NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, December 20, 2017 at 9:30 a.m.

Agenda

Chair Convenes Meeting
➢ Roll Call (Jay Czar)
➢ Approval of Agenda – Board Action
➢ Approval of 11/15/17 Board Meeting Minutes – Board Action
➢ Employee Introductions:
   Lisa Crain, Homeownership Manager - Homeownership Department
   Laura Riehl, Receptionist - Admin Department
   Dominic Baca, Database Programmer - IS Department

Board Action Items ACTION REQUIRED?
Presentations
1  Ventana Fund Update – (Todd Clarke, Chairman Ventana Fund, Paul Cassidy, RBC Capital Markets and Monica
   Abeita) NO

Finance Committee Continued Finance Committee
2  Board Resolution - Small Business Investment Corporation (SBIC) Revolving Line of Credit (RLOC)
   Extension (George Maestas) YES
3  Proposed Partner’s Program Policy Changes (Jeff Payne) YES

Contracted Services/Credit Committee
4  2017 RHA Annual Report (Gina Bell, Chris Herbert – Eastern Regional Housing Authority, Cathy De Marco –
   Western Regional Housing Authority, Rich Frey – Northern Regional Housing Authority) YES

Other
5  REO Property Sale - Loss >$50K - 1101 Avenida Manana, Roswell NM (Theresa Laredo-Garcia) YES
6  Project Based Contract Administration (PBCA) Update - (Jacobo Martinez and Izzy Hernandez) NO
7  Quarterly Single Family Production Report (René Acuña) NO
8  Branding and Marketing Overview (Leann Kemp) NO

Other Board Items INFORMATION ONLY
9  (Staff is available for questions)
   ▪ Staff Action Requiring Notice to Board
   ▪ 2017 Series B Pricing Summary

Monthly Reports NO ACTION REQUIRED
10 (Staff is available for questions)
   ▪ 10/31/17 Financial Statements
   ▪ Communications Department Reports

Announcements and Adjournment DISCUSSION ONLY
Confirmation of Upcoming Board Meetings
➢ January 24, 2018 - Wednesday – 9:30 a.m. (Inn & Spa @ Loretto, Santa Fe, NM)
➢ February 21, 2018 – Wednesday – 9:30 a.m. (MFA)
➢ March 21, 2018 – Wednesday – 9:30 a.m. (MFA)
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Board Action Items

<table>
<thead>
<tr>
<th>Board Action Items</th>
<th>Action Required?</th>
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<tbody>
<tr>
<td><strong>Presentations</strong></td>
<td></td>
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<tr>
<td>1 Ventana Fund Update – (Todd Clarke, Chairman Ventana Fund, Paul Cassidy, RBC Capital Markets and Monica Abeita) - Ventana Fund is a Community Development Financial Institution (CDFI) that was founded in 2014 with seed funding provided by a MFA Primero grant. Pursuant to its grant agreement with MFA, Ventana Fund undergoes an annual performance review to report on grant conditions and performance goals. In connection with the performance review, Ventana Fund aims to provide an update to the MFA board of directors on an annual basis. This year’s update will cover the history of Ventana Fund, progress on performance goals and future plans for the organization.</td>
<td>NO</td>
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<td><strong>Finance Committee Continued Finance Committee</strong></td>
<td></td>
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<td>2 Board Resolution - Small Business Investment Corporation (SBIC) Revolving Line of Credit (RLOC) Extension (George Maestas) - On October 27, 2017, the Small Business Investment Corporation’s (SBIC) Board of Directors approved an extension of MFA’s $1,500,000 Revolving Line of Credit (RLOC). The renewal would add an additional 5 years to the original maturity date of 11/30/18 and will allow MFA to utilize the line to fund future Primero projects. SBIC is requesting a signed Resolution, approved by the MFA Board of Directors, authorizing and accepting this modification extension.</td>
<td>YES</td>
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<td>3 Proposed Partner’s Program Policy Changes (Jeff Payne) - Staff proposes changes to the single family Partners Program (‘Partners’) as outlined in the attached “Partners Program 2017 Policy” document. The proposed changes are designed to fulfill MFA’s mission to support third party non-profits in promoting homeownership to New Mexico’s low income population, to provide a more streamline process of originating loans and mitigate risk to an acceptable level. Increased loan amounts, higher lending standards and a new recourse method to deal with loan defaults are the major changes to the program.</td>
<td>YES</td>
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<tr>
<td>4 2017 RHA Annual Report (Gina Bell, Chris Herbert – Eastern Regional Housing Authority, Cathy De Marco – Western Regional Housing Authority, Rich Frey – Northern Regional Housing Authority) - Staff recommends approval of the regional housing authority 2017 Annual Report as mandated by the Regional Housing Act. The report includes operational and fiscal activities for Eastern, Western and Northern regional housing authorities for the 2017 calendar year.</td>
<td>YES</td>
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<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td>5 REO Property Sale - Loss &gt;$50K - 1101 Avenida Manana, Roswell NM (Theresa Laredo-Garcia). The listed sales price is $65,000. MFA received an offer of $40,000. MFA is countering at $50,000 and buyer is accepting.</td>
<td></td>
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</tbody>
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MFA requests board approval to complete the sale. Ultimately, the sale will still result in a loss to MFA in the approximate amount of $67,000. YES

6 Project Based Contract Administration (PBCA) Update - (Jacobo Martinez and Isidoro Hernandez) - Staff will provide an update on the HUD Procurement timeline and our efforts and participation in a Regional Collaborative. YES

7 Quarterly Single Family Production Report (René Acuña) - ongoing. YES

8 Branding and Marketing Overview (Leann Kemp) - MFA will use its new marketing collateral and branding images throughout 2018, including in the theming of the 2018 New Mexico Housing Summit. Expand the use of our Facebook page, which is designed for lenders and Realtors. Continue digital marketing efforts. Refine Search Engine Marketing. Expand our ability to track how homebuyers learn about MFA programs in order to measure the return on our marketing efforts. Do direct marketing to end-users if warranted by ROI data. NO

Other Board Items Information Only
9 (Staff is available for questions)
- Staff Action Requiring Notice to Board
- 2017 Series B Pricing Summary

Monthly Reports No Action Required
10 (Staff is available for questions)
- 10/31/17 Financial Statements
- Communications Department Reports

Announcements and Adjournment Discussion Only
Confirmation of Upcoming Board Meetings
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- March 21, 2018 – Wednesday – 9:30 a.m. (MFA)
Minutes
Chair Dennis Burt convened the meeting on November 15, 2017 at 9:34 a.m. Secretary Jay Czar called the roll. Members present: Chair Dennis Burt, Angel Reyes, Lieutenant Governor John Sanchez (left after tab five; Mark Van Dyke – Designee sat in), Treasurer Tim Eichenberg (left during tab six), Steven Smith and Randy McMillan (joined during Tab 5). Absent: Attorney General Hector Balderas. Czar informed the Board that everyone had been informed about today’s meeting in accordance with the New Mexico Open Meetings Act.

Chair Burt welcomed attendees and informed everyone that the meeting was being webcast, making reference to the microphone sensitivity.

Approval of Agenda - Board Action. Motion to approve the November 15, 2017 Board agenda as presented: Reyes. Second: Smith. Vote: 5-0.

Approval of 10/25/17 Board Meeting Minutes – Board Action. Motion to approve the October 25, 2017 Board Meeting Minutes as presented: Sanchez. Second: Smith. Vote: 5-0.

Finance Committee
1 Follow-Up on Open Internal Audit Observations (Jessica Bundy, REDW). Bundy informed the board that on an annual basis they perform a variety of procedures in order to follow-up on previously reported observations to determine if each has been resolved. REDW interviewed MFA employees and obtained the list of open internal audit observations including the current status. They performed walk-throughs of various systems and processes, and tested various departmental activities, reports and supporting documentation. Each observation was classified as resolved, pending resolution or unresolved. Bundy reviewed three observations and the current status on each area of concern. All outstanding internal audit observations have been resolved. Motion to approve the Follow-Up on Open Internal Audit Observations as presented: Eichenberg. Second: Sanchez. Vote: 5-0.

2 Internal Audit Budget v. Actual, (Jessica Bundy, REDW). Bundy informed the board that the budget being presented came to the board at last year’s November meeting for approval as part of the FY2017 internal audit plan. Today’s presentation is the summary of budget results for the following areas audited: Risk Assessment and Internal Audit Plan, Compliance Management System, Employment Management, Procurement and Employee Benefit Plan. She discussed the summary of budget results located behind tab two which will be made a part of the official board packet. Internal audit budgeted hours for FY17 were 480; actual hours utilized for audits were 369 resulting in a positive variance of 111 hours. Bundy explained that the variance was related to the Procurement Audit. It was canceled because the main area of focus was going to be on supercircular changes; however, they were not considered significant. As procurement is also covered in the external audit, REDW didn’t feel it would be a good use of resources. Motion to approve the REDW Internal Audit Budget vs. Actual as presented: Smith. Second: Reyes. Vote: 5-0.

3 FY18 – FY19 Internal Audit Plan (Jessica Bundy, REDW). Bundy informed the board that REDW was asking for approval of a two year plan for FY2018 and FY2019. She reviewed the FY18 Internal Audit Plan Areas and Estimated Hours which is located behind tab three and will be made a part of the official board packet. The areas recommended for audit in FY2018 are: Risk Assessment and Internal Audit Plan, Vendor and Compliance Management Systems including Subservicing Oversight, Single Family Mortgage Revenue Bond Loan Compliance, Low Income Housing Tax Credit Control Procedures, Follow-up and Annual Reporting, and Administration for a total of 480 hours. In addition to the internal audits listed, Bundy reported that management has requested additional services that will not result in a presentation to the Board. These
engagements include, but are not limited to, mortgage operations loan and servicing quality control reviews, Section 8 quality control review, and subrecipient compliance. Discussion ensued regarding data/cyber security audit and why this audit isn’t conducted on an annual basis. Motion to approve the Internal Audit Plan as recommended: Malavé. Second: Reyes. Vote: 5-0.

4 Housing Finance Agency Update (David Jones, CSG Financial Advisors; Paul Cassidy, RBC Capital Market). Gina Hickman introduced the speakers. Jones & Cassidy provided a very comprehensive and informative presentation to the MFA Board of Directors regarding Financing Trends among HFA’s and the implications for MFA. They discussed Market conditions, HFA trends, MFA Bond Execution, Single Family Revenue Generation, Housing Trends, Facts about Millennials, Challenges and Opportunities and Conclusions. Non-Action Item.

5 Tax-Exempt Mortgage-backed Securities Program (Barry Gottfried, Stifel; Preston Olsen, Gilmore and Bell; David Jones, CSG Financial Advisors). Kathy Keeler introduced the speakers. Gottfried began with an introduction to Stifel explaining they had been selected as underwriters by MFA to implement the Tax Exempt Mortgage-backed Securities (TEMS) program. He explained benefits and general structure of the program. Gottfried also reviewed a recent TEMS Trade Summary. Olsen reviewed the legal framework for the program. Lastly, Jones provided an overview of the financial benefits of the program. Member Smith asked if this is something MFA is considering. Hickman explained that we are considering this execution and made reference to the handouts located behind tab five.

11:00 a.m. Member McMillan joined the meeting.

Discussion ensued regarding tax-reform with regards to tax-exempt private activity bonds. Non-Action Item.

11:10 a.m. Lieutenant Governor Sanchez left the meeting. Designee Mark Van Dyke sat in.

6 Draft 2018 Qualified Allocation Plan (Susan Biernacki). Shawn Colbert explained that Susan was out and she would present the 2018 Qualified Allocation Plan (QAP). She began by reviewing the process staff, developers and board had been through. She further informed the board that the memo and draft QAP are located behind tab six and will become a part of the official board packet. She reviewed the list of proposed changes to the 2018 QAP. She further informed the board that there will be training held on 11/30 on the new 2018 QAP at the CNM Workforce Training Center. Colbert reminded the board that once the QAP is approved by the Board, it will be sent to the Governor for final approval. Heather Abramowski reviewed cost containment and process improvement in the proposed 2018 QAP. Eichenberg motioned to approve the 2018 QAP prior to his departure. No second was made.

Treasurer Eichenberg left the meeting 11:20 a.m.

Discussion ensued regarding the (New) Scoring Criterion no. 2 - Developer Experience. Motion made by Member McMillan to amend the QAP to delete the New Scoring Criterion no. 2 - Developer Experience: Seconded by Reyes. Vote: 5-0; criterion No. 2 deleted unanimously. Discussion ensued regarding Scoring Criterion no. 13- Leveraging Resources. Motion was made by Member McMillan to delete Scoring Criterion no. 13- Leveraging Resources from the 2018 QAP as presented by staff. No second – motion failed. Motion to approve the 2018 QAP as previously amended to delete scoring criterion No. 2 – Developer Experience. Smith. Second: Reyes. Approved unanimously. Vote: 5-0.

12:00 p.m. Member McMillan left the meeting

7 9/30/17 Quarterly Financial Statement Review (Gina Hickman). Hickman began her presentation by reviewing the year-end financial performance, noting that throughout the year the board had discussed the successes experienced. She reported that MFA had a record year in single family mortgage production, as well as strong profitability on TBA sales. Hickman commented that the implementation of the servicing expansion model had provided a new revenue base for the organization. MFA ended the fiscal year with combined excess revenues over expenses of approximately $12.3mm. Hickman commented that we are all proud of the work being done organization wide. Hickman provided a few highlights of the Financial Review located behind tab seven. Hickman reviewed the year to date summary of new bond issues for both single and multi-family. She then discussed the comparative year to date figures and explained the Effect of GASB31 on
the Financials. Chair Burt commented the wisdom for some of the decisions that have been made for this organization are very comforting and thanked staff for their hard work. Motion to approve the 9/30/17 Quarterly Financial Statement Review as presented: Smith. Second: Van Dyke. Vote: 4-0.

8 9/30/17 Quarterly Investment Review (Kathy Keeler). Keeler presented the Quarterly Investment Review packet behind tab eight which will be included in the official board packet. She reviewed the Investment Report – Executive Summary highlighting the MFA’s General Fund investments, balances, compliance with Investment Policy ranges and rates of return for the investments. Reyes requested if possible at a future meeting(s) if staff and advisors would share some insight on our investment direction and the impacts of the current interest rate environment. Motion to approve the 9/30/17 Quarterly Investment Review as presented: Reyes. Second: Smith. Vote: 4-0.

9 Awards for TBA Administrator RFP (Kathy Keeler). Keeler began by reminding the board that the Request for Proposals to Provide To Be Announced Single Family Program Administrative Services (RFP) had been approved at the August 2017 Board meeting. In addition, the Board approved MFA’s contract with its current TBA Administrator, Hilltop Securities, Inc. (Hilltop), be extended from September 14, 2017 until December 31, 2017 under the same or enhanced terms and conditions. MFA received three responses to the RFP. Keeler made reference to the scoring sheet located behind the memo in tab nine, which will be made a part of the official board packet. Staff recommends that Hilltop, which earned the highest average number of points in the scoring process, be selected to provide To Be Announced Single Family Program Administrative Services (TBA Services). The contract with Hilltop will begin on the day MFA’s Board approves the award and end on November 30, 2020. The award is contingent upon successful negotiation of a contract with Hilltop and will be negotiated based on the terms of the RFP and the proposal submitted. At the option of MFA, the contract may be extended for two, one-year periods under the same terms and conditions. Motion to approve the awards for TBA Services to Hilltop as recommended: Smith. Second: Reyes. Vote: 4-0.

Other

10 2017 Series C Single Family Bond Resolution (Kathy Keeler). Keeler reported that due to tax reform activity in Congress that could eliminate the ability of MFA to issue single family tax-exempt bonds, MFA needs to preserve private activity volume cap in a convertible option bond (COB). The COB could be converted into two separate bond issues during the next 12 to 15 months and proceeds from those bond issues will be used to originate additional single family loans. These two bond issues would allow MFA to finish utilizing the subsidy that has been generated from refunding bond issues and bring MFA into compliance with Federal tax law. Keeler explained staff is recommending the approval of the 2017 Series C Single Family Bond Resolution. The Trustee is Zions Bank. The underwriters on this bond transaction will be RBC Capital Markets LLC and Raymond James & Associates, Inc. Keeler reviewed Exhibit A highlighting the bond maximum parameters as follows: Maturity Date not to exceed 1/1/2051, Principal Amount not to exceed $150mm, Interest Rate not to exceed 5% and Authority Contribution not to exceed $950k. Keeler also noted that the “Bonds shall initially bear interest at a fixed short-term rate with the ability to remarket them as either short-term fixed rate or long-term fixed rate Bonds to the final Maturity Date specified above. The provisions of the Series Indenture relating to the remarketing of the Bonds shall be in a form approved by Bond Counsel for the Authority so as not to create a reissuance upon remarketing for Federal tax law purposes”. Keeler also discussed that due to very tight time constraints the Financing Team was not able to provide a draft preliminary official statement, series trust indenture or bond purchase agreement. Those documents will be drafted and reviewed following regular internal processes and timelines related to pricing and closing of the bond issue. Motion to approve the 2017 Series C Single Family Bond Resolution as presented: Reyes. Second: Smith. Vote: 4-0.

11 Allocation Review Committee (ARC) Appointment (Izzy Hernandez). Hernandez informed the board that we are seeking a new member to serve on the ARC. The functions of the ARC are set forth in MFA’s 2018 Qualified Allocation Plan (QAP). The details are in the memo located behind tab 11 and will become a part of the official board packet as well as the current ARC members. Hernandez further stated that Mr. Don Padgett who has been a member of the ARC for many years has advised MFA that he is no longer able to serve on the ARC. Mr. Padgett had a strong and distinguished background in banking which served the
committee well. As such, we searched for potential members with banking experience and we’d like to nominate Mr. Lyle Greenberg to fill the position vacated by Mr. Padgett. Mr. Greenberg also has a strong and distinguished background in banking. He has been in the banking industry for over 30 years and is familiar with MFA, our mission and our programs. Motion to appoint Lyle Greenberg to the Allocation Review Committee (ARC) as recommended: Smith. Second: Van Dyke.

**Other Board Items - Information Only**

12 No questions were asked of staff.
- Staff Action Requiring Notice to Board
- Communications Department Reports
- Quarterly Board Report

**Monthly Reports - No Action Required**

13 No questions were asked of staff.
- Communications Department Reports

14 No questions were asked of staff.
- Quarterly Board Report

**Announcements and Adjournment** – Chair Burt reminded the Board that next month’s meeting is at 9:30 a.m. December 20, 2017 at the offices of the MFA. He further informed the board that the January meeting will be in Santa Fe a week later on January 24, 2018 to avoid conflict with the SBOF (State Board of Finance) meeting; as three of our board members also serve on that committee.

There being no further business the meeting was adjourned at 12:57 p.m.

**Approved: December 20, 2017**

______________________________  ________________________________
Chair, Dennis Burt              Secretary, Jay Czar
Tab 1
VENTANA FUND

Update to the MFA Board of Directors
December 20, 2017

www.ventanafund.org
Ventana Fund was founded to create become a force “multiplier” of MFA funds for financing affordable rental development in NM.

Said another way, if there was a way to double MFA’s funding to multifamily, you would want to explore that right?

Mission Statement

Ventana Fund provides low-interest loans and related services to affordable housing developers who serve New Mexico’s low-income residents and high-need communities.
The Need

- MFA is oversubscribed 3 to 1 in rental development financing.
- MFA’s rental financing has historically been driven by the use of low-income housing tax credits (LIHTCs).
- New Mexico has many unique needs, including demand for smaller rental developments that can be inefficient to finance with LIHTCs.
- There is both quantitative and qualitative demand for additional financing beyond MFA.

The Response

- U.S. Treasury’s Community Development Financial Institutions Fund “CDFI Fund” provides loans and grants for affordable housing, micro lending, etc., but MFA cannot tap those funds as a government entity.
- Ventana Fund established to become a CDFI and tap CDFI resources.
- MFA has provided critical support to start and sustain Ventana Fund, which is now in its fourth year of operations.
Laying the Foundation: 2012-2014

2012

- Discussions begin about a statewide CDFI dedicated to affordable rental

2013

- Third-party assessment completed for MFA by consultant Fred Cooper

2014

- Study session with MFA board of directors regarding Ventana Fund
- MFA/VF agreements finalized:
  - Grant
  - Staffing
  - Loan servicing
- Round 1 of lending: $1.35 million awarded
- Loan policies adopted
- Ventana Fund incorporated as a NM non-profit

JAN  FEB  MAR  APR  MAY  JUN  JUL  AUG  SEPT  OCT  NOV  DEC

- Applied for CDFI certification and financial assistance

- Cuatro Senior Housing
  - Albuquerque
  - New construction ($500,000)

- Cielo del Oro Senior Housing
  - Roswell
  - Rehab ($450,000)

- Kristin Park
  - Las Vegas
  - Rehab ($400,000)
Building Capacity: 2015

- **January**: Received CDFI certification but denied financial assistance.
- **June**: Developed loan loss reserve.
- **August**: Developed plan to obtain borrowed capital.
- **October**: Completed first audit.
- **November**: Applied for 501(c)3 status.

Projects:
- **Casa Feliz**: Albuquerque, New construction ($400,000)
- **Domingo Housing Project**: Santo Domingo Pueblo, New construction ($500,000)
Building Capacity: 2016

JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEPT | OCT | NOV | DEC
---|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----
501(c)3 application approved

Applied for CDFI financial assistance

Participated “Pitch” in Federal Reserve Bank of Kansas City Investment Connection

Round 3 of lending: $1.35 million awarded

Received $600,000 grant from the CDFI Fund

Secured $500,000 line of credit from First National Rio Grande

**Rio Vista**
Albuquerque Rehab ($625,000)

**Villa Hermosa**
Santa Fe Rehab (senior) ($725,000)
Growth and Change: 2017

JAN: Secured $1.1 million line of credit from Washington Federal

FEB: Applied for CDFI financial assistance

MAR: Launched Thresholds pilot project for small rental projects

APR: Received $580,000 grant from the CDFI Fund

MAY: Round 4 of lending: $750,000 awarded

JUN: Hired loan officer to underwrite and develop processes for Thresholds loans

JUL: Closed first Thresholds loan for $122,647

AUG: Villa San Jose Carlsbad Rehab ($750,000)

SEP: Sheldon Family LLC, Dallas SE Albuquerque Rehab ($122,647)
Ventana Fund fills a unique niche
✓ No other multifamily/rental CDFIs in New Mexico that serve the entire state

Committed, reputable board of directors
✓ Specific experience with multifamily housing including development, financing, bonding, and sales
✓ Over 100 years of collective relevant experience

MFA grant funding for direct lending
✓ Generous grant used for short-term loan product enabled Ventana Fund to build its assets quickly and maximize its impact

MFA staffing and loan servicing
✓ Ventana Fund finances only a few loans per year because its loans are relatively large ($500,000+). Staffing a stand-alone operation would be costly at this low loan volume.
✓ MFA staffing enables Ventana Fund to operate with maximum efficiency and effectiveness.
Board of Directors

Todd Clarke, Chairman and Executive Director
   CEO, NM Apartment Advisors
Paul Cassidy*, Vice Chairman
   Managing Director, RBC Capital Markets
Elizabeth Bernal, Secretary
   Rural Development Specialist II, Rural Community Assistance Corporation
Steve Anaya, Treasurer
   Chief Executive Officer, Realtors Association of New Mexico
Robbie Levey, Member
   Executive Director (Retired), Mesilla Valley Public Housing Authority
Catherine Hummel, Member
   Director, DreamTree Project
Shawn Colbert, Member (Serves as MFA representative per Ventana Fund’s bylaws)
   Director of Housing Development, NM Mortgage Finance Authority

*Paul Cassidy replaced founding member Mark Allison, formerly of the Supportive Housing Coalition of New Mexico, who resigned in December 2016.
MFA Grant

$3.2 million in lending capital, $331,472 in loans and $50,000 for operations

- **Operating Funds**: $50,000
- **Working Capital**: $331,472
  - Two existing MFA Primero loans
  - All funds have been lent & relent
- **Lending Capital**: $1,350,000
  - $900,000
  - $500,000
  - $400,000
  - All funds have been lent & relent
  - Requires a 50% match from other sources
Ventana Fund has met the performance goals under the MFA grant agreement:

- Maintain CDFI certification in good standing
- Obtain a total of $1.6 million in non-MFA funding leverage
  
  $1.18 million in CDFI grants + $1.60 million in borrowed capital = $2.78 million
- Utilize the $3.2 million in MFA grant funds for direct lending for affordable housing for low and moderate income people
Professional Services

- Term through 12/31/16, annual extensions permitted through 12/31/19
- Currently extended through 12/31/18
- Ventana Fund pays MFA $24,000 per year
- Loan origination, underwriting and closing services
- Development services
- Fiscal agent services
- General administration
- Website

Loan Servicing

- Ventana Fund pays MFA 35 basis points on the interest rate of each loan
- MFA services all Ventana Fund loans
- Agreement is working well

Ventana Fund Operations

$70k in operating expenses (does not include loan loss reserve)
$3M in net assets

Net Assets | Operating Expenses
What is working well:

- Fiscal agent services
- Website support
- Administration

Loan service needs have evolved:

- Ventana Fund is launching a new, stand-alone product called “Thresholds” to better meet unserved needs. The new product requires more intensive work with borrowers.

