NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
Sandia Resort (Roadrunner room) - 30 Rainbow Rd, Albuquerque, NM 87113
Tuesday, August 20, 2019 at 9:30 a.m.

**Agenda**

**Chair Convenes Meeting**
- Roll Call (Jay Czar)
- Oath of Office – New Board Members
- Approval of Agenda – Board Action
- Approval of July 17, 2019 Board Meeting Minutes – Board Action

**Board Action Items**

<table>
<thead>
<tr>
<th>No.</th>
<th>Item Description</th>
<th>Action Required?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6/30/19 Quarterly Financial Statement Review (Gina Hickman)</td>
<td>YES</td>
</tr>
<tr>
<td>2</td>
<td>6/30/19 Quarterly Investment Review (Kathy Keeler)</td>
<td>YES</td>
</tr>
<tr>
<td>3</td>
<td>Capital Magnet Fund Grant Application (Gina Hickman)</td>
<td>YES</td>
</tr>
<tr>
<td>4</td>
<td>General Fund Broker/Dealers, Custodians and Depositories (Gina Hickman)</td>
<td>YES</td>
</tr>
<tr>
<td>5</td>
<td>New Mexico Affordable Housing Charitable Trust Broker/Dealers, Custodians and Depositories (Gina Hickman)</td>
<td>YES</td>
</tr>
<tr>
<td>6</td>
<td>Internal Audit Request for Proposal (Robyn Powell)</td>
<td>YES</td>
</tr>
<tr>
<td>7</td>
<td>2019 Series F Single Family Bond Resolution (Kathy Keeler)</td>
<td>YES</td>
</tr>
<tr>
<td>8</td>
<td>Appointment of the Nominating Committee to Elect Officers (Chair, Angel Reyes)</td>
<td>NO</td>
</tr>
</tbody>
</table>

**Contracted Services/Credit Committee**

- Approval of Northern Regional Housing Authority Director (Gina Bell) – YES

**Presentations**

- Recognition of former MFA Board Chair Dennis Burt and former Treasurer Steven Smith – NO

**Other Board Items**

- Staff is available for questions
  - Staff Action Requiring Notice to Board
  - FY 2019 Q3 Strategic Plan Dashboard

**Monthly Reports**

- Staff is available for questions
- Communications Department Reports

**Quarterly Reports**

- Staff is available for questions
- Quarterly Board Report

**Announcements and Adjournment**

- Confirmation of Upcoming Board Meetings
  - September 18, 2019 – Wednesday – 9:30 a.m. (Albuquerque – MFA)
  - October 17, 2019 – Wednesday (Location TBD considering out of town mtg.)
  - November 20, 2019 – Wednesday (Albuquerque – MFA)
NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
Sandia Resort (Roadrunner room) - 30 Rainbow Rd, Albuquerque, NM 87113
Tuesday, August 20, 2019 at 9:30 a.m.

Agenda Summary

Chair Convenes Meeting

- Roll Call (Jay Czar)
- Oath of Office – New Board Members
- Approval of Agenda – Board Action
- Approval of July 17, 2019 Board Meeting Minutes – Board Action

Board Action Items

1. 6/30/19 Quarterly Financial Statement Review (Gina Hickman) - ongoing
2. 6/30/19 Quarterly Investment Review (Kathy Keeler) - ongoing
3. Capital Magnet Fund Grant Application (Gina Hickman) - MFA is requesting approval to apply for a $5 million grant to the Capital Magnet Fund, U.S. Department of Treasury, for an affordable housing fund to provide down payment assistance for MFA mortgage loans.
4. General Fund Broker/Dealers, Custodians and Depositories (Gina Hickman) - At least annually and as needed, MFA staff reviews and updates the Broker, Dealer, Custodian and Depository list. Staff recommends approval of the Broker, Dealer, Custodian and Depository List. All organizations meet established qualifications as stated in the MFA Investment Policy.
5. New Mexico Affordable Housing Charitable Trust Broker/Dealers, Custodians and Depositories (Gina Hickman) - Staff recommends approval of the New Mexico Affordable Housing Charitable Trust Broker, Dealer, Custodian and Depository List. All organizations meet established qualifications as stated in the Investment Policy.
6. Internal Audit Request for Proposal (Robyn Powell) - MFA issued an RFP for Internal Audit Services in 2015. The contract was awarded to REDW and will expire on October 21, 2019. There are no extensions remaining on the contract. MFA is recommending we issue a Request for Proposal for Internal Audit and Related Services. The term is for one year with two one-year extensions at the Board’s option Staff recommends the approval of the Request for Proposal for Internal Audit Services. Upon approval the Request for Proposal for Internal Audit Services will be published and responses will be due to MFA by September 12, 2019.
7. 2019 Series F Single Family Bond Resolution (Kathy Keeler) - To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2019 Series F Single Family Bond Resolution in the aggregate amount of not to exceed $150 million. MFA anticipates providing funds for $100-$150 million of new single family mortgage loans.
8. Appointment of the Nominating Committee to Elect Officers (Chair, Angel Reyes) - Nominating Committee appointed to Elect Officers.

Contracted Services/Credit Committee

9. Approval of Northern Regional Housing Authority Director (Gina Bell) - Staff recommends MFA Board of Director’s approval for Judith Carlin to fill the position of Executive Director at the Northern Regional Housing Authority.

Presentations

10. Recognition of former MFA Board Chair Dennis Burt and former Treasurer Steven Smith NO

Other Board Items

11. (Staff is available for questions)
   - Staff Action Requiring Notice to Board
   - FY 2019 Q3 Strategic Plan Dashboard

Information Only
Monthly Reports

12 (Staff is available for questions)
- Communications Department Reports

Quarterly Reports

13 (Staff is available for questions)
- Quarterly Board Report

Announcements and Adjournment

Confirmation of Upcoming Board Meetings
- September 18, 2019 – Wednesday – 9:30 a.m. (Albuquerque – MFA)
- October 17, 2019 – Wednesday (Location TBD considering out of town mtg.)
- November 20, 2019 – Wednesday (Albuquerque – MFA)
Chair Dennis Burt convened the meeting on July 17, 2019 at 8:12 a.m. Secretary Jay Czar called the roll. Members present: Chair Dennis Burt, Angel Reyes, Sally Malavé (designee for Attorney General Hector Balderas), Lieutenant Governor Howie Morales, Steven Smith, Randy McMillan, and State Treasurer Tim Eichenberg (arrived at 9:07 during the closed session proceedings). Absent: none. Czar informed the Board that today’s meeting is being held in accordance with the New Mexico Open Meetings Act and confirmed a quorum.

Approval of Agenda - Board Action. Motion to approve the July 17, 2019 Board agenda as presented: Malavé. Second: Morales. Vote: 6-0.

Closed Session 8:20 a.m.  Action
Required

1  Legal Matters

Motion to enter into closed session for the sole purpose of discussing the status of the Threatened or Pending Litigation: MV Housing Development, LLC and MV Desert Hope, LLLP, v. The New Mexico Mortgage Finance Authority: Smith. Second: Malavé. Vote: 6-0. (Burt, Malavé, Morales, Reyes, Smith and McMillan voting for; no members voting against).

Secretary Czar called the Roll. Members present for Closed Session: Chair Dennis Burt, Angel Reyes, Sally Malavé, Lieutenant Governor Howie Morales, Steven Smith, Randy McMillan and State Treasurer Tim Eichenberg (arrived at 9:07 during the closed session proceedings). Also present: Jay Czar, Gina Hickman, Izzy Hernandez, Shawn Colbert, Kathryn Turner, Board Counsel Jeremiah Ritchie and Counsel Eleanor C. Werenko. The Board discussed the status of the Threatened or Pending Litigation: MV Housing Development, LLC and MV Desert Hope, LLLP, v. The New Mexico Mortgage Finance Authority with its legal counsel.

Open Session 10:24 a.m.  Action
Required

2  Motion to come into open session: Reyes. Second: Malavé. Vote: 7-0.

Chair Burt confirmed the board meeting is back in open session, the webcast resumed and minutes are being recorded.

Chairman Burt made a statement that the only issues discussed in closed session were attorney-client privileged discussions related to the status of the Threatened or Pending Litigation: MV Housing Development, LLC and MV Desert Hope, LLLP, v. The New Mexico Mortgage Finance Authority. No other issues were discussed and no actions were taken.

Approval of 5/15/19 Board Meeting Minutes – Board Action. Motion to approve the May 15, 2019 Board Meeting Minutes as presented: Malavé. Second: Eichenberg. Vote: 7-0.

Approval of 6/19/19 Board Meeting Minutes – Board Action. Motion to approve the June 19, 2019 Board Meeting Minutes as presented: Malavé. Second: Morales. Vote: 7-0.

Contracted Services/Credit Committee

3  Graphic Design and Creative Services Request for Proposals (RFP) Award (Leann Kemp) – Kemp informed the board that it approved the RFP for Graphic Design and Creative services on May 15, 2019. The RFP was advertised in three newspapers; Albuquerque, Santa Fe and Las Cruces and publicized on MFA’s website. In addition, eight firms were directly solicited to respond to the RFP. Kemp further informed the Board that five responses were received: PCB3 Designs; Ripe, Inc.; Seasons Communications; Mya Kai Creative; and Agenda-Global. Two were out of state firms, two had multiple offices including one in Albuquerque, and one was located solely in Albuquerque. She reviewed the scoring matrix located in the memo behind tab three; which
will be part of the official board packet. MFA staff recommended the award of the Graphic Design and Creative Services contract to Ripe, Inc.; contingent on successful contract negotiations. Motion to approve the Graphic Design and Creative Services to be provided by Ripe, Inc. as recommended: Eichenberg. Second: Morales. Vote: 7-0.

Chair Burt announced that agenda items 4-15 were previously presented, discussed, and approved at the June 19, 2019 meeting; due to questions regarding compliance with the New Mexico Open Meetings Act for that meeting, the items will be summarized and voted on again in order to affirm the June 19, 2019 Board actions. Chair Burt announced that he would introduce each item, Board Counsel Ritchie would read a summary of what was discussed by the Board at the June 19, 2019 meeting for each agenda item, and then he (Burt) would entertain motions from the Board.

**Other**

4 Bond Resolution – JLG North Apartments Projects Series 2019 – Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the JLG North Apartments Projects Series 2019 Bond Resolution. The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion was provided as follows:

Staff requests approval of the attached Bond Resolution for JLG NM North Apartment Projects in order to pursue issuance of up to $9.65mm in tax exempt bonds that are expected to close in July 2019. Bobby Griffith, Chief Financial Officer and Director of Acquisitions for the JL Gray Company, informed the Board that bond proceeds will fund the completion of the acquisition and rehabilitation of 217 units, including 212 rent restricted units, located on separate sites in the Cities of Gallup and Bloomfield and the Town of Bernalillo. Approval of this Bond Resolution will result in these properties remaining affordable for the next 30 years. The specific properties of the Project include Cliffside I-III in the City of Gallup, Pinos Blancos I-II in the City of Bloomfield and Sandia Vista in the Town of Bernalillo. The Bond Resolution will authorize the issuance of tax exempt bonds for this project.

Motion to approve the JLG North Apartments Projects Series 2019 Bond Resolution: Malavé. Second: Reyes. Vote: 6-0. (Eichenberg abstained due to a previous business interaction with JL Gray).

5 Bond Resolution – JLG South Apartments Projects Series 2019 - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the JLG South Apartments Projects Series 2019 Bond Resolution. The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion was provided as follows:

Staff requests approval of the attached Bond Resolution for JLG NM South Apartment Projects in order to pursue issuance of up to $9mm in tax exempt bonds that are expected to close in July 2019. Bond proceeds will fund the completion of the acquisition and rehabilitation of 220 units, including 215 rent restricted units, located on separate sites in the Cities of Anthony and Deming and the Village of Columbus. Approval of this Bond Resolution will result in these properties remaining affordable for the next 30 years.

Motion to approve the JLG South Apartments Projects Series 2019 Bond Resolution: Malavé. Second: Reyes. Vote: 6-0. (Eichenberg abstained due to a previous business interaction with JL Gray).

6 Election of Officers - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the Election of Officers. A summary of the prior discussion was provided as follows:

Chair Burt presented the slate of officers agreed upon by the nominating committee. They are: Vice Chair – Angel Reyes, Treasurer – Steven Smith, Secretary – Jay Czar, Assistant Secretary – Gina Hickman, and Assistant Treasurer – Yvonne Segovia.

Motion to approve the Election of Officers: Morales. Second: Eichenberg. Vote: 7-0.
Finance Committee

7 **External Audit Services Award** - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the External Audit Services Award. The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion was provided as follows:

Staff reminded the Board that it had approved the RFP for External Audit Services on April 17, 2019. MFA received three responses, which met the Minimum Requirements and were scored. Ms. Segovia reviewed the scoring process and results, stating that CliftonLarsonAllen LLP scored the highest. Staff recommends the approval of the External Audit Services to be provided by Clifton Larson Allen LLP pending Office of State Auditor (OSA) approval.

Motion to approve the External Audit Services Award to Clifton Larson Allen LLP pending OSA approval: Eichenberg. Second: Reyes. Vote: 7-0.

8 **FY2019 General Fund Budget Amendment** - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the FY2019 General Fund Budget Amendment. The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion was provided as follows:

Staff reminded the Board that the MFA By-laws authorize staff to expend the money of the MFA in accordance with the budget, and provided an overview of the fiscal year 2019 Budget. As the result of extraordinary single family mortgage loan production, Staff anticipates that we will not have sufficient expense and capital outlay budgeted to carry the organization through the end of the fiscal year. Therefore staff is proposing an amendment to increase expense and capital budget by $2,526,842 and increase revenue budget by $1,216,818 for a net total of ($1,310,024).

Motion to approve the FY2019 General Fund Budget Amendment: Eichenberg. Second: McMillan. Vote: 7-0.

9 **2021-2025 State of New Mexico Infrastructure Capital Improvements Plan** - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the 2021-2025 State of New Mexico Infrastructure Capital Improvements Plan. The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion was provided as follows:

Staff provided the Board with an overview of the Infrastructure Capital Improvement Plan (ICIP) process. The MFA has submitted ICIPs through this process for the last four years. $3,000,000 in funding has been received in this latest fiscal year. MFA is recommending that a new ICIP be submitted for the FY 2021-2025 ICIP for the following projects, which have been requested in previous years: Priority 1: New Mexico Housing Trust Fund - $10 million each year for 2021-2025 and Priority 2: Weatherization/Energy-Efficiency $2 million each year for 2021-2025.

Motion to approve the 2021-2025 State of New Mexico Infrastructure Capital Improvements Plan: Eichenberg. Second: Morales. Vote: 7-0.

Contracted Services/Credit Committee & Housing Trust Fund Committee

10 **Low Income Housing Tax Credit (LIHTC) Gap Financing Loan Requests** - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the LIHTC Gap Financing Loan Requests. The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion was provided as follows:

a. **Sunray Lobo Canyon Apartments** – Staff informed the board that this project was recommended as a 2019 LIHTC allocated project. It is a request for $800k for a 128-unit acquisition & rehabilitation project located in Grants, NM (Cibola County). The request includes a $400,000 HOME loan; and $400k from the National
Housing Trust Fund. The parameters of the loan were discussed as described in the loan summary contained in the board packet.

b. **Villa del Norte Apartments** – This project was recommended as a 2019 LIHTC allocated project. It is a request for $3,275,000 for a 50-unit acquisition & rehabilitation project located in Española, NM (Santa Fe County). The request includes a $375,000 HOME loan; $400k from the National Housing Trust Fund; $1.5mm from the New Mexico Housing Trust Fund; and $1mm from Primero. The parameters of the loan were discussed as described in the loan summary contained in the board packet.

c. **Calle La Resolana** – This is a request for $800k for new construction of 45 units located in Santa Fe, NM (Santa Fe County). The request includes a $400,000 HOME loan, and $400k from the National Housing Trust Fund. The parameters of the loan were discussed as described in the loan summary contained in the board packet.

d. **Skyview Terrace** – This project was recommended as a 2019 LIHTC allocated project. It is a request for $1.6mm for new construction of 72 units located in Hobbs, NM (Santa Fe County). The request includes a $600,000 HOME loan, and $1mm from the New Mexico Housing Trust Fund. The parameters of the loan were discussed as described in the loan summary contained in the board packet.

Motion to approve the Gap Financing Loan Requests as recommended: Smith. Second: Eichenberg. Vote: 7-0.

11 **Marbella Apartments HOME, New Mexico Housing Trust Fund (NMHTF)** - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the Marbella Apartments HOME and NMHTF loan requests. The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion was provided as follows:

The loan request for Marbella Apartments totals $1.2 mm for a 96-unit acquisition & rehabilitation project located in Albuquerque, NM (Bernalillo County). The request includes a $720,000 HOME loan, and $500,000 from the NMHTF. The parameters of the loan were discussed as described in the loan summary located in the board packet.

Motion to approve the Marbella Apartment HOME and New Mexico Housing Trust Fund loan requests: Malavé. Second: Eichenberg. Vote: 7-0.

12 **Limited Source Procurement for 2019-2020 Continuum of Care Performance (CoC) Award** - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the Limited Source Procurement for 2019-2020 Continuum of Care Performance (CoC) Award. The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion was provided as follows:

COC was established to provide support to agencies statewide that offer homeless prevention and supportive services through this limited source procurement. The Continuum of Care Performance Program is supported exclusively by State Homeless funds. The Board was provided an overview of the purpose of activities, approval of awards, funding allocations for the 2019/2020 program year, allocations by program, and location. This year’s total HUD “CoC” funding for the Albuquerque and Balance of State service providers is $11,187,659. Staff requested approval of 24 awards in the total amount of $461,966 for the Continuum of Care program.

Motion to approve the Limited Source Procurement for 2019-2020 Continuum of Care Performance Award as recommended: Malavé. Second: Eichenberg. Vote: 7-0.

13 **State Neighborhood Stabilization Program** - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the State Neighborhood Stabilization Program (NSP). The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion was provided as follows:

Staff recommended Board approval to enter into two Joint Powers Agreement (JPAs) between the Local Government Division (LGD) of the New Mexico Department of Finance and Administration (DFA) which would allocate MFA $3,646,506 in NSP funds. The Board was provided with the NSP Priorities and guidelines. Staff
informed the Board that DFA/LGD representatives have communicated their desires for MFA to serve as sub-grantee for state NSP funds, by means of a sub-grant award to sub-grantee. MFA will have 24 months from signed contract date to expend the funds. The program would be delivered with selected service providers with experience and capacity in housing acquisition/rehab services, procured through MFA’s RFP process. MFA will disburse funds and oversee the activities for reporting and monitoring.

Motion to approve the State Neighborhood Stabilization Program (NSP) as recommended: Smith. Second: Eichenberg. Vote: 7-0.

14 2019 NM Annual Action Plan - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time the Board voted to approve the 2019 NM Annual Action Plan. The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion was provided as follows:

Since 1994, the U.S. Department of Housing and Urban Development has required all participating and entitlement jurisdictions, including the New Mexico Mortgage Finance Authority (MFA) and the state of New Mexico, to produce five-year Consolidated Plans, one-year Annual Action Plans and annual Consolidated Annual Performance and Evaluation Reports as requisites to receiving formula grants. The Board reviewed information from the board packet which included the timeline and table showing total formula allocations for the National Housing Trust, HOME, HOPWA, ESG and CDBG programs. Staff explained how program income will be distributed to meet the goals described in the Consolidated Plan.

Motion to approve the 2019 NM Annual Action Plan: Malavé. Second: Eichenberg. Vote: 7-0.

Allocation Review Committee

15 Proposed 2019 Low Income Housing Tax Credit Awards - Chair Burt informed the Board that this item was previously considered by the Board on June 19, 2019, at which time staff, by and through MFA’s Allocation Review Committee (ARC), recommended Low Income Housing Tax Credit (LIHTC) awards for seven projects. The Board voted to approve LIHTC awards for six projects and did not take action on the seventh project. The full materials provided to the board are posted in the board packet on the MFA website. A summary of the prior discussion on the six approved projects was provided as follows:

- **The Bluffs Senior Apartments** (Los Alamos) - The Bluffs, a 64 unit new construction project for seniors in Los Alamos, has requested $1,028,671 in tax credits. The area is fairly industrial, but the County has big plans for it, and Canyon Walk, a family project awarded last year will be across the street from this property. The site overlooks the canyon and is walkable to a bus stop and supermarket. The County has designated neighboring parcels for light commercial, potentially bringing more services to the residents.

  Motion to approve the award of LIHTC credits to the Bluffs Senior Apartments project as recommended by staff and the ARC: Malavé. Second: Smith. Vote: 7-0.

- **Siler Yard**: Arts plus Creativity Center (Santa Fe) - Siler Yard is a 65 unit new construction project, also in Santa Fe, but it will have an artist preference, and that is why we are recommending funding both projects in Santa Fe. The project is requesting $1,040,000 in tax credits. Market Studies support the need in the area for affordable housing for households with children, and the artist preference makes this project unique to New Mexico.

  Motion to approve the award of LIHTC credits to the Siler Yard project as recommended by staff and the ARC: Eichenberg. Second: Malavé. Vote: 7-0.

- **Skyview Terrace** (Hobbs) - Skyview Terrace, a 72 unit new construction project serving households with children in Hobbs is requesting $1,157,325 in tax credits. It is sited on an untouched parcel with light commercial and residential surrounding it. The project sits back from a main road, and is close to stores and services.
Motion to approve the award of LIHTC credits to the Skyview Terrace project as recommended by staff and the ARC: Eichenberg. Second: Smith. Vote: 7-0.

- **1115 Calle La Resolana** (Santa Fe) - 1115 Calle La Resolana, a 45 unit new construction project for households with children in Santa Fe, requesting $723,285 in tax credits. It is next to a residential neighborhood, and behind a Days Inn. There is commercial to the south, but there are plenty of amenities nearby.

Motion to approve the award of LIHTC credits to the 1115 Calle La Resolana project as recommended by staff and the ARC: Eichenberg. Second: Malavé. Vote: 7-0.

- **Villa del Norte Apartments** (Espanola) - Villa Del Norte, a 1979, 50 unit rehab project in Española requesting $600,000 in credits. There are accessibility issues, and while the units have been well maintained for a 40 year project, there are significant issues with the exterior envelope and HVAC units.

Motion to approve the award of LIHTC credits to the Villa del Norte Apartments project as recommended by staff and the ARC: Eichenberg. Second: Morales. Vote: 7-0.

- **Sunray/Lobo Canyon Apartments** (Grants) - Sunray and Lobo Canyon Apartments are two complexes in Grants that applied for a combined rehab award. They requested $1,232,333 in credits, to rehab both properties. The complexes are separated by a self-storage unit, but are quite close. There are significant issues with accessibility at both properties. Both properties have issues with the age of the units, and the exterior envelope, and Sunray has additional drainage issues. The project rehabilitates 126 units serving households with children.

Motion to approve the award of LIHTC credits to the Sunray/Lobo Canyon Apartments project as recommended by staff and the ARC: Morales. Second: Smith. Vote: 7-0.

- **Desert Hope Apartments** (Las Cruces) – The Board considered the Desert Hope Project, which received no action in the June 19, 2019 meeting. Desert Hope, a market rate property owned by Mesilla Valley Housing Authority in Las Cruces is requesting $560,000 in tax credits. It currently has 20 two-bedroom units, which will be split into 40 efficiency units. This will be a full rehab, with all interiors reconfigured and replaced. It will add individual air handlers, electric water heaters, and it will serve chronically homeless individuals. This project was discussed by the Board on June 19, 2019. There was a motion to approve the LIHTC award, which was not seconded. Chair Burt entertained discussion on the Project. Detailed discussion ensued regarding location, renovation, costs per square foot, number of units, relocation of current tenants, developer fees, demolition costs, durability, experience etc. Comments were provided by the project architect, developer, contractor, the Las Cruces Assistant City Manager and the Executive Director of Mesilla Valley Community of Hope. After lengthy discussion Chair Burt called the question.

Motion to approve the award of LIHTC credits to the Desert Hope Apartments project as recommended by staff and the ARC: Morales. Second: Malavé. Vote: 7-0.

- **Forward allocation of 2020 tax credits** - It was recommended that the Board approve the forward allocation of 2020 credits in recognition of the revised total of LIHTC awarded.

Motion to approve the forward allocation of 2020 tax credits in the amount of $1,765,627: Eichenberg. Second: Reyes. Vote: 7-0.

**Other Board Items - Information Only**

16 There were no questions asked of staff
- Staff Action Requiring Notice to Board
- 2019 Series C Single Family Bond Pricing Summary
Monthly Reports - No Action Required

17 There were no questions asked of staff

- 4/30/19 Financial Statements.
- Communications Department Reports

Announcements and Adjournment - Confirmation of Upcoming Board Meetings. Chair Burt informed the Board that the next Board of directors meeting will be held in conjunction with the Board Retreat on August 20-21, 2019 at the Sandia Resort & Casino (Roadrunner room) - 30 Rainbow Rd, Albuquerque, NM; beginning at 9:30 a.m.

There being no further business the meeting was adjourned at 12:13 p.m.

Approved: August 20, 2019

___________________________  ____________________________
Chair, Angel Reyes           Secretary, Jay Czar
Tab 1
New Mexico Mortgage Finance Authority

Combined Financial Statements
And Schedules

June 30, 2019
## COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):

<table>
<thead>
<tr>
<th></th>
<th>9 months 6/30/2019</th>
<th>9 months 6/30/2018</th>
<th>% Change Year / Year</th>
<th>Forecast 6/30/2019</th>
<th>Actual to Forecast 9/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRODUCTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Single family issues (new money):</td>
<td>$199.9</td>
<td>$95.0</td>
<td>110.4%</td>
<td>$220.5</td>
<td>-9.3% $294.0</td>
</tr>
<tr>
<td>2 Single family loans sold (TBA):</td>
<td>$85.1</td>
<td>$202.3</td>
<td>-57.9%</td>
<td>$94.5</td>
<td>-9.9% $126.0</td>
</tr>
<tr>
<td>3 Total Single Family Production</td>
<td>$285.0</td>
<td>$297.3</td>
<td>-4.1%</td>
<td>$315.0</td>
<td>-9.5% $420.0</td>
</tr>
<tr>
<td>4 Multifamily issues:</td>
<td>$0.0</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
<td>0.0% $26.8</td>
</tr>
<tr>
<td>5 Single Family Bond MBS Payoffs:</td>
<td>$30.5</td>
<td>$43.1</td>
<td>-29.2%</td>
<td>$38.5</td>
<td>-20.7% $51.3</td>
</tr>
<tr>
<td><strong>STATEMENT OF NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Avg. earning assets:</td>
<td>$1,147.6</td>
<td>$945.8</td>
<td>21.3%</td>
<td>$1,081.6</td>
<td>6.1% $1,181.5</td>
</tr>
<tr>
<td>7 General Fund Cash and Securities:</td>
<td>$90.6</td>
<td>$94.1</td>
<td>-3.7%</td>
<td>$91.3</td>
<td>-0.7% $89.0</td>
</tr>
<tr>
<td>8 General Fund SIC FMV Adj.:</td>
<td>($1.0)</td>
<td>$0.2</td>
<td>-600.0%</td>
<td>$0.0</td>
<td>N/A $0.0</td>
</tr>
<tr>
<td>9 Total bonds outstanding:</td>
<td>$971.6</td>
<td>$697.3</td>
<td>39.3%</td>
<td>$913.1</td>
<td>6.4% $1,066.7</td>
</tr>
<tr>
<td><strong>STATEMENT OF REVENUES, EXPENSES AND NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 General Fund expenses (excluding capitalized assets):</td>
<td>$12.2</td>
<td>$11.1</td>
<td>9.9%</td>
<td>$13.0</td>
<td>-6.2% $18.0</td>
</tr>
<tr>
<td>11 General Fund revenues:</td>
<td>$15.5</td>
<td>$17.3</td>
<td>-10.4%</td>
<td>$16.5</td>
<td>-6.1% $22.8</td>
</tr>
<tr>
<td>12 Combined net revenues (all funds):</td>
<td>$6.5</td>
<td>$7.1</td>
<td>-8.5%</td>
<td>$5.5</td>
<td>18.7% $7.3</td>
</tr>
<tr>
<td>13 Combined net revenues excluding SIC FMV Adj. (all funds):</td>
<td>$7.2</td>
<td>$7.2</td>
<td>0.0%</td>
<td>$5.5</td>
<td>31.5% $7.3</td>
</tr>
<tr>
<td>14 Combined net position:</td>
<td>$241.4</td>
<td>$231.6</td>
<td>4.2%</td>
<td>$240.4</td>
<td>0.4% $242.2</td>
</tr>
<tr>
<td>15 Combined return on avg. earning assets:</td>
<td>0.76%</td>
<td>1.00%</td>
<td>-24.0%</td>
<td>0.62%</td>
<td>22.5% 0.62%</td>
</tr>
<tr>
<td>16 Net TBA profitability:</td>
<td>0.80%</td>
<td>1.09%</td>
<td>-26.6%</td>
<td>1.00%</td>
<td>-20.0% 1.00%</td>
</tr>
<tr>
<td>17 Combined interest margin:</td>
<td>1.06%</td>
<td>1.09%</td>
<td>-2.8%</td>
<td>0.89%</td>
<td>19.1% 0.89%</td>
</tr>
<tr>
<td><strong>MOODY’S BENCHMARKS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Net Asset to debt ratio (5-yr avg):</td>
<td>29.90%</td>
<td>29.58%</td>
<td>1.1%</td>
<td>29.66%</td>
<td>0.8% 29.66%</td>
</tr>
<tr>
<td>19 Net rev as a % of total rev (5-yr avg):</td>
<td>10.60%</td>
<td>10.13%</td>
<td>4.6%</td>
<td>10.04%</td>
<td>5.6% 10.04%</td>
</tr>
<tr>
<td><strong>SERVICING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 Mortgage Operations net revenues:</td>
<td>$0.8</td>
<td>$3.5</td>
<td>-77.1%</td>
<td>$0.6</td>
<td>33.3% $0.8</td>
</tr>
<tr>
<td>21 Subserviced portfolio</td>
<td>$1,049.9</td>
<td>$663.3</td>
<td>58.3%</td>
<td>$1,001.3</td>
<td>4.9% $1,136.4</td>
</tr>
<tr>
<td>22 Servicing Yield (subserviced portfolio):</td>
<td>0.39%</td>
<td>0.39%</td>
<td>0.0%</td>
<td>0.36%</td>
<td>8.3% 0.38%</td>
</tr>
<tr>
<td>23 Combined average delinquency rate (MFA serviced)</td>
<td>10.02%</td>
<td>12.12%</td>
<td>-17.3%</td>
<td>12.00%</td>
<td>-16.5% 12.00%</td>
</tr>
<tr>
<td>24 DPA loan delinquency rate (all)</td>
<td>9.39%</td>
<td>10.94%</td>
<td>-14.2%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>25 Default rate (MFA serviced-annualized)</td>
<td>1.35%</td>
<td>1.51%</td>
<td>-10.6%</td>
<td>2.75%</td>
<td>-50.9% 2.75%</td>
</tr>
<tr>
<td>26 Subserviced portfolio delinquency rate (first mortgages)</td>
<td>8.95%</td>
<td>6.01%</td>
<td>48.9%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>27 Purchased Servicing Rights Valuation Change (as of 6/30)</td>
<td>$1.4</td>
<td>$2.7</td>
<td>-48.1%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Note: Forecast updated with budget amendment and actuals through March 2019.

**Legend:**
- **Positive Trend**
- **Caution**
- **Negative Trend**
- **Known Trend/Immaterial**
SUMMARY OF NEW BOND ISSUES:

**Single Family Issues:**
- $49.9 mm 2018 Series D Bonds-New Money (December)
- $70.0 mm 2019 Series A Bonds-New Money (February)
- $26.1 mm 2019 Series B Bonds-Refunding (February)
- $80.0 mm 2019 Series C Bonds-New Money (May)

**Multi-family Issues:** None

SIGNIFICANT MONTHLY FINANCIAL VARIANCES:
► MFA has incurred a ($1.0) million year to date loss on the State Investment Counsel (SIC) General Fund investment portfolio due to fair market valuation adjustments. MFA classifies FMV adjustments on this portfolio as non-operating gains/losses, however, that line item is still a component of the net revenues reported in the financial statements and in this financial review. Excluding the FMV adjustments on the SIC portfolios (General Fund and Housing Trust Fund), combined net revenues were $7.2 million which tracks with last fiscal year’s net revenues and exceeds the forecast. Additionally, the General Fund revenue budget and the return on assets metric are being impacted. The return on average earning assets as of June 30, 2019 without the FMV adjustments would be .84%.

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:
► Servicing expansion continues to provide additional revenues as the subserviced portfolio and purchased servicing rights asset bases increase.
► Moving into this fiscal year bond issuance is still the best execution for Single Family Mortgage first-time homebuyer loans. 2019 Series D will close August 2019 and will fund $100 million in new mortgage loans. In the bond execution the majority of the revenue is earned over time and with TBA sales all revenue is received upfront. The budget was based on production being funded 70% by issuing tax exempt bonds and 30% TBA sales.
► NEXT HOME production levels are lower than anticipated this year and that is impacting the TBA program’s performance. Staff has had to lower mortgage rates to attract lenders which has impacted the profitability of that execution, including financial performance of the Mortgage Operations unit. The strategy is to price NEXT HOME very competitively to motivate lenders to use the program and manage profitability thresholds accordingly.
► Staff does continue to have concerns over the MBS subserviced portfolio increased delinquency rates. The Compliance Officer and Director of Servicing are closely monitoring loss mitigation activities, collections and foreclosure services provided by MFA’s subservicer and coordinating with them on risk management strategies and reporting. Idaho Housing is providing delinquency reasons and the two most common are still curtailment of income and excessive obligations. These delinquencies have an effect on the credit risk associated with MFA’s down payments assistance (DPA) portfolio as well as the financial impacts associated with foreclosures and loan modifications on the first mortgages themselves. The subserviced portfolio is approx. 80% FHA insured loans; the delinquency rate for FHA loans nationally is 8.93% and for New Mexico 6.56%. 4.93% of MFA’s delinquencies in this portfolio are in the 30 to 59 days past due bucket. Idaho Housing continues to allocate staff to early stage collection activities.
► Reserve levels for all MFA loan portfolios are deemed adequate.
► Fair market value for purchased servicing rights as of June 30, 2019 was $11.6 million an increase of approximately $1.4 million over cost. GASB requires MFA to utilize "lower of cost or market" accounting for this asset. Therefore, no valuation adjustments are anticipated. Current purchased servicing rights are recorded at a cost of $10.1 million as of June 30, 2019. Valuations are obtained on a quarterly basis. Valuation increases are declining primarily due to increases in New Mexico mortgage loan prepayments, decreased earnings rates and increased delinquencies during the last quarter.
► Based on Moody's issuer credit rating scorecard, MFA’s 29.90 percent net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA’s creditworthiness under stressful circumstances (> 20 percent). The net revenue as a percent of total revenue measures performance and profitability and MFA’s 10.60 percent ratio (5-year average) points to a high profitability with favorable trends (10-15 percent range). While ratios currently fall within expected thresholds, there are some trends that are effecting these ratios. In future years MFA will see the net asset ratio decline as net revenues will not be increasing at the same rate as bonds outstanding. As previously noted, the bond execution is expected to fund 70% of the single family mortgage production this year.
► Moody's Investor Services issued an updated credit opinion on MFA in the spring of 2018. They reaffirmed the Aa3 rating. Comments included strong asset to debt ratio, good profitability and low risk profile due to mortgage-backed security structure, multifamily risk share program and no exposure to variable rate debt. Additionally, Moody's reaffirmed the Aaa1 rating on the single family indenture.
Assets Under Management as of 9/30/2019
($ in thousands)

Yield Targets 9/30/2019

YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2019

YTD Excess Revenues over Expenses as of 6/30/2019

(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With AIDS; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund
# NEW MEXICO MORTGAGE FINANCE AUTHORITY
## COMBINED STATEMENT OF NET POSITION
### JUNE 2019
#### (THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH &amp; CASH EQUIVALENTS</td>
<td>$39,892</td>
<td>$40,686</td>
</tr>
<tr>
<td>RESTRICTED CASH HELD IN ESCROW</td>
<td>13,046</td>
<td>10,434</td>
</tr>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td>-</td>
<td>7,540</td>
</tr>
<tr>
<td>ACCRUED INTEREST RECEIVABLE</td>
<td>3,916</td>
<td>3,145</td>
</tr>
<tr>
<td>OTHER CURRENT ASSETS</td>
<td>2,081</td>
<td>2,492</td>
</tr>
<tr>
<td>ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)</td>
<td>(0)</td>
<td>-</td>
</tr>
<tr>
<td>INTER-FUND RECEIVABLE (PAYABLE)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL CURRENT ASSETS</td>
<td>58,934</td>
<td>64,297</td>
</tr>
<tr>
<td>CASH - RESTRICTED</td>
<td>67,014</td>
<td>30,753</td>
</tr>
<tr>
<td>LONG-TERM &amp; RESTRICTED INVESTMENTS</td>
<td>65,808</td>
<td>65,389</td>
</tr>
<tr>
<td>INVESTMENTS IN RESERVE FUNDS</td>
<td>323</td>
<td>229</td>
</tr>
<tr>
<td>FNMA, GNMA, &amp; FHLMC SECURITIZED MTG. LOANS</td>
<td>850,650</td>
<td>594,682</td>
</tr>
<tr>
<td>MORTGAGE LOANS RECEIVABLE</td>
<td>231,710</td>
<td>235,727</td>
</tr>
<tr>
<td>ALLOWANCE FOR LOAN LOSSES</td>
<td>(2,505)</td>
<td>(2,323)</td>
</tr>
<tr>
<td>NOTES RECEIVABLE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FIXED ASSETS, NET OF ACCUM. DEPN</td>
<td>1,202</td>
<td>1,212</td>
</tr>
<tr>
<td>OTHER REAL ESTATE OWNED, NET</td>
<td>29</td>
<td>402</td>
</tr>
<tr>
<td>OTHER NON-CURRENT ASSETS</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>INTANGIBLE ASSETS</td>
<td>9,989</td>
<td>6,187</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>1,283,155</td>
<td>996,576</td>
</tr>
</tbody>
</table>

**Deferred Outflows of Resources**

<table>
<thead>
<tr>
<th></th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>REFUNDINGS OF DEBT</td>
<td>399</td>
<td>518</td>
</tr>
</tbody>
</table>

**Total Assets & Deferred Outflows of Resources**

<table>
<thead>
<tr>
<th></th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</td>
<td>1,283,554</td>
<td>997,094</td>
</tr>
</tbody>
</table>

## Liabilities and Net Position:

### Liabilities:

<table>
<thead>
<tr>
<th></th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCRUED INTEREST PAYABLE</td>
<td>$11,403</td>
<td>$6,603</td>
</tr>
<tr>
<td>ACCOUNTS PAYABLE AND ACCRUED EXPENSES</td>
<td>9,721</td>
<td>10,860</td>
</tr>
<tr>
<td>ESCROW DEPOSITS &amp; RESERVES</td>
<td>12,930</td>
<td>10,341</td>
</tr>
<tr>
<td>TOTAL CURRENT LIABILITIES</td>
<td>34,054</td>
<td>27,804</td>
</tr>
<tr>
<td>BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT</td>
<td>971,608</td>
<td>697,314</td>
</tr>
<tr>
<td>MORTGAGE &amp; NOTES PAYABLE</td>
<td>36,276</td>
<td>40,144</td>
</tr>
<tr>
<td>ACCRUED ARBITRAGE REBATE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>OTHER LIABILITIES</td>
<td>170</td>
<td>203</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>1,042,108</td>
<td>765,465</td>
</tr>
</tbody>
</table>

### Net Position:

<table>
<thead>
<tr>
<th></th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT</td>
<td>1,202</td>
<td>1,212</td>
</tr>
<tr>
<td>UNAPPROPRIATED NET POSITION (NOTE 1)</td>
<td>63,289</td>
<td>62,641</td>
</tr>
<tr>
<td>APPROPRIATED NET POSITION (NOTE 1)</td>
<td>176,954</td>
<td>167,777</td>
</tr>
<tr>
<td>TOTAL NET POSITION</td>
<td>241,446</td>
<td>231,630</td>
</tr>
</tbody>
</table>

**Total Liabilities & Net Position**

<table>
<thead>
<tr>
<th></th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL LIABILITIES &amp; NET POSITION</td>
<td>1,283,554</td>
<td>997,094</td>
</tr>
</tbody>
</table>
### OPERATING REVENUES:

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Loans</td>
<td>$30,995</td>
<td>$24,744</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>2,900</td>
<td>1,907</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>2,281</td>
<td>960</td>
</tr>
<tr>
<td>Administrative Fee Income (Exp)</td>
<td>3,805</td>
<td>6,433</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>95</td>
<td>87</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>722</td>
<td>751</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>3,098</td>
<td>1,902</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td><strong>43,895</strong></td>
<td><strong>36,784</strong></td>
</tr>
</tbody>
</table>

### NON-OPERATING REVENUES:

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arbitrage Rebate Income (Expense)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain(Loss) Asset Sales/Debt Extinguishement</td>
<td>(556)</td>
<td>(116)</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>15</td>
<td>47</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>35,663</td>
<td>33,575</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Revenues</strong></td>
<td><strong>35,123</strong></td>
<td><strong>33,506</strong></td>
</tr>
</tbody>
</table>

### TOTAL REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>79,018</strong></td>
<td><strong>70,290</strong></td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES:

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expenses</td>
<td>10,352</td>
<td>9,673</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>24,789</td>
<td>18,942</td>
</tr>
<tr>
<td>Amortization of Bond/Note Premium(Discount)</td>
<td>(1,564)</td>
<td>(1,541)</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>579</td>
<td>561</td>
</tr>
<tr>
<td>Mortgage Loan &amp; Bond Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>81</td>
<td>62</td>
</tr>
<tr>
<td>Amort. Of Serv. Rights &amp; Depreciation</td>
<td>520</td>
<td>205</td>
</tr>
<tr>
<td>Bond Cost of Issuance</td>
<td>2,010</td>
<td>1,132</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td><strong>36,768</strong></td>
<td><strong>29,035</strong></td>
</tr>
</tbody>
</table>

### NON-OPERATING EXPENSES:

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Building Costs</td>
<td>118</td>
<td>655</td>
</tr>
<tr>
<td>Grant Award Expense</td>
<td>35,594</td>
<td>33,518</td>
</tr>
<tr>
<td>Other Non-Operating Expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Expenses</strong></td>
<td><strong>35,712</strong></td>
<td><strong>34,174</strong></td>
</tr>
</tbody>
</table>

### TOTAL EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>72,480</strong></td>
<td><strong>63,209</strong></td>
</tr>
</tbody>
</table>

### NET REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenues</strong></td>
<td><strong>6,537</strong></td>
<td><strong>7,082</strong></td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES (USES)

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenues and Other Financing Sources(Uses)</strong></td>
<td><strong>6,537</strong></td>
<td><strong>7,082</strong></td>
</tr>
</tbody>
</table>

### Net Position at Beginning of Year

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Position at 6/30/2019</strong></td>
<td><strong>234,909</strong></td>
<td><strong>224,548</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 6/30/2019</th>
<th>YTD 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Position at 6/30/2019</strong></td>
<td><strong>241,446</strong></td>
<td><strong>231,630</strong></td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS  
(For Informational Purposes Only)  
(Thousands of Dollars)

(Note 1) MFA Net Position as of June 30, 2019:

UNAPPROPRIATED NET POSITION:

$33,416 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.

