NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, April 20, 2016 at 9:30 a.m.

Agenda

Chair Convenes Meeting
➤ Roll Call (Jay Czar)
➤ Approval of Agenda – Board Action
➤ Approval of 3/16/15 Board Meeting Minutes – Board Action

Board Action Items

Action Required?

<table>
<thead>
<tr>
<th>Finance Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Acceptable Use and Data Security Policy (Joseph Navarrete)</td>
</tr>
<tr>
<td>2 Investment Policy Revisions (Gina Hickman/Kathy Keeler)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
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</tr>
</tbody>
</table>

Other Board Items

Information Only

5 (Staff is available for questions)
  ▪ Staff Action Requiring Notice to Board

Monthly Reports

No Action Required

6 (Staff is available for questions)
  ▪ 2/29/16 Financial Statements
  ▪ Communications Department Reports

Announcements and Adjournment

Discussion Only

Confirmation of Upcoming Board Meetings
➤ April 20, 2016 – Board Study Session (immediately following the Board Meeting)
➤ May 18, 2016 – Wednesday – 9:30 a.m. (MFA)
➤ June 15, 2016 – (Gallup – location to TBD)
➤ July 20, 2016 - Wednesday – 9:30 a.m. (MFA)
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Board Action Items

Finance Committee

1 Acceptable Use and Data Security Policy (Joseph Navarrete) - In response to the data privacy and security audit conducted for REDW in June 2015, staff is proposing the approval of an Acceptable Use and Data Security policy to address the findings identified and to strengthen the overall information technology control environment. In addition, staff is requesting a six month implementation period for this new policy to allow time for appropriate process implementation and employee training.

2 Investment Policy Revisions (Gina Hickman/Kathy Keeler) - MFA contracted with Government Portfolio Advisors (“GPA”) to provide an analysis of MFA’s Investment Policy-General Fund (the “Policy”) and asset allocations based on the changing interest rate environment and risk and return expectations. Staff reviewed and evaluated GPA’s observations and recommendations and incorporated those most advantageous to MFA into the Policy. Staff recommends that the revisions to Policy be approved and that staff be given an implementation period through December 31, 2016 for the revised policy as there will be the need to reallocate funds between asset classes, which will involve fund liquidations and the subsequent purchase of securities. To have a balanced portfolio and capture potential interest rate increases, those activities will need to be staggered.

Other

3 Appointment of the Nominating Committee to Elect Officers (Chair, Dennis Burt) - The Chair shall appoint a Nominating Committee during or prior to April of each year. The Nominating Committee shall consist of three Members of the Authority.

4 Ventana Fund Update (Monica Abeita/Michael Scott) – on going.

Other Board Items

5 (Staff is available for questions)
  ▪ Staff Action Requiring Notice to Board

Monthly Reports

6 (Staff is available for questions)
  ▪ 2/29/16 Financial Statements
  ▪ Communications Department Reports

Announcements and Adjournment

Confirmation of Upcoming Board Meetings
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Minutes
Acting Chair Reyes convened the meeting on March 16, 2016 at 9:34 a.m. Secretary Czar called the roll. Members present: Chair, Angel Reyes, Treasurer Tim Eichenberg, Sally Malavé (Designee for Attorney Hector Balderas) and Steven Smith. Absent: Dennis Burt, Lieutenant Governor John Sanchez and Randy McMillan. Czar informed the Board that everyone had been informed about today’s meeting in accordance with the New Mexico Open Meetings Act.

Acting Chair Reyes welcomed board meeting attendees and noted that the meeting was being webcast, making reference to the microphone sensitivity.

Approval of Agenda - Board Action. Motion to approve the March 16, 2016 Board agenda as presented: Malavé. Second: Eichenberg. Vote: 4-0.

Approval of 2/17/16 Board Meeting Minutes – Board Action. Chair Reyes noted that the date of the minutes on the agenda was incorrect; however the minutes provided and reviewed were for February 17, 2016. Motion to approve the 2/17/16 Board Meeting Minutes as presented: Smith. Second: Malavé. Vote: 4-0.

Employee Introduction: Rose Baca-Quesada introduced Jackie Garrity – Emergency Homeless Assistance Program (EHAP) Manager - Community Development Department.

Finance Committee

1 HOME Investment Partnership Program 2016 Allocations (Izzy Hernandez). Hernandez began by reviewing staff’s recommendation for the allocation of $6,374,337 of HUD HOME funds. He reviewed the background information informing the board MFA has been the statewide Participating Jurisdiction (PJ) for HUD HOME funds in New Mexico since 1997. HOME Funds are allocated annually by HUD on a formula basis to each PJ. During the period of January 1, 2015 to December 31, 2015, we received $3.33m in HOME funds, had program income of $1.2m and carryover of $1.2m. We committed $3,425,669.04 and expended more than $4,689,891.46 on HOME activities. Hernandez stated that we are very proud of MFA’s overall national ranking (HUD HOME Performance Reports). MFA’s ranking is 12th with 5 top rankings in 3 of the 8 categories which included two number 1 rankings. Hernandez stated MFA received the 2016 HOME allocations in the amount of $3,547,392 from HUD on February 16, 2016. This was an increase of 6.45%/$215,139 from the previous years’ allocation. MFA is projecting $1,000,000 in program income and carrying forward $1,826,945 from the previous year. The combined total is $6,374,337. Hernandez reviewed the table in the memo allocating HUD HOME funds to the following activities: Administration (ADM), Rehabilitation (HOR), Rental Programs (REN), Community Housing Dev. Organization (CHDO), CHDO Operating and Homeowner Development (DEV). Hernandez also made reference to the matrix behind the memo which shows prior year activity between the various activities. He further informed the board that within the Action Plan we have the flexibility to move funds as needed between the various activities as needed in compliance with the delegations of authority. Motion to approve the HOME Investment Partnership Program 2016 Allocations as presented: Malavé. Second: Eichenberg. Vote: 4-0. (See Attachment A)

2 Financial Advisory Services Award (Kathy Keeler). Keeler reviewed the background information provided on the memo located behind tab two, which will be made a part of the official minutes. Keeler stated that MFA received one response to the Request for Proposals for Financial Advisory Services for Single Family and Multifamily Housing Programs (the “RFP) and that response did meet minimum threshold. The response was from CSG Advisors our current Financial Advisor. Per the RFP, the contract is for a term of three years with an option to extend the contract for two, one year periods under the same terms and conditions. Staff recommends approval of the contract to CSG Advisors to provide Financial Advisory services for both single family and multifamily housing programs. Discussion ensued regarding the publication/e-mail announcing the RFP and responses to the RFP. Fees were discussed and documentation was provided as requested by member Eichenburg. Motion to approve the Financial Advisory Services Award to CSG Advisors for Single Family
and Multifamily Housing Programs as recommended: Eichenburg. Second: Smith. Vote: 4 -0. (See Attachment B)

3 Down Payment Assistance Housing Opportunity Fund Appropriation (Yvonne Segovia). Segovia began her presentation by stating that the recommendation is to appropriate $5,500,000 of new funds to the DPA loan program. She explained the Housing Opportunity Fund (HOF) was created in 1992 to support MFA’s legislative responsibility to provide decent, safe, and affordable housing programs to benefit all New Mexicans. Segovia further explained the HOF programs are funded by MFA’s General Fund reserves through appropriations designated by the Board. Total appropriations to date are $86.6 million. The DPA Program has exhausted all available appropriations due to increased demand in the Single Family Mortgage Program, resulting in a need for funds of $5,500,000 to support HOF DPA. She reminded the board that annually staff comes to the board to appropriate funds in conjunction with the budget cycle. MFA currently has $29.3mm in DPA portfolio loans on its statement of net position earning approximately 6%. As of 1/31/2016, MFA has $23,632,000 in General Fund reserves which have been designated for use in the Single Family and Multifamily housing programs, which is where this appropriation would come from. Therefore, Staff recommends $5,500,000 of new funds be appropriated to the DPA Loan Program as detailed in the Resolution provided behind the memo. Member Eichenburg requested a finalized copy of the Resolution. Motion to approve the Down Payment Assistance Housing Opportunity Fund Appropriation as presented: Eichenburg. Second: Smith. Vote: 4-0. (See Attachment C)

4 External Audit Request for Proposal (Yvonne Segovia). Segovia began by stating that on February 23, 2016 the New Mexico Office of the State Auditor (OSA) directed the MFA to seek proposals for the financial and compliance audit for the fiscal year ended September 30, 2016 in a joint venture with the OSA. The term of this Request for Proposal is for one year with two one-year extensions at the Board’s option. There are no extensions on the award approved by the Board on 6/17/2015. Segovia reviewed the changes to the RFP located behind tab four which will be made a part of the official board packet. Segovia handed out a replacement to page 11 of the RFP based on a training she had attended the day prior to today’s board meeting. The change was due to a requirement under the new federal Uniform Guidance. Member Malavé suggested that Segovia make a reference to the added sentence “pursuant to Federal Law.” Eichenburg asked a change be made to the amount under page 10; paragraph 2 Disclosure Statement from $2,500 to $250. General Counsel stated that he believed this language came directly from the MFA’s policies and procedures (approved by the board) and is standard throughout all RFP’s. Czar stated that his understanding is that the board can always be more restrictive than the policy but not less. Czar recommended the change be made to this particular RFP and it could come back under the Policies and Procedures at a later date. Staff recommends the approval of the Request for Proposal for External Audit Services subject to the changes recommended. Responses will be due to MFA by April 8, 2016 and recommendations for award will be presented at the May Board meeting. Acting Chair Reyes changed the recommendation to accept the changes provided to the board on page 11 paragraph 11 of the RFP and include reference to federal law; and also accept the recommendation to change the amount of disclosure from $2,500 to $250 on page 10, paragraph two; Motion: Eichenberg. Second: Malavé. Vote: 4-0. (See Attachment D)

Other

5 Servicing Implementation Update (Theresa Laredo-Garcia/Gina Hickman/Erik Nore). Hickman began by introducing and thanking the Servicing Implementation Team. The committee consist of; Theresa Laredo-Garcia, Erik Nore, Yvonne Segovia, Dana Gohr, Robyn Powell and herself. She explained that this project is part of MFA’s Strategic Plan. She reviewed the background information from the summary memo “Sub-Servicing Implementation Update” located behind tab five, which will be made a part of the board packet. Laredo-Garcia reviewed the discussion section of the summary memo. She went over the timeline of events that have happened to date. She explained that the committee had developed an Action Plan, which she reviewed as well as the process. Nore reviewed Milestones 1, 2 and 3. Laredo-Garcia stated in summary through the implementation of this hybrid sub-servicing model, MFA will generate a profitable long-term revenue stream, which allows for support of other MFA mission driven initiatives. Also, MFA will accomplish the goals to develop investor seller and servicer capacity and establish in-house mortgage operations virtually eliminating MFA’s risk for reliance on third-party service providers for the administration of MFA’s Single Family Mortgage Program. Hickman reviewed the Economic Feasibility Study stating that the committee feels
comfortable with the analysis with regards to the economic feasibility, risk assessment and the phase in of the project. Discussion ensued regarding the worst case scenario and milestones based on those assumptions and the first plan in comparison to this one. Chair Reyes commended staff and spoke of how it speaks to the foresight, creativity and innovation of MFA’s staff working with their partners to come up with somewhat of an experiment in an effort to improve what we do as an organization. No action required. (See Attachment E)

**Contracted Services/Credit Committee**

6 **Limited Source Procurement-Idaho Housing Finance Association (Erik Nore).** Nore began with staff’s recommendation for Board approval of a limited source procurement of mortgage loan servicing and program support services with Idaho Housing and Finance Association (“IHFA”) contract for a term of 51 months (06/01/16 through 09/30/2020) in accordance with the scope of work and fee for service which he reviewed. The contract being proposed is a very unique collaboration thus a competitive procurement process would be impractical and a limited source procurement is appropriate and in the best interest of MFA. He stated following Board approval of the limited source procurement, Staff will negotiate the parameters of the sub-servicing/ general services contract with IHFA and execute the agreement effective June 1, 2016. Nore informed the board that based on staff’s research; the proposed fees are reasonable and standard within the industry. Motion to approve the Limited Source Procurement-Idaho Housing Finance Association as presented: Malavé. Second: Eichenberg. Vote: 4-0 (See Attachment F)

7 **Request to Employ Northern Regional Housing Authority – Executive Director (Rose Baca-Quesada).** Baca-Quesada introduced Santiago Chavez, Chair of the Norther Regional Housing Board of Commissioners who was in attendance to present along with Ms. Baca-Quesada. Baca-Quesada went over background information regarding Senate Bill 20 (Laws of New Mexico 2009, Chapter 48) amending the Regional Housing Law. She explained NRHA began soliciting applicants for the Executive Director position last November. They received approximately 15 resumes and letters of interest. Interviews were conducted and Richard Frey was selected by the NRHA board of commissioners on a vote of 6 for recommendation and one abstained. She went over Mr. Frey’s qualifications and made reference to his resume, which is located behind tab seven, followed by the memo. Mr. Chavez began by commending staff and thanking MFA for their assistance. He gave background information regarding the work they did with Smart Inc., a professional Housing Authority contractor, who was procured through an RFP process by NRHA board of commissioners for the purpose of managing the day-to-day operational activities of NRHA starting on April 1, 2014. Baca-Quesada went over her answers to the questions asked at the MFA Board Committee (Contracted Services/Credit Committee) meeting on March 8, 2016 with regards to Mr. Frey’s qualifications, background check and contract approval. Motion to approve the Request to Employ Northern Regional Housing Authority – Richard Frey as Executive Director as recommended: Smith. Second: Malavé. Vote: 4-0 (See Attachment G)

8 **2016-2020 Emergency Homeless Assistance Program (EHAP) Request for Proposal (Gina Bell).** Bell began her presentation by informing the board that MFA is the designated state recipient and responsible for administering the ESG funds. MFA uses the ESG funds and any funds allocated by the NM State Legislature to administer three Homeless Programs; 1. Emergency Homeless Assistance Program (EHAP), 2. Rental Assistance Program (RAP) and 3. Continuum of Care Programs (CoC). These Homeless funds, minus 7.5% for MFA administration, will be allocated to sub-grantees. This RFP is specific to EHAP. The EHAP is designed to help improve the quality of existing emergency shelters for the homeless by helping to meet the costs of operating emergency shelters and to provide certain essential services to individuals and families experiencing homelessness. She informed the Board the total funds for homeless programs are estimated to be $2,371,050. For EHAP alone, the estimated funding is $889,080. Bell reviewed the funding sources, estimated distribution between the various programs and scoring criteria; which are located behind tab eight and will become a part of the official board packet. Motion to approve the 2016-2020 Emergency Homeless Assistance Program (EHAP) Request for Proposal as presented: Eichenberg. Second: Malavé. Vote: 4-0 (See Attachment H)

9 **2016-2020 Rental Assistance Program (RAP) Request for Proposal (Shannon Tilseth/Gina Bell).** Tilseth began with staff’s requests for approval to issue the Rental Assistance Program (RAP) Request for Proposals (RFP) for program years 2016-2020. She informed the board that like EHAP; RAP is funded by the HUD Emergency Solutions Grant (ESG). RAP funding is available to units of local government or nonprofit organizations. She informed the Board there are currently are 10 service providers. The primary objective is to
provide rapid re-housing assistance to individuals or families who are literally homeless. The secondary objective is to prevent individuals and families from becoming homeless. For the program year 2016-17 estimated funding for RAP is $789,916. Upon approval, the RFP will be issued on March 17, 2016 and award recommendations will be presented to MFA’s Board of Directors on June 15, 2016. Motion to approve the 2016-2020 Rental Assistance Program (RAP) Request for Proposal as presented: Eichenberg. Second: Smith. Vote: 4-0 (See Attachment I)

10 2016-2017 Contract Renewal Awards for Housing Opportunity for Person With AIDS (HOPWA) (Nicole Sanchez). Sanchez began with staff's recommendation to exercise the renewal option for the HOPWA contracts for New Mexico AIDS Services (NMAS) and Southwest CARE Center (SCC) for program year 2016-2017. She stated MFA issued an RFP to award HOPWA funds for program year 2014-2015 which allowed for an option to extend the agreement at the discretion of MFA’s Board of Directors for a maximum of two (2) additional one (1) year periods under the same terms and conditions. MFA administers the HOPWA Program for the City of Albuquerque and Balance of State. Program year 2016-2017 is the second and final year eligible for a contract renewal under the 2014-2015 RFP. If approved, NMAS would be awarded $387,780.16 and SCC would be awarded $219,594.07 for the Balance of State award. MFA would earn $18,784.77 in administration fees. Motion to approve the 2016-2017 Contract Renewal Awards for Housing Opportunity for Person With AIDS as presented: Eichenberg. Second: Malavé. Vote: 4-0 (See Attachment J)

11 Eunice 16 - Increase in Governor's Innovations in Housing Award (Sabrina Su/Dan Puccetti). Su explained that staff is recommending a $348K increase in the November 2014 Eunice 16 Governor’s Innovations in Housing grant award for a total grant of $696,000. The project will be new construction of a 16-unit rental project in Eunice, NM. Puccetti introduced several members from the Development Team in the audience, they are: Chris Herbert - Eastern Regional Housing Executive Director, Cesar Marenco – Development Director, Alexander Dzurec – Architect and Mick Rich – Contractor. Eunice 16 was approved in November 2014 for a $348,000 Governor’s Innovations in Housing (GIH) grant, as well as a $650,000 Housing Trust Fund (HTF) loan. The project’s original construction budget of approximately $1.42 million was validated by a professional estimator. However, when the developer solicited bids for the construction contract in September/October 2015, only one bid was submitted. That bid, at over $2.27 million, was far higher than projected. The developer was able to arrive at a price of $1.94 million through negotiation but ultimately decided to re-bid the project in the hope of attracting a lower bid. The second bidding process, held in December 2015/January 2016, drew three bids; however, the lowest of the three was approximately $2.25 million and was ultimately negotiated down to $1.958 million. Factors likely driving these high costs are: (1) the remote location of the site, thus requiring that subcontractors be imported from other parts of the state and be paid a premium to account for their time, travel, and lodging; (2) the small size of the project, which prevents economies of scale; and (3) the statutory requirement that the developer, as a governmental entity, pay state prevailing wages. In sum, given the higher-than-projected construction costs, the project is requesting additional funds including an additional $200K HTF loan (see next agenda item). Su stated that the project is still feasible. Discussion ensued regarding the concern of high costs per unit costs and per square foot. Motion to approve the Eunice 16 increase in Governor's Innovations in Housing Award as presented: Malavé. Second: Reyes. Vote: 2 for -2 against; motion fails. (See Attachment K)

12 Eunice 16 - Increase in Housing Trust Fund (HTF) Award (Sabrina Su/Dan Puccetti). Request withdrawn.

Other Board Items - Information Only
13 There were no questions asked of staff
   ▪ Staff Action Requiring Notice to Board

Monthly Reports - No Action Required
14 There were no questions asked of staff
   ▪ 1/31/16 Financial Statements
   ▪ Communications Department Reports
Announcements and Adjournment – Confirmation of Upcoming Board Meetings. Jay Czar introduced Brandy Pacheco, Capital and Fiscal Analyst for MFA with the Legislative Finance Committee. Chair Reyes informed the Board that the next meeting will be on April 20, 2016 at the offices of the MFA at 9:30 a.m. He also made note of the June board meeting location in Gallup, NM.

