NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, December 21, 2016 at 9:30 a.m.

Agenda

Chair Convenes Meeting
➢ Roll Call (Jay Czar)
➢ Approval of Agenda – Board Action
➢ Approval of 11/16/16 Board Meeting Minutes – Board Action
➢ Employee Introductions
   René Acuña, Director of Homeownership – (Gina Hickman)

Board Action Items

<table>
<thead>
<tr>
<th>Finance Committee</th>
<th>Action Required?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Underwriter Services for Single and Multi-family Housing Programs-Request for Proposal Award Recommendations (Kathy Keeler)</td>
<td>YES</td>
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<tr>
<th>Contracted Services Committee</th>
<th>Action Required?</th>
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<tr>
<td>2. Legal Services as Bond Counsel (Kathy Keeler)</td>
<td>YES</td>
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<td>3. RHA- 2016 RHA Annual Report (Rose Baca-Quesada; Chris Herbert; Sonia Flores; Rich Frye)</td>
<td>YES</td>
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<tr>
<td>4. Update on Linkages Program &amp; SAMHSA Grant Funding (Shannon Tilseth)</td>
<td>YES</td>
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Other
5. Shiprock- Inducement Resolution (Heather Abramowski) YES

Other Board Items
6. (Staff is available for questions)
   ■ Staff Action Requiring Notice to Board
   ■ 2016 Series C Pricing Summary
   ■ Standard & Poors Issuer Credit Rating
   ■ Moody’s Investors Service Issuer Credit Rating

Monthly Reports
7. (Staff is available for questions)
   ■ 10/31/16 Financial Statements
   ■ Communications Department Reports

Announcements and Adjournment

Confirmation of Upcoming Board Meetings
➢ January 18, 2017 – Wednesday – 9:30 a.m. (Inn & Spa @ Loretto, Santa Fe)
➢ February 15, 2017- Wednesday - 9:30 a.m. (MFA Board Room)
➢ March 15, 2017- Wednesday- 9:30 a.m. (MFA Board Room)
NEW MEXICO MORTGAGE FINANCE AUTHORITY  
Board Meeting  
344 4th St. SW, Albuquerque, NM  
Wednesday, December 21, 2016 at 10:30 a.m.

Summary Agenda

Chair Convenes Meeting
- Roll Call (Jay Czar)
- Approval of Agenda – Board Action
- Approval of 11/16/16 Board Meeting Minutes – Board Action
- Employee Introductions
  - René Acuña, Director of Homeownership – (Gina Hickman)

Board Action Items

Finance Committee
1. Underwriter Services for Single and Multi-family Housing Programs-Request for Proposal
   Award Recommendations (Kathy Keeler) - MFA’s Board approved a request for Proposals to Provide
   Underwriting Services for Single Family and Multifamily Housing Programs at its August 17, 2016 meeting.
   MFA received eight responsive proposals. Proposals were scored by an internal committee of five staff members
   in accordance with the evaluation criteria as outlined in the RFP. Staff recommends that RBC Capital Markets
   which received the highest average score serve as Senior Manager and Raymond James & Associates which
   received the second highest average score serve as Co-Manager. In addition for Special Products Senior
   Manager, staff recommends the following: (1) RBC Capital Markets for the single-family pass through bond
   program, (2) Jefferies LLC for the multifamily pass through bond program and (3) Stifel for the TEMS program.
   The term of the Underwriting Services Contract(s) begins the date the MFA Board of Directors approves the
   award and ends November 30, 2019. The award is contingent upon successful negotiation of a contract with each
   entity. At the option of the Board, the contract may be extended for two, one year periods under the same terms
   and conditions.

