NEW MEXICO MORTGAGE FINANCE AUTHORITY  
Board Meeting  
344 4th St. SW, Albuquerque, NM  
Wednesday, October 21, 2015 at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting
- Roll Call (Jay Czar)
- Approval of Agenda – Board Action
- Approval of 9/16/15 Board Meeting Minutes – Board Action

<table>
<thead>
<tr>
<th>Board Action Items</th>
<th>Action Required?</th>
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<tbody>
<tr>
<td>Finance Committee</td>
<td></td>
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<tr>
<td>1  Authorized Signatures Resolution (Yvonne Segovia)</td>
<td>YES</td>
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<tr>
<td>2  Internal Audit Services Award (Yvonne Segovia)</td>
<td>YES</td>
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<td>3  Proposed Final 2016 Qualified Allocation Plan (Susan Biernacki &amp; Dan Puccetti)</td>
<td>YES</td>
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<tr>
<td>Contracted Servcies/Credit Committee</td>
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<td>4 Roselawn Manor (Artesia) Risk Sharing 542(c) Loan Request (Sabrina Su &amp; Dan Puccetti)</td>
<td>YES</td>
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<td>5 2016 Annual Action Plan (Debbie Davis)</td>
<td>YES</td>
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<tr>
<td>6 Request for Proposals for Trustee and Paying Agent Services (Kathy Keeler)</td>
<td>YES</td>
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<tr>
<td>Other</td>
<td></td>
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<td>7 2015 Series E Bond Resolution (Kathy Keeler)</td>
<td>YES</td>
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<tr>
<td>8 Single Family Production Report (Erik Nore)</td>
<td>NO</td>
</tr>
</tbody>
</table>

Other Board Items
- (Staff is available for questions)
  - Staff Action Requiring Notice to Board
  - 2015 Series D Bond Pricing Summary

Monthly Reports
- (Staff is available for questions)
  - 8/31/15 Financial Statements
  - Communications Department Report

Announcements and Adjournment
- Confirmation of Upcoming Board Meetings
  - November 18, 2015 – Wednesday, 9:30 a.m. (MFA)
  - December 16, 2015 – Wednesday, 9:30 a.m. (MFA)
  - January 20, 2016 – Wednesday, 9:30 a.m. (Santa Fe – location TBD)
NEW MEXICO MORTGAGE FINANCE AUTHORITY
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Proposed Agenda

Chair Convenes Meeting
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➢ Approval of Agenda – Board Action
➢ Approval of 9/16/15 Board Meeting Minutes – Board Action

Board Action Items

Finance Committee
1 Authorized Signatures Resolution (Yvonne Segovia) - The Authorized Signatures Resolution is updated periodically as needed. Staff is recommending the addition of the Director of Servicing to authorized signors of program and servicing documents, and the deletion of the Director of Community Development from bank accounts.

2 Internal Audit Services Award (Yvonne Segovia) - The Board approved the Request for Proposal for Internal Audit & Related Services on August 19, 2015. We received one response, which met the Minimum Requirements, and was scored. Staff recommends the Internal Audit Services award be made to REDW, LLC.

3 Proposed Final 2016 Qualified Allocation Plan (Susan Biernacki & Dan Puccetti) - The 2016 QAP is presented for approval in an effort to reduce costs, e.g., eliminating the design competition is estimated to reduce costs by five to ten percent. Staff conducted a Developer’s Forum, received written comments from developers and consultants, and solicited input from outside counsel, MFA’s counsel, and staff, all in an effort to seek out stakeholder input. The Draft 2016 QAP was reviewed and approved by the Policy Committee and Finance Committee. It was then published for public comment based upon feedback received at the Developer’s Forum and staff recommendations, and a public hearing was held. By the close of the public comment period, developers and consultants had provided 20 comments to the draft 2016 QAP, both in writing and during the public hearing. Based upon the public comments received and for purposes of clarification, additional changes have been incorporated. Upon recommendation of approval by Policy Committee and Finance Committee, the 2016 will be presented for approval to the Board at its October 21, 2015 meeting, and will then be sent to the Governor for final approval.

Contracted Services/Credit Committee
4 Roselawn Manor (Artesia) Risk Sharing 542(c) Loan Request (Sabrina Su & Dan Puccetti) - Applicant requests a $1,100,000 Risk Sharing loan for permanent financing for Roselawn Manor, a 63-unit new construction project in Artesia.

5 2016 Annual Action Plan (Debbie Davis) - Staff has developed and is seeking approval of the 2016 Action Plan. The Action Plan assesses the needs of low income and special needs persons in New Mexico and prescribes goals and strategies for addressing those needs. The 2016 Action Plan must be submitted by MFA/DFA to the U.S. Department of Housing and Urban Development (HUD) as a requisite to receiving an estimated $14.5 million in the following formula grants: 1) Home Investment Partnership Program (HOME); 2) Emergency Solutions Grant (ESG); 3) Housing Opportunities for Persons with AIDS (HOPWA) and (4) Community Development Block Grants (CDBG). These funds, expected to be received in July of 2016, will finance owner-occupied rehabilitation, rental development, CHDO operations, emergency shelter operations, homelessness prevention and infrastructure development in the non-metro areas of the state. MFA and DFA collaborate to develop the Action Plan. Final award amounts will be submitted through the Staff Action Report.

6 Request for Proposals for Trustee and Paying Agent Services (Kathy Keeler) - MFA issued an RFP for Trustee and Paying Agent services for stand-alone indentures in 2012. At that time, the Board selected Zions Bank to provide
those services for one year and subsequently exercised the two available one-year extensions until December 31, 2015. The term of the RFP is for three years with two one-year extensions at the Board’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 November 10, 2015.

Other

7 **2015 Series E Bond Resolution (Kathy Keeler)** - To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2015 Series E Single Family Bond Resolution in the aggregate amount of Not To Exceed $40 million. MFA has three bond issues which can be refunded, namely, 2006 Series A, 2006 Series B and 2006 Series C and is currently evaluating bond executions that will provide an economic benefit to MFA.

8 **Single Family Production Report (Erik Nore)** - ongoing

Other Board Items

9 (Staff is available for questions)
   - Staff Action Requiring Notice to Board
   - 2015 Series D Bond Pricing Summary

Monthly Reports

10 (Staff is available for questions)
   - 8/31/15 Financial Statements
   - Communications Department Report

Announcements and Adjournment

Confirmation of Upcoming Board Meetings
   - November 18, 2015 – Wednesday, 9:30 a.m. (MFA)
   - December 16, 2015 – Wednesday, 9:30 a.m. (MFA)
   - January 20, 2016 – Wednesday, 9:30 a.m. (Santa Fe – location TBD)
Minutes
Acting Chair Steven Smith convened the meeting on September 16, 2015 at 9:33 a.m. Secretary Jay Czar called the roll. Members present: Steven Smith, Sally Malavé (Designee for Attorney Hector Balderas) Lieutenant Governor John Sanchez, Treasurer Tim Eichenberg and Randy McMillan (via conference call). Absent: Chair Dennis Burt and Angel Reyes. Czar informed the Board that the meeting was being held in accordance with the New Mexico Open Meetings Act.

Acting Chair Steven Smith welcomed everyone to today’s MFA Board of Directors meeting. He explained that in the interest of time and possibly not having a quorum by the end of the meeting all non-action items would not be presented. He further explained if there was time the presentation at the end to be presented by David Jones of CSG Advisors could be presented since it did not require a vote.

Approval of Agenda - Board Action. Motion to approve the September 16, 2015 Board agenda as presented: Malavé. Second: Sanchez. Vote: 5-0.

Approval of 8/19/15 Board Meeting Minutes – Board Action. Motion to approve the August 19, 2015 Board Meeting Minutes as presented: Sanchez. Second: Eichenberg. Vote: 5-0.

Approval of 8/19-20/15 Board Retreat Meeting Minutes – Board Action. Motion to approve the August 19-20, 2015 Board Retreat Meeting Minutes as presented: Malavé. Second: Eichenberg. Vote: 5-0.

Employee Introductions: Jacqueline Boudreaux introduced the following new employees: Angelina Martinez, Housing Program Analyst, Asset Management Department and Sophia Ruser, Housing Program Analyst, Asset Management Department.

Finance Committee

1 Data Privacy & Security Internal Audit Report (Tina McGregor, REDW). McGregor informed the Board that REDW performed an internal audit July, 2015 of MFA’s data privacy and security processes and controls as well as assessed MFA’s privacy practices and compared these to the Consumer Financial Protection Bureau regulation as they relate to the Gramm-Leach-Bliley Act Privacy Rule. She presented the results of the Data Privacy & Security Internal Audit which is located behind tab one, and will become a part of the official board packet. The report included: Summary of Procedures, Observations and Recommendations. She also reviewed the weaknesses in the control environment that were considered to be high or moderate risks. The Motion to accept the Data Privacy & Security Internal Audit Report as presented: Malavé. Second: Sanchez. Vote: 5-0. (See attachment A)

2 Follow Up on Open Internal Audit Observations (Steve Cogan, REDW). Cogan began by informing the board of the results on REDW’s follow-up on open Internal Audit Observations from previously conducted internal audits. Cogan made reference to the summary of results located in the memo behind tab two, stating all three observations from March and July 2014 had been resolved. Motion to accept the Follow Up on Open Internal Audit Observations as presented: Sanchez. Second: Eichenberg. Vote: 5-0. (See Attachment B)

3 Internal Audit Status Report (Steve Cogan, REDW). Cogan reviewed the status of budgeted hours planned compared to actual hours incurred under the FY15 Internal Audit Plan approved by the Board in December, 2014. He explained the process and the areas that were reviewed, which included: Enterprise Risk Management, OMB Super Circular/Omni Circular, readiness assessment and consulting, Information Technology Data Privacy and Security (presented earlier on the agenda) and Follow up on Open Internal Audit Observations (also presented earlier on the agenda). Cogan explained that REDW is approximately 17 hours under budget for the year; explaining that the time used today to present to the board had not been taken into account on this report. Motion to approve the Internal Audit Plan Status Report as presented: Eichenberg. Second: Sanchez. Vote: 5-0. (See attachment C)
4 Enterprise Risk Management Report (Steve Cogan, REDW). Cogan explained that REDW had performed Enterprise Risk Management (ERM) explaining it is a formal approach to identify and manage risk surrounding an organization’s goals, objectives and business opportunities. He reviewed the major advantages that come from effective ERM, which were included in the report located behind tab four and will become a part of the official board packet. He also went over the Purpose and Objectives, Planning and Risk Compilation (which included a list of the employees as well as member Smith’s participation in the process), Summarization of Risks, Risk Discussion and Prioritization and MFA Risk Response. Motion to approve the Enterprise Risk Management Report as presented: Eichenberg. Second: Malavé. Vote: 5-0. (See Attachment D)

5 Production Statistics (Gina Hickman/Izzy Hernandez). Non-Action Item – was not presented. Board members were encouraged to review and get back to staff with any questions. (See Attachment E)

6 FY2015-2016 General Fund Budget (Yvonne Segovia). Segovia reviewed the MFA’s General Fund proposed budget for FY 2015-2016, which is located behind tab six and will be made a part of the official Board packet. She informed the Board revenue for next year is projected at $14.7 mm and expenses are projected at $12.1 mm resulting in budgeted excess revenue over expense of $2.6mm. Segovia reviewed the analysis of Significant Increases (Decreases) in the proposed 2015-2016 budget to projected actual and prior year budget.

- Annual Review of Compensation & Benefits (Steve Smith, Chair, Compensation Committee). Member Smith, Chair of the Compensation Committee explained that the committee believes that MFA’s compensation and benefit programs and the approach to the FY2016 compensation and benefits budget are reasonable and fair. Smith further stated the committee believes that MFA has comprehensive policies and procedures related to the compensation and benefit processes. Motion to approve the FY2015-2016 General Fund Budget as recommended: Malavé. Second: Sanchez. Vote: 5-0. (See Attachment F)

7 FY2015-2016 NM Affordable Housing Charitable Trust Budget (Yvonne Segovia). Segovia reviewed the proposed budget for the New Mexico Affordable Housing Charitable Trust for FY 2015-2016, which is located behind tab seven and will be made a part of the official Board packet. Revenue is projected at $9,331, and the expense budget is projected at ($9,664), resulting in a 2015-2016 budgeted excess expense over revenue of ($333). The expense budget includes salaries and indirect costs provided by MFA to support the non-profit organization as well as budget for marketing to support strategic plan initiatives. Motion to approve the FY2015-2016 NM Affordable Housing Charitable Trust Budget as presented: Eichenberg. Second: Sanchez. Vote: 5-0. (See Attachment G)

8 2015 Preservation Revolving Loan Fund (PRLF) - Resolution to Borrow and Establish Accounts (Michael Scott). Scott explained that the memo located behind tab eight explains tabs eight, nine and ten. Stating that although they all have to do with the Preservation Revolving Loan Fund; they do require separate approvals. Scott reminded the Board that the application for funds was approved by the Board on December 17, 2014. MFA received an award of $2,125,000 to be an intermediary lender for RD’s PRLF program for the purpose of providing loans for the revitalization and rehabilitation of housing currently financed by USDA Rural Development through its multifamily housing loan program under Sections 514, 515 and 516 of the Housing Act of 1949, the second such award MFA has received from RD. In the application for the funds MFA committed to providing $375,000 in matching funds from the Primero Investment Fund during the term of the program. Scott reviewed the memo and terms of the loan, as well as the program policy – stating it was the same as the loan terms and program policy from the previous award, and the same applies to the NOFA. Discussion ensued regarding the approval to apply for the funds at the December meeting and if the Resolution to borrow approval was necessary. It was further discussed that the December approval was to seek funding and the current request for approval was specific to the terms of the latest award from RD. Motion to approve the 2015 Preservation Revolving Loan Fund - Resolution to Borrow and Establish Accounts as presented: Eichenberg. Second: Malavé. Vote: 5-0. (See Attachment H)
9 2015 Preservation Revolving Loan Fund – Program Policy (Michael Scott). Scott explained that the memo located behind tab eight explains tabs eight, nine and ten. Stating that although they all have to do with the Preservation Revolving Loan Fund; they do require separate approvals. Motion to approve the 2015 Preservation Revolving Loan Fund – Program Policy as presented: Eichenberg. Second: Sanchez. Vote: 5-0. (See Attachment I)

10 2015 Preservation Revolving Loan Fund – Notice of Funds Availability (Michael Scott). Scott explained that the memo located behind tab eight explains tabs eight, nine and ten. Stating that although they all have to do with the Preservation Revolving Loan Fund; they do require separate approvals. Motion to approve the 2015 Preservation Revolving Loan Fund – Notice of Funds Availability as presented: Sanchez. Second: Eichenberg. Vote: 5-0. (See Attachment J)

11 MFA Approval of Request for Proposal Process to Facilitate the Transfer of Real Property (Jacqueline Boudreaux/Marjorie Martin). Boudreaux began her presentation with background information. She informed the Board that last year, a non-profit entity known as Eastern Plains Housing Development Corporation (EPHDC) became defunct and no longer has legal claim to two rental housing assets for which EPHDC was the mortgagor and MFA the mortgagee. The assets comprise a total of five (5) single family rental homes in Clovis, NM and a nine (9) unit multifamily apartment complex with two units designated for persons with special needs, in Portales, NM. Since February, 2014 MFA has been overseeing property management and has invested funds to keep the assets stable until the threat of foreclosure and loss of affordable housing stock was successfully mitigated. Now, MFA must engage in an alternative (non-public) sale process of real property through a RFP process in order to finally and completely resolve this issue. Boudreaux stated that because legal action is required by two local county courts she turned the presentation over to Marjorie Martin. Martin explained the arrangements were made by the court appointed Receiver - Sandra Hidalgo (former EPHDC Executive Director). MFA has received a legal judgement from the applicable county courts (Curry and Roosevelt) to use this alternative sale process by which potential buyers will be procured through a Request for Proposal (RFP) method. Martin went over the fees and management of the properties. Boudreaux stated that if the RFP is approved staff will come back to the Board for approval in November; the final approval of the offer(s) will be approved by the courts. Discussion ensued regarding ownership/Land Use Restriction Agreements/management of the properties and county awareness. Motion to approve the Request for Proposal Process to Facilitate the Transfer of Real Property as presented: Eichenberg. Second: Sanchez. Vote: 5-0. (See Attachment K)

Contracted Services / Credit Committee

12 Year 2 (FY2016) MFA Strategic Plan (Monica Abeita). Abeita made reference to MFA’s current three-year strategic plan for FY 2015-2017. She reminded the Board that the proposed changes to the MFA Strategic Plan for Year 2 were discussed at the MFA Board of Directors Retreat August 2015. She informed the board that MFA will complete the first year of the plan (FY 2015) on September 30, 2015 and will begin the second year of the plan (FY 2016) on October 1, 2015. The Strategic Management Committee has drafted 1) changes to benchmarks to reflect work planned for FY 2016 and 2) minor language changes to reflect changes in conditions. Abeita in the interest of time briefly reviewed the changes in the strategic plan document located behind tab 12, which will become a part of the official board packet. Motion to approve Year 2 (FY2016) MFA Strategic Plan as presented. Malavé. Second: Sanchez. Vote: 5-0. (See Attachment L)

13 MFA 2016 Legislative Agenda (Monica Abeita). Abeita began by requesting Board approval for MFA's legislative agenda for the 2016 New Mexico Legislative Session. She explained that once the board approves the request it will then go the Legislative Oversight Committee. Abeita reviewed the 2016 legislative agenda explaining that it includes six appropriations requests, they are: Regional Housing Authority Oversight, Affordable Housing Act Oversight, the New Mexico Housing Trust Fund, the NM EnergySmart Program, Down Payment Assistance and Veteran Home Rehabilitation. She further stated that MFA had also submitted three of the bills as capital outlay; Housing Trust Fund, EnergySmart and Down Payment Assistance, so they will be double tracked in capital outlay and appropriations. Motion to approve MFA 2016 Legislative Agenda as presented: Sanchez. Second: Malavé. Vote: 5-0. (See Attachment M)
10:45 a.m. Member Eichenberg & McMillan left the meeting.

14 Financing Trends Among HFAs: Implications for MFA (David Jones, Vice President, CSG Advisors, Inc.). Jones provided a very comprehensive and informative presentation to the MFA Board of Directors regarding the Single Family Program Update and HFA Outlook & Funding Executions. He discussed Market conditions, HFA trends, MFA Bond Execution, Single Family Revenue generation, Rating Agency View of MFA and Financing Opportunities and Conclusions. No action required.

Other Board Items - Information Only
15 No questions were asked of staff.
   ▪ Staff Action Requiring Notice to Board
   ▪ To Be Announced (“TBA”) Activity Report

Monthly Reports - No Action Required
16 No questions were asked of staff
   ▪ 7/31/15 Financial Statements
   ▪ Communications Department Report

Announcements and Adjournment - Confirmation of Upcoming Board Meetings. Acting Chair Smith informed the Board that MFA would be meeting with the Legislative Oversight Committee tomorrow 9/17/15, followed by the MFA’s 40th celebration/Open House and encouraged board members to attend.

There being no further business the meeting was adjourned at 11:12 p.m. Motion: Sanchez. Second: Malavé. Vote: 3-0.

Approved: October 21, 2015

__________________________________________  _______________________________________
Chair, Dennis Burt                            Secretary, Jay Czar
Tab 1
NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting
Tuesday, October 13, 2015 at 1:30 p.m.

To dial in to the conference call dial (Note: NEW CALL IN NUMBER) (641) 715-3276 Code for Board members and proxies 561172# MFA staff code 561172#

<table>
<thead>
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<th>COMMITTEE RECOMMENDED</th>
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<td>3-0</td>
<td>YES</td>
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<td>3-0</td>
<td>YES</td>
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<td>3 Proposed Final 2016 Qualified Allocation Plan (Susan Biernacki &amp; Dan Pucceti)</td>
<td>3-0</td>
<td>YES</td>
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Committee Members present:
Steven Smith, Chair
Dennis Burt
John Sanchez or Proxy Mark Van Dyke or Vincent Torres

☑ present ☐ absent ☐ conference call
☑ present ☐ absent ☐ conference call
☐ present ☐ absent ☐ conference call

Secretary: [Signature]
10/13/15
MEMORANDUM

TO: Board of Directors

Through: Finance Committee – October 13, 2015

Through: Policy Committee – October 6, 2015

FROM: Yvonne Segovia, Controller

DATE: October 21, 2015

SUBJECT: Authorized Signatures Resolution

Recommendation:

Staff recommends the changes to the Authorized Signatures Resolutions as indicated.

Background:

The Authorized Signatures Resolution is updated periodically as needed.

Discussion:

In order to support expanded Mortgage Operations we have added servicing activities to authorized program documents and added the Director of Servicing as an authorized signor.

In addition, the Director of Community Development was added as an authorized signor on bank accounts during the Deputy Director of Programs vacancy. The position is now filled and we are deleting the Director of Community Development as an authorized signor. The second Resolution that is more detailed for banking purposes has also been updated with the corrected Deputy Director of Programs title.
The title for the Human Resources Manager has also been changed.

Summary:

The Authorized Signatures Resolution is updated periodically as needed. Staff is recommending the addition of the Director of Servicing to authorized signors of program and servicing documents, and the deletion of the Director of Community Development from bank accounts.
WHEREAS, a regular meeting of the Board of Directors of the New Mexico Mortgage Finance Authority (MFA) was held at 344 Fourth St. SW, Albuquerque, New Mexico on October 16, 2015 at 9:30 a.m.; and

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

IT IS THEREFORE RESOLVED:

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

   Executive Director
   Deputy Director(s)
   Director of Human Resources  Manager
   Director of Servicing
   Employees Designated by Management

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

   Chair of the Board
   Vice-Chair of the Board
   Treasurer of the Board
   Board Members Designated by the Chair of the Board
   Executive Director
   Deputy Director(s)
   Controller
   Director of Community Development

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

   Chair of the Board
   Executive Director
   Deputy Director(s)
   Director of Human Resources  Manager
   Controller

After discussion the foregoing resolution was adopted on October 21, 2015.
NEW MEXICO MORTGAGE FINANCE AUTHORITY
CORPORATE RESOLUTION

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

Dennis R. Burt  Chair of the Board
Angel A. Reyes  Vice-Chair of the Board
Steven J. Smith  Treasurer of the Board
Jay J. Czar  Executive Director
Gina Hickman  Deputy Director of Finance & Admin
Yvonne Segovia  Controller
Isidoro Hernandez  Deputy Director of Programs

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

CORPORATE CERTIFICATION

I HEREBY CERTIFY, that I am the Secretary of New Mexico Mortgage Finance Authority; that the above and foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the vote of a majority or more of the directors of the New Mexico Mortgage Finance Authority in accordance with the MFA by-laws on October 21, 2015; that there is no provision in the articles of the MFA conflicting with said resolution; and that said resolution has not been modified or revoked and still remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this ____________ day of October, 2015.

Jay J. Czar, Secretary

(CORPORATE SEAL)
Tab 2
MEMORANDUM

TO: Board of Directors

Through: Finance Committee – October 13, 2015

Through: Policy Committee – October 6, 2015

FROM: Yvonne Segovia, Controller

DATE: October 21, 2015

SUBJECT: Internal Audit Services Award

Recommendation:

Staff recommends the Internal Audit Services award be made to REDW, LLC.

Background:

The Board approved the Request for Proposal (RFP) for Internal Audit & Related Services on August 19, 2015. The RFP was advertised in the Albuquerque and Santa Fe local newspapers and publicized on MFA’s website. In addition, 11 firms were directly solicited to respond to the RFP. We received one response, which met the Minimum Requirements.

Discussion:

Minimum Requirements:

1. Offeror must be an auditing firm in good standing as 1) a member of the Institute of Internal Auditors or 2) a certified public accounting firm.
2. Offeror must be licensed to do business in the State of New Mexico.
3. Offeror must maintain professional liability insurance of at least $1,000,000.
4. All professionals rendering services to the MFA must be Certified Public Accountants or Certified Internal Auditors, or supervised by Certified Public Accountants or Certified Internal Auditors.
5. Offeror must have five years of demonstrated experience conducting network and application security vulnerability assessments.

**Services to be Performed:**

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

**Internal Audit Services**

1. Develop a risk assessment and related detailed report of risks with ranking, and internal audit program to mitigate the risks, and update annually;
2. Perform financial and compliance audits of the MFA’s programs, procedures, and controls and make recommendations for improvement as determined by the risk assessment;
3. Perform audits of MFA’s Housing Opportunity Fund programs, federal and state programs, and bond programs as determined by the risk assessment;
4. Perform special audit projects as may be assigned by MFA Management or the Finance Committee (who serves as MFA’s Audit Committee of the Board of Directors);
5. Prepare detailed internal audit reports to the Finance Committee and Board of Directors, including findings and recommendations;
6. Perform Internal Audit services in compliance with the MFA’s Auditing Policies and Procedures;

**Quality Control Reviews**

7. Develop an audit program to provide quality control services for the Federal Housing Administration (FHA) single-family mortgage loan portfolio and the U.S. Department of Housing and Urban Development (HUD) Section 8 Performance Based Contract Administration (PBCA) functions;
8. Perform monthly and quarterly quality control review services for the single-family FHA mortgage loan portfolio in accordance with HUD requirements and MFA’s Quality Control Plan;
9. Perform quality control review services for the PBCA Annual Contributions Contract (ACC) in accordance with HUD requirements and MFA’s Quality Control Plan;
10. Prepare Quality Control Review reports detailing findings to Management.
Information Systems

11. Conduct annual external vulnerability assessments of the following subnets: 65.123.148.112/118 and 216.31.51.34/46. Provide a list of all hosts that are alive and any potential vulnerabilities associated with those hosts. Work with MFA staff to determine whether vulnerabilities are legitimate, requiring further action, or false positives.

12. Prepare Network Vulnerability Assessment reports to Management that assign an overall risk rating of Low, Medium, or High for the alive hosts discovered on the following subnets: 65.123.148.112/118 and 216.31.51.34/46, highlight significant changes since previous scan, and provide suggested measures to mitigate the vulnerabilities.

13. Conduct Employee Cyber Security Awareness Training on a periodic basis to include social engineering, social media, phishing attacks, e-mail security, and other cybersecurity threats.

14. Support Information Systems Department with policies, risk assessments, and changes required to implement stronger data privacy and security.

Other

15. Review subrecipient Cost Allocation Plans, Indirect Cost Rate Proposals, financial statements, and audits and provide recommendations to Management.

Evaluation & Scoring:

The RFP response was reviewed by an internal committee of four members. It was scored individually and the final score reflect the average of all scores.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Max. Points</th>
<th>REDW</th>
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<tbody>
<tr>
<td>Experience w/MFA, financial institutions, government entities or mortgage servicers; experience with quality control reviews</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td>Experience auditing information systems dept. and conducting network vulnerability assessments</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td>Knowledge of accounting and auditing procedures and providing risk assessments, internal audit and quality control services</td>
<td>15</td>
<td>15.0</td>
</tr>
<tr>
<td>Relevant staff experience, expertise and credentials</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td>Familiarity with MFA</td>
<td>5</td>
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<tr>
<td>Cost of Services</td>
<td>20</td>
<td>20.0</td>
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<tr>
<td>Ability to develop an audit program and prepare reports</td>
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<td>10.0</td>
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Summary:

The Board approved the Request for Proposal for Internal Audit & Related Services on August 19, 2015. We received one response, which met the Minimum Requirements, and was scored. Staff recommends the Internal Audit Services award be made to REDW, LLC.
Tab 3
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – October 13, 2015

Through: Policy Committee – October 6, 2015

FROM: Susan H. Biernacki

Dan Puccetti

DATE: October 13, 2015

SUBJECT: Proposed Final 2016 Qualified Allocation Plan

Recommendation:

Staff recommends approval of the attached Proposed Final 2016 State of New Mexico Housing Tax Credit Program Qualified Allocation Plan (hereinafter "2016 QAP").

Background:

The Low Income Housing Tax Credit Program was established 1986 under Section 42 of the Internal Revenue Code (the "Code"). The Code sets the general program parameters including the requirement that each state adopt its own Qualified Allocation Plan (QAP) which sets forth specific project selection criteria and delineates other program rules. MFA revises the QAP annually.

While stakeholder feedback is encouraged throughout the year, staff holds a "developer's forum" focus group prior to beginning draft revisions and then presents a list of proposed changes to Policy Committee and Finance Committee for discussion. A draft QAP is then composed and posted (typically late August) on the MFA website kicking off a formal 30 day public comment period during which a public hearing is held. After the public comment period is concluded, a final form of QAP is composed and presented to Policy Committee, Finance Committee, and then the Board for approval (October). After Board approval, the QAP is sent to the Governor for final approval.

The 2016 QAP was made available on August 21, 2015 on the MFA website at http://www.housingnm.org/low-income-housing-tax-credits-lihtc-allocations. The 30-day public comment period began on August 21, 2015 and continued through 5:00 p.m. on September 21, 2015. Notice of the public comment period was published on August 21, 2015 in three newspapers of general circulation, posted on MFA's website and sent out to those individuals
contained in MFA’s Master Contact List under category codes for Housing Development, Multi-Family Developers, Tax Credits and HSD NM Housing Authorities. By the close of the public comment period, developers and consultants had provided 20 comments to the draft 2016 QAP, both in writing and during the public hearing.

Discussion:

The 2016 QAP is attached hereto. Multiple changes are included in the 2016 QAP involving project selection criteria, application submission requirements, and to clarify various aspects of application processing. The list below of proposed changes to the 2016 QAP is not an exhaustive list of all changes. Rather it is a summary of the most significant changes.

A. Project Selection Criteria Modifications

Proposed scoring changes or clarifications include the following:

**Tax Credit Design Competition, Criterion no. 2** – Staff proposes elimination of the design competition pursuant to comments received from Developers both before and during the Developer’s Forum. It was clear that the majority are in favor of eliminating the design competition because:

- it adds significant cost to a project (approx. 10%);
- more cost means fewer affordable units are being made available and this is a disserve to the State of NM and its residents;
- none of the participants in the developer’s forum were aware of any state that has a design competition;
- the process is a beauty contest and scoring is subjective;
- this selection criterion favor new construction and not rehab projects;
- pride of ownership/marketability, that is, design is already an important element;
- we can accomplish “quality through design” using good design standards.

**Sustaining Affordability, Criterion no. 5** – Language clarified; no scoring changes.

**Projects in Which Units are Reserved for Households with Special Needs, Criterion no. 10** – In consultation with Asset Management and our Senior Policy and Program Manager, language has been added concerning the Section 811 Project Rental Assistance Program with a link to MFA’s website and related Section 811 documents. There are no proposed scoring changes.

**Projects Located in Areas of Statistically Demonstrated Need, Criterion no. 21** – Tier 1 and Tier 2 counties are updated using 2015 data and in accordance with Board approval received on August 19, 2015. There are no proposed scoring changes.

**Efficient Use of Tax Credits, Criterion no. 22** – Staff proposes tightening the scoring benchmarks for this criterion to require fewer credits per square foot and/or per unit to obtain points.

**Adaptive Reuse Projects, Criterion no. 24** – Staff proposes to lower the point value of adaptive reuse from 10 points to 5 points, the same point value afforded to the demolition of a blighted building or reuse of a Brownfield site.
B. Other Changes – (Proposed prior to 30 day comment period)

Fees, Section IV.B. – Staff proposes that, for the first time in at least 16 years, fees be increased to cover increased costs of processing applications and awarding tax credits. MFA’s current fees are far less and even after the proposed increases, will be below the average fees charged in Arizona and Colorado. The fee increases include:

- application fee increased to $3,500 (from $500 and $1,000 for nonprofits and for profits, respectively);
- 9% tax credit processing fee increased from 7.5% to 8.0% (this fee is calculated based upon the annual tax credit award, e.g. $1mm award = $80,000 proposed fee);
- 4% tax credit processing fee increased from 3.5% to 5.5% (this fee is calculated based upon the annual tax credit award, e.g. $1mm award = $55,000 proposed fee); and
- extension fee increased from $500 per week to $1,000 per week.

Design Review, Section IV.C.8 – Staff proposes that we clarify the design review process, from application through issuance of form 8609, involves a minimum of four design reviews (upon construction start, twice during construction and upon completion). Staff is also proposing language to make it clear that applicants shall not commence construction of a project prior to receipt of MFA’s written approval of complete construction documents.

Volume Cap, Section VI.B. – Given the abundance of tax exempt bond volume cap available from the State Board of Finance, the relatively arbitrary manner in which volume cap has been set, and that we have permitted waivers of the cap in the past, staff proposes volume cap limits be removed.

C. Other Changes- (Proposed subsequent to 30 day comment period)

Notification of Approval and Subsequent Project Requirements, Section IV.G.- Two changes are proposed in subsection 2.c (Carryover Allocation Requirements): (a) to conform the ownership language to that contained in the Carryover Allocation Application Instructions; and (b) to request an electronic copy of this Application.

One change is proposed in subsection 6 (Final Allocation and Placed in Service Requirements) to request an electronic copy of this Application.

Summary:

The 2016 QAP is presented for approval in an effort to reduce costs, e.g., eliminating the design competition is estimated to reduce costs by five to ten percent. Staff conducted a Developer’s Forum, received written comments from developers and consultants, and solicited input from outside counsel, MFA’s counsel, and staff, all in an effort to seek out stakeholder input. The Draft 2016 QAP was reviewed and approved by the Policy Committee and Finance Committee. It was then published for public comment based upon feedback received at the Developer’s Forum and staff recommendations, and a public hearing was held. By the close of the public comment period, developers and consultants had provided 20 comments to the draft 2016 QAP, both in writing and during the public hearing. Based upon the public comments received and for purposes of clarification, additional changes have been incorporated. Upon recommendation of approval by Policy Committee and Finance Committee, the 2016 will be presented for approval to the Board at its October 21, 2015 meeting, and will then be sent to the Governor for final approval.
STATE OF NEW MEXICO
HOUSING TAX CREDIT PROGRAM

QUALIFIED ALLOCATION PLAN

Effective as of January 1, 2016

[Proposed for Board Approval 10.21.15]

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Proposed Final 10.21.15
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Proposed Final 10.21.15
I. BACKGROUND AND PURPOSE OF THE QUALIFIED ALLOCATION PLAN

A. GENERAL

The Low Income Housing Tax Credit ("LIHTC", "Credits", or "Tax Credit") Program was created in the Tax Reform Act of 1986 as an incentive for individuals and corporations to invest in the construction or rehabilitation of low income housing. The Tax Credit provides the investor a dollar-for-dollar reduction in personal or corporate federal income tax liability for a 10-year period for Projects meeting the Program’s requirements.

New Mexico Mortgage Finance Authority ("MFA") is the Housing Credit Agency ("HCA") for the State of New Mexico, responsible for administering the Tax Credit Program and allocating Tax Credits to eligible New Mexico Projects. Accordingly, MFA awards Tax Credits to Projects meeting its Project Selection Criteria, including an annual population allocation, any subsequent carry-forward, and returned Credits, and national pool Credits. MFA monitors existing Projects for compliance with the Section 42 of the Internal Revenue Code of 1986, as amended ("Section 42 of the Code"). However, MFA does not make any representation to any party concerning compliance with Section 42 of the Code, Treasury Regulations or other laws or regulations governing Low Income Housing Tax Credits. Neither MFA, nor its agents or employees will be liable for any matters arising out of, or in relation to, the allocation of Low Income Housing Tax Credits. All organizations and individuals intending to utilize the LIHTC Program should consult their own tax advisors concerning the application of Tax Credits to their Projects, and the effect of Tax Credits on their federal income taxes.

The federal laws governing the Tax Credit Program are subject to change. Final interpretations of certain rules and regulations governing the Program may not yet have been issued by the U.S. Department of Treasury. In the event that any portion of this Qualified Allocation Plan ("QAP") should conflict with Section 42 of the Code, amendments made thereto, or federal regulation promulgated thereunder, the federal regulation shall take precedence. If any portion of this QAP is invalid due to such conflict, the validity of the remaining portions will in no way be impacted, affected or prejudiced or disturbed.

Administration of the Tax Credit Program, as outlined in this Qualified Allocation Plan, is consistent with the statutes creating MFA in 1975 [Chapter 303, Laws of New Mexico, 1975, known and cited as the New Mexico Mortgage Finance Authority Act, being Sections 58-18-1 through 58-18-27, inclusive], as supplemented in 1995, as follows:

The legislature hereby finds and declares that there exists in the state of New Mexico a serious shortage of decent, safe and sanitary residential housing

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1 Additional capitalized terms are defined in Section XI, the Glossary.
2 Section 42 of the Code is found in the United States Code in Title 26, Subtitle A, Chapter 1, Subchapter A, Part 4, Subpart D, at Section 42 (26 U.S.C. § 42).
available at prices and rentals within the financial means of persons and families of low income. This shortage is severe in certain urban areas of the state, is especially critical in the rural areas and is inimical to the health, safety, welfare and prosperity of all residents of the state. The legislature hereby further finds and determines that to aid in remedying these conditions and to help alleviate the shortage of adequate housing, a public body politic and corporate, separate and apart from the state, constituting a governmental instrumentality, to be known as the New Mexico Mortgage Finance Authority should be created with power to raise funds from private investors in order to make such private funds available to finance the acquisition, construction, rehabilitation and improvement of residential housing for persons and families of low income within the state. The legislature hereby finds and declares further that in accomplishing this purpose, the New Mexico Mortgage Finance Authority is acting in all respects for the benefit of the people of the state in the performance of essential public functions and is serving a valid public purpose in improving and otherwise promoting their health, welfare and prosperity, and that the enactment of the provisions hereinafter set forth is for a valid public purpose and is hereby so declared to be such as a matter of express legislative determination.

One of the obligations of the HCA is to prepare a Qualified Allocation Plan for allocating Tax Credits. Code Section 42(m) states that the HCA must make allocations of Tax Credits pursuant to a Qualified Allocation Plan which:

1. Sets forth Project Selection Criteria to be used to determine housing priorities of the Housing Credit Agency, which are appropriate to local conditions. These criteria must consider Project location, housing needs characteristics, Project characteristics, sponsor characteristics, participation of local tax-exempt organizations, public housing waiting lists, tenants with special housing needs including individuals with children, energy efficiency standards, historic character and Projects intended for eventual tenant ownership.

2. Gives preference in allocating housing credit dollar amounts among selected Projects to those which:
   a) Serve the lowest income tenants;
   b) Serve qualified tenants for extended periods of time; and
   c) Are located in Qualified Census Tracts and the development of which contributes to a Concerted Community Revitalization Plan.

3. Provides a procedure that the agency will use in monitoring for noncompliance.
This document is intended to fulfill requirements 1 and 2 above for the MFA’s Tax Credit allocation activity in the State of New Mexico, commencing on its effective date. The procedure required in item 3 above is summarized in Section X but published in full under a separate cover.

B. PUBLIC HEARINGS

Following public notice, a draft Qualified Allocation Plan will be available to the public for comment for a period of thirty (30) days, during which time public hearing(s) will be held. MFA will accept written comments during this thirty-day period and will consider any comments presented at the public hearing, prior to completion of the plan.

II. LOW INCOME HOUSING TAX CREDIT PROGRAM SUMMARY

A. GENERAL

The Tax Reform Act of 1986 established the Tax Credit Program to stimulate private sector investment in low income rental housing. In August of 1993, permanency was granted to the Tax Credit Program after numerous temporary annual extensions.

There are numerous technical rules governing a Project’s qualification for Tax Credits. The following is a summary of certain key provisions of Section 42 of the Code and regulations, and the Tax Credit Program. Applicants are advised to review Section 42 of the Code directly for further detail, since this overview does not address all of the provisions. Capitalized terms, when not defined in the text of this document, are defined in Section XI or in Section 42 of the Code.

B. AMOUNT OF TAX CREDIT AVAILABLE STATEWIDE

The State of New Mexico, for the calendar year 2016, will receive a population based Tax Credit allocation equal to $2.315 (indexed for inflation) per resident. The current year’s population estimates, as provided by the Internal Revenue Service, and the estimated Annual Credit Ceiling, including any carry-forward, returned or national pool Credits received by the State, may be found on the MFA web site.

C. NONPROFIT ALLOCATION SET ASIDE

A minimum of 10 percent of the Annual Credit Ceiling must be allocated each year to Projects involving Qualified Nonprofit Organizations. MFA’s Allocation Set Asides (see Section III.D) are intended to implement this requirement. However, Qualified Nonprofit Organizations may also apply for Tax Credits in excess of these Set Asides.

For the purposes of identifying Applicants eligible for this Allocation Set Aside, several requirements must be met, as described in Code Section 42(h)(5). A Qualified Nonprofit Organization is an organization described in Sections 501(c)(3) or 501(c)(4) of the IRS Code and exempt from tax under Section 501(a). The production of decent, safe and affordable
housing must be one of the defined goals, objectives, or purposes of the nonprofit organization. The nonprofit organization must materially participate in the Project, meaning that the organization must be involved on a regular, continuous, and substantial basis in both the development and operation of the Project during the term of the Compliance Period. The nonprofit must also own an interest in the Project throughout the Compliance Period and may not be affiliated with or controlled by a for-profit organization.

D. MINIMUM APARTMENT UNIT SET ASIDES

In order for a Project to qualify for Tax Credits, the Project Owner must rent at least 20 percent of the Units in the Project to households with incomes at or below 50 percent of the Area Gross Median Income (20/50 Election), or at least 40 percent of the Units to households with incomes at or below 60 percent of the Area Gross Median Income (40/60 Election).

Only Low Income Units as determined by the Project’s Set Aside Election are eligible for Tax Credits. For example, if the 20/50 Election is chosen, only Units that are rent restricted and set aside for tenants whose income does not exceed 50 percent of Area Gross Median Income are qualified as Low Income Units. If the 20/50 Election is chosen, Units with income and rent limits above 50 percent of Area Gross Median Income are not eligible for Tax Credits.

The Set Aside Election must be made at the time the Application is submitted to MFA. Once an Application has been submitted to MFA, the Set Aside Election cannot change.

E. RENT AND INCOME RESTRICTIONS

Set Aside Units must only be rented to households meeting certain income restrictions. Furthermore, rents charged for Set Aside Units may not exceed 30 percent of the applicable income limit(s) designated by the Applicant. Gross rent limits provided annually by HUD (found on MFA’s web site) must be reduced by a utility allowance that accurately reflects the cost of tenant-paid utilities by unit size. MFA’s Land Use Restriction Agreement prohibits collection of Section 8 or other rent subsidy payments which, when added to the tenant payments, would exceed the Tax Credit Ceiling Rents, except in Projects with project-based subsidies when the program governing the project-based subsidy allows higher rents. More detail regarding rental assistance payments and qualifying tenants can be found in the MFA Tax Credit Monitoring and Compliance Plan, which is issued under a separate cover and summarized in Section X.

F. GENERAL PUBLIC USE

Generally, all Units, including Set Aside Units, must be made available to the general public under an initial lease term of at least 6 months. However, exceptions are made for single room occupancy and transitional homeless facilities.

Under Treasury Regulation Section 1.42-9(b), if a residential Unit is provided only for a member of a social organization or provided by an employer for its employees, the Unit is not for use by
the general public and is not eligible for Tax Credit under Section 42 of the Code. However, as clarified in Section 42(g)(9) of the Code, a qualified low-income Project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants (1) with special needs, (2) who are members of a specified group under a Federal program or State program or policy that supports housing for such a specified group, or (3) who are involved in artistic or literary activities. Any Unit that is part of a hospital, nursing home, sanitarium, life care facility, retirement home providing significant services other than housing is not for use by the general public.

Units set aside for Project employees (property managers, maintenance staff, etc.) for which rent is collected will be considered unavailable to the general public and, thus, will be treated as Market Rate Units. Units set aside for Project employees for which rent is not collected will be treated as common area.

Projects may set aside or otherwise have a preference for military veterans that have served in the armed force of the United States and MFA encourages all projects to develop marketing plans that involve outreach and marketing of units to veterans.

G. ELIGIBLE PROJECTS

The Tax Credit Program is intended for rental housing. Projects may include transitional housing for the homeless, Single Room Occupancy (“SRO”) Projects, senior and other special needs Projects. Dormitories, “trailer parks” and transient housing (e.g. emergency shelters for homeless persons and families) are ineligible. Proposed Projects must be eligible for an allocation of Credits under Section 42 of the Code.

H. SCATTERED-SITE PROJECTS

Projects that would otherwise qualify as a project for the purposes of Section 42 of the Code but for their lack of proximity may nonetheless be eligible for Tax Credits provided they meet the following criteria:

1. All building are located within the same County;
2. Units are similarly constructed;
3. All buildings are owned by the same person or entity for federal tax purposes;
4. All buildings are financed pursuant to a common financing plan; and
5. All of the Units (except employee units treated as common space) are Low Income Units.

Generally, each site of a scattered-site Project must have a community space adequate for the provision of services and services must be delivered at each site in order for the Project to be eligible for points for Projects in Which Units are Reserved for Households with Special Needs, Projects Reserved for Senior Households, Projects in which 25 Percent of All Units are Reserved for Households with Children, and Resident Financial Literacy Training. However, if one of the Project sites does not have adequate community space for the provision of services,
services may be provided for residents at another Project site so long as the following conditions are met: (1) the Project sites are located with ¼ of a mile of each other and connected by an ADA accessible route, (2) the Application demonstrates, to the sole satisfaction of MFA, how the needs of persons with disabilities who do not have access to on-site services will be met, and (3) sufficient community space for the provision of services is available for all residents of the Project.

1.I. PROJECTS INVOLVING BOTH REHABILITATION OF EXISTING UNITS AND THE CONSTRUCTION OF NEW UNITS.

In accordance with the provisions of this QAP, Projects may combine the rehabilitation of existing residential units with the construction of new residential units. Applications for combined rehabilitation and new construction Projects, however, must submit additional application materials as provided for in Project Selection Criterion 5, Rehabilitation Projects (i.e. Separate Schedules A and D must be provided for each activity as well as for the entire Project). Each activity (rehabilitation or new construction) will be evaluated separately, as if each were a separate Project, in regards to 2016 MFA Mandatory Design Standards for Multifamily Rental Housing and Cost Limits provided in Section IV.C.2.

J. COMPLIANCE PERIOD

The initial Compliance Period is 15 years. An Extended Use Period also applies to the Project for a minimum of 15 additional years following the expiration of the initial Compliance Period, during which time transfers and tenant dislocation are limited. The Project Owner shall not sell, assign, convey, transfer or otherwise dispose of the Project or any building in the Project without the prior written consent of MFA during the Extended Use Period. By agreeing to an Extended Use Period, the Project Owner and its successors and assigns agree to maintain the Project as a Qualified Low Income Housing Project (as defined in Section 42(g) of the Code) for the entire Extended Use Period. During the Extended Use Period the Project Owner is prohibited from evicting or terminating tenancy of an existing tenant of any Low Income Unit other than for good cause and/or increasing the gross rent with respect to a Low Income Unit not otherwise permitted by Section 42 of the Code, as applicable throughout the entire commitment period. The Project Owner will not have the right to require the MFA to present a "qualified contract" in accordance with Code Section 42(h)(6), the Extended Use Period will not be terminated for any reason other than foreclosure (or instrument in lieu of foreclosure), and existing Low Income Tenants will not be evicted or charged rents in excess of Tax Credit Rents for a period of three years after the Extended Use Period. Failure to comply with Set Asides, or any reduction in the number or floor space of the Set Aside Units during the Compliance Period, will result in recapture, with non-deductible interest, of at least a portion of the Tax Credits taken previously. MFA will notify the IRS if it learns of any noncompliance. The Project Owner must also make tenant income determinations and file an annual compliance statement with MFA.

K. COMPLIANCE MONITORING
As of January 1, 1992 the IRS required each HCA to write and implement a Monitoring and Compliance Plan (summarized in Section X). MFA’s plan includes a combination of Project Owner’s certification of continued compliance and regular property visits for all completed Tax Credit Projects. During the property visit, MFA will conduct a compliance audit and a physical inspection. The IRS has provided substantial penalties, including recapture of the Tax Credits plus interest, for non-compliance with the policies and procedures set forth in Section 42 of the Code and MFA’s Tax Credit Monitoring and Compliance Plan. Monitoring and compliance fees described in Section IV.B, will be assessed for each year of the Extended Use Period. The fees will be billed annually in December/January for the subsequent year and will be due no later than January 31. Owners of new Tax Credit Projects will be given the option to pay the initial 15 years of monitoring and compliance fees at the time of Final Allocation Application. Failure to pay monitoring and compliance fees within the time frame specified in the invoice will result in MFA’s filing of a “Notice of Noncompliance” (IRS Form 8823) with the IRS and the Principal(s) will be deemed ineligible for additional funding from MFA, including Tax Credit, for any Projects while the fees remain outstanding.

L. ELIGIBLE BASIS ACCORDING TO TYPE OF ACTIVITY

The “Eligible Basis” is generally the same as a Project’s adjusted depreciable basis for tax purposes. Fees or points charged to obtain long-term financing, syndication costs and fees, and marketing expenses are not included in Eligible Basis. These ineligible fees, costs, and expenses include credit enhancement, credit origination fees, bond issuance costs, reserves for replacement, start-up costs and future operating expenses. Costs related to the acquisition of land, costs attributable to any commercial portion of the property, and costs attributable to non-Set Aside Units that are above the average quality of the Set Aside Units in the Project are also ineligible. Additionally, Federal Grants shall not be included in a Project’s Eligible Basis in accordance with Section 42 of the Code.

The Eligible Basis attributable to new construction or rehabilitation costs for a Project that scores at least 10 points under Projects that Benefit the Environment, that has units set-aside for Seniors Households, Households with Children, or Households with Special Needs, and that is not financed with Tax Exempt Bonds may, in MFA’s sole discretion based upon a Project’s financial need, be increased by up to 30 percent for the purpose of calculating Tax Credits. The Eligible Basis attributable to new construction or rehabilitation costs for a Tax Exempt Bond Financed Project may be increased by up to 30 percent for the purpose of calculating Tax Credits only if the Project is located in a HUD-designated Qualified Census Tract or a HUD-designated Difficult Development Area. In no case will a Project’s Eligible Basis attributable to the acquisition of an existing building be increased.

M. TEN-YEAR RULE

In order for the acquisition of an existing building to qualify for Tax Credits, the taxpayer must adhere to the “Ten-Year Rule,” meaning that the Project Owner must acquire the building from an unrelated person who has held the building for at least ten years. The 10-year requirement shall not apply to Federally-Assisted Buildings and State-Assisted Buildings. In addition, the
Secretary of the Treasury can waive the 10-year “Placed in Service” limitation for buildings acquired from a federally insured depository institution that are in default, as defined by Section 3 of the Federal Deposit Insurance Act, or from a receiver or conservator of such an institution. Please refer to Section 42(d) of the Code for exceptions to the Ten-Year Rule.

N. FEDERAL GRANTS AND FEDERAL SUBSIDY

The Eligible Basis of any Project shall not include costs financed with a Federal Grant. Many federal operating and rental assistance funds are excluded from this provision, as are Native American Housing Self Determination Act (“NAHSDA”) funds. Please refer to Section 1.42-16(b) of the Treasury regulations for a complete list of federal assistance waived from this provision. For the purpose of determining a Project’s Applicable Credit Percentage, Federal Subsidy means any construction or permanent financing that is directly or indirectly financed from state or local bonds, including municipal bonds, which are tax-exempt for federal income tax purposes. The most common form of Federal Subsidy is Tax-Exempt Bond Financing. Tax-Exempt Bond Financing does not require a reduction in Eligible Basis provided that the Tax-Exempt Bond Financing is greater than fifty percent of the aggregate basis of the land and building(s).

