Amendment –JLG South Apartments)

**GENERAL CONTRACTOR**

**DAY BUILDERS**, a California corporation

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

(Signature Page to Omnibus Amendment –JLG South Apartments)

Exhibit A

Transaction Documents

SEE ATTACHED

Exhibit B

**NEW MEXICO MORTGAGE FINANCE AUTHORITY  
MULTIFAMILY HOUSING REVENUE TAX-EXEMPT REFUNDING BOND  
(JLG SOUTH APARTMENTS PROJECTS)  
SERIES 2020**

No. RA1-\_\_

\$9,000,000.00

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>
5.25%	April 1, 2021	October [ ], 2020

Registered Holder: Foothills Bank, a division of Glacier Bank

Principal Amount: NINE MILLION DOLLARS AND NO/100\*\*\*\*\*

The New Mexico Mortgage Finance Authority (the “Issuer”), a public body politic and corporate, separate and apart from the State of New Mexico (the “State”), constituting a governmental instrumentality, created and existing under the laws of the State, for value received, promises to pay to the Registered Holder specified above, or registered assigns, but only from the Trust Estate established under the Indenture described below, and upon presentation and surrender hereof at the payment office of the Trustee named below, the Principal Amount specified above as shall have been advanced to the Issuer as reflected by the Schedule of Drawings attached as Schedule A hereto (and as confirmed by the Trustee (as hereinafter defined) on the Schedule of Drawings maintained by the Trustee), on the Maturity Date specified above, or, if this Bond is to be redeemed or purchased as stated below, on a prior date on which it shall have been duly called for redemption or purchase, and to pay interest on said Principal Amount to the Record Date Holder hereof, as defined below, solely from the Bond Fund, until the Principal Amount is paid or discharged, at the Interest Rate(s) per annum specified in the Indenture. Interest shall accrue only on such Principal Amount as has been actually drawn by the Issuer, as reflected on the Schedule of Drawings attached hereto and as confirmed on the Schedule of Drawings maintained by the Trustee.

Interest hereon shall be calculated as set forth in the Indenture. Interest shall be payable on the first day of each month, commencing October 1, 2020 (each a “Payment Date”). This Bond shall bear interest from the Dated Date specified above or (in the case of transfer or exchange) from the most recent Payment Date to which interest has been paid or provided for. The “Record Date Holder” is the person in whose name this Bond is registered (the “Holder” hereof) in the Bond Register maintained by BOKF, NA, as Bond Registrar, or its successor, on: (a) the Business Day next preceding each Payment Date (the “Record Date”), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Payment Date, or (b) if there shall be a default in payment of interest due on such Payment Date, at the close of business on a date (the “Special Record Date”) for the payment of such defaulted interest established by notice mailed by the Trustee on behalf of the Issuer. Notice of the Special

Record Date shall be mailed not less than 15 days before the Special Record Date, to the Holder at the close of business on the fifth Business Day preceding the date of mailing. Interest shall be payable by check or draft mailed to the Holder at his, her or its address as it appears on the Bond Register on the Record Date or the Special Record Date, as the case may be, except as otherwise provided in the Indenture. Notwithstanding the foregoing, any Holder of at least \$1,000,000 principal amount of any Bonds (or a lesser amount of such Bonds if such Bonds constitute all the Bonds at the time Outstanding), upon payment by the Holder of the cost of such wire transfer, may file with the Trustee acting as Paying Agent (the "Paying Agent") an instrument satisfactory to the Paying Agent requesting the amounts payable by the Paying Agent to such Holder be paid by transferring by wire transfer in immediately available funds, on the day such payment is due, the amount to be distributed to such Holder to a designated account maintained by such Holder at any bank in the United States. Notwithstanding the foregoing, all payments of principal of and interest on the Bonds payable on the final Maturity Date or on any date of redemption in whole shall only be payable upon presentation of the Bonds at the payment office of the Paying Agent. The principal of and interest and premium, if any, on this Bond are payable in lawful money of the United States of America.

The Bonds are issued under the provisions of and in full compliance with the Mortgage Finance Authority Act, consisting of Sections 58-18-1 through 58-18-27, inclusive, and Section 2-12-5, New Mexico Statutes Annotated, 1978, as amended (the "Act") and a resolution duly adopted by the Issuer pursuant to which this Bond is issued and which authorizes the execution and delivery of the Loan Agreement (as herein defined) and the Indenture. This Bond and the issue of which it is a part are limited obligations of the Issuer, and the principal and premium, if any, and interest thereon are payable solely and only from revenues, and other amounts derived by the Issuer from the Loan Agreement pledged and assigned by the Issuer to the Trustee under the Indenture to secure payment of the principal of, premium, if any, and interest on this Bond.

THE BONDS AND THE INTEREST THEREON ARE A LIMITED OBLIGATION OF THE ISSUER PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THE BONDS ARE NOT A DEBT OR OTHER OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW MEXICO, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW MEXICO. THE BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED THEREIN AND IN THE INDENTURE, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THE BONDS AGAINST ANY PAST, PRESENT, OR FUTURE OFFICER, DIRECTOR, MEMBER, EMPLOYEE OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR

THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

All capitalized terms used in this Bond and not defined herein shall have the meaning ascribed thereto in the Indenture.

This Bond is one of a duly authorized issue of bonds of the Issuer, issued in the initial aggregate principal amount of \$9,000,000, known as the New Mexico Mortgage Finance Authority Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG South Apartments Projects) Series 2020 (the “Bonds”). The Bonds are issued in accordance with a Trust Indenture dated as of August 15, 2019, (the “Indenture”) between the Issuer and BOKF, NA, as trustee (the “Trustee”), setting forth the terms upon which such Bonds are issued, as amended by the Omnibus Amendment to Transaction Documents dated as of October [ ], 2020 by and among the Issuer, the Trustee, JLG NM South 2017 LLLP, a New Mexico limited liability limited partnership, (the “Borrower”) JLG PROPERTIES, LLC, a New Mexico limited liability company (the “Guarantor”), FOOTHILLS BANK, a division of Glacier Bank (the “Lender”), AKS ARCHITECTURE, P.C. (the “Architect”), and DAY BUILDERS, a California corporation (the “General Contractor”) (the “Omnibus Amendment”). The Bonds are issued by the Issuer for the purpose of making a loan of the proceeds thereof (the “Loan”) to the “Borrower under the provisions of a Loan Agreement dated as of August 15, 2019, as amended by the Omnibus Amendment, (the “Loan Agreement”) among the Issuer, the Trustee, and the Borrower, to finance the acquisition, rehabilitation, and equipping of three multifamily residential rental housing facilities consisting of: ((1) Franklin Vista I Apartments, Franklin Vista II Apartments, Franklin Vista III Apartments, Franklin Vista IV Apartments and Franklin Vista V Apartments located in Anthony, New Mexico, (2) Rio Mimbres I Apartments and Rio Mimbres II Apartments located in Deming, New Mexico and (3) Columbus Apartments located in Columbus, New Mexico (individually, each a “Project” and collectively, the “Projects”) and to pay certain costs of issuance. The Loan made to the Borrower relating to the Bonds is evidenced by a Promissory Note, as amended by the Omnibus Amendment, (the “Note”) from the Borrower to the Issuer and endorsed without recourse by the Issuer to the Trustee. The Borrower has agreed under the Note and the Loan Agreement to repay the Loan, together with interest thereon, in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same shall become due and payable.

Pursuant to the Indenture, the Issuer has assigned and pledged to the Trustee all revenues and receipts derived by the Borrower from the operation of the Project for the equal and ratable benefit of the Holders of the Bonds to secure the payment of principal of and interest and premium, if any, on the Bonds. Pursuant to the Mortgage, Assignment of Rents and Leases, Security Agreement and Financing Statements filed with respect to the Projects, as amended by the Omnibus Amendment (the “Mortgage”) dated as of August 15, 2019, and executed by the Borrower for the benefit of the Issuer, and assigned by the Issuer to the Trustee, the Borrower has granted to the Trustee, for the equal and ratable benefit of the Holders of the Bonds, a lien on and a security interest in the Project and the rents and leases thereof.

Reference is hereby also made to the Loan Agreement, the Indenture and the Mortgage, including all supplements thereto, including the Omnibus Amendment, for a description of the property encumbered and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights of the Issuer, and the rights, duties and obligations of the Borrower, the Trustee, and the Holders of the Bonds, and the terms upon which the Bonds are issued and secured.

The Bonds are subject to redemption or purchase at the redemption prices or purchase prices and following such notice as set forth in the Indenture.

This Bond shall be governed by and construed in accordance with the laws of the State of New Mexico, without regard to the choice of law rules thereof.

The terms of this Bond are subject in all respects to the terms of the Indenture. If there is a conflict between the provisions of this Bond and the Indenture, the Indenture shall control.

THIS BOND SHALL NOT BE VALID OR BECOME OBLIGATORY for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Bond Registrar on the certificate of authentication endorsed hereon.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS OF THE ABOVE, New Mexico Mortgage Finance Authority, has caused this Bond to be signed in the name of the Issuer and in their official capacities by the manual or facsimile signatures of the Chair and Secretary of the Issuer, all as of the date stated above.

NEW MEXICO MORTGAGE FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Chair

Attest:

By: \_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and has been authenticated on this date: \_\_\_\_\_.

BOKF, NA, as Bond Registrar

By: \_\_\_\_\_

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_, the undersigned sells, assigns and transfers unto:

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated:\_\_\_\_\_

Signature:\_\_\_\_\_

NOTICE: The signature on this assignment must correspond with the name(s) of the Registered owner as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” that is a member of or a participant in a “signature guarantee program” (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program).

SCHEDULE A

SCHEDULE OF DRAWINGS

<u>Date of Draw</u>	<u>Amount of Draw</u>
October [ ], 2020	[\$ ]

Exhibit C

PROMISSORY NOTE

\$9,000,000

October [ ], 2020

FOR VALUE RECEIVED, JLG NM South 2017 LLLP, a New Mexico limited liability limited partnership, its successors and assigns (the “Borrower”), promises to pay to the order of the New Mexico Mortgage Finance Authority, a public body politic and corporate, separate and apart from the State of New Mexico (together with its successors and assigns, the “Lender”), the principal sum of not to exceed \$9,000,000 and equal to the aggregate amount of the Bond Proceeds Advances, payable as provided herein with a final maturity of April 1, 2021, with a permitted automatic extension to July 1, 2021 (the “Loan”), and interest accrued on the unpaid portion thereof from the date of the initial delivery of the Lender’s bonds designated its Multifamily Housing Revenue Tax-Exempt Refunding Bonds (JLG South Apartments Projects) Series 2020 (the “Bonds”) as set forth below and payable on the dates and computed as described herein. All capitalized terms used and not otherwise defined in this Promissory Note (this “Note”) have the meanings given to those terms in the Trust Indenture, dated as of August 15, 2019, by and between the Lender and BOKF, NA, as Trustee (the “Trustee”) relating to the Bonds (the “Indenture”) as amended by the Omnibus Amendment to Transaction Documents dated as of October [ ], 2020 by and among the Lender, the Trustee, the Borrower, JLG PROPERTIES, LLC, a New Mexico limited liability company, FOOTHILLS BANK, a division of Glacier Bank, whose principal office is located in Washington, D.C., AKS ARCHITECTURE, P.C. (the “Architect”), and DAY BUILDERS, a California corporation (the “Omnibus Amendment”) or the Loan Agreement, dated as of August 15, 2019 by and among the Lender, the Borrower and the Trustee, as amended by the Omnibus Amendment, unless the context or use clearly indicates a different meaning.

1. Issuance of Bonds to Fund Loan. This Note is executed and delivered in connection with the issuance of the Bonds and the Lender’s use of Bond proceeds to make the Loan in the amount of this Note. The Loan is evidenced by this Note and secured by the Mortgage and is otherwise evidenced and secured by the other Loan Documents. The Borrower acknowledges and agrees that upon the issuance of the Bonds the Lender intends to assign this Note to the Trustee, whereupon the Trustee shall for all purposes hereof become the “Lender” hereunder.

2. Payment.

a. Place and Time of Payment. Except as otherwise provided herein, the principal hereof (and premium, if any) and the interest hereon and all other amounts due hereunder shall be payable to the designated account of the corporation then acting as Trustee by 12:00 p.m. (noon) Mountain Time on the date such payment is due pursuant to the terms of this Note. All such payments shall be in immediately available funds or in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

b. Obligations Absolute. The obligations of the Borrower to make the payments required by and perform its other obligations under this Note shall be absolute and unconditional and shall not be subject to diminution by set-off, recoupment, counterclaim, defense, abatement or otherwise. The Borrower will not suspend or discontinue any payments, and will perform and observe all of its other agreements in this Note, and will not terminate this Note for any cause, including but not limited to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Mortgaged Property or the Borrower's business, the taking of the Mortgaged Property or the Borrower's business by condemnation or otherwise, the lawful prohibition of the Borrower's use of the Mortgaged Property or the Borrower's business, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Note, any Loan Document or the Indenture, the lack of right, power or authority of the Lender to enter into this Note, any Loan Document or the Indenture, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Lender or the Trustee, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or failure of any third party, including, but not limited to, the Lender, to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Note, or any Loan Document or the Indenture, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the payment of the amount owing under the Note and other amounts payable by the Borrower under the Loan Documents shall be paid in full when due without any delay or diminution whatever.

3. Interest. Except as provided in Sections 7 and 13, interest shall accrue on the unpaid principal of this Note until paid in full at a rate of 5.25% per annum, or in any event at an annual rate necessary to ensure that monthly payments of interest are sufficient to provide for payment of interest on the Bonds. The Borrower shall make monthly interest payments on this Note in amounts equal to monthly interest payments on the Bonds coming due on the next succeeding Payment Date. Interest shall be computed in the same manner as interest is computed on the Bonds.

4. Payment of Principal and Interest. The Borrower agrees to pay the principal of and interest on this Note as follows:

a. Primary Payment Obligation. The primary obligation of the Borrower under this Note is to pay amounts under this Note at the times and in the amounts necessary to pay all principal of, premium, if any, and interest on, the Bonds as they become due, whether at maturity, by acceleration, by optional or mandatory redemption or otherwise. In the event of any deficiency in the funds available under the Indenture for payment of principal of, premium, if any, or interest on the Bonds when due, the Borrower shall immediately pay the amount of the deficiency to the Trustee upon notice of the deficiency from the Lender or the Trustee. The Borrower shall be obligated to pay the deficiency regardless of the reason for the deficiency, including any deficiency resulting from any shortfall in payments made or to be made by the Borrower under this

Note, any loss due to a default under any investment held under the Indenture, a change in value of any such investment or otherwise.

b. Scheduled Principal Payments. The Borrower shall pay principal amounts equal to principal on the Bonds coming due on the next succeeding Payment Date.

c. Payments. Subject to Section 3, subsection 4(a) and subsection 4(b), the Borrower shall pay principal and interest on this Note in amounts equal to the principal and interest coming due on the Bonds on the next succeeding Payment Date, beginning on the twentieth (20<sup>th</sup>) day of the month after the month in which the Closing Date occurs and on the twentieth (20<sup>th</sup>) day of each calendar month thereafter (the “Note Payment Date”).

d. Payment at Maturity Date. Subject to subsection (a), the Borrower shall pay all unpaid principal of and interest on this Note on the earlier of April 1, 2021 (with a permitted automatic extension to July 1, 2021) or the date on which the unpaid principal balance of this Note becomes due, whether by acceleration or otherwise (“Maturity Date”). Any principal of this Note not paid on the Maturity Date shall continue to bear interest from the Maturity Date, as set out in Section 7, from and including the Maturity Date to, but excluding, the date on which such amounts are paid in full.

e. Receipt Date. For the purpose of calculating the amount of interest due under this Note, any regularly scheduled installment of principal of or interest on this Note that is received by the Lender before the date it is due shall be deemed to have been received on the due date. Nothing in this subsection (e) shall apply to a prepayment of this Note pursuant to Section 9.

f. Insurance Casualty or Condemnation. If prior to full payment of the Bonds (or provision for the full payment of the Bonds in accordance with the provisions of the Indenture) the Mortgaged Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, all or any portion of the Mortgaged Property shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Note to the extent the principal of this Note is not prepaid.

g. Credit for Payments. The Borrower shall receive a payment credit for an installment payment due under Section 4(c) of this Note if and to the extent that (i) the Indenture permits investment earnings in the Revenue Fund to be credited towards paying interest or principal on Bonds and, (ii) the Trustee applies such earnings to pay interest or principal on Bonds on such Payment Date. The foregoing shall not relieve the Borrower of its primary obligation to make the payments on this Note as and when due. Payments by the Borrower under this Note on any Note Payment Date shall not be credited against the principal amount of this Note unless and until such monies are applied to the payment of the principal amount of Bonds.

h. The Borrower's Continued Obligation in the Event of Any Disgorgement. Notwithstanding any payment by the Borrower under this Note or the occurrence of the Maturity Date, this Note shall not be extinguished or canceled, but shall remain in effect, and the Borrower's obligation to make payments under this Note shall continue until such time as all sums due under this Note have been paid in full.

5. Additional Obligations. The Borrower agrees to make the following payments:

a. Insurance and Taxes Escrow. The Borrower shall pay on each Note Payment Date an amount equal to one-twelfth (1/12) of the amount budgeted by the Borrower for annual premiums for insurance required to be maintained pursuant to the Loan Agreement and for real estate taxes or other charges for governmental service for the current year (except for utility charges).

b. Application of Payments. If at any time the Trustee receives, from the Borrower or otherwise, any amount applicable to this Note which is less than all amounts due and payable at such time, the Trustee may apply that payment to amounts then due and payable in the manner and in the order set forth in the Indenture. The Borrower agrees that neither the Trustee's acceptance of a payment from the Borrower in an amount that is less than all amounts then due and payable nor the Trustee's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

6. Default; Cross Default; Acceleration.

a. If (i) any payment due under Section 3, 4(a), 4(b) or 4(c) of this Note is not paid within three (3) days after payment is due, (ii) any payment due under this Note (other than payments specified in (i) above) is not paid when due, (iii) there is a default (beyond any applicable cure periods, if any) by the Borrower in the performance of any covenant or obligation by the Borrower contained in this Note, or (iv) an Event of Default shall have occurred, with respect to the Borrower, under any Loan Document, the Loan Agreement or the Indenture, then, in any of such events, the entire principal amount outstanding hereunder and accrued interest thereon shall at once become due and payable, in full or in part, at the written direction of the Lender. The Lender may exercise its option to accelerate during any default by the Borrower regardless of any prior forbearance.

b. Bondowner Representative & WNC Cure Rights. Notwithstanding anything herein to the contrary, if a default occurs hereunder and the Lender gives to the Borrower written notice (a "Default Notice") of such default, the Lender shall send a copy of such Default Notice to the Bondowner Representative and WNC Institutional Tax Credit Fund 44, L.P. at the same time and in the same manner that the Lender sends such notice to the Borrower. Such Default Notice shall state the duration of the cure period, if any, applicable to such default, and the Lender agrees to accept cure of such default from the Bondowner Representative or WNC Institutional Tax Credit Fund 44, L.P. to the same extent as cure of such default from the Borrower.

(1) With respect to a default consisting of a failure to pay money due under this Note, the Bondowner Representative and WNC Institutional Tax Credit Fund 44, L.P. shall have the option, but not the obligation, to pay or cause to be paid the sums necessary to cure such default within three (3) Business Days of the date of mailing of the Default Notice, and upon payment within such three Business Day period, such default shall be deemed cured.

(2) With respect to a default consisting of failure to perform non-monetary obligations under this Note, the Bondowner Representative and WNC Institutional Tax Credit Fund 44, L.P. shall have the option, but not the obligation, to cure such default within the applicable cure period specified in this Note, the Indenture or any other Loan Document.

(3) Unless a default should occur under this Note which is not cured by the Bondowner Representative or WNC Institutional Tax Credit Fund 44, L.P. within the time periods specified in subsection (1) or (2) above, as the case may be, the Lender, without the prior written consent of the Bondowner Representative, (A) shall not cause the principal and interest on this Note to be immediately due and payable, (B) shall not foreclose the lien of the Mortgage, (C) shall not release any part of the Mortgaged Property on which the Bondowner Representative may have a lien to secure obligations of the Borrower or its general partner or member to the Bondowner Representative, other than Permitted Encumbrances or (D) shall not terminate the Loan Documents or the Indenture or take any other actions or seek other remedies under the Loan Documents, the Indenture or otherwise.

7. Default Rate. So long as any monthly installment or any other payment due under this Note remains past due, interest shall accrue on the unpaid amount from the due date at the Default Rate or, if less, the maximum interest rate which may be collected from the Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. The Borrower also acknowledges that its failure to make timely payments will cause the Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment or other payment under this Note is delinquent, the Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on the Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. The Borrower also acknowledges that, during the time that any monthly installment or other payment due under this Note is delinquent, the Lender's risk of nonpayment of this Note will be materially increased and the Lender is entitled to be compensated for such increased risk. The Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses the Lender will incur by reason of the Borrower's delinquent payment and the additional compensation the Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

8. Liability; Recourse Loan.

a. The Borrower and its general partner are liable for the repayment of all of the obligations under this Loan Agreement, the Note and the Mortgage.

b. The Trustee may exercise its rights against the Borrower personally without regard to whether the Trustee has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to the Trustee under this Note, the Loan Agreement, the Mortgage, or applicable law. For purposes of this Section 8, the term "Mortgaged Property" shall not include any funds that (a) have been applied by the Borrower as required or permitted by the Mortgage prior to the occurrence of an Event of Default, or (b) the Borrower was unable to apply as required or permitted by the Mortgage because of a bankruptcy, receivership, or similar judicial proceeding.

9. Voluntary and Mandatory Prepayments.

a. Prepayment Premium. Any prepayment of the principal of this Note must result in a redemption of a corresponding amount of the Bonds. A redemption premium may be payable in connection with such redemption. If this Note is prepaid, the Borrower shall pay, in addition to the other amounts due under this Note, a prepayment premium equal to the premium, if any, due upon redemption of the corresponding Bonds as provided in the Indenture.

b. Timing of Credit of Payments as Prepayments. No payment to be applied as a prepayment (whether voluntary or mandatory) of principal of this Note shall be credited against the unpaid principal of this Note until the date on which Bonds in a like amount are redeemed or defeased pursuant to the Indenture. Until the Borrower's payment is credited as a prepayment, the amount of the intended prepayment shall continue to be unpaid principal of this Note and shall continue to bear interest to the date of prepayment.

c. Voluntary Prepayments. The Borrower may voluntarily prepay this Note in whole or in part only on a date when the Bonds may be optionally redeemed pursuant to the terms of the Indenture.

d. Conditions Precedent to Voluntary Prepayments. The right of Borrower to voluntarily prepay the principal of this Note, in whole or in part, as permitted by subsection (c) is subject to the satisfaction of the following conditions precedent:

(1) the Borrower has given written notice of such prepayment to the Lender and the Trustee at least thirty (30) days prior to the effective date of prepayment, which notice shall state the date of such prepayment and the amount of principal to be prepaid; and

(2) to initiate the prepayment, the Borrower has paid the amounts specified in subsection (g) not later than one (1) Business Day prior to the date

under the Indenture upon which the Trustee must have received such funds for such redemption.

e. Mandatory Prepayments. The Borrower shall be required to prepay the principal of this Note to the following extent and under the following circumstances:

(1) at any time the Bonds have been accelerated or called for redemption to the extent of the principal amount of such Bonds:

(2) at any time the Lender applies any collateral or other security to the repayment of any principal of this Note to the extent of the principal amount of such repayment; or

(3) at any time the Lender exercises its right of acceleration of this Note to the extent of the outstanding principal amount of this Note.

f. Amount of Partial Voluntary Prepayment. Any partial voluntary prepayment must be in an amount corresponding to the then applicable Authorized Denomination of the Bonds.

g. Borrower's Payment Obligation in Connection with a Prepayment. The Borrower shall pay, or cause to be paid, all of the following amounts in connection with any prepayment of this Note (whether voluntary or mandatory):

(1) the principal of the Note being prepaid;

(2) interest on the principal of the Note being prepaid to the effective date of prepayment as provided in subsection (b);

(3) to the extent not covered by the amount required in clause (2), interest payable on the Bonds to the date of redemption; and

(4) the redemption premium, if any, payable with respect to the redemption of the Bonds.

h. In the event of any permitted or required partial prepayment of the outstanding principal balance of this Note, the amount of each subsequent monthly installment shall be decreased to correspond with the revised payment schedule relating to the Bonds established pursuant to the Indenture such that the provisions of Section 3 and 4(b) are satisfied.

10. Costs and Expenses. The Borrower shall pay, not less than thirty (30) days after demand all reasonable expenses and costs, including reasonable fees and reasonable out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by the Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding

(including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

11. Forbearance. Any forbearance by the Lender in exercising any right or remedy under this Note, the Mortgage or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Lender of any security for the Borrower's obligations under this Note shall not constitute an election by the Lender of remedies so as to preclude the exercise of any other right or remedy available to the Lender.

12. Waivers. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting this Note are waived by the Borrower and all endorsers and guarantors of this Note and all other third-party obligors.

13. Loan Charges. If any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and the Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to the Lender in excess of the permitted amounts shall be applied by the Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower has been violated, all interest, as well as all other charges made in connection with the Loan that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

14. Commercial Purpose. The Borrower represents that the Loan is being incurred by the Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

15. Payment on Business Day; Counting of Days. If the specified date for any payment under this Note shall be a day other than a Business Day then such payment may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the specified date for such payment. Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

16. Governing Law. This Note shall be governed by the law of the jurisdiction in which the Mortgaged Property is located.