- MFA does not have capacity to provide robust development services or marketing of the Ventana Fund product.

- Ventana Fund recently contracted with a new loan officer, veteran banker Bill Dolan, for its new stand-alone products.
FUTURE PLANS

Refine and proactively market stand-alone Thresholds product
- Offer a mini permanent product in addition to the two-year construction loan option.
- Requires changes to Ventana Fund’s policies and processes and a new, longer-term source of borrowed capital.

Utilize CDFI grants and borrowed capital for stand-alone loans
- The CDFI fund does not require long affordability periods and can be used more flexibly.
- This approach is a good fit for smaller rental developments, multifamily units in need of rehabilitation or repositioning, and new types of borrowers, including mom and pop property owners.

Continue to use MFA grant money for co-lending with MFA projects
- MFA resources will continue to be directed to MFA projects.
- These are projects that have traditional affordability and income requirements consistent with the MFA grant agreement.

Realize our full potential to create a “multiplier” effect
- Once Ventana Fund reaches $5 million in assets (projected in FY 2018), it can apply for larger sums of money, up to $2 million from CDFI.
- CDFI funding at this level requires a one-to-one match (grant to grant or loan to loan) from another source.

On track to meet our goal...

Our next BHAG is to scale this up
### ASSETS:

#### CURRENT ASSETS:
- **CASH & CASH EQUIVALENTS**: $676,301 \( \text{YTD 9/30/17} \), $49,437 \( \text{YTD 9/30/16} \)
- **CASH-RESTRICTED**: 900,000 \( \text{YTD 9/30/17} \), 1,750,000 \( \text{YTD 9/30/16} \)
- **ACCrued INTEREST RECEIVABLE**: +2,857 \( \text{YTD 9/30/17} \), -3,056 \( \text{YTD 9/30/16} \)
- **MORTGAGE PAYMENT CLEARING**: - \( \text{YTD 9/30/17} \), - \( \text{YTD 9/30/16} \)
- **OTHER CURRENT ASSETS**: - \( \text{YTD 9/30/17} \), +4,200 \( \text{YTD 9/30/16} \)

**TOTAL CURRENT ASSETS**: 1,579,157 \( \text{YTD 9/30/17} \), 1,806,693 \( \text{YTD 9/30/16} \)

#### LONG-TERM & RESTRICTED INVESTMENTS:
- **MORTGAGE LOANS RECEIVABLE**: 2,467,941 \( \text{YTD 9/30/17} \), 1,256,078 \( \text{YTD 9/30/16} \)
- **ALLOWANCE FOR LOAN LOSSES**: -73,714 \( \text{YTD 9/30/17} \), -10,155 \( \text{YTD 9/30/16} \)

**TOTAL ASSETS**: 3,973,385 \( \text{YTD 9/30/17} \), 3,052,616 \( \text{YTD 9/30/16} \)

### LIABILITIES AND NET POSITION:

#### LIABILITIES:

#### CURRENT LIABILITIES:
- **ACCOUNTS PAYABLE AND ACCRUED EXPENSES**: 596,731 \( \text{YTD 9/30/17} \), 98 \( \text{YTD 9/30/16} \)

**TOTAL CURRENT LIABILITIES**: 596,731 \( \text{YTD 9/30/17} \), 98 \( \text{YTD 9/30/16} \)

#### OTHER LIABILITIES:
- - \( \text{YTD 9/30/17} \), - \( \text{YTD 9/30/16} \)

**TOTAL LIABILITIES**: 596,731 \( \text{YTD 9/30/17} \), 98 \( \text{YTD 9/30/16} \)

#### NET ASSETS:
- **UNRESTRICTED NET ASSETS**: +226,654 \( \text{YTD 9/30/17} \), 302,518 \( \text{YTD 9/30/16} \)
- **RESTRICTED NET ASSETS**: 3,150,000 \( \text{YTD 9/30/17} \), 2,750,000 \( \text{YTD 9/30/16} \)

**TOTAL NET ASSETS**: 3,376,654 \( \text{YTD 9/30/17} \), 3,052,518 \( \text{YTD 9/30/16} \)

**TOTAL LIABILITIES & NET ASSETS**: 3,973,385 \( \text{YTD 9/30/17} \), 3,052,616 \( \text{YTD 9/30/16} \)
VENTANA FUND
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 2017

<table>
<thead>
<tr>
<th></th>
<th>YTD 9/30/17</th>
<th>YTD 9/30/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTEREST ON LOANS</td>
<td>$37,838</td>
<td>$27,422</td>
</tr>
<tr>
<td>INTEREST ON INVESTMENTS &amp; SECURITIES</td>
<td>534</td>
<td>123</td>
</tr>
<tr>
<td>LOAN FEES</td>
<td>13,750</td>
<td>9,500</td>
</tr>
<tr>
<td>OTHER OPERATING INCOME</td>
<td>5,269</td>
<td>-</td>
</tr>
<tr>
<td>CONTRIBUTIONS</td>
<td>400,000</td>
<td>593,711</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>457,391</strong></td>
<td><strong>630,756</strong></td>
</tr>
</tbody>
</table>

| OPERATING EXPENSES:      |             |             |
| PUBLIC INFO/TRAVEL       | 3,233       | 98          |
| OFFICE EXPENSES          | 4,479       | 6,234       |
| LENDER EXPENSES          | 10,153      |             |
| OTHER OPERATING EXPENSES | 51,832      | 54,714      |
| PROVISION FOR LOAN LOSSES| 63,559      | (5,288)     |
| **TOTAL EXPENSES**       | **133,255** | **55,759**  |

| CHANGE IN NET ASSETS     | 324,136     | 574,997     |
| NET ASSETS AT BEGINNING OF YEAR | 3,052,518  | 2,477,520  |
| NET ASSETS AT 9/30/2017   | 3,376,654   | 3,052,518   |
Tab 2


NEW MEXICO MORTGAGE FINANCE AUTHORITY
Finance/Operations Committee Meeting
Tuesday, December 12, 2017 at 1:30 p.m.
To dial in to the conference call dial: MFA (Abbott Hall) all participant dial in
(641) 715-3276 Participant Access Code: 561172#  MFA only/Host Access Code: 561172*

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Board Resolution - Small Business Investment Corporation (SBIC) Revolving Line of Credit (RLOC) Extension (George Maestas)</td>
<td>2-0</td>
<td>YES</td>
</tr>
<tr>
<td>2 Proposed Partner’s Program Policy Changes (Jeff Payne)</td>
<td>2-0</td>
<td>YES</td>
</tr>
</tbody>
</table>

Committee Members present:

- Steven Smith, Chair  
  - present  
  - absent  
  - conference call
- Dennis Burt  
  - present  
  - absent  
  - conference call
- Lieutenant Governor John Sanchez or Proxy Mark Van Dyke  
  - present  
  - absent  
  - conference call

[Signature]  
12/12/17
MEMORANDUM

TO:  MFA Board of Directors

Through:  Finance Committee – December 12, 2017

Through:  Policy Committee – November 21, 2017

FROM:  George Maestas, Program Manager, Housing Development

DATE:  December 20, 2017

SUBJECT:  Board Resolution - Small Business Investment Corporation (SBIC) Revolving Line of Credit (RLOC) Extension

Recommendation:

Staff recommends approval to extend the existing Revolving Line of Credit (RLOC) issued by the Small Business Investment Corporation (SBIC) to the New Mexico Mortgage Finance Authority (MFA) in the current amount of $1,500,000, for an additional five years. The additional five years would be in excess of the one year remaining under the initial Loan Agreement, resulting in a new maturity of November 30, 2023. All other terms of the loan are to remain the same. To support the modification of the Loan Agreement and Related Documents, the SBIC is also requesting a signed Resolution, approved by the MFA Board of Directors, authorizing and accepting this modification.

Background:

MFA (Borrower) and SBIC (Lender) signed a loan agreement on December 1, 2013 for a $1,500,000 RLOC at an interest rate of 2.00% to be used by MFA as a funding source for its Primero Investment Fund Loan Program. It should be noted that the Primero program also receives funding from other sources, including Wells Fargo Equity Equivalent Investment (EQ2) financing and MFA’s General Fund. The SBIC RLOC has a term of five years, maturing on November 30, 2018. To date, four Primero loans, totaling $2,300,000, have been funded by the SBIC line. Three of the loans have been repaid in full. The fourth, an $800,000 loan to Domingo, LLLP, will mature on May 1, 2018.
The purpose of SBIC funding for the Primero Fund Program is: (1) to provide debt investments to New Mexico businesses that develop affordable housing; and (2) for development of affordable housing, primarily multifamily affordable housing, in areas of New Mexico where a shortage of housing is considered an impediment to the creation of new job opportunities in support of new or expanding businesses.

Projects funded with the SBIC RLOC through the Primero Loan Program:

1. **ZHA LIHTC Limited Partnership #1, LLLP** - A $400,000, 24-month loan to fund the acquisition and rehabilitation of an existing 38-unit multifamily rental property (100% low-income) located on the Zuni Indian Reservation in New Mexico. This loan has been paid in full.

2. **Cielo del Oro Senior Housing, LLLP** - A $500,000, 18-month loan to finance the rehabilitation of Cielo del Oro Housing, a 30-unit multifamily housing project in Roswell, NM. Cielo del Oro provides low-income housing and social services to elderly and special needs persons through Project-Based Section 8 subsidies. This loan has been paid in full.

3. **Kristen Park 2013, LLLP** - A $600,000, 18-month loan to finance the acquisition and rehabilitation of Kristen Park Apartments, a 44-unit multifamily rental property consisting of 43 low-income units and one manager’s unit. Kristen Park Apartments are located in Las Vegas, NM. This loan has been paid in full.

4. **Domingo, LLLP** - An $800,000, 24-month loan to finance the construction of a 41-unit multi-family rental housing project to be located on the Santo Domingo Pueblo, NM. The project will consist of 19 buildings and a community center and will serve low-income households. This loan matures on May 1, 2018.

**Upcoming Projects:**

**Villa San Jose** - A $1,000,000, 24-month loan to finance the acquisition and rehabilitation of a 60-unit rental housing project in Carlsbad, NM. Villa San Jose will provide low-income housing to elderly and special needs persons. This project was awarded a Primero Loan in June 2017, as a partial funding source, during the most recent Low Income Housing Tax Credit (LIHTC) awards round. This Primero award would be a candidate for funding through the SBIC RLOC. Closing is tentatively scheduled for January 2018.

**Discussion:**

A limitation of the SBIC funding source is the 5-year RLOC term vs. the 2-year Primero term. After the first three years, it is not possible to fund Primero loans against the line, as the Primero loans would mature after the RLOC’s maturity.
Summary:

On October 27, 2017, the Small Business Investment Corporation’s (SBIC) Board of Directors approved an extension of MFA’s $1,500,000 Revolving Line of Credit (RLOC). The renewal would add an additional 5 years to the original maturity date of 11/30/18 and will allow MFA to utilize the line to fund future Primero projects. SBIC is requesting a signed Resolution, approved by the MFA Board of Directors, authorizing and accepting this modification extension.
RESOLUTION

OF NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) AUTHORIZING MFA TO MODIFY AND EXTEND THEIR BORROWING RELATIONSHIP WITH THE SMALL BUSINESS INVESTMENT CORPORATION AND TO TAKE ALL ACTIONS NECESSARY TO EXECUTE AMENDMENTS TO THE LOAN AGREEMENT AND RELATED DOCUMENTS OF THE $1,500,000 REVOLVING LINE OF CREDIT TO SUPPORT THE PRIMERO INVESTMENT FUND LOAN PROGRAM.

WHEREAS the legislated responsibility of the MFA is to help provide decent, affordable housing to all New Mexicans; and

WHEREAS MFA is specifically authorized pursuant to Chapter 58, Article 18, Section 58-18-5 NMSA 1978, subsections (N) and (U), to borrow money and to contract for loans of funds from any source; and

WHEREAS the MFA Board of Directors, in a regular meeting of the MFA held on March 20, 2013, authorized MFA to apply to and negotiate with the Small Business Investment Corporation, d/b/a New Mexico Small Business Investment Corporation (SBIC), for a loan to further MFA’s performance of its statutorily-mandated mission; and

WHEREAS the authorization provided by the MFA Board of Directors on March 20, 2013 permitted MFA management staff, pursuant to MFA’s policy for Delegations of Authority, to negotiate with SBIC to borrow funds in the principal amount of $1,500,000, and to execute all documents necessary to effectuate the borrowing agreement with SBIC; and

WHEREAS the MFA Board of Directors, in a regular meeting of the MFA held on April 16, 2014, accepted the agreement entered into between MFA and SBIC, creating a borrowing relationship for the principal amount of $1,500,000, in accordance with the terms and conditions set out in the Loan Agreement and Related Documents (as such term is defined in the Loan Agreement) dated effective December 1, 2013; and

WHEREAS MFA has determined that it will be necessary to amend the Loan Agreement and the Related Documents to extend the term of the loan for an additional five (5) years, to permit the full expenditure of the funds provided thereunder; therefore

IT IS RESOLVED:

The MFA Board authorizes MFA’s Executive Director and Deputy Directors each, individually, to execute and deliver such documents and instruments as may be required to implement the foregoing resolution, including, without limitation, an amended Loan Agreement and amended Related Documents, as is provided for pursuant to MFA’s policy for Delegations of Authority.
MFA’s Executive Director and Deputy Directors are each, individually, authorized and directed to sign any and all certifications of the adoption of the foregoing resolutions required under the Loan Agreement.

After discussion, the foregoing resolution was duly moved by___________, and seconded by_________; adopted by the following vote:

<table>
<thead>
<tr>
<th>Aye</th>
<th>Nay</th>
<th>Absent</th>
</tr>
</thead>
</table>

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS __20th___ DAY OF December, 2017.

________________________________________
Chairman

(SEAL)

ATTEST:

________________________________________
Secretary
Tab 3
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee - December 12, 2017

Through: Policy Committee - October 24, 2017

FROM: Jeff Payne, Senior Director of Homeownership

DATE: December 20, 2017

SUBJECT: Proposed Partners Program Policy Revisions

Recommendation: Staff proposes changes to the single family Partners Program ("Partners") as outlined in the attached "Partners Program 2017 Proposed Policy" document. These proposed changes are designed to fulfill MFA’s mission to support third party non-profits, to promote homeownership to New Mexico’s low income population, to provide a more streamlined process of originating these loans and to mitigate risk to an acceptable level.

Background: Non-profit housing development organizations, tribal organizations and public housing agencies ("Participants") are eligible to apply to MFA for inclusion in the program. Partners is designed to support MFA’s mission by providing a “secondary market” for non-traditional lenders focused on housing to further homeownership opportunities for the lowest income New Mexican residents by:

a) Providing mortgage loans to prospective homebuyers who have been prepared for homeownership but otherwise would be unable to access traditional mortgage financing.

b) Strengthening the development capacity for non-profit housing development organizations, and public housing agencies in New Mexico by allowing return of capital resources, furthering their production of affordable single family housing.

c) Collaborating between MFA and low-income housing providers, lenders, communities and families.

The Partners program has been in existence in varying forms since the 1990s (Partners I, II, III and IV). The program has been utilized almost exclusively by various Habitat for Humanity affiliates in New Mexico. The program targets homebuyers in the very low income category of 50% to 60% area median income ("AMI"). These are first mortgage loans with terms
ranging from 15 to 30 years at 0% interest. The maximum amount available to lend on each
home has varied from 85% of appraised value (“LTV”) to currently 50% of appraised value
purchased at a discount. Habitat affiliates were required to maintain a payment reserve
account which was held by MFA. Recently, when Partner loans have become delinquent and
are foreclosed, Participants keep the payments current until the loans are assumed by
another low income borrowers working with that Participant. This is practice that has been
in place for the last four years.

The most recent program changes were made in 2005 requiring the loans be purchased at a
discount of 2.5% of a 50% LTV, requiring the borrowers be at or below 60% AMI in some
counties and at or below 50% AMI in other counties. The borrower must invest $500 or more
in cash or items of value into the transaction. The Participant agencies are to provide second
mortgages and also seek grants to make up the difference between the Partners loan and the
acquisition cost.

MFA currently services 211 Partner loans with total balances outstanding of $12.4 million.

Discussion: Utilization of this program has come to a standstill due to the program change
that restricted LTVs and decreased loan amounts as well as the difficulty of getting these
loans approved and closed through the established procedures. Staff has met internally and
has sought input from the NM state association of Habitat for Humanity affiliates, as they are
the primary users of this program, and have discussed changes that would improve the
ability for low income borrowers to access the program.

Currently, Participants are using the program for homes they are building. The borrowers
are qualified prior to construction and then again at completion of the home. This has added
to the time and paperwork associated with underwriting and processing these loans to
closing. Participant affiliates are generally not skilled in preparing loan applications and
obtaining required documentation.

Habitat affiliates seek potential low income homebuyers and assist them with high touch
counseling where prospective buyers are taught financial responsibility and budgeting skills.
In addition, they receive guidance as they improve their financial profile in anticipation of
qualifying to purchase a Habitat home. When chosen to purchase a Habitat home, selected
families are required to contribute labor (500 hours of “sweat equity”) to build their home or
the home of another Habitat family.

Due in large part to the borrower profile that this program intends to serve, MFA has
experienced higher delinquencies and loan defaults for this program. Losses to MFA,
however, have been limited. If borrowers default, MFA will foreclose and give the Participant
the opportunity to assume the loan and make payments on the loan while seeking another
partner family to assume the mortgage obligation under the program requirements. This will
reduce the instances when MFA must acquire and sell the collateral property thus reducing
the chances of loss.

The intent of the proposed changes to the Partners program is to make it more useful to
Participants and more effective to MFA’s mission while mitigating risk of loss to an
acceptable level. A summary of these changes is listed on the following Schedule A.
Underwriting guidelines for the collateral and borrower will follow standard conventional underwriting guidelines if not addressed in policy.

The proposed increases to loan amounts and elimination of reserve accounts would seem to increase risk to MFA. Staff recommends however changes in policies that would help offset that risk. The recommendation to include mortgage lenders in this process is significant. Though MFA reviews the loan packages for compliance with income and other program requirements, underwriting principles have not been applied to the approval process. By allowing a lender to obtain and analyze income, debt, credit history and property requirements the quality of the Partner loans should improve. The underwriting guidelines now specified in the Partners Program Policy document are designed to ensure that borrowers would make their payments. This is critical in helping these borrowers become successful homeowners. Borrowers will be required to participate in homebuyer education and in the event there are delinquencies, Participants will be able to help keep MFA whole and preserve a low income home for assumption by a qualified buyer.

A result of this change in focus there will be additional costs to compensate the lender(s) for their work. The loan fee paid by our Participants will be paid gladly because of the large increase in loan proceeds they receive from increased loan amounts. The benefits of a sound program are well worth the additional costs and are still much lower than could be obtained from traditional mortgage lenders. Interest rates and expensive mortgage insurance premiums are significant costs these borrowers will not incur. The mortgage payments will be significantly lower for these borrowers.

Summary: Staff proposes changes to the single family Partners Program (“Partners”) as outlined in the attached “Partners Program 2017 Policy” document. The proposed changes are designed to fulfill MFA’s mission to support third party non-profits in promoting homeownership to New Mexico’s low income population, to provide a more streamline process of originating loans and mitigate risk to an acceptable level. Increased loan amounts, higher lending standards and a new recourse method to deal with loan defaults are the major changes to the program.
<table>
<thead>
<tr>
<th>Proposed Changes</th>
<th>Existing</th>
<th>Proposed</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan Application and Underwriting</strong></td>
<td>Participant gathers applicant information, reviews for loan requirements and submits to MFA for limited compliance review prior to closing.</td>
<td>Participant assists purchaser to apply with a participating, approved Lender for processing, underwriting and closing of loan. Lender issues an underwriting approval and submits to MFA for review.</td>
<td>Lenders provide expertise in processing applicant information and apply underwriting review to specific requirements which under present program is left to judgement of Participant.</td>
</tr>
<tr>
<td><strong>MFA Review</strong></td>
<td>Participant sends application package to MFA for approval prior to start of construction with a second, updated application and MFA review at completion of construction.</td>
<td>Borrower applies once through participating Lender as home is nearing completion. MFA reviews package from lender for compliance with program and gives approval to close.</td>
<td>Eliminate the initial review and approval by MFA and focus on approval at time of construction completion puts responsibility for borrower readiness on borrower and Participant.</td>
</tr>
<tr>
<td><strong>Borrower Eligibility</strong></td>
<td>Income limit of 50% of AMI with 60% limit in high cost/low income areas</td>
<td>Income limit of 60% of AMI</td>
<td>Simplify income limits. 60% AMI targets borrowers who aren’t usually able to participate in other MFA mortgage programs.</td>
</tr>
<tr>
<td><strong>Fees and Costs</strong></td>
<td>Participant sells loan to MFA at 2.5% discount.</td>
<td>Participant pays 2% fee to MFA upfront at time of loan purchase. Fee netted by MFA from loan purchase proceeds paid to Partner.</td>
<td>This allows MFA to be paid upfront when loan is closed to help with servicing costs instead of receiving fee income through payments over life of loan.</td>
</tr>
<tr>
<td><strong>Lender Fees</strong></td>
<td>Participant charges customary third party fees associated with loan origination.</td>
<td>Lender charges a reasonable fee for origination and underwriting of loan. Lender may also charge customary third party fees associated with loan process and closing which will be paid by Participant/Seller.</td>
<td>Involve a lender which adds some cost to program but will provide much more professional and thorough review of borrower’s qualifications.</td>
</tr>
<tr>
<td>Proposed Changes</td>
<td>Existing</td>
<td>Proposed</td>
<td>Comments</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------------------------</td>
<td>------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Maximum Loan to Value</td>
<td>50% of appraised value</td>
<td>90% of appraised value</td>
<td>This will increase loan amounts and risk to MFA. Underwriting guidelines and recourse options are designed to offset this risk.</td>
</tr>
<tr>
<td>Loan Terms</td>
<td>30 year fixed term with fixed, below market, interest rate. Interest rate charged has been 0%.</td>
<td>30 year term with fixed interest rate. Clarification that rate is 0% but MFA reserves the right to change rate offered.</td>
<td>The use of 0% interest rates provides an exceptional mortgage payment for the borrower. MFA reserves the right to change program to include a modest, below market rate for loans in the future but will not exceed 2% below the posted MFA First Home Government rate.</td>
</tr>
<tr>
<td>Property</td>
<td>Acquisition costs or sales price cannot exceed cost limits for First Home Program.</td>
<td>Appraised value cannot exceed the Acquisition Cost Limits for First Home Program.</td>
<td>Habitat homes are built with a combination of cash, volunteer hours and donated materials. Appraised value determines the sales price.</td>
</tr>
<tr>
<td>Occupancy</td>
<td>Borrower occupies home within 30 days of MFA’s purchase of loan.</td>
<td>Borrower occupies home within 60 days of loan closing.</td>
<td>Ties the occupancy to the loan closing date and not the date MFA purchases the loan. This is standard practice.</td>
</tr>
<tr>
<td>Maximum Debt to Income Ratios</td>
<td>Housing payment 30% of gross monthly income. Total debt to income is not considered.</td>
<td>Housing payment 35% of gross income allowing more borrowers to qualify if they have lower overall debt obligations. Total debt payments no more than 41% of gross monthly income to address both housing expense and total debt obligations.</td>
<td>35% housing debt ratio is high which allows borrowers with low amounts of secondary debt to qualify for a higher payment. The 41% total debt ratio is common among first time home buyer programs and limits the total amount of debt allowed.</td>
</tr>
<tr>
<td>Reservation of Loan Funds</td>
<td>Partner completes Reservation Request Form. Manual process.</td>
<td>Lender reserves on line through MFA website.</td>
<td>Follow similar process used for other MFA programs.</td>
</tr>
<tr>
<td>Proposed Changes</td>
<td>Existing</td>
<td>Proposed</td>
<td>Comments</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Payment Reserve Account</td>
<td>Six months of payments for first six loans purchased and three months thereafter. Account administered by MFA to be used if loan payment is not made by 30th of the month.</td>
<td>None. Emphasis is focused on Partner to stay close to borrower and encourage timely payments.</td>
<td>Reserve accounts were a good idea on paper but difficult to administer. Participant will continue to work with borrower to encourage timely payments.</td>
</tr>
<tr>
<td>Borrower Contribution</td>
<td>Borrower contributes $500 cash or items deemed of value. Cannot be derived from gifts, grants or down payment assistance.</td>
<td>Borrower contributes $500. Clarification: cash or items deemed of value. Cannot be derived from gifts, grants or down payment assistance.</td>
<td>Clarify that borrower’s contribution can include items of value instead of cash (i.e. labor, materials).</td>
</tr>
<tr>
<td>Borrower Credit Profile</td>
<td>Current at time of purchased defined as no more than two 30 day late and no 60 day late payments in last 12 months</td>
<td>One year verification of rent payments with no 30 day late payments.</td>
<td>The borrower’s track record of making housing payments is a strong indicator of future performance.</td>
</tr>
<tr>
<td>Recourse</td>
<td>Loan repurchase by participant, Loan substitution, Participant suspension, Foreclosure</td>
<td>Foreclosure and Loan assumption, loan repurchase or loan substitution by Participant. Participant may be suspended.</td>
<td>If borrower cannot perform, MFA forecloses and may allow assumption by the Participant until a replacement buyer/borrower is identified to take over the loan. This has become very effective in continuing the shared mission and avoiding losses to MFA.</td>
</tr>
</tbody>
</table>
Program Summary:

The Partners Program (the “Partners”) is designed to fulfill MFA’s strategic plan to adapt existing MFA programs and partner with other non-profits focused on housing to further homeownership opportunities for the lowest income New Mexican residents by:

1. Providing mortgage loans to prospective homebuyers who have been prepared for homeownership but otherwise would be unable to access traditional mortgage financing.