Contracted Services Committee
2. Legal Services as Bond Counsel (Kathy Keeler) - In November 2016, MFA received notice that effective January
   1, 2017, Ballard Spahr LLP’s (“Ballard”) Salt Lake City Public Finance team which includes Blake Wade, Randall
   Larsen and Ryan Warburton among others, would be withdrawing from Ballard and joining Gilmore & Bell, P.C
   (“Gilmore”). MFA’s Executive Director and various staff members held separate meetings with Jere Thompson,
   Partner with Ballard who would be leading the Ballard Bond Counsel Team and also with Blake Wade, Ryan
   Warburton and a representative from Gilmore. Staff is recommending that Ballard continue on as Bond Counsel
   under the existing contract. This contract expires on September 19, 2017, however, staff will be bringing a Request
   for Proposal for Bond Counsel Services to the Board at the February, 2017 meeting with a recommendation for
   Bond Counsel at the April, 2017 Board meeting. In addition, staff is recommending that Ryan Warburton and Jacob
   Carlton who are withdrawing from Ballard and joining Gilmore be authorized to provide Bond Counsel services for
   the Arioso Apartments multifamily transaction, Pasa Tiempo Apartment multifamily transaction and the South
   Shiprock Homes multifamily transaction. These bond transactions are currently in process and it is in the best
   interest of MFA to have that team continue providing Bond Counsel services on those projects until such time as the
   financing for those two projects is completed.
3 **RHA- 2016 RHA Annual Report (Rose Baca-Quesada; Chris Herbert; Sonia Flores; Rich Frye)** - Staff recommends approval of the regional housing authority 2016 Annual Report as mandated by the Regional Housing Act. The report includes operational and fiscal activities for Western, Eastern and Northern regional housing authorities for the 2016 calendar year.

4 **Update on Linkages Program & SAMHSA Grant Funding (Shannon Tilseth)** - Linkages is a permanent supportive housing voucher program for persons with severe mental illness and who are homeless or precariously housed. The program is funded by the state through the Behavioral Health Services Division & Optum Health New Mexico in the amount of $1,350,000. The 2016-2017 Program was underfunded and a plan was put into place to cover the shortage. The Board approved 6 month contracts and MFA administration fees totaling $832,431.51 on August 17, 2016. Based on a new SAMHSA grant received by HSD in the amount of $600,000, we project that with the measures still in place, the Linkages program will have enough funding to ensure all current clients will continue to be housed for the full program year (12-months). Total funding for the program will total $1,950,000. In addition, the new SAMHSA HHRHI funding will be used to provide 25 new housing vouchers. We will keep our cost containment plan in place and any new vouchers issued will require prior approval by BHSD and MFA. This will also ensure that future funding for the Linkages program is able to sustain the clients currently in the program.

**Other**

5 **Shiprock- Inducement Resolution (Heather Abramowski)** - Staff requests approval of the attached Inducement Resolution in the amount of $14.6 million of tax exempt bonds for South Shiprock Homes, a 255 unit development located in Shiprock, NM. The primary purpose of the Inducement Resolution is to allow MFA and the developer to incur costs in connection with the acquisition and rehabilitation of this project with the intent to reimburse certain qualified expenditures from bond proceeds. Staff anticipates requesting Volume Cap from SBOF at its February 2017 meeting. Thereafter, staff will return to the MFA Board and present a Bond Resolution which, if approved, will authorize the issuance of tax exempt bonds for this project.

**Other Board Items**

6 (Staff is available for questions)

- Staff Action Requiring Notice to Board
- 2016 Series C Pricing Summary
- Standard & Poors Issuer Credit Rating
- Moody’s Investors Service Issuer Credit Rating

**Monthly Reports**

7 (Staff is available for questions)

- 10/31/16 Financial Statements
- Communications Department Reports

**Announcements and Adjournment**

**Confirmation of Upcoming Board Meetings**

- January 18, 2017 – Wednesday – 9:30 a.m. (Inn & Spa @ Loretto, Santa Fe)
- February 15, 2017- Wednesday - 9:30 a.m. (MFA Board Room)
- March 15, 2017- Wednesday- 9:30 a.m. (MFA Board Room)
Minutes
Chair Dennis Burt convened the meeting on November 16, 2016 at 9:35 a.m. Secretary Jay Czar called the roll. Members present: Chair Dennis Burt, Angel Reyes, Vincent Torres (Designee for Lieutenant Governor John Sanchez), Sally Malavé (Designee for Attorney General Hector Balderas), Treasurer Tim Eichenberg and Steven Smith. Absent: McMillan. 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 16, 2016 Board agenda as presented: Reyes. Second: Smith. Vote: 6-0.