17. Captions. The captions of the Sections of this Note are for convenience only and shall be disregarded in construing this Note.

18. Notices. All notices, demands and other communications required or permitted to be given by the Lender to the Borrower pursuant to this Note shall be given in accordance with Section 12.1 of the Loan Agreement.

19. Consent to Jurisdiction and Venue. The Borrower agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in the jurisdiction in which the Mortgaged Property is located (the "Property Jurisdiction"). The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. The Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

20. Waiver of Trial by Jury. THE BORROWER, THE TRUSTEE AND THE ISSUER EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS LOAN AGREEMENT OR THE RELATIONSHIP AMONG THE PARTIES AS THE BORROWER, THE TRUSTEE AND THE ISSUER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

21. Successors and Assigns. The provisions of this Note, the Mortgage and all other Loan Documents shall be binding on the successors and assigns of the Borrower, including, but not limited to, any receiver, trustee, representative or other person appointed under foreign or domestic bankruptcy, receivership or similar proceedings of the Borrower, and any person having an interest in the Borrower.

22. Severability. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement of the Borrower contained in this Note shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Borrower to the full extent permitted by law.

IN WITNESS WHEREOF, the Borrower has signed and delivered this Note or has caused this Note to be signed and delivered by its duly authorized representative.

JLG NM SOUTH 2017 LLLP, a New Mexico Limited Liability  
Limited Partnership

By: JLG Properties, LLC,  
a New Mexico limited liability company,  
its General Partner

By: \_\_\_\_\_  
Name: Jack L. Curry  
Title: Managing Member

Pay to the order of:

BOKF, NA, as Trustee, without recourse.

NEW MEXICO MORTGAGE FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Name: Angel Reyes  
Title: Chair

Dated as of \_\_\_\_\_, 2020

# Tab 5



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Contracted Services/Credit Committee Meeting**  
**Tuesday, September 8, 2020 @ 10:00 am**  
**MFA – Albuquerque**

Webex join the meeting from the calendar or call  
1-844-992-4726 (access code) 962 010 116

AGENDA ITEM	Time Allotted	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<b><u>Consent Agenda</u></b>	10:30 – 10:45		YES
1 Request for Proposals for Trustee and Paying Agent (Standalone Indentures) (Cooper Hall)		3-0	
2 Approval of Linkages New Housing Administrators (Rylee Giffin & John Garcia)	10:00 – 10:15	3-0	YES
<b><u>Agenda</u></b>	10:15 – 10:30		YES
3 NM-Housing Trust Fund Loan Modification Request- Generations at West Mesa (Sharlynn Rosales and George Maestas)		2-1	
4 Questions/Comments from Committee	10:55 - 11:00	✓	

**Committee Members present:**

Rebecca Wurzbarger, Chair

☐ present

☐ absent

☒ conference call

Attorney General Hector Balderas or  
Sally Malavé

☐ present

☐ absent

☒ conference call

Rosalyn Nguyen Chafey

☐ present

☐ absent

☒ conference call

**Second Request to Amend  
2017 NMHTF Award Summary  
Generations at West Mesa**

	As approved 6/14/17	First Request 6/15/18	Second Request
Borrower	0.01% of Generations at West Mesa, LLC will be owned by both (51%) Catholic Charities non-profit partner and (49%) Gorman & Co., Inc. for-profit partner. 99.99% will be owned by a limited partner (LP) to be determined.	0.01% of Generations at West Mesa, LLC will be owned by Generations at West Mesa MM, LLC and 99.99% by Boston Capital Direct Placement, a Limited Partnership, or an affiliate thereof. Generations at West Mesa MM, LLC is owned <b>directly or indirectly</b> by Catholic Charities (51%), as non-profit partner, and Gorman & Company, LLC (49%), as a for-profit partner.	No change
Loan amount	\$500,000	No change	\$750,000 (includes original loan amount plus \$250,000 requested increase)
Term	30 years	No change	No change
Affordability period	30 years	No change	No change
Rate	3%	No change	No change
Repayment and Disbursement	Not stated in Award Summary	<u>Payments:</u> Interest monthly during the construction period not to exceed 24 months; 360 equal P & I payments during the permanent loan period. Outstanding principal and interest due at the earlier of maturity, refinance or sale of the project. <u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.	No change

PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
Generations at West Mesa		Albuquerque	NC	54	1-BED, 2-BED, 3-BED	30%, 50%, 60%, 9 MR,
Total Development Cost	\$ 10,853,689					
Borrower	to-be-formed LP					
Management	Dunlap & McGee		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	Ownership MM, LLC.		N/A		\$ 6,411,848	9%
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
NM HOUSING TRUST FUND (HTF) LOAN INFORMATION			NUMBER OF NM HTF UNITS:			54
Funds Available as of:	04/30/17	\$5,549,483				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$1,500,000	\$500,000				
Rates	3.0%	3%				
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	2nd lien position				
Affordability Requirements	Min 20 yrs, 60% AMI	30 yrs, max. AMI: 60%				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	within guidelines				
Scoring Criteria	50-100 points	56				

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	Generations at West Mesa	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)		\$ 405,500	4%	\$ 7.53
Construction Hard Costs		\$ 5,753,951	53%	\$ 106.85
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 2,008,089	19%	\$ 37.29
Professional Services/Fees (architect, engineer, real estate legal, etc)		\$ 718,238	7%	\$ 13.34
Construction Financing Costs (interest, insurance, inspections, fees, etc)		\$ 540,000	5%	\$ 10.03
Permanent Financing Costs (fees, title/recording, etc)		\$ 26,525	0%	\$ 0.49
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 118,625	1%	\$ 2.20
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)		\$ 50,000	0%	\$ 0.93
Reserves (rent-up, operating, replacement, escrows, etc)		\$ 287,761	3%	\$ 5.34
Developer Fees (inc consultant fees)		\$ 945,000	9%	\$ 17.55
Total Development Costs (TDC)		\$ 10,853,689	100%	\$ 201.55
TDC w/o Land, Reserves & Commercial		\$ 10,160,428	94%	\$ 188.67

\*Gross square footage: 53,852

CONSTRUCTION SOURCES				
Project:	Generations at West Mesa	Total	% of Total	Per Unit
Construct. Lender - 1st Lien	Chase Bank	\$ 4,950,000	45.6%	\$ 91,667
2nd Lien holder	MFA HTF loan	\$ 500,000	4.6%	\$ 9,259
3rd Lien holder	City of ABQ Workforce Hsg cash-flow loan	\$ 2,000,000	18.4%	\$ 37,037
4th Lien holder			0.0%	\$ -
5th Lien holder			0.0%	\$ -
Deferred Developer Fee		\$ 112,857	1.0%	\$ 2,090
LIHTC Equity	Paid in during construction period	\$ 2,885,332	26.6%	\$ 53,432
Other source	City of ABQ Land Contribution	\$ 405,500	3.7%	\$ 7,509
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Total Construction Sources		\$ 10,853,689	100.0%	\$ 200,994

PERMANENT SOURCES				
Project:	Generations at West Mesa	Total	% of Total	Per Unit
Perm Lender - 1st Lien	Chase Bank	\$ 1,435,000	13.2%	\$ 26,574
2nd Lien holder	MFA HTF loan	\$ 500,000	4.6%	\$ 9,259
3rd Lien holder	City of ABQ Workforce Hsg cash-flow loan	\$ 2,000,000	18.4%	\$ 37,037
4th Lien holder			0.0%	\$ -
5th Lien holder			0.0%	\$ -
Deferred Developer Fee	Perm amount - Cash-Flow loan	\$ 101,340	0.9%	\$ 1,877
LIHTC Equity	Paid in per limited partnership agreement	\$ 6,411,849	59.1%	\$ 118,738
Other source	City of ABQ Land Contribution	\$ 405,500	3.7%	\$ 7,509
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Total Permanent Sources		\$ 10,853,689	100.0%	\$ 200,994

## 2017 RENTAL AWARD SUMMARY

<b>Project Name &amp; Address</b>	<b>Generations at West Mesa 5715 Avalon Road NW, Albuquerque, NM 87105 - Bernalillo County</b>
<b>Borrower</b>	0.1% of Generations At West Mesa, LLC will be owned by both (51%) Catholic Charities non-profit partner and (49%) Gorman & Co., Inc. for-profit partner. 99.99% will be owned by a limited partner (LP) to be determined.
<b>Management</b>	Dunlap & Magee of Arizona began as an apartment developer managing its own units in 1976. It later moved into managing properties after development for others and became an Institute of Real Estate Management (REM) in 1983. Today, it successfully manages multifamily properties, both conventional and affordable in both New Mexico and Arizona. The company manages over 60 properties with many of them involving LIHTC, NSP, HOME, HUD financing/Section 8 rental subsidy and bonds.
<b>Developer</b>	<p>Gorman &amp; Company, Inc. is based out of Phoenix, Arizona. It started in 1984 by developing, syndicating, and managing multifamily housing properties. With a staff of over 270 people, it has developed over 5,550 units, in which 4,700 were funded through Low Income Housing Tax Credit (LIHTC). These units are located within 81 community revitalization projects. Some of these developments are high quality workforce housing, mixed-used properties, distressed neighborhood revitalization, adaptive reuse of historic properties and new construction. Consolidated (i.e. includes affiliates) audited financial statements (unqualified opinion) for FYE 12/31/15 show \$80.6 million in assets, \$38 million in total liabilities and \$42.7 million in equity resulting in the company's debt-to-worth of .88 to 1.0. Operating cash flow is positive at \$6.3 million with unrestricted cash-on-hand of \$9.7 million. Unconsolidated internally-prepared statements for FYE 12/31/16 show positive performance with \$92.1 million in assets and \$34.1 million in total liabilities. Traditional cash flow is positive at \$5.9 million with unrestricted cash-on-hand of \$6.6 million.</p> <p>Catholic Charities is a national non-profit organization founded in 1910 as the National Conference of Catholic Charities. As part of this organization, the Archdiocese of Santa Fe was founded in 1945 and is based out of Albuquerque, New Mexico. Catholic Charities is dedicated to providing social services to people in need by building stronger communities. The services provided by Catholic Charities include immigration and citizenship legal assistance, self-sufficiency and housing assistance, community involvement and engagement, refugee settlement and support, children's learning center, and opportunities for educational classes. Consolidated (i.e. includes affiliates) audited financial statements (unqualified opinion) for FYE 6/30/15 show \$5.6 million in assets, \$2 million in total liabilities and \$3.5 million in equity resulting in a .59 to 1.0 debt-to-worth for the company. Operating cash flow is positive at \$501K and unrestricted cash-on-hand of \$103K. FYE 6/30/16 shows continued positive performance with \$5.3 million in assets and \$179K in traditional cash flow. Unrestricted cash-on-hand is positive at \$500.</p>
<b>Project Type &amp; Size</b>	This new construction tax credit project will be comprised of 54 units located on a 3.65 acre lot. The project will be intended and operated for occupancy by persons 55 years of age or older, which means that at least 80% of the units must have at least one occupant 55 years of age or older. The target population is, but not restricted to, grandparents raising grandchildren. The composition of the 54 units will include the following: 7 units will be for households earning 30% or less of Area Median Income (AMI), 9 units for 50% AMI or less, 18 units for 60% AMI or less, 11 units for 40% of AMI or less (which will be covered by a Section 8 Project-Based Voucher by the City of Albuquerque) and 9 units are market rate.

<b>Project Description</b>	<p>New construction of multi-generational, single apartment buildings in Albuquerque will contain 54 units comprised of 24 one-bedroom units, 24 two-bedroom units and 6 three-bedroom units. Each unit varies in square footage that includes 543 sq. ft. for one-bedroom units, 780 sq. ft. for two-bedroom units, 1,072 sq. ft. for three-bedroom townhomes and 1,105 sq. ft. for two-bedroom townhomes. The larger two- and three-bedroom units will serve, but not restricted to grandparents raising grandchildren.</p> <p>Beyond serving low-income seniors earning 30%, 50% and 60% of AMI, 11 units are covered by HUD Section 8 Housing Assistance Payment (HAP) contract and 9 units are market-rate. For rental units with HAPs, residents pay 30% of their income in rent and HUD pays the difference up to the currently allowable \$669 for a one-bedroom unit, \$770 for a two-bedroom unit and \$1,094 for a three-bedroom unit. The proposed LIHTC collected rents range from \$302 to \$649 for a one-bedroom unit, \$362 to \$778 for a two-bedroom unit and \$415 to \$896 for a three-bedroom unit. The proposed market rate rents include \$596 for a one-bedroom unit, \$750 for a two-bedroom unit and \$950 for a three-bedroom unit. Located on a 3.65 acre lot, the project will be divided into 11 one- and two-story residential buildings and a one-story community building. The total building gross area is 53,852 sq. ft. of which 50,172 sq. ft. is occupied by dwelling units and 3,680 sq. ft. is occupied by a community building. Common areas currently include a community building, "The Grange" community garden, "The Garth" (Outdoor Fitness Quad, wellness path, "The Refectory" (Outdoor Gathering) and playground.</p> <p>The MFA-ordered 4/21/17 VSI (Vogt Strategic Insights) market study advises the project is feasible as presented. VSI has no suggested recommendations or modifications. Generations at West Mesa is anticipated to have stabilized occupancy of 95% within three months of opening. The property site is located southwest of the intersection of Avalon Road NW and 57<sup>th</sup> Street NW. This site is approximately 3.6 miles west of downtown and is currently undeveloped. The site will fit well within the surrounding designated land uses and is convenient to shopping, employment, recreation, entertainment and education. Social services, public transportation and public safety services are within 1.5 miles of the site. The Albuquerque Primary Market Area (PMA) included twenty comparable LIHTC properties. With a combined total of 2,228 LIHTC units the overall occupancy rate is 98.3%. Some of the projects surveyed included project-based government-subsidized/LIHTC units that allowed residents to pay only 30% of their incomes toward rent. Non-subsidized LIHTC units totaled 1,951 and had an overall occupancy rate of 98.5%. In summary, this project is feasible as proposed. The reviewer assigned this HTF application a score 56 out of 100 points (minimum 50 required).</p>
<b>Affordability Requirements</b>	<p><b>NM HTF Requirements:</b> A total of 45 out of 54 units are for households earning 60% or less of AMI as follows: 7 units for 30% AMI or less, 9 units for 50% AMI or less, 18 units for 60% AMI or less and additionally 11 units for 40% AMI or less (covered by HAPs) all of which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The HTF affordability period is 30 years; 20 as required by Affordable Housing Act Rules and 10 for MFA's extended affordability period (i.e. in concurrence with the loan term) and starts on the date the last certificate of occupancy required for the Project is issued.</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 2017 allocation 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. An Environmental Site Assessment (ESA) will be provided to MFA by developers within three months of notification of LIHTC award letter;</li> <li>7. Other conditions as may be determined by staff; and</li> <li>8. Subject to availability of funds;</li> </ol>

	<b>Additional Conditions: NM HTF Loan</b> 9. HTF loan to be in second (2 <sup>nd</sup> ) lien position; and 10. Gorman & Company, Inc. and Catholic Charities must provide a guarantee during the construction period.		
<b>MFA Commitments to Other Projects</b>	MFA does not currently have any other commitments with either Catholic Charities or Gorman & Company, Inc.		
<b>MFA Exposure</b>	\$11,656,786 (excludes LIHTC & loans pending approval)		
<b>Prepared by</b>	Sharlynn Rosales, Program Coordinator	<b>Date</b>	5/30/17
<b>Reviewed by</b>	Shawn Colbert, Director of Housing Development		

**Second Request to Amend  
2017 NMHTF Award Summary  
Generations at West Mesa**

Acquisition	\$405,500	No Change	\$405,500
Construction	\$5,753,951		\$7,481,888
Other Construction	\$2,008,089		\$2,060,707
Professional	\$718,238		\$794,034
Financing Costs	\$540,000		\$772,645
Soft Costs	\$145,150		\$166,166
Reserves	\$287,761		\$287,660
Syndication-Related	\$50,000		\$138,535
Developer Fee	<u>\$945,000</u>		<u>\$945,000</u>
<b>Total Development Costs:</b>	<b>\$10,853,689</b>		<b>\$13,052,135</b>
<b>Sources</b>	Chase Bank- \$1,435,000 MFA NM HTF- \$500,000 CABQ Workforce Hsg- \$2,000,000 CABQ Land Contribution- \$405,500 Deferred Developer Fee- \$101,340 LIHTC Equity- \$6,411,849	No Change	Chase Bank- \$1,435,000 MFA NM HTF- \$750,000 CABQ Workforce Hsg- \$2,000,000 CABQ Land Contribution- \$405,500 FHLB- \$450,000 MFA NHTF- \$400,000 CABQ- \$400,000 Deferred Developer Fee- \$732,293 LIHTC Equity- \$6,479,342
<b>Total</b>	<b>\$10,853,689</b>		<b>\$13,052,135</b>
Collateral	2 <sup>nd</sup> lien on property at 5710 Avalon Rd. NW Albuquerque, NM 87105	No change	No change
Loan condition #10	Gorman & Company, Inc. and Catholic Charities must provide a guarantee during the construction period.	<b>Gorman Holdings, Inc.</b> must provide a guarantee during the construction period.	No change

**Background**

Generations at West Mesa is located at 5715 Avalon Road NW in Albuquerque, NM. It was a 2017 LIHTC award recipient as a new construction project. Construction was completed and certificate of occupancy was attained on November 27, 2019. Generations at West Mesa is a 55+ community, which means the housing is intended and operated for occupancy by persons 55 years of age or older. At least 80% of the units must be occupied by at least one person 55 years of age or older. The community contains 54 apartments targeted towards grandparents raising grandchildren. Generations at West Mesa consists of fifty-four apartments. Of the fifty-four apartments, eighteen are restricted to residents at 30% Area Median Income (AMI) and eleven apartments have Section 8 project-based vouchers (PBV).

The original New Mexico Housing Trust Fund (NMHTF) loan amount was approved by MFA Board on June 14, 2017 (see the attached award summary dated May 30, 2017 for additional detail). In October of 2019, developer, Gorman and Company, expressed their concerns of cost overruns and intended to submit a request to increase the NMHTF loan amount. On November 5, 2019 they had determined the increased amount would be \$250,000 on top of their original awarded amount of \$500,000 and notified MFA. However, a former Housing Development employee, requested that Gorman and Company wait to submit their loan modification request until the May/June timeframe, after the 2020 LIHTC round.

**Second Request to Amend  
2017 NMHTF Award Summary  
Generations at West Mesa**

Request

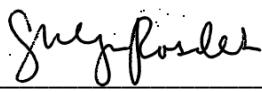
Borrower submitted a formal request for a loan increase of \$250,000 in May 2020 at which time Housing Development was understaffed by three positions, so the Director let them know that the request would see some delay. During construction developers experienced approximately \$1,126,299 in construction cost overages due to the rising cost of construction materials and labor and additional fees from Albuquerque Water Utility Authority and PNM. Albuquerque Water Utility Authority required additional fees for water meters. PNM required a line extension after months into construction. Albuquerque Water Utility Authority and PNM were the main contributors to the cost overruns. Approval of the increase will assist the project with financing these unanticipated cost overruns.


The total permanent loan amount will increase by \$250,000 raising the total loan amount to \$750,000. This request exceeds the maximum permanent loan award limit (\$500,000) that is currently allowed under the NMHTF loan program policy. The NMHTF's Notice of Funding Availability (NOFA) does not place a cap on funding amounts. However, MFA, in its discretion, may set limits on the amount of NMHTF funding to be awarded per application, per NOFA, per quarter, per year, or otherwise. Exceptions in the amounts may be considered at staff discretion if applicant can demonstrate need and for projects serving the lowest income levels.

To ensure the project will have the ability to service the proposed increase in permanent debt-service, Generations at West Mesa will increase rents, including market rate and Section 8 PBV rents. Residents receiving Section 8 assistance would continue to pay 30% of their income toward rent. Currently, rents are below the permissible rent limit for the program. The debt-service ratio will range from 1.23 in year one and increases to 1.32 in year fifteen which is within MFA's guidelines. Borrowers have also been awarded an additional \$400,000 from the City of Albuquerque and \$450,000 from the Federal Home Loan Bank (FHLB) to assist with cost overruns. Gorman and Company/Catholic Charities will contribute \$732,293 in developer fee.

Recommendation

Staff recommends approval of the \$250,000 increase in the NMHTF permanent loan, from \$500,000 to \$750,000.

Recommend:   
Sharlynn Rosales, Program Specialist

Concur:   
Shawn Colbert, Director of Housing Development

Approve:  Date: 08/26/2020  
Donna Maestas-DeVries, Deputy Director of Programs

# Tab 6



# NEW MEXICO MORTGAGE FINANCE AUTHORITY

## Finance/Operations Committee Meeting

Tuesday, September 8, 2020 at 1:30 p.m.

Webex - call-in information is 1-844-992-4726 (access code): (access code): 962 100 589  
or you can join the call from the calendar item.

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<b>Agenda</b>		
1 Production Statistics (Gina Hickman & Donna Maestas DeVries)	✓	NO
2 FY 2020-2021 General Fund Budget (Yvonne Segovia)	3-0	YES
3 Housing Opportunity Fund Appropriations (Yvonne Segovia)	3-0	YES
<b>New Mexico Affordable Housing Charitable Trust – Finance Committee</b>		YES
4 FY 2020-2021 NM Affordable Housing Charitable Trust Budget (Yvonne Segovia)	3-0	

### Committee Members present:

Derek Valdo, Chair

☐ present

☐ absent

☒ conference call

State Treasurer Tim Eichenberg or

Proxy Diana Rosales - Ortiz

☐ present

☐ absent

☒ conference call

Lt. Governor Howie Morales or

Proxy Martina C' de Baca

☐ present

☐ absent

☒ conference call

**Production Statistics**  
**Actual 9/30/11 through 9/30/19**  
**and Projected 9/30/20 and 9/30/21**



# Production & Financial Highlights



## 2011 INNOVATION & NEW RESOURCES:

- Wells Fargo & USDA-Rural Development loan funding for Housing Opportunity Fund *Production/Assets Managed, Revenue*

## 2012 FEDERAL BUDGET REDUCTIONS:

- High Multi-family loan payoffs *Assets Managed, Revenue*
- HUD HOME funding reductions (-2014) *Production/Assets Managed, Revenue*
- DOE Weatherization Assistance Program funding reductions (-2013) *Production/Assets Managed, Revenue*
- Increase in rental demand (-2016) *Production/Assets Managed, Revenue*
- HUD Section 8 Project Based Contract Administration (PBCA) program scope changes (-2016) *Revenue, Expenses*

## 2013 INNOVATION & NEW RESOURCES :

- To Be Announced (TBA) Single Family Loan Execution (-2020) *Production, Revenue*

## 2014 INNOVATION & NEW RESOURCES:

- Decrease in Single Family Prepayment Activity (-2018) *Revenue, Assets Managed*
- Ventana Fund Contribution (-2018) *Expense, Production for NM*
- Small Business Investment Council loan funding for Housing Opportunity Fund (-2018) *Production/Assets Managed, Revenue*

## 2015 STABILIZED HOUSING MARKET & ECONOMY:

- Increase in Single Family Mortgage Production (-2020) *Revenue, Production/Assets Managed*
- 40th Anniversary Celebration

## 2016 PROGRAM EXPANSION:

- HUD Section 8 PBCA Management Occupancy Reviews reinstated (-2019) *Revenue, Expenses*
- Servicing Expansion implemented-Milestone 1 *Revenue, Expenses Assets Managed*
- National Housing Trust Fund Program (-2020) *Revenue, Expenses Production/Assets Managed*
- Increase in Qualified Contracts (-2018) *Revenue, Expenses, Assets Managed*

## 2017 MANAGING GROWTH & OPPORTUNITY:

- Record year in Single Family Mortgage Production (-2020) *Revenue, Production/Assets Managed*
- First full year of Servicing Expansion implementation *Revenue, Expenses, Assets Managed*
- Selected as SW Regional Lead for HUD PBCA Procurement
- Secured \$500k of CDBG funding *Revenue, Expenses, Assets Managed*

## 2018 POSITIVE MARKET TRENDS:

- Second record year of Single Family Mortgage Production *Revenue, Production/Assets Managed*
- New Funding from Capital Magnet Fund *Revenue, Production/Assets Managed, Expenses*
- Stabilized/increasing federal funding *Revenue, Production/Assets Managed*
- Viable Single Family bonding execution *Revenue, Production/Assets Managed*

## 2019 FINANCIAL STRENGTH AND GROWTH:

- Third record year of Single Family Mortgage Production *Revenue, Production/Assets Managed*
- New/Increased Funding *Revenue, Production/Assets Managed, Expenses*
- Legislative Funding Success: \$4.5M
- Veteran's Home Rehab
- Expanded Service Providers & Areas (WAP, HOPWA, Rehab, HOMENow) *Expenses*
- Technology and Cyber Security Enhancements *Expenses*
- \$4.2B of Managed Assets *Revenue, Production/Assets Managed*