$29,740 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.

$133 held for New Mexico Affordable Housing Charitable Trust.

$63,289 Total unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND

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

$111,313 for use in the Housing Opportunity Fund ($94,279 in loans plus $17,034 unfunded, of which $4,527 is committed).


$2,243 for loss exposure on Risk Sharing loans.

$1,202 invested in capital assets, net of related debt.

$9,971 invested in mortgage servicing rights.

$7,089 for the future General Fund Budget year ending 9/30/19 ($22,624 total budget less $15,535 expended budget through 06/30/19.)

$164,139 Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

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

$14,018 for use in the federal and state housing programs administered by MFA.

$14,018 Subtotal - Housing Program

$178,157 Total appropriated Net Position

$241,446 Total combined Net Position at June 30, 2019

Total combined Net Position, or reserves, at June 30, 2019 was $241.4 million, of which $63.3 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $178.2 million of available reserves, with $90.6 million primarily liquid in the General Fund and in the federal and state Housing programs and $87.6 million illiquid -

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

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, servicing requirements and operations.
### NEW MEXICO MORTGAGE FINANCE AUTHORITY GENERAL FUND & HOUSING

**BUDGET VARIANCE REPORT**

**FOR THE NINE MONTHS ENDED 6/30/19**

<table>
<thead>
<tr>
<th></th>
<th>ONE MONTH</th>
<th>YEAR TO DATE</th>
<th>UNDER/(OVER)</th>
<th>EXPENDED</th>
<th>EXPENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ACTUAL</td>
<td>ACTUAL PRO RATA</td>
<td>YTD BUDGET</td>
<td>ANNUAL</td>
<td>ANNUAL PERCENTAGE</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTEREST INCOME</td>
<td>742,184</td>
<td>6,494,426</td>
<td>(137,260)</td>
<td>2,218,628</td>
<td>74.54%</td>
</tr>
<tr>
<td>ADMIN INCOME</td>
<td>567,447</td>
<td>6,316,322</td>
<td>68,055</td>
<td>2,430,423</td>
<td>72.21%</td>
</tr>
<tr>
<td>OTHER OPERATING INCOME</td>
<td>495,237</td>
<td>3,915,116</td>
<td>45,466</td>
<td>1,054,530</td>
<td>71.19%</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING REVENUES</strong></td>
<td>1,804,869</td>
<td>16,725,864</td>
<td>(114,672)</td>
<td>6,233,604</td>
<td>72.85%</td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES</strong></td>
<td>(1,061,971)</td>
<td>(1,178,430)</td>
<td>(92,925)</td>
<td>(219,987)</td>
<td>951.11%</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>742,898</td>
<td>15,547,434</td>
<td>970,833</td>
<td>7,288,134</td>
<td>68.08%</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMPENSATION</td>
<td>544,540</td>
<td>5,298,095</td>
<td>656,156</td>
<td>2,640,906</td>
<td>66.74%</td>
</tr>
<tr>
<td>TRAVEL &amp; PUBLIC INFO</td>
<td>18,380</td>
<td>258,837</td>
<td>100,305</td>
<td>220,018</td>
<td>54.05%</td>
</tr>
<tr>
<td>OFFICE EXPENSES</td>
<td>130,969</td>
<td>789,261</td>
<td>(32,991)</td>
<td>219,098</td>
<td>78.27%</td>
</tr>
<tr>
<td>OTHER OPERATING EXPENSES</td>
<td>479,560</td>
<td>4,585,544</td>
<td>(158,576)</td>
<td>1,980,906</td>
<td>69.83%</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING EXPENSES</strong></td>
<td>1,173,449</td>
<td>10,931,736</td>
<td>564,893</td>
<td>5,060,929</td>
<td>68.35%</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES</strong></td>
<td>(948)</td>
<td>117,663</td>
<td>219,987</td>
<td>450,200</td>
<td>332,537</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING &amp; NON- OPERATING EXPENSES</strong></td>
<td>1,172,501</td>
<td>11,049,399</td>
<td>84,880</td>
<td>16,442,865</td>
<td>5,393,466</td>
</tr>
<tr>
<td><strong>EXPENSED ASSETS</strong></td>
<td>21,513</td>
<td>85,666</td>
<td>(29,309)</td>
<td>(10,516)</td>
<td>113.99%</td>
</tr>
<tr>
<td><strong>NON-CASH ITEMS</strong></td>
<td>66,766</td>
<td>1,088,127</td>
<td>34,309</td>
<td>428,290</td>
<td>71.76%</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>1,260,780</td>
<td>12,223,212</td>
<td>789,881</td>
<td>5,811,240</td>
<td>67.78%</td>
</tr>
<tr>
<td><strong>NET REVENUES</strong></td>
<td>(517,882)</td>
<td>3,324,222</td>
<td>180,952</td>
<td>1,476,894</td>
<td>69.24%</td>
</tr>
<tr>
<td><strong>PURCHASED SERVICING &amp; CAPITAL OUTLAY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PURCHASED SERVICING RIGHTS</td>
<td>382,558</td>
<td>3,191,930</td>
<td>66,298</td>
<td>(31,056)</td>
<td>135.13%</td>
</tr>
<tr>
<td>CAPITALIZED ASSETS</td>
<td>-</td>
<td>119,453</td>
<td>(53,155)</td>
<td>88,397</td>
<td>135.13%</td>
</tr>
<tr>
<td><strong>TOTAL PURCHASED SERVICING &amp; CAPITAL OUTLAY</strong></td>
<td>382,558</td>
<td>3,311,383</td>
<td>3,442,310</td>
<td>4,589,747</td>
<td>1,278,364</td>
</tr>
<tr>
<td><strong>TOTAL INCLUDING CAPITALIZED ITEMS</strong></td>
<td>(900,439)</td>
<td>12,839</td>
<td>62,864</td>
<td>50,025</td>
<td>198,530</td>
</tr>
</tbody>
</table>
New Mexico Mortgage Finance Authority
Effect of GASB31 on Financials
($ in millions)

**GASB 31 Changes in Fair Value of Assets 2014-2019**

- Changes in Assets
- 5 Year Treasury
- 10 Year Treasury

**MFA Income With and Without GASB 31 Adjustment, 2014 - 2019**

- Income with GASB 31
- Income without GASB 31
<table>
<thead>
<tr>
<th>Lender</th>
<th>Purpose</th>
<th>Collateral</th>
<th>Board Authorization Date</th>
<th>Authority Limit</th>
<th>Outstanding 3/31/19</th>
<th>Advances</th>
<th>Repayments</th>
<th>Outstanding 6/30/19</th>
<th>Maturity</th>
<th>Interest Rate as of 6/30/19</th>
<th>Interest Payments this quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Banks</td>
<td>Fund DPA program and assist financial institutions meet CRA requirements</td>
<td>DPA portfolio</td>
<td>March 2018</td>
<td>5,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>FHLB</td>
<td>Mortgage Backed Security Warehouse, Loans Held for Sale Program</td>
<td>Mortgage loan pipeline</td>
<td>October 2017</td>
<td>60,000,000</td>
<td>33,000,000</td>
<td>78,000,000</td>
<td>88,000,000</td>
<td>23,000,000</td>
<td>7/25/2019</td>
<td>2.36%</td>
<td>140,086</td>
</tr>
<tr>
<td>FHLB</td>
<td>Mortgage Backed Security Warehouse, Loans Held for Sale Program &amp; operations</td>
<td>Securities</td>
<td>October 2017</td>
<td>25,000,000</td>
<td>10,000,000</td>
<td>-</td>
<td>-</td>
<td>10,000,000</td>
<td>3/26/2021</td>
<td>2.48%</td>
<td>44,778</td>
</tr>
<tr>
<td>USDA-RD</td>
<td>Preservation Revolving Loan Fund Demonstration Program</td>
<td>PRLF mortgage loans</td>
<td>September 2015</td>
<td>2,125,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>SBIC</td>
<td>Capitalize Primero Loan Fund</td>
<td>SBIC mortgage loans</td>
<td>April 2014, March 2019</td>
<td>2,500,000</td>
<td>700,000</td>
<td>-</td>
<td>-</td>
<td>700,000</td>
<td>11/30/2023</td>
<td>2.00%</td>
<td>3,500</td>
</tr>
<tr>
<td>FHLB</td>
<td>Mortgage Revenue Bond (MRB) Warehousing</td>
<td>MRB Mortgage backed securities</td>
<td>June 2013</td>
<td>30,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>Capitalize Primero Loan Fund</td>
<td>None</td>
<td>October 2011</td>
<td>850,000</td>
<td>850,000</td>
<td>-</td>
<td>-</td>
<td>850,000</td>
<td>11/15/2023</td>
<td>2.00%</td>
<td>4,250</td>
</tr>
<tr>
<td>USDA-RD</td>
<td>Preservation Revolving Loan Fund Demonstration Program</td>
<td>PRLF mortgage loans</td>
<td>May 2011</td>
<td>2,000,000</td>
<td>1,726,367</td>
<td>-</td>
<td>-</td>
<td>1,726,367</td>
<td>1/20/2042</td>
<td>1.00%</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td>122,475,000</td>
<td>46,276,367</td>
<td>78,000,000</td>
<td>88,000,000</td>
<td>36,276,367</td>
<td></td>
<td>192,614</td>
<td></td>
</tr>
</tbody>
</table>
Tab 2
June 30, 2019 Quarterly Investment Review
Agenda for Discussion at Finance Committee Meeting
Meeting Date: August 20, 2019

For reference:
Minutes of the May 7, 2019 investment discussion during the Finance Committee meeting.

For discussion:
Quarterly Investment Review of MFA General Fund investments
~Diversification and Asset Allocation Strategies – LGIP, bond ladder and SIC Investment Funds
~Market values and portfolio yield
New Mexico Mortgage Finance Authority  
Minutes of Quarterly Investment Review  
(Taking place during the Finance Committee May 7, 2019)

Present: Chair Steven Smith, Member Dennis Burt
MFA Staff Present: Jay Czar, Gina Hickman, Izzy Hernandez, Yvonne Segovia
Quarterly Review of MFA General Fund investments:

- Report being presented is as of March 31, 2019 which is the end of the second quarter of FY 2019.

- Compliance Report (Diversification and Asset Allocation): Keeler reviewed the General Fund Investment Compliance Report. She informed the committee that all asset classes are in compliance with the investment policy. Keeler also reminded the committee that the Cash Held for Operations/Warehoused MBS does not include capital borrowed for loan operations or restricted funds.

- Portfolio Summary-Short & Intermediate Term Investments: Keeler reviewed book values by asset class and in total. She referred the committee to the yields, and discussed sector components of the bond ladder. Keeler also mentioned that MFA had one bond ladder security mature at the end of March and funds were reinvested in April.

- Portfolio Summary-Long Term Investments Including State Investment Council Investments: Keeler reviewed market values, rates of return and realized gain/loss data for the mortgage backed securities portfolio and the SIC funds. She also reminded the Committee that the December 31 realized loss was $2.3 million due to the market selloff in December 2018 as compared to the March 31 realized loss of $342,894.

- Portfolio Summary-Housing Trust Fund: Keeler reviewed market values, rates of return and realized gain/loss data for the SIC fund. She reminded the committee that 100% of the Housing Trust Fund is invested in the Core Bonds Plus Active fund.

- General Fund Investment Portfolio Metrics: Keeler referred committee members to the ratings, interest income and benchmark metrics. She informed the committee that there was no change in any of the ratings. Keeler also indicated that interest income earnings were on track for FY 2019. Per the Committee request, the cumulative DJIA for the period October 1 through March 31 was added under economic indicators.

- Summary of March 31, 2019 balances and yields/rates of returns:
### General Fund:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>3/31/19 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>$7,019,719</td>
<td>Various</td>
<td>n/a</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>6,690,174</td>
<td>2.46%</td>
<td>n/a</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>18,069,547</td>
<td>1.94%</td>
<td>16</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Intermediate Term</td>
<td>8,246,742</td>
<td>5.28%</td>
<td>96*</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Long Term</td>
<td>2,582,594</td>
<td>5.31%</td>
<td>n/a</td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>8,352,611</td>
<td>4.28%</td>
<td>n/a</td>
</tr>
<tr>
<td>Large Cap Index Equity Fund (SIC)</td>
<td>8,244,746</td>
<td>(1.73%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Small/Mid Cap Fund (SIC)</td>
<td>3,278,000</td>
<td>(6.33%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund (SIC)</td>
<td>3,922,899</td>
<td>(4.25%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund (SIC)</td>
<td>1,142,868</td>
<td>1.54%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Weighted Average Life

### Housing Trust Fund:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>3/31/19 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>$13,381,446</td>
<td>3.98%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
INVESTMENT REPORT – EXECUTIVE SUMMARY
FOR THE THIRD QUARTER OF FISCAL YEAR 2019

1. During the third quarter of FY 2019, staff purchased five securities for the bond ladder due to prior securities either maturing or being called.

2. Two of the bond ladder securities matured on June 27 and June 28, respectively, and those funds were reinvested in July.

3. The General Fund investment portfolio is in compliance with the asset allocation ranges approved by the Board.

4. SIC benchmarks have been revised in order to match the benchmarks with the reporting period.

5. As of June 30, 2019, MFA’s General Fund and Housing Trust Fund balances are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>6/30/19 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>$7,227,247</td>
<td>Various</td>
<td>n/a</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>4,643,390</td>
<td>2.46%</td>
<td>n/a</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>17,066,243</td>
<td>2.07%</td>
<td>15</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Intermediate Term</td>
<td>8,052,579</td>
<td>5.26%</td>
<td>172*</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Long Term</td>
<td>2,572,476</td>
<td>5.31%</td>
<td>n/a</td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>8,627,147</td>
<td>7.51%</td>
<td>n/a</td>
</tr>
<tr>
<td>Large Cap Index Equity Fund (SIC)</td>
<td>8,588,078</td>
<td>2.35%</td>
<td>n/a</td>
</tr>
<tr>
<td>Small/Mid Cap Fund (SIC)</td>
<td>3,386,564</td>
<td>(3.08%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund (SIC)</td>
<td>4,063,011</td>
<td>(0.74%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund (SIC)</td>
<td>1,150,258</td>
<td>2.18%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Weighted Average Maturity.
<table>
<thead>
<tr>
<th>Asset Class</th>
<th>6/30/19 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/ Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>$13,723,747</td>
<td>7.10%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
### General Fund Investment Compliance Report for Quarter 3 (as of June 30, 2019)

#### Portfolio Summary

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>Policy Requirement</th>
<th>Policy Portfolio Carrying Value</th>
<th>Current Value</th>
<th>Current %</th>
<th>Within $ Limit Value</th>
<th>Within $ Limit %</th>
<th>Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-Term Investments (Less than 1 year)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Held for Operations/Warehoused MBS*</td>
<td>14% 9%-19%</td>
<td>$7,227,247</td>
<td>11%</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>6% 1%-11%</td>
<td>$4,643,390</td>
<td>7%</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Intermediate Term Investments (1 to 10 years)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>27% 22%-32%</td>
<td>$17,066,243</td>
<td>26%</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate MFA Mortgage Backed Security Portfolio</td>
<td>13% 8%-18%</td>
<td>$8,052,579</td>
<td>12%</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Long-Term Investments (More than 10 years)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-Term MFA Mortgage Backed Security Portfolio</td>
<td>4% 0%-9%</td>
<td>$2,572,476</td>
<td>4%</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Plus Bond Funds-Active (SIC)</td>
<td>12% 7%-17%</td>
<td>$8,627,147</td>
<td>13%</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Large Cap Index Equity Fund (SIC)</td>
<td>11% 6%-16%</td>
<td>$8,588,078</td>
<td>13%</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small/Mid Cap Fund (SIC)</td>
<td>5% 0%-10%</td>
<td>$3,386,564</td>
<td>5%</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-US Developed Markets Fund (SIC)</td>
<td>6% 1%-11%</td>
<td>$4,063,011</td>
<td>6%</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund (SIC)</td>
<td>2% 0%-7%</td>
<td>$1,150,258</td>
<td>2%</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>40%</td>
<td>$65,376,992</td>
<td>100.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Does not include capital borrowed for loan operations or restricted funds.

**SIC Fund Allocation**

<table>
<thead>
<tr>
<th>SIC Fund Allocation</th>
<th>Policy</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIC Core Plus Bond-Active</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>SIC Large Cap Index Equity</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>Small/Mid Cap Index</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Non-US Developed Markets</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Non-US Emerging Markets</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Board Actions**

- August 2005 - approved General Fund Investment
- February 2008 - approved new Large Cap Index ETF Pool
- January 2009 - approved Revision to Investment Policy
- October 2010 - Approved Revision to Investment Policy
- May 2011 - Approved revision to Investment Policy
- April 2012 - Approved revision to Investment Policy
- April 2013 - Approved revision to Investment Policy
- April 2016 - Approved revision to Investment Policy
- October 2017 - Approved revision to Investment Policy
PORTFOLIO SUMMARY - Short & Intermediate Investments

**Short-Term**
- Cash Held for Operations/Warehoused MBS*:
  - General Fund: $7,227,247
- Local Government Investment Pool:
  - General Fund: $4,643,390

**Intermediate-Term**
- Bond Ladder:
  - General Fund: $17,066,243
- MFA Mortgage Backed Security Portfolio:
  - General Fund: $8,052,579

**Total Short & Intermediate Term**:
- General Fund: $36,989,459

*Does not include capital borrowed for loan operations or restricted funds.

**Yield to Maturity for Intermediate-Term Investments**
- General Fund: 3.09%

**Average Life/Maturity in Months**
- n/a

**BOND LADDER SECTOR ALLOCATION**

<table>
<thead>
<tr>
<th>Security</th>
<th>Book Value</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fannie Mae</td>
<td>$2,000,073</td>
<td>12%</td>
</tr>
<tr>
<td>Federal Farm Credit Bank</td>
<td>$1,998,420</td>
<td>12%</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>$10,067,750</td>
<td>59%</td>
</tr>
<tr>
<td>Freddie Mac</td>
<td>$3,000,000</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$17,066,243</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**INVESTMENTS PURCHASED IN THE THIRD QUARTER OF FY 2019**

<table>
<thead>
<tr>
<th>Date Purchased</th>
<th>Security</th>
<th>Interest Rate</th>
<th>YTM/YTC</th>
<th>Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/17/2019</td>
<td>Freddie Mac (FHLMC)</td>
<td>2.60%</td>
<td>2.60%/2.598%</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>6/13/2019</td>
<td>Federal Home Loan Bank</td>
<td>2.50%</td>
<td>2.163%</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>6/21/2019</td>
<td>Federal Home Loan Bank</td>
<td>2.625%</td>
<td>2.022%</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>6/28/2019</td>
<td>Federal Farm Credit Bank</td>
<td>2.125%</td>
<td>1.972%</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>6/28/2019</td>
<td>Farmer Mac</td>
<td>1.640%</td>
<td>2.035%</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>
## PORTFOLIO SUMMARY - Long Term Investments Including State Investment Council Investments

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Market Value YTD/Quarter 3 as of 6/30/2019</th>
<th>Market Value YTD/Quarter 3 as of 6/30/2018</th>
<th>Unrealized/Realized** YTD/Quarter 3 as of 6/30/2019</th>
<th>Rate of Return YTD/Quarter 3 as of 6/30/2019</th>
<th>Rate of Return YTD/Quarter 3 as of 6/30/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFA’s Mortgage Backed Securities Portfolio</td>
<td>$2,572,476</td>
<td>$ -</td>
<td>$120,569</td>
<td>5.31%</td>
<td>n/a</td>
</tr>
<tr>
<td>State Investment Council (SIC):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active</td>
<td>$8,627,147</td>
<td>$7,959,554</td>
<td>$401,838</td>
<td>7.51%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Domestic Large Cap Index Equity Fund</td>
<td>$8,588,078</td>
<td>$7,809,439</td>
<td>$79,829</td>
<td>2.35%</td>
<td>9.24%</td>
</tr>
<tr>
<td>Small/Mid Cap Fund</td>
<td>$3,386,564</td>
<td>$3,440,146</td>
<td>$(125,728)</td>
<td>-3.08%</td>
<td>3.32%</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund</td>
<td>$4,063,011</td>
<td>$4,051,717</td>
<td>$(123,940)</td>
<td>-3.08%</td>
<td>-2.78%</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund</td>
<td>$1,150,258</td>
<td>$1,142,446</td>
<td>$8,304</td>
<td>2.18%</td>
<td>-11.52%</td>
</tr>
<tr>
<td>Total State Investment Counsel</td>
<td>$25,815,057</td>
<td>$24,403,302</td>
<td>$240,303</td>
<td>2.80%</td>
<td>2.22%</td>
</tr>
<tr>
<td>Total Long-Term Investments</td>
<td>$28,387,534</td>
<td>$24,403,302</td>
<td>$360,872</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*SIC rate of returns are year to date, not annualized.
** Fair Market Value adjustments on the mortgage backed security portfolio are unrealized, however, they are realized on the SIC portfolio.

![Annual Rate of Return - SIC Investments FY 2013 - 2019*](image)

*For FY 2019 QTR 3
## PORTFOLIO SUMMARY - Housing Trust Fund

<table>
<thead>
<tr>
<th>Housing Trust Fund</th>
<th>Market Value YTD/Quarter 3 as of 6/30/2019</th>
<th>Market Value YTD/Quarter 3 as of 6/30/2018</th>
<th>Realized Gain/Loss YTD/Quarter 3 as of 6/30/2019</th>
<th>Rate of Return YTD/Quarter 3 as of 6/30/2019</th>
<th>Rate of Return YTD/Quarter 3 as of 6/30/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Investment Council (SIC):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active</td>
<td>$13,723,747</td>
<td>$10,577,445</td>
<td>$629,020</td>
<td>7.10%</td>
<td>-0.18%</td>
</tr>
<tr>
<td>Total State Investment Council</td>
<td>$13,723,747</td>
<td>$10,577,445</td>
<td>$629,020</td>
<td>7.10%</td>
<td>-0.18%</td>
</tr>
</tbody>
</table>

### SIC FUND ALLOCATION

| SIC Core Plus Bond-Active | 100% | 100% |

### Return on Core Plus Bond Fund - Active

**FY 2012 - 2019***

<table>
<thead>
<tr>
<th>Rate of Return</th>
<th>FY 12</th>
<th>FY 13</th>
<th>FY 14</th>
<th>FY 15</th>
<th>FY 16</th>
<th>FY 17</th>
<th>FY 18</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.54%</td>
<td>0.22%</td>
<td>6.14%</td>
<td>1.28%</td>
<td>7.44%</td>
<td>2.76%</td>
<td>0.35%</td>
<td>7.10%</td>
</tr>
</tbody>
</table>

*For FY 2018 QTR 1

*For FY 19 QTR 3
<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Rating</th>
<th>S&amp;P FY2019</th>
<th>Actual Income FY2019 as of 6/30/2019</th>
<th>Interest Earned of Total Budget as of 6/30/2019</th>
<th>Yield to Maturity/Rate of Return as of 6/30/2019</th>
<th>Benchmark Yield/Rate of Return</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehouse MBS</td>
<td>N/R</td>
<td>$310,498</td>
<td>$193,410</td>
<td>62%</td>
<td>Various</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>AAm</td>
<td>$45,408</td>
<td>$92,185</td>
<td>203%</td>
<td>2.46%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>N/R</td>
<td>$182,435</td>
<td>$154,045</td>
<td>84%</td>
<td>2.07%</td>
<td>2.13%</td>
<td>BofA Merrill Lynch 1-3 Yr</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Farm Credit Bank</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freddie Mac</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MFA Mortgage-Backed Security Portfolio</td>
<td>N/R</td>
<td>$630,921</td>
<td>$451,437</td>
<td>68%</td>
<td>5.26%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Intermediate Term</td>
<td>AAA+</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-Term</td>
<td>AAA+</td>
<td>$427,212</td>
<td>$479,336</td>
<td>115%</td>
<td>5.31%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Investment Council</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Cap Index Equity Fund</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small/Mid Cap Fund</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-US Developed Markets Fund</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,580,514</td>
<td>$1,350,644</td>
<td>83%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Economic Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>6/30/2019</th>
<th>6/30/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Funds Rate</td>
<td>2.40%</td>
<td>1.91%</td>
</tr>
<tr>
<td>Consumer Price Index (yoy)</td>
<td>1.60%</td>
<td>2.90%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>3.70%</td>
<td>4.00%</td>
</tr>
<tr>
<td>Real GDP (yoy)</td>
<td>2.30%</td>
<td>2.80%</td>
</tr>
<tr>
<td>DIJ**</td>
<td>2.34%</td>
<td>10.16%</td>
</tr>
</tbody>
</table>

**(1)** Cumulative return for the period October 1 through March 31 which is the first three quarters of each respective fiscal year.

(1) Average of the following benchmarks:
- Russell Mid Cap Index
- Russell 2000 Value Index
- Russell 2000 Index

(2) Average of the following benchmarks:
- MSCI EAFE Net Total Return US Index
- MSCI AC World Index Ex USA Value Net Total Return
- MSCI ACW Ex US Small Cap Index
- MSCI World Ex US IMI Index (Net)
Tab 3
MEMORANDUM

TO: MFA Board of Directors
Through: Finance Committee: N/A
Through: Policy Committee: August 6, 2019
FROM: Gina Hickman, Deputy Director of Finance & Administration
DATE: August 20, 2019
SUBJECT: Capital Magnet Fund—Grant Opportunity

Recommendation:

MFA is requesting approval to apply for a $5 million grant to the Capital Magnet Fund, U.S. Department of Treasury, for an affordable housing fund to provide down payment assistance for MFA mortgage loans.

Background:

The Capital Magnet Fund (CMF) is administered by the Community Development Financial Institutions (CDFI) Fund in the U.S. Department of Treasury and was created to spur investment in affordable housing and related economic development efforts that serve low income families and communities. Established by the Housing and Economic Recovery Act of 2008, it is funded similarly to the National Housing Trust Fund based on a percentage of unpaid principal balances of total new business purchases by Fannie Mae and Freddie Mac.

There have been four rounds of funding by CMF in FY2010, FY2016, FY2017, FY2018 and the fifth will take place now in FY2019. In FY2017 MFA was awarded $3.6 million in March 2018 to support down payment assistance in New Mexico. In conjunction with receiving the funds, staff developed the HomeNow program which was rolled out September 2018. This down payment assistance program is a 10-year, non-amortizing, forgivable loan used in conjunction with the FIRST HOME program. It serves borrowers under 80% area median income and carries a 0% interest rate and no payment. Assistance is limited to the lesser of 8% of the purchase price or $8,000. As of July 31, 2019, MFA has committed (funded and unfunded) $2.5 million of the CMF award.

In order to continue to provide these resources to New Mexico borrowers, MFA would like to apply for the 2019 funding round.
Discussion:

Details of the CMF grant:

2. Type of funding: Grant
3. Performance period: Ten years (through required affordability period)
4. Amount of award: Not less than $500,000 up to $29.4 million (estimated). Largest award in 2018 was $7.5 million and the average award was $3.75 million.
5. Direct administrative expenses: Up to five percent of award
6. Eligible uses:
   - Loan loss reserves
   - Capitalization of a revolving loan fund or affordable housing fund
   - Capitalization of a fund to support economic development activities (up to 30 percent of award)
   - Risk-sharing loans
   - Loan guarantees
7. 2019 priorities:
   - Projects that target a minimum of 20 percent of all affordable housing rental units financed with CMF funds to very low-income families
   - Projects that target a minimum of 20 percent of affordable housing homeownership units to low-income families
   - Applications that leverage a higher amount of private capital
   - Applications that serve geographically diverse areas of economic distress, including metropolitan areas and underserved rural areas
8. Leverage: The CMF award must result in eligible project costs (leveraged costs plus the CMF award) that equal at least 10 times the amount of the CMF award. Leveraged capital may include loans from banks, investments from foundations, equity through LIHTCs or funds contributed by the applicant or from state or local governments.

Summary: MFA is requesting approval to apply for a $5 million grant to the Capital Magnet Fund, U.S. Department of Treasury, for an affordable housing fund to provide down payment assistance for MFA mortgage loans.
Tab 4
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – N/A

Through: Policy Committee – July 30, 2019

FROM: Gina Hickman

DATE: August 20, 2019

SUBJECT: Approval of MFA Broker/Dealers, Custodians and Depositaries

Recommendation: Staff recommends approval of the MFA Broker/Dealer, Custodian and Depository List.

Background: At least annually and as needed, MFA staff reviews and updates the list of brokers, dealers, custodians and depositories. The Broker/Dealer, Custodian and Depository List includes firms that are part of our Underwriting Team, other underwriters who have expressed interest in working with MFA by responding to our most recent underwriting request for proposal (RFP) and who meet the required criteria in the Investment Policy. Depository and custodial relationships are established as part of either an RFP process or are institutions utilized by the State of New Mexico. The one exception is the Federal Home Loan Bank of Dallas, a government-sponsored enterprise, which provides financial services to member institutions including Housing Finance Agencies.

Discussion: A due diligence review was conducted and organizations meet established qualifications as stated in the MFA Investment Policy.

Summary: At least annually and as needed, MFA staff reviews and updates the Broker, Dealer, Custodian and Depository list. Staff recommends approval of the Broker, Dealer, Custodian and Depository List. All organizations meet established qualifications as stated in the MFA Investment Policy.
NEW MEXICO MORTGAGE FINANCE AUTHORITY
APPROVED BROKER/DEALERS, CUSTODIANS AND DEPOSITORIES
2019-2020

Recommended Broker/Dealers:

Underwriting Team and underwriters with local offices who have expressed interest in working with MFA (by responding to our most recent RFPs and who meet the required criteria):

- Raymond James & Associates
- RBC Capital Markets, LLC
- J.P. Morgan Securities, LLC
- Merrill Lynch, Pierce, Fenner & Smith Inc.
- George K. Baum & Co.
- Fidelity Capital Markets
- Jefferies, LLC
- Stifel, Nicolaus & Company, Inc.

Bidding Agent:

- CSG Advisors

TBA Administrator:

- Hilltop Securities Inc.

Investment Departments of Banks and Other Registered Broker/Dealers Approved for Broker/Dealer Relationship:

- Wells Fargo Securities, LLC
- Federal Home Loan Bank of Dallas
- BOK Financial Securities, Inc.
- Moreton Capital Markets, LLC
- Zions Bank Capital Markets/Zions Direct

Recommended Custodians:

- Wells Fargo Bank New Mexico/Wells Fargo Securities, LLC
- Federal Home Loan Bank of Dallas
- Zions Bank

Recommended Depositories:

- Wells Fargo Bank New Mexico
- Bank of Albuquerque/BOKF, NA
- Washington Federal
- Bank of America
- US Bank
- Federal Home Loan Bank of Dallas
- Bank of the West

Note: Additionally, for certificate of deposit investments, MFA has the authority to utilize approved depositories as per the Collateral Review Report prepared by the State Treasurer’s Office as part of their risk assessment program.
Tab 5
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – N/A

Through: Policy Committee – July 30, 2019

FROM: Gina Hickman

DATE: August 20, 2019

SUBJECT: Approval of New Mexico Affordable Housing Charitable Trust (NMAHCT) Broker/Dealers, Custodians and Depositories

Recommendation: Staff recommends approval of the NMAHCT Broker/Dealer, Custodian and Depository List.

Background: The Broker/Dealer, Custodian and Depository List includes firms that meet the required criteria in the NMAHCT Investment Policy. Depository and custodial relationships are established as part of either an RFP process or are institutions utilized by the State of New Mexico. The one exception is the Federal Home Loan Bank of Dallas, a government-sponsored enterprise, which provides financial services to member institutions including Housing Finance Agencies.

Discussion: A due diligence review was conducted and organizations meet established qualifications as stated in the MFA Investment Policy.

Summary: Staff recommends approval of the New Mexico Affordable Housing Charitable Trust Broker, Dealer, Custodian and Depository List. All organizations meet established qualifications as stated in the Investment Policy.
Recommended Broker/Dealers:

- Wells Fargo Securities, LLC
- Federal Home Loan Bank of Dallas
- BOK Financial Securities, Inc.
- Moreton Capital Markets, LLC
- Zions Bank Capital Markets/Zions Direct

Recommended Custodians:

- Wells Fargo Bank New Mexico/Wells Fargo Securities, LLC
- Federal Home Loan Bank of Dallas
- Zions Bank

Recommended Depositories:

- Wells Fargo Bank New Mexico
- Bank of Albuquerque/BOKF, NA
- Washington Federal
- Bank of America
- US Bank
- Federal Home Loan Bank of Dallas
- Bank of the West

Note: Additionally, for certificate of deposit investments, staff has the authority to utilize approved depositories as per the Collateral Review Report prepared by the State Treasurer’s Office as part of their risk assessment program.
Tab 6
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – August 6, 2019

FROM: Robyn Powell

DATE: August 20, 2019

SUBJECT: Internal Audit Services Request for Proposal

Recommendation:
Staff recommends the approval of the Request for Proposal for Internal Audit Services. Responses will be due to MFA by September 12, 2019 and recommendations for award will be presented at the October Board meeting.