**Approval of 10/19/16 Board Meeting Minutes – Board Action.** Motion to approve the October 19, 2016 Board Meeting Minutes as presented: Malavé. Second: Eichenberg. Vote: 6-0.

Employee Introductions: Rose Baca-Quesada, Director of Community Development, introduced Laura Chavez, Program Manager – Community Development Department.

**Finance Committee**

1 **Follow-Up on Open Internal Audit Observations (Jessica Bundy, REDW).** Bundy informed the board that they had performed a variety of procedures in order to follow-up on previous observations to determine if each had been resolved. REDW interviewed MFA employees and obtained the listing 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 resolved, pending resolution or unresolved. Bundy reviewed the observations and current status on each area of concerns. All outstanding internal audit observations have been resolved. Motion to approve the Follow-Up on Open Internal Audit Observations as presented: Torres. Second: Smith. Vote: 6-0. (See attachment A)

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 meeting for approval as a plan for FY2016. Today’s presentation is the summary of results on the following areas; Risk Assessment and Internal Audit Plan, Home Rule Changes, Fair Lending and Housing Acts, Information Technology Consulting, Follow up on outstanding observations, annual reporting and administration. She reviewed the Internal Audit Summary hours regarding the areas listed above. The plan discussed is located behind tab two which will be made a part of the official board packet. Internal audit budgeted hours for FY16 were 420; 310 hours were expended for a positive budgeted hour variance of 110 hours. Motion to approve the REDW Internal Audit Budget vs. Actual as presented: Smith. Second: Reyes. Vote: 6-0. (See Attachment B).

3 **FY17 – FY19 Internal Audit Plan (Jessica Bundy, REDW).** Bundy informed the board that REDW was asking for approval of a three year plan from FY2017 - 2019. She reviewed FY17 Internal Audit 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 FY2017 are: Risk Assessment and Internal Audit Plan, Compliance Management System Assessment, Employee Management, Procurement, Employee Benefit Plans and Follow-up, Annual Reporting, and Administration for a total of 480 hours. Motion to approve the Internal Audit Plan as recommended: Malavé. Second: Reyes. Vote: 6-0. (See Attachment C)
4 Areas of Statistically Demonstrated Need for 2017 QAP (Susan Biernacki and Heather Abramowski). Abramowski reviewed the handouts provided behind tab four, they are: a memorandum explaining revised Selection Methodology, the revised 2017 Areas of Statistically Demonstrated Need and The revised Tier 1 and Tier 2 Selection Methodology. She explained the initial Areas of Statistically Demonstrated Need were approved by the Board in August however staff received two comments regarding the approved counties. She informed the board that staff revisited the methodology and clarified the standard to an area of need will retain its Tier status for two years whereas under the original methodology an area of need will remain an area of need for a minimum of two years; allowing for Tier adjustments. She explained this clarification will allow counties to move up to Tier 1 and/or be added to the list but will protect counties from moving down or off the list in their second year. She reviewed the counties that fall under Tiers 1 & 2, stating that three counties moved up to Tier 1 as a result of the clarification and were marked with an asterisk as areas that remain as areas of need for a second year (under the two year criteria) although they do not meet criteria in 2017. Motion to approve the Areas of Statistically Demonstrated Need for 2017 QAP as presented: Malavé. Second: Reyes. Vote: 6-0. (See Attachment D)