There being no further business the meeting was adjourned at 12:06 p.m. Motion: Smith. Second: Malavé. Vote: 4-0.

Approved: April 20, 2016

Chair, Dennis Burt  
Secretary, Jay Czar
Tab 1
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – April 12, 2016

Through: Policy Committee – April 5, 2016

FROM: Joseph Navarrete

DATE: April 20, 2016

SUBJECT: Acceptable Use and Data Security Policy

Recommendation: Staff recommends approval of proposed Acceptable Use and Data Security Policy and a six month implementation period to allow for process modification as needed and appropriate employee training.

Background: In June 2015 REDW performed an internal audit of New Mexico Mortgage Authority’s (MFA) data privacy and security processes and controls. This audit was performed to assist management in determining if the confidentiality, integrity and availability of sensitive data was adequately protected in compliance with data privacy and security best practices.

Discussion: Based on that testing, most policies and procedures appeared to be consistently followed and errors/issues identified throughout the audit were minimal. However, REDW did find that MFA lacked the appropriate policy structure to support some data privacy and security requirements. In response to the findings identified in the internal audit and to strengthen the information technology control environment, staff has developed a policy on overall acceptable use and data security to address this risk. REDW provided an audit review of this policy and their suggestions have been incorporated. In general, the proposed policy speaks to the following:
1. **Acceptable Use (pg1)**: to protect MFA, employees, partners from the risks associated with inappropriate use of MFA technology including virus attacks, the compromise of network systems/services and legal issues.

2. **Email Security (pg4)**: to safeguard MFA email systems by identifying proper uses of email.

3. **Clean Desk (pg5)**: to ensure that all sensitive/confidential materials are secured when not in use.

4. **Removable Media (pg6)**: to minimize the risk of exposure of sensitive information maintained by MFA to malware infections.

5. **Remote Access (pg6)**: to define rules and requirements for connecting to MFA’s network from any Internet host reducing the risk of data and network compromise.

6. **Passwords (pg7)**: to establish a standard for creation and protection of passwords.

7. **Software Installation (pg9)**: to define policy related to software installation thus minimizing the risk of the loss of program functionality.

8. **Mobile Devices (pg9)**: to outline a set of practices and requirements for the safe use of mobile devices.

9. **Security Awareness Training (pg10)**: to document, communicate, and train company personnel on security best practices and concepts.

Staff proposes a 6 month implementation period for this policy in order to provide time for appropriate process implementation and employee training as we move forward. The Information Technology Department (IT) will provide all employees a memo of the approval of the policy and the requirement for all to certify they have read and understood the new policy. IT will also present the policy in department meetings or all staff meetings.

**Summary:** In response to the data privacy and security audit conducted for REDW in June 2015, staff is proposing the approval of an Acceptable Use and Data Security policy to address the findings identified and to strengthen the overall information technology control environment. In addition, staff is requesting a six month implementation period for this new policy to allow time for appropriate process implementation and employee training.
MFA Acceptable Use & Data Security Policy

7.1 Acceptable Use & Data Security Policy

A. Overview
The Information Technology Department’s (IT) intentions for publishing an Acceptable Use & Data Security Policy are not to impose restrictions that are contrary to MFA’s established culture of openness, trust and integrity.

IT is committed to protecting the MFA’s information assets, including employee, client and partner information, from all threats or hazards, whether internal or external, deliberate or accidental. MFA considers its information assets as significant and valuable resources. It recognizes the threats to its business through the loss of any aspects of confidentiality, integrity, reliability or availability of its information assets.

Internet/Intranet-related systems, including but not limited to computer equipment, software, operating systems, storage media, network accounts providing electronic mail, and Internet browsing, are the property of MFA. These systems are to be used for business purposes and limited personal use in serving the interests of the company, and of our clients and customers in the course of normal operations.

Effective security is a team effort involving the participation and support of every MFA employee and affiliate who deals with information and/or information systems. It is the responsibility of every computer user to know these guidelines, and to conduct their activities accordingly.

B. Purpose
The purpose of this policy is to outline the acceptable use of computer equipment and information assets as well as data security controls at MFA. These rules are in place to protect the employee and MFA. Inappropriate use exposes MFA to risks including virus attacks, compromise of network systems and services, and legal issues.

C. Scope
This policy applies to the use of information, electronic and computing devices, and network resources to conduct MFA business or interacts with internal networks and business systems, whether owned or leased by MFA, the employee, or a third party. All employees, contractors, consultants, temporary and other workers at MFA and its subsidiaries (hereafter referred to as “Authorized Users”), are responsible for exercising good judgment regarding appropriate use of information, electronic devices, and network resources in accordance with MFA policies and standards, and local laws and regulation.

Authorized Users are expected to become familiar with and abide by MFA policies, standards and guidelines for appropriate and acceptable usage of the networks and systems.
D. Policy
General Use and Ownership

1. MFA proprietary information stored on electronic and computing devices whether owned or leased by MFA, the authorized user, remains the sole property of MFA. Authorized users must ensure through legal or technical means that proprietary information is protected.
2. When using MFA resources to access and use the Internet, authorized users must realize they represent the MFA. Whenever authorized users state an affiliation to the organization, they must also clearly indicate that "the opinions expressed are my own and not necessarily those of the MFA". Questions may be addressed to the IT.
3. Authorized users have a responsibility to promptly report the theft, loss or unauthorized disclosure of MFA proprietary information.
4. Authorized users may access, use or share MFA proprietary information only to the extent it is authorized and necessary to fulfill your assigned job duties.
5. The MFA is committed to supporting employees’ rights to interact knowledgeably and socially in the blogosphere and on the Internet through interaction in social media. Blogging by authorized users, whether using MFA’s property and systems or personal computer systems, is also subject to the terms and restrictions set forth in this policy. Authorized users shall not engage in any blogging that may harm or tarnish the image, reputation and/or goodwill of MFA and/or any of its employees’. Authorized users are also prohibited from making any discriminatory, disparaging, defamatory or harassing comments when blogging or otherwise engaging in any conduct prohibited by MFA’s Employee Handbook.
6. Authorized users are responsible for exercising good judgment regarding the reasonableness of personal use, if there is any uncertainty, employees should consult their supervisor or manager.
7. For security and network maintenance purposes, authorized individuals within MFA may monitor equipment, systems and network traffic (including but not limited to email and Internet activity) at any time.
8. MFA reserves the right to audit networks and systems on a periodic basis to ensure compliance with this policy.

Unacceptable Use

The following activities are, in general, prohibited. Authorized users may be exempted from these restrictions during the course of their legitimate job responsibilities (e.g., systems administration staff may have a need to disable the network access of an Internet host if that host is disrupting production services).
MFA Acceptable Use & Data Security Policy

Under no circumstances is an employee of MFA authorized to engage in any activity that is illegal under local, state, federal or international law while utilizing MFA-owned resources.

The lists below are by no means exhaustive, but attempt to provide a framework for activities which fall into the category of unacceptable use. The following activities are strictly prohibited, with no exceptions:

1. Violations of the rights of any person or company protected by copyright, trade secret, patent or other intellectual property, or similar laws or regulations, including, but not limited to, the installation or distribution of "pirated" or other software products that are not appropriately licensed for use by MFA.

2. Unauthorized copying of copyrighted material including, but not limited to, digitization and distribution of photographs from magazines, books or other copyrighted sources, copyrighted music, and the installation of any copyrighted software for which MFA or the end user does not have an active license is strictly prohibited.

3. Exporting software, technical information, encryption software or technology, in violation of international or regional export control laws, is illegal. The appropriate management should be consulted prior to export of any material that is in question.

4. Introduction of malicious programs into the network or server (e.g., viruses, worms, Trojan horses, e-mail bombs, etc.).

5. Revealing your account password to others or allowing use of your account by others. This includes family and other household members when work is being done at home.

6. Using a MFA computing asset to actively engage in procuring or transmitting material that is in violation of sexual harassment or hostile workplace laws in the user's local jurisdiction.

7. Making fraudulent offers of products, items, or services originating from any MFA account.

8. Making statements about warranty, expressly or implied, unless it is a part of normal job duties.

9. Effecting security breaches or disruptions of network communication. Security breaches include, but are not limited to, accessing data of which the authorized user is not an intended recipient or logging into a server or account that the authorized user is not expressly authorized to access, unless these duties are within the scope of regular duties. For purposes of this section, "disruption" includes, but is not limited to, network sniffing, pinged floods, packet spoofing, denial of service, and forged routing information for malicious purposes.

10. Port scanning or security scanning is expressly prohibited unless prior notification to IT is made.
MFA Acceptable Use & Data Security Policy

11. Circumventing user authentication or security of any host, network or account.

12. Using any program/script/command, or sending messages of any kind, with the intent to interfere with, or disable, a user's terminal session, via any means, locally or via the Internet/Intranet.

13. Apart from following all laws pertaining to the handling and disclosure of copyrighted or export controlled materials, MFA’s trademarks, logos and any other MFA intellectual property may also not be used in connection with any blogging activity. Authorized users may also not attribute personal statements, opinions or beliefs to MFA when engaged in blogging. If an authorized user is expressing his or her beliefs and/or opinions in blogs, the authorized user may not, expressly or implicitly, represent themselves as an employee or representative of MFA. Authorized users assume any and all risk associated with blogging.

14. Providing information about, or lists of, MFA employees to parties outside MFA.

Email and Communication Activities

1. The communication of confidential information including but not limited to Personal Identifiable Information, which may be detrimental to the professional or economic operation of MFA should always be protected and encrypted when being transferred.

2. Email messages received from an unknown source and/or that contain suspicious content should not be opened and should be deleted immediately.

3. Emails that are not of a business nature and that are directed to “all employees” must be approved by the Human Resources Director prior to being sent.

4. Solicitation of any kind, collection for any purpose, ticket or merchandise sales, or distribution of literature, unless approved by the Executive Director or Human Resources Director.

5. Participation in any instant messaging or non-business chat programs is prohibited.

6. All use of email must be consistent with MFA policies and procedures of ethical conduct, safety, compliance with applicable laws and proper business practices.

7. MFA email account should be used primarily for MFA business-related purposes; personal communication is permitted on a limited basis. Using a reasonable amount of MFA resources for personal emails is acceptable, but non-work related email shall be saved in a separate folder from work related email. Sending chain letters or joke emails from a MFA email account is prohibited. Non-MFA related commercial uses are prohibited.

8. All MFA data contained within an email message or an attachment should not contain any Personally Identifiable Information, unless encrypted, unauthorized file attachments, like software, shareware, executable scripts, music files, movies, etc.
MFA Acceptable Use & Data Security Policy

9. Email should be retained only if it qualifies as a MFA business record. Email is a MFA business record if a legitimate and ongoing business reason exists to preserve the information contained in the email.

10. Email that is identified as a MFA business record shall be retained according to the IT retention schedule.

11. The MFA email system shall not be used for the creation or distribution of any disruptive or offensive messages, including offensive comments about race, gender, hair color, disabilities, age, sexual orientation, pornography, religious beliefs and practice, political beliefs, or national origin. Authorized users who receive any emails with this content from any MFA employee should report the matter to their supervisor or HR immediately.

12. Authorized users are prohibited from using third-party email systems and storage servers such as Google, Yahoo, and MSN Hotmail etc. to conduct MFA business, to create or memorialize any binding transactions, or to store or retain email on behalf of MFA. Such communications and transactions should be conducted through proper channels using MFA-approved documentation.

13. Authorized users shall have no expectation of privacy in anything they store, send or receive on the company’s email system.

14. MFA may monitor messages without prior notice.

Clean Desk

The purpose of this policy is to establish the minimum requirements for maintaining a “clean desk” to ensure sensitive/confidential information about our employees, intellectual property, customers and vendors is properly secured.

1. Authorized users are required to ensure that all sensitive/confidential information in hardcopy or electronic form is secure in their work area at the end of the day and when they are expected to be gone for an extended period.

2. Computer workstations must be locked when workspace is unoccupied.

3. Any restricted or sensitive information must be removed from the desk and locked in a drawer when the desk is unoccupied and at the end of the work day.

4. File cabinets containing restricted or sensitive information must be kept closed and locked when not in use or when not attended.

5. Keys used for access to restricted or sensitive information must not be left at an unattended desk.

6. Passwords may not be left on sticky notes posted on or under a computer, nor may they be left written down in an accessible location.

7. Printouts containing restricted or sensitive information should be immediately removed from the printer.
MFA Acceptable Use & Data Security Policy

8. Upon disposal restricted and/or sensitive documents should be shredded in the official shredder bins or placed in the lock confidential disposal bins.
9. Whiteboards containing restricted and/or sensitive information should be erased.
10. Lock away portable computing devices such as laptops and tablets.
11. Treat mass storage devices such as CDROM, DVD or USB drives as sensitive and secure them in a locked drawer.
12. All printers and fax machines should be cleared of papers as soon as they are printed; this helps ensure that sensitive documents are not left in printer trays for the wrong person to pick up.

Removable Media

Using removable media can pose risks of malware infections and has been directly tied to the loss of sensitive information in many organizations. To mitigate those risks, MFA authorized users may only use MFA removable media in their work computers. MFA removable media may not be connected to or used in computers that are not owned or leased by the MFA without explicit permission of IT. Sensitive information should be stored on removable media only when required in the performance of your assigned duties or when providing information required by other business partners. When sensitive information is stored on removable media, it must be encrypted.

Before any removable media can be used on an MFA network or computer it must be scanned for malware, viruses, etc.

Exceptions to this policy may be requested on a case-by-case basis.

Remote Access Policy

It is the responsibility of MFA authorized users with remote access privileges to MFA's network to ensure that their remote access connection is given the same consideration as the user's on-site connection to MFA. Specifically, this policy addresses requirements for connecting to MFA’s network from outside Internet hosts to reduce the risk of compromise to MFA’s network.

General access to the Internet through the MFA network is strictly limited to MFA authorized users... When accessing the MFA network from a personal computer, Authorized Users are responsible for preventing access to any MFA computer resources or data by non-Authorized Users. Performance of illegal activities through the MFA network by any user (Authorized or otherwise) is prohibited. The Authorized User bears responsibility for and consequences of misuse of the Authorized User’s access.

1. Access for remote authorized users shall be subject to authorization by MFA. No uncontrolled external access shall be permitted to any network device or networked system.
MFA Acceptable Use & Data Security Policy

2. Secure remote access must be strictly controlled with encryption (i.e., Virtual Private Networks (VPNs)) and strong pass-phrases.
3. Authorized Users will not use MFA networks to access the Internet for outside business interests.
4. Authorized Users shall protect their login and password, even from family members.
5. While using a MFA-owned computer to remotely connect to MFA's network, Authorized Users shall ensure the remote host is not connected to any other network at the same time, with the exception of personal networks that are under their complete control or under the complete control of an Authorized User or Third Party.
6. Use of external resources to conduct MFA business must be approved in advance by IT and the appropriate business unit manager.
7. All hosts that are connected to MFA internal networks via remote access technologies must use the most up-to-date anti-virus software, this includes personal computers.

Passwords

Passwords are an important aspect of computer security. The following guidelines will establish a standard for creation of strong passwords, the protection of those passwords and the frequency of change.

1. Password Creation
   a. All user-level and system-level passwords must conform to the Password Construction Guidelines.
   b. Authorized users must not use the same password for MFA accounts as for other non-MFA access.
   c. Where possible, authorized users must not use the same password for various MFA access needs.

2. Password Change
   a. All user-level passwords must be changed at least every three months.
   b. Password cracking or guessing may be performed on a periodic or random basis by IT or its delegates. If a password is guessed or cracked during one of these scans, the user will be required to change it to be in compliance with the policy.

3. Password Protection
   a. Passwords must not be shared with anyone. All passwords are to be treated as sensitive, confidential MFA information.
   b. Passwords must not be inserted into email messages or other forms of electronic communication.
   c. Passwords must not be revealed over the phone to anyone.
   d. Do not reveal a password on questionnaires or security forms.
   e. Do not hint at the format of a password (for example, "my family name").
MFA Acceptable Use & Data Security Policy

f. Do not share MFA passwords with anyone, including administrative assistants, secretaries, managers, co-workers while on vacation, or with family members.

g. Do not write passwords down and store them anywhere in your office. Do not store passwords in a file on a computer system or mobile devices (phone, tablet) without encryption.

h. Do not use the "Remember Password" feature of applications (for example, web browsers).

i. Any user suspecting that his/her password may have been compromised must report the incident and change all passwords.

4. Password Construction Guidelines

All passwords have the following characteristics and should meet or exceed the following guidelines:

a. Contain at least 7 alphanumeric characters.
b. Contain at least one number (for example, 0-9).
c. Contain at least one special character (for example, !@$%^&*()_+|~-=\{\}[\]"<>?,./).

Poor, or weak, passwords have the following characteristics:

a. Contain less than seven characters.
b. Can be found in a dictionary, including foreign language, or exist in a language slang, dialect, or jargon.
c. Contain personal information such as birthdates, addresses, phone numbers, or names of family members, pets, friends, and fantasy characters.
d. Contain work-related information such as building names, system commands, sites, companies, hardware, or software.
e. Contain number patterns such as aaabbb, zyxvwuts, or 123321.
f. Contain common words spelled backward, or preceded or followed by a number (for example, terces, secret1 or 1secret).
g. Any versions of “Welcome123” “Password123” “Changeme123”.

You should never write down a password. Instead, try to create passwords that you can remember easily. One way to do this is create a password based on a song title, affirmation, or other phrase. For example, the phrase, "This May Be One Way To Remember" could become the password TmB1w2R! or another variation. *(NOTE: Do not use either of these examples as passwords!)*

Software Installation
MFA Acceptable Use & Data Security Policy

Allowing authorized users to install software on company computing devices opens the organization up to unnecessary exposure. This policy outlines the requirements around software installation on MFA-owned computing devices to minimize the risk of the loss of program functionality.

1. Authorized users may not install software on MFA computing devices operated within the MFA network.
2. Software requests must first be approved by the requester’s supervisor and then be made to IT in writing or via email.
3. Software must be selected from an approved software list, maintained by IT, unless no selection on the list meets the requester’s need.
4. IT will obtain and track the licenses, test new software for conflict and compatibility, and perform the installation.