Background:
The function of the Internal Audit is to provide an independent appraisal of activity within the organization as a service to Management and the Board of Directors through the Finance Committee. The Internal Auditor assists Management in managing risks effectively in order to sustain operations and achieve business objectives by evaluating, monitoring and reporting on:

1. The adequacy of accounting, financial and operating controls;

2. The efficiency and effectiveness of uses of the organization’s resources;

3. The reliability of information provided to Management;

4. Compliance with established bylaws, policies, procedures, governmental regulation, and program requirements;

5. The presence of or possibility of potential matters of business risk, fraud, theft, mismanagement and other similar irregularities; and

6. Management’s action with respect to correcting previously reported deficiencies.

MFA issued a Request for Proposal for Internal Audit Services in 2015. The contract was awarded to REDW and will expire on October 21, 2019. There are no extensions remaining on the contract.
Discussion:
Staff is recommending MFA issue a Request for Proposal for Internal Audit and Related Services. The term is for one year with two one-year extensions at the Board’s option to coincide with the external audit services. Due to American Institute of Certified Public Accountants (AICPA) and State Audit Act requirements surrounding independence issues, the Internal Audit and Related Services cannot be awarded to the firm providing External Audit Services.

Following is a summary of the major changes from the RFP issued in 2015. The RFP has been conformed to the standard template.

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>Formatting, updates to contact names, titles, and dates</td>
<td></td>
</tr>
<tr>
<td>Part I: Background &amp; General Information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protest</td>
<td>Changed timeframes for filing a protest and for filing a response to a protest</td>
<td>Was 15 days and 7 days, both are changed to 5 business days</td>
</tr>
<tr>
<td></td>
<td>Updated contact person</td>
<td></td>
</tr>
<tr>
<td>Timeline for Offeror Selection</td>
<td>Updated timeline</td>
<td></td>
</tr>
<tr>
<td>Bidders Conference</td>
<td>Removed from timeline and process</td>
<td></td>
</tr>
<tr>
<td>Part II: Minimum Qualifications and Requirements</td>
<td>Removed requirement for experience in conducting network and application security vulnerability assessments</td>
<td>Service no longer needed due to improved internal management, systems, and processes</td>
</tr>
<tr>
<td>Part III: Services to be Performed</td>
<td>Revised to conform with current process</td>
<td></td>
</tr>
<tr>
<td>Information Systems</td>
<td>Removed section</td>
<td>Service no longer need due to improved internal management, systems, and processes</td>
</tr>
<tr>
<td>Other</td>
<td>Added section 15: Audit and cost verification of the</td>
<td></td>
</tr>
<tr>
<td>Part IV: Evaluation Criteria</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted points for a and b, total points remain at 50 for section</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted total available points from 20 to 15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Points added under Firm Strengths</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm Strengths</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Added criteria and points</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part V: Proposal Format and Instructions to Offeror</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Qualifications and Requirements</td>
</tr>
<tr>
<td>Removed references to experience with network and application security</td>
</tr>
<tr>
<td>Cost of Services</td>
</tr>
<tr>
<td>Added separate requirement for Low Income Housing Tax Credit (LIHTC) Agreed Upon Procedures breakdown</td>
</tr>
<tr>
<td>Firm Strengths</td>
</tr>
<tr>
<td>Added section</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part VI: Principal Contract Terms and Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Term</td>
</tr>
<tr>
<td>Changed term from two-year contract to one-year contract, with two one-year extensions</td>
</tr>
<tr>
<td>To coincide with External Audit contract terms</td>
</tr>
<tr>
<td>New Mexico Mortgage Finance Authority</td>
</tr>
<tr>
<td>Board Members updated Staff Roster deleted</td>
</tr>
<tr>
<td>Exhibit A – Internal Audit Policy</td>
</tr>
<tr>
<td>Exhibit B – Organizational Reference Questionnaire</td>
</tr>
<tr>
<td>Updated dates and contact information</td>
</tr>
<tr>
<td>Deleted fax option</td>
</tr>
<tr>
<td>Exhibit C – New Mexico Mortgage Finance Authority Loan Servicing and Administration Quality Control Oversight and Compliance Plan for FHA</td>
</tr>
<tr>
<td>Replaced with version approved by Policy Committee on December 10, 2018</td>
</tr>
</tbody>
</table>
Summary:
MFA issued an RFP for Internal Audit Services in 2015. The contract was awarded to REDW and will expire on October 21, 2019. There are no extensions remaining on the contract. MFA is recommending we issue a Request for Proposal for Internal Audit and Related Services. The term is for one year with two one-year extensions at the Board’s option. Staff recommends the approval of the Request for Proposal for Internal Audit Services. Upon approval the Request for Proposal for Internal Audit Services will be published and responses will be due to MFA by September 12, 2019.
# Table of Contents

<table>
<thead>
<tr>
<th>Part I: Background &amp; General Information</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Purpose</td>
<td>1</td>
</tr>
<tr>
<td>Proposal Submission</td>
<td>1</td>
</tr>
<tr>
<td>Proposal Tenure</td>
<td>1</td>
</tr>
<tr>
<td>RFP Revisions and Supplements</td>
<td>1</td>
</tr>
<tr>
<td>Incurred Expenses</td>
<td>2</td>
</tr>
<tr>
<td>Cancellation of Requests for Proposals or Rejection of Proposals</td>
<td>2</td>
</tr>
<tr>
<td>Evaluation of Proposals, Award Notice and Negotiation</td>
<td>2</td>
</tr>
<tr>
<td>Award Notice</td>
<td>2</td>
</tr>
<tr>
<td>Proposal Confidentiality</td>
<td>2</td>
</tr>
<tr>
<td>Irregularities in Proposals</td>
<td>2</td>
</tr>
<tr>
<td>Responsibility of Offerors</td>
<td>3</td>
</tr>
<tr>
<td>Protest</td>
<td>3</td>
</tr>
<tr>
<td>Confidential Data</td>
<td>3</td>
</tr>
<tr>
<td>Timeline for Offeror Selection</td>
<td>4</td>
</tr>
<tr>
<td>Part II: Minimum Qualifications and Requirements</td>
<td>4</td>
</tr>
<tr>
<td>Part III: Services to be Performed</td>
<td>4</td>
</tr>
<tr>
<td>Part IV: Evaluation Criteria</td>
<td>6</td>
</tr>
<tr>
<td>Part V: Proposal Format and Instructions to Offeror</td>
<td>7</td>
</tr>
<tr>
<td>Part VI: Principal Contract Terms and Conditions</td>
<td>9</td>
</tr>
<tr>
<td>Exhibit A</td>
<td>13</td>
</tr>
<tr>
<td>Exhibit B</td>
<td>18</td>
</tr>
<tr>
<td>Exhibit C</td>
<td>21</td>
</tr>
<tr>
<td>Exhibit D</td>
<td>30</td>
</tr>
</tbody>
</table>
Request for Proposals
To Provide Internal Audit Services

Part I: Background & General Information

Introduction
The New Mexico Mortgage Finance Authority (“MFA”) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, N.M. Stat. Ann. Sections 58-18-1, et seq. (1978) for the purpose of financing affordable housing for low- and moderate-income New Mexico residents.

Purpose
The purpose of this Request for Proposals (RFP) is to solicit proposals, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified firms which by reason of their skill, knowledge, and experience are able to furnish Internal Audit services, Quality Control Reviews, and Information Systems services to MFA (“Offerors”).

Questions and Answers
Questions pertaining to this RFP and application must be submitted via the MFA website at http://www.housingnm.org/rfp. Then under “Current RFP’s,” select “Internal Audit Services RFP.” On the Internal Audit Services RFP page, select the “Internal Audit Services FAQs” link. Questions will be checked on a daily basis. The FAQ will open the day after the RFP issues and will close on September 10, 2019. To submit your questions, scroll down to the “Ask a question” section, enter your name, email address, and type your question in the “Question” box, type in the two (2) words in the CAPTCHA box and click on “Send my question”. MFA will make every attempt to answer questions within two (2) business days.

Proposal Submission
One hard copy and one electronic of a proposal must be received by MFA at our office located at 344 Fourth Street S.W., Albuquerque, NM 87102 and rpowell@housingnm.org no later than Thursday, September 12, 2019 at 4:00 p.m., Mountain Time. Proposals shall be in sealed envelopes marked “Response to Internal Audit Services RFP.”

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

RFP Revisions and Supplements
If it becomes necessary to revise any part of this RFP or if additional information is necessary to clarify any provision of this RFP, the revision or additional information will be provided on the MFA web site.
Incurred Expenses
MFA shall not be responsible for any expenses incurred by an Offeror in responding to this RFP. All costs incurred by Offerors in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Offerors.

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

Evaluation of Proposals, Award Notice and Negotiation
Proposals will be evaluated by an Internal Review Committee of MFA staff using the criteria listed in Parts II Minimum Qualifications and Requirements and III Services to be Performed, below, with final selection to be made by the full Board of Directors.

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

The MFA Board of Directors shall select the Offeror(s) whose proposal(s) is/are deemed to be most advantageous to MFA to enter into contract negotiations with MFA. If a final contract cannot be negotiated, then MFA will enter into negotiations with the other Offeror(s).

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

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

Until the award is made and notice given to all Offerors, MFA will not disclose the contents of any proposal or discuss the contents of any proposal with an Offeror or potential Offeror, so as to make the contents of any offer available to competing or potential Offerors.

Irregularities in Proposals
MFA may waive technical irregularities in the form of proposal of any Offeror selected for award which do not alter the price, quality or quantity of the services offered. Note especially that the date and time of proposal submission as indicated herein under “Part I Background and General Information, Proposal Submission” cannot be waived under any circumstances.
Responsibility of Offerors
If an Offeror who otherwise would have been awarded a contract is found not to be a Responsible Offeror, a determination that the Offeror is not a Responsible Offeror, setting forth the basis of the finding, shall be prepared and the Offeror shall be disqualified from receiving the award. A Responsible Offeror means an Offeror who submits a proposal that conforms in all material respects to the requirements of this RFP and who has furnished, when required, information and data to prove that his financial resources, facilities, personnel, reputation and experience are adequate to make satisfactory delivery of the services described in this RFP. The unreasonable failure of an Offeror to promptly supply information in connection with an inquiry with respect to responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

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

Robyn Powell, Compliance Officer
NM Mortgage Finance Authority
344 4th Street SW
Albuquerque, NM  87102

The protest must be delivered to MFA within fifteen (15) business calendar days after the notice of award. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five (5) business calendar days of notice of protest. The protest process shall be:

♦ The protest will be reviewed by the Finance Committee of MFA’s Board of Directors, and that committee shall make a recommendation to the full Board of Directors regarding the disposition of the protest.

MFA will issue a notice of determination relating to the protest within a reasonable period of time after submission of the protest. The determination by MFA shall be final.

Note: A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, which remains in effect until the expiration of the protest period, or does not follow the prescribed proposal and Protest process.

Confidential Data
Offerors may request in writing nondisclosure of confidential data. Such data shall accompany the proposal and shall be readily separable from the proposal to facilitate public inspection of non-confidential portions of the proposal. After award, all proposals and documents pertaining to the proposals will be open to the public. Confidential data is normally restricted to confidential financial information concerning the Offeror’s organization and data that qualifies as trade secrets under the Uniform Trade Secrets Act, Section 57-3A1 et seq. NMSA 1978.
If request for disclosure of data for which a request for confidentiality is made, MFA shall examine the request for confidentiality and make a written determination that specifies which portions of the proposal should be disclosed and will provide the Offeror with written notice of that determination. Unless the Offeror protests within ten (10) calendar days of the notice, the proposal will be so disclosed.

**Timeline for Offeror Selection**

The MFA will make every effort to adhere to the following anticipated schedule for recommended Offeror selection:

<table>
<thead>
<tr>
<th>DATE</th>
<th>ACTIVITY</th>
<th>RESPONSIBILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/21/2019</td>
<td>RFP goes to Board of Directors for approval</td>
<td>MFA</td>
</tr>
<tr>
<td>8/21/2019</td>
<td>Issuance of RFP</td>
<td>MFA</td>
</tr>
<tr>
<td>9/10/2019</td>
<td>RFP FAQ closes – deadline to submit questions</td>
<td>Offerors</td>
</tr>
<tr>
<td>9/12/2019</td>
<td>Submission of Proposals Due</td>
<td>Offerors</td>
</tr>
<tr>
<td>10/16/2019</td>
<td>Award Recommendation to Board of Directors</td>
<td>MFA</td>
</tr>
<tr>
<td>10/17/2019</td>
<td>Notification of Awards</td>
<td>MFA</td>
</tr>
<tr>
<td>10/24/2019</td>
<td>Protest Deadline</td>
<td>Offerors</td>
</tr>
</tbody>
</table>

**Bidders Conference**

A Bidders Conference will be conducted on August 26, 2019 at 11:00 a.m. to provide an opportunity for questions and answers. You may attend the Conference at the MFA Office, or by teleconference (641) 715-3274 Participant Access Code: 965519#.

**Part II: Minimum Qualifications and Requirements**

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

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

**Part III: Services to be Performed**

Offerors may respond to this RFP to provide Internal Audit services for MFA.
As requested by MFA, professional Internal Audit services REQUIRED to be provided under and to be incorporated into the contract to be awarded pursuant to this RFP include, but are not limited to, the following:

**Internal Audit Services**

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

**Quality Control Reviews**

7. Develop an audit program to provide quality control services for the Federal Housing Administration (FHA) single-family mortgage loan portfolio and the U.S. Department of Housing and Urban Development (HUD) Section 8 Performance Based Contract Administration (PBCA) functions;
8. Perform monthly and quarterly quality control review services for the single-family FHA mortgage loan portfolio in accordance with HUD requirements and MFA’s Quality Control Plan (Exhibit C);
9. Perform quality control review services for the PBCA Annual Contributions Contract (ACC) in accordance with HUD requirements and MFA’s Quality Control Plan (Plan). The Plan is updated on an annual basis and a copy of the Plan effective December 1, 2012 is attached (Exhibit D). The quality control functions assigned to auditors will be substantially the same; assignments are rotated so that all functions are performed in a two year time period;
10. Prepare Quality Control Review reports detailing findings to Management.

**Information Systems**

11. Conduct annual external vulnerability assessments of the following subnets: 65.123.148.112/118 and 216.31.51.34/46. Provide a list of all hosts that are alive and any potential vulnerabilities associated with those hosts. Work with MFA staff to determine whether vulnerabilities are legitimate, requiring further action, or false positives.
12. Prepare Network Vulnerability Assessment reports to Management that assign an overall risk rating of Low, Medium, or High for the alive hosts discovered on the following subnets: 65.123.148.112/118 and 216.31.51.34/46, highlight significant changes since previous scan, and provide suggested measures to mitigate the vulnerabilities.
Conduct Employee Cyber Security Awareness Training on a periodic basis to include social engineering, social media, phishing attacks, e-mail security, and other cybersecurity threats.

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

**Other**

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

In addition, the following services **may** be provided under and incorporated into the contract to be awarded pursuant to this RFP:

Prepare the annual 990 income tax return for the New Mexico Affordable Housing Charitable Trust, a subsidiary of MFA, if other than a 990-N is required.

Conduct fraud, waste and/or abuse investigations in response to inquiries surrounding funds administered under federal programs.

Audit and cost verification of the projects completed under the Low-Income Housing Tax Credit program.

MFA may request consulting services to be performed in various areas as needed.

**Part IV: Evaluation Criteria**

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

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Point Range</th>
<th>Maximum Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Experience:</td>
<td>0-150</td>
<td>50</td>
</tr>
<tr>
<td>a. experience with internal audits of MFA or similar financial institutions, government entities, or mortgage servicers; experience with quality control reviews of FHA mortgage origination and servicing and HUD PBCA and ACC;</td>
<td>0-540</td>
<td></td>
</tr>
<tr>
<td>b. experience in auditing information systems departments and conducting network and application security vulnerability assessments;</td>
<td>0-15</td>
<td></td>
</tr>
<tr>
<td>c. extensive knowledge of accounting and auditing procedures and experience in providing risk assessments, internal audit and quality control services;</td>
<td>0-10</td>
<td></td>
</tr>
<tr>
<td>d. relevant staff experience, expertise and credentials;</td>
<td>0-5</td>
<td></td>
</tr>
<tr>
<td>e. familiarity with the MFA and its purpose.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Cost of Services</td>
<td>0-1520</td>
<td>1520</td>
</tr>
</tbody>
</table>
### 3. Capabilities:
- **f.** ability to develop an audit program and prepare detailed audit reports to the Board or Management;  
- **g.** knowledge of network and application security vulnerability tools; knowledge of FHA mortgage origination and servicing and HUD PBCA and ACC;  
- **h.** depth of available staff and ability to provide the hours required to perform internal audit services, quality control reviews and information systems support for the MFA, the ability to provide quick response to requests, and the ability to accommodate MFA’s scheduling needs;  
- **i.** references.

<table>
<thead>
<tr>
<th><strong>4. Firm Strengths</strong></th>
<th><strong>Maximum Points</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0-5</td>
</tr>
</tbody>
</table>

| **5** | 100 |

### Part V: Proposal Format and Instructions to Offeror

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

1. **Letter of Transmittal:**

   Include at least the following information:

   - **A.** Name, address and telephone number of Offeror and name of contact person.
   - **B.** A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.
   - **C.** Date of proposal.
   - **D.** A statement that the Offeror, if awarded the contract, will comply with the contract terms and conditions set forth in this RFP.
   - **E.** A statement that the Offeror’s proposal is valid for ninety (90) days after the deadline for submission of proposals.

### Minimum Qualifications and Requirements:

2. Provide proof of good standing as an auditing firm, as evidenced by a satisfactory External Quality Assessment or Peer Review.

3. Provide a copy of the Offeror’s license to do business in the State of New Mexico.

4. Proof of professional liability insurance of at least $1,000,000.

5. Provide the name(s) of the on-site manager(s) who will be responsible for conducting the work and supervising the staff of Offeror and the manager(s) certifications.
Experience and Capabilities:

7-6. An outline of professional experience and capability addressing in order each of the nine (a.-h.) evaluation criteria set forth under 1. and 3. of Part IV Evaluation Criteria.

8-7. Provide a narrative describing the Offeror’s approach to a risk-based audit, knowledge and experience conducting risk assessments, and the type of information provided in the report on the results of the risk assessment.

9-8. Names and resumes of the lead contact and other key personnel to be assigned to the account. Resumes describing the qualifications of personnel to be utilized in the performance of this contract must show, at a minimum, the person’s name, education, positions, and total years and types of experience relevant to the performance of the contract, information regarding the following certifications: Certified Public Accountant licensure, Certified Internal Auditor, Certified Government Auditing Professional, Certified Financial Services Auditor, Certified Information Systems Security Professional, Certified Information Systems Manager, Certified Information Systems Auditor, Global Information Assurance Certification.

10-9. Please provide at least three references from financial institutions, governmental entities, and/or mortgage servicers and at least one reference for whom information systems services has been provided. Insert Offeror’s name at the top of page 2 on Exhibit B and submit Exhibit B to required minimum references for completion. The reference must submit the completed Organizational Reference Questionnaire directly to MFA, not to the Offeror, by September 12, 2019 at 4:00 p.m. See Exhibit B for further instructions. The fillable form is available on MFA’s website.

Cost of Services:

11-10. Provide the cost of services on a per-hour basis. Provide a proposed estimate of the number of hours required to provide Services to be Performed set forth under Part III 1. through 12. above. Estimated costs and hours should be provided separately for 1) internal audit, 2) quality control reviews and 3) audit of completed Low Income Housing Tax Credit projects, and 3) network vulnerability assessment functions and information system services. Additionally, a per loan cost for quality control review of loan files may be provided.

Other Requirements:

12-11. Provide experience and capability to provide potential Services to be Performed set forth under Part III 13. and 14. above. Provide the cost of services on a per-hour basis and an estimate of the number of hours required to provide the IRS 990 Income Tax Return. Alternatively, provide a fixed rate for preparation of the IRS 990 Income Tax
Return. Provide the cost of services on a per-hour basis for fraud, waste, and/or abuse investigations of funds under federal programs.

13.12. A statement disclosing: (1) any political contribution or gift valued in excess of $250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.

14.13. Please describe any material, current or pending litigation, administrative proceeding(s) or investigation(s) and its impact on the reputation or financial viability of Offeror.

15.14. Please provide any other relevant information which will assist the MFA in evaluating Offeror’s ability to provide internal audit services, quality control reviews and information system services for the MFA.

16.15. Offeror shall warrant that Offeror has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under the contract.

17.16. MFA requires that Offeror be an Equal Opportunity Employer. Please state that Offeror complies fully with all government regulations regarding nondiscriminatory employment practices.

17. Offeror shall provide MFA with written certification that Offeror is eligible to participate in any and all federal or state funded housing programs; is not currently facing disciplinary action by any federal, state or local entity; is not suspended, debarred or excluded from participation in any federal or state funded housing program; and is not listed as an excluded party(ies) on the System for Award Management’s list of excluded parties accessed at www.sam.gov.

Firm Strengths:

1. Please provide any other relevant information which will assist the MFA in evaluating Offeror’s ability to provide Internal Audit services to MFA, including strengths and weaknesses.

Part VI: Principal Contract Terms and Conditions

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

Contract Term
The term of the Internal Audit Services Contract shall begin the date the MFA Board of Directors approves the award and end on the second-first anniversary date thereafter. At the
option of the Board, the contract may be extended for two one-year periods under the same terms and conditions. There may be a transition period for matters in process at the beginning and the end of the contract term.

**Hold Harmless and Indemnity Agreement**
Contractor shall hold harmless and indemnify MFA, its members, officers, employees, and agents from and against any and all claims, liabilities, obligations, losses and the like, asserted by any third parties arising from or attributable to Contractor’s performance of the services required under the contract. This indemnity and hold harmless agreement shall include reimbursement of all attorney fees, costs and expenses incurred by MFA, members, employees, or agents in defending any such action.

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

**Records and Audit**
Contractor shall maintain detailed time records which indicate the detail of services rendered, which shall be subject to inspection by MFA. MFA shall have the right to audit bills submitted to MFA under the contract both before and after payment. Payment under the contract shall not foreclose the right of MFA to recover excessive and/or illegal payments.

**Subcontractors**
Contractor shall not employ a subcontractor (or substantially change the contemplated division of responsibilities with a previously approved subcontractor) without the prior written approval of MFA. Any and all fees or costs incurred by a subcontractor shall be paid by Contractor and shall not be reimbursed by MFA. Contractor shall assume full and complete responsibility and liability for subcontractor’s performance of any services which Contractor has delegated to a subcontractor.

**Professional Liability Insurance**
Each Contractor shall maintain professional liability insurance covering all liabilities and risks inherent in Contractor’s performance of the services required under the contract. Each Contractor’s insurance policy must provide per claim and aggregate limits of at least one million dollars ($1,000,000.00), must provide for a per claim/aggregate deductible in an amount reasonable for a firm of Contractor’s size and financial condition, and must be in a form acceptable to MFA. Each Contractor must provide MFA with an acceptable certificate of insurance in force at the time of the inception of the contract and at each anniversary date, extension or renewal of the contract, which provides for not less than thirty (30) days’ notice to MFA of non-renewal or cancellation. Contractor shall immediately notify MFA in the event of any cancellations, modifications or changes in the amounts of coverage provided under such professional liability coverage. Failure to have, maintain and continue professional liability
coverage in the amount and form specified shall be cause for immediate termination of the contract and shall not require the notice provided for in Part VI Principal Contract Terms and Conditions, Termination of this RFP.

**Confidential Data**

Offerors may request in writing nondisclosure of confidential data. Such data shall accompany the proposal and shall be readily separable from the proposal to facilitate public inspection of non-confidential portions of the proposal. After award, all proposals and documents pertaining to the proposals will be open to the public. Confidential data is normally restricted to confidential financial information concerning the Offeror’s organization and data that qualifies as trade secrets under the Uniform Trade Secrets Act, Section 57-3A1 et seq. NMSA 1978.

If request for disclosure of data for which a request for confidentiality is made, MFA shall examine the request for confidentiality and make a written determination that specifies which portions of the proposal should be disclosed and will provide the Offeror with written notice of that determination. Unless the Offeror protests within ten (10) calendar days of the notice, the proposal will be so disclosed.

**Code of Conduct**

No MFA Board member or employee of MFA shall have any direct financial interest in any contract with the Offeror, nor shall any contract exist between Offeror or its affiliate with any MFA Board member or employee that might give rise to a claim of conflict of interest. Any violation of this provision will render void any contract between MFA and the Offeror for which MFA determines that a conflict of interest exists as herein described, unless that contract is approved by the MFA Board of Directors after full disclosure.

Offeror shall warrant that it has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under any contract entered into with MFA pursuant to this RFP. Offeror shall at all times conduct itself in a manner consistent with the MFA Code of Conduct and MFA’s Anti-Harassment Policy. A copy of the MFA Code of Conduct and MFA’s Anti-Harassment Policy is posted on the MFA web site for review at http://www.housingnm.org/rfp. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflict or potential conflicts of interest.

**Equal Opportunity Compliance**

Contractor agrees to abide by all federal and state laws, rules and regulations and executive orders pertaining to equal employment opportunity. Contractor agrees to assure that no person in the United States shall, on the grounds of race, color, religion, national origin, sex, sexual preference, age or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subject to discrimination under, any program or activity performed under the contracts.

**Termination**
This agreement may be terminated without cause by MFA upon thirty (30) days written notice. Such termination shall not nullify any obligations already incurred for performance or failure to perform before the date of termination. Upon termination, the MFA Board may negotiate and award the remaining term(s) of the contract using the proposals submitted in this RFP.

**Status of Contractor**
The Contractor and its agents and employees are independent contractors performing services for MFA and are not employees of MFA. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding or other benefits afforded to employees of MFA as a result of this RFP.

**Amendment**
The agreement shall not be altered, changed or amended except by an instrument in writing and executed by both parties. No amendment shall be effective or binding until approved by MFA.

**Scope of Agreement**
The agreement incorporates all the agreements, covenants and understandings between the parties concerning the subject matter of the agreement and all such covenants, agreements and understandings have been merged into the written agreement. No prior understanding or agreement, verbal or otherwise, of the parties or the agents, shall be valid or otherwise enforceable unless embodied in the agreement.

**Applicable Law**
The agreement shall be governed by the laws of the State of New Mexico.

**New Mexico Mortgage Finance Authority**

<table>
<thead>
<tr>
<th>Board Members</th>
<th>(Board Officers to be determined)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair, Angel Reyes – President, Centinel Bank in Taos</td>
<td>Dennis Burt – Burt &amp; Company CPAs</td>
</tr>
<tr>
<td>Vice Chair Angel Reyes – President, Centinel Bank in Taos</td>
<td>Steven Smith – President, R.O.G. Enterprises</td>
</tr>
<tr>
<td>Treasurer John A. Sanchez</td>
<td>Howie Morales – Lieutenant Governor, State of New Mexico</td>
</tr>
<tr>
<td>Member Randy McMillan - President, NAI First Valley Realty, Inc.</td>
<td>Member Derek Valdo - Chief Executive Officer, AMERIND Risk</td>
</tr>
<tr>
<td>Member Hector Balderas – Attorney General</td>
<td>Member Rebecca Wurzburger</td>
</tr>
</tbody>
</table>

**Management**
Jay Czar, Executive Director
Gina Hickman, Deputy Director of Finance & Administration
Izzy Hernandez, Deputy Director of Programs

**Staff Roster**
5.2 Internal Auditing Policy Statement

The Internal Audit function’s framework shall closely adhere to the Institute of Internal Auditors *Standards for the Professional Practice of Internal Auditing, Consulting Standards* issued by the American Institute of Certified Public Accountants or other relevant professional standards. Audit emphasis shall be placed on areas within MFA perceived to be of significant financial or operational risk to provide the greatest service to MFA. The Internal Audit’s function activities shall be conducted in a professional manner with a mission of performing quality audits that provide factual, comprehensive results and promote more effective operations throughout.

5.3 Internal Audit Statement of Purpose, Authority and Responsibility

A. **Purpose.** The function of the Internal Audit is to provide an independent appraisal activity within the organization as a service to Management and the Board of Directors through the Finance Committee. The Internal Auditor assists Management in managing risks effectively in order to sustain operations and achieve business objectives by evaluating, monitoring and reporting on:

1. The adequacy of accounting, financial and operating controls;
2. The efficiency and effectiveness of uses of the organization’s resources;
3. The reliability of information provided to Management;
4. Compliance with established bylaws, policies, procedures, governmental regulation, and program requirements;
5. The presence of or possibility of potential matters of business risk, fraud, theft, mismanagement and other similar irregularities; and
6. Management’s action with respect to correcting previously reported deficiencies.

B. **Authority.** The Internal Auditor has neither the responsibility nor authority for management of operating activities but is expected to maintain a sound working relationship with managers who do have such responsibility and authority. The working relations with departmental and other operating units should be directed toward a full understanding of the benefits of having Internal Auditor evaluations and consultation regarding:

1. Contemplated, as well as executed, business transactions, contracts and operating activities;
2. The adequacy, effectiveness and efficiency of existing controls, systems and procedures;
3. Contemplated changes or revisions to systems and procedures;
4. Organizational and structural changes; and
5. Status of compliance with established policies and procedures.

C. **Responsibility.** The aforementioned Internal Auditor evaluations and consultations are for the purpose of providing meaningful recommendations and information to Management, thereby maximizing the benefit of the Internal Audit function. In order to maintain its objectivity and independence, the Internal Audit function must not:

1. Take responsibility or authority for the implementation of such recommendations; or
2. Be performed by MFA’s current External Auditor.

### 5.4 Annual Internal Audit Planning Procedures

A. The purpose of this procedure is to provide guidelines for the preparation of the annual internal audit plan. The planning process shall be performed by Internal Audit with input from Management, the Finance Committee, and the Board of Directors. Proper planning will help to ensure that all major areas of known risk or other areas of concern are evaluated for audit coverage in the annual plan.

B. It is anticipated that events may occur during the year resulting in special requests by Management or the Board of Directors that the Internal Audit perform specific reviews or other procedures. Such requests may take priority over items on the annual audit plan.

C. MFA’s Compliance Officer will conduct annual enterprise risk management assessments and prepare a Report that:

1. Identifies the areas of risk and ranks the risk as low, medium or high; and
2. Identifies the reasons each area is considered to be at risk;

The Report will then be shared with Internal Audit to determine the audit approach or procedures to be conducted in order to address the risks identified. Internal Audit will then determine the number of hours required to conduct the internal audit of each area identified to be a risk. A proposed Internal Audit plan will be presented to the Finance Committee for review and approval.

D. Internal Audit will prepare a list of internal audits to be considered for the year. This proposed list shall be prepared considering the following:

1. The direction from the Finance Committee after review of the Risk Assessment Report;
2. New programs and/or functions;
3. Electronic data processing system changes or additions;
4. Strategic and emerging risks;

5. Prior audits completed and their results; and

6. Other information obtained during the current audit period.

E. The proposed audit plan will consider and take into account Management’s views regarding risk of the proposed audit areas, timing of the proposed audits, and additional areas that may warrant review in the upcoming year.

F. The proposed audit plan will be presented to the Finance Committee for its review and input. Once the Finance Committee has approved the proposed annual audit plan, it shall be presented to the Board of Directors along with the Risk Assessment Report for final approval.

G. Any changes made to the annual audit plan during the year shall be reported to, and approved by the Finance Committee and Board of Directors.

5.5 Procedures for Initiation of an Audit

A. The purpose of the following procedure is to provide general guidelines that will assist Internal Audit in the process of starting an audit project. MFA Management and staff should be informed of the nature and timing of audit activities.

B. Internal Audit will make every effort to facilitate audit work in a manner that will result in the least amount of disruption to personnel and/or functions audited.

C. Prior to the start of an audit segment, Internal Audit will contact the Compliance Officer and schedule an opening meeting with Policy Committee, the Controller and the manager responsible for the area under audit to communicate audit objectives. Internal Audit will also explain the extent to which assistance may be required and the types of information necessary to complete the audit.

D. If the anticipated start date of the audit is in conflict with planned activities or personnel schedules in the area to be audited, every effort should be made to reschedule the start date of the audit or the timing of audit procedures to be performed.

5.6 Issuance of Internal Audit Reports

A. This procedure provides a general description of the process by which audit reports will be issued. This process ensures that Management is aware of the information in the audit report prior to its presentation to the Finance Committee or the Board of Directors and allows for Management to provide responses to recommendations made in the report.

B. The results of the audit shall be discussed with Policy Committee, the Controller, and the manager or Employee primarily responsible for the area under audit upon completion of an audit segment. This step allows the manager or Employee to correct any misunderstandings by the internal auditor or erroneous information prior to finalizing the internal audit report.
C. A summary of findings and recommendations will be provided to Management. This summary communicates all findings whether reportable or not, to Management for their information.

D. Management will provide responses to findings and recommendations made and will also ensure that any findings are correctly stated. Internal Audit will work closely with Management to arrive at responses that are workable for Management but also address adequately the underlying concern.

E. A draft of the audit report shall be provided to Management prior to issuance of the final report. This step allows for Management input or comments on the report prior to presentation to the Finance Committee or the Board of Directors.

F. The final audit report shall be issued to Management and the Board of Directors through the Finance Committee.

G. Internal Audit will provide Management with a schedule of open items and their disposition. Internal Audit will update this schedule at least annually.

5.7 Internal Audit - Reporting to the Finance Committee and the Board of Directors

A. The purpose of this procedure is to define the nature and timing of internal audit reporting to the Finance Committee and the Board of Directors. Internal Audit must keep the Finance Committee and the Board of Directors informed of the results and the status of internal auditing activities.

B. Internal Audit shall provide a copy of all internal audit reports issued to the Finance Committee members at their monthly meeting as the reports are issued.

C. Internal Audit shall provide a status report of the internal auditing activities to the Finance Committee from time to time at their monthly meetings. This report will indicate the status of internal audits, which are in process or have been undertaken since the previous status report, and the status of hours incurred vs. budgeted hours.

D. Internal Audit shall provide an annual summary of internal auditing results and activities completed for each fiscal year, and an analysis of the completion of the Annual Audit Plan for that fiscal year. This report shall be presented to the Finance Committee and the Board of Directors at their monthly meetings immediately following the end of the contract.

E. Internal Audit shall have the freedom to contact the members of the Finance Committee or the Board of Directors should the need arise at times other than those noted above.

5.8 Internal Auditing Working Papers

A. The purpose of this procedure is to set a minimum standard for documenting internal audit work at MFA. Such standards are necessary to comply with The Standards for the Professional Practice of Internal Auditing, to minimize any legal exposure of MFA and the Board of
Directors, and to ensure that all audit reports are adequately supported by clear working papers as a basis for the conclusions stated in the audit report.

B. Each audit project shall have an individual set of working papers identified with the audit project title and date of completion.

C. An audit program will be prepared for each audit, which identifies the following:

1. Audit objective;
2. Scope of the audit; and

D. Audit procedures to be completed. Clear and concise working papers that adequately support the audit procedures shall be completed with due professional care, which support the conclusions reached, and that document analyses performed and information gathered. Each working paper shall also be:

1. Referenced in a logical manner;
2. Cross-referenced to agreeing or supporting papers; and
3. Initialed and dated by the preparer.

E. All relevant correspondence pertaining to the audit shall be included in the working papers. If meetings are held to discuss the audit procedures or gather information, notations shall be made in the working papers as to the time and place of the meeting, the persons attending, and the items discussed.

Completed working papers shall be kept by Internal Audit. If appropriate, copies may be made for Management, external auditors, legal counsel, or third parties.
The New Mexico Mortgage Finance Authority, as part of the RFP process, requires Offerors to submit at least three references from financial institutions, governmental entities, and/or mortgage servicers and at least one reference for whom information systems services has been provided as required within this document. The purpose of these references is to document Offeror’s experience relevant to the scope of work in an effort to establish Offeror’s responsibility.

Offeror is required to send the following reference form to each business reference listed. The business reference, in turn, is requested to submit the Reference Form directly to: Robyn Powell, Compliance Officer, MFA 344 4th Street SW, Albuquerque, NM 87102 or fax (505) 243-3289 or rpowell@housingnm.org by **September 12, 2019 at 4:00 p.m.** for inclusion in the evaluation process. The form and information provided will become a part of the submitted proposal. Business references provided may be contacted for validation of content provided therein.
INTERNAL AUDIT SERVICES RFP

ORGANIZATIONAL REFERENCE QUESTIONNAIRE FOR:

**OFFEROR’S NAME:**

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

- **Name:** Robyn Powell
- **Address:** 344 4th St. SW
  Albuquerque, NM  87102
- **Telephone:** (505) 767-2253
- **E-mail:** rpowell@housingnm.org

No later than **September 12, 2019 4:00 p.m.**, and must **NOT** be returned to the company requesting the reference.

For questions or concerns regarding this form, please utilize the contact above.

<table>
<thead>
<tr>
<th>Company providing reference:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact name and title/position:</td>
<td></td>
</tr>
<tr>
<td>Contact telephone number:</td>
<td></td>
</tr>
<tr>
<td>Contact e-mail address:</td>
<td></td>
</tr>
<tr>
<td>Description of services provided:</td>
<td></td>
</tr>
<tr>
<td>Dates services provided (starting and ending):</td>
<td></td>
</tr>
<tr>
<td>Total Revenues:</td>
<td>$</td>
</tr>
<tr>
<td>Total Assets:</td>
<td>$</td>
</tr>
</tbody>
</table>

1. How would you rate the timeliness of the audit work conducted and the reports provided?  
   ____ (3=Excellent  2=Satisfactory  1=Unsatisfactory  0=Unacceptable)  
   COMMENTS:

2. How would you rate how the work was planned and executed?  
   ____ (3=Excellent  2=Satisfactory  1=Unsatisfactory  0=Unacceptable)  
   COMMENTS:

3. How would you rate the knowledge and technical expertise demonstrated?  
   ____ (3=Excellent  2=Satisfactory  1=Unsatisfactory  0=Unacceptable)
4. How would you rate the value added to your organization through the Offeror’s recommendations?
   ____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)
   COMMENTS:

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

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

7. Would you recommend this Offeror’s services?
   COMMENTS:
New Mexico Mortgage Finance Authority Loan Servicing and Administration Quality Control Oversight and Compliance Plan for FHA Insured Mortgages

The New Mexico Mortgage Finance Authority (MFA) is an approved Title I and Title II - Federal Housing Administration (FHA) Mortgagee. MFA has developed, implemented and maintains a Quality Control Program to ensure compliance with FHA’s Single Family Housing Policy Handbook (SF Handbook 4000.1) and MFA’s Policy and Procedure Manual for Loan Administration of FHA insured mortgages. This Quality Control Oversight and Compliance Plan sets forth MFA’s procedure for ensuring quality control.