5 Draft 2017 Qualified Allocation Plan (Susan Biernacki). Biernacki began by reviewing the process staff, developers and board had been through to reach this point. She informed the board that the draft looks different in terms of the proposed cost containment that had originally gone out with in our publication. She further stated it does retain many of the original proposed changes. Biernacki further informed the board that the memo and draft QAP are located behind tab five and will become an official part of the official board packet. She reviewed the list of proposed changes to the 2017 QAP, stating it is not an exhaustive list of all changes. Rather it is a summary of the most significant changes. She further informed the board that the submission date was moved from February 1 to February 15, therefore the board will see awards in June rather than May. There will be a training held on 12/8 on the new 2017 QAP at the Indian Pueblo Cultural Center. Biernacki stated that once the 2017 QAP is approved by the Board, it will be sent to the Governor for final approval. Discussion ensued regarding the Scope of Work; the Narrative Description requirements; Submission Date being moved further out; and Terminology on Identity of Interest. Appreciation was given to staff for the quality of work done on this document, stating it will move us along in providing affordable housing for the people of New Mexico. Motion to approve the Draft 2017 Qualified Allocation Plan as presented: Reyes. Second: Malavé. Vote: 6-0. (See Attachment E)

6 Penetration Test Results (Joseph Navarrete). Navarrete began his presentation with background information stating in August 2016 RiskSense, Inc. performed an Internal and External Penetration Test of New Mexico Mortgage Authority’s (MFA) network, web applications, and external firewall complex. This test was performed to assist management in evaluating the security of MFA’s infrastructure by safely trying to exploit vulnerabilities. These vulnerabilities may exist in operating systems, service and application flaws, improper configurations, or risky user behavior. Navarrete further stated that based on that testing, MFA received an overall security posture score of 691, out of a total of 850. Navarrete went over the report provided with regards to high, medium and low vulnerabilities, broken down by internal and external applications as well as web applications. Navarrete also reviewed the remediation summary. He spoke of some of the new systems MFA has put in place to assist remediate some of the vulnerabilities. He informed the board while there are several vulnerabilities, MFA scored well on the testing and will be focusing on the closure of all High and Distinct vulnerabilities with publicly available exploits before the end of the calendar year. To date since the test MFA has closed out 7.6% (188 vulnerabilities). Motion to approve the Penetration Test Results as presented: Malavé. Second: Reyes. Vote: 6-0. (See Attachment F)

7 Vendor Management Policy (Robyn Powell). Powell informed the board that she would be reviewing both the memo and vendor policy provided behind tab seven, which will be made a part of the official board packet. Powell stated that MFA is currently building a formal Compliance Management System to ensure regulatory compliance and satisfy the requirements of regulatory agencies, specifically the Consumer Financial Protection Bureau (CFPB). One requirement of a comprehensive Compliance Management System is a vendor management component, which involves the regulatory oversight of certain service provider relationships, defined under the Dodd–Frank Act as “any person that provides a material service to a covered
person in connection with the offering or provision by such covered person of a consumer financial product or service”. Powell reviewed the CFPB Bulletin 2016-12 requirements. She further stated the Vendor Management Policy defines how MFA will address the CFPB’s regulatory compliance requirements related to vendor management and is designed to protect the interests of MFA’s consumers and avoid consumer harm. Motion to approve the Vendor Management Policy as recommended: Malavé. Second: Eichenberg. Vote: 6-0. (See Attachment G)