2. Strengthening the development capacity of non-profit housing development organizations, tribal organizations and public housing agencies in New Mexico by allowing return of capital resources, furthering their production of affordable single family housing to further homeownership opportunities for the lowest income New Mexican residents.

3. Increasing partnerships between MFA and low-income housing providers, lenders, communities and families.

Eligible Participants:

Non-profit housing development organizations, tribal organizations and public housing agencies ("Participants") are eligible to participate in the program. To be approved for participation, applicants must provide information about the organization, the organization’s activities and most recent audited financial statements. Based on this information, the MFA will make a determination as to the organization’s stability and administrative capability of the organization to participate. The intent of this program is to partner with non-profit housing organizations that have limited access to other homeownership funding sources. Upon approval by MFA, Participants will make themselves available for program training. Historically, Habitat for Humanity New Mexico (HFH-NM) has been the primary Participant in the Partners Program. Eligible Participants will work with select participating lenders (“Lender”) that are approved through MFA to originate and underwrite the Partners program. These lenders will take the consumer’s loan application, make regulatory disclosures to the applicant and close the loan according to program requirements upon authorization by MFA. MFA and Participants will seek participation by a few lenders that will be selected based on their existing mortgage processing and underwriting capabilities and a willingness to participate in the Partners program. If Lenders are not already approved to participate in MFA programs, they must meet regulatory requirements with their primary regulator depending on the type of institution.

Program Terms, Conditions and Descriptions:
Eligible Partners Loans:

MFA’s Partners Program is available only to borrowers who obtain financing through one of MFA’s approved Participants and Lenders.

Eligible Borrowers:

Borrowers may not earn more than fifty-sixty percent (50-60% AMI) of county/area median income (“AMI”) as published by the US Department of Housing and Urban Development (HUD) at the time of initial family qualification by participants and program compliance review by MFA and after application approval by Lender/participating lender. This income limitation will be increased to a maximum of sixty percent (60% AMI) of county/area median for areas of the state that exhibit a combination of high housing costs and low median incomes. Based on data provided by HUD regarding median income and median sales prices, the following counties would be considered “high-cost”: Santa Fe County, Taos County and Los Alamos County.

In addition, those counties with 10 lowest household populations would be allowed the 60% AMI guidelines. Those counties are as follows: Harding County, De Baca County, Catron County, Guadalupe County, Union County, Mora County, Hidalgo County, Quay County, Colfax County and Torrance County.

Borrowers may not earn more than 80% of median income at the time of closing. (See Exhibit A for all income limits)

Eligible borrowers must also be first time homebuyers and occupy the home within 30-60 days of sale to MFA loan closing. Borrowers will be required to complete homebuyer education from a HUD approved counselor or online through eHoOme America prior to loan approval.

Property Eligibility:

The appraised value for new construction or purchase price (acquisition cost) for existing homes cannot exceed the Partners Program First Home Acquisition Cost Limits. (See Exhibit A)

Properties located on Native American Trust Lands would require an acceptable agreement with Tribal government and further internal approvals as required by MFA policy, are eligible to use the program. Properties must be located in New Mexico.

Interest Rate:

The interest rate to be charged on all Partners loans will be a fixed, below market interest rate. The interest rate for Partners loans will be determined by MFA and Partners loans do not carry a prepayment penalty. MFA reserves the right to change rate offered. Interest rate will be capped at 2% below the posted MFA First Home Government rate at that time.

Fees:

The Lender will disclose and charge the borrower reasonable and customary fees and costs
including third party fees associated with origination such as appraisal, credit report, recording fees, settlement, title insurance premiums, pre-paid expenses and a processing/underwriting fee paid to lender. The Participant may pay these fees on behalf of the buyer prior to or at closing.

MFA will be paid an upfront fee equal to 2% of the loan amount from the Participant at the time MFA purchases the loan. The funding wire sent from MFA will net out this fee. The Participant may charge customary fees associated with appraisals, credit reports, recording fees, premiums for the required mortgagee policy of title insurance for the first mortgage and any other customary closing costs.

Loan Requirements:

All loans eligible for purchase must provide a net yield to MFA of at least two and a half percent (2.50%) and the loan must be for a term not to exceed thirty (30) years. The maximum loan-to-value ratio (LTV) for Partner loans eligible for purchase will be fifty-ninety percent (5090%) of the appraised value or acquisition cost (if applicable) of the subject property.

Each loan is to provide for payments of principal (and interest if applicable) along with amounts to escrow for property taxes, homeowners insurance, and homeowners association dues on a monthly basis on the first day of each month and each monthly payment must be substantially equal over the term of the mortgage. First payments cannot be made prior to 90 days of sale to MFA.

All loans must be affordable to low-income borrowers; affordable is defined as paying no more than 35 percent of gross, monthly income for housing expenses and a maximum of 41% total debt to income.

Lender will underwrite the borrower and subject property using the following MFA program requirements:

1. Program Underwriting and Eligibility:
   - First time homebuyers
   - Maximum income of 60% AMI
   - Occupy home within 60 days of loan closing
   - Homebuyer education from HUD approved counselor or eHome.
   - Appraised value (new construction) or acquisition costs (existing homes) is not to exceed First Home program limits.

2. Property Eligibility
   - Subject property must be located in the state of New Mexico
   - Appraisal required and, if new construction, certificate of completion
   - Utilities
     - Public
     - Private
       - Tests to indicate home has safe and adequate water supply
       - Inspection to indicate Septic system is working properly
• Safety and wellness repairs required
• Legal access to property
• Single Family residence

3. Lien perfection
• First Lien priority
• Assessed as real property
• Deactivated title (if manufactured home)

4. Credit Profile
• Minimum 620 credit score. Lower scores to 600 on exception basis if approved by Senior Director of Homeownership
• Tri-merge credit report required
• Non-medical collection accounts paid off
• One year verification of rent with no payments over 30 days late
• Alternative credit documentation (if no valid credit score)
  o Three trade lines with at least one year of history

5. Income and Employment
• Adequate income (35% house payment/41% total debt to income ratios)
• Income within program limits of 60% AMI
• Document stable income for one year

6. Loan Details
• 90% maximum LTV/CLTV based on appraised value.

7. Transaction Details
• Purchase agreement detailing price and terms of sale
• Proper regulatory disclosures for loan by lender
• Documentation of junior liens and additional sources of funds
• Transactions on Tribal land require acceptable agreement with Tribal government to guarantee the loan and further approvals as required by MFA policy.
• Borrowers must complete homebuyer counseling

Underwriting guidelines for the collateral and borrower will follow standard conventional underwriting guidelines if not addressed above.

Borrower Contribution:

A borrower must contribute at least $500 and/or in items deemed of value (labor, materials, etc.) as equity in the construction, rehabilitation or purchase of a home funded through Partners funds. Participants will provide documentation from borrower or certification of sweat equity to document in the loan file regarding borrower contributions deemed of value. MFA shall work with each Participant in determining equity value based on Participant’s requirements for borrower contributions. The minimum contribution of $500.00 from the borrower’s own funds is required and cannot be derived from any type of gift, grant or down payment assistance.
The Mortgage Lender will be required to provide proof of the borrower’s own funds.

A borrower or participant must contribute items deemed of value (labor, materials, etc.) as equity in the construction, rehabilitation or purchase of a home funded through Partners funds. MFA will define the procedure for assessing the value of the borrower/participant contribution in an addendum that details each entity's individual program procedures. MFA shall work with each participant in determining equity value.

Use of Other Sources of Financing:

Participants must maximize the use of other sources of soft money financing where such funding/financing is both available and appropriate. The use of any other sources of financing must conform to the applicable governing rules and regulations.

Use of Purchase Proceeds:

Participants will use the proceeds from the sale of any loans for furthering the objectives of this program.

Ability to Assume Loans:

Loans are assumable with prior approval of the MFA and participant. The participant must request approval of the assumption in writing and provide verification that the prospective purchaser meets the Borrower/Homeowner requirements of the program.

Reservation of Funds and File Delivery:

Funds available to purchase loans for Partners Loans will be reserved by the Participant completing the Reservation Request Form via MFA’s on-line Reservation System (www.housingnm.org). The On-Line Reservation System (“System”) is a password protected website portal and Participants must be approved by MFA prior to reserving a Partners loan. Reservations will be accepted by MFA subject to availability of funds. The Lender will submit an approved loan package to MFA to confirm program eligibility prior to closing the loan. This process is subject to change at MFA’s sole discretion. Participant will submit the Preliminary Approval Package to MFA to ensure that the potential borrowers were eligible at the time they entered the Habitat Program. Then the loan will be reserved when the Participant submits the second package to determine eligibility prior to closing the loan. Funds will be available on a first come-first-served basis, preliminary packages are date and time stamped upon arrival at the MFA. This process is subject to change at MFA’s sole discretion.

Submission of Compliance Files and Compliance Suspense Conditions:

Each Partners Loan request shall be delivered to MFA per the Partners checklist and uploaded to MFA electronically through the System.

Lender underwrites the loan request and if lender approves the Partner loan per the Partner loan guidelines, Lender submits the electronic loan package to MFA for compliance review.
1) The Lender must approve the Mortgage Loan for credit and collateral prior to sending the electronic Compliance File to MFA for Compliance Approval via the System.

2) The Lender and partner must obtain a Compliance Approval/Purchase Commitment ("Commitment") for every Mortgage Loan prior to the loan closing.

3) The file must be as complete as possible. If a Compliance File is incomplete or if further documentation is required for an approval, MFA will provide a notification of Compliance Suspense Conditions via E-mail from the System notifying the lender of the status change or contact the Lender via phone, if applicable.

4) MFA will review the Compliance File and send a notification of conditions via E-mail or contact the Lender via phone, generally within three business days of receipt of the Compliance File. The Lender will then log into the System to retrieve their list of conditions.

5) If a Partners Loan does not qualify, MFA will contact the Lender via E-mail or phone and provide a Compliance Denial letter, which details the reason(s) for the denial.

Each Partners Loan shall be delivered to MFA per the Partners checklist.

Partners Loan Closing:

Participants and Lender may only close a Partners loan upon receipt of a copy of a MFA’s written approval and income and acquisition cost calculation at the time of closing for each Partners mortgage Loan.

Loan Purchase Requirements:

MFA’s purchase of Partners Loans is subject to the execution of a Mortgage Purchase Agreement for each Partners loan. Each Partners Loan delivered to MFA for purchase must conform to all of the applicable terms and conditions of the related Partners Mortgage Purchase Agreement.

MFA will purchase loans for an amount that will yield a two and a half percent (2.50%) net return to MFA (at a discount of 83.32% of the net principal balance). No seasoning of the loan is required. First payments cannot be made prior to 90 days of sale to MFA.

All mortgages purchased by MFA will be in a first lien position and loans must be current at the time of purchase, defined as having no more than two late payments (more than 30 days) over the past 12 months and no payments later than 59 days delinquent. In addition, taxes must be current and hazard insurance policies in amounts equal to the replacement cost of the property must be in effect. Loans must be sold to MFA within 60 days of loan closing.

Loan Servicing:

MFA will service all Partners loans sold to MFA. As servicer, MFA will be responsible for collection of payments, escrowing for taxes and insurance, insuring that there is adequate hazard
insurance maintained on the property and that taxes are paid annually. Participants shall assist MFA in contacting borrowers/homeowners for payment collection and to help resolve delinquencies and defaults.

**Recourse Requirements:**

For all loans sold to MFA, failure to collect payments from the borrower/homeowner does not relieve the participant of responsibility for remitting the required funds assisting in the collection of the required payment(s). The participant agrees that upon sale of the loan to MFA, all payments on the first lien will be made to MFA. The participant also agrees to maintain a payment reserve account with a balance sufficient to support six monthly payments (P&I and T&I) for each of the first six loans purchased by MFA and a balance sufficient to support three monthly payments (P&I and T&I) for each loan after the sixth loan purchased by MFA. The payment reserve accounts shall be maintained by MFA and may be interest-bearing, with the participant entitled to receive the interest thereon. In any month during which MFA has not received the borrower’s payment by the 15th day of the month, the participant will be notified.

If MFA has not received the borrower’s payment by the 30th day of the month, MFA may withdraw from the payment reserve account the amount needed to meet the delinquent payment of the borrower. The borrower shall begin to replenish the reserve account as soon as practical thereafter, beginning to do so no later than three months after the due date of the delinquent payment.

MFA will perform its customary collection activities in an effort to resolve any delinquency and/or default. At a point no later than exhaustion of the loan’s payment reserve, MFA may require the participant to repurchase or substitute (trade out) the loan in default with a first mortgage loan having an equivalent value. This may be required in the case of any default under the terms and conditions of the mortgage which is not cured within the time limits stated in the Mortgage Purchase Agreement permitted, including a non-monetary default, such as renting the property or sale to an unauthorized buyer without paying off the balance of the Partner’s loan.

At a point where a Partner’s loan sold to MFA becomes >= 60 days delinquent, MFA may, at its sole discretion, suspend the purchase of loans from that Partner until such time as the delinquency is corrected. If a Partner’s loan sold to MFA goes into default, including foreclosure, MFA will not purchase any additional Partner’s loans from such Participant unless the loss experienced is cured.

In instances where customary collection efforts, loan re-purchase or loan trade-out are determined not feasible, MFA may undertake alternative recourse efforts such as loan assumption by participant until another buyer can be found. Such alternatives will be defined by MFA, on a case by case basis, as the most appropriate course of action and will be documented as such.

**Repurchase:**
MFA may require the repurchase by the Participant of any loan found to contain false representations in any material respect. The Participant will be given a 60-day notice of the requirement to repurchase.

**Maintenance of Books and Records:**

Participants agree to keep proper books, records, and accounts in accordance with acceptable accounting standards. Participants will make such books and records available for inspection by MFA during reasonable hours and under reasonable conditions. MFA shall have the right to request Participants to furnish said documents at the Participant’s expense to determine that the requirements of the program have been met.

MFA may amend the provisions of this Program Policy from time to time.
EXHIBIT A

Partners Program Income Limits 50% and 60% of AMI
(Updated once a year annually from HUD)

### 2017 Partners Program Income Limits 60% of AMI

<table>
<thead>
<tr>
<th>Areas</th>
<th>1-to-2-Person Household</th>
<th>3-or-More-Person Household</th>
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</thead>
<tbody>
<tr>
<td>Albuquerque MSA</td>
<td>$37,140</td>
<td>$42,711</td>
</tr>
<tr>
<td>(Bernalillo, Sandoval, Torrance and Valencia Counties)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santa Fe MSA</td>
<td>$37,320</td>
<td>$42,918</td>
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<td>Los Alamos County</td>
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<td>Farmington MSA</td>
<td>$33,840</td>
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<tr>
<td>All other areas</td>
<td></td>
<td></td>
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### Partners Program Acquisition Cost Limits

<table>
<thead>
<tr>
<th>Area</th>
<th>Acquisition Cost Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Fe County</td>
<td>$360,000</td>
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<tr>
<td>Los Alamos County</td>
<td>$372,375</td>
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<tr>
<td>Taos County</td>
<td>$280,125</td>
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<tr>
<td>All Other Counties</td>
<td>$265,158</td>
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</table>

### Partners Program Acquisition Cost Limits

<table>
<thead>
<tr>
<th>Area</th>
<th>Acquisition Cost Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Fe County</td>
<td>$338,824</td>
</tr>
<tr>
<td>Los Alamos County</td>
<td>$350,471</td>
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<tr>
<td>Taos County</td>
<td>$263,647</td>
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<tr>
<td>All Other Counties</td>
<td>$253,809</td>
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</table>
Partners Program Income Limits 80% of AMI
(Updated once a year from HUD)
Tab 4
**NEW MEXICO MORTGAGE FINANCE AUTHORITY**
Contracted Services/Credit Committee Meeting
Tuesday, December 12, 2017 @ 10:00 am
*MFA – Albuquerque*

To dial in to the conference call dial: MFA (Abbott Hall) all participant dial in
(641) 715-3276 Participant Access Code: 561172# MFA only/Host Access Code: 561172*

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
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</thead>
<tbody>
<tr>
<td>1 2017 RHA Annual Report (Gina Bell)</td>
<td>2-0</td>
<td>YES</td>
</tr>
</tbody>
</table>

Committee Members present:

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

- Attorney General Hector Balderas or Sally Malave  
  - ☐ present  
  - ☑ absent  
  - ☑ conference call

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

[Signature]

12/12/17
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – December 5, 2017
Through: Contracted Services – December 12, 2017

FROM: Gina Bell

DATE: December 20, 2017

SUBJECT: Regional Housing Authority 2017 Annual Report

__________________________

Recommendation:
To approve the Regional Housing Authority – 2017 Annual Report.

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 re-define the activities of the regional housing authorities and to mandate that MFA provide oversight of certain activities, to include submission of an Annual Report relative to their operations and fiscal elements to the Department of Finance & Administration (DFA), Legislative Oversight Committee (LOC), Legislative Finance Committee (LFC), and U.S. Department of Housing and Urban Development (HUD).

Discussion:
The attached pages reflect the annual operations and fiscal information for the three (3) New Mexico regional housing authorities.

- Eastern Regional
- Western Regional
- Northern Regional

Summary:
Staff recommends approval of the regional housing authority 2017 Annual Report as mandated by the Regional Housing Act. The report includes operational and fiscal activities for Eastern, Western and Northern regional housing authorities for the 2017 calendar year.
Eastern Regional Housing Authority (ERHA):

1. Submission of audits to the State Auditor, MFA, LFC, DFA, and MFA-LOC
   - The Audit Report for FYI 2017 is pending release by the State Auditor.
     - Expenditure in excess of budget amount – Significant deficiencies, but they are not considered a material weakness.
     - Special Tests and Provisions – Section 8 – Significant deficiencies, but they are not considered a material weakness.

2. Report on new Regional Board Appointees to MFA & the Governor’s Office
   - There have not been any new members appointed to the Board this year.

3. Report to MFA of new Executive Directors hired
   - There has not been any new Executive Directors hired. The current Executive Director, Chris Herbert, has been an employee and the Executive Director of ERHA since 2006.

4. Creation/dissolution of nonprofit entities of the Regional’s to MFA & State Board of Finance
   - ERHA has not created or dissolved any Non-Profit entities.

5. Assets valued over $100K sold, transferred, or liquidated to MFA
   - ERHA has not sold, transferred or liquidated any assets valued over $100K.

6. Any contracts exceeding $100K to MFA
   - ERHA has not entered into any contracts exceeding $100K in the past fiscal year.

7. Annual scores for Section Eight Management Assessment Program (SEMAP) to MFA
   - ERHA received a final SEMAP score of 92% for the FYI 6/30/17 giving the agency a rating of “high performer” status. A copy of the final scoring report is attached for review.

8. Annual scores for Public Housing Assessment System (PHAS) to MFA
   - ERHA has been partially evaluated this year in the HUD PHAS system, their score is 94 points out of a 100 possible points, equating to a rating of high performer by HUD.

9. MFA Management Operation Review (MORE), were applicable to MFA
   - This is not applicable to ERHA since they do not have Project Based Section 8

10. Operations activity to include the following activities being reported to MFA, LFC, DFA, MFA-LOC:
- HAP Expenditures = $4,334,688
- HAP Annual Contribution Contract = $4,337,142
- % HAP Exp/HAP ACC = 99.99%
- PHA Held Reserves = $109,000
- HUD-Held Reserves = $935,992
- 99.9% utilization rate of allocated HAP.
- Regional wide, ERHA has 131 people on the waiting list for Housing Choice Voucher program, 108 people are on the public housing waiting list, both programs have about a 1 year waiting time.
- Vacancy rate for Public Housing units is 1%
- Fraud recovery Collections for Section 8 Program was $25,247.
- The 5 year Public Housing Capital Improvement ERHA has not changed from 2016.
- ERHA reports its fixed assets through an electronic spreadsheet that includes the following information:
  - Asset Number
  - Asset Name
  - Serial Number
  - Location
  - Estimated Useful Life
  - Date Acquired
  - Cost
  - Depreciation (Current Year and Accumulated)
  - Fund that purchased the asset

- ERHA follows the State policy on Disposition of Property and Capital Asset Inventory.

Non-HUD program activity consists of:

The development of the Eunice 16 Housing Development in Eunice, New Mexico. The estimated completion date of the project is imminent. The agency hopes to initiate a project in Ruidoso in the upcoming year as well as begin a 4 percent tax credit project on their 152 units, Woodleaf complex, in Hobbs in the upcoming year.
Western Regional Housing Authority (WRHA):

1. Submission of Audits to the state Auditor, MFA, LFC, DFA, and MFA-LOC
   - The State Auditor completed the review of the FYE 6/30/2017 audit report and has released the report. WRHA received an unmodified opinion on the audit and had no audit findings. On October 31, 2017 the audit report was submitted to HUD and MFA. MFA received three additional reports to be forwarded to LFC, DFA and MFA-LOC.

2. Report on New Regional Board Appointees to MFA & the Governor’s Office
   - There has not been any new Board Appointees this past year.
   - There are currently three vacant positions on the board for Hidalgo, Torrance and Luna County. The Torrance County position just became vacant in June 2017.
   - On 8/21/16, a resume was sent to MFA Liaison, Rose Baca-Quesada, for a person from Luna County who was interested in serving on the Board. WRHA corresponded with the candidate regularly trying to keep her updated on the process, but she never received any correspondence from the Governor’s office in regards to her appointment as a commissioner. WRHA received an e-mail from the candidate on 8/28/17 to inform them that she was no longer interested in serving on the board. This is the second candidate that has been lost from Luna County, due to lack of response from the Governor’s office. WRHA does not currently have any interested candidates for their vacant positions.

3. Report to MFA of new Executive Directors hired
   - There has not been any new Executive Directors hired. The current Executive Director, Cathy DeMarco, has been an employee of the WRHA since March 1991 and has been the Executive Director since June 2003.

4. Creation/dissolution of nonprofit entities of the Regional’s to MFA & State Board of Finance
   - WRHA has not created or dissolved any Non-Profit entities.

5. Assets valued over $100K sold, transferred, or liquidated to MFA
   - WRHA has not sold, transferred, or liquidated any assets valued over $100K.

6. Any contracts exceeding $100K to MFA
   - WRHA has not entered into any contracts exceeding $100K in the past fiscal year.

7. Annual scores for Section Eight Management Assessment Program (SEMAP) to MFA
   - WRHA received a final SEMAP score of 100% for the FYE 6/30/17, giving the agency a rating of “Higher Performer”. A copy of the final scoring report is attached for review.
8. Annual scores for Public Housing Assessment System (PHAS) to MFA
   ➢ THE PHAS score for FYE 6/30/17 has not been released. The last assessment was for FYE 6/30/16, where WRHA received a score of 95% which is a “High Performer” status. A copy of the scoring report is attached for review.

9. MFA Management Operation Review (MOR), where applicable to MFA
   ➢ This is not applicable to WRHA since they do not have Project Based Section 8.

10. Operations activity to include the following activities being reported to MFA, LFC, DFA, MFA-LOC:
    ➢ HAP Expenditures (Jan 17 - Oct 17) = $3,351,297
    ➢ HAP Annual Contribution Contract (Jan 17 - Oct 17) = $3,286,852
    ➢ % HAP Exp/HAP ACC = 102% (Utilized our HAP Reserves to cover deficit)
    ➢ PHA Held Reserves (Oct 17) = $129,434
    ➢ HUD-Held Reserves (Oct 17) = $19,945

    WRHA was placed in shortfall in May since the agency had used their PHA-Held Reserves and the majority of their HUD-Held Reserves. The agency was out of shortfall in August, but was not allowed to resume operations until the HUD Shortfall Team officially took them out of shortfall. The shortfall was finally lifted on 10/25/17. WRHA is now trying to increase their lease-up, which is a slow process.

    Shortfall means that the housing authority's actual/projected HAP expenses through the end of the calendar year, are expected to exceed the HUD obligated HAP plus PHA reserves. In May WRHA's actual/projected HAP expenses through the end of the year was expected to exceed what HUD obligated as well as our reserve balance. HUD gave the agency an official notification confirming a projected shortfall in calendar year 2017 and requested that they take the following actions: 1) Cease issuing vouchers to applicants; 2) Rescind any vouchers remaining on the street that were issued to applicant families; 3) Cease absorbing portable vouchers; and 4) Deny further moves that increase HAP expenses.