O. QUALIFIED BASIS ACCORDING TO TYPE OF PROJECT

The “Qualified Basis” is that portion of the Eligible Basis attributable to Low Income Units. It is calculated as the smaller of the percentage of Low Income Units in the building, or the percentage of floor space devoted to Low Income Units in a building.

P. PLACED IN SERVICE REQUIREMENT

The 10-year Credit Period, 15-year Compliance Period, and Extended Use Period begin with the taxable year in which the building is “Placed in Service” (the time at which a building is “suitable for occupancy,” which generally refers to the date of the issuance of the first certificate of occupancy for each building in the Project), or, at the Project Owner’s election, the following taxable year.

Section 42(h)(1)(E) of the IRS Code allows for the allocation or Carryover Allocation of Tax Credits to a building that is part of a new construction or rehabilitation Project, with the limitations described in Section 42(h)(1)(E), if an Applicant’s qualified expenditures, or actual basis in the Project, as of the date which is one year after the date that 12 months after the date the allocation was made, is more than 10 percent of the taxpayer’s reasonably expected total basis in the Project as of the close of the second calendar year following the calendar year in which the allocation was made. MFA requires evidence of ownership and submission of a complete Carryover Allocation Application by November 15th of the year in which the Tax Credit award was made, and evidence of the expenditure of more than 10 percent of the

3 November 15th is defined in the Glossary.
expected basis in the Project by August 31\(^4\) of the following year. A Cost Certification detailing
the qualified expenditures, or actual basis, that make up 10 percent of the reasonably expected
basis and a description of the Applicant’s method of accounting must be prepared by a Certified
Public Accountant and submitted to MFA at that time. If the complete Carryover Allocation
Application, the Certified Public Accountant’s Cost Certification, the Attorney’s Opinion
regarding the qualification of the Project for Tax Credits, and any other required materials are
not received on the applicable dates noted hereinabove by 5:00 P.M., the Project’s
Credit Reservation may be canceled. Section 42(h)(1)(E) further allows for a qualified building to
be Placed in Service in either of the two calendar years following the calendar year in which the
allocation is made. This paragraph does not apply to Tax Exempt Bond Financed Projects.

Q. BUILDING CLASSIFICATION AND TAX CREDIT APPLICABLE PERCENTAGES

The Tax Credit’s Applicable Credit Percentage (i.e., the “4 Percent” or “9 Percent” Credits for
which a Project is eligible) is determined by the type of Project proposed, its use of Federal
Subsidy or Federal Grants, and the amount of Credit necessary to reach feasibility and long-
term viability. The rates of 4 Percent and 9 Percent are upper limits of available Credits, which
fluctuate based on market conditions. The actual “Applicable Credit Percentages” are based on
monthly prevailing interest rates that are calculated and published by the U.S. Treasury
Department as the “Applicable Federal Rate” or “AFR.” The amount of the annual Tax Credit is
calculated to yield a present value of either 30 percent (in the case of 4 Percent Credits) or 70
percent (in the case of 9 Percent Credits) of Qualified Basis, as adjusted by MFA. The
Applicable Credit Percentage may be locked in at the Developer’s option, at the sooner of 1) the
month in which the building is Placed In Service or 2) the month in which a Binding Commitment
(Carryover Allocation) is made for an allocation or, in the case of Tax Exempt Bond Financed
Projects, the month the tax exempt obligations are issued. Listed below are types of Projects,
which could be considered eligible for the Tax Credits and the Applicable Credit Percentage for
each Project type.

1. New Construction. New Construction Projects that are not financed by Tax Exempt
Bonds are eligible for 9 Percent Credits. Projects financed with Tax Exempt Bonds are
eligible for 4 Percent Credits only.

2. Rehabilitation of an Existing Building. To qualify for Tax Credits, rehabilitation
expenditures includable in Qualified Basis must exceed the greater of 1) at least 20
percent of the Qualified Basis of the building being rehabilitated, or 2) at least $6,000 per
Low Income Unit being rehabilitated. For Projects Placed in Service after 2009, the
$6,000 will be indexed for inflation. The minimum rehabilitation expenditures included in
Qualified Basis for Projects Placed in Service in 2012 was $6,200 to $6,400. Rehabilitation Projects that are not financed by Tax Exempt Bonds are eligible for 9

\(^4\) If such date falls on a weekend or holiday, the deadline shall be the first working day following such
date.

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Percent Credits. Projects financed with Tax Exempt Bonds are eligible for 4 Percent Credits only.

3. Acquisition/Rehabilitation of an Existing Building. The maximum Applicable Credit Percentage for acquisition of an existing building that will be subsequently rehabilitated is 4 percent. To qualify for Tax Credits for the acquisition, rehabilitation expenditures includable in Qualified Basis must exceed the greater of 1) at least 20 percent of the Qualified Basis of the building being rehabilitated, or 2) at least $6,000 per Low Income Unit being rehabilitated. For Projects Placed in Service after 2009, the $6,000 per Low Income Unit figure will be indexed for inflation. The minimum rehabilitation expenditures included in Qualified Basis for Projects Placed in Service in 2012 was $6,200. Rehabilitation expenditures associated with acquisition of an existing building can qualify for the 9 Percent Tax Credits as long as the rehabilitation expenditures are not funded with Tax Exempt Bonds. Projects financed with Tax Exempt Bonds are eligible for 4 Percent Credits only.

4. Federal Grant Financed Projects with Reduction in Eligible Basis. In the case of a Project financed with Federal Grants, whether a newly constructed or rehabilitated building, the Project Owner shall exclude the amount of the Federal Grants from Eligible Basis.

III. HOUSING PRIORITIES AND PROJECT SELECTION CRITERIA

A. NEEDS ANALYSIS

This plan is consistent with the Needs Analysis of the State of New Mexico Consolidated Plan for Housing and Community Development and Action Plan. Housing priorities stated in the Consolidated Plan include increasing the supply of decent, affordable rental housing, expanding housing opportunities and access for individuals with special needs, expanding the supply of housing and services to assist the homeless, and preserving the State's existing affordable housing stock.

B. HOUSING PRIORITIES

The following priorities are to be used by MFA in the distribution of Tax Credits, and are reflected in the Allocation Set Asides and Project Selection Criteria used to rank competitive Projects. These priorities include the following:

1. Levels of affordability in excess of the minimum requirements, through one or more of the following:

   a) Higher numbers of Set Aside Units; and /or
b) Rents set to serve lower income tenants, for example, tenants earning no more than 40 percent or 30 percent of median income; and/or

c) Extended Use Periods longer than the 30-year minimum.

2. Provision of affordable housing to households on public housing waiting lists;

3. Maximizing leverage by obtaining other public or private non-equity program resources;

4. An equitable distribution of Tax Credits throughout all parts of the state where affordable housing is needed;

5. Provision of housing to serve documented Senior and Households with Special Needs, tenant populations of Households with Children, Projects intended for eventual tenant ownership, and under-served urban and rural areas;

6. Nonprofit development;

7. Production of housing with high quality design and construction;

8. Production of Projects that are located in Qualified Census Tracts and which the Projects contribute to the development of contributes to a Concerted Community Revitalization Plan;

9. Provision of housing that is energy efficient or historic in nature; and

10. Efficient use of scarce resources including Tax Credits, measured through lower Development Costs or other means.

C. MINIMUM PROJECT THRESHOLD REQUIREMENTS

All Tax Credit Applications must meet each of the following requirements, in addition to the eligibility requirements of Section 42 of the Code. MFA will use the deficiency correction process as described in Section IV.C.5 to allow Applicants to correct deficiencies related to Site Control, Zoning, and Fees (requirements 1-3 below). All other threshold requirements are not correctable and Initial Applications not meeting those requirements will be rejected. Applications not meeting Site Control, Zoning, and Fee requirements will be rejected if they are not corrected within the time period allowed in Section IV.C.5.

1. Site Control. Site Control for all of the property needed for the Project must be evidenced by: 1) a fully executed and legally enforceable purchase contract or purchase option, and/or a written governmental commitment to transfer or convey the property to the Applicant by deed or lease that demonstrates the Applicant will possess a Qualified Leasehold Interest upon execution of the lease, (collectively termed

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a “Transfer Commitment”); or 2) a recorded deed or recorded lease demonstrating that the Applicant possesses a Qualified Leasehold Interest. If a Transfer Commitment is submitted, the commitment must provide for an initial term lasting at least until July 31 of the year in which the allocation is made (“Initial Term”). This Initial Term must not be conditioned upon any extensions requiring seller consent, additional payments, financing approval, Tax Credit award or other such requirements. Similarly, the Transfer Commitment must not require any additional actions on behalf of the Applicant during the Initial Term which could allow the seller/lessor to terminate the Transfer Commitment if the action is not fulfilled by the Applicant. If the Transfer Commitment requires an escrow payment due after signing, evidence that payment was received must be included in the Initial Application.

Site Control evidence and the Application materials must show exactly the same names, legal description and acquisition costs. All signatures, exhibits, and amendments should be included to be considered complete.

2. Zoning. Evidence that the current zoning of the proposed site(s) does not prohibit multifamily housing must be submitted. The evidence must indicate the specific address, or location of the site if no address has been assigned, for the proposed Project and be dated no more than 6 months prior to the Application Deadline. This requires that multifamily Projects are not be prohibited by the existing zoning of the proposed site and there is no pending litigation or unexpired appeal process relating to the zoning of the proposed site. Projects sited on land which is not zoned or which is zoned agricultural, are exempt from this threshold test, but must obtain zoning approval and deliver evidence of it to MFA no later than November 15th of the year of the Reservation.

3. Fees. All fees owed to MFA for all Projects in which Principal(s) of the proposed Project participate must be current. Fees currently due and owing must be received by MFA by the date due to be considered current.

4. Minimum Project Score. The Project must achieve at least the Minimum Score established in the Project Selection Criteria established in accordance with Section III.E, below.

5. Applicant Eligibility. All members of the development team (Developer, General Partner, Contractor, management company, consultant(s), architect, attorney, and accountant, etc.) of the proposed Project 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 (for example, late payments within the 18 month period prior to the Application Deadline, misuse of reserves and/or other Project funds, default, fair housing violations, non-compliance (e.g. with the terms of LURAs on other projects), or failure to meet development deadlines or
documentation requirements,) on the part of any proposed development team member or Project Owner or other Principal may result in rejection of an Application by MFA. In addition, MFA will consider a Principal’s progress made with previous Tax Credit reservations, including timeliness in delivering required documents and fees, and meeting all required deadlines.

6. **Financial Feasibility.** Applications must demonstrate, in MFA’s reasonable judgment, the Project’s financial feasibility. Please refer to **Section IV.C.2, Section IV.D.** and **Section IV.E** requirements pertaining to MFA’s financial feasibility considerations.

Additional minimum Project Threshold Requirements apply to Tax Exempt Bond Financed Projects, as described in **Section VI.B.**

**D. ALLOCATION SET ASIDES**

1. **Nonprofit Set Aside.** Ten percent of the Annual Credit Ceiling for each calendar year will be reserved for Projects sponsored by Qualified Nonprofit Organizations as defined in IRS Code Section 42(h)(5)(C). For purposes of this set aside, only federal requirements identified in IRS Code Section 42(h)(5) will apply. The aggregate amount of Tax Credits allocated by MFA to Qualified Nonprofit Organizations may exceed this amount.

2. **USDA Rural Development Set Aside.** Ten percent of the Annual Credit Ceiling will be set aside for Projects with direct USDA Rural Development (“USDA-RD”) financing (USDA-RD 514/515/516 and MPR programs) that meet the following requirements:

   a) The Initial Application for rehabilitation Projects must include evidence that the USDA-RD local office and regional office have reviewed and approved 1) the transfer of the property and, if applicable, 2) the restructuring of the existing USDA-RD debt, and 3) the new direct USDA-RD financing. The Initial Application for new construction Projects must include a Financing Commitment for the direct USDA-RD financing. Financing Commitments and evidence of USDA-RD debt restructuring must include loan interest rate, term and repayment requirements.

   b) The Project’s score must be within 20 percent of the highest scoring Project to be awarded Tax Credits through the ranking process in the same funding round.

   c) For rehabilitation Projects, evidence of final USDA-RD approval must be delivered to MFA by the date that the reservation fee and contract are due.

3. **Ranking to Meet Allocation Set Asides.** If the scoring and ranking process without regard to the Nonprofit Set Aside does not result in awards to Projects sponsored by Qualified Nonprofit Organizations sufficient to fill the Nonprofit Set Aside requirement, the next highest scoring, Qualified Nonprofit Organization Eligible Projects will receive awards sufficient to fulfill that requirement ahead of the lowest scoring Projects that
would otherwise have received an award. If there are insufficient Qualified Nonprofit Organization Eligible Projects to meet the Nonprofit Set Aside, the unallocated Nonprofit Set Aside Tax Credits cannot be allocated to other Eligible Projects. A similar procedure will be used to meet the USDA-RD Set Aside; however, if there are insufficient USDA-RD Eligible Projects to meet the USDA-RD Set Aside, any unallocated USDA-RD Tax Credits may be used for other Eligible Projects. In addition, if the top scoring Project qualifying for the USDA-RD Set Aside is awarded less than 10 percent of the Annual Credit Ceiling but there are insufficient Tax Credits remaining to fully fund a second Project under the set aside, only the top scoring Project will be awarded Tax Credits under the set aside.

Tax Exempt Bond Financed Projects are not subject to the above Allocation Set Aside considerations.

**E. PROJECT SELECTION CRITERIA TO IMPLEMENT HOUSING PRIORITIES**

The criteria shown below are the basis for the awarding of points to a particular proposed Project during the Application round(s) conducted by MFA. Tax Credit reservations will not be awarded to Projects achieving fewer than 130 points (the “Minimum Score”) unless too few Projects score above this level and MFA, in its reasonable judgment, decides to reduce the Minimum Score. Projects scoring 130 or more points will be ranked according to their scores, subject to Allocation Set Aside requirements, and Reservations will be made to these Projects, unless they are eliminated under Threshold Review or subsequent processing, starting with the highest scoring Projects until all available Tax Credits are used. Tax Exempt Bond Financed Projects will also be scored and must obtain a score of at least 80 points in order to obtain a Letter of Determination that they are consistent with the QAP. Included within those 80 minimum points must be points for serving a targeted population (Households with Special Needs, Senior Households or Households with Children) and points for Projects that Benefit the Environment.

Although some criteria include scaled point structures, partial points will not be otherwise awarded.

If two or more Projects with equal scores (each a “Tied Project”) would require more than the available Tax Credits, the Tied Project with the lower Total Development Cost per Unit will be selected first for an award of Credits. If too few Tax Credits are available to make a full award of Credits to any Tied Project, MFA will determine in its discretion whether to award a partial allocation, to commit future year’s Tax Credits to the Project in accordance with Section VIII, to award no Tax Credits at all to any Tied Project, or to choose some combination of these options.

*Regardless of strict numerical ranking, the scoring does not operate to vest in an Applicant or Project any right to a Reservation or Tax Credit Allocation in any amount. MFA will, in all instances, reserve and allocate Tax Credits consistent with its sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion. Consequently, MFA may*
reject any Project that MFA deems to be inconsistent with the objectives of this Qualified Allocation Plan or prudent business practices regardless of the Project's numerical ranking.
## Project Selection Criteria

<table>
<thead>
<tr>
<th></th>
<th>Nonprofit, New Mexico Housing Authority (NMHA), or local Tribally Designated Housing Entity (TDHE) Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Tier 1:</strong> Local Nonprofits (as that term is defined in this criterion below), NMHAs and TDHEs that demonstrate financial capacity by having net worth/net assets of at least $1,000,000 will qualify for 10 Points. Nonprofits, NMHAs and TDHEs with net worth/net assets below $1,000,000 may partner with another entity to increase the General Partner's combined net worth above this threshold.</td>
</tr>
<tr>
<td></td>
<td><strong>Tier 2:</strong> Local Nonprofits, NMHAs and TDHEs which have net worth/net assets of at least $250,000 will qualify for 5 Points. In addition, Qualified Nonprofit Organizations that do not meet this criterion's definition of &quot;Local Nonprofit&quot; but demonstrate strong financial capacity by having net worth/net assets of at least $2,000,000 will qualify for 5 Points.</td>
</tr>
<tr>
<td></td>
<td>For any entity to claim points under this scoring criterion, the Qualified Nonprofit Organization, NMHA, or TDHE must own at least 51% of the General Partner interest and be receiving a minimum of 10 percent of the developer fee as identified in the Project Application. The developer fee calculation is made before any reduction for consultant fees. When more than one entity is receiving a portion of the developer fee, documentation will be required evidencing the agreement among the entities as to the fee split arrangement. Also, the Application must include evidence that a representative of the Qualified Nonprofit Organization, NMHA, or TDHE (board member, officer, director, commissioner, or staff) has attended the MFA QAP training and/or other MFA approved Tax Credit training prior to submitting the Application. This approved training must have been completed within the six months prior to submittal of the Application.</td>
</tr>
<tr>
<td></td>
<td>Net worth/net assets must be substantiated by accountant reviewed or audited year-end financial statements for each General Partner whose financials are being relied upon to meet the minimum net worth/net assets.</td>
</tr>
<tr>
<td></td>
<td>“Local Nonprofit” means a Qualified Nonprofit Organization that has a board of directors that is comprised of a majority of New Mexico residents at the time the Application is submitted and was incorporated in New Mexico before January 1 of the year in which the Application is submitted.</td>
</tr>
</tbody>
</table>
### Tax Credit Design Competition Winners

MFA will hold a juried competition emphasizing high quality design and construction. The competition is optional, and up to three winning Projects may receive points under this criterion at the committee’s discretion. See Attachments Checklist in Application Package for additional materials needed to participate in the Design Competition.

<table>
<thead>
<tr>
<th>Place</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st place</td>
<td>10 Points</td>
</tr>
<tr>
<td>2nd Place</td>
<td>7 Points</td>
</tr>
<tr>
<td>3rd place</td>
<td>4 points</td>
</tr>
</tbody>
</table>

### Projects that Benefit the Environment

These points will be awarded to Projects meeting minimum requirements in incorporating green building, energy efficiency, water conservation, healthy materials, and sustainability in the design and construction or rehabilitation of the Project. Projects seeking points in this scoring criterion must make one of the following elections:

1) Option A: Commitment to obtain certification from one of the following green building standards: LEED, Enterprise Green Communities Green Criteria, National Green Building Standard, or Build Green NM; or
2) Option B: Commitment to meet the MFA Green Building Criteria. See [2016 Green Building Supplement](#) for additional details.

See Application Attachments Checklist and [2016 Green Building Supplement](#) in Application Package for additional materials needed to obtain points in this Project Selection Criterion.

<table>
<thead>
<tr>
<th>Option</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option A</td>
<td>18 Points</td>
</tr>
<tr>
<td>Option B</td>
<td>10 Points</td>
</tr>
</tbody>
</table>

### Locational Efficiency

Projects located in proximity and connected to 1) services and 2) public transportation are eligible for 2 points. Projects located in proximity and connected to 1) services or 2) public transportation are eligible for 1 point.

See the [2016 Locational Efficiency Supplement](#) for additional detail and submission requirements.

| Points | Up to 2 |

### Rehabilitation Projects

These points will be awarded to all Projects incurring average rehabilitation Construction Costs of $25,000 per Unit or more. In combined new construction and rehabilitation, rehabilitated Units must account for the greater of at least 25 percent of the total Units or 15 Units. The separation of rehabilitation costs and new construction costs must be designated in the Application on separate Schedules As and Ds (i.e., the Application must include a Schedule A and D for the entire Project, a Schedule A and D for the rehabilitation costs, and a Schedule A and D for the new construction costs). All schedules must reconcile. The addition of common space to an existing Project is not considered new construction.

These points can be awarded in conjunction with points under *Sustaining Affordability*.

| Points | 15 |

---

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Sustaining Affordability

15 points: Projects which meet one of the criteria listed below are eligible for 15 points:

1. Previously subsidized existing Projects that are currently restricted but for which use restrictions are to expire on or before December 31, 2020.
2. Existing Projects that are currently subsidized and eligible for prepayment and termination of their use agreement, or are eligible to make a Qualified Contract request on or before December 31, 2020.
3. Projects that have or will have a federal rental assistance contract covering at least 75 percent of all units, subject to a minimum of 30 units, the lesser of 30 units or 75 percent of all Units.

5 points: Projects that have or will have a federal rental assistance contract covering at least 20 percent of all units, subject to a minimum of 5 units, the greater of 5 units or 20 percent of all of the Units in the Project are eligible for 5 points.

(See Attachments Checklist for additional materials required to obtain these points.)

Project Average Gross Median Income (AGMI) Level

To determine the AGMI, calculate a weighted average based on the number of Units Set Aside at each income level. Market Rate Units will be treated as if they were set aside at 100 percent of Area Gross Median Income. When calculating AGMI, round to the nearest whole number at each tier, following the example in the Glossary definition of “AGMI.”

<table>
<thead>
<tr>
<th>AGMI Percentage</th>
<th>Counties w/AMI less than or equal to $52,500</th>
<th>Counties w/AMI greater than $52,500</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 percent or less</td>
<td>40 Points</td>
<td>35 Points</td>
<td>50% or less: 35-40 Points</td>
</tr>
<tr>
<td>51-59 percent</td>
<td>35 Points</td>
<td>30 Points</td>
<td>51 – 59%: 30-35 Points</td>
</tr>
<tr>
<td>60-69 percent</td>
<td>30 Points</td>
<td>25 Points</td>
<td>60 – 69%: 25-30 Points</td>
</tr>
</tbody>
</table>

Maximum points that may be awarded for rent and income targeting in Project Average Gross Median Income (AGMI) Level, Projects that Incorporate Market Rate Units, and Project Average Gross Median Rent (AGMR) Level combined is 65. See Chart.
### Project Average Gross Median Rent (AGMR) Levels

To determine the AGMR, calculate a weighted average based on the number of Units Set Aside at each rent level. Market Rate Units will be treated as if they were set aside at 100 percent of Area Gross Median Rent. When calculating AGMR, round to the nearest whole number, following the example in the Glossary definition of “AGMR.”

A Project can opt to restrict rents at a lower level than the targeted income level for any given Unit(s), but in no case can the rent levels exceed the income levels.

Maximum points that may be awarded for rent and income targeting in *Project Average Gross Median Income (AGMI) Level, Projects that Incorporate Market Rate Units, and Project Average Gross Median Rent (AGMR) Level* combined is 65.

<table>
<thead>
<tr>
<th>Rent Level</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 – 69%</td>
<td>20</td>
</tr>
<tr>
<td>51 – 59%</td>
<td>25</td>
</tr>
<tr>
<td>50% or less</td>
<td>30</td>
</tr>
</tbody>
</table>

### Projects that Incorporate Market Rate Units

Projects that incorporate Market Rate Units equal to at least 15 percent of the total Units.

Maximum points that may be awarded for rent and income targeting in *Project Average Gross Median Income (AGMI) Level, Projects that Incorporate Market Rate Units, and Project Average Gross Median Rent (AGMR) Level* combined is 65.

<table>
<thead>
<tr>
<th>Rent Level</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 Yrs.</td>
<td>5</td>
</tr>
<tr>
<td>40 Yrs.</td>
<td>10</td>
</tr>
<tr>
<td>45 Yrs.</td>
<td>15</td>
</tr>
</tbody>
</table>

### Projects Committed to an Extended Use Period of the Following:

- 35 Years...5 Points
- 40 Years...10 Points
- 45 Years...15 Points

This period includes the 15 Year IRS Compliance Period.

If the Project site will be leased, the site control document submitted with the Initial Application must indicate that the term of the lease will be equal to or greater than the Extended Use Period. Refer to Section III.C.

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 Yrs.</td>
<td>5</td>
</tr>
<tr>
<td>40 Yrs.</td>
<td>10</td>
</tr>
<tr>
<td>45 Yrs.</td>
<td>15</td>
</tr>
</tbody>
</table>
### Projects in Which Units are Reserved for Households with Special Needs

Projects in which Units are Reserved for Households with Special Needs are eligible for points as follows:

**Option A:** 20 percent of total Units set aside for Households with Special Needs. To be eligible for points under this option, at least 10 percent of the Total Units in the Project must be rent restricted at 30 percent of Area Median Income (AMI) or have permanent rental subsidy support with a project-based federal rental assistance contract that ensures residents do not pay rent in excess of 30 percent of their adjusted income.

**Option B:** 5 percent of total Units set aside for Households with Special Needs and 5 percent of the units rent restricted at 30 percent of AMI. (only available to Projects financed with Tax Exempt Bonds)

To receive points for this criterion, the Initial Application must include a signed *Letter of Commitment to Coordinate with the Local Lead Agency for Household with Special Needs*. In addition, Applicants must indicate on the application form and Schedule B, *Unit Type and Rent Summary* that 10 percent or 5 percent, in accordance with the election of Option A or B above, of the total Units will be rent restricted at 30 percent of AMI, or include a copy of the federal rental assistance contract that covers at least the minimum percentage of the Total Units required by the election made.

Projects must include appropriate space reserved for the delivery of counseling services, such as a private office with secure file storage space (if client files are to be stored on-site), in order to be eligible for points under this criterion.

**Optional Funding for Special Needs Units Under Option A: Section 811 Project Rental Assistance (PRA) may be available for five or more of the 30 percent AMI units reserved under Option A above. Section 811 PRA households must meet the following definition: At least one person in the household must be non-elderly (18-62 years of age), have a disability that meets the criteria for Serious Mental Illness (SMI), and be eligible to receive Medicaid and services/supports. If Section 811 PRA is requested, applicants with projects outside of Bernalillo, Doña Ana and Santa Fe counties will need to provide documentation such as signed agreement/s to indicate that supportive services for Serious Mental Illness (SMI) are available and can be delivered at the local level. For more information, visit our website and Program Guidelines at: [http://housingnm.org/developers/section-811-project-rental-assistance](http://housingnm.org/developers/section-811-project-rental-assistance).**

<table>
<thead>
<tr>
<th>Option A</th>
<th>15 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option B</td>
<td>5 Points</td>
</tr>
</tbody>
</table>
Projects Reserved for Senior Households

These points benefit Projects specifically designated for exclusive use by Senior Households. New construction Projects must include central common areas that can be used for resident activities and serving meals with an adjoining kitchen area.

Set Aside points will be awarded based on the Project meeting the requirements above. Additional points may be awarded for enrichment service activities as listed below. To receive additional points under this category, the Project Owner must certify that a service coordinator will be on site a minimum of two days per week for a cumulative minimum of 10 hours per week, and the Project must include adequate common space for the provision of the proposed enrichment services. The social service coordinator must be in addition to the property manager. Enrichment services must be offered on-site, at no charge to all residents, and be actively linked to the Project, not simply available to the community at-large. The proposed Project annual operating budget must include at least $2,500 for the provision of enrichment services.

The Applicant must indicate in the Initial Application which enrichment services will be provided by the Project Owner. Project Owners must provide executed contracts with qualified service providers when the Project is Placed in Service. Contracts with service providers must include: 1) a description of the service to be provided including frequency, 2) acknowledgement that services will be provided on-site and 3) list the amount of any fee for services provided. MFA will not issue IRS Form(s) 8609 unless Project Owner demonstrates, to MFA’s sole satisfaction, that enrichment services are being delivered by a qualified service provider as committed to in the Initial Application. MFA, at its sole discretion, may allow substitution of enrichment services as deemed appropriate by MFA.

These points may not be combined with points for Projects in Which 25 Percent of Total Units are Reserved for Households with Children or Projects in Which Units are Reserved for Households with Special Needs.

CONTINUED ON NEXT PAGE
### Projects Reserved for Senior Households - Continued

<table>
<thead>
<tr>
<th>Service Enrichment Scoring</th>
<th>Points</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set Aside and design requirements met</td>
<td>7</td>
<td>7 Points</td>
</tr>
<tr>
<td>Community building and all Units incorporate Universal Design</td>
<td>3</td>
<td>3 Points. Community building and all Units incorporate Universal Design.</td>
</tr>
<tr>
<td>Providing one prepared meal on a daily basis available to all</td>
<td>2</td>
<td>2 Points. Providing one prepared meal on a daily basis available to all.</td>
</tr>
<tr>
<td>tenants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly housekeeping services</td>
<td>2</td>
<td>2 Points</td>
</tr>
<tr>
<td>Bi-monthly health and nutrition education</td>
<td>1</td>
<td>1 Point. Bi-monthly health and nutrition education.</td>
</tr>
<tr>
<td>Quarterly blood pressure or other health screening</td>
<td>1</td>
<td>1 Point. Quarterly blood pressure or other health screening.</td>
</tr>
<tr>
<td>Quarterly computer training</td>
<td>1</td>
<td>1 Point. Quarterly computer training.</td>
</tr>
<tr>
<td>Social events such as movie nights, holiday dinner parties,</td>
<td>1</td>
<td>1 Point. Social events such as movie nights, holiday dinner parties, etc.</td>
</tr>
<tr>
<td>etc. Bi-monthly or 6 per year (qualified service provider not</td>
<td></td>
<td></td>
</tr>
<tr>
<td>required)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other - MFA approved service. Must be approved by MFA in</td>
<td>1-2</td>
<td>1-2 Points. Other - MFA approved service. Must be approved by MFA in</td>
</tr>
<tr>
<td>writing one month before Application due date.</td>
<td></td>
<td>writing one month before Application due date.</td>
</tr>
</tbody>
</table>

The Set Aside requirement and any additional enrichment services committed to will be enforced through a provision in the Land Use Restriction Agreement, which will require notification of any termination in service contracts, and no more than a 30-day gap in service provided. The Project will be determined out of compliance if the requirements of the Land Use Restriction Agreement are not met (e.g., if a new service contract is not timely executed). The Project Owner will be required to maintain a file containing contracts with service providers, documentation of when and where services were provided, and documentation of time spent on-site by the service coordinator.
Projects in Which 25 Percent of All Units are Reserved for Households with Children

Projects in which 25 percent of all Units are Reserved for Households with Children are eligible for points as described below.

For new construction Projects, at least 10 percent of the total Units must have 3 or more bedrooms with at least 1.75 bathrooms and a further 20 percent of the total Units must have 2 or more bedrooms with at least 1.75 bathrooms. For rehabilitation Projects, 30 percent of the total Units must have at least 2 bedrooms. For Projects that combine rehabilitation and new construction, all Units added to existing properties must have at least 2 bedrooms with 1.75 bathrooms and/or 3 bedrooms with 1.75 bathrooms until the percentages required for new construction Projects are met for the Project overall. All Projects must include adequate common space for the provision of the proposed enrichment services. The Applicant must provide a description of the Project’s specific design elements that serve the needs of Households with Children.

Set Aside points will be awarded based on the Project meeting the requirements above. Additional points may be awarded for enrichment service activities as listed below. To receive additional points under this category, the Project Owner must certify that a service coordinator will be on site a minimum of two days per week for a cumulative minimum of 10 hours per week. The social service coordinator must be in addition to the property manager. Enrichment services must be offered on-site, at no charge to all residents, and be actively linked to the Project, not simply available to the community at-large. The proposed annual Project operating budget must include at least $2,500 for the provision of enrichment services.

The Applicant must indicate in the Initial Application which enrichment services will be provided by the Project Owner. Project Owners must provide executed contracts with qualified service providers with the Placed in Service Application. Contracts with service providers must include: 1) a description of the service to be provided including frequency, 2) indicate that services will be provided on-site and 3) specify any fee for services provided. MFA will not issue IRS Form(s) 8609 unless the Project Owner demonstrates, to MFA’s sole satisfaction, that enrichment services are being delivered by a qualified service provider as committed to in the Initial Application. MFA, at its sole discretion, may allow substitution of enrichment services as deemed appropriate by MFA.

These points may not be combined with points for Projects Reserved for Seniors or Projects in Which Units are Reserved for Households with Special Needs.

CONTINUED ON NEXT PAGE
### Projects in Which 25 Percent of All Units are Reserved for Households with Children - Continued

<table>
<thead>
<tr>
<th>Service Enrichment Scoring</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set Aside and design requirements met</td>
<td>7</td>
</tr>
<tr>
<td>Daily on-site Childcare (operated in accordance with all applicable laws and regulations, including those related to fees)</td>
<td>2</td>
</tr>
<tr>
<td>Weekly on-site Childcare</td>
<td>1</td>
</tr>
<tr>
<td>Bi-monthly health and nutrition education</td>
<td>1</td>
</tr>
<tr>
<td>Bi-annual CPR training</td>
<td>1</td>
</tr>
<tr>
<td>Quarterly blood pressure or other health screening</td>
<td>1</td>
</tr>
<tr>
<td>Quarterly computer training</td>
<td>1</td>
</tr>
<tr>
<td>Weekly tutoring during school year</td>
<td>1</td>
</tr>
<tr>
<td>Quarterly job training, search assistance, and/or placement</td>
<td>1</td>
</tr>
<tr>
<td>Other - MFA approved service. Must be approved by MFA in writing one month before Application due date</td>
<td>1-2</td>
</tr>
</tbody>
</table>

The Set Aside requirement and any additional enrichment services committed to will be enforced through a provision in the Land Use Restriction Agreement, which will require notification of any termination in service contracts, and no more than a 30 day gap in service provided. The Project will be determined out of compliance if the requirements of the Land Use Restriction Agreement are not met (e.g. if a new service contract is not timely executed). The Project Owner will be required to maintain a file containing contracts with service providers, documentation of when and where services were provided, and documentation of time spent on-site by the service coordinator.
Projects Receiving a Local Contribution

Projects in which at least one percent of the Total Development Cost (TDC) is to be made permanently available to the Project or endowed by formal resolution of a state, local governmental entity or local tribal governmental entity or tribal council are eligible for points. Up to 10 points will be awarded corresponding to the percentage of TDC contributed by the state, local governmental entity, or local tribal governmental entity or local tribal council. Only whole points will be awarded with the point value rounded down to the nearest percentage point. For example, a Project that receives a local contribution of 2.3 percent of TDC, is eligible for 2 points, a Project that receives a local contribution of 5.7 percent of TDC is eligible for 5 points, etc., up to 10 points. The value of the contribution must be listed as a source on Schedule A-1 and, when not a cash contribution, as a cost on Schedule A.

The commitment from a state, local governmental entity, local tribal governmental entity, or tribal council may be made in the form of cash, land, and/or buildings. Tax Exempt Bond Financing, funds awarded by MFA, non-verifiable sources, or sources requiring any hard debt payment will not be counted in meeting this criterion. "As-Is" Appraisals dated no earlier than six months prior to the Application date and completed by MAIs licensed in New Mexico must be submitted for all Applications in which land or building values are counted toward the local contribution, unless the land is Native American Trust Land. Appraisals must take into account any use restrictions on contributed land and buildings. Contributions of Native American Trust Land qualify for 5 points. Additional points may be awarded for additional eligible cash or building contributions. For Native American Trust Land donations, a certified copy of the tribal council resolution will be required.

Contributions made to a Project by an entity that has an ownership interest in that Project, with the exception of NAHSDA funds contributed by the TDHE, will not be considered contributions for this Project Selection Criterion.

Complete Applications

Points are awarded to Initial Applications that meet all the standards described in Section IV.A.4 under "Content and Format" when initially submitted and that do not require any deficiency corrections.

Marketing Units to Households Listed On Public or Indian Housing Agency Waiting Lists

Projects providing a commitment to market the units to households listed on public or Indian housing agency waiting lists are eligible for points under this criterion. A letter to the PHA or Tribally Designated Housing Entity which serves the jurisdiction of the proposed site verifying this commitment is required to obtain points for this criterion.
<table>
<thead>
<tr>
<th>ID</th>
<th>QCT/Concerted Community Revitalization Plan</th>
<th>0-5 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>167</td>
<td>Projects that meet the criteria listed below are eligible for 5 points:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. The Project is located in a Qualified Census Tract (“QCT”), and</td>
<td></td>
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<tr>
<td></td>
<td>2. The Project is a) also located in an area covered by a Concerted Community Revitalization Plan and the proposed Project contributes to the Concerted Community Revitalization Plan by engaging in a housing activity promoted in the plan or b) the proposed Project is also located within ½ mile of a New Mexico designated MainStreet area.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Projects that are not in a QCT but are either a) located in an area covered by a Concerted Community Revitalization Plan and the development of the proposed Project contributes to the Concerted Community Revitalization Plan by engaging in a housing activity promoted in the plan or b) are located within ½ mile of a New Mexico designated MainStreet area are eligible for 3 points.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A list of New Mexico designated Mainstreet areas can be located at <a href="http://www.nmmainstreet.org">http://www.nmmainstreet.org</a>.</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ID</th>
<th>Projects with Units Intended for Eventual Tenant Ownership</th>
<th>5 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>178</td>
<td>Projects in which at least half of the Units are intended for eventual tenant ownership are eligible for points under this criterion. The Project design must be conducive to this purpose, using single family homes, duplexes, and/or townhomes that have individually metered utilities and public streets. This commitment will be evidenced by submission of a long-range Tenant Conversion Plan and will be documented in the Land Use Restriction Agreement. These points may not be awarded in combination with points under Projects Committed to an Extended Use Period.</td>
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</table>

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<thead>
<tr>
<th>ID</th>
<th>Resident Financial Literacy Training</th>
<th>2 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>189</td>
<td>Projects that will provide quarterly financial literacy training to residents are eligible for points under this criterion. Classes must be offered on-site at no charge to all residents. The Project must include space appropriate for the provision of this service. The Project must also maintain a list of homebuyer counseling agencies serving the community in which the Project is located. The proposed Project annual operating budget must include at least $1,500 for the provision of the financial literacy classes.</td>
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</tr>
<tr>
<td></td>
<td>The commitment to provide quarterly financial literacy training must be evidenced by a certification from the Project Owner. Project Owners must provide executed contracts with qualified service providers when the Project is Placed in Service. Contracts with service providers must include: 1) a description of the service to be provided including frequency, 2) indicate that services will be provided on-site and 3) specify any fee for services provided. MFA will not issue IRS Form(s) 8609 unless the Project Owner demonstrates, to MFA’s sole satisfaction,</td>
<td></td>
</tr>
</tbody>
</table>
that services are being delivered by a qualified service provider as committed to in the Initial Application.

<table>
<thead>
<tr>
<th>204</th>
<th>Projects with Historic Significance</th>
<th>5 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Projects certified on the National Register of Historic Places (i.e., meeting the criteria for Part 1 Approval for Historic Tax Credits) are eligible for points under this criterion.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If Federal Historic Tax Credits are included in the financing structure of the Project, evidence that the National Park Service has received a complete Historic Certification Application - Part 2 for the Project must be included in the Project Owner’s Carryover Allocation Package.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>204</th>
<th>Blighted Buildings and Brownfield Site Reuse</th>
<th>5 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Projects that include the demolition of Blighted Building(s) or the remediation and reuse of a Brownfield site are eligible for points under this criterion. Blighted Building(s) must account for at least 10 percent of the sum of each Building’s Gross Square Feet. Points in this criterion cannot be combined with points under Rehabilitation Projects.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>212</th>
<th>Projects Located in Areas of Statistically Demonstrated Need</th>
<th>Tier 1: 15 Points Tier 2: 10 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tier 1 Areas</td>
<td>Eligible Projects are located in the counties of: Chaves, Cibola, Curry, Dona Ana, Eddy, Lea, Otero, and Sandoval, Santa Fe and Taos. In addition, all Projects on Native American Trust Lands or Native American-owned lands within the tribe’s jurisdictional boundaries are eligible for Tier 1 points.</td>
</tr>
<tr>
<td></td>
<td>Tier 2 Areas</td>
<td>Eligible Projects are located in the counties of: Bernalillo, Chaves, Cibola, Colfax, Grant, Lincoln, Luna, McKinley, Rio Arriba, Roosevelt, San Juan, San Miguel, Santa Fe, Taos, and Torrance. These tier areas are subject to change based on any changes in the 2016 Action Plan.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>223</th>
<th>Efficient Use of Tax Credits</th>
<th>0-5 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New construction Projects that request less than $15,500 Tax Credits per Low Income Unit and less than $16,500 Tax Credits per Low Income square foot are eligible for 5 points. New construction Projects that request 1) less than $17,000 Tax Credits per Low Income Unit and less than $17,500 Tax Credits per Low Income square foot or 2) less than $15,500 Tax Credits per Low Income Unit or $16,500 Tax Credits per Low Income square foot are eligible for 3 points. For the purpose of this criterion, Low Income square footage means the sum of each Building’s Gross Square Feet multiplied by the Project’s Applicable Fraction and includes common space allocated to low income use.</td>
<td></td>
</tr>
</tbody>
</table>
These points are not available to Projects involving the rehabilitation of existing residential rental units or Adaptive Reuse of an existing building even if the Project also involves new construction.
Non-Smoking Properties

Projects which will be non-smoking properties and participate in the American Lung Association in New Mexico Smoke Free @ Home program are eligible for 2 points. Project must have appropriate space for the provision of smoking cessation classes.

Adaptive Reuse Projects

Projects which will involve the conversion of an existing building that was not initially constructed for residential use to multifamily residential use are eligible for 540 points.

In combined new construction and Adaptive Reuse Projects, converted space must account for at least 20 percent of the sum of each Building’s Gross Square Feet. The separation of conversion costs and new construction costs must be designated in the Application on separate Schedule As and Ds (i.e., the Application must include a Schedule A and D for the entire Project, a Schedule A and D for the rehabilitation/conversion costs, and a Schedule A and D for the new construction costs). All schedules must reconcile.

Projects eligible for points for Rehabilitation Projects are not eligible for points under this criterion.

F. ADDITIONAL CREDITS FOR PROJECTS WITH PARTIAL ALLOCATIONS

If an Applicant receives a partial allocation in a given round, and requests additional Credits in a subsequent round, the Minimum Project Threshold Requirements and the Project Selection Criteria for scoring used in the initial allocation year will be applied to the evaluation of the Project in the subsequent allocation year. The Project’s ranking relative to Initial Application year Projects will be determined by calculating the Project Score as a percentage of the highest score in its initial allocation round, and multiplying that percentage by the highest score in the subsequent Application round to derive its subsequent Application year score and ranking among the subsequent round Applications.

G. ADDITIONAL SUPPLEMENTAL TAX CREDITS FOR COST INCREASES

Projects with increased Eligible Basis as a result of increases in hard construction costs may apply for additional Tax Credits in subsequent allocation rounds prior to issuance of an IRS Form 8609. Full applications will be required for competition within an allocation round, and the Project will compete on the same basis as that of the subsequent round Projects. However, Projects for which increased Tax Credits have been requested cannot exceed MFA’s cost limits or limitation on an award to a single Project for the year of the initial award or subsequent round. In addition, Project’s which were awarded points for the Efficient Use of Credits project selection criteria may not apply for additional Tax Credits. Applications that are submitted for additional Tax Credits will be subject to MFA’s evaluation process and the availability of Credits, as well as limitations on the time period for allocation of additional Credits under Section 42 of the Code.
Only one additional Tax Credit Allocation will be permitted by MFA for any given Project. The process is intended for hardship cases, and hardship will have to be documented accordingly in any such request.

**H. NEW ALLOCATIONS TO PROJECTS PREVIOUSLY SUBSIDIZED WITH TAX CREDITS**

Existing Projects that previously received Tax Credit Allocations and are now eligible under Code Section 42(d)(2) for new acquisition Tax Credits may apply for a current allocation. However, because of prior subsidy investment in the Project and the scarcity of the resource, and to insure that the subsidy is not being used primarily for ownership transfer, previously subsidized Projects must demonstrate: 1) a real risk of loss of affordable units, and/or 2) an addition of significant improvements and services to enhance livability for the tenants. These may qualify for standard Tax Credit Applicable Percentages (as described in Section II.N).

However, in a proposed sale transaction when there is an Identity of Interest between the seller and Principal(s), the Project will be eligible for reduced Developer Fees. When there is such an Identity of Interest, the Developer Fee percentages (described in Section IV.D.2.b) will be calculated on Total Development Cost less Acquisition Costs.

Tax Exempt Bond Financed Projects are excluded from the above requirements.

**I. PROPERTY STANDARDS**

All newly constructed properties must meet applicable state and local building codes, the Uniform Building Code, the National Standard Plumbing Code, and the National Electrical Code Handbook. Rehabilitation Projects should meet these codes when reasonable. Projects containing facilities that are available to the general public must meet the Americans with Disabilities Act (ADA) requirements, and Projects combining housing Tax Credits with another federal source of funding must comply with HUD Section 504 requirements. Federal fair housing accessibility requirements promulgated through the Fair Housing Accessibility Guidelines {56 FR 9472, 3/6/91} must also be adhered to. Finally, conformance to 2016 MFA Mandatory Design Standards for Multifamily Rental Housing, in the Application Package, is mandatory for all Projects including Tax Exempt Bond Financed Projects.

**IV. ALLOCATION PROCEDURE AND APPLICATION REQUIREMENTS**

**A. ALLOCATION ROUNDS**

1. Submission Date(s)

MFA intends to conduct one competitive Application round each calendar year. However, MFA reserves the right to conduct additional rounds or to award Tax Credits outside of the rounds. Initial Applications will be accepted between the hours of 8:00 AM and 5:00 PM Mountain Standard Time on business days from January 11, 2016, through February 12, 2016. Initial Applications must be received by MFA at the address identified in Section IV.A.2 of
this QAP no later than the Application Deadline. Late Applications will not be accepted. If the Projects submitted do not use all of the available Tax Credits, or if additional Tax Credits become available later in the year, MFA will consider a second round or make allocations to lower scored; Eligible Projects at MFA’s sole discretion.

Initial Applications for Tax Exempt Bond Financed Projects are accepted on a continuous basis, subject to the timing requirements outlined in Section VI.B.

2. Place of Submission:

Initial Applications may be delivered by U.S. mail, by courier service, or by hand to the following address:

New Mexico Mortgage Finance Authority
344 Fourth Street SW
Albuquerque NM  87102
(505) 843-6880
ATTN:  Housing Tax Credit Program Manager

3. Form of Submission

Initial Applications may not be delivered by facsimile transmission or email. Only one complete, original hard copy is needed. The required forms will be provided electronically and may be downloaded from MFA’s web site at http://www.housingnm.org/developer/. All Applications should be marked “LIHTC APPLICATION” in readily visible print. On receipt, MFA will date and time stamp the Application. No additional materials may be submitted after the Initial Application is date and time stamped by MFA, unless requested by MFA in accordance with the provisions of this QAP.

4. Content and Format: Complete Applications

Complete Applications will meet the following standards when they are initially submitted and without benefit of any subsequent submissions, including any such submissions received during the Deficiency Correction Period:

a) All Application documents that require signatures must be included and bear the original signatures in blue ink from all General Partners.

b) Complete Initial Applications must include the Application Form, the LIHTC Application Attachments Checklist found in the Application Package, and all mandatory items listed in Section I of the LIHTC Application Attachments Checklist, including a CD, DVD or USB flash drive containing a complete copy of the LIHTC Application, including all attachments, in PDF file format with protected personal information sensitive personal information, such as Social Security numbers and Board Member home addresses, redacted. The CD, DVD or USB flash drive must contain a separate folder for each Application Tab (Tab), and named accordingly (e.g. “Tab 1”, “Tab 2”, etc.). Each Folder must include all of the documents required.
c) Complete Initial Applications must include Application fees as outlined in Section IV.B below.

d) Complete Initial Applications must be submitted in at least two brown Classification Folders, Legal, 2 Partitions (i.e. 6 fasteners), with all attachments provided in the order listed. Attachments must be tabbed and numbered as in the Attachments Checklist. Classification folders may be purchased at Staples, Office Max or similar suppliers.

e) No additional materials may be submitted after the Initial Application is date and time stamped by MFA, unless requested by MFA in accordance with the provisions of this QAP.

f) Current year MFA forms must be used when provided, and no substitutions will be accepted.

g) All information must be current, clearly legible and consistent with all other information provided in the Application.

h) Forms must be completely filled out and executed as needed. All signatures are to be made in blue ink.

i) Except as MFA may determine is necessary to evaluate the “Applicant Eligibility” threshold requirement in Section III.C.5, all Applications must be self-contained: MFA will not rely on any previously submitted information, written or verbal, to evaluate the Applications in a given round.

In determining whether the Application is complete, MFA will examine the package for both the availability of all required materials listed in Section I of the Application Attachments Checklist, and for the content of those materials. Failure to provide or complete any element of the Initial Application Package, including all items listed in Section I of the Application Attachments Checklist, may result in immediate rejection of the Application without complete review. When special materials required to obtain points under particular Project Selection Criteria are not provided in the Initial Application, as listed in Section II of the Application Attachments Checklist, the related points will not be awarded.

In addition to the actions MFA may take pursuant to Section IV.C.5 (Deficiency Correction Period), MFA may request additional information from any Applicant as deemed necessary for a fair and accurate evaluation of an Application. MFA may also choose to accept inconsistent information, and if so, may select any of the inconsistent pieces of information over any other
piece, in its reasonable judgment. However, MFA is under no obligation to seek further information or clarification, or to accept inconsistent responses.

The Applicant will bear sole and full responsibility for submitting its Application in accordance with the requirements of the Internal Revenue Code and the Qualified Allocation Plan and will be deemed to have full knowledge of such requirements regardless of whether or not a member of MFA’s staff responds to a request for assistance from the Applicant or otherwise provides the Applicant assistance with respect to all or a portion of the Application.

5. Communications

Questions concerning the competitive 9 Percent Tax Credit round Application requirements must be submitted through MFA’s web site at www.housingnm.org/low-income-housing-tax-credits-lihtc-allocations. No questions will be accepted after 5:00 PM Mountain Standard Time, January 186, 20165. Answers will be posted to the website. It is the sole responsibility of Applicants to review the website for answers to questions.

A “Quiet Period” for each competitive round will begin at the time an Initial Application is submitted and end upon the announcement of the Tax Credit awards. During the Quiet Period, Applicants shall not contact MFA management and employees in regards to an Application under consideration unless expressly directed to do so by MFA staff. The purpose of the Quiet Period is to create a fair and consistent process for all Applicants in the competitive round. The Quiet Period only applies to Applications under consideration during the competitive round and not to any other Projects, Applications, or issues.

All communications regarding Projects which have received Tax Credit awards and Tax Exempt Bond Financed Projects should be directed to:

Susan H. Biernacki, J.D.
Dan Foster
Housing Tax Credit Program Manager
(505) 767-2273
sbiernackifoster@housingnm.org

B. MFA FEES AND DIRECT COSTS

All fees are non-refundable. They are due at the times and in the amounts shown below and they apply to both allocated and non-allocated Tax Credits. Fees may be delivered in the form of personal or business checks, money orders or cashier’s checks. Any check returned for insufficient funds will result in rejection of the Application, cancellation of the Reservation, or other actions available to MFA. Exceptions may be granted at MFA’s sole discretion, and fees may be adjusted annually, as determined by MFA in its sole discretion.