QUALITY CONTROL OVERSIGHT AND COMPLIANCE OVERVIEW

The purpose of this plan is to:

• Ensure compliance with FHA and MFA policy and guidelines related to FHA Loan Administration;
• Protect FHA and MFA from unacceptable risk;
• Guard against errors, omissions, negligence and fraud from those involved in MFA’s Servicing and Loan Administration;
• Determine the root cause of any deficiencies and identify potential internal and/or external control weaknesses;
• Alert MFA management to patterns of deficiencies with respect to mortgage process and personnel;
• Ensure timely and appropriate corrective action;
• Ensure the existence of required documentation that is the basis of servicing decisions;
• Ensure Mortgages are secured by properties with values sufficient to support the Mortgage; and
• Ensure compliance with fair lending laws, including the Fair Housing Act and the Equal Credit Opportunity Act (ECOA)

STANDARD

MFA has adopted and implemented the Quality Control (“QC”) Program, the Quality Control Oversight and Compliance Plan (“the Plan”) and MFA’s Policy and Procedure Manual to ensure it is fully compliant with all applicable FHA requirements at all times. MFA established the Plan based on the requirements set forth in the FHA Single Family Housing Policy Handbook 4000.1 and MFA’s policies and procedures which are designed to follow these guidelines. The Plan covers the lifecycle of an FHA insured Mortgage to include

origination*, underwriting*, closing*, endorsement* and servicing functions that are conducted by MFA and/or MFA’s contracted service provider (Sub-Servicer).

*MFA does not originate FHA insured mortgages; therefore, the origination, underwriting, closing and endorsement requirements are not applicable in this Quality Control Plan.

REQUIRED DOCUMENTATION

MFA must document the existence of its QC Program and evidence of its implementation, including written procedures, QC reports and corrective action plans.

• MFA must retain all QC review results, including all selection criteria, review documentation, finding and actions taken to mitigate finding for a period of two (2) years from the initial QC review or from the last action taken to mitigate findings, whichever is later.
• MFA must make all documentation relating to its QC Program available to FHA at any time upon request.

SITE REVIEW
MFA does not originate single-family FHA loans. MFA performs servicing of FHA loans in its home office location and there are no branch locations. Quality Control audits and reviews will be performed at MFA’s office location at 344 Fourth St. S.W., Albuquerque, NM 87102.

AUDIT SCOPES/SAMPLE SIZE

MFA’s quality control review of servicing activities is an ongoing function. MFA services fewer than 3,500 loans in its active FHA servicing portfolio and is subject to 10 percent of the FHA insured sampling for each area of servicing. Loans are selected on a random basis with all loans having equal chance of being selected for testing. Loans processed by the entire servicing staff, including supervisors and managers, are subject to review. Sampling for servicing reviews will be focused on specific aspects of servicing rather than against the entire portfolio. The Quality Control review team must document the total population of FHA loans and how the sample size and selections are determined for each area of servicing reviewed.

Sample Composition Standards – select FHA-insured Mortgages for review via random, Early Payment Defaults (“EPD”), and discretionary sample selection methods that meet FHA standards.

Random

FHA requires MFA select FHA-insured Mortgages through the use of statistical sampling such that each of the Mortgagee’s FHA-insured Mortgages has an equal chance of being selected. The random sample must be drawn from all of the Mortgagee’s FHA-insured Mortgages, regardless of origination source or program type.

Early Payment Defaults

(1) Definition

Early Payment Defaults are all Mortgages that become 60 Days delinquent within the first six payments.

(2) Standard

MFA must review all EPDs underwritten by the Mortgagee, regardless of which Mortgagee services the Mortgage. Mortgagees may use Neighborhood Watch to assist with identifying EPDs.

Discretionary

MFA must focus discretionary samples on programs, participants, or sources that represent a high level of risk, which may include disproportionate loan volume, default rates, new relationships, or concentration in soft market areas.

Required Documentation

The QC Review Team must document how the sample size and selections were determined.

QUALITY CONTROL REPORTS

Quality Control review findings must be reported to management within thirty (30) days of completion of the initial finding report. The Quality Control reports allow Management to assess risk and address the severity of any deficiencies identified. In the event issues identified during the review period were material violations of FHA or MFA requirements and represent an unacceptable level of risk, MFA’s Quality Control review team will advise MFA Management to report these loans in writing within sixty (60) days, to the Quality Assurance Division of the Denver Homeownership Center, and to provide MFA’s Quality Control review team with a copy of the correspondence. Management must take prompt action to deal appropriately with any material findings. Quality Control reports are issued monthly or quarterly as required by FHA.

Response to Quality Control Reports
The final Quality Control report will include MFA’s Management response. The final report or an addendum must identify corrective action taken, the timetable for completion and any planned follow up activities.

Audit Scope Expansion

Audit scopes will be increased on a representative sampling of loans when fraud or patterns of deficiencies, which are considered to be significant, affect the servicing of loans identified.

Recordkeeping

The work-papers used by MFA’s Quality Control review team give a detailed report of all findings noted by the Quality Control review team and these work-papers are used for reporting purposes. Copies of these work-papers and Quality Control reports will be retained for a two (2) year period.

QUALITY CONTROL PROGRAM REQUIREMENTS

MFA may use employees or contractors to perform QC functions in accordance with the following requirements.

Employees – MFA must ensure that if employees perform QC Program functions that they are at all times independent of all Loan Administration processes and do not directly perform or participate in any of the Loan Administration processes represented in the QC Plan. In addition, MFA must ensure QC employees are not within any chain of reporting or management that is directly connected to Loan Administration staff.

Contractors – MFA may contract with outside vendors to perform MFA’s QC functions if:

- MFA assumes full responsibility for the contractor’s conduct of QC reviews in compliance with FHA requirements;
- MFA and the contractor have a valid contractual agreement in place that specifies the roles and responsibilities of each party; and
- MFA acknowledges that the existence of such contract for the provision of QC services does not satisfy MFA’s obligation to have a written QC Plan that fully complies with FHA requirements.

MFA engages an outside auditor to perform the Quality Control function and has a contract in place that includes the Quality Control function (Quality Control review team). The contract identifies the roles and responsibilities of each party and mandates compliance with HUD requirements. Quality Control engagements are scheduled at the beginning of each engagement year. The contract is available for review by HUD staff.

Operational Compliance

Personnel

- Training
  - Loan Administration and Quality Control Processes – MFA must provide training to all staff involved in FHA Loan Administration and QC processes to ensure that staff knows all current FHA requirements for the FHA Loan Administration practices for which MFA is responsible.
  - MFA must maintain a list of all training provided to staff.
  - MFA must include a summary of the content covered for each staff's training.

- Access to FHA Guidance – MFA must provide all Loan Administration and QC staff with access to current FHA guidance including Handbooks, Mortgage Letters (ML), Frequently Asked Questions (FAQ) and other guidance issued by FHA. MFA must confirm that all Loan Administration and QC staff has access to the Internet or to hard copies of current FHA guidance.

Restricted Participation

MFA must confirm it verified through each of the following systems, that the designated employees and/or affiliates listed below were permitted to participate in FHA programs. If any of the designated employees and/or Affiliates are found to be
ineligible, they are restricted from participating in FHA programs. Checks to verify employee eligibility must be conducted at least semiannually.

- Excluded Parties List – MFA must verify employee eligibility for all officers, partners, directors, principals, managers, supervisors, loan processors, loan underwriters, loan originators, and all other employees and Affiliates participating in U.S. Department of Housing and Urban Development (HUD) programs for or on behalf of MFA using the System for Award Management (SAM) Excluded Parties List.

- Limited Denial of Participation – MFA must verify employee eligibility for all officers, partners, directors, principals, managers, supervisors, loan processors, loan underwriters, loan originators, and all other employees and Affiliates participating in U.S. Department of Housing and Urban Development (HUD) programs for or on behalf of MFA using the Limited Denial of Participation (LDP) list.

- National Mortgage Licensing System and Registry – MFA must verify that all employees and Affiliates participating in HUD programs for or on behalf of MFA are registered with the National Mortgage Licensing System and Registry (NMLS), unless excluded from NMLS requirements by law or regulation. (not applicable)

MFA employees involved in origination, processing, underwriting or servicing will be checked upon hire and semiannually in March and September to determine that they are not currently under debarment, suspension or subject to a limited denial of participation (LDP) or otherwise restricted from HUD programs. MFA must maintain copies of each employee’s eligibility verification print outs.

AFFILIATE QUALITY CONTROL REVIEWS

MFA must perform QC reviews of its Affiliates in the same manner and under the same conditions as required for the MFA’s operations. At a minimum, Affiliate monitoring must include a periodic (semiannual at a minimum) re-verification of the Affiliate’s compliance with all applicable laws related to licensing, qualification, eligibility or approval to originate or sub-service mortgages.

MFA must document the methodology used to review Affiliates, the results of each review and any corrective actions taken as a result of review findings. The procedures used to review and monitor MFA’s affiliates must be included in MFA’s QC Plan.

At the present time the MFA does not act as a Sponsor/Agent for other companies. MFA’s FHA Single Family Program Loans are originated, approved, and closed by MFA approved lenders, who are approved by FHA to perform these functions. The loans are tested for compliance with FHA origination and servicing requirements by the lender.

FAIR HOUSING AND LENDING

MFA must verify that its operations comply with applicable state and federal fair lending laws, including the following:

- Fair Housing Act (42 U.S.C. §3601 et seq.)
- ECOA (15 U.S.C. § 1691 et seq.)

Loans will be reviewed for compliance with fair lending laws, including the Fair Housing Act, the Equal Credit Opportunity Act and Federal Truth in Lending Act.

In the event of possible violations or incidences of discrimination are detected, MFA’s Quality Control team will report the violations to MFA Management with a request that the violations and supporting documentation be reported to the Office of Fair Housing and Equal Opportunity (FHEO) immediately.

Disproportionate aggressiveness or forbearance in foreclosure along racial or ethnic lines may evidence illegal discrimination.

Fair Housing Poster and Equal Housing Opportunity Logo – MFA must ensure that a fair housing poster is prominently displayed in MFA’s home office and any branch offices that deal with borrowers and the general public.
MFA must ensure that the equal housing opportunity logo is prominently displayed on all documents, including both hard copy and electronic documents, distributed by MFA to the public.

MFA must be able to demonstrate that all documents distributed to the public contain the equal housing opportunity logo.

Fair Housing or Discrimination Violations – MFA must report potential fair housing violations or instances of discrimination to HUD’s Office of Fair Housing and Equal Opportunity (FHEO) immediately.

MFA may report fair housing violations and complaints using the HUD Form 903 Online Complaint, or by contacting HUD’s local FHEO Regional Office or by calling the Fair Housing Complaint Hotline at 1-800-669-9777.

REPORTING FRAUD AND ABUSE

Findings of fraud or other serious violations must be immediately referred, in writing (along with any available supporting documentation) to the Director of the Quality Assurance Division in the HUD Denver Homeownership Center. If HUD staff is suspected of involvement, refer to the Office of Inspector General at 451 7th Street, SW, Room 8256, Washington, DC 20410.

Findings of fraud or other serious violations discovered by MFA employees, during the normal course of business and/or by the Quality Control review team during review of FHA loans must be reported to HUD within 60 days of the initial discovery.

NOTE: At the present time MFA does not originate or sell servicing of FHA loans. However, in the event that servicing would be sold, purchasers of HUD/FHA insured mortgages would be advised of any loan(s) subject to a HUD audit or investigation.

SERVICING LOAN FILE COMPLIANCE REVIEW AND OBJECTIVE

The primary objective of MFA’s Quality Control Plan for Loan Servicing is to ensure MFA’s Servicing operations related to FHA insured mortgages are in compliance with HUD regulations, Handbook 4000.1 (as revised), Mortgagee Letters and instructions for the submission of claims. This is accomplished through completion of periodic Quality Control reviews and testing of all aspects of MFA’s Servicing operations related to FHA insured mortgages as required by HUD. Additionally, the Quality Control review team must make certain through observation and testing if MFA’s Servicing staff is aware of FHA servicing requirements.

The areas listed below must be reviewed to ensure MFA complies with all laws, rules and requirements applicable to mortgage servicing, including full compliance with the applicable requirements under the purview of the Consumer Financial Protection Bureau (CFPB), including the Real Estate Settlement Procedures Act (RESPA) and the Truth in Lending Act (TILA). FHA requirements that are more stringent or restrictive than those provided for in applicable law are set forth in the SF Handbook 4000.1 and MFA must comply with these requirements.

MFA must ensure review of all aspects of its servicing operations, including a review of subserviced mortgages and activities as they relate to FHA-insured Mortgages to guarantee that all FHA servicing and loss mitigation requirements are being met. At a minimum, MFA must include the elements in the QC review to ensure they meet the requirements outlined in the Servicing and Loss Mitigation and Claims and Dispositions sections of the SF Handbook 4000.1.

COMPLIANCE TESTING FOR RESPA – Monthly/Review

Compliance with the Real Estate Settlement Procedures Act will be tested during all applicable testing of loan servicing areas that are required to adhere to Regulation X (Escrows, Transfer of Servicing, (Welcome letters)).

MAINTENANCE OF RECORDS - Quarterly Review

The monthly FHA loan originations and existing FHA loan portfolio will be tested to ascertain that the file contains all of the necessary credit, legal, and disclosure documents.

NOTE: Currently, MFA is not boarding new FHA loans.
The FHA loans set-up on the servicing system are tested to ascertain the accuracy of the Mortgage Insurance Certificate.

Ascertain that scanned, microfilmed or original documents, that are required to be retained, are legible and are being retained for a minimum of the life of the loan plus seven (7) years after the transfer or sale of the mortgage or termination of the mortgage insurance.

For cases for which a claim is filed, seven (7) years after the final claim or latest supplemental claim settlement date.

ERROR RESOLUTION PROCESS AND REQUEST FOR INFORMATION – Review Quarterly

- Ensure compliance with MFA’s Information Request and Error Resolution Process

CUSTOMER SERVICE – Review Quarterly

- Customer Service inquiries.
  - Ensure requests from MFA borrowers concerning their mortgage accounts are responded to promptly.
  - Ensure complaints are properly and effectively handled.

- Random selection will be made quarterly from FHA loan comments and mail received in the Servicing Department. Follow-up is made to determine if the mortgagor’s request for information was processed promptly.

ESCALATION – Review Quarterly

- Ensure compliance with MFA’s Escalation process.

FEES AND CHARGES – Review Quarterly

- Assure that fees and charges imposed on the mortgagor are permitted and do not exceed the amount allowed by HUD/FHA.
  - The review includes, but is not limited to, the late charge fee, preservation and protection fee, appraisal costs, modification fees, foreclosure costs and acquiring the property.

NEW LOANS, SERVICING TRANSFERS, ACQUISITIONS – Review Quarterly

- Transfer of servicing requirements
- Set-up of Loan Servicing Records

Loans will be tested to determine that they were set-up on the Loan Servicing system in a timely manner, and that all records necessary to service the loan have been activated on the system.

- The monthly FHA origination population will be selected and tested to ascertain the degree to which the originator provided the borrower with the disclosure required by the Real Estate Settlement Procedures Act and HUD’s Regulation X (24C.F.R., Part 3500.21), advising the borrower that the servicing of their loan was being transferred to MFA.

- The FHA loans purchased by MFA will be selected and tested on a quarterly basis to ascertain the degree to which the Fund complied with the Real Estate Settlement Procedures Act and HUD’s Regulation X (24C.F.R., Part 3500.21), advising the borrower that the servicing of their loan has been transferred to the MFA.

MORTGAGE RECORD CHANGES – Review Quarterly

- MFA has not sold servicing to other lenders. In the event this policy changes, MFA’s Quality Control review team will perform a test to determine that the Mortgage Record Change was completed properly and timely (within 15 days of the effective transfer date).
• Mortgage Record Change and Mortgage Record Termination:
  o Loans will be tested to determine that the mortgage holder and servicer are accurately reflected on HUD’s system.
  o Loans will be tested to determine that HUD was notified, within 15 days from the date of pay-off, to terminate the mortgage record.

ESCROW FUNDS – Review Quarterly

Ascertain that escrow funds received from borrowers were used only for the purpose for which they were received and are in compliance with all Consumer Financial Protection bureau (CFPB) escrow requirements.

• The monthly FHA origination population will be tested to ascertain the degree to which the amount of funds received to set-up escrow accounts are accurate and if the escrow lines were set-up correctly on the servicing system.

• The FHA loans reported on the servicing system will be tested to ascertain the degree to which escrow items are being paid accurately and timely, bills are requested and obtained, annual escrow analysis, if surplus funds were returned to the borrower or if shortages are promptly reported to the borrower.

• The FHA loans reported on the servicing system will be tested to ascertain whether or not the mortgagor’s escrow accounts are commingled with the MFA’s operating accounts.

FORCED PLACED INSURANCE – Review Quarterly

• Ensure compliance with MFA’s Forced-Placed Insurance policy which complies with 2013 RESPA Final Rule

PAID-IN-FULL MORTGAGES – Review Quarterly

• Loans will be reviewed to determine that the release was mailed to the customer within the required time frame, surplus escrow funds were returned to mortgagors, unearned UFMIP were returned to mortgagors, and FHA was notified of the pay-off.

PREPAYMENT PENALTIES – Review Quarterly

• At the present time MFA does not service loans that have prepayment penalties. Prepayment penalties are prohibited by NM state law.

MORTGAGE INSURANCE PREMIUMS – Review Quarterly

MFA must verify that:

• FHA Mortgage Insurance Premiums (MIP) were remitted to FHA within the required time period or if not, that the remittance included late charges and interest penalties.

MFA must address any pattern of late submissions and promptly take corrective measures. MFA must retain the results of each review and any corrective actions taken as a result of review finding.

SERVICING DELINQUENT ACCOUNTS – Review Monthly

Due to the importance of this aspect of servicing, MFA’s Quality Control review team will perform monthly reviews of delinquent loan servicing, claims and foreclosures.

• Loss Mitigation efforts
  o Ensure all appropriate Loss Mitigation tools have been considered and documented.
  o Ensure every effort was made by MFA to provide assistance to mortgagor to remedy the delinquency.
• Ensure accurate and timely submission of required reporting under the Single Family Default Monitoring System (SFDMS).

• Delinquent Loan Servicing:
  o Ensure MFA is performing effective collection activities in a timely fashion.
  o Ensure MFA is accurately documenting the loan record with all collection efforts.
  o Ensure MFA is performing or attempting to perform face-to-face interviews or telephone contact with the mortgagor(s) before three full mortgage installments become delinquent.
  o Ensure MFA borrower’s payment information is reported regularly to the appropriate Credit Bureaus.
  o Review loan records to ensure that property inspections to protect and preserve the property are performed in accordance with HUD requirements.

CLAIMS AND CLAIMS WITHOUT CONVEYANCE OF TITLE – Review Monthly

• Ensure MFA has sufficient control to ensure that claims for insurance benefits are accurately prepared, calculated, documented and submitted in a timely manner to HUD. All fees must comply with the reasonable and customary fee specified by the Denver HUD Homeownership Center.

FORECLOSURE PROCESSING – Review monthly

• Ensure MFA has initiated and completed foreclosure proceedings in a timely manner and in compliance with HUD requirements.

DEFICIENCY JUDGMENTS – Not Applicable

• If a foreclosure occurs after the Borrower unsuccessfully participated in the Pre-foreclosure Sale process in good faith, neither the MFA nor HUD will pursue the Borrower for a deficiency Judgment.
• At the present time it is not the policy of MFA to pursue deficiency judgments based on HUD regulations.

ARM ADJUSTMENTS AND DISCLOSURES – Not Applicable

• At the present time MFA does not service adjustable rate loans, however this item would be tested in the event we opted to service adjustable rate loans.

ASSUMPTION PROCESSING – Review Quarterly

• The loans will be reviewed to determine that the loans were properly underwritten and that the Mortgage Record Change (identifying the assumptor’s name and social security number) was promptly reported to HUD.
• Determine whether the MFA is ensuring that none of the participants in an assumption (excluding the seller of a principal residence) has been debarred or suspended, or is under an LDP for the program and jurisdiction. There also must be procedures to determine if the mortgage assumptor is ineligible due to a delinquent federal debt.

MFA does not process FHA assumptions; however, this item would be tested in the event MFA experienced an FHA assumption.

DISASTER MORATORIUM – Review Quarterly

Loans will be tested to determine that disaster moratorium requirements were met.

SECTION 235 RE-CERTIFICATIONS – Review Quarterly

At the present time MFA does not service Section 235 loans; however this item would be tested in the event we service Section 235 loans. QUALITY CONTROL REVIEWS OF SPECIALIZED MORTGAGE PROGRAMS
QC reviews of specialized mortgage programs (e.g., 203(k), Home Equity Conversion Mortgages (HECM), Energy Efficient Mortgages (EEM), etc.) must monitor compliance with FHA requirements specific to those programs.

HECM DISBURSEMENT REPORTING - Review Quarterly

- At the present time MFA does not service HECM loans, however, this item would be tested in the event we opted to service HECM loans.
MFA Work Plan

New Mexico Mortgage Finance Authority (MFA) has developed a Work Plan (Plan) to address the requirements of the Annual Contributions Contract (ACC) for Performance-Based Section 8 Contract Administration (PBCA.) The Plan follows the ACC amendment, Amendment of Term, Incentive-Based Performance Standards (IBPS), and Fees (First Amendment) effective October 1, 2011. The First Amendment condensed 16 IBPS tasks to six:

- IBPS Task #3: Processing rental adjustments
- IBPS Task #6: Review, verify, and authorize monthly Section 8 vouchers
- IBPS Task #9: Life-threatening health and safety issues
- IBPS Task #10: Non-life-threatening health and safety issues
- IBPS Task #14: Renewal of expiring Housing Assistance Payment (HAP) contracts
- IBPS Task #15: General reporting requirements

The Plan also follows the ACC Amendment, Fourth Amendment of Term, Incentive-Based Performance Standards Tasks, and Fees (Fourth Amendment) effective May 1, 2016. The Fourth Amendment increased the IBPS tasks to seven by adding the following:

**IBPS Task #1: Management and occupancy reviews**

The Plan is intended to ensure adherence to the terms of the ACC. The Plan will also ensure IBPS task performance requirements are achieved, work to prevent potential fraud, waste and abuse of funds, and work to identify and prevent conflicts of interest. The Plan is comprised of six (6) sections:

- Section 1: MFA/PBCA Staff .................. 3
- Section 2: Work Plan Narrative ....... 6
- Section 3: Workflow Chart .............. 23
- Section 4: Quality Control Narrative ...... 30
- Section 5: Quality Control Review Chart .31
- Section 6: Exhibits ......................... 41

The Plan is a living document and will be modified based on changes to the ACC and to accommodate all IBPS Task performance requirements under the ACC. MFA reserves the right to update the Plan due to regulatory or programmatic changes or operational changes within the organization.

Major modification resulting in substantial change or alteration involving the performance of IBPS Tasks will be provided to the U.S. Department of Housing and Urban Development.
(HUD) for pre-approval before the Plan is finalized and implemented. The Plan is effective November 21, 2017 through September 30, 2018. It will remain in effect until further notice.

SECTION 1  MFA/ PBCA STAFF

The administration of the ACC is under the authority of MFA’s Programs Division and specifically the asset management department. In addition, the accounting and information technology departments provide support services to asset management. Provided herein is a list of staff members who are part of the PBCA team. Those identified direct and oversee staff, perform individual IBPS tasks and provide support services:

Isidoro “Izzy” Hernandez, Deputy Director of Programs – Izzy has 26 years of affordable housing experience. He has worked at MFA in various capacities and has been with the MFA for 26 years.
- Oversees the asset management, community development and housing development departments.
- Oversees programs and policy.

Angelina Martinez, Housing Programs Analyst – Angelina has 12 years of multifamily housing experience, 5 years of project-based Section 8 housing experience and has been with MFA 3 years.
- Responsible for the completion of IBPS #1, Management and Occupancy Reviews.
- Assists with the QC plan.
- Performs backup for IBPS #9: Life-threatening health and safety issues and IBPS #10: Non-life-threatening health and safety issues.

Amanda Mottershead Aragon, Assistant Director – Amanda has 11 years of project-based Section 8 housing experience, 15 years of multifamily housing experience and has been with MFA for 2 years.
- Responsible for the completion of IBPS #1: MORs.
- Secondary review of IBPS #15: General reporting requirements.
- Assists with the QC plan.
- Perform backup for IBPS #9: Life-threatening health and safety issues and IBPS #10: Non-life-threatening health and safety issues.
- Perform backup for the completion of IBPS #3: Processing rental adjustments.
- Perform backup for IBPS #14: Renewal of expiring Section 8 contracts.

Carmela Arellano, Program Coordinator – Carmela has 12 years of experience in contract administration and multifamily housing experience and has been with MFA for 10 years.
- Responsible for the completion of IBPS #6: Review, verify and authorize monthly Section 8 vouchers and Tenant Rental Certification System (TRACS.)
- Primarily responsible for IBPS #9: Life-threatening health and safety issues.
- Primarily responsible for IBPS #10: Non-life-threatening health and safety issues.
- Assists with the quality control (QC) plan.
- Responsible for the secondary review of IBPS #15: General reporting requirements.
Carol Salazar, Housing Programs Specialist II- Carol has 26 years of experience in multifamily housing, 13 years of experience in contract administration and has been with MFA for 11 years.

- Responsible for the completion of IBPS #6: Review, Verify and authorize monthly Section 8 vouchers and TRACS.
- Primarily responsible for IBPS #15: General reporting requirements.
- Back-up for IBPS #9: Life-threatening health and safety issues and #10: Non-life-threatening health and safety issues.

Christine Wheelock, Housing Programs Analyst – Christine has 33 years of multifamily housing experience, and has been with MFA for 2 years.

- Responsible for the completion of IBPS #1: MORs.
- Assists with the QC plan.
- Perform backup for IBPS #9: Life-threatening health and safety issues and IBPS #10: Non-life-threatening health and safety issues.

Janice Shije, Housing Programs Analyst – Janice has 20 years of multifamily housing experience, and began with MFA in February 2018.

- Responsible for the completion of IBPS #1: MORs.
- Assists with the QC plan.
- Perform backup for IBPS #9: Life-threatening health and safety issues and IBPS #10: Non-life-threatening health and safety issues.

Kathy Griego, Housing Programs Analyst – Kathy has 32 years of multifamily housing experience, 13 years of experience in contract administration and has been with MFA 13 years.

- Responsible for the completion of IBPS #1: Management and occupancy reviews (MORs.)
- Assists with the QC plan.
- Performs backup for IBPS #9: Life-threatening health and safety issues and IBPS #10: Non-life-threatening health and safety issues.

Patrick Ortiz, Director of Asset Management – Patrick has 23 years of multifamily housing experience and has been with MFA 16 years. During those years he has been involved with the contract administration and either performed or was responsible in some capacity with all the tasks.

- Responsible for ensuring timely submission of IBPS #15: General reporting requirements.
- Supervises all members of the asset management department, who perform the bulk of IBPS Tasks.
- Administers the PBCA QC plan.
- Responsible for the completion of IBPS #3: Processing rental adjustments.
- Responsible for IBPS #14: Renewal of expiring Section 8 contracts.
- Responsible for the completion of IBPS #1: MORs.
- Perform backup for IBPS #9: Life-threatening health and safety issues and IBPS #10: Non-life-threatening health and safety issues.
Samantha Vigil, Housing Programs Analyst – Samantha has 7 years of multifamily housing experience and has been with MFA for 2 years.
- Responsible for the completion of IBPS #1: MORs
- Assists with the QC plan.
- Performs backup for IBPS #9: Life-threatening health and safety issues and IBPS #10: Non-life-threatening health and safety issues.

Jeannette Martinez, Senior Accountant – Jeannette has 12 years of accounting experience and has been with MFA for 19 years.
- Responsible for reconciling the bank accounts and ensuring accounting is proper for the PBCA Section 8 program.
- Ensures that MFA submits unaudited financial statements to HUD within 60 days following fiscal year end.
- Ensures that MFA submits audited financial statements to HUD within nine months following fiscal year end.

Laura Thompson, Accountant – Laura has 23 years of accounting experience and has been with MFA 18 years.
- Receives Section 8 payment e-mails from HUD.
- Pulls LOCCS report on payments and information from the Section 8 database.
- Compares LOCCS to Section 8 database report.
- Authorizes payment to coincide with LOCCS specifications.
- Informs accounting specialist to disburse payments by ACH, as required by IBPS #6: Review, verify, and authorize monthly Section 8 vouchers.

Yvonne Reed, Accounting Specialist – Yvonne R. has 21 years accounting experience and has been with MFA 6 years.
- Responsible for all cash flowing through MFA.
- Responsible for reviewing and verifying the authorization of payment to owners, as well as disbursement of payments, as required by IBPS #6, Review, Verify and Authorize Monthly Section 8 Vouchers.

Yvonne Segovia, Controller – Yvonne S. has 35 years of accounting experience and has been with MFA 21 years.
- Responsible for producing financial statements.
- Ensures that an independent public accountant conducts an annual MFA audit.
- Ensures the completion by staff and accounts of IBPS #6: Review, verify, and authorize monthly Section 8 vouchers.

Dana Gohr, Database Programmer – Dana has 19 years of experience in information technology and has been with MFA 14 years.
- MFA’s coordinator for HUD Secure Systems, Manages MFA’s ACC software, housing development software and asset management’s custom Section 8 database.

Joseph Navarrete, Chief Information Officer – Joseph has 23 years of computer science and information systems experience and has been with MFA 3 years.
Administrative coordinator for HUD systems: TRACS, Integrated Real Estate Management Systems (iREMS), Line of Credit Control Systems (eLOCCs), Tenant Assessment Subsystem (TASS), Physical Assessment Subsystem (PASS) and Enterprise Income Verification (EIV.)

SECTION 2 – WORK PLAN NARRATIVE

The Plan is organized by IBPS task number. The documents and forms associated with each task currently in use are provided in SECTION 6, Exhibits.

IBPS Task #1  MORS.................................................................  7
IBPS Task #3  Processing rental adjustments................................. 10
IBPS Task #6  Review, verify, and authorize monthly Section 8 vouchers.....15
IBPS Task #9  Life-threatening health and safety issues........................ 18
IBPS Task #10 Non-life-threatening health and safety issues................. 18
IBPS Task #14 Renewal of expiring HAP contracts.............................. 19
IBPS Task #15 General reporting requirements................................. 21

Performing Management & Occupancy Reviews IBPS Task #1

GENERAL POLICY
MFA will conduct a comprehensive assessment of the owner/management agent’s procedures for directing and overseeing project operations, and the adequacy of the procedures for carrying out day-to-day, front-line activities. The review will identify areas of non-compliance with HUD regulations and other requirements. Each MOR will be conducted annually or as determined by HUD requirements, guidance and contractual obligation. As Amended, “The PHA shall perform IBPS Task #1 by conducting a management and occupancy review (“MOR”) for up to one hundred (100) percent of the Section 8 projects in its portfolio per calendar year. The PHA shall determine both the percentage of projects in its portfolio and the specific section 8 projects for which it shall conduct an MOR and shall transmit this information to HUD. In consultation with HUD, the PHA may, at any time during the calendar year, revise both the percentage of its portfolio and the specific section 8 projects for which it shall conduct an MOR.”

Internal Procedure for Management and Occupancy Review
1. Housing programs analyst (analyst) will conduct MORs in accordance with HUD requirements. The analyst will utilize the form HUD-9834 and follow MFA Guidance for MORs.
2. The analyst will enter all MOR actions and summaries in iREMS and simultaneously update the MFA Section 8 database.
3. The analyst is responsible for contacting the owner/agent to schedule a date for the on-site review. Once the on-site review is scheduled, the analyst must confirm the scheduled review with the owner/agent in writing at least two (2) weeks in advance. The
The notification will include a list of documents that must be available the day of the review as indicated on Addendum C of the form HUD-9834.

4. The analyst will complete the appropriate sections of the Desk Review HUD-9834 Part I utilizing project files, HUD information systems and reports and the framework in the HUD Guidebook 4350.1, Chapter 6.

5. The analyst will utilize desk review data and the HUD-9834 Part II On-Site Review. The MOR will include, but not be limited to, the following:
   - Conduct the on-site review and questionnaire at the property.
   - Review property operating procedures and programmatic documentation.
   - Observe the physical aspects of the property (common areas, grounds, office.)
     Assess readiness of up to two vacant units, if available; and observe a minimum sample of two EH&S deficiencies identified on the Real Estate Assessment Center’s (REAC) report to confirm they have been mitigated.
   - Collect data on the HUD-9834 Addendum D: State Lifetime Sex Offender Statistics.
   - Conduct a closeout session with the Owner and discuss observations and conclusions.
   - Obtain Owner’s signature on the MFA Closeout Session form.

6. Within one business day of the review date, the analyst will notify HUD of any potential fraud or potential violations of law found during the review.

7. The analyst will assess a rating of the review based on five possible ratings: superior, above average, satisfactory, below average and unsatisfactory.

8. The analyst will review any rating that falls at a below average, unsatisfactory or superior rating with management for concurrence.

9. Within 30 days of the review date, the analyst will complete the Management and Occupancy Review Summary Report Section of form HUD-9834 following the directions provided on the form. Copies of the report will be distributed to the Owner by email. If the rating is below average or unsatisfactory, a copy will also be sent to HUD.

10. The analyst will retain both a physical and electronic file comprising all documentation associated with the MOR.

11. The analyst will ensure the Owner provides a written response to the MOR report within 30 days (aka Target Completion Date.) The analyst will continue to follow-up with the Owner until all conditions cited on the MOR report are addressed. Follow-up activities will include, but not be limited to, the following:
   - If the Owner does not respond within 30 days, a follow-up letter will be sent to the Owner.
   - Contact will be made within 30 days of the Owner’s response; the analyst will review the response and advise the owner of appropriate actions and follow-up.
If the Owner requires more time to address all conditions, the analyst will follow-up every 30 days until the MOR is able to close.

The analyst will send the owner a letter to close the MOR report once all conditions have been addressed.

Appeal Procedures for Management and Occupancy Review
1. The cover letter on the MOR report for overall rating of below average or unsatisfactory will include language notifying the Owner of their right to appeal the overall rating.

2. The appeal must be in writing, forwarded to HUD Multifamily Program Center Director and /or Contract Administrator (CA), and postmarked within 30 calendar days of the MOR Summary Report date as required by HUD 4350.1, Chapter 6.

3. The HUD field office is responsible for evaluating the additional information, including another on-site visit for only those items in dispute.

4. The initial appeal decision must be in writing and transmitted to the Owner by the HUD Multifamily Program Center Director or the CA within a 45 calendar day period following receipt of the appeal.

5. Additional appeal guidelines are published in HUD 4350.1, Chapter 6.

References:
- HUD-MFA PBCA ACC Fourth Amendment (5.1.2016 - 12.31.2017)
- HUD Section 8 Contract Administration Guidebook, Draft March 15, 2001
- HUD Handbook 4350.1, Rev-1, Change 2, Chapter 6: Conducting Management Reviews

Processing Rental Adjustments IBPS Task #3
GENERAL POLICY
Annual adjustments to contract rents that occur during the term of a multi-year Section 524 contract are referred to as “Amend Rents;” the owner may adjust the rents by application of the published Operating Cost Adjustment Factor (OCAF), by a budget-based adjustment, by the published Annual Adjustment Factor (AAF) or by a Special Rent adjustment. Within 30 days of receipt of a complete amend rent package from the owner, MFA will, in accordance with the Section 8 renewal guidebook, process the owner’s submission. Upon completion MFA will mail a copy of the HUD 92458 rent schedule, owner’s Auto OCAF acceptance letter, and if applicable, the agreement to increase the reserve for replacement monthly deposit to the Southwest Regional HUD office. The lead housing programs analyst will use the “Processing Checklist” (Exhibit 1) for each rent increase that is submitted to MFA.

Internal Procedure for Processing Rental Adjustments
Auto OCAF Rent Adjustments
MFA staff are notified by HUD through iREMS’ Event Notification System that an eligible property’s rent increase has been calculated and this notification prompts staff to contact the
property owner to initiate the amend rents process. Properties that receive utility allowance(s) are still required to complete a utility analysis under the Auto OCAF process. **Pre-Approval Process:** For Auto OCAF increases, after the notification in the “my events” screen in iREMS, the lead housing programs analyst will review the Auto OCAF rent adjustment information in iREMS, ensuring that the information is accurate. The analyst will determine the eligibility for an Auto OCAF adjustment, determine the amount of the OCAF increase in accordance with HUD requirements, the use of the appropriate adjustment factors published annually, and review the property’s debt service which is used in the OCAF calculation.

At 150 days prior to the contract anniversary date, MFA will send the HUD form 9627 advising the owner of the project’s new Auto OCAF increased rents, along with a new HUD Exhibit A, and give the owner the option to accept the Auto OCAF increased rents or submit a Budget Based Rent Increase (**Exhibit 2**). If the Auto OCAF rent increase is accepted by the owner, MFA will track and follow up to ensure that the Owner completes and returns five owner executed Rent Schedules (HUD form 92458) and a signed certification of the accuracy of the debt service and non-Section 8 rent potential amounts within 10 days. If applicable, upon receipt from the owner, MFA will then analyze any adjustments to the utility allowance. If the HAP contract or the financing regulatory agreement requires the owner to maintain a reserve for replacement account, the analyst will analyze and adjust the monthly reserve for replacement deposit, as required, and recommend action to the appropriate entity (**Exhibit 3a** or **3b**). MFA will ensure all data is entered into the appropriate HUD system, HDS system and MFA’s Section 8 database.