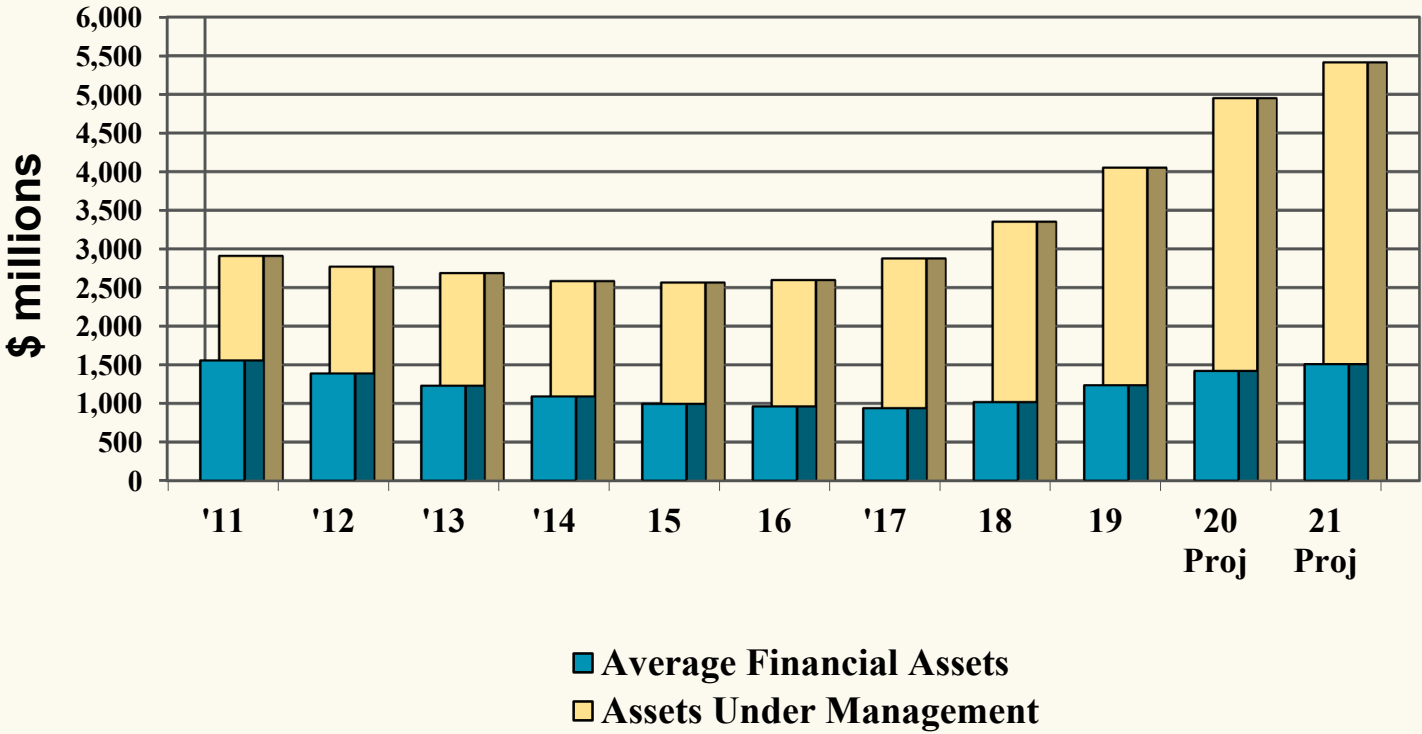
## 2020 RESPONSIVENESS, CHANGE MANAGEMENT & BUSINESS CONTINUITY:

- COVID-19: market volatility, servicing liquidity and delinquency management, CARES Act Awards (~\$24mm), decreased home rehabilitation and property monitoring *Revenue, Expenses, Assets Managed, Liquidity*
- Fourth record year of Single Family Mortgage Production *Revenue, Production/Assets Managed*
- Technology solutions including telecommuting support *Expenses*
- Maintained Moody's issuer credit rating
- Best Places to Work nomination

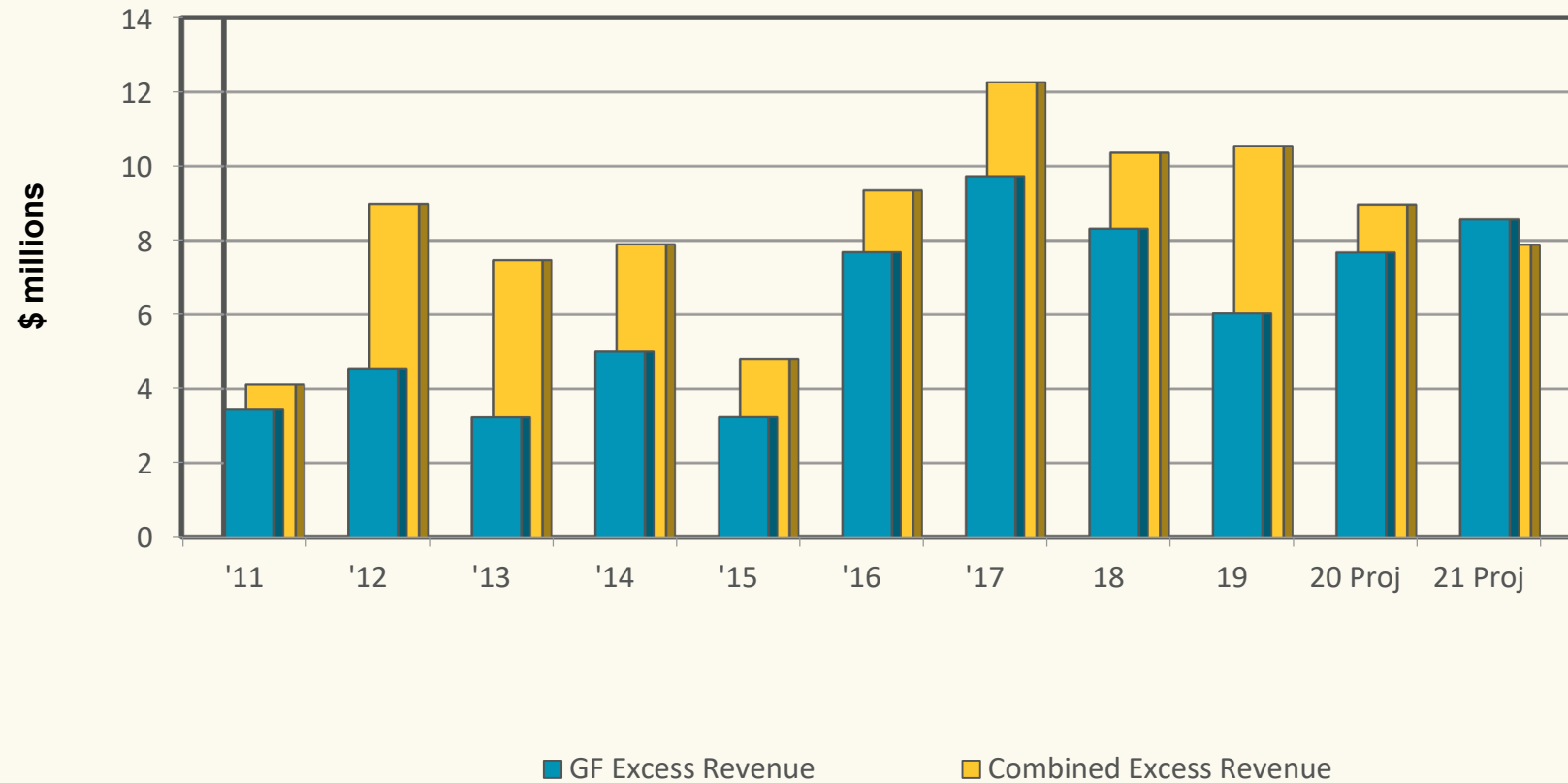
## IMPACT LEGEND:

*Red : Negative Impact*  
*Green: Positive Impact*

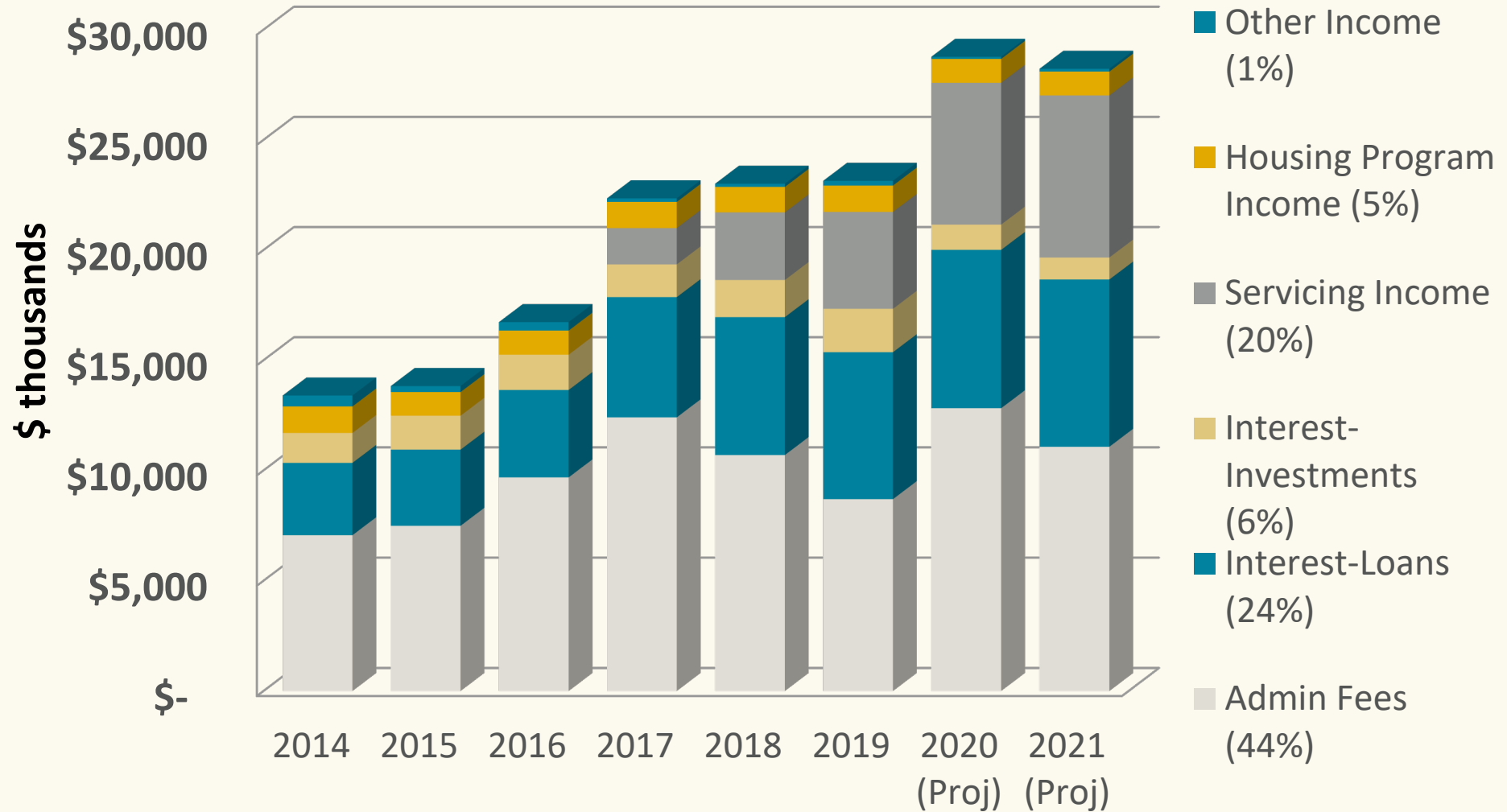
Assets Managed:  
Average Financial Assets  
vs. Average Assets Under Management  
FY 2011-2021



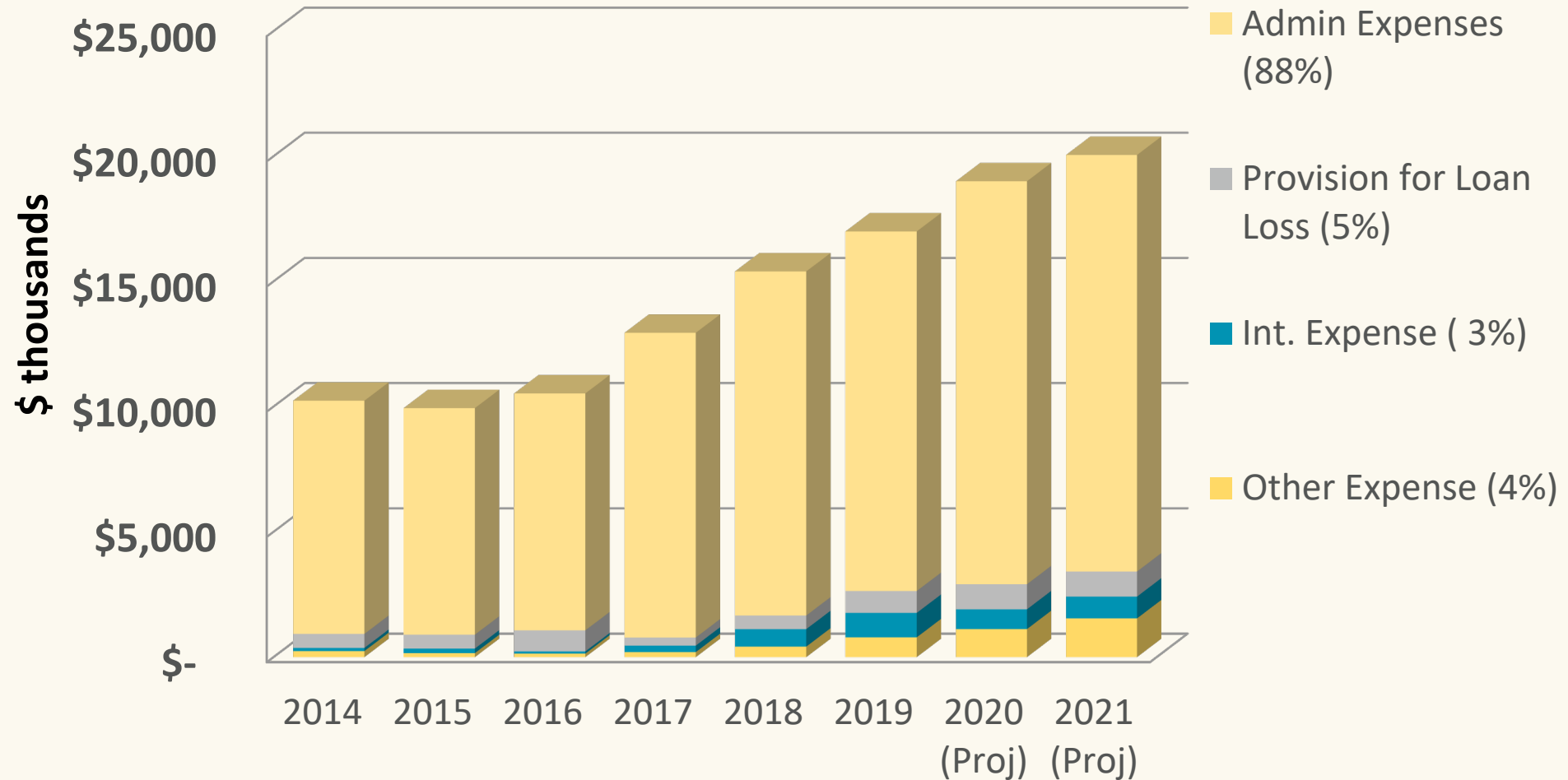
Financial Data:  
General Fund Excess Revenue Over Expenses vs.  
Combined Excess Revenue Over Expenses  
FY 2011-2021



# Financial Data: General Fund Revenue Analysis 2014-2021 (Projected)



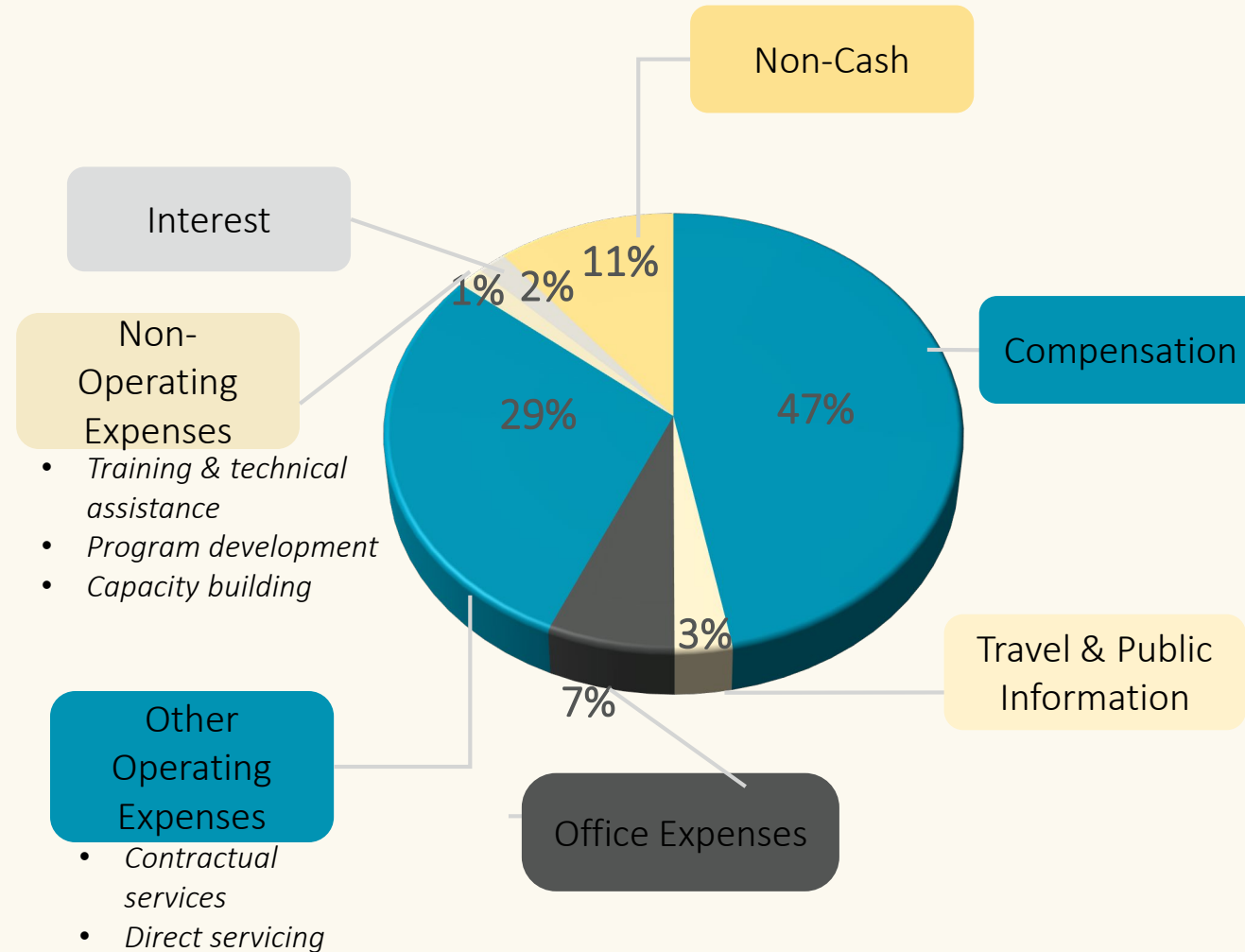
Financial Data:  
General Fund Expenditure Summary  
2014-2021 (Projected)



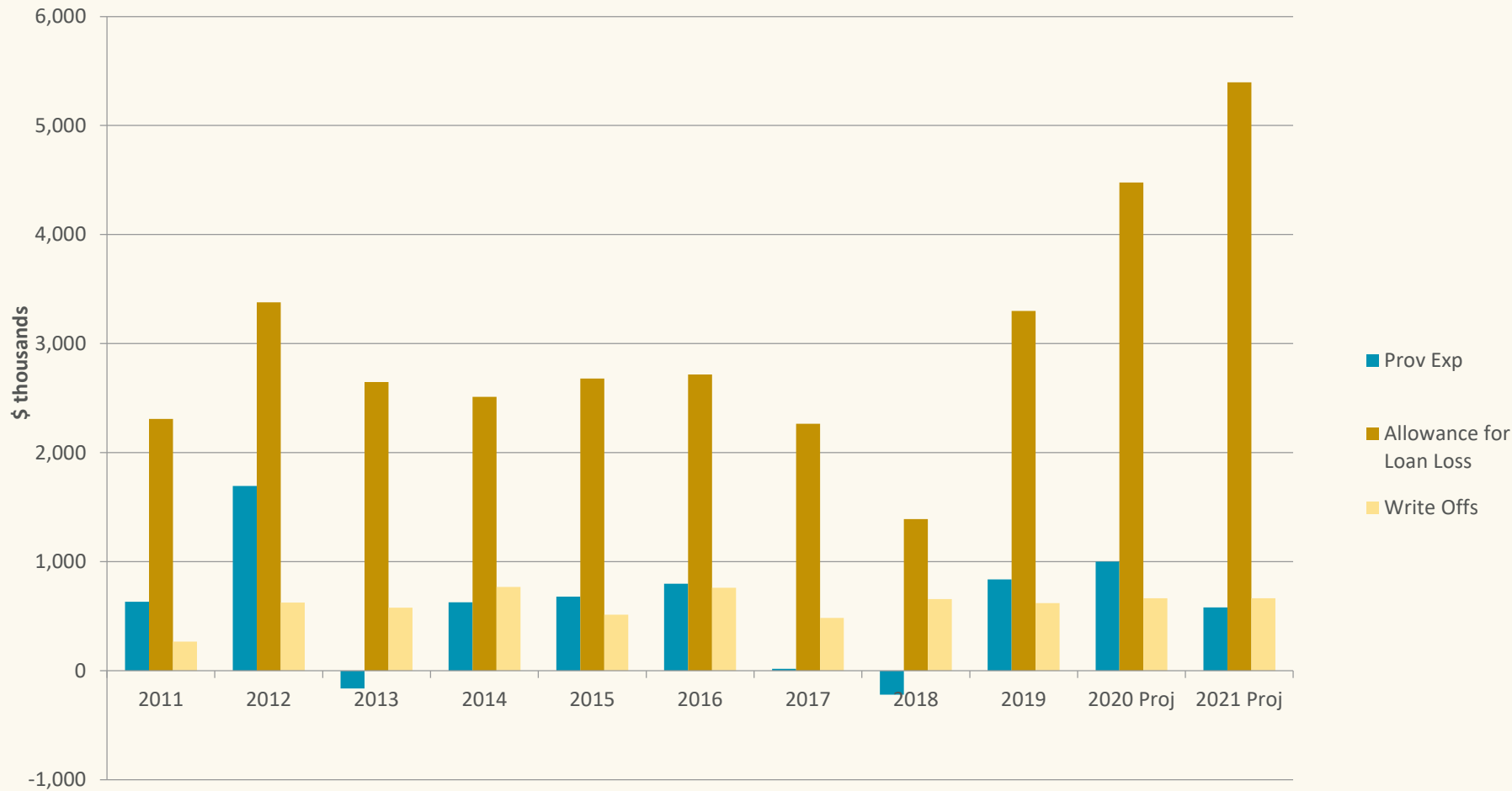


# MFA Detailed Administrative Expense Breakout

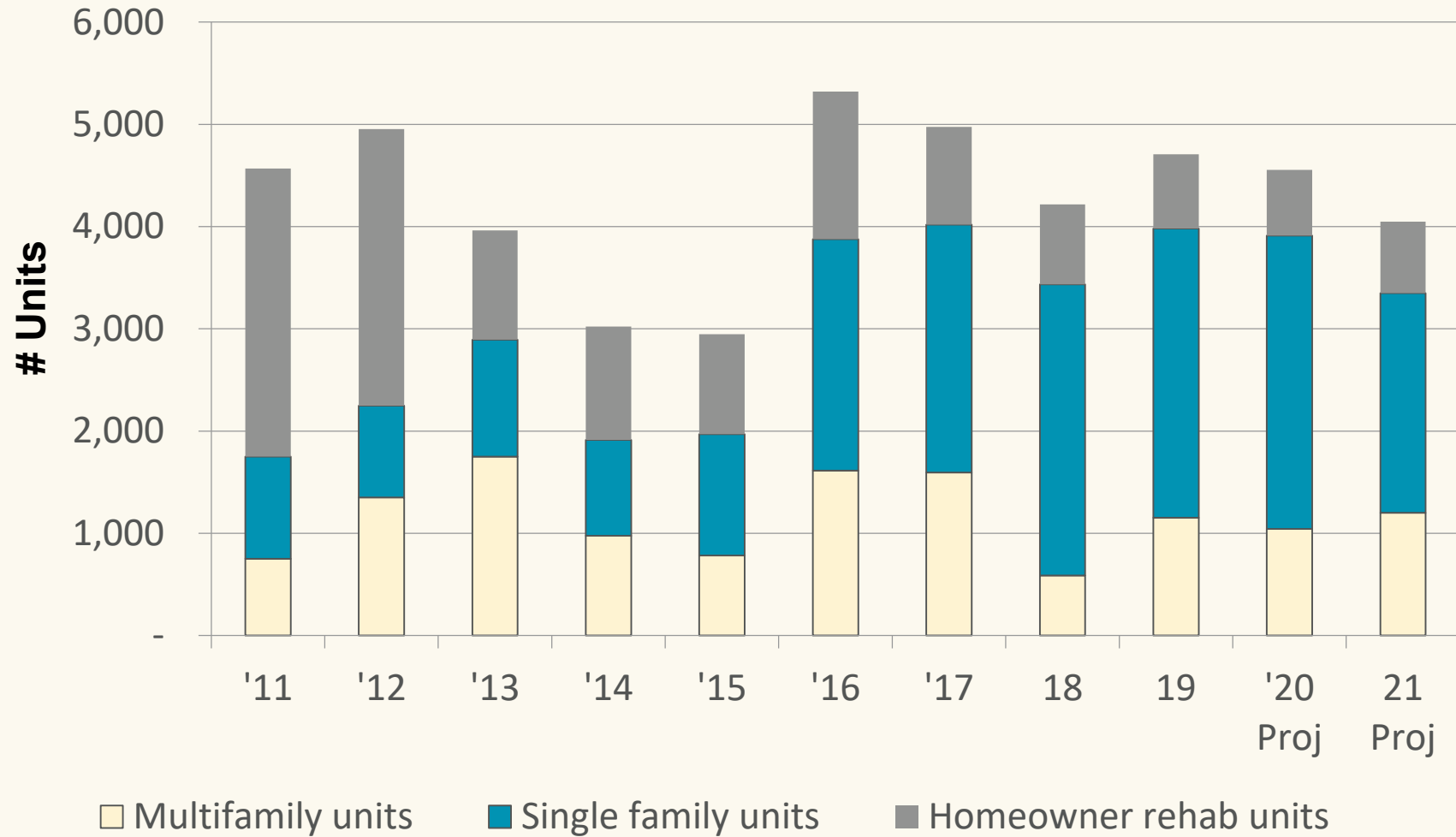
MFA General Fund: FY 2021 Budget



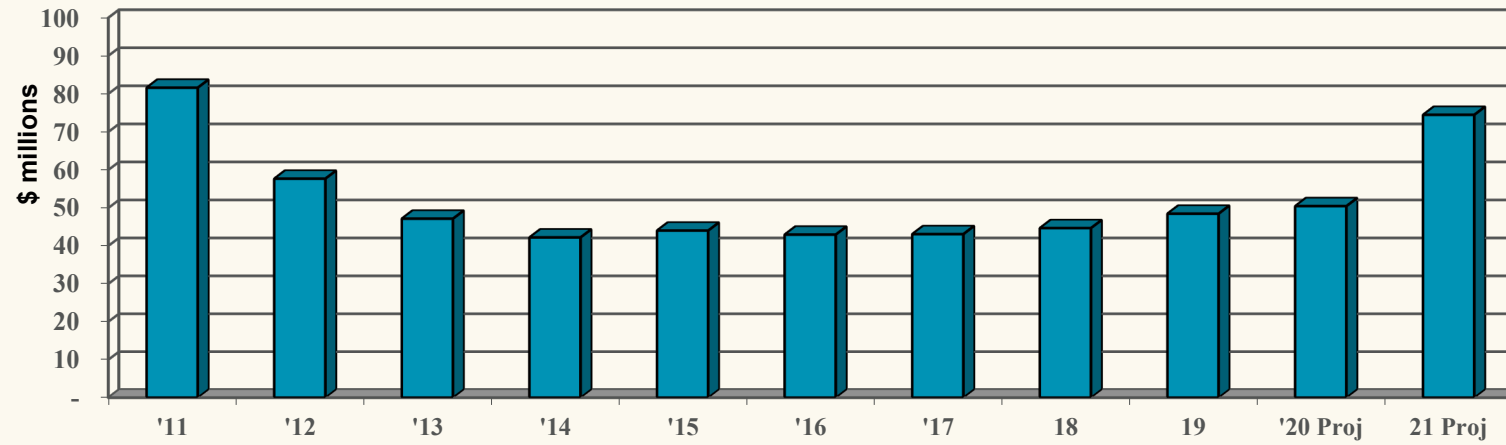
Financial Data:  
Loan Loss Provision Allowance vs Annual Expense and Annual Write Offs  
FY 2011 - 2021