Application Fee (For Initial and Supplemental Requests)

- $3,500 Due at submission of Tax Credit Initial Application

Proposed Final 10.21.15
$500 for nonprofit or government entity Applicant; $1,000 for a for-profit Applicant

Market Study and Architectural Review Deposit

- **$8,500** (deposit) due at submission of Tax Credit Initial Application
- This $8,500 deposit is intended to cover the cost of the commissioned market study and a portion of the architectural design reviews for compliance with **2016 MFA Mandatory Design Standards for Multifamily Rental Housing**. Design reviews are estimated to cost between $5,000 to $10,000, depending on project location and complexity. This is an estimate only and the final cost may vary. If the market study or architectural design review costs more than the deposit, the difference will be billed. If the cost is less, the difference will be refunded. Any amount in excess of the $8,500 deposit is due within 20 ten-calendar days of billing by MFA.
Processing Fee

Projects receiving a Reservation of 9 Percent Tax Credits

- Due at Execution of Reservation Contract
- $87.5\%$ of the MFA-determined Tax Credit Allocation amount rounded down to the nearest dollar

Projects Financed with Tax Exempt Bonds

- Due Prior to Delivery of Letter of Determination
- $5.5\%$ - $3.5\%$ percent of the MFA-determined annual Tax Credit amount rounded down to the nearest dollar
- If the actual Tax Credit amount is greater at Final Allocation than when the Letter of Determination was delivered, the Applicant must pay an additional Processing Fee of $5.5\% - 3.5\%$ percent of the increase in the Tax Credit amount.

Monitoring and Compliance Fees

- Due annually by January 31st for each year of the Extended Use Period. The monitoring and compliance fee for the entire 15-year Compliance Period may be paid in a lump sum at time of Final Allocation Application
- $20164 - $45/Set Aside Unit/Per Year

Appeal Fee

- $5,000 due at submission of appeal.
- No appeal will be entertained in advance of appeal fee payment.
- $5,000

Subsidy Layering Review, Request for Increase in Tax Credits, Request for Changes to a Project, and/or Requests for Document Corrections (when not a result of an administrative error by MFA, including when changes or alternate forms are proposed by an Applicant in lieu of MFA standard forms)

- $500 due at submission of review/correction request.
- $500

Extension Fee

- Due at submission of request to extend deadline of any documents required under Subsequent Project Requirements and/or with submission of late or missing documents required under Subsequent Project Requirements.
- $1,000 - $600 per week

Direct Cost of Market Study and Architectural Review
• Any amount in excess of the $8,500 deposit is due within ten calendar days of billing by MFA.

C. STAFF ANALYSIS AND APPLICATION PROCESSING

1. Threshold Review. Following the Application Deadline, MFA will undertake a Threshold Review to determine whether the Initial Application meets the Minimum Project Threshold Requirements shown in Section III.C. If the Initial Application fails the Threshold Review because it does not achieve the Minimum Score, it may be retained until MFA determines whether all Tax Credits can be allocated to higher scoring Projects. If the Initial Application fails to meet Site Control, Zoning, and Fee requirements, the Applicant will be given an opportunity to correct the deficiency in accordance with Section IV.C.5 and if not corrected in the time period allowed, the Application will be rejected. The Applicant Eligibility and Financial Feasibility threshold requirements are not correctable, and Applications that fail to meet these requirements will be rejected.

2. Cost Limits. Total Development Costs for various types of Projects may not exceed the following:

   a) New Construction and Adaptive Reuse Projects. The Total Development Cost per Unit must not exceed 130 percent of the weighted average Total Development Cost per Unit for all New Construction and Adaptive Reuse Projects submitted in the same round.

   b) Acquisition/Rehabilitation Projects. The Total Development Cost must not exceed 100 percent of the weighted average Total Development Cost per Unit for all New Construction and Adaptive Reuse Projects submitted in the same round.

   c) Tax Exempt Bond Financed Projects. Total Development Cost must not exceed the limits established for new construction, Adaptive Reuse or Acquisition/Rehabilitation Projects, as appropriate, submitted in the most recent allocation round.

   d) Rehabilitation, New Construction, and Adaptive Reuse Projects. For Projects that involve rehabilitation of existing units, the construction of new units, and/or the Adaptive Reuse of an existing building, the costs related to each will be evaluated separately for comparison to the limits established in Sections IV.C.2.a) and b) above.

See the Glossary Section XI for the definition of the terms “Unit” and “Total Development Cost” as they apply to the cost limit calculations in this section. Costs that exceed these limits will be excluded when calculating the Tax Credit amount. These limits are binding through Final Allocations.

3. Local Notice. The Chief Executive Officer of the local jurisdiction where the Project is located will receive a Local Notice from MFA stating that an Application has been
received. The Local Jurisdiction and the Chief Executive Officer are to be identified by
the Applicant in the Application form. The jurisdiction may be a municipality, town,
county or tribal government. Such notification will be issued for all Applications no more
than ten (10) business days after MFA’s Application Deadline and the recipient will have
thirty (30) calendar days to respond. If MFA receives a response to this notice that MFA
deems in its sole discretion to be negative with respect to the Project, the Application
may be rejected with no further review regardless of its scoring or Threshold Review
results. No response will be interpreted by MFA as approval of the Project by the local
dependency.

4. **Site Visits.** On completion of the Threshold Review, MFA will visit the proposed sites for
the highest ranking Projects. Sites considered by MFA in its reasonable judgment to be
inappropriate due to current or foreseeable adverse health, safety, welfare, or
marketability risks may be cause for rejection of any Application, regardless of Threshold
Review or scoring results.

5. **Deficiency Correction Period.** MFA may provide a Deficiency Correction Period
immediately after the Threshold Review. This period is intended only to: (1) correct
Threshold items that are identified as correctable in **Section III.C**, (2) address Complete
Application items, (3) clarify ambiguous information, (4) complete forms, or (5) make
minor corrections to the Application. **In no case shall the Deficiency Correction Period be
used by MFA to allow an Applicant to submit scoring items listed on Section II of the
LIHTC Application Attachments Checklist.** If the Deficiency Correction Period is used,
MFA will provide notice to Applicants having such shortcomings in their Applications via
email and U.S. mail. Applicants will have five (5) business days after the date of the
date to correct deficiencies. All materials must be submitted no later than 5:00
PM Mountain Standard Time on the fifth business day, following “Form of Submission”
requirements shown in **Section IV.A.3** above. Certain types of deficiencies cannot be
corrected during the Deficiency Correction Period, including an Applicant’s failure to
provide materials or to provide materials in the required form, as well as other
deficiencies that MFA determines in its reasonable judgment may not be correctable.
Furthermore, the Deficiency Correction Period may not be used by the Applicant to alter
the original structure of the Project. **This prohibition includes, but is not limited to, all
changes listed in Section IV.H.** If the information requested by MFA is not submitted
within the timeframe provided, or is submitted but remains deficient, the Application may
be rejected without any further review.

6. **Local Jurisdiction Support.** Allocations will be limited to Applications which include a
local support letter, and which do not produce negative responses to MFA’s Local Notice
described in **Section IV.C.3.** The local support letter to be delivered under this
requirement must 1) refer to the specific Project location(s) proposed in the Application,
2) identify the nature of the development as affordable housing, 3) have a date no more
than ninety (90) days prior to the Application Deadline, 4) be signed by the Chief
Executive Officer or the Chief Administrative Officer of the jurisdiction in which the site is located, and 5) be conditional only on standard zoning and local regulatory process approvals. Signatures by designees of these officials will not be accepted.

7. **Supplemental Information Submission**. If at any point during the processing of an Application, staff determines that supplementary information is needed to complete its review, the Applicant will be notified in writing and will have five (5) business days after the date of MFA’s notice to deliver a written response. **In no case shall the supplemental information request be used by MFA to allow an Applicant to submit scoring items listed on Section II of the LIHTC Application Attachments Checklist.** This provision does not apply to incomplete Applications, which may be rejected during the Threshold Review or subject to the Deficiency Correction Period Process.

8. **Design Review**. All Projects will be subject to a **minimum of four (4) design reviews by MFA (upon completion of the construction documents, twice during construction and upon full completion of the Project)** to determine compliance with the 2016 **MFA Mandatory Design Standards for Multifamily Rental Housing** (Design Standards). Design review will require periodic site visits to determine compliance with Design Standards. For rehabilitation and Adaptive Reuse Projects, a Capital Needs Assessment will be required subsequent to the Initial Application (prior to the issuance of the Letter of Determination for Tax Exempt Bond Finance Projects, and at Carryover Application for all other Projects) and this assessment may be reviewed by MFA for completeness and compliance with the Design Standards. All plans and related design materials submitted as part of an Application must provide enough detail for MFA to determine compliance with the Design Standards. **Applicants shall not commence construction on a Project prior to receipt of MFA’s written approval of complete construction documents.** MFA staff will make a good faith effort to perform an initial review of construction documents within ten business days of submission of complete construction documents. **Final approval will occur upon receipt of an approval recommendation from MFA’s architect that all outstanding issues, if any, have been resolved.**

9. **Design Competition**. MFA may hold a design competition for each allocation round. Participation in the competition is optional, but Projects selected by a panel chosen by MFA will receive additional points in the scoring process. The additional materials required are shown in the Attachments Checklist, and the choice to participate must be noted in the Application. **Winners of the Design Competition may be publicly announced by MFA, and participation in the Design Competition constitutes Applicant’s concurrence to such publicity.**

10. **Market Study**. For Projects passing the Threshold Review in a 9 Percent Tax Credit allocation round and ranking among the top scoring Projects, MFA shall commission a standardized market study by outside professionals chosen pursuant to the requirements of MFA’s procurement policy and having no financial interest in any of the
Projects. For all Tax Exempt Bond Financed Projects, MFA shall commission, or cause to be commissioned, a standardized market study by outside professionals chosen pursuant to the requirements of MFA’s procurement policy and having no financial interest in any of the Projects. A deposit is required with each Application. Any additional cost of these studies will be charged to the Applicant, and failure to pay any additional costs within 4020 calendar days of the billing will result in rejection of the Application. A refund of the difference between the deposit and the cost of the study will be made to Applicants if the cost is less than the deposit.

44.10. Other Project Compliance. All Principals (See Glossary), related entities, and affiliates must be in compliance with respect to all other federally subsidized housing or Tax Credit Projects that they own or operate throughout the country. Applicants shall submit a complete list of all Projects in which the Applicant has an interest. Each Applicant shall also submit an affidavit certifying the Applicant is not in default with respect to any material compliance matter for any such property or shall state what defaults exist and what corrective action the Applicant is taking. If MFA determines either through information provided by an Applicant or through MFA’s investigation that any federally subsidized housing or Tax Credit Projects in which any Principal has an interest is in default of any material compliance matter, MFA may reject the Application. See Section IV.F.1 for additional discussion. This determination of default in regards to any Principal may concern, but is not limited to, progress made with previous Tax Credit reservations, including timely delivery of required documents and meeting all required deadlines; development compliance; and payment of monitoring fees.

42.11. Development Team Review. Staff will review the qualifications of each development team member (Developer, General Partner, Contractor, management company, consultant(s), architect, attorney, and accountant, etc.) to determine capacity to perform in the role proposed. Considerations may include related experience, financial capacity, performance history, references, management and staff, among others. An Application may be rejected or substitutions requested if the development team or any member thereof is unsuitable as determined by MFA.

D. FEASIBILITY ANALYSIS AND FINANCIAL CONSIDERATIONS

All Projects successfully completing the Threshold Review and ranking among the highest scoring Projects for which Annual Credit Ceiling is available in a given year, as well as Tax Exempt Bond Financed Projects which pass Threshold Review, will undergo financial analysis by MFA staff to determine whether the Projects are financially feasible. Such determinations will rely on both the financial data submitted by the Applicant and on staff judgments with respect to feasibility matters. Projects that do not appear financially feasible in MFA’s judgment may be rejected without further processing. Although Financing Commitments will not be required at Initial Application, all sources must be clearly identified and their terms specified. Financing Commitments will be required as a “Subsequent Requirement” after the initial Reservations are made.
Proposed Final 10.21.15

Initial Applications for any 9 percent Tax Credits (4 percent or 9 percent) must include a letter of interest from a Tax Credit syndicator or direct investor stating the terms and pricing for the purchase of Tax Credits allocated to the Project. In addition, all Projects will be underwritten using the more conservative of the standards indicated in this QAP, those published in an underwriting supplement to be published by MFA at least one month prior to the Application Deadline, the terms listed in any Financing Commitment or letter of interest, or, in cases where one is available, the Project’s market study. Project 15-year proforma cash flow projections must include an operating expense inflation factor of at least 3 percent, a rental income inflation factor of no more than 2 percent, and a vacancy factor of at least 7 percent for all occupancy related income.

1. Development Costs. Development Costs will be evaluated against the average costs of competing Projects. In the case of rehabilitation Projects and Adaptive Reuse Projects an appraisal and Capital Needs Assessment of the existing Project will be required (prior to the issuance of the Letter of Determination for Tax Exempt Bond Finance Projects, and at the time of the Carryover Application for all other Projects), and used by MFA to evaluate Development Costs. The acquisition cost on which Tax Credits are calculated, for rehabilitation Projects, will be held to the lesser of sale price or appraised value. Applicants submitting costs exceeding these cost standards or submitting costs substantially below costs typical in the marketplace must provide information acceptable to MFA, justifying such costs. Projects with excessive costs will be subject to adjustments to the amount of Tax Credits requested.

2. Developer and Other Fees. Fees are limited to the following standards:

   a) Builder Profit, Overhead and General Requirements

      Builder profit may not exceed 6 percent of Construction Costs, builder overhead may not exceed 2 percent of Construction Costs, and general requirements may not exceed 6 percent of Construction Costs. For purposes of these calculations, see definition of Construction Costs in the Glossary.

   b) Developer Fees

      Developer fees may not exceed 1) $22,500 per Low Income Unit for Projects with 30 or fewer Units, 2) $21,000 per Low Income Unit for Projects with 31-60 Units, 3) $19,500 per Low Income Unit for Projects with 61-100 Units not to exceed $1.5 million, 4) and $15,000 per Low Income Unit for Projects with more than 100 Units not to exceed $1.8 million. Additionally, in no case shall the developer’s fee exceed 14% of Total Development Cost. Developer fees include all consulting costs for services typically rendered by a developer. Any reserve, excluding the MFA required Project Reserve (see below), may be considered as part of the developer fee, if it is not held for the benefit of the Project for a minimum of 15 years. Where an Identity of Interest exists between the Developer and the builder, the above-
mentioned fee may be further reduced if MFA, in its discretion, determines the fee to be excessive. For purposes of these calculations, Total Development Cost is adjusted to exclude developer fees, consultant fees, and all reserves. If an Identity of Interest exists between a seller and a Principal, the above-mentioned fees may be further reduced at MFA’s discretion, and as described in Section III.H for Projects previously subsidized with Credits.

Exceptions to these rules governing developer and other fees may be granted in MFA’s sole discretion. Although the same standards will apply for Projects subject to Subsidy Layering Review, such Projects will require Board approval for Subsidy Layering purposes whenever they exceed the federally defined “Ceiling Standard” limits, and only five such excess fee amounts can be approved in any given year.

Increases in Project costs subsequent to the Application Deadline may not result in an increase in any of the fees calculated above for Tax Credit Allocation purposes. These fees may be held to the same dollar amount as approved by MFA during the initial underwriting of the Project. Any changes in the amount of fees through the course of development will require prior approval of MFA and must be justified by a change in scope of the Project. Any change in the scope of the Project that results in increased fees for which an exception is being requested constitutes a change to that Project.

3. **Reserves (Escrows) Included In Development Costs.** The development budget must include an operating reserve equal to a minimum of four months of projected operating expenses, debt service payments, and replacement reserve payments. Larger operating reserves may be required for Projects which show a declining debt coverage ratio in 15-year cash flow projections, have rental assistance contracts included in their income projections, or have other factors that MFA determines in its discretion to warrant larger reserves. Replacement reserve levels must be shown in the operating budget at the minimum of $250 per unit per year for Senior Housing (new construction Projects only) and $300 per unit per year for all other new construction and rehabilitation and Adaptive Reuse Projects. Project reserves of any kind in the development budget will not be included in MFA’s calculation of Eligible Basis for Tax Credit purposes.

4. **Operating Expenses and Replacement Reserves.** MFA will review the projected operating expenses, replacement reserves and loan terms and may, in its determination of economic feasibility, make adjustments based upon industry standards, its own underwriting parameters, the Capital Needs Assessment, or facts obtained from other appropriate sources. Applicants are urged to carefully review operating cost proformas. Applicants must include real estate taxes in their operating expenses, unless evidence of a perpetual real estate tax waiver (throughout the term of permanent financing) is submitted with the Application.

5. **Debt Service Coverage and Subordinate Debt.** Applicants who are proposing subordinate debt must include the terms of the loan, and proformas must reflect the
ability to repay the senior and subordinate debt with an aggregate minimum debt service ratio of 1.20. Projects that have debt service ratios higher than 1.40 may receive smaller Tax Credit awards, smaller subsidized loans, or higher loan rates than requested in the application. MFA will consider total annual cash flow as well as debt service ratio when making this determination. MFA will generally not consider the repayment of deferred developer fees when underwriting for feasibility but may consider a Project infeasible if the deferred fee represents a financial burden to the Project.

6. **Unit Distributions.** For Projects with more than one income and rent tier, all unit types must be distributed proportionately among each of the multiple tiers. That is, if 30 percent of the units are to be Set Aside for tenants earning no more than 50 percent of median income, then the units used for this income group must include 30 percent of all one-bedroom units, 30 percent of all two-bedroom units, etc. This also applies to market rate units in the Project. This is intended to prevent allocation of all of the high rent units to the higher income groups, thereby maximizing income while potentially violating the intent of fair housing law.

Although the Federal Tax Credit regulation allows tenant rents plus federal rent subsidies in excess of the Tax Credit Ceiling Rents as long as the tenant pays no more than 30 percent of household income toward rent, the practice is prohibited by MFA except in Projects with project-based subsidies where the program that governs the project-based subsidies allows rents above Tax Credit Ceiling Rents. Note that in order to underwrite to such rents, a copy of a federally approved rent schedule must be provided to MFA, e.g., HUD, USDA. More detail regarding rental assistance payments and qualifying tenants can be found in the MFA Tax Credit Monitoring and Compliance Plan, which is issued under a separate cover and summarized in Section X.

E. **CREDIT CALCULATION METHOD**

1. **Tax Credit Calculations.** During each evaluation, MFA will determine the amount of Tax Credits to be reserved, committed, or allocated by considering factors specific to each Project including, but not limited to, the following:

   a) Development Costs;
   b) Funding sources available to the Project for construction and permanent financing:
      i. First mortgage loans;
      ii. Grants;
      iii. Tax Credit proceeds;
      iv. Owner equity; and
      v. Subordinate debt.
   c) Projected operating income and expenses, cash flow and tax benefits;
   d) Maximum Tax Credit eligibility;
   e) Debt service coverage ratio compared to lender requirements or commercial lending practices, as applicable;
f) Project reserves;
g) Developer fees and builder overhead and profit; and
h) Per Unit cost limits (Section IV.C.2).

2. **Amount of Tax Credits for Reservation or Carryover Allocation.** To estimate the amount of the Tax Credit Allocation for a Project at Initial Application or at Carryover, MFA will use the prior twelve months average Applicable Credit Percentage, plus 25 basis points, of the Qualified Basis, as adjusted by MFA, or the amount needed to fill the financing gap. The procedure to determine the amount to fill the financing gap is outlined in 3 below.

3. **Tax Credit Proceeds.** At the time of Initial Application, MFA will use the more conservative of the equity-pricing factor stated in the letter of interest from the tax credit syndicator or the equity-pricing factor listed in the underwriting supplement published by MFA for the current allocation round. The prior twelve months’ average of Applicable Credit Percentage will be used along with the equity-pricing factor to estimate the Tax Credit Proceeds. At the time of the Carryover Allocation, the Project Owner must deliver a written letter of intent from a syndicator or equity provider that clearly states the equity-pricing factor. That equity-pricing factor along with the prior twelve months average Applicable Credit Percentage will be used to estimate the Tax Credit proceeds for the Carryover Allocation. The equity-pricing factor to be used at Final Allocation will be the actual equity-pricing factor contained in the Project’s syndication agreement, and the Applicable Credit Percentage will have been determined at either Carryover (or in the case of Tax Exempt Bond Financed Projects, the month the tax–exempt obligations are issued) or Placed in Service date.

4. **Limitation on Tax Credit Awards to a single Project or Principal.** Subject to the exceptions contained herein, no Project shall receive a Tax Credit Reservation in excess of $1,150,000 and no Applicant, any General Partner or affiliate of an Applicant, or affiliate of an Applicant, or person or entity receiving or identified as eligible to receive any part of a developer fee for a Project may receive more than two Tax Credit Reservations in any given competitive 9 Percent Tax Credit round. Projects to be located on adjacent sites proposed by the same Applicant in the same allocation round will be treated as a single Project with respect to the per Project limit stated above.

5. **Other Factors Limiting the Credit Reservation.** The amount of Credit reserved, committed and finally allocated to a Project will be the lesser of:

   a) The maximum Tax Credit eligibility of the Project;

   Maximum Tax Credit eligibility is the maximum amount of Tax Credit justified by a Project’s Qualified Basis, as adjusted by MFA, and taking into consideration any increase in Eligible Basis approved by MFA and the Applicable Credit Percentage as
described in Section IV.E.2 above, or the Applicable Credit Percentage that was locked-in at Carryover (or in the case of Tax Exempt Bond Finance Projects, the month the tax–exempt obligations are issued) or was in effect when the building was Placed in Service; or

The amount requested in the Application; or

The amount necessary to fill the funding gap.

b) The funding gap is the difference between Total Development Cost (exclusive of syndication related costs) and all available funding sources, including HOME funds awarded in conjunction with the Tax Credit allocations, excluding anticipated Tax Credit proceeds. The terms of all proposed sources must be within reasonable industry norms and financing for the Project has to be maximized when evaluating rate, term, debt service coverage, loan-to-value, etc. The maximum Tax Credit amount allowed based on the funding gap will be determined by the MFA limits stated in Section IV.E.3 above.

6. Increased Basis for High Cost Areas. Additional Eligible Basis (up to 30 percent of the initial calculation) will be considered for Projects located in HUD-designated “Difficult Development Areas” (DDA) and “Qualified Census Tracts” (QCT) if deemed necessary for viability of the Project by MFA. Applicants requesting such increases must deliver evidence in the Initial Application Package that the Project is located in a DDA or QCT. Projects that are not financed with Tax Exempt Bonds which score at least 10 points under Projects that Benefit the Environment, and have Units set-aside for Seniors, Households with Children, or Households with Special Needs may also be determined to be eligible for the basis increase (up to 30 percent) if deemed necessary for Project feasibility as determined by MFA. All areas of the state are eligible for this additional basis boost. The boost may not be applied to Projects financed by Tax Exempt Bonds unless located within a HUD-designated DDA or QCT.

7. Adjustments to Credit Allocations. When actual Tax Credit proceeds are confirmed and final financial feasibility analysis is performed during review of Final Allocation Packages, there may be adjustments to the Tax Credit Allocation. Adjustments may also be made at Carryover when the 12-month average Applicable Credit Percentage has changed, and, for rehabilitation Projects, when the Capital Needs Assessment and appraisal are provided. If actual Project costs or funding sources differ substantially from the projections submitted in the Application, MFA may reduce the final Tax Credit Allocation or the Project Owner may establish Project reserves to offset the deficit if in MFA’s reasonable judgment the Project has sufficient Tax Credit eligibility. The conditions for such reserve accounts will be determined by MFA on a case-by-case basis.
8. **Federally Required Subsequent Financial Analyses.** Federal regulations require that Housing Credit Agencies conduct evaluations at three specific times to determine the amount of applicable Tax Credits:

a) Upon receipt of an Application for Low Income Housing Tax Credit Reservation; and  
b) Prior to granting a Tax Credit Allocation; and  
c) No earlier than thirty (30) days prior to awarding the Tax Credit Certification, IRS Form 8609.

**F. FINAL PROCESSING AND AWARDS**

1. **Additional Considerations.** Applications meeting the requirements of the Threshold Review and Feasibility Analysis described above will be further evaluated and processed by MFA. In this step all remaining determinations will be made with respect to development team capability, design, readiness to proceed, and other factors in MFA’s reasonable judgment to evaluate the Project’s Application. Projects must meet [2016 MFA Mandatory Design Standards for Multifamily Rental Housing](#) available from MFA on the website. Debarment from HUD, MFA, or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior MFA or federally-financed Projects (for example, late payments within the 18 month period prior to the Application deadline, misuse of reserves and/or other Project funds, default, fair housing violations, non-compliance [e.g. with the terms of LURAs on other projects], or failure to meet development deadlines or documentation requirements) on the part of any proposed development team member or Project Owner or other Principal may result in rejection of an Application by MFA. In addition, MFA will consider a Principal’s progress made with previous Tax Credit reservations, including timeliness in delivering required documents and fees, and meeting all required deadlines. When scoring and ranking generates multiple Projects that would draw tenants from a single market area (as determined by the MFA market studies for the Projects in question), MFA may choose to eliminate the lower scoring or higher cost Project to avoid overbuilding and distribute Credits more evenly throughout the state. In addition, MFA reserves the right to reject any Project, which MFA in its reasonable judgment determines is inconsistent with prudent business practices or with the intent and purpose of the QAP. MFA may also make awards conditional on specific modifications to the Project that MFA in its sound judgment considers necessary to enhance the feasibility or safety of the Project.

2. **Selection of Projects for Awards.** Projects meeting the Threshold Review requirements listed in Section III.C will be ranked and ordered according to scoring procedures established in Section III.E, with consideration to the Allocation Set Asides as described in Section III.D. Staff will then prepare a summary of the Projects to be recommended for allocations. Eligible and ineligible Projects will be distinguished for purposes of subsequent awards if additional Credits become available. Tax Exempt Bond Financed Projects will be evaluated in a similar process but will not compete against other Projects for an allocation of Tax Credits.
3. **Allocation Review Committee (ARC).** The Chairman of the Board of MFA will appoint an Allocation Review Committee. The functions of this committee will be to 1) review the Project rating and ranking results in the staff’s proposed award summary, 2) determine whether or not the proposed awards have been made consistent with the criteria and other aspects of this Qualified Allocation Plan, 3) conduct the appeals process, and 4) make final award recommendations to the Board. MFA will notify Applicants of the preliminary status of their Projects with the use of a preliminary reservation letter, preliminary waitlist letter, or rejection letter, after the committee’s approval of the staff’s proposed awards and before the appeal process begins. Such letters will be scheduled to be issued approximately ninety (90) days after the Application Deadline. Except for appeals as described in Section IV.E.4 below, the provisions of this section are not applicable to Tax Exempt Bond Financed Projects.

4. **Appeal Process.** Applicants wishing to appeal a determination made by MFA with respect to their Application may do so in writing delivered to MFA no later than 5:00 PM local time on the 10th calendar day after the date of the preliminary reservation letter, preliminary waitlist letter, or rejection letter (or draft Letter of Determination, in the case of Tax Exempt Bond Financed Projects). Appeal requests may only be filed with regard to Applications that have been made to meet all of the requirements in “Content and Format” in Section IV.A.4, must be specific as to the decision(s) being appealed, and they must be accompanied by a fee payment in the amount shown in Section IV.B. Appeals for a given Project can only be filed by the General Partner or proposed General Partner and only one appeal may be filed with regard to an Application. MFA’s initial determination with respect to the Application will stand unless the Applicant can prove or justify, solely on the basis of materials submitted in the Initial Application, why the decision should be changed. The ARC will review the appeal and take whatever action it deems appropriate. The decision by the ARC or the Board, if the matter is referred to the Board, will be final; no further appeals will be entertained. Appeals may result in re-ranking of the Projects, in rejection of previously approved Projects and/or in approval of previously rejected Projects. Once the appeals process is completed, and the resulting recommendations are approved by MFA’s Board of Directors, final Reservation Letters (or draft Letter of Determination in the case of Tax Exempt Bond Financed Projects) will be issued.

5. **Board of Directors.** The Board will make final awards for each competitive 9 Percent Tax Credit allocation round, although for logistical reasons the preliminary reservation letters, preliminary waitlist letter and rejection letters may be issued prior to the appeals process and the Board’s final decisions. Final reservation letters will be issued following the Board decision. The Board will approve Projects considered to be Eligible Projects, and these may include Projects for which Tax Credit Allocations are not immediately available. If any Projects receiving Reservations fail to meet subsequent requirements, an allocation of Tax Credits may be revoked and then awarded by MFA to the next
highest scoring Eligible Project(s) on the waiting list. Any conflicts of interest of Board members are to be disclosed and Board members having such conflicts will abstain from votes approving or disapproving Tax Credit Projects in accordance with MFA’s policies, procedures, rules, and regulations regarding conflicts of interest. The provisions of this section relating to Board actions following competitive allocation rounds are not applicable to Tax Exempt Bond Financed Projects.

6. **Prohibited Activities.** Applicants (including Applicants for Tax Exempt Bond Financed Projects) or their representatives shall not communicate with, or by any other means attempt to influence, members of the Board of Directors and their proxies, Design Competition Committee members, or members of the ARC regarding any Application except when specifically permitted to present testimony at a Tax Credit related proceeding. **An Application shall be rejected if the Applicant or any person or entity acting on behalf of the Applicant violates the prohibitions of this section.** A list of the members of MFA’s Board of Directors and their proxies and ARC members can be found at http://www.housingnm.org.

Nothing in this section shall be construed to alter or affect the mandatory appeals processes and procedures that are prescribed elsewhere in this QAP. **An Applicant’s failure to adhere to the prescribed Application and appeals processes and procedures shall result in the rejection of the Application.**

G. **NOTIFICATION OF APPROVAL AND SUBSEQUENT PROJECT REQUIREMENTS**

Note: **Only Sections 6.e) and 7-9 of this Section IV.F. apply to Tax Exempt Bond Financed Projects.**

Successful Applicants will be notified of MFA’s allocation decision in the form of a Reservation Letter.

**Affirmative actions after Reservation.** From the date of the Reservation, the Applicant must meet each of the deadlines specified below for follow up activity in order to maintain its Reservation or Carryover Allocation. **MFA has no obligation to provide any further notice to Applicants of these requirements, and failure to submit any one or more of the items may cause the Reservation to be terminated or the Carryover Allocation to be cancelled.** Applicants must further agree to voluntarily return their Reservations or Tax Credit Allocations for reallocation to other Projects by MFA if any of the deadlines below are not met.

1. **At Reservation**

   a) The Processing fee must be paid at this time, and any other conditions noted in the Reservation Letter, which may include evidence of continued site control, must be satisfied.

2. **By November 15th** (See Glossary for the definition of this date) of the allocation year
a) Threshold Requirement #2

Applicants whose Projects were not required to meet Threshold Requirement #2 (zoning) at the Application Deadline must submit evidence that all required zoning approvals for the proposed Project have been obtained; and

b) All Applicants must deliver:

i. The contractor’s resume, if it was not included in the Application;

ii. Financing Commitment(s) (See definition) for construction and permanent financing and any other rental or other subsidy, as applicable. Financing Commitments must be submitted from all funding and subsidy sources including construction and first mortgage lender(s), all secondary financing sources (i.e., grants, loans, in kind contributions), and a letter of intent from equity provider. Projects which include Federal Historic Tax Credits in the financing structure submit evidence from National Park Service that a complete Historic Certification – Part 2 for the Project has been received.

iii. For a Project to be financed by HUD, evidence that the Applicant has submitted a Site Appraisal and Market Analysis (“SAMA”) Application to HUD; and

iv. For a Project to be financed by MFA’s 542(c) Risk Sharing Program, a HUD Firm Approval Letter.

c) Carryover Allocation Requirements. If the Project will not be Placed in Service during the calendar year in which the reservation is made, the Applicant must request a Carryover Allocation, which allows for twenty-four (24) additional months to complete the Project. The complete Carryover Allocation Package, including an electronic version (CD, DVD or USB flash drive) and hard copies of these documents must be delivered to MFA by November 15th of the year in which the Reservation was made. It must contain all items on the Carryover Allocation Requirements Checklist, which include, among other items, an updated Application Form, and recorded deed or lease to the site. The Applicant must deliver evidence that the Project Owner has taken ownership of the land and, if applicable, depreciable real property, or holds own or hold long-term lease rights to the land or if applicable, depreciable real property, that is expected to be part of the Project. For Tribal Projects, this would include fully executed master and sub-lease agreements with evidence of filing with the Bureau of Indian Affairs. All Tax Credit fees must be paid to date. In addition, the Project architect must certify that the Project’s plans and specifications meet the 2016 MFA Mandatory Design Standards for Multifamily Rental Housing and contain all commitments made in the initial application regarding design and building.
d) **Rehabilitation and Adaptive Reuse Projects.** In addition, rehabilitation Projects must provide with the Carryover Application an appraisal and a Capital Needs Assessment of the existing Project.

3. **March 1**<sup>5</sup> of the year following Carryover

If applicable, the MFA 542(c) Risk Sharing commitment is to be fully executed.

4. **June 30 (see footnote 5) of the year following Carryover**

The Applicant must submit complete Project plans, specifications, and construction documents for MFA review for compliance with the **2016 MFA Mandatory Design Standards for Multifamily Rental Housing.** Applicants must receive written approval of complete plans, specifications, and construction documents from MFA prior to start of construction. MFA staff will make a good faith effort to perform an initial review of construction documents within ten business days of submission of complete construction documents. Final approval will occur upon receipt of an approval recommendation from MFA’s architect that all outstanding issues, if any, have been resolved.

5. **August 31 (see footnote 5) of the year following Carryover**

a) The Applicant must submit evidence that the basis in the Project exceeds 10 percent of the reasonably expected total basis in the Project, an Independent Auditor’s Report and Cost Certification, and a Project Owner’s attorney’s opinion and any other documentation required by MFA (“10 Percent Test”).

b) The Applicant must deliver evidence acceptable to MFA that construction of the Project has begun. This will include, at a minimum, building permits and site photographs.

c) The Applicant must deliver an executed partnership agreement.

d) If Federal Historic Tax Credits are included in the financing structure of the Project, evidence of National Park Service approval of the Project’s Historic Certification – Part 2 must be submitted.

6. **November 15th (see Glossary and footnote 5) of the Second Year following the initial allocation**

**Final Allocation and Placed in Service Requirements.** On or before November 15th of the second year following the initial allocation, a Placed in Service Application or a Final Allocation Application must be submitted in electronic form (CD, DVD or USB flash drive).

<sup>5</sup> If such date falls on a weekend or holiday, the deadline shall be the first working day following such date.
drive in addition to a hard copy, for each Project. **Failure to meet this requirement will result in the loss of Tax Credits.** If the Project is to be Placed in Service but the Applicant is not yet ready to request Low Income Housing Tax Credit Allocation Certification (IRS Form 8609), the Placed in Service portion of the Final Allocation Package must still be submitted. A complete Final Allocation Package should be submitted no later than 120 days following the close of the Project’s first taxable year of the Credit Period. Prior to the issuance of IRS Form 8609 certifications for the Project, the Project Owner must submit a complete Final Allocation Package, containing all items on the Final Allocation Checklist, which include, among other items, the following:

a) **Cost Certification.** A Project Cost Certification prepared by a Certified Public Accountant must be delivered by the Project Owner prior to the issuance of IRS Form 8609 certifications. This form and required documentation must be completed within sixty (60) days after the Project is Placed in Service. MFA is under no obligation to issue IRS Form 8609 certifications for the current year if the package is received after November 15th.

b) **Architects Certification.** A certification from the Project architect, certified by the Project Owner, that the Project has been built in conformance with the 2016 MFA Mandatory Design Standards for Multifamily Rental Housing, all applicable codes, and commitments made in the initial application regarding design and building, unless otherwise approved in writing by MFA.

c) **Project Owner’s Attorney’s Opinion.** A Project Owner’s attorney opinion submitted on firm’s letterhead with required text as set forth in the Application Package.

d) **Final Contractor’s Application and Certificate for Payment, AIA Doc. G702, or equivalent.** A fully executed copy indicating all of the hard construction costs for the Project must be submitted with the Final Allocation Package.

e) **Land Use Restriction Agreement (LURA).** Prior to December 31 of the year in which the buildings are Placed in Service, the Project Owner must submit an executed and recorded LURA, satisfactory to MFA in form and content.

7. **Other Developer Responsibilities and Elections.** The Project Owner has several options concerning the month in which the Applicable Credit Percentage is locked in, for both taxable Projects and Tax Exempt Bond Financed Projects. Additionally, the Project Owner must place the buildings in service and claim Tax Credits within certain time periods. MFA must be notified of these dates to ensure that all necessary administrative actions are taken in a timely manner. Otherwise Tax Credits may not be able to be claimed as desired.
8. **LURA or Extended Use Agreement.** Section 42(h)(6) of the Code requires imposition of "an extended low-income housing commitment." MFA complies with this requirement with a LURA filed at the time of Placement in Service or Final Allocation. The LURA sets forth, as covenants running with the land for a minimum of 30 years (or longer if the developer commits to a longer restriction period), the compliance fees, the low income Set Asides, the percentages of median income to be served, the special housing needs to be served (if any) and any other such commitment made in the Initial Application or that may be imposed through this QAP and Code Section 42. The LURA may not be terminated prior to its term for any reason other than foreclosure or an instrument in lieu of foreclosure, and the Project Owner will not have the right to require MFA to present a "qualified contract" in accordance with Code Section 42(h)(6). The Developer will also have to deliver subordination agreements from all lenders, giving lien priority to the Tax Credit restrictions.

H. **Termination of Reservations or Rejection of Applications**

Any of the following events or actions on the part of the Applicant at any time subsequent to the Application Deadline may cause the Application to be rejected, or the Reservation to be terminated in MFA’s sole discretion:

1. Loss of site control or site change;

2. Submission of any false or fraudulent information in the Application or in other submissions;

3. Failure to meet the conditions in Sections IV.B and IV.G above or in the Reservation Letter;

4. Subsequent regulations issued by U.S. Treasury or the IRS pertaining to Section 42;

5. Failure to promptly notify MFA of any material or adverse changes in the facts of the original Application pursuant to Section IV.I below;

6. Instances of non-compliance continuing beyond the specified cure period on Applicant’s or Principals’ other Projects;

7. Any other change which would alter the original scoring of the Application, or which was not approved in advance by MFA;

8. Debarment from HUD, MFA or other Federal programs, bankruptcy, criminal indictments or convictions, poor performance on prior MFA or HUD financed Projects (including but not limited to late payments within the 18 month period prior to the Application Deadline, misuse of reserves and/or other Project funds, default, fair housing violations, non-compliance [e.g. with the terms of LURAs on other projects], failure to meet development
deadlines, or documentation requirements) on the part of any development team member or owner or other Principal; or

9. Change in the Federal Set Aside Election or other Set Aside proposed in the Initial Application, subsequent to the Application Deadline.

I. NOTIFICATION TO MFA OF CHANGES TO THE PROJECT

It is the Applicant’s responsibility to notify MFA immediately, in writing, of any changes to the Project subsequent to submission of an Application, including the changes listed below and any other material changes, by requesting MFA’s approval of such changes. Failure to notify MFA may result in the rejection of an Application or loss of a Reservation or Tax Credit Allocation. Approval of such changes will be made in MFA’s sole discretion, and the change may result in a change in the Tax Credit amount or other action by MFA. A $500 fee payment is required at the time of the request for approval of any changes pursuant to Section IV.B.

Examples of changes of which MFA must be notified:

1. Site control or rights of way are lost;

2. Project costs change in excess of five percent (5 percent) of the Total Development Cost shown in the Carryover Allocation application package;

3. Applicant obtains additional subsidies or financing other than those disclosed in the Carryover Allocation application package; loses subsidies or financing included in the Carryover Allocation application package; or the amount of any such financing or subsidy changes by 10 percent or more from the amount shown in the Carryover Allocation application package;

4. Development cost contributions made by a state, local or tribal government entity are reduced, increased, withdrawn or substituted with other types of contributions than the ones originally proposed in the Application;

5. The syndication payment timing and/or net proceeds change from those stated in the Carryover Allocation application package;

6. The parties (other than the Limited Partner(s)) involved in the ownership entity as represented in the Application change;

7. Changes to The unit and Project design, unit design, square footage, unit mix, number of units, or number of buildings changes. Substantial changes of this sort may result in a requirement to produce a new Market Study;

8. A change in any enrichment service provider, including financial literacy training provider, and/or change in type of enrichment service to be provided;
9. The general contractor or other member of the original development team changes; and/or

10. Any other factor deemed material by MFA in its reasonable judgment.

J. NOTICE PROVISIONS

MFA will typically provide notice to Applicants through certified mail, courier service, facsimile, or email transmission. Consequently, correct street addresses, email addresses and fax numbers must be provided clearly in the Application Form. Such notices will be provided only to the single contact person shown in the Application Form. MFA will not be responsible for any consequences that may result from the Applicant’s inability to receive notice from MFA due to a change in contact person information that was not reported to MFA.

K. APPLICATIONS ARE PUBLIC RECORDS

All information contained in Applications for Tax Credits are public records subject to inspection under state and federal open records laws. In addition, MFA may share information and details obtained from Applications with other public agencies.

L. ATTORNEY FEES

In any litigation, arbitration, or other proceeding arising from, as a result of, or pursuant to this QAP and/or the resulting Tax Credit allocation round, selection process, or award determinations, MFA, if it is the prevailing party, shall be entitled to be awarded its reasonable attorney fees, costs and expenses incurred from the opposing party, regardless of which party initiated the litigation, arbitration, or other proceeding.

V. COST CERTIFICATION

A. APPLICABILITY OF COST CERTIFICATION

Certification by a Certified Public Accountant is required to certify compliance with the 10 Percent Test as defined in Section IV.G.4.a. Prior to the issuance of a Low Income Housing Tax Credit Allocation Certification (IRS form 8609), MFA will require a Cost Certification, prepared by an independent Certified Public Accountant, which meets the MFA requirements for all Projects as defined in this QAP.

B. REQUIREMENTS

The Cost Certification must meet the following requirements:
1. The accountant preparing the Cost Certification must certify that all costs are related to the Project’s development and do not include costs for organization, syndication, professional or consultant fees related to syndication.

2. All fees, including the developer fee, which are paid to the Developer or to an entity with an Identity of Interest with the Developer, must be clearly identified. If all or a portion of the developer fee is deferred, copies of the promissory note or other substantiation of the validity of the fee must be reviewed.

3. If the land is purchased from a related party, the Project Owner must submit an appraisal to substantiate fair market value.

4. Legal fees related to land acquisition must be clearly identified.

5. Interest expense related to land must be clearly identified.

6. The sources of all funding including loans, Tax Credit proceeds, developer equity and all other sources must be certified.

C. AUTHORITY TO DETERMINE MAXIMUM QUALIFIED BASIS

MFA may challenge the costs provided in the Cost Certification, impose the limitations set forth in this QAP, and at its sole discretion, determine the maximum Qualified Basis against which Credit is allocated.

VI. AUXILIARY FUNCTIONS

A. SUBSIDY LAYERING REVIEW

Pursuant to Section 911 of the Housing and Community Development Act of 1992, HUD is required to determine that Projects receiving Tax Credits and federal, state, or local assistance do not obtain subsidies in excess of that which is necessary to produce affordable housing. This responsibility has been delegated to MFA, and MFA’s review process will follow the HUD’s Administrative Guidelines issued December 15, 1994. An essential component of this review is an analysis of the reasonableness of fees paid to sponsors, developers, and builders. Consequently for purposes of Section 911 reviews, fees used to calculate Tax Credit amounts will not exceed the limits stated in Section IV.D.2 “Developer and Other Fees”, above. Some of these maximum fees allowed by MFA exceed the “Safe Harbor” fee amounts, which apply to Section 911 reviews. Special factors that justify these published higher fees (which do exceed “ceiling” amounts) include, but are not limited to: the relatively high cost of construction and land
within the State of New Mexico; the lack of state- or locally-funded soft second financing or operating subsidies; and the general inability of local governments to donate land and/or other services to worthy Projects due to the state’s “Anti-Donation” clause.

MFA reserves the right to include or consider other criteria to justify exceeding Safe Harbor limits for fees associated with Projects requiring Subsidy Layering Reviews. MFA also reserves the right to limit Projects to Safe Harbor limitations for any reason that, in its sole discretion, deems reasonable. This paragraph applies to all Projects that require Subsidy Layering Reviews.

Requests for Subsidy Layering Reviews may be made at any time by an Applicant, and must include a $500 review fee. Responses will be provided by MFA no later than thirty (30) business days subsequent to receipt of the Subsidy Layering Review request by MFA, unless the request is submitted less than ninety (90) days after an allocation round deadline.

B. PROCESSING OF TAX EXEMPT BOND FINANCED PROJECT APPLICATIONS

IRS Code Section 42 allows Tax Exempt Bond Financed Projects to receive an allocation of 4 Percent Tax Credits provided they meet the minimum requirements for an allocation in the QAP. MFA’s determination that a Project satisfies the requirements of the QAP will be based on the Project’s meeting all Minimum Project Threshold Requirements, Staff Analysis, Application Processing, Feasibility Analysis, and Property Standards described in the QAP in effect when the determination is made. The Tax Credits allocated to Tax Exempt Bond Financed Projects are not subject to the Annual Credit Ceiling and, consequently, are not required to compete in the competitive allocation process described in the QAP. In addition to meeting the minimum score stated in Section III.E, Tax Exempt Bond Financed Projects are required to score points for Projects in Which Units are Reserved for Households with Special Needs, Projects Reserved for Senior Households, or Projects in which 25 Percent of All Units are Reserved for Households with Children and for Projects that Benefit the Environment. MFA staff will also undertake an analysis to determine the Tax Credit amount necessary for financial feasibility.

Requests for these determinations must be made by the Project’s Developer/Sponsor no more than 60 calendar days after an award of bond volume cap is made by the State Board of Finance, and no less than 60 calendar days prior to the anticipated bond issuance date. Requests must include an Application Fee as listed in Section IV.B, a deposit toward the cost of a market study to be ordered by MFA, and the Development Project Application Form with needed schedules, the Attachments Checklist, and any other material specified by MFA. For Tax Exempt Bond Financed Projects only, MFA may accept the Applicant’s market study and waive the deposit if the Applicant’s study meets all of the requirements of MFA’s studies, in MFA’s determination, and is dated no more than 180 calendar days prior to the date on which a complete Application is received by MFA. Prior to the release of the Letter of Determination by MFA staff, a processing fee in the amount of five and one half three and one half-percent (5.53.5 percent) of the approved annual Credit amount will be due. MFA’s initial response to the Application for 4 Percent Tax Credits will be provided no later than sixty (60) business days subsequent to receipt of the complete Application by MFA.
Tax Exempt Bond Financed Projects may receive Tax Credits on the full amount of their Eligible Basis only if at least 50 percent of the Project’s “aggregate basis” is financed with Tax Exempt Bonds. Additionally, numerous bond-financing rules apply and many Tax Credit requirements are different for Tax Exempt Bond Financed Projects. MFA recommends that developers undertaking these Projects obtain advice from qualified tax professionals to ensure that such requirements are met.

To ensure that these Credits are used to leverage the greatest possible amount of resources, the following additional Minimum Project Threshold Requirements will apply:

1. **Percent of Total Sources Limit.** The private activity bond volume cap allocation by the State Board of Finance must not exceed seventy-five percent (75%) of the Project’s Total Development Cost; and

2. **Dollar Limit.** The private activity bond volume cap allocation to the proposed Project must not exceed $10 million; however, limited waivers will be considered when adequate availability of private activity bond volume cap exists, the Applicant has demonstrated the need for additional tax exempt debt for Project feasibility, and is warranted based on Project size; and

3. **Costs of Issuance Limit.** Costs of issuance may not exceed five percent (5%) of the bond issue for Projects with total financing sources of $2,000,000 or more, and seven percent (7%) for Projects with total financing sources of less than $2,000,000.

For all Tax Exempt Bond Financed Projects, the developer must provide notice to MFA that units have been Placed in Service and request the issuance of a LURA from MFA within one month of the date on which the last unit of the Project was Placed in Service.

**VII. AMENDMENTS TO THE ALLOCATION PLAN AND WAIVERS OF PLAN PROVISIONS**

MFA reserves the right to modify this QAP, including its compliance and monitoring provisions, as required by the promulgation or amendment of Section 42 of the Code, from time to time, or for other reasons as determined by MFA. MFA will, however, make available to the general public a written explanation of any allocation of Housing Tax Credits that is not made in accordance with established priorities and selection criteria of the agency.

**VIII. FUTURE YEAR’S BINDING COMMITMENTS**
MFA staff shall have the authority to advance allocate up to $300,000 in future year’s Tax Credits to Board-approved Eligible Projects. However, advance allocations are made solely at MFA’s discretion, and no advance allocation may be made to any Project whose Tax Credit amount is not at least 50 percent funded by the current year’s Annual Credit Ceiling without MFA Board approval. Future year commitments in excess of $300,000 in any given year must also be approved by the Board.

IX. DISASTER RELIEF ALLOCATIONS

The Board will retain the authority to allocate current or future year’s Tax Credits at any time and in any amount to Projects approved by the Board that are intended to alleviate housing shortages in communities affected by natural disasters.

X. MFA TAX CREDIT MONITORING AND COMPLIANCE PLAN SUMMARY

A. GENERAL REQUIREMENTS

Federal Law requires MFA to develop and implement a compliance-monitoring program for completed Projects that have received Low Income Housing Tax Credits. A compliance plan contained in a manual has been developed and is available to the Project Owners at MFA’s website, www.housingnm.org. Compliance monitoring is required for a minimum of 15 years after receipt of a Tax Credit allocation. Each owner has chosen to utilize Low Income Housing Tax Credits to take advantage of the tax benefits provided. In exchange for these tax benefits, certain requirements must be met so that the Project will benefit Low Income Tenants.

Project Owners will be required to submit a quarterly report to MFA for each of the first four calendar quarters after a Project is Placed in Service. At that time, if the Project is determined to be in compliance with Section 42 of the Code, reports may be filed on an annual basis. Project Owners will be required to submit to MFA a copy of all federal form 8609’s, including schedule A, filed with the IRS in the first year that credits are claimed, and at any subsequent time as requested by MFA.