**Final Approval Process:** Upon receipt of the signed rental schedule and ACC notification of funding from HUD, MFA will return two copies of the executed original HUD-92458 rent schedule, the final approval letter (**Exhibits 4a** and **4b**), and an executed original HUD Exhibit A with cover letter (**Exhibit 5**) to the owner, allowing the owner to process the Gross Rent Change through TRACS. Once the approval process is complete a copy of the approval packet is sent to the Southwest Regional HUD office with required information.

**Information Management:** Adjustment to rents, utility allowances and reserve accounts will be documented to the project file. The Section 8 database will also be utilized as a tracking mechanism to ensure timely and accurate completion of activity. iREMS will be updated upon the completion of the AAF, budget or Auto OCAF rent adjustment processing. Copies of the executed HUD form 9250 will be sent to the owner and/or management agent directly from HUD, with a copy sent to MFA.

**Budget-Based Adjustments:** Properties eligible include Section 8/202 (elderly/handicapped housing,) Section 236 (interest reduction payment,) Section 231 and Section 221(d)(3) (below market interest rate) that may be wholly or partially assisted with loan management set-aside contracts. Requests for rent adjustments will be analyzed according to applicable guidance in HUD Handbook 4350.1 Chapter 7. Rent increases will be documented on the form HUD-92458 Rent Schedule.

**Owner Submission:** Where the increase in proposed rent potential is less than or equal to the
maximum allowable rent potential projects will be required to complete and submit form HUD-92458. In these situations only the proposed utility allowances and rent schedule will be reviewed.

Initial submissions where the proposed rent increase exceeds the maximum allowable rent potential must include additional information. This includes: cover letter summarizing the reason for the increase; date the increase will be effective; describe physical condition of the property and improvements that have been budgeted for; any proposed changes in services, equipment or charges and reasons; form HUD-92547-A Rent Computation Worksheet; a Budget Worksheet (Appendix 4d format) or approved Rural Housing Service (RHS) budget; explanation regarding increases to line items (generally over five percent;) tenant notices where applicable; certification regarding purchasing practices and reasonableness of expenses; a status report regarding the energy conservation plan; a signed request to increase the reserve for replacements as applicable; and utility allowance adjustment request/documentation where appropriate. MFA completes the following within 30 days of receipt of the rent increase request:

1. Review submission for completeness and compliance with HUD Handbook 4350.1 Chapter 7, within five days of receipt.
2. Request additional information if submission is incomplete.
3. Completes analysis of utility allowances.
4. Reviews and forwards to HUD for approval any budget based rent adjustments that exceed the five percent threshold over the prior HUD approved rents within 30 days of receipt of a complete owner’s request.

**Computing Rent Potential**: A new Rent Computation Worksheet (Exhibit 4 – See 4350.1 Chapter 7, Appendix 5) will be completed where a request is greater than the previously approved maximum allowable rent potential. MFA will determine if the property has any special conditions that affect income and expense estimates. A new HUD Exhibit A will be forwarded to the owner for execution. A new rent schedule will be completed on the HUD form 92458. Agreement to increase replacement reserve deposits will be updated to reflect any applicable change in the monthly deposit to the Replacement Reserve Account. In reviewing budget-based increase requests for properties required to maintain residual receipts, MFA will assess whether residual receipts are to be used in lieu of a rental increase. Utility allowance increases will also be analyzed, approved/disapproved and supported by appropriate documentation according to HUD Handbook 4350.1 and HUD Notice H-2015-04.

**Information Management**: Adjustment to rents, utility allowances and reserve accounts will be documented to the project file. The Section 8 database will be updated and used as a tracking mechanism to ensure timely and accurate completion of activity. iREMS will be updated upon the completion of the budget based rent adjustment processing.

**Annual Adjustment Factor**: AAF adjustments are processed annually at the owner’s request. Projects subject to the AAF method of contract rent adjustments may also be eligible for a special rent adjustment on a case-by-case basis.
At least 60 days prior to the HAP contract anniversary date and, at the owner’s request, AAF contract rent adjustments will be processed according to existing guidance as it relates to Part 1 and Part 2 adjustments. AAF processing will not result in negative rent adjustments.

**Part 1 Adjustments**: The analysis of the rent increase requests under this part is to determine overall limitation on gross rents that, prior to application of the AAF, are above the published existing fair market rents (FMR). Submissions under this part may include: a market comparability study form HUD-92273-S8 with at least three comparable analyses for each unit type completed by a non-identity of interest state certified general appraiser; HUD Handbook 4381.5 contracting guidelines certification; initial dollar difference or if this information does not exist, 10 percent of original contract rent; owner’s certification regarding compliance with AAF requirements and turnover verses non-turnover data. The following requirements apply for inclusion of all items listed above:

- 92273 and initial difference only required for new construction and sub-rehab where current rents exceed existing FMR’s.

- LMSA and PD only need turnover information.

- Comparability study must be done in accordance with HUD Notice 00-12 for projects not yet renewed under Multifamily Assisted Housing Reform and Affordability Act (MAHRA) per HUD notice H 02-10 owners may submit an updated Rent Comparability Study (RCS) rather than a new RCS. The updated RCS may be used for a period of four years (the original submission plus four updates.)

- Agreement to increase replacement reserve deposits will be updated to reflect any applicable change in the monthly deposit to the Replacement Reserve Account.

- The AAF rent increase worksheet is utilized to complete the processing.

**Part 2 Adjustments**: Processing of contract rent increases under this part applies to rents for specific unit types that do not exceed the current FMR. Adjustments are processed utilizing HUD Notice 2002-10 and other applicable guidance. If the owner requests an increase and/or decrease in utility allowance, assure that documentation substantiates the change and the tenant is notified of the change.

**Special Adjustments**: Owners with HAP contracts whose rents are adjusted through an AAF factor are eligible for special rental adjustments. The special adjustment is utilized to adjust for substantial general increases in property taxes, assessments, utilities rates, hazard insurance and crime prevention that have occurred since the last rent increase (AAF) where the increased cost is not sufficiently covered by the annual AAF factor. The lead housing programs analyst will analyze and review special adjustment requests using form HUD-9833B, Part G; Special Adjustments for Taxes, Insurance, or Utility Increases. The instructions contained in HUD Handbook 4350.1 Chapter 34, Section 3, will be utilized to complete the processing. Within thirty (30) days of receipt from the owner the lead housing programs analyst will complete the processing, determine approval or disapproval and will notify owner in writing.
with a request that five copies of form HUD-92458 Rental Schedule and HUD Exhibit A, if applicable, be completed and returned as soon as possible.

If the request is not approved, MFA will notify the owner in writing and outline the appeal procedures.

Information Management: Placing copies of the approvals in the project file will document adjustment to rents and reserve accounts. The Section 8 database will also be utilized as a tracking mechanism to ensure timely and accurate completion of activity. iREMS will be updated within five days of receipt of owner’s signed rental schedule.

Rental Appeals: Owners are able to submit appeals to rent adjustment decisions according to HUD Handbook 4350.1. The appeal process includes two levels, the first to MFA and the second to HUD through MFA.

Level 1: This appeal must be submitted to the lead housing programs analyst who will review for completeness and present it to the director of asset management for consideration within 30 days of the rent adjustment rate letter. The appeal submission must include a copy of original decision letter, any supporting documentation sent with the original request or involved in the original decision and a letter explaining why the owner disagrees with the decision.

The appeal must present evidence that MFA did not consider the relevant facts prior to rent adjustment determination. If the owner submits material changes to their initial request it will constitute a new request.

If after analysis the appeal is approved, owners will be notified within 30 days with a request to submit an updated rent schedule.

Level 2: If the appeal is denied at level one, owners will be notified within 30 days that they have a right to a second appeal to the HUD jurisdictional office. The owner will be required to package their appeal information and submit it to the MFA. MFA will attach its initial determination letter and appeal denial letter with the entire packet and forward to HUD.

After final determination from HUD the owner will be notified within 30 days with a request to submit an updated rent schedule. Any decision rendered by HUD will be final.

Information Management: Appeals will be documented to the individual service file. The Section 8 database will also be utilized as a tracking mechanism to ensure timely and accurate completion of activity.

Review, Verify, and Authorize Monthly Section 8 Vouchers/ Corrective Actions and Monitor Income Matching IBPS Task #6

GENERAL POLICY
The Owner/Agent electronically submits a monthly Section 8 voucher (forms HUD-52670 and 52670A) to MFA requesting payment for regular assistance, adjustments, prior voucher adjustments, special claims and residual receipts offsets, if any, by the 10th day of the month prior to the month for which payment is requested. HUD Handbook 4350.3 and the TRACS/MAT User Guide provide information on procedures for obtaining assistance payments from HUD. Changes to monthly vouchers originated by the Owner/Agent regarding contract rents and utility allowances will be verified through the lead housing programs analyst, via an approved rent schedule, prior to payment. The Section 8 database
is used to verify receipt of the vouchers. The database has a multi-purpose: (1) tracking the monthly vouchers received and approved, (2) the dollar amount that will be paid for the month and (3) tracking the corrective actions from the date identified, until resolution. The original payment spreadsheet is retained in the accounting department with a copy of the payment made given to the asset management department.

**Internal Procedure for Processing Section 8 Vouchers**

The Owner/Agent TRACS data is received via electronic transmission through Integrated Multifamily Access eXchange (iMAX.) This data should include all pertinent tenant data. The electronic information is imported into the Housing and Development Software (HDS) program. The program assists in verifying the regulations established by HUD for the Section 8 Program. The software company, HDS, updates the software program regularly. The housing programs specialists then:

- Refers to the Voucher Comparison Report to track the received date of voucher and tenant data as well as the amount submitted to TRACS and then verifies in LOCCS. *(Exhibit 6a.)*

- Verifies through TRACS that the amount of the housing assistance payment paid on behalf of each resident family is accurate.

- Verifies that all re-certifications are completed by the owner in a timely manner and entered into TRACS.

- Verifies that the owner’s payment request does not include any covered units for which Section 8 assistance has been abated.

- Verifies adjustments for annual, interim re-certifications, move-ins and move-outs are accurate and valid.

- Verifies pre-approval of Section 8 special claims.

- Verifies residual receipts offsets, if applicable.

- Verifies that Owner/Agent is complying with current HUD rules and other requirements.

- A quality control checklist *(Exhibit 6b)* is completed for five percent of the entire portfolio every quarter. This is the minimum amount and if errors or omissions are found in any of the files an additional five percent will be reviewed.

During the review of the voucher and MAT files if a discrepancy is noted and a correction required, the owner is notified either by phone or email. If the Owner/Agent is unable to provide a corrected MAT file prior to payment set-up, the necessary adjustments and/or corrections that will need to be completed will be provided to the Owner/Agent via a HAP
Adjustment Notice or a Corrective Action Notice (Exhibits 7a-c.) The subsequent voucher submissions are reviewed to ensure that the changes made are reflected. Prior to voucher approval of contract rent and/or utility allowance changes, the lead housing programs analyst, enters the approved rent schedule into the HDS Software, marking the box Schedule Inactive.’ Upon verification the Owner/Agent will complete a gross rent change and the housing programs specialist will uncheck the ‘Schedule Inactive’ box in HDS prior to processing the voucher. This action then processes the approved Gross Rent Schedule. If the housing programs specialist does not see a new rent schedule they will verify with the lead housing programs analyst, to determine the status and will send the owner a letter letting them know that the gross rent increase has not been approved. After the owner’s Section 8 voucher is approved, and funds are available, MFA pays the owner via electronic funds transfer no earlier than the first of the month and no later than the first business day of the month. Delays in payment may be caused due to late submissions of owners voucher and/or site program errors.

The completed and approved MAT files are forwarded to TRACS via iMAX. MFA receives notification through iMAX from TRACS regarding MAT files that contain errors. These notifications are subsequently forwarded to the owners with their follow-up corrective action efforts regarding discrepancies identified and monitored per instructions provided in the MAT User’s Guide. Corrections will not always appear on vouchers. We follow, and refer sites to, the TRACS “Action Required” table located in the TRACS Industry MAT guide for submitting these corrections. In the event that vouchers are late a reminder letter is sent to the Owner/Agent explaining the time frames of when the vouchers are due as well as possible delay in payment (Exhibit 8.)

Special Claims: The owner may submit a Section 8 special claim request for reimbursement for unpaid rent, resident damages, vacancy loss and debt service on covered units. (Debt service claims are to be submitted directly to HUD.) The Special Claims Guidebook as well as the HUD FAQ document provides the owner with detailed instructions for submitting special claims, as well as, HUD Appendices 1-5. Section 8 special claims must always be pre-approved by the CA. Claim forms are approved, adjusted or rejected, then executed by a housing programs specialist. The owner is notified within 30 calendar days from date of receipt of the special claims whether it is approved or denied (Exhibits 9a and 9b.) If it is denied, the owner may appeal to the housing programs specialist for further review, which will be answered within 30 days. After the claim or appeal has been approved the owner must submit electronically the approved claim within 90 days of approval on the appropriate monthly voucher. The dollar amount must be included and will be verified on the monthly voucher (HUD-52670) and TRACS files.

Health and Safety Issues and Community/ Resident Concerns, IBPS Tasks #9 and #10

GENERAL POLICY
MFA will ensure that owner/agent respond to resident’s concerns in a timely manner. When a resident contacts MFA prior to any contact with the owner agent, MFA encourages the resident to first work directly with owner/agent first to try and resolve any issues, however, if the owner or management agent does not address tenant concerns, MFA will take appropriate action to ensure the concerns are satisfactorily addressed.

**Internal Procedure for Processing health and safety concerns**

When notified of a life-threatening health and safety issue MFA will document the information and notify the owner or management agent within one hour or prior to the close of the business day (Exhibit 10.) The owner or management agent response will be monitored to ensure the issue is resolved. Follow-up contact with the owner or management agent will occur by the close of business the next business day. Activity is documented in the Section 8 database and iREMS in HUD’s secure systems. Contact will be made with the resident again within one business day of receipt of the concern.

In the case of congressional inquiries received by HUD and forwarded to MFA, MFA staff will gather all pertinent data, contact the owner, management agent, resident, or other party as necessary, and will respond in writing to the HUD multifamily hub office who will then respond to the congressional office. MFA will follow-up weekly until a resolution is reached.

If MFA receives a congressional inquiry, MFA must draft a response and send it to the Contract Administrator Oversight Monitor (CAOM) for HUD signature. Activity will be documented in the Section 8 database and iREMS system, as well as included with MFA’s monthly invoice.

When notified of non-life-threatening health and safety issues MFA will notify the owner or management agent (Exhibit 11) and will respond to the residents, either by phone, email, or letter within two business days. MFA will follow up every two weeks until the problem is resolved with activity documented to the internal Section 8 database and iREMS in HUD’s secure system.

Written inquiries from outside sources will initiate a phone call to the owner or management agent. If the issue can be resolved over the phone, MFA will send a written response to the resident/community group (Exhibit 12) when possible. If the issue cannot be resolved via a phone call MFA will forward the inquiry letter to the management agent and request a written response to MFA within an established time frame. After the response is received from the owner or management agent, MFA will provide a written response to the resident/community group.

**Renewals of Expiring Section 8 Contracts: IBPS #14**

**GENERAL POLICY**

The lead housing programs analyst utilizes appropriate HUD handbooks, notices and HUD systems (iREMS/TRACS/REAC) to process contract renewals. The current Section 8 Renewal and Policy Guide is the comprehensive policy for Section 8 project-based contract renewals process. MFA will notify the owner at least 150, 140, and 120 days prior to contract
expiration of the upcoming contract renewal date and past due notification if applicable (Exhibit 13a-d.)

**Internal Procedure for Processing health and safety concerns**

**Owner's Options at Contract Expiration:** Owners have the following options available to them at contract expiration:

- **Option 1:** MARK-UP-TO-MARKET. Please see Section 8 Renewal Policy User Guide, Chapter Three-REV 3-22-01, pages 1 – 9 and Appendix 3-1.
- **Option 2:** CONTRACT RENEWALS FOR OTHER PROJECTS WITH CURRENT RENTS AT OR BELOW COMPARABLE MARKET RENTS. Please see Section 8 Renewal Policy User Guide, Chapter Four, pages 1 – 5.
- **Option 3:** REFERRAL TO OFFICE OF MULTI-FAMILY HOUSING ASSISTANCE RESTRUCTURING (OMHAR.) Please see Section 8 Renewal Policy User Guide, Chapter Five-REV 3-5-01, pages 1 – 6 and Appendices 5-1 through 5-4.
- **Option 4:** RENEWAL OF PROJECTS EXEMPTED FROM OMHAR. Please see Section 8 Renewal Policy User Guide, Chapter Six, pages 1 – 5.
- **Option 5:** RENEWAL OF PORTFOLIO REENGINEERING DEMONSTRATION OR PRESERVATION PROJECTS. Please see Section 8 Renewal Policy User Guide, Chapter Seven, pages 1 – 7.
- **Option 6:** OPT OUTS. Please see Section 8 Renewal Policy User Guide, Chapter Eight, pages 1 and 2.

**Pre-Approval Process:** Within 30 days of receipt of an owners renewal request and upon completion of initial processing and simultaneously with the submission to HUD, MFA will provide a written reply that includes: a notification to the owner regarding any deficiencies in the submission or, the tentatively approved new rents requesting the submission of HUD form 92458’s (Exhibit 14a or 14b,) signed contract (Exhibit 15) and signed agreement to increase Replacement Reserve (Exhibit 3b,) where applicable.

**Final Approval Process:** Upon receipt of the signed Rental Schedule & Contract documents, MFA will return an executed original 92458 and a executed contract with cover letter (Exhibit 16) and applicable final approval letter (Exhibits 17a or 17b) to the owner upon HUD approval or the ACC is received via email by the MFA.

**CFO Package:** Upon completion of the above MFA will complete the Notification of Funding (Exhibit 18) and include the executed copy of the Housing Assistance Payment contract and email to the HUD Fort Worth CFO. A copy of the final approved package will be sent to the Southwest Regional HUD office.

**Information Management:** Adjustment to rents, utility allowances and reserve accounts will be documented to the project file. The Section 8 database will also be utilized as a tracking mechanism to ensure timely and accurate completion of activity. iREMS will be updated upon the completion of the AAF, budget or OCAF rent adjustment processing. Copies of the executed HUD form 9250 will be sent to the owner and/or management agent directly from HUD, with a copy sent to MFA.
general reporting requirements: IBPS Task #15

GENERAL POLICY
MFA primary staff review information in the Section 8 database and prepare reports for all IBPS tasks. Additional billing forms including the monthly invoice and cover memo are also prepared. A final review of all reports and documents will be conducted by primary staff and the Director will conduct a final quality control (QC) for approval. All IBPS #15 reporting is transmitted electronically to the HUD contract administrator contact in headquarters.

Reporting: Monthly
Monthly reports and an invoice will be submitted to the HUD contract administrator contact at headquarters by the 10th business day of each month for the previous month’s activities. The monthly invoice packet will include the following:

- **Cover Memo**: The cover memo will report on MFA activities including outreach, a recap of useful information provided to housing partners and training events attended or provided to our housing partners. The memo will also provide any necessary clarification on any quantitative discrepancies regarding eLOCCS and IBPS #6 reports. Hot Topics are also communicated in the memo which may include, but are not limited to, an observable pattern of non-compliance, major health and safety concerns, expired contracts and HAP suspensions.

- **Invoice**: This is a spreadsheet which calculates the monthly administrative fee earned and a copy of the Administrative Fee Schedule is provided, based on effective HUD Fair Market Rents (FMR.)

- **General Reporting**: Quantitative report for all IBPS tasks.

- **IBPS #3, #6, #9, #10, #14, and #15 Reports**: These are Section 8 database system reports which document daily activities across all IBPS tasks.

- **Work plan for IBPS #1 MOR**.

- **Residual Receipt Offset Report**: This report documents monthly activity regarding application of residual receipts through TRACS, if any.

- **Work Plan Revision**: If changes occur during the invoicing month an updated Work Plan will be provided with the monthly invoice.

Reporting: Quarterly
Quarterly reports will be submitted to the HUD contract administrator contact at headquarters for each fiscal year quarter along with the corresponding monthly report. Quarterly invoice packet will include the following:

- **Cover Memo**: The cover memo will confirm which quarter is being reported and will confirm the contents of the quarterly report.
- General Reporting: Quantitative report for all IBPS tasks for the corresponding quarter months.

- IBPS #3, #6, #9, #10, #14 and #15 Reports: These are Section 8 database system reports which document daily activities across all IBPS tasks for the corresponding quarter months.

**Communication Protocol: CAOM, PBCA and other HUD officers**

**Staff Assigned: All Staff**
If there is a general question, MFA will work through the HUD CAOM to determine the appropriate answer and MFA will disseminate to all staff members. For policy or high-level programmatic questions MFA, director of asset management will contact HUD headquarters and keep the CAOM informed. For day-to-day IBPS transactions, all MFA staff are authorized to communicate and work directly with HUD account executives and other HUD officers as deemed appropriate by the situation and under guidance from the director of asset management.

**Procedures for Staff Terminations or Voluntary Resignations**
**Staff Assigned: All Staff**
Any terminations or voluntary resignations are handled in conjunction with MFA human resources department (HR.) Immediately upon notification of dismissal, or in the case of a two week notice of leaving the company, this information is sent to the HR manager, the director of asset management and the information systems manager. Once the termination date is confirmed the employee’s access to sensitive systems is revoked. The director of asset management notifies MFA’s information systems (IS) department in writing of all staff termination dates. The IS department follows a documented procedure for removing employee’s as needed. Access to all required systems is revoked immediately in the case of employee termination. The IS department tracks employee start and end dates in a database as well as the access they have to the asset management department systems for which an employee is required to have access. This information is used to revoke their access so once an employee’s need to use these sensitive systems ends they lose their user rights going forward. This protocol is coordinated across three departments and is reviewed annually and records are maintained in HR and IS department files.
The workflow chart is intended to describe the ACC core tasks and HUD IBPS as a synopsis of the Work Plan Narrative. The workflow chart includes references to staff resources, IBPS/ACC Core Tasks, method utilized to address tasks, timeline and an Acceptable Quality Standard (AQL.) The workflow chart also provides accountability, separation of duties and complements quality assurance.

<table>
<thead>
<tr>
<th>RESOURCES NAME</th>
<th>SERVICES ADDRESSED</th>
<th>METHODOLOGY TO ADDRESS TASKS</th>
<th>TIMELINE FOR COMPLETION</th>
<th>AQL STANDARD</th>
</tr>
</thead>
</table>
| Housing Programs Analyst | Schedule MOR in accordance with HUD requirements. | • Notification to owner 14 days prior.  
• Notification will include a list of documents required as indicated on Addendum C of the form HUD-9834. | All properties, subject to HUD approval, up to 100%  
As scheduled. | Completes review of data and submits to HUD within thirty (30) days after scheduled completion. |
| Housing Programs Analyst | Conduct MORs in accordance with HUD requirements. | • Complete appropriate sections of HUD-9834. Conduct an on-site interview of owner/agent and review of occupancy files, waiting list, 50059’s, Owner policy and procedures, maintenance, work order program and work order schedule. Obtain additional documents as necessary.  
• Observe common area, project exterior, grounds, office and vacant units if available. Follow up on deficiencies identified REAC inspection. | | 95% on time and acceptable to HUD. |
| Closeout and follow up on MORs in accordance with HUD requirements. | • Conduct close-out session with Owner/Agent, noting observations and deficiencies.  
• Complete written report assessing a rating. Send report to owner for response. Follow up on response and send a letter close out once all conditions have been addressed. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Notification of appeal process of MORs in accordance with HUD requirements.</td>
<td>• Include in cover letter the assessed rating and language notifying the Owner of their right to appeal the overall rating.</td>
</tr>
</tbody>
</table>
| Report results MORs in accordance with HUD requirements. | • Collect data on the HUD-9834 Addendum D State Lifetime Sex Offender Statistics.  
• Send applicable reports to multifamily HUD office.  
• Log MOR actions into iREMS and MFA Section 8 database. |
<table>
<thead>
<tr>
<th>RESOURCE NAME</th>
<th>SERVICES ADDRESSED</th>
<th>METHODOLOGY TO ADDRESS TASKS</th>
<th>TIMELINE FOR COMPLETION</th>
<th>AQL STANDARD</th>
</tr>
</thead>
</table>
| Lead Housing Programs Analyst/Director | Budget Based and AAF Rent Adjustments and OCAF Adjustment of each property prepared by the analyst in accordance with all applicable rules and regulations set forth by HUD. | - Complete Rent Computation Worksheet (92547-A).  
- Review Rent Schedule (92458).  
- Recommend increase to R & R Account (9250).  
- Review utility allowance analysis.  
- Review Comparability Studies (92273-S8). Update iREMS and Section 8 database.  
- Prepare all necessary owner notification/forms. | Rent adjustment will be completed within 30 days of receipt from the owner. | 100% of owner requests for rent adjustments and all approved rent adjustments are processed, executed and finalized within 30 days of receipt or HAP contract anniversary date. |
| Lead Housing Programs Analyst/Director | Special rent adjustments will be reviewed for completeness, accuracy and regulatory compliance. | - Review each special rent adjustment request as processed.  
- Review utility allowance analysis.  
- Complete HUD Form 9833B, Part G worksheet. Update iREMS and Section 8 database.  
- Prepare all necessary owner notification/forms. | Special rent increase will be completed within 30 days of receipt from the owner. | Data is entered into the system within five days. |
| Deputy Director | Rent appeals will be reviewed for completeness, accuracy and regulatory compliance based on analysis provided by director of asset management. | - Review each level one rent appeal processed by the director through:  
  o Reviewing relevant facts.  
  o Ensuring appeal does not contain material changes to original submittal.  
- If appeal is denied review documentation to be submitted to HUD through Form 991D. | Process level one appeals and notifies owners within 30 days of results.  
Process level two appeals within 30 days of level one denial.  
Review tracking log | 100% of appeal processing is completed within 60 days. |
<table>
<thead>
<tr>
<th>RESOURCE NAME</th>
<th>SERVICES ADDRESSED</th>
<th>METHODOLOGY TO ADDRESS TASKS</th>
<th>TIMELINE FOR COMPLETION</th>
<th>AQL STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Programs Specialist/Director</td>
<td>Review the timely receipt of monthly billing vouchers, adjustments, corrections, verification of payments and tracking log information processed. Review corrective actions taken to adjust any overpayments to owners that may have resulted from inaccuracies associated with tenant-based information such as income, assets, medical expenses, household composition changes and mathematical errors.</td>
<td>Complete billing voucher activity. Discuss TRACS problems or errors with Director for appropriate follow-up action. Review month end payment set-up schedule (Section 8 database) and reconcile any noted discrepancies. Complete formal written notifications provided to owners; reconcile adjustments with final payment.</td>
<td>Monthly review with the specialist voucher activity. Daily review regarding TRACS as necessary. Review month end payment set-up schedule prior to payment authorization. Monthly review of corrective actions generated by specialist and/or</td>
<td>100% of monthly vouchers processed to ensure payments are sent no earlier than the first of the month or no later than the first business day of the month. 100% of all formal written notifications to HUD are completed within 10 calendar days of CA’s verifying and certifying the vouchers and resolution of</td>
</tr>
<tr>
<td>Accountant and Accounting Specialist</td>
<td>Receive the director’s authorization to make monthly voucher payments and conduct final verification, availability of funds review and payment as required by IBPS #6 (ACC Core Task #4.)</td>
<td>Review payment authorization and payment set-up schedule. Review ACC regarding funding availability. Authorize and make Automatic.</td>
<td>Month end review of specialist’s payment authorization and payment set-up. Review ACC information monthly.</td>
<td>Monthly project payments are made on time, provided funds have been received from HUD.</td>
</tr>
<tr>
<td>Accountant/Controller</td>
<td>Receive Section 8 payment e-mails from HUD, pull LOCCS report on payments, pull information from Section 8 database and compares LOCCS to Section 8 database report.</td>
<td>Authorize payment to coincide with LOCCS specifications and then give it to an accounting specialist to disburse by ACH. Controller ensures accurate and timely process.</td>
<td>Review disbursements monthly.</td>
<td>Monthly project payments are made on time, provided funds have been received from HUD.</td>
</tr>
</tbody>
</table>
## HEALTH AND SAFETY ISSUES AND COMMUNITY AND RESIDENT CONCERNS (IBPS #9 & #10, ACC Core Task #5)

<table>
<thead>
<tr>
<th>STAFF</th>
<th>TASK</th>
<th>METHODOLOGY TO ADDRESS TASKS</th>
<th>TIMELINE FOR COMPLETION</th>
<th>AQL STANDARD</th>
</tr>
</thead>
</table>
| Housing Programs Specialist/ Director of Asset Management | Review housing programs specialist information intake and problem/complaint resolution activity associated with health and safety community/resident issues. | Complete information intake.  
Complete tenant and owner contacts.  
Complete documentation and log in iREMS and Section 8 database regarding corrective action.  
Review on-site problem resolution activity.  
Discuss problems/complaints intake and/or resolution with director, as needed. | Asset management staff will provide informal daily status reports as necessary.  
Formal review of all documentation will occur monthly. | 100% of all responses and notification to owners of life threatening health and safety issues, inquiries or complaints are completed within one hour or prior to close of business day, whichever is sooner, upon receipt of knowledge of the issue.  
One-hundred (100) percent of all non-life threatening health and safety inquiries and/or complaints responded to within two business days of notification and follow-up every two weeks until final resolution is reached. |
# RENEWALS OF EXPIRING SECTION 8 CONTRACTS (IBPS #14, ACC Core Task #8)

<table>
<thead>
<tr>
<th>RESOURCE NAME</th>
<th>SERVICES ADDRESSED</th>
<th>METHODOLOGY TO ADDRESS TASKS</th>
<th>TIMELINE FOR COMPLETION</th>
<th>AQL STANDARD</th>
</tr>
</thead>
</table>
| Lead Housing Programs Analyst | Review of current regulatory guidance contained in HUD Section 8 renewal guide as it relates to contract renewals. | - Complete processing activity regarding expiration date tracking, owner notice requirements, OCAF worksheets, budget information, renewal contracts and other contract renewal information.  
- Work with the appropriate HUD jurisdictional office to obtain executed project ACC’s, funding reservations and contract authority.  
- Track process through the HUD secure system to obtain updates.  
- Complete owner notification requirements. | - Review with analyst renewal processing information daily or as necessary.  
- Review monthly analyst completion and tracking log activity.  
- Contact HUD monthly or as necessary.  
- Analyst reviews iREMS at least weekly. | 90% of HAP contracts executed and provided to HUD at least 90 calendar days prior to expiration of the contract.  
Contact made with HUD jurisdictional office at least monthly.  
Most recent HUD Notice and regulation is utilized. |
| Director of Asset Management  | Review comparability data as may be required in HUD notices and HUD form 92273(S8).                  | - Select comparability data used to process contract renewals.  
- Review comparability data utilizing generally accepted appraisal standards. | Review comparability data as may be required.                                                                                                                      | Completes review of comparability data within 30 days of receipt.                                                                                                                                                         |
<table>
<thead>
<tr>
<th>RESOURCE NAME</th>
<th>SERVICES Addressed</th>
<th>METHODOLOGY TO ADDRESS TASKS</th>
<th>Timeline for Completion</th>
<th>AQL Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director of Asset Management</td>
<td>Review reporting data, as entered into the MFA database and appropriate HUD systems by the housing programs analyst, housing programs specialist and accounting staff.</td>
<td>Staff reports the completion of their assigned data entry responsibilities, activity and current status (e.g. TRACS, IREMS, REAC, HDS) to the director of asset management</td>
<td>Review database information, staff reports, and submit to the HUD jurisdictional Office monthly by the 10th business day.</td>
<td>90% of IBPS reports submitted within required time frames in accordance with ACC amended on 8/31/11.</td>
</tr>
<tr>
<td>Deputy Director</td>
<td>Review supporting documentation to ensure financial information matches monthly project billing invoices.</td>
<td>Director of asset management to review data with deputy director of programs.</td>
<td>Review data quarterly or more often as may be required.</td>
<td>Payments made are equal to approved project billings.</td>
</tr>
</tbody>
</table>
MFA has developed an Asset Management Program Quality Control Plan to assist in maintenance of HUD programmatic and fiscal requirements, provide staff accountability, provide separation of duties and to provide a process to prevent potential fraud, waste and abuse of program funds. The plan enlists the following two methods to identify performance deficiencies and to provide a means to document results: 1) internal quality control monitoring and 2) quality control review conducted by an internal auditor who is an Independent Public Accountant (IPA.)

**Programmatic:** The director of asset management conducts QC monitoring utilizing the Section 8 database and reports. The asset management director monitors QC activity monthly and reviews findings with the deputy director of programs. At the discretion of the deputy director of programs, the director of asset management will provide monthly monitoring reports on all or selected ACC core tasks. If the deputy director notes any deficiencies a meeting is held with the director of asset management to discuss the situation and to implement corrective actions. The director of asset management provides reports of corrective actions to the internal auditors. The goal is to achieve a performance standard equal to or exceeding the Acceptable Quality Levels (AQL) contained in the ACC. Meeting and or exceeding the AQL standard is the method utilized to identify performance and/or any deficiencies and to enable implementation of appropriate corrective actions.

**Internal:** MFA’s contracted internal auditor conducts the QC Review. The internal auditor has a wealth of experience in governmental accounting. A representative sample of programmatic and fiscal activity along with corrective action reports provided by the director of asset management, are reviewed systematically by internal audit. The contracted internal auditor reports its observations to MFA Policy Committee, comprised of MFA executive director and deputy directors with copies to the director of asset management, and controller; a copy is maintained in the Asset Management QC review file. The controller meets with the director to discuss any programmatic findings and corrective actions necessary as a result of the QC review. MFA’s internal auditor maintains the Asset Management QC review file that includes programmatic and fiscal QC review documentation. The director and controller provide a written management response to the QC reviewer regarding findings and a corrective plan of action within 30 days from the receipt of the QC review report; this response is incorporated into the report issued to the Policy Committee. The QC review file will be made available to HUD upon request.

**External Independent Public Accountant (IPA):** The independent public accounting firm of Moss Adams, an independent public accounting firm with over 100 years of government industry expertise, conducts MFA’s audit in compliance with OMB’s Circular A-133 and OMB’s Uniform Guidance. The IPA reviews the QC review file and associated activity. The IPA reviews a representative sample of QC activity and reports directly to the Board of Directors. The executive director, deputy directors, director of asset management, and controller meet to discuss IPA findings and develop a corrective action plan. MFA is not aware of any conflict of interest and will disclose any situation that may have a potential conflict of interest and request a waiver or resolution to eliminate the conflict. In addition, MFA staff is required to sign off on and adhere to an agency code of ethics (code). All employees receive a copy of the code. A signed copy of the code has been placed in the individuals personnel file.
Section 5 - quality control review chart

The QC review chart identifies specific ACC core tasks and HUD IBPS areas that are monitored and reviewed. The chart includes applicable staff, areas/services reviewed, method of the review, a timeline and an acceptable quality standard.