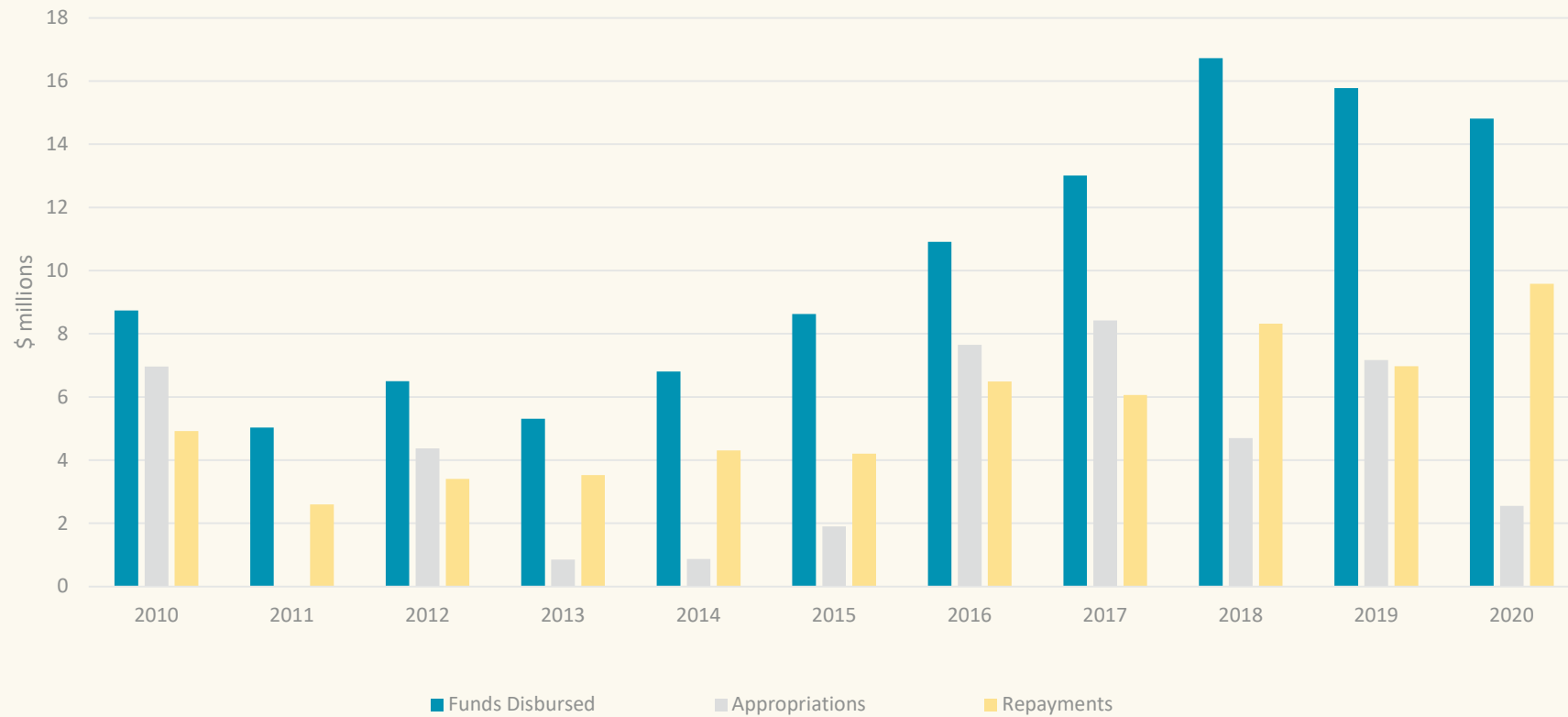
**Production Data:**  
Number of Multifamily, Single Family 1st Mortgage and Single Family Homeowner Rehab Units  
FY 2011-2021



**Production Data:**  
Funds Disbursed-Federal & State Programs  
FY 2011-2021



# Housing Opportunity Fund 2010-2020



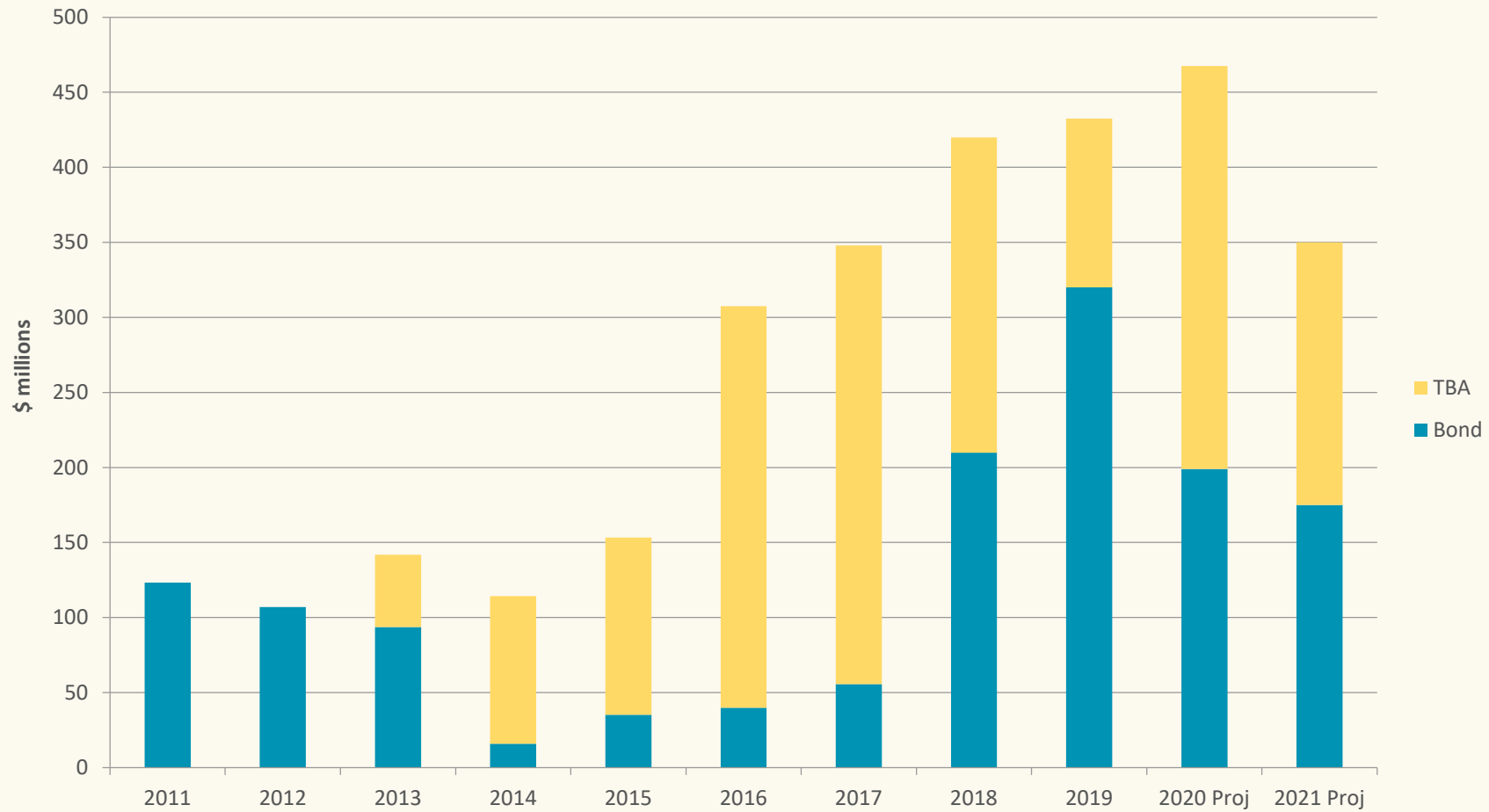
Available as of 6/30/20

\$13.594

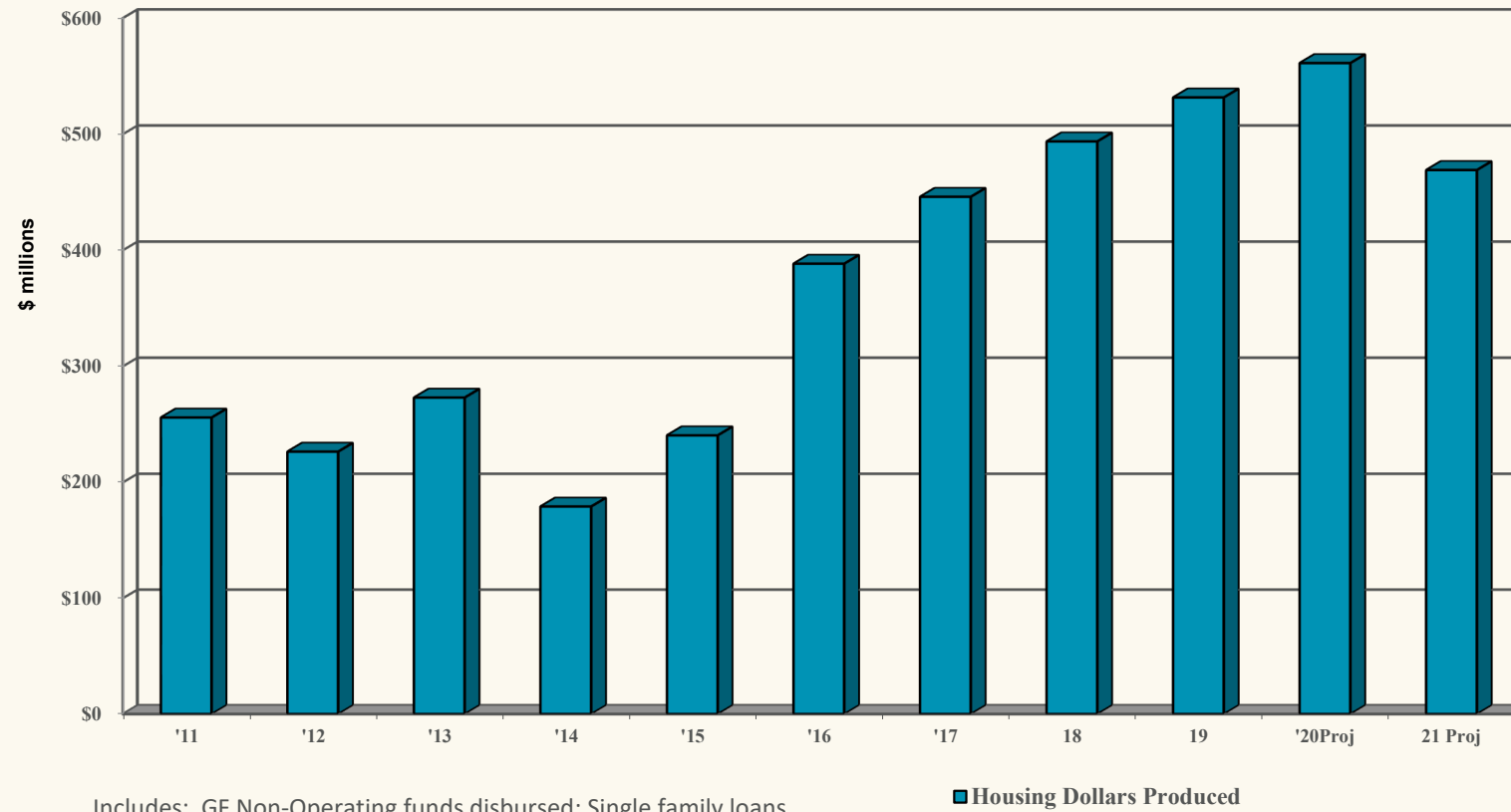
Committed as of 6/30/20

\$3.042

# Production Data: TBA vs Bond Production FY 2011 – 2021

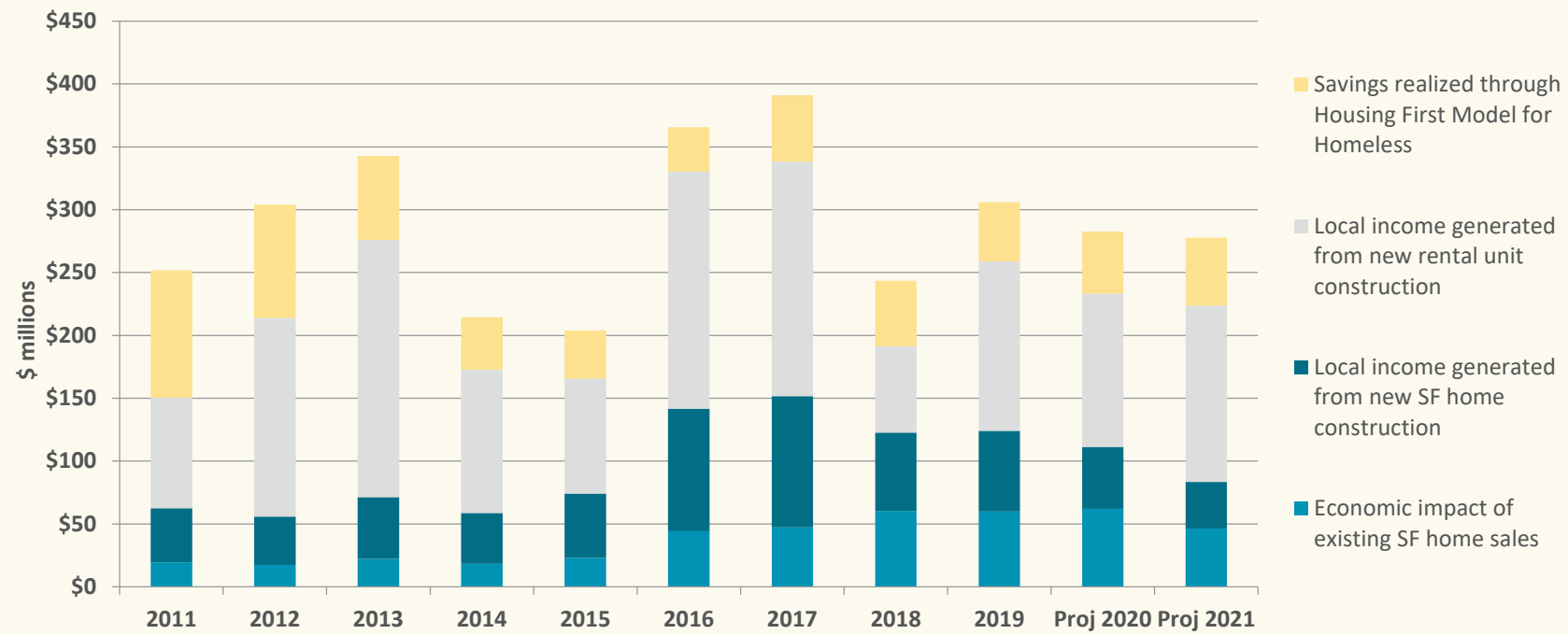


## MFA Total Housing Dollars Produced FY 2011-2021



Includes: GF Non-Operating funds disbursed; Single family loans purchased; Multifamily loans/subsidies; federal & state programs disbursed; and Housing Opportunity Fund disbursed

## Economic Impact of MFA Programs FY2011 - 2021



# Tab 7



# MEMO

**TO:** MFA Board of Directors  
Through: Finance Committee – 9/8/2020  
Through: Policy Committee – 9/1/2020  
**FROM:** Yvonne Segovia, Controller  
**DATE:** 9/16/2020  
**SUBJECT:** Fiscal Year 2020-2021 General Fund Budget

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**Recommendation:**

Staff recommends approval of the budget as reflected on the attached schedules.

**Background:**

MFA's fiscal year end is September 30. A budget is presented for approval prior to the beginning of the new fiscal year October 1.

**Discussion:**

Attached is MFA's General Fund proposed budget for Fiscal Year (FY) 2020-2021. Revenue is projected at \$28,362,000, an increase of \$4,218,000 or 17% over prior year budget and an increase of \$2,612,000 or 10% over projected 9/30/20 actuals. The expense budget is projected at \$19,795,000, an increase of \$17,000 or 0% over prior year budget and an increase of \$1,723,000 or 10% over 9/30/20 projected actuals. The FY 2020-2021 budgeted excess revenue over expenses is \$8,567,000. The capital budget is \$4,701,000, a decrease of (\$1,382,000) or (23%) under prior year budget and a decrease of (\$554,000) or (10%) under projected actual.

The changes are primarily a result of the single family mortgage loan production and the addition of 9.75 full-time equivalent (FTE) staff positions, as well as the renovation of the building.

**Analysis of Significant Increases (Decreases) in Proposed Budget to Prior Year (PY) Budget and Projected Actual**

**OPERATING Revenue:** Increase over PY Budget \$4,299,559 18%; Increase over PY Actual \$2,354,208 9%

**Interest Income:** Increase over PY Budget 589,230 9%; Increase over PY Actuals 711,032 11%

The increase in budget is due to the increase in the down payment assistance loan portfolio, offset by a decrease in interest on the warehouse loan portfolio. Production is estimated to be at normal levels of \$350mm rather than \$400mm budgeted for FY2020.

The increase over prior year actual is due to the increase in the down payment assistance loan portfolio.

**Administrative Fee Income:** Increase over PY Budget \$2,772,451 32%; Increase over PY Actuals \$92,696 1%

The increase in prior year budget and actual is due to an increase in To Be Announced (TBA) pool transaction fees and housing program administrative fees.

**Loan Servicing Income:** Increase over PY Budget \$956,580 16%; Increase over PY Actuals \$1,213,262 21%

The increase in prior year budget and actual is due to the increased balance of the subserviced portfolio.

**NON-OPERATING REVENUE:** Decrease under PY Budget (\$81,750) (22%); Increase over PY Actuals \$258,166 36%

**Gain(Loss) Asset Sale:** Decrease under PY Budget (\$81,750) (22%); Increase over PY Actuals \$259,010 36%

The decrease under prior year budget is due to the increase in losses anticipated on the subserviced portfolio. The increase over prior year actuals is a result of the loss on the SIC portfolio, which is not budgeted.

**OPERATING EXPENSES:** Increase over PY Budget \$402,982 2%; Increase over PY Actual \$2,086,951 12%

**Salaries:** Increase over PY Budget \$498,016 9%; Increase over PY Actual \$954,459 19% - See Attached Organization Chart

Regular merit increases are budgeted at 3.25% next year. In addition, the increase in actual and budget includes 9.75 additional FTE positions: Mortgage Servicing Representative, Collections Specialist, 3 Program Managers, Document Management Technician, Information Support Technician, Term Administrative Assistant, and 2 part time Interns. Also, the Management Trainee was budgeted in the prior year to begin 4/1/2020 and a half time Accountant was converted to full time. The increase from actuals also reflects the vacancies that were experienced in prior year.

**Payroll Taxes, Employee Benefits:** Increase over PY Budget \$302,620 12%; Increase over PY Actual \$605,444 27%

The increase in taxes and benefits over actual and budget is primarily due to salary increases and increases in staffing. In addition, the increase includes an overall increase in insurance premiums of approximately 6%.

**Contractual Services:** Increase over PY Budget \$136,420 12%; Increase over PY Actual \$361,659 40%

The increase over prior year budget is primarily related to an increase in costs for audit, legal, architect and legislative services, and the addition of information systems technical support and a software reporting consultant. The increase over prior year is

primarily related to consultant fees that were not incurred for the financial and investment advisors, and the PBCA procurement and LIHTC consultants.

**Direct Servicing Expenses:** Increase over PY Budget \$375,065 10%; Increase over PY Actual \$18,475 0%

The increase over prior year budget and actual is for subservicing fees and increased costs on the MFA serviced portfolio, offset by a decrease in lender compensation due to the planned reduction in production.

**Interest Expense:** Decrease under PY Budget (\$691,834) (66%); Decrease under PY Actual (\$307,887) (47%)

The decrease under prior year budget and actual is a result of the decrease in interest rates as well as the reduction in advances required to support the reduced production. Production is estimated to be at normal levels of \$350mm rather than \$400mm budgeted for FY2020.

**Non-Cash Expenses:** Decrease under PY Budget (\$257,293) (11%); Increase over PY Actual \$193,115 10%

The decrease under prior budget is due to a decrease in the provision for loan losses offset by an increase in amortization of mortgage servicing rights. The increase over prior year actual is related to an increase in the provision for losses due to the growing down payment assistance loan portfolio and an increase in the amortization of mortgage servicing rights due to the growing portfolio.

**NON-OPERATING EXPENSES:** Decrease under PY Budget (\$386,113) (56%); Decrease under PY Actual (\$364,018) (54%)

**Program Training & Technical Assistance:** Decrease under PY Budget (\$401,815) (73%); Decrease under PY Actual (\$367,989) (71%)

The decrease under prior year budget and actual is primarily due to the state appropriation received in the prior year for the Regional Housing Authorities oversight and the Affordable Housing Act housing plans.

**CAPITAL BUDGET:** Decrease under PY Budget (\$1,382,298) (23%); Decrease under PY Actual (\$553,813) (10%)

**Purchased Servicing Rights:** Decrease under PY Budget (\$1,190,810) (24%); Decrease under PY Actual (\$1,303,889) (25%)

The decrease under prior year budget and actual is due to the decrease in production levels. Production is estimated to be at normal levels of \$350mm rather than \$400mm budgeted for FY2020.

**Furniture:** Increase over PY Budget and Actual \$161,714

The furniture was included in Building budget in the prior year because it could not be broken out separately in the remodel estimate.

**Building:** Decrease under PY Budget (\$289,879) (6%); Increase over PY Actual \$562,493  
100%

The building renovation began in 8/2020. The decrease under budget is because PY budget planned for the entire renovation during FY2020. The increase over actual is the remaining cost anticipated to complete the renovation in FY2021.

**Summary:**

MFA's General Fund proposed budget for FY 2020-2021 is recommended for approval. Revenue is projected at \$28,362,000, an increase of \$4,218,000 or 17% over prior year budget and an increase of \$2,612,000 or 10% over projected 9/30/20 actual. The expense budget is projected at \$19,795,000, an increase of \$17,000 or 0% over prior year budget and an increase of \$1,723,000 or 10% over 9/30/20 projected actual. The FY 2020-2021 budgeted excess revenue over expenses is \$8,567,000. The capital budget is \$4,701,000, a decrease of (\$1,382,000) or (23%) under prior year budget and a decrease of (\$554,000) or (10%) under projected actual.