Mobile Devices

Mobile Devices, such as smartphones and tablet computers, are important tools for the organization and their use is supported to achieve business goals. This policy applies to all mobile devices connected to the MFA network and data systems, whether the devices are owned by MFA or owned by authorized users:

1. Authorized users are allowed to use their personal devices to sync with MFA email and calendar.
2. All mobile devices connected to MFA’s network must use the following current and supported Operating Systems: Android 4.x or later, IOS 8.x or later.
3. All mobile devices connected to MFA’s network must be configured with a secure password that complies with MFA’s password policy or with operating systems of the device. This password must not be the same as any other credentials used within the organization.
4. Authorized users must only load data essential to their role onto their mobile device(s).
5. Authorized users must report all lost or stolen devices to MFA IT immediately.
6. If a user suspects that unauthorized access to company data has taken place via a mobile device, the user must report the incident in alignment with MFA’s incident handling process.
7. Devices must be altered or have any software/firmware (Jailbroken or Rooted) installed which is designed to gain access to functionality not intended to be exposed to the user.
8. Authorized users must not load pirated software or illegal content onto their devices.
9. Applications must only be installed from official platform-owner approved sources, such as Apple’s App Store or the Google Play Store. Installation of code from un-
trusted sources is forbidden. If you are unsure if an application is from an approved source contact the IT.

10. Devices must be kept up to date with manufacturer or network provided software updates; as a minimum updates should be checked for weekly and applied at least once a month.

11. Devices must not be connected to a PC which does not have up-to-date and enabled anti-malware and anti-virus protection and which does not comply with policy.

Authorized users must be cautious about the merging of personal and work email accounts on their devices. They must take particular care to ensure that company data is only sent through the MFA email system. If a user suspects that company data has been sent from a personal email account, either in body text or as an attachment, they must notify IT immediately.

**Security Awareness Training**

To assist in managing risk related to the potential compromise of network systems and data security, MFA will maintain a security awareness training and education program. The security awareness and education program will help MFA document, communicate, and train employees on security best practices and concepts. MFA must provide security awareness training to all employees as part of their initial training for new employees, when required by system changes, and annually thereafter.
Tab 2
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – April 12, 2016
Through: Policy Committee – April 5, 2016

FROM: Gina Hickman, Deputy Director of Finance and Administration
       Kathy Keeler, Finance Manager

DATE: April 20, 2016

SUBJECT: Investment Policy Revisions

Recommendation:
Staff recommends the proposed revisions to the General Fund Investment Policy (the “Policy”) be approved. The revision reflects recommendations made by Government Portfolio Advisors (“GPA”). In addition, staff is requesting an implementation period through December 31, 2016 for the revised policy as there will be the need to reallocate funds between asset classes, which will involve fund liquidations and the subsequent purchase of securities. To have a balanced portfolio and capture potential interest rate increases, those activities will need to be staggered.

Background:
MFA hired GPA to perform an analysis of the General Fund investment program and to recommend revisions to the Policy, including the asset allocation strategy. GPA presented their observations and recommendations at the 2015 Board Retreat. A copy of GPA’s executive summary is attached (Exhibit A). The full report is available upon request.

Discussion:
Staff has reviewed GPA’s observations and recommendations and has incorporated those most advantageous to MFA into the Policy. A summary of the proposed changes to the Policy are shown below:
<table>
<thead>
<tr>
<th>Page #</th>
<th>Section</th>
<th>Revised Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>1, 3 &amp; 4</td>
<td>Scope &amp; Permitted Investments</td>
<td>Updated this policy to include only General Fund investments. Investments related to the bond programs are addressed in the Bond Issuance and Debt Management Policy.</td>
</tr>
<tr>
<td>1</td>
<td>Objectives</td>
<td>Delineated the objectives of the policy in detail and in priority order.</td>
</tr>
<tr>
<td>2</td>
<td>Investment Advisor</td>
<td>Added a section for investment advisory services to assist with management and oversight of the portfolio.</td>
</tr>
<tr>
<td>2</td>
<td>Ethics</td>
<td>Added language that management, employees and investment consultants involved in the investment process shall adhere to standards of the MFA Code of Conduct.</td>
</tr>
<tr>
<td>2</td>
<td>Monitoring and Adjusting the Portfolio</td>
<td>Revised language to include circumstances under which securities can be sold. In addition, added language that rebalancing of the portfolio will occur at least quarterly.</td>
</tr>
<tr>
<td>3</td>
<td>Internal Controls</td>
<td>Language now indicates that the Executive Director or designated staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the MFA are protected from loss, theft or misuse. Language goes on to include discussion of the internal control structure and eliminates the need for a second document as each department will ensure adequate controls are present in individual department procedures.</td>
</tr>
<tr>
<td>4 &amp; 5</td>
<td>Diversification of Risk and Asset Allocation</td>
<td>Added definitions of short-term, intermediate-term and long-term investments. Asset Allocation Strategy was revised. See discussion below for additional clarification.</td>
</tr>
<tr>
<td>6</td>
<td>Authorized Financial Dealers</td>
<td>Added investment advisor and bidding agent section addressing firm qualifications.</td>
</tr>
<tr>
<td>7</td>
<td>Reporting Requirements</td>
<td>Updated based on a sample reporting packet provided by GPA.</td>
</tr>
</tbody>
</table>
Attached is a redline of the proposed Policy revisions.

Below is the proposed Asset Allocation Strategy:

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>TARGET (DOLLARS)</th>
<th>RANGE (DOLLARS)</th>
<th>TARGET (DOLLARS as a PERCENT of TOTAL PORTFOLIO)</th>
<th>RANGE (DOLLARS as a PERCENT of TOTAL PORTFOLIO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHORT-TERM INVESTMENTS (Less than 1 year)</td>
<td>$23mm</td>
<td>$18mm - $29mm</td>
<td>35%</td>
<td>20% - 45%</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>$5mm</td>
<td>$3mm - $7mm</td>
<td>10%</td>
<td>5% - 15%</td>
</tr>
<tr>
<td>Cash Held in Depositories/ Warehoused Securities</td>
<td>$18mm</td>
<td>$15 - $22mm</td>
<td>25%</td>
<td>15% - 30%</td>
</tr>
<tr>
<td>INTERMEDIATE-TERM INVESTMENTS (1 to 10 years)</td>
<td>$30mm</td>
<td>$20mm - $45mm</td>
<td>45%</td>
<td>20% - 60%</td>
</tr>
<tr>
<td>Bond Ladder (in permitted securities)</td>
<td>$20mm</td>
<td>$15mm - $30mm</td>
<td>30%</td>
<td>15% - 35%</td>
</tr>
<tr>
<td>MFA Mortgage Backed Securities</td>
<td>$10mm</td>
<td>$5mm - $15mm</td>
<td>15%</td>
<td>5% - 25%</td>
</tr>
<tr>
<td>LONG-TERM INVESTMENTS (More than 10 years)</td>
<td>$16mm</td>
<td>$11mm - $34mm</td>
<td>20%</td>
<td>6% to 40%</td>
</tr>
<tr>
<td>State Investment Council:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Fixed Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Core Plus Bond Active</td>
<td>80%</td>
<td>$10mm - $25mm</td>
<td>8%</td>
<td>2% - 15%</td>
</tr>
<tr>
<td>2) Core Plus Bond Index</td>
<td>50%</td>
<td></td>
<td>8%</td>
<td>2% – 15%</td>
</tr>
<tr>
<td>• Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Domestic Large Cap Index Fund</td>
<td>20%</td>
<td>$1mm - $9mm</td>
<td>4%</td>
<td>2% - 10%</td>
</tr>
<tr>
<td>2) Small/Mid Cap Index</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The updated asset allocation strategy is based on GPA’s recommendations to accomplish the following:

1. Implement a more proactive strategy in managing the risk in the portfolio. This includes adding “Dollars as a % of Total Portfolio” as an additional metric as well as adding a dollar range for the long-term State Investment Council (SIC) funds. In addition, the policy has been updated to allow for sale/liquidation of securities to maintain policy compliance as well as the implementation of portfolio rebalancing at least quarterly.

2. Realign the overall allocation to the SIC long-term investment fund to 20% of the portfolio to preserve principal value. As of 2/29/16 the allocation to that asset class is 34%. While the SIC investments have provided high performance, these assets also pose a higher risk, especially in relation to principal preservation related to expected fair market value trends and volatility in an increasing interest rate environment. This will equate to approximately $11mm being liquidated from the SIC and reinvested in agency/treasury securities.

3. Remain conservative in the SIC core bond fund and equity allocations with a continued 80/20 split, respectively.

4. Reallocate a portion of the Core-Plus Active Fund to the Core-Plus Index Fund to reduce credit exposure in this asset class in the fixed income allocation as well as lower fees.

5. Add the Small/Mid Cap asset class for future consideration to provide for additional diversification within the equity portfolio.

Staff did include Mortgage Backed Securities as an intermediate-term investment even though GPA included it as a long-term investment. The reason for maintaining our current policy on these investments is that MFA only purchases seasoned MFA Mortgage Backed Securities with an average life less than 10 years when residual assets from bond issues are available.

**Summary:**
MFA contracted with Government Portfolio Advisors (“GPA”) to provide an analysis of MFA’s Investment Policy-General Fund (the “Policy”) and asset allocations based on the changing interest rate environment and risk and return expectations. Staff reviewed and evaluated GPA’s observations and recommendations and incorporated those most advantageous to MFA into the Policy. Staff recommends that the revisions to Policy be approved and that staff be given an implementation period through December 31, 2016 for the revised policy as there will be the need to reallocate funds between asset classes, which will involve fund liquidations and the subsequent purchase of securities. To have a balanced portfolio and capture potential interest rate increases, those activities will need to be staggered.
TABLE OF CONTENTS

Executive Summary .................................................................3
Observations and Recommendations ...........................................7
Policy and Procedure Review and Reporting ..............................10
Fund Analysis and Asset Allocation Strategy through the Implementation of Policy Objectives ....11
Balancing Risk and Return ......................................................20
Evaluation of the Impact of Money Market Reform on MFA's Investment Program ..................29
Best Practice Recommendations Based on Government and Housing Finance Agencies ..........30
EXECUTIVE SUMMARY

Government Portfolio Advisors is providing New Mexico Mortgage Finance Authority (MFA) with a strategic analysis of the investment program and considerations to adjust investment policy and asset allocations based on risk and return expectations. Our review will include an analysis of the current portfolio strategic allocation process and a discussion on whether current strategy and allocations are appropriate and consistent with the Authority's investment objectives of safety, liquidity and return.

Historically, the Authority has experienced relatively stable fund balances with an objective to provide for liquidity needs with well-defined maturity allocations. The strategy has been passive and is based on a buy and hold implementation of the target allocations. Available liquidity can be characterized as cash available but is also defined by the type of securities held, the portfolio maturity structure, and the availability to sell securities. The investment portfolio has an intermediate time horizon and stable balances which results in the ability to manage a portion of the investments with higher risk for higher returns. Preservation of principal is a primary objective and must be balanced and consistent with expected returns and volatility tolerance.

The portfolio composition as of 3/31/15 is as follows excluding Cash Balances:

<table>
<thead>
<tr>
<th>General Fund Composition</th>
<th>Market Value as of 3/31/15</th>
<th>Unrealized Gains Plus Earnings</th>
<th>% of Total Fund</th>
<th>Average Duration (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHORT TERM INVESTMENTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LGIP</td>
<td>$6,537,535</td>
<td>0</td>
<td>11.3%</td>
<td>.01</td>
</tr>
<tr>
<td>Warehoused Securities</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>INTERMEDIATE TERM INVESTMENTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>$9,960,701</td>
<td>-$39,299</td>
<td>17.1%</td>
<td>2.34</td>
</tr>
<tr>
<td>Mortgage Backed Securities</td>
<td>$14,334,841</td>
<td>$1,373,834</td>
<td>24.7%</td>
<td>4.79</td>
</tr>
<tr>
<td>LONG TERM INVESTMENTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIC Core Plus Bond Fund</td>
<td>$21,128,707</td>
<td>$8,168,532</td>
<td>36.5%</td>
<td>4.45</td>
</tr>
<tr>
<td>SIC Large Cap Index Fund</td>
<td>$6,031,625</td>
<td>$2,370,067</td>
<td>10.4%</td>
<td>n/a</td>
</tr>
<tr>
<td>Total General Fund</td>
<td>$57,993,409</td>
<td>$11,673,886</td>
<td>100%</td>
<td>2.38 w/o eq</td>
</tr>
</tbody>
</table>

MFA's investment strategy of overweighting longer term securities, credit securities and equities through the investment program at SIC (State Investment Council) has performed well. The overall investments have unrealized gains and growth of $10,538,599 in value as of 3/31/15. The primary growth in the portfolio has been the allocation to longer term fixed income and equities.

In addition, MFA also has benefited from the transferring of MFA issued Mortgage Backed Securities to the general fund. These securities have been transferred at the original issue basis and are contributing returns in excess of 5% and were carrying unrealized gains of $1,373,834 as of 3/31/15.
MARKET OVERVIEW AND THE IMPACT ON INVESTMENT ALTERNATIVES:

The fixed income markets currently are facing the expectation of higher interest rates lead by the Federal Reserve policy of raising short term borrowing rates. Inflation and economic growth have been modest and both are expected to elevate in the coming years. This will increase the probability of higher long term interest rates which will negatively impact the value of longer term bonds. The equity markets have performed exceptionally well over this period and could face some retracement with higher interest rates. From a strategic perspective for the investment funds, it is important to continue to evaluate the opportunity values of return balanced with risk of all asset class alternatives.

The fixed income interest rate outlook will impact fixed income values and it is important to review historical as well as projections in the marketplace.

<table>
<thead>
<tr>
<th>TREASURY RATES</th>
<th>YEAR END 1994</th>
<th>YEAR END 2004</th>
<th>YEAR END 2014</th>
<th>8/7/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 month bill</td>
<td>5.68%</td>
<td>2.27%</td>
<td>.04%</td>
<td>.06%</td>
</tr>
<tr>
<td>2-year note</td>
<td>7.83%</td>
<td>3.11%</td>
<td>.68%</td>
<td>.72%</td>
</tr>
<tr>
<td>5-year note</td>
<td>7.86%</td>
<td>3.64%</td>
<td>1.67%</td>
<td>1.59%</td>
</tr>
<tr>
<td>10-year note</td>
<td>7.91%</td>
<td>4.29%</td>
<td>2.17%</td>
<td>2.18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ECONOMIC STATS</th>
<th>Q2-15</th>
<th>Q3-15</th>
<th>Q4-15</th>
<th>Q1-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP</td>
<td>2.70%</td>
<td>3.00%</td>
<td>2.90%</td>
<td>2.70%</td>
</tr>
<tr>
<td>CPA (YOY%)</td>
<td>0.00%</td>
<td>.40%</td>
<td>1.20%</td>
<td>2.20%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>5.40%</td>
<td>5.30%</td>
<td>5.10%</td>
<td>5.10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FED FUND OUTLOOK</th>
<th>Q2-15</th>
<th>Q3-15</th>
<th>Q4-15</th>
<th>Q1-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fed Funds</td>
<td>.25%</td>
<td>.45%</td>
<td>.65%</td>
<td>.90%</td>
</tr>
<tr>
<td>2 year Rates</td>
<td>.65%</td>
<td>.91%</td>
<td>1.12%</td>
<td>1.37%</td>
</tr>
<tr>
<td>10 Year</td>
<td>2.35%</td>
<td>2.45%</td>
<td>2.57%</td>
<td>2.73%</td>
</tr>
</tbody>
</table>

Source: Bloomberg
20 Year Historical view of Fixed Income Interest Rates and Equity Markets:

Price of the 5 year Treasury bonds: Near historical highs in price and low in yields.

Source: Bloomberg

Equity Market as Measured by the Dow Jones Index: At historical high in price

Source: Bloomberg
SCOPE OF REVIEW

➢ Policy review and related compliance report; to include recommendations on quarterly reporting package.
➢ Fund analysis including overall asset allocation strategy and considerations based on a changing interest rate environment, interest rate sensitivity analysis, fee analysis and review of GASB 31 implications.
➢ Provide evaluation of the impact of money market reform on MFA money market investments including recommendations on the viability of alternative investments.
➢ Best practice recommendations based on Government and Housing Finance Agencies.

STRATEGIC ELEMENTS OF INVESTMENT PROGRAM

- Assess historical cash flows to determine an optimal balance between liquidity requirements and investment target amounts.
- Review the investment plan that best matches your investment objectives.
- Constantly review the portfolio and rebalance periodically to ensure the optimization of liquidity and tiered investment balances.
- Implement a strategy to effectively meet your financial goals.
OBSERVATIONS AND RECOMMENDATIONS

1. Consideration to implement a proactive strategy to manage the risk in the portfolio will allow the Authority to create a dynamic investment strategy versus a passive strategy. This will provide for the ability to macro adjust overall portfolio risk based on expected and current rate environments.

2. Update the investment policy to reflect current risk profile and return objectives.

3. Consider updating the quarterly reports to include policy compliance report and comprehensive risk/return characteristics of the overall portfolio.

4. SIC is a valuable resource for MFA’s investment program’s longer term dedicated funds. Currently, the general fund has in excess of 46% of the general fund invested at SIC. Given the higher performance and higher risk of these assets and considering a reversion to the mean analysis of both interest rates and equity values, GPA is suggesting to realign the overall allocation to SIC funds back to 30-40% of the general fund by reducing overall balances in both the fixed income and equity positions.

5. SIC has provided analysis of the new frontier that includes Broad market representation of the investments that are available in the SIC fund line up for MFA. These include: Broad US Equities, Board International Equities, Diversified Hedge Funds, Real Estate and Private equity. It provides MFA with various target allocations and the risk-adjusted returns for each allocation. GPA is using the RVK report to provide the Board with a measure of expected returns relative to risk of adding additional asset classes to the SIC allocation. Given the risk/return trade off and volatility measures, GPA is suggesting that MFA remain conservative in the Intermediate Bond Fund and the Equity Markets.

6. The specific SIC pools allowable to MFA are the Core Bond Fund Active or Index Pool (pending approval for participation by MFA), Large Cap Equity Active or Large Cap Equity Index Pool and Small/Mid Cap Equity Active or Small/Cap Enhanced Index Equity. GPA is recommending reducing the overall allocation to SIC funds, by 25%, to preserve principal value, but to maintain a similar allocation between fixed income at SIC of 70-95% and 5-30% Equity. GPA is suggesting to move a portion of the Core-Plus Active Fund to the Core-Plus Index Fund, when available at SIC, to reduce credit exposure in the fixed income allocation. In the equity allocation, the Large Cap Index Fund continues to present the best value versus the Large Cap Active Fund and should be utilized as the primary equity exposure. Consideration of adding the Small/Mid Cap Enhanced Index Pool Fund in the future, to diversify risk in the equity component may provide the potential of improved risk-adjusted return.