<table>
<thead>
<tr>
<th>RESOURCE NAME</th>
<th>AREAS AND SERVICES REVIEWED</th>
<th>METHODOLOGY OF REVIEW</th>
<th>TIMELINE FOR REVIEW</th>
<th>AQL STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director of Asset Management</td>
<td>Review unsatisfactory and below average MOR prior to sign-off and discuss findings with analyst.</td>
<td>- MOR is reviewed for completeness, regulatory compliance, sampling methods, follow-up tasks, corrective actions taken, timeliness, accuracy and consistency by way of report, HUD secure system and database.</td>
<td>- All properties with unsatisfactory and below average prior to issuing to Owner.</td>
<td>Analyst enters MOR data into system(s). Data submitted to HUD within 30 days after completion. 95% on time and acceptable to HUD. Documentation of monitoring results.</td>
</tr>
<tr>
<td>Secondary Analyst</td>
<td>Initial analyst prepares MOR on form HUD-9834.</td>
<td>- MOR is reviewed for completeness, regulatory compliance, sampling methods, follow-up tasks, corrective actions taken, timeliness, accuracy and consistency by way of report, HUD</td>
<td>- Secondary analyst signature indicates review and approval prior to report being e-mailed to Owner within 30 days of inspection date.</td>
<td></td>
</tr>
<tr>
<td>Role</td>
<td>Description</td>
<td>Director of Asset Management</td>
<td>Internal Auditor</td>
<td>Deputy Director of Programs</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>-----------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Secure system and database.</td>
<td>MOR is reviewed for completeness, regulatory compliance, sampling methods, follow-up tasks, corrective actions taken, timeliness, accuracy and consistency.</td>
<td>Review Section 8 database tracking log weekly.</td>
<td>Utilize a QC review sheet.</td>
<td>Meet with director of asset management for annual review or more often, as needed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>At the completion of each report, including Owner response.</td>
<td>To be determined.</td>
<td>Meet with director of asset management for monthly/quarterly review or more often, as needed.</td>
</tr>
</tbody>
</table>
## Processing Rental Adjustments (IBPS #3, ACC Core Task #2)

<table>
<thead>
<tr>
<th>RESOURCE NAME</th>
<th>AREAS AND SERVICES REVIEWED</th>
<th>METHODOLOGY OF REVIEW</th>
<th>TIMELINE FOR REVIEW</th>
<th>AQL STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director/Lead</td>
<td>Budget-based and AAF rent</td>
<td>HUD secure system,</td>
<td>Rent adjustments are</td>
<td>100% of owner</td>
</tr>
<tr>
<td>Housing Programs Analyst</td>
<td>adjustments and OCAF adjustment.</td>
<td>database and/or</td>
<td>reviewed prior to final</td>
<td>requests for rent</td>
</tr>
<tr>
<td></td>
<td>QC will be documented by way of QC sheet being</td>
<td>appropriate worksheets to</td>
<td>execution of documents sent</td>
<td>adjustments and all</td>
</tr>
<tr>
<td></td>
<td>completion of the process or by way of</td>
<td>ensure timely receipt,</td>
<td>to CFO.</td>
<td>approved rent adjustments are</td>
</tr>
<tr>
<td></td>
<td>signature of the Notification</td>
<td>completeness, accuracy</td>
<td></td>
<td>processed, executed and</td>
</tr>
<tr>
<td></td>
<td>of Section 8 Funding.</td>
<td>and regulatory compliance.</td>
<td></td>
<td>finalized within 30 days of</td>
</tr>
<tr>
<td></td>
<td>Special rent adjustments will be reviewed for</td>
<td>Review each special rent</td>
<td></td>
<td>receipt or HAP contract</td>
</tr>
<tr>
<td></td>
<td>completeness, accuracy and regulatory compliance.</td>
<td>adjustment request as</td>
<td></td>
<td>anniversary date.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>processed by the analyst.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Review applicable</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>replacement reserve</td>
<td></td>
<td>Analyst enters data into the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>account and utility</td>
<td></td>
<td>system within five days.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>allowance analysis and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>adjustment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Review HUD form 9833B,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Part G worksheet for</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>completeness accuracy</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>and other appropriate</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>worksheets as applicable.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Review of QC sheets will</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>be completed at the close</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>of each action.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Audit</td>
<td>Special rent adjustments will be reviewed for completeness, accuracy and regulatory compliance.</td>
<td>Utilization of the most current annual compliance checklist and/or QC sheets.</td>
<td>Determined by director of asset management and/or deputy director of programs.</td>
<td>Meet with director of asset management and/or deputy director of programs.</td>
</tr>
</tbody>
</table>
### Processing Rental Adjustments (IBPS #3, ACC Core Task #2) (continued)

<table>
<thead>
<tr>
<th>RESOURCE NAME</th>
<th>AREAS AND SERVICES REVIEWED</th>
<th>METHODOLOGY OF REVIEW</th>
<th>TIMELINE FOR REVIEW</th>
<th>AQL STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy Director of Programs</td>
<td>Rent appeals will be reviewed for completeness, accuracy and regulatory compliance after initial analysis is provided by director of asset management.</td>
<td>• Review each level one rent appeal. Review relevant facts. Ensure appeal does not contain material changes to original submittal. If appeal is denied, review documentation to be submitted to HUD as per...</td>
<td>• Reviews comparability data annually or more often as may be required.</td>
<td>Meet with director of asset management.</td>
</tr>
<tr>
<td>Contractor</td>
<td>Review comparability data as may be required in HUD notices and forms.</td>
<td>Analyze each RCS comparability data report used to process contract</td>
<td>Review completed within two weeks of issue.</td>
<td>Complete timely review of comparability data as may be required.</td>
</tr>
</tbody>
</table>

### Review, Verify, and Authorize Monthly Section 8 Vouchers, and Corrective Actions (IBPS #6 ACC Core Task #4)

<table>
<thead>
<tr>
<th>RESOURCE</th>
<th>AREAS AND SERVICES</th>
<th>METHODOLOGY OF REVIEW</th>
<th>TIMELINE FOR REVIEW</th>
<th>AQL STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director/Lead Housing Programs Analyst</td>
<td>Review the timely receipt of monthly billing vouchers, adjustments, corrections and verification of payments and tracking log information.</td>
<td>Review billing voucher activity with specialist. Discuss TRACS problems or errors with specialist. Review month end payment set-up schedule (tracking log) and reconcile noted discrepancies with specialist.</td>
<td>Monthly review with the specialist voucher activity. Daily review regarding TRACS as necessary. Review month end payment set-up schedule prior to payment authorization.</td>
<td>100% of monthly vouchers processed to ensure payments are sent no earlier than the first of the month or no later than the first business day of the month.</td>
</tr>
</tbody>
</table>
### Review, Verify, and Authorize Monthly Section 8 Vouchers, and Corrective Actions (IPBS #6 ACC Core Task #4) (continued)

<table>
<thead>
<tr>
<th>RESOURCE</th>
<th>AREAS AND SERVICES</th>
<th>METHODOLOGY OF</th>
<th>TIMELINE FOR REVIEW</th>
<th>AQL STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant/</td>
<td>Receive the authorization to make monthly voucher payments and conduct final verification, availability of funds review and payment.</td>
<td>• Review payment authorization and set-up schedule.</td>
<td>• Month end review of payment authorization and payment set-up.</td>
<td>Monthly project payments are made on time, provided funds have been received from HUD.</td>
</tr>
<tr>
<td>Accounting Specialist/Controller</td>
<td></td>
<td>• Review ACC regarding funding availability.</td>
<td>• Review ACC information monthly.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Authorize and make ACH payments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controller</td>
<td>Receive accounting specialist final verification, determination of funds availability and payment set-up.</td>
<td>• Review payment authorization, verification of funding availability, and ACH payments.</td>
<td>• Review and authorize disbursements prior to each disbursement.</td>
<td>Monthly project payments are made on time provided funds have been received from HUD.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director/Lead Housing Programs Analyst</td>
<td>Review corrective actions taken to adjust any overpayments to owners that may have resulted from inaccuracies associated with tenant-based information such as income, assets, medical expenses, household composition changes and mathematical errors.</td>
<td>• Review a sample of the formal written notifications provided to owners by the specialist and reconcile to adjustments included in the final payment.</td>
<td>• Monthly review of specialist generated corrective actions or adjustments to payments.</td>
<td>100% of written notifications to HUD are completed within 10 days of CA’s verification and/or certifying vouchers. Within 30 days overpayment resolution completed.</td>
</tr>
</tbody>
</table>
Review owner follow-up activity regarding income matching.

- Review specialist activity and results as it relates to monitoring owner’s follow-up efforts and income matching.
- Monthly review of specialist activity associated with income matching.

Specialist enters data into system(s). Monthly reports.

Internal Audit

Review appropriate data for timely receipt, accuracy, completeness and regulatory compliance.

- Utilize the most current annual compliance checklist.
- Determined by director of asset management and deputy director of programs.

Meets with director of asset management and/or deputy director of programs.

Deputy Director of Programs

Quarterly/monthly reviews as needed. Meet with director of asset management.

Health and Safety Issues & Community and Resident Concerns (IBPS #9 & #10, ACC Core Task #5)

<table>
<thead>
<tr>
<th>RESOURCE NAME</th>
<th>AREAS AND SERVICES REVIEWED</th>
<th>METHODOLOGY OF REVIEW</th>
<th>TIMELINE FOR REVIEW</th>
<th>AQL STANDARD</th>
</tr>
</thead>
</table>
| Director of Asset Management  | Informally review specialist list of information intake and problem/complaint resolution activity associated with health and safety issues and all non-life threatening health, safety and community/resident concerns issues. | - Review specialist information intake. Review tenant and owner contacts. Review documentation and Section 8 database regarding corrective action. Review on-site problem resolution activity. Review specialist ongoing monitoring activity. | - MFA staff will provide informal daily status reports, as necessary.  
- Formal review of all documentation will occur daily, weekly or monthly as needed.  
- Review Section 8 database “open complaints” weekly, email notification daily, as needed. | 100% responses and notification to owners of life threatening health/safety issues are completed within one hour or prior to close of business day, whichever is sooner, of receipt of the issue.  
100% of all non-life threatening health and |
| Internal Audit | Review appropriate data for timely receipt, accuracy, completeness and regulatory compliance. | Utilization of the most current annual compliance checklist. | Determined by director of asset management and deputy director of programs | Meets with director and deputy director of programs. |
| Deputy Director of Programs | | | | Quarterly/monthly reviews as necessary and meets with director of asset management. |
## Renewals of Expiring Section 8 Contracts (IBPS #14, ACC Core Task #8)

<table>
<thead>
<tr>
<th>RESOURCE NAME</th>
<th>AREAS AND SERVICES REVIEWED</th>
<th>METHODOLOGY OF REVIEW</th>
<th>TIMELINE FOR REVIEW</th>
<th>AQL STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Director of Asset Management</strong></td>
<td>Reviews any changes of current regulatory guidance contained in most recent HUD notice (Section 8 Renewal Guidebook) as it relates to contract renewals and referrals to OMHAR for mark-to-market processing with specialists. Completes review of all renewals either pre- or post-MAHRA. QC will be documented by way of QC sheet being completed at the conclusion of the process or by way of signature of the Notification of Section 8 Funding by</td>
<td>- Review analyst data and processing activity regarding expiration date tracking, owner notice requirements, OCAF worksheets, budget information, renewal contracts and other contract renewal information using the Section 8 database reports. - QC checklist for each action will be included in file at completion by APM and PM (executed and final package.) - Review contractor’s review</td>
<td>- Review with analyst renewal processing information daily or as necessary. - Review monthly analyst completion and tracking log activity.</td>
<td>90% of HAP contracts executed and provided to HUD at least 90 calendar days prior to expiration of the contract. Specialist enters data into system(s).</td>
</tr>
<tr>
<td><strong>Internal Audit</strong></td>
<td>Review appropriate data for timely receipt, accuracy, completeness and regulatory compliance.</td>
<td>Utilization of the most current annual compliance checklist.</td>
<td>Determined by director of asset management and deputy director of programs.</td>
<td>Meets with director and deputy director of programs.</td>
</tr>
<tr>
<td><strong>Deputy Director of Programs</strong></td>
<td></td>
<td></td>
<td>Quarterly/monthly reviews as necessary and meets with director of asset management.</td>
<td></td>
</tr>
<tr>
<td><strong>Contractor</strong></td>
<td>Review comparability data as may be required in HUD notices and forms.</td>
<td>Randomly selects comparability data used to process contract renewals</td>
<td>Reviews comparability data as presented by staff and completes within 30 days.</td>
<td>Completes timely review of comparability data as may be required.</td>
</tr>
<tr>
<td>RESOURCE NAME</td>
<td>AREAS AND SERVICES REVIEWED</td>
<td>METHODOLOGY OF REVIEW</td>
<td>TIMELINE FOR REVIEW</td>
<td>AQL STANDARD</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Director of Asset Management</td>
<td>Review reporting data, as entered into the Section 8 database and appropriate HUD systems, by the lead analyst, housing programs specialist and accounting staff.</td>
<td>▪ Weekly updates to the director regarding completion of assigned duties, data entry responsibilities (TRACS, iREMS) activity and current status.</td>
<td>▪ Review database information, staff reports and submit to the HUD jurisdictional office monthly by the 10th business day.</td>
<td>90% of IBPS report submitted within required time frames in accordance with ACC amended in 8/2011. Monthly documentation of monitoring results. Monthly review as necessary. Meet with deputy director of programs. Report activity to agency executive director and Board of Directors.</td>
</tr>
<tr>
<td>Deputy Director of Programs</td>
<td>Review billing data submitted to HUD each month, verify accuracy of reports and all content.</td>
<td>▪ Review financial data.</td>
<td></td>
<td>Review data quarterly or more often as may be required.</td>
</tr>
<tr>
<td>Internal Auditor</td>
<td>Reviews data collected for reporting.</td>
<td>Utilization of the most current annual compliance checklist and or other QC checklists</td>
<td>Determined by director of asset management and deputy director of programs.</td>
<td>Meet with director and deputy director of programs.</td>
</tr>
</tbody>
</table>
Tab 7
MEMORANDUM

TO: MFA Board of Directors
Through: Policy Committee – August 6, 2019

FROM: Kathleen M. Sysak-Keeler

DATE: August 20, 2019

SUBJECT: 2019 Series F Single Family Bond Resolution

Recommendation:
Staff is recommending the approval of the 2019 Series F Single Family Bond Resolution in the amount of not to exceed $150 million to provide funding for new single family mortgage loans.

Background:
For the past several years, MFA has relied mainly on the to be announced ("TBA") market to fund new single family mortgage loans. The bond market has improved to the point where it is now more advantageous to fund Single Family mortgage loans with tax-exempt bond proceeds than to utilize the TBA market.

During fiscal year 2018, MFA issued approximately $226 million of bonds. In fiscal year 2019, MFA has issued three bond issues which were used to originate new loans totaling approximately $199.9 million and one bond issue in the amount of $26.1 million which was used to refund three prior bond issues. In addition, MFA recently sold its fifth and sixth single family bond issues for fiscal year 2019, namely, 2019 Series D and 2019 Series E, which sold on July 9 and closed on August 15. The 2019 Series D issue will be used to originate approximately $100 million of new single family mortgage loans. The 2019 Series E issue will be used to refund two prior bond issues.

It has been MFA’s practice to keep a Board approved single family program bond resolution in place to allow staff to respond to market conditions as needed in order to provide beneficial funding executions for the program.

Discussion:
The 2019 Series F bond issue is anticipated to be in the $100-$150 million range based on the current level of loan reservations since bond proceeds will be used to originate these new single family mortgage loans. Given Board approval of the bond resolution, the 2019 Series F bond issue will be the first bond issue for fiscal year 2020. MFA anticipates selling bonds and closing in the October to November time frame depending on actual reservation activity and bond market conditions.
Summary:
To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2019 Series F Single Family Bond Resolution in the aggregate amount of not to exceed $150 million. MFA anticipates providing funds for $100-$150 million of new single family mortgage loans.
CERTIFICATE REGARDING THE RESOLUTION
OF THE AUTHORITY

I, the undersigned, Jay Czar, Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed Resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on August 20, 2019, at which meeting a quorum was present and acting throughout; (ii) the annexed Resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed Resolution has not been altered, amended or repealed; and (iv) the annexed Resolution is in full force and effect on the date of this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 20th day of August, 2019.

______________________________
Jay Czar, Secretary
New Mexico Mortgage Finance Authority

(SEAL)
A RESOLUTION

OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE "AUTHORITY") AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS SINGLE FAMILY MORTGAGE PROGRAM CLASS I BONDS, 2019 SERIES F IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $150,000,000; AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A SERIES INDENTURE, A BOND PURCHASE CONTRACT, AN OFFICIAL STATEMENT, INVESTMENT AGREEMENTS, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the Legislature of the State of New Mexico (the "State"), at its 1975 regular session, adopted Chapter 303, Laws of New Mexico, 1975, known and cited as the Mortgage Finance Authority Act, being Sections 58-18-1 through 58-18-27, inclusive, NMSA 1978 and Section 2-12-5, NMSA 1978, as amended (collectively, the "Act"); and

WHEREAS, there was created by the Act, a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality known and identified as the "New Mexico Mortgage Finance Authority" (the "Authority"), said Authority being created and established to serve a public purpose and to act for the public benefit by improving the health, safety, welfare and prosperity of the State and the general public; and

WHEREAS, the purposes of the Authority are to provide decent, safe and sanitary residential housing to persons of low or moderate income, and the Authority has determined that it will serve and fulfill the purposes for which it was created by the establishment of a program to finance the purchase of mortgage loans made by eligible mortgage lenders for the financing of residential housing; and

WHEREAS, the Authority is authorized by the Act to purchase and contract to purchase, mortgage loans, or securities backed by mortgage loans, originated by mortgage lenders to finance residential housing for persons of low or moderate income under rules adopted by the Authority; and

WHEREAS, in furtherance of its Single Family Mortgage Program and to finance the purchase of housing by persons of low or moderate income within the State, it has been deemed appropriate and necessary that the Authority authorize the issuance of its Single Family Mortgage Program Class I Bonds, 2019 Series F (or such other or additional series/title designation(s) as the Authority may determine and including the
issuance of MBS pass through program bonds) (the “Bonds”), and prescribe and establish conditions and other appropriate matters with respect to the issuance of the Bonds; and

WHEREAS, the Bonds shall be special obligations of the Authority payable solely from and secured by a lien on the proceeds, moneys, revenues, rights, interest and collections pledged therefor under a General Indenture of Trust dated as of November 1, 2005, as heretofore supplemented and amended (the “General Indenture”) between the Authority and Zions Bancorporation, National Association, as trustee (the “Trustee”); and

WHEREAS, there has been presented to the Authority at this meeting a proposed form of Bond Purchase Contract relating to the Bonds (the “Purchase Contract”) to be entered into among the Authority, and any of RBC Capital Markets LLC, Raymond James & Associates, Inc. (including any of their successors) or any other purchasers to be named therein (collectively, the “Underwriters”), a form of 2019 Series F Indenture (the “2019 Series F Indenture” and collectively with the General Indenture, the “Indenture”) to be entered into between the Authority and the Trustee, and a form of a Preliminary Official Statement to be used by the Underwriters in marketing the Bonds.

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

Section 1. The Authority has determined and hereby determines that the supply of funds available in the private banking system in the State for residential mortgages is inadequate to meet the demand of persons of low or moderate income for residential mortgage financing, and that financing the making of loans by the Authority will alleviate such inadequate supply of residential mortgage money in the State’s banking system.

Section 2. All other action heretofore taken (not inconsistent with the provisions of this resolution) by the Authority and by the officers of the Authority directed toward the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 3. The 2019 Series F Indenture in substantially the form presented to this meeting is in all respects authorized, approved and confirmed. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Finance and Administration and the Assistant Secretary of the Authority are hereby authorized to execute, attest, seal and deliver the 2019 Series F Indenture in the form and with substantially the same content as presented to this meeting for and on behalf of the Authority with such alterations, changes or additions as may be authorized by Section 16 hereof.

Section 4. The mortgage loans shall be pooled and serviced pursuant to the Mortgage Loan Sub-servicing Agreements or Master Servicing Agreements each previously entered into or to be entered into by the Authority. The Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary are hereby authorized to execute and deliver the Mortgage Loan Sub-servicing Agreements or Master Servicing Agreements (to the extent not previously executed and delivered) and any necessary supplement thereto to reflect the terms of the mortgage loans
attributable to the Bonds, and the inclusion of any other loans approved by the governing board of the Authority thereunder.

Section 5. Employees of the Authority designated by the Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary are hereby authorized to give notice of the availability of funds from this issue (if applicable) and to enter into, execute and deliver program documents for and on behalf of the Authority.

Section 6. For the purpose of providing funds to finance the purchase of housing by persons of low or moderate income within the State, all as authorized under the Indenture, the Authority is authorized to issue the Bonds which shall be designated New Mexico Mortgage Finance Authority “Single Family Mortgage Program Class I Bonds, 2019 Series F” (or such other or additional Series/title designation as the Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary shall determine). The Bonds shall be issued only in fully registered form.

Section 7. The Authority hereby declares its intention to reimburse itself from all or a portion of proceeds of the Bonds for expenditures for costs of making the mortgage loans. The Authority intends that the Bonds are to be issued and the reimbursements made, by the later of 18-months after the payment of the costs or after the project financed by each respective mortgage loan is placed in service, but in any event, no later than three years after the date the mortgage loan was made.

Section 8. The Authority hereby authorizes the issuance of the Bonds in the aggregate principal amount of not to exceed $150,000,000. The Bonds shall mature on the dates and in the principal amounts and shall bear interest at rates and payable all as provided in the Indenture, within the parameters set forth in Exhibit A hereto.

Section 9. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, and number shall be as set forth in the Indenture. The Chair, Vice Chair, Secretary and Assistant Secretary of the Authority are hereby authorized to execute, attest and seal by facsimile the Bonds and to deliver the Bonds to the bond registrar for authentication. All terms and provisions of the Indenture are hereby incorporated in this resolution.

Section 10. The appropriate officials of the Authority are hereby authorized to execute and deliver to the bond registrar the written order of the Authority for authentication and delivery of the Bonds in accordance with the provisions of the Indenture.

Section 11. The Bonds shall be sold to the Underwriters at a purchase price of not less than 100% of the principal amount thereof plus accrued interest in accordance with the provisions of the Purchase Contract. Pursuant to the Purchase Contract the Authority may agree to pay an underwriting fee to the Underwriters in an amount not to exceed 1.0% of the principal amount of the Bonds. The Chair, the Vice Chair, the Executive Director, the Deputy Director of Finance and Administration or the Secretary,
of the Authority are hereby authorized to execute and deliver the Purchase Contract in substantially the form and with substantially the same content as presented at this meeting for and on behalf of the Authority with such alterations, changes or additions as may be authorized by Section 16 hereof. The Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration and Secretary are hereby authorized to specify and agree as to the principal amounts, interest rates, maturities, purchase price and underwriting fee with respect to the Bonds for and on behalf of the Authority by the execution of the Purchase Contract and the Indenture, provided such terms are within the parameters set by this resolution.

Section 12. The Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration and Secretary are hereby authorized to approve the distribution of a Preliminary Official Statement (in substantially the form presented to the Authority at this meeting) and an Official Statement in substantially the form of the Preliminary Official Statement, with modifications determined at the time of the sale of the Bonds and to execute and deliver for and on behalf of the Authority an Official Statement in connection with the sale of the Bonds.

Section 13. The Trustee and the Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary are hereby authorized to enter into investment agreements (“Investment Agreements”), in form and substance satisfactory to the Authority. Any and all proceeds of, and investment income attributable to, the Bonds may be loaned to or deposited from time to time pursuant to the Investment Agreements for the periods, and at the interest rates, specified therein.

Section 14. The appropriate officers of the Authority, including without limitation the Chair, Vice Chair, the Secretary, the Assistant Secretary, the Executive Director and Deputy Director of Finance and Administration are authorized to take all action necessary or reasonably required by the Bonds, the Indenture, the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement and the Purchase Contract to carry out, give effect to and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act.

Section 15. Upon their issuance, the Bonds will constitute special obligations of the Authority payable solely from and to the extent of the sources set forth in the Bonds and the Indenture. No provision of this resolution, the Indenture, the Bonds or the Purchase Contract shall be construed as creating a general obligation of the Authority or as incurring or creating a charge upon the general credit of the Authority. No provision of this resolution or of the Purchase Contract, the Indenture or the Bonds shall be construed as creating a general or special obligation of the State of New Mexico or any political subdivision thereof.

Section 16. The appropriate officials of the Authority, including without limitation the Chair, the Vice Chair, the Secretary, the Assistant Secretary, the Executive Director and the Deputy Director of Finance and Administration are authorized to make any alterations, changes or additions in the Indenture, the Bonds, the Purchase Contract, the Preliminary Official Statement, the Official Statement, the Investment Agreements,
the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement or any other document herein authorized and approved which may be necessary to correct errors or omissions therein, to remove ambiguities therefrom, to permit the inclusion under the Indenture of any other loans approved by the governing board of the Authority, and maintain the expected rating on the Bonds, to conform the same to other provisions of said instruments, to the final terms established for the Bonds (within the parameters established herein), and the final agreement with the Underwriters, to the provisions of this resolution or any resolution adopted by the Authority, or the provisions of the laws of the State of New Mexico or the United States.

Section 17. The operating budget of the Authority is hereby amended to provide funds to pay costs relating to the issuance of the Bonds, any negative carry costs, or other related expenses in amounts not to exceed amounts specified in Exhibit A. Such amounts may also be taken from the Surplus Fund under the Indenture. The Authority may also allocate mortgage backed securities and/or cash held by the Authority (in the Surplus Fund or otherwise) to provide additional collateral for the Bonds.

Section 18. If any provisions of this resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this resolution.

Section 19. The appropriate officials of the Authority, including without limitation the Chair, the Vice Chair, the Secretary, the Assistant Secretary, the Executive Director and the Deputy Director of Finance and Administration are hereby authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this resolution and the documents authorized and approved herein.

Section 20. After any of the Bonds are delivered by the Trustee to the Underwriters and upon receipt of payment therefor, this resolution shall be and remain irrepealable until the principal of, premium, if any, and interest on the Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 21. No member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority and authorized by this resolution.

Section 22. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 23. This resolution shall become effective immediately upon its adoption.
ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS 20th DAY OF AUGUST, 2019.

__________________________________________
Chair

(SEAL)

ATTEST:

__________________________________________
Secretary
EXHIBIT A

Single Family Mortgage Program Bonds, 2019 Series F

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Authority Funds Contribution:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not to exceed July 1, 2052</td>
<td>Not to exceed $150,000,000</td>
<td>Not to exceed 5.00%</td>
<td>Not to exceed $2,400,000</td>
</tr>
</tbody>
</table>
Tab 8
Nominating Committee
August 20, 2019

Angel Reyes (Chair)
Lieutenant Governor, Howie Morales
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 9
NEW MEXICO MORTGAGE FINANCE AUTHORITY  
Contracted Services/Credit Committee Meeting  
Tuesday, August 13, 2019 @ 10:00 am  
MFA – Albuquerque  
To dial in to the conference call dial: MFA (Abbott Hall) all participant dial in (605) 313-4821Participant code: 561172 # Host Code: 561172 *

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Approval of Northern Regional Housing Authority Director (Gina Bell)</td>
<td>3 - 0</td>
<td>YES</td>
</tr>
</tbody>
</table>

Committee Members present:

- Angel Reyes, Chair  
  - ☑ present  
  - □ absent  
  - □ conference call

- Attorney General Hector Balderas or Sally Malavé  
  - ☑ present  
  - □ absent  
  - □ conference call

- Randy McMillan  
  - ☑ present  
  - □ absent  
  - □ conference call

Secretary: [Signature]  
8/13/19
MEMORANDUM

TO: MFA Board of Directors

Through: Contracted Services Committee – August 13, 2019

Through: Policy Committee – August 6, 2019

FROM: Gina Bell

DATE: August 21, 2019

SUBJECT: Approval of Northern Regional Housing Authority Executive Director

Recommendation:
Approve hiring Judith Carlin as the Executive Director at Northern Regional Housing Authority (NRHA).

Background:
The Legislature of the State of New Mexico, during the 2009 Legislative session, enacted Senate Bill 20 (Laws of New Mexico 2009, Chapter 28) amending the Regional Housing Law 11-3A-20 NMSA 1978, to redefine the activities of the regional housing authorities of certain activities, to include MFA’s Board of Director approval of Executive Director’s for the Regional Housing Authorities.

Discussion:
On March 16, 2016 MFA’s Board of Director’s approved Richard Frey as Executive Director for the NRHA. Mr. Frey’s employment ended on April 6, 2018. Michael Cabral was assigned as Acting Executive Director by NRHA’s Board.

The agency continues to struggle and remains in troubled status with HUD, therefore the Board of Directors began soliciting applicants for a fully dedicated Executive Director in April 2019. A total of 31 resumes were received and the NRHA Board interviewed 5 of the applicants on June 14, 2019. Mr. Cabral was one of the applicants interviewed for the position. A copy of the search/interview process is attached as Exhibit A.

A list of the top choice applicants were provided to HUD as a second source of review. Through this process Judith Carlin was chosen as the top candidate. The NRHA Board met on July 31, 2019 and formally approved Ms. Carlin as the Executive Director. She passed a background check and the Board
Chair has negotiated employment, contingent on MFA’s Board of Director’s approval. Upon final approval, Ms. Carlin would begin her employment at NRHA in September 2019.

Judith Carlin is currently a Chief Executive Officer for the Omaha Housing Authority. She is an attorney with extensive Housing Authority experience which includes operations, development, housing choice voucher programs, real estate acquisition and disposition, income housing tax credit applications and compliance. Her resume is attached for your review.

MFA staff is supportive of NRHA Board of Director’s hiring Judith Carlin as the Executive Director for the Northern Regional Housing Authority. Staff believes that Ms. Carlin’s extensive experience and qualifications make her an ideal candidate for the position.

Summary:
Staff recommends MFA Board of Director’s approval for Judith Carlin to fill the position of Executive Director at the Northern Regional Housing Authority.
Exhibit A

In April 2019 a posting for the Northern Regional Housing Authority Executive Director position was advertised in the following areas:

- Albuquerque Journal
- Santa Fe New Mexican
- NCSHA
- Indeed
- New Mexico NAHRO Website

Thirty One (31) applications were received:

- 12 applicants had Housing and Public Housing Experience
- 07 applicants had Housing Experience
- 12 had no Housing Experience

A sub-committee of the board, which consisted of Rayetta Trujillo, Alfred Abeita, Reverend Moore, Della Barrone and a technical assistance provider, Richard Koontz, Executive Director for Gallup Housing Authority, reviewed the resumes. The top candidates were interviewed on June 14, 2019. Representatives from HUD also reviewed the resumes for top candidates and provided feedback to the Board. Ms. Judith Carlin was ranked as the top candidate.

Ms. Carlin has a Bachelor’s of Arts Degree from Ohio State University, a Master of Arts, degrees from Case Western Reserve University and a Juris Doctorate degree from Cleveland Marshall College of Law. She also brings to the table several additional certifications and training. She has 5 years of Housing Authority experience, 5 years of Human Resource experience and she practiced law from 1991 to 2008.

On July 31, 2019 the NRHA Board met and approved that the Board Chair formally negotiate employment for Ms. Carlin contingent on MFA Board approval.

In addition NRHA’s Board Chair requested that MFA assist by having a full agency assessment performed on Northern. The assessment was performed by Chris Herbert, Executive Director of Eastern Regional Housing Authority and MaryAnn Chavez, Executive Director from El Camino Real Housing Authority. The results will be formally presented to MFA staff and the NRHA Board in August. This assessment will be helpful in providing guidance and preparing goals for the new Executive Director.
Highlights of Qualifications

CEO experienced in all facets of public housing functions including operations, development, housing choice voucher programs, real estate acquisition and disposition, low income housing tax credit applications, and compliance.

Affordable Housing professional with extensive community development experience including neighborhood engagement, planning, land use, and zoning.

Strategic problem solver and relationship builder successful in resolving agency issues resulting in a 1.4 million-dollar return from HUD.

Policy advocate successful in engaging community conversation on issues relating to poverty, health disparities, neighborhood planning, diversity, and privilege to support adoption of policies by government, nonprofit, and private entities to build stronger more resilient communities.

Local government experience as Village Solicitor, Assistant Law Director, City Council Representative, and Member, Planning and Zoning, and Recreation Commissions.

Licensed attorney with substantial municipal regulatory and compliance experience to ensure city-wide compliance, fiscal efficiency, and staff accountability.

Litigator with success in employment, business, and land use proceedings.

Human resource professional experienced in employee engagement, collective bargaining, benefits administration, staff training, and development.

Leader with proven success in strategic management and growth advice to private, government, and nonprofit clients through advocacy informed by education to build collaborative solutions that work.
Extensive post graduate study and training in writing, mediation, conflict resolution and community development.

**Management Experience**

*Chief Executive Officer, Omaha Housing Authority*

**March 2017 - September 2018**

**Salary** $134,999

Current budget: $52 million

The Omaha Housing Authority is the largest housing authority in Nebraska with over 2700 Public Housing Units and 4500 Housing Choice Vouchers housing over 16,000 families throughout Omaha, Nebraska.

Under my leadership the agency received the first clean QAD (Quality Assurance Division) audit since 2013. In addition, together with the Omaha HUD field office, the agency corrected its Restricted Net Position (RNP), resolved multiple outstanding PHARS (PHA Recovery and Sustainability) and QAD findings. The improved relationship with HUD will support the agency’s continuous improvement and transparent operations.

I worked with HUD, local government agencies, and community nonprofits to establish a Health and Housing Collaboration to support improved health outcomes for OHA residents and program participants. This collaboration also generated a HUD, FEMA, multiple county, community and government housing disaster planning initiative.

Responsible for day to day management of all housing authority functions including:

- fiscal oversight and budget management;
- public housing, multifamily, and LIHTC operations and compliance;
- human resource oversight including employee recruitment, engagement, and training;
- procurement oversight including serving as contract administrator for the agency;
- housing choice voucher program oversight including project based, VASH, HOME, TBRA and CoC vouchers;
- Secretary of Housing in Omaha, an OHA affiliate;
- public affairs including serving as agency representative in community wide initiatives and chief media spokesperson for the agency;
- capital planning, development, and portfolio analysis;
- strategic planning
**Interim Chief Executive Officer, Omaha Housing Authority**  
**January 2016 - February 2017**  
Salary $132,000

After abrupt departure of former CEO, facilitated staff engagement and retention, strengthened Board Communication, and transparency. Engaged and improved working relationships with local and regional HUD officials. Strengthened community partnerships and developed greater collaboration with the City of Omaha.

**Deputy Director, Omaha Housing Authority**  
**December 2014 - January 2016**  
Salary: $102,000

Responsible for day to day operation and supervision of the Human Resources, Legal Affairs and Public Housing Operations. Provided direct supervision to Senior Staff including Directors of Planning and Development, Human Resources, Public Safety and Public Housing Operations. Directly involved in capital planning, real estate acquisition, demolition and disposition planning, strategic planning, compliance, development, procurement, capital planning, labor negotiations and employee relations. Provided advice and counsel to CEO and Board of Commissioners.

**Attorney/Director of Human Resources, Youngstown Metropolitan Housing Authority**  
**January 2009 - December 2014**  
Salary $72,500.

Responsible for the direction, coordination and overall management of the Office of Legal Affairs including Human Resources, Procurement and Contracting. Responsible for employee recruitment, management training/development, employee relations and labor relations. Responsible for the coordination and administration of FMLA, FLSA, HIPAA, COBRA, OPERS benefits and worker’s compensation. Additional responsibilities included the oversight of payroll and agency’s compensation programs. Served as primary negotiator for all collective bargaining unit agreements with each of agency’s four represented unions and manage all other labor issues including disciplinary actions, suspensions and terminations.

Provided legal advice and counsel to the Executive Director on all aspects of Agency operations including public housing, housing choice voucher program, development
including LIHTC, labor and employment law, Board relations and crisis management and procurement.

Served as Authority Hearing Officer, conducted client informal reviews and grievance hearings.

**Attorney, Private Practice**
**April 2003 - December 2008**

Representation of municipalities, public officials and individuals with emphasis in policy development, risk assessment and management, litigation, zoning, civil rights, criminal and appellate law. Counsel to small businesses in development, government relations, planning and zoning, commercial litigation and employee relations (including employment discrimination, Family and Medical Leave Act, American with Disabilities Act, Health Insurance Portability and Accountability Act and Fair Labor Standards). Consultant to not for profit organizations on formation, development, risk management and fundraising.

**Attorney, Manning & Manning Co., L.P.A.**
**September 2002 - March 2003**

Civil litigation and business practice.

**Attorney, The Gervelis Law Firm**
**August 2000 - August 2003**

Personal injury and appellate practice.

**Attorney, Private Practice**
**August 1994 - September 2000**

Municipal, law, education law, civil litigation, appellate and business practice.

**Attorney, Louis H. Orkin & Associates**
**City of Beachwood Assistant Law Director, March 1991 to August 1994**

Representation of the City of Beachwood and other municipalities, public officials and individuals with emphasis in policy, risk assessment and management, zoning, civil rights, criminal and appellate law.
Education

**Cleveland Marshall College of Law:** *Juris Doctor*, Cum Laude
*Cleveland State Law Review, Editor*

**Case Western Reserve University:** *Master of Arts*

**Ohio State University:** *Bachelor of Arts*

Additional Certifications/Training

- *Public Housing Manager Certification*, Nan McKay
- *Public Housing Executive Management*, Nan McKay
- *Housing Choice Voucher Executive Manager*, Nan McKay
- *Capital Fund Program*, Nan McKay
- *Project Based Accounting for PHAs*, Nan McKay
- *Procurement and Contracts Management Training*, Mike Gifford, Housing Authority Procurement Assistance
- *General Mediation Training*, Community Mediation Services, Columbus, Ohio
- *Domestic Mediation Training*, Community Mediation Services, Columbus, Ohio

Community Service

Business

- *Presenter*, 2018 National Environmental Health Association and HUD Healthy Homes Conference, Anaheim CA
- *Board Member*, Creighton’s Center for Promoting Health and Health Equality Partnership
- *Board Member*, Omaha by Design
- *Member*, NAHRO National Community and Revitalization Committee
- *Board Member*, NAHRO NCRC Vice President for Community Revitalization and Development
- *Secretary*, Nebraska NAHRO
- *Board Member*, The Literacy Center, Omaha NE
- *Graduate*, Leadership Mahoning Valley, 2011
- *Presenter*, Fair Housing, Ohio Housing Authorities Conference (OHAC)
- *Consultant*, AWT (Alliance for Working Together - an association formed to address issues affecting manufacturing in Lake County)
- *Presenter*, Legal Issues Affecting Health Care Coverage, Mentor Area Chamber of Commerce, Manufacturing Committee
**Political**

- City of Beachwood, *Council Member*
- City of Beachwood, *Planning and Zoning Commission*
- City of Beachwood, *Recreation Commission*

**Philanthropic**

- *Founding Member*, Pathways Foundation for Peace and Healing, Inc.: (Non-profit organization dedicated to healing trauma caused by violence and teaching conflict resolution skills)
- *Board Member*, Mind Body Spirit Connected, Chair of Fall 2006 Benefit, created web sites mbscfall2006.blogspot.com and mbscsilentauction.blogspot.com
- *Volunteer*, The Cleveland Clinic Children’s Hospital for Rehabilitation, fund raising events
- *Planning Committee and Presenter*, Second Midwest Gathering, Hiram, Ohio
- *Volunteer*, The Gathering Place, Beachwood, Ohio

**Education**

- *Mentor*, Partnership 4 Kids, Omaha Nebraska
- *Advisor*, Beachwood Middle School, Talking Peace Project (A 10-week multi-disciplinary project based on the book “Talking Peace” written by Jimmy Carter including presentation at Pathways Foundation International Youth Peacemakers Conference, Cleveland Ohio, sponsored by Common Bond Institute, the Association for Humanistic Psychology and Pathways Foundation for Peace and Healing)
- *Coach*, Odyssey of the Mind Primary Level, Bryden Elementary, Beachwood School District

**Skills**

Microsoft Office | Yardi | Tenmast | Westlaw | Lexis | Social Networking platforms
Tab 10
No Handout Available

Presentation
Tab 11
## Staff Actions Requiring Notice to Board
### During the Period of July 31, 2019

<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 Department – NM HTF Loan Program</td>
<td>Horizon Apartments – a sixteen-unit new construction multifamily development located in the City of Eunice, NM.</td>
<td>1) Extend construction period by five months to allow lease-up and to achieve stabilized occupancy requirements for conversion; 2) Allow five project-based vouchers (PBV’s) on the five at or below 60% AMI units; and 3) Accept the shift in majority ownership interest in the LLC to the housing authority so that they can obtain the PBV’s from HUD.</td>
<td>Approved by Izzy Hernandez on June19, 2019</td>
</tr>
<tr>
<td>Servicing - REO</td>
<td>3944 Camino Alameda SW Albuquerque, NM</td>
<td>Final disposition of a single family residence REO Property: Loss of $92,105.38</td>
<td>Sale date 5/20/2019 – Foreclosure and REO disposition managed and completed by IHFA. Due to property condition – unable to convey to HUD or recover losses via FHA claim. Approved by Policy Committee 7/8/19</td>
</tr>
<tr>
<td>CDD</td>
<td>2019 Veterans Housing Rehabilitation &amp; Modification Program</td>
<td>Approve funding allocations to existing HOME Rehab service providers</td>
<td>PC approved on 7/23/19</td>
</tr>
<tr>
<td>CDD</td>
<td>CDBG</td>
<td>Approve request to transfer CDBG funding from TDS to SWR</td>
<td>PC approved on 7/23/19</td>
</tr>
</tbody>
</table>
Goal 1 - Respond to New Mexico's affordable housing needs.