    WRHA took the required actions and by August they had decreased their HAP expenses enough to be out of shortfall. The HUD shortfall team did not officially release WRHA from shortfall status until 10/25/17. WRHA now has built up their reserves considerably and are in the process of resuming leasing activities.

    ➢ As of 10/31/17, region-wide WRHA had a total of 306 families on the waiting list with an approximate waiting time of 6-9 months.
    ➢ Vacancy Rate for Public Housing (Jan 17 - Oct 17) = 2%
    ➢ Fraud Recovery Collections-Voucher Program (Jan 17 - Oct 17) = $18,741
    ➢ The 5-Year Capital Improvement Plan for the Public Housing Units for the Years 2014-2018 has not changed.
    ➢ WRHA reports its fixed assets through an electronic spreadsheet that includes the following information:
WRHA follows the State policy on Disposition of Property and Capital Asset Inventory.

Non-HUD program activity consists of:

**Linkages Permanent Supportive Housing Program** is a state-funded program designed to provide permanent supportive housing rental subsidies and supportive services to homeless individuals with serious mental illnesses including Native Americans living off reservation. Hidalgo Medical Services now provides the supportive services to the clients and Western Regional is the housing administrator. WRHA currently has 14 families receiving housing subsidy in Grant County and are budgeted 16.

**Rental Assistance Program (RAP)**
**Grant, Luna, Socorro, Valencia and Torrance County**
This program is designed to assist eligible homeless or precariously housed persons find and maintain safe, decent affordable rental housing. Eligible clients may receive assistance with Security and Utility Deposits, up to 24 months rental assistance and utility assistance. From Jan 2017 - Oct 2017, WRHA has assisted 38 families throughout the five county areas.
Northern Regional Housing Authority (NRHA):

1. Submission of audits to the state Auditor, MFA, LFC, DFA and MFA-LOC
   ➢ The FYE 2017 audit was approved by the NM State Auditor’s Office. NRHA received an unmodified opinion on the FYE 6/30/17 audit with (8) Eight Findings.
     o Governing Body Oversight – Significant Deficiency
     o Design Deficiencies in Internal Controls over Capital Assets – Material Weakness
     o Deficiency in Internal Controls over Compliance and over Financial Statements – Significant Deficiency
     o Operating Deficiencies in Internal Controls over Compliance – significant Deficiency and Noncompliance
     o Noncompliance with Internal Control over Tenant Eligibility – Noncompliance
     o Personnel Evaluations – Finding that does not rise to Significant Deficiency
     o Public Housing authority 5 year and 1 year late submittals – Finding that does not rise to Significant Deficiency
     o Miscommunication of Resolution No. 2017-110- Plan to convert 525 Ranchitos Rd Unit 936 to a Community Resource Building – Finding that does not rise to Significant Deficiency

2. Report on new Regional Board Appointees to MFA & the Governor’s Office
   ➢ There has not been any new Board Appointees this past year.

   Currently NRHA has one vacancy in Mora County and a new applicant for Taos County.

3. Report to MFA of new executive directors hired
   ➢ There has not been any new Executive Directors hired. The current Executive Director, Richard Frey, has been an employee and the Executive Director of NRHA since March 31, 2016.

4. Creation/dissolution of nonprofit entities of the Regional’s to MFA & State Board of Finance
   ➢ NRHA has not created nor dissolved any non-profit entities.

5. Assets valued over $100K sold, transferred, or liquidated to MFA
   ➢ NRHA has not sold, transferred or liquidated any assets valued over $100K.

6. Any contracts exceeding $100K to MFA
   ➢ NRHA has not entered into any contracts exceeding $100K in the past fiscal year.

7. Annual scores for Section Eight Management Assessment Program (SEMAP) to MFA
   ➢ NRHA submitted a waiver request for the SEMAP to HUD due to the acquisition of Grants Housing Authority.

8. Annual scores for Public Housing Assessment System (PHAS) to MFA
NRHA received a score of 59 out of 100.

9. MFA Management Operation Review (MOR), where applicable to MFA.
   - This is not applicable to NRHA since they do not have a Project Based Section 8.

10. Operations activity to include the following activities being reported to MFA, LFC, DFA, MFA-LOC:
   - HAP Expenditures = $2,215,516
   - HAP Annual Contribution Contract = $2,117,430
   - % HAP Exp/HAP ACC = 1.05%
   - PHA Held Reserves = $23,686
   - HUD-Held Reserves = $358,758
   - Number of families on waiting list and approximate wait time.
     - Section 8 is 106 with a wait time of 6 to 9 months.
     - Public Housing waiting list is 744 with a wait time of 1 to 2 years depending on bedroom size.
   - Vacancy rate for Public Housing units = 14%
   - Fraud recovery Collections = (2017 Fiscal year) $4,951.85.
   - Five-year Capital Improvement Plan for HUD Public Housing units is on public display as of November 06, 2017 for 45 day review period.
     - A 3-5 year Asset Inventory Plan of all subsidized housing units is being implemented with the aid of hand-held tablets.
   - NRHA reports its fixed assets through an electronic spreadsheet that includes the following information:
     - Asset Number
     - Asset Name
     - Serial Number
     - Location
     - Estimated Useful Life
     - Date Acquired
     - Cost
     - Depreciation (Current Year and Accumulated)
     - Fund that purchased the asset

NRHA follows the State policy on Disposition of Property and Capital Asset Inventory.

Non-HUD program activity consists of:

**Linkages Program**: NRHA began providing the Linkages Permanent Supportive Housing Program on January 1, 2016. NRHA’s role is to be the housing provider and Tri-County Health located in Taos is providing the supportive services. NRHA has provided housing subsidy for (3) three households.

Collaboration/Consolidation Efforts:

Grants Housing Authority transferred all programs and assets to NRHA on January 1, 2017.
General Comments

MFA will conduct on-site monitoring visits to each regional to assess their operational and fiscal status. The results of the visits will be shared with the Executive Directors, the Commissioners and HUD.

The NM legislature did not appropriated funding during the 2017 legislative session.

MFA’s Legislative Oversight Committee (“LOC”) approved its proposed 2018 Legislative Agenda on November 6, 2017, which includes a Regional Housing Authority appropriation request for recurring funds in the amount of $300,000.

MFA would like to note that beginning next year, in a continued effort to have the Executive Directors present their reports at the Board meeting, we will bring this report to the Board in November instead of December due to the holiday and possible bad weather.

Attachments Include:

ERHA 2016 PHAS Report
ERHA 2017 SEMAP Report
WRHA 2017 SEMAP & PHAS Report
NRHA 2017 PHAS Report
RHA MAP & CHARTS
# Public Housing Assessment System (PHAS) Score Report for Interim Rule

Report Date: 12/22/2016

**PHA Code:** NM063  
**PHA Name:** Eastern Regional Housing Authority  
**Fiscal Year End:** 06/30/2016

<table>
<thead>
<tr>
<th>PHAS Indicators</th>
<th>Score</th>
<th>Maximum Score</th>
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<tbody>
<tr>
<td>Physical</td>
<td>37</td>
<td>40</td>
</tr>
<tr>
<td>Financial</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Management</td>
<td>22</td>
<td>25</td>
</tr>
<tr>
<td>Capital Fund</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Late Penalty Points</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td><strong>PHAS Total Score</strong></td>
<td>94</td>
<td>100</td>
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</table>

**Designation Status:** Small PHA Deregulation

Published 12/22/2016  
Initial published 12/22/2016

## Financial Score Details

<table>
<thead>
<tr>
<th>Financial Score Details</th>
<th>Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. FASS Score before deductions</td>
<td>25.00</td>
<td>25</td>
</tr>
<tr>
<td>2. Audit Penalties</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Financial Score Unrounded (FASS Score - Audit Penalties)</strong></td>
<td>25.00</td>
<td>25</td>
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</tbody>
</table>

## Capital Fund Score Details

<table>
<thead>
<tr>
<th>Capital Fund Score Details</th>
<th>Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeliness of Fund Obligation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Timeliness of Fund Obligation %</td>
<td>90.00</td>
<td></td>
</tr>
<tr>
<td>2. Timeliness of Fund Obligation Points</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Occupancy Rate:</td>
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<td></td>
</tr>
<tr>
<td>3. Occupancy Rate %</td>
<td>99.43</td>
<td></td>
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<tr>
<td>4. Occupancy Rate Points</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total Capital Fund Score (Fund Obligation + Occupancy Rate):</strong></td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

**Notes:**

1. The scores in this Report are the official PHAS scores of record for your PHA. PHAS scores in other systems are not to be relied upon and are not being used by the Department.
2. Due to rounding, the sum of the PHAS indicator scores may not equal the overall PHAS score.
3. "0" FASS Score indicates a late presumptive failure. See 902.60 and 902.92 of the Interim PHAS rule.
4. "0" Total Capital Fund Score is due to score of "0" for Timeliness of Fund Obligation. See the Capital Fund
OCT 18 2017

Chris Herbert
Executive Director
Eastern Regional Housing Authority
P.O. Drawer 2057
Roswell, NM 88202-2057

Dear Mr. Herbert:

Thank you for completing your Section 8 Management Assessment Program (SEMAP) certification for the Eastern Regional Housing Authority. We appreciate your time and attention to the SEMAP assessment process. SEMAP enables HUD to better manage the Section 8 tenant-based program by identifying PHA capabilities and deficiencies related to the administration of the Section 8 program. As a result, HUD will be able to provide more effective program assistance to PHAs.

The Eastern Regional Housing Authority final SEMAP score for the fiscal year ended 06/30/2017 is 92%. The following are your scores on each indicator:

Indicator 1  Selection from Waiting List (24 CFR 982.54(d)(1) and 982.204(a))  15
Indicator 2  Reasonable Rent (24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507)  20
Indicator 3  Determination of Adjusted Income (24 CFR part 5, subpart F and 24 CFR 982.516)  20
Indicator 4  Utility Allowance Schedule (24 CFR 982.517)  5
Indicator 5  HQS Quality Control (24 CFR 982.405(b))  5
Indicator 6  HQS Enforcement (24 CFR 982.404)  0
Indicator 7  Expanding Housing Opportunities  NA
Indicator 8  Payment Standards (24 CFR 982.503)  5
Indicator 9  Timely Annual Reexaminations (24 CFR 5.617)  10
Indicator 10 Correct Tenant Rent Calculations (24 CFR 982, Subpart K)  5
Indicator 11 Pre-Contract HQS Inspections (24 CFR 982.305)  5
Indicator 12 Annual HQS Inspections (24 CFR 982.405(a))  10
Indicator 13 Lease-Up 20

Indicator 14 Family Self-Sufficiency (24 CFR 984.105 and 984.305) NA

Indicator 15 Deconcentration Bonus 0

Your PHA has earned a total of 120 points out of 130 possible points. Your overall performance rating is High.

We have recorded that your PHA has been rated zero on at least one of the performance indicators. Please take the necessary corrective action to ensure compliance with program rules. For each zero rating with the exception of Indicator 15, you must send HUD a written report describing the corrective action taken within 45 calendar days of the date of this letter, or HUD may require a written corrective action plan.

Thank you for your cooperation with the SEMAP process. If you have any questions, please contact me at Floyd.Duran@hud.gov or at (505) 346-7392.

Sincerely,

[Signature]
Floyd R. Duran
Director
OCT 27 2017

Cathy DeMarco
Executive Director
Western Regional Housing Authority
P.O. Box 3015
Silver City, NM 88062-3015

Dear Ms. DeMarco:

Thank you for completing your Section 8 Management Assessment Program (SEMAP) certification for the Western Regional Housing Authority. We appreciate your time and attention to the SEMAP assessment process. SEMAP enables HUD to better manage the Section 8 tenant-based program by identifying PHA capabilities and deficiencies related to the administration of the Section 8 program. As a result, HUD will be able to provide more effective program assistance to PHAs.

The Western Regional Housing Authority final SEMAP score for the fiscal year ended 06/30/2017 is 100%. The following are your scores on each indicator:

Indicator 1 Selection from Waiting List (24 CFR 982.54(d)(1) and 982.204(a)) 15
Indicator 2 Reasonable Rent (24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507) 20
Indicator 3 Determination of Adjusted Income (24 CFR part 5, subpart F and 24 CFR 982.516) 20
Indicator 4 Utility Allowance Schedule (24 CFR 982.517) 5
Indicator 5 HQS Quality Control (24 CFR 982.405(b)) 5
Indicator 6 HQS Enforcement (24 CFR 982.404) 10
Indicator 7 Expanding Housing Opportunities NA
Indicator 8 Payment Standards (24 CFR 982.503) 5
Indicator 9 Timely Annual Reexaminations (24 CFR 5.617) 10
Indicator 10 Correct Tenant Rent Calculations (24 CFR 982, Subpart K) 5
Indicator 11 Pre-Contract HQS Inspections (24 CFR 982.305) 5
Indicator 12 Annual HQS Inspections (24 CFR 982.405(a)) 10
Public Housing Assessment System (PHAS) Score Report for Interim Rule

Report Date: 01/26/2017

<table>
<thead>
<tr>
<th>PHA Code:</th>
<th>NM067</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHA Name:</td>
<td>Western Regional Housing Authority</td>
</tr>
<tr>
<td>Fiscal Year End:</td>
<td>06/30/2016</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>PHAS Indicators</th>
<th>Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>Financial</td>
<td>25</td>
<td>25</td>
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<tr>
<td>Management</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Capital Fund</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Late Penalty Points</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>PHAS Total Score</td>
<td>95</td>
<td>100</td>
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</table>

Designation Status: Small PHA Deregulation

Published: 01/26/2017
Initial published: 10/25/2016

**Financial Score Details**

<table>
<thead>
<tr>
<th>Audited/Single Audit</th>
<th>Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. FASS Score before deductions</td>
<td>25.00</td>
<td>25</td>
</tr>
<tr>
<td>2. Audit Penalties</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Total Financial Score Unrounded (FASS Score - Audit Penalties)</td>
<td>25.00</td>
<td>25</td>
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</table>

**Capital Fund Score Details**

<table>
<thead>
<tr>
<th></th>
<th>Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeliness of Fund Obligation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Timeliness of Fund Obligation %</td>
<td>90.00</td>
<td></td>
</tr>
<tr>
<td>2. Timeliness of Fund Obligation Points</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Occupancy Rate:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Occupancy Rate %</td>
<td>98.15</td>
<td></td>
</tr>
<tr>
<td>4. Occupancy Rate Points</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total Capital Fund Score (Fund Obligation + Occupancy Rate):</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

**Notes:**
1. The scores in this Report are the official PHAS scores of record for your PHA. PHAS scores in other systems are not to be relied upon and are not being used by the Department.
2. Due to rounding, the sum of the PHAS indicator scores may not equal the overall PHAS score.
3. "0" FASS Score indicates a late presumptive failure. See 902.60 and 902.92 of the Interim PHAS rule.
4. "0" Total Capital Fund Score is due to score of "0" for Timeliness of Fund Obligation. See the Capital Fund
### Public Housing Assessment System (PHAS) Score Report for Interim Rule

**Report Date:** 05/31/2017

**PHA Code:** NM088  
**PHA Name:** Northern Regional Housing Authority  
**Fiscal Year End:** 06/30/2016

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<td>Management</td>
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<td>25</td>
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<tr>
<td>Capital Fund</td>
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<tr>
<td>Late Penalty Points</td>
<td>0</td>
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<td><strong>PHAS Total Score</strong></td>
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**Designation Status:** Small PHA Deregulation

- Published: 05/31/2017  
- Initial published: 10/25/2016

#### Financial Score Details

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<tr>
<th>Audited/Single Audit</th>
<th>Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. FASS Score before deductions</td>
<td>25.00</td>
<td>25</td>
</tr>
<tr>
<td>2. Audit Penalties</td>
<td>-3.00</td>
<td></td>
</tr>
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<td><strong>Total Financial Score Unrounded (FASS Score - Audit Penalties)</strong></td>
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<td>25</td>
</tr>
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</table>

#### Capital Fund Score Details

<table>
<thead>
<tr>
<th></th>
<th>Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Timeliness of Fund Obligation:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Timeliness of Fund Obligation %</td>
<td>90.00</td>
<td></td>
</tr>
<tr>
<td>2. Timeliness of Fund Obligation Points</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Occupancy Rate:</strong></td>
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<td>3. Occupancy Rate %</td>
<td>87.57</td>
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<tr>
<td>4. Occupancy Rate Points</td>
<td>0</td>
<td>5</td>
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<tr>
<td><strong>Total Capital Fund Score (Fund Obligation + Occupancy Rate):</strong></td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>

**Notes:**

1. The scores in this Report are the official PHAS scores of record for your PHA. PHAS scores in other systems are not to be relied upon and are not being used by the Department.
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4. "0" Total Capital Fund Score is due to score of "0" for Timeliness of Fund Obligation. See the Capital Fund
3 Regional Housing Authorities

LEGEND

- Orange: Northern Region
- Purple: Eastern Region
- Blue: Western Region
- White: Urban Areas
Public Housing Authorities in New Mexico by Region

Eastern Regional
155 Low Rent Units, 1892 Section 8 vouchers
Consolidations: Eunice, Vaughn & Lovington
Below is a chart indicating PHA’s located within ERHA Region:

<table>
<thead>
<tr>
<th>Public Housing Authority</th>
<th>Low-Rent Units</th>
<th>Section 8 Vouchers</th>
<th>Troubled/Sub-standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alamogordo</td>
<td>221</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Artesia</td>
<td>138</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Clayton</td>
<td>50</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Clovis</td>
<td>132</td>
<td>608</td>
<td></td>
</tr>
<tr>
<td>Fort Sumner</td>
<td>47</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Tucumcari</td>
<td>90</td>
<td>140</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>678</strong></td>
<td><strong>748</strong></td>
<td></td>
</tr>
</tbody>
</table>

Western Regional
54 Low Rent Units, 911 Section 8 vouchers
No consolidations to date
Below is a chart indicating PHA’s located within WRHA Region:

<table>
<thead>
<tr>
<th>Public Housing Authority</th>
<th>Low-Rent Units</th>
<th>Section 8 Vouchers</th>
<th>Troubled/Sub-standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayard</td>
<td>70</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>El Camino Real</td>
<td>0</td>
<td>576</td>
<td></td>
</tr>
<tr>
<td>Lordsburg</td>
<td>100</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Santa Clara</td>
<td>32</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Truth or Consequences</td>
<td>100</td>
<td>190</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>302</strong></td>
<td><strong>766</strong></td>
<td></td>
</tr>
</tbody>
</table>
Public Housing Authorities in New Mexico by Region

**Northern Regional**
185 Low Rent Units, 448 Section 8 Vouchers
*Consolidated with Cimarron and Grants*

*Below is a chart indicating other PHA’s within NRHA region:*

<table>
<thead>
<tr>
<th>Public Housing Authority</th>
<th>Low-Rent Units</th>
<th>Section 8 Vouchers</th>
<th>Troubled/Sub-standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chama</td>
<td>38</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Cuba</td>
<td>28</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Gallup</td>
<td>267</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>Las Vegas</td>
<td>267</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Maxwell</td>
<td>22</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Public Housing Authority</th>
<th>Low-Rent Units</th>
<th>Section 8 Vouchers</th>
<th>Troubled/Sub-standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pecos</td>
<td>32</td>
<td>0</td>
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</tr>
<tr>
<td>Raton</td>
<td>156</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Rio Arriba</td>
<td>53</td>
<td>25</td>
<td>✓</td>
</tr>
<tr>
<td>San Juan</td>
<td>0</td>
<td>320</td>
<td></td>
</tr>
<tr>
<td>San Miguel</td>
<td>0</td>
<td>177</td>
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<tr>
<td>Springer</td>
<td>56</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Wagon Mound</td>
<td>19</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>938</strong></td>
<td><strong>585</strong></td>
<td></td>
</tr>
</tbody>
</table>
Tab 5
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – December 19, 2017

FROM: Theresa Laredo-Garcia, Director of Servicing

DATE: December 20, 2017

SUBJECT: REO Loss >50K – 1101 Avenida Manana, Roswell, NM

Recommendation: Staff is recommending Board approval for MFA to accept a buyer’s offer of $50,000 on the above referenced property. If approved, MFA will realize a loss of approximately $93,000. Staff is requesting write off approval of said amount.

Background: MFA is the holder of a HERO first mortgage dated May 4, 2006, in the amount of $130,000.00 and a second mortgage HERO DPA loan in the amount of $2,000.00 on the above referenced property. MFA acquired the property through Deed in Lieu of Foreclosure on March 31, 2010. The property has been in MFA’s REO inventory for approximately 7 years. At the time of acquisition, the property was in poor condition as the owner had begun remodeling the property and failed to complete. MFA did not perform repairs on the property because the property was vacant.

The on-going cost to secure and maintain the property; retain hazard insurance coverage and pay property taxes has increased MFA’s exposure above the value of the property. MFA filed a claim with MGIC private mortgage insurance and was paid $23,289 which reduced MFA’s total exposure. See below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid Principal Balance as 11/30/17 1st and 2nd Mortgage</td>
<td>$123,921.33</td>
</tr>
<tr>
<td>Capitalized Expenses</td>
<td>$31,532.17</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>$3,488.92</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$160,900.51</td>
</tr>
<tr>
<td>Less Claim Proceeds (MGIC)</td>
<td>$23,288.96</td>
</tr>
<tr>
<td>Total Exposure as of 11/30/17</td>
<td>$137,611.55</td>
</tr>
<tr>
<td>Less Projected Sales Proceeds (Sales price less closing costs $50,000 - $5,353.)</td>
<td>$44,647.00</td>
</tr>
<tr>
<td>Projected Loss to MFA</td>
<td>$92,964.55</td>
</tr>
</tbody>
</table>
A recent valuation dated August 22, 2017 values the property at $68,000.

**Summary:** The listed sales price is $65,000. MFA received an offer of $40,000. MFA countered at $50,000 and buyer is accepting. MFA requests board approval to complete the sale. The sale will result in a loss to MFA in the approximate amount of $93,000.
Tab 6
HUD PBCA: Update
December 20, 2017

Jacobo Martinez, Isidoro Hernandez
Highlights
- 11/17/17: ACC 12-month contract extension, expires 12/31/18
- 12/2/17: HUD posted draft RFP (HAPRSS)
  - Comments/Questions by January 2, 2018

Assumption
- HUD provides a final procurement in late January/early February

Status
- Oklahoma joined team
- Started proposal draft
- RFP for final proposal
- NCSHA collaboration
- TX/AR Coverage Options
- Small Business Plan
HUD Southwest Region 1

2017 Active S8 PB Contracts

<table>
<thead>
<tr>
<th>State</th>
<th>Properties</th>
<th>Units</th>
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</thead>
<tbody>
<tr>
<td>Sub-Region 1.1</td>
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<td></td>
</tr>
<tr>
<td>Texas</td>
<td>584</td>
<td>49,949</td>
</tr>
<tr>
<td>Louisiana</td>
<td>172</td>
<td>15,132</td>
</tr>
<tr>
<td>SUB-TOTAL</td>
<td>756</td>
<td>65,081</td>
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<tr>
<td>Sub-Region 1.2</td>
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<td></td>
</tr>
<tr>
<td>Iowa</td>
<td>210</td>
<td>11,926</td>
</tr>
<tr>
<td>Missouri</td>
<td>339</td>
<td>23,425</td>
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<tr>
<td>Nebraska</td>
<td>163</td>
<td>6,384</td>
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<tr>
<td>SUB-TOTAL</td>
<td>712</td>
<td>41,735</td>
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<tr>
<td>Sub-Region 1.3</td>
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<tr>
<td>Oklahoma</td>
<td>170</td>
<td>12,817</td>
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<tr>
<td>Kansas</td>
<td>232</td>
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<td>Arkansas</td>
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<td>10,703</td>
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<tr>
<td>New Mexico</td>
<td>87</td>
<td>5,230</td>
</tr>
<tr>
<td>SUB-TOTAL</td>
<td>689</td>
<td>39,752</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,157</td>
<td>146,568</td>
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</tbody>
</table>
Tab 7
MEMORANDUM

TO:           MFA Board of Directors
FROM:        Rene Acuña, Director of Homeownership
DATE:        November 30, 2017

- Interest Rate History:

![Historical Program Rate Trend from September 30, 2016 through September 30, 2017]
• **Reservations by Program** (10/01/2016 through 9/30/2017)

![Loan Program Comparison](chart.png)

*Excludes canceled loans

**Average Historical Weekly Reservations and Cancellations from October 1, 2016 Through September 30, 2017**

<table>
<thead>
<tr>
<th>Program</th>
<th>Reservations (Total)</th>
<th>Avg. Weekly Reservations</th>
<th>Avg. Weekly Cancellations (Total)</th>
<th>Cancellations (Total)</th>
<th>Percent Cancellations</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRST HOME CONV</td>
<td>$26,172,926</td>
<td>$500,592</td>
<td>$74,965</td>
<td>$3,898,193</td>
<td>14.89%</td>
</tr>
<tr>
<td>FIRST HOME GOV'T</td>
<td>$258,386,475</td>
<td>$4,941,980</td>
<td>$648,564</td>
<td>$33,725,344</td>
<td>13.05%</td>
</tr>
<tr>
<td>NEXT HOME CONV</td>
<td>$25,250,136</td>
<td>$482,942</td>
<td>$31,484</td>
<td>$1,637,167</td>
<td>6.48%</td>
</tr>
<tr>
<td>NEXT HOME GOV'T</td>
<td>$112,734,683</td>
<td>$2,156,199</td>
<td>$273,122</td>
<td>$14,202,358</td>
<td>12.60%</td>
</tr>
<tr>
<td>TOTAL (All Programs)</td>
<td>$422,544,221</td>
<td>$8,081,712</td>
<td>$1,028,136</td>
<td>$53,463,062</td>
<td>12.65%</td>
</tr>
</tbody>
</table>
• **Comparison of Down Payment Assistance (DPA) Sources** -(10/01/2016 through 9/30/2017) purchased loans.