B. INSPECTIONS

MFA will conduct annual on-site inspections of at least thirty-three percent (33 percent) of the Projects under the MFA’s jurisdiction. Each inspection will include a review of the Project’s low income certifications, supporting income documentation, leases, rent records (including utility documentation) and unit inspections in at least twenty percent (20 percent) of the Project’s Set Aside Units and a physical inspection of the entire Project (interior and exterior). In mixed-use properties, one hundred percent (100 percent) of the units may be monitored. If Projects are determined to be in noncompliance, site visits may occur more often. MFA will provide written notification of scheduled inspections may conduct inspections upon thirty (30) days’ notice.
During the Extended Use Period, MFA reserves the right, under the provisions of Section 42 of the Code and the Project’s Land Use Restriction Agreement, to perform an audit of any Project that has received an allocation of Tax Credits. This audit will include an on-site inspection of all buildings, and a review of all tenant records and certifications and other documents supporting criteria for which the Project Owner received points in the Application for an allocation of Credits.
C. RECORD KEEPING AND RECORD RETENTION

Under the provisions of the Tax Credits, the Project Owner will be required to keep records as defined below for each building within a particular development. These records must be retained by the Project Owner for a minimum of six (6) years beyond the Project Owner’s income tax filing date for that year. However, first-year Project records must be maintained for six (6) years beyond the tax filing date of the final year of the Project’s eligibility for Tax Credits. The Project Owner must report to MFA, through MFA’s WCMS On-Line system, annual audited property financial statements, as well as annual operating budgets. On a monthly basis, the Project Owner must provide tenant income certifications and property vacancy data using the WCMS On-Line system. In addition, the Project Owner must maintain records for each qualified Low Income building in the Project showing:

1. The total number of residential Units in the building (including the number of bedrooms and size in square feet of each residential Unit);
2. The percentage of residential Units in the building that are Set Aside Units;
3. The rent charged on each residential Unit in the building (including utility allowances);
4. The number of occupants in each residential Unit in the building;
5. The Low Income Unit vacancies in the building and documentation of when and to whom the “next available units” were rented;
6. The income certification of each Low Income Tenant;
7. The documentation to support each Low Income Tenant’s income certification;
8. The Eligible Basis and Qualified Basis for each building;
9. The character and use of any nonresidential portion of the building included in the building’s Eligible Basis (this includes separate facilities such as clubhouses or swimming pools whose Eligible Basis is allocated to each building);
10. Additional documentation and reporting as required by federal regulation; and
11. Additional documentation and reporting as required by MFA.

Failure to annually report is deemed as noncompliance and is reportable to the IRS.

D. ANNUAL CERTIFICATION REVIEW

It is the responsibility of the Project Owner to annually certify to MFA that the Project meets the requirements of Section 42 of the Code, whichever Set Aside is applicable to the Project.
Failure to make this certification is deemed as noncompliance and is reportable to the IRS. This annual certification requires the Project Owner to certify that:

1. The Project meets the minimum requirements of the Set Aside Election;

2. There has been no change in the applicable fraction;

3. An annual Low Income certification has been received from each Low Income Tenant and documentation is available to support that certification;

4. Each Low Income Unit is rent restricted under Section 42 of the Code;

5. Subject to the income restrictions on the Project, all units in the Project are for use by the general public and are used on a non-transient basis;

6. There has been no finding of discrimination under the Fair Housing Act;

7. Each building within the Project is suitable for occupancy taking into account local health, safety, and building codes;

8. There has been no change in any building’s Eligible Basis under Section 42 of the Internal Revenue Code, or if there has been a change, adequate explanation of the nature of the change has been given;

9. All tenant facilities included in the Eligible Basis of any building in the Project are provided on a comparable basis, without a separate fee, to all tenants in the building;

10. If a Low Income Unit in the Project becomes vacant during the year, reasonable attempts are made to rent that Unit to tenants having a qualifying income, and while the Unit is vacant, no Units of comparable or smaller size are rented to tenants not having a qualifying income;

11. If the income of Low Income Tenants of units increases above one hundred forty percent (140 percent) of the applicable income limit allowed in Section 42 of the Code, the next available Unit of comparable or smaller size will be leased to tenants having qualifying income.

12. Project Owner has not refused to lease a Unit to an applicant based exclusively on their status as a holder of a Section 8 voucher and the Project otherwise meets the provisions outlined in the extended low-income housing commitment;

13. If the Project Owner received its Tax Credit Allocation from the state ceiling Set Aside for Projects involving “qualified non-profit organizations”, the non-profit entity materially participated in the operation of the development;
14. There has been no change in ownership or management of the Project;

15. The Project Owner has obtained accurate, allowable, current utility allowances for use in the calculation of rents for the Project, and acknowledges this to be an annual requirement for the duration of the Compliance Period;

16. For the preceding 12 months the Project Owner has complied with Section 42(h)(6)(E)(ii)(I) of the Code that an existing tenant of a low-income Unit has not been evicted or had their tenancies terminated for anything other than good cause;

17. The Project Owner has complied with Section 42(h)(6)(E)(ii)(II) of the Code and not increased the gross rent above the maximum allowed under Section 42 with respect to any low-income Unit.

As an exception, only for Rural Development (RD) Projects, MFA may accept a certification from RD that income is based upon annual tenant certifications/re-certifications, and that third party verification has been obtained. This certification will be in a form that is acceptable to both RD and MFA. Project Owners must furnish RD certifications annually, verifying that Projects are in compliance with Section 42 of the Code.

Tax Exempt Bond Financed Projects in which fifty percent (50 percent) or more of the aggregate basis is funded with the proceeds of bond financing may also be exempt, in MFA’s discretion, from many of the certification and review provisions outlined within this document. The monitoring and certification guidelines for these Projects must be in a form that will satisfy those agencies issuing the bonds and MFA. The Project's monitoring procedures must, at a minimum, satisfy the compliance guidelines set forth by Section 42 of the Code.

Projects which are 100 percent affordable for Tax Credit purposes (i.e. all units are income and rent restricted at 60 percent of AMI or lower) and that have no other financing requiring annual income re-certifications may also be exempt pursuant to HR 3221. Project Owners must furnish MFA certifications annually, verifying that Projects are in compliance with Section 42 of the Code, as well as any other data that MFA may require per our monitoring and compliance guidelines.

The Project Owner of any exempted Project must certify to MFA on an annual basis that the Project is in compliance with the requirements for RD assistance, Tax Credits or the Tax Exempt Bond Financing guidelines, as applicable, and that all requirements of Section 42 are also being met. The Project Owner must inform MFA of any noncompliance or if the Project Owner is unable to make one or more of the required certifications.

E. COMPLIANCE REVIEW
MFA may elect to subcontract the monitoring procedure to other agents. In doing so, MFA would designate the subcontractor as the compliance-monitoring agent who would perform MFA’s function.

In the event that any noncompliance with Section 42 is identified, a discrepancy letter entitled “Notice of Non-Compliance”, detailing the noncompliance will be forwarded promptly to the Project Owner and the management company of the Project. The Project Owner must then respond in writing to MFA within thirty (30) days after receipt of the discrepancy letter. The response must address all discrepancies individually and must indicate the manner in which corrections will be made. The Project Owner will then have a cure period of thirty (30) days from the date of the discrepancy letter to correct the noncompliance detected and to provide MFA with any documentation or certification found to be missing during the annual management review. The cure period may be extended for periods of up to six (6) months. Extensions will be based on a determination by MFA that there is good cause for granting the extension.

MFA will notify the IRS within forty five (45) days after the expiration of the cure period of any non-compliance that has been detected. All corrections made by the Project Owner within the cure period will be acknowledged within this notice. A copy of the Project Owner’s response to the non-compliance will accompany the notice to the IRS.

If potential non-compliance is discovered during a compliance monitoring review, the Project Owner will be required to have his managing agent attend a compliance training session within two (2) months following the compliance monitoring review.

In order to offset the cost of monitoring procedures, an annual fee will be assessed for each year of the Extended Use Restriction Period. For 2016, the monitoring/compliance fee is $45.00/Set Aside Unit/Per Year. The monitoring/compliance fee can be paid annually or in a lump sum to cover the initial 15 years of the Compliance Period. If paid in a lump sum, the amount will be determined in the year the development receives a final allocation. Payment of the lump sum amount will be required prior to issuance of Forms 8609 for each Project. The amount of the compliance monitoring fee for the remainder of the contractual Extended Use Period will be determined in year 15. Annual certifications and reports are due in the MFA office by January 31st of each year (for the past reporting year). Annual Compliance Reports are due by January 31st of each year, through MFA’s WCMS on-line compliance system for the full term of the Extended Use Period. Annual audited property financial statements are due in the MFA office within 120 days of the property’s fiscal year end. A notice will be mailed to each property Project Owner or a designated representative to remind them that the certification, reports and fees are due.
XI. GLOSSARY

“Adaptive Reuse Projects” means Projects which will involve the conversion of an existing building, or buildings, which was not initially constructed for residential use to multifamily residential use.

“Agency” means New Mexico Mortgage Finance Authority (MFA).

“Allocation Review Committee” means a committee appointed by the Chairman of the MFA Board to review Projects’ rating and ranking results, to determine if the proposed allocations have been made consistent with the Project Selection Criteria and the Qualified Allocation Plan, and to hear appeals and decide their outcome.

“Allocation Set Asides” means the federally mandated Tax Credit allocation set aside requirement for Projects involving Qualified Nonprofit Organizations, as well as other Tax Credit Allocation Set Asides designated by MFA from time to time and incorporated into the Qualified Allocation Plan.

“Annual Credit Ceiling” means the total dollar volume of Tax Credits available for distribution by the Agency and authorized pursuant to Section 42 of the Code, in a given year. The Population-based Ceiling Amount is the amount of Tax Credits allocated to the state each year based on the state population.

“Applicable Credit Percentage” means the monthly interest rate issued by the Treasury Department and used to discount the present value of the 70 percent Tax Credit (approximately 9 percent yearly) and the 30 percent Tax Credit (approximately 4 percent yearly).

“Applicable Fraction” means the fraction, the numerator of which is the number of Low Income Units and the denominator of which is the total number of residential rental units less any Unit exempted by Revenue Ruling 92-61; or the fraction, the numerator of which is the floor space of the Low Income Units and the denominator of which is the total floor space of the residential rental units less any Unit exempted by Revenue Ruling 92-61, whichever is less. The Eligible Basis of a building is multiplied by the Applicable Fraction to determine the Qualified Basis of a building for Tax Credit purposes.

“Applicant” means the General Partner or the managing member(s) of the General Partner.

“Application” means the completed forms, schedules, checklists, exhibits, computer disks and any additional documentation requested in the Initial Application Package, Carryover Allocation Package, and Final Allocation Package, as well as any supplemental materials requested by MFA. They must be submitted to MFA in accordance with the Qualified Allocation Plan in order to apply for the Tax Credit Program.
“Application Deadline” means 5:00 p.m., Mountain Standard Time on the final day of the Application Period, except for Tax Exempt Bond Financed Projects, for which the submission date is specified in Section VI.B.

“Application Package” means the forms, schedules, checklists, exhibits, computer disks and instructions thereto obtained from the Agency, which shall be completed and submitted to the Agency in accordance with all regulations in order to apply for the Tax Credit Program.

“Application Period” means the period during which Applications will be accepted by MFA as described in the Qualified Allocation Plan.

“Area Gross Median Income” means the median income level, issued annually by HUD for each metropolitan area and for each county outside a metropolitan area, which is adjusted for family size and used to calculate maximum income of eligible persons and rents for rent restricted units. As of July 30, 2008, any Project located in a rural area (as defined in Section 520 of the Housing Act of 1949) shall have income limitations measured by the greater of the HUD median income or the national non-metropolitan median income.

“Average Gross Median Income” or “AGMI” means, for a Project, the average area gross median income level(s) at which units are set aside, weighted by the number of units set aside at each income level. AGMI calculations are rounded to the nearest whole number. Market Rate Units will be treated as if they were set aside at 100 percent of Area Gross Median Income.

An example of the calculation of AGMI in a 60-unit Project with no management employee units is as follows:

- 25 percent of the units are Set Aside at 50 percent of Area Gross Median Income; and
- 50 percent of the units are Set Aside at 60 percent of Area Gross Median Income; and
- 25 percent of the units are Market Rate.

The AGMI calculation would be as follows:

<table>
<thead>
<tr>
<th>Percent of Total Units</th>
<th>Set Aside Income Level (As a % of Median)</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>X 50%</td>
<td>13%</td>
</tr>
<tr>
<td>50%</td>
<td>X 60%</td>
<td>30%</td>
</tr>
<tr>
<td>25%</td>
<td>X 100%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Total AGMI: AGMI for Scoring 68%

Units to be provided for management or maintenance staff rent free should not be included in the calculation.
“Average Gross Median Rent” or “AGMR” means, for a Project, the average area gross median rent level(s) at which units are Set Aside, weighted by the number of units Set Aside at each rent level. AGMR calculations are rounded to the nearest whole number at each stage of the calculation. Market Rate Units will be treated as if they were Set Aside at 100 percent of Area Gross Median Income.

An example of the calculation of AGMR in a 60-unit Project with no management employee units is as follows:

- 25 percent of the units are rent restricted at 50 percent of Area Gross Median Income; and
- 50 percent of the units are rent restricted at 60 percent of Area Gross Median Income; and
- 25 percent of the units are Market Rate (not rent restricted).

The AGMR calculation would be as follows:

<table>
<thead>
<tr>
<th>Percent of Total Units</th>
<th>Rent Restricted Level (As a % of Median Income)</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>X 50%</td>
<td>= 13%</td>
</tr>
<tr>
<td>50%</td>
<td>X 60%</td>
<td>= 30%</td>
</tr>
<tr>
<td>25%</td>
<td>X 100%</td>
<td>= 25%</td>
</tr>
</tbody>
</table>

**Total AGMR: AGMR for Scoring** 68%

Units to be provided for management or maintenance staff rent free should not be included in the calculation.

“Binding Commitment” means an agreement between MFA and an Applicant by which MFA allocates and the Applicant accepts Tax Credits in accordance with Section 42(h)(1)(C) of the Code. MFA’s Carryover Allocation is its Binding Commitment.

“Blighted Buildings” means buildings that are in such severe disrepair to the extent that rehabilitation or Adaptive Reuse is no longer feasible.

“Board of Directors” or “Board” means the New Mexico Mortgage Finance Authority Board of Directors.

“Brownfield” means land where the development real property where the expansion, redevelopment, or reuse may be complicated by the presence of hazardous substance, pollutant, or contaminant including petroleum. Brownfield sites require a remediation plan based on a Phase II Environmental Site Assessment.
“Building’s Gross Square Feet” means the sum of the Gross Square Feet on each floor of a building. Covered parking and structured parking should not be included in a Building’s Gross Square Feet.

“Capital Needs Assessment” means a report prepared by a competent third party licensed architect or engineer that addresses the following:

1. Site visit and physical inspection of the interior and exterior of Units and structures.
2. Interview with available on-site property management and maintenance personnel regarding past and pending repairs/improvements and physical deficiencies.
3. Identification of the presence of any visible environmental hazards on the site.
4. Opinion as to the adequacy of the proposed budget for recommended improvements.
5. Identification of critical building systems or components that have reached or exceeded their expected useful lives.
6. Projection of recurring probable expenditures for significant systems and components over 15 years.
7. Determination of the appropriate upfront and ongoing replacement reserve deposits.

“Carryover Allocation” means the provision under Section 42 of the Code which allows a Project, under certain conditions allowed by Section 42 of the Code, to receive a Tax Credit allocation in a given calendar year and to be Placed In Service within a period of two calendar years after the calendar year in which the Applicant qualifies for a Carryover Allocation. The Carryover Allocation is MFA’s Binding Commitment for Tax Credits.

“Childcare” means daycare and/or youth programming for children provided by a licensed childcare provider. Daily Childcare means that service(s) are provided Monday through Friday for a minimum of 6 hours per day. Weekly Childcare means that service(s) will be provided a minimum of one day per week for a minimum of 6 hours.

“Code” means the Internal Revenue Code of 1986, as in effect on the date of the Qualified Allocation Plan, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued with respect thereto by the Treasury or the Internal Revenue Service of the United States.

“Complete Application” is an Initial Application meeting all of the requirements in “Content and Format” in Section IV.A.4.

“Compliance Monitoring” means the Agency’s procedure, as required by Section 42 of the Code and detailed in MFA’s Tax Credit Monitoring and Compliance Plan, of auditing and inspecting all completed Tax Credit Projects.

“Compliance Period” means, with respect to any building that is included in a Tax Credit Project, a minimum period of 15 years beginning on the first day of the first taxable year of the Tax Credit period with respect thereto in which a Tax Credit Project shall continue to maintain the Low Income Units as Low Income Units pursuant to the Applicant’s Set Aside Election in the Application, pursuant to Section 42 of the Code.
“Concerted Community Revitalization Plan” means a Metropolitan Redevelopment Plan as defined in NMSA 1978 Section 3-60A-4 prepared and enacted by a local, county or tribal government at least six months prior to the application deadline. For Projects located on sovereign tribal lands, “Concerted Community Revitalization Plan” means a written plan similar in content and affect to a Metropolitan Redevelopment Plan as defined in NMSA 1978 Section 3-60A-4, prepared and enacted by or tribal government at least six months prior to the application deadline, which identifies barriers to community vitality and promotes specific concerted revitalization activities within an area having distinct geographic boundaries.

“Consolidated Plan” means the plan prepared in accordance with HUD Regulations, 24 C.F.R. 91 (1994), which describes needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs.

“Construction Costs” means, for purposes of calculating builder profit, overhead and general requirements, and per Unit rehabilitation Construction Cost, the on-site and construction costs in the construction contract, before gross receipts tax, profit, overhead, and general requirements. At Initial Application and Carryover, Construction Cost should include a reasonable construction contingency.

“Contact Person” means a person identified in the Initial Application with decision-making authority for the Applicant, Developer or the owner of the Project, with whom MFA will correspond concerning the Application and/or the Project.

“Contractor’s Cost Certification” A certification prepared by a Certified Public Accountant, indicating the method of certification, all identities of interest, and certification that all construction costs included are related to the Project.

“Cost Certification” A certification prepared by a Certified Public Accountant on forms provided by MFA, indicating the method of certification, all identities of interest, and certification that all Project costs included are related to the Project.

“Credit Period” means with respect to any building that is included in a Tax Credit Project, the period of 10 years beginning with (i) the taxable year in which the building is Placed In Service, or (ii) at the election of the Developer, the succeeding taxable year.

“Developer” means any individual, association, corporation, joint venture, or partnership, which is to manage all aspects of the construction and/or rehabilitation of the proposed Project.

“Development Costs” means the sum total of all costs incurred in the development of a Project all of which shall be subject to approval, and are approved by MFA as reasonable and necessary. Such costs may include, but are not limited to:

1. The cost of acquiring real property and any building thereon, including payment for options, deposits, or contracts to purchase properties.
2. The cost of site preparation, and development.
3. Any expenses relating to the issuance of Tax Exempt Bonds or taxable bonds by the Agency, if any, related to the Project.
4. Fees in connection with the planning, execution, and financing of the Project, such as those of architects, engineers, attorneys, accountants, and the Agency.
5. The cost of studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs, and other operating and carrying costs incurred during construction, rehabilitation, or reconstruction of the Project.
6. The cost of the construction, rehabilitation, and equipping of the Project.
7. The cost of land improvements, such as landscaping and off-site improvements related to the Project, whether such costs are paid in cash, property, or services.
8. Expenses in connection with initial occupancy of the Project.
9. Allowances established by the Agency for working capital, contingency reserves, and reserves for any anticipated operating deficits during the first 2 years after completion of the Project.
10. The cost of such other items, including relocation cost, indemnity and surety bonds, premium on insurance, and fees and expenses of trustees, depositories, and paying agents for bonds.

“Difficult Development Area” means any area designated by the Secretary of Housing and Urban Development as having high construction, land, and utility costs relative to Area Gross Median Income in accordance with Section 42(d)(5) of the Code.

“Eligible Application” or “Eligible Project” means an Application or Project which has met all Minimum Project Threshold Requirements.

“Eligible Basis” means the sum of the eligible cost elements that are subject to depreciation, such as expenditures for new construction, rehabilitation and building acquisition.

“Eligible Persons” or “Eligible Households” means one or more natural persons or a family, irrespective of race, creed, national origin or sex, determined by the Agency to be of low or very low income. In determining the income standards of eligible persons for its various programs, the Agency shall take into account the following factors:

1. Requirements mandated by federal law;
2. Variations in circumstances in the different areas of the state;
3. Whether the determination is for rental housing; and
4. The need for family size adjustments.

“Executive Director” means the Executive Director of the New Mexico Mortgage Finance Authority.

“Extended Use Period” means, with respect to any building that is included in a Tax Credit Project, the period that begins on the first day of the Compliance Period and ends on the later of (i) the ending date of the term specified by the Applicant in the Initial Application Package and recorded in the Land Use Restriction Agreement or (ii) the date that is the fifteenth anniversary
of the last day of the Compliance Period, unless earlier terminated as provided in Section 42(h)(6) of the Code or more stringent requirements of the HCA as reflected in the LURA.

“Feasibility Analysis” means a financial analysis based on rules established by the IRS and MFA to determine a Project’s financial feasibility, which is completed to ascertain a Tax Credit amount, the adequacy of financing sources, the income required to support operation of the Project, etc.

“Federal Grant” means any Federal Grant except those specifically excluded in Section 1.42-16(b) of the Treasury regulations.

“Federal Subsidy” means any construction or permanent financing that is directly or indirectly financed from state or local bonds, including municipal bonds, which are tax-exempt for federal income tax purposes.

“Federally-Assisted Building” means any building which is substantially assisted, financed, or operated under Section 8 of the United States Housing Act of 1937, Section 221(d)(3), Section 221(d)(4), or 236 of the United States Housing Act, Section 515 of the Housing Act of 1949, or any other program administered by the Department of Housing and Urban Development or by the Rural Housing Service of the Department of Agriculture.

“Final Allocation” means a determination by MFA that a Project is complete and that a certain amount of Tax Credits is warranted. The Final Allocation must be requested by the Project Owner, and culminates in delivery of IRS Form 8609 by MFA.

“Financing Commitment” means a commitment for permanent or construction financing which 1) is not subject to further approval by any loan committee or board of directors or other entity of the creditor making the commitment, and 2) contains specific terms of funding and repayment.

“General Partner” means that partner or collective of partners identified as the general partner of the partnership that is the Project Owner and that has general liability for the partnership. If the Project Owner is a limited liability company, the term “General Partner” shall mean the managing member or members with management responsibility for the limited liability company.

“Government Entity or Instrumentality” means any agency or other government created entity of the State of New Mexico, the counties or municipalities of New Mexico, or the tribal governments of New Mexican tribes and pueblos.

“Gross Square Feet” means the area that includes all enclosed space as measured from the exterior face of the building walls. Covered parking and structured parking should not be included in Gross Square Feet.

“Homeless” means a) an individual or family which lacks a fixed, regular, and adequate nighttime residence; or b) an individual or family which has a primary nighttime residence that: 1) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelter, and transitional housing for persons with mental illness); 2) an institution that provides a temporary residence for individuals
intended to be institutionalized, or previously institutionalized; 3) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; or 4) individuals who are certified by their case manager as “doubling up”, “couch surfing” or staying with another household of a relative or friend. The term does not include any individual imprisoned or otherwise detained pursuant to an Act of the Congress or State law.

“Households with Children” means households that include one or more persons under the age of 18 years.

“Households with Special Needs” means households in which an individual or household member is in need of supportive services, tenancy supports, and housing and has a substantial, long term disability, which includes any of the following: (1) Serious Mental Illness; (2) Addictive Disorder (i.e., individuals in treatment and demonstrated recovery from substance abuse disorder); (3) Developmental Disability (e.g., intellectual disability, autism, or other disability acquired before the age of 22); (4) Physical, sensory, or cognitive disability occurring after the age of 22; 5) Disability caused by effects of chronic illness (e.g., people with HIV/AIDS who are no longer able to work); (6) Age-related Disability (e.g., frail elderly, or, young adults with other special needs who have been in the foster care or juvenile services system), or 7) households/individuals who are homeless.

“HUD” means the U.S. Department of Housing and Urban Development.

“Identity of Interest” occurs when any officer, director, board member, or authorized agent of any development team member (consultant, general contractor, attorney, management agent, seller of the land, etc.): (a) is also an officer, director, board member, or authorized agent of any other development team member; (b) has any financial interest in any other development team member’s firm or corporation; (c) is a business partner of an officer, director, board member, or authorized agent of any other development team member; (d) has a family relationship through blood, marriage or adoption with an officer, director, board member, or authorized agent of any other development team member; or (e) advances any funds or items of value to the sponsor/borrower.

“Initial Application” means the Application first provided to MFA on or before an Application Deadline to request an allocation of Tax Credits.

“Land Use Restriction Agreement” or “LURA” means the agreement submitted to the Agency restricting the property to affordable housing use during the Compliance Period and Extended Use Period.

“Letter of Determination” means the letter issued by MFA pursuant to Section 42(m)(1)(D) of the Code advising the Project Owner that MFA has made the determination that a Tax Exempt Bond Financed Project satisfies the requirements for an allocation of Tax Credits under the QAP conditioned upon Project compliance with Section 42 of the Code.

“Local Government” means any county, municipality, tribe or other general-purpose political subdivision in the State of New Mexico.
“Local Lead Agencies” (LLAs) are organizations selected by the New Mexico Behavioral Health Collaborative, or its designee or successor in interest, to be responsible for supportive services including acting as referral agents for community services, providing and coordinating services provided by local service providers for Households with Special Needs. LLAs organize needed services for a specific geographic area, and/or specific target population. The LLA will enter into a formal agreement to provide tenant pre-screening, tenant referrals to the property manager, and social service coordination as well as serving as the Tenant Services Liaison. The LLA will remain in place for the length of the compliance and extended use period.

“Local Notice” means MFA’s letter to the Chief Executive Office (or the equivalent) of the local jurisdiction within which the Project is located, which provides a thirty (30) day period to comment on the Project pursuant to Code Section 42(m)(1)(A)(ii).

“Low Income Housing Tax Credit Program” or “Tax Credit Program” means the rental housing program administered by MFA pursuant to Section 42 of the Code and by the State of New Mexico Executive Order 97-01.

“Low Income Tenants” are households that occupy Set Aside Units.

“Low Income Units” or “Set Aside Units” shall mean units which are rent restricted and set aside for tenants whose income does not exceed 50 percent, 60 percent or some lower percentage, whichever is elected, of Area Gross Median Income.

“Market Rate Units” means residential rental units that are not Low Income Units.

“Minimum Score” means the lowest score with which an Application will be considered to have passed the Minimum Project Threshold Requirement related to scoring.

“Mortgage Revenue Bonds (MRB)” or “Tax Exempt Bonds” means bonds issued by state designated issuers, including MFA, which may be used to finance LIHTC Projects subject to Project allocations made by the State Board of Finance.

“New Mexico Housing Authority (NMHA)” means any public housing authority legally established in the state of New Mexico.

“November 15th” means November 15th, unless this date falls on a weekend or a holiday, in which case it means the first business day following November 15th.

“Ownership of Land” means holding fee title or a qualified leasehold interest.

“Participating Title Company” means a New Mexico title company that maintains pooled, interest-bearing transaction account(s) pursuant to the Land Title Trust Fund Act of 1997.

“Placed in Service” means the date on which the first Unit of a new construction Project is certified or otherwise officially declared as available for occupancy. For acquisitions of existing Projects, it is the date of transfer to a new Project Owner.
“Principal” means an Applicant, any general partner of an Applicant, and any officer, director, board member or any shareholder, general partner, managing member, or affiliate of an Applicant. It also includes any entity receiving any part of a developer fee for a Project. For Project compliance purposes (Section IV.C.11), Principal would include shareholders with interests of 25 percent or more, all officers of a corporation (whether Board members or employees), all general partners or members.

“Program” means the Tax Credit Program as administered by MFA.

“Project” means the development proposed by the Applicant as specifically described in the Application.

“Project Expenses” means usual and customary operating and financial costs. The term does not include extraordinary capital expenses, development fees and other non-operating expenses.

“Project Owner” means the legal entity that ultimately owns the Project and to which Tax Credits will be allocated.

“Project Selection Criteria” means the criteria used to score a Project for Tax Credit allocation purposes.

“Qualified Allocation Plan” or “QAP” means this Qualified Allocation Plan, which was adopted by Board Action on October 21, 2015 and made effective as of January 1, 2016, and which was approved by the Governor of the State of New Mexico pursuant to Section 42(m)(1)(B) of the Code and sets forth the Project Selection Criteria and the preferences for Projects which will receive Tax Credits.

“Qualified Basis” means the portion or percentage of the Eligible Basis that qualifies for the Tax Credit. It is calculated by multiplying the Eligible Basis by the Applicable Fraction.

“Qualified Census Tract” means any Census tract which is designated by the Secretary of Housing and Urban Development as having 50 percent or more of the households at an income level which is less than 60 percent of the Area Gross Median Income in accordance with Section 42(d)(5) of the Code.

“Qualified Leasehold Interest” means a leasehold interest running at least as long as the Extended Use Period.

“Qualified Nonprofit Organization” means an organization described in Sections 501(c)(3) or 501(c)(4) of the IRS Code and exempt from tax under Section 501(a). The production of decent, safe and affordable housing must be one of the defined goals, objectives, or purposes of the nonprofit organization. The nonprofit organization must materially participate in the Project, meaning that the organization must be involved on a regular, continuous, and substantial basis in both the development and operation of the Project during the term of the Compliance Period. The nonprofit must also own an interest in the Project throughout the Compliance Period and may not be affiliated with or controlled by a for-profit organization.
“Rehabilitation Costs” means, as stated in Code Section 42(e)(2), the amounts chargeable to capital accounts and incurred for property in connection with the rehabilitation of a building. For the purposes of the calculation in scoring Rehabilitation Projects, only rehabilitation “hard” costs will be considered, which are those costs that would be included in a construction contract. If the Project does not include the construction of new Rent Restricted Units, the cost of the construction of common space buildings will be considered Rehabilitation Costs.

“Rent Restricted Unit” means, with respect to a Tax Credit Project, a unit for which the gross rent does not exceed 30 percent of the imputed AGMI limitation applicable to such unit as chosen by the Applicant in the Application and in accordance with the Code. Gross rent must be determined from the rent charts included in the Application Package and must correspond to the percentage of AGMI selected by the Applicant in the Application. It includes the cost of utilities, and must be reduced by the amount of tenant-paid utilities. Gross rent includes all income for the unit, including tenant and any subsidy payments. See also “Unit”.

“Reservation” or “Reservation Contract” means the contract executed by MFA and the Applicant with respect to an allocation of Tax Credits, which states the conditions to be met by the Applicant prior to issuance of a Carryover Allocation.

“Reservation Letter” or “Reservation” means a document issued by MFA which describes the amount of Credits provisionally awarded to a Project and the conditions which the Project Owner must meet in order to obtain a Binding Commitment for Tax Credits.

“Reserved” means that the units may not be rented to other categories of households unless the Project Owner demonstrates a subsequent change in the level of demand for such units and a good faith effort to obtain the originally targeted tenant category. Any such change in tenant characteristics must be approved in advance by MFA.

“Rural Development” or “RD” or “USDA” (previously called “Farmer’s Home Administration” or “FmHA” of the United States Department of Agriculture) means Rural Development or other agency or instrumentality created or chartered by the United States to which the powers of the RD have been transferred.

“Senior Households” means households that include at least one person 55 years of age or older.

“Senior Housing” means Projects specifically designed for exclusive use by senior tenants. Senior is defined as those persons 55 years of age or older.

“Set Aside” means all or a portion of a Project’s Units that are Rent Restricted and/or limited to use by a specified tenant income category, or a particular special needs tenant group. Set Asides will be described in the LURA.

“Set Aside Election” means the federally imposed minimum proportion of total Project units set aside as Low Income Units at one or more Area Gross Median Income level(s). This election is
made by the Applicant, and meets the minimum requirements of Code Section 42: larger proportions of units are generally set aside by the Applicant and restricted in the LURA.

“Set Aside Units” means “Low Income Units.”

“Single Room Occupancy” (SRO) means housing consisting of single room dwelling units. The unit must contain either food preparation and/or sanitary facilities.

“Households with Special Needs” means households in which an individual or household member is in need of supportive services, tenancy supports, and housing and has a substantial, long term disability, which includes any of the following: (1) Serious Mental Illness; (2) Addictive Disorder (i.e., individuals in treatment and demonstrated recovery from substance abuse disorder); (3) Developmental Disability (e.g., intellectual disability, autism, or other disability acquired before the age of 22); (4) Physical, sensory, or cognitive disability occurring after the age of 22; 5) Disability caused by effects of chronic illness (e.g., people with HIV/AIDS who are no longer able to work); (6) Age-related Disability (e.g., frail elderly, or, young adults with other special needs who have been in the foster care or juvenile services system), or, 7) households/individuals who are homeless.

“State-Assisted Building” means any building which is substantially assisted, financed, or operated under any State law similar in purposes to Section 8 of the United States Housing Act of 1937, Section 221(d)(3), Section 221(d)(4), or 236 of the United States Housing Act, Section 515 of the Housing Act of 1949, or any other program administered by the Department of Housing and Urban Development or by the Rural Housing Service of the Department of Agriculture.

“Subsidy Layering Review” or “911 Review” means the review conducted under subsidy layering guidelines adopted by HUD in order to assure that excessive subsidies are not provided to Projects which receive both Tax Credits and other governmental assistance.

“Tax Credit Allocation” means Tax Credits approved for a Project by MFA in an amount determined by MFA as necessary to make a Project financially feasible and viable throughout the Project’s Compliance Period pursuant to Section 42(m)(2)(A) of the Code.

“Tax Credit Project” means the proposed or existing rental housing development(s) for which Tax Credits have been applied for or received.

“Tax Credit Ceiling Rents” means the maximum rent that may be charged for a Rent Restricted Unit.

“Tax Exempt Bond Financed Project” means a Project, which is being financed by the issuance of Tax Exempt Bonds subject to applicable volume cap pursuant to Section 42(h)(4) of the Code.

“Tenant Conversion Plan” means a written plan acceptable to MFA, describing the method to be used to enable tenants to acquire ownership of their units at such time as conversion to owner occupancy is allowed under Code Section 42. The Project Owner must provide and
describe the type of homeownership, financial, and maintenance counseling to be offered. The Project Owner must describe in detail how the unit will be converted from a rental unit to homeownership. Other items the plan must contain include:

1. How the unit will be offered for sale and remain affordable.
2. How the value and sales price of the home will be determined at the time of purchase.
3. Any favorable financing or down payment assistance.
4. Formation of any neighborhood associations, and if so the benefits and responsibilities outlined within the proposal.
5. Copy of the plot plan for ultimate subdivision, or proposed condominium declaration.

“Threshold Review” means the assessment of a Project with respect to Minimum Project Threshold Requirements as defined in the QAP.

“Threshold Tests” are the Minimum Project Threshold Requirements described in Section III.C that must be achieved for a Project to be considered further for an allocation.

“Total Development Cost” means the total of all costs incurred or to be incurred by the Project in acquiring, constructing, rehabilitating, and financing the Project. For purposes of calculating developer fees, Total Development Cost will be adjusted to exclude developer fees, consultant fees, commercial space construction costs, and all reserves. For purposes of calculating Cost Limits, the purchase price attributed to the land, any costs related to commercial space, and reserves (not eligible for tax credits) will be excluded.

“Unit” means a residential rental housing unit in a Project including manager and employee units.

“Universal Design” means any component of a house or apartment that increases the usability for people of all ages, size and abilities and enhances the ability of all residents to live independently for as long as possible.
Tab 4
NEW MEXICO MORTGAGE FINANCE AUTHORITY  
Contracted Services/Credit Committee Meeting  
Wednesday, October 14, 2015 @ 10:00 am  
MFA – Albuquerque  
To dial in to the conference call dial: (641) 715-3276 Code for Board members and proxies 561172# MFA  
staff code 561172*

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
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<tbody>
<tr>
<td>1  Roselawn Manor (Artesia) Risk Sharing 542(e) Loan Request (Sabrina Su &amp; Dan Puccetti)</td>
<td>3-0</td>
<td>YES</td>
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<tr>
<td>2  Request for Proposals for Trustee and Paying Agent Services (Kathy Keeler)</td>
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<tr>
<td>3  2016 Annual Action Plan (Debbie Davis)</td>
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Committee Members present:

- Angel Reyes, Chair  
  □ present  □ absent  □ conference call
- Hector Balderas or Sally Malavé  
  □ present  □ absent  □ conference call
- Randy McMillan  
  □ present  □ absent  □ conference call

* Deferred to committee meeting on 10/21/15.
MFA 542(c) ACCESS Loan Approval Form

PROJECT ID

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Roselawn Manor</th>
<th>MFA Loan Number</th>
<th>RS100</th>
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<tr>
<td>Location</td>
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<td>Board Approval Date</td>
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<tr>
<td>Loan Amount</td>
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<tr>
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DEVELOPMENT TEAM

Mortgagor | Roselawn Manor CIC, LLLP
Chelsea Investment Corporation, established in 1984 and based in Carlsbad, CA, is a full-service multifamily affordable housing provider that has developed nearly 8,000 units of affordable housing in California, New Mexico, and Arizona. It is a privately held company with four affiliates: CIC Management, Inc., which manages and maintains many of the properties in the Chelsea portfolio, and three construction companies (Emmerson Construction, Finish Tech Corporation, and Frontera). Chelsea and its affiliates employ a total of approximately 85 employees. CPA-reviewed financial statements for FYE 12/31/14 show approximately $7.3 million in assets, excellent debt-to-worth of .08 to 1, net income of approximately $859K, and positive cash flow.

The Eastern Regional Housing Authority (ERHA) will provide services to residents and oversee the management agent. ERHA is one of New Mexico's three regional housing authorities. Based in Roswell, ERHA serves the following counties: Chaves, De Baca, Eddy, Guadalupe, Harding, Lea, Lincoln, Otero, Quay, Roosevelt, Union and Curry. ERHA administers HUD's Section 8 Housing Choice Voucher Program, including the Family Self Sufficiency and Section 8 Homeownership Programs, for all 12 counties. In 2014, ERHA was named a HUD High Performer, its fifth such award since 2006. ERHA also owns and manages 256 public housing units located in Roswell, Capitan, Carrizozo, Hagerman, and Hobbs. In addition, ERHA recently took over the troubled Vaughn and Eunice Housing Authorities, where it is working to improve occupancy and bring the programs into compliance. The organization has a staff of 23. Audited financial statements for FYE 6/30/14 show about $5.2 million in assets and acceptable debt-to-worth of .71 to 1. There was a minor $25K loss after adding back non-cash charges.

PROJECT DESCRIPTION

Developer | Chelsea Investment Corporation & Eastern Regional Housing Authority
General Partner | Managing General Partner: CIC Roselawn Manor, LLC (.0049% owner), an affiliate of Chelsea Investment Corp.
Co-General Partner: Eastern Regional Housing Authority (.0051% owner)
Contractor | Tofel Construction, LLC
Attorney | Odu & Associates
Architect | Autotroph
Appraiser | TBD
Interim Lender | U.S. Bank
Management Agent | Monarch Properties, Inc.
Investor | A fund of The Richman Group Affordable Housing Corporation (99.99% owner)

Roselawn Manor is a 63-unit new construction rental project to be built in downtown Artesia on the site of the abandoned former Artesia General Hospital, which will be demolished. There will be a two-story residential building with 26 one-bedroom units (590 sq. ft.), 23 two-bedroom units (910 sq. ft.), and 14 three-bedroom units (1,222 sq. ft.). The project will serve 7 families at 30% AMI, 9 at 40% AMI, 23 at 50% AMI, and 23 at 60% AMI. Net rents will range from $319 to $555, $381 to $664, and $491 to $760 for 1, 2 & 3 bedroom units respectively. The project will include a lobby with a lounge area, a community room, a computer room, a supportive services office, and a laundry room with a lounge area. Outdoor spaces will include a rose garden open to the public, a community patio, and a children’s playground. The project will set aside 13 special-needs units. The project will be built to attain LEED for Homes certification. The project has already received a 2015 LIHTC award of $1,150,000 and a $400,000 HOME award.

MARKET AND NEEDS FINDINGS

The MFA-ordered Vogt-Santer market study dated 5/8/15 reported overall market vacancy rates within the Primary Market Area (PMA), which extends from the Artesia city limits to the Carlsbad city limits, of 0%. There is only one other LIHTC project in the PMA, and most government-subsidized projects in the PMA had waiting lists of approximately one year. Rents for this project are forecast at the maximum allowable by LIHTC for the 30%, 40%, and 50% AMI units, and at 17% below the maximum allowable by LIHTC for the 60% AMI units. These rents are all substantially below comparable market rents (minimum 26% less). While declining oil prices may have caused...
housing demand to soften since the market study was conducted, there appears to be significant pent-up demand for this project’s units, and, the project’s equity investor is comfortable with moving forward with the project. The site is in close proximity to services, employment, and retail, and the neighborhood is well-suited to this type of development. The project has no major weaknesses.

An appraisal has not yet been completed, hence our approval condition (see below) requiring a maximum 74% LTV, which is required to obtain a 90% HUD guarantee.

**MFA AVAILABILITY OF ACCESS FUNDS**

$3,525,583 as of 8/31/15

**OTHER REQUESTS/CONDITIONS**

1. Staff requests Board approval to increase the loan by up to 10% if additional funds are needed at final close and the project meets MFA underwriting criteria (e.g. loan-to-value, debt service coverage ratios, occupancy, etc.)

2. The loan-to-value (LTV) may not exceed 74% and will be based on the prospective market value upon achieving stabilized occupancy and assuming market rents, as determined by an appraisal performed by an MFA-approved appraiser.

3. HUD approval is required for this loan, which will be 90% guaranteed by HUD and 10% guaranteed by MFA.

<table>
<thead>
<tr>
<th>Recommend</th>
<th>Sabrina Su, Program Manager</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concur</td>
<td>Daniel Puccetti, Director of Housing Development</td>
<td>Date</td>
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10/6/15
LOAN TERMS - CONSTRUCTION AND PERMANENT FINANCING

Project name: Roselawn Manor

<table>
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<tr>
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<tr>
<td>Interest (2)</td>
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<tr>
<td>Term</td>
<td></td>
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<tr>
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<tr>
<td>Construction Amount</td>
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<tr>
<td>All In Construction Rate</td>
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Debt Service Coverage: RS loan: 1.60:1 soak: 1.23

Mortgage Funding Source: NMMFA ACCESS loan

VALUE ESTIMATES

<table>
<thead>
<tr>
<th>Appraisal Value</th>
<th>Appraisal dated TBD</th>
<th>Total Loan to Value Ratio</th>
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<tr>
<td>Appraisal Value</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Total Development Cost</td>
<td>Estimated, Per MFA and Developer</td>
<td>$14,176,664</td>
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<tr>
<td>Debt Service Coverage</td>
<td>RS loan: 1.60:1</td>
<td>All in: 1.23</td>
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UNIT MIX AND RENT SCHEDULE

<table>
<thead>
<tr>
<th>Number BR/Unit Type</th>
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<th>2-BR</th>
<th>3-BR</th>
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</thead>
<tbody>
<tr>
<td>Number of Units</td>
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<td>3</td>
<td>4</td>
<td>2</td>
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<td>9</td>
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<td>Net Rentable SF/Unit</td>
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<td>910</td>
<td>1,222</td>
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<td>2,822</td>
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<tr>
<td>Rent/Unit/Month</td>
<td></td>
<td></td>
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<td>285</td>
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<td>432</td>
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<th>4-BR</th>
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Market Rate Units & Employee Unit

<table>
<thead>
<tr>
<th>Number BR/Unit Type</th>
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<th>1-BR</th>
<th>2-BR</th>
<th>3-BR</th>
<th>4-BR</th>
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<td>Number of Units</td>
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<tr>
<td>Annual Proposed Gross Rent</td>
<td>0</td>
<td></td>
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</table>

Residential Income and Operating Summary

SOURCES OF FUNDS

Permanent

<table>
<thead>
<tr>
<th>Annual Rental Income</th>
<th>Very Low Income Units @ 40% of Median</th>
<th>$11,740</th>
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<tbody>
<tr>
<td></td>
<td>Low Income Units @ 60% &amp; 50% of Median</td>
<td>$349,428</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$1,100,000</td>
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<tr>
<td></td>
<td>MFA First Mortgage (1)</td>
<td>$3,500,000</td>
</tr>
<tr>
<td></td>
<td>Grants</td>
<td>$1,300,000</td>
</tr>
<tr>
<td></td>
<td>Low Income Units @ 60% &amp; 50% of Median</td>
<td>$349,428</td>
</tr>
<tr>
<td></td>
<td>Very Low Income Units @ 40% of Median</td>
<td>$11,740</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$436,308</td>
</tr>
<tr>
<td></td>
<td>HOME (3)</td>
<td>$400,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$1,436,608</td>
</tr>
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</table>

Market Rate Units

<table>
<thead>
<tr>
<th>Annual Rental Income</th>
<th>Very Low Income Units @ 40%</th>
<th>$2,222</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low Income Units @ 60% &amp; 50%</td>
<td>$2,466</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$802</td>
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<tr>
<td></td>
<td>MFA First Mortgage (1)</td>
<td>$1,300,000</td>
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<tr>
<td></td>
<td>Grants</td>
<td>$1,300,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$436,308</td>
</tr>
<tr>
<td></td>
<td>HOME (3)</td>
<td>$400,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$1,436,608</td>
</tr>
</tbody>
</table>

FOOTNOTES

1. Up to a 10% increase if warranted or may be decreased if necessary to meet MFA underwriting requirements.
2. Subject to change due to market fluctuation prior to closing.
3. MFA approved HOME funds

Net Residential Income: $140,766
Less Annual Operating Expenses: $(270,811)
Net Operating Income: $138,871
### Project Cost Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Residential Costs</th>
<th>Commercial Costs</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>Per Unit</strong></td>
<td><strong>Per Sq. Ft.</strong></td>
<td><strong>Per Unit</strong></td>
</tr>
<tr>
<td>Acquisition Costs</td>
<td>110,000</td>
<td>1,746</td>
<td>110,000</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>10,236,263</td>
<td>162,480</td>
<td>10,236,263</td>
</tr>
<tr>
<td>Prof. Fees, Soft Costs &amp; Financing</td>
<td>2,237,282</td>
<td>35,512</td>
<td>2,237,282</td>
</tr>
<tr>
<td>MFA Fees</td>
<td>20,963</td>
<td>333</td>
<td>20,963</td>
</tr>
<tr>
<td>MFA Direct Costs</td>
<td>15,000</td>
<td>238</td>
<td>15,000</td>
</tr>
<tr>
<td>Syndication Costs</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Escrows/Initial Payments</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>Reserves</td>
<td>348,156</td>
<td>5,526</td>
<td>348,156</td>
</tr>
<tr>
<td>Developer Fees</td>
<td>1,209,000</td>
<td>19,190</td>
<td>1,209,000</td>
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<tr>
<td><strong>Total Development Cost</strong></td>
<td>14,176,664</td>
<td>225,026</td>
<td>14,176,664</td>
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</table>

**Total Cost per Square Foot:** $196.24

### Residential Operating Cost Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Per Gross Square Foot</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Fee</td>
<td>20,441</td>
<td>324</td>
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<tr>
<td>Administrative Costs</td>
<td>23,500</td>
<td>373</td>
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<tr>
<td>Marketing/Leasing</td>
<td>10,230</td>
<td>162</td>
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<tr>
<td>Payroll</td>
<td>71,709</td>
<td>1,138</td>
</tr>
<tr>
<td>Maintenance</td>
<td>36,020</td>
<td>572</td>
</tr>
<tr>
<td>Utilities</td>
<td>64,845</td>
<td>1,029</td>
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<tr>
<td>Taxes &amp; Insurance</td>
<td>20,605</td>
<td>327</td>
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<tr>
<td>Replacement Reserve</td>
<td>18,900</td>
<td>300</td>
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<tr>
<td>Other - TC Monitoring fee</td>
<td>2,790</td>
<td>44</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>269,040</td>
<td>4,270</td>
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</tbody>
</table>

**Total Expenses as % of Effective Gross Income:** 66%

### Special Conditions

**MFA Risk Sharing Percentage:** 10%

#### New Construction - Reserves

1. Latent defects protection in the form of (a) escrow, (b) letter of credit, (c) surety bond, or (d) evidence of contractor’s warranty as well as contractor’s stipulated correction period of at least one year after Substantial Completion, as determined by MFA.

2. Ongoing replacement reserve contributions of 300 per unit per year increasing at 3% per annum.

#### Conditions of Loan Closing

1. Completion of HUD Retained Processing Review and HUD Final Approval Letter.
2. Certificate of Occupancy, Cost Certification and Architect Sign Off acceptable to MFA.
3. Developer and project compliance with all program requirements.
4. Completion of MFA review of final plans and development costs.
5. All other conditions typically required by documents and MFA counsel.
6. HUD guarantee of 90%.

#### Other MFA Obligations

<table>
<thead>
<tr>
<th>Description</th>
<th>MFA Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 LIHTC (9%) - Chelsea - Parkside Terrace</td>
<td>$1,087,936</td>
</tr>
<tr>
<td>2015 LIHTC (9%) - Chelsea/ERHA - Roselawn Manor</td>
<td>$1,150,000</td>
</tr>
<tr>
<td>2015 HOME - Chelsea - Parkside Terrace</td>
<td>$400,000</td>
</tr>
<tr>
<td>2015 HOME - Chelsea/ERHA - Roselawn Manor</td>
<td>$400,000</td>
</tr>
<tr>
<td>2014 Primero grant - Chelsea/ERHA - Roselawn Manor</td>
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</tr>
<tr>
<td>2012 LIHTC (9%) - Chelsea - Park Place</td>
<td>$896,512</td>
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<tr>
<td>2012 HOME - Chelsea - Park Place - $594,635</td>
<td>$594,635</td>
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<tr>
<td>2012 Primero grant - Chelsea - Park Place</td>
<td>$75,000</td>
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**Subtotal: Exposure to Chelsea** $1,444,635

<table>
<thead>
<tr>
<th>Description</th>
<th>MFA Exposure</th>
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<tbody>
<tr>
<td>2015 Linkages contract - ERHA - $30,133</td>
<td>$101,880</td>
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<tr>
<td>2014 GIHA grant - ERHA - Eunice 16 Workforce Housing</td>
<td>$348,000</td>
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<tr>
<td>2014 HTF - ERHA - Eunice 16 Workforce Housing</td>
<td>$650,000</td>
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</table>

**Subtotal: Additional Exposure to ERHA** $1,099,880

**TOTAL MFA EXPOSURE TO CHELSEA AND ERHA** $2,544,515

### MFA Waivers Required

**None**

---

**Prepared By:** Sabrina Su  **Date:** 10/6/2015
Tab 5
MEMORANDUM

TO: MFA Board of Directors

Through: Contracted Services Committee – October 13, 2015

Through: Policy Committee – October 6, 2015

FROM: Debbie Davis

DATE: October 21, 2015

SUBJECT: Approval of Draft 2016 Action Plan

Recommendation:

MFA staff recommends approval of the 2016 Action Plan.

Background:

The Action Plan assesses the needs of low income and special needs persons in New Mexico and prescribes goals and strategies for addressing those needs. The 2016 Action Plan must be submitted by MFA/DFA to the U.S. Department of Housing and Urban Development (HUD) as a requisite to receiving an estimated $14.5 million in the following formula grants: 1) Home Investment Partnership Program (HOME); 2) Emergency Solutions Grant (ESG); 3) Housing Opportunities for Persons with AIDS (HOPWA) and (4) Community Development Block Grants (CDBG).

The New Mexico Mortgage Finance Authority (MFA), as a Participating Jurisdiction (PJ), expects to receive approximately $4.4 million from the U.S. Department of Housing and Urban Development (HUD) in Federal Fiscal Year 2016 in the following formula grants: (1) Home Investment Partnership Program (HOME); (2) Emergency Solutions Grant (ESG); and (3) Housing Opportunities for Persons with AIDS (HOPWA). These funds, expected to be received between January and May 2016, will finance Housing Rehabilitation, Rental Development, Community Housing Development Organization (CHDO) operations, Emergency Housing and Homebuyer Assistance in the non-metro areas of the state. These funds are allocated to subrecipients in accordance with MFA's Board approved Procurement Policies.
The New Mexico Department of Finance and Administration (DFA) as an Entitlement Jurisdiction (Entitlement) expects to receive approximately $10.2 million in formula Community Development Block Grant (CDBG) funds each year. DFA funds primarily infrastructure (water, sewer, utility projects) in the non-metro areas of the state.