### Benchmark: 1
**Provide mortgage financing for 2,000 homebuyers**

**Q1** On Target  | MFA financed 696 homebuyers in Q1 of FY 2019 and 696 homebuyers YTD.

**Q2** On Target  | MFA financed 681 homebuyers in Q2 of FY 2019 and 1,377 homebuyers YTD.

**Q3** Met  | MFA financed 696 homebuyers in Q3 of FY 2019 and 2,073 homebuyers YTD.

### Benchmark: 2
**Attain average mortgage product utilization of 20% of all FHA loans recorded in New Mexico**

**Q1** On Target  | The MFA quarterly product utilization in Q1 is 27.89%.

**Q2** On Target  | The MFA quarterly product utilization in Q2 is 32.02% for a YTD average of 29.95%.

**Q3** On Target  | The MFA quarterly product utilization in Q3 is 41.91% for a YTD average of 33.94%.

### Benchmark: 3
**Finance 1,000 rental units**

**Q1** On Target  | On target to achieve goal. Financed 442 units in Q1.

**Q2** On Target  | Financed 5 units in Q2 for a YTD total of 447.

**Q3** Caution  | YTD 447. Although we closed $5,600,000 in loans in Q3, all associated units were reported with their LIHTC awards in previous quarters. We anticipate hitting the 1,000 target with currently scheduled closings in Q4, however the future of the MOAB 20 closings remains uncertain.

### Benchmark: 4
**Achieve annual combined average loan delinquencies of MFA serviced portfolio below 12 percent**

**Q1** On Target  | The Q1 combined average delinquency rate was 11.31%. Combined average delinquency rate YTD is 11.31%.

**Q2** On Target  | The Q2 combined average delinquency rate was 9.94%. Combined average delinquency rate YTD is 10.62%.

**Q3** On Target  | The Q3 combined average delinquency rate was 8.80%. Combined average delinquency rate YTD is 10.02%.

### Benchmark: 5
**Implement MFA housing summit and open house**

**Q1** On Target  | MFA's 2019 open house will be held on September 12 from 4 to 6 p.m.

**Q2** On Target  | The theme of MFA's 2019 open house will be: Home is where life is the sweetest.

**Q3** On Target  | The open house committee met and assignments were distributed. The caterer and musical entertainment is secured. Staff
MFA Strategic Plan Benchmarks
FY 2019

are being asked to participate.

**Benchmark: 6**

**Develop social media plan and implement at least one new portion of the plan**

<table>
<thead>
<tr>
<th>Q1</th>
<th>On Target</th>
<th>A social media specialist has been hired. A marketing plan is being developed, which will include a social media/digital marketing component.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>MFA accounts have been established for Facebook, Instagram and Twitter. Facebook has 415 followers; Instagram has 71.</td>
</tr>
<tr>
<td>Q3</td>
<td>On Target</td>
<td>A social media inventory has been done of all HFAs. A social media SWOT analysis and SMART plan is being developed. Digital ads are running in five online newspapers; they will run for three months.</td>
</tr>
</tbody>
</table>

**Benchmark: 7**

**Evaluate at least three new specialty products or significant program or product improvements**

<table>
<thead>
<tr>
<th>Q1</th>
<th>On Target</th>
<th>The NextHome program was restructured to ensure long-term sustainability of the program. The down payment assistance grant was replaced with a second mortgage. The new program structure will make the program more attractive to secondary market investors, will improve mortgage rates for borrowers and provide better profit margins to MFA. Also, a strategy for Manufactured Home Lending was discussed and drafting began on a policy for an internal Neighborhood Stabilization Program.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>In Q2, began discussions with NM Department of Finance and Administration to finalize contract for new NSP program, with program launch expected later in FY2019. Continued work on manufactured home lending initiative.</td>
</tr>
<tr>
<td>Q3</td>
<td>On Target</td>
<td>In Q3, staff evaluated the HUD 542(c) Risk Share program and will be recommending an alternative way to calculate interest rates that could encourage additional utilization of the program.</td>
</tr>
</tbody>
</table>

**Goal 2 - Ensure prudent stewardship of affordable housing resources.**

**Benchmark: 8**

**Obtain unmodified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits**

<table>
<thead>
<tr>
<th>Q1</th>
<th>On Target</th>
<th>MFA received an unmodified opinion on the financial statements with no findings. The audit has been approved by the Office of the State Auditor and will go to Board for approval in January, 2019.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>Met</td>
<td>MFA received an unmodified opinion on the financial statements with no findings. The audit was approved by the Board in January, 2019.</td>
</tr>
</tbody>
</table>

**Benchmark: 9**

**Maintain or improve credit rating**

<table>
<thead>
<tr>
<th>Q1</th>
<th>On Target</th>
<th>There is no rating activity currently other than quarterly reporting as required. MFA maintains its Aa3 Stable rating.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>There is no rating activity currently other than quarterly reporting as required. MFA maintains its Aa3 Stable rating.</td>
</tr>
</tbody>
</table>
During this quarter, Moody’s issued an updated credit analysis of MFA’s single family program indenture. They confirmed the Aaa (stable) rating. Although not updated, the issuer credit rating remains Aa3 (stable). Also during this quarter Moody’s conducted a management review of MFA. Staff presented updates on management and governance, financing plans, the single family mortgage landscape and multifamily activities. Additional items discussed included legislative success, servicing expansion, PBCA and new housing programs. Staff continues to support all rating agency reporting requirements.

**Benchmark: 10**

**Achieve operating performance and profitability equal to net revenues over total revenues of at least 10.0 percent, based on five-year average**

<table>
<thead>
<tr>
<th>Q1</th>
<th>On Target</th>
<th>As of 12/31/18, the operating performance and profitability ratio was 7.2%. It is currently low due State Investment Council losses and is expected to improve.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>As of 3/31/19, the operating performance and profitability ratio was 11.0%.</td>
</tr>
<tr>
<td>Q3</td>
<td>On Target</td>
<td>As of 6/30/19, the operating performance and profitability ratio was 10.6%.</td>
</tr>
</tbody>
</table>

**Benchmark: 11**

**Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least 30.2 percent, based on five-year average**

<table>
<thead>
<tr>
<th>Q1</th>
<th>On Target</th>
<th>As of 12/31/18, balance sheet strength was 29.0%.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>As of 3/31/19, balance sheet strength was 30.5%.</td>
</tr>
<tr>
<td>Q3</td>
<td>On Target</td>
<td>As of 6/30/19, balance sheet strength was 29.9%.</td>
</tr>
</tbody>
</table>

**Benchmark: 12**

**Realize administrative fee of at least 18 basis points on all bond issues**

<table>
<thead>
<tr>
<th>Q1</th>
<th>On Target</th>
<th>The 2018 Series D Single Family Bond issue has an authority fee of 18 basis points.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>The 2019 Series A new money tax exempt bond issue has an administrative fee of 18 basis points. The 2019 Series B refunding taxable bond issue has an administrative fee of 185 basis points.</td>
</tr>
<tr>
<td>Q3</td>
<td>On Target</td>
<td>The 2019 Series C new money tax exempt bond issue has an administrative fee of 18 basis points.</td>
</tr>
</tbody>
</table>

**Benchmark: 13**

**Realize profitability of 1.0 percent on TBA executions**

<table>
<thead>
<tr>
<th>Q1</th>
<th>Caution</th>
<th>As of 12/31/18, TBA profitability was .62%.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>Caution</td>
<td>As of 3/31/19, TBA profitability is .89%. In order to keep rates competitive, MFA has had to balance margin and mission.</td>
</tr>
<tr>
<td>Q3</td>
<td>Caution</td>
<td>As of 6/30/19, TBA profitability is .80%. NEXTHome profitability continues to be challenging. Focus is on keeping mortgage rates as competitive as possible.</td>
</tr>
</tbody>
</table>
MFA Strategic Plan Benchmarks
FY 2019

Benchmark: 14
Maintain servicing fee yield at an average of 0.36 percent of the purchased servicing portfolio

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>On Target</td>
<td>As of 12/31/18, servicing fee yield was .39%.</td>
</tr>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>As of 3/31/19, servicing fee yield was .39%.</td>
</tr>
<tr>
<td>Q3</td>
<td>On Target</td>
<td>As of 6/30/19, servicing fee yield was .39%.</td>
</tr>
</tbody>
</table>

Benchmark: 15
Earn 100 percent base fees for PBCA contract

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>On Target</td>
<td>All PBCA tasks were completed this quarter as required by the contract. The Annual Contributions Contract (ACC) was signed and extended through 6/30/19.</td>
</tr>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>All PBCA tasks were completed as required for Q2 and 100% of base fees were earned.</td>
</tr>
<tr>
<td>Q3</td>
<td>On Target</td>
<td>All PBCA tasks were completed as required for Q3 and 100% of base fees were earned. ACC contract signed and extended to 9/30/2019.</td>
</tr>
</tbody>
</table>

Benchmark: 16
Yield a collection rate of 95 percent or greater for compliance monitoring fees

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>On Target</td>
<td>Invoices for compliance monitoring fees were sent out this quarter.</td>
</tr>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>Invoices for compliance monitoring fees were sent out and 92% of fees have been collected.</td>
</tr>
<tr>
<td>Q3</td>
<td>Met</td>
<td>Late invoices for compliance monitoring fees were sent out and 96% of fees have been collected.</td>
</tr>
</tbody>
</table>

Benchmark: 17
Meet commitment and expenditure requirement of 95 percent of grant funding

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>On Target</td>
<td>As of 12/31/18, MFA has met 100% of the commitment and expenditure requirement.</td>
</tr>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>As of 3/31/19, MFA has met 98% of the commitment and expenditure requirement.</td>
</tr>
<tr>
<td>Q3</td>
<td>On Target</td>
<td>As of 6/30/19, MFA has met 96% of the commitment and expenditure requirement.</td>
</tr>
</tbody>
</table>

Benchmark: 18
Generate at least $500,000 in contributions through the state affordable housing tax credit program

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Met</td>
<td>MFA received $879,600 in donations for four affordable housing projects and $15,200 in cash donations not associated with specific projects to the Charitable Trust, for a total of $894,800.</td>
</tr>
<tr>
<td>Q2</td>
<td>Met</td>
<td>In Q2, MFA received $727,887 in contributions for five affordable housing projects, four of which also received contributions in Q1. YTD, MFA has received $1,622,687 in contributions.</td>
</tr>
<tr>
<td>Q3</td>
<td>Met</td>
<td>Housing Development worked with YES Housing on a $500,000 State Tax Credit application in Q3 for Hope Village.</td>
</tr>
</tbody>
</table>
which is an approved MFA project with NHTF, HOME, and NMHTF totaling $4,930,000 in awards. Housing Development expects an application in Q4.

Benchmark: 19
Evaluate at least one new business model or financial tool

Q1 On Target Staff will resume work on a new Resource Allocation Study during the second quarter. A Board study session is tentatively scheduled for April 2019.

Q2 On Target The Resource Allocation Study will be presented at a Board Study Session April 17, 2019.

Q3 Met The Resource Allocation Study was presented at a Board Study Session April 17, 2019. Information was well received and in the future will become part of an annual presentation to the Board. This report provides a more comprehensive approach in assessing adequacy of reserves and fiscal health to assist in making long-term decisions using expected market conditions and alternatives that might occur.

Benchmark: 20
Increase funding by at least one new source

Q1 Met Received $1 million HUD award for Veterans Home Rehabilitation and Modification Pilot Program.

Q2 Met Received a total of $3,759,500 from the 2019 State of New Mexico Legislative Session, including $2.15 million for the New Mexico Housing Trust Fund, $1 million for NM Energy$mart, $200,000 for Regional Housing Authority oversight, $232,000 for Affordable Housing Act oversight and $177,500 for Veterans Home Rehabilitation. Evaluated, but determined not to apply for, the Federal Home Loan Bank's Affordable Housing Program grant.

Q3 Met Expect to receive $1 million award for 2019 VHRMP Program.

Goal 3 - Strengthen affordable housing partners.

Benchmark: 21
Expand services of at least one program to an underserved area of the state

Q1 Met Expanding rehab services in 7 new counties: Rio Arriba, Taos, Grant, Lincoln, Hidalgo, Eddy and Catron.

Q2 Met NM Energy$mart developed an RFP to procure for an additional service provider. HomeNow DPA outreach to low income borrowers in New Mexico has focused on rural areas. Through Q2, HomeNow fundings are at 46% of our 2-year, $360,000 goal for rural areas after only six months of the program’s introduction. Counties where MFA programs are trending to exceed the prior year’s results are: Chaves, Eddy, Grant, Lincoln, Otero, Quay, Rio Arriba, Roosevelt, San Miguel, San Juan, Sierra and Socorro.

Q3 Met Benchmark met in prior quarters. We will continue to explore opportunities to expand services to underserved areas in Q4.

Benchmark: 22
Assist at least ten local or tribal governments with affordable housing plans, implementation or programs
MFA Strategic Plan Benchmarks
FY 2019

Q1  Met  Assisted nine local governments and one tribal government as follows: Albuquerque, Colfax County, Espanola and Taos received assistance on plans and ordinances; Farmington, Gallup, Las Cruces, Ruidoso and Santa Fe received assistance with implementation and programs; and Taos Pueblo received environmental review training for MFA's rehab program.

Q2  Met  Assisted eight local governments, and one tribal government as follows: Albuquerque, Espanola, Silver City, Socorro and Grant County received assistance on plans and ordinances; Las Cruces, Ruidoso, Colfax and Lea Counties received assistance with implementation and programs. Taos Pueblo received assistance with the environmental review process. Other work with tribal partners included outreach for Freddie Mac's Savings Project, and technical assistance provided to both the NM Tribal Homeownership Coalition and the Northern Pueblos Housing Authority.

Q3  Met  Assisted eight local governments, and three tribal governments as follows: Albuquerque, Silver City, Socorro and Grant County received assistance on plans and ordinances; Los Lunas, Ruidoso, Colfax and Lea Counties received assistance with implementation and programs. Assisted Northern Pueblo Housing Authority, Ohkay Owingeh, and Isleta Pueblo with information sharing about their housing programs.
Total assisted YTD is 30.

Benchmark: 23
Provide at least ten formal training opportunities for property owners, developers and/or service providers

Q1  On Target  Q1 trainings include Qualified Allocation Plan (QAP) training, HOME Rehab training for new providers (Santa Clara Pueblo Housing Authority, Taos Pueblo Housing Authority and Espanola Habitat), training to lenders regarding new mortgage programs (HomeNow and NextDown), training on Fannie Mae's new Native American lending initiative, and owner/agent training on Set Aside/Special Needs housing program.

Q2  Met  Q2 trainings include Fair Housing Training for 22 MFA agencies, Income Calculation Training for 23 agencies, Rental Assistance Program training for 12 agencies and NM Energy$mart training for six agencies. Section 811 training was provided by MFA and the Behavioral Health Services Division (NM Human Services Dept.) for our partners and local lead agencies.

Q3  Met  Homeownership provided three lender trainings.

Benchmark: 24
Improve at least three MFA processes or resources

Q1  On Target  Transitioned production data for the annual report from a calendar to fiscal year, to be consistent with quarterly board reports. Finalized process for updating the MFA housing needs assessment, which includes having BBER update data under its existing contract. Met with REDW to discuss next steps in implementing the LIHTC project audit recommendations in the 2020 QAP, as well as determining what the program will look like for FY2019. Analyzed MFA's LIHTC fees, in comparison to other states. Migrated Domain Name Service "DNS" away from CenturyLink to avoid a single point of failure for network services. Online Invoicing and New Mexico Energy Smart programs were updated for functionality and enhancements.

Q2  Met  The daily mortgage rate setting analysis process was automated. The new process not only creates efficiencies, it eliminates human error. MFA began receiving Affordable Housing Act reviews, including plans, ordinances and qualifying grantee requests, through the website portal rather than through mail or email. Continuum of Care invoicing and monitoring process has been redesigned. Servicing implemented monthly payment reminder email messages to our DPA customers and an after-hours call strategy to reduce delinquencies.
### MFA Strategic Plan Benchmarks
#### FY 2019

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Met</th>
<th>Benchmark met in prior quarters. Will continue to look for further process improvements in Q4.</th>
</tr>
</thead>
</table>

### Goal 4 - Provide robust technology solutions.

<table>
<thead>
<tr>
<th>Benchmark: 25</th>
<th>Maintain a low risk in semi-annual vulnerability scans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 On Target</td>
<td>MFA's internal and external penetration testing was completed on 11/12/18. MFA received a security posture of 7 for Internal and 9 for External (7 - Secure, 9 - Extremely Secure)</td>
</tr>
<tr>
<td>Q2 On Target</td>
<td>MFA's vulnerability scans are now conducted on a weekly basis and our vulnerability risk rating is 793. The rating range is from 300 (high risk) to 850 (low risk). MFA has also added a Security Awareness Program that provides security awareness training on a quarterly basis and monthly phishing testing.</td>
</tr>
<tr>
<td>Q3 On Target</td>
<td>MFA's vulnerability scans continue on a weekly basis and our vulnerability risk rating is 792. The rating range is from 300 (high risk) to 850 (low risk). MFA's Security Awareness Program continues to provide security awareness training on a quarterly basis and monthly phishing testing, with all employees completing 100% of their training.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benchmark: 26</th>
<th>Maintain system availability at 99 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 On Target</td>
<td>In Q1, MFA experienced a partial outage that affected all Internet traffic including mobile phone usage for a period of two hours. This was a CenturyLink outage that occurred on 12/27-29 for 2 days and 19 hours. MFA successfully switched over to its backup circuits (Comcast) to limit our downtime. MFA maintained system availability of 99.94%.</td>
</tr>
<tr>
<td>Q2 On Target</td>
<td>MFA did not experience any full system outages in Q2 and maintained system availability of 100%.</td>
</tr>
<tr>
<td>Q3 On Target</td>
<td>MFA did not experience any full system outages in Q3 and maintained system availability of 100%.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benchmark: 27</th>
<th>Implement new software solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 On Target</td>
<td>Continued work on the implementation of VirPack is ongoing with a major application upgrade scheduled for Q2. PowerLender organization specific configurations have begun with the Homeownership Department and vendor. Have begun conversion of Access database project in preparation for the install of Office365. The email portion of Office365 is scheduled for implementation in Q2.</td>
</tr>
<tr>
<td>Q2 On Target</td>
<td>Office365 implementation completed in Q2. All legacy Access database files have been updated in preparation of support for Office 2016 (client side application). Data Warehouse software “SageWorks” has been kicked off and new contract has been signed with PowerSellers for pooling and securitization. A new cloud-based budgeting software application has also been purchased to aid in the budgeting process.</td>
</tr>
<tr>
<td>Q3 On Target</td>
<td>MITAS Pipeline Report and Engery$mart Unit Inspections moved from an access database to online application. Section 811 programing completed, currently in testing phase awaiting contracts. SageWorks is currently in the implementation phase as initial data mapping has been completed. PowerSellers, data mapping has been completed and operational testing is underway, automated data updates will be scheduled once testing is complete. PowerLender/VirPack acoeLender Portalâ€• is currently being configured to allow origination data viewable in the document management system.</td>
</tr>
</tbody>
</table>
system. Budget Maestro has been implemented and Accounting is using the budget management software for next yearâ€™s fiscal budget.

### Goal 5 - Foster a dynamic work environment.

**Benchmark: 28**  
Maintain or improve employee engagement score of 82 percent

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>On Target</th>
<th>Annual engagement survey will be conducted in the month of May.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q2</td>
<td>On Target</td>
<td>Survey will be sent to staff in April.</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Met</td>
<td>Survey conducted with 97% participation. We surpassed our goal of 82% with a final score of 83.63%</td>
</tr>
</tbody>
</table>

**Benchmark: 29**  
Complete compensation survey

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>On Target</th>
<th>Full compensation survey was completed during fiscal year 2018. A compensation analysis will be conducted this fiscal year to ensure MFA is in line with other HFAs that participate in a third party survey.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q2</td>
<td>On Target</td>
<td>Survey results should be received in the 3rd quarter.</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Met</td>
<td>Survey complete</td>
</tr>
</tbody>
</table>
ADVERTISING

Billboards  July-August
Roswell/Artesia    US 70, inbound Roswell to Ruidoso
Gallup            I-40, between Gallup exits
Alamogordo        US 54, inbound to Alamogordo
Carlsbad          US 285, to Artesia/Lakes
Silver City       US 180 west
Clovis            US 70 north

Print  July-August
2x per week Alamogordo Daily News
2x per week Carlsbad Current-Argus
1x per week Roswell Daily Record
2x per week Silver City Sun-News
2x per week Eastern New Mexico News
2x per week Gallup Independent

Digital  July-August
Alamogordo Daily News online
Carlsbad Current-Argus online
Eastern New Mexico News online
Roswell Daily Record online
Silver City Sun-News online

MEDIA COVERAGE

7-15 Los Alamos Daily Post  Udall, Heinrich: $1 Million Grant for Veterans Housing
7-18 Taos News  State funds to help homebuyers
<table>
<thead>
<tr>
<th>Date</th>
<th>Source</th>
<th>News/Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-18</td>
<td>Albuquerque Journal</td>
<td>NM receives grant for veterans housing rehab</td>
</tr>
<tr>
<td>7-21</td>
<td>Hobbs News-Sun</td>
<td>State financing new Hobbs apartments</td>
</tr>
<tr>
<td>7-30</td>
<td>Albuquerque Journal</td>
<td>Members named to finance authorities</td>
</tr>
</tbody>
</table>

**PRESS RELEASES, NEWSLETTERS and LENDER MEMOS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Source</th>
<th>News/Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-15</td>
<td>Tribal Coalition</td>
<td>Section 4 Capacity Building Grants Now Available</td>
</tr>
<tr>
<td>7-18</td>
<td>Tribal Coalition</td>
<td>Train-the-Trainer Workshop</td>
</tr>
<tr>
<td>7-16</td>
<td>Press release, Albuquerque</td>
<td>MFA Issues $100 Million Bond for Mortgage Loans</td>
</tr>
<tr>
<td>7-17</td>
<td>Press release, balance of state</td>
<td>MFA Issues $100 Million Bond for Mortgage Loans</td>
</tr>
<tr>
<td>7-18</td>
<td>Tribal Coalition</td>
<td>Convening</td>
</tr>
<tr>
<td>7-23</td>
<td>Lender Memo 19-17</td>
<td>MFA Conventional Loan Product Suspension</td>
</tr>
<tr>
<td>8-1</td>
<td>Lender Memo 19-18</td>
<td>Updated program documents</td>
</tr>
<tr>
<td>7-2</td>
<td>Lender Memo 19-16</td>
<td>Texting spam alert</td>
</tr>
<tr>
<td>Map Icon</td>
<td>Label</td>
<td>Panel#</td>
</tr>
<tr>
<td>----------</td>
<td>-------</td>
<td>--------</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>4011</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>8491</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>10901</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>21032</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>10162</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>20881</td>
</tr>
</tbody>
</table>

Location: I 40 S/L.88EMP016 MP 016.88  
Current Advertiser: NEW MEXICO MORTGAGE FINANCE AUTHORITY

Location: US 54 W/L.91SMP071 MP70.09  
Current Advertiser: NEW MEXICO MORTGAGE FINANCE AUTHORITY

Location: US 285 E/L .38 NMP038 MP38.38  
Current Advertiser: NEW MEXICO MORTGAGE FINANCE AUTHORITY

Location: US 70 2500 WEST SECOND MP329.95  
Current Advertiser: NEW MEXICO MORTGAGE FINANCE AUTHORITY

Location: US 70 S/L .50 E MP 439 MP 438.50  
Current Advertiser: NEW MEXICO MORTGAGE FINANCE AUTHORITY

Location: US 180 SILVER CITY S/L.25 EMP117 #117.25  
Current Advertiser: NEW MEXICO MORTGAGE FINANCE AUTHORITY

Total Weekly Impressions: 235364
Location # 1

Advertising Strengths: Between Gallup exits

Market: GALLUP
Panel: 4011

TAB Unique ID: 139854
Location: I 40 S/L.88EMP016 MP 016.88
Lat/Long: 35.5108/-108.8245
Media/Style: Permanent Bulletin/Regular

*Weekly Impressions: 64529
Panel Size: 10’ 0” x 40’ 0” Spec Sheet
Vinyl Size: 11’ 0” x 41’ 0”
Facing/Read: West/Right
Illuminated: NO
Current Advertiser: NEW MEXICO MORTGAGE FINA...
Location # 2

Advertising Strengths: Inbound Alamogordo

Market: ALAMOGORDO
Panel: 8491

TAB Unique ID: 140504
Location: US 54 W/L.91SMP071 MP70.09
Lat/Long: 32.9509/-105.9709
Media/Style: Permanent Bulletin/Regular

Weekly Impressions: 41647
Panel Size: 10' 0" x 40' 0" Spec Sheet
Vinyl Size: 11' 0" x 41' 0"
Facing/Read: North/Right
Illuminated: NO
Current Advertiser: NEW MEXICO MORTGAGE FINA...

*Impression values based on: 18+ yrs
Location # 3

Advertising Strengths: To Artesia/Lakes

Market: CARLSBAD
Panel: 10901

TAB Unique ID: 138473
Location: US 285 E/L .38 NMP038 MP38.38
Lat/Long: 32.4678/-104.2758
Media/Style: Permanent Bulletin/Regular

*Weekly Impressions: 11798
Panel Size: 10’ 0” x 40’ 0” Spec Sheet
Vinyl Size: 11’ 0” x 41’ 0”
Facing/Read: South/Right
Illuminated: NO
Current Advertiser: NEW MEXICO MORTGAGE FINA ...
Location # 4

Advertising Strengths: Inbound Roswell to Ruidoso traffic

Market: ROSWELL/ARTESIA
Panel: 21032

TAB Unique ID: 7403939
Location: US 70 2500 WEST SECOND MP329.95
Lat/Long: 33.3939/-104.5579
Media/Style: Poster/Retro

*Weekly Impressions: 30220
Panel Size: 10’ 6” x 22’ 9” Spec Sheet
Vinyl Size: 10’ 6.5” x 22’ 9.5”
Facing/Read: East/Left
Illuminated: YES

Current Advertiser: NEW MEXICO MORTGAGE FINA ...

*Impression values based on: 18+ yrs
Location # 5

Advertising Strengths: Inbound Portales, between Clovis and Portales

Market: CLOVIS/PORTALES
Panel: 10162

TAB Unique ID: 138411
Location: US 70 S/L .50 E MP 439 MP 438.50
Lat/Long: 34.3593/-103.1963
Media/Style: Permanent Bulletin/Regular

*Weekly Impressions: 27972
Panel Size: 10' 0" x 40' 0"
Vinyl Size: 11' 0" x 41' 0"
Facing/Read: North/Left
Illuminated: NO
Current Advertiser: NEW MEXICO MORTGAGE FINA ...

*Impression values based on: 18+ yrs
**Location # 6**

**Advertising Strengths:** Outbound Silver City towards Deming

**Market:** SILVER CITY  
**Panel:** 20881  
**TAB Unique ID:** 138906  
**Location:** US 180 SILVER CITY S/L.25 EMP117 #117.25  
**Lat/Long:** 32.7830/-108.2087  
**Media/Style:** Permanent Bulletin/Regular  
**"Weekly Impressions:"** 59198  
**Panel Size:** 10’0” x 40’0”  
**Vinyl Size:** 11’0” x 41’0”  
**Facing/Read:** West/Right  
**Illuminated:** YES  
**Current Advertiser:** NEW MEXICO MORTGAGE FINA ...

*Impression values based on: 18+ yrs*
POLICE LOGS

Editor's note: Police logs are provided to the Daily News by the Alamogordo Police Department.

Monday, July 1

Oscar Robles, 32, of La Cour, pursuant to an Agency Assist at 1605 N 9th Street (APO) was arrested on a State of New Mexico Corrections Department arrest warrant and hold. He was incarcerated into OCDC and is to appear in District Court when summoned.

Remedael Martinez, 45, of Bolax Acres, pursuant to an Agency Assist at 1605 N 9th Street (APO) was arrested on a State of New Mexico Corrections Department arrest warrant and hold. She was incarcerated into OCDC and is to appear in District Court when summoned.

John Hurley, Sr., of the 3001 block of 9th Street, pursuant to a warrant check at the aforementioned address was arrested on a Municipal Court Warrant for failure to appear. He was incarcerated into OCDC and is to appear in Municipal Court when summoned.

Jeremy Johnson, 46, of the 2201 block of Fillmore, pursuant to an animal at large call in the 2900 block of N Florida Ave, was issued a non-trespass citation for animals at large. He is to appear in Municipal Court when summoned.

Kim Schmid, 24, of the 4001 block of Utah, pursuant to a public contact at 1275 E 9th Street (Municipal Court) was served a Municipal Court Warrant for multiple warrants for failure to appear. She was released on a surety bond in order to appear in Municipal Court when scheduled.

Criminal damage reported by a Roberta Hawkins of the 3001 block of Juniper Drive. She reported between 10:30 p.m. on June 30 and 7:30 a.m. on July 1 unknown person(s) damaged the back window of her silver 2007 Jeep Wrangler. The back window was replaced.

The man has yet to be identified, however, a postmortem examination authorities confirmed.

Contributing: The Associated Press

Body found in London garden fell from Heathrow-bound plane

Adrianna Rodriguez

A stowaway died after falling from the landing gear compartment of an airplane and plunging into a garden in south London, sources say.

Metropolitan Police discovered the body when they were called to a residential address in Clapham on Sunday.

Police said the man was in the undercarriage of an inbound Kenya Airways flight to Heathrow Airport. A bag, water and some food were found in the compartment once the plane landed, authorities confirmed.

The man has yet to be identified, however, a postmortem examination will be carried out to determine the cause of death.

The airline called the death "unfortunate" and said it was cooperating with British and Kenyan authorities.

Stowing away in a plane's undercarriage is exceptionally dangerous. Experts believe roughly three-quarters of stowaways do not survive because of the extreme cold and lack of oxygen as the plane reaches cruising altitude.

Though it's not common, stowaways have in the past plunged to the streets of London as planes lowered their landing gear. In September 2002, a 17-year-old from Mozambique, Jose Matada, died after falling from the undercarriage of a Heathrow-bound flight from Angola.

Contributing: The Associated Press

YOU CAN OWN A HOME

MFA can help.

With an investment of $500, qualified buyers can own a home.

CASA DECOR

Furniture, Art & Accessories

Southwestern & Rustic Furnishings

www.casadecorruenso.com

1214 Mechem Drive, Ruidoso NM 575-258-2912

RUIDOSO EVENING LIONS

GUN & KNIFE SHOW

SALE ON AMMO, GUNS, KNIVES, Jewelry, Military Surplus, Hunting & Survival Gear, Coins & Stamps

BE PREPARED WITH HUNTING, SURVIVAL & HOME DEFENSE

GOD • AMERICA • FREEDOM

BREENDS OF THE RUIDOSO EVENING LIONS

HOLSTERS MADE WHILE YOU WAIT

BRING YOUR GUNS TO SELL!

RUIDOSO CONVENTION CENTER

RUIDOSO - 2 DAYS ONLY

111 Sierra Blanca Drive • Saturday July 6th 9:00am - 6:00pm & Sunday July 7th 9:00am - 4:00pm

BUY • SELL • TRADE $6 Daily Admission

Children under 10 free with parent

For more information call Eli at 575-430-8681

SPONSORED BY THE RUIDOSO EVENING LIONS
Immigrants fired from Trump clubs seek White House meeting

Bernard Condon  
ASSOCIATED PRESS

NEW YORK — A group of immigrant workers fired from President Donald Trump’s golf clubs say they plan to meet with him at the White House to make the case that they should not be deported. The 21 maids, groundkeepers and other workers fired earlier this year from five of Trump’s clubs asked their former employer in a letter this week to remember all their hard work and give them a chance to make their case in person why they should stay in the country.

“I’m hopeful that he’ll listen to the letter,” the group’s lawyer, said. Gailan Seifan, who worked for 14 years as a handyman at Trump’s club in Westchester County, New York, before he was fired in January.

The response on White House stationery, in what appeared to be a form letter, assured the workers that “we are reviewing your message.” The White House didn’t respond Friday to a request for further comment.

The troubles for Trump workers started in December when a maid who had made the president’s bed at his club in Bedminster, New Jersey, wrote the New York Times that a supervisor there knew she and other housekeepers and workers were in the country illegally, and used their status against them if they complained about working conditions.

Then other workers at other Trump clubs without proper documents—some employed by him for a decade or more—began speaking out, and the Trump Organization began rounds of firings.

The Trump Organization has said it does not tolerate workers who lie about their status and only recently discovered its workers were in the country illegally. It did not respond to requests for comment about the proposed White House meeting.

Democrats in Congress responded earlier this year that the FBI look into the Trump Organization acted as a “criminal enterprise” by knowingly hiring workers with false documents and even helping them procure such papers, as some fired workers have claimed.

A lawyer for 12 former Trump workers, Anat Bomer, said she has been interviewed by the FBI as well as the offices of attorneys general in New Jersey and New York, though he declined to talk about what was discussed.

The letter from the workers said the president knows many of them and asked him to “do the right thing” and “not deport us and our friends and family.”

“You know we are hard workers and that we are not criminals or seeking a free ride in America,” the letter said. “We pay our taxes, love our faith and family, and simply want to find a place for ourselves to make America even better.”

Former club handyman Seifan said he couldn’t believe it when he was fired in January because he was a trusted employee who was asked to do work on Eric Trump’s house nearby, and given access to come and go as he pleased.

“I had keys to the house, all the codes I knew him personally,” he said. Seifan, who has three children in the U.S., the youngest 8. He added, “I was the first one fired. There was a list. I was the last one.”

**WEATHER**

**REGIONAL OUTLOOK**

**HOW TO READ THIS MAP**

**TODAY'S UV INDEX**

**SUN AND MOON**

**ALLEY REPORT**

**AIR QUALITY FORECAST**

**REGIONAL CITIES**

**INTERNATIONAL CITIES**

**WINDS 14-DAY TREND**

**24-HOUR PRECIPITATION**

**TODAY'S EXTREMES**

**NATIONAL FORECAST**

**CITIES ACROSS THE COUNTRY**

**YOU CAN OWN A HOME**

**MANAGEMENT FEE**

**EQUIPMENT FEE**

**Service Fee**

**MFA can help.**

With an investment of $500, qualified buyers can own a home.
Horror meets UFOs

YouTube sensation Mr. Creepy Pasta at this year’s Galacticon

By CHRISTINA STOCK
ROSELLE DAILY RECORD

Mr. Creepy Pasta keeps the mystery alive behind his mask and goggles. He is one of the celebrity guests at Galacticon in the Roswell Convention & Civic Center, which continues today and Sunday. The horror story-telling Mr. Creepy Pasta opened up to the Roselle Daily Record about his past and how he became a YouTube sensation with more than one million subscribers.

“I started eight years ago,” Mr. Creepy Pasta said. “It was something that I fell into in college. It wasn’t a big idea, I just thought it would be something fun to do with friends. I went to UTSA, University of Texas San Antonio. I was one year away from graduating. “YouTube was very different back then, there were not YouTube stars,” Mr. Creepy Pasta said. “I didn’t think somebody would actually watch it. But people started commenting, so I thought, I guess I’ll do it for the people who enjoy it. Eventually it took off, and I think somebody would have noticed. “I was kind of shocked for a moment,” Mr. Creepy Pasta said. “He told me that he liked me since age 12. I didn’t think it would hold your attention at age 12.” Mr. Creepy Pasta said.

“During the conventions I meet teachers and they tell me, you get kids actually writing and reading, because they want to write their stories about monsters and that,” Mr. Creepy Pasta said. “In a lot of cases horror is a bit taboo, you don’t want kids exposed to horror (genre) — horror is sort of an adult topic. But when you are a teenager, you want to be involved in the adult stuff too. You don’t want to be told you’re a kid. Also, I like to say, the channel is a pretty safe place for kids to be. It’s not that I am trying to make people believe that it’s real. This is fiction, these are just stories. We’re here to have a good story. I like to believe that is how everybody sees it.”

Asked if this is his first time visiting Roswell, Mr. Creepy Pasta said. “Well, we drove through Roswell coming back from California. I really wanted to see Roswell. We drove through at 3:30 a.m. There is really nothing to do, we drove past the UFO Museum and kept going, but we were at the UFO McDonalds.”

When he arrived for the con, Mr. Creepy Pasta wasn’t aware of the UFO Festival taking place at the same time. He said that he hopes to see some part of it. “After I finish my panel, I am going to sneak away and see what that is,” he said. “I am just super interested, because it’s just off the UFO Festival. I am going to sneak away and see what that’s like.”

R2D2 invades UFO Festival

A fan favorite of R2-D2, the classic robotic droid from Star Wars, outside the UFO Museum on North Main Street in Roswell Friday. R2-D2 was just one of many fun sights on the streets of Roswell Friday, the first day of the annual UFO Festival.
Boat sinks; 82 migrants missing

Maggie Michael and Lori Hinnant

ASSOCIATED PRESS

The Justice Department didn’t respond to a request for comment Wednesday. Its attorneys argued that the freeze on Pentagon cash at border wall projects, Gilliam made clear that he felt a constitutional issue,” he wrote in his decision to the most fundamental concepts of judicial review.” The ACLU, which represented the Sierra Club and Southern Border Communities Coalition, applauded the ruling.

“For the sake of our democracy and border communities, it’s time the president came to terms with the fact that America rejected his xenophobic wall — and move on,” said ACLU attorney Deo Ladin.

Ruling sets back a key campaign promise

Elliot Spagat

ASSOCIATED PRESS

An appeals court has upheld a lower court’s decision to freeze the use of Pentagon money to build border walls. STRIBGUT BULLION

SAN DIEGO – An appeals court on Wednesday upheld a freeze on Pentagon money to build a border wall with Mexico, casting doubt on President Donald Trump’s ability to make good on a signature campaign promise before the 2020 election.

A divided three-judge panel of the 9th U.S. Circuit Court of Appeals in San Francisco agreed with a lower court ruling that prevented the government from tapping Defense Department counterdrug money to build high-priority sections of wall in Arizona, California and New Mexico.