7. GPA is suggesting to review the intermediate tier allocation. This sector currently includes the bond ladder portfolio and the Mortgage Backed Securities ("MBS"). The Bond Ladder portfolio has an average duration of 2.25 years and is providing an earnings yield of 1.25. These securities are 100% in agency securities. The MBS portfolio consists of 107 issues ranging in size from 10k to 317K and are New Mexico packaged Mortgages earning in excess of 5% with and Weighted Average life of 5.8 years.
8. Another approach to the intermediate tier would be to move the MBS portfolio to the longer tier based on its WAL of 5.8 and develop a $15MM to $30MM component of US Treasury and Agency securities with maturities between 1 and 10 years with an average maturity of 2-3 years. This intermediate portfolio could be used by MFA to control the overall duration of the total general fund by implementing a more active fixed income strategy using marketable liquid securities with maturities between 1 to 10 years. Also, a portion of the operating cash could be laddered into this portfolio if the structure was shifted to a 0-10 year ladder. This would support the buy and hold strategy that is currently implemented, as securities would roll down the yield curve under 1 year and would then be used for liquidity. Developing the intermediate investment tier with higher quality and highly marketable securities would provide additional flexibility to MFA to control duration exposure and more effectively manage interest rate risk and reduce credit risk. It would involve allocating the Mortgage Backed Securities into the longer tier and funding the intermediate tier with funds from the current SIC allocation and a possibly a portion of the cash held for warehoused securities. Consideration to hire an investment manager to handle these investments would allow for an efficient implementation of this strategy. Current yields in the 1-10 year sector of Treasury and Agency paper is 1-2.5% and the duration target of this component should be 2 – 3 years.

9. The current cash balances held for loan funding, operating, and the potential for short term security warehousing is currently not included in the investment plan. GPA is suggesting to add this as part of the short-term classification to provide for the ability to enhance earnings when possible. Including these funds in the strategy will also compliment the reporting and transparency of the portfolio structure. Liquidity is one of the key objectives and maintaining appropriate liquidity balances will support strategic initiatives such as the new servicing model next year. These funds could be cash matched to expect payroll dates and reserve funding dates to efficiently manage the cash flow and add incremental earnings.

<table>
<thead>
<tr>
<th>Suggested Changes to Components of the Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>SHORT TERM</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>LGIP</td>
</tr>
<tr>
<td>$6,537,535</td>
</tr>
<tr>
<td>11.27%</td>
</tr>
<tr>
<td>$6,537,435</td>
</tr>
<tr>
<td>8%</td>
</tr>
<tr>
<td>Warehouseed Securities</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Cash Held for Operations</td>
</tr>
<tr>
<td>Not Included</td>
</tr>
<tr>
<td>Include</td>
</tr>
<tr>
<td>$20,000,000</td>
</tr>
<tr>
<td>26%</td>
</tr>
<tr>
<td><strong>Sub Total Short Term</strong></td>
</tr>
<tr>
<td>$6,537,535</td>
</tr>
<tr>
<td>11.27%</td>
</tr>
<tr>
<td>$26,537,535</td>
</tr>
<tr>
<td>34%</td>
</tr>
<tr>
<td><strong>INTERMEDIATE TERM</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Bond Ladder</td>
</tr>
<tr>
<td>$9,960,701</td>
</tr>
<tr>
<td>17.18%</td>
</tr>
<tr>
<td>$9,960,701</td>
</tr>
<tr>
<td>13%</td>
</tr>
<tr>
<td>Intermediate Fund</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>$11,000,000</td>
</tr>
<tr>
<td>14%</td>
</tr>
<tr>
<td><strong>Mortgage Backed Securities</strong></td>
</tr>
<tr>
<td>$14,334,841</td>
</tr>
<tr>
<td>24.72</td>
</tr>
<tr>
<td><strong>Sub Total intermediate term</strong></td>
</tr>
<tr>
<td>$9,960,701</td>
</tr>
<tr>
<td>41.89%</td>
</tr>
<tr>
<td>$(3,334,841)</td>
</tr>
<tr>
<td>27%</td>
</tr>
<tr>
<td><strong>LONG TERM</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>SIC-Core Plus Bond Active</td>
</tr>
<tr>
<td>$21,128,707</td>
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<tr>
<td>36.43%</td>
</tr>
<tr>
<td>$(8,000,000)</td>
</tr>
<tr>
<td>9%</td>
</tr>
<tr>
<td>SIC-Core Plus Bond Index</td>
</tr>
<tr>
<td>$6,000,000</td>
</tr>
<tr>
<td>8%</td>
</tr>
<tr>
<td><strong>SIC-Large Cap Index</strong></td>
</tr>
<tr>
<td>$6,031,625</td>
</tr>
<tr>
<td>10.40%</td>
</tr>
<tr>
<td>$(3,003,625)</td>
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<tr>
<td>4%</td>
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<tr>
<td><strong>Mortgage Backed Securities</strong></td>
</tr>
<tr>
<td>$14,334,841</td>
</tr>
<tr>
<td>18%</td>
</tr>
<tr>
<td><strong>Sub Total Long Term</strong></td>
</tr>
<tr>
<td>$27,160,332</td>
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<tr>
<td>46.83%</td>
</tr>
<tr>
<td>$(3,334,841)</td>
</tr>
<tr>
<td>39%</td>
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<tr>
<td><strong>TOTAL FUND</strong></td>
</tr>
<tr>
<td>$57,993,409</td>
</tr>
<tr>
<td>100%</td>
</tr>
<tr>
<td>$(20,000,000)</td>
</tr>
<tr>
<td>100%</td>
</tr>
</tbody>
</table>

8 | Page
## RECOMMENDED STRATEGIC ALLOCATION GUIDELINES

<table>
<thead>
<tr>
<th>Term</th>
<th>Asset Class</th>
<th>Target</th>
<th>Target Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHORT TERM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year</td>
<td>LGIP</td>
<td>$25MM</td>
<td>$13MM-$27MM</td>
</tr>
<tr>
<td></td>
<td>Warehoused Securities</td>
<td>$5MM</td>
<td>$3MM-$7MM</td>
</tr>
<tr>
<td></td>
<td>Cash Held</td>
<td>$20MM</td>
<td>$10MM-$20MM</td>
</tr>
<tr>
<td>INTERMEDIATE TERM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-10 Year</td>
<td></td>
<td>$20MM</td>
<td>$15MM-$30MM</td>
</tr>
<tr>
<td></td>
<td>Weighted Average Maturity maxin Bond Ladder</td>
<td>$10MM</td>
<td>$15MM-$30MM</td>
</tr>
<tr>
<td></td>
<td>Agency &amp; Treasury Portfolio</td>
<td>$10MM</td>
<td></td>
</tr>
<tr>
<td>LONG TERM</td>
<td></td>
<td>$31MM</td>
<td>$20MM-$35MM</td>
</tr>
<tr>
<td></td>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SIC Component</td>
<td>$16MM</td>
<td>$15MM-$30MM</td>
</tr>
<tr>
<td></td>
<td>SIC Allocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fixed Income (70-95% SIC)</td>
<td>80%</td>
<td>$10MM-$25MM</td>
</tr>
<tr>
<td></td>
<td>Core Plus Bond Active</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Core Plus Bond Index</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Equity (5-30% SIC)</td>
<td>20%</td>
<td>$1MM-$9MM</td>
</tr>
<tr>
<td></td>
<td>Large Cap Index</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small/Mid Cap Index</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mortgage Backed Securities</td>
<td>$15MM</td>
<td>$5MM-$15MM</td>
</tr>
</tbody>
</table>

9 | Page
1. Scope. This policy is to be followed when investing the General Fund cash assets of the MFA. Optimal investment of these assets supports the legislative intent for the MFA to provide affordable housing for low and moderate income New Mexicans. Assets purchased by the MFA to meet its legislative mandates are not to be considered investments for the purpose of this policy.

In the event of a conflict between this policy and provisions of the various MFA bond resolutions and indentures, the more restrictive provisions shall apply unless specifically prohibited by the affected bond resolutions(s) or indenture(s).

2. Objectives. The primary objective of the policy is to preserve capital and secondarily to achieve the highest market return. These objectives should be attained only after consideration of liquidity needs and within the constraints of the MFA statutes and requirements prescribed within each respective bond documents. All funds will be invested in a manner that is in conformance with the MFA Act, federal, state and other legal requirements and bond documents. In addition, the objectives, in order of priority, of the investment activities will be as follows:

a) Legality. The investment portfolio will be invested in a manner that meets state statues and all legal requirements of MFA.

b) Safety. Safety of principal is the primary objective of the MFA. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To obtain this objective, funds will be diversified, utilizing highly rated securities, by investment among a variety of securities.

c) Liquidity. The investment portfolio will remain liquid to enable the MFA to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a balance to meet daily obligations.

d) Return on Investment. The investment portfolio will be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the portfolio and specified fund.

2.3. Delegation of Authority

a) Committee. A committee designated by the Board and comprised of Members (hereafter in Section 1.3 of this manual, the “Committee”) has the specific purpose and responsibility of carrying out the investment policy.

b) Committee Responsibilities. The Committee will be charged with the following:

1) Establish and update, not less than annually, the investment policy for the full Board's approval.

2) Monitor the investment activities to insure that proper controls are in place to guarantee the integrity and security of the portfolio.

3) Monitor compliance with applicable statues, regulations, and other legal authorities, including the MFA Act.

4) Review all investment transactions made by the MFA staff.

5) Meet to deliberate on such topics as: economic outlook, portfolio diversification, maturity structure, potential risks and the rates of return on the investment portfolio.

6) Recommend depositories, custodians and broker/dealers for Board approval.
c) **Duties and Responsibilities of Staff Management and Employees.** Responsibilities will be as follows:

1) The ultimate responsibility for conducting the investment program within set policy guidelines resides with the Executive Director. The day-to-day investment decisions and activities are assigned to and will be the responsibility of staff designated by the Executive Director.

2) Staff is charged with the following in accordance with the approved investment policy:
   
i. Day-to-day management of the MFA investments;
   
ii. Executing investment transactions, including but not limited to purchases and sales of securities;
   
iii. Making recommendations to the Committee; and
   
iv. Presentation to the Committee of comprehensive quarterly written reports designed to keep Committee Members fully apprised of all investment decisions and current status of the investment program.

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d) **Investment Advisor.** MFA will engage the services of an investment advisor to review the investment policy and portfolio periodically to assist with management and oversight in a manner that is consistent with the MFA’s objectives and policies.

d) **Meetings.** The Committee will meet at least quarterly to carry out its responsibilities listed above and to review staff-prepared reports. Special meetings of the Committee may be called at any time by any voting Member of the Committee. A majority vote of the Committee is required to approve recommendations. Minutes of the meetings will be recorded and maintained as permanent documentation of the Committee's actions and will be attached to the minutes of the next regular meeting of the MFA Board along with accompanying reports.

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4. **Prudence.** All investments made will be in accordance with the "prudent investor(person)" rule:

   “Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

   Notwithstanding and in addition to the limitation of liability found in Section 58-18-21 of the Mortgage Finance Authority Act, the staff and the Board while acting in accordance with written procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control any possible adverse developments. The MFA Code of Conduct, including provisions regarding conflicts of interest and disclosure, is applicable to all investment decisions, recommendations, and transactions.

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5. **Ethics.** Management, employees and investment consultants involved in the investment process shall adhere to standards of the MFA Code of Conduct.

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5.6. **Monitoring and Adjusting the Portfolio.** As a general practice, securities will be purchased with the intent to hold until maturity. However, trades in response to changes in market value, or market direction, or unforeseen liquidity needs may be necessary. These types of trades will be documented as to reasons, including consideration of credit quality, market risk and total yield to maturity with rebalancing to take place as necessary to maintain investment ranges outlined under Section 08, Diversification of Risk herein. It is acceptable for securities to be sold under the following circumstances:


(a) A security with a declining credit may be sold early to protect the principal value of the portfolio.
(b) A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
(c) A sale of a security to provide for unforeseen liquidity needs.
(d) SIC funds allocation can be adjusted to either re-align to diversification targets or to adjust allocations to current market conditions.

Rebalancing of the portfolio will occur at least quarterly.

6. Internal Controls. A system of written internal controls will be designed by the Deputy Director of Finance and Administration and reviewed by an independent auditor as part of the internal audit plan in accordance with the internal audit risk assessment. The controls shall be designed to minimize loss of MFA funds due to fraud, error, misrepresentations, market changes or imprudent actions. The controls shall be made part of the investment policy. The Executive Director or designated staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the MFA are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in departmental investment procedures manuals that shall be reviewed and updated periodically by the Executive Director or designated staff. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

a) Control of collusion
b) Separation of transaction authority from accounting and recordkeeping
c) Custodial safekeeping
d) Avoidance of physical delivery of securities
e) Clear delegation of authority to subordinate staff members
f) Written confirmation of transactions for investments and wire transfers
g) Dual authorizations of wire transfers over $2,000

7. Permitted Investments. The MFA investment policy will be diversified to the extent permitted in the MFA Mortgage Finance Authority Act, and Section 6-8-7, NMSA 1978 and Section 6-10-10.1, NMSA 1978, and as prescribed in its various bond resolutions and trust indentures. Specifically, General Fund investments may be made in any investment instruments acceptable under and/or required by any MFA bond resolution or indenture or:

a) in obligations of any municipality of New Mexico or the State of New Mexico or the United States of America, rated "AA" as defined by Standard & Poor’s or equivalent, or better;
b) in obligations, the principal and interest of which are guaranteed by the State of New Mexico or the United States of America;
c) in obligations of any corporation wholly owned by the United States of America;
d) in obligations of any corporation sponsored by the United States of America which are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System;
e) in certificates of deposit or time deposits in banks qualified to do business in New Mexico, secured in such manner, if any, as the authority shall determine;
f) in contracts for the purchase and sale of obligations of the type specified in Paragraph a) of this subsection;

g) as otherwise provided in any trust indenture securing the issuance of MFA’s bonds;

h) in the State of New Mexico Office of the Treasurer Local Short Term Investment Fund; or

i) in the State of New Mexico State Investment Council Investment Funds Program (fund(s) to be determined according to asset allocation strategy).

9. Diversification of Risk and Asset Allocation: Diversification and asset allocation strategies for the General Fund investments shall be formally determined at least annually and revised periodically, if applicable, by the Committee. The responsibility for implementation of such strategies will be with staff.

a) Definitions:

1) Short Term Investments: Funds held for ongoing operations and cash flow needs of MFA. These funds will primarily be held in the State LGIP, bank deposits and warehoused securities that have maturities under less than one year.

2) Intermediate Term Investments: Investment funds that are in excess of liquidity needs held in operating accounts. These funds must be held in marketable securities that can be sold if needed to provide for liquidity. The investments in this portion of the portfolio will have maturities from 1 to 10 years and will be only invested in higher quality and liquid (marketable) securities.

3) Long Term Investments: Investment funds needed for long-term reserves. These funds may be invested in long-term bond and equity funds managed by the State Investment Council with maturities exceeding 10 years. These funds will have credit risk and interest rate risk exposure and it is expected that these funds will earn higher rates of return over interest rate cycles, but will have greater price volatility within specified horizon periods.

b) Asset Allocation Strategy

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>TARGET (DOLLARS)</th>
<th>RANGE (DOLLARS)</th>
<th>TARGET (DOLLARS as a PERCENT of TOTAL PORTFOLIO)</th>
<th>RANGE (DOLLARS as a PERCENT of TOTAL PORTFOLIO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td>$23mm</td>
<td>$18mm - $29mm</td>
<td>354%</td>
<td>20% - 45%</td>
</tr>
<tr>
<td>(Less than 1 year)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>$5mm</td>
<td>$83mm - $12mm</td>
<td>108%</td>
<td>5% - 15%</td>
</tr>
<tr>
<td></td>
<td>$15mm</td>
<td>$15 - $2218mm</td>
<td>256%</td>
<td>15% - 30%</td>
</tr>
<tr>
<td>Warehoused Securities</td>
<td>$18mm</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Cash Held in Depositories/Warehoused Securities**

<table>
<thead>
<tr>
<th>INTERMEDIATE-TERM INVESTMENTS (1 to 10 years)</th>
<th>$20mm-$30mm</th>
<th>$20mm-$35mm</th>
<th>45%</th>
<th>20% - 60%</th>
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</thead>
<tbody>
<tr>
<td>Bond Ladder (in permitted securities)</td>
<td>$20mm</td>
<td>$15mm-$30mm</td>
<td>302%</td>
<td>15% - 35%</td>
</tr>
<tr>
<td>Certificates of Deposit or Time Deposits</td>
<td>$10mm</td>
<td>$5mm-$15mm</td>
<td>15%</td>
<td>5% - 25%</td>
</tr>
<tr>
<td>MFA Mortgage Backed Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LONG-TERM INVESTMENTS (More than 10 years)</th>
<th>$16mm</th>
<th>$11mm-$34mm</th>
<th>204%</th>
<th>6% to 40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Investment Council:</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Fixed Income Domestic Core Bond Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Core Plus Bond Active</td>
<td>80%</td>
<td></td>
<td>89%</td>
<td>2% - 15%</td>
</tr>
<tr>
<td>2) Core Plus Bond Index</td>
<td>50%</td>
<td>30%-$10mm-$25mm</td>
<td>89%</td>
<td>2% - 15%</td>
</tr>
<tr>
<td>• Equity (5-30% SIC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Equity Domestic Large Cap Index Fund</td>
<td>50%</td>
<td></td>
<td>8%</td>
<td>2% - 10%</td>
</tr>
<tr>
<td>2) Small/Mid Cap Index</td>
<td>20%</td>
<td>$1mm-$9mm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Up to 5%</td>
<td>100%</td>
<td></td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>In establishing specific diversification strategies after consideration of liquidity and specific time period cash needs, the following three guidelines shall apply:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Portfolio maturities will be staggered to avoid undue concentrations of assets in a specific maturity sector.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Maturities selected shall provide for stable income and adequate liquidity to meet the MFA’s operational and cash flow needs and debt service obligations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Portfolio positions will be diversified among various securities/funds so as to avoid overweighing in any one type of security.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
d) The MFA staff will demonstrate prudence in the selection of investments as a way to minimize risk. No individual investment transaction shall be undertaken that will jeopardize the total capital position of the overall portfolio. The Committee and the MFA staff, together with any investment advisor(s) selected by the Committee, will continuously analyze the risk/reward relationships existing in the marketplace and act accordingly when selecting investments. The following three specific guidelines will be strictly observed in order to further minimize risks:
1) All certificates of deposit, or time deposits will be placed with qualified financial institutions; (See Qualified Financial Institutions below)
2) All transactions will be executed on a delivery versus payment basis; and
3) The best bid or offer will be sought for all of the MFA's purchases and sales of securities.