The 2015 – 2020 State of New Mexico Consolidated Plan and the 2015 Action Plan was approved by HUD in May, 2015. According to the regulations, this second year Action Plan is due to HUD by November 15, 2015.

Discussion:

Funding Sources:

MFA and DFA estimate receiving approximately $14.6 million for affordable housing and community development formula funding in FFY 2016. The estimate for HOME is based on the House appropriations bill, with a reduction of 15%. The Senate appropriations bill calls for a 93% reduction in HOME funds.

<table>
<thead>
<tr>
<th>HUD FY 2015 Funding</th>
<th>Estimated HUD FY 2016 Funding</th>
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</thead>
<tbody>
<tr>
<td>CDBG $10,203,340</td>
<td>CDBG $10,203,340</td>
</tr>
<tr>
<td>HOME $3,332,253</td>
<td>HOME $2,832,415</td>
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<tr>
<td>ESG $989,566</td>
<td>ESG $989,566</td>
</tr>
<tr>
<td>HOPWA $615,154</td>
<td>HOPWA $615,154</td>
</tr>
<tr>
<td><strong>Total $15,140,303</strong></td>
<td><strong>Total $14,640,475</strong></td>
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</tbody>
</table>

Changes:

HOME:
- The recapture language has been updated to comply with HUD guidance
- The down payment assistance program has been eliminated
- The single family development program is under review and may be reinstated in a new form

The remaining 2016 Action Plan is substantially the same as the 2015 Action Plan, with the exception of the changes noted above. The Action Plan was made available for review on the MFA website at [http://www.housingnm.org/action-plan](http://www.housingnm.org/action-plan) as well as on the DFA website at [http://www.nmdfa.state.nm.us/Community_Development_Bureau_1.aspx](http://www.nmdfa.state.nm.us/Community_Development_Bureau_1.aspx).

Public Participation:

MFA and DFA updated the 2016 Action Plan (Plan) and prepared it for revision in early summer. A thirty day public-examination and comment period was held between September 15, 2015 and October 15, 2015. In addition, MFA conducted two public hearings for the Plan. Notice of the
meetings was published, in English and Spanish, in newspapers in Las Cruces, Roswell, Santa Fe, Farmington, Clovis and Albuquerque, as well as in *El Semanario*, the Spanish language newspaper.

September 14, 2015, 10:00 am  
New Mexico Mortgage Finance Authority  
Board Room  
344 4th Street SW  
Albuquerque, NM 87102

September 28, 2015, 2:00 pm  
New Mexico Mortgage Finance Authority  
Board Room  
344 4th Street SW  
Albuquerque, NM 87102

**Summary:**

Staff has developed and is seeking approval of the 2016 Action Plan. The Action Plan assesses the needs of low income and special needs persons in New Mexico and prescribes goals and strategies for addressing those needs. The 2016 Action Plan must be submitted by MFA/DFA to the U.S. Department of Housing and Urban Development (HUD) as a requisite to receiving an estimated $14.6 million in the following formula grants: 1) Home Investment Partnership Program (HOME); 2) Emergency Solutions Grant (ESG); 3) Housing Opportunities for Persons with AIDS (HOPWA) and (4) Community Development Block Grants (CDBG). These funds, expected to be received in July of 2016, will finance owner-occupied rehabilitation, rental development, CHDO operations, emergency shelter operations, homelessness prevention and infrastructure development. MFA and DFA collaborate to develop the Action Plan. Final award amounts will be submitted through the Staff Action Report.
2016 New Mexico Annual Action Plan

New Mexico Mortgage Finance Authority

Department of Finance and Administration
2016 New Mexico Annual Action Plan

New Mexico Mortgage Finance Authority
344 4th Street Southwest
Albuquerque, NM 87102-3206

and

New Mexico Department of Finance and Administration
407 Galisteo
Bataan Memorial Building, Room 202
Santa Fe, NM 87501

DRAFT
Alternative accessible formats of this document will be provided upon request. If you need this document in an alternative format such as large print, Braille, audiotape, or computer diskette, please contact Debbie Davis at the New Mexico Mortgage Finance Authority at:
Phone: 505-843-6880
Instate Toll Free: 1-800-444-6880
Fax: 505-243-3289

Dial 7-1-1 to use Hamilton Relay in New Mexico or call one of the toll free numbers below:
TTY: 800-659-8331
Voice: 800-659-1779
VCO (Voice Carry Over): 877-659-4174
Mobile Caption Service: 800-855-8111
Speech-to-Speech: 888-659-3952
Spanish: 800-327-1857
(Includes Spanish-to-Spanish and translation from English to Spanish)
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Annual Action Plan
2016

OMB Control No: 2506-0117 (exp. 07/31/2015)
Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

All sections are marked with the HUD Integrated Disbursement and Information System (IDIS), eCon Planning Suite Action Plan screen number and name, and the report is laid out in the way that it occurs, in order, with regulatory references.

The 2016 New Mexico Annual Action Plan is the one-year planning document identifying the needs and respective resource investments in addressing the state’s housing, homeless, non-homeless special needs populations, community development and economic development needs.

Both MFA and DFA have been experiencing severe reductions in federal funds. To implement the 2010-2015 Consolidated Plan (Con Plan), both agencies received a total of $88.8 million, with steep reductions of between 35% and 53% between FY11 and FY12. MFA and DFA are implementing the 2nd year of our 2015-2020 five [5] year Con Plan with an estimated $15.1 million for one year. It is also expected that MFA’s HOME Investment Partnership Program (HOME) monies will be further reduced in FY16, if not eliminated altogether. According to data from the National Council of State Housing Agencies, potential reductions range from 15% to 93%.

2. Summarize the objectives and outcomes identified in the Plan

The goals of the MFA and DFA are to provide decent housing, a suitable living environment and expanded economic opportunities for the state’s low- and moderate-income residents. The MFA and DFA strive to accomplish these goals by maximizing and effectively utilizing all available funding resources to conduct housing and community development activities that will serve the economically disadvantaged residents of the state. By addressing need and creating opportunity at the individual and neighborhood levels, the MFA and DFA hopes to improve the quality of life for all residents of the state. These goals are further explained as follows:

- Providing decent housing means helping homeless persons obtain appropriate housing and assisting those at risk of homelessness; preserving the affordable housing stock; increasing availability of permanent housing that is affordable to low- and moderate-income persons without discrimination; and increasing the supply of supportive housing.
• Providing a suitable living environment entails improving the safety and livability of neighborhoods; increasing access to quality facilities and services.

• Expanding economic opportunities involves creating jobs that are accessible to low- and moderate-income persons; making mortgage financing available for low- and moderate-income persons at reasonable rates; providing access to credit for development activities that promote long-term economic and social viability of the community; and empowering low-income persons to achieve self-sufficiency to reduce generational poverty in federally-assisted and public housing.

Goal 1: Finance multifamily rental new construction: 10 household housing units *(apartments)

Goal 2: Provide financial assistance to eligible homebuyers: 1 household housing unit added (house)

Goal 3: Provide resources for owner-occupied rehab: 20 household housing units (houses)

Goal 4: Finance multifamily rental acquisition and rehab: 10 household housing units (apartments)

Goal 5: Encourage development of special needs housing: 10 household housing units (apartments)

Goal 6: Expand housing for special needs populations: 5 household housing rental units constructed, 290 (RAP) households assisted with tenant based rental assistance (families provided with assistance)

Goal 7: Fund services for persons living with AIDS: 4 household housing units added, (house or apartment), 500 household housing units served with housing operations (house or apartment)

Goal 8: Expand services for people experiencing homelessness: 5,096 persons assisted with overnight shelter, (emergency shelter), 580 persons assisted with homelessness prevention (house or apartment)

Goal 9: Increase living environments for homeless persons: 3 beds added for overnight/emergency shelter/transitional housing (shelter beds)

Goal 10: Enhance infrastructure, public facilities, housing: 43,000 low/moderate households assisted with public facilities or infrastructure, 1 job created (families assisted), 1 job created or retained (by CDBG recipients)

*Goals shown above are those generated by the eCon Planning Suite in IDIS, so we have provided an explanation in parenthesis. Goals are to be the result of work to be performed in 2016.

3. Evaluation of past performance

The evaluation of past performance on HOME, CDBG, ESG and HOPWA has been completed in a thorough Consolidated Annual Performance and Evaluation Report (CAPER), most recently published in March, 2015. The CAPER was approved by HUD CPD on May 10, 2015. The document states the objectives and outcomes identified in the 2015 Annual Action Plan and include an evaluation of past performance through measurable goals and objectives compared to actual performance. This document can be found on MFA’s website at http://www.housingnm.org/resources/caper and on DFA’s website at http://www.nmdfa.state.nm.us/NM_Performance_Evaluation_Report_1.aspx.

4. Summary of Citizen Participation Process and consultation process

The state of New Mexico is committed to keeping all interested groups and individuals informed of each phase of the consolidated planning process and of activities being proposed
or undertaken under HUD formula grant programs. Opportunities to comment on or participate in planning community development and affordable housing activities and projects will be publicized and disseminated throughout the state.

Public Hearings and Meetings

MFA and DFA, pursuant to their Citizen Participation Plan, published in statewide newspapers of general circulation a Notice of Public Hearings on the New Mexico DRAFT 2016 Annual Action Plan, seeking public comment. A thirty day public-examination and comment period began on September 14, 2015 and ended on October 14, 2015. In addition, DFA and MFA conducted two public hearings to obtain citizens' views and to respond to proposals and questions. The hearings took place on the dates and at the locations below, as well as via webcast at www.housingnm.org.

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Location</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 14, 2015</td>
<td>10:00 am</td>
<td>MFA Board Room</td>
<td>344 4th Street SW, Albuquerque, NM 87102</td>
</tr>
<tr>
<td>September 28, 2015</td>
<td>2:00 pm</td>
<td>MFA Board Room</td>
<td>344 4th Street SW, Albuquerque, NM 87102</td>
</tr>
</tbody>
</table>

Information about the time, location and subject of each hearing was provided to citizens through the above processes. Notification was also disseminated to local governments and other interested parties via our various email listings. MFA and DFA staff may also attend other meetings and conventions in New Mexico throughout the year, thereby providing an opportunity for additional public information on the Consolidated Plan.

Every effort will be made to ensure that public hearings are inclusive. Hearings will be held at convenient times and locations and in places where people most affected by proposed activities can attend. The MFA and DFA will utilize hearing facilities that are accessible to persons with mobility impairments. If written notice is given at least seven days before a hearing date, the MFA will provide appropriate materials, equipment and interpreting services to facilitate the participation of non-English speaking persons and persons with visual and/or hearing impairments. Interpreters will be provided at public hearings where a significant number of non-English speaking residents can be reasonably expected to participate. All public hearings and public meetings associated with the consolidated planning process will conform to applicable New Mexico open meetings laws.

5. Summary of public comments

Brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

Attendees at both public hearings were staff members of MFA and DFA. Members of the public did not attend either hearing in person.
6. **Summary of comments or views not accepted and the reasons for not accepting them**  
   No comments were received.

7. **Summary**  
Pursuant to the Citizen Participation Plan, notices were published in statewide newspapers of general circulation, as well as on both MFA and DFA websites. No comments were received during the 30 day public examination and comment period.
PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

<table>
<thead>
<tr>
<th>Agency Role</th>
<th>Name</th>
<th>Department/Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Agency</td>
<td>NEW MEXICO MFA</td>
<td>Community Development Dept.</td>
</tr>
<tr>
<td>CDBG Administrator</td>
<td>NEW MEXICO DFA</td>
<td>Local Government Division</td>
</tr>
<tr>
<td>HOPWA Administrator</td>
<td>NEW MEXICO MFA</td>
<td>Community Development Dept.</td>
</tr>
<tr>
<td>HOME Administrator</td>
<td>NEW MEXICO MFA</td>
<td>Community Development Dept.</td>
</tr>
<tr>
<td>ESG Administrator</td>
<td>NEW MEXICO MFA</td>
<td>Community Development Dept.</td>
</tr>
<tr>
<td>HOPWA-C Administrator</td>
<td>NEW MEXICO MFA</td>
<td>Community Development Dept.</td>
</tr>
</tbody>
</table>

Table 1 – Responsible Agencies

Narrative

The New Mexico Mortgage Finance Authority (MFA), lead agency for the Consolidated Plan, is responsible for the HOME Investment Partnerships (HOME), the Emergency Solutions Grant (ESG), and the Housing Opportunities for Persons with AIDS (HOPWA) programs. The Department of Finance and Administration (DFA), Local Government Division, is responsible for the Community Development Block Grant program.

Consolidated Plan Public Contact Information

Debbie Davis
New Mexico Mortgage Finance Authority
344 4th Street SW
Albuquerque, NM 87102
505-843-6880
800-444-6880
davis@housingnm.org
AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

In developing the Action Plan, MFA and DFA used their Citizen Participation Plans and existing practices of consultation and participation in assessing needs along with continuous evaluation of their administration of federal programs through public hearings, conventional notices and web availability.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l)).

MFA and DFA consulted with a wide variety of organizations in order to gain understanding of the housing and community development stage. This represents a collective effort from a broad array of entities in New Mexico, ranging from advocacy groups for the disabled to economic development organizations. Private, non-profit and public organizations, including mayors, county supervisors, county commissioners, county managers, planning and development district administrators, councils of government, persons interested in the CDBG program, persons interested in the HOME program, persons associated with Continuum of Care organizations, and public housing agencies and the New Mexico Department of Health. These persons were contacted through several means, e-mail correspondence, and telephone interviews and face-to-face interactions and asked to discuss housing and community development needs in New Mexico, including the ranking of those needs and activities that the MFA and DFA might consider in better addressing needs throughout the state. Further, individuals were asked to provide additional insight into prospective barriers and constraints to addressing housing and community development needs in New Mexico.

Provide a concise summary of the state's activities to enhance coordination with local jurisdictions serving Colonias and organizations working within Colonias communities.

1 The State CDBG colonias set-aside was authorized in 1990, under the Cranston-Gonzalez National Affordable Housing Act of 1990 (Pub. L. 101-625, Nov. 28, 1990) (the Act) and was made permanent by the Appropriations Act of 1997 (Pub. L. 104-204, Sept. 26, 1996, 110 Stat. 2887). The Act defines a colonia as any identifiable community (i.e., with defined boundaries) within 150 miles of the United States-Mexico border in Arizona, California, New Mexico and Texas, that was in existence before November 28, 1990, excluding metropolitan statistical areas with populations exceeding one million.

In addition to being in existence before November 28, 1990, Section 916(e)(1)(C) requires a colonia to be "determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing." This means that all three expressly named criteria be included in such list and that at least one of three be included in each instance. This determination should be made by the State or unit of general local government (UGLG).
Input for the Action Plan from the City of Las Cruces, the local HOME and CDBG jurisdiction, was included solicited in the process through an invitation to comment on the plan throughout the participation process. In addition, MFA is a member of the Colonias Infrastructure Board. The primary purpose of the Colonias Infrastructure Act is to ensure adequate financial resources for infrastructure development for recognized colonias, to provide for planning and development of infrastructure in an efficient and cost-effective manner, and to develop infrastructure projects to improve quality of life and encourage economic development. Copies of the Draft 2016 Action Plan were sent to each local jurisdiction receiving CDBG or HOME funds throughout the state with comments requested. Additionally, the Draft 2016 Action Plan was sent to the CDBG grantee listing, and to the Councils of Government throughout the state.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The MFA provides support for activities undertaken by the New Mexico Coalition to End Homelessness (NMCEH) through financial commitments, including resources from its General Fund, and in-kind contributions, such as meeting facilities and technical assistance to its members. The New Mexico Coalition to End Homelessness (NMCEH) was founded in 2000 to coordinate statewide efforts to end homelessness. Founded as a partnership between a group of nonprofit agencies and the MFA, it has three major areas of operation: to support homeless service agencies in New Mexico, to educate people in New Mexico about homelessness, and to advocate for solutions to homelessness at the state Legislature and other government bodies. The mission of the New Mexico Coalition to End Homelessness (NMCEH) is to assist communities to create solutions to homelessness from prevention through permanent housing by using action, advocacy, and awareness. In addition to administering both Continuums of Care (CoCs) in New Mexico, NMCEH also offers training and technical assistance to nonprofit agencies and other groups in New Mexico, partners with other organizations to create supportive housing, manages the New Mexico Homeless Management Information System (HMIS), and is engaged in campaigns to end veteran homelessness and to adequately fund the national and state housing trust funds. MFA and NMCEH advocacy efforts have rendered additional funding for homeless programs to include match money for CoCs.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS.

Under a directive from Congress via the Department of Housing and Urban Development (HUD), the MFA, in conjunction with the City of Albuquerque and the New Mexico Coalition to End Homelessness (NMCEH), developed and implemented the New Mexico HMIS system. This data management system continues to be funded, in part, with MFA general fund dollars.
In 2011 the New Mexico HMIS underwent a major upgrade with the addition of more dedicated staff and the transition to a new software system, Bowman ServicePoint, funded in part by Homelessness Prevention and Rapid Re-Housing Program (HPRP), as approved by HUD. The system collects information on persons served and services provided, in accordance with the HMIS Data Standards established by HUD. This data management system collects information on the homeless community, including the number of unduplicated clients, and the kinds and types of services provided, in accordance with the HMIS Data Standards established by HUD. In addition, CoC and MFA personnel meet regularly to address the allocation of ESG funds and evaluating performance. The MFA is a part of the HMIS Governing Committee for both the Albuquerque and Balance of State CoCs. This data management system continues to be funded, in part, with MFA general fund dollars.

7.8. Describe agencies, groups, organizations and others who participated in the process and consultations with housing, social service agencies and other entities

DFA sought and continues to seek input from the Community Development Council (CDC), Councils of Government, Mayors, County Commissioners, County Managers, Grants Administrators, other Local and County officials, as well as other state agencies on infrastructure, public facilities, planning, economic development, emergency and housing needs across the state. DFA is also in the process of collaborating with other state agencies to streamline the funding, application, and program processes across the state. In the future, these efforts will help maximize funding and mainstream the grants administration process for all municipalities and counties.

MFA received input throughout the year from a number of external advisory and oversight committees comprising representatives from various housing-related industries, political parties and geographic areas of the state to advise and comment on activities undertaken with federal dollars. These committees include the Mortgage Finance Authority Act Legislative Oversight Committee, the New Mexico Housing Trust Fund Advisory Committee, the Land Title Trust Fund Advisory Committee and the Allocation Review Committee. MFA will continue to work with and consult with these committees regarding activities undertaken or proposed changes in activities to be undertaken throughout the tenure of this plan. MFA also meets annually with focus groups based upon activities undertaken, i.e., a development focus group, a rehabilitation focus group, and a homeless focus group.

MFA and DFA recognize that many times, the difference between success and failure in a partnership is in the ability to operate with an effective communication system. In an effort to help organizations develop that capacity, MFA and DFA will continue their outreach to a variety of agencies and entities involved with housing and community development activities in New Mexico, including the New Mexico Coalition to End Homelessness, the Behavioral Health Collaborative, the New Mexico Department of Mental Health, New Mexico Professional Technical Advisory Board (PTAB), Councils of Governments (COG), New Mexico Environment Department (NMED), New Mexico Department of Transportation (NMDOT), USDA Rural
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<table>
<thead>
<tr>
<th></th>
<th>Agency/Group/Organization</th>
<th>NEW MEXICO COALITION TO END HOMELESSNESS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Agency/Group/Organization Type</strong></td>
<td>Services-homeless</td>
</tr>
<tr>
<td>1</td>
<td><strong>What section of the Plan was addressed by Consultation?</strong></td>
<td>Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy</td>
</tr>
<tr>
<td></td>
<td><strong>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</strong></td>
<td>Plan coordination and review to assist in developing priority needs and strategies.</td>
</tr>
<tr>
<td>2</td>
<td>Agency/Group/Organization</td>
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<td></td>
<td><strong>Agency/Group/Organization Type</strong></td>
<td>Other government – Local</td>
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<td></td>
<td><strong>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</strong></td>
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</tr>
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<td>3</td>
<td>Agency/Group/Organization</td>
<td>FARMINGTON, CITY OF</td>
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<td><strong>Agency/Group/Organization Type</strong></td>
<td>Other government – Local</td>
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<tr>
<td></td>
<td><strong>What section of the Plan was addressed by Consultation?</strong></td>
<td>Housing Need Assessment Homeless Needs - Chronically homeless Non-Homeless Special Needs Market Analysis Economic Development</td>
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<tr>
<td></td>
<td><strong>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</strong></td>
<td>Plan coordination and review to assist in developing priority needs and strategies.</td>
</tr>
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<td>Agency/Group/Organization</td>
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<td><strong>Agency/Group/Organization Type</strong></td>
<td>Other government – Local</td>
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<tr>
<td><strong>What section of the Plan was addressed by Consultation?</strong></td>
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<thead>
<tr>
<th>Agency/Group/Organization</th>
<th>RIO RANCHO, CITY OF</th>
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<tbody>
<tr>
<td><strong>Agency/Group/Organization Type</strong></td>
<td>Other government – Local</td>
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<tr>
<td><strong>What section of the Plan was addressed by Consultation?</strong></td>
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<td><strong>What section of the Plan was addressed by Consultation?</strong></td>
<td>Housing Need Assessment Homeless Needs - Chronically homeless Non-Homeless Special Needs Market Analysis Economic Development</td>
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<th>Agency/Group/Organization</th>
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<td><strong>Agency/Group/Organization Type</strong></td>
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<td><strong>What section of the Plan was addressed by Consultation?</strong></td>
<td>Housing Need Assessment Public Housing Needs Market Analysis Economic Development</td>
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<td><strong>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</strong></td>
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<th>Agency/Group/Organization</th>
<th>NAVAJO PARTNERSHIP FOR HOUSING</th>
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<td><strong>Agency/Group/Organization Type</strong></td>
<td>Housing</td>
</tr>
<tr>
<td>Agency/Group/Organization</td>
<td>Housing Need Assessment</td>
</tr>
<tr>
<td>-------------------------------------------</td>
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<tr>
<td>NEW MEXICO NAHRO</td>
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<tr>
<td>Agency/Group/Organization Type</td>
<td>Housing PHA</td>
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<tr>
<td>Agency/Group/Organization Type</td>
<td>Regional organization Organizations Serving Colonias</td>
</tr>
<tr>
<td>SOUTHWEST NEW MEXICO COUNCIL OF GOVERNMENTS</td>
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<tr>
<td>Agency/Group/Organization Type</td>
<td>Housing</td>
</tr>
<tr>
<td>APARTMENT ASSOCIATION OF NEW MEXICO</td>
<td></td>
</tr>
<tr>
<td>Agency/Group/Organization Type</td>
<td>Other government - County</td>
</tr>
<tr>
<td>SANTA FE COUNTY</td>
<td></td>
</tr>
<tr>
<td>Agency/Group/Organization</td>
<td>Type</td>
</tr>
<tr>
<td>---------------------------</td>
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<tr>
<td>OTERO COUNTY HABITAT FOR HUMANITY</td>
<td>Housing</td>
</tr>
<tr>
<td>SUPPORTIVE HOUSING COALITION OF NEW MEXICO</td>
<td>Housing, Services - Housing, Services-Persons with Disabilities, Services-homeless</td>
</tr>
<tr>
<td>ALBUQUERQUE HOUSING AUTHORITY</td>
<td>Housing, PHA, Services - Housing, Services-Elderly Persons, Services-homeless</td>
</tr>
<tr>
<td>BERNALILLO COUNTY HOUSING DEPT</td>
<td>Housing, PHA</td>
</tr>
<tr>
<td>Agency/Group/Organization</td>
<td>EASTERN REGIONAL HOUSING AUTHORITY</td>
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<td>Agency/Group/Organization Type</td>
<td>Housing</td>
</tr>
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<td>Services - Housing</td>
<td>PHA</td>
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<tr>
<td>Services - Elderly Persons</td>
<td>Services - Victims of Domestic Violence</td>
</tr>
<tr>
<td>Services - Homeless</td>
<td>Regional organization</td>
</tr>
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**Annual Action Plan 2016**

OMB Control No: 2506-0117 (exp. 07/31/2015)
| What section of the Plan was addressed by Consultation? | Housing Need Assessment  
Public Housing Needs  
Homeless Needs - Chronically homeless  
Homeless Needs - Families with children  
Homelessness Needs - Veterans  
Homelessness Needs - Unaccompanied youth  
Homelessness Strategy  
Non-Homeless Special Needs  
Market Analysis  
Colonias Set-aside Strategy |
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<tbody>
<tr>
<td>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</td>
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</tr>
</tbody>
</table>
Identify any Agency Types not consulted and provide rationale for not consulting

Other local/regional/state/federal planning efforts considered when preparing the Plan

<table>
<thead>
<tr>
<th>Name of Plan</th>
<th>Lead Organization</th>
<th>How do the goals of your Strategic Plan overlap with the goals of each plan?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuum of Care</td>
<td>NM Coalition to End Homelessness</td>
<td>MFA contributes financial support for the Coalition and in conjunction with the City of Albuquerque and the Coalition, has developed and implemented the New Mexico HMIS system. MFA participates in the CoC steering committee. MFA uses State Homeless funding to provide financial support to agencies receiving CoC awards.</td>
</tr>
<tr>
<td>2015 Annual Action Plan</td>
<td>City of Albuquerque</td>
<td>MFA’s goals overlap with those of the City of Albuquerque in providing affordable housing for the citizens of the State of New Mexico.</td>
</tr>
<tr>
<td>Low Income Housing Tax Credit</td>
<td>New Mexico Mortgage Finance Authority</td>
<td>The QAP, also prepared by MFA, is well aligned with the goals of the strategic plan to encourage the preservation and creation of affordable rental housing.</td>
</tr>
<tr>
<td>Qualified Allocation Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analysis of Impediments to Fair Housing Choice</td>
<td>New Mexico Mortgage Finance Authority, with Department of Finance and Administration</td>
<td>Many of the recommendations from the AI have been incorporated in past and current Annual Action Plans, as well as in the Consolidated Plan.</td>
</tr>
</tbody>
</table>

Table 3 – Other local / regional / federal planning efforts

Narrative
1. Summary of citizen participation process/Efforts made to broaden citizen participation

Summarize citizen participation process and how it impacted goal-setting

MFA and DFA conducted two public hearings on housing and community development issues to allow citizens the opportunity to provide input into this current FFY 2016 Annual Action Plan. The use of webcasting, regular notices and online publication to solicit feedback for the development of the Annual Action Plan was a key component of our citizen participation strategy.

E-mail blasts were sent upon approval of the draft document to affordable housing developers, public housing agencies, HOME, ESG, HOPWA and CDBG recipients, Councils of Governments, disability advocates and service providers and providers of housing and services to the homeless. On September 14 and September 28, 2015, MFA and DFA presented the 2016 Action Plan at the MFA Board Room and via webcast. The times, location and purpose of the public meeting were advertised in both English and Spanish in the Albuquerque, Santa Fe, Las Cruces, Roswell, Farmington and Clovis newspapers on August 30 (or 31), two weeks prior to the meeting. The notice was also placed in the Spanish language newspaper, *El Semanario*. Copies of the 2016 Action Plan were also sent via e-mail to both MFA and DFA contact lists, as noted above. The notice was published on MFA’s “NM Annual Action Plan” page and on DFA’s web page at [http://www.nmdfa.state.nm.us/2011_New_Mexico_Action_Plan_1.aspx](http://www.nmdfa.state.nm.us/2011_New_Mexico_Action_Plan_1.aspx). Notices were also sent to our non-profit partners who provide services and programs in Colonias. A total of five (5) people attended the hearings, none of them members of the public.

The goals set forth in this Action Plan are carried forward from the 2015-2020 Consolidated Plan/2015 Action Plan previously approved by HUD. The citizen participation process, including focus groups, surveys and public hearings, during prior plan development was instrumental in determining what federal funding should be applied to what activity.

2. Summary citizen participation process and efforts made to broaden citizen participation in Colonias

The Las Cruces entitlement jurisdiction, the regional Council of Governments and the Regional Housing Authority were sent copies of the draft 2016 Annual Action Plan and requested to distribute it for comment to their network of contacts. In addition, the public notice was published for the first time in the only Spanish newspaper in New Mexico, *El Semanario*. 

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AP-12 Participation - 91.115, 91.300(c)
<table>
<thead>
<tr>
<th>Sort Order</th>
<th>Mode of Outreach</th>
<th>Target of Outreach</th>
<th>Summary of responders/attendance</th>
<th>Summary of comments received</th>
<th>Summary of comments not accepted and reasons</th>
<th>URL (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Public Hearing</td>
<td>Minorities</td>
<td>See Appendices 5 staff members in attendance</td>
<td>None</td>
<td>N/A</td>
<td><a href="http://www.housingnm.org">www.housingnm.org</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-English Speaking - Specify other language: Spanish Non-targeted/broad community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Newspaper Ad</td>
<td>Minorities</td>
<td>See Appendix Cees</td>
<td>None</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-English Speaking - Specify other language: Spanish Non-targeted/broad community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4 – Citizen Participation Outreach
Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

Housing and community development resources are expected to be available to the state of New Mexico through the US Department of Housing and Urban Development (HUD) under several federal block grant programs. These block grants include the Small Cities Community Development Block Grant (CDBG) Program, Home Investment Partnerships Program (HOME), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). The HOME program will produce program income that will also be available for program specific housing and community development activities in the state.

MFA is aware that there is a potential for HOME funding to be severely cut back for the federal fiscal year of 2016 and future years. Our best information indicates that if this cut occurs, New Mexico would be in line to receive approximately $350,000 in HOME funds. If that comes to pass, MFA would evaluate its ability to participate in the HOME program.

In addition, several HUD-funded competitive grants are also available. MFA and its partner agencies may compete for additional resources under the Supportive Housing Program (SHP), Shelter Plus Care (S+C), Section 811 Housing for Persons with Disabilities, Section 202 Housing for the Elderly, Rural Innovation Fund, and Housing Counseling. Many programs leverage their resources with other HUD funding sources that they receive directly such as the Housing Finance Agency Risk-Sharing Program for Insured Affordable Multifamily Project Loans under section 542(c) of the Housing and Community Development Act of 1992, The Self-Help Homeownership Opportunity Program (SHOP) and the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA).

The Section 108 Loan Guarantee Program is authorized under Section 108 of the Housing and Community Development Act of 1974 (42 USC 5308) as part of the CDBG Program. In July 2012 DFA applied directly to HUD for $42.2 million in Section 108 Loans to be guaranteed by the state’s CDBG Allocation. The Section 108 Loan Guarantee Program allows for loans to be made to small cities and counties on behalf of their needs for economic and community development. The Section 108 Loan Guarantee Program offers local governments a source of financing for economic development, large-scale public facility projects, and public infrastructure. HUD sells bonds on the private market and uses the proceeds to fund Section 108 loans through the state to local governments. The local government may loan the funds to third parties to undertake eligible CDBG activities (typically economic development) or use the funds for other eligible CDBG activities that must be repaid. CDBG future allocations are used as secondary security for the HUD loan to the local government (the loan guarantee).
MFA’s additional federal resources include Mortgage Revenue Bonds (MRBs) and Low Income Housing Tax Credits (LIHTC) available from the IRS, Weatherization Assistance Program (WAP) funds awarded by the Department of Energy, and Low Income Home Energy Assistance Program (LIHEAP) funds through the New Mexico Human Services Department. Other resources are available to rural areas through several programs funded by the US Department of Agriculture. These rural development programs include: Guaranteed Rural Housing Program, Section 502 Direct Loan Program, Section 504 Loan/Grant Repair Program, Section 514/516 Farm Labor Housing Program and Section 515 Rural Rental Housing Loan Program.

Other nonfederal resources expected to be available through MFA include resources from the MFA Housing Opportunity Fund and General Fund, taxable bonds, 501(c)(3) bonds, the state Affordable Housing Tax Credit Program, and the New Mexico Housing Trust Fund. MFA receives money from PNM, Xcel Energy, and New Mexico Gas Company, the state’s largest utilities, for energy efficiency measures, as well as funding from small cooperative energy companies throughout the state. MFA has established a charitable trust that can receive and lend money to foster more affordable housing in New Mexico. Under the state Affordable Housing Act, capital outlay money from the New Mexico state Legislature can be used for affordable housing activities as long as the use of the funds is consistent with the Act, its implementing regulations and all applicable local regulations.
## Anticipated Resources

<table>
<thead>
<tr>
<th>Program</th>
<th>Source of Funds</th>
<th>Uses of Funds</th>
<th>Annual Allocation: $</th>
<th>Program Income: $</th>
<th>Prior Year Resources: $</th>
<th>Total: $</th>
<th>Expected Amount Available Reminder of Con Plan $</th>
<th>Narrative Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDBG</td>
<td>public - federal</td>
<td>Acquisition, Admin and Planning, Economic Development, Housing, Public Improvements, Public Services, Facilities</td>
<td></td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td>State of New Mexico CDBG State and Small Cities Program</td>
</tr>
<tr>
<td>HOME</td>
<td>public - federal</td>
<td>Acquisition, Homebuyer assistance, Homeowner rehab, Multifamily rental new construction, Multifamily rental rehab, New construction for ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State of New Mexico HOME Program</td>
</tr>
<tr>
<td>HOPWA</td>
<td>public - federal</td>
<td>Permanent housing in facilities, Permanent housing placement, Short term or transitional housing facilities, STRMU, Supportive services, TBRA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State of New Mexico HOPWA MFA gets the City of Albuquerque HOPWA Allocation as well.</td>
</tr>
<tr>
<td>ESG</td>
<td>public - federal</td>
<td>Conversion and rehab for transitional housing, Financial Assistance, Overnight shelter, Rapid re-housing (rental assistance), Rental Assistance Services, Transitional housing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State of New Mexico ESG</td>
</tr>
<tr>
<td>Program</td>
<td>Source of Funds</td>
<td>Uses of Funds</td>
<td>Expected Amount Available Year 2</td>
<td>Narrative Description</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
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<td>--------------</td>
<td>----------------------------------</td>
<td>-----------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Public – state</td>
<td>Acquisition Homebuyer assistance</td>
<td>Expected Amount: $285,825,000 Program Income: $0 Prior Year Resources: $0 Total: $285,825,000 Reminder of Con Plan $0</td>
<td>MFA provides low interest mortgage financing with down payment assistance for homebuyers throughout the state</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Public – federal</td>
<td>Multifamily rental new construction Multifamily rental rehab</td>
<td>Expected Amount: $80,000,000 Program Income: $0 Prior Year Resources: $0 Total: $80,000,000 Reminder of Con Plan $0</td>
<td>MFA provides low interest mortgage financing for rental developers throughout the state</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Public – federal</td>
<td>Multifamily rental new construction Multifamily rental rehab</td>
<td>Expected Amount: $4,796,160 Program Income: $0 Prior Year Resources: $0 Total: $4,796,160 Reminder of Con Plan $0</td>
<td>Estimated annual allocation of 9% LIHTC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Public – federal</td>
<td>Multifamily rental new construction Multifamily rental rehab</td>
<td>Expected Amount: $1,700,000 Program Income: $0 Prior Year Resources: $0 Total: $1,700,000 Reminder of Con Plan $0</td>
<td>Estimated annual allocation of 4% LIHTC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Public – federal</td>
<td>Multifamily rental assistance</td>
<td>Expected Amount: $25,547,564 Program Income: $0 Prior Year Resources: $0 Total: $25,547,564 Reminder of Con Plan $0</td>
<td>MFA has contract for PBCA for New Mexico</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Public – federal</td>
<td>Weatherization</td>
<td>Expected Amount: $1,623,996 Program Income: $0 Prior Year Resources: $0 Total: $1,623,996 Reminder of Con Plan $0</td>
<td>DOE funded Weatherization Assistance Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5 - Expected Resources – Priority Table
Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

Federal funds in the programs shown above are leveraged in many ways. CDBG funds are leveraged with appropriations from the state legislature and the local government. HOME funds are leveraged with HUD Risk Sharing, RAD funds, NAHASDA funds, USDA loans and grants, mortgage revenue bonds, TBA—mortgage backed securities, Low Income Housing Tax Credits, DOE and State Weatherization funds, and MFA’s Housing Opportunity Fund and our General Fund. ESG is leveraged with appropriations from the state legislature, and is used in conjunction with funds such as the Continuum of Care and Shelter Plus Care. HOPWA funds are leveraged with Ryan White funds and state and local appropriations.

Match requirements of the HOME program will be met by three primary sources: resources committed by grantees and local governments, proceeds from mortgage revenue bonds, mortgage-based securities market and MFA general fund interest subsidy. New Mexico qualified for a 100% match reduction granted by HUD for FY 2015. FY 2016 statistics have not yet been published. For a state to qualify as distressed based on the personal income growth rate, the state per capital income growth rate must have been less than 3.04% which is 75 percent of the average national personal income growth rate of 4.05%. New Mexico’s growth rate was 3.02%.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Not applicable because no state-owned property will be used to address the needs identified in the plan.

Discussion

LIHTC will be used in conjunction with HOME funds. HOME/LIHTC funds apply to projects that are simultaneously awarded federal Low Income Housing Tax Credits (LIHTC) for new construction, acquisition and rehabilitation, or refinancing and rehabilitation of affordable rental housing in MFA’s annual competitive round. Projects using HOME funds in conjunction with the tax credit program must meet all the conditions and requirements set forth in the applicable Qualified Allocation Plan (QAP) posted on MFA’s web page at http://www.housingnm.org/developers/low-income-housing-tax-credits-lihtc. Areas of Statistically Demonstrated Needs for the QAP have been established for 2016, and added as Appendix A to this plan.
## Annual Goals and Objectives

**AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)**

**Goals Summary Information**

<table>
<thead>
<tr>
<th>Sort Order</th>
<th>Goal Name</th>
<th>Start Year</th>
<th>End Year</th>
<th>Category</th>
<th>Geographic Area</th>
<th>Needs Addressed</th>
<th>Funding</th>
<th>Goal Outcome Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Finance multifamily rental new construction</td>
<td>2015</td>
<td>2020</td>
<td>Affordable Housing</td>
<td>Statewide</td>
<td>Low-moderate income renter households</td>
<td>CDBG: $0</td>
<td>Rental units constructed: 10 Household Housing Unit</td>
</tr>
<tr>
<td>2</td>
<td>Provide Financial Assistance to Eligible -Homebuyers</td>
<td>2015</td>
<td>2020</td>
<td>Affordable Housing</td>
<td>Statewide</td>
<td>Low-moderate income Owner Households</td>
<td>HOME: $</td>
<td>Homeowner Housing Added: 1 Household Housing Unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Direct Financial Assistance to Homebuyers: 0 Households Assisted</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Provide Resources for Owner-Occupied Rehab</td>
<td>2015</td>
<td>2020</td>
<td>Affordable Housing</td>
<td>Statewide</td>
<td>Low-moderate Income Owner Households</td>
<td>CDBG: $0</td>
<td>Homeowner Housing Rehabilitated: 40 Household Housing Unit</td>
</tr>
<tr>
<td>4</td>
<td>Finance Multifamily Rental Acquisition and Rehab</td>
<td>2015</td>
<td>2020</td>
<td>Affordable Housing</td>
<td>Statewide</td>
<td>Low-moderate income renter households</td>
<td>HOME: $340,000</td>
<td>Rental units rehabilitated: 10 Household Housing Unit</td>
</tr>
<tr>
<td>5</td>
<td>Encourage the development of special needs housing</td>
<td>2015</td>
<td>2020</td>
<td>Non-Homeless Special Needs</td>
<td>Statewide</td>
<td>Elderly and Frail Elderly Severe Mental Illness Persons with Disabilities Persons with alcohol and other addictions Persons with HIV/AIDS Victims of Domestic Violence</td>
<td>CDBG: $0</td>
<td>Housing for Homeless added: 5 Household Housing Unit</td>
</tr>
<tr>
<td>Sort Order</td>
<td>Goal Name</td>
<td>Start Year</td>
<td>End Year</td>
<td>Category</td>
<td>Geographic Area</td>
<td>Needs Addressed</td>
<td>Funding</td>
<td>Goal Outcome Indicator</td>
</tr>
<tr>
<td>------------</td>
<td>---------------------------------------------------------------------------</td>
<td>------------</td>
<td>----------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>--------------------------</td>
<td>----------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>7</td>
<td>Fund services for persons living with HIV/AIDS</td>
<td>2015</td>
<td>2020</td>
<td>Non-Homeless</td>
<td>Statewide</td>
<td>Persons with HIV/AIDS</td>
<td>CDBG: $0, HOPWA: $0, HOME: $0, ESG: $0</td>
<td>Housing for People with HIV/AIDS added: 4 Household Housing Unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Special Needs</td>
<td></td>
<td></td>
<td></td>
<td>HIV/AIDS Housing Operations: 500 Household Housing Unit</td>
</tr>
<tr>
<td>8</td>
<td>Increase services people experiencing homelessness</td>
<td>2015</td>
<td>2020</td>
<td>Homeless</td>
<td>Statewide</td>
<td>Homelessness</td>
<td>CDBG: $0, HOPWA: $0, HOME: $0, ESG: $0</td>
<td>Homeless Person Overnight Shelter: 5,096 Persons Assisted</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Homelessness Prevention: 580 Persons Assisted</td>
</tr>
<tr>
<td>9</td>
<td>Increase living environments for homeless persons</td>
<td>2015</td>
<td>2020</td>
<td>Homeless</td>
<td>Statewide</td>
<td>Persons with Disabilities</td>
<td>CDBG: $0, HOPWA: $0, HOME: $0, ESG: $0</td>
<td>Overnight/Emergency Shelter/Transitional Housing Beds added: 3 Beds</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Homelessness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Enhance infrastructure, public facilities, housing</td>
<td>2015</td>
<td>2020</td>
<td>Non-Housing</td>
<td>COLONIAS</td>
<td>Community Development</td>
<td>CDBG: $0, HOPWA: $0, HOME: $0, ESG: $0</td>
<td>Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 43,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Community</td>
<td>NEIGHBOR HOOD</td>
<td>Needs</td>
<td></td>
<td>Households Assisted</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Development</td>
<td>Statewide</td>
<td></td>
<td></td>
<td>Jobs created/retained: 1 Jobs</td>
</tr>
</tbody>
</table>

Table 6 – Goals Summary
<table>
<thead>
<tr>
<th>#</th>
<th>Goal Name</th>
<th>Goal Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Finance multifamily rental new construction</td>
<td>Goal will aid individuals and families to find affordable housing through the construction of new affordable rental units</td>
</tr>
<tr>
<td>2</td>
<td>Provide Financial Assistance to Eligible Homebuyers</td>
<td>Aid to individuals and families to purchase their own home</td>
</tr>
<tr>
<td>3</td>
<td>Provide Resources for Owner-Occupied Rehab</td>
<td>Provide assistance to individuals and families throughout the state to enable them to rehabilitate their existing homes</td>
</tr>
<tr>
<td>4</td>
<td>Finance Multifamily Rental Acquisition and Rehab</td>
<td>Provide gap financing for the acquisition and rehabilitation of existing rental properties throughout the state</td>
</tr>
<tr>
<td>5</td>
<td>Encourage the development of special needs housing</td>
<td>Goal will aid individuals and families with special needs to find affordable housing through the construction of new affordable rental units</td>
</tr>
<tr>
<td>6</td>
<td>Expand housing for special needs populations</td>
<td>Provide financing for the construction of new affordable rental units for special needs households</td>
</tr>
<tr>
<td>7</td>
<td>Fund services for persons living with HIV/AIDS</td>
<td>Primary goal of the HOPWA program is to provide activities that serve persons with HIV/AIDS throughout New Mexico</td>
</tr>
<tr>
<td>8</td>
<td>Increase services people experiencing homelessness</td>
<td>Provision of services to homeless families and individuals in emergency shelters/transitional housing programs, shelter operations, transitional housing program operations, essential services</td>
</tr>
<tr>
<td>9</td>
<td>Increase living environments for homeless persons</td>
<td>Provision of payments for rents and utilities. Assistance may be tenant or project-based. Beneficiaries may include homeless individuals or families at risk of homelessness</td>
</tr>
<tr>
<td>10</td>
<td>Enhance infrastructure, public facilities, housing</td>
<td>Goal provides funding to non-entitlement local governments through an annual competition to carry out infrastructure projects, for a wide variety of activities that primarily serve LMI persons throughout the state</td>
</tr>
</tbody>
</table>

Table 7 – Goal Descriptions
**Annual Action Plan**

**2016**

OMB Control No: 2506-0117 (exp. 07/31/2015)

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**AP-25 Allocation Priorities – 91.320(d)**

**Introduction**

The following section describes the allocation priorities by goals in this plan.

**Funding Allocation Priorities**

<table>
<thead>
<tr>
<th></th>
<th>Finance multifamily rental new construction (%)</th>
<th>Provide financial assistance to eligible homebuyers (%)</th>
<th>Provide resources for owner-occupied rehab (%)</th>
<th>Finance multifamily rental acquisition and rehab (%)</th>
<th>Encourage the development of special needs housing (%)</th>
<th>Expand housing for special needs populations (%)</th>
<th>Fund services for persons living with HIV/AIDS (%)</th>
<th>Increase services people experiencing homelessness (%)</th>
<th>Increase living environments for homeless persons (%)</th>
<th>Enhance infrastructure, public facilities, housing (%)</th>
<th>Colonias set-aside (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDBG</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>80</td>
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<tr>
<td>HOME</td>
<td>6</td>
<td>5</td>
<td>47</td>
<td>31</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td><strong>92</strong></td>
</tr>
<tr>
<td>HOPWA</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>90</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td><strong>90</strong></td>
</tr>
<tr>
<td>ESG</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>30</td>
<td>65</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td><strong>95</strong></td>
</tr>
</tbody>
</table>

**Table 8 – Funding Allocation Priorities**
Reason for Allocation Priorities

Through experience, data analysis and consultation, the allocation priorities for CDBG and HOME have been identified as noted above. These priorities reflect the estimated amount of funds necessary to meet the goals set forth by this Consolidated Plan in order to address the priority needs identified by the state. HUD funds are being targeted to priority housing and community development needs, including homebuyer assistance, homeowner rehabilitation, affordable rental housing, homelessness, rapid rehousing and infrastructure needs, specifically those related to water. These funds will be leveraged by other state and federal funds. Additionally, other state and federal funds will address foreclosure prevention, homebuyer assistance, and permanent supportive housing needs.

For the state CDBG program, the allocation percentages are based on totals given the demand-driven nature of the program and HUD regulation. Most CDBG funds are allocated through the annual competition. This competitive process prioritizes funding in part to applicants that describe and document significant need. This need-based review prevents DFA from predicting the ultimate geographic distribution of assistance, since areas of need can change over the course of a year. This method of distribution ensures that the funding is allocated to those eligible, non-entitlement low-income areas with demonstrated need and capacity.

HOME funds are allocated to activities as indicated above on an annual basis, after MFA learns the amount of funding from HUD for the upcoming year. Applications for HOME funds for multifamily developments are made through a competitive process if part of a LIHTC application. HOME multifamily funding applications without LIHTC can be submitted at any time. HOME funding for homeowner rehabilitation, or “House by House” is provided on a first-come, first-served basis for as long as funding is available – usually six months. HOME homebuyer assistance, or “Single Family Development,” is provided on a first-come, first-served basis in conjunction with CHDO operating funds for as long as funding is available.
How will the proposed distribution of funds address the priority needs and specific objectives described in the Consolidated Plan?

The proposed distribution allocates funds that will address the priority needs of the plan by meeting the objectives designed to meet those needs. The funds allocated to different goals are designed to effectively meet needs across the state as distributed through the various methods of distribution. Funds are limited and are prioritized to meet the highest needs as identified in the Consolidated Plan. Each program’s parameters and distribution method target the priority needs and objectives.
AP-30 Methods of Distribution – 91.320(d) & (k)

Introduction
Distribution Methods

Table 9 - Distribution Methods by State Program

<table>
<thead>
<tr>
<th></th>
<th>State Program Name:</th>
<th>Continuum of Care Performance Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Funding Sources:</td>
<td>State homeless funding</td>
</tr>
</tbody>
</table>

Describe the state program addressed by the Method of Distribution.

The Continuum of Care Performance Program (CoC) uses state homeless funds and is operated in conjunction with the local CoC renewal process. State funds to address homelessness are used to provide incentives for agencies to meet and exceed HUD’s performance measures for CoC programs, targeting these resources to where they can be most effective. Agencies may use funds for a variety of eligible activities tied to operating a CoC program, including supportive services, operations of supportive housing programs, new construction, and rehabilitation.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

Funds are awarded through limited source procurement to agencies renewing CoC awards, based on HUD performance measures and an adjustment factor to transition from the current program structure to the new program structure. Agencies may apply who:

- Currently receive HUD Continuum of Care funds;
- Have completed and submitted at least 1 Annual Progress Report (APR);
- Utilize CoC program funds (administrative or HMIS funds are not eligible); and
- Meet MFA documentation requirements below:
  - Agency Independent Audit or Financial Review, including all correspondence referenced and management response
  - 501C3 letter or proof of status as a unit of local government
  - Proof agency not debarred (SAM.gov printout) within 90 days

Describe how resources will be allocated among funding categories.

N/A

Describe threshold factors and grant size limits.

N/A

What are the outcome measures expected as a result of the method of distribution?

Number of people assisted

2 State Program Name: DFA Administered CDBG Program

<table>
<thead>
<tr>
<th></th>
<th>State Program Name:</th>
<th>DFA Administered CDBG Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Funding Sources:</td>
<td>CDBG</td>
</tr>
</tbody>
</table>

Describe the state program addressed by the Method of Distribution.

The Community Development Council (CDC) and DFA have developed rating and ranking criteria for evaluation of CDBG projects. The selection criteria in the rating and ranking system will give priority to projects that firmly demonstrate the following: need, appropriateness, impact, and benefit to low and moderate income persons. Rating and ranking criteria can be found in Rule 2.110.2 of the New Mexico Administrative Code. See http://164.64.110.239/nmac/parts/title02/02.110.0002.htm
### Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

Eligible applicants must meet the following minimum requirements:
- Projects must be fully functional on a stand-alone basis once awarded funds have been expended.
- Projects must be completed within twenty-four (24) months of a fully executed grant agreement.
- Application requests are limited to a maximum of $500,000. All applications must include a full and phased scope of work, including budgets.
- A previous year’s unfunded CDBG application may be re-submitted if the applicant, after conducting the required public hearing, and DFA determines that the project is still viable and a priority for the community.
- The application must be complete or will be returned to the applicant and not considered for funding.
- Applications must include a determination of rural or non-rural status, a project description, project location, including proof of site control.
- Prior CDBG projects must be completed and closed consistent with federal requirements, with all findings and concerns resolved and cleared.
- Audits must be current, and will be scrutinized to determine fiscal capacity and capability.
- Budgets and quarterly and monthly financial reports must be current.
- Match, leverage, or other funding commitments must be secured at time of application.