![Comparison of Down Payment Assistance](image)

• **Comparison of Loan Types** -(10/01/2016 through 9/30/2017)

![Loan Type Comparison](image)
**Borrower Demographics:**

<table>
<thead>
<tr>
<th></th>
<th>Current Year (10/1/16 - 9/30/17)</th>
<th>Prior Year (10/01/15 – 12/31/2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Sales Price</td>
<td>$146,734</td>
<td>$141,300</td>
</tr>
<tr>
<td>Average Loan Amount</td>
<td>$143,618</td>
<td>$138,268</td>
</tr>
<tr>
<td>Average Down Payment Assistance Amount</td>
<td>$5,736</td>
<td>Not Calculated</td>
</tr>
<tr>
<td>Average Household Income</td>
<td>$49,906</td>
<td>$47,849</td>
</tr>
<tr>
<td>Average Family Size</td>
<td>2.5 person household</td>
<td>2.5 person household</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>37.5 percent Minority</td>
<td>39 percent Minority</td>
</tr>
<tr>
<td>Average Borrower Age</td>
<td>36 years old</td>
<td>36 years old</td>
</tr>
<tr>
<td>Average Number of Dependents</td>
<td>1 dependent</td>
<td>1 dependent</td>
</tr>
<tr>
<td>Borrower Gender</td>
<td>44% female / 56% male</td>
<td>45% female / 55% male</td>
</tr>
<tr>
<td>Average FICO score</td>
<td>684</td>
<td>683</td>
</tr>
</tbody>
</table>

**MFA Market Share:**

The Homeownership department continues its search for a cost effective reliable data source. Over the past several months, the department has worked with our existing vendor in an effort to rectify data integrity concerns. We have identified and opened discussions with two new potential vendors in addition to exploring public data sources. The department is currently awaiting sample data and reports to review. Upon receipt, the department will review and validate the data for reasonableness.

For the purpose of this report, the market share was calculated based on the existing methodology as a performance measure outlined in the current strategic plan. Based on our current methodology MFA’s market share of purchase money FHA loans was 67 percent for the fiscal year.
Tab 8
MEMORANDUM

TO: Board of Directors
FROM: Leann Kemp, Director of Communications and Marketing
DATE: December 20, 2017
SUBJECT: Branding and Marketing Update

Background and Discussion:

In late 2016, MFA and its graphic design team began work on a new branding approach. Rather than use people in our marketing materials, we decided to create a scene of a warm, inviting home, which would allow people to imagine their own home in which their own family lived. Each vignette would contain a window through which a full color almost, almost dream-like scene could be viewed.

The tagline we created to use with the photos is “Expanding the View of Affordable Housing.” The photos were staged to represent some of our programs: homeownership, rental, weatherization and housing construction, and to depict rural and urban scenes. Both interior and exterior photos were shot locally in order to capture the unique flavor of New Mexico.

Nine composite photo scenes were produced. Nine original illustrations were created and paired with exterior photos, which provided additional branding images. Photo scenes and illustrations were used in all collateral items that were developed or updated in 2017 including the annual report, the Housing Services Directory and the all-program brochure. Five original ads were created for conference programs and trade shows.

Direct marketing to potential homebuyers was done through a series of six advertorials that ran in the Albuquerque Journal HomeStyle insert over a period of five months. Each advertorial addressed common questions and concerns associated with home buying. A series of four homebuyer ads ran in
the Kirtland Nucleus. Additional advertisements were placed in the Albuquerque Business First’s Book of Lists and in the Kirtland Keys.

MFA also had digital ads on the Albuquerque Journal website, which had a total of 300,000 impressions. A digital ad will run in the online Book of Lists throughout 2017.

For the first time, MFA engaged in Search Engine Marketing. The results far exceeded expectations with a 3.4 to 3.7 percent average click-through rate. The industry average is a .06 to .08 click-through rate.

As the primary entry point for homebuyers and the central resource for lenders and Realtors, the website is continually being updated and monitored. In addition to general updates and system improvements, all images on the site were replaced with the new branding images. So far this year, we have seen a 12 percent increase in the number of visitors to the website and a 7.2 percent increase in the number of visits to the lender and Realtor pages.

**Summary**

- MFA will use its new marketing collateral and branding images throughout 2018, including in the theming of the 2018 New Mexico Housing Summit.
- Expand the use of our Facebook page, which is designed for lenders and Realtors.
- Continue digital marketing efforts.
- Refine Search Engine Marketing.
- Expand our ability to track how homebuyers learn about MFA programs in order to measure the return on our marketing efforts.
- Do direct marketing to end-users if warranted by ROI data.
PRINT ADVERTISING
Expanding the View of Affordable Housing

Affordable housing is an integral part of the landscape of our communities. A far cry from the block cookie-cutter houses of days gone by, modern affordable housing is beautiful, sustainable and energy-efficient.

Developing affordable housing helps build New Mexico’s workforce and contributes to our economy. Last year, affordable housing construction and rehabilitation supported more than 100 jobs and generated almost $60 million in local income.

Most importantly, quality housing that is affordable over the long term helps stabilize New Mexico’s families and strengthens our communities. More than 40,000 New Mexicans benefit from the New Mexico Mortgage Finance Authority’s housing programs every year – programs that include down payment assistance, rental subsidies, home rehabilitation and weatherization and homelessness assistance and prevention.

We’re MFA. And we are Housing New Mexico.
Providing low interest-rate loans and down payment assistance to homebuyers throughout New Mexico.

MFA | Housing New Mexico
344 Fourth St. SW  Albuquerque, New Mexico 87102
505.843.6880  800.444.6880  www.housingnm.org
Providing low interest-rate loans and down payment assistance to homebuyers throughout New Mexico.
Expanding the view of affordable housing.

Providing quality affordable housing opportunities for all New Mexicans.
Providing quality affordable housing opportunities for all New Mexicans.

MFA | Housing New Mexico
www.housingnm.org
You can own a home. MFA can help.

With a minimal investment of $500, qualified borrowers can buy a home.
You can own a home. MFA can help.

With a minimal investment of $500, qualified borrowers can buy a home.
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344 Fourth St. SW, Albuquerque, NM 87102
505.843.6880 800.444.6880 housingnm.org
DOWN PAYMENT ASSISTANCE AVAILABLE FOR HOMEBUYERS

OWNING A HOME MAKES GOOD FINANCIAL SENSE

It’s no secret that owning a home helps families achieve financial security. Homeowners automatically accumulate savings as they pay down the principal on their mortgage and build a valuable investment as the home increases in value. With interest rates still near an historical low and rental demand at an all-time high, many new homebuyers are also thrilled to discover that it’s cheaper to buy than to rent.

OBSTACLES TO HOMEOWNERSHIP

So why doesn’t everyone own a home? Lack of a down payment is a primary reason. Saving 5 to 7 percent of a home’s purchase price can take a long time, and not everyone has a friend or family member who can step up to help. For many, renting seems like the only option — but that is not the case.

DOWN PAYMENT ASSISTANCE IS AVAILABLE

First-time homebuyers in the Albuquerque area who earn less than $61,600 per year may qualify for down payment and closing cost assistance from the New Mexico Mortgage Finance Authority – MFA. The program is available throughout the state, but income requirements vary by location and family size. There is also assistance available for current homeowners earning less than $90,000 who are ready to purchase their next home.

Qualifying buyers must contribute at least $500 from their own funds. MFA requires a minimum credit score of 620 and may accept alternative credit qualification for homebuyers with no credit score. All first-time homebuyers receive pre-purchase homebuyer counseling through MFA’s online program or a HUD-approved counseling agency.

GET STARTED

There is nothing like the security and comfort of owning your own home. MFA’s down payment and closing cost assistance could be just the help you need to make homeownership a reality. To get started, go to housingnm.org, select the “Homebuyers” section and find an MFA-approved lender near you. The lender will determine if you qualify for down payment assistance, help you apply and will walk you through the home buying process.
HOME OWNERSHIP MAKES GOOD FINANCIAL SENSE

There are two good reasons why there were more than 50,000 new homeowners across the country in the first three months of 2017 compared to 365,000 new renters. The first is that homeownership is a powerful tool for families to achieve long-term financial security. Second, most homebuyers pay less for their monthly mortgage loan than they did on rent.

There is also a third good reason why more Americans are choosing to buy instead of rent. Homebuyers have the security and stability that comes with having a home of their own -- a place where they can put down roots. With interest rates still low and with MFA’s down payment assistance programs, there is no reason not to buy a home!

FINANCIAL SECURITY

The average homeowner has a net worth that is 36 times that of the average renter -- $195,400 compared to $5,400. Part of every mortgage payment comes back to the homeowner as equity, which is like putting money into a savings account each month. In New Mexico, a homebuyer purchasing a $100,000 home transfers an average of $172 a month to this “savings account” for the first 10 years. The amount saved increases as the loan balance is paid down, culminating in $100,000 worth of savings after 30 years.

In addition, a home usually increases in value while the homebuyer is paying down their mortgage. Even a small appreciation of 2 percent on a $100,000 home will total $10,000 in five years and will grow to more than $80,000 over 20 years.

MORE SPENDABLE INCOME

Most homebuyers in New Mexico will pay less per month for a mortgage than they did in rent. Based on a market study in Las Cruces where the estimated rental for a three-bedroom home is $805 a month, homebuyers purchasing a $100,000 home could save an average of $154 each month. For a family of three earning about $25,000 a year, that amounts to 7.4 percent of their gross income. Homeowners also have a stable mortgage payment and are not subject to rental increases, which can be 2 to 3 percent each year.

DOWN PAYMENT ASSISTANCE IS AVAILABLE

While it’s not hard to understand why buying a home is a good idea, saving enough money for a down payment can be. That’s where MFA can help. Qualified borrowers – those with a credit score of at least 620 who contribute $500 from their own funds – could be eligible to borrow up to $8,000 to help with down payment and closing costs. Some borrowers have the option of receiving a non-repayable grant instead. All first-time homebuyers must receive pre-purchase homebuyer counseling.

MFA’s down payment assistance program is available through a statewide network of MFA-approved lenders. To find a lender near you, go to housingnm.org.
Understanding Your Credit Scores

If you're confused about what makes up your credit score, you are not alone. Consumers are inundated with information—and misinformation—about how credit scores are determined. For example, did you know that your income has nothing to do with calculating your credit score?

Credit scores are calculated using five key factors, each of which is given varying weight:

- Your past payment history is the most critical factor, making up 35 percent of your score. When evaluating your application for credit, the lender wants to know how you've handled your previous debt obligations. If you've kept your promise to pay previous creditors, chances are good that you'll treat your new creditor the same.

- The next largest category, which makes up 30 percent of your score, is your current debt. If you already owe a large amount, it could affect your ability to repay any new obligations. Also, if you use a high percentage of the credit available to you, you will have a lower score. Some experts advise keeping credit card balances under 30 percent of your available limit.

- The overall age of your credit history makes up 15 percent of your score. Generally, the longer your accounts have been established, the better your credit score will be. It's a good idea to open only accounts you really need.

- Ten percent of your score is derived from analyzing your credit mix, which are the types of individual accounts you have. For instance, a person who has one or two credit cards, an installment loan and a mortgage loan will score higher than someone who has only credit cards.

- The final 10 percent of your score is calculated on how often you apply for new credit. Your report will show which creditors made inquiries over the past two years, but your score only factors in those that occurred within the last 12 months.

Consumers are entitled to one free credit report every year from each of the three major credit bureaus. To obtain yours, visit annualcreditreport.com. Check them carefully and report any errors to the credit bureau.

MFA offers down payment assistance for qualifying homebuyers. For a minimal investment of $500, qualified borrowers can receive up to $8,000 in assistance. However, you must have a minimum credit score of 620 to use the program. If you're not there yet, go to our website at housingnm.org to find the name of a homebuyer counseling agency in your area. You will also find a complete list of program requirements on our website.

The bottom line is that the single best thing you can do to improve your credit is to make your payments on time. In the world of credit scores, time really does heal.

MFA
Housing New Mexico
housingnm.org
Buying your first home can be both exciting and daunting. On one hand, your dream of putting down roots and building your family’s wealth through home equity is becoming a reality. But you are probably overwhelmed by the thought of repaying a 30-year mortgage. And chances are that you’re a little dazed by the home buying process, too.

The more information you have before venturing down the road toward homeownership, the more confident you’ll be. Below, the New Mexico Mortgage Finance Authority (MFA) answers five important questions every soon-to-be-homeowner should ask:

1. **HOW MUCH DO I NEED TO SAVE FOR A DOWN PAYMENT?**

   Down payment requirements vary depending on the type of loan. For example, an FHA loan requires 3.5 percent down. If you plan to purchase a $100,000 home, the down payment would be $3,500. MFA has programs for qualified buyers that can cover some or all of your down payment. However, you must contribute at least $300 from your own funds.

2. **WHAT IF MY CREDIT ISN’T PERFECT?**

   You must have a minimum credit score of 620 in order to use MFA’s down payment assistance programs. If you’re not quite there yet, take immediate steps to improve your credit by making all of your monthly payments on time and paying down any outstanding balances. For more tips on improving your credit, go to the homebuyer section of MFA’s website at housingnm.org to find a housing counseling agency near you.

3. **HOW DO I CHOOSE A LENDER?**

   Interview at least two lenders to get a sense of who will be the best fit for you. Ask them to describe the application process and timeline, and notice if they are responsive and thorough. If you plan to take advantage of MFA’s down payment assistance program, you must use an MFA-approved lender. Go to the homeownership section of MFA’s website at housingnm.org to find a list of MFA lenders.

4. **WHAT TYPE OF PROPERTY CAN I PURCHASE USING MFA PROGRAMS?**

   You may purchase a detached site-built home, townhome, condominium or a double-wide manufactured home on a permanent foundation, but it must be a single-family property. Sale price limits apply. Go to MFA’s website at housingnm.org for more information.

5. **DO I REALLY NEED A REALTOR®?**

   Yes! The home buying process is quite complex, and you will benefit by having a Realtor advocate for you. Not only will your Realtor help you find a home that is right for you, they will help you negotiate a fair price and protect your rights as a buyer. The seller of a property is responsible for paying the Realtor.
WHY GETTING PREQUALIFIED FOR A MORTGAGE IS A GOOD IDEA

When you decide it's time to buy a house, it's tempting to jump right into the exciting process of house hunting. But if you take the time to first arrange mortgage financing, it can save you a lot of headaches and keep you from missing out on the home of your dreams. Here's why it's a good idea to get qualified for a mortgage loan before you ever start looking.

REALTORS® MAY BE HESITANT TO SHOW YOU ANY PROPERTY IF YOU HAVEN'T BEEN PREQUALIFIED.

Before they help you write an offer, Realtors® typically want some assurance that you can qualify for a mortgage. Unqualified buyers simply don't impress sellers.

If there is competition from multiple buyers making offers on the same property — as is currently the case in many New Mexico markets — prequalified buyers have the advantage. Unqualified buyers lose negotiating power.

TIMELY CLOSINGS ARE HARD TO ACCOMPLISH IF YOU'RE NOT PREQUALIFIED.

Lenders have a great deal of work to do to get a buyer qualified. They must receive verifications of information from third parties such as employers, banks and landlords and they might also need information from the IRS, Social Security Administration or a creditor. All of this takes time — time you won't have if you're already under contract to purchase a home and close by a certain date.

PRE-ARRANGED FINANCING GIVES YOU PEACE OF MIND.

You'll be able to shop with confidence knowing that your bid has a high probability of being accepted by the seller. In addition, you will have a good idea of how much cash you'll need at closing as well as what your monthly payment will be.

Some applicants aren't able to prequalify on their first try because they need to improve their credit score. If that is the case for you, don't give up! The single best action you can take to improve your score is to make all payments on time — starting today. Pay down any outstanding credit card balances, but don't actually close any accounts. Closing accounts will affect your score in a negative way. Opening new accounts should also be avoided.

MFA-approved lenders can get you prequalified and make reasonably certain that you won't have anything standing in the way of getting a mortgage. They can also tell you about MFA's down payment assistance programs, which can help you qualify more easily. Up to $8,000 in down payment assistance is available for borrowers who meet income guidelines and who have a credit score of 620 or higher. Go to the homebuyers section of MFA's website at housingnm.org to find out more about our down payment and mortgage programs.

The smartest approach to the home-buying process is to first arrange financing. Go to MFA's website at housingnm.org to find a list of MFA-approved lenders who can help you get started.
CHOOSING YOUR NEW HOME
HOW MUCH HOME CAN YOU AFFORD?

Once you’ve made the decision to become a homeowner, you’ll have many important decisions to make. What type of home is best for you and your family? Can you find a suitable home in a neighborhood you like? And perhaps most importantly, how much home can you afford to buy?

The last question will be answered by your mortgage lender, who will determine your maximum allowable purchase price. The lender must follow standard qualification guidelines for your mortgage loans. FHA, VA, USDA, or Conventional. Generally, your monthly house payment should not exceed 30 percent of your gross income.

Your lender will set your sale price limit by calculating your debt-to-income ratio. Debt includes your total monthly housing cost (principal and interest payment, mortgage insurance, property taxes and hazard insurance), car payments, credit cards, student loans and child support. Utilities are not considered debt obligations.

A general guideline for a borrower’s total debt ratio is 45 percent of their gross income. However, a borrower who has very little debt other than their housing cost may be allowed to have a higher housing ratio. Borrowers who have demonstrated a consistent ability to save may also be allowed a higher ratio. Remember that you are in control of how much you actually spend. Let your lender know what monthly payment amount is comfortable for you, and they can translate that into a home price.

Oftentimes, a high amount of debt makes it difficult for first-time buyers to save for a down payment. MFA has programs available to help cover down payment and closing costs. The buyer must invest at least $500 from their own funds, meet certain income guidelines, and have a minimum credit score of 620. Only MFA-approved lenders can make these programs available to you. Go to the homebuyers section of MFA’s website at housingnm.org, for program information and to find an MFA-approved lender.

The other home buying questions are yours to answer. Do you need a fenced-in backyard? Do you want a fireplace? How many bedrooms do you require? Make a list of the "must-have" items as well as a wish list. It might be a good idea to have your family members score each house you see on a scale of one to 10 to help reach a final decision.

When you find a house you like, carefully consider the neighborhood. Are the homes in good repair? Is it close to work and school? Are the streets congested? Be sure to drive by several times to see what the neighborhood is like in the evenings, weekends and during rush hour.

The home-buying process is much easier with the help of an experienced Realtor®. Your Realtor® can show you any property that is for sale, even if it is listed by another agent. A Realtor® is paid by the seller of a property—not you, the buyer.

To find a Realtor®, go to realtor.com. For more information about MFA’s home buying programs, go to housingnm.org.
DIGITAL ADVERTISING
You Can Own a Home.
MFA can help.
You Can Own a Home.
MFA can help.
You Can Own a Home. MFA can help.

With a minimal investment of $500, qualified borrowers can buy a home.
You Can Own a Home.

MFA can help.
You Can Own a Home.
MFA can help.
New Mexico gets another Like from Facebook

By Ellen Marks / Journal Assistant Business Editor
Published: Tuesday, July 18th, 2017 at 6:00am
Updated: Tuesday, July 18th, 2017 at 7:21am

An artist’s rendering shows what Facebook’s Los Lunas data center will look like after completion of the second phase. The company announced Tuesday it was moving forward on the second building. (Courtesy of Facebook)

ALBUQUERQUE, N.M. — Facebook today announced construction of a second $250 million building at its Los Lunas project, nearly doubling the size of the data center that’s been taking shape there.

The company last October broke ground on the first phase of its Los Lunas data center, which includes a 510,000-square-foot building and administrative space. That phase will be ready for use in late 2018, the company said. The second building will add another 460,000 square feet. Site work already is underway on the new facility, Facebook said.
COLLATERAL
New Mexico Mortgage Finance Authority
2016 ANNUAL REPORT
Expanding the view of affordable housing in New Mexico.
FINANCIAL HIGHLIGHTS

MPA’s overall financial position and results of operations for the current and most recent prior year are presented below (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td>Cash and cash equivalents (unrestricted and restricted)</td>
<td>75,974</td>
<td>67,707</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>15,404</td>
<td>—</td>
</tr>
<tr>
<td>Investments (unrestricted and restricted)</td>
<td>65,883</td>
<td>62,572</td>
</tr>
<tr>
<td>Mortgage-backed securities and mortgage loans receivable</td>
<td>893,051</td>
<td>870,148</td>
</tr>
<tr>
<td>Total assets</td>
<td>507,893</td>
<td>1,007,430</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>628,866</td>
<td>737,866</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>745,048</td>
<td>782,497</td>
</tr>
<tr>
<td>Total net position</td>
<td>258,520</td>
<td>246,008</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>48,327</td>
<td>45,375</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>38,225</td>
<td>41,484</td>
</tr>
<tr>
<td>Operating income</td>
<td>7,502</td>
<td>4,027</td>
</tr>
<tr>
<td>Total nonoperating revenues</td>
<td>(80)</td>
<td>522</td>
</tr>
<tr>
<td>Change in net position</td>
<td>7,432</td>
<td>4,549</td>
</tr>
</tbody>
</table>

In 2016, MFA provided more than $450 million in low-interest financing and grants for affordable housing and related services in New Mexico. MFA increased production dollars by 42 percent, up from $317 million in 2015.

PRODUCTION HIGHLIGHTS

A Bright Outlook for Homeownership
2016 was MFA’s best year ever for affordable homeownership. Almost 2,300 New Mexican families became homeowners using $316 million in MFA loans and $12 million in down payment assistance. That’s a 67 percent increase in mortgage loan production from 2015.

A Broad View of Rental Housing
Providing quality affordable rental housing requires more than new construction in a state like New Mexico, where a growing number of older properties need rehabilitation. MFA’s $83 million in financing not only supported the construction of 500 new apartments and homes, but also preserved 270 affordable apartments for decades to come.

A New Horizon for Housing Rehabilitation
Home rehabilitation grew on tribal lands and weatherization increased for apartments and single family homes in 2016. Almost 1,700 low-income families received home rehabilitation or energy efficiency improvements through $74 million in MFA funding.

A Complete Vision for Ending Homelessness
MFA provided $1.7 million in rental assistance and related services for nearly 500 people with special needs. MFA partners sheltered and housed almost 9,000 people experiencing homelessness with $1.1 million in MFA funding and prevented homelessness for 600 people through approximately $750,000 in rental assistance.

A Path to Stable Housing
MFA processed $29 million in project-based Section 8 rental assistance for 5,300 low-income renter households in 2016. Funding increased from $28 million in 2015.
Programs & Services

Providing quality affordable housing opportunities for all New Mexicans.
RENTING A HOME

MFA monitors more than 28,000 affordable and subsidized apartment units for quality and safety. Through our partners, we provide rental deposits and help families who are at risk of becoming homeless with their utility bills.

PRESERVING AFFORDABLE HOUSING

Up to $6,000 is available to qualified households to help make their homes safer and more energy efficient. Programs are also available to assist low-income homeowners with home repairs.

HOME OWNERSHIP

MFA offers down payment and closing cost assistance. Programs are available for qualified first-time homebuyers and for current homeowners who are ready to purchase their next home.

MFA provides affordable housing opportunities to more than 80,000 New Mexicans every year.
A PLACE TO CALL HOME

MFA funds nonprofit organizations that provide emergency shelter, essential services and transitional housing for individuals experiencing homelessness. Specialized housing is available for seniors, people with physical or mental disabilities and individuals with HIV/AIDS.

To learn more about MFA's programs and services, go to housingnm.org.

CREATING AFFORDABLE HOUSING

Low Income Housing Tax Credits are the deepest subsidy available for affordable housing development. MFA awards these federal tax credits through a competitive process every year. MFA also offers other funding and loan options to affordable housing developers.
Section Two

HOUSING SERVICES PROVIDERS

- Agencies Listed Alphabetically
- Agencies Listed by Housing Services Provided
- Agencies Listed by Area

MBA-funded programs help prevent homelessness for more than 500 individuals each year.
Housing New Mexico

The New Mexico Mortgage Finance Authority has a vision that all New Mexicans have quality affordable housing. That’s why we were created by the state legislature in 1975, and that’s what we work to accomplish every day.

MFA provides funding and oversight for more than 20 programs at no cost to the state of New Mexico. But it’s our partners who bring those programs to the people who need them the most: individuals facing homelessness, seniors and people with special needs and low- to moderate-income homeowners and renters who need a little assistance each month to keep a roof over their heads.