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**GENERAL FUND**  
**Fiscal Year 2020-2021 Budget**

	Proposed Budget FY2020-21	Budget FY2019-20 Amendment #1	6/30/2020 Actuals Annualized	Variance: CY Budget PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget PY Actuals	Variance %: CY Budget - PY Actuals
	2021	2020	2020	2021	2021	2021	2021
Interest Income	7,366,516	6,777,286	6,655,484	589,230	9%	711,032	11%
Interest on Investments & Securities	1,827,920	1,882,217	1,708,551	(54,297)	-3%	119,369	7%
Loan & Commitment Fees	10,000	10,000	64,675	-	0%	(54,675)	-85%
Administrative Fee Income (Exp)	11,556,874	8,784,423	11,464,178	2,772,451	32%	92,696	1%
Risk Sharing/Guaranty/RTC fees	85,158	69,431	68,177	15,727	23%	16,982	25%
Housing Program Income	1,104,920	1,084,053	1,254,848	20,867	2%	(149,928)	-12%
Loan Servicing Income	6,870,105	5,913,525	5,656,843	956,580	16%	1,213,262	21%
Other Operating Income	500	1,500	(1,000)	(1,000)	-67%	500	
<b>Operating Revenues</b>	<b>28,821,993</b>	<b>24,522,435</b>	<b>26,467,785</b>	<b>4,299,559</b>	<b>18%</b>	<b>2,354,208</b>	<b>9%</b>
Gain (Loss) Asset Sale/Debt Ex	(460,500)	(378,750)	(719,510)	(81,750)	-22%	259,010	36%
Other Non-operating Income	160	160	1,004	-	0%	(844)	-84%
<b>Non-Operating Revenues</b>	<b>(460,340)</b>	<b>(378,590)</b>	<b>(718,506)</b>	<b>(81,750)</b>	<b>-22%</b>	<b>258,166</b>	<b>36%</b>
<b>Revenue</b>	<b>28,361,653</b>	<b>24,143,845</b>	<b>25,749,279</b>	<b>4,217,809</b>	<b>17%</b>	<b>2,612,374</b>	<b>10%</b>
Salaries	5,894,884	5,396,868	4,940,426	498,016	9%	954,459	19%
Overtime	24,877	24,756	19,293	121	0%	5,584	29%
Incentives	500,152	468,417	477,418	31,734	7%	22,734	5%
Payroll taxes, Employee Benefits	2,870,268	2,567,648	2,264,824	302,620	12%	605,444	27%
Compensation	9,290,181	8,457,690	7,701,961	832,491	10%	1,588,220	21%
Business Meals Expense	5,360	5,060	999	300	6%	4,361	436%
Public Information	270,895	278,905	145,772	(8,010)	-3%	125,123	86%
In-State Travel	122,888	97,140	48,814	25,748	27%	74,074	152%
Out-of-State Travel	196,698	211,399	112,757	(14,701)	-7%	83,941	74%
Travel & Public Information	595,841	592,504	308,342	3,337	1%	287,499	93%
Utilities/Property Taxes	74,150	73,652	71,014	498	1%	3,136	4%
Insurance, Property & Liability	174,707	126,646	129,094	48,060	38%	45,612	35%
Repairs, Maintenance & Leases	946,927	940,422	919,795	6,506	1%	27,133	3%
Supplies	33,580	52,166	42,268	(18,586)	-36%	(8,688)	-21%
Postage/Express mail	36,819	36,792	39,178	27	0%	(2,358)	-6%
Telephone	20,693	20,843	9,745	(150)	-1%	10,948	112%
Janitorial	40,276	25,080	30,650	15,196	61%	9,625	31%
Office Expenses	1,327,153	1,275,601	1,241,744	51,552	4%	85,409	7%
Dues & Periodicals	58,926	51,850	48,386	7,076	14%	10,540	22%
Education & Training	131,380	122,711	61,317	8,669	7%	70,063	114%
Contractual Services	1,272,421	1,136,001	910,762	136,420	12%	361,659	40%
Professional Services-Program	38,400	58,236	120,984	(19,836)	-34%	(82,584)	-68%
Direct Servicing Expenses	4,142,137	3,767,072	4,123,662	375,065	10%	18,475	0%
Program Expense-Other	23,355	14,500	36,236	8,855	61%	(12,881)	-36%
Rebate Analysis Fees	-	-	-	-	-	-	-
Other Operating Expense	5,666,619	5,150,370	5,301,346	516,249	10%	365,273	7%
Interest Expense	353,809	1,045,643	661,696	(691,834)	-66%	(307,887)	-47%

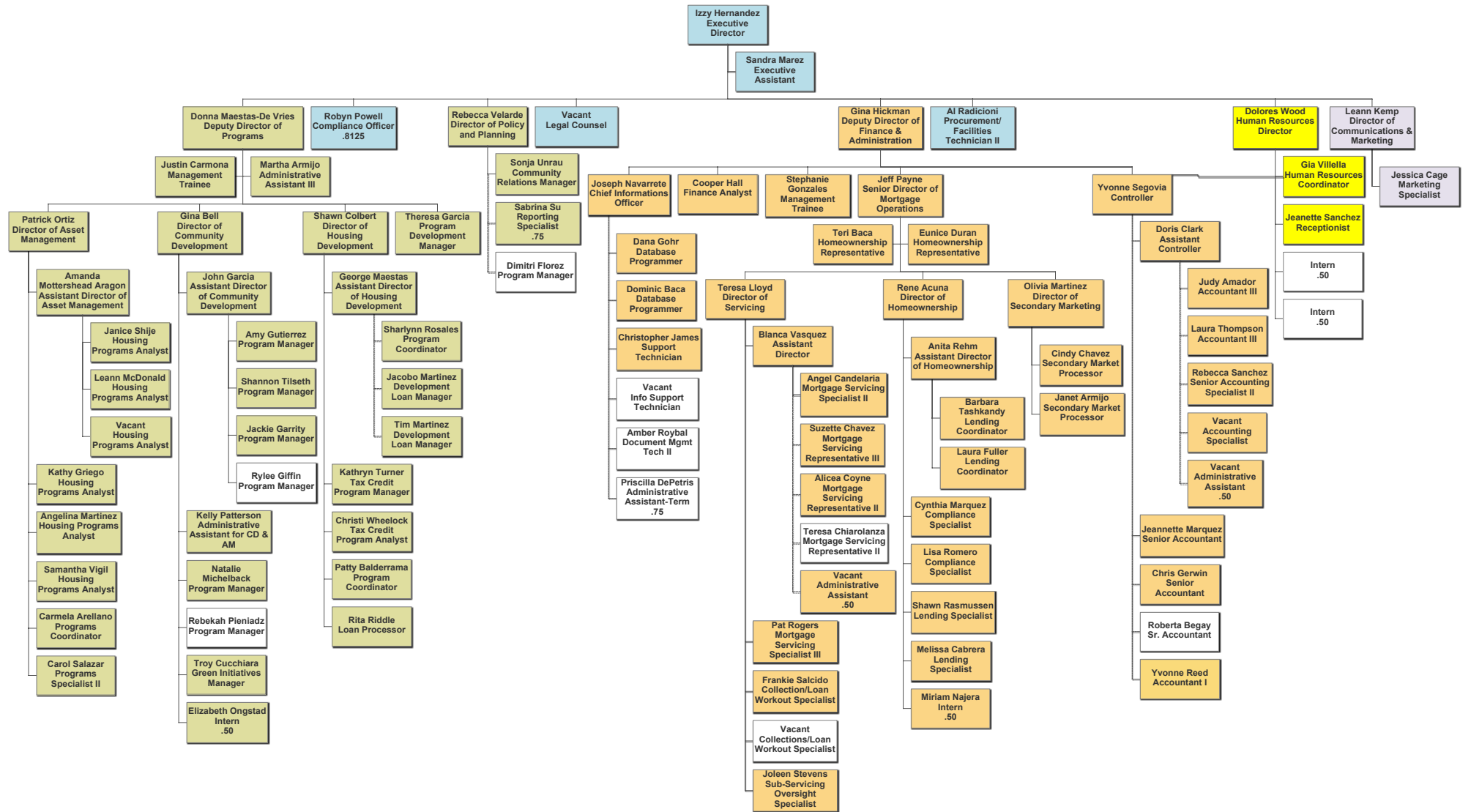
**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**GENERAL FUND**  
**Fiscal Year 2020-2021 Budget**

	Proposed Budget FY2020-21	Budget FY2019-20 Amendment #1	6/30/2020 Actuals Annualized	Variance: CY Budget PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget PY Actuals	Variance %: CY Budget - PY Actuals
	2021	2020	2020	2021	2021	2021	2021
Non-Cash Expenses	2,127,607	2,384,900	1,934,492	(257,293)	-11%	193,115	10%
Expensed Assets	126,150	177,670	250,829	(51,520)	-29%	(124,679)	-50%
<b>Operating Expenses</b>	19,487,360	19,084,378	17,400,409	402,982	2%	2,086,951	12%
Program Training & Tech Asst	149,900	551,715	517,889	(401,815)	-73%	(367,989)	-71%
Program Development	157,502	141,800	153,531	15,702	11%	3,971	3%
Capacity Building Costs	307,402	693,515	671,420	(386,113)	-56%	(364,018)	-54%
<b>Non-Operating Expenses</b>	307,402	693,515	671,420	(386,113)	-56%	(364,018)	-54%
<b>Expenses</b>	19,794,762	19,777,893	18,071,829	16,869	0%	1,722,933	10%
<b>Excess Revenue over Expenses</b>	8,566,892	4,365,952	7,677,450	4,200,940	96%	889,442	12%

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**GENERAL FUND**  
**Fiscal Year 2020-2021 Capital Budget**

	<b>Proposed Budget FY2020-21</b>	<b>Budget FY2019-20 Amendment #1</b>	<b>6/30/2020 Actuals Annualized</b>	<b>Variance: CY Budget - PY Budget</b>	<b>Variance %: CY Budget - PY Budget</b>	<b>Variance: CY Budget - PY Actuals</b>	<b>Variance %: CY Budget - PY Actuals</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
2690 PURCHASED SERVICING RIGHTS	3,844,750	5,035,560	5,148,639	(1,190,810)	-24%	(1,303,889)	-25%
2920 FURN & EQUIP, 10 YR	161,714	-	-	161,714	0%	161,714	0%
2950 COMPUTER HARDWARE	121,000	184,324	95,131	(63,324)	-34%	25,869	27%
2860 BUILDING	573,156	863,035	107,219	(289,879)	-6%	562,493	100%
<b>Capital Budget</b>	<b>4,700,620</b>	<b>6,082,919</b>	<b>5,350,988</b>	<b>(1,382,298)</b>	<b>-23%</b>	<b>(553,813)</b>	<b>-10%</b>

Revised Organizational Chart  
09/16/20  
93.31



**TO:** MFA Board of Directors  
**FROM:** MFA Board Compensation Committee  
**DATE:** September 16, 2020  
**SUBJECT:** Annual Review of Compensation and Benefits

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**Recommendation:**

The Committee believes that MFA's compensation and benefit programs and the approach to the FY2021 compensation and benefits budget are reasonable and fair. In addition, the committee believes that MFA has comprehensive policies and procedures related to the compensation and benefit processes.

**Background:**

MFA Board Compensation Committee was established in October of 2012. The purpose of the committee is to provide the appropriate oversight and transparency over MFA compensation and benefits. The Compensation Committee was asked to meet at least annually and to report the results of its assessment back to the full Board in conjunction with the annual General Fund budget approval. Members are as follows:

Derek Valdo, Committee Chair, MFA Board Vice-Chair  
Howie Morales, Lt. Governor, MFA Board Member  
Sally Malavé, MFA Board Member (Proxy for Attorney General)

**Discussion:**

The committee met August 4, 2020 and reviewed the following:

- Benefits
  - o Healthcare Update
  - o Benefits Summary
- Compensation Survey Update
- 2020-2021 Budget Outlook
- Incentive Compensation Plan

The Compensation Committee discussed the General Fund compensation and benefits budget outlook for FY2021. The committee also discussed medical/dental/vision strategy and changes to premiums, update on compensation study and current/future staffing levels.

# Tab 8



# MEMO

**TO:** MFA Board of Directors

Through: Finance Committee – September 8, 2020

Through: Policy Committee – September 1, 2020

**FROM:** Yvonne Segovia, Controller

**DATE:** September 16, 2020

**SUBJECT:** Housing Opportunity Fund Appropriations

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**Recommendation:**

As specified on the attached Resolutions, Staff recommends \$7,050,000 be appropriated to the First Down DPA Loan Program, of which \$3,368,000 will be transferred from the Primero Program, \$428,000 will be transferred from the Partners Program, \$2,136,000 will be transferred from the Access Program, resulting in \$1,118,000 of new funds being appropriated to the Housing Opportunity Fund.

**Background:**

The Housing Opportunity Fund (HOF) was created in 1992 to support MFA's legislative responsibility to provide decent, safe, and affordable housing programs to benefit all New Mexicans. The HOF programs are funded by MFA's General Fund reserves through appropriations designated by the Board. The programs that comprise the General Fund HOF include: Primero Investment Fund Program, Partners Loan Program, "First Down" Down Payment Assistance Program, HERO First Mortgage Program, and Access Loan Program. The Board has appropriated General Fund reserves to various programs in the HOF throughout the years. Total appropriations to date are \$96.6 million.

The DPA Program will exhaust all available appropriations due to increased demand in the Single Family Mortgage Program resulting in a need for funds of \$7.05mm through 9/30/21 to support anticipated demand. MFA currently has \$66m in DPA portfolio loans on its Statement of Net Position. The current interest rate on these loans is 5.7%. This program supports MFA's mission by providing affordable homeownership opportunities in New Mexico.

**Discussion:**

The attached schedule summarizes the appropriations, uses, and projections for each program in the General Fund HOF as of 6/30/2020. Staff has estimated the availability of "Funds Required to meet Demand" for each of the programs that comprise the General Fund HOF. Staff also estimated the "Anticipated Need" for the programs through 9/30/2021 as well as the "Estimated Repayments" through 9/30/2021. Based on these estimates, funds will be necessary to support demand in the DPA loan

program. However, there are excess funds available in the Primero, Partners and Access loan programs, which can be transferred to the DPA loan program.

These changes in appropriations would result in \$1,118,000 in new funds being appropriated to the HOF. As of 7/31/2020, MFA has \$36,173,000 in General Fund reserves which have been designated for use in the Single Family and Multifamily housing programs.

**Summary:**

In order to meet anticipated demand, Staff recommends \$7,050,000 be appropriated to the First Down DPA Loan Program, of which \$3,368,000 will be transferred from the Primero Program, \$428,000 will be transferred from the Partners Program, \$2,136,000 will be transferred from the Access Program, resulting in \$1,118,000 of new funds being appropriated to the Housing Opportunity Fund.

New Mexico Mortgage Finance Authority  
Housing Opportunity Fund

REQUEST

6/30/2020

Description	Primero Loans	Primero Loans PRLF	Partners Loans	DPA	HERO 1st Mortgages	Access Loans	Total
Original Appropriation:	1,245,041	925,000	3,747,000	60,513,780	2,056,959	28,078,000	96,565,781
RHED 2002 Award	13,000						13,000
HERO Loans/State Innovations				363,413			363,413
DPA Loans/State Mortgage Loans				75,000			75,000
DPA Loans/General Indenture				11,019,000			11,019,000
Wells Fargo	850,000						850,000
USDA		4,125,000					4,125,000
NM Small Business Investment Corp.	2,500,000						2,500,000
Used for:							
Funded Loans	(18,708,127)	(1,935,965)	(13,344,575)	(110,931,077)	(9,258,705)	(31,522,224)	(185,735,673)
Repayments	15,285,073	169,045	10,014,271	46,051,383	7,201,745	5,062,001	83,818,518
Totals	1,184,987	3,283,080	416,696	7,091,499	(0)	1,617,777	13,594,039

Total Unused Appropriations:

13,594,039

Commitments:

844,191

0

0

1,642,418

0

0

2,486,609

Available:

340,796

3,283,080

416,696

5,449,080

(0)

1,617,777

11,107,429

PROJECTIONS FOR FISCAL YEAR 2020-2021:

Anticipated Need thru 9/30/2021	1,000,000	925,000	800,000	22,000,000	0	0	24,725,000
Estimated Repayments	4,027,635	0	811,176	9,501,526	0	518,691	14,859,028
Funds Required to meet Demand	(3,368,000)	(2,358,000)	(428,000)	7,050,000	-	(2,136,000)	(1,240,000)

Board Appropriation Request

0

SUMMARY UPON APPROVAL:

Loans & Guaranties Outstanding	101,917,155
Unused Appropriations	13,594,039
Total Appropriations	115,511,194

**NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA)  
RESOLUTION**

WHEREAS, the New Mexico Mortgage Finance Authority Board of Directors (the "Board") met virtually via WebEx in a Regular meeting on June 17, 2020 at 9:30 a.m.; and

WHEREAS, as the State's Housing Agency, MFA is responsible for facilitating the provision of decent, safe and affordable housing to all New Mexicans; and

WHEREAS, there exists a need to provide statewide down payment assistance (DPA) to borrowers that have limited financial resources; and

WHEREAS, the Board has designated General Fund reserves to the Housing Opportunity Fund for the use in the HERO First Mortgage Program; and

WHEREAS the Board has \$3,368,000 of unused appropriation in the Primero Loan Program;  
and

WHEREAS the Board has \$428,000 of unused appropriation in the Partners Loan Program; and

WHEREAS the Board has \$2,136,000 of unused appropriation in the Access Loan Program; and

WHEREAS, the Board also has designated repayments from the Housing Opportunity Fund HERO First Mortgage Program loans and various DPA loans to the DPA Program; and

WHEREAS, the Housing Opportunity Fund HERO First Mortgage Program funds have been fully disbursed; and

WHEREAS the MFA recommends an additional appropriation of \$7,050,000 plus repayments from the HERO First Mortgage loans and the various DPA loans be designated to the First Down DPA Loan Program; therefore

IT IS RESOLVED that the MFA Board agrees to appropriate an additional \$7,050,000, of which \$3,368,000 will be transferred from the Primero Program, \$428,000 will be transferred from the Partners Program, \$2,136,000 will be transferred from the Access Program, plus repayments of HERO and DPA loans to the First Down DPA Loan Program.

After discussion, the foregoing Resolution was duly moved by \_\_\_\_\_, and seconded by \_\_\_\_\_; adopted by the following vote:

**Aye                  Nay      Absent**

**Date Adopted: September 16, 2020**

# Tab 9

## AFFORDABLE HOUSING CHARITABLE TRUST

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**TO:** MFA Board of Directors

Through: Finance Committee – September 8, 2020

Through: Policy Committee – September 1, 2020

**FROM:** Yvonne Segovia, Controller

**DATE:** September 16, 2020

**SUBJECT:** FY 2020-2021 NM Affordable Housing Charitable Trust Budget

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**Recommendation:**

Staff recommends approval of the budget as reflected on the attached schedule.

**Background:**

The New Mexico Affordable Housing Charitable Trust is a legally separate trust for which the MFA Board provides oversight.

**Discussion:**

Attached is the proposed budget for the New Mexico Affordable Housing Charitable Trust for FY 2020-2021. Revenue is projected at \$132,000, and the expense budget is projected at \$138,000, resulting in a FY 2020-2021 budgeted excess revenue over expenses of (\$6,000).

The Administrative Fee Income is projected to increase as a result of the federal Veterans Housing Rehabilitation & Modification Program award received, which also increased the expense budget related to compensation and other direct and indirect costs provided by MFA to support the award.

The Grant Award Income increased compared to prior year budget due to contributions received for specific projects, which in turn increased the Grant Expense budget for the distribution of those contributions.

**Summary:**

The NM Affordable Housing Charitable Trust Budget is recommended for approval. Revenue is projected at \$132,000, and the expense budget is projected at \$138,000, resulting in a FY 2020-2021 budgeted excess revenue over expenses of (\$6,000).

**NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST**  
**Fiscal Year 2020-2021 Budget**

	Proposed			Variance: CY Budget - PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget - PY Actuals	Variance %: CY Budget - PY Actuals
	Budget FY2020-21	Budget FY2019-20 Amendment #1	Actuals Annualized				
	2021	2020	2020	2021	2021	2020	2020
Interest on Investments & Securities	275	200	272	75	37%	3	1%
Administrative Fee Income (Exp)	50,000	3,319		46,681	1406%	50,000	
<b>Operating Revenues</b>	50,275	3,519	272	46,756	1329%	50,003	18406%
Grant Award Income	82,000	35,000	81,607	47,000	134%	393	0%
<b>Non-Operating Revenues</b>	82,000	35,000	81,607	47,000	134%	393	0%
<b>Revenue</b>	132,275	38,519	81,878	93,756	243%	50,397	62%
Salaries	43,194	3,148	20,195	40,046	1272%	22,999	114%
Overtime	19	-		19		19	
Incentives	3,662	287		3,375	1176%	3,662	
Payroll taxes, Employee Benefits	14,628	1,387	10,057	13,241	955%	4,571	45%
Compensation	61,503	4,821	30,252	56,682	1176%	31,251	103%
Travel & Public Information	3,358			3,358		3,358	
Utilities/Property Taxes	597	60	337	537	901%	259	77%
Insurance, Property & Liability	50	5	18	46	936%	32	175%
Repairs, Maintenance & Leases	705	56	194	648	1148%	510	262%
Supplies	270	34	169	236	692%	101	60%
Postage/Express mail	81	8	47	73	898%	34	72%
Telephone	167	17	253	150	888%	(87)	-34%
Janitorial	324	20	124	304	1497%	200	161%
Office Expenses	2,193	200	1,143	1,993	995%	1,050	92%
Contractual Services	1,456		489	1,456		967	198%
Program Expense-Other	1,000			1,000		1,000	
Other Operating Expense	2,456		489	2,456		1,967	402%
Non-Cash Expenses	618	68	329	550	815%	289	88%
<b>Operating Expenses</b>	70,128	5,089	32,213	65,039	1278%	37,915	118%
Capacity Building Costs	1,000			1,000		1,000	
Grant Expense	67,000		66,667	67,000		333	0%
<b>Non-Operating Expenses</b>	68,000		66,667	68,000		1,333	2%
<b>Expenses</b>	138,128	5,089	98,880	133,039	2614%	39,248	40%
<b>Excess Revenue over Expenses</b>	(5,853)	33,430	(17,001)	(39,283)	-118%	11,148	-66%

# Tab 10

## MFA 2021 Legislative Agenda

### New Mexico Housing Trust Fund

**\$12 million**

*This appropriation could help build, rehabilitate or preserve approximately 1,000 quality affordable homes for low-income New Mexicans and could weatherize and provide energy efficiency upgrades for an additional 300 low-income households statewide. This item consolidates two items that were requested separately in previous years (New Mexico Housing Trust Fund along with the Low-Income Energy Conservation Program) as MFA should be able to fund both programs with a single bill. A \$12 million request for each year has been included in MFA's FY 2022-2026 Infrastructure Capital Improvements Plan (ICIP).*

**Background:** The New Mexico Housing Trust Fund was created by the New Mexico Legislature in 2005 with an initial appropriation of \$10 million and subsequent appropriations of \$12.05 million. MFA has also previously sought and received funding for its Low-Income Energy Conservation Program, or NM Energy \$mart, which weatherizes the homes of approximately 750 low-income families each year using two federal sources, the Weatherization Assistance Program (WAP) and the Low Income Home Energy Assistance Program (LIHEAP), in addition to utility company sources. MFA is proposing to combine requests for both programs into a single bill. **Results:** MFA has grown the New Mexico Housing Trust Fund to \$32.8 million through loan and investment interest and has awarded more than \$50.2 million by recycling interest and principal payments. The fund has helped to construct or rehabilitate over 3,800 homes in 59 housing developments and has leveraged over \$565 million in other funding—a 25-to-1 return on the state's investment. MFA has also started to use the fund for rental assistance at affordable housing communities in response to COVID-19.

### New Mexico Housing Trust Fund Statutory Changes

*This proposed bill would amend the New Mexico Housing Trust Fund Act (58-18C-1) to allow MFA to utilize New Mexico Housing Trust Funds for more types of housing activities, including, but not limited to, rental and mortgage assistance, down payment assistance, weatherization activities and housing program services.*

**Background:** The New Mexico Housing Trust Fund Act created a state-funded affordable housing source in 2005. The bill focused on utilizing funds for constructing or rehabilitating affordable housing units. Due to recent events, it has become clear that state funding is desperately needed for other types of housing activities to ensure New Mexicans continually have decent, safe and affordable housing.



## **Regional Housing Law Statutory Changes**

*This proposed bill would amend the Regional Housing Law (11-3A-1) to acknowledge the oversight role played by the U.S. Department of Housing and Urban Development (HUD) and to eliminate duplicative oversight efforts by MFA and HUD. These statutory changes have been coordinated with HUD.*

**Background:** In 2009, MFA was mandated by the state to restructure and oversee the regional housing authorities (RHAs), which exclusively serve New Mexico's rural counties. MFA consolidated the seven RHAs into three (Northern RHA in Taos, Eastern RHA in Roswell, and Western RHA in Silver City and Deming) and began providing training and technical assistance and ensuring annual audits. Since that time, it has become clear that MFA's efforts are duplicative with the authority of HUD, which is the true oversight and funding agency of the RHAs. As such, HUD approached MFA about transitioning out of an oversight role. MFA and HUD believe the oversight provided by HUD in addition to previously enacted statutory changes to the Regional Housing Law will ensure the success of the RHAs in the future.