### If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)

A mandatory application workshop will be held in the fall of 2016 for all eligible applicants with the application submission due in late spring of 2017. Each attendee will receive a copy of the 2016 CDBG workshop manual which will be posted online at [nmdfa.state.nm.us/local_government.aspx](http://nmdfa.state.nm.us/local_government.aspx)

DFA will review CDBG applications with the rating and ranking criteria identified in the CDBG Rules and Regulations (NMAC 2.110.2). Once the rating and ranking is complete, a recommendation is submitted to the CDC. DFA will ensure that at least 70 percent of CDBG funds are used for activities that benefit low to moderate income persons.
### Describe how resources will be allocated among funding categories.

Under the CDBG program, eligible applicants can apply for one of the following categories; contingent on funding availability; community infrastructure, housing, public facility capital outlay, economic development, emergency, colonias, or planning.

- CDBG community infrastructure funds can be used for eligible activities that may include, but are not limited to: real property acquisition, construction or rehabilitation of the following, water systems, sewer systems, municipal utilities, roads, streets, highways, curbs, gutters, sidewalks, storm sewers, street lighting, traffic control devices, parking facilities or solid waste disposal facilities.

- CDBG eligible housing activities may include, but are not limited to, the following: real property acquisition; rehabilitation, clearance, demolition and removal of privately-owned or acquired property for use or resale in the provision of assisted housing, provision of public facilities to increase housing opportunities; financing the repair, rehabilitation and in some cases reconstruction of privately-owned residential or other properties through either loan or grant programs; certain types of housing modernization, temporary relocation assistance; code enforcement; or historic preservation activities not to exceed sixty five thousand dollars ($65,000) for home rehabilitation/repair activities.

- CDBG public facility eligible activities may include, but are not limited to, such items as real property acquisition; construction or improvement of community centers, senior citizen centers, nonresidential centers for the handicapped such as sheltered workshops; other community facilities designed to provide health, social, recreational or similar community needs.

- CDBG economic development funds can be used to assist communities in the promotion of economic development. Eligible economic development activities may include, but are not limited to, acquisition of real property; construction, reconstruction rehabilitation, or installation of public facilities; site improvements; utilities; commercial or industrial buildings or structures; other commercial or industrial real property improvements or planning.

- CDBG emergency funds provide funding for emergency projects that address life-threatening situations resulting from disasters or imminent threats to health and safety and are of recent origin when other financial resources are not available to meet such needs.

- CDBG planning funds may include, but are not limited to, items like consolidated plan and special studies such as base mapping, aerial photography, geographic information systems, or global positioning; satellite studies; improvement of infrastructure capital improvement plans and individual project plans; development of codes and ordinances that further refine the implementation of the comprehensive plan; climate change mitigation and adaptation plans; preliminary engineering reports (according to USDA/RUS guidelines); related citizen participation or strategic planning processes; or other functional or comprehensive planning activities; asset management plans or regionalization of infrastructure and service delivery.
### Describe threshold factors and grant size limits.

- Local governments, excluding the entitlement areas can have one open project at any time for up to $500,000 in CDBG infrastructure funds.
- Local governments, excluding the entitlement areas can have one open project at any time for up to $500,000 in CDBG housing funds.
- Local governments, excluding the entitlement areas can apply throughout the year for up to $500,000, as long as funds are available.
- Local governments, excluding the entitlement areas can have one open project at any time for up to $500,000 for CDBG public facilities.
- Local governments, excluding the entitlement areas can have one open project at any time for up to $500,000 for CDBG economic development funds, as long as funds are available.
- Local governments, excluding the entitlement areas can apply, at any time, for up to $500,000 for CDBG emergency funds, as long as funds are available.
- Applicants may apply for up to $50,000 for CDBG planning funds throughout the year, as long as funds are available.

### What are the outcome measures expected as a result of the method of distribution?

Outcome measures associated with the following goal:

**Enhance the quality of New Mexico’s infrastructure:**

- **Availability/Accessibility:** The number of water or wastewater projects and streets completed; the number of colonias projects completed, by type of project; the number of planning projects that will provide readiness; the number of housing units rehabilitated and/or produced
- **Affordability:** The number of eligible persons assisted with new water or wastewater systems; the number of persons within colonias assisted with water/wastewater or other infrastructure projects; the number of eligible persons who the improved facilities will serve; the number of persons assisted with housing rehabilitation
- **Sustainability:** The economic development benefits imparted to each community receiving the enhanced infrastructure investments, including the colonias; the economic development benefits imparted to each community whose public facilities have been improved

<table>
<thead>
<tr>
<th>3</th>
<th>State Program Name:</th>
<th>Emergency Homeless Assistance Program (EHAP)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Funding Sources:</td>
<td>ESG and State Homeless Program</td>
</tr>
<tr>
<td></td>
<td>Describe the state program addressed by the Method of Distribution.</td>
<td>The MFA administers the Emergency Homeless Assistance Program which is funded through HUD’s Emergency Solutions Grant (ESG) program and an appropriation of the state of New Mexico to the state Homeless Program. This program continues funding for emergency shelter operations and provides certain essential services to individuals with an increased emphasis on local collaboration to maximize all resources, with a federal goal of reducing lengths of homeless episodes and reducing new and return entries into homelessness. Emergency Homeless Assistance uses ESG and state homeless funds for homeless assistance to carry out activities such as emergency shelter operations, essential services and data collection using the Homeless Management Information System (HMIS) or Osnium, a comparable database for domestic violence service providers. Qualifying individuals must meet HUD’s definition of homelessness.</td>
</tr>
</tbody>
</table>

Annual Action Plan
2016

OMB Control No: 2506-0117 (exp. 07/31/2015)
The purpose of a Request for Proposal (RFP) issued for ESG pursuant to MFA’s Procurement Policy, is to solicit proposals from qualified Offerors capable of providing program services for EHAP funding within a particular program year in accordance with 24 CFR 576 and all applicable guidance from HUD. The cited references are available via the MFA website at www.housingnm.org/ehap. Funding will be made through a competitive process to eligible Offerors. Resources are allocated based on criteria in 3 weighted components: Community Need 50%; Performance-Housing Placement 15%; and Capacity/Experience 35%.

Offerors must meet each of the following minimum threshold criteria, following deficiency correction, in order to be considered for funding. This includes the minimum criteria outlined below for specific activities and minimum criteria outlined below for agencies not receiving funds in the previous contract year. These criteria must be met by all Offerors to be considered for funding. Waivers to “Minimum Threshold Criteria” may be approved by MFA’s Policy Committee.

1. Offeror must be one of the following entity types:
   a. A non-profit organization with 501(c)(3) status and with a primary mission of providing shelter and services to people who are experiencing homelessness, including people fleeing domestic violence.
      i. If a non-profit, Offeror must submit proof of 501(c)(3).
   b. A unit of general purpose local government.
   c. A tribal government.

2. Offeror must submit proof of current registration as charitable organization with the New Mexico Attorney General’s Office, covering the fiscal year ending in 2014 or proof of exemption therefrom. Information can be submitted online and verification obtained via https://secure.nmag.gov/coros/. Verification should be in the form of the first page of the “NM Charitable Organization Registration Statement.”

3. If an Offeror is a non-profit, Offeror must submit a Letter of Support from the unit of local government. A Letter of Support should include:
   a. A letter supporting the Offeror’s proposal to MFA.
   b. The letter must be dated no more than 180 days prior to the proposal date.
   c. The letter must be signed by a local government official authorized to sign such a letter.
   d. From the city, town, village or tribe in which the program activity will take place; 
      i. For activities that will take place in unincorporated areas, the county is the unit of local government.
   e. The letter must specifically endorse the project/activity proposed in the proposal.

4. Agencies who received any program funds last year must provide an independent CPA’s auditors report (Audit), conducted in accordance with Government Auditing Standards (GAS). The GAS Audit will include an independent auditors report on the following: 1) financial statements; and 2) internal control over financial reporting and compliance. The audit will also include the auditor’s management letter if there is one, and the Offeror’s response to any audit findings. Offeror will submit the most recent audit available; only the most recent of FY2014 or FY2015 will be accepted. If Offeror received $500,000 in federal funds from one or more sources (in the fiscal year ending in 2014, $750,000 in the fiscal year ending in 2015), a Single Audit is required pursuant to 2 CFR 200 Subpart F. The following types of audit issues may disqualify an Offeror from funding:

The estimated funding for EHAP program years includes ESG funds and state homeless funds. Please note that actual HUD and State funding levels have not been determined and could vary significantly from current year funding levels. All funds are distributed on a competitive basis to eligible local governments, tribal entities, and nonprofit organizations. Funds will be renewed annually with periodic requests for proposals to identify new providers. Restrictions on funding amounts include:

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2016

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OMB Control No: 2506-0117 (exp. 07/31/2015)

a. Repeat and unresolved audit findings, as determined by MFA.

b. If Offeror has received greater than $500,000 in funding (in the fiscal year ending in 2014, $750,000 in the fiscal year ending in 2015) and the single audit did not meet the requirements of the 2 CFR 200 Subpart F.

c. For Single Audit, no proof of Federal audit clearinghouse submission [FORM SF-SAC].

d. If Governmental entity, proof is not included of current audit submission to the Office of the New Mexico State Auditor.

e. If referenced in audit as a separate communication, no submission of Management Response letter and management response to concerns noted in the management letter.

f. If any findings, no submission of management response to findings.

g. Agency’s auditor is not on the state auditor’s approved list.

5. For agencies that did not receive EHAP funds in PY 2013-2014, the agency must provide either an audit to the above standards or an independent CPA’s review of financial statements.

6. Offeror must have been operating as an agency for a minimum of one (1) year as of the proposal date, sufficient to have one (1) full year covered in annual financial statements.

7. Offeror must be in “good standing” as of the date this RFP is issued. In order to be in good standing, Offeror must not have “suspended,” “debarred” or HUD’s Limited Denial of Participation status conferred upon it by MFA and/or other funding sources. Offeror must provide a print screen from www.sam.gov and https://www5.hud.gov/ecpcis/main/EPCPIS_List.jsp documenting search for Offeror’s name and executive director’s name, as proof of compliance. Must be dated within 30 days of the proposal date.

8. Offeror must submit proposal as directed in Sections 1.8 Proposal Format and 2.2 Proposal Requirements.

9. Offeror must submit Offeror’s Certification signed by authorized official.

10. Offeror must submit a table in the following format that demonstrates the administrative and financial management capacity necessary to accept and account for the use of public funds and to provide program services. Please include the positions of the executive director, financial manager, and other key staff:
<table>
<thead>
<tr>
<th>Program</th>
<th>Title</th>
<th>Yrs. Of Experience</th>
<th>Capacity/Role/Services Offered</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

11. Offer must submit evidence of coordination with other targeted homeless services in the form of Memorandum of Understanding (MOUs), letters of coordination/agreement, contracts, etc.


13. Offeror must submit an executive summary (less than one page). Summary includes the following details: what the agency does, primary activities and major funding sources.

14. Offeror must submit documentation of site control of the shelter facility, defined as one of the following:

   a. A current warranty deed in the agency’s name.
   b. A current mortgage note in the agency’s name.
   c. A current lease in the agency’s name.
   d. Other documentation of site control, if deemed acceptable by MFA through the FAQ and/or Deficiency Correction Process.

15. Offeror must operate an emergency shelter, defined as any facility, the primary purpose of which is to provide a temporary shelter for the homeless in an emergency situation and must have the capacity to shelter and accept inquiries at all hours, and which does not require occupants to sign leases or occupancy agreements. In order to qualify for these funds an agency must be able to:

   a. Provide safe, decent emergency shelter nightly for the entire year.
   b. Have at least 5 beds available.
   c. Operate the shelter facility in compliance with all applicable federal, state and local building codes, laws and regulations.
16. Offeror must submit bylaws or board resolution requiring board fiscal oversight that demonstrates financial integrity. Please provide a listing of your current Board Member in the following format.

<table>
<thead>
<tr>
<th>Name</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Home Address</td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td></td>
</tr>
<tr>
<td>Position on Board</td>
<td></td>
</tr>
<tr>
<td>Area of Expertise/Qualification</td>
<td></td>
</tr>
<tr>
<td>Years on Board</td>
<td></td>
</tr>
<tr>
<td>Term Expire Date</td>
<td></td>
</tr>
</tbody>
</table>

17. Offeror must submit policies and procedures approved by its Board of Directors to demonstrate a sound organization system of checks and balances (segregation of duties) in fiscal management. The policy must describe separate roles and responsibilities for cash receipts, check requests, check cutting/preparation and check signing.

The estimated funding for the EHAP 2015-2016 program year includes $897,007.00 from ESF funds and $925,700.00 from the state homeless funds. Available funding is based on last year's funding levels. Please note that actual HUD and State funding levels have not been determined at the time this document was written and could vary significantly from current year funding levels.

Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)

All funds are distributed on a competitive basis to eligible local governments, tribal entities, and nonprofit organizations. Funds will be renewed annually with periodic requests for proposals to identify new providers. Restrictions on funding amounts include:
- No organization will receive more than 15 percent of the total funds available.
- Limits to activities under Emergency Homeless Assistance will be in place.
- Administrative awards are issued to units of local government including local Public Housing Authorities.
- Tribal entities and regional housing authorities are not eligible to receive federal ESG funds and will receive only state homeless funds.

Annual Action Plan 2016

OMB Control No: 2506-0117 (exp. 07/31/2015)
Describe how resources will be allocated among funding categories. | Resources are allocated based on standardized criteria in 3 weighted components: Community Need 50%, Performance Housing Placement 15% and Capacity/Experience 35%. Deducted from the total available is 7.5% for administrative fees for MFA and $61,000 for HMIS database management contract.

Describe threshold factors and grant size limits. | No organization will receive more than 15 percent of the total funds available.

What are the outcome measures expected as a result of the method of distribution? | Outcome measures associated with the following goals include:
- **Increase the level and range of services provided to people experiencing homelessness:**
  - **Availability/Accessibility:** The number of homeless persons provided with services; the number and types of services provided to persons experiencing homelessness
  - **Affordability:** The number of persons who gained a stable transitional or permanent housing situation
- **Increase the number of available living environments:**
  - **Availability/Accessibility:** The number of homeless persons going from transitional housing to permanent housing; the number of homeless persons placed in permanent supportive housing units who stay at least 6 months
  - **Affordability:** The number of transitional housing units created; the number of permanent supportive housing units created
- **Sustainability:** The number of previously homeless persons in transitional housing; the number of previously homeless persons placed in permanent supportive housing

4 State Program Name: | HOPWA Program
Funding Sources: | HOPWA

Describe the state program addressed by the Method of Distribution. | The objective of the Housing Opportunities for Persons with AIDS (HOPWA) formula grant program is to address the high incidence of immunodeficiency syndrome cases that may cause low income persons in New Mexico to become homeless by providing housing assistance and related supportive services for said persons and to low-income persons in New Mexico suffering from immunodeficiency syndrome who may become homeless as a result of their family condition. MFA is the state formula grantee for the HUD HOPWA formula grant program, which includes both the City of Albuquerque allocation and the New Mexico nonentitlement allocation.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | Funding under the HOPWA program will be available to units of local government and non-profit organizations that serve people who are HIV-positive and/or are living with AIDS to provide facility based housing assistance, short-term rent, mortgage and utility payments (STRMU) to prevent the homelessness of the tenant or owner of a dwelling, to provide continued tenant based rental assistance (TBRA) for low income households, permanent housing placement for deposits or to secure permanent housing and to provide supportive services including, case management, drug and alcohol abuse treatment and counseling, day care, personal assistance, nutrition services, intensive care when required, and assistance in gaining access to local, state and federal government benefits and services. Supportive services also include health/medical services such as assistance with medical premiums, medical care while the client is waiting to get on insurance, medical copays, eye exams and glasses and dental treatment for health costs that are not covered under state compensation programs, an insurance policy or federal or state health benefits health benefits program. Health services may only be provided to individuals with AIDS or related diseases and not to their family members.
<table>
<thead>
<tr>
<th>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</th>
<th>HOPWA funding is allocated to sub-grantees based upon a competitive RFP including a renewal option.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe how resources will be allocated among funding categories.</td>
<td>A percentage of the HOPWA grant is allocated for administrative funds which will be divided between MFA and sub-grantees for program administration. The specific allocation is determined annually but will not exceed any statutory limit. HOPWA funding is allocated to sub-grantees based upon a competitive RFP including a renewal option. Funding for HIV/AIDS service provision and delivery is currently allocated to <strong>three</strong> regional Health Management Alliances (HMAs). The HMA agencies and HOPWA providers provide a high level of coordinated services. However, they face the obstacle of providing these services across a broad, rural area, where transportation and accessibility of other care is limited.</td>
</tr>
<tr>
<td>Describe threshold factors and grant size limits.</td>
<td>N/A</td>
</tr>
</tbody>
</table>
| What are the outcome measures expected as a result of the method of distribution? | Outcome measures associated with the following goals:  
**Fund entities providing housing and related services for HIV-positive persons and persons living with AIDS.**  
*Availability/Accessibility:* The number of HIV/AIDS households served with housing without related services; the number of HIV/AIDS households served with housing and related services  
*Affordability:* The number of HIV/AIDS households that were assisted without services; the number of HIV/AIDS households that were assisted with services  
*Sustainability:* The number units that were rehabilitated and/or added to the HIV/AIDS available stock of units |
## State Program Name:
MFA Administered HOME Program

### Funding Sources:
HOME

### Describe the state program addressed by the Method of Distribution.

The MFA has updated its set of ranking criteria to reflect the most current data available. Homebuyer assistance will continue on a first-come, first-served basis and colonias and Native American trust lands will be assigned extra points in all competitive grant applications. Furthermore, developers of any new construction will be made aware of the construction accessibility requirements of both the federal Fair Housing Act and Section 504 of the Rehabilitation Act of 1973. MFA is not investing HOME funds in ways other than those allowed in 24 CFR 92.205(b).

The 2016 project categories are:
- Homebuyer Assistance – first come – first served basis
- Owner-Occupied Rehabilitation – Notice of Funding Availability (NOFA) – first come – first served basis
- Rental Acquisition and Rehabilitation – with Low Income Housing Tax Credit (LIHTC) applications and continuous applications as long as funding is available.
- New Rental Construction – same as above
- CHDO Operating Funds – with Single Family or Multi-Family development project applications

Ten percent of HOME funds are designated for administrative fees, including subgrantee administrative costs for the owner occupied rehab and lead-based paint remediation activities.

### Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

HOME funds will be invested, at a minimum, as a zero percent interest due-on-sale loan for all activities except CHDO operating expenses. Rental projects that provide transitional and permanent rental housing, SROs (Single Resident Occupancy units) and group homes targeted for populations at or below 30 percent of the area median income may receive a grant instead of a loan.

Similar geographically dispersed demands exist when MFA allocates its HOME resources. Some communities have a greater need for new housing development while other communities would best be served by rehabilitation of existing housing. MFA determines areas of statistically demonstrated need, based upon program activity type, on applications for funds, and current ranking criteria in use in the particular program year. For 2015, the ranking criteria were determined only for rental activities, as presented in Appendix A.

For 2016, MFA re-evaluated its areas of statistically demonstrated need, and concluded that needs would be determined for rental programs only. Each county was assigned a relative determined need of High, Medium or Low based on a number of indicators for both types of rental activity. A high need indicated an area where, ideally, the greatest amount of resources should be invested and projects or programs proposed to meet that need had the greatest opportunity for funding. A medium need indicated areas where a moderate amount of resources should be invested and projects or programs proposed to meet those needs were likely to be funded. A low need indicated an area where the least amount of resources should be invested. A project proposing to serve a low need area would not necessarily be excluded from funding; however, such projects have a lower opportunity for funding.

The selection criteria will vary by project category but the intent is to target and prioritize the highest need, agency capacity, number of individuals served and local government contribution.
Describe how resources will be allocated among funding categories.

Some communities find that housing preservation is in line with their key housing needs. MFA-administered HOME Funds for single family rehabilitation have been used for rehabilitation of owner-occupied housing, reconstruction or replacement where substandard units are in such poor repair that rehabilitation is not appropriate. Substandard units may be replaced with new manufactured housing that is affixed to a permanent foundation or a new site built home.

Instead of home purchases or rehab of single-family dwellings, other communities required new single family development, which includes housing activities that increase the supply of affordable single family units. This represents both new construction and the placement of new manufactured housing installations on permanent foundations. Also, the purchase and reconstruction of dilapidated units known as acquisition and rehabilitation can add to the affordable and suitable housing stock and, therefore, can also be considered for funding under this program activity.

While MFA had established areas of statistically demonstrated need in the past, new single family development is also dependent on housing developers having the capacity and the desire to build in designated high priority areas, factors not within MFA’s control. It is expected to continue in this general manner.

Additionally, some communities may have other housing needs. For example, the need for new single family development like that noted above is driven by population growth; however, some areas that have not experienced significant population growth may still benefit from acquisition and rehabilitation of existing units. Those counties that had an owner-occupied vacancy rate that exceeds the state’s average represent an opportunity to increase the stock of available housing through such acquisition and rehabilitation.

Demand exists for MFA HOME resources for the provision of affordable rental units and CHDO set-aside operating funds throughout the more rural areas of New Mexico. This includes those activities intended to make existing rental units more affordable and/or improve the quality of the existing affordable rental units as well as new rental construction. New rental construction refers to the development of new multifamily rental units. The need for new multifamily rental units was categorized using a set of criteria indicated by population growth, areas of population concentration and low rental vacancy rates. The thresholds for assigning an area a high priority for new multifamily units included a population growth greater than the state’s average growth for the past three years; a population larger than 10,000 people in 2012 or the county’s inclusion in a Metropolitan Statistical Area, and a rental vacancy rate less than five percent. Areas were considered to have a medium priority for rental funding if they met the population threshold, had population growth greater than the state’s average for the past three years, or have a rental vacancy rate less than five percent. Areas with slower growth or less population were given a lower priority for multifamily projects.

Describe threshold factors and grant size limits. Depends upon activity. Each funding source established threshold factors in their respective RFP, NORFA or other procurement vehicle. In general they all contain minimum threshold and evaluation requirements that are used for scoring and ranking. These factors include, need, capacity, individuals/families served and local contributions.

What are the outcome measures expected as a result of the method of distribution? See Goals – Outcome measures are detailed in the goals as described in the executive summary (page 6). Overarching outcome is to increase or improve quality of life for all New Mexico residents.
<table>
<thead>
<tr>
<th>State Program Name:</th>
<th>HOME Rental Development</th>
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<tbody>
<tr>
<td>Funding Sources:</td>
<td>HOME</td>
</tr>
</tbody>
</table>

**Describe the state program addressed by the Method of Distribution.**

Home Rental Developments funds are distributed via a competitive RFP annually along with LIHTC's. Any funds remaining after the RFP are distributed on a first-come, first-served basis throughout the year.

HOME funds will be used to leverage a number of rental development resources by providing gap financing to eligible projects.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria.**

The priority for multifamily rental financing is for projects that will serve homeless individuals and special needs populations. HOME/Rental Development funds provide gap financing to nonprofit and for-profit developers, public and tribal entities, and CHDOs for construction, acquisition, or acquisition and rehabilitation of affordable rental housing. Units financed with HOME funds must be affordable to households earning at or below 60 percent of the area median income adjusted for family size, and awards may be further restricted by other federal funding limits. HOME funds will be used to fill the gap between the cost of development and other sources of funding. To the extent projects are able to carry senior market-rate debt, HOME dollars will be reduced accordingly to maximize their efficiency. Projects must have demonstrated financing gaps and will be subject to underwriting standards that, among other criteria, verify that HOME funds are needed and will enhance affordability. Market studies, or other evidence of market need, are required at MFA’s discretion. MFA accepts and review applications on a continuous basis.

Additional CHDO set-aside funds are also available to projects meeting these guidelines and developed, sponsored, or owned by certified CHDOs. MFA sets aside 15 percent of its HOME allocation for CHDO development projects. Applicants are encouraged to produce units that are energy efficient with low water usage. MFA will also seek to coordinate funding to promote energy efficient upgrades in affordable housing developments. These awards will be in the form of below-market rate debt. Exceptions may be made for transitional and permanent rental housing, single room occupancy units (SROs) and group homes targeted for populations at or below 30 percent of the area median income. Staff may determine limits on the amount of funds available on an annual basis that will be awarded as grants versus loans. If the majority of HOME/Rental funds are drawn prior to completion and lease-up, guaranties by entities acceptable to MFA are required.
Describe how resources will be allocated among funding categories.
The HOME Rental Development program includes two components: HOME/LIHTC and HOME/Rental Incentives. HOME/LIHTC funds apply to projects that are simultaneously awarded federal Low Income Housing Tax Credits (LIHTC) for new construction, acquisition and rehabilitation, or refinancing and rehabilitation of affordable rental housing in MFA’s annual competitive round. Projects using HOME funds in conjunction with the tax credit program must meet all the conditions and requirements set forth in the applicable Qualified Allocation Plan (QAP). HOME funds will be awarded on the basis of tax credit scoring until all HOME funds allocated for this purpose have been awarded. [Based on availability of funds, HOME/LIHTC awards may not exceed the lesser of (a) $15,000 per unit for CHDOs/$7,500 for non-CHDOs, (b) $600,000 per project/$400,000 for non-CHDOs or (c) 80 percent of the project’s total development costs.] Award amounts and payment structures will be determined by the debt capacity of the individual project, and underwriting terms used to determine principal and payment amounts will meet the standards adopted for the LIHTC and HOME programs. Preference will be given to projects having a CHDO as developer, owner or sponsor.

A separate pool of HOME funds, HOME/Rental Incentives, cannot be used for projects that receive a competitive allocation of tax credits, although projects receiving tax credits associated with private activity bond volume cap (i.e. four percent credits) are eligible. [Based on availability of funds, HOME/Rental Incentive awards may not exceed the lesser of (a) $15,000 per unit for CHDOs/$7,500 for non-CHDOs, (b) $800,000 per project for CHDOs/$600,000 for non-CHDOs, or (c) 80 percent of the project’s total development cost.] The primary mortgage may be derived from tax-exempt bonds, 501(c)3 bonds, conventional loans or other sources, and award amounts and payment structures will be determined by the debt capacity of the individual project. Applications for these HOME funds will be accepted and reviewed on a continuous basis until all HOME funds allocated for this purpose have been awarded. Preference will be given to projects having a CHDO as developer, owner or sponsor.

Describe threshold factors and grant size limits.
See above

What are the outcome measures expected as a result of the method of distribution?

| Finance Multi-family Rental Housing New Construction | Availability/Accessibility: The number of eligible households that benefit from new rental construction |
| --- |
| Sustainability: The number of affordable rental housing units that have been financed |

| Finance Multi-Family Rental Acquisition and Rehabilitation: |
| Availability/Accessibility: The number of eligible units that have benefited from rental rehabilitation |
| Affordability: The number of rental units that have undergone rehabilitation and remain affordable |
| Sustainability: The number of units that have been rehabilitated and become additions to the affordable rental housing stock |
### State Program Name:
Rental Assistance Program (RAP)

### Funding Sources:
ESG

### Describe the state program addressed by the Method of Distribution.
ESG funds are distributed via a competitive RFP to eligible local governments, tribal entities, and nonprofit organizations. Tribal entities and regional housing authorities are not eligible to receive federal ESG funds and will receive only state homeless funds.

The MFA administers the Rental Assistance Program (RAP) which is funded through HUD’s Emergency Solutions Grant (ESG) and an appropriation of the state of New Mexico to the state Homeless Program. The Rental Assistance Program (RAP) uses ESG and state homeless funds to carry out activities such as homeless prevention assistance and rapid re-housing assistance which fall within ESG’s eligible activities of housing relocation, stabilization services and rental assistance. Qualifying households must be at or below 30 percent AMI, meet HUD’s definition of homelessness or be at imminent risk of homelessness, and must have the means to achieve sustainable housing following program assistance as demonstrated through a housing stability plan. The local agency determines the length of assistance to be provided in its jurisdiction; however, ESG rental assistance may not exceed 24 months of assistance within three years.

### Describe all of the criteria that will be used to select applications and the relative importance of these criteria.
ESG funds are distributed on a competitive basis to eligible local governments, tribal entities, and nonprofit organizations. Tribal entities and regional housing authorities are not eligible to receive federal ESG funds and will receive only state homeless funds.

Matching requirements of the ESG program will be met by sub grantees in an amount at least equal to their approved ESG funding amounts for eligible activities. Matching funds must be contributed to the ESG program and expended for the recipient’s or subrecipient’s allowable ESG costs. Matching funds are derived primarily using five sources and will vary depending on the agency: fund raising or cash, in-kind donations, non-profit grants including the United Way, and other federal funds, which may or may not pass through the state of New Mexico.

### Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)
ESG funds are distributed on a competitive basis to eligible local governments, tribal entities, and nonprofit organizations. Tribal entities and regional housing authorities are not eligible to receive federal ESG funds and will receive only state homeless funds.

Qualifying households must be at or below 30 percent AMI, meet HUD’s definition of homelessness or be at imminent risk of homelessness, and must have the means to achieve sustainable housing following program assistance as demonstrated through a housing stability plan. The local agency determines the length of assistance to be provided in its jurisdiction; however, ESG rental assistance may not exceed 24 months of assistance within three years.
Describe how resources will be allocated among funding categories.

| The ESG allocation is limited to sixty (60) percent of the total fiscal ESG grant for shelter operations minus seven and a half (7.5) percent for state/local government administration. MFA will not award more than fifteen (15) percent of available funds to any one offeror. |

Describe threshold factors and grant size limits.

| 1. A minimum award estimated to be $1,000 which is subject to change at MFA’s discretion. |
| 2. A percentage of funds available after the minimum awards are subtracted from total available funds. The percentage for each respondent will be based on the respondent’s total score divided by a sum of all of the respondent’s scores. |
| 3. Agencies that do not have a sufficient score to obtain a minimum contract of $10,000 will not be eligible to obtain funding and enter into a performance agreement with MFA. |
| 4. MFA will not award more than fifteen (15) percent of available funds to any one offeror. |
| 5. Total contract amounts from funds available under this proposal package may not make up more than fifty (50) percent of any offeror’s total budget. |
| 6. Funding is contingent on funds provided by HUD and the State of New Mexico, and the number of successful offerors. |
| 7. Funding is not guaranteed to be consistent from year to year. |

What are the outcome measures expected as a result of the method of distribution?

| The following outcome measures are expected as a result: |
| The number of persons who gained a stable transitional or permanent housing situation |

Discussion

These methods of distribution will allow MFA and DFA to address affordable housing, community development and homeless issues throughout the entire jurisdictional service area. CDBG funds are distributed to non-entitlement jurisdictions on a competitive basis. HOME funds are distributed statewide on a competitive basis for Rental Development with LIHTC. The remaining Rental Development HOME allocations are distributed on a first-come, first-served basis. ESG funds are distributed on a competitive basis throughout the entire state, with the exception of tribal entities and regional housing authorities who are not eligible to receive federal ESG funds and will receive only state homeless funds. HOPWA funds are awarded on a competitive basis; MFA’s contract funds areas outside of Albuquerque, City of Albuquerque funds given to MFA are used within Albuquerque city limits.
AP-35 Projects – (Optional)

Introduction
MFA and DFA wait to allocate funding on the project level until after HUD has published the FY formula allocations. When DFA receives notice of the CDBG allocation, it makes its allocation/funding decisions and enters them into IDIS through the AP-35 screen. Likewise, MFA will follow its normal allocation/funding decision process after receiving notice from HUD. Those projects will be entered into IDIS through the AP-35 screen by MFA. This is the normal process, and does not cause an amendment to the Action Plan. No further public notice will be required.

<table>
<thead>
<tr>
<th>#</th>
<th>Project Name</th>
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<td>24</td>
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</table>

Table 10 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Upon receipt of the federal funding allocations, MFA and DFA each will determine allocation priorities, based on need and funding availability. Amounts allocated can be reallocated throughout the year to ensure efficient expenditures based on actual need and capacity vs. projected need.
## Table 11 – Project Summary

<table>
<thead>
<tr>
<th></th>
<th>Project Name</th>
<th>Target Area</th>
<th>Goals Supported</th>
<th>Needs Addressed</th>
<th>Funding</th>
<th>Description</th>
<th>Target Date</th>
<th>Location Description</th>
<th>Planned Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tbody>
</table>
Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?
No. The State will provide technical assistance and guidance to non-entitlement units in a fair and equitable manner and will not help one entity over another, if the state decides to move forward with the Section 108 loan program.

Available Grant Amounts

The Section 108 Loan Guarantee Program is authorized under Section 108 of the Housing and Community Development Act of 1974 (42 USC 5308) as part of the CDBG Program. In July 2012 DFA applied directly to HUD for $42.2 million in Section 108 Loans to be guaranteed by the state’s CDBG Allocation. The Section 108 Loan Guarantee Program allows for loans to be made to small cities and counties on behalf of their needs for economic and community development. The Section 108 Loan Guarantee Program offers local governments a source of financing for economic development, large-scale public facility projects, and public infrastructure. HUD sells bonds on the private market and uses the proceeds to fund Section 108 loans through the state to local governments. The local government may loan the funds to third parties to undertake eligible CDBG activities (typically economic development) or use the funds for other eligible CDBG activities that must be repaid. CDBG future allocations are used as secondary security for the HUD loan to the local government (the loan guarantee).

According to state and federal law, the maximum amount of loan guarantee commitment that any eligible local government may receive may be limited to $7 million pursuant to 24 CFR 570.705, and the maximum amount of loan guarantee commitments statewide may not exceed an amount equal to five times the amount of the most recent grant received by the State of New Mexico CDBG Program (approximately $42 million in loan guarantees at the current allocation level). This level of funding allows the local government to participate in larger projects, avoid referendums for infrastructure financing, compete with larger local governments for business relocations, and provide smaller businesses the ability to access funds at approximately corporate AAA bond rates.

HUD requires that underwriting analysis be conducted in accordance with 24 C.F.R. 570.482(e) (2) and Appendix A of 24 C.F.R. Part 570. DFA could require additional underwriting standards, criteria or review as needed.

Acceptance process of applications

Section 108 is the loan guarantee provision of the CDBG program. Section 108 Loan Guarantee Program provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. Activities eligible for Section 108 Loan Guarantee Program financing include: economic development activities eligible under CDBG, acquisition of real property, rehabilitation of publicly owned real property, housing rehabilitation eligible under CDBG, construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements), related relocation, clearance, and site improvements, payment of interest on the guaranteed loan and issuance costs of public offerings, debt service reserves, public works and site improvements in colonias; and in limited circumstances, housing construction as part of community development.
economic development, Housing Development Grant, or Nehemiah Housing Opportunity Grant programs.

For purposes of determining eligibility under the Section 108 Loan Guarantee Program, the CDBG rules and requirements apply. As with the CDBG program, all projects and activities must either principally benefit low and moderate income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community. The principal security for the loan guarantee is a pledge by the state of its current and future CDBG funds. Additional security will also be required to assure repayment of guaranteed obligations. The additional security requirements will be determined on a case-by-case basis, but could include assets financed by the guaranteed loan. The maximum repayment period for a Section 108 Loan Guarantee Program is 20 years. HUD has the ability to structure the principal amortization to match the needs of the project and borrower. Each annual principal amount will have a separate interest rate associated with it.
AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

Yes

The State will allow units of general local government (UGLG) to carry out community revitalization strategies as long as the strategy is in accordance with the UGLG’s comprehensive plan, Infrastructure Capital improvement Plan (ICIP), and meets the low-to-moderate income requirement.

State’s Process and Criteria for approving local government revitalization strategies

The state will allow units of local government to carry out community revitalization strategies depending upon funding availability and the ability to support their request.
AP-48 Method of Distribution for Colonias Set-aside – 91.320(d)&(k)

Introduction

The Cranston-Gonzalez National Affordable Housing Act (NAHA) established the Colonia Set-Aside, which mandated that Texas, New Mexico, California and Arizona spend up to 10% of their CDBG grant on projects that benefit colonias. Since 1997, HUD has established the Colonias Set-Aside for Texas, New Mexico, California and Arizona at 10%.

Distribution Methods

<table>
<thead>
<tr>
<th>State Program Name</th>
<th>Funding Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFA Administered CDBG Program</td>
<td>CDBG</td>
</tr>
</tbody>
</table>

Table 12: Distribution Methods by State Program for Colonias Set-aside

State Programs Addressed

N/A

Criteria and their importance

N/A

CDBG only: Access of application manuals

N/A

ESG only: Process for awarding funds to state recipients

N/A

HOPWA only: Method of selecting project sponsors

N/A

Resource Allocation among Funding Categories

N/A

Threshold Factors and Grant Size Limits

N/A

Outcome Measures expected as results of Distribution Method

N/A

Annual Action Plan
2016

OMB Control No: 2506-0117 (exp. 07/31/2015)
Discussion

CDBG will set aside 10 percent of funding for the Colonias. Counties with Colonias can apply for funding directed to problem areas in the Colonias.
AP-50 Geographic Distribution – 91.320(f)
Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

10 percent of CDBG funds will be allocated for Colonias neighborhoods, with the remainder spread throughout the state.

Geographic Distribution

<table>
<thead>
<tr>
<th>Target Area</th>
<th>Percentage of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLONIAS NEIGHBORHOOD</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 13 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

Colonias have a variety of housing and community development need and offer an opportunity for strategic investment. The direct need served by CDBG in the past has been providing needed infrastructure in Colonias communities. Ten percent of CDBG funds will be allocated for use in Colonias communities.

Discussion

The entire State of New Mexico is targeted with 100% of the funding.
**Affordable Housing**

**AP-55 Affordable Housing – 24 CFR 91.320(g)**

**Introduction**

<table>
<thead>
<tr>
<th>One Year Goals for the Number of Households to be Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeless</td>
</tr>
</tbody>
</table>

Table 14 - One Year Goals for Affordable Housing by Support Requirement

<table>
<thead>
<tr>
<th>One Year Goals for the Number of Households Supported Through</th>
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</thead>
<tbody>
<tr>
<td>Rental Assistance</td>
</tr>
</tbody>
</table>

Table 15 - One Year Goals for Affordable Housing by Support Type

**Discussion**

Tables will be populated upon receipt of funding amounts from HUD.
AP-60 Public Housing - 24 CFR 91.320(j)

Introduction

There are a total of 35 Public Housing Authorities (PHAs) in New Mexico, 28 of which are located outside of metropolitan areas and within the jurisdiction of the State Consolidated Plan. Neither the state through DFA nor MFA operate public housing, therefore neither agency directly plans resident initiatives. Efforts to collaborate more extensively with PHAs are underway through the state’s three Regional Housing Authorities (RHAs) which MFA is charged by the state Legislature to oversee for greater financial and operational efficiency.

Actions planned during the next year to address the needs to public housing

To the extent possible, MFA will make HOME funding available to PHAs pursuing the redevelopment of foreclosed and older USDA Rural Development properties.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

Both DFA and MFA remain ready to assist any Public Housing Agency in New Mexico with technical assistance and planning to ensure they promote resident involvement and continue to address the needs for public housing in their respective jurisdictions.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable

Discussion

Not applicable to State programs covered by this one (1) year consolidated Action Plan.
AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

In November of 2012 the NMCEH convened a task force to develop a plan as a basis for NMCEH efforts to end homelessness in New Mexico. The task force included state agency personnel, non-profit agency personnel, and advocates for the homeless and formerly homeless people. The plan is modeled after the federal plan and has the following overall goals with comments about how they will be implemented in New Mexico:

- Build the community and political will needed to end homelessness. Building community and political will require community education. The Albuquerque Mayor’s initiative, “Heading Home” and his continuing support is an example of political will. Another example is the creation of the New Mexico Housing Trust Fund.
- Increase access to stable and affordable housing. Two common barriers to increased housing access are domestic violence and a history of evictions. Obtaining more funding to build more supportive housing is crucial for this goal. For many homeless people to stabilize their lives it is necessary to have supportive services coupled with housing; housing alone is not enough.
- Increase economic security. Education, training, and literacy programs are important to increasing economic security.
- Improve health and stability. The scope of this category includes physical health, behavioral health, and substance abuse treatment and prevention.
- Rebuild the homeless crisis response system. The system must include prevention and follow-up as well as response to an immediate crisis.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The one year goal is to house 539 chronically homeless people.

Both CoCs, in conjunction with the NMCEH, utilize day services to attract homeless persons in. Due to the nature of rural homelessness in New Mexico, many persons cannot be accessed by traditional means, and are therefore brought in through services.

Addressing the emergency shelter and transitional housing needs of homeless persons

Part of the NMCEH’s efforts to end homelessness include increasing access to stable and affordable housing:

- Two common barriers to increased housing access are domestic violence and a history of evictions.
- Obtaining more funding to build more supportive housing is crucial for this goal.
- For many homeless people to stabilize their lives it is necessary to have supportive services coupled with housing; housing alone is not enough.
Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

Parts of NMCEH’s efforts as described above include increasing economic security, improving health and stability and rebuilding the homeless crisis response system. These efforts enable service organizations to respond to varying needs of homeless individuals and families in the community.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

The efforts described above include efforts to rebuild the crisis response system that responds to crisis and helps work towards prevention.

Discussion

All items are covered above.
### AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:

<table>
<thead>
<tr>
<th>Description</th>
<th>Goal</th>
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<tbody>
<tr>
<td>Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family</td>
<td>78</td>
</tr>
<tr>
<td>Tenant-based rental assistance</td>
<td>91</td>
</tr>
<tr>
<td>Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds</td>
<td>27</td>
</tr>
<tr>
<td>Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>196</td>
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AP-75 Barriers to affordable housing – 91.320(i)

Introduction


Actions planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Within our limited scope, MFA and the state of New Mexico will take the following actions to remove barriers to affordable housing:

- Strengthen delivery channels and build capacity to develop and rehab housing in underserved areas;
- Promote the development of new organizations to provide housing counseling and financial fitness education around the state; and
- Encourage universal design or adaptability in new construction of single and multifamily homes.

Discussion

New Mexico does not have a human rights law that is substantially equivalent (in the protections it affords) to the federal fair housing laws, which makes the state of New Mexico ineligible to qualify as a Fair Housing Initiatives Program agency; therefore, the state of New Mexico cannot receive Fair Housing funds. This will continue to impact the state’s ability to address fair housing initiatives.
AP-80 Colonias Actions – 91.320(j)

Introduction

A qualified colonia is a rural community with a population of 25,000 or less located within 150 miles of the US-Mexico border that has been designated as a Colonia by the county or municipality due to:

- Lack of potable water;
- Lack of adequate sewage systems;
- Lack of decent, safe and sanitary housing; and
- Has been inexistence as a Colonia prior to November 1990.

The Colonias in New Mexico are not units of local government. As such, these communities do not have the capacity to apply for and implement funding on their own accord. County and city governments that contain Colonias communities are able to apply for funding that can be directed towards needs in these communities.

Actions planned to address obstacles to meeting underserved needs

The greatest obstacle to meeting underserved need in the Colonias is the lack of capacity to implement funding. In order to meet the needs of Colonias, the state will call upon Cities and Counties to administer funds. City and County governments will be able to apply for funds that will be directed to serve the needs of Colonias.

Actions the state plans to take to reduce the number of poverty-level families

Colonias communities have a high concentration of low-income households as well as a variety of infrastructure and public service needs. The DFA will set aside 10 percent of CDBG funds to commit to Colonias communities to help ensure low income households have access to adequate infrastructure and services.

Actions the state plans to take to develop the institutional structure

In order to facilitate a system that will meet the needs of the Colonias, the state will work with cities and counties that contain Colonias communities to administer funding. This will develop the responsiveness of the cities and counties to meet the needs of the Colonias.

Specific actions the state plans to take to enhance coordination between public and private house and social service agencies

Public and private housing and social service agencies that coordinate plans will have preference when funding is awarded.

Discussion
AP-85 Other Actions – 91.320(j)

Introduction

Actions planned to address obstacles to meeting underserved needs

The greatest obstacle to meeting underserved needs in New Mexico is the lack of funding. The need is far greater than the supply. The majority of communities outside of the metro areas of New Mexico lack the local capacity not only to administer the programs, but also to seek out services and funds with which to address their problems. As part of our program management, MFA and DFA will provide training workshops during the year and technical assistance on a one-to-one basis. Additionally, MFA and DFA will use funds, if available, to provide capacity building via training, operational funding and awards of federal funds.

Actions planned to foster and maintain affordable housing

MFA will continue to fund efforts to create and maintain affordable housing through dedicating HOME funds to rental, homebuyer assistance and rehabilitation of owner-occupied housing.

Actions planned to reduce lead-based paint hazards

MFA will again set aside a portion of the state’s formula HOME administrative allocation for eligible lead-based paint assessment and remediation activities. This effort to make available additional funds for lead hazard remediation and abatement has encouraged additional businesses and organizations to receive appropriate training in order to provide these remediation services. Additionally, MFA will continue to train its partners throughout the state in the Lead-Safe Housing Rule and encourage subgrantees and professionals statewide to receive formal training and any applicable lead-based paint certifications in an effort to improve the efficiency of the rehabilitation services delivery system.

Actions planned to reduce the number of poverty-level families

In creating additional affordable housing options and community development opportunities throughout the State, MFA will be a part of the larger network that supports families on the road to self-sufficiency. The State has a variety of programs available to poverty-level families and the funds administered in this Plan will continue to support efforts to create affordable housing, suitable living environments and economic opportunities for those households.

Actions planned to develop institutional structure

While funds will not be dedicated to developing institutional structure, MFA will continue to work closely with outside agencies to develop partnerships and implement this Plan effectively.

Actions planned to enhance coordination between public and private housing and social service agencies

MFA believes that there is effective coordination between public and private housing and social service agencies and has no specific additional actions for FY 2016.
Discussion
Program Specific Requirements
AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction

Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.320(k)(1)
Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

<table>
<thead>
<tr>
<th>Requirement Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed</td>
<td>0</td>
</tr>
<tr>
<td>2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee’s strategic plan.</td>
<td>0</td>
</tr>
<tr>
<td>3. The amount of surplus funds from urban renewal settlements</td>
<td>0</td>
</tr>
<tr>
<td>4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan</td>
<td>0</td>
</tr>
<tr>
<td>5. The amount of income from float-funded activities</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Program Income:</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

Other CDBG Requirements

<table>
<thead>
<tr>
<th>Requirement Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The amount of urgent need activities</td>
<td>0</td>
</tr>
<tr>
<td>2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.</td>
<td>90.00%</td>
</tr>
</tbody>
</table>
HOME Investment Partnership Program (HOME)  
Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

HOME funding is not being used for any form of investment other than those identified in Section 92.205.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

MFA’s recapture and affordability guidelines are included in Appendix B to this plan and are compliant with the HOME requirements.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

MFA’s recapture and affordability guidelines are included in Appendix B to this plan and are compliant with Home requirements.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

MFA may, at its discretion, use HOME funds for refinancing only when needed in order to permit or continue affordability of rental units when rehabilitation is the primary activity. MFA’s underwriting standards for an initial investment of HOME funds would apply, which include: adequacy of management and owner, feasibility of project to meet operational and debt service requirements, consistency with market, and review of total development costs and sources available to meet these needs. The required period of affordability will be consistent with the HOME regulations based on the activity and the HOME per unit subsidy. This would be available jurisdiction-wide. The HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG. Any unpaid balance of these loans is due in full during the period of affordability or upon the sale or transfer to an ineligible party.

Emergency Solutions Grant (ESG)  
Reference 24 CFR 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)

EHAP uses ESG and state homeless funds for homeless assistance to carry out activities such as emergency shelter operations, essential services and data collection using the Homeless Management Information System, or HMIS. Qualifying individuals must meet HUD’s definition of homelessness. See http://www.housingnm.org/community_development/emergency-homeless-assistance-program-ehap for more details.
2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

New Mexico began operation of its Coordinated Assessment System on June 2, 2014. The system is statewide and incorporates the agencies in the Albuquerque CoC and the New Mexico Balance of State CoC. The New Mexico Coordinated Assessment System is being implemented in phases with the first phase being the use a common assessment tool the VI/SPDAT (Vulnerability Index/Service Prioritization Decision Tool) to assess the housing needs of chronically homeless people in Santa Fe, Sandoval and Bernalillo Counties, the state's primary population center. This first phase is now operating successfully. The second phase will be to expand to homeless people. People can receive the assessment of chronically homeless people in Santa Fe, Sandoval and Bernalillo Counties, the state's primary population center. This first phase is now operating successfully. The second phase will be to expand to homeless people. People can receive the assessment of chronically homeless people in Santa Fe, Sandoval and Bernalillo Counties, the state's primary population center. This first phase is now operating successfully. The second phase will be to expand to homeless people. People can receive the assessment of chronically homeless people in Santa Fe, Sandoval and Bernalillo Counties, the state's primary population center. This first phase is now operating successfully. The second phase will be to expand to homeless people. People can receive the assessment of chronically homeless people in Santa Fe, Sandoval and Bernalillo Counties, the state's primary population center. This first phase is now operating successfully. The second phase will be to expand to homeless people. People can receive the assessment of chronically homeless people in Santa Fe, Sandoval and Bernalillo Counties, the state's primary population center. This first phase is now operating successfully. The second phase will be to expand to homeless people. People can receive the assessment of chronically homeless people in Santa Fe, Sandoval and Bernalillo Counties, the state's primary population center. This first phase is now operating successfully. The second phase will be to expand to homeless people. People can receive the assessment of chronically homeless people in Santa Fe, Sandoval and Bernalillo Counties, the state's primary population center. This first phase is now operating successfully. The second phase will be to expand to homeless people. People can receive the assessment of chronically homeless people in Santa Fe, Sandoval and Bernalillo Counties, the state's primary population center. This first phase is now operating successfully. The second phase will be to expand to homeless people. People can receive the assessment of chronically homeless people in Santa Fe, Sandoval and Bernalillo Counties, the state's primary population center.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

All funds are distributed on a competitive basis in accordance with MFA Procurement Policies to eligible local governments, tribal entities, and nonprofit organizations. Funds will be renewed annually with periodic requests for proposals to identify new providers. Restrictions on funding amounts include:

- No organization will receive more than 15 percent of the total funds available.
- Limits to activities under Emergency Homeless Assistance will be in place.
- Administrative awards are issued to units of local government including local Public Housing Authorities.
- Tribal entities and regional housing authorities are not eligible to receive federal ESG funds and will receive only state homeless funds.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

MFA meets the homeless participation requirement in 24 CFR 576.405(a). The Continuum of Care Steering Committee includes formerly homeless individuals who participate as members in policy-making and funding decisions. In addition, all of MFA’s ESG subrecipients have either formerly homeless individuals as members of their boards, or the subrecipients solicit input from homeless individuals when making decisions on policies and implementation of ESG funding.
5. Describe performance standards for evaluating ESG.