In the pages of this book, you will learn about our partners and discover how they can help you find safe, stable housing. There are MFA-approved mortgage lenders who assist with down payment and closing costs, nonprofit organizations that provide emergency housing and services, agencies that rehabilitate and weatherize homes and subsidized rental properties that offer low rental rates.

Please visit our website at housingnewmex.org for complete information about MFA and its programs. You can also download an electronic version of this directory from the site.

We’re MFA. And we are Housing New Mexico.

Programs at a Glance

Own a Home
First Time Homebuyers
Affordable mortgage loans for first-time homebuyers with low and moderate incomes.

First Home
A second mortgage of up to $25,000 to help cover down payment and closing costs.

Next Home
Affordable mortgage loans for first-time and non-first-time homeowners with low and moderate incomes. Includes a 3 percent grant that does not need to be repaid.

Rent a Home
Affordable and Subsidized Apartments
MFA monitors more than 28,000 affordable and subsidized housing units for quality and safety. A complete list is available in this directory and online at housingnewmex.org.

Rent Assistance Program
Security deposit and utility bill assistance for families and individuals who are at risk of becoming homeless.

Preserve Affordable Housing
NM EnergySmart
Up to $8,500 in energy efficiency upgrades for qualified households.

Home by Houseie Reservation Rehabilitation
Home repairs for low-income homeowners.

A Place to Call Home
Homelessness Assistance
The Continuum of Care and Emergency Homeless Assistance Programs provide emergency shelter and essential services to transition homeless individuals to independent living.

Special Needs Housing
Housing Opportunities for People with AIDS, Section 811 and the LeadSafe Program help prevent homelessness for people with HIV/AIDS or who have physical or mental disabilities.

Create Quality Affordable Housing
Low Income Housing Tax Credits
The deepest subsidy for affordable housing development and rehabilitation, these federal tax credits are awarded through a competitive process every year.

Housing Development Funding
Programs include: the JGOMS Program, Premier Investment Fund, $52(c) HUD Risk-Sharing Loans, New Mexico Housing Trust Fund, New Mexico Affordable Housing Tax Credit and Charitable Trust Preservation Revolving Loan Fund and MFA’s Land Title Trust Fund.

More than 40,000 New Mexicans use MFA’s housing programs every year.
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344 4th Street SW, Albuquerque, New Mexico 87102
tel. 505.843.6880 toll free 800.444.6880 www.housingnm.org
WELCOME
Enjoy the View
SEARCH ENGINE MARKETING
### Media Plan | PPC

#### Client/Campaign:
NM Mortgage Finance Authority

<table>
<thead>
<tr>
<th>Ad Group</th>
<th>Homebuyers</th>
<th>Homeowners</th>
<th>Investors</th>
<th>Lenders &amp; Realtors</th>
<th>Emergency Housing</th>
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</thead>
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<tr>
<td><strong>Headline 1</strong></td>
<td>MFA Mortgage Finance Authority</td>
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<td>MFA Mortgage Finance Authority</td>
<td>MFA Mortgage Finance Authority</td>
<td>MFA Mortgage Finance Authority</td>
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<tr>
<td><strong>Headline 2</strong></td>
<td>You Can Own a Home</td>
<td>MFA Homeowner Assistance</td>
<td>MFA Homeowner Assistance</td>
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<tr>
<td><strong>Description</strong></td>
<td>For a minimal investment of $500, qualifying borrowers can own a home. Make a payment on your MFA second mortgage loan. Learn more now!</td>
<td>Make your home more comfortable and energy efficient at no cost to you! MFA can help. Learn more now!</td>
<td>MFA programs can help your clients buy a home with just $500 of their own funds.</td>
<td>Give your clients more options with MFA homebuyer programs. Learn more now!</td>
<td>If you are at risk of becoming homeless, help is available. Learn more now!</td>
</tr>
<tr>
<td><strong>Headline 1</strong></td>
<td>Down Payment Assistance</td>
<td>Real Estate Your Home</td>
<td>Real Estate Your Home</td>
<td>Become an MFA Approved Lender</td>
<td>Become an MFA Approved Lender</td>
</tr>
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<td>MFA Mortgage Finance Authority</td>
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<td>MFA Mortgage Finance Authority</td>
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<tr>
<td><strong>Description</strong></td>
<td>Need help with the down payment on your new home? MFA can help! Learn more now!</td>
<td>Housing for individuals with mental or physical disabilities—Learn more now!</td>
<td>MFA programs can help your clients buy a home with just $500 of their own funds.</td>
<td>Give your clients more options with MFA homebuyer programs. Learn more now!</td>
<td>If you need shelter from domestic violence, help is available. Learn more now!</td>
</tr>
<tr>
<td><strong>Headline 1</strong></td>
<td>Buying a Home in New Mexico</td>
<td>Home Repair</td>
<td>Home Repair</td>
<td>Lender and Realtor Resources</td>
<td>Lender and Realtor Resources</td>
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<td><strong>Headline 2</strong></td>
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</tr>
<tr>
<td><strong>Description</strong></td>
<td>Buying a home can be confusing. Learn how MFA resources can help you! Assistance with home repairs for low-income homeowners. Learn more now!</td>
<td>Assistance with home repairs for low-income homeowners. Learn more now!</td>
<td>MFA programs can help your clients. Learn more now!</td>
<td>MFA programs can help your clients. Learn more now!</td>
<td>If you need temporary assistance with rent or utilities, help is available.</td>
</tr>
</tbody>
</table>

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**Google Text Ad Character Limits**
- Headline 1 & 2 = No More Than 30 Characters (including spaces)
- Display URL Path 1 & 2 = No More Than 15 Characters (including spaces)
- Description = No More Than 50 Characters (including spaces)
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<tr>
<th>Creative</th>
<th>Impressions</th>
<th>Clicks</th>
<th>Conversions</th>
<th>CTR</th>
<th>Average Position</th>
<th>Average CPC</th>
<th>Total Cost</th>
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<tr>
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<td>182</td>
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<td>3.511%</td>
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<td>Financial assistance for low-income homeowners. Learn how MFA can help you now!</td>
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<td></td>
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<tr>
<td>Down Payment Assistance -- MFA Mortgage Finance Authority</td>
<td>773</td>
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<td>$6.83</td>
<td>$239.21</td>
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<td>Need help with the down payment on your new home? MFA can help. Learn more now!</td>
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<tr>
<td>Buying a Home in New Mexico -- MFA Mortgage Finance Authority</td>
<td>252</td>
<td>20</td>
<td>0</td>
<td>7.937%</td>
<td>2.2</td>
<td>$8.55</td>
<td>$171.17</td>
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<td>Buying a home can be confusing. Learn how MFA's resources can help you!</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Weatherizing Your Home -- MFA Mortgage Finance Authority</td>
<td>652</td>
<td>19</td>
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<td>2.914%</td>
<td>2.1</td>
<td>$5.54</td>
<td>$105.20</td>
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<td>Make your home more comfortable and energy efficient at no cost to you!</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>MFA Mortgage Finance Authority -- My MFA Loan</td>
<td>737</td>
<td>18</td>
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<td>2.3</td>
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<td>Make a payment on your MFA second mortgage loan. Learn more now!</td>
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<td>Lender and Realtor Resources -- MFA Mortgage Finance Authority</td>
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<td>1.6</td>
<td>$4.81</td>
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<td>Our homebuyer programs can help your clients. Learn more now!</td>
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<td>Home Repairs -- MFA Mortgage Finance Authority</td>
<td>317</td>
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<td>0.946%</td>
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<td>$22.99</td>
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<td>Assistance with home repairs for low-income homeowners. Learn more now!</td>
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<td>MFA Mortgage Finance Authority -- You Can Own a Home</td>
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<td>$11.50</td>
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<td>For a minimal investment of $500, qualifying borrowers can own a home.</td>
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<td>MFA Mortgage Finance Authority -- Lenders &amp; Realtors</td>
<td>57</td>
<td>1</td>
<td>0</td>
<td>1.754%</td>
<td>2.5</td>
<td>$7.97</td>
<td>$7.97</td>
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<td>MFA programs can help your clients buy a home with just $500 of their own funds.</td>
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<td>Become an MFA-Approved Lender -- MFA Mortgage Finance Authority</td>
<td>61</td>
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<td>0</td>
<td>1.639%</td>
<td>2.5</td>
<td>$4.64</td>
<td>$4.64</td>
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<tr>
<td>Give your clients more options with MFA's homebuyer programs. Learn more now!</td>
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<td>Conversions</td>
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<td>mortgage</td>
<td>$8.30</td>
<td>$19.71</td>
<td>7</td>
<td>5660</td>
<td>185</td>
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<td>downpayment</td>
<td>$4.59</td>
<td>$6.49</td>
<td>7</td>
<td>592</td>
<td>28</td>
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<td>$1.37</td>
<td>$2.21</td>
<td>6</td>
<td>202</td>
<td>9</td>
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<td>$20.43</td>
<td>$24.00</td>
<td>5</td>
<td>325</td>
<td>8</td>
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<td>$12.86</td>
<td>5</td>
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<td>4.110%</td>
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<td>$9.07</td>
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<td>first time home buyer programs</td>
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<td>$11.00</td>
<td>5</td>
<td>30</td>
<td>5</td>
<td>0</td>
<td>16.66%</td>
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<td>buy a home</td>
<td>$4.56</td>
<td>$5.56</td>
<td>2</td>
<td>85</td>
<td>4</td>
<td>0</td>
<td>4.706%</td>
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<td>$4.19</td>
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<td>74</td>
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<td>$9.93</td>
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<td>6</td>
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<td>housing new mexico</td>
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<td>weatherization</td>
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<td>$0.63</td>
<td>7</td>
<td>45</td>
<td>3</td>
<td>0</td>
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<td>$1.81</td>
<td>7</td>
<td>21</td>
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<td>0</td>
<td>14.286%</td>
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<td>$3.53</td>
<td>$12.86</td>
<td>5</td>
<td>103</td>
<td>3</td>
<td>0</td>
<td>2.913%</td>
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<td>mortgage loans</td>
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<td>7</td>
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<td>3</td>
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<td>3.448%</td>
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<td>nfa programs</td>
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<td>$4.70</td>
<td>6</td>
<td>12</td>
<td>2</td>
<td>0</td>
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<td>$13.59</td>
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<td>20</td>
<td>2</td>
<td>0</td>
<td>10.000%</td>
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<td>how to buy a home</td>
<td>$6.49</td>
<td>$7.13</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>50.000%</td>
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<td>$3.81</td>
<td>0</td>
<td>9</td>
<td>1</td>
<td>0</td>
<td>11.11%</td>
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<td>$7.24</td>
<td>0</td>
<td>37</td>
<td>1</td>
<td>0</td>
<td>2.703%</td>
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</table>
### Emergency Shelter

The following agencies provide emergency shelter by providing safe and sanitary refuge as well as access to other kinds of assistance. Choose the type of shelter that is appropriate for you, and contact them directly for help.

<table>
<thead>
<tr>
<th>City: Albuquerque</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Albuquerque Rescue Mission</strong></td>
</tr>
<tr>
<td>Residential programs, day programs and meals at several locations. Emergency shelter November 15 through March 16.</td>
</tr>
<tr>
<td>(505) 346-4673</td>
</tr>
<tr>
<td><strong>All Faiths Receiving Home</strong></td>
</tr>
<tr>
<td>Emergency shelter for children birth to 12.</td>
</tr>
<tr>
<td>(505) 271-0329</td>
</tr>
<tr>
<td><strong>Amistad Crisis Shelter - YDI</strong></td>
</tr>
<tr>
<td>Emergency shelter for adolescents age 12-17.</td>
</tr>
<tr>
<td>(505) 877-0371</td>
</tr>
<tr>
<td><strong>Casa Hermosa -- YDI</strong></td>
</tr>
<tr>
<td>18-month transitional living program for youth aged 16-21.</td>
</tr>
<tr>
<td>(505) 212-7470</td>
</tr>
<tr>
<td><strong>Good Shepherd Center</strong></td>
</tr>
<tr>
<td>Overnight services for men only. Day programs and food for men and women.</td>
</tr>
<tr>
<td>(505) 243-2527</td>
</tr>
</tbody>
</table>
Realizing the Dream of Homeownership

When you buy your first home, you’re not just making an investment that will pay off years down the road. You’re making an investment that will pay off the moment your kids first walk in the door and say, “We’re home.”

Since 1975, MFA has helped more than 50,000 low- and moderate-income New Mexicans become homeowners. Why not see if you could achieve the dream of homeownership, too?

First, go to the "Buying a Home" link in the menu bar to the left. The information will help you decide if you are ready to own a home and determine if you qualify for our programs.

Then go to the "Mortgage Programs" link to see which MFA programs would help you the most. You can choose from a variety of low interest rates and closing cost assistance packages.

Finally, don’t worry if it all seems a little confusing. Just go to the "Find a Participating Lender" link and choose a lender to walk you through the process of getting a home loan that you can afford. All of the lenders on this list are familiar with MFA programs and are eager to assist you. You can also contact one of MFA’s homeownership representatives at (505) 843-6881.
Renting Your Home

There are a lot of reasons why it could be better for you to rent a home instead of buying one. If that’s the case for you, MFA can help you find a safe, affordable place to rent.

MFA oversees two types of rental properties: affordable and subsidized. On the menu bar to the left you will find lists of all of the affordable and subsidized apartment communities MFA oversees throughout the state. When you click the link, you’ll see the qualification requirements for both types of properties. However, be sure to contact the management of the property you're
Affordable Housing Development

MFA's Housing Development Department provides funding for developers who are creating or rehabilitating housing for low-income families, both rental and for-sale homes. Most of the housing units created with MFA funding are set aside for families earning between 30 percent to 60 percent of the area median income, or about $25,000 for a family of four in the Albuquerque area.

Our primary funding method is through the allocation of federal and state tax credits. The federal Low Income Housing Tax Credit program provides the deepest subsidy available for rental housing with tax credits equal to 90 percent of cost development.
Community Development Partners

MFA’s Community Development Department administers several housing programs that provide specialized housing for specific populations and that help preserve New Mexico’s housing stock. These programs include emergency homeless housing and assistance, housing rehabilitation and weatherization, housing for people with AIDS and housing for individuals with physical disabilities or mental health issues.

But these programs are just paper concepts without you, our community partners. You are the ones that breathe life into them and ensure that they reach New Mexico’s most at-risk populations. For all of your hard work and commitment, we thank you.
• 12 percent increase in unique visitors

• 7.2 percent increase in visits to lenders and Realtors’ pages

• More than double the visits to emergency housing pages

• 39 percent increase in website visitors using the contact MFA form
Tab 9
<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- Low Income Housing Tax Credits</td>
<td>2018 Mandatory Design Standards for Multifamily Housing</td>
<td>Minor changes to the Mandatory Design Standards for Multifamily Housing</td>
<td>Policy committee approval received on 11/2/17; Finance committee approval received on 11/7/17</td>
</tr>
<tr>
<td>Servicing</td>
<td>September 2017 – Quality Control Review – Loan Servicing</td>
<td>Approval of report issued by REDW. No findings.</td>
<td>Approved by Policy Committee on November 6, 2017</td>
</tr>
<tr>
<td>Servicing</td>
<td>October 2017 – Quality Control Review – Loan Servicing</td>
<td>Approval of report issued by REDW. No findings.</td>
<td>Approved by Policy Committee on November 28, 2017</td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: MFA Board of Directors

Through: N/A

FROM: Kathleen M. Sysak-Keeler

DATE: December 20, 2017

SUBJECT: Single Family Mortgage Bonds 2017 Series B – Pricing Summary

The 2017 Series B transaction is combination new money and refunding bond issue which closed on November 16, 2017. The following is a summary of the bond sale:

~Structure: The bond issue is a $57.3 million tax-exempt traditional bond issue which provides for non-AMT serial bonds, term bonds and two premium planned amortization class (“PAC”) bonds, one non-AMT and one AMT.

~Marketing: In order to enhance the marketing of bonds to retail investors, four selling group members were added to the underwriting syndicate, namely, City National Securities, D.A. Davidson & Co., Fidelity Capital Markets and Stifel Nicholas & Company, Inc. New Mexico retail investors had first priority followed by national retail investors. The underwriting syndicate submitted $7.4 million in orders and was allotted $4.7 million of bonds. Total orders for the bond issue were $188.1 million for both retail and Institutional investors. The Institutional investors were very interested in PAC bonds and the term bonds.

~Use of Bond Proceeds: The bond issue is comprised of a new money portion and a refunding portion. The $45.0 million new money portion of the transaction is being used to originate new mortgage loans (the “new money portion”) and to roll forward a subsidy generated from prior bond issues which helped maintain competitive mortgage rates. The weighted average mortgage rates are as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Government</th>
<th>Conventional</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRST HOME</td>
<td>3.878%</td>
<td>3.797%</td>
</tr>
</tbody>
</table>

The $12.3 million refunding portion of the bond issue is being used to refund the 2008 Series A and 2008 Series B bond issues (the “refunding portion”).
~Spread: The spread on the transaction is 1.122%. Spread is the difference between the mortgage yield and the bond yield. Maximum spread permitted by federal tax law is 1.125%. The net present value benefit of the transaction including the subsidy generated by the refunding is $1.4 million, or approximately 2.4% of the amount of the bond issue.

~Investment of Bond Proceeds: Funds from the new money portion of the bond issue are invested in Federated Government Obligations Fund Institutional Shares through Zions Bank, the General Indenture Trustee.

Funds from the refunding money portion of the bond issue are invested in US Treasury securities through Zions Bank, the General Indenture Trustee, until December 29, 2017. On January 1, 2018, the funds will be used to call bonds from the 2008 Series A and 2008 Series B bond issues.

The attached Exhibit 1 contains a table summarizing more detailed information about the 2017 Series B bond as well as bond issue characteristics from other recent single family issuances for comparative purposes.

Following Exhibit 1 is a comprehensive in-depth “Post-Sale Analysis” prepared by MFA’s Financial Advisor, CSG Advisors.
## New Mexico Mortgage Finance Authority

### Summary of Recent Bond Issue Characteristics

<table>
<thead>
<tr>
<th>Type of Structure</th>
<th>2016A</th>
<th>2016B</th>
<th>2016C</th>
<th>2017A</th>
<th>2017B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Money &amp; Refunding</td>
<td>Taxable Refunding</td>
<td>New Money &amp; Refunding</td>
<td>Taxable Refunding</td>
<td>New Money &amp; Refunding</td>
</tr>
<tr>
<td>Traditional</td>
<td>$40,000,000</td>
<td>n/a</td>
<td>$50,000,000</td>
<td>n/a</td>
<td>$45,000,000</td>
</tr>
<tr>
<td>Pass Through</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Tax-Exempt</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>12,250,000</td>
</tr>
<tr>
<td>Total Amount</td>
<td>$62,790,000</td>
<td>$24,595,000</td>
<td>$68,250,000</td>
<td>$27,898,301</td>
<td>$57,250,000</td>
</tr>
</tbody>
</table>


3. MFA Subsidy/Benefit/(New Available)/ Present Value Economic Benefit: $2.1 million/$5.4 million/$2.2 million

4. Original Bond Ratings: Standard & Poor's None, Aaa None, Aaa None, Aaa None

5. Pricing Date(s): 3/14-15/16, 8/2/2016, 10/25/2016, 5/2/2017, 10/3/2017


7. Serial Bond Maturities:
   - AMT: None, 3/1/17 - 9/1/26, 9/1/2040
   - Non-AMT: None, 3/1/17 - 9/1/26, 3/1/46
   - Taxable: None, 3/1/17 - 9/1/26, 9/1/2040

8. Term Bond Maturities: 9/1/27, 9/1/31, 9/1/36, 9/1/41, 9/1/46

9. Premium PAC Maturity: 3/1/46, None, 3/1/45, 3/1/45, None

10. Split Between FIRST HOME Government and Conventional Loans:
    - Government: 91%, n/a, 91%, n/a, 90%
    - Conventional: 9%, n/a, 9%, n/a, 10%

11. Weighted Average Loan Rates:
    - FIRST HOME - Government: 3.726%, n/a, 3.501%, n/a, 3.878%
    - FIRST HOME - Conventional: 4.143%, n/a, 3.882%, n/a, 3.797%

12. 10-Year Treasury Rate at Pricing: 1.97%, 1.55%, 1.76%, 2.29%, 2.32%

13. GIC Rates:
    - Acquisition Fund Rate: n/a, n/a, n/a, n/a, n/a
    - Float Fund Rate: n/a, n/a, n/a, n/a, n/a

14. MFA Contribution at Closing:
    - Cost of Issuance (COI): $640,000, $300,000, $645,000, $350,000, $565,000
    - COI as a % of Bonds Issued: 1.02%, 1.22%, 0.95%, 1.25%, 0.99%
    - Negative Arbitrage Deposit: $300,000, n/a, $800,000, n/a, $460,000

15. Yield Spread: 1.123%, n/a, 1.122%, n/a, 1.122%

16. Administrative Fee (to MFA): 0.250%, 0.420%, 0.250%, 2.534%, 0.250%

17. Bond Allocation System Followed: Yes, Yes, Yes, Yes, Yes

*Subsidy was generated by a prior bond issue.
+Weighted average rate of loans in the pipeline.
**The Guaranteed Investment Contract is competitively bid.
***The bond allocation system that is followed is common in the investment banking industry and is as follows:
The lead manager keeps track of when the orders are received which is referred to as an order flow tracking system. The bond allocation system also dictates that Bonds are awarded to managers prior to any selling group members even though group members may have entered orders first. In-state retail orders receive first priority, followed by orders for the benefit of the group which are allocated by management fee percentage; next are net designated orders placed through the senior manager where the buyer designates the sales credit to specific managers, and finally, member orders receive the lowest priority.
KEY RESULTS FOR MFA

**Purpose.** This transaction is a traditional single-family bond issue with semi-annual interest and principal, though bonds are redeemed quarterly. Its purpose, like similar prior issues and monthly pass-through bond issues is to finance new loan production at as close to the maximum spread permitted by the IRS as possible while also refunding existing bonds to a significantly lower interest rate.

Additionally, this transaction reallocates zero participation loans from prior series (2016 Series C) within the required time of 18 months for which to reallocate loans.

**Approach and Strategy.** Periodically, MFA has used traditional bond structures—such as 2016 Series A in the spring of 2016, 2016 Series C in the fall of 2016, and now 2017 Series B—to finance new production coupled with refunding older bonds in conjunction with the new issue. An important reason for using a traditional bond structure for 2017B is to refund 2008A and 2008B on a tax-exempt basis which will allow MFA to finance more newly financed MBS on its balance sheet through bond issuance than it could without the subsidy generated by the refunding. Using this traditional structure on 2017B is therefore important to MFA’s ongoing financing program. By carrying forward the zero participations, MFA is able to help protect itself against interest rate risk on the portion of its loan pipeline that it chooses to finance with bonds in the future.

From a strategic point of view, MFA has been:

1. Reserving loans each week since early September taking into account current expected rates on a traditional bond structure,
2. Issuing bonds when those loans are packaged into mortgage-backed securities several months later, and
3. Protecting itself against rates rising before bonds are sold, by using zero participation interest subsidies it has earned from past transactions.

**Primary Objectives.** MFA therefore has three primary objectives:

1. Finance existing production at the lowest yield possible,
2. Use as few of MFA’s $9.1 million of zero participations (prior to issuing 2017B) as possible to achieve full spread, thus preserving more zero participations for future production, and
3. Raise bond premium so as to purchase the MBS from the servicer at 101%, to fund cash flow lag, and to fund a portion of the negative arbitrage and costs of issuance of the transaction.

**Structure.** The 2017 Series B bonds:

- Included $45,000,000 in 2017 Series B-1 par bonds to finance new pipeline production and provide sufficient proceeds to use and store zero participations,
- Included $12,250,000 under 2017 Series B-2 to refund prior MFA bonds (2008 Series A and Series B) that are optionally callable on January 1, 2018,
Were structured with serials, term bonds and two Planned Amortization Class (PAC) bonds, one non-AMT and one AMT,

Sold the PAC bonds with a total premium of $1,890,585, which provides additional funds to purchase the MBS as well as fund a portion of costs of issuance,

Were priced 6 weeks prior to closing, enabling MFA to finance more of its pipeline production and lock in rates sooner, thus reducing both interest rate risk and negative arbitrage,

Allowed for either GNMA or FNMA MBS depending on MFA’s loan pipeline,

Provided MFA with an optional par call in just over 9 years if it proves profitable to redeem the bonds in the future, and

In combination with Authority funds, deposited $460,000 in a negative arbitrage account for securities – including those to be financed by the zero participations – that had not yet been originated by bond closing. We expect most or all of these funds to be transferred back to MFA after 2017B is fully originated.

**Results.** The bond structure consisted of three major components: non-AMT serial bonds of Series B-1, non-AMT term bonds of Series B-1, a non-AMT premium PAC bond of Series B-1, and an AMT PAC bond for all of Series B-2.

Investor interest for the PAC bonds was very strong, with 7 total orders (including 4 for all) of the $12.75 million Series B-1 non-AMT PAC bonds and 6 orders (including 4 for all) of the $12.25 million Series B-2 AMT PAC bonds. As a result, the yields on the Series B-1 and Series B-2 PAC bonds were reduced by 0.03% and 0.02%, respectively.