11. **Qualified Financial Institutions**

11. **Authorized Financial Dealers.** When selecting depositories, and securities broker/dealers, and advisors, consideration will be given to minimizing risk, protecting investment capital and obtaining the best purchase or sale price. The following guidelines will be used in selecting depositories and securities broker/dealers:

   a) **Depositories.** In selecting financial institutions for the deposit of MFA-directed funds, the staff will consider the credit-worthiness of the institutions as per the most recent Collateral Review Report prepared by the State Treasurer's Office in conjunction with their collateral and risk assessment evaluation policy. Funds held on behalf of HUD programs must be deposited with a financial institution controlled and insured by the Federal Deposit Insurance Corporation that has a rating consistent at all times with current minimally acceptable ratings as established by the Government National Mortgage Association (GNMA). The rating will be monitored quarterly and institutions changed when necessary.

   b) **Securities Broker/Dealers.** Staff shall prepare and approve a list of approved broker/dealers, based on the criteria listed below.

   1) This approved Broker/Dealers list will be reviewed by the Board at least annually. Competitive bids from the broker/dealers will be obtained by the MFA staff on all purchases and sales of securities. All securities will be purchased and sold consistent with what the current market place dictates at the time of the purchase or sale and according to the prudent investor rule.

   2) Criteria for Selection of Broker/Dealers for Purchase and Sale of government bonds, agency obligations and other authorized investments:

   i. The firm(s) must be a registered dealer pursuant to the Securities Act of New Mexico, Section 58-13-15, NMSA 1978.

   ii. The firm(s) must be registered as a dealer under the Securities Exchange Act of 1934.

   iii. The firm(s) must be a member of the National Association of Securities Dealers, Financial Industry Regulatory Authority (FINRA).

   iv. The firm(s) and assigned broker(s) must have been engaged in the business of effecting transactions in United States Government Bonds for at least five (5) consecutive years.

   v. The firm(s) must agree to abide by the Code of Conduct of the MFA, must certify that they have read the MFA investment policy and will abide by MFA’s Code of Conduct.

   c) **Investment Advisors/Bidding Agents.** These firms must be registered with the Securities and Exchange Commission and meet the requirements of the Securities Act of New
Mexico, Section 58-13-15, NMSA 1978. The advisory contract may be for oversight services or investment management services including transactions. If the advisor is to transact with brokers/dealers on behalf of the MFA, the advisor must annually submit a broker/dealer list for approval. The adviser may only provide non-discretionary management services, which requires prior authorization from MFA on all transactions.

   a) 1) All transactions by the MFA shall be awarded on a competitive bid basis.
   b) 2) A minimum of three documented bids shall be requested and received by the MFA on each sale or purchase. The best bid received shall be awarded the transaction.
   b)c) 3) Bids received and dealer awards shall be maintained on forms available for review by the Committee.
   b)d) 4) New Issue offerings in the primary market may be purchased from approved brokers/dealers without competitive solicitation if it is determined that no agency obligations meeting MFA’s requirements is available in the secondary market at a higher yield.

13. Reporting Requirements. The individual assigned by the Executive Director will report at least quarterly to the Committee and Board on the overall status of the fund. This report will include at least:
   a) yield to maturity or time weighted rates of return as applicable;
   b) rating(s) of investment(s) if any;
   a)c) market value of the investments;
   time-weighted rates of return;
   d) analysis of asset allocation;
   e) analysis of the portfolio’s performance as measured against the funds stated objective, the CPI, and/or relevant indexes;
   (3) analysis of the overall degree of risk measured by standard deviation relative to appropriate indexes;
   e)f) dollar value of the fund, net of non-investment cash contributions and distributions;
   d) record of individual transactions and indication of broker/dealer participation; and
   g) if a manager has been retained, a measure of his/her performance relative to the appropriate manager universe.
Tab 3
Nominating Committee
April 20, 2016

Dennis R. Burt (Chair)

Lieutenant Governor, John Sanchez

Attorney General, Hector Balderas

(a) The Nominating Committee shall be responsible for presenting nominations for officers, other than the Chairman and the Executive Director, including without limitation the Vice Chairman, the Secretary, the Assistant Secretary, the Treasurer and the Assistant Treasurer.

(b) The Chairman shall appoint a Nominating Committee during or prior to April of each year. The Nominating Committee shall consist of three members of the Authority.

(c) The nominations shall be presented and elections held no later than the June meeting of the board of directors held in such year. The vote for officers shall be held in such manner as the directors may determine.
Tab 4
This page intentionally left blank. A presentation will be made to the board.
Tab 5
<table>
<thead>
<tr>
<th>Department and Program</th>
<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Development – HTF Loan – extension of closing date</td>
<td>Silver Moon Lodge</td>
<td>Approval of a 60-day extension of the closing date for a $500,000 HTF fund loan to Silver Moon Lodge.</td>
<td>Approved by Deputy Director of Programs, Isidoro Hernandez, on 3/1/16</td>
</tr>
<tr>
<td>Servicing Dept.</td>
<td>1/31/16 Quality Control Review</td>
<td>Approval of report issued by REDW. No findings.</td>
<td>Approved by Policy Committee 3/7/16</td>
</tr>
<tr>
<td>Housing Development</td>
<td>Dona Ana Multi-Family Housing Partnership</td>
<td>Presented request for $9.1mm private activity bond volume cap before SBOF</td>
<td>Received $9.1M PABC allocation from NM State Board of Finance on 3/15/16</td>
</tr>
<tr>
<td>Housing Development</td>
<td>Santa Fe Community Living</td>
<td>Presented request for $1.9 mm private activity bond volume cap before SBOF</td>
<td>Received $1.9M PABC allocation from NM State Board of Finance on 3/15/16</td>
</tr>
<tr>
<td>Housing Development – Non-Accrual Loan Update</td>
<td>Commonweal Conservancy, Inc.</td>
<td>Approval of recommendations to keep loans on non-accrual status, Executive Team to set appropriate loan loss reserve based on BOV, Borrower to put the property up for sale, PC to review/approve tendered offers and any waiver of principal and/or interest, and closing with simultaneous execution of purchase agreement, deed-in-lieu, release of LURA.</td>
<td>Approved by Policy Committee on 3/29/16</td>
</tr>
<tr>
<td>Community Development HOME, ESG, HOPWA, CDBG</td>
<td>2015 Consolidated Annual Performance and Evaluation Report (CAPER)</td>
<td>Due to HUD 3/31/16</td>
<td>PC Approved CAPER on 3/29/16</td>
</tr>
<tr>
<td>Housing Development</td>
<td>2016 Tax Credit Round</td>
<td>Approval of Updated LIHTC Threshold/Scoring Review</td>
<td>Approved by Policy Committee on 3/29/16</td>
</tr>
</tbody>
</table>
Tab 6
New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

February 29, 2016
NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the five-month period ended February 29, 2016

NEW ISSUES:
Single Family issue: $21.2 mm 2015 Series E Bonds-Refunding Transaction (December)
Multi-family issue: None.

COMPARATIVE YEAR-TO-DATE FIGURES:

<table>
<thead>
<tr>
<th>PRODUCTION</th>
<th>5 months 2/29/16 YTD</th>
<th>5 months 2/28/15 YTD</th>
<th>% Change Year / Year</th>
<th>Forecast 2/29/16 YTD</th>
<th>Actual to Forecast</th>
<th>9/30/16 Forecast/Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Single family issues (new money):</td>
<td>$0.0</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$39.0</td>
</tr>
<tr>
<td>2 Single family loans sold (TBA):</td>
<td>$108.2</td>
<td>$52.1</td>
<td>107.8%</td>
<td>$48.8</td>
<td>121.9%</td>
<td>$117.0</td>
</tr>
<tr>
<td>3 Multifamily issues:</td>
<td>$0.0</td>
<td>$11.0</td>
<td>0.0%</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
</tr>
<tr>
<td>4 Payoffs:</td>
<td>$28.6</td>
<td>$34.8</td>
<td>-17.9%</td>
<td>$31.8</td>
<td>-10.2%</td>
<td>$76.4</td>
</tr>
</tbody>
</table>

| BALANCE SHEET                                                             |                       |                       |                      |                       |                    |                        |
| 5 Avg. earning assets:                                                   | $956.6                | $1,034.4              | -7.5%                | $954.3                | 0.2%               | $919.0                 |
| 6 General Fund Cash and Securities:                                      | $76.9                 | $76.7                 | 0.3%                 | $72.4                 | 6.2%               | $71.9                  |
| 7 General Fund SIC FMV Adj.:                                             | ($513.6)              | $123.8                | -514.9%              | $0.00                 | N/A                | $0.00                  |
| 8 Total bonds outstanding:                                               | $711.2                | $777.7                | -8.6%                | $759.5                | -6.4%              | $685.5                 |

| INCOME STATEMENT                                                         |                       |                       |                      |                       |                    |                        |
| 9 General Fund expenses:                                                 | $3.4                  | $3.3                  | 2.6%                 | $5.0                  | -32.7%             | $12.1                  |
| 10 General Fund revenues:                                                | $6.3                  | $6.0                  | 4.7%                 | $6.1                  | 3.2%               | $14.7                  |
| 11 Combined excess revenue over expenses:                                | $3.0                  | $3.8                  | -19.5%               | $2.1                  | 44.8%              | $4.6                   |
| 12 Combined net position:                                                | $206.0                | $201.9                | 2.0%                 | $205.0                | 0.5%               | $207.5                 |
| 13 Combined return on avg. earning assets:                               | 0.69%                 | 0.80%                 | -13.0%               | 0.48%                 | 44.5%              | 0.50%                  |
| 14 Net TBA profitability:                                                | 1.56%                 | 2.09%                 | -25.4%               | 1.15%                 | 35.7%              | 1.75%                  |
| 15 Combined interest margin:                                             | 0.75%                 | 0.54%                 | 38.9%                | 0.63%                 | 19.0%              | 0.63%                  |

| MOODY'S BENCHMARKS                                                       |                       |                       |                      |                       |                    |                        |
| 16 Net Asset to debt ratio (5-yr avg):                                    | 23.15%                | 20.05%                | 15%                  | 23.72%                | -2%                | 23.72%                 |
| 17 Net rev as a % of total rev (5-yr avg):                                | 7.43%                 | 6.34%                 | 17%                  | 7.43%                 | 0%                 | 7.43%                  |

Legend: Positive Impact, Negative Impact, Caution/Known Trend
MONTHLY FINANCIAL TRENDS & VARIANCES:
None to report.

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:
► Still continue to see significant volatility in relation to valuations for interest rate sensitive investments which impact non-operating income.
► Our FY16 estimates anticipate continued improvement in the interest rate environment and economy in general providing higher investment yields and potential for bond issuance for both the single and multifamily programs which will help stabilize the balance sheet.
► Growth in our portfolio of Single family program loans and mortgage backed securities has shown a decrease of (5.7%) since the beginning of the fiscal year. Year-to-date (5 months) decrease in total assets is (1.8%). Growth in assets is estimated to be a (5.7%) decrease this fiscal year as it is still assumed prepayments will exceed new assets as MFA utilizes 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 are sold to investors.
► Credit risk remains stable, primarily in the DPA portfolio. Year-to-date (5 months) MFA has written off 31 DPA loans totaling a little over $168,500. During the course of the year there will continue to be write-offs in this portfolio as it is approximated that there are $1.2 mm of DPA loans with first mortgages in foreclosure. Additionally, staff will be implementing the non-performing loan policy approved in January which will result in approximately $301,000 (59 loans) of DPA loan write-offs.
► Based on Moody's issuer credit rating scorecard, MFA's 23.15% net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (> 20%). The net revenue as a percent of total revenue measures performance and profitability and MFA's 7.43% ratio (5-year average) points to a satisfactory profitability with consistent trends (5%-10% range).
Assets Under Management as of 9/30/2016
($ in thousands)

YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2016

YTD Excess Revenues over Expenses as of 2/29/2016

Yield Targets 9/30/2016

(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor’s Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program
(2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund
<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>YTD 2/29/16</th>
<th>YTD 2/28/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$29,506</td>
<td>$29,903</td>
</tr>
<tr>
<td>Restricted Cash Held in Escrow</td>
<td>10,705</td>
<td>-</td>
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<tr>
<td>Short-Term Investments</td>
<td>-</td>
<td>5,857</td>
</tr>
<tr>
<td>Accrued Interest Receivable</td>
<td>3,334</td>
<td>3,845</td>
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<tr>
<td>Mortgage Payment Clearing</td>
<td>(181)</td>
<td>204</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>1,587</td>
<td>1,407</td>
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<tr>
<td>Administrative Fees Receivable (Payable)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inter-Fund Receivable (Payable)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>44,951</td>
<td>41,215</td>
</tr>
<tr>
<td>Cash - Restricted</td>
<td>41,858</td>
<td>47,758</td>
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<tr>
<td>Long-Term &amp; Restricted Investments</td>
<td>59,659</td>
<td>60,564</td>
</tr>
<tr>
<td>FNMA, GNMA, &amp; FHLMC Securitized Mtg. Loans</td>
<td>604,911</td>
<td>667,560</td>
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<tr>
<td>Mortgage Loans Receivable</td>
<td>196,313</td>
<td>182,211</td>
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<tr>
<td>Allowance for Loan Losses</td>
<td>(2,578)</td>
<td>(2,401)</td>
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<tr>
<td>Fixed Assets, Net of Accum. Depn</td>
<td>953</td>
<td>1,080</td>
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<td>Other Real Estate Owned, Net</td>
<td>467</td>
<td>553</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>62</td>
<td>79</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>946,595</td>
<td>998,617</td>
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<td>DEFERRED OUTFLOWS OF RESOURCES</td>
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<td></td>
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<tr>
<td>Refundings of Debt</td>
<td>1,038</td>
<td>1,192</td>
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<td><strong>Total Assets &amp; Deferred Outflows of Resources</strong></td>
<td>947,632</td>
<td>999,808</td>
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<tr>
<td>LIABILITIES AND NET POSITION:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIABILITIES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CURRENT LIABILITIES:</td>
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<tr>
<td>Accrued Interest Payable</td>
<td>9,946</td>
<td>11,407</td>
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<tr>
<td>Accounts Payable and Accrued Expenses</td>
<td>4,525</td>
<td>5,451</td>
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<tr>
<td>Escrow Deposits &amp; Reserves</td>
<td>10,705</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>25,176</td>
<td>16,858</td>
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<tr>
<td>Bonds Payable, Net of Unamortized Discount</td>
<td>711,238</td>
<td>777,741</td>
</tr>
<tr>
<td>Mortgage &amp; Notes Payable</td>
<td>4,930</td>
<td>3,000</td>
</tr>
<tr>
<td>Accrued Arbitrage Rebate</td>
<td>82</td>
<td>83</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>251</td>
<td>242</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>741,677</td>
<td>797,925</td>
</tr>
<tr>
<td>NET POSITION:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td>953</td>
<td>(739)</td>
</tr>
<tr>
<td>Unappropriated Net Position (Note 1)</td>
<td>63,339</td>
<td>64,130</td>
</tr>
<tr>
<td>Appropriated Net Position (Note 1)</td>
<td>141,663</td>
<td>138,492</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>205,955</td>
<td>201,883</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Net Position</strong></td>
<td>947,632</td>
<td>999,808</td>
</tr>
<tr>
<td></td>
<td>YTD 2/29/16</td>
<td>YTD 2/28/15</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$14,689</td>
<td>$15,680</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>1,155</td>
<td>1,175</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>-</td>
<td>46</td>
</tr>
<tr>
<td>Administrative Fee Income (EXP)</td>
<td>2,825</td>
<td>2,357</td>
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<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>49</td>
<td>127</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>536</td>
<td>521</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>(103)</td>
<td>137</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>126</td>
<td>1</td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td>19,277</td>
<td>20,044</td>
</tr>
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<td></td>
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<tr>
<td><strong>NON-OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arbitrage Rebate Income (Expense)</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Gain(Loss) Asset Sales/Debt Extinguishment</td>
<td>(763)</td>
<td>194</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>(4)</td>
<td>16</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>16,891</td>
<td>18,668</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Revenues</strong></td>
<td>16,129</td>
<td>18,878</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>35,406</td>
<td>38,922</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
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<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>3,178</td>
<td>3,165</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>12,840</td>
<td>14,508</td>
</tr>
<tr>
<td>Amortization of Bond/Note Premium(Discount)</td>
<td>(1,064)</td>
<td>(1,437)</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>66</td>
<td>14</td>
</tr>
<tr>
<td>Mortgage Loan &amp; Bond Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>36</td>
<td>37</td>
</tr>
<tr>
<td>Amort. of Serv. Rights &amp; Depreciation</td>
<td>55</td>
<td>58</td>
</tr>
<tr>
<td>Amortization of Bond Issuance Costs</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bond Cost of Issuance</td>
<td>263</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td>15,374</td>
<td>16,345</td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building Costs</td>
<td>148</td>
<td>171</td>
</tr>
<tr>
<td>Grant Award Expense</td>
<td>16,867</td>
<td>18,655</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Expenses</strong></td>
<td>17,015</td>
<td>18,827</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>32,390</td>
<td>35,172</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess Revenues over Expenses</td>
<td>3,017</td>
<td>3,750</td>
</tr>
<tr>
<td>Other Financing Sources (Uses)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues over Expenses and Other Financing Sources (Uses)</td>
<td>3,017</td>
<td>3,750</td>
</tr>
<tr>
<td><strong>Net Position at Beginning of Year</strong></td>
<td>202,938</td>
<td>198,133</td>
</tr>
<tr>
<td><strong>Net Position at 2/29/2016</strong></td>
<td>205,955</td>
<td>201,883</td>
</tr>
</tbody>
</table>
(Note 1)  MFA Net Position as of February 29, 2016:

UNAPPROPRIATED NET POSITION:

- $36,499 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
- $26,784 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
- $56 held for New Mexico Affordable Housing Charitable Trust.

Total unappropriated Net Position: $63,339

APPROPRIATED NET POSITION: GENERAL FUND

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

- $86,581 for use in the Housing Opportunity Fund ($68,944 in loans plus $17,637 unfunded, of which $10,244 is committed).
- $24,723 for future use in Single Family & Multi-Family housing programs.
- $10,760 for loss exposure on Risk Sharing loans.
- $953 invested in capital assets, net of related debt.
- $8,687 for the future General Fund Operating Budget Y E 9/30/16 ($12,070 total budget less $3,383 expended budget through 02/29/16.)