MFA’s performance standards include placement of homeless individuals into permanent or transitional housing, services provided, individuals assisted and efficient utilization of funds. Since the passage of the HEARTH Act, MFA staff meets periodically with NMCEH to discuss the development of performance standards for activities funded under ESG. In partnership with the NM Coalition to End Homelessness (HMIS Lead) has been running reports in HMIS to evaluate ESG funded programs primarily looking at how successful the ESG programs are in placing homeless people into permanent or transitional housing. NMCEH discussed these results with MFA and agreed to continue sharing the

Continuum of Care Steering Committee, written analysis with MFA staff. NMCEH noted that the differences in performance standards using MFA’s database, HMIS, the Consolidated Plan, quarterly e-Snaps report, Annual Action Plan among ESG funded programs reflect what is available in the way of housing in various New Mexico Communities and CAPER have been developed as a guide to which performance standards will be recorded, tracked and produced in monthly or quarterly reports. Not necessarily the quality of the efforts by shelter staff. General performance standards such as the unduplicated number of persons or households prevented from becoming homeless and the unduplicated number of persons assisted from emergency shelters/streets into permanent housing will be reported.
### APPENDIX A

#### 2016 Areas of Statistically Demonstrated Need

<table>
<thead>
<tr>
<th>County</th>
<th>2010 Census Population</th>
<th>2010 Census Population + 5%</th>
<th>2015 Population Growth &lt; 5%</th>
<th>2015 Population Growth &gt; 5% Average</th>
<th>2015 Annual Vacancy %</th>
<th>% of PSA, or County &gt; 10 K</th>
<th>Annual Vacancy Rate below 5.3%</th>
<th>% of Demolished Need (N = high, M = medium)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bernalillo</td>
<td>675,551</td>
<td>672,995</td>
<td>0.38%</td>
<td>N</td>
<td>Y</td>
<td>5.8%</td>
<td>N</td>
<td>M</td>
</tr>
<tr>
<td>Catron</td>
<td>3,556</td>
<td>3,652</td>
<td>2.63%</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Chaves</td>
<td>65,878</td>
<td>65,828</td>
<td>0.08%</td>
<td>N</td>
<td>Y</td>
<td>2.1%</td>
<td>Y</td>
<td>M</td>
</tr>
<tr>
<td>Cibola</td>
<td>27,349</td>
<td>27,318</td>
<td>0.11%</td>
<td>N</td>
<td>Y</td>
<td>2.8%</td>
<td>Y</td>
<td>M</td>
</tr>
<tr>
<td>Colfax</td>
<td>12,880</td>
<td>13,230</td>
<td>3.16%</td>
<td>N</td>
<td>Y</td>
<td>3.2%</td>
<td>Y</td>
<td>M</td>
</tr>
<tr>
<td>Curry</td>
<td>50,581</td>
<td>50,676</td>
<td>0.98%</td>
<td>Y</td>
<td>Y</td>
<td>1.7%</td>
<td>Y</td>
<td>H</td>
</tr>
<tr>
<td>De Lima</td>
<td>1,625</td>
<td>1,935</td>
<td>5.88%</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Dona Ana</td>
<td>213,676</td>
<td>214,203</td>
<td>0.25%</td>
<td>N</td>
<td>Y</td>
<td>6.7%</td>
<td>N</td>
<td>H</td>
</tr>
<tr>
<td>Eddy</td>
<td>56,395</td>
<td>54,970</td>
<td>3.22%</td>
<td>Y</td>
<td>Y</td>
<td>0.9%</td>
<td>Y</td>
<td>H</td>
</tr>
<tr>
<td>Grant</td>
<td>29,096</td>
<td>29,139</td>
<td>0.23%</td>
<td>N</td>
<td>Y</td>
<td>2.6%</td>
<td>Y</td>
<td>H</td>
</tr>
<tr>
<td>Guadalupe</td>
<td>4,460</td>
<td>4,607</td>
<td>3.93%</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Hardin</td>
<td>603</td>
<td>701</td>
<td>1.97%</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Hidalgo</td>
<td>4,560</td>
<td>4,789</td>
<td>4.28%</td>
<td>N</td>
<td>N</td>
<td>7.1%</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Lea</td>
<td>69,999</td>
<td>66,286</td>
<td>5.06%</td>
<td>Y</td>
<td>Y</td>
<td>4.7%</td>
<td>Y</td>
<td>H</td>
</tr>
<tr>
<td>Lincoln</td>
<td>19,708</td>
<td>20,208</td>
<td>2.48%</td>
<td>N</td>
<td>Y</td>
<td>7.1%</td>
<td>N</td>
<td>M</td>
</tr>
<tr>
<td>Los Alamos</td>
<td>17,682</td>
<td>18,162</td>
<td>2.44%</td>
<td>N</td>
<td>Y</td>
<td>6.2%</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Luna</td>
<td>24,677</td>
<td>25,019</td>
<td>1.29%</td>
<td>N</td>
<td>Y</td>
<td>2.0%</td>
<td>Y</td>
<td>M</td>
</tr>
<tr>
<td>McKinley</td>
<td>74,098</td>
<td>72,716</td>
<td>1.39%</td>
<td>Y</td>
<td>Y</td>
<td>7.4%</td>
<td>N</td>
<td>M</td>
</tr>
<tr>
<td>Mora</td>
<td>4,592</td>
<td>4,679</td>
<td>1.86%</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Otero</td>
<td>65,882</td>
<td>66,102</td>
<td>1.64%</td>
<td>N</td>
<td>Y</td>
<td>9.8%</td>
<td>N</td>
<td>H</td>
</tr>
<tr>
<td>Quay</td>
<td>8,701</td>
<td>8,795</td>
<td>3.38%</td>
<td>N</td>
<td>N</td>
<td>7.4%</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Rio Arriba</td>
<td>39,777</td>
<td>40,460</td>
<td>1.71%</td>
<td>N</td>
<td>Y</td>
<td>4.8%</td>
<td>Y</td>
<td>M</td>
</tr>
<tr>
<td>Roosevelt</td>
<td>19,536</td>
<td>20,336</td>
<td>3.93%</td>
<td>N</td>
<td>Y</td>
<td>7.1%</td>
<td>N</td>
<td>M</td>
</tr>
<tr>
<td>Sandoval</td>
<td>137,608</td>
<td>135,319</td>
<td>1.69%</td>
<td>Y</td>
<td>Y</td>
<td>3.2%</td>
<td>Y</td>
<td>H</td>
</tr>
<tr>
<td>San Juan</td>
<td>123,785</td>
<td>128,367</td>
<td>3.75%</td>
<td>N</td>
<td>Y</td>
<td>4.6%</td>
<td>Y</td>
<td>M</td>
</tr>
<tr>
<td>San Miguel</td>
<td>26,239</td>
<td>28,953</td>
<td>2.47%</td>
<td>N</td>
<td>Y</td>
<td>5.6%</td>
<td>N</td>
<td>M</td>
</tr>
<tr>
<td>Sierra</td>
<td>148,164</td>
<td>146,983</td>
<td>1.27%</td>
<td>Y</td>
<td>Y</td>
<td>2.8%</td>
<td>Y</td>
<td>M</td>
</tr>
<tr>
<td>Socorro</td>
<td>17,310</td>
<td>17,527</td>
<td>1.24%</td>
<td>N</td>
<td>Y</td>
<td>10.6%</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Taos</td>
<td>33,084</td>
<td>32,817</td>
<td>0.81%</td>
<td>Y</td>
<td>Y</td>
<td>3.7%</td>
<td>Y</td>
<td>M</td>
</tr>
<tr>
<td>Torrance</td>
<td>16,611</td>
<td>16,072</td>
<td>2.67%</td>
<td>N</td>
<td>Y</td>
<td>7.1%</td>
<td>N</td>
<td>M</td>
</tr>
<tr>
<td>Union</td>
<td>4,297</td>
<td>4,419</td>
<td>2.76%</td>
<td>N</td>
<td>N</td>
<td>7.1%</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Valencia</td>
<td>75,817</td>
<td>76,639</td>
<td>1.09%</td>
<td>N</td>
<td>Y</td>
<td>6.1%</td>
<td>N</td>
<td>N</td>
</tr>
</tbody>
</table>

2,065,572 2,084,594 0.05% 5.1%

*Remains on list for second year

**Vacancy rate for Sandoval County is an average of Rio Rancho (5.54%) and Sandoval (5.1%) data

N/A - Data not reported

Sources:

(a) U.S. Census Bureau, Annual Estimates of the Resident Population for New Mexico, April 1, 2010 to July 1, 2014 (MARION)
(b) Vacancy Surveys (1) Performed by BBUR May and June, 2015, (2) Apartment Market Survey Summary, May 2015, CB Richard Ellis Multi Housing Group

OMB Control No: 2506-0117 (exp. 07/31/2015)
APPENDIX B

MFA RECAPTURE/AFFORDABILITY GUIDELINES

A.1. MFA RESOURCES TO BE APPLIED IN 2015

When necessary, MFA will require repayment of the outstanding amount of HOME funds in the event of noncompliance with HOME affordability requirements. Noncompliance occurs when, if at any time during the period of affordability: 1) the original HOME-assisted homebuyer fails to occupy the unit as the principal residence (i.e., the unit is rented or vacant), or 2) the home is sold and the recapture provisions are not enforced. Affordability is ensured through the recordation of restrictive covenants accompanied by a lien filed on the property.

Maintaining Affordability

In general, all HOME activities require the borrower or beneficiary to execute, at a minimum, a Restrictive Covenants Agreement or Tribal Land Award Agreement. Loans are due upon sale or transfer of the property, with some exceptions in owner-occupied rehabilitation. In the case of the DPA program, mortgage liens are placed in second position behind MFA's first-time homebuyer mortgage backed security (MBS) program loans. In MFA's Owner-Occupied Rehabilitation program, these liens can assume a variety of positions, including first. Finally, in the case of MFA's Rental New Construction and Rehabilitation programs, a Land Use Restriction Agreement is executed along with the note and mortgage to ensure long term compliance with HUD guidelines. All guidelines under which repayment must be made are spelled out in the note, mortgage and/or restrictive covenant documents, depending upon the activity.

MFA ensures long-term affordability of assisted properties as follows:

For homebuyer properties, MFA has chosen the recapture provision over the resale option as discussed in HOME regulations at 24 CFR 92.254(a)(5). This is discussed in more detail in the following subsection.

For Rental Projects, the length of the affordability period is based on the amount of HOME funds invested in the property, as well as on the nature of the activity funded.

<table>
<thead>
<tr>
<th>RENTAL Activity</th>
<th>Average Per-Unit HOME</th>
<th>Minimum Affordability Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehabilitation or Acquisition of Existing Housing</td>
<td>&lt;$15,000</td>
<td>5 years</td>
</tr>
<tr>
<td></td>
<td>15,000 - $40,000</td>
<td>10 years</td>
</tr>
<tr>
<td></td>
<td>&gt;$40,000</td>
<td>15 years</td>
</tr>
<tr>
<td>Refinance of Rehabilitation Project</td>
<td>Any dollar amount</td>
<td>15 years</td>
</tr>
<tr>
<td>New Construction or Acquisition of New Housing</td>
<td>Any dollar amount</td>
<td>20 years</td>
</tr>
</tbody>
</table>
In the case of foreclosure on the property during the period of affordability, MFA files an answer and monitors the foreclosure. If there are any excess funds at the foreclosure sale, MFA will file a claim for those funds. This demonstrates that MFA has made every effort to recover the HOME funds on behalf of HUD. For all homeowner activities, recapture provisions must be limited to net proceeds, and MFA’s repayment obligation is limited to the amount of the HOME subsidy, if any, that it is able to recover. For rental activities, per §92.252(c)(4), the termination of the restrictions on the project does not terminate the participating jurisdiction’s repayment obligation under §92.503(b). However, in §92.252(c)(2), though, “the participating jurisdiction may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure in order to preserve affordability.” After the period of affordability, MFA files a disclaimer to the property.

In the case of a bankruptcy during the period of affordability, MFA files an answer and proof of claim on the property thus establishing MFA’s interest in the property. After the period of affordability, a disclaimer is filed.

**Recapture guidelines:**

Under the Down Payment Assistance Program, homebuyer projects are subject to a Note and Mortgage with a recapture provision. The length of the affordability period is based on the amount of HOME funds provided as a direct subsidy to the homebuyer, as shown in the table below.

<table>
<thead>
<tr>
<th>Amount of HOME Subsidy to the Buyer</th>
<th>Minimum Affordability Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$15,000</td>
<td>5 years</td>
</tr>
<tr>
<td>15,000 - $40,000</td>
<td>10 years</td>
</tr>
<tr>
<td>&gt;$40,000</td>
<td>15 years</td>
</tr>
</tbody>
</table>

A direct subsidy is funding that makes a home more affordable to a homebuyer, and includes down payment and closing cost assistance as well as the difference between fair market value and the sale price, or the amount of a soft second mortgage that makes the home affordable to the buyer.

The borrower executes notes and mortgages for these loans as well as a HOME written agreement (i.e. MFA Disclosure to Buyer). The HOME-assisted homebuyer may sell the unit to any person, at any price the market will bear, at any time during the period of affordability. However, if the property is sold or transferred during the period of affordability, these recapture provisions apply:

In the event there are sufficient net proceeds from the sale to repay the total amount of the borrower’s initial investment (down payment) and the outstanding HOME balance, then both parties shall recover their investments. The borrower will pay to lender the entire...
balance due on the loan. Additional proceeds will be shared between the borrower and the lender.

In the event, however, the net proceeds from the sale or transfer of the property are not sufficient for the borrower to recover its initial investment and repay the outstanding HOME loan balance, then MFA will permit the borrower to recover its down payment first, and the remaining amount of net proceeds from the sale will then be recaptured. Upon recapture, the borrower’s loan will be considered satisfied. MFA will never recapture more than the amount of net proceeds than are available. If there are no net proceeds from the sale or transfer, then no HOME funds will be recaptured and the loan will be considered satisfied. The term "Net Proceeds" means the sales price of the property, less the amount necessary to repay any loans superior to the HOME mortgage secured by the property, and less any closing costs associated with such sale or transfer. (That is: Net proceeds are defined as: Sales Price - Superior (non–HOME) debt - Closing costs = Net Proceeds). The amount to be recaptured will be limited to the available net proceeds.

Homebuyers must agree to reside in the HOME-assisted property for the duration of the period of affordability, or until there is a sale or other transfer of ownership of the property. MFA will monitor principal residency throughout the period of affordability. First, as a lien holder, MFA will be notified upon a sale of the property, and second, MFA is a loss payee on the hazard insurance and would be advised of any change in the insurance coverage. Should the homebuyer cease to reside in the home as its principal residence by vacating or renting the unit during the period of affordability, then the outstanding amount of the down payment assistance loan will be due and payable immediately, and the lender will take legal action to enforce the residency requirement.

Any variation on this recapture provision must be submitted to the State of New Mexico for review and approval by the State and by HUD.
Appendix C
Publication Affidavits

Will be added to Plan after allocations are received and Plan is to be submitted to HUD
Attachments
SF424 Forms
State Certifications

Will be executed and added to Plan after allocations are received and Plan is to be submitted to HUD.
Tab 6
MEMORANDUM

TO: Board of Directors

Through: Contracted Services Committee – October 14, 2015

Through: Policy Committee – September 30, 2015

FROM: Kathleen Sysak-Keeler, Finance Manager

DATE: September 25, 2015

SUBJECT: Request for Proposals for Trustee and Paying Agent Services

Recommendation:

Staff recommends the approval of the Request for Proposal 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 November 10, 2015 and recommendations for award will be presented at the December Board meeting.

Background:

MFA issued an RFP for Trustee and Paying Agent Services in September 2012. The contract was awarded to Zions Bank for a term of one year with two-one year extensions at the option of the Board. The Board exercised the last available extension which expires on December 31, 2015.

Discussion:

MFA is recommending we issue a Request for Proposal for Trustee and Paying Agent Services. The term begins the date the Board approves the award and ends December 31, 2018 with two subsequent one-year extensions at the option of the Board.
Following is a summary of the major changes from the RFP issued in 2012. The RFP has been changed to the standard template.

<table>
<thead>
<tr>
<th>Part III: Services to be Performed, Pg. 8, No. 8</th>
<th>2012 RFP</th>
<th>2015 RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addressed only that trust statements be furnished to rebate analysts.</td>
<td>Added language for trust information to be provided to additional parties such as financial advisor, bond underwriters, independent auditors or other interested parties as directed by MFA.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Part III: Services to be Performed, Pg. 8, No. 9</th>
<th>2012 RFP</th>
<th>2015 RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>No required timeframe for submission of required information such as audited financial statements, Service Organizational Control Report, most recent Community Reinvestment Act Examination Report.</td>
<td>Added timeframe for submission of requirement information and added additional documents that need to be submitted which are credit rating report, results of Federal Reserve Dodd-Frank Act Stress Test and Federal Reserve Comprehensive Capital Analysis &amp; Review.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Part III: Services to be Performed, Pg. 8, No. 11</th>
<th>2012 RFP</th>
<th>2015 RFP</th>
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<tbody>
<tr>
<td>Key personnel category was awarded points separately. Proposed fee weighting was heavier to single family bond issues.</td>
<td>Added paying agent function language.</td>
<td></td>
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<tr>
<th>Part IV: Evaluation Criteria, Pg. 8</th>
<th>2012 RFP</th>
<th>2015 RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key personnel questions were combined under “Capabilities” in order to bring point total down to 100 total points. Adjusted weighting of proposed fees and costs heavier to multifamily bonds since multifamily bonds are always issued under stand-alone indentures and staff doesn’t anticipates very little if any single family stand-alone indenture activity.</td>
<td>Requested information regarding compliance with minimum qualification regarding federal supervision and audit requirements.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part V: Proposal Format and Instructions to Offeror, Pg. 9, No. 2</th>
<th>2012 RFP</th>
<th>2015 RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Was included as No. 8.</td>
<td>Requested information regarding compliance with minimum qualification regarding equity capital and surplus and assets under trust.</td>
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<tr>
<th>Part V: Proposal Format and Instructions to Offeror, Pg. 9, No. 3</th>
<th>2012 RFP</th>
<th>2015 RFP</th>
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</thead>
<tbody>
<tr>
<td>Was included as No. 8.</td>
<td>Requested information regarding compliance with minimum qualification regarding equity capital and surplus and assets under trust.</td>
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<table>
<thead>
<tr>
<th>Part V: Proposal Format and Instructions to Offeror, Pg. 10, No. 8</th>
<th>2012 RFP</th>
<th>2015 RFP</th>
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</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Added language regarding compliance with Basel III tier 1 capital requirements.</td>
<td></td>
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<table>
<thead>
<tr>
<th>Part V: Proposal</th>
<th>2012 RFP</th>
<th>2015 RFP</th>
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</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Added language requesting a copy of the</td>
<td></td>
</tr>
<tr>
<td>Format and Instructions to Offeror, Pg. 10, No. 9</td>
<td>Offeror’s latest rating agency report.</td>
<td></td>
</tr>
<tr>
<td>Part V: Proposal Format and Instructions to Offeror, Pg. 10, No. 10</td>
<td>N/A</td>
<td>Requested information regarding the most recent results of Offeror’s Federal Reserve Dodd-Frank Act Stress Test and Comprehensive Capital Analysis Review.</td>
</tr>
<tr>
<td>Part V: Proposal Format and Instructions to Offeror, Pg. 11, No. 20</td>
<td>N/A</td>
<td>Requested detailed information regarding month-end and annual reports, availability of electronic transaction information.</td>
</tr>
<tr>
<td>Part V: Proposal Format and Instructions to Offeror, Pg. 11, No. 21</td>
<td>N/A</td>
<td>Requested information regarding security policies.</td>
</tr>
<tr>
<td>Part V: Proposal Format and Instructions to Offeror, Pg. 12, No. 22</td>
<td>N/A</td>
<td>Requested information regarding disaster recovery and its impact on MFA.</td>
</tr>
<tr>
<td>Part VI: Principal Contract Terms and Conditions, Contract Term Pg. 23</td>
<td>Term was for one year with two one-year extensions under the same terms and conditions.</td>
<td>Term is for three years with two, one year extensions at the option of the Board under the same terms and conditions.</td>
</tr>
</tbody>
</table>

**Summary:**

MFA issued an RFP for Trustee and Paying Agent services for stand-alone indentures in 2012. At that time, the Board selected Zions Bank to provide those services for one year and subsequently exercised the two available one-year extensions until December 31, 2015. The term of the RFP is for three years with two one-year extensions at the Board’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 November 10, 2015.
NEW MEXICO MORTGAGE FINANCE AUTHORITY

REQUEST FOR PROPOSALS

FOR

TRUSTEE AND PAYING AGENT SERVICES

September 19, 2012 - October 21, 2015
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Request for Proposals
To Provide Trustee and Paying Agent Services
For the New Mexico Mortgage Finance Authority’s
Issuance of Single Family and Multifamily Mortgage Revenue Bonds

Part I: Background and 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, N.M. Stat. Ann. Sections 58-18-1, et seq. (1978) 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 which 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, FHLMCs and GNMA), 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 of 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 and will close on November 5, 2015. 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

The original and six (6) copies of a proposal must be received by MFA at our office located at 344 Fourth Street S.W., Albuquerque, NM 87102 no later than Tuesday, November 10, 2015 at 4:00 p.m., Mountain Time. Proposals shall be in sealed envelopes marked “Response to Trustee and Paying Agent Services RFP.”

Proposal Tenure

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

RFP Revisions, 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 provided 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

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

Evaluation of Proposals, Award and Negotiation

Proposals will be evaluated by an Internal Review Committee of MFA staff using the criteria listed in Parts II Minimum Qualifications and Requirements and III Services to be Performed, below, with final selection to 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 final contract will then be referred to the Contracted Services Committee of the MFA Board of Directors for recommendation, with final approval to be determined by the full Board of Directors.

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 for a presentation and interview. 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, including any period immediately following release of the RFP.

Until the award is made and notice given to all Offerors, MFA will not disclose the contents of any proposal or discuss the contents of any proposal with an Offeror or potential Offeror, so as to make the contents of any offer available to competing or potential Offerors.

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 Performance Agreement pursuant to this RFP may protest to the MFA. The protest must be written and addressed to:

Kathleen M. Sysak-Keeler, Finance Manager  
New Mexico Mortgage Finance Authority  
344 4th Street SW  
Albuquerque, NM 87102

The protest must be delivered to MFA within fifteen (15) calendar 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 seven (7) calendar 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. 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. 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, or does not follow the prescribed proposal and Protest process.

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. Be a corporation that is subject to federal supervision and audited by independent public accountants on an annual basis; and

2. Have equity capital and surplus of at least $75 million and/or $500 million of
assets under trust.

3. Have experience as Trustee and paying agent of state housing bond issues, including both single family and multifamily issues.

4. Be able to provide monthly trust statements in electronic format at no extra cost.

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 corporate trustee and paying agent services REQUIRED to be provided under and to be incorporated into the contract to be awarded pursuant to this RFP include, but are not limited to, the following:

1. 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 Series 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
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; annual Service Organization Control (SOC 1) Report, or equivalent information; and 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; and

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

10.1. 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: Evaluation Criteria**

MFA shall award the contract for corporate trustee and paying agent services to the Offeror whose proposal is most advantageous to MFA. Proposals 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.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Point Range</th>
<th>Maximum Points</th>
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<tbody>
<tr>
<td>A. Letter of Transmittal</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B1. The Offeror</td>
<td>0-10</td>
<td>10</td>
</tr>
<tr>
<td>New Mexico Resident Business</td>
<td>N/A-5</td>
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</tr>
<tr>
<td>C2. Key-Personnel</td>
<td>0-25</td>
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<tr>
<td>D.2. Experience</td>
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</table>
E.3. Capabilities

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E.4. Proposed Fees and Costs

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<th>0-2010</th>
<th>155</th>
<th>25</th>
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<tbody>
<tr>
<td>a. Fee schedule for single family bonds (Exhibit A Part 1)</td>
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<td></td>
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<tr>
<td>b. Fee schedule for multifamily bonds (Exhibit A Part 2)</td>
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<tr>
<td>Total</td>
<td>0-125100</td>
<td>125100</td>
<td>125100</td>
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Part V: 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

   a. Include at least the following information:

   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's proposal is valid for ninety (90) days after the deadline for submission of proposals.
   E. A statement that the Offeror, if awarded the contract, will comply with the terms and conditions set forth in this RFP.

Minimum Qualifications and Requirements:

2. 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.

3. 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.

The Offeror
4. Location. Provide the location of the Offeror’s main office and the location of the office where MFA’s main contact person is located.

2-5. Litigation. Please describe any material, current or pending litigation, administrative proceedings or investigations that could impact the reputation or financial viability of your institution.

3-6. Financial Statements and Community Reinvestment Act. Provide a copy of the Offeror's most recently available audited financial statements as Exhibit B or a separate attachment. Please reference the page(s) which show that the Offeror has an equity capital and surplus of at least $75 million and/or $500 million of assets under trust, and a copy of the last Community Reinvestment Act (CRA) Examination document made available to the general public, if applicable, as a separate attachment. If CRA exam is not applicable, provide a statement that the Offeror is subject to federal supervision and indicate the oversight agency.

4-7. 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 Exhibit C or a separate attachment.

5-8. Discuss the Offeror’s compliance with the Basel III tier 1 capital requirements.

9. Provide a copy of the Offeror’s latest rating agency report.

6-10. 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.

7-11. New Mexico Resident Business. A New Mexico Resident Business, for the purposes of MFA’s Procurement Policies, is defined as one in which the majority of the Offeror’s employees who would perform the services to be performed pursuant to the relevant procurement reside in New Mexico. If an Offeror is seeking preference points as a New Mexico Resident Business, the Offeror’s proposal must include: (1) evidence that the Offeror is licensed to do business in New Mexico; and, (2) a representation that the majority of the Offeror’s employees who would perform the services to be performed reside in New Mexico.

Experience:

8-12. 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.
9.13. 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.


11.15. B. 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.

12.16. A description of New Mexico clients for which Offeror has performed trustee and paying agent services currently or in the last ten years.

13.17. References. 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. Information required for each reference is the name and title of person to contact, firm name, telephone number, email address, type of service provided and the dates services were provided. By providing this information, Offeror grants permission for the Contact PersonMFA to communicate with each reference.

Capabilities:

14.18. Services to be Performed. Describe the Offeror's proposal for delivering services, including organization of responsibilities, work plan, approach, and the availability of personnel for consultation and discussion, as necessary to serve the needs of MFA.

19. 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.

20. 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.
21. **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.

22. **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.

**Proposed Fees and Costs:**

23. 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.

A. 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.

B. 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.

C. Offeror is required to submit itemized billing statements one week prior to the close of a bond issue.

**Other Requirements:**

24. A statement disclosing: (1) any political contribution or gift valued in excess of $2,500.00 (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.

18.25. MFA requires that Offeror be an Equal Opportunity Employer. Please state that Offeror complies fully with all government regulations regarding nondiscriminatory employment practices.

19.26. Offeror shall provide MFA with 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.

20.27. 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 VI: 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, 2018. At the option of the Board, 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 Indemnity Agreement

Contractor shall hold harmless and indemnify MFA, its members, officers, employees, and agents from and against any and all claims, liabilities, obligations, losses and the like, asserted by any third parties arising from or attributable to Contractor’s performance of the services required under the contract. This indemnity and hold harmless agreement shall include reimbursement of all attorney fees, costs and expenses incurred by MFA, members, employees, or agents in defending any such action.

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.

Subcontractors

Contractor shall not employ a subcontractor (or substantially change the contemplated division of responsibilities with a previously approved subcontractor) without the prior written approval of MFA. Any and all fees or costs incurred by a subcontractor shall be paid by Contractor and shall not be reimbursed by MFA. Contractor shall assume full and complete responsibility and liability for subcontractor’s performance of any services which Contractor has delegated to a subcontractor.

Records and Audit

Contractor shall maintain detailed time records which indicate the detail of services rendered, which shall be subject to inspection by MFA. MFA shall have the right to audit bills submitted to MFA under the Single Family Mortgage Servicing trustee and paying agent Contract both before and after payment. Payment under the contract shall not foreclose the right of MFA to recover excessive and/or illegal payments.

Budget and Billing

Prior to commencing any work on special requests matter requiring substantial work, Contractor shall prepare and deliver to MFA a detailed budget of all fees and costs that Contractor anticipates will be necessary to perform the services required for that transaction. A detailed statement of services and an invoice for services provided must be presented before any payment under the contract shall be made. MFA will pay Contractor fees or costs which exceed those indicated in the budget only if such costs are reasonable and result from circumstances which Contractor could not have anticipated at the time Contractor prepared the budget.

Professional Liability Insurance

Each Contractor shall maintain professional liability insurance covering all liabilities and risks inherent in Contractor’s performance of the services required under the contract. Each Contractor’s insurance policy must provide per claim and aggregate limits of at least two million dollars ($2,000,000.00), must provide for a per claim/aggregate deductible in an amount reasonable for a firm of Contractor’s size and financial condition, and must be in a form acceptable to MFA. Each Contractor must provide MFA with an acceptable certificate of insurance in force at the time of the inception of the contract and at each anniversary date, extension or renewal of the contract, which provides for not less than thirty (30) days’ notice to MFA of non-renewal or cancellation. Contractor shall immediately notify MFA in the event of any cancellations, modifications or changes in the amounts of coverage provided under such professional liability coverage. Failure to have, maintain and continue professional liability coverage in the amount and form specified shall be cause for immediate termination of the contract and shall not require the notice provided for in Part VI Principal Contract Terms and Conditions, Termination of this RFP.
**Confidentiality**

The relationship between Contractor and MFA shall be that of attorney-client. Any information developed or acquired by or furnished by Contractor in the performance of the contract shall be kept confidential and shall not be made available to any individual or organization not involved in a given transaction without the prior written approval of MFA.

**Confidential Data**

Offerors may request in writing nondisclosure of confidential data. Such data shall accompany the proposal and shall be readily separable from the proposal to facilitate public inspection of non-confidential portions of the proposal. After award, all proposals and documents pertaining to the proposals will be open to the public. Confidential data is normally restricted to confidential financial information concerning the Offeror’s organization and data that qualifies as trade secrets under the Uniform Trade Secrets Act, Section 57-3A1 et seq. NMSA 1978.

If a citizen of this state requests disclosure of data for which a request for confidentiality is made, MFA shall examine the request for confidentiality and make a written determination that specifies which portions of the proposal should be disclosed and will provide the Offeror with written notice of that determination. Unless the Offeror protests within ten (10) calendar days of the notice, the proposal will be so disclosed.

**Code of Conduct**

No Board member or employee of MFA shall have any direct financial interest in any contract with the Offeror, nor shall any contract exist between Offeror or its affiliate with any MFA Board member or employee that might give rise to a claim of conflict of interest. Any violation of this provision will render void any contract between MFA and the Offeror for which MFA determines that a conflict of interest exists as herein described, unless that contract is approved by the MFA Board of Directors after full disclosure.

Offeror shall provide a statement disclosing any political contribution or gift valued in excess of $2,500 (singularly or in the aggregate) made by Offeror or on Offeror’s behalf to any elected official of the State of New Mexico currently serving or who has served on the MFA Board of Directors in the last three (3) years.

Offeror shall warrant that it has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under any contract entered into with MFA pursuant to this RFP. Offeror shall at all times conduct itself in a manner consistent with the MFA Code of Conduct and MFA’s Anti-Harassment Policy. A copy of the MFA Code of Conduct and MFA’s Anti-Harassment Policy is posted on the MFA web site 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.

**Equal Opportunity Compliance**

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15
Contractor agrees to abide by all federal and state laws, rules and regulations and executive orders pertaining to equal employment opportunity. Contractor agrees to assure that no person in the United States shall, on the grounds of race, color, religion, national origin, sex, sexual preference, age or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subject to discrimination under, any program or activity performed under the contracts.

**Termination**

This agreement may be terminated without cause by MFA upon thirty (30) days written notice. Such termination shall not nullify any obligations already incurred for performance or failure to perform before the date of termination. Upon termination, the MFA Board may negotiate and award the remaining term(s) of the contract using the proposals submitted in this RFP.

**Status of Contractor**

The Contractor and its agents and employees are independent contractors performing services for MFA and are not employees of MFA. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding or other benefits afforded to employees of MFA as a result of this RFP.

**Amendment**

The agreement shall not be altered, changed or amended except by an instrument in writing and executed by both parties. No amendment shall be effective or binding until approved by MFA.

**Scope of Agreement**

The agreement incorporates all the agreements, covenants and understandings between the parties concerning the subject matter of the agreement and all such covenants, agreements and understandings have been merged into the written agreement. No prior understanding or agreement, verbal or otherwise, of the parties or the agents, shall be valid or otherwise enforceable unless embodied in the agreement.

**Applicable Law**

The agreement shall be governed by the laws of the State of New Mexico.

**New Mexico Mortgage Finance Authority**

**Board Members**

Chair, Dennis Burt – Burt & Company CPAs
Vice Chair Angel Reyes – President, Centinel Bank in Taos
Treasurer Steven Smith – President, R.O.G. Enterprises
Member John A. Sanchez – Lieutenant Governor, State of New Mexico  
Member Hector Balderas – Attorney General  
Member Tim Eichenberg – Treasurer, State of New Mexico  
Member Randy McMillan - President, NAI First Valley Realty, Inc.,

**Management**

Jay Czar, Executive Director  
Gina Hickman, Deputy Director of Finance & Administration  
Izzy Hernandez, Deputy Director of Programs

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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 take into account 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 its’ counsel, including New Mexico gross receipts tax, except fees and disbursements of trustee’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’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: $_______________
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 take into account 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 its counsel, including New Mexico gross receipts tax, except fees and disbursements of trustee'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'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: $___________
MEMORANDUM

TO: Board

Through: Policy Committee – October 6, 2015

FROM: Kathleen M. Sysak-Keeler

DATE: October 1, 2015

SUBJECT: 2015 Series E Single Family Bond Resolution

Recommendation:
Staff is recommending the approval of the 2015 Series E Single Family Bond Resolution in the aggregate amount of Not To Exceed $40 million.

Background:
It has been MFA’s practice to keep a Board approved Single Family Program bond resolution in place to allow staff to respond to market conditions as needed in order to provide beneficial funding executions for the program. MFA sold bonds in July and closed on the 2015 Series D bond issue on July 29, 2015. The 2015 Series C bond issue closed on March 17, 2015 and the 2015 Series A and B bond issues closed on March 26, 2015. A new resolution is now needed to authorize future bonding activity. The bond resolution outlines the parameters for the bond issue.

Discussion:
MFA has three bond issues which can be refunded, namely, 2006 Series A, 2006 Series B and 2006 Series C. We have the opportunity to issue a refunding bond transaction which is estimated to have a present value net economic benefit to MFA of $1.1 million. This opportunity is contingent on market conditions and staff is working with our Financing Team to determine the most advantageous transaction.

Summary:
To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2015 Series E Single Family Bond Resolution in the aggregate amount of Not To Exceed $40 million. MFA has three bond issues which can be refunded, namely, 2006 Series A, 2006 Series B and 2006 Series C and is currently evaluating bond executions that will provide an economic benefit to MFA.
CERTIFICATE REGARDING THE RESOLUTION
OF THE AUTHORITY

I, the undersigned, Jay Czar, Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed Resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on October 21, 2015, 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 ___ day of ____________, 2015.

____________________________________
Jay Czar, Secretary
New Mexico Mortgage Finance Authority

(SEAL)
A RESOLUTION

OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE “AUTHORITY”) AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS SINGLE FAMILY MORTGAGE PROGRAM BONDS, SERIES 2015E IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $40,000,000; AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A SERIES INDENTURE, A BOND PURCHASE CONTRACT, AN OFFICIAL STATEMENT, INVESTMENT AGREEMENTS, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the Legislature of the State of New Mexico (the “State”), at its 1975 regular session, adopted Chapter 303, Laws of New Mexico, 1975, known and cited as the Mortgage Finance Authority Act, being Sections 58-18-1 through 58-18-27, inclusive, NMSA 1978 and Section 2-12-5, NMSA 1978, as amended (collectively, the “Act”); and

WHEREAS, there was created by the Act, a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality known and identified as the “New Mexico Mortgage Finance Authority” (the “Authority”), said Authority being created and established to serve a public purpose and to act for the public benefit by improving the health, safety, welfare and prosperity of the State and the general public; and

WHEREAS, the purposes of the Authority are to provide decent, safe and sanitary residential housing to persons of low or moderate income, and the Authority has determined that it will serve and fulfill the purposes for which it was created by the establishment of a program to finance the purchase of mortgage loans made by eligible mortgage lenders for the financing of residential housing; and

WHEREAS, the Authority is authorized by the Act to purchase and contract to purchase, mortgage loans, or securities backed by mortgage loans, originated by mortgage lenders to finance residential housing for persons of low or moderate income under rules adopted by the Authority; and

WHEREAS, in furtherance of its Single Family Mortgage Program and in order to provide funds to be used to refund certain of the Authority’s single family mortgage bonds and to finance the purchase of housing by persons of low or moderate income within the State, it has been deemed appropriate and necessary that the Authority authorize the issuance of its Single Family Mortgage Program Bonds, Series 2015E (or such other or additional series/title designation(s) as the Authority may determine and
including the issuance of MBS pass through program bonds) (the “Bonds”), and prescribe and establish conditions and other appropriate matters with respect to the issuance of the Bonds; and

WHEREAS, the Bonds shall be special obligations of the Authority payable solely from and secured by a lien on the proceeds, moneys, revenues, rights, interest and collections pledged therefor under a General Indenture of Trust dated as of November 1, 2005, as heretofore supplemented and amended (the “General Indenture”) between the Authority and Zions First National Bank, as trustee (the “Trustee”); and

WHEREAS, there has been presented to the Authority at this meeting a proposed form of Bond Purchase Contract relating to the Bonds (the “Purchase Contract”) to be entered into among the Authority, and any of J.P. Morgan Securities LLC, RBC Capital Markets LLC (including any of their successors) or any other purchasers to be named therein (collectively, the “Underwriters”), a form of Series 2015E Indenture (the “Series 2015E Indenture” and collectively with the General Indenture, the “Indenture”) to be entered into between the Authority and the Trustee, a form of a Preliminary Official Statement to be used by the Underwriters in marketing the Bonds, and the Master Mortgage Pooling and Servicing Agreements (each a “Master Servicing Agreement”) previously entered into or to be entered into by the Authority.

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

Section 1. The Authority has determined and hereby determines that the supply of funds available in the private banking system in the State for residential mortgages is inadequate to meet the demand of persons of low or moderate income for residential mortgage financing, and that financing the making of loans by the Authority will alleviate such inadequate supply of residential mortgage money in the State’s banking system.

Section 2. All other action heretofore taken (not inconsistent with the provisions of this resolution) by the Authority and by the officers of the Authority directed toward the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 3. The Series Indenture in substantially the form presented to this meeting is in all respects authorized, approved and confirmed. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Finance and Administration and the Assistant Secretary of the Authority are hereby authorized to execute, attest, seal and deliver the Series Indenture in the form and with substantially the same content as presented to this meeting for and on behalf of the Authority with such alterations, changes or additions as may be authorized by Section 16 hereof.

Section 4. The mortgage loans shall be pooled and serviced pursuant to the Master Servicing Agreements, except that authorized officers of the Authority may elect to have mortgage loans relating to bonds refunded with proceeds of the Bonds (if any) continue to be serviced under existing arrangements. The Chair, Vice Chair, Executive
Director, Deputy Director of Finance and Administration or Secretary are hereby authorized to execute and deliver the Master Servicing Agreements (to the extent not previously executed and delivered) and any necessary supplement thereto to reflect the terms of the mortgage loans attributable to the Bonds and mortgage loans relating to bonds refunded with proceeds of the Bonds (if any), and the inclusion of any other loans approved by the governing board of the Authority thereunder.

Section 5. Employees of the Authority designated by the Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary are hereby authorized to give notice of the availability of funds from this issue (if applicable) and to enter into, execute and deliver program documents for and on behalf of the Authority.

Section 6. For the purpose of providing funds to refund certain of the Authority’s single family mortgage bonds and/or finance the purchase of housing by persons of low or moderate income within the State, all as authorized under the Indenture, the Authority is authorized to issue the Bonds which shall be designated New Mexico Mortgage Finance Authority “Single Family Mortgage Program Bonds, Series 2015E” (or such other or additional Series/title designation as the Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary shall determine). The Bonds shall be issued only in fully registered form.

Section 7. The Authority hereby declares its intention to reimburse itself from all or a portion of proceeds of the Bonds for expenditures for costs of making the mortgage loans. The Authority intends that the Bonds are to be issued and the reimbursements made, by the later of 18-months after the payment of the costs or after the project financed by each respective mortgage loan is placed in service, but in any event, no later than three years after the date the mortgage loan was made.

Section 8. The Authority hereby authorizes the issuance of the Bonds in the aggregate principal amount of not to exceed $40,000,000. The Bonds shall mature on the dates and in the principal amounts and shall bear interest at rates and payable all as provided in the Indenture, within the parameters set forth in Exhibit A hereto.

Section 9. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, and number shall be as set forth in the Indenture. The Chair, Vice Chair, Secretary and 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. All terms and provisions of the Indenture are hereby incorporated in this resolution.

Section 10. 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 11. The Bonds shall be sold to the Underwriters at a purchase price of not less than 100% of the principal amount thereof plus accrued interest in accordance with the provisions of the Purchase Contract. Pursuant to the Purchase Contract the Authority may agree to pay an Underwriting fee to the Underwriters in an amount not to exceed 1.0% of the principal amount of the Bonds. The Chair, the Vice Chair, the Executive Director, the Deputy Director of Finance and Administration or the Secretary, of the Authority are hereby authorized to execute and deliver the Purchase Contract in substantially the form and with substantially the same content as presented at this meeting for and on behalf of the Authority with such alterations, changes or additions as may be authorized by Section 16 hereof. The Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration and Secretary are hereby authorized to specify and agree as to the principal amounts, interest rates, maturities, purchase price and underwriting fee with respect to the Bonds for and on behalf of the Authority by the execution of the Purchase Contract and the Indenture, provided such terms are within the parameters set by this resolution.

Section 12. The Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration and Secretary are hereby authorized to approve the distribution of a Preliminary Official Statement (in substantially the form presented to the Authority at this meeting) and an Official Statement in substantially the form of the Preliminary Official Statement, with modifications determined at the time of the sale of the Bonds and to execute and deliver for and on behalf of the Authority an Official Statement in connection with the sale of the Bonds.

Section 13. The Trustee and the Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary are hereby authorized to enter into investment agreements (“Investment Agreements”), in form and substance satisfactory to the Authority. 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 Agreements for the periods, and at the interest rates, specified therein.

Section 14. The appropriate officers of the Authority, including without limitation the Chair, Vice Chair, the Secretary, the Assistant Secretary, the Executive Director and Deputy Director of Finance and Administration are authorized to take all action necessary or reasonably required by the Bonds, the Indenture, the Master Servicing Agreement and the Purchase Contract to carry out, give effect to and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act, including, without limitation, the giving of notice of redemption of any bonds to be refunded with the proceeds of the Bonds.

Section 15. Upon their issuance, the Bonds will constitute special 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, the Indenture, the Bonds or the Purchase Contract shall be construed as creating a general obligation of the Authority or as incurring or creating a charge upon the general credit of the Authority. No provision of this resolution or of the Purchase Contract, the Indenture or the Bonds shall be
construed as creating a general or special obligation of the State of New Mexico or any political subdivision thereof.

Section 16. The appropriate officials of the Authority, including without limitation the Chair, the Vice Chair, the Secretary, the Assistant Secretary, the Executive Director and the Deputy Director of Finance and Administration are authorized to make any alterations, changes or additions in the Indenture, the Bonds, the Purchase Contract, the Preliminary Official Statement, the Official Statement, the Investment Agreements, the Master Servicing Agreement or any other document herein authorized and approved which may be necessary to correct errors or omissions therein, to remove ambiguities therefrom, to permit the inclusion under the Indenture of any other loans approved by the governing board of the Authority, and maintain the expected rating on the Bonds, to conform the same to other provisions of said instruments, to the final terms established for the Bonds (within the parameters established herein), and the final agreement with the Underwriters, to the provisions of this resolution or any resolution adopted by the Authority, or the provisions of the laws of the State of New Mexico or the United States.

Section 17. The operating budget of the Authority is hereby amended to provide funds to pay costs relating to the issuance of the Bonds, any negative carry costs, or other related expenses in amounts not to exceed amounts specified in Exhibit A. Such amounts may also be taken from Surplus Fund under the Indenture. The Authority may also allocate mortgage backed securities and/or cash held by the Authority (in the Surplus Fund or otherwise) to provide additional collateral for the Bonds.

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

Section 19. The appropriate officials of the Authority, including without limitation the Chair, the Vice Chair, the Secretary, the Assistant Secretary, the Executive Director and the Deputy Director of Finance and Administration 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 20. After any of the Bonds are delivered by the Trustee to the Underwriters and upon receipt of payment therefor, this resolution shall be and remain irrepealable until the principal of, premium, if any, and interest on the Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 21. No member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority and authorized by this resolution.
Section 22. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 23. This resolution shall become effective immediately upon its adoption.
ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS 21st DAY OF OCTOBER, 2015.

________________________________________
Chair

(SEAL)

ATTEST:

________________________________________
Secretary

EXHIBIT A

Single Family Mortgage Program Bonds, Series 2015E

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Authority Funds Contribution:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not to exceed</td>
<td>Not to exceed</td>
<td>Not to exceed</td>
<td>Not to exceed</td>
</tr>
<tr>
<td>September 1, 2046</td>
<td>$40,000,000</td>
<td>4.50%</td>
<td>$950,000</td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: MFA Board of Directors
FROM: Erik Nore
DATE: October 21, 2015
SUBJECT: Quarterly Single Family Production Report

- **Interest Rate History:**

<table>
<thead>
<tr>
<th></th>
<th>Current Mortgage Rates (as of 10/13/2015)</th>
<th>Historical Mortgage Rates (10/01/2015 to present)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Home Government</td>
<td>3.750%</td>
<td>3.500%/3.750%</td>
</tr>
<tr>
<td>First Home Conventional</td>
<td>4.125%</td>
<td>4.125%</td>
</tr>
<tr>
<td>Next Home Government</td>
<td>4.500%</td>
<td>4.375%/4.500%</td>
</tr>
<tr>
<td>Next Home Conventional</td>
<td>4.750%</td>
<td>4.875%/4.750%</td>
</tr>
</tbody>
</table>
**Reservation Volume to Date** *(10/01/2014 through 09/30/2015)*

<table>
<thead>
<tr>
<th></th>
<th>original reservation amount</th>
<th>current reservation amount</th>
<th>cancellation amount</th>
<th>cancellation %</th>
</tr>
</thead>
<tbody>
<tr>
<td>MortgageSaver</td>
<td>$17,933,262</td>
<td>$15,199,545</td>
<td>$2,733,717</td>
<td>15.24%</td>
</tr>
<tr>
<td>MortgageSaver Zero</td>
<td>$154,029,066</td>
<td>$133,099,216</td>
<td>$20,929,850</td>
<td>13.59%</td>
</tr>
<tr>
<td>MortgageSaver Plus</td>
<td>$41,354,375</td>
<td>$34,513,679</td>
<td>$6,840,696</td>
<td>16.54%</td>
</tr>
<tr>
<td>HERO Program</td>
<td>$17,412,175</td>
<td>$15,172,372</td>
<td>$2,239,803</td>
<td>12.86%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$230,728,878</td>
<td>$197,984,813</td>
<td>$32,744,065</td>
<td>14.19%</td>
</tr>
</tbody>
</table>

**Average Historical Weekly Reservations to Date**

| Total weekly average reservations (10/01/2014 through 09/30/2015) | $4,437,093/week (52 weeks) |
• **Comparison of Down Payment Assistance (DPA) Sources:**

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund DPA Loans</td>
<td>71.24%</td>
</tr>
<tr>
<td>Grant from Mortgage$aver Plus/HERO</td>
<td>24.38%</td>
</tr>
<tr>
<td>HOME funded DPA Loans</td>
<td>1.01%</td>
</tr>
<tr>
<td>No DPA Loan/Grant</td>
<td>3.37%</td>
</tr>
</tbody>
</table>

• **Comparison of Loan Types** *(10/01/2014 through 09/30/2015)*

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHA</td>
<td>89.72%</td>
</tr>
<tr>
<td>VA</td>
<td>0.45%</td>
</tr>
<tr>
<td>CONV</td>
<td>9.44%</td>
</tr>
<tr>
<td>USDA/RHS</td>
<td>0.39%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

$230,728,878 total volume
• **Borrower Demographics:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Purchase Price</strong></td>
<td>$132,255</td>
</tr>
<tr>
<td><strong>Average Loan Amount</strong></td>
<td>$128,962</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td>53% Single Household</td>
</tr>
<tr>
<td><strong>Average Family Size</strong></td>
<td>2 person household</td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
<td>59% Minority</td>
</tr>
<tr>
<td><strong>Average Borrower Age</strong></td>
<td>34 years old</td>
</tr>
<tr>
<td><strong>Average Number of Dependents</strong></td>
<td>1 dependent</td>
</tr>
<tr>
<td><strong>Borrower Gender</strong></td>
<td>46% Female/54% Male</td>
</tr>
<tr>
<td><strong>Average FICO score</strong></td>
<td>681</td>
</tr>
</tbody>
</table>

• **MFA Payoff Statistics:**

  o Includes data from Bank of Albuquerque, US Bank, Citi Mortgage, Bank of America and Idaho Housing.