“The decision is a setback for Trump. He declared a national emergency to free up billions of dollars from the Pentagon after a 35-day government shutdown in January, when Congress gave him far less funding than he wanted. The appeal will be considered, but the administration cannot build during the legal challenge.”

We conclude (the public interest) is best served by respecting the Constitution’s assignment of the power of the purse to Congress, and by deferring to Congress’s understanding of the public interest as reflected in its rejection of new denial of more funding for border barrier construction,” wrote Judges Michelle Friedland, a Barack Obama appointee, and Richard Clifton, a George W. Bush appointee.

A freeze imposed by U.S. District Judge Hayward Gilliam Jr. of Oakland in May prevented work on two Pentagon-funded contracts — one spanning 46 miles in New Mexico and another for 5 miles in Yuma, Arizona. While the order applied only to those first-in-line projects, Gilliam made clear that he felt the American Civil Liberties Union was likely to prevail in their argument that Trump ignored Congress’ studies by diverting Defense Department money.

Gilliam went a step further last Friday by ruling definitively that the administration couldn’t use Pentagon counterdrug money for the two projects covered in his May order or to replace 63 miles in the Border Patrol’s Yuma, Arizona, sector and 9 miles in its El Centro, California, sector.

“The administration appealed at once,” said ACLU attorney Dror Ladin.

GREGORY BULL/AP

The majority here takes an uncharted constitutional separation of powers. The appeals court ruling, saying it misread the government’s policy of partnering with brutal traffickers or confined in detention facilities near front lines, often by deference to Congress’s understanding of the public interest as reflected in its rejection of more funding for border barrier construction,” wrote Judges Michelle Friedland, a Barack Obama appointee, and Richard Clifton, a George W. Bush appointee.

The Justice Department didn’t respond to a request for comment Wednesday. Its attorneys argued that the freeze on Pentagon cash at border wall projects, Gilliam made clear that he felt a constitutional issue,” he wrote in his decision to the most fundamental concepts of judicial review.” The ACLU, which represented the Sierra Club and Southern Border Communities Coalition, applauded the ruling.

“For the sake of our democracy and border communities, it’s time the president came to terms with the fact that America rejected his xenophobic wall — and move on,” said ACLU attorney Deo Ladin.
Walmart stopping gun sales

**CLOVIS** – In a few weeks, you can stop at the largest retailer off of Main Street to buy milk and eggs.

Effective July 27, Walmart plans to stop selling firearms at its locations, including its stores in Clovis and Portales. The stores will continue to sell ammunition, along with BBQ guns, impact guns and similar items.

"We will no longer sell handguns," said Larry Reeves, who owns the R&S Gun Shop in downtown Clovis for 47 years. "It will be good for the bigger retailers too, like Big 5 and Gamo. I'm just a drop in the bucket.

"The change is tied to Senate Bill 8, which was passed by the state legislature and signed by Governor Michelle Lujan Grisham. The legislation, which took effect Wednesday, amends provisions of the New Mexico's new law. By stepping out of the sales, Walmart — but those plans are due to the shop — but those plans are due to Tripp Stelnicki said, "If a company doesn't feel it can create or maintain an environment where its associates at risk.""The development has 1,153 residents, and 242 are "not currently designed to conduct background checks for private-party firearms transfers under New Mexico's new law." By stepping out of firearm sales altogether in New Mexico, the big-box retailer can avoid questions about if it will start offering small, common sense checks."

"A new financial program comes with its glitches."

"Sooner or later, we expect the checks would create two unfavorable issues for Walmart. First, employees would need additional training to handle firearms the store doesn't sell. Second, customers, who are just there to buy milk and eggs might be jolted to see people entering the store with large-caliber firearms."

"Unlike a traditional goods retailer, where customers expect to see firearms of various types being handled," Wilson said, "Walmart customers do not come to our stores to see individuals walking through the store potentially carrying multiple firearms, which can lead to confusion and potentially putting both our customers andWorksheet authors at risk." In an email to the Santa Fe New Mexico, Lujan Grisham spokesperson Tipp Stelnicki said, "If a company doesn't feel it can create or maintain an environment where its associates at risk."

"New Mexicans have the expectation that those who sell firearms should be willing and able to conduct these small, common sense checks."

On this date in 1969:

Alvin Woodburn, a former president of First National Bank in Roswell, died.

On this date in 1973:

Herman D. "Bud" Mathias, one of the four men who stood on Mount Rushmore for hours to paint the giant faces of U.S. presidents, died.

July 7

**Tuesday**

Robertson County Council — 9 a.m., Courthouse, 200 W. First St., Portales. Information: 575-805-8502

**Thursday**

**Friday**

Mega Millions 63 68 47 73 67 50

Lotto Texas 9 14 50 24 45 36

**Photography**

Photos Page is compiled by David Stevens. Contact him at: dstevens@thenews.email

<ref>Information: 757-846-7509</ref>
The Associated Press

Family of Las Vegas mass shooting victim sues gun makers

By Michelle L. Price

LAS VEGAS — The family of a woman killed by a gunman during a mass shooting at a Las Vegas hotel casino filed a wrongful death lawsuit Tuesday against eight gun manufacturers and three dealers arguing their weapons are “thinly disguised” machine guns that the manufacturers knew could be easily modified. Gun makers have adamantly resisted efforts to require them to use machine guns in that form.

The lawsuit, which targets Colt and seven other gun manufacturers, along with gun dealers, seeks to make the AR-15 style weapons illegal to manufacture in the United States, arguing the weapons would be easier to modify into machine guns.

The company has been in settlement talks with the family of the woman killed by a gunman during a mass shooting at a Las Vegas hotel casino.

The lawsuit charges the manufacturers knew the AR-15 style weapons could be modified into machine guns and were “thinly disguised” machine guns that the manufacturers acknowledged and promoted the ability to convert the weapon to a machine gun with a bump stock.

“Lobbying is a trait that seems to be lost.”

The same military jurors who acquitted Gallagher Tuesday will now deliberate his punishment for the single charge on which he was convicted: paying $20,000 to a militant group.

Japana

Heavy rain calls for 1 million to evacuate

TOKYO (AP) — Japan’s emergency authorities Wednesday directed more than 1 million residents in parts of the southern main island of Kyushu to evacuate to designated shelters as heavy rains batter the southern main island.

In Beijing, the Chinese Committee for the Coordination of Chinese Exchange Rates and the Chinese Central Bank intervened in the currency markets by selling dollars and purchasing yuan.

Violent protesters in the legislative chambers by both protesters and police.

Police officer being arrested during the semi-autonomous protest in Hong Kong on Wednesday.

Policemen stand guard near the broken glass panels of the standard Legislative Council building in Hong Kong on Wednesday.

8 arrested in Hong Kong for posting personal data on police

The Associated Press

Hong Kong police have arrested eight people for posting personal data about police officers on the internet, including names, telephone numbers, addresses and social media handles, as a tactic to silence criticism.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.

The arrests come amid growing concern about the use of technology to target police officers in Hong Kong, where authorities have been cracking down on dissent.

The charges come amid a broader crackdown on dissent in Hong Kong, where authorities have been cracking down on protests and other forms of dissent.
Proofs for tx-tnp0007547-19

If this is a correction, please be sure to clear your browser cache or view these proofs Incognito (Chrome only).

Find out how, here: http://www.refreshyourcache.com/en/home

View Interactive Proofs
YOU CAN OWN A HOME

MFA can help.

YOU CAN OWN A HOME

With an investment of $5000, qualified buyers can own a home.
U.S. Sen. Tom Udall

U.S. SENATE News:

WASHINGTON, D.C. — Monday, U.S. Senators Tom Udall (D-N.M.) and Martin Heinrich (D-N.M.) have announced that the New Mexico Affordable Housing Charitable Trust in partnership with New Mexico Mortgage Finance Authority will receive a $1 million competitive grant for a Veterans Housing Rehabilitation and Modification Pilot Program.

U.S. Sen. Martin Heinrich

The U.S. Department of Housing and Urban Development (HUD) grant will be used to rehabilitate or modify an estimated 80 residences across the state – helping disabled veterans to adapt their homes to better meet their daily needs.

“We owe all of our veterans and their families a deep debt of gratitude for the sacrifices they have made to defend our country and way of life,” Udall said. “It is our duty to ensure that all veterans have the resources they have earned when they return to civilian life in New Mexico – including safe, quality housing. This grant will improve our disabled veterans’ long-term quality of life by providing the funding needed to reduce barriers and increase mobility in their homes.”

“New Mexico’s veterans fought to protect and strengthen our home, now it’s our time to do the same for theirs,” Heinrich said. “These local organizations have been at the forefront of efforts to ensure every veteran who has served our nation has a safe and stable place to call home - this funding only propels that mission. I will continue supporting and fighting for resources that connect veterans experiencing homelessness with emergency shelter, lifesaving services, and pathways toward permanent housing.”

Funding from HUD’s Veterans Housing Rehabilitation and Modification Program allows veterans to make physical modifications to their homes-such as wheelchair ramps, reconfigured bathrooms, and new bedrooms for caretakers. Rehabilitating residences and ensuring safety is essential to meeting the adaptive housing needs of veterans.
BUSINESS IN BRIEF

Taos Pueblo businessman named among top 50 entrepreneurs

Angelo McHorse, co-founder of Bison Star Naturals at Taos Pueblo, has been named one of Native Business magazine's Top 50 entrepreneurs.

The list "serves to elevate awareness of the innovation, professionalism, competence and tenacity demonstrated by Native entrepreneurs across Indian Country," according to an announcement from the magazine.

McHorse, who is Taos Pueblo, launched Bison Star Naturals – which manufactures and sells natural, plant-based body care products – with his wife Jacquelene McHorse. They sell the products at the Taos Farmers Market and have embarked recently on building a store at Taos Pueblo. The business also has an online store at BisonStarNaturals.com that brings in approximately 20-25% of Bison Star's overall revenue.

Angelo McHorse is part of the inaugural list of top entrepreneurs in Indian Country. The magazine is posting stories about the 50 Native entrepreneurs online "to document and memorialize their innovation and self-determination."

State funds to help homebuyers

The New Mexico Mortgage Finance Authority issued a $100 million bond recently in response to the high demand for MFA's mortgage loan programs. The bond deal is the largest in the MFAs 44-year history, according to a press release. About half of the bond proceeds "have already been reserved by New Mexico homebuyers who are in the process of purchasing homes through MFA," according to the agency. "MFA expects the entire amount to be reserved by Aug. 15."

"MFA is a crucial instrument in the local New Mexico housing market," said Aaron Thompson, president of the New Mexico Mortgage Lenders Association, in a statement. "They have an array of programs that allow lenders to offer specific options for home loan financing. In addition, MFAs down payment assistance programs help people become homeowners who might not otherwise be able to. MFA helps the housing industry grow and stay vibrant in New Mexico."

In 2018, MFA provided $420.1 million in mortgage loans and $16.8 million in down payment assistance to 2,848 homebuyers. The organization is on track to assist even more homebuyers this year, according to the statement.

MFA funds down payment assistance and mortgage loans for low- and moderate-income New Mexicans through the sale of tax-exempt bonds. In 2019 to date, it is the only housing finance agency in the country to do three bond sales.

"Saving enough for a down payment is one of the biggest barriers to owning a home," said Jay Czar, executive director of MFA. "We are very pleased that more New Mexicans than ever before are taking advantage of our down payment assistance programs and realizing the dream of homeownership."

Hotels offer art packages

Heritage Hotels & Resorts, the largest independent hotel group in New Mexico, which owns El Monte Sagrado Resort and Spa, has announced a series of arts and culture-driven hotel packages and events to celebrate summer.

Special events are planned at all 11 Heritage Hotel properties in Taos, Santa Fe, Albuquerque and Las Cruces.

On July 27-28, El Monte Sagrado Resort and Spa on Kit Carson Road will offer a two-day Artistic Passion Workshop with Taos artist Rich Nichols. The artist will guide participants in an interactive and hands-on in-studio workshop, located in El Monte's Gallery, overlooking the Sacred Circle. Additionally, this summer, Palacio de Marquesa, located near the historic Taos Plaza, will offer guests the Hardwood Museum Package, which includes overnight accommoda-
NEW MEXICO

NM receives grant for veterans housing rehab

U.S. Sens. Tom Udall and Martin Heinrich announced that the New Mexico Affordable Housing Charitable Trust in partnership with New Mexico Mortgage Finance Authority will receive a $1 million competitive grant for a Veterans Housing Rehabilitation and Modification Pilot Program.

The U.S. Department of Housing and Urban Development grant will be used to rehabilitate or modify an estimated 80 residences across the state — helping disabled veterans to adapt their homes to better meet their daily needs, the two Democrats said.

Funding from HUD's Veterans Housing Rehabilitation and Modification Program allows veterans to make physical modifications to their homes, such as wheelchair ramps, reconfigured bathrooms, and new bedrooms for caretakers.
State financing new Hobbs apartments

JEFF TUCKER NEWS-SUN

Construction on a 72-family unit subsidized apartment complex on the north side of Hobbs is scheduled to begin in January, now that a state agency has approved financing the $15.7 million mixed-income housing development.

The New Mexico Mortgage Finance Authority, which provides financing for housing developments for low- and moderate-income residents, on Wednesday approved financing the $15,696,293 development near the intersection of North Dal Paso Street and East Navajo Drive. It will be known as Skyview Terrace.

The MFA board initially approved the financing on June 19, but an applicant who was not funded filed a lawsuit, explained Michelle DenBleyker, vice president of Yes Housing Inc., the largest nonprofit affordable housing developer in New Mexico.

DenBleyker said the MFA board decided to re-hear all the proposed projects at Wednesday’s meeting.

“Skyview Terrace was unanimously approved at both meetings,” DenBleyker said.

In February, the Hobbs City Commission approved a $1.57 million, zero-interest loan — its 10 percent portion for the mixed-income housing complex, contingent on MFA approval. The city has approved similar loans for subsidized apartment housing at four other complexes — Parkside Terrace, Park Place Apartments, Playa Escondida and New Leaf Apartments.

The city’s loan term is 35 years, during which time rental amounts at the new apartment complex will be restricted, based on residents’ incomes. Eligible annual incomes for a three-person household in a two-bedroom apartment will range from about $18,000 to $48,000.

Construction is scheduled to begin in January, with apartment units occupied as early as January 2021, DenBleyker said.

The development will consist of 12 one-bedroom units, 44 two-bedroom units, 16 three-bedroom units and a 2,000-square-foot community building, as well as two or three play areas for differently aged children. Social service programs will include the employment of a part-time, on-site service coordinator and a management and maintenance staff person.

Rental rates for the planned apartments will be based on the percent of a family’s income to the area median income, ranging from $295 a month for a one-bedroom apartment to $1,255 a month for a three-bedroom apartment.

DenBleyker said the highest-priced rental units, going for $1,255 a month, will be $300 a month less than market rates.

A single person will need an annual income of less than $37,520 to qualify, said DenBleyker, who says there’s a demonstrable need for affordable housing in Hobbs. She said a private market study in November found every one of the city’s affordable housing properties was 100 percent occupied, with waiting lists.

Some city commissioners expressed concern about the housing development in February, noting the development would be within an quarter-mile of two other low-income housing developments.

Eagle Ridge Apartments, at 3419 N. Dal Paso St., and Woodleaf Apartments, at 3320 N. Dal Paso, are the other two low-income housing complexes in the area. Skyview Terrace will be immediately north of Eagle Ridge Apartments.

The access road for Skyview Terrace will connect to East Navajo Drive, with a secondary emergency egress.

The City Commission, after an awkward 15-second delay at the Feb. 4 meeting in search of a city commissioner to second the motion, eventually voted 5-1 in favor of the $1.57 million, zero-interest loan for the project.

City Commissioner Marshal Newman voted no, declining to elaborate on his vote afterward.

Newman’s District 1 will contain the housing development.

City commissioners Joseph Calderon, Don Gerth, Christopher Mills, Dwayne Penick and Patricia Taylor voted for the funding. Mayor Sam Cobb did not attend the Feb. 4 meeting.

Cobb announced at Monday’s City Commission meeting that Yes Housing Inc. had been awarded state financing. He said he learned of the approval of the 72-unit apartment complex at a July 10 meeting in Cloudcroft of the Legislative Finance Committee, an interim legislative committee comprised of eight state senators and eight representatives that makes budgetary recommendations to the Legislature.

“That’s going to be another good thing for our community,” Cobb said.
Members named to finance authorities

Governor's nine appointments fill out the open positions

JOURNAL STAFF REPORT

SANTA FE – Gov. Michelle Lujan Grisham has appointed new members to the New Mexico Finance Authority as well as the New Mexico Mortgage Finance Authority.

The governor appointed Katherine Miller, Leslie Nathanson Juris, David Martinez, Martin Suazo and Andrew Burke to the finance authority, with Miller to serve as chairwoman.

Miller, county manager of Santa Fe County, previously served on the finance authority from 2006 to 2010 and was the authority’s executive director from 2004 to 2006. She was also the state Secretary of Finance and Administration from 2006 to 2010.

Other members of the authority are the secretaries of Finance and Administration; Economic Development; Energy, Minerals and Natural Resources; Environment; the executive director of the Municipal League; and the executive director of the New Mexico Association of Counties.

Juris is president of a Santa Fe-based consulting firm. Martinez has served in various roles at the Pueblo of Laguna, most recently as tribal treasurer. Suazo is the owner of Eagle Stove Co., based in Las Vegas, N.M. Burke is the senior vice president for administration and finance at New Mexico State University.

For the New Mexico Mortgage Finance Authority, the governor appointed Rosalyn Nguyen Chafey, Derek Valdo, Rebecca Wurzburger and re-appointed Angel Reyes, as chairman.

Chafey is an Albuquerque attorney with extensive legal experience in finance and contracts. Valdo is an enrolled member of Acoma Pueblo and currently the CEO of AMERIND Risk Management. Wurzburger served as a Santa Fe City Councilor for 12 years, including a stint as Mayor Pro-Tem. Reyes is currently the president and chief executive of Centinel Bank in Taos. Before his reappointment to the Mortgage Finance Authority board as chair, he served as the vice chair of the board.
Section 4 Capacity Building Grants Now Available

Request for Letters of Interest

Grant Opportunity
As part of our commitment to making well-designed homes affordable, we're accepting applications under two Section 4 Capacity Building grant funding opportunities:

- National - Applications will be accepted for our markets across the country and towards national program areas
- Rural and Native American

Click HERE to learn more and sign up for a Q&A webinar.

Webinar
Attend a Grant Applicant Webinar. Find out more about the Section 4 grant program requirements and get the answers to your most important questions. Click below to register

- Rural and Native American - June 27, 2019
FOR IMMEDIATE RELEASE
July 16, 2019

CONTACT: Leann Kemp
w: 505 767-2254 c: 505-235-1994
lkemp@housingnm.org

MFA ISSUES $100 MILLION BOND FOR MORTGAGE LOANS

ALBUQUERQUE: The New Mexico Mortgage Finance Authority issued a $100 million bond this week in response to the high demand for MFA’s mortgage loan programs. It is the largest bond deal in MFA’s 44-year history. More than $50 million of bond proceeds have already been reserved by New Mexico homebuyers who are in the process of purchasing homes through MFA. MFA expects the entire amount to be reserved by August 15.

“MFA is a crucial instrument in the local New Mexico housing market,” said Aaron Thompson, president of the New Mexico Mortgage Lenders Association. “They have an array of programs that allow lenders to offer specific options for home loan financing. In addition, MFA’s down payment assistance programs help people become homeowners who might not otherwise be able to. MFA helps the housing industry grow and stay vibrant in New Mexico.”

In 2018, MFA provided $420.1 million in mortgage loans and $16.8 million in down payment assistance to 2,848 homebuyers – a 14 percent increase from the year before. The organization is on track to assist even more homebuyers this year.

MFA funds down payment assistance and mortgage loans for low- and moderate-income New Mexicans through the sale of tax-exempt bonds. It is the only housing finance agency in the country to do three bond sales in 2019.

“Saving enough for a down payment is one of the biggest barriers to owning a home,” said Jay Czar, executive director of MFA. “We are very pleased that more New Mexicans than ever before are taking advantage of our down payment assistance programs and realizing the dream of homeownership.”
MFA’s programs are available through a statewide network of approved lenders. Income and purchase price limits apply and vary by county. Both first-time homebuyers and those who currently own a home are eligible to use the programs. Homebuyers who use an MFA mortgage loan are also eligible to receive down payment assistance.

About MFA

The New Mexico Mortgage Finance Authority is a quasi-governmental entity created in 1975 to provide financing for housing and other related services for low- and moderate-income New Mexicans. Using funding from housing bonds, tax credits and other federal and state resources, MFA creates new affordable housing, makes existing homes more energy efficient and supports affordable rental housing. The organization also provides funding for emergency housing for people experiencing homelessness, supportive housing for individuals with special needs, and rent and utility assistance.

MFA is self-supporting and receives no operational money from the state of New Mexico. In 2018, MFA provided more than $531 million in low-interest financing and grants for affordable housing and housing services throughout the state. The organization manages an average of $3.4 billion in assets.

###
MFA ISSUES $100 MILLION BOND FOR MORTGAGE LOANS

Demand from low- and moderate-income homebuyers continues to rise

ALBUQUERQUE: The New Mexico Mortgage Finance Authority issued a $100 million bond this week in response to the high demand for MFA’s mortgage loan programs. It is the largest bond deal in MFA’s 44-year history. More than $50 million of bond proceeds have already been reserved by New Mexico homebuyers who are in the process of purchasing homes through MFA. MFA expects the entire amount to be reserved by August 15.

“MFA’s programs make it possible for me to help so many people become homeowners,” said Becky Underation, vice president of Pioneer Bank in Roswell and Carlsbad. “My clients are always happy to hear that they can get help from MFA to cover their down payment and closing costs.”

In 2018, MFA provided $420.1 million in mortgage loans and $16.8 million in down payment assistance to 2,848 homebuyers – a 14 percent increase from the year before. The organization is on track to assist even more homebuyers this year.

MFA funds down payment assistance and mortgage loans for low- and moderate-income New Mexicans through the sale of tax-exempt bonds. It is the only housing finance agency in the country to do three bond sales in 2019.

“Saving enough for a down payment is one of the biggest barriers to owning a home,” said Jay Czar, executive director of MFA. “We are very pleased that more New Mexicans than ever before are taking advantage of our down payment assistance programs and realizing the dream of homeownership.”

MFA’s programs are available through a statewide network of approved lenders. Income and purchase price limits apply and vary by county. Both first-time homebuyers and those who currently own a home
are eligible to use the programs. Homebuyers who use an MFA mortgage loan are also eligible to receive down payment assistance.

About MFA

The New Mexico Mortgage Finance Authority is a quasi-governmental entity created in 1975 to provide financing for housing and other related services for low- and moderate-income New Mexicans. Using funding from housing bonds, tax credits and other federal and state resources, MFA creates new affordable housing, makes existing homes more energy efficient and supports affordable rental housing. The organization also provides funding for emergency housing for people experiencing homelessness, supportive housing for individuals with special needs, and rent and utility assistance.

MFA is self-supporting and receives no operational money from the state of New Mexico. In 2018, MFA provided more than $531 million in low-interest financing and grants for affordable housing and housing services throughout the state. The organization manages an average of $3.4 billion in assets.

###
REMINDER:

New Mexico Tribal Homeownership Coalition
Convening
August 2, 2019
Isleta Resort & Casino
11000 Broadway Southeast, Albuquerque, NM 87105
9 a.m. to 4 p.m..

Convening objectives

- Celebrate the Coalition’s history and accomplishments
- Explore the question: where could the Coalition go from here?
- Develop priorities for the coming year

<table>
<thead>
<tr>
<th>Time</th>
<th>Intention</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:30</td>
<td>Breakfast</td>
</tr>
<tr>
<td>9:00</td>
<td>Open the day</td>
</tr>
<tr>
<td></td>
<td>Prayer, welcome</td>
</tr>
<tr>
<td></td>
<td>Introductions</td>
</tr>
<tr>
<td>10:00</td>
<td>Why was the Coalition created?</td>
</tr>
<tr>
<td>10:15</td>
<td>Our story: Historical timeline</td>
</tr>
<tr>
<td>11:15</td>
<td>Survey and interview highlights</td>
</tr>
<tr>
<td>Noon</td>
<td>Lunch</td>
</tr>
<tr>
<td>1:00</td>
<td>What does the Coalition look like now, and how do we want it to look?</td>
</tr>
</tbody>
</table>
Please fill out this quick survey as we continue to prepare for the meeting [https://www.surveymonkey.com/r/FXX92JY](https://www.surveymonkey.com/r/FXX92JY)

Breakfast and lunch will be provided by MFA and Enterprise. Lodging will be available for those traveling long distances.

**REGISTER HERE**

---

**Building Native Communities: Investing for the Future**

Train-the-Trainer Workshop

Isleta Pueblo, New Mexico 87022
Building 79, Tribal Road 40
Isleta Elder Center
July 31 - August 1, 2019

Financial Educators and Friends!

**Tiwa Lending Services** and **First Nations Development Institute** will host a **Building Native Communities: Investing for the Future** train-the-trainer workshop in Isleta Pueblo, New Mexico, July 31-August 1, 2019.

With generous support from the **FINRA Investor Education Foundation**, this two-day financial education certification workshop will offer in-depth instruction on the recently revised **Investing for the Future** curriculum, workbook and related training materials. As part of the **Building Native Communities** curriculum series, **Investing for the Future** provides resources and tools for trainers to teach basic investing classes and workshops in a high-energy, interactive format. **Investing for the Future** is a great follow up for financial educators, financial coaches, CDFI staff and others who have already completed the **Building Native Communities: Financial Skills for Families** certification. It's also a cutting-edge approach for how
to introduce basic investing concepts like stocks and bonds, planning for retirement, and asset allocation at the community level.

*Bring an awesome attitude and an apple for the trainer and there is NO COST to attend this workshop other than your personal travel expenses! Space is limited so please reserve your spot today by registering here.*

**Lodging:** For out-of-town participants Isleta Resort & Casino is the closest hotel to the training venue. There is no special room block, but rates are currently running about $129/night during the week of the training. The next closet options are any of the hotels near the Albuquerque Sunport.

For more information contact Shawn Spruce (agoyopi@gmail.com or (505) 917-0709) or Miranda Lente (miranda@tiwalending.org or (505) 916-0556).

[Click here](#) to download the training agenda.

[REGISTER NOW](#)
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: July 23, 2019

RE: Memo No. 19-17
   - MFA Conventional Loan Product Suspension

Fannie Mae recently announced revisions to the HFA Preferred Program. Unfortunately, the time available to implement the updated program changes is short. Fannie Mae will require applications (Application date refers to the first DU submission date as opposed to 1003 or MFA reservation date. The DU Summary of Findings references the first submission date.) dated on or after September 5, 2019 follow the new program parameters.

These program changes eliminate the mortgage insurance and pricing benefits previously offered on HFA Preferred loans to borrowers with an Area Median Income (AMI) over 80 percent. The table below reflects key changes from the current program parameters. These changes are effective on September 5, 2019.

Current HFA Preferred

Income Levels: All
LLPA's: Risk Based LLPA's waived
MI Coverage: Charter Minimum e.g. 18% on 95.01-97 LTV

Future (Sept 5 onward) HFA Preferred

Income Levels: <= 80 AMI
LLPA's: Risk Based LLPA's waived
MI Coverage: Charter Minimum e.g. 18% on 95.01-97 LTV
Future (Sept 5 onward) HFA Preferred

**Income Levels:** > 80AMI

**LLPA’s:** Risk Based LLPA’s Apply

**MI Coverage:** Standard e.g. 35% on 95.01-97 LTV

Unfortunately, as a result of these changes **MFA must temporally suspend accepting new conventional loan reservations for the FirstHome and NextHome programs on August 19, 2019.** MFA does not currently offer Freddie Mac’s HFA Advantage product.

We recognize this impacts future homeowners in our state. Our commitment to providing homeownership opportunities remains unchanged. Your MFA team is pursuing mutually beneficial alternatives to provide conventional loan products for borrowers with incomes less than 80 percent as well as greater than 80 percent of AMI.

We continue to offer government loans. MFA will continue to originate and purchase FirstHome and NextHome government loans using the current MFA income limits. Details surrounding MFA’s revised conventional loan programs will be forthcoming. Thank you for participating in MFA’s programs.
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: August 1, 2019

RE: Memo No. 19-18

- Clarification of Fannie Mae conventional HFA product changes

On July 23, MFA sent an email notification regarding pending changes to Fannie Mae’s HFA Preferred program. We want to clarify that government loan programs which include FHA, VA, USDA and HUD Section 184 are not affected and will continue to be available for reservation. All of MFA’s government programs -- including down payment assistance programs -- will remain available and intact. These are MFA’s FirstHome, FirstDown, NextHome and NextDown programs.

Fannie Mae is modifying their HFA Preferred program parameters for borrowers who are above 80% AMI. MFA is in the process of determining how to modify our programs so that they best serve both groups of borrowers: those below 80% AMI and those above 80% AMI.

The FirstHome and NextHome conventional (HFA Preferred) programs will be offline temporarily beginning August 19 while we develop the new conventional loan structure. These programs could be offline for several weeks to months due to the complexity and all the parties involved in revising the programs. Our intent is to restore these programs as soon as possible.

What this means:

- FHA, VA and USDA loans are not impacted and will continue to be available for reservation.
You may reserve HFA Preferred loans under the current rules through the close of business (5 p.m. MDT) Friday, August 16.

As of Monday, August 19, you will not see a conventional loan option in our system. Again, this will be temporary.

We will keep you updated on our progress and provide details on the restructured conventional loan program.

Please do not hesitate to call our office if you have any questions: 505.843.6880
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: August 12, 2019

RE: Memo No. 19-19

- **FINAL REMINDER Reservation Suspension for FNMA HFA Preferred Product**

---

**PLEASE FORWARD THIS MEMORANDUM TO THE APPROPRIATE PERSONNEL WITHIN YOUR ORGANIZATION**

- On July 23, MFA sent Lender Memo 19-17 regarding “MFA Conventional Loan Product Suspension"
- On August 1, MFA sent Lender Memo 19-18 regarding “Clarification of Fannie Mae conventional HFA product changes”
- **Lender Memo 19-19 is the FINAL reminder that the conventional loan programs will be suspended and no reservations will be accepted as of Monday, August 19, 2019.**

FirstHome and NextHome conventional (HFA Preferred) programs will be offline temporarily beginning August 19 while we develop the new conventional loan structure. These programs could be offline for several weeks to months due to the complexity and all the parties involved in revising the programs. Our intent is to restore these programs as soon as possible.

Please do not hesitate to call our office if you have any questions: 505.843.6880.
DON'T MISS MFA'S 2019 OPEN HOUSE!

Join your friends and colleagues as we celebrate affordable housing in New Mexico.

Music by Felix Y Los Gatos

Thursday, Sept. 12
4 - 6 p.m. at MFA
344 Fourth St. SW
Albuquerque
### Quarterly Report to the MFA Board of Directors

#### Q3 FY2019

**Production Statistics**

<table>
<thead>
<tr>
<th></th>
<th>Current Quarter</th>
<th>Same Quarter Last Year</th>
<th>Fiscal Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Homeownership</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of loans reserved</td>
<td>918</td>
<td>934</td>
<td>2,358</td>
</tr>
<tr>
<td>Amount of loans reserved</td>
<td>$142,668,858</td>
<td>$138,779,732</td>
<td>$362,847,514</td>
</tr>
<tr>
<td>Number of loans purchased</td>
<td>696</td>
<td>735</td>
<td>2,073</td>
</tr>
<tr>
<td>Amount of loans purchased</td>
<td>$105,918,341</td>
<td>$106,816,014</td>
<td>$312,647,462</td>
</tr>
<tr>
<td>Number of homebuyers counseled</td>
<td>834</td>
<td>916</td>
<td>2,472</td>
</tr>
<tr>
<td>Number of lenders/REALTORS contacted</td>
<td>2,372</td>
<td>2,225</td>
<td>5,604</td>
</tr>
<tr>
<td><strong>Housing Development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of MF loans/grants/bonds</td>
<td>$5,375,000</td>
<td>$1,600,000</td>
<td>$7,050,000</td>
</tr>
<tr>
<td>Amount of SF loans/grants</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Amount of TC: LIHTC (MF) &amp; State (MF &amp; SF)</td>
<td>$0</td>
<td>$120,000</td>
<td>$6,130,766</td>
</tr>
<tr>
<td>Number of MF units</td>
<td>116</td>
<td>53</td>
<td>446</td>
</tr>
<tr>
<td>Number of SF units</td>
<td>0</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td><strong>Housing Rehab &amp; Weatherization</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of rehab expenditures</td>
<td>$0</td>
<td>$578,628</td>
<td>$78,932</td>
</tr>
<tr>
<td>Number of units rehabilitated</td>
<td>0</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Amount of NM EnergySmart expenditures</td>
<td>$1,620,395</td>
<td>$1,923,180</td>
<td>$3,961,925</td>
</tr>
<tr>
<td>Number of units weatherized</td>
<td>204</td>
<td>204</td>
<td>525</td>
</tr>
<tr>
<td><strong>Shelter &amp; Supportive Housing Programs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of shelter supportive service</td>
<td>$229,521</td>
<td>$192,333</td>
<td>$911,812</td>
</tr>
<tr>
<td>Number of persons served</td>
<td>1,339</td>
<td>1,418</td>
<td>4,547</td>
</tr>
<tr>
<td>Amount of rental assistance</td>
<td>$651,484</td>
<td>$796,297</td>
<td>$2,084,301</td>
</tr>
<tr>
<td>Number of persons assisted</td>
<td>501</td>
<td>846</td>
<td>1,478</td>
</tr>
</tbody>
</table>

1 - EHAP & CoC  
2 - Linkages, HHHH, RAP & HOPVIA

---

**The need for housing rehabilitation and weatherization:**

New Mexico has aging housing stock. 47 percent of its homes were built before 1980; only 18.4 percent were built after 2000.

Many low-income homeowners are at risk because of health and safety hazards in their homes and pay high utility bills because they cannot afford to make energy-efficiency improvements.

---

**The need for MFA mortgage products:**

MFA borrowers have an average annual income of $51,257 and purchase homes with an average price of $154,253. 25 percent are single-parent households; 48 percent are minorities.

MFA targets below market mortgage rates, and all first-time homebuyers receive pre-purchase counseling. MFA provides down payment assistance to 99 percent of its borrowers. Without these programs, many borrowers could not buy a home.

---

**The need for housing development:**

Only 4 percent of New Mexico’s housing units are located in apartment complexes of 20 units or more. Many of these are old and in poor condition.

50 percent of renters are cost-burdened, about half pay between 30 percent and 49 percent of their income on rent; the other half pay more than 50 percent.

---

**The Need for Assistance Programs:**

The New Mexico Coalition to End Homelessness estimates that 17,000 New Mexicans experience homelessness in a year. In 2017, approximately 14,000 homeless New Mexicans sought assistance at HUD-funded agencies.

Emergency assistance with rent and utilities can help people at risk of homelessness stay in their homes.
### Quarterly Report to the MFA Board of Directors
#### Q3 FY2019

<table>
<thead>
<tr>
<th>Servicing</th>
<th>Current Quarter</th>
<th>Same Quarter Last Year</th>
<th>Target Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgage delinquency rate</td>
<td>4.80</td>
<td>4.26</td>
<td></td>
</tr>
<tr>
<td>Partners Program delinquency rate</td>
<td>11.24</td>
<td>12.85</td>
<td></td>
</tr>
<tr>
<td>DPA loan delinquency rate</td>
<td>9.39</td>
<td>10.94</td>
<td></td>
</tr>
<tr>
<td>Multifamily loan delinquency rate</td>
<td>0.00</td>
<td>5.62</td>
<td></td>
</tr>
<tr>
<td>Combined delinquency rate - Current Month</td>
<td>9.24</td>
<td>10.79</td>
<td></td>
</tr>
<tr>
<td>Combined average delinquency rate-FY</td>
<td>10.02</td>
<td>12.12</td>
<td>12.00</td>
</tr>
<tr>
<td>Default rate (writeoffs/foreclosure losses)</td>
<td>1.01</td>
<td>1.13</td>
<td>2.75</td>
</tr>
<tr>
<td>Master Servicing MBS delinquency rate</td>
<td>7.19</td>
<td>6.17</td>
<td></td>
</tr>
<tr>
<td>REO Inventory - # of loans</td>
<td>1</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>REO Inventory - Exposure</td>
<td>$28,861</td>
<td>$1,110,300</td>
<td></td>
</tr>
</tbody>
</table>

### Monitoring

#### Asset Management

<table>
<thead>
<tr>
<th></th>
<th>Current Quarter</th>
<th>Year to Date</th>
<th>Fiscal Year Monitoring Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of properties monitored</td>
<td>40</td>
<td>132</td>
<td>150</td>
</tr>
<tr>
<td>Number of units inspected</td>
<td>433</td>
<td>1652</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of PBCA activities</td>
<td>299</td>
<td>878</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### Community Development

<table>
<thead>
<tr>
<th></th>
<th>3</th>
<th>6</th>
<th>45</th>
<th>66</th>
</tr>
</thead>
</table>

3 - based on program year, 7/1 - 6/30

MFA’s Servicing Department:

Provides servicing for approximately 13,700 loans with a principal balance of almost $360 million.

Many of the loans MFA services are for internal programs that target higher risk borrowers. MFA’s Mortgage-Backed Securities (MBS) portfolio is serviced by master servicers and our sub-servicer.

Delinquency rates in this portfolio can be benchmarked to Mortgage Banker Association averages - 3.85 percent for all loans in New Mexico and 6.56 percent for FHA in New Mexico for Quarter 1 2019.

MFA’s Asset Management Department:

Monitors 274 properties and 18,036 units of housing financed by MFA, providing unit inspections and review of records and finances on a regular basis. Asset Management also supports 87 properties and 5,230 units under MFA’s HUD Project Based Contract Administrator (PBCA) contract.

MFA’s Community Development Department:

Manages nine programs with 12 different funding sources and approximately 70 partners across the state. Our partners deliver housing to more than 11,000 individuals and receive approximately $10 million in funding. Monitoring is performed on a regular basis to ensure program compliance.