Tab 11

Housing Development Quarterly Pipeline Report

Fiscal Year: 2020  
Quarter: 3rd

Total Projects: 30

Main Funding Type	Project Name & Location	Developer	Application or Allocation Year	Board Approval Date	Loan Closing Date	No of Apts	NC - New Construction or Acq/Rehab	Housing Priority or N/A	Construction Start Approval Date	33% Complete Date	66% Complete Date	Construction Completion Date	LIHTC Award	MFA PAB Bond Amount	MFA Loan Amounts & Programs	Any Known Issues or Comments
9%	1 A'diidi ni'kuwaa, Mescalero	Mescalero Apache Housing Authority	2020	06/17/20	Proj. 11/30/2020	40	NC	Special Needs	TBD	TBD	TBD	TBD	\$ 1,028,671	N/A	\$292,500 - HOME \$400,000 - NHTF	
	2 Luminaria Senior, Albuquerque	Greater Albuquerque Housing Partnership	2020	06/17/20	N/A	92	NC	Seniors	TBD	TBD	TBD	TBD	\$ 1,040,000	N/A	N/A	
	3 PAHA Homes #2, Pueblo of Acoma	Pueblo of Acoma Housing Authority	2020	06/17/20	N/A	30	NC	Special Needs	TBD	TBD	TBD	TBD	\$ 1,157,325	N/A	N/A	
	4 Encantada Apartments, Los Lunas	Chelsea Investment Corp & Catholic Charities	2020	06/17/20	Proj. 11/1/2020	48	Acq/Rehab	Households with Children	TBD	TBD	TBD	TBD	\$ 723,285	N/A	\$400,000 - HOME \$400,000 - NHTF	
	5 6100 Harper, Albuquerque	Albuquerque Housing Authority	2020	06/17/20	Proj. 11/30/2020	59	Acq/Rehab	Households with Children	TBD	TBD	TBD	TBD	\$ 572,401	N/A	\$400,000 - NHTF	
	6 Copper Terrace, Albuquerque	YES Housing	2020	06/17/20	Proj. 11/2/2020	96	Acq/Rehab	Households with Children	TBD	TBD	TBD	TBD	\$ 560,000	N/A	\$1,000,000 - HOME-CHDO \$1,000,000 - NMHTF	
	7 Broadway/McKnight, Albuquerque	Albuquerque Housing Authority	2020	06/17/20	Proj. 11/30/2020	54	NC	Households with Children	TBD	TBD	TBD	TBD	\$ 954,720	N/A	\$400,000 - NHTF	
	8 Villa Mirasol, Sunland Park	Thomas Development Group & HERO	2020	06/17/20	Proj. 11/30/2020	48	NC	Households with Children	TBD	TBD	TBD	TBD	\$ 848,640	N/A	\$360,000 - HOME	
	9 The Bluffs, Los Alamos	Bethel Development & SW Regional	2019	07/17/19	N/A	64	NC	Seniors	TBD	TBD	TBD	TBD	\$ 1,028,671	N/A	N/A	COVID-related extension request granted. Was working through municipal approvals and labor shortages.

Housing Development Quarterly Pipeline Report

Fiscal Year: 2020  
Quarter: 3rd

Total Projects: 30

Main Funding Type	Project Name & Location	Developer	Application or Allocation Year	Board Approval Date	Loan Closing Date	No of Apts	NC - New Construction or Acq/Rehab	Housing Priority or N/A	Construction Start Approval Date	33% Complete Date	66% Complete Date	Construction Completion Date	LIHTC Award	MFA PAB Bond Amount	MFA Loan Amounts & Programs	Any Known Issues or Comments
	10 Siler Yard: Arts + Creativity Center, Santa Fe	New Mexico Inter-Faith Community Housing Development Corp.	2019	07/17/19	N/A	65	NC	Households with Children	06/23/20	TBD	TBD	TBD	\$ 1,040,000	N/A	\$500,000 - STC	
	11 Skyview Terrace, Hobbs	YES Housing	2019	07/17/19	12/12/19	72	NC	Households with Children	12/10/19	07/29/20	TBD	TBD	\$ 1,157,325	N/A	\$600,000 - HOME-CHDO \$1,000,000 - NMHTF	
	12 1115 Calle La Resolana, Santa Fe	SF Civic Housing Authority	2019	07/17/19	Proj. 9/30/20	45	NC	Households with Children	TBD	TBD	TBD	TBD	\$ 723,285	N/A	\$400,000 - HOME \$400,000 - NHTF	COVID-related extension request granted.
	13 Villa Del Norte, Espanola	NM Housing & Community Development	2019	07/17/19	03/05/20	50	Acq/Rehab	Special Needs	03/10/20	TBD	TBD	TBD	\$ 572,401	N/A	\$375,000 - HOME \$400,000 - NHTF \$1,500,000 - NMHTF \$1,000,000 - Primero \$750,000 - Ventana	
	14 Desert Hope, Las Cruces	Mesilla Valley Housing Authority	2019	07/17/19	N/A	40	Acq/Rehab	Special Needs	06/10/20	TBD	TBD	TBD	\$ 560,000	N/A	N/A	
	15 Sunray/Lobo Canyon Apartments, Grants	Chelsea Investment Corp & Catholic Charities	2019	07/17/19	03/18/20	128	Acq/Rehab	Households with Children	11/18/19	08/07/20	TBD	TBD	\$ 1,232,333	N/A	\$400,000 - HOME \$400,000 - NHTF	
	16 Canyon Walk, Los Alamos	Bethel Development & SW Regional	2018	06/13/18	N/A	70	NC	Households with Children	02/10/20	TBD	TBD	TBD	\$ 1,049,930	N/A	N/A	COVID-related extension request granted.
	17 Ochenta, Taos	Tierra Realty Trust & Golden Spread Rural Frontier	2018	06/13/18	N/A	80	NC	Households with Children	08/12/19	06/04/20	TBD	TBD	\$ 1,139,000	N/A	N/A	COVID-related extension request granted.
	18 Nuevo Atrisco, Albuquerque	YES Housing	2018	06/13/18	05/02/19	83	NC	Households with Children	04/29/19	03/31/20	07/07/20	TBD	\$ 1,019,999	N/A	\$600,000 - HOME-CHDO \$1,275,000 - NHTF \$1,000,000 - NMHTF	
	19 Villa Consuelo, Santa Fe	SF Civic Housing Authority	2018	06/13/18	N/A	100	Acq/Rehab	Seniors	03/07/19	12/31/19	TBD	TBD	\$ 1,115,168	N/A	N/A	Fire started in two buildings. Arsonist. 7/29/20

Housing Development Quarterly Pipeline Report

Fiscal Year: 2020  
Quarter: 3rd

Total Projects: 30

Main Funding Type	Project Name & Location	Developer	Application or Allocation Year	Board Approval Date	Loan Closing Date	No of Apts	NC - New Construction or Acq/Rehab	Housing Priority or N/A	Construction Start Approval Date	33% Complete Date	66% Complete Date	Construction Completion Date	LIHTC Award	MFA PAB Bond Amount	MFA Loan Amounts & Programs	Any Known Issues or Comments
4%	1 Four Seasons	HW Development	2020	N/A - no MFA loans or bonds	N/A	80	Acq/Rehab	Families with Children	TBD	TBD	TBD	TBD	\$328,052	County-issued bonds	N/A	
	2 The Commons at Martineztown	Albuquerque Housing Authority	2020	N/A - no MFA loans or bonds	N/A	96	Acq/Rehab	Special Needs	TBD	TBD	TBD	TBD	N/A	County-issued bonds	N/A	Restructuring the project due to new appraisal.
	3 Ceja Vista	GSL Development	2019	Loans - 9/18/2019	Proj. 12/1/2020	154	NC	Seniors	TBD	TBD	TBD	TBD	\$886,136	County-issued bonds	\$1,500,000 - NHTF	Delayed securing vouchers.
	4 Sandia Vista and Plaza David Chavez	Cesar Chavez Foundation	2019	N/A - no MFA loans or bonds	N/A	213	Acq/Rehab	Households with Children	04/14/20	TBD	TBD	TBD	\$1,340,250	County-issued bonds	N/A	
	5 JLG North	JL Gray	2019	Bonds - 7/17/2019	08/20/20	215	Acq/Rehab	Households with Children	08/01/20	Yes	61% as of 8/31/20	TBD	\$ 665,611	\$9,650,000	N/A	Waiting on reports, but progress per owner.
	6 JLG South	JL Gray	2019	Bonds - 7/17/2019	08/02/20	218	Acq/Rehab	Households with Children	08/01/20	43% as of 8/31/20	TBD	TBD	\$ 648,880	\$9,000,000	N/A	Waiting on reports, but progress per owner.
	7 JLG Central	JL Gray	2019	Bonds - 7/17/2019	N/A	218	Acq/Rehab	Households with Children & Senior	TBD	TBD	TBD	TBD	TBD	\$ 9,000,000	N/A	Closing delayed. Need USDA approval and revised 4% application. Expect in Oct 2020.
	8 Valle de Atrisco, Albuquerque	DBG Properties LLC	2017	Loans - 4/15/2020	08/12/20	240	NC	Families with Children	12/13/17	09/04/19	TBD	TBD	\$ 1,145,803	County-issued bonds	\$1,830,000 - NHTF \$500,000 - NMHTF	Loans were approved and closed during construction
	9 La Vida Nueva, Albuquerque	Cesar Chavez Foundation	2016	N/A - no MFA loans or bonds	07/07/17	314	Acq/Rehab	Families with Children	Late 2017				\$ 1,128,967	County-issued bonds	\$1,000,000 - HTF \$1,000,000 - Primero	Project started construction without MFA approval. Fire in one building on 4/13/18. Working with architect & owner to confirm current status.
	10 Shiprock, Shiprock	Tinnin Enterprises, LLC	2016	Bonds - 2/15/2017	N/A	252	NC + Acq/Rehab	Families with Children	Late 2017	03/08/18	08/20/18		\$ 794,672	\$11,800,000	N/A	Project started construction without MFA approval. Working with architect & owner to confirm current status.

Housing Development Quarterly Pipeline Report

Fiscal Year: 2020  
Quarter: 3rd

Total Projects: 30

Main Funding Type	Project Name & Location	Developer	Application or Allocation Year	Board Approval Date	Loan Closing Date	No of Apts	NC - New Construction or Acq/Rehab	Housing Priority or N/A	Construction Start Approval Date	33% Complete Date	66% Complete Date	Construction Completion Date	LIHTC Award	MFA PAB Bond Amount	MFA Loan Amounts & Programs	Any Known Issues or Comments
L O N G T E R M	1 Hope Village, Albuquerque	Yes Housing, Inc.	2018	03/21/18	08/06/20	42	NC	None Required but Special Needs (PSH)	Construction Plans approved 8/3/20	TBD	TBD	N/A	N/A	N/A	\$4,250,000 - NHTF \$630,000 - HOME-CHDO \$1,300,000 - NMHTF	PSH = Permanent Supportive Housing

# Tab 12

**Staff Actions Requiring Notice to Board  
During the Period of August 31, 2020**

<b>Department and Program</b>	<b>Project</b>	<b>Action Taken</b>	<b>Comments / Date Approved</b>
Community Development- ESG CARES Act I	Allocation of Unawarded ESG CARES Act I Funds to EHAP Program	Approved unawarded ESG CARES Act I funds, in the amount of \$289,182.56, to the Emergency Homeless Assistance Program (EHAP). This amount would be divided equally among the 18 shelters already selected to receive CARES Act funding.	Approved by Donna Maestas - De Vries August 3, 2020
Housing Development- National Housing Trust Fund	Valle de Atrisco	Modified the NHTF to a “sponsor” structure, wherein the borrower is a related entity (sponsor), which in turn lends the funds directly to the owner (LLLP.) Modified the annual permanent loan payment from: Annually, as determined from available cash flow, to: Annual principal payments of \$500.	Approved by Donna Maestas- De Vries on August 5, 2020
Housing Development - LIHTC Program	Sustaining Affordability Scoring Expansion for 4% Projects	Approval to expand the availability of 15 points under the Sustaining Affordability scoring category to projects acquired or purchased during or after the Qualified Contract one-year marketing period if the intent is to pursue 4% LIHTC and Private Activity Bonds and remain 100% affordable.	Approved by Donna Maestas- De Vries on August 10, 2020
Servicing	May 2020 Monthly Loan Servicing Quality Control Report	Approval of report issued by REDW – no findings	Approved by Policy Committee on August 10, 2020
Community Development- Linkages	Revised Award Recommendations for the Linkages Program	Approved award of \$2,470,526 to the Linkages Housing Administrators under Limited Source Procurement and \$235,200 to MFA for administrative fees for a total of \$2,705,726 for program year 2020/2021.	Approved by Policy Committee on August 18, 2020

<b>Department and Program</b>	<b>Project</b>	<b>Action Taken</b>	<b>Comments / Date Approved</b>
Community Development- HOPWA	Approval to award \$43,957.50 in un-allocated HOPWA funding to Alianza of New Mexico.	Approved HOPWA 2018 carry over funds in the amount of \$43,957.50 to Alianza of New Mexico.	Approved by Policy Committee on August 25, 2020
Housing Development- NMHTF	Horizon Apartment (fka Eunice Workforce Housing), an affordable project in Eunice, NM	Modify NM HTF loan #16004 (1) Use \$17,339.16 of the operating reserve to reduce principal to \$590,000, (2) Reduce interest rate to 1% and (3) Increase amortization period to 32 years to begin monthly P & I payments & replacement reserve funding.	Approved by Donna Maestas-De Vries on August 26, 2020
Community Development- YHDP	Transfer \$139.08 of Youth Homeless Demonstration Project (YHDP) funding from Rio Arriba County to MFA Admin Costs	Rio Arriba County received \$55,633.20 for their YHDP award in program year 2019-2020. As of this date the agency has not expended the full amount of their funds and have left a balance of \$139.08 unspent as of the grant expiration date, June 30, 2020. To ensure that these funds are fully expended, \$139.08 was moved from Rio Arriba County YHDP to MFA Admin costs.	Approved by Donna Maestas - De Vries August 27, 2020



September 5, 2020

from: Executive Director Terry L. Baca

To: MFA Board of Directors

We have been faced with many challenges at the Northern Regional Housing Authority. The following are what existed and have been corrected.

**Housing:** Due to the previous lack of Maintenance, several homes have been tested for mold, the results stated there was a presence of mold in all tested (as stated in the Occupancy Plan). Based on the observation of the previous maintenance practices and standards management has concluded that the mold was caused by leaking pipes under sinks. This type of maintenance repair should have been treated as emergency repair, it was not treated as such and what resulted is the current mold issue Housing Authority wide. Currently we are prioritizing work orders to their severity this practice will prevent maintenance issues such as this in future.

**Security:** Previously there was not a system or procedure of lock replacement established. Tenant's locks were not changed at moved out, no system of re-keying was in place, we now are keying all locks in each home the same and master keying them for easier access for maintenance. This prevents and deters any potential criminal activity that could arise with multiple keys lingering in the public.

**Maintenance Materials:** Prior management had not set up any internal controls for material and supplies. Nor were there any established systems in place for control. There was no way to know or track the costs of supplies that were being used in housing units. This lack of control and procedure can lead to theft and does not give an accurate cost to repairs on units. In addition, most supplies were purchased from local hardware stores, with no care to what the costs associated were. We now have established a material inventory, and are keeping items on hand, this will help control costs. We are also able to standardize the materials being used. This will make day to day repairs much easier.

**Equipment and Tools:** All the vehicles were in very poor condition, with no routine maintenance established. Management is working diligently to make them safe and road worthy. In addition, we are purchasing 2 new vehicles with funding from a HUD COVID 19 Grant. A maintenance plan for all equipment and vehicles has been established. We have taken an inventory of tools that are property of the Housing





Authority. In addition, we have purchased tools for the maintenance staff that were needed to perform routine maintenance tasks.

**Office Equipment and Software:** Management has purchased new laptop computers for the Housing Authority with funding from a HUD COVID 19 Grant. After analyzing the different software being used it was concluded that the most efficient program to use is the Lindsay software, this is the system that the Raton Housing Authority currently uses. This software can provide better tracking of applicants, tenants, work orders and all housing activity that is required by HUD. In addition, with laptop computers, if the staff is required to work from home, we can continue to provide service to the Northern Regional residents.

**Re-examinations of tenants:** Re-examinations are required to be done annually, they are also required if income or family structure changes. At the beginning of the year we were as many as 80 plus behind, we have completed as of August, as many as 50, by the end of September we are anticipating all late reexams should be completed. We have established a monthly schedule of re-exams to be completed when they are required for each family. Re-exams are based on income into the household and numbers of family members, this information determines the amount of rent each family is responsible for.

We have been asked by the staff, of The Mortgage Finance Authority to respond to the 6/30/2019 Audit findings, in our monthly reports to the MFA Board of Directors. We have implemented many policies and procedures to address the Audit Findings, it is difficult to measure the success at this time, other than to adhere to our audit finding responses. There were many policies in place, but many and most were not followed by the staff. The Management team is now holding the existing Office and Maintenance staff to the policies, and procedures, in place. Additionally, oversight has been implemented, to eliminate additional or repeat findings. Management has put in place measures to monitor each individual employees' performance and are holding them accountable. We know some findings may be repeated in the 2020 FYE audit, but we are working hard to correct them in the future.





This is just a small amount of activity that is taking place, within the Northern Regional Housing Authority. We are working hard to improve our operations and scoring with HUD. This housing authority has had difficulty being successful in the past. I feel we have a very strong staff, with years of experience. With the help of HUD, Raton, Las Vegas, and El Camino Real Housing Authorities, this should make it a success. These housing authorities have been successful for years and bring methods and systems that work into the Northern Regional organization.

Thank You  
Terry L. Baca  
Executive Director





# Occupancy Action Plan

## *(Status on Vacant Units)*

This plan has been created by Mr. Terry Baca and Ms. Natasha Martinez to ensure that Northern Regional Housing Authority is able to serve the Northern Region with the highest level of quality for the people who need it the most, especially in such a trying time.

- 15 Units – 6 In Questa, 4 in Peñasco, and 5 in Taos are all currently being tested for mold and asbestos. These units were determined to be potentially hazardous for employees of NRHA to work in. On 07/21/2020 DC Environmental conducted their sample collections and on 07/22/2020 the samples were sent out to the lab. The survey was received on 08/14/2020, and was concluded that the units did indeed contain hazardous material. AGM Environmental is currently abating the units in Taos and will move on to Questa next. NRHA will be advertising in the month of September for A/E services for the rehabilitation of these 15 Units.
- Maintenance Staff is meeting weekly with Mr. Baca and Ms. Martinez to provide updates as to the status of the units they are currently working on.
- The employee who previously was the HQS inspector underwent training with Las Vegas UPCS certified staff to conduct move in and move out inspections as well as progress inspections. She is sending pictures and punch lists to Mr. Baca and Ms. Martinez to ensure they are kept informed and either one will correspond back with additional items or deletion of items for move in ready units.
- Mr. Baca and Ms. Martinez are working closely with the maintenance staff to ensure they have the tools and supplies to not just complete the unit turns but to do it in the most efficient and successful manner.
- Mr. Baca and Ms. Martinez have been working with the administrative staff to ensure when units are turned applicants are currently being notified to be ready to start the housing process, updates are also given at the weekly staff meeting by NRHA admin staff.

The units that are in a state where a normal turnaround is not as feasible are being rehabilitated, but with guidance and support we are confident that NRHA occupancy will vastly improve.



# Recovery Action Plan

## (*Status*)

In December 2019 United States Department of Housing and Urban Development entered into a Recovery Agreement with Northern Regional Housing Authority this agreement was to improve the compliance, performance and ensure services were in place to continue the goal of Public Housing. Since the agreement was signed Northern Regional Housing has developed a progressive management team that consist of experience and forward-thinking leaders. Terry Baca is the Acting Executive Director, Natasha Martinez is the Deputy Director, Coleen Sanchez-Garcia is the Acting Site Manager, and we are also getting assistance from Barbara Padilla the Site Manager for the Las Vegas Housing Authority. The following progress has been made for the Action Plan sited in the Recovery Agreement:

- **Governance-** The Northern Regional Housing Authority Board has undergone Board Training conducted by the New Mexico Field Office personnel Mandy Griego / Julian Barela and guest Chris Herbert on August 17,2020. (Recovery Action Plan identified that the Board did not have sufficient knowledge of HUD requirements)
- **Finance-** The Management Staff has experience in monitoring, compiling and properly managing federal funds as well as has done its own internal controls. Some of the areas that needed to be addressed were a more streamlined purchasing procedure, management is now controlling purchases to have proper oversight of expenditures. Management is working on policies to ensure that compliance is in order as well as budgeted expenditure being looked at frequently. Management team is working on keeping open communication with the fee accounting firm to ensure correct financials. (The Recovery Action Plan identified the MENAR indicator and the financials not matching from system to fee accountant)
- **Management-** NRHA had a special Board meeting too write off the Tenant Accounts receivable that were identified as potentially uncollectable from previous tenants. For this section also see the *Occupancy Action Plan*. (The Recovery Action Plan identified the high TAR score as well as an occupancy issue.)
- **Physical** – NRHA has changed its standard quality of work in all areas, especially in the physical and structural maintenance of the units. Management has been working with the maintenance staff to ensure units are left and maintained to a uniform standard, this standard is a higher standard than was previously used to monitor performance. 15 of the vacant units will be made to industry standard by way of procuring a construction company, as stated in occupancy plan. (The Recovery Action Plan identified that the quality of work needed to be improved based off the PHAS physical score)
- **Capital Fund-** NRHA has been working to obligating funds timely, additionally see occupancy action plan for to address the needs for the capital fund occupancy. (The Recovery Action Plan identified that the NRHA's occupancy was below what is needed for the 5 occupancy points)

# Tab 13

New Mexico Mortgage Finance Authority

Combined Financial Statements  
and Schedules

July 31, 2020

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**FINANCIAL REVIEW**  
For the ten-month period ended July 31, 2020

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

	10 months 7/31/2020	10 months 7/31/2019	% Change Year / Year	Forecast 7/31/2020	Actual to Forecast	Forecast/Target 9/30/20
<b>PRODUCTION</b>						
1 Single family issues (new money):	\$190.0	\$199.9	-5.0%	\$190.0	0.0%	\$190.0
2 Single family loans sold (TBA):	\$152.3	\$92.7	64.3%	\$175.0	-13.0%	\$210.0
3 Total Single Family Production	\$342.3	\$292.6	17.0%	\$365.0	-6.2%	\$400.0
4 Multifamily issues:	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$20.0
5 Single Family Bond MBS Payoffs:	\$69.9	\$33.8	106.8%	\$66.4	5.2%	\$79.7
<b>STATEMENT OF NET POSITION</b>						
6 Avg. earning assets:	\$1,385.2	\$1,156.0	19.8%	\$1,386.3	-0.1%	\$1,373.9
7 General Fund Cash and Securities:	\$85.3	\$101.1	-15.6%	\$81.0	5.3%	\$89.6
8 General Fund SIC FMV Adj.:	\$0.1	\$0.1	0.0%	\$0.0	N/A	\$0.0
9 Total bonds outstanding:	\$1,145.4	\$956.1	19.8%	\$1,236.9	-7.4%	\$1,155.2
<b>STATEMENT OF REVENUES, EXPENSES AND NET POSITION</b>						
10 General Fund expenses (excluding capitalized assets):	\$15.1	\$13.6	11.0%	\$16.4	-7.9%	\$19.3
11 General Fund revenues:	\$23.2	\$19.0	22.1%	\$20.0	16.0%	\$23.5
12 Combined net revenues (all funds):	\$12.3	\$9.4	30.9%	\$7.5	64.0%	\$9.0
13 Combined net revenues excluding SIC FMV Adj. (all funds):	\$11.9	\$8.7	36.8%	\$7.5	58.7%	\$9.0
14 Combined net position:	\$257.8	\$244.3	5.5%	\$253.0	1.9%	\$254.4
15 Combined return on avg. earning assets:	1.07%	0.98%	9.2%	0.65%	64.6%	0.65%
16 Combined return on avg. earning assets excluding SIC FMV Adj. (all funds):	1.03%	0.91%	13.2%	0.65%	58.5%	0.65%
17 Net TBA profitability:	1.65%	0.79%	108.9%	1.25%	32.0%	1.25%
18 Combined interest margin:	0.88%	1.06%	-17.0%	0.52%	69.2%	0.52%
<b>MOODY'S BENCHMARKS</b>						
19 Net Asset to debt ratio (5-yr avg):	29.31%	29.85%	-1.8%	28.79%	1.8%	28.55%
20 Net rev as a % of total rev (5-yr avg):	12.15%	11.04%	10.1%	10.40%	16.8%	10.40%
<b>SERVICING</b>						
21 Subserviced portfolio	\$1,400.1	\$1,088.0	28.7%	\$1,430.2	-2.1%	\$1,447.9
22 Servicing Yield (subserviced portfolio)	0.39%	0.38%	1.7%	0.41%	-4.9%	0.41%
23 Combined average delinquency rate (MFA serviced)	9.00%	9.90%	-9.1%	14.00%	-35.7%	14.00%
24 DPA loan delinquency rate (all)	7.81%	8.92%	-12.4%	N/A	N/A	N/A
25 Default rate (MFA serviced-annualized)	1.15%	1.27%	-9.4%	1.50%	-23.3%	1.50%
26 Subserviced portfolio delinquency rate (first mortgages)	14.38%	8.91%	61.4%	N/A	N/A	N/A
27 Purchased Servicing Rights Valuation Change (as of 6/30)	(\$0.7)	\$1.4	-150.0%	N/A	N/A	N/A

Note: Forecast updated as of March 30, 2020

**Legend:**

Positive Trend   Caution   Negative Trend   Known Trend/Immaterial

**NEW MEXICO MORTGAGE FINANCE AUTHORITY  
FINANCIAL REVIEW**

**For the ten-month period ended July 31, 2020**

**SUMMARY OF NEW BOND ISSUES:**

Single Family Issues:

\$120.0 mm 2019 Series F Bonds-New Money (November)  
\$70.0 mm 2020 Series A Bonds-New Money (February)

Multi-family Issues:

None

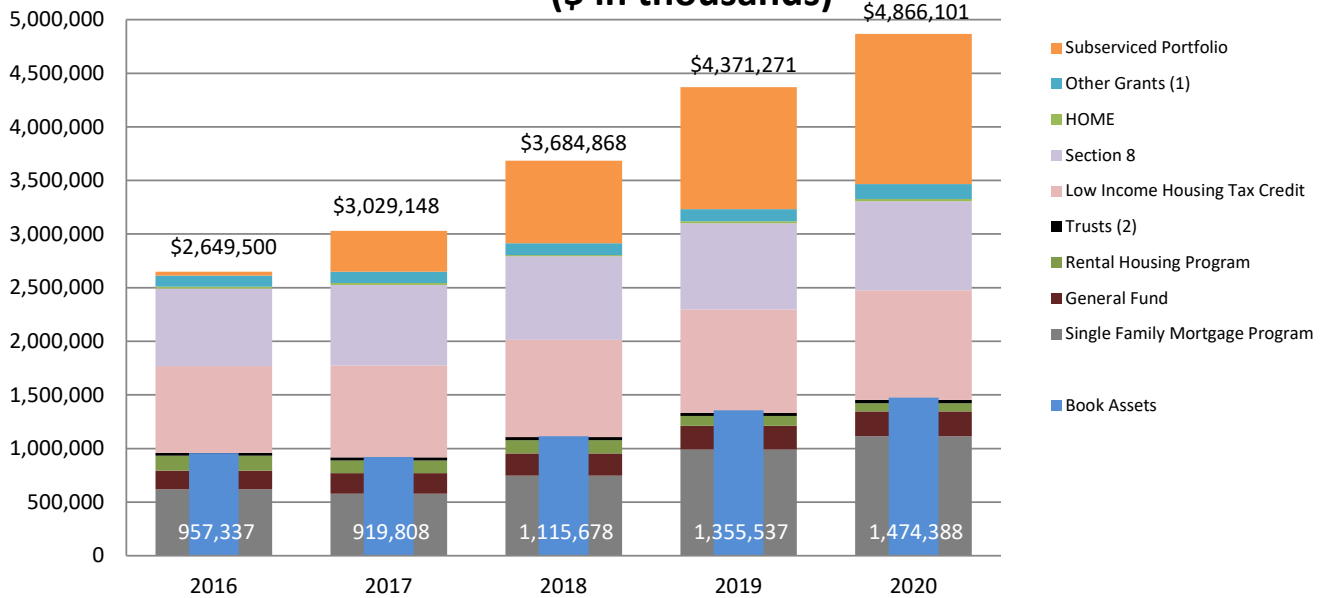
**SIGNIFICANT MONTHLY FINANCIAL VARIANCES:**

- ▶ Due to decreases in mortgage rates, prepayments are trending higher than last year.
- ▶ Due to market conditions related to the health crisis, the State Investment Council (SIC) General Fund portfolio had been experiencing significant fair market value losses. However, in the third quarter the market rebounded and the General Fund portfolio experienced fair market value increases of \$3.2 million offsetting those losses. 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 timeframes.