<table>
<thead>
<tr>
<th>Loans Paid Off or Removed from MBS (09/01/2014 through 08/30/2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Paid Off (refinance or sale)</td>
</tr>
<tr>
<td>Loans Removed from MBS (foreclosure, loss mitigation, bankruptcy)</td>
</tr>
<tr>
<td>Total Number of Loans Paid Off or Removed</td>
</tr>
</tbody>
</table>
- **MFA Market Share:**
  
  - 10/01/2014 through 09/30/2015
  - Resale transactions (including REO) and new construction
  - Purchase loans only
  - Residential property (1 to 4 units)
  - First Mortgage- FHA
  - First Mortgage-up to $200,000 loan amount
  - Purchase money second mortgage (no equity loans, excluding HUD)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 20 Mortgage Lenders</td>
<td>2,153 Units</td>
<td>1,040 Units</td>
<td><strong>48.30%</strong></td>
<td><strong>40.34%</strong></td>
</tr>
<tr>
<td>Top 50 Mortgage Lenders</td>
<td>2,869 Units</td>
<td>1,040 Units</td>
<td><strong>36.25%</strong></td>
<td><strong>37.84%</strong></td>
</tr>
<tr>
<td>Second Mortgage Loans</td>
<td>1,956 Units</td>
<td>904 Units</td>
<td><strong>46.22%</strong></td>
<td><strong>44.02%</strong></td>
</tr>
</tbody>
</table>
Purchased Loans

MonthYear

<table>
<thead>
<tr>
<th>MonthYear</th>
<th>FY14 - Amount</th>
<th>FY15 - Amount</th>
<th>Number Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/31/2014</td>
<td>$10,878,602.94</td>
<td>$15,363,469.12</td>
<td>92</td>
</tr>
<tr>
<td>12/31/2014</td>
<td>$9,207,673.26</td>
<td>$8,766,089.32</td>
<td>74</td>
</tr>
<tr>
<td>3/31/2015</td>
<td>$7,771,185.77</td>
<td>$12,265,349.09</td>
<td>65</td>
</tr>
<tr>
<td>6/30/2015</td>
<td>$11,579,885.19</td>
<td>$12,057,868.23</td>
<td>94</td>
</tr>
<tr>
<td>9/30/2015</td>
<td>$4,886,463.86</td>
<td>$8,680,058.28</td>
<td>40</td>
</tr>
<tr>
<td>12/31/2015</td>
<td>$8,166,035.00</td>
<td>$10,096,483.20</td>
<td>64</td>
</tr>
<tr>
<td>3/31/2016</td>
<td>$7,834,417.54</td>
<td>$10,096,483.20</td>
<td>62</td>
</tr>
<tr>
<td>6/30/2016</td>
<td>$8,017,323.79</td>
<td>$13,200,310.79</td>
<td>67</td>
</tr>
<tr>
<td>9/30/2016</td>
<td>$12,614,040.12</td>
<td>$13,110,160.61</td>
<td>103</td>
</tr>
<tr>
<td>12/31/2016</td>
<td>$11,646,413.36</td>
<td>$17,463,059.62</td>
<td>97</td>
</tr>
<tr>
<td>3/31/2017</td>
<td>$10,301,761.50</td>
<td>$14,463,002.06</td>
<td>86</td>
</tr>
<tr>
<td>6/30/2017</td>
<td>$11,060,413.14</td>
<td>$13,728,442.12</td>
<td>91</td>
</tr>
<tr>
<td>9/30/2017</td>
<td>$113,964,215.46</td>
<td>$153,207,214.75</td>
<td>935</td>
</tr>
</tbody>
</table>
Tab 9
# Staff Actions Requiring Notice to Board
## During the Period of September 1 - 30, 2015

<table>
<thead>
<tr>
<th>Department and Program</th>
<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing Dept.</td>
<td>REO Property #10 Proverbs, Los Lunas, NM 87031</td>
<td>REO Property Sold Approval of Write Off of remaining loan balance in the amount of $26,658.94</td>
<td>Approved by Policy Committee 9/6/15</td>
</tr>
<tr>
<td>Servicing Dept.</td>
<td>6/30/15 Quality Control Review</td>
<td>Approval of report issued by REDW. No findings.</td>
<td>Approved by Policy Committee 9/9/15</td>
</tr>
<tr>
<td>Servicing Dept.</td>
<td>7/31/15 Quality Control Review</td>
<td>Approval of report issued by REDW. No findings.</td>
<td>Approved by Policy Committee 9/9/15</td>
</tr>
<tr>
<td>Community Development</td>
<td>Linkages</td>
<td>Reallocate Linkages Funding</td>
<td>Approved by Policy Committee 9/20/15</td>
</tr>
<tr>
<td>Servicing Dept.</td>
<td>8/31/15 Quality Control Review</td>
<td>Approval of report issued by REDW. No findings.</td>
<td>Approved by Policy Committee 9/30/15</td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: Board

Through:

FROM: Kathleen M. Sysak-Keeler, Finance Manager

DATE: October 9, 2015

SUBJECT: Single Family Mortgage Bonds 2015 Series D (Federally Taxable) – Pricing Summary

The 2015 Series D (Federally Taxable) bond issue closed on July 29, 2015. The following is a summary of the bond sale:

~Structure: The transaction is a $13,811,860 refunding bond issue utilizing the pass through structure to take advantage of the lower yield on pass through bonds. The yield on the bonds is 3.125%. The pass through structure provides for monthly loan revenues to be passed through to the bond investors in the form of principal and interest payments with bonds being called on a monthly basis. MFA will receive its admin fee on a monthly basis after payment of the bond holders and the Trustee.

~Marketing: Bonds were marketed only to institutional investors due to the pass through structure. Orders were received from six institutional investors including two investors who were new to purchasing MFA bonds.

~Use of Bond Proceeds: Bond proceeds were used to refund 2005 Series C and 2005 Series D bonds.

~Spread: The bonds are taxable bonds which means that MFA can retain all of the savings generated from the refunding. The net present value of the transaction is approximately $2.7 million.

~Investment of Bond Proceeds: Funds will be invested in a money market account with Fidelity Investments through Zions Bank, the General Indenture Trustee.

The following Exhibit 1 contains a table summarizing more detailed information about the 2005 Series D Bonds in addition to the three prior bonds issues closed this year, namely, 2015 Series A, Series B and Series C along with the 2014 Series A and 2014 Series B bonds which were issued in January and June 2014, respectively.

Following Exhibit 1 is a comprehensive in-depth “Post-Sale Analysis” for each of the bond issues which was prepared by MFA’s Financial Advisor, CSG Advisors.
**New Mexico Mortgage Finance Authority**

**Summary of 2015 Bond Issue Characteristics**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Money Traditional</td>
<td>Taxable Refunding Pass Through</td>
<td>New Money Traditional</td>
<td>Taxable Refunding Pass Through</td>
<td>Taxable Refunding Pass Through</td>
<td>Taxable Refunding Pass Through</td>
</tr>
<tr>
<td>1 Tax Exempt Bonds</td>
<td>$15,000,000</td>
<td>n/a</td>
<td>$35,000,000</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Taxable Bonds</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Taxable Refunding Bonds</td>
<td>n/a</td>
<td>$12,532,570</td>
<td>n/a</td>
<td>$7,229,858</td>
<td>$25,740,000</td>
<td>$13,811,860</td>
</tr>
<tr>
<td>Total Amount of Bonds Issued</td>
<td>$15,000,000</td>
<td>$12,532,570</td>
<td>$35,000,000</td>
<td>$7,229,858</td>
<td>$25,740,000</td>
<td>$13,811,860</td>
</tr>
</tbody>
</table>

| MFA Subsidy*/Benefit-(Economic Cost)/ Present Value Economic Benefit | n/a | None/$1,519,005 million/$648,000 | None/$1,276,922 | None/$505,591 | None/$2,740,000 |

<table>
<thead>
<tr>
<th>3 Original Bond Ratings:</th>
<th>Standard &amp; Poor's</th>
<th>Moody's</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AA+</td>
<td>None</td>
</tr>
</tbody>
</table>

| 4 Pricing Date(s)       | 12/5-6/2013 | 6/12/2014 | 2/19/2015 | 2/18/2015 | 2/25/2015 | 7/14/2015 |

<table>
<thead>
<tr>
<th>6 Serial Bond Maturities</th>
<th>AMT</th>
<th>Non-AMT</th>
<th>Taxable</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/1/2014-9/1/2024</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

| 7 Term Bond Maturities   | 9/1/2028,9/1/2033, 9/1/2043 |
|                          | 8/1/2035 | 9/1/30,9/1/35, 9/1/40, 9/1/45 |

| 8 Premium PAC Maturity   | 3/1/2044 | None |

<table>
<thead>
<tr>
<th>9 Split Between Mortgage$aver Plus and Mortgage$aver</th>
<th>Mortgage$aver Plus/Zero</th>
<th>Mortgage$aver</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>80%=$12,000,000</td>
<td>20%=$3,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10 Loan Rates (Government/Conventional)</th>
<th>Mortgage$aver Plus</th>
<th>Mortgage$aver Zero</th>
<th>Mortgage$aver Xtra</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.270%</td>
<td>4.710%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

| 11 Mortgage$aver Zero | 4.710% | 3.68%/4.11% |
| 12 Mortgage$aver Xtra | 4.270% | 3.45%/3.75% |
| 13 HERO | n/a | n/a |

| 14 10-Year Treasury Rate at Pricing | 2.84% | 2.58% |

| 15 Yield Spread | TBD | 1.124% |

| 16 Administrative Fee (to MFA) | 0.250% | 2.796% | 0.250% | 2.703% | 0.558% | 2.356% |

| 17 Bond Allocation System Followed*** | Yes | Yes | Yes | Yes | Yes | Yes |

---

*Subsidy was generated by a prior bond issue.

**The Guaranteed Investment Contract is competitively bid.

* Due to the downgrade of the United States to AA+, these bond issues are now rated AA+.

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

+Weighted average rate of loans in the pipeline.
NEW MEXICO MORTGAGE FINANCE AUTHORITY
Single Family Mortgage Program Class I Bonds
2015 Series D (MBS Pass-Through Program) (Federally Taxable)

POST-SALE ANALYSIS

KEY RESULTS FOR MFA

Purpose. This transaction continues MFA’s successful federally taxable single-family monthly pass-through bond issues that are designed to refund old bond issues at today’s lower interest rates. Like Series 2015 B earlier this year which refunded 2005 Series A and B at lower rates, this issue refunded 2005 Series C and D which are now eligible for optional redemption at par.

Primary Objectives.
1. Refund 2005 C and D so as to increase MFA’s net interest margin and net worth over time.
2. Refund in such a way that allows MFA to keep the interest rate savings as opposed to it simply subsidizing new production.

Structure. Key structuring characteristics of Series 2015D include:

- Bonds are taxable so as to allow MFA to retain all of the savings achieved by the refunding,
- Bonds were structured as monthly pass-through bonds so as to take advantage of the lower yield of pass-through bonds.
- A projected average life of 7.4 years at 100% PSA (similar to the 113% prepayment speed in the last 12 months) and 5.3 years at 200% PSA (similar to the lifetime speed of the portfolio).
- An optional 9-year par call if it proves profitable to redeem the bonds in the future.

Accomplishments. The results were very successful.

1. Low Yields. The Bonds were sold at a yield of 3.125%. This provides an ongoing annual net spread to MFA of 236 basis points.

2. Tightness to Treasury and GNMA Yields. MFA’s 2015D pass-through bonds were priced at similar spreads to GNMA and Treasury yields as other recent taxable refundings, for the same average lives.

3. Net Present Value. The net present value of the transaction, assuming (conservatively) a 200% prepayment speed is approximately $2,740,000 at a 3% discount rate. This net economic benefit is approximately 20% of the outstanding bonds. This is more than six times the usual standard of 3% savings for whether a refunding is economically desirable.

Bond Results. Following are key highlights:

1. Investor Interest. The underwriter sought to aggressively market the bonds at a 3.15% coupon given the high coupon collateral, despite the slow recent prepayment speed. There were 6 investors, resulting in bonds being oversubscribed by 5 times. As a result of this high demand for the limited total amount of the bonds, the bonds were repriced to 3.125%, thus creating greater savings for MFA.
2. **Benefits to Investors.** The bonds allowed an investor to purchase a housing bond that is very similar to buying taxable securities but with a key additional advantage. To buy GNMA securities with similar underlying loans and net coupons, an investor would normally have to pay a very large upfront premium in today’s market of up to 8% or more. The investor thus avoids the risk of early prepayments wiping out the value of its premium.

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

The most comparable recent transaction was Mississippi’s much larger taxable issue in late June. The key factor affecting MFA’s transaction is the very slow recent prepayment speed. Investors therefore assume MFA’s bonds will be outstanding significantly longer, and with a steep yield curve this translates into a higher spread to a given index.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>$ 13.8 MM</td>
<td>$58 MM</td>
<td>$ 5 MM</td>
<td>$ 69.4 MM</td>
<td>$7.2 MM</td>
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<tr>
<td>Book-Running Manager</td>
<td>RBC</td>
<td>Morgan Stanley</td>
<td>RBC</td>
<td>RBC</td>
<td>RBC</td>
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<td>Purpose</td>
<td>Refunding</td>
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<td>Refunding</td>
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<tr>
<td>Rating</td>
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<td>Aaa</td>
<td>Aaa</td>
<td>Aaa</td>
<td>AA+</td>
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<tr>
<td>Maturity</td>
<td>2037</td>
<td>2034</td>
<td>2037</td>
<td>2041</td>
<td>2035</td>
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<tr>
<td>Optional redemption at par</td>
<td>9 years</td>
<td>10 years</td>
<td>10 years</td>
<td>10 years</td>
<td>10 years</td>
</tr>
<tr>
<td>Price (Coupon)</td>
<td>Par</td>
<td>Par</td>
<td>Par</td>
<td>Par</td>
<td>Par</td>
</tr>
<tr>
<td>Yield</td>
<td>3.125%</td>
<td>3.05%</td>
<td>2.90%</td>
<td>3.0% / 3.15%</td>
<td>2.75%</td>
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<td>Tax Status</td>
<td>Taxable</td>
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<td>Taxable</td>
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<tr>
<td>PSA Speed (Last 12 Mos.)</td>
<td>113%</td>
<td>210%</td>
<td>291%</td>
<td>215% / 204%</td>
<td>176%</td>
</tr>
<tr>
<td>Projected Ave. Weighted Life at 150% PSA</td>
<td>6.2 years</td>
<td>4.9 / 4.4 years</td>
<td>6.9 years</td>
<td>Est. 7.7 to 8.4 years</td>
<td>6.7 years</td>
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<tr>
<td>10 year Treasury</td>
<td>2.41%</td>
<td>2.42%</td>
<td>2.23%</td>
<td>2.23%</td>
<td>2.07%</td>
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<tr>
<td>Difference</td>
<td>+ 71 bp</td>
<td>+ 63 bp</td>
<td>+ 67 bp</td>
<td>+ 77 to + 92 bp</td>
<td>+68 bp</td>
</tr>
<tr>
<td>GNMA I yield*</td>
<td>2.916%</td>
<td>2.946%</td>
<td>2.731%</td>
<td>2.731%</td>
<td>2.71%</td>
</tr>
<tr>
<td>Difference</td>
<td>+ 21 bp</td>
<td>+ 20 bp</td>
<td>+ 17 bp</td>
<td>+ 27 to + 42 bp</td>
<td>+4 bp</td>
</tr>
</tbody>
</table>

* 3.0% GNMA for current delivery assuming dealer FRCST prepay speeds, per Bloomberg.
FEATURES OF THIS ISSUE

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

Strong Institutional Demand. MFA attracted strong investor support for the Bonds, with orders from 6 institutional investors. These included 2 new MFA pass-through investors, in addition to those who had previously bought MFA’s single-family pass-through bonds.

UNDERWRITING

Underwriter. RBC Capital Markets served as the book-running senior manager with J.P. Morgan as co-manager.

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

Comparable Transactions.

Three weeks before MFA’s 2015D bonds were priced, Mississippi priced a much larger $58 MM taxable pass-through refunding at a 3.05% yield. The expected average life on the Mississippi issue was approximately 1 ½ years shorter than MFA’s (both since the loans were originated 3 years earlier and prepayments have recently been faster than MFA).

MARKET DETAILS

Key Dates: Institutional Order Period: Tuesday, July 14, 2015
            Closing Date: Wednesday, July 29, 2015

Economic Calendar. Economic signals have continued to be mixed as to the pace of economic recovery. Initial unemployment claims came in slightly higher than expected on the Thursday prior to the sale, while retail sales dropped by -0.3% compared to a market expectation of +3.0% on the date of the sale.

Treasuries. The 10-year Treasury bond yield closed on Monday, July 13 at 2.44% and trended down during the day of pricing, ending at 2.41% which gave a positive tone for the market.

When MFA sold its 2015 B taxable refunding bonds on February 18th, the 10-year Treasury yield was 2.07%. Rates then dropped below 2% in March and April because of economic uncertainty especially in Europe, and then began to rise in May and June with generally improved domestic growth and greater expectation that the Fed will begin to modestly raise rates in the fall. Concerns raised by the impasse over the Greek bailout and whether it will remain in the Eurozone added volatility to the financial markets in recent weeks. Yields dipped into the 2.20’s in the first week of July with a flight to quality but then rose again in the days before the pricing.

The volatility of the market has been extraordinary, with the average daily movement in Treasury prices approximately 2 to 3 times higher than in recent years.
Municipals. With signs of inflation quiet and moderate indications of a continuing U.S. economic recovery, weakness abroad has given the Fed more flexibility to adjust its timing for raising short term interest rates later this year. While municipal bond yields closely track the movements in treasury yields, this close relationship has been most distorted by high profile municipal credit events (most recently Puerto Rico’s problems) and international investment flows. Fear of volatility and price-depreciation have sharply cut back on direct non-professional retail purchases in some recent housing sales. At the same time, generally low rates have encouraged large refundings which have boosted visible supply to levels well above 2014.

- The pace of overall municipal new issues in the first half of 2015 is up 40.2% from the same period last year. The 30-day visible supply currently stands at $9.7 billion, 16% below average for the year so far.
- The 10- and 30-year MMD indices relative to their respective treasury bond yields continue to remain far above long-term historical averages of around 80%.

MBS Yields. MBS yields are very relevant because investors can choose between purchasing MBS themselves or purchasing HFAs’ taxable pass-through bonds backed by MBS. In effect, bond purchasers look as much to the spread between taxable pass-through bonds and MBS as they do to the spread between pass-through bonds and treasuries. GNMA yields are generally less volatile than Treasury yields.

![GNMA CC 3% Yield Chart Vs. 10-Year UST](image)
Tab 10
New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

August 31, 2015
NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the eleven-month period ended August 31, 2015

- **New issues:**
  - Single Family issue: None
  - Multi-family issue: None

- **Payoffs:**
  - **This month:** Payoff activity decreased to $5.9 mm in August in comparison to July at $7.7 mm and June at $5.9 mm. One year ago, in August 2014, payoffs were $6.6 mm. The last 6 months’ average monthly payoff amount is $6.8 mm.
  - **Trend:** Payoffs for FY14 were $92.2 mm, down 51% from FY13’s payoffs of $189.1 mm. Current year payoffs are $75.5 mm, which is (11%) less than last year at this same time. FY15 annualized payoffs are 13% of the portfolio. From 2010 through 2014, five-year average payoffs were 14% of five-year average portfolio. Growth in our portfolio of single family loans and MBS has shown a decrease of (9.1%) since the beginning of the fiscal year eleven months ago. (*See graph of payoffs.*)

- **Total assets and deferred outflows of resources: (p. 1)**
  - **This month:** $983.5 mm shows a very slight increase in total assets from July of $.2 mm due to $3.4 mm in regular principal and interest payments collected and a Santa Fe Community Living multi-family bond draw of $.6 mm offset by single family program debt service of ($3.2) mm. Growth in assets year to date (eleven months) is a decrease of (4.0%). We are expecting a decrease of (5.4%) in assets for the current year. Estimates assume prepayments will continue to exceed new assets recorded as MFA will continue to utilize the secondary market to fund the Single Family Mortgage Program as needed based on market conditions. In this funding execution, MFA does not issue debt to fund the program but instead the mortgage backed securities (assets) are sold to investors. (*See graph of total assets.*)

- **Net position: (p.2)**
  - **This month:** $204.6 mm net position reflects August excess revenues of $.6 mm primarily due to $.1 mm in State Investment Council portfolio fair market value gains and $.2 mm in revenue related to unanticipated TBA transaction fees. (*See graph of income.*)
  - **Trend:** MFA is forecasting a (43%) decrease in excess revenues for the current year, or $4.5 mm compared to last year’s $7.9 mm which included unanticipated TBA transaction fees of $2.3 mm and SIC fair market value gains of $2.6 mm. Our current FY15 estimates anticipate continued improvement in the interest rate environment and economy in general providing stability to both production levels and investment yields. Income year to date (eleven months) of $6.5 mm is 45% above target, and (8%) below last year’s year-to-date income. Performance is better than expected as of August due to $1.7 mm in positive budget variances. See budget status below.

- **General Fund/Housing Program cash & securities (book = cost, except SIC funds are marked to market):** $75.0 mm at August 31. Unrealized gain (loss) on securities as of August 31 (includes the bond ladder and mortgage backed securities held as General Fund investments): $1,222,973. SIC gain (loss) year to date as of August (General Fund only): ($48,691). UPDATE: Cash and securities total $72.9 mm at September 29, 2015.

- **Budget status:** The General Fund and Housing Programs ended the eleven-month period with expenditures (17%) under budget primarily due to the timing of expenditures related to capacity building and training/technical assistance in the non-operating expense budget, staff vacancy savings, as well as lower than anticipated contracted services and provision for loan loss expense. On the revenue side TBA transaction fees and bond administration fees have also exceeded budgeted amounts this fiscal year.

- **Comparative year-to-date figures:**
  
<table>
<thead>
<tr>
<th></th>
<th>11 months 8/31/15 YTD</th>
<th>11 months 8/31/14 YTD</th>
<th>% Change Year / Year</th>
<th>Forecast 8/31/15 YTD</th>
<th>Actual / Forecast 9/30/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family issues (new money only):</td>
<td>$35.0</td>
<td>$15.5</td>
<td>N/A</td>
<td>$35.0</td>
<td>$0%</td>
</tr>
<tr>
<td>Multifamily issues:</td>
<td>$11.0</td>
<td>$0.0</td>
<td>N/A</td>
<td>$11.0</td>
<td>0%</td>
</tr>
<tr>
<td>Payoffs:</td>
<td>$75.5</td>
<td>$84.9</td>
<td>-11%</td>
<td>$77.9</td>
<td>-3%</td>
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<tr>
<td>Interest margin-Single Family Program:</td>
<td>$0.222</td>
<td>($0.149)</td>
<td>-249%</td>
<td>$0.229</td>
<td>-3%</td>
</tr>
<tr>
<td>Total assets:</td>
<td>$982.3</td>
<td>$1,046.0</td>
<td>-6%</td>
<td>$969.7</td>
<td>1%</td>
</tr>
<tr>
<td>Total bonds outstanding</td>
<td>$759.2</td>
<td>$830.3</td>
<td>-9%</td>
<td>$754.4</td>
<td>1%</td>
</tr>
<tr>
<td>Earning assets:</td>
<td>$980.7</td>
<td>$1,044.1</td>
<td>-6%</td>
<td>$958.6</td>
<td>2%</td>
</tr>
<tr>
<td>Avg. earning assets:</td>
<td>$1,031.6</td>
<td>$1,123.6</td>
<td>-8%</td>
<td>$997.7</td>
<td>3%</td>
</tr>
<tr>
<td>Excess revenue over expenses:</td>
<td>$6.478</td>
<td>$7.058</td>
<td>-8%</td>
<td>$4.463</td>
<td>45%</td>
</tr>
<tr>
<td>Return on avg. assets (ann'lzd):</td>
<td>0.65%</td>
<td>0.6%</td>
<td>1%</td>
<td>0.45%</td>
<td>44%</td>
</tr>
<tr>
<td>Return on avg. earning assets (ann'lzd):</td>
<td>0.63%</td>
<td>0.63%</td>
<td>0%</td>
<td>0.45%</td>
<td>40%</td>
</tr>
<tr>
<td>Net position:</td>
<td>$204.6</td>
<td>$197.3</td>
<td>4%</td>
<td>$202.6</td>
<td>1%</td>
</tr>
<tr>
<td>General Fund expenses:</td>
<td>$8.069</td>
<td>$9.303</td>
<td>-13%</td>
<td>$9.754</td>
<td>-17%</td>
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<tr>
<td>General Fund revenues:</td>
<td>$12.853</td>
<td>$13.841</td>
<td>-7%</td>
<td>$11.840</td>
<td>9%</td>
</tr>
</tbody>
</table>
MONTHLY FINANCIAL GRAPHS

Cumulative Assets Under Management as of 9/30/2015
($ in thousands)

- Loans Effective yield
  - 2014: 4.61%
  - 2015: 4.58%

- Cash Effective yield
  - 2014: 2.54%
  - 2015: 2.25%

- Rate of Return on Average Earning Assets
  - 2014: 0.73%
  - 2015: 0.49%

Total Assets & Deferred Outflows Monthly

YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2015

YTD Excess Revenues over Expenses as of 8/31/2015

Rate of Return Targets 9/30/2015
## NEW MEXICO MORTGAGE FINANCE AUTHORITY
### COMBINED STATEMENT OF NET POSITION
#### AUGUST 31, 2015
##### (THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>YTD 8/31/15</th>
<th>YTD 8/31/14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH &amp; CASH EQUIVALENTS</td>
<td>$27,777</td>
<td>$21,369</td>
</tr>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ACCRUED INTEREST RECEIVABLE</td>
<td>3,720</td>
<td>4,035</td>
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<tr>
<td>MORTGAGE PAYMENT CLEARING</td>
<td>218</td>
<td>103</td>
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<td>OTHER CURRENT ASSETS</td>
<td>1,584</td>
<td>1,380</td>
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<tr>
<td>ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)</td>
<td>-</td>
<td>(0)</td>
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<tr>
<td>INTER-FUND RECEIVABLE (PAYABLE)</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>33,300</strong></td>
<td><strong>26,887</strong></td>
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<tr>
<td>CASH - RESTRICTED</td>
<td>51,777</td>
<td>53,805</td>
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<td>LONG-TERM &amp; RESTRICTED INVESTMENTS</td>
<td>61,979</td>
<td>62,423</td>
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<tr>
<td>FNMA, GNMA, &amp; FHLMC SECURITIZED MTG. LOANS</td>
<td>648,504</td>
<td>720,618</td>
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<tr>
<td>MORTGAGE LOANS RECEIVABLE</td>
<td>187,576</td>
<td>182,784</td>
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<td>ALLOWANCE FOR LOAN LOSSES</td>
<td>(2,364)</td>
<td>(2,520)</td>
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<td>FIXED ASSETS, NET OF ACCUM. DEPN</td>
<td>1,014</td>
<td>1,151</td>
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<tr>
<td>OTHER REAL ESTATE OWNED, NET</td>
<td>490</td>
<td>759</td>
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<tr>
<td>OTHER NON-CURRENT ASSETS</td>
<td>-</td>
<td>-</td>
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<tr>
<td>INTANGIBLE ASSETS</td>
<td>68</td>
<td>68</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>982,346</strong></td>
<td><strong>1,045,976</strong></td>
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<tr>
<td><strong>DEFERRED OUTFLOWS OF RESOURCES</strong></td>
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<td></td>
</tr>
<tr>
<td>REFUNDINGS OF DEBT</td>
<td>1,192</td>
<td>1,349</td>
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<td><strong>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td><strong>983,538</strong></td>
<td><strong>1,047,325</strong></td>
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<tr>
<td><strong>LIABILITIES AND NET POSITION:</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>CURRENT LIABILITIES:</strong></td>
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<tr>
<td>ACCRUED INTEREST PAYABLE</td>
<td>10,689</td>
<td>12,110</td>
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<td>ACCOUNTS PAYABLE AND ACCRUED EXPENSES</td>
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<td>5,336</td>
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<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td><strong>15,378</strong></td>
<td><strong>17,446</strong></td>
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<td>BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT</td>
<td>759,207</td>
<td>830,266</td>
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<tr>
<td>MORTGAGE &amp; NOTES PAYABLE</td>
<td>4,012</td>
<td>2,000</td>
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<tr>
<td>ACCRUED ARBITRAGE REBATE</td>
<td>85</td>
<td>82</td>
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<td>OTHER LIABILITIES</td>
<td>245</td>
<td>237</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>778,927</strong></td>
<td><strong>850,031</strong></td>
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<tr>
<td><strong>NET POSITION:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT</td>
<td>(810)</td>
<td>(783)</td>
</tr>
<tr>
<td>UNAPPROPRIATED NET POSITION (NOTE 1)</td>
<td>64,058</td>
<td>66,315</td>
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<tr>
<td>APPROPRIATED NET POSITION (NOTE 1)</td>
<td>141,362</td>
<td>131,761</td>
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<td><strong>TOTAL NET POSITION</strong></td>
<td><strong>204,611</strong></td>
<td><strong>197,294</strong></td>
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<tr>
<td><strong>TOTAL LIABILITIES &amp; NET POSITION</strong></td>
<td><strong>983,538</strong></td>
<td><strong>1,047,325</strong></td>
</tr>
</tbody>
</table>
## New Mexico Mortgage Finance Authority

### Statement of Revenues, Expenses and Changes in Net Position

For the Eleven Months Ended August, 2015

(Thousands of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>YTD 8/31/15</th>
<th>YTD 8/31/14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$34,192</td>
<td>$38,203</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>2,548</td>
<td>2,867</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>348</td>
<td>198</td>
</tr>
<tr>
<td>Administrative Fee Income (Exp)</td>
<td>4,762</td>
<td>4,501</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>192</td>
<td>88</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>1,048</td>
<td>1,176</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>(25)</td>
<td>305</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>123</td>
<td>2</td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td>43,189</td>
<td>47,340</td>
</tr>
<tr>
<td><strong>Non-Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arbitrage Rebate Income (Expense)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain(Loss) Asset Sales/Debt Extinguishment</td>
<td>(361)</td>
<td>1,893</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>31</td>
<td>26</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>41,044</td>
<td>38,917</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Revenues</strong></td>
<td>40,713</td>
<td>40,835</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>83,902</td>
<td>88,175</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>6,927</td>
<td>6,652</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>31,114</td>
<td>36,244</td>
</tr>
<tr>
<td>Amortization of Bond/Note Premium(Discount)</td>
<td>(3,217)</td>
<td>(3,645)</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>305</td>
<td>587</td>
</tr>
<tr>
<td>Mortgage Loan &amp; Bond Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>82</td>
<td>89</td>
</tr>
<tr>
<td>Amort. of Serv. Rights &amp; Depreciation</td>
<td>134</td>
<td>218</td>
</tr>
<tr>
<td>Amortization of Bond Issuance Costs</td>
<td>-</td>
<td>423</td>
</tr>
<tr>
<td>Bond Cost of Issuance</td>
<td>1,008</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td>36,353</td>
<td>40,568</td>
</tr>
<tr>
<td><strong>Non-Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building Costs</td>
<td>543</td>
<td>1,840</td>
</tr>
<tr>
<td>Grant Award Expense</td>
<td>40,528</td>
<td>38,709</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Expenses</strong></td>
<td>41,070</td>
<td>40,549</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>77,423</td>
<td>81,117</td>
</tr>
<tr>
<td><strong>Excess Revenues over Expenses</strong></td>
<td>6,478</td>
<td>7,058</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Uses)</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues over Expenses and Other Financing Sources (Uses)</strong></td>
<td>6,478</td>
<td>7,058</td>
</tr>
<tr>
<td><strong>Net Position at Beginning of Year</strong></td>
<td>198,133</td>
<td>190,235</td>
</tr>
<tr>
<td><strong>Net Position at 8/31/2015</strong></td>
<td>204,611</td>
<td>197,294</td>
</tr>
</tbody>
</table>
(Note 1) MFA Net Position as of August 31, 2015:

**UNAPPROPRIATED NET POSITION:**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$37,249</td>
<td>is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.</td>
</tr>
<tr>
<td>$26,778</td>
<td>is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.</td>
</tr>
<tr>
<td>$31</td>
<td>held for New Mexico Affordable Housing Charitable Trust.</td>
</tr>
<tr>
<td><strong>64,058</strong></td>
<td>Total unappropriated Net Position</td>
</tr>
</tbody>
</table>

**APPROPRIATED NET POSITION: GENERAL FUND**

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$85,928</td>
<td>for use in the Housing Opportunity Fund ($67,162 in loans plus $18,766 unfunded, of which $10,546 is committed).</td>
</tr>
<tr>
<td>$31,114</td>
<td>for future use in Single Family &amp; Multi-Family housing programs.</td>
</tr>
<tr>
<td>$11,396</td>
<td>for loss exposure on Risk Sharing loans.</td>
</tr>
<tr>
<td>$(810)</td>
<td>invested in capital assets, net of related debt.</td>
</tr>
<tr>
<td>$2,580</td>
<td>for the future General Fund Operating Budget Y E 9/30/15 ($10,649 total budget less $8,069 expended budget through 08/31/15.)</td>
</tr>
<tr>
<td><strong>130,208</strong></td>
<td>Subtotal - General Fund</td>
</tr>
</tbody>
</table>

**APPROPRIATED NET POSITION: HOUSING**

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,344</td>
<td>for use in the federal and state housing programs administered by MFA.</td>
</tr>
<tr>
<td><strong>10,344</strong></td>
<td>Subtotal - Housing Program</td>
</tr>
<tr>
<td><strong>140,552</strong></td>
<td>Total appropriated Net Position</td>
</tr>
</tbody>
</table>

| **204,611** | Total combined Net Position at August 31, 2015                              |

Total combined Net Position, or reserves, at August 31, 2015 was $204.6 million, of which $64.1 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $140.6 million of available reserves, with $76.9 million primarily liquid in the General Fund and in the federal and state Housing programs and $63.7 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, 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, and operations.
<table>
<thead>
<tr>
<th>Month</th>
<th>Year to Date</th>
<th>Pro Rata</th>
<th>Actual</th>
<th>Actual</th>
<th>Budget</th>
<th>Budget</th>
<th>Unexpended</th>
<th>Expended</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>449,071</td>
<td>4,800,824</td>
<td>4,806,805</td>
<td>5,980</td>
<td>5,243,787</td>
<td>442,963</td>
<td>91.55%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Revenue</td>
<td>827,058</td>
<td>8,052,243</td>
<td>7,032,917</td>
<td>(1,019,326)</td>
<td>7,700,284</td>
<td>(351,959)</td>
<td>104.57%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>1,276,129</td>
<td>12,853,068</td>
<td>11,839,721</td>
<td>(1,013,346)</td>
<td>12,944,071</td>
<td>91,003</td>
<td>99.30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>449,127</td>
<td>4,967,274</td>
<td>5,262,408</td>
<td>295,134</td>
<td>5,745,876</td>
<td>778,602</td>
<td>86.45%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel &amp; Pub. Info.</td>
<td>26,323</td>
<td>270,128</td>
<td>334,737</td>
<td>64,609</td>
<td>365,168</td>
<td>95,040</td>
<td>73.97%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Expenses</td>
<td>47,278</td>
<td>579,689</td>
<td>574,476</td>
<td>(5,213)</td>
<td>626,701</td>
<td>47,012</td>
<td>92.50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Oper. Exp.</td>
<td>96,525</td>
<td>1,021,422</td>
<td>1,181,930</td>
<td>160,508</td>
<td>1,292,824</td>
<td>271,402</td>
<td>79.01%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>619,253</td>
<td>6,838,513</td>
<td>7,353,551</td>
<td>515,038</td>
<td>8,030,569</td>
<td>1,192,056</td>
<td>85.16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Non-Operating Expenses</td>
<td>21,260</td>
<td>542,537</td>
<td>1,504,288</td>
<td>961,750</td>
<td>1,641,041</td>
<td>1,098,504</td>
<td>33.06%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING &amp; NON-OPERATING EXPENSES</strong></td>
<td>640,513</td>
<td>7,381,050</td>
<td>8,857,839</td>
<td>1,476,789</td>
<td>9,671,610</td>
<td>2,290,560</td>
<td>76.32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Servicing &amp; Capital Outlay</td>
<td>4,391</td>
<td>14,713</td>
<td>13,475</td>
<td>(1,238)</td>
<td>14,700</td>
<td>(13)</td>
<td>100.09%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING, NON-OPERATING EXPENSES &amp; SERV. &amp; CAPITAL OUTLAY</strong></td>
<td>644,904</td>
<td>7,395,763</td>
<td>8,871,314</td>
<td>1,475,551</td>
<td>9,686,310</td>
<td>2,290,547</td>
<td>76.35%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Cash Items</td>
<td>277,949</td>
<td>673,217</td>
<td>882,655</td>
<td>209,438</td>
<td>962,896</td>
<td>289,679</td>
<td>69.92%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPER., NON-OPER. EXP., SERV. &amp; CAPITAL OUTLAY &amp; NON-CASH ITEMS</strong></td>
<td>922,853</td>
<td>8,068,980</td>
<td>9,753,969</td>
<td>1,684,989</td>
<td>10,649,206</td>
<td>2,580,226</td>
<td>75.77%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess Revenue Over Expenses</td>
<td>353,276</td>
<td>4,784,088</td>
<td>2,085,753</td>
<td>(2,698,335)</td>
<td>2,294,865</td>
<td>(2,489,223)</td>
<td>23.53%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus Capitalized Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17%</td>
</tr>
<tr>
<td><strong>Excess Revenue Over Expenses Plus Capitalized Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,784,088</td>
</tr>
</tbody>
</table>
September 9 – October 13, 2015

MEDIA COVERAGE

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   Silver City Sun News
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10-9 Save the Date eblast 2016 Multifamily Design Standards Q&A Session
County Wants Fed Funds For Housing

By Barron Jones
SUN Staff Writer

Published: Thursday, September 17, 2015 10:05 AM MDT

County leaders approved a measure they hope will improve access to much-needed federal funds.

Rio Arriba County Board of Commissioners Aug. 27 voted unanimously in favor of an Affordable Housing Ordinance that could eventually help officials get federal money to improve the area's affordable housing infrastructure.

County Economic Development Director Christopher Madrid said the ordinance was a long time coming and is evidence of management's efforts to ensure Rio Arribans aren't overlooked when it comes to federal support.

"The commission, in serving our citizens, wanted to make sure we get our fair share of resources," Madrid said during his County Commission presentation. "One of the areas that we have been missing out on for some time is resources to support affordable housing."

Now that commissioners accepted the ordinance, County leaders will be in a position to get up to 75-percent of any affordable housing project subsidized.

"So, if you have a $20 million project, there is $14 million in federal subsidies to do the deal," Madrid said. "The other $6 million would come from the private sector, but we would be able to use that subsidy to put affordable housing in place."

Madrid said the ordinance will also help the County work in conjunction with existing laws that must be considered before exploring low-cost housing development options.

"As you all know, we have the Anti-Donation Clause that says we can’t support private individuals unless there is an exemption," he said. "We help out the indigent because health care gets an exemption. There is also an exemption for economic development, but unlike economic development, you can’t do affordable housing unless you put in the right ordinance."

Health and Human Services Director Lauren Reichelt said in addition to helping the County access affordable housing funds, the new law will also make money available for homeowners to complete weatherization and other rehabilitation projects.

Madrid quickly bestowed credit for the ordinance getting off the ground on Reichelt, who initiated the project almost two years ago with a $30,000 planning grant. The New Mexico Mortgage Finance Authority granted the County $15,000 to help pay for the study, which it matched with the remaining $15,000.

Santa Fe Trust, a nonprofit organization that specializes in low-cost housing, prepared the study.
Trust consultant Daniel Werweth said the plan would serve as a blueprint for the County’s housing needs.

“The plan would serve as a road map for communities to better utilize resources and identify problem areas,” he said when the initial housing plan was revealed during a joint Española City Council meeting, in May 2014. “It provides detailed data about the city’s and County’s housing needs and income.”

The plan is based on the state’s affordable housing act and it examined everything from homelessness to senior housing.

Werweth said that working on the County’s housing issues will improve the overall quality of life for residents.

“Building affordable housing isn’t going to get poor people to come to Española,” Werweth said. “Poor people are going to come to Española is just a matter of whether or not your prepared to help them better themselves and not end up on the streets.”

Commissioner Danny Garcia wanted to know how much federal money would be in the County’s grasp with the passage of the new ordinance.

Madrid said he couldn’t place a dollar amount on any future subsidies, but doubts they would run into issue when seeking funding. After meeting with Finance Authority officials, he believes they are sympathetic toward the County’s needs.

“We met with MFA (Mortgage Finance Authority) and I can tell you they are very motivated to work with us. They understand the needs in our County and they were very impressed,” Madrid said in response to Garcia’s question. “I am not sure of the total amount, but we are on the top of the counties that they want to help out. So even if the money is low, we have a good shot at the highest subsidy.”

The ordinance finally made it past state regulators in May, after several iterations that included suggested changes.

At that time, Reichelt said she was excited because having an avenue for nice, affordable housing can serve as an attraction for businesses and families who may consider relocating to the area.
Real estate

MFA adds to assistance program

GARY SANDLER, INC., Realtors in Las Cruces - Thanks to some very creative thinking on the part of the New Mexico Mortgage Finance Authority’s (MFA’s) leadership team, MFA rolled out on October 1st a new program that expands down payment and closing cost assistance to include buyers who already own a home.

The program, called Next HOME, is designed to assist current home owners who want to move up, as well as first-time buyers who don’t meet the 3-year requirement.

According to Teri Baca, MFA Homeownership Representative, “Next HOME allows move-up buyers with annual incomes up to $75,000 to buy a home with a sales price of up to $350,000 anywhere in New Mexico”. Baca goes on to say, “If a buyer would rather retain the proceeds from the sale of their existing home rather than using them towards their next purchase, they may, since the required minimum investment from the borrower’s own funds is only $500”.

Current home owners who desire to convert their existing homes into rental properties, rather than sell them, are also eligible to purchase a replacement property under the Next HOME program. Next HOME is a combination first-mortgage loan and down payment assistance grant. The grant, equal to 3 percent of the loan amount, does not have to be repaid and may be applied to down payment, closing costs, and reserves for taxes and insurance.

Traditional first-time buyers, defined as buyers who have never before owned a home or not lived in a home (such as a rental property) that they owned for at least three years prior to purchase, can receive assistance through MFA’s First HOME program. The program provides a 30-year, fixed rate mortgage in the 4 percent range. VA and USDA Rural Housing loans both require zero down payment; whereas FHA requires 3.5 percent down and HFA Preferred (conventional) requires 3 percent down. MFA’s goal is to keep interest rates as competitive as possible in order to enhance affordability. For buyers who need help with down payment and closing costs, First HOME may be paired with First DOWN.

First DOWN is a 2nd mortgage loan of up to $8,000 that provides an affordable way for first-time buyers to cover their down payment and closing cost requirements. First DOWN offers a 30-year repayment term and a fixed annual interest rate of 6 percent. The First HOME and First DOWN programs may be used to finance single-family residences which include detached site-built homes, townhomes, approved condominiums and permanently attached double-wide manufactured homes.

Buyers must invest at least $500 of their own funds, none of which can be derived from a gift or loan. MFA requires a minimum credit score of 620, however in some cases, a borrower with no credit score may still be able to qualify by using alternative credit. Household income limits for first-timers purchasing in the Las Cruces Metropolitan Statistical Area (MSA) are currently set at $58,080 for 1-2 persons and $67,760 for three or more. The total sales price of the home may not exceed $258,691.

As with all MFA programs, down payment assistance loans and grants can only be used for the purchase of home which will be owner-occupied. Funds cannot be used to refinance an existing loan or purchase a rental property. These terrific new benefits are as real as they come and only accessible through MFA approved lenders, a list of which is available at http://www.housingnm.org/homebuyers/find-a-participating-lender.

See you at closing!

Gary Sandler is the owner of Gary Sandler Inc., Realtors in Las Cruces and can be reached at Gary@GarySandler.com

TERI BACA
MFA HOMEOWNERSHIP REPRESENTATIVE
Hobbs affordable housing project nearing completion

CURTIS C. WYNNE
NEWS-SUN

The first of three affordable housing projects in Hobbs, supported by tax credits awarded by the New Mexico Mortgage Finance Authority, is nearing completion. Others are still in early stages.

The 72-unit New Leaf Community, 1621 Marland Ave., is expected to be finished within months, said Kevin Robinson, Hobbs development director.

“They’re hoping to be out probably in the first quarter of next year,” he said. “To be honest, they may be out by the end of this year.” By being out, he means construction will be completed and leasing can begin.

New Leaf Community involves construction of 72 apartments with a basketball court, raised garden beds and picnic areas.

The City of Hobbs provided a $1.3 million grant for New Leaf Community. NMFA awarded YES Housing, the developer, $9.6 million for the project.

SEE HOUSING, Page 5

Housing

from PAGE 1

Playa Escondida, at the intersection of Jefferson and Yeso, has broken ground.

“The other one that received funding is Playa Escondida. That one has broken ground. They’re doing site work right now,” Robinson said. “They’re hoping to be out by the end of 2016. So they should be leasing by 2017.”

Playa Escondida involves construction of 60 apartments that will house families with annual incomes as low as $13,269.

The city of Hobbs provided a $1.1 million grant for Playa Escondida. NMFA awarded project partners Golden Spread Rural Frontier Coalition and Tierra Realty Trust LLC $8.7 million for the project.

Parkside Terrace, to be located in downtown Hobbs at the corner of Fowler and White streets, is funded but has not yet broken ground imme-

diately south of the new Hobbs Boys and Girls Club. It is planned as a 65-unit housing complex.

The city provided a $1.3 million grant and NMFA awarded $10.88 million in low-income housing tax credits to Chelsea Investment for Parkside Terrace.

Robinson said the funding for Parkside Terrace has been approved, but some additional paperwork must be completed before the project can begin. He estimated ground breaking some time in the first quarter of 2016.

NMFA is a bank-like public corporation that issues bonds and receives tax revenues to finance projects for local governments.

Curtis Wynne may be contacted at 391-5436 or reporter3@hobbsnews.com.
Work at the New Leaf Community, a 72-unit low-income housing project, is shown at left at Ninth and Marland.
September 10, 2015

Denali is the highest mountain peak in North America, with a summit elevation of 20,310 feet above sea level. At some 18,000 ft, the base-to-peak rise is considered the largest of any mountain situated entirely above sea level.

Please Join us Thursday, September 17
Zuni Housing Fair September 18

10TH ANNUAL ZUNI HOUSING FAIR
Friday September 18, 2015
10:00 a.m. – 300 p.m.
104 D Avenue (Blackrock)
“Take Care of our Mother Earth-Go Green”
“Hon Yam Awidelin Tsitda Anilli:wa”

COME ONE — COME ALL
MORE BOOTHS – MORE ENTERTAINMENT – FOOD – LOTS AND LOTS OF FUN
This housing fair is a benefit to our Zuni Community. There are local programs and out of town/state businesses promoting their services. There are booths such as home insurance, financial institutes, construction building materials, medical and health service providers.

10th Annual Housing Flyer Announcement

MFA 344 4th St SW, Albuquerque, NM, United States Albuquerque, NM 87102 USA
http://housingnm.org

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Coalition Update

Training September 28 and 29
MFA  344 4th St. SW, Albuquerque

September 28

Noon to 1 pm   Lunch
1 to 4 pm   Alan Fowler: Truth In Lending-Real Estate Settlement Disclosure
4 to 5 pm   Reading Credit Reports and Credit Rehab

September 29

8 to 8:30 am   Breakfast
8:30 am to Noon   Section 184 Qualifying
Noon to 1 pm   Lunch
1 pm to 4:30 pm   Section 184 Qualifying, continued

There are still a few slots available for this training. To attend, you must email Eric Schmieder at eschmieder@housingnm.org by COB 9/22/15

Coalition Meeting Dates

October 22   To be determined
November 24   Sarah Dewees, First Nations: Reporting Rent Payments to Credit Bureaus
# New Mexico CDFI AWARDS 2015

<table>
<thead>
<tr>
<th>Awardee/Allocatee</th>
<th>City, State</th>
<th>Program</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCION New Mexico</td>
<td>Albuquerque, NM</td>
<td>FA</td>
<td>2015</td>
<td>$1,360,000</td>
</tr>
<tr>
<td>Cha Piyeh, Inc.</td>
<td>Ohkay Owingeh, NM</td>
<td>FA</td>
<td>2015</td>
<td>$300,000</td>
</tr>
<tr>
<td>Homewise, Inc.</td>
<td>Santa Fe, NM</td>
<td>FA</td>
<td>2015</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>NPH</td>
<td>Gallup, NM</td>
<td>NACA</td>
<td>2015</td>
<td>$400,000</td>
</tr>
<tr>
<td>NM Community Capital</td>
<td>Albuquerque, NM</td>
<td>NACA</td>
<td>2015</td>
<td>$700,000</td>
</tr>
<tr>
<td>Nusenda Credit Union</td>
<td>Albuquerque, NM</td>
<td>TA</td>
<td>2015</td>
<td>$124,950</td>
</tr>
<tr>
<td>Tierra del Sol Housing</td>
<td>Anthony, NM</td>
<td>FA</td>
<td>2015</td>
<td>$600,000</td>
</tr>
<tr>
<td>Tiwa Lending Services</td>
<td>Isleta Pueblo, NM</td>
<td>NACA</td>
<td>2015</td>
<td>$750,000</td>
</tr>
</tbody>
</table>

## HUD's Planning and Development Policy

Spring report on Indian Housing


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unsubscribe from this list
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TO: Participating Lenders

FROM: Erik Nore, Director of Homeownership

DATE: October 1, 2015

RE: Memo No. 15-32

- MFA MERS Originator Identification Number (ID#1013401)

As was previously announced, MFA has registered as a MERS member.

Participating Lenders may use the following MERS Org. ID number to transfer the ownership and servicing rights of all MFA down payment assistance second mortgage loans.

- MERS Originator Identification Number (#1013401)

Thank you for participating in MFA’s program. Should you have any questions, please contact an MFA Homeownership Representative at 1-800-444-6880 or 505-843-6880.

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First Time
Homebuyer Workshop
WEDNESDAY, OCTOBER 7TH
LOCATION: RUIDOSO HIGH SCHOOL CAFETERIA

Come to this event and learn about:

➢ Programs that require as little as $500 cash from buyers!
➢ Why you need a Realtor®!
➢ Down payment assistance programs!
➢ Taking the mystery out of the loan application process!

Come and Learn More!

RSVP by October 5th 2015 by calling
Lisa Mulrey - 575-808-1434
Misty Strickland - 575 808-7018

Presented by:

Teri Baca, Homeownership Representative New Mexico, Mortgage Finance Authority. Direct Line: 505.767.2229

Lisa A. Mulrey, Mortgage Loan Office - First American Bank ~ 825 Sudderth Drive, Suite I Ruidoso, NM 88345

Misty Strickland, Associate Broker - Pinnacle Real Estate & Development ~ 931 State Highway 48 Alto, New Mexico 88312

LOCATION
Ruidoso High School Cafeteria

Ruidoso High School Cafeteria 125 Warrior Dr, Ruidoso, NM 88345

Wed. Oct 7th from 5:30-7:00 p.m.
TO: Participating Lenders

FROM: Erik Nore, Director of Homeownership

DATE: October 9, 2015

RE: Memo No. 15-34

October 2015 Webinar Training Schedule

- New MFA Single Family Programs and New DPA Funding Process

MFA will be offering webinar training for the NEW MFA Single Family Programs and Down Payment Assistance Funding Process, which became effective October 1, 2015.

The training is designed for all staff originating, processing, closing and shipping MFA loans. The trainings will be more technical in nature and will provide Participating Lenders with the information needed to efficiently originate, fund and deliver loans under the new programs/process.

New Single Family Program and DPA Funding Webinar Training:

MFA will offer three (3) individual webinar trainings on the New Single Family Programs and the new DPA Funding Process.

Each of the three (3) webinars will cover the same material.
Participating Lenders only need to attend one of the webinars:

- **Tuesday, October 20, 2015 1:00pm-2:30pm MDT**
- **Thursday, October 22, 2015 1:00pm-2:30pm MDT**
- **Tuesday, October 27, 2015 1:00pm-2:30pm MDT**

**To Participate:**

Register via the MFA Lender Training link [http://www.housingnm.org/lender-training](http://www.housingnm.org/lender-training) no later than 5:00 PM MST on the business day prior to the training. **Please register for the individual session(s) that will be attended in order for MFA to track attendance.** The materials will be sent to you the evening before the training. Below is the link and call in numbers for all of the sessions.

Conference Dial-in Number: (641) 715-3276  
Participant Access Code: 297334#


Thank you for participating in MFA’s program. Should you have any questions, please contact an MFA Homeownership Representative.
SAVE THE DATE!

MFA 2016 MULTIFAMILY DESIGN STANDARDS Q & A SESSION

MFA is pleased to announce it will hold a Q & A session on its 2016 Multifamily Design Standards on Thursday, October 29, 2015 from 2 to 4 p.m. in MFA’s board room, which is located at 344 Fourth Street SW in Albuquerque. We will review the design standards, and you will have an opportunity to ask questions.

Please mark your calendars and plan on attending. We also welcome attendance by your architect.

The 2016 Multifamily Design Standards are posted on MFA’s website and can be found here: http://housingnm.org/developers/low-income-housing-tax-credits-lihtc

Due to space limitations, please RSVP to Susan Biernacki, tax credit program manager, at sbiernacki@housingnm.org no later than Friday, October 23, 2015.

Thank you in advance, and we look forward to seeing you on Thursday, October 29, 2015 at 2 p.m.