Subtotal - General Fund: $131,704

APPROPRIATED NET POSITION: HOUSING

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

- $10,912 for use in the federal and state housing programs administered by MFA.

Subtotal - Housing Program: $10,912

Total appropriated Net Position: $142,616

Total combined Net Position at February 29, 2016: $205,955

Total combined Net Position, or reserves, at February 29, 2016 was $206.0 million, of which $63.3 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $142.6 million of available reserves, with $76.9 million primarily liquid in the General Fund and in the federal and state Housing programs and $65.7 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.
# New Mexico Mortgage Finance Authority General Fund & Housing Budget Variance Report

## For the Five Months Ended 2/29/16

### Revenues

#### Operating Revenues

<table>
<thead>
<tr>
<th>Interest Income</th>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>459,949</td>
<td>2,280,388</td>
<td>2,576,147</td>
<td>295,759</td>
<td>6,182,753</td>
<td>3,902,365</td>
<td>36.88%</td>
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<td></td>
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</table>

#### Admin Income

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>914,937</td>
<td>3,940,963</td>
<td>3,102,005</td>
<td>(838,958)</td>
<td>7,444,812</td>
<td>3,503,849</td>
<td>52.94%</td>
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<td></td>
</tr>
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</table>

#### Other Operating Income

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>159,333</td>
<td>607,855</td>
<td>428,640</td>
<td>(179,214)</td>
<td>1,028,737</td>
<td>420,882</td>
<td>59.09%</td>
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</table>

#### Subtotal Operating Revenues

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,534,219</td>
<td>6,829,205</td>
<td>6,106,793</td>
<td>(722,413)</td>
<td>14,656,302</td>
<td>7,827,097</td>
<td>46.60%</td>
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#### Non-Operating Revenues

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(294,721)</td>
<td>(527,723)</td>
<td>42</td>
<td>527,765</td>
<td>100</td>
<td>527,823</td>
<td>-527,723.07%</td>
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#### Total Revenues

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,239,498</td>
<td>6,301,482</td>
<td>6,106,834</td>
<td>(194,648)</td>
<td>14,656,402</td>
<td>8,354,920</td>
<td>42.99%</td>
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### Expenses

#### Operating Expenses

#### Compensation

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>507,930</td>
<td>2,286,626</td>
<td>2,533,851</td>
<td>247,225</td>
<td>6,081,243</td>
<td>3,794,617</td>
<td>37.60%</td>
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</table>

#### Travel & Public Info

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>23,842</td>
<td>106,753</td>
<td>178,441</td>
<td>71,688</td>
<td>428,259</td>
<td>321,506</td>
<td>24.93%</td>
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#### Office Expenses

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>52,641</td>
<td>279,370</td>
<td>335,595</td>
<td>56,226</td>
<td>805,429</td>
<td>526,059</td>
<td>34.69%</td>
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<td></td>
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#### Other Operating Expenses

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>84,980</td>
<td>463,345</td>
<td>587,718</td>
<td>124,373</td>
<td>1,410,522</td>
<td>947,177</td>
<td>32.85%</td>
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#### Subtotal Operating Expenses

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>669,393</td>
<td>3,136,093</td>
<td>3,635,605</td>
<td>499,512</td>
<td>8,725,453</td>
<td>5,589,360</td>
<td>35.94%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Non-Operating Expenses

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>37,161</td>
<td>147,957</td>
<td>499,531</td>
<td>351,574</td>
<td>1,198,875</td>
<td>1,050,918</td>
<td>12.34%</td>
<td></td>
<td></td>
</tr>
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</table>

#### Subtotal Operating & Non-Operating Expenses

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>706,555</td>
<td>3,284,050</td>
<td>4,135,137</td>
<td>851,087</td>
<td>9,924,328</td>
<td>6,640,278</td>
<td>33.09%</td>
<td></td>
<td></td>
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</tbody>
</table>

#### Servicing & Capital Outlay

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>376</td>
<td>17,191</td>
<td>600,281</td>
<td>583,090</td>
<td>1,440,675</td>
<td>1,423,484</td>
<td>1.19%</td>
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<td></td>
</tr>
</tbody>
</table>

#### Non-Cash Items

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>30,188</td>
<td>81,812</td>
<td>293,621</td>
<td>211,809</td>
<td>704,690</td>
<td>622,878</td>
<td>11.61%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Total Expenses

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>737,118</td>
<td>3,383,053</td>
<td>5,029,039</td>
<td>1,645,986</td>
<td>12,068,693</td>
<td>8,686,640</td>
<td>28.03%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Excess Revenue Over Expenses

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>502,380</td>
<td>2,918,429</td>
<td>1,077,795</td>
<td>1,840,634</td>
<td>2,586,709</td>
<td>331,720</td>
<td>87.18%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Less Capitalized Assets

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,918,429</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>33%</td>
</tr>
</tbody>
</table>

#### Total Expenses Less Capitalized Assets

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Year to Date Pro Rata</th>
<th>Year to Date Under/(Over) YTD</th>
<th>Annual Budget</th>
<th>Budget</th>
<th>Under/(Over) Annual</th>
<th>Expended Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,918,429</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
March 8-April 12, 2016

MEDIA COVERAGE

3-4 Jicarilla Chieftain Leadership host first General Meeting of 2016
3-10 ABQ Business First New Balloon Fiesta president was instrumental in creation of Fiesta Park
3-11 Los Alamos Monitor Council passes affordable housing rules
3-16 Hobbs News-Sun Street closure proposed
3-18 Hobbs News-Sun School land deal
3-24 Taos News Housing authority hires new director
3-27 Los Alamos Monitor Home renewal program starts this week
4-5 First Nations News All Star #1: Eric Schmieder, Tribal Land Specialist, MFA
4-6 ABQ Business First Here’s an exclusive peek at the progress of Downtown’s Imperial Building
4-9 Albuquerque Journal NM mortgage authority energizes housing market

PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

April Helpful Tips for REALTORS
3-9 Tribal Update Coalition meeting March 24
3-15 Community Development RFP Training
3-29 Tribal Update Coalition meeting March 31
3-3 Lender Memo 16-06 April web training schedule
Leadership host first General Meeting of 2016

Decline in Oil and Gas Revenues Acknowledged, JANCO Introduced at General Meeting

Oil prices continue to hover around $30 a barrel. Economists call our situation “The Resource Curse”. It’s a term that describes a region or government rich in natural resources, such as minerals and fossil fuels, and tends to have less economic growth and worse development outcomes when prices suddenly decline.

Every service we get from the Nation is partly due to the revenue we receive from oil and gas. One number supports our lop-sided economy: the price of oil.

The decline in revenue has caused our Government to change in subtle ways. For instance, Councilwoman Lillian Veneno gave the most informative presentation at the 3-hour General Meeting. She introduced the Jicarilla Apache Nation Corporation or “JANCO”. This new corporation is a holding company that will control the Nation’s real estate properties, enterprises, and other business interest. The Legislative Council has relinquished some decision-making but will have the final say in some important decisions.

Similar to the Southern Ute’s Growth Fund, the Jicarilla Apache Nation will hire people with extensive business backgrounds. These people will be attracted to the competitive salaries and their only job is to make the Nation money in legitimate business transactions. For the first time ever, the Nation is separating business from politics

“We need to get away from the usual way of doing business,” said Councilwoman Veneno. “With the recent oil and gas recession the Jicarilla Apache Nation has seen a significant drop in assets and wealth making the Nation unable to sustain current benefits for the people. In order to adjust the Nation’s financials crisis, the Legislative Council created ‘J.A.N.C.O.’ or Jicarilla Apache Nation Corporation to immediately increase the amount of money created for the people. This also means the Nation will no longer be dependent only on oil and gas revenue.”

The Jicarilla Apache Nation is a business with only one product and that is oil. The Legislative Council is now trying to diversify revenue sources in an already uncertain economic climate.

Continued on page 3

General Meeting Continued...

“JANCO is 100% owned and operated by the Nation. No other entity or person has an ownership interest in JANCO,” said Councilwoman Veneno. “JANCO is designed so that our revenues by earned profitable businesses will flow back to the Nation for the benefit of the people. JANCO will stop the Nation from bailing out the companies that are losing money.”

The Nation knows that subsidizing companies hasn’t been working. What companies or programs that has been subsidized and to what extent is unknown.

A seven-member board will operate the new company with a chief executive officer who will see day-to-day operations. The Legislative Council will appoint all board members.

Councilwoman Veneno then listed missed opportunities such as Walgreens in Las Vegas, Nevada, Middle East Coffee Distributors, and an Arizona vehicle company. Little detail was given about why they are missed opportunities but they seem major nevertheless.

JANCO has some sovereign attributes. The company cannot be sued and does not allow the...
state to assess taxes over the Nation.

Councilwoman Veneno says the Nation’s Departments will not be affected. No department will be dissolved but are instead encouraged to make a profit and create better opportunities for the people.

Companies and Departments under JANCO are: Running Elk Corporation, Jicarilla Shopping Center, Jicarilla Travel Center, Hawks Express, Trophy’s Sports Bar and Grill, Jicarilla Properties, and the Casinos. Unlike the Southern Ute’s Growth Fund, JANCO will not include any oil and gas companies. But as a holding company it could acquire small companies and invest in other businesses.

Now on to President Vicenti’s State of the Nation Address. His speech began with usual banter and acknowledgements of the drum group, JROTC, ancestors, women, men, senior citizens, the youth, and Veterans.

"With oil and gas prices the lowest we’ve ever seen, we must find ways to utilize other sources to advance our initiatives," said President Vicenti. "This is a defining moment for us. We are being given an opportunity to shape our future with the profound teachings of our past."

He then brought out a copy of the Jicarilla Apache Constitution and read several pages to the audience.

His reasoning for taking time to read the constitution was to state he and the other leadership are bound by its wording.

"What governs us, besides this constitution, are codes," said President Vicenti. "Policy and procedures are put in place that we have to go by. A lot of you don’t understand what the President does."

He continued by stating his duties and responsibilities. One of which is being the Contracting Officer for the Nation. He is responsible for signing contracts as well using his personal credit history for obtaining things like a credit card machine.

His speech also addressed the Nation’s budget.

"There are couple of ways we are looking at this thing," said President Vicenti. "The revenues aren’t there anymore. All the money that was available from Washington isn’t there anymore."

He talked about the recent Legislative Session. Several departments were able to receive Capital Outlay funds approved by the New Mexico Legislature. Public Relations Officer Annette B. Martinez listed those departments who were awarded Capital Outlay Funding: Jicarilla Police Department and the Dulce Fire Department.

Not all of the Police request were met. They only received funding for a new radio tower in the amount of $105,000. The Dulce Fire Department was approved for new fire gear equipment in the amount of $30,805 and for their breathing apparatus was cut down to $32,035.

“We started feeling the impact of the economic shortfall. If you watched the news you’ve probably seen businesses going out of business. We’re okay compared to a lot of others. Some of the other tribal leaders I’ve talked have said they are having a tough time,” said President Vicenti. “We can’t progress if standing still. One area we are looking at are grants. Another thing the Council did was float a bond to do projects like a new community center.”

The New Mexico Finance Authority is responsible for that bond. The total amount is $75 million. Last summer the President approved a deal that would refinance an already existing loan and increased it $75 million. This money is specifically earmarked for new housing sites, construction of a new community center, and upgrading the wastewater treatment facility. The new community center does not come with new office space as the funds specifically states, as Councilman Notsinneh would state later in the meeting.

“With that bond money we are upgrading our wastewater treatment plant. We have to increase the capacity for the future. Also the Leadership is going to build new housing,” said Vicenti. “They ordered new emergency trailers. As soon as the ground dries up we will move them in.”

There are approximately 70 vacant homes on the reservation. Some of these homes were inherited and quickly abandoned. Legally the Nation cannot retake those homes so the Leadership is encouraging individuals and families to relinquish those sites for future development. The utilities are already there and this would save the Nation a lot of money by recycling them and building new structures.

Without going into too much detail, he ended his speech on cutting the Nation’s budget
for 2016.

“We need to look at spending. What we are going to do is tighten our belt. A lot of departments still had 60% of their budgets at the end of the year. They should have used them,” said Vicenti. “We’re going to be okay. Even at my level the administration was cut. Another area cut in the Leadership is having our meetings in town. We’ll save money on per diem.”

Just before ending his speech he spoke about the Administration’s newsletter.

“We are going to be putting more information in here that will be informative to you,” said Vicenti. “We did this because it doesn’t go out into the real world. It’s sensitive information.”

The Vice President was next in speaking. He spoke for 5 minutes.

“I agree with the President,” Vice President Ernest Petago begins his speech. “I too am concerned with the future of our Nation. Across the country the economy is down. That’s why we are having budget cuts. We don’t know how long the oil and gas will be down but that is a big punch on us.”

He continues by warning the audience to live within their means.

“I see it when they come to my office. We don’t have that kind of money anymore,” said Petago. “We’ve got to be conservative.”

He also mentioned the petition going around. He says that any money taken out now would have an impact on our future. He and others have assured the audience that there are budgets for the rest of 2016 and 2017. No details were given if there would be any money set aside for 2018 and beyond.

Petago ended his speech by encouraging sportsmanship by the fans, addressing the job-hopping epidemic, and hoping for a stronger parent/school relationship.

The Legislative Council will be summarized as their speeches averaged a few minutes each. Councilmembers absent from the day’s event were Leon K. Reval and Philbert Vigil, Sr.

The first to speak was Councilman Adrian Notsinneh. He and other Councilmembers began their speeches by talking about their recent field trip to San Felipe Pueblo.

The Legislative Council’s laudatory talk of San Felipe Pueblo was repeated several times. There was once a time when other tribes would praise the Jicarilla Apache Nation’s accomplishments but those days are long gone.

In 2012, the Pueblo announced a plan to build more than 150 home sites on the reservation. They were able to accomplish this with funds totaling $5.6 million dollars from, according to Indian Country Today, the New Mexico Mortgage Finance Authority, federal stimulus money, Enterprise Community Partners and Bank of America. Most of the construction workers were enrolled tribal members.

“When we were there we saw what could be done,” said Councilman Notsinneh. “We can do the same thing. Passing the budget and giving them the tools to get these things done. Once a plan gets put in place and starts running smoothly you’ll see the results. No one will be driving in the mud anymore.”

“They [San Felipe Pueblo] are building their own homes,” said Councilwoman Veneno. “They were able to negotiate very good rates for their community and tribal members. They’re at a comfortable amount. We need to start building homes for our families here.”

Councilman Martin Perea followed Notsinneh.

“I just wanted to say thanks to those folks who worked on the snow removal. Who cleared driveways and made them accessible,” said Councilman Martin Perea. “Also, thanks to Maintenance who get up in the middle of the night for calls and who are on-call 24 hours.”

Perea spoke of how bad of a decision it was to build a store with a flat roof. He says the past leadership didn’t know what they were doing.

He also said he has problems with the Jicarilla Child and Family Education Center occupying the old Elementary located at Mundo Ranch.

“These folks without childcare have to resort to sub-standard childcare. I hope it comes to some resolution in the future,” said Councilman Perea.

Councilman William Muniz gave his speech entirely in the Jicarilla Apache language. Translations of his speech weren’t available at the time of publishing.
"The only thing I really have to say is that the water is going down south," said Councilman Bilford Vicenti, Sr. "The one thing that I was upset about is that I've been pushing for homes to be built down there. It never came into being. I have to step down and I still want to get things done. I'll still work until the last day."

Ending the Legislative Councils' speeches was a presentation by Councilman Wainwright Velarde.

"One day we will do away with checks and services available to you. You will have to pay your own way and you need to get educated. We need attorneys. We need engineers. The more people we have qualified to run the government the better we are," said Councilman Velarde.

"Our court system is not up to par so you young people need to step up and to the plate. When it comes to administration there is no one around," said Velarde. "When the election comes up I want every one to really consider their candidate. They have to know how the state and federal governments operate. Do they understand the stock market? Are they sincere about it?"

Another issue that is of concern to Velarde is the Nation's buildings.

"We need our own building inspector," said Velarde. "We went wrong on the daycare center. We went wrong on the Ishkoteen Center. We went wrong on the administration." Referring to how some of the buildings don't comply with the American Disability Act among other things.

Risk Management Officers Carla Martinez and Robin Begay, Jicarilla Service Unit Jim Sutton, Jicarilla Family and Education Center Director Francine Harrison, Dulce School District Superintendent Tom Savage, and Jicarilla Elder Sookie Vicenti ended the day's events.

Toya Catering provided lunch.
New Balloon Fiesta president was instrumental in creation of Fiesta Park

Jay Czar is the new president of the Albuquerque International Balloon Fiesta. Czar currently serves as executive director of the New Mexico Mortgage Finance Authority.

The Albuquerque International Balloon Fiesta announced its 2016 board of directors and officers this week.

Serving as the new president is Jay Czar, a former chief administrative officer for the city of Albuquerque. Czar was involved in the acquisition and creation of Balloon Fiesta Park. He currently serves as the executive director of the New Mexico Mortgage Finance Authority.

Ty Young, who joined the board in 2009, will serve as vice president for the Balloon Fiesta. According to a press release, Young has attended every Balloon Fiesta since the first one in 1972. Young is the managing partner of Albuquerque-based Young Equity Partners, LLC.

Matt Guthrie, a commercial hot-air and gas balloon pilot, was elected as secretary. Former Balloon Fiesta president Richard W. Rice was re-elected a treasurer. Rice was elected president in 1983.

Other board members serving this year include: JR Allison, Ray Bair, Gary D. Bennett, Chuck Clark, John Davis, Barbara Fricke, Jim Garcia, Steve Komadina,
Los Alamos County Council approved revisions Tuesday to the affordable housing ordinance and the affordable housing rehabilitation program ordinance – two of the final steps in advance of launching both programs March 30.

Council approved initial ordinances for those programs in 2010. Staff has been working since then to develop the framework for administering those programs.

Although the county has assisted with individual affordable housing projects in the past, such as the Piñon Trails development, it did not have an official policy in place until the ordinances were approved six years ago.

Staff then had to build the affordable housing and the housing rehab (now called the Los Alamos Home Renewal Program) programs from the ground up.

According to Community Development Director Paul Andrus, the process was onerous due to legal requirements and the need to define terms and conditions and administrative rules. Staff turnover also delayed progress at times.

Andrus called Ordinance No. 664 the “umbrella” affordable housing ordinance. It spells out the conditions under which the county can assist with affordable housing development.