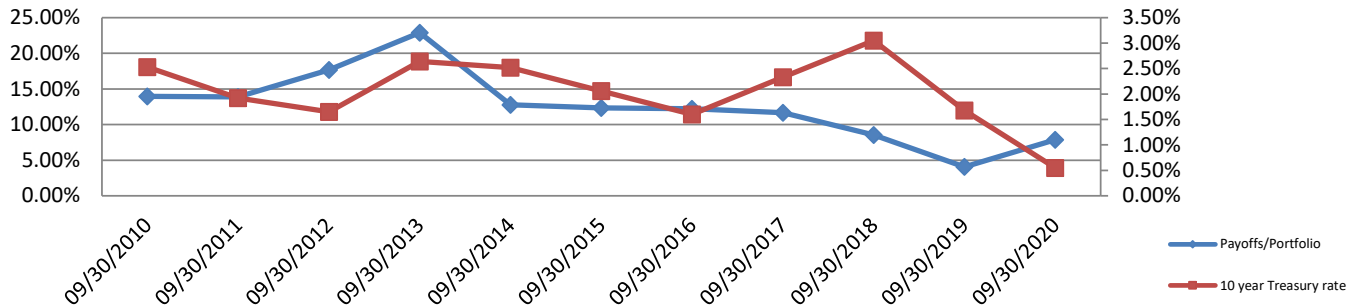
**CURRENT YEAR FINANCIAL TRENDS & VARIANCES:**

- ▶ Servicing expansion continues to provide additional revenues as the subserviced portfolio and purchased servicing rights asset bases increase.
- ▶ Best execution for the Single Family Mortgage first-time homebuyer loans was moved to TBA loan sales on March 17th due to a dysfunctional bond market. In the bond execution the majority of the revenue is earned over time and with TBA loan sales all revenue is received upfront. This strategic change will increase upfront administrative fees. MFA will not issue single family bonds for the remainder of the fiscal year.
- ▶ Incurred approximately \$1.6 million in cost of issuance for Single Family Mortgage program bond issuance (\$190 million); majority of the 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 subservicer. 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 subservicer 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 is now receiving 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. Additionally, MFA's subservicer has increased staff and implemented improved technology to support forbearance and delinquency trends. Communication and reporting have improved significantly over the last three months. The foreclosure moratorium is having an impact on delinquencies as we are unable to move these seriously delinquent loans through the judicial and claims process. Of the 14.38 percent portfolio delinquency rate, 7.57 percent represents loans in forbearance. As of July 31st, 43 percent of MFA loans on forbearance plans are actually current. The subserviced portfolio is 84 percent FHA insured loans. The Mortgage Bankers Association quarterly survey as of June 30, 2020 indicates that the delinquency rate for FHA loans nationally is 15.65 percent and for New Mexico 11.74 percent. However these are early pandemic numbers. FHA Single Family Loan Performance Trends for July 2020 show 18.66 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 June 30, 2020 was \$13.1 million, a decrease of approximately (\$.7) million under cost. GASB requires MFA to utilize "lower of cost or market" accounting for this asset. Due to significant market fluctuations associated with the health crisis, MFA recorded this decline in fair value for this asset in July 2020. Current purchased servicing rights are recorded at a cost of \$13.8 million. Valuations are obtained on a quarterly basis.
- ▶ Based on Moody's issuer credit rating scorecard, MFA's 29.31 percent net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (> 20 percent). The net revenue as a percent of total revenue measures performance and profitability and MFA's 12.15 percent ratio (5-year average) points to high profitability with favorable trends (10-15 percent range). While ratios currently fall within expected thresholds, there are some trends that are affecting these ratios. In future years MFA will see the net asset ratio decline as net revenues will not be increasing at the same rate as bonds outstanding.
- ▶ 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.

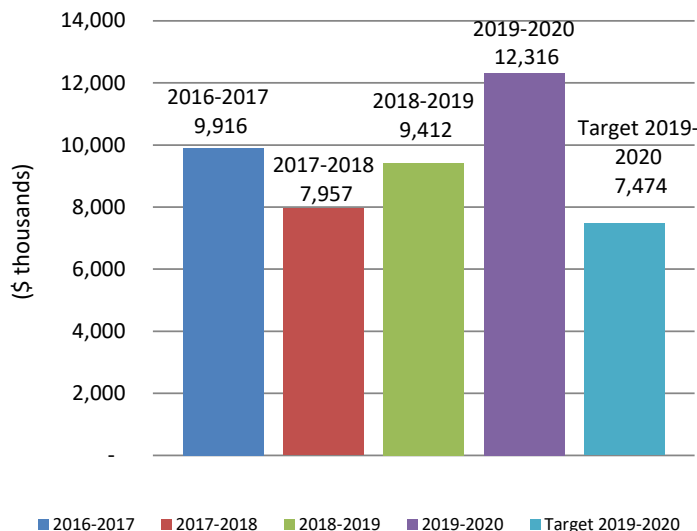
## Assets Under Management as of 9/30/2020 (\$ in thousands)



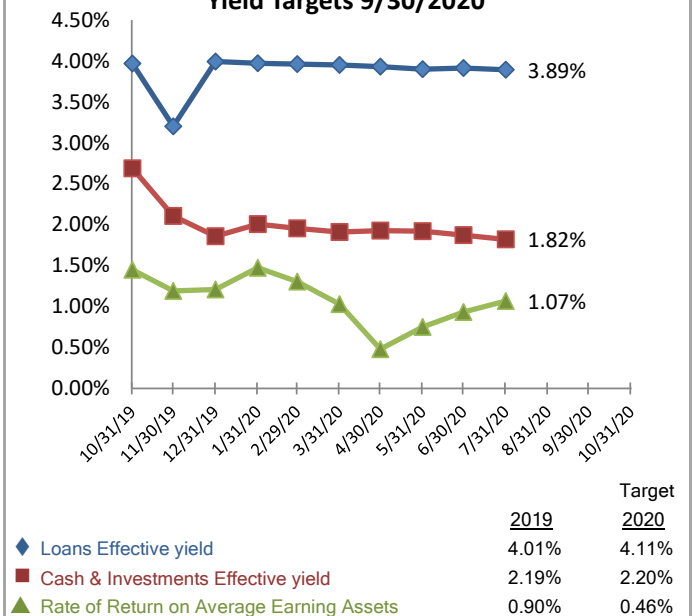
## YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2020



## YTD Excess Revenues over Expenses as of 7/31/2020



## Yield Targets 9/30/2020



(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  
JULY 2020  
(THOUSANDS OF DOLLARS)

	<u>YTD 7/31/20</u>	<u>YTD 7/31/19</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$31,748	\$43,453
RESTRICTED CASH HELD IN ESCROW	9,230	10,094
SHORT-TERM INVESTMENTS	3,031	13,941
ACCRUED INTEREST RECEIVABLE	4,518	4,013
OTHER CURRENT ASSETS	2,028	1,634
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	-
INTER-FUND RECEIVABLE (PAYABLE)	0	-
TOTAL CURRENT ASSETS	50,555	73,135
CASH - RESTRICTED	50,209	29,816
LONG-TERM & RESTRICTED INVESTMENTS	69,926	68,215
INVESTMENTS IN RESERVE FUNDS	-	323
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,061,732	869,606
MORTGAGE LOANS RECEIVABLE	229,888	223,100
ALLOWANCE FOR LOAN LOSSES	(5,501)	(2,700)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,137	1,193
OTHER REAL ESTATE OWNED, NET	2,615	29
OTHER NON-CURRENT ASSETS	-	-
INTANGIBLE ASSETS	13,529	10,424
TOTAL ASSETS	1,474,089	1,273,142
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	298	393
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	1,474,388	1,273,535
<u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$6,731	\$7,436
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	8,758	9,236
ESCROW DEPOSITS & RESERVES	9,079	10,013
TOTAL CURRENT LIABILITIES	24,568	26,685
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,145,387	956,087
MORTGAGE & NOTES PAYABLE	46,509	46,276
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	153	166
TOTAL LIABILITIES	1,216,618	1,029,215
<u>NET POSITION:</u>		
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,137	1,193
UNAPPROPRIATED NET POSITION (NOTE 1)	67,297	63,763
APPROPRIATED NET POSITION (NOTE 1)	189,335	179,365
TOTAL NET POSITION	257,769	244,321
TOTAL LIABILITIES & NET POSITION	1,474,388	1,273,535

NEW MEXICO MORTGAGE FINANCE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE TEN MONTHS ENDED JULY 2020  
(THOUSANDS OF DOLLARS)

	<u>YTD 7/31/20</u>	<u>YTD 7/31/2019</u>
<u>OPERATING REVENUES:</u>		
INTEREST ON LOANS	\$41,021	\$34,789
INTEREST ON INVESTMENTS & SECURITIES	2,834	3,241
LOAN & COMMITMENT FEES	2,298	2,515
ADMINISTRATIVE FEE INCOME (EXP)	7,400	4,278
RTC, RISK SHARING & GUARANTY INCOME	63	112
HOUSING PROGRAM INCOME	1,245	1,148
LOAN SERVICING INCOME	4,746	3,489
OTHER OPERATING INCOME	-	1
SUBTOTAL OPERATING REVENUES	<u>59,607</u>	<u>49,574</u>
<u>NON-OPERATING REVENUES:</u>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	(377)	780
OTHER NON-OPERATING INCOME	(9)	15
GRANT AWARD INCOME	40,448	39,154
SUBTOTAL NON-OPERATING REVENUES	<u>40,062</u>	<u>39,949</u>
TOTAL REVENUES	<u>99,668</u>	<u>89,523</u>
<u>OPERATING EXPENSES:</u>		
ADMINISTRATIVE EXPENSES	12,546	11,538
INTEREST EXPENSE	33,649	27,779
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(2,201)	(1,681)
PROVISION FOR LOAN LOSSES	314	570
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	120	91
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,286	600
BOND COST OF ISSUANCE	1,625	2,010
SUBTOTAL OPERATING EXPENSES	<u>47,340</u>	<u>40,907</u>
<u>NON-OPERATING EXPENSES:</u>		
CAPACITY BUILDING COSTS	508	122
GRANT AWARD EXPENSE	39,333	39,082
OTHER NON-OPERATING EXPENSE	171	-
SUBTOTAL NON-OPERATING EXPENSES	<u>40,013</u>	<u>39,204</u>
TOTAL EXPENSES	<u>87,353</u>	<u>80,111</u>
NET REVENUES	12,316	9,412
OTHER FINANCING SOURCES (USES)	0	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	<u>12,316</u>	<u>9,412</u>
NET POSITION AT BEGINNING OF YEAR	<u>245,454</u>	<u>234,909</u>
NET POSITION AT TD 7/31/20	<u>257,769</u>	<u>244,321</u>

# NOTES TO FINANCIAL STATEMENTS

(For Informational Purposes Only)  
(Thousands of Dollars)

(Note 1) MFA Net Position as of July 31, 2020:

## UNAPPROPRIATED NET POSITION:

\$ 34,382	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 32,479	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 436	held for New Mexico Affordable Housing Charitable Trust .
<b>\$ 67,297</b>	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:

\$ 115,511	for use in the Housing Opportunity Fund (\$103,111 in loans plus \$12,400 unfunded, of which \$4,477 is committed).
\$ 36,173	for future use in Single Family & Multi-Family housing programs.
\$ 1,630	for loss exposure on Risk Sharing loans.
\$ 1,137	invested in capital assets, net of related debt.
\$ 14,202	invested in mortgage servicing rights.
\$ 6,316	for the future General Fund Budget year ending 9/30/20 (\$25,861 total budget less \$19,545 expended budget through 07/31/20.)
<b>\$ 174,969</b>	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:

\$ 15,504	for use in the federal and state housing programs administered by MFA.
\$ 15,504	Subtotal - Housing Program
<b>\$ 190,473</b>	Total appropriated Net Position
<b>\$ 257,769</b>	Total combined Net Position at July 31, 2020

Total combined Net Position, or reserves, at July 31, 2020 was \$257.8 million, of which \$67.3 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$190.5 million of available reserves, with \$85.3 million primarily liquid in the General Fund and in the federal and state Housing programs and \$105.2 million illiquid in the programs of the General Fund, have been:

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

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

**GENERAL FUND**  
**Fiscal Year 2019-2020 Budget**  
**For the ten months ended 7/31/2020**

	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	542,332	5,533,945	5,692,037	6,777,286	158,092	1,243,341	81.65%
Interest on Investments & Securities	132,078	1,413,491	1,568,514	1,882,217	155,023	468,726	75.10%
Loan & Commitment Fees	7,225	55,731	8,333	10,000	(47,398)	(45,731)	557.31%
Administrative Fee Income (Exp)	2,186,091	10,784,225	7,207,019	8,784,423	(3,577,205)	(1,999,801)	122.77%
Risk Sharing/Guaranty/RTC fees	11,438	62,571	57,859	69,431	(4,711)	6,860	90.12%
Housing Program Income	607,586	1,244,994	1,031,216	1,084,053	(213,778)	(160,941)	114.85%
Loan Servicing Income	502,947	4,745,579	4,754,138	5,913,525	8,559	1,167,946	80.25%
Other Operating Income			750	1,500	750	1,500	
<b>Operating Revenues</b>	3,989,696	23,840,535	20,319,867	24,522,435	(3,520,668)	681,900	97.22%
Gain (Loss) Asset Sale/Debt Ex	(81,761)	(621,394)	(278,625)	(378,750)	342,769	242,644	164.06%
Other Non-operating Income	20	773	133	160	(640)	(613)	483.28%
<b>Non-Operating Revenues</b>	(81,741)	(620,621)	(278,492)	(378,590)	342,129	242,031	163.93%
<b>Revenue</b>	3,907,955	23,219,914	20,041,375	24,143,845	(3,178,539)	923,931	96.17%
Salaries	419,476	4,124,795	4,567,718	5,396,868	442,923	1,272,072	76.43%
Overtime	1,693	16,162	20,948	24,756	4,786	8,594	65.28%
Incentives	1,788	359,852	396,379	468,417	36,527	108,565	76.82%
Payroll taxes, Employee Benefits	193,523	1,892,141	2,159,203	2,567,648	267,063	675,508	73.69%
Compensation	616,480	6,392,950	7,144,248	8,457,690	751,298	2,064,740	75.59%
Business Meals Expense	-	749	4,217	5,060	3,467	4,311	14.81%
Public Information	13,959	123,288	232,421	278,905	109,133	155,617	44.20%
In-State Travel	217	36,827	80,950	97,140	44,123	60,313	37.91%
Out-of-State Travel	(536)	84,031	176,166	211,399	92,134	127,368	39.75%
Travel & Public Information	13,639	244,896	493,753	592,504	248,858	347,609	41.33%
Utilities/Property Taxes	7,226	60,487	61,377	73,652	890	13,165	82.13%
Insurance, Property & Liability	1,598	98,419	105,538	126,646	7,119	28,227	77.71%
Repairs, Maintenance & Leases	99,708	789,554	783,685	940,422	(5,869)	150,868	83.96%
Supplies	1,679	33,379	43,472	52,166	10,092	18,786	63.99%
Postage/Express mail	2,003	31,386	30,660	36,792	(727)	5,405	85.31%
Telephone	800	8,109	17,369	20,843	9,260	12,734	38.91%
Janitorial	3,662	26,649	20,900	25,080	(5,750)	(1,570)	106.26%
Office Expenses	116,676	1,047,985	1,063,001	1,275,601	15,016	227,616	82.16%
Dues & Periodicals	4,526	40,816	43,208	51,850	2,392	11,034	78.72%
Education & Training	4,992	50,979	102,259	122,711	51,280	71,732	41.54%
Contractual Services	128,888	811,959	941,667	1,136,001	129,708	324,042	71.48%
Professional Services-Program	500	91,238	48,530	58,236	(42,708)	(33,002)	156.67%
Direct Servicing Expenses	423,626	3,516,373	2,973,446	3,767,072	(542,927)	250,700	93.34%
Program Expense-Other	-	27,177	12,083	14,500	(15,093)	(12,677)	187.43%
Other Operating Expense	562,532	4,538,542	4,121,194	5,150,370	(417,348)	611,829	88.12%
Interest Expense	36,027	532,299	871,369	1,045,643	339,070	513,344	50.91%

**GENERAL FUND**  
**Fiscal Year 2019-2020 Budget**  
**For the ten months ended 7/31/2020**

	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 %
Non-Cash Expenses	148,043	1,598,912	1,984,542	2,384,900	385,631	785,989	67.04%
Expensed Assets	2,620	190,742	148,058	177,670	(42,683)	(13,072)	107.36%
<b>Operating Expenses</b>	1,496,018	14,546,324	15,826,166	19,084,378	1,279,842	4,538,054	76.22%
Program Training & Tech Asst	4,227	392,644	459,762	551,715	67,119	159,071	71.17%
Program Development	498	115,646	118,167	141,800	2,521	26,154	81.56%
Capacity Building Costs	4,725	508,290	577,929	693,515	69,639	185,225	73.29%
<b>Non-Operating Expenses</b>	4,725	508,290	577,929	693,515	69,639	185,225	73.29%
<b>Expenses</b>	1,500,742	15,054,614	16,404,095	19,777,893	1,349,481	4,723,279	76.12%
<b>Excess Revenue over Expenses</b>	2,407,213	8,165,300	3,637,280	4,365,952	(4,528,020)	(3,799,349)	187.02%

**GENERAL FUND CAPITAL BUDGET**  
**Fiscal Year 2019-2020 Budget**  
**For the ten months ended 7/31/2020**

	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>	522,018	4,386,116	3,780,113	5,035,560	(606,003)	649,444	87.10%
<b>2950 COMPUTER HARDWARE</b>	14,373	85,721	153,603	184,324	67,882	98,603	46.51%
<b>2960 SOFTWARE LICENSES</b>	-	17,648			(17,648)	(17,648)	
<b>2920 FURNITURE &amp; EQUIPMENT-10 YR</b>							
<b>2930 FURNITURE &amp; EQUIP, 5 YR.</b>	-	-			-	-	
<b>2860 BUILDING</b>	-	10,664	863,035	863,035	852,371	852,371	1.24%
<b>Capital Budget</b>	536,391	4,500,149	4,796,752	6,082,919	296,602	1,582,770	73.98%





August 12 – September 8, 2020

### **SOCIAL MEDIA POSTS**

Each item was posted to Facebook, Instagram, Twitter and LinkedIn

- 8-19 Home Is Where New Mexico can be your backyard
- 8-26 Home Is Where the dog is
- 9-2 Now is a great time to buy a home – boosted post
- 9-3 Happy Labor Day

### **MEDIA COVERAGE**

- |      |                         |   |
|------|-------------------------|---|
| 8-20 | Office of the Governor  | <i>State Community Development Council to deliver \$13.3M in housing aid for low-income New Mexicans</i>        |
| 8-20 | KRWG Public Media       | <i>State Community Development Council to deliver \$13.3M in housing aid for low-income New Mexicans</i>        |
| 8-21 | Artesia Daily Press     | <i>State to invest \$13.3M in low-income housing aid</i>  |
| 8-21 | ABQ Business First      | <i>Best Places to Work: Large Category</i>  |
| 8-21 | Santa Fe New Mexican    | <i>State receives \$13M in emergency housing aid</i>  |
| 8-21 | Silver City Daily Press | <i>Council to deliver \$13.3 million in housing assistance for low-income New Mexicans</i>                      |
| 8-28 | Hidalgo County Herald   | <i>State Community Development Council to deliver \$13.3M in housing assistance for low-income New Mexicans</i> |
| 8-31 | Las Cruces Sun-News     | <i>Saving for a down payment may be easier than you think</i>   |



## **PRESS RELEASES, NEWSLETTERS and LENDER MEMOS**

8-12	Asset management partners	<i>HUD issues guidance for eviction prevention Of at-risk tenants at HOME and HTF properties</i>
8-13	Asset management partners	<i>NOFA: Fifth round of rental assistance</i>
8-17	Lender memo 2020-16	<i>Training sessions for PowerLender and VirPack</i>
8-17	Housing development partners	<i>2021 QAP draft available for review</i>
8-19	Asset management partners	<i>New Compliance Software System</i>
8-19	Lender memo 2020-17	<i>URGENT ANNOUNCEMENT: August 28 deadline approaching for lender IT readiness Notice 3 of 3</i>
8-29	July and August homebuyers	<i>New homebuyer survey</i>
8-25	Lender memo 2020-18	<i>Important Notice for PowerLender and VirPack Administrators</i>
8-31	Lender memo 2020-19	<i>September training sessions for PowerLender and VirPack</i>



**MFA Housing New Mexico**

August 19 at 3:48 PM · 🌐



Home is where New Mexico can be your backyard!



*Home is where New Mexico can be your backyard*



**140**

People Reached

**11**

Engagements

**Boost Post**



6

1 Share



MFA Housing New Mexico

August 26 at 2:15 PM · 🌐



Let MFA help you make your dreams of homeownership come true for you and your furry friend. Happy National Dog Day!

Find a participating lender near you: <https://bit.ly/2XOJM0x>



125

People Reached

16

Engagements

Boost Post



11

1 Share



Like



Comment



Share





MFA Housing New Mexico

September 2 at 4:07 PM · ⚙️

...

MFA's down payment assistance program and low-interest rates combine to make this the perfect time to buy a home! Find a MFA lender now!

NOW IS A GREAT TIME TO BUY A  
**HOME**

**INTEREST RATES ARE AT AN ALL-TIME LOW**



HOUSINGNM.ORG

**MFA Housing New Mexico**

Use a mortgage calculator to find out what p...

[Learn More](#)

**1,537**

People Reached

**62**

Engagements

[Boost Again](#)

Boosted on September 2 at 4:09 PM   Completed  
By Jessica Cage



### Automated Ads

Get personalized ads that adjust over time to help you get better results



## Insights

[See All](#)

Last 28 days : Aug 11 - Sep 7 ▼

People Reached

7,210

▲ 294%

Post Engagements

731

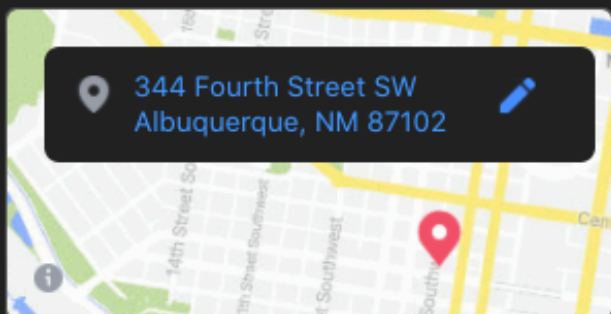
▲ 22%

Page Likes

19

▲ 217%

## About



344 Fourth Street SW  
Albuquerque, NM 87102



September 3 at 3:15 PM · ⚙️



Have a COVID-safe Labor Day weekend!