1. **Yields.** The bond yield (true interest cost) was 3.05% assuming 100% FHA prepayments on new loans and 12-month historic PSA speed on the transferred mortgage certificates.

2. **Use of Zero Participations.** In order to achieve full spread, 2017B consumed approximately $1.4 million in zeros, leaving $7.6 million in zeros for future bond issues (assuming participation with future issue in 12 months).

3. **Net Economic Benefits.** The transaction’s projected net present value before zeros was $1.5 million at 150% PSA prepayment speed. Including the zeros consumed the net present value was $1.4 million, or approximately 2.4% of the bonds issued.

**Bond Results.** Following are key highlights:

1. **Timing.** The bonds were priced on Tuesday, October 3rd with a retail order period the morning of the 3rd and an institutional order period that afternoon.

   During the pricing, the Treasury market was stable, closing at 2.32% on the 10 year Treasury on Tuesday, slightly lower than the 2.34% yield the pay prior. The municipal market in terms of MMD rates was unchanged on Tuesday, October 3rd. See “Market Details” below for a full description of the market leading up to the pricing date.

2. **Retail Interest.** A separate 2.5-hour retail order period was established with first priority to orders from New Mexico retail investors and second priority to national retail investors. This resulted in $14.2 million of retail orders, significantly better than both 2016C and 2016A in which we received $9.9
million and $6.6 million of total retail orders, respectively. The orders were particularly strong on the 2037 and 2047 term bonds, as well as the shorter serial bonds. Of the $10.0 million of serial bonds prior to the final serial maturity in 2029, a total of $5.1 million of retail orders were received. This was less than the $7.7 million of retail orders for 2016C serials bonds, but significantly better than the $1.0 million of retail orders received on the 2016A serial bonds. Appetite for intermediate to longer serial bonds was lighter, as several serials had orders of less than $100k. As such, a 5 basis point increase in coupon was applied to serials from 9/2019 to 9/2022, both 2024 serial maturities, and 9/2025 to 3/2029. The 3/2023 serial bond was increased by 2.5 basis points as well given the mixed orders for serial bonds.

3. Institutional Interest. There was strong institutional interest in the PAC bonds as noted above, with the Series B-1 and B-2 PAC Bonds subscribed at 4.8 times and 3.5 times, respectively. The Series B-1 PAC bond was lowered in yield by 3 basis points, with the Series B-2 PAC bond lowered by 2 basis points. As for the $22.2 million of non-PAC term bonds, there was a total of $25.3 million of institutional orders excluding stock orders. Given the combination of strong retail orders and solid institutional orders on the non-PAC term bonds, they were priced at unchanged rates.

4. Selling Group. To enhance the order flow particularly with retail investors, four selling group members were added to the underwriting syndicate for 2017B. Selling group members included City National Securities, D.A. Davidson, Fidelity Capital Markets, and Stifel Nicholas. City National Securities did not provide any orders. D.A. Davidson submitted $4.1 million of retail orders, Fidelity submitted $3.0 million of retail orders, and Stifel submitted $0.3 million of retail orders for a total of $7.4 million in orders. Of the $7.4 million in orders, the selling group was allotted $4.7 million in bonds. The selling group was clearly helpful in terms of generating additional retail interest.

5. Comparable Transactions. The 2017B term bond and PAC bonds priced well to other HFA issues in the market, with the serials needing wider spreads than comparable issues. The most direct comparable for the term bonds was Maine’s $40 million non-AMT issue that priced on September 19th. MFA’s 2032, 2037 and 2042 term bonds priced at spreads to MMD of +77, +91, and +94, respectively, in line or tighter than Maine’s spreads of +85, +92, and +93. MFA’s 2017B-1 non-AMT PAC bond priced at a spread of +67 to the 5-year MMD, 2 bps better than Maine’s, 4 bps better than a Wisconsin transaction that priced the same week as MFA, and at the same spread as a Colorado issue also pricing the week of October 2nd. The 2017 Series B-2 AMT PAC bond priced at a spread of +80 to the 5-year MMD, tighter than the most recent 5-year average life PAC bond priced by Oregon one month prior. As mentioned earlier, the serials priced at wider spreads due to the lower order flow throughout the serial portion of the maturity schedule.

See Section 3 for detailed pricing comparables of all recent tax-exempt traditional bond issues priced around 2017 Series B.
MARKET DETAILS

**Key Dates:**
- Pricing Date: Tuesday, October 3rd, 2017
- Closing Date: Thursday, November 16th, 2017

**Economic Calendar.** Two weeks prior to the sale, the Federal Reserve announced, as expected, its second interest rate hike of the year. This had already been fully anticipated by the market and did not create any major market changes. Several Federal Reserve officials have continued speeches indicating that the Fed will likely raise short-term rates at their December 2017 meeting.

In the week before the sale, economic indices came in much as anticipated, including initial and continuing jobless claims, leading indicators, and new home sales. On Monday prior to the sale, durable goods excluding transportation will be released, with a market consensus of 0.3% compared to -0.4% in the prior period. On Tuesday, the date of the sale, consumer confidence was higher than expected, at 118.9 compared to a market expectation of 116.7 and 117.9 in the prior period.

**Treasuries.** The 10-year Treasury started the year at 2.45%, after increasing about 50 basis points following the Presidential election. Rates have fluctuated this year, reaching a high of 2.62% in mid-March and then dropping to a low of 2.14% in early April as international tensions led to a flight to quality. Rates increased again to 2.41% in mid-May and have fluctuated since then especially due to political volatility, potential impacts of Federal investigations and uncertainty as to the ability of the Administration to pass possible tax cut legislation.

In late August and early September, rates dropped to a low of 2.05% due to a flight to quality amid concerns about North Korea and a coming hurricane in Florida. When actual hurricane damage was less than anticipated and new U.N. sanctions were imposed on North Korea, the market reversed course and rates have increased since then. The 10-year yield on the date of sale was 2.32%, up 28 basis points since September 7th. The yield had decreased 2 basis points compared to the previous day and thus a solid tone.

**Municipals.** Although municipal bond yields closely track the movements in treasury yields, the relationship has been most distorted by high profile municipal credit events (Illinois’ and Puerto Rico’s continuing problems), international investment flows, and prospects for U.S. tax rate changes. In the last few months, municipal bonds significantly outperformed Treasuries. For example since mid-August, the 10-year Treasury increased by 12 basis points while the 10-year MMD GO bond index dropped by 1 basis point. The differential in performance was even more pronounced at the long end of the yield curve. Additional factors include:

- Overall municipal issuance in 2016 was up 11.8% over 2015. Through September 2017, new issuance is down 16.8% from the same period last year.
- The Bond Buyer’s 30-day visible supply stood at $12.26 billion, 5.7% higher than the weekly average of $11.6 billion over the last full year.
- Positive net mutual fund inflows since January 2017 have helped to absorb new issue supplies and kept muni yields improving relative to treasuries. The municipal bond markets retreat following the election saw investor flows turn strongly negative.
- Spreads relative to treasuries remain compressed due to the absolute low level of rates.
- Rebounding from their post-election widening, credit spreads have reverted close to their averages for the last year, indicating that investors are more comfortable reaching for lower quality bonds: spreads between 30-year AAA-rated G.O.’s and Baa-rated G.O.s are on top of their average for the last year.
  - Despite recent improvement (see Table 1 below), the ratios of the 10- and 30-year MMD indices to their respective treasury bond yields still remain above their long term historical averages of around 80%.
### TABLE 1: COMPARISON OF RATES IN RECENT TRANSACTIONS

<table>
<thead>
<tr>
<th>Issue</th>
<th>Date</th>
<th>10 Year Treasury</th>
<th>10 Year MMD</th>
<th>MMD to Treasury Ratio</th>
<th>30 Year Treasury</th>
<th>30 Year MMD</th>
<th>MMD to Treasury Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 A</td>
<td>12/12/12</td>
<td>1.72%</td>
<td>1.62%</td>
<td>94.2%</td>
<td>2.90%</td>
<td>2.59%</td>
<td>89.3%</td>
</tr>
<tr>
<td>2013 B</td>
<td>5/9/13</td>
<td>1.81%</td>
<td>1.75%</td>
<td>96.7%</td>
<td>3.01%</td>
<td>2.87%</td>
<td>95.3%</td>
</tr>
<tr>
<td>2013 C</td>
<td>8/7/13</td>
<td>2.61%</td>
<td>2.73%</td>
<td>104.6%</td>
<td>3.68%</td>
<td>4.28%</td>
<td>116.3%</td>
</tr>
<tr>
<td>2014 A</td>
<td>12/5/13</td>
<td>2.88%</td>
<td>2.73%</td>
<td>94.5%</td>
<td>3.92%</td>
<td>4.19%</td>
<td>106.9%</td>
</tr>
<tr>
<td>2015 A</td>
<td>2/19/15</td>
<td>2.11%</td>
<td>2.07%</td>
<td>98.1%</td>
<td>2.73%</td>
<td>2.88%</td>
<td>105.5%</td>
</tr>
<tr>
<td>2016 A</td>
<td>3/15/16</td>
<td>1.97%</td>
<td>1.88%</td>
<td>95.4%</td>
<td>2.73%</td>
<td>2.84%</td>
<td>104.0%</td>
</tr>
<tr>
<td>2016 C</td>
<td>10/26/16</td>
<td>1.79%</td>
<td>1.72%</td>
<td>96.1%</td>
<td>2.53%</td>
<td>2.55%</td>
<td>100.8%</td>
</tr>
<tr>
<td>2017 B</td>
<td>10/3/17</td>
<td>2.33%</td>
<td>2.01%</td>
<td>86.3%</td>
<td>2.87%</td>
<td>2.82%</td>
<td>98.3%</td>
</tr>
<tr>
<td>Change from 2016C to 2017B</td>
<td>+ 54 bps</td>
<td>+ 29 bps</td>
<td>- 9.8%</td>
<td>+ 34 bps</td>
<td>+ 27 bps</td>
<td>- 2.5%</td>
<td></td>
</tr>
</tbody>
</table>

**UNDERWRITING**

**Underwriter.** RBC Capital Markets served as senior managing underwriter and Raymond James as co-manager. As mentioned above, we had a four firm selling group consisting of City National, D.A. Davidson, Fidelity Capital Markets, and Stifel Nicholas.

**Underwriting Fees.** The underwriter discount of $6.68 per $1,000 bonds is reasonable compared to other similarly sized issues in the market.

**Performance.** RBC Capital Markets as book-running senior manager and Raymond James as co-manager worked well together and achieved good order flow as described above. The strong order flow was evidenced by the ability to produce sufficient orders for all term bonds as well as to reduce yields for both of the PAC bonds, the two largest bonds offered. The four firm selling group also enhanced the sale of the bonds by bringing in an additional $7.4 million in retail orders, though we continue to need additional retail demand to see full subscription across the serial bond range. We would recommend a selling group on the next traditional bond issuance as well.
Tab 10
### SUMMARY OF NEW BOND ISSUES:

**Single Family Issues:** None  
**Multi-family Issues:** None

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

<table>
<thead>
<tr>
<th></th>
<th>1 month 10/31/17</th>
<th>1 month 10/31/16</th>
<th>% Change Year / Year</th>
<th>Forecast 10/31/17</th>
<th>Actual to Forecast</th>
<th>Forecast/Target 9/30/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRODUCTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Single family issues (new money):</td>
<td>$0.0</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$82.5</td>
</tr>
<tr>
<td>2 Single family loans sold (TBA):</td>
<td>$20.9</td>
<td>$19.0</td>
<td>10.0%</td>
<td>$16.0</td>
<td>30.3%</td>
<td>$192.5</td>
</tr>
<tr>
<td>3 Total Single Family Production</td>
<td>$20.9</td>
<td>$19.0</td>
<td>10.0%</td>
<td>$16.0</td>
<td>30.3%</td>
<td>$275.0</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%</td>
<td>$20.0</td>
</tr>
<tr>
<td>5 Single Family MBS Payoffs:</td>
<td>$5.3</td>
<td>$7.7</td>
<td>-31.2%</td>
<td>$5.4</td>
<td>-30.0%</td>
<td>$65.4</td>
</tr>
<tr>
<td><strong>BALANCE SHEET</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Avg. earning assets:</td>
<td>$918.1</td>
<td>$945.7</td>
<td>-2.9%</td>
<td>$929.5</td>
<td>-1.2%</td>
<td>$930.0</td>
</tr>
<tr>
<td>7 General Fund Cash and Securities:</td>
<td>$73.2</td>
<td>$73.2</td>
<td>0.0%</td>
<td>$86.8</td>
<td>-15.6%</td>
<td>$66.7</td>
</tr>
<tr>
<td>8 General Fund SIC FMV Adj.:</td>
<td>($0.0)</td>
<td>($0.1)</td>
<td>90.0%</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
</tr>
<tr>
<td>9 Total bonds outstanding:</td>
<td>$644.6</td>
<td>$697.0</td>
<td>-7.5%</td>
<td>$648.2</td>
<td>-0.6%</td>
<td>$669.5</td>
</tr>
<tr>
<td><strong>INCOME STATEMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 General Fund expenses (excluding capitalized assets):</td>
<td>$0.7</td>
<td>$0.5</td>
<td>40.0%</td>
<td>$1.2</td>
<td>-41.7%</td>
<td>$15.0</td>
</tr>
<tr>
<td>11 General Fund revenues:</td>
<td>$1.5</td>
<td>$1.5</td>
<td>0.0%</td>
<td>$1.6</td>
<td>-6.3%</td>
<td>$19.2</td>
</tr>
<tr>
<td>12 Combined excess revenue over expenses (all funds):</td>
<td>$0.8</td>
<td>$1.0</td>
<td>-20.0%</td>
<td>$1.1</td>
<td>-24.1%</td>
<td>$11.6</td>
</tr>
<tr>
<td>13 Combined net position:</td>
<td>$225.4</td>
<td>$213.3</td>
<td>5.7%</td>
<td>$225.6</td>
<td>-0.1%</td>
<td>$236.2</td>
</tr>
<tr>
<td>14 Combined return on avg. earning assets:</td>
<td>0.98%</td>
<td>1.17%</td>
<td>-16.2%</td>
<td>1.25%</td>
<td>-21.5%</td>
<td>1.25%</td>
</tr>
<tr>
<td>15 Net TBA profitability:</td>
<td>1.40%</td>
<td>2.27%</td>
<td>-38.3%</td>
<td>1.34%</td>
<td>4.5%</td>
<td>1.34%</td>
</tr>
<tr>
<td>16 Combined interest margin:</td>
<td>1.15%</td>
<td>0.98%</td>
<td>17.3%</td>
<td>1.59%</td>
<td>-27.7%</td>
<td>1.59%</td>
</tr>
<tr>
<td><strong>MOODY'S BENCHMARKS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Net Asset to debt ratio (5-yr avg):</td>
<td>28.73%</td>
<td>25.38%</td>
<td>13%</td>
<td>30.42%</td>
<td>-6%</td>
<td>30.42%</td>
</tr>
<tr>
<td>18 Net rev as a % of total rev (5-yr avg):</td>
<td>9.08%</td>
<td>7.88%</td>
<td>15%</td>
<td>10.61%</td>
<td>-14%</td>
<td>10.61%</td>
</tr>
<tr>
<td><strong>SERVICING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Mortgage Operations excess revenue over expenses:</td>
<td>$0.3</td>
<td>0.5</td>
<td>-40%</td>
<td>$0.1</td>
<td>153.8%</td>
<td>$1.3</td>
</tr>
<tr>
<td>20 Subserviced portfolio:</td>
<td>$399.8</td>
<td>$58.4</td>
<td>585%</td>
<td>$402.6</td>
<td>-1%</td>
<td>$654.8</td>
</tr>
<tr>
<td>21 Servicing Yield (subserviced portfolio):</td>
<td>0.40%</td>
<td>N/A</td>
<td>0%</td>
<td>0.36%</td>
<td>11%</td>
<td>0.36%</td>
</tr>
<tr>
<td>22 Combined delinquency rate (MFA serviced)</td>
<td>14.62%</td>
<td>15.48%</td>
<td>-6%</td>
<td>TBD</td>
<td>N/A</td>
<td>TBD</td>
</tr>
<tr>
<td>23 DPA loan delinquency rate (all)</td>
<td>15.11%</td>
<td>16.54%</td>
<td>-9%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>24 Default rate (MFA serviced)</td>
<td>0.08%</td>
<td>0.11%</td>
<td>-27%</td>
<td>TBD</td>
<td>N/A</td>
<td>TBD</td>
</tr>
<tr>
<td>25 Subserviced portfolio delinquency rate</td>
<td>4.22%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>26 Purchased Servicing Rights Valuation Change</td>
<td>$1.5</td>
<td>$0.2</td>
<td>650%</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
</tr>
</tbody>
</table>

* Forecast is still in draft form. It will be finalized for presentation to the Finance Committee in January; numbers are subject to change.  

Legend: *Positive Impact, Negative Impact, Caution/Known Trend*
NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the one-month period ended October 31, 2017

SIGNIFICANT MONTHLY FINANCIAL VARIANCES:
► Combined and Mortgage Operations excess revenue, return on average earning assets and servicing yield variances are due to timing of direct servicing income and expenses.

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:
► Servicing expansion will continue to provide additional revenues as the subserviced portfolio and purchased servicing rights asset bases increase. This fiscal year MFA will provide a full mortgage warehouse line to Idaho Housing which will also provide additional revenues. With potential tax reform and changes in federal fiscal policies related to interest rates, staff will continue to monitor all interest rate sensitive activities very closely. The market is currently seeing short-term rates increase while long-term rates stagnate creating a flattening yield curve. Bond issuance assumptions in the current forecast may change as we move into the new calendar year as tax reform is finalized and MFA’s ability to issue private activity bonds is known.
► Credit risk has increased somewhat in relation to the DPA loan portfolio over the last few months due to lockbox issues although year over year trends are positive. MFA loan loss reserves adequately support potential risk.
► Fair market value for purchased servicing rights as of 9/30/17 was $5.0mm, an increase of approximately $1.5mm. 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 $3.7mm as of 10/31/17. Valuations are obtained on a quarterly basis.
► Based on Moody’s issuer credit rating scorecard, MFA’s 28.73% net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA’s creditworthiness under stressful circumstances (> 20%). The net revenue as a percent of total revenue measures performance and profitability and MFA’s 9.08% ratio (5-year average) points to a satisfactory profitability with consistent trends (5%-10% range).
MONTHLY FINANCIAL GRAPHS

Assets Under Management as of 9/30/2018 ($ in thousands)

YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2018

YTD Excess Revenues over Expenses as of 10/31/2017

Yield Targets 9/30/2018

(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
## Combined Statement of Net Position

### October 31, 2017

(Thousands of Dollars)

### Assets:

#### Current Assets:
- **Cash & Cash Equivalents**: $24,611 (2017) vs. $23,010 (2016)
- **Restricted Cash Held in Escrow**: $10,945 (2017) vs. $11,248 (2016)
- **Short-Term Investments**: $4,075 (2017) vs. $3,303 (2016)
- **Accrued Interest Receivable**: $3,075 (2017) vs. $3,303 (2016)
- **Mortgage Payment Clearing**: $2,953 (2017) vs. $1,897 (2016)
- **Other Current Assets**: $2,953 (2017) vs. $1,897 (2016)
- **Total Current Assets**: $41,584 (2017) vs. $44,028 (2016)

#### Long-Term & Restricted Investments:
- **Cash - Restricted**: $28,024 (2017) vs. $34,956 (2016)
- **Investments in Reserve Funds**: $318 (2017) vs. $317 (2016)
- **FNMA, GNMA, & FHLMC Securitized Mtg. Loans**: $551,492 (2017) vs. $582,735 (2016)
- **Mortgage Loans Receivable**: $197,246 (2017) vs. $209,139 (2016)
- **Allowance for Loan Losses**: $2,221 (2017) vs. $2,692 (2016)
- **Notes Receivable**: $37,276 (2017) vs. $31,054 (2016)
- **Total Long-Term & Restricted Investments**: $60,339 (2017) vs. $59,176 (2016)

#### Other Assets:
- **Fixed Assets, Net of Accum. Depn**: $1,046 (2017) vs. $984 (2016)
- **Other Real Estate Owned, Net**: $352 (2017) vs. $434 (2016)
- **Other Non-Current Assets**: $21 (2017) vs. $16 (2016)
- **Intangible Assets**: $3,700 (2017) vs. $623 (2016)
- **Total Assets**: $919,176 (2017) vs. $960,770 (2016)

### Liabilities and Net Position:

#### Liabilities:
- **Current Liabilities**:
  - **Accrued Interest Payable**: $3,876 (2017) vs. $4,935 (2016)
  - **Accounts Payable and Accrued Expenses**: $5,735 (2017) vs. $4,804 (2016)
  - **Escrow Deposits & Reserves**: $10,770 (2017) vs. $11,248 (2016)
- **Total Current Liabilities**: $20,382 (2017) vs. $20,988 (2016)

#### Total Liabilities:
- **Bonds Payable, Net of Unamortized Discount**: $644,591 (2017) vs. $697,032 (2016)
- **Mortgage & Notes Payable**: $29,211 (2017) vs. $30,030 (2016)
- **Accrued Arbitrage Rebate**: $51 (2017) vs. $51 (2016)
- **Other Liabilities**: $245 (2017) vs. $245 (2016)
- **Total Liabilities**: $694,429 (2017) vs. $748,346 (2016)

#### Net Position:
- **Invested in Capital Assets, Net of Related Debt**: $1,046 (2017) vs. $984 (2016)
- **Unappropriated Net Position (Note 1)**: $62,178 (2017) vs. $65,302 (2016)
- **Appropriated Net Position (Note 1)**: $162,141 (2017) vs. $147,001 (2016)
- **Total Liabilities & Net Position**: $919,794 (2017) vs. $961,633 (2016)
<table>
<thead>
<tr>
<th></th>
<th>YTD 10/31/17</th>
<th>YTD 10/31/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$2,706</td>
<td>$2,876</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>206</td>
<td>231</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Administrative Fee Income (Exp)</td>
<td>573</td>
<td>684</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>56</td>
<td>34</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING REVENUES</strong></td>
<td>3,563</td>
<td>3,862</td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arbitrage Rebate Income (Expense)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain (Loss) Asset Sales/Debt Extinguishment</td>
<td>(70)</td>
<td>(90)</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>2,960</td>
<td>2,755</td>
</tr>
<tr>
<td><strong>SUBTOTAL NON-OPERATING REVENUES</strong></td>
<td>2,890</td>
<td>2,664</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>6,454</td>
<td>6,526</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Administrative Expenses</td>
<td>699</td>
<td>492</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>2,030</td>
<td>2,338</td>
</tr>
<tr>
<td>Amortization of Bond/Note Premium (Discount)</td>
<td>(83)</td>
<td>(110)</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Mortgage Loan &amp; Bond Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Amort. of Serv. Rights &amp; Depreciation</td>
<td>17</td>
<td>13</td>
</tr>
<tr>
<td>Bond Cost of Issuance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING EXPENSES</strong></td>
<td>2,670</td>
<td>2,750</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building Costs</td>
<td>3</td>
<td>24</td>
</tr>
<tr>
<td>Grant Award Expense</td>
<td>2,963</td>
<td>2,754</td>
</tr>
<tr>
<td>Other Non-Operating Expense</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>SUBTOTAL NON-OPERATING EXPENSES</strong></td>
<td>2,966</td>
<td>2,779</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>5,636</td>
<td>5,529</td>
</tr>
<tr>
<td><strong>NET REVENUES</strong></td>
<td>817</td>
<td>998</td>
</tr>
<tr>
<td>Other Financing Sources (Uses)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Revenues and Other Financing Sources (Uses)</td>
<td>817</td>
<td>998</td>
</tr>
<tr>
<td>Net Position at Beginning of Year</td>
<td>224,548</td>
<td>212,289</td>
</tr>
<tr>
<td><strong>NET POSITION AT 10/31/2017</strong></td>
<td>225,365</td>
<td>213,287</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS
(For Informational Purposes Only)
(Thousands of Dollars)

(Note 1) MFA Net Position as of October 31, 2017:

UNAPPROPRIATED NET POSITION:

$34,110 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.

$27,997 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.

$71 held for New Mexico Affordable Housing Charitable Trust.

$62,178 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:

$101,094 for use in the Housing Opportunity Fund ($81,100 in loans plus $19,994 unfunded, of which $6,339 is committed).

$18,213 for future use in Single Family & Multi-Family housing programs.

$9,790 for loss exposure on Risk Sharing loans.

$1,046 invested in capital assets, net of related debt.

$3,697 invested in mortgage servicing rights.

$16,941 for the future General Fund Operating Budget Y E 9/30/18 ($17,873 total budget less $932 expended budget through 10/31/17.)

$150,781 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:

$12,406 for use in the federal and state housing programs administered by MFA.