Under the New Mexico constitution, the county is allowed to support affordable housing by:

- Donating land it owns for the construction on it for affordable housing;
- Donating an existing building owned by Los Alamos for conversion or renovation into affordable housing;
- Providing or paying the costs of infrastructure necessary to support affordable housing projects;
- Supporting the efforts of low income homeowners in improving their homes by waiving applicable County permit fees;
- Implementing a program to assist low income homeowners in making critical housing rehabilitation improvements to their homes;
- Assisting with loans by reducing the interest rate amount of those loans;
- Supporting the acquisition, rehabilitation and resale of vacant or abandoned homes in the County to eligible low-income homebuyers; and
- Supporting the efforts of low-

See HOUSING, 2.
formula, which adjusts the low-income threshold downward to the national low-income threshold ($65,800 for a family of four). In Los Alamos, 80 percent of Area Median Income is $84,250.

“This has been a concern going back to 2010 when the program was first approved by council,” Andrus said. “The concern has been that the formula by which HUD makes these annual household income determinations has been essentially penalizing Los Alamos County.”

Both programs will be eligible for federal funds to which the $65,800 threshold will still apply. Los Alamos Housing Partnership – which won the bid to administer the programs – will use federal funding wherever possible. But now those that meet the higher income threshold may apply county assistance.

In addition to raising the low-income threshold, the affordable housing ordinance was revised to allow the county to waive applicable permit fees for affordable housing projects, retroactive to Oct. 1, 2015.

Income eligible homeowner improvements and housing projects sponsored or implemented by housing development organizations (non-profit or for profit), which will serve, or benefit income eligible households will now be eligible for fee waivers.

Staff asked for the retroactive provision in order to allow eligible affordable housing projects that were submitted to the county during the time period the ordinance was being reviewed by MFA and prior to official approval to be eligible for consideration for reimbursement of those applicable county permit fees. MFA approved of the provision.

The housing rehab ordinance contained two additional revisions.

One change allows the program to lend up to 100 percent of the home loan to value (LTV). The original limit was 95 percent. The revision allows the homeowner access to all of their equity in order to make the improvements and address more of their rehabilitation needs.

The loan threshold for projects that qualify for the emergency repair category was also raised from $14,999 to $24,999. Staff requested the change due to concerns that the original cap could be too low to cover the full cost of an emergency repair.

Council has approved $400,000 for the home renewal program. Council asked Andrus if he believed that was adequate.

“We don’t know beyond an educated guess how far that’s going to get us, but we estimate a year or two. If demands are greater than expected, we will have to adjust accordingly,” Andrus said, suggesting that there may need to be a waiting list if demands are too high.

“Certainly housing rehabilitation is a major need in our community,” Councilor James Chrobocinski said.

“We’ve seen areas of town that for one reason or another are beginning to deteriorate, or have been deteriorating for quite some time. I get a lot of comments about this in my professional life, of new people coming to town and being quite surprised by the housing stock in our community.

“Especially when you have a lot of elderly who are on fixed incomes, this would allow them the opportunity to try to fix up some of these homes and bring them up to a proper level.”

Both ordinances passed by a 6–0 vote. Councilor David Izralevitz was not in attendance.

The Los Alamos Housing Partnership will begin accepting applications for both programs March 30. The initial window to apply runs through May 16.

Follow the Los Alamos Monitor for more on these programs or contact the Los Alamos Housing Partnership (losalamos-housingpartnership.org).
Section of South Fowler could be closed as part of a low-income housing project south of Boys and Girls Club

CHARLIE BENTON
NEWS-SUN

The closure of South Fowler between East Dunnam and East White was on the table Tuesday at the Hobbs Planning Board discussed the development of Parkside Terrace.

Also discussed was vacating an east/west alleyway located near the developing apartment complex.

“This is the vacation of South Fowler ...” said Hobbs Development Director Kevin Robinson. “This street will be shut down. There will be a fence that’s going to be located in the northern third or so of the block. The northern third will be utilized for parking of the Boys and Girls Club Daycare center, and the southern third will be used for on-ramp parking for Parkside Terrace. Parkside Terrace did receive a parking variance from the planning board so far as allowing on-ramp and their on-site parking to be considered all in their parking requirements.”

Parkside Terrace is a low-income housing project that was approved by the Hobbs City Commission last fall for construction. The city provided a $1.3 million grant and the New Mexico Finance Authority awarded $10.88 million in low-income housing tax credits to Chelsea Investment for the project. At the time of the commission’s approval Robinson 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.

The city previously vacated the section of Dunnam between the Boys and Girls Club and the Parkside land. However, the closure will be located directly north of Hobbs Fire Station 1 and will eliminate a direct route from the station to the Boys and Girls Club.

City of Hobbs Fire Chief Eric Enriquez said he met with Robinson and Hobbs Engineer Todd Randall on what effect the closure would have.

“It is not going to affect our response,” Enriquez said.

There’s also the vacation of the east-west alley located within block 47. That is a temporary easement right now. There are utilities in that easement, municipal and franchise. Those utilities, municipal and franchise will be relocated with the development of Parkside Terrace. At the time that no utilities are present, then the temporary easement will dissolve.”

“They’ll be rerouted around the block similar to what we did with the Boys and Girls Club,” said Hobbs Planning Board Chairman Tres Hicks.

Robinson said some easements would be retained on Fowler and the alleyway even after construction was complete.

“With the proposed summary is going to be the rededication of the formally vacated Dunnam Street, which is that part that is directly north and directly south of the old Boys and Girls Club site,” he said.

Hicks said the property south of the old Boys and Girls Club had been originally vacated years ago because of the Boys and Girl’s Club wanting to use it as a playground. The adjacent street had been also vacated to cut down on traffic in the area.

“With the new club, that whole plan went away, so the Boys and Girl’s Club no longer needs that street to be vacat-
ed for its purposes. It actually needs to be rededicated as a street, because the street needs to be there to serve the new Boys and Girls Club and the Parkside Terrace development from an access perspective,” he added. “The Boys and Girls Club wants to rededicate the street to the city, so it goes back into the street infrastructure.”

The measure passed unanimously.

The planning board also unanimously approved a change to chapter 15.32 of the sign code and discussed a minor change of wording in the mobile vendor ordinance regarding temporary vendors. It also discussed a proposed amendment to subdivision title 16 and summarized subdivisions approved as of Feb. 1, 2013. Planning board vice chairman Guy Kesner also suggested a refundable deposit paid by developers on subdivision plans to encourage them to record development.

Charlie Benton can be reached at 575-391-5434 or reporter1@hobbsnews.com.
A planned housing project south of the new Boys and Girls Club, top area of graph, would include the closure of a section of South Fowler Street.
School land deal

Portion of two Hobbs Schools playgrounds may be cut to make way for road

LEVI HILL AND DOROTHY FOWLER
NEWS-SUN

The Hobbs School District is giving up some land to allow Gold Street to possibly become a thoroughfare along the north side of Coronado Elementary School.

Tuesday, HMS Director of Operations Gene Strickland presented the school board an agreement with the City of Hobbs that will cede to the city a small area of land north of Coronado Elementary.

The cession will allow the city to join two ends of Gold Avenue and facilitate traffic around Highland Middle School and Coronado, Strickland said. He said that Coronado no longer uses the land as a playground and the portion of playing field Highland will lose is minimal.

Hobbs City Engineer Todd Randall said the land swap dates back several years to the development of the land north of the schools by Western States Development, and most recently to a planned senior living facility by developer YES! Housing that would be located northwest of Coronado.

“We were going to enter into a development agreement for the extension of Jefferson for the senior living facility,” Randall said. “We were looking at the extension of Jefferson to Glorieta. When we talked to the schools they asked about giving up the area where Gold would go so the cost of developing the road would not fall on the district.”

He said the YES! Housing project will only happen if the company acquires tax credits from the New Mexico Mortgage Finance Authority and the Jefferson extension will only move forward if that project happens.

The Gold Street connection is not a project the city will immediately undertake, Randall said, but if it comes about it should improve traffic flow around the schools.

“People are already using that dirt road that exists there now,” he said. “This would, hopefully, improve flow around both schools.”

He said connecting Gold through would cost a minimum of $100,000 for just chipsealing and at least $250,000 for a full curb and gutter project on the entire 1,300 linear feet of roadway that would have to be built.

“The only thing approved is a letter of understanding between school district and city, now there has to be a real estate purchase agreement developed,” Randall said. “We can now spend some internal resources to see the best route.”

If the city doesn’t move on the project in five years, under the terms of the agreement, the land would revert back to the school district, Randall said.
Title: School land deal
Author: LEVI HILL AND DOROTHY FOWLER NEWS-SUN
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County: Lea
Housing authority hires new director

By Cody Hooks

The Taos News

After less than two years of being managed by a private contractor from New Orleans, the Northern Regional Housing Authority hired its first in-house executive director.

Richard Frey will officially assume his new post March 31.

“I'm pretty excited about the move,” Frey told The Taos News Tuesday (March 22) following a board meeting.

Frey comes to the Taos area after having managed the Cuba Housing Authority for 4 1/2 years and following a 20-year stint as “career manager adviser.”

Frey's hiring ends a search for an executive director that started in November.

Santiago Chavez, Sandoval County representative and president of the NRHA board, told The Taos News the initial nationwide search yielded a handful of New Mexico applicants and folks from across the country. But no one was the right fit.

When they started looking again, Frey came “highly recommended” by the New Mexico Mortgage Finance Authority (MFA), a quasi-public entity, and the New Mexico field office for the U.S. Department of Housing and Urban Development (HUD), Chavez said.

Frey said he's looking forward to the new challenges that are sure to come with the job, principally developing NRHA from a legal mandate and working theory into a functional hub for public housing in New Mexico's 10 northernmost counties.

The Taos-area housing authority was rocked by scandal and embezzlement in recent years. Taos County briefly took over the entity before handing all local public housing over to NRHA in 2014. Until the Taos housing disaster, NRHA was a just a shell of an organization with no budget, no staff and no housing to manage.

NRHA is one of three regional authorities in New Mexico; before MFA was directed by law to restructure New Mexico's housing programs, there were seven statewide.

Frey is charged with facilitating the ongoing incorporation of the Cimmarón, Grants and Cuba programs into the NRHA structure, while potentially starting the process of bringing on two Río Arriba County housing authorities.

Many of those programs, he said, are “little agencies with little agency problems,” like having the same reporting requirements as big housing authorities in Albuquerque or other metropolitan areas. Frey knows this firsthand, as Cuba only has 28 units under its control.

Frey said he'll first have to triage NRHA's assets before moving into the actual logistics of developing the regional model.

On Tuesday, the NRHA board of directors, including Della Barrone, Taos County representative, approved Frey's contract — at $90,000 a year for three years.

Chavez said Frey is committed to spending at least three days a week in Taos, where NRHA will continue to be headquartered.

Frey's move to Taos marks a transition for the housing authority as it weans itself off of a contract with Smart, Inc, a Louisiana-based firm with niche skills in managing troubled housing authorities.

Smart was awarded its second contract last June for $350,000, a hefty price tag even by NRHA officials' own acknowledgment.

Elizabeth Metoyer, Smart's interim executive adviser, was contracted for 1,300 hours (the equivalent of 25 hours a week) for an hourly rate of $147.42. Smart owner C. Knox LaSister was contracted for 400 hours at an hourly rate of $161. Their portions of the contract account for $256,046.

Smart largely ran NRHA remotely, a cost-saving measure. Chavez said there “wasn't always a steady, consistent person there in Taos” under Smart's management. As such, it was “really difficult to manage the day to day,” he said.

Following the unsuccessful initial round of the nationwide search, Chavez is “even more convinced Smart was the only answer.”

“No [Frey] is part of the transition,” Chavez said.
Home renewal program starts this week

Help for homeowners > County initiates loan program for income-eligible homeowners; starts Wednesday

BY ARIN MCKENNA
lareporter@lamonitor.com

Los Alamos County’s new Home Renewal Program that will help local income-qualified homeowners make needed repairs to their homes launches Wednesday.

The program, administered by the Los Alamos Housing Partnership, Inc., provides non-amortizing, deferred payment loans, which are due only when the home is sold, vacated or otherwise transferred. It is open to homeowner occupants or those who have executed home purchase contract contingent on HRP financing. Applicants must satisfy a range of requirements, including meeting income-eligibility, minimum credit scores, maximum debt-to-income ratio and having no delinquent property taxes, utility bills, or mortgage payments.

Home value cannot exceed $272,400, the limit set by the New Mexico Mortgage Finance Authority (MFA).

The homeowner has 120 days to complete improvements and must continue living in the home after improvements are complete.

The deferred loans are structured with an affordability period, during which the loan accrues interest. Once the affordability period ends, no further interest is accrued.

In an effort to leverage funds, the program offers an incentive for homeowners to use their own funds for a portion of the project. For every one percent that the applicant pays upfront, five percent of the total loan and accrued interest is forgiven at the end of the affordability period.

“So that if, for instance, you had a $10,000 job and you were able to pull together $2,000 – 20 percent – and you brought that at the closing of the loan, then at the end of the affordability period, 100 percent of your loan would be forgiven,” said Los Alamos Housing Partnership Executive Director Steven Brugger. “We wanted to provide an incentive for folks to have some skin in the game.”

Three types of projects are eligible for the program.

Energy conservation – improvements that reduce the gas and electricity used in the home – are eligible for up to $14,999. Repairs could include replacing inefficient windows or doors or installing insulation.

Up to $25,000 is available for emergency repairs, which remove a substandard condition that poses an immediate threat to the home’s occupants. A failing roof, a failing heating/cooling system, a plumbing or electrical failure or a porch or deck that has collapsed or is in imminent danger of collapse would all fall in that category.

General repairs which bring a home, or part of a home, up to county Building Code are eligible for up to $45,000.

“Maybe the home was built to code when it was built in 1955, but it is antiquated now,” Brugger said. “And if you want to run a couple computers at one time with your refrigerator and your hair dryer, you may have problems. So you may require repairs to get up to current requirements.”

Also included in the general repair is what Brugger calls “aging in place” improvements – accessibility improvements that allow seniors to safely remain in their homes.

Community Development Director Paul Andrus anticipates considerable interest in this option.

Another subcategory is for repairing or replacing exterior siding and stucco.

“The intent of the county is to not only to see home improvement but neighborhood improvement, and nothing would help more than exterior façade improvement,” Brugger said.

LAHP will assist homeowners throughout the process, beginning with helping them fill out the application.

Once the application is complete determined to be eligible, Project Manager Fermin Aragon (a retired state building official with Construction Industries Division) does a site visit to scope the project and develop a general cost analysis,
while LAHS prepares a report for the loan review committee.

“Even though this isn’t an amortizing loan that you take payments for, we do review these against underwriting criteria that are summarized in our policies and procedures manual,” Brugger said.

If the loan is approved, LAHP puts the project to bid with qualified contractors on its preapproved eligible contractor list.

Once the bids return, Brugger and Aragon review the applications with the homeowner. Although the homeowner may choose any contractor that bids, only the low bid or the bid that offers best price/best value are eligible to for full funding. The homeowner must pay the difference for any contractor that does not meet those criteria.

Andrus stressed that although the county and LAHP provide funding and technical assistance, the contract is between the homeowner and the contractor.

“The idea is to make sure that homeowner understands that the contract they're entering into based on their own needs, that the county and the housing partnership are not dictating that piece,” Andrus said.

The program does insure that the contract is very structured.

Brugger and Aragon will also inspect the project once it is underway to assure that the work is consistent with the scope of work in the contract.

LAHP will also be working with approved contractors to insure they understand the rules of the program. The county and LAHP has developed a set of standards that must be met, which include those from the National Association of Homebuilders’ Residential Construction Performance Guidelines.

LAHP begins accepting applications Wednesday. Brugger encourages interested homeowners to visit the LAHP website (losalamoshousingpartnership.org) for information on eligibility, underwriting criteria, rehab standards and applications, or to call 662-8918. Applications are also available at the LAHP office, located on the second floor of the New Mexico Bank & Trust building, 1475 Central Ave., Ste. 210E.
First Nations News

First Nations Development Institute is proud to partner with Dr. Per Cap (aka Financial Education Consultant Shawn Spruce) during Financial Literacy Month to highlight the great work of some financial literacy heroes.

Dr. Per Cap’s Financial Literacy 2016 All-Star Picks

Spring is here and it’s time to celebrate national Financial Literacy Month by recognizing a new team of outstanding individuals who are working hard to expand financial education efforts throughout Indian Country. It’s a tradition that each week in April I highlight the accomplishments of one totally awesome person who embodies the spirit of Native financial empowerment through selfless dedication, action over words, and an inclusive community vision. -- Dr. Per Cap
All Star #1: Eric Schmieder, Tribal Land Specialist, New Mexico Mortgage Finance Authority

The point guard is the most specialized player on a basketball court. A pacesetter and playmaker, he or she guides a team with vision, versatility and leadership. It’s no wonder Eric Schmieder, Tribal Land Specialist with the New Mexico Mortgage Finance Authority (MFA), is passionate about college basketball. As a tribal liaison for a multi-billion dollar quasi-public entity that administers federal and state housing programs in the Land of Enchantment, and point man for the New Mexico Tribal Housing Coalition -- a partnership of regional tribal housing entities, lenders, builders and federal agencies -- he's the go-to guy for folks looking to foster homeownership on tribal trust land.

"The Native American Housing Assistance and Self-Determination Act (NAHASDA) passed in 1996," the bolo-tied guru explains. "It was an exciting time because tribes were empowered with independence and resources. However, there was a lot of confusion over policies and procedures. The New Mexico Tribal Housing Coalition was created by a group of stakeholders as a clearinghouse for information and ideas. Almost 20 years later and we’re still going strong."

In a dedicated career that spans nearly four decades, "Schmied" as he is affectionately known to colleagues and friends, started out in affordable housing when high-cut shorts were still hip on the hardwood. Most of that time was spent with the U.S. Department of Agriculture, but he’s also run with Housing and Urban Development, Wells Fargo, and his current MFA gig beginning in 2007. He’s certainly played his share of minutes, not only in the field but also on the lending and policy side, and he’s helped dribble the ball throughout much of the recent housing growth in New Mexico’s tribal communities.

For questions about leases, loans, underwriting, affordability, appraisals, training or just about any other housing topic, Schmied has the answers or knows where to find them. He’s co-written training manuals and step-by-step guidebooks to navigate previously uncharted home purchase processes. He’s also lent expertise to cutting-edge projects, such as tax credit developments at Zuni and Santo Domingo Pueblos and a state-of-the-art, master-planned subdivision at Nambé Pueblo. He also volunteers on a range of nonprofit boards and committees including Native Partnership for Housing and the Southwest Community Resources Board. And while he admits there is still a housing crisis in Indian Country, he sees a bright future and envisions a day when more products exist to borrow on trust land, along with a strong market of homebuyers and sellers.