## HAVE A COVID-SAFE LABOR DAY



146

People Reached

9

Engagements

[Boost Post](#)



5

1 Share



Like



Comment



Share





Office of the Governor

**MICHELLE LUJAN GRISHAM**

**FOR IMMEDIATE RELEASE:**

**Contact:** Nora Meyers Sackett  
Press Secretary, Office of the Governor  
[nora.sackett@state.nm.us](mailto:nora.sackett@state.nm.us)  
(505) 690-7313

Aug. 20, 2020

## **State Community Development Council to deliver \$13.3M in housing aid for low-income New Mexicans**

SANTA FE – The New Mexico Community Development Council, composed of Lujan Grisham administration officials and appointees from across the state, will invest more than \$13.3 million of Community Development Block Grant CARES Act funds in emergency housing assistance for low- and moderate-income New Mexicans, the Office of the Governor announced Thursday.

The state Department of Finance and Administration is slated to receive two installments of Community Development Block Grant CARES Act funding. Those funds are required to be used to benefit low- and moderate-income persons and to respond to the COVID-19 public health crisis.

As housing and rental assistance has generally been overlooked in the federal funding response to the COVID-19 crisis, the state [Community Development Council](#), a panel of Gov. Lujan Grisham appointees statutorily empowered and responsible for allocating CDBG grants, chose to deliver the emergency assistance funds specifically to New Mexicans who have struggled to maintain sufficient housing over the course of the public health and economic emergency.

The emergency assistance will consist of up to three months of rent, mortgage or past-due utility payments for qualified applicants.

The Department of Finance and Administration will partner with the state Mortgage Finance Authority to administer the emergency housing assistance program.

Applicants must meet Community Development Block Grant program definitions of low- and moderate-income persons (80 percent of Average Median Income or below); must demonstrate a reduction in income due to the COVID-19 pandemic; and must not be receiving rental, mortgage or utility assistance from another source.

The Mortgage Finance Authority and its selected service providers will determine household eligibility for the assistance program and, upon the program's launch, review applications for assistance and subsequently process payments to landlords, mortgage lenders and utility providers.

The Mortgage Finance Authority is determining application requirements.

**Information about how to apply will be disseminated upon the formal launch of the assistance program.**

"The pandemic has battered our economy, and workers and families across the state have felt the effects," said Gov. Michelle Lujan Grisham. "My administration has delivered and administered millions in grants and loans for businesses and continues to service tens of thousands with essential unemployment benefits, and now we are helping to deliver rental and housing assistance. If we look out for one another, we will see ourselves through to the other side of this crisis, and we rebuild our communities and our economy better than ever before."

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###

# State Community Development Council to deliver \$13.3M in housing aid for low-income New Mexicans

By OFFICE OF THE NEW MEXICO GOVERNOR • AUG 20, 2020

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*Credit imagebase.net*

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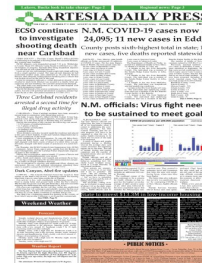
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Title: **State to invest \$13.3M in low-income housing aid**  
 Author:  
 Size: 44.02 column inches  
 Artesia, NM Circulation: 3800



# State to invest \$13.3M in low-income housing aid

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(See AID, Page 5)

(Continued from Page 1)

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## Aid

Title: Ad

Author:

Size: 118.88 column inches

Albuquerque, NM Circulation: 4505



Compiled by Juliana Vadnais  
505-348-8313  
jvadnais@bizjournals.com

# THE LIST

## BEST PLACES TO WORK: LARGE CATEGORY

RANKED BY SCORE

Business	Address	Score	Total local employment	Top local executive Phone
1 <b>Guadalupe Credit Union</b> guadalupecu.org	2019 Galisteo St. #K-1 Santa Fe 87505	91.17	93	Winona Nava, president/CEO 505-982-8942
2 <b>HB Construction</b> hbconstruction.com	3010 Monte Vista Blvd. NE Albuquerque 87106	89.8	108	Jason Harrington, CEO 505-856-0404
3 <b>Interim HealthCare of Central New Mexico</b> interimabq.com	8809 Washington St. NE #125 Albuquerque 87113	89.57	74	Brandon Saylor, director of human resources 505-633-8620
4 <b>Affordable Solar</b> affordable-solar.com	4840 Pan American Fwy. NE Albuquerque 87109	88.56	119	Ryan Centerwall, CEO 505-944-4220
5 <b>NM Mortgage Finance Authority</b> housingnm.org	344 4th St. SW Albuquerque 87042	87.59	76	Isidoro Hernandez, deputy director of programs 505-767-2205

NOTES: NA, n/a - not applicable, not available or not approved; \* - not ranked on last year's Top 25 List

### CLOSER LOOK

# 470

the total number of local employees at the companies in the large category

# 4,182

the total number of local employees at the companies in the extra large category

## BEST PLACES TO WORK: EXTRA LARGE CATEGORY

RANKED BY SCORE

Business	Address	Score	Total local employment	Top local executive Phone
1 <b>T-Mobile US</b> tmobile.com	5421 Jefferson St. NE Albuquerque 87109	91.15	1,320	Karen Viola, senior director 505-843-2042
2 <b>Sandia Laboratory Federal Credit Union</b> slfcu.org	3707 Juan Tabo Blvd. NE Albuquerque 87111	87.51	329	Robert Chavez, CEO 505-237-7307
3 <b>Prime Therapeutics</b> primetherapeutics.com	4411 The 25th Way #200 Albuquerque 87109	86.63	213	Dan White, director of operations 651-415-2006
4 <b>Del Norte Credit Union</b> dncu.org	3286 Cerrillos Rd. Santa Fe 87507	86.21	160	Charles Valenti, CEO 505-988-3628
5 <b>CHRISTUS St. Vincent</b> stvin.org	455 St. Michaels Dr. Santa Fe 87505	83.7	2,150	Lillian Montoya, president/CEO 505-913-3361

NOTES: NA, n/a - not applicable, not available or not approved; \* - not ranked on last year's Top 25 List

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Title: **NM MORTGAGE FINANCE AUTHORITY**

Author:

Size: 16.58 column inches

Albuquerque, NM Circulation: 4505



## NM MORTGAGE FINANCE AUTHORITY

**T**he NM Mortgage Finance Authority's mission is to see all New Mexicans have affordable housing opportunities. The organization works to provide New Mexicans with affordable housing options and plans, while utilizing their resources to better educate and inform families and communities. The organization aims to provide equal opportunity for all, and the same value is instilled in its daily operations among its employees.

**How is your company assisting employees and customers during the Covid-19 pandemic?** One of the first things MFA did when staff began telecommuting at the onset of the crisis was to dedicate a section of our intranet to keeping employees connected and communicating. "Bright Spot" has become our virtual water cooler and has allowed us to get to know each other in a different and sometimes more personal way. Every week Bright Spot features a game, contest or a question of the week, and/or prompts for photos. Employees have posted dozens of photos of their furry co-workers, their new grandbabies, flowers in their yards and even a new litter of kittens that, thanks to frequent updates, we're all watching grow ... We created a Health and Wellness Toolkit ... that includes links to yoga programs, tips on combating isolation and building a healthy work routine at home, as well as Covid-19 information and emergency numbers.

To our external partners and customers, nothing has changed during this crisis except that our building is closed to visitors. We created a training video to show borrowers how to make payments online and communicate all of the payment options regularly. ... From those conversations, MFA has created a rental assistance fund that MFA property owners and agents can access and pass on to their residents to help pay their rent.

Title: **State receives \$13M in emergency housing aid**  
 Author:  
 Size: 14.41 column inches  
 Santa Fe, NM Circulation: 19157



# State receives \$13M in emergency housing aid

## The New Mexican

The New Mexico Community Development Council will deliver more than \$13.3 million of Community Development Block Grant CARES Act funds to emergency housing assistance for low- and moderate-income residents, the Governor's Office said in a news release.

The funds, required to be used to benefit low- and moderate-income New Mexicans in the wake of the COVID-19 pandemic, are scheduled to be received by the state Department of Finance and Administration. The assistance will cover up to three months of rent, mortgage or past-due utility payments for qualified applicants.

Applicants must meet Community Development Block Grant program definitions for low and moderate income; must demonstrate a reduction in income due to the COVID-19 pandemic and must not be receiving rent, mortgage or utility assistance from another source. The Mortgage Finance Authority and selected service providers will determine household eligibility for the assistance program. When the program launches, it will review applications and process payments to landlords, mortgage holders and utility providers.

Information about how to apply will be announced upon the formal launch of the assistance program, according to the news release.

**SANTAFENEWMEXICAN.COM**

Title: **Council to deliver \$13.3 million in housing assistance for low-income New**  
 Author:  
 Size: 47.27 column inches  
 Silver City, NM Circulation: 8972



# Council to deliver \$13.3 million in housing assistance for low-income New Mexicans

The New Mexico Community Development Council, composed of Lujan Grisham administration officials and appointees from across the state, will invest more than \$13.3 million of Community Development Block Grant CARES Act funds in emergency housing assistance for low- and moderate-income New Mexicans, the Office of the Governor announced Thursday.

The state Department of Finance and Administration is slated to receive two installments of Community Development Block Grant CARES Act funding. Those funds are required to be used to benefit low- and moderate-income people and to respond to the COVID-19 public health crisis.

As housing and rental assistance has generally been overlooked in the federal funding response to the COVID-19 crisis, the state Community Development Council, a panel of Lujan Grisham appointees statutorily empowered and responsible for allocating CDBG grants, chose to deliver the emergency assistance funds specifically to New Mexicans who have struggled to maintain sufficient housing over the course of the public health and economic emergency, according to a news release.

The emergency assistance will consist of up to three months of rent, mortgage or past-due utility payments for qualified applicants, the release stated.

The Department of Finance and Administration will partner with the state Mortgage Finance Authority to administer the emergency housing assistance program.

Applicants must meet Community Development Block Grant program definitions of low- and moderate-income people (80 percent of average median income or below); must demonstrate a reduction in income due to the COVID-19 pandemic; and must not be receiving rental, mortgage or utility assistance from another source, according to the release.

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Title: **State Community Development Council to deliver \$13.3M in housing aid for low-income New Mexicans**

Author:

Size: 37.82 column inches

Lordsburg, NM Circulation: 1800



## State Community Development Council to deliver \$13.3M in housing aid for low-income New Mexicans

*Courtesy submission*

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Title: **Saving for a down payment may be easier than you think**  
 Author:  
 Size: 43.24 column inches  
 Las Cruces, NM Circulation: 28086



# Saving for a down payment may be easier than you think

According to the National Association of Realtors 2019 Profile of Home Buyers and Sellers, the most difficult step in the home buying process is saving for a down payment. HouseLogic.com, which is NAR's site for homeowners, recently reported that the 20 percent down payment requirement is "one of the biggest misconceptions in home buying." Misconception, misconception — saving for a down payment is not that difficult to accomplish.

Let's begin with the 20% misconception. The average down payment for first-time homebuyers in 2019 was 12 percent of the purchase price, accord-

ing to NAR. The average down payment amount for first-time buyers was 6 percent. Just over one-third of all buyers purchased using an FHA loan, which is just one of the many alternatives to the 20% down conventional mortgage. The Veteran's Administration and USDA both offer zero-down loans, while the New Mexico Mortgage Finance Authority offers programs for low and moderate-income buyers that require a minimum cash investment of just \$500.

Freddie Mac and Fannie Mae both offer products that require just 3 percent down, while FHA loans are available with a 3.5 percent down payment. Keep in mind that loans are like shoes

and lenders are like shoe stores. Not all shoe stores carry the same shoes, and not all lenders carry the same loans. The key to being a savvy shopper is to remember that even if two "stores" carry the same products, they may not price them the same.

In addition to saving for the down payment, buyers also have to consider the closing costs associated with purchasing. In our area, where the average existing-home sales price is just under \$200,000, buyers can expect to pay around \$3,000 to \$4,000 for loan and appraisal fees, homeowner's insurance and other related costs.

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 Author:  
 Size: 43.24 column inches  
 Las Cruces, NM Circulation: 28086

So, now that we know that homes can be purchased with far less than 20% down, the next order of business is to figure out where to find the money.

I jokingly tell people that the New Mexico Lottery could finance their down payment and closing costs, perhaps even the entire house, albeit at pretty long odds. A better route would be to procure gift funds from friends, family or employers. Some nonprofits provide down payment assistance. Borrowing from retirement accounts is another alternative, but make sure you read up on any possible penalties you could incur in connection with the withdrawal. Your income tax refund, if you're lucky enough to receive one, may do the trick as well.

You may also want to consider crowdfunding sites, such as Kickstar-

ter, to launch your homebuying quest. Lenders will want to know the names of your individual contributors if the money was deposited into your checking or savings account just prior to applying for a loan, so it's better to complete the funding process and transfer the funds at least two months before you're ready to buy. By the time you are ready to sign on the dotted line, the funds will be "seasoned" and no longer subject to verification.

Another method of reducing the amount of upfront money is to ask the seller to pay your closing costs which, in our area, would reduce the cash required to complete the purchase by around \$3,000 to \$4000. Keep in mind that there's no free lunch. You could have purchased the property for that much less had you not asked for the

concession. Instead, you're financing that much more in exchange for lower out-of-pocket costs.

And finally, you can sell some of your assets. Depending on the number of hobbies you've taken up and subsequently abandoned over the years, you could be one garage sale away from living on Easy Street.

See you at closing.

*Gary Sandler is a full-time Realtor and president of Gary Sandler Inc., Realtors in Las Cruces. He loves to answer questions and can be reached at (575) 642-2292 or Gary@GarySandler.com.*



**Gary Sandler**

Real Estate Connection



August 12, 2020  
Home & HUD HTF

## HUD issues guidance for eviction prevention of at risk tenants at HOME and HTF properties

States, localities, and nonprofit organizations that administer HUD grant programs can play a crucial role in promoting housing stability during this difficult time. HUD strongly encourages its grantees to take action to keep as many families stably housed as possible. Grantees are advised that tenant-landlord relationships are governed by state and local law and landlords must comply with applicable laws, including any state or local eviction moratoria that may remain in effect.**ended on July 24, 2020 Eviction Moratorium**The CARES Act

HUD recognizes that many low income residents are also facing new challenges due to COVID-19, such as job loss, reduced hours and income, loss of childcare, limited access to healthcare, illness, death of loved ones, increased incidents of domestic violence, rising costs for basic needs, among possible other concerns resulting from further uncertainty. The process of evicting residents can be costly to landlords, from court and legal fees to unit turnover costs and an eviction can adversely affect the housing and financial stability of an individual or household for many years to come.

HUD strongly encourages all grantees and owners of HUD-assisted housing to work with tenants at-risk of eviction to negotiate **rent repayment plans** to help them stay housed. To this end, HUD is providing the following tools to help grantees and project owners to help identify and engage at-risk tenants, as well as to inform and guide tenants seeking a rent repayment plan:

[Tools for Landlords with Tenants Impacted by COVID-19](#) – This document will help landlords to engage with at-risk tenants while remaining in compliance with fair housing laws and understand the key elements of a repayment plan. The document provides links to sample rent repayment agreements.

[Tenant Guidance: Rent Repayment Plans](#) – This document will assist at-risk tenants in understanding and pursuing rent repayment agreements with their landlords. The document includes links to helpful resources and a sample script for requesting a repayment agreement from a landlord. Use of this guidance is optional and grantees and tenants are strongly cautioned to review their state and local laws as under some laws, a tenant notifying an owner of the inability to pay rent is sufficient for the owner to initiate eviction proceedings.

For more information about HUD's response to the COVID-19 pandemic, visit <https://www.hud.gov/coronavirus>



## New Mexico Housing Trust Fund Rental Assistance Notice of Funding Availability (NOFA): Fifth Round

MFA will hold a fifth round of funding under the [New Mexico Housing Trust Fund Rental Assistance Notice of Funding Availability \(NOFA\)](#).

In order to be considered for funding in this fifth round, completed applications must be received no later than 5 p.m. MDT on August 31, 2020. Applications may be submitted electronically via [MFApps - NMHTFRA](#).

Applicants are encouraged to attend an online training session on application submission, which will be held on Monday, August 24, 2020 at 3 p.m. MDT. To attend the online training session, use this link: [New Mexico Housing Trust Fund Rental Assistance Application Training](#). Registration is not required.

***Please note: This funding is only available to properties monitored by MFA. Owners of properties monitored by MFA must apply for rental assistance on behalf of their tenants.***



# MEMO

TO: Participating Lenders  
FROM: MFA Homeownership Department  
DATE: August 17, 2020  
RE: Memo No. 2020-16

## Training sessions for PowerLender and VirPack

As was previously announced, MFA's new Internet Loan Reservation System (ILRS), **PowerLender** and document management system, **VirPack**, will go live at **9 a.m. MDT, Friday, August 28, 2020.**

**Training is mandatory for all persons who will have access to these systems.** Managers are responsible for ensuring that their employees attend training.

For your convenience, we are offering multiple date and time options. Sessions will be identical. Please [click here](#) to register for the session of your choice.

Note: You will NOT receive an immediate acknowledgement of registration. Session materials and a webinar link will be sent to you via email the day before your class.

### Date and time options

Wednesday, August 19	10:30 a.m.
Thursday, August 20	2 p.m.
Friday, August 21	10:30 a.m. 2 p.m.
Tuesday, August 25	10 a.m. 2 p.m.
Wednesday, August 26	10 a.m. 2 p.m.

**Thank you for your participation in MFA programs.**



## Low Income Housing Tax Credit Qualified Allocation Plan

### Interested Parties:

The New Mexico Mortgage Finance Authority (MFA) is pleased to announce that its draft Low Income Housing Tax Credit Qualified Allocation Plan effective for 2021 (draft QAP) is now available for review. A clean version and a redline comparison version to the 2020 QAP is available for download from the MFA website:

<http://housingnm.org/developers/low-income-housing-tax-credits-lihtc>

The 21-day period in which to provide public comment begins *August 17, 2020* and continues through *5 p.m. on September 8, 2020*. Written comments on the draft QAP may be delivered by e-mail, mail, courier service or by hand to MFA to the following address:

MFA  
Attn: Kathryn Turner  
344 Fourth St., SW  
Albuquerque, NM 87102  
[kturner@housingnm.org](mailto:kturner@housingnm.org)

Comments may also be made verbally at the following web-based public hearing:

September 2, 2020 from 1:30 to 3:00 p.m.

Register here for the virtual hearing. [text to be linked to: <https://housing-nm.webex.com/housing-nm/onstage/g.php?MTID=e4c17a6ff288a8020e6e7f30cbfc803f3>]

If you would like additional information, please contact Kathryn Turner at [kturner@housingnm.org](mailto:kturner@housingnm.org) or 505.843.6880.

Thank you for your interest and participation.

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MFA · 344 4th St SW, Albuquerque, NM, United States · Albuquerque, NM 87102 · USA

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## New Compliance Software System

LIHTC, TCAP, TCEP, Risk Share, HOME, HTF



MFA will be moving the Web Compliance Management System (WCMS) to HDS NextGen© before the end of the year. The implementation date will be announced soon. Financial and tenant data that have already entered into WCMS will all be transferred to NextGen©.

A webinar training will be scheduled. Be on the lookout for an information email with details. Everyone in your organization who is responsible for tenant data and financial data entry should plan to attend.

If you are interested in viewing the test site and being a part of the test group, please let us know.





# MEMO

TO: Participating Lenders  
FROM: MFA Homeownership Department  
DATE: August 19, 2020  
RE: Memo No. 2020-17

## **URGENT ANNOUNCEMENT: August 28 deadline approaching for lender IT readiness - Notice 3 of 3**

As was announced on November 8, 2018 (Lender Memo 18-21), MFA will transition to a NEW Internet Loan Reservation System (ILRS) and document management system. Lenders were given the required technical specifications in the memo and advised to confirm their own system capabilities to ensure full compatibility.

For more than two years, MFA and a group of lender volunteers have worked with our vendors to build, customize and thoroughly test these systems. We are pleased to report that this long-awaited transition is now in the first stage of implementation.

**Beginning Friday, August 28, 2020, ALL new MFA loan reservations will be facilitated through PowerLender (the ILRS) and the related document uploads through VirPack (the document management system.)**

**All lenders are advised to make one final assessment of their IT capabilities in accordance with the specifications outlined below.**

Training will be available prior to the transition to the new system. We will notify you of training times in a separate email. While no response to MFA is required at this time, those with questions should contact a homeownership representative at 505.843.6881.

### **LENDER IT SYSTEM REQUIREMENTS:**

System Component	Minimum	Recommended
Workstations/Laptops	Pentium-Class PC 1.8 GHz w/ 1.0 GB RAM	Dual Core processor w/ 2.0 GB RAM

Workstation/Laptop Operating System	Windows 7 Linux Desktop OS	Windows 10, Windows 8.1 or Windows 7 Linux Desktop OS
Browser	Microsoft Internet Explorer 11 JRE 1.8	Microsoft Internet Explorer 11 Java Runtime Environment (JRE) 1.8 or higher

To avoid the firewall blocking ILRS, PowerLender requires port 22 to be opened outbound to the server at <https://mfa.powerlender.com> (184.173.181.73). This acts as a remote access and encryption solution to better secure all data in transit.

**Thank you for your participation in MFA programs.**

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*New Mexico Mortgage Finance Authority*  
344 Fourth St. SW Albuquerque, NM 87102 505.843.6880 800.444.6880 [housingnm.org](http://housingnm.org)

## New Homebuyer Survey and A Chance to Win a \$250 Visa Gift Card



Dear homeowner –

Congratulations on the purchase of your new home! Because you used an MFA program for down payment assistance, we are pleased to offer you the opportunity to win a \$250 Visa gift card by participating in our **Home Is Where** promotion. All you need to do is take a short survey to let us know about your homebuying experience and to tell us what your new home means to you.

Your survey responses will help us improve the MFA homebuying process. And -- with your permission -- you, your loan officer and your real estate agent could be featured in an MFA **Home Is Where** story. Stories like yours let other people know that they, too, can own a home!

Homebuyers who purchase their homes using an MFA program and who close between April 1, 2020 and March 31, 2021 are eligible to participate in the **Home Is Where** promotion. Every quarter, we will randomly draw the name of three lucky MFA homebuyers who will each receive a \$250 Visa gift card. Your survey will be part of the drawing that will be done the second week of October 2020.

[Complete the online survey here.](#) If you haven't already received a survey by mail, you will be getting one soon. You may participate either through the online survey

or mailed survey, but not both. Only one survey per household will be entered into the drawing.

While participation in the **Home is Where** promotion is completely optional, we hope you will choose to share your homebuying experience with us. Your input is valuable. *Please note that incomplete surveys will not be entered into the drawing.*

Enjoy your new home!

MFA's Homeownership Team





# MEMO

TO: Participating Lenders  
FROM: MFA Homeownership Department  
DATE: August 25, 2020  
RE: Memo No. 2020-18

## Important Notice for PowerLender & VirPack Administrators

PowerLender and VirPack credentials will be issued on August 27. Administrators are advised to review all user information.

**PowerLender:** <https://mfa.powerlender.com>

If your company's administrator completed and returned the PowerLender user setup form by the required deadline, you will receive your log-in credentials by August 27.

The data provided by administrators will be imported directly into the new system by PowerLender and will appear *exactly* as it appears on the user setup form. Your username will be your business email address.

We have noticed that some setup forms contain errors such as misspelled names and incorrect email addresses. **Users for which an incorrect email address was provided will not receive an email containing their credentials.**

### Important notice to administrators:

**Immediately upon receipt of your own PowerLender credentials, please log in and select "Manage Users" to review the data you provided and make all necessary corrections.**

**VirPack:** <https://images.housingnm.org>

Most users with access to PowerLender will need access to VirPack.

Users will self-register using a "group token" provided by their company's administrator. The administrator must "accept" the user before access is allowed. The group token associates the user with their lender's group.

Users requiring assistance with system access should contact their company's administrator directly. Administrator questions may be emailed to: [singlefamily@housingnm.org](mailto:singlefamily@housingnm.org)

**Thank you for your participation in MFA programs.**



# MEMO

TO: Participating Lenders  
FROM: MFA Homeownership Department  
DATE: August 31, 2020  
RE: Memo No. 2020-19

## September training sessions for PowerLender and VirPack

MFA's new Internet Loan Reservation System, **PowerLender (ILRS)**, and document management system, **VirPack**, have gone live as of **9 a.m. MDT, Friday, August 28, 2020**.

**Training is mandatory for all persons who will have access to these systems.** Managers are responsible for ensuring that their employees attend training.

For your convenience, MFA is offering additional training dates and times. **Sessions will be identical.** Please [click here](#) to register for the session of your choice.

Note: You will NOT receive an immediate acknowledgement of registration. Session materials and a webinar link will be sent to you via email the day before your class.

### Date and time options

Wednesday, September 2	10 a.m. 2 p.m.
Thursday, September 3	10 a.m.
Tuesday, September 8	10 a.m. 2 p.m.
Wednesday, September 9	2 p.m.

**Thank you for your participation in MFA programs.**