$12,406 Subtotal - Housing Program

$163,187 Total appropriated Net Position

$225,365 Total combined Net Position at October 31, 2017

Total combined Net Position, or reserves, at October 31, 2017 was $225.4 million, of which $62.2 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $163.2 million of available reserves, with $73.2 million primarily liquid in the General Fund and in the federal and state Housing programs and $90.0 million illiquid in the programs of the General Fund, have been:

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

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

## BUDGET VARIANCE REPORT

**FOR THE ONE MONTH ENDED 10/31/17**

<table>
<thead>
<tr>
<th></th>
<th>ONE MONTH</th>
<th>YEAR TO DATE</th>
<th>UNDER/(OVER) PRO RATA YTD</th>
<th>UNDER/(OVER) ANNUAL</th>
<th>EXPENDED ANNUAL BUDGET PERCENTAGE</th>
</tr>
</thead>
<tbody>
<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>611,008</td>
<td>611,008</td>
<td>685,699</td>
<td>74,691</td>
<td>8,228,385</td>
</tr>
<tr>
<td>ADMIN INCOME</td>
<td>818,745</td>
<td>818,745</td>
<td>606,359</td>
<td>(212,385)</td>
<td>7,276,312</td>
</tr>
<tr>
<td>OTHER OPERATING INCOME</td>
<td>79,005</td>
<td>79,005</td>
<td>307,796</td>
<td>228,792</td>
<td>3,693,553</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING REVENUES</strong></td>
<td>1,508,757</td>
<td>1,508,757</td>
<td>1,599,854</td>
<td>91,097</td>
<td>19,198,250</td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES</strong></td>
<td>(10,814)</td>
<td>(10,814)</td>
<td>(2,325)</td>
<td>8,489</td>
<td>(27,900)</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>1,497,943</td>
<td>1,497,943</td>
<td>1,597,529</td>
<td>99,586</td>
<td>19,170,350</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>283,084</td>
<td>283,084</td>
<td>607,370</td>
<td>324,286</td>
<td>7,288,442</td>
</tr>
<tr>
<td>TRAVEL &amp; PUBLIC INFO</td>
<td>12,693</td>
<td>12,693</td>
<td>39,800</td>
<td>27,107</td>
<td>477,603</td>
</tr>
<tr>
<td>OFFICE EXPENSES</td>
<td>46,146</td>
<td>46,146</td>
<td>74,205</td>
<td>28,059</td>
<td>890,458</td>
</tr>
<tr>
<td>OTHER OPERATING EXPENSES</td>
<td>364,924</td>
<td>364,924</td>
<td>384,912</td>
<td>19,988</td>
<td>4,618,946</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING EXPENSES</strong></td>
<td>706,848</td>
<td>706,848</td>
<td>1,106,287</td>
<td>399,440</td>
<td>13,275,449</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES</strong></td>
<td>2,832</td>
<td>2,832</td>
<td>72,175</td>
<td>69,343</td>
<td>866,100</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING &amp; NON-OPERATING EXPENSES</strong></td>
<td>709,679</td>
<td>709,679</td>
<td>1,178,462</td>
<td>468,783</td>
<td>14,141,549</td>
</tr>
<tr>
<td><strong>EXPENSED ASSETS</strong></td>
<td>16,227</td>
<td>16,227</td>
<td>6,852</td>
<td>(9,376)</td>
<td>82,220</td>
</tr>
<tr>
<td><strong>NON-CASH ITEMS</strong></td>
<td>17,821</td>
<td>17,821</td>
<td>61,772</td>
<td>43,951</td>
<td>741,262</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>743,727</td>
<td>743,727</td>
<td>1,247,086</td>
<td>503,359</td>
<td>14,965,031</td>
</tr>
<tr>
<td><strong>NET REVENUES</strong></td>
<td>754,216</td>
<td>754,216</td>
<td>350,443</td>
<td>403,772</td>
<td>4,205,319</td>
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<tr>
<td><strong>PURCHASED SERVICING &amp; CAPITAL OUTLAY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>PURCHASED SERVICING RIGHTS</td>
<td>187,659</td>
<td>187,659</td>
<td>229,167</td>
<td>41,508</td>
<td>2,750,000</td>
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<tr>
<td>CAPITALIZED ASSETS</td>
<td>726</td>
<td>726</td>
<td>13,153</td>
<td>12,428</td>
<td>157,840</td>
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<tr>
<td><strong>TOTAL PURCHASED SERVICING &amp; CAPITAL OUTLAY</strong></td>
<td>188,384</td>
<td>188,384</td>
<td>242,320</td>
<td>53,936</td>
<td>2,907,840</td>
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<tr>
<td><strong>TOTAL INCLUDING CAPITALIZED ITEMS</strong></td>
<td>942,600</td>
<td>942,600</td>
<td>592,763</td>
<td>457,708</td>
<td>7,113,159</td>
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November 11 – December 12, 2017

MEDIA COVERAGE

11-8 Santa Fe New Mexican  
*Low-income housing could land on city lot*

10-14 Santa Fe New Mexican  
*Santa Fe Habitat Donors Get Special State Tax Break*

PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

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<td>Press advisory</td>
<td>2018 Weatherization Day reminder</td>
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<td>11-17</td>
<td>Press release and factsheet</td>
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<td>11-21</td>
<td>Lender Memo 17-22</td>
<td>Increased volume and turn times</td>
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<td>11-28</td>
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<td>11-28</td>
<td>Tribal Homeownership</td>
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<td>11-28</td>
<td>E-blast to database</td>
<td>2018 Summit save-the-date</td>
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<tr>
<td>11-30</td>
<td>Lender Memo 17-23</td>
<td>Increased volume and turn times</td>
</tr>
<tr>
<td>12-12</td>
<td>E-blast to database</td>
<td>Holiday card</td>
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A plan to donate an unused city-owned lot to a low-income housing developer could clear a crucial hurdle Wednesday.

A resolution sponsored by Councilor Peter Ives would direct city staff to survey the 5-acre lot at the corner of Zia Road and Yucca Street and prepare it for possible development under a federal low-income housing tax credit program.

Ives said the city must put the property to use to help ease an affordable housing crunch.

“We’re looking for places around the city where we can make this work,” said Ives, one of six candidates for mayor in the March municipal election.

City staff, under Ives’ resolution, would compile a traffic study and survey plats for the property as well as prepare applications to rezone the property and change its land use designation from parks to residential.

Staff would also be charged with identifying a potential grantee qualified under the New Mexico Affordable Housing Act to whom the city might donate the property.

An early neighborhood notification meeting would be conducted, and the application to amend the general plan and rezone the parcel would be presented to both the Planning Commission and City Council.

Matt O’Reilly, the city’s asset development director, identified the Yucca Street lot as the piece of undeveloped municipal-owned real estate within city limits that could support the most multifamily units.

O’Reilly compiled a list of city-owned parcels within city limits that are large enough to provide at least five dwelling units and are not already significantly developed. Of the 20 entries, most are not appropriate or prepared for development, according to staff analysis, whether because an area is inaccessible, lacks utility connections or is subject to other sorts of restrictions.

In addition to being free from plat or deed restrictions, the Yucca Street lot, which the city acquired in 1968, has advantages over other city-owned parcels, namely its proximity to schools, a public park and public transportation.

The resolution has been revised to soften language about donating the property and clarify its intent is “to prepare the subject property for possible future donation, not to actually donate it at this time,” O’Reilly wrote.

At committee hearings last month, some councilors were skeptical the parcel could be properly assessed by staff before a potential grantee would be able to secure low-income housing tax credits in the next application cycle of the New Mexico Mortgage Finance Authority.

A developer that qualifies under the state statute for affordable housing would receive the property under a separate resolution once staff tasks are completed and the council approves rezoning.

This donation procedure follows suit with recent city donations for affordable housing projects in Las Soleras and on Siler Road, O’Reilly wrote in a memo.

The developer would then transform the weedy lot, currently home to only a pair of handball courts and part of a flood plain, into the multifamily complex.

The handball courts will likely move to Ragle Park, which sits across Zia Road. The area slated for housing units would be outside the flood plain.

Unclear as yet is how many units might populate the five-acre space; the resolution states the lot could support as many as 20 per acre.

The parcel’s proximity to Ragle Park, Chaparral Elementary, Santa Fe High School and the Arroyo Chamiso contribute to its fitness for a housing development, O’Reilly has said.

The city’s 2016 housing needs analysis found a shortage of 2,400 housing units affordable to those earning below 80 percent of the area median income.

The resolution is scheduled for a public hearing Wednesday afternoon at the City Council.
Pete Tafoya exercises recently on a handball court at Zia Road and Yucca Street. The city is considering a plan for possible development of the lot under a federal low-income housing tax credit program.

GABRIELA CAMPOS
THE NEW MEXICAN
Santa Fe Habitat Board Members, AmeriCorps Volunteers, Construction Volunteers and Habitat Staff –
Proudly install the first solar panels on a new Habitat home!

Santa Fe Habitat Donors Get Special State Tax Break

The Santa Fe Habitat Board of Directors hopes that you will include Santa Fe Habitat in your annual charitable giving this year. We would like to alert you to a special benefit when you donate $500 or more to help ensure affordable housing in Santa Fe. Santa Fe Habitat has been awarded charitable state tax credits equal to 50% of the value of donations for affordable housing projects approved by the New Mexico Mortgage Finance Authority.

A minimum $500 donation to Santa Fe Habitat in a calendar year gets a 50 percent state tax credit for that amount. That’s $250 off taxes owed. Obviously, you can still claim the full amount as a charitable deduction on your federal income taxes. These donations are used to purchase building supplies. Our staff will prepare the necessary paperwork to submit to the New Mexico Mortgage Finance Authority to get your tax credit for a minimum $500 donation this year. For more information: http://www.housingnm.org/developers/new-mexico-state-affordable-housing-tax-credit

In the last fiscal year, Santa Fe Habitat built seven homes, and more than 800 volunteers clocked in 25,000 hours to achieve our mission to promote affordable home ownership for residents. Habitat also expanded its Home Repair Program to help 18 low-income homeowners make critical repairs.

Last year 89 percent of Santa Fe Habitat’s total budget went directly to providing affordable energy efficient housing. Your donations are tangible: $500 buys roofing plywood, $1000-insulation, $2000-lumber, $2500-windows for a home, and $5,000 installs solar panels. All new Habitat homes are now being built with solar panels and will have energy efficient mini-split heat pumps to provide both heating and cooling.

Thank you from all of us at Santa Fe Habitat for Humanity and the individuals and families we serve.

Santa Fe Habitat Board of Directors
Andrew Black, Monie Blum, Mary Coffman, Jeremy Gardner, Randy Hibben,
Catherine Lindberg, Erin McSherry, Ralph Nava, Donna Reynolds, Joyce Roberts,
Dan Rustino, Kim Shahan, Janet Sprig, Yvon Villeneuve, Donna Zick

Donate online at www.santafehabitat.org or call 505-986-5880, ext. 105.
Santa Fe Habitat for Humanity | 2520 Camino Entrada, Suite A | Santa Fe, New Mexico 87507
Helpful Tips for REALTORS

TOPIC: Can MFA programs be used to finance an existing manufactured home?

Yes, they can! Both First Home/First Down and Next Home may be used to help buyers who wish to purchase an existing manufactured home. Here’s how it works:

The home must be multi-wide, as MFA does not finance single-wide homes. The home must be permanently attached to the property according to HUD specifications.

The lender will need to order an inspection from a qualified engineer who will affirm that the foundation and structure meet the necessary requirements. A home that does not meet the standards may need to be “retro-fitted” to ensure that the installation is permanent and meets FHA guidelines.

Manufactured homes that have been moved more than once are not eligible for FHA insurance and, therefore, cannot be financed by MFA.

The current homeowner (seller) should provide their listing agent with evidence that the title has been deactivated through the Department of Motor Vehicles. Once the title has been deactivated, it will be assessed as real property by the county in which it is located. For more information on DMV requirements and procedures, click here: http://mvd.newmexico.gov/Manuals/Pages/Vehicles%2017D.htm

In some cases, the title deactivation process may not have been completed correctly and the home is being assessed as both personal property and real property. These situations will take some time and effort on the part of the seller and their agent to resolve. It may even be necessary to hire a manufactured home title expert to handle the situation.
Only an MFA-approved lender can help your buyer determine if they qualify for MFA programs. The lender can also explain more about the specific property and documentation requirements. To view a list of MFA-approved lenders click here: http://www.housingnm.org/homebuyers/find-a-participating-lender

Not all lenders will finance manufactured homes so please call ahead to ask.

We appreciate and value you, our dedicated Realtor partners. Thank you for making sure that your buyers know about MFA programs!
NM ENERGY$MART WEATHERIZATION DAY
Congressman Ben Ray Luján to speak at Las Vegas event

WHAT: Home weatherization demonstration
WHO: Congressman Ben Ray Luján, MFA, Central New Mexico Housing Corporation, homeowner Carmen Garcia
WHEN: Friday, November 17, 1:00 – 2:00 p.m.
WHERE: 2402 Calle Bonita, Las Vegas, NM

ALBUQUERQUE: Congressman Ben Ray Luján will be the guest speaker at MFA’s 2017 NM Energy$mart Weatherization Day on Friday. The event will be at the home of Carmen Garcia, a 72-year-old Las Vegas resident whose home is receiving energy-efficiency upgrades through the NM Energy$mart program.

Ms. Garcia’s 50-year-old home will receive 17 energy-saving and safety measures including a new furnace, attic insulation, air and duct sealing, exterior siding, carbon monoxide detectors and mechanical ventilation -- all at no cost to her. The measures will save approximately $710 per year in utility costs, which equals almost one month’s income for Ms. Garcia.

An invitation is attached.

###
NM ENERGY$MART WEATHERIZATION DAY
Congressman Ben Ray Luján to speak at Las Vegas event

WHAT: Home weatherization demonstration

WHO: Congressman Ben Ray Luján, MFA, Central New Mexico Housing Corporation, homeowner Carmen Garcia

WHEN: Friday, November 17, 1:00 – 2:00 p.m.
WHERE: 2402 Calle Bonita, Las Vegas, NM

ALBUQUERQUE: Don’t forget about MFA’s Weatherization Day tomorrow, Friday, November 17, where Congressman Ben Ray Luján will be the guest speaker.

Rep. Lujan will do a radio interview about MFA’s NM Energy$mart weatherization program at noon tomorrow on Highlands KEDP 91.1.

A NM Energy$mart factsheet is attached.

###
NATIONAL NM ENERGY$MART WEATHERIZATION DAY
Congressman Ben Ray Luján at Las Vegas event on Friday

LAS VEGAS: Congressman Ben Ray Luján was the guest speaker at MFA’s 2017 NM Energy$mart Weatherization Day on Friday. The event was held at the home of Carmen Garcia, a 74–year-old Las Vegas resident whose home received energy-efficiency upgrades through the NM Energy$mart program. Weatherization measures include the installation of a high-efficiency furnace and hot water heater, attic insulation, air and duct sealing and exterior siding installation at no cost to her.

“This is an incredible program that is a blessing for many elderly and disabled New Mexicans,” Luján said. “Mrs. Garcia will be warm and safe this winter and will have more money available for food and other necessities. We should be doing more of this – not less.”

Carmen Garcia, who lives alone on $710 a month, has lived in her home since it was built almost 50 years ago. As the home aged, it became increasingly leaky and colder. Large openings in her ceiling allowed 50 percent of the warm air to escape. Garcia tried to heat the house, which she said was “like an icicle,” with a small heater in the winter. Not only was the heater inefficient and expensive, it was a safety hazard.

Now that the work has been completed on the home, Garcia is looking forward to being much warmer and more comfortable this winter. In addition, she can expect close to $700 in savings on her utility bills each year, which is almost equal to one month’s income.
“It was as cold in my house as it was outside,” Garcia said. “My gas bills were more than $300 a month in the winter. I couldn’t pay them, so I was always go to the gas company to work out payment plans. The minute I walked into my home after they finished the (weatherization) work, I could tell how warm it was. I am very grateful.”

In addition, Garcia will be much safer in her home. Weatherization crews installed carbon monoxide and smoke detectors, mechanical ventilation and dry air venting.

Low-income households pay a disproportionate portion of their income on utility bills: 14 percent compared to 4 percent for middle-income households. Often, these families are forced to choose between buying food, fuel and medicine or paying their utility bills. Families whose homes are weatherized save an average of 34 percent in utility costs every year for 15 to 25 years.

Since 2002, MFA has administered the NM Energy$mart, which is a Department of Energy program, weatherizing almost 26,000 homes across New Mexico. Funding for the program is also provided by the federal Low Income Home Energy Assistance Program, NM Gas Company and PNM.

Households earning up to 200 percent of the federal poverty level are eligible for NM Energy$mart. Homes where elderly or disabled individuals reside are given priority.

“I’m happy there is somewhere I could go for help,” Garcia said. “I will never forget this.”

###

Attachment: Energy$mart factsheet

Photos #1 and 2 cutline:

Congressman Ben Ray Luján and Las Vegas resident Carmen Garcia meet in Garcia’s home during MFA’s 2017 Weatherization Day
Interested Parties:

The New Mexico Mortgage Finance Authority (MFA) is pleased to announce that its 2018 Low Income Housing Tax Credit Qualified Allocation Plan (2018 QAP), as approved by MFA’s Board of Directors at its meeting on November 15, 2017, and 2018 Mandatory Design Standards for Multifamily Rental Housing (2018 Design Standards) are now available for review and download from the MFA website: http://www.housingnm.org/developers/low-income-housing-tax-credits-lihtc

Please note that the 2018 QAP is pending approval by the Honorable Governor Susana Martinez. Upon receipt of approval, the final 2018 QAP will be posted on MFA's website.

Also, there is still time to register for MFA's 2018 QAP training to be held on Thursday, November 30. The training will be from 1:15 - 5 p.m. at the CNM Workforce Training Center, 5600 Eagle Rock Ave., NE. The registration form is located at: http://www.housingnm.org/developers/qap-training.

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You are receiving this email because of your interest in affordable housing.

Our mailing address is:
MFA
344 4th St SW, Albuquerque, NM, United States
Albuquerque, NM 87102

Add us to your address book

unsubscribe from this list  update subscription preferences
As a CPA and Chairman of New Mexico Mortgage Finance Authority (MFA) Board of Directors, I was pleased to learn about the tax benefits of contributing to the New Mexico Affordable Housing Charitable Trust. Donations to the Charitable Trust will earn your clients a 50 percent credit on their state taxes, plus the charitable contribution deduction on their federal taxes. A household with a combined federal and state tax rate of 40 percent can earn back 90 percent of its contribution in tax credits and deductions. I know it’s hard to believe, but I’ve used this tool successfully to benefit both my clients and families in need throughout New Mexico.

To make a donation, simply make out a check to the New Mexico Affordable Housing Charitable Trust and send it, along with the tax credit voucher form, to MFA at 344 Fourth Street SW, Albuquerque NM, 87102. Click here for more information on the tax credit and to download the voucher form. You can also visit MFA’s website at www.housingnm.org.

As tax season and the holiday season approach, please join me in contributing to the New Mexico Affordable Housing Charitable Trust. We all benefit from saving money and helping people in need.

Sincerely,

Dennis Burt
Founder, Burt & Company CPAs
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: November 21, 2017

RE: Memo No. 17-21

- MFA Payment Address (Lock Box)

Please forward this memo to the appropriate closing/shipping staff that will need the information.

Effective immediately borrowers should be notified of MFA’s correct Payment Address (Lock Box) is as follows (Any Lock Boxes that MFA previously held are closed and the forwarding order has expired):

MFA
P.O. Box 912727
Denver, Colorado 80291-2727

The General Correspondence address and contact phone numbers remain the same:

MFA
344 4th Street, SW
Albuquerque, New Mexico 87102

505-843-6880 or Toll Free (in the state of New Mexico only) 1-800-444-6880

Feel free to contact MFA’s Homeownership Department with any question or for further clarifications.
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: November 21, 2017

RE: Memo No. 17-22

- Increased volume and MFA Compliance turn times

Thanks to our participating lenders, MFA’s Reservation/Compliance volume has increased to record highs.

Despite the increased volume, The Homeownership Department is currently holding to the three business day turn time of Compliance Files. Files are reviewed in the order, which they are received. Due to the increased volume, it is possible that turn times may exceed three days for a short period.

The turn times for clearing conditions after initial compliance review is currently:

- loans with five or more conditions will be cleared within two business days of receipt
- loans with less than five conditions will be cleared within one business day of receipt

Loans are reviewed and cleared in the order, which they are received.
We recognize that lenders may also be experiencing increased volume. Please exercise additional due diligence by reviewing all documents before submitting the file to MFA for review. An accurate and clean file submission will not only expedite the approval process but will ensure a timely closing.

Please reference MFA’s Compliance Manual for the specific timelines related to Compliance File and Suspense Condition reviews. The Compliance Manual can be found on MFA’s website at http://www.housingnm.org/lenders_realtors/policies.

Thank you for participating in MFA’s program. Should you have any questions, please contact an MFA Homeownership Representative.
WCMS Webinar Trainings

MFA's Asset Management Department will be presenting webinar training to our service providers on December 14 and 15, 2017.

MFA staff will walk participants through the process of inputting data into WCMS. You can register for one or both webinars by clicking the link below. Registration will open on December 7, 2017 and close on December 13, 2017.

Training Descriptions

WCMS- Tenant Certifications
Thursday, December 14, 2017
11 a.m. to 12 p.m.
MFA staff will walk participants through the process of inputting tenant certifications into WCMS.
*Last day to register is December 13, 2017

WCMS-Financial Statements
Friday, December 15, 2017
11 a.m. to 12 p.m.
MFA staff will walk participants through the process of inputting Financial Statements into WCMS.
*Last day to register is December 13, 2017

How to Register

WCMS- Tenant Certifications
Go to www.housingnm.org or click on the link below and complete the service provider training registration form.

Service Provider Training Registration

Please note you will be required to enter your WCMS user ID in order to register. You can register for one or both sessions. If you have any special requests or require any accommodations, please contact Carmela Arellano in MFA's Asset Management Department: carellano@housingnm.org.

How to Join the Webinar

A Cisco Webex invitation will be emailed to every registered participants an hour before the meeting begins. The invitation will contain a link to stream the webinar and a conference call in number.
Thank you Paul for passing along information on this great opportunity!

Training on Accessing Capital Resources for Rural Single Family Homes

December 8th, 2017 ~ 2:00 - 3:00 p.m. Eastern

You are invited to join Enterprise Community Partner's Rural and Native American Initiative for a webinar on capital resources for Rural single family home development. This webinar will provide an overview of the single-family housing landscape and what single family housing programs are available. The webinar will include information on the HUD Section 184 Program, USDA 502 Direct and Guaranteed Loans, VA Direct Loans and more. Join us as we provide guidance on how to access these available financing programs.

For many organizations operating in rural areas, they are the only organization serving the community's affordable housing needs. Without their continued efforts in the community, there would not be any affordable housing or other community development activities. Organizations in these communities need guidance on how to access available financing programs and capacity building for leveraging these sources (LIHTC, HOME, AHP, Trust Funds) for creating new housing.

The webinar will be led by Russell Kaney, the Director for the National Rural & Native American Initiative. Russell leads Enterprise's national efforts on providing direct assistance to CDCs, CHDOs, Tribes and Tribally Designated Housing Entities. The capacity building and technical assistance provided by Enterprise helps these organizations develop their towns, build their communities and weaves together the social fabric of the rural landscape into vibrant places to work, live and play.

Registration is at no cost but is required. Please register in advance below

https://www.enterprisecommunity.org/research-and-resources/live-online-events
Make plans now to attend New Mexico’s signature housing event!

Whether you are a REALTOR®, property owner or manager, developer, member of a housing-related nonprofit, mortgage lender or a housing professional, the summit has something for you. Together with the New Mexico REALTORS® Association, the New Mexico Coalition to End Homelessness and Habitat for Humanity of New Mexico, we will bring you the latest housing information and training and the most informative and educational speakers.

Stay tuned for more information!
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: November 30, 2017

RE: Memo No. 17-23

- Increased volume and MFA Compliance turn times

Thanks to our participating lenders, MFA’s Reservation/Compliance volume remains at record highs. We assure you that all efforts and available resources are being allocated to review files as quickly as possible. MFA will guarantee the following timeframes for the weeks leading up to the Christmas Holiday

- MFA guarantees that compliance files uploaded by the 5:00 pm MST on December 15, 2017 will be reviewed by the close of business on December 22, 2017.
- MFA guarantees that compliance suspense conditions uploaded by the 5:00 pm MST on December 18, 2017 will be reviewed by the close of business on December 22, 2017.

We cannot guarantee that compliance files and suspense conditions uploaded after the aforementioned dates will be reviewed prior to the end of the year. Files and conditions will be reviewed in the order that they are received. Thank you for your patience and understanding.
We respectfully ask that you limit communication with our office staff to issues that are pertinent to your files in process. Please direct general questions and status requests regarding files to your Homeownership Representative. Lenders should also ensure that an adequate number of employees have access to MFA’s reservation system so that loans may be retrieved and conditions viewed as needed.

Please exercise additional due diligence by reviewing all documents before submitting the file to MFA for review. A complete and accurate file submission will not only expedite the approval process but will help ensure a timely closing.

Thank you for participating in MFA’s program. Should you have any questions, please contact an MFA Homeownership Representative.

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Our mailing address is:
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Albuquerque, NM 87102

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unsubscribe from this list    update subscription preferences
As friends and family gather during this holiday season, may your home be filled with love and laughter.

— from your friends at the New Mexico Mortgage Finance Authority.