Raised in central Iowa with proud Amana heritage, the affable Midwesterner came to the University of New Mexico for grad school in the early 1970s, fell in love, and never looked back. An infectious optimist who appreciates the homespun values of hard work, self-reliance and community involvement, he’s a loyal advocate and encourages first-time homebuyers not to fear the commitment of a mortgage.
“A home is still the best way for many young families to build wealth,” he advises. “It’s more than just a roof over your head. It’s also an asset. Lenders don’t want homebuyers to fail and will work with people to stay in their homes. Plus a mortgage payment won’t change, whereas rent keeps going up.”

When not working tirelessly to expand homeownership on tribal trust lands, Eric can be found fishing near a family cabin in the Jemez Mountains or reading mystery novels on a newly-discovered Kindle at his cozy adobe bungalow in Albuquerque’s North Valley. His home – he is happy to note – has been paid off in full. A rabid New Mexico Lobos fan with a taste for fiery hot green chile and local craft beers, he serves up the meanest backyard burger east of the Rio Grande and enjoys Sunday dinners with his two grown sons, daughter-in-law, and a pair of teenaged grandchildren about whom he laments, “they aren’t nearly as impressed with me as when they were little.”

No worries, Schmied, your Indian Housing family thinks you’re as impressive as a Steph Curry signature three pointer. Game on! And thank you for all that you do.
Here's an exclusive peek at the progress of Downtown's Imperial Building (slideshow)

Apr 6, 2016, 2:06pm MDT

Jaynes Corp. crews are busy putting the finishing touches on the Imperial Building — a new Downtown Albuquerque mixed-use project with 74 apartments and the urban core's first grocery store in decades.

Geltmore LLC's David Silverman, who is part of the development team, took Business First on a tour of the site this week at 205 Silver Ave. SW.

The entire project is a collaboration between Geltmore, YES Housing Inc., the city, Bernalillo County, the New Mexico Mortgage Finance Authority and the Downtown Action Team.

With the building's scaffolding finally down, Downtown residents and visitors can really begin to see how the four-story building has shaped up.

Inside, construction crews are getting started on spaces for retail tenants. Those tenants include Abbey Brewing Co.'s Monk's Corner Taproom, Crackin' Crab Seafood Boil, Sophia's Place and the grocery store — Silver Street Market.

Silverman said the Silver Street Market operators, Rob and Kelly Ortman, will install equipment later this month into the 11,500-square-foot space. It is expected to open in July.

An additional five spaces are available for lease in the building. Silverman said he's marketing them at $20 per square foot, which is comparable to other Downtown retail lease rates.
The building's 74 living units, a mix of studios, and one and two-bedroom apartments, are nearly complete. Most have full kitchens and bathrooms installed. YES Housing, which owns the apartments, is waiting for appliances to be installed in the units.

Dory Wegrzyn, a senior development associate with YES Housing, said residents will move into the development first, likely sometime in next month. The apartment units will be marketed as mixed-income and workforce housing.

Silverman said with the Imperial Building nearly complete, he hopes more developers will bring additional projects to the Downtown core that help the area's revitalization efforts.

"While Downtown is currently making great strides and moving in the right direction, there is still a long way to getting there," Silverman said. "I would hope that there are more Downtown projects in our future, in which we can push ourselves to reach new heights."

Stephanie Guzman
Reporter
Albuquerque Business First
NM mortgage authority energizes housing market

$65.5M lent in Q1, topping 2015’s level

BY STEVE SINOVIC
JOURNAL STAFF WRITER

With the state’s housing market on the upswing, the New Mexico Mortgage Finance Authority is helping more New Mexicans get on the first rung of the homeowner­ship ladder.

The MFA lent $65.5 million in the first quarter of 2016, a 110 percent increase in mortgage loans over the same period last year. That translated into nearly 500 mortgage loans helping 609 home­buyers from January through March, three­fourths of them first­timers.

These are the highest numbers the agency has seen since 2007, said Erik Nore, the director of MFA’s homeownership department. He said MFA, which was created by the Legislature 40 years ago to make funds available for the acquisition, construction and improvement of residential housing for low­ and moderate­income people, has about 44 lenders.

Sixty percent of the sales are in the Albuquerque metro area, Nore said. MFA’s average borrower was 34 years old with an income of $46,631.

The homes have to be owner­occupied by borrowers and not used for income generation, he added.

Nore attributed the increase in lending activity to several factors.

First, there’s concern that interest rates, now about 3.5 percent, may be going up.

Also, buyers are eager to get into the market while there is still some inventory at their price points. MFA also offers down­payment assistance.

The average borrower credit score is 682. All homebuyers must participate in MFA pre­purchase borrower counseling, said Nore.

The average home­sales price was about $134,000, but some buyers will stretch to the upper $180,000 to $190,000 for new construction, which brings builder warranties; many first­time homebuyers don’t have a lot of money available for repairs, Nore said.

If the pace of borrowing continues at the current level, Nore estimated that MFA would close $250 million in loans in 2016.

Programs such as this might have contributed to a buying spurt in February, according to the Realtors Association of New Mexico.

Statewide, the number of homes sold last month increased 7.4 percent, from 1,083 sales in 2015 to 1,163 this year.

“It’s a great program for first­time homebuyers,” said Sam Thomason, an Albuquerque broker and owner of Platinum Realty Group. About one­third of his customers have opted to finance home purchases through MFA.

He said most of the borrowers are able to secure a loan backed by the Federal Housing Administration and finance the 3 percent down payment as a second mortgage but at a higher interest rate of 6 percent.

“That may mean some money left over for new furniture or appliances,” said Thomason. Working with first­timers means a little more hand­holding, but Thomason said he’s always excited to hand them a set of keys.
Helpful Tips for REALTORS

**TOPIC: What is a Targeted Area and how can my buyer benefit?**

A targeted area is a U.S. Census tract that has been identified as being in chronic economic distress. If a large percentage of households within a particular census tract earn below a certain percentage of the Area Median Income, the area is designated as targeted.

**How does buying a home in a targeted area benefit a borrower?**

- Borrowers may receive a grant or a low interest rate second mortgage loan to help pay down payment and closing costs.
- The borrower will be quoted the lowest interest rate MFA has offered in the preceding 12 months.
- Buying a home in a targeted area is not restricted to first-time homebuyers. Previous or current homeowners may qualify.
- Income and acquisition cost limits have been increased for targeted areas.

**Real Estate Professionals who know the benefits of special financing available in targeted areas may have a competitive advantage!**

To find out if there is a targeted area near you, go to:

Coalition Meeting on Thursday March 24

As a followup to our New Mexico Tribal Homeownership Coalition meeting and discussion of February 25, we will showcase the Mortgage RoadMap Template at our next meeting. The template was funded by MFA and developed with the assistance and leadership of Shawn Spruce. Here are the meeting details:

Thursday, March 24
1 to 3 PM
Location to be determined (Any volunteers to host?)

We will also cover related documents and spreadsheets developed by the Coalition which can be used to assist the partners in the loan process. We will use your feedback to create and finalize whatever is needed to move the lending process forward. Please try to attend.

Here is the link to more information and to sign up for the youth symposium:

https://www.eventbrite.com/e/native-youth-empowerment-symposium-tickets-21433141102
Tribes Decide How to Spend Indian Housing Block Grants; A Legacy of Sovereignty Act

Mark Fogarty, ICT
3/6/16

Many times when the federal government announces allocations of funds for American Indian projects, they include descriptions of what the money will be used for. But not with the Indian Housing Block Grants. For those, the government announces only the tribe and the amount of money. That’s because the feds don’t know what the tribes will do with the money. It is up to the tribes to decide what to do with their IHBG funds.

And that’s because the IHBG program was authorized by a law which acknowledges tribal sovereignty beginning right with its title, the Native American Housing Assistance and Self Determination Act. NAHASDA, passed in 1996 and reauthorized a couple of times since (the current reauthorization finds itself, unsurprisingly, tied up in the continuing Congressional logjam), is a forward-looking and sovereignty-friendly act that abolished longstanding Department of Housing and Urban Development Indian housing programs like Mutual Help in favor of tribal control over their own housing destinies.

The Administration fiscal 2017 budget calls for an increase in IHBG money to $700 million. HUD has just now announced the allocation for fiscal 2016, $660 million to 587 tribes in 35 states. What are the general guidelines for the money? “Eligible activities for the funds include housing development,
assistance to housing developed under the Indian Housing Program of the 1937 Housing Act, housing services to eligible families and individuals, housing management services, crime prevention and safety, and model activities,” according to HUD.

The money is allocated to tribes based on a formula, and goes to their tribally-designated housing entities (TDHEs). The biggest allocation for 2016 is to the country’s largest tribe, the Navajo Nation. The Arizona-based Navajo will receive $86.4 million in IHBG money for fiscal 2016. Other large allocations go to the Cherokee Nation of Oklahoma ($30 million), Cook Inlet Regional Corp. of Anchorage, Alaska (copy6 million) and copy5.9 million to the Muscogee Creek Tribe of Oklahoma. These sizable awards can and do go towards sizable amounts of new and rehabbed housing.

On the other end of the scale, many of the smallest tribes received the smallest allocation of $50,282. There isn’t much housing you can build or rehab for that amount. But NAHASDA directed that, along with determining what to spend their housing money on, tribes should leverage that money to bring additional housing funds to the table from private or other public sources.

Take the Pueblo of Nambe in New Mexico. This smallish village tribe outside of Santa Fe was awarded $84,450 for FY 2016. But in the recent past it has leveraged outside money for housing from state, federal and private sources to build houses near the tribal bison range. This long-term project (it is envisioned as happening over 10 years) has received infrastructure money from the state of New Mexico and plans to have private sector mortgages issued by banks using HUD’s section 184 Indian mortgage guarantee program.

Since the beginning of the program, tribes have used NAHASDA funds to build, buy, or rehab more than 100,000 homes, according to HUD.

Read more at http://indiancountrytodaymedianetwork.com/2016/03/06/tribes-decide-how-spend-indian-housing-block-grants-legacy-sovereignty-act-163642

Building Native Communities:
Financial Skills for Families

First Nations Development Institute and The Office of the Special Trustee for American Indians will host a Building Native Communities: Financial Skills for Families Train the Trainer Event in Albuquerque, NM on May 24th - 26th, 2016. This is a three-day financial education certification training that features in-depth instruction on using the BNC Financial Skills for Families curriculum, workbook, and related training materials. Sponsored by the Financial Industry Regulatory Authority (FINRA) Investor Education Foundation, the workshop will
serve as a forum for financial educators to share resources, ideas, and best practices. A perfect fit for teachers, trainers, financial counselors, homebuyer specialists, and others looking to start financial education programs, teach classes, or brush up on their training skills. Featured topics include: financial fitness plans, credit reports, fraud awareness, experiential learning simulations, and much more. Bring a winning attitude and there is no cost to attend this training other than your personal expenses for lodging, meals, and travel! Space is limited so please reserve your spot today by contacting First Nations Development Institute Programs Consultant, Shawn Spruce (agovopi@gmail.com or 505-917-0709).

Event: Building Native Communities Train the Trainer
When: May 24th - 26th, 2016
Where: National Indian Programs Training Center
1011 Indian School Road NW
Albuquerque, NM 87104
Building a
STRONGER
NEW MEXICO
New Mexico Housing Summit
2016

September 19-21, 2016
Hotel Albuquerque

This year’s conference will be a return to our summit roots: a focused gathering of housing professionals with outstanding speakers, up-to-the-minute topics and lots of networking opportunities. You’ll want to sign up early when registration opens in the spring, because space will be limited.

Stay tuned – there’s much more to come!

MFA
Housing New Mexico

344 Fourth Street SW, Albuquerque, NM 87102  505.343.6880  800.444.6880 housingnm.org
Save the Date
Thursday,
March 24th, 2016

2016-2020 RFP Training

2016-2020 Rental Assistance Program & Emergency Homeless Assistance Program

RFP Training

This training is mandatory in order to apply for 2016 - 2020 EHAP and/or RAP funding. We will discuss changes to the RFP and you will have an opportunity to meet your new Program Manager.

Schedule:
Registration: 8:30 - 9:00 AM
RAP RFP Training: 9:00 - 11:30 AM
Lunch: 11:30 AM - 12:30 PM
Registration: 12:30 - 1:00 PM
EHAP RFP Training: 1:00 - 3:30 PM

Registration is required to attend this training

To RSVP for this training please click on the link below and select which session you will be attending. Space is limited to two persons per agency. The deadline to register is Friday, March 18th, 2016
http://www.housingnm.org/rfp

Highlights

Date
Thursday,
March 24, 2016

Location
Courtyard by Marriott
5151 Journal Center Blvd NE
Albuquerque, NM 87109

Schedule
RAP
RFP Training
9:00 - 11:30 AM

Lunch
11:30 AM -12:30 PM

EHAP
RFP Training
1:00 -3:30 PM
Meeting Location

Courtyard by Marriott
5151 Journal Center Blvd. NE
Albuquerque, NM 87109

For questions regarding this training, please contact Michelle Marquez at 505-767-2281 or mmarquez@housingnm.org

For your convenience, guest rooms are available at the Courtyard by Marriott at the rate of $99 for the night of March 23. To reserve your room, call 505-823-1919 and ask for the "MFA Training" room block. This offer expires at midnight on Friday, March 11.
Coalition Meeting on Thursday March 31

As a follow up to our New Mexico Tribal Homeownership Coalition meeting and discussion of February 25, we will showcase the Mortgage Road Map Template at our next meeting. The template was funded by MFA and developed with the assistance and leadership of Shawn Spruce. Here are the meeting details:

Thursday, March 31
1 to 3 PM
Native American Housing Consultants
8308 Washington Street NE
Albuquerque, NM 87113

Agenda

Welcome
- Andrea Schneider

"The Mortgage Road Map for your Tribe"
- Eric Schmieder, Marvin Ginn

Homebuyer PreQual 1.2--Qualifying the Tribal Member
- Eric Schmieder

Approved Mortgage Programs/Approved Lenders
- Group

New Mexico Housing Summit Agenda
- Group

Announcements/Next Meeting
Financial Literacy Month

Native Youth Empowerment Symposium is April 26 in Albuquerque, New Mexico

The Office of the Special Trustee for American Indians (OST), in partnership with the Pueblo of Isleta, will host a Native Youth Empowerment Symposium on Tuesday, April 26, 2016, in honor of National Financial Literacy Month. Inspired by Generation Indigenous (GEN-I), the event will focus on financial education, career development and education. The symposium will feature presentations by financial education experts and also two sessions of First Nations Development Institute’s highly popular Spending Frenzy workshop.

To learn more or to register for this FREE event, visit https://www.eventbrite.com/e/native-youth-empowerment-symposium-tickets-21433141102

This conference is perfect for tribal leaders and staff, Native youth, and advocates for financial literacy, economic development, entrepreneurship and careers for Native youth. Lunch and refreshments will be provided.

Besides the Pueblo of Isleta and the Office of the Special Trustee, other partners in the Native Youth Empowerment Symposium are TIWA Lending, the FINRA Investor Education Foundation, and First Nations Development Institute.
Indian Owned Banks Lead the Way

Mark Fogarty
1/8/16

Is there any good new in the annual federal mortgage data that tracks home loan finance for American Indians? There is, but you have to go looking for it.

Previous articles in this series have shown that Indians have been underrepresented for 2014 mortgages wherever they have been looked for—in national, state and county data. But some banks owned or controlled by Indians give Natives loans in percentages well above their approximately two percent of the population. They include Bank2, Oklahoma City (Chickasaw Nation), Bay Bank, Green Bay, Wisconsin (Oneida Nation of Wisconsin) and Lumbee Guarantee Bank, Pemberton, North Carolina (started by members of the Lumbee Nation).

Bank2 is the largest Native-owned financial institution in mortgages to Indians by quite a bit. According to data for 2014 submitted to the Federal Financial Institutions Examination Council under the federally mandated Home Mortgage Disclosure Act, Bank2 made $38 million in home loans to Indians in 2014. That ranks it among the top 20 in mortgages to Indians in the country. It made more than half (220 out of 426) of its total mortgages to Indians.

Bay Bank was the second largest Native-owned bank in volume of mortgages to Indians at $8.4 million. Sixty-three of its 88 mortgages in 2014 were to Indians, or more than 70 percent. Taking the bronze was Lumbee Guarantee, at $6.2 million in mortgages made to Indians. It made 86 out of its 192 mortgages to Indians in 2014, or 45 percent.

Some Indian-owned or controlled credit unions made mortgages to Indians in significant percentages, as well. South Metro Federal Credit Union, Prior Lake, Minnesota, which was sponsored by the Shakopee Mdewakanton Dakota on the original charter, made 15 percent of its mortgages to Indians (although it made just copy.7 million in total mortgages). Many credit unions are smaller than the $43 million asset size HMDA limit, and therefore do not report their data.
The data was collected under the Home Mortgage Disclosure Act and analyzed by LendingPatterns.com, a software developed by the McLean, Virginia-based ComplianceTech.

How about cities where Indians make up a sizable percentage of residents? Here the result is the same as with states and counties, with Natives underrepresented. Anchorage is 12.4 percent Native according to an ICTMN 2013 list of municipalities with the highest percentages of Native people. About 4.8 percent of mortgages, $88 million in total, went to Natives last year in Alaska’s biggest city.

Tulsa is about 9.2 percent Native, but just 3.6 percent of mortgage dollars went to Indians in 2014 ($56 million), HMDA data show. Also in Oklahoma, Norman is 8.1 percent Native but just 2.5 percent of mortgage funds, $3.2 million, went to Natives. Oklahoma City is 6.3 percent Native, but only 2.3 percent of mortgages there, $69 million, were for Natives.

Billings, Montana is six percent Native, but just 1.2 percent of approved applications for $8.7 million were made to Natives. Albuquerque also has six percent Native population, but just 1.1 percent in Native apps was funded, for $23 million, according to the HMDA data.

Read more at http://indiancountrytodaymedianetwork.com/2016/01/08/bright-spot-indian-mortgages-indian-owned-banks-162973
TO: Participating Lenders

FROM: Erik Nore, Director of Homeownership

DATE: April 5, 2016

RE: Memo No. 16-06

April 2016 Web Training Schedule

- MFA Single Family Programs and New DPA Funding Process

MFA will be offering webinar training for the MFA Single Family Programs and Down Payment Assistance Funding Process.

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.

Single Family Program and DPA Funding Webinar Training:

MFA will offer two (2) individual webinar trainings on the New Single Family Programs and the new DPA Funding Process.

Each of the two (2) webinars will cover the same material.
Participating Lenders only need to attend one of the webinars:

- **Wednesday, April 13, 2016  1:30pm - 3:00pm MDT**
- **Thursday, April 14, 2016  1:30pm - 3:00pm 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 MDT on the business day prior to the training. Please register for the individual session(s) that will be attended. 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.

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