8 9/30/16 Quarterly Financial Statement Review (Gina Hickman). Hickman began her presentation by reviewing the year-end financial performance, stating it has been a good year for MFA. She gave a brief update on the external audit, stating the exit conference will be conducted at the December Finance Committee meeting, further stating we are on target to meet our deadlines and everything went well. Hickman provided an overview of the Financial Review located behind tab eight. She reviewed the summary of new bond issues. She made note of single family production of $308mm, stating it is the second biggest year in the history of MFA’s program. She then reviewed the comparative year-to-date figures, updates to the Forecast/Target numbers, benchmarks and cautions, the current year financial trends and variances, and interest rate environment. She also reviewed monthly and quarterly graphs, made reference to the Financial Statements and the graphs which show the effect of GASB31. Member Reyes suggested that he would like to see a credit quality metric – performance of the organization. Hickman made reference to the quarterly board report located behind tab 13, referencing the servicing section, which includes delinquency numbers. Discussion ensued regarding the type of information they would like to see with regards to a performance metric that can assist the board in making decisions and understanding credit risk. Hickman explained this request is timely; stating staff will be making updates to the quarterly financial report in conjunction with the new strategic plan and servicing implementation. Chair Burt commented that the growth we have experienced this year is a credit to the foundation that has been laid to this organization; it’s been a very successful year and it raises the bar for 2017. Hickman gave credit to the team and thanked the board. Motion to approve the 9/30/16 Quarterly Unaudited Financial Statements as presented: Smith. Second: Malavé. Vote: 6-0. (See Attachment H)

9 9/30/16 Quarterly Investment Review (Kathy Keeler). Keeler informed the board that this will be the final time we see this format as the new format will be unveiled during the next reporting cycle of the new fiscal year. Keeler presented the Quarterly Investment Review packet behind tab nine which will be included in the official board packet. She reviewed Graphs 1-5 highlighting the different types of investments, balances, compliance with Investment Policy ranges and rates of return for the investments for General Fund investments. Keeler also reviewed the Housing Trust Fund Balance which is invested in the State Investment Council and the return on those investments. She also reviewed the General Fund projected Cash Flows. Motion to approve the 9/30/16 Quarterly Investment Review as presented: Eichenberg. Second: Reyes. Vote: 6-0. (See Attachment I)

Other

10 FY2016 Strategic Plan Close Out (Izzy Hernandez/Gina Hickman). Hernandez informed the board that Gina and he would present the strategic plan performance dashboard, stating Gina would present priorities 1 & 4 and he would present on the others. Hickman began by stating we set high standards in regards to our strategic plan. All of our benchmarks for FY2016 were met. It’s a team effort, everyone in the building contributes to these activities. Highlights were provided by Hernandez and Hickman as they reviewed the five specific goals and discussed the individual goal areas and related outcomes, which are Priority 1 – Operational Excellence, Priority 2 – New Resources, Priority 3 – Effective Partnerships, Priority 4 – Expanded Homeownership Opportunities and Priority 5 – Expanded Rental Opportunities. Motion to approve the FY 2016 Strategic Plan Close Out as presented: Malavé. Second: Smith. (See Attachment J)

Other Board Items - Information Only

11 No questions were asked of staff.

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

Monthly Reports - No Action Required
13 No questions were asked of staff.
   - Quarterly Board Report

Announcements and Adjournment – Member Reyes commended Biernacki, Hickman, Hernandez and Czar for his great leadership and a job well done. Further stating what a great meeting to come to and see all these results.
Chair Burt reminded the Board that next month’s is at 9:30 a.m. December 21, 2016 at the offices of the MFA.

There being no further business the meeting was adjourned at 11:30 a.m.

Approved: December 21, 2016

________________________________________  __________________________________________
Chair, Dennis Burt                        Secretary, Jay Czar
# New Mexico Mortgage Finance Authority

Finance/Operations Committee Meeting

Tuesday, December 13, 2016 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>
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<tbody>
<tr>
<td>1 9/30/15 External Audit Exit Conference (Laurie Tish, Partner, Moss Adams and Shannon Sanders, Audit Manager, Office of the State Auditor )</td>
<td>3-0</td>
<td>YES</td>
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<tr>
<td>2 Underwriter Services for Single and Multi-family Housing Programs-Request for Proposal Award Recommendations (Kathy Keeler)</td>
<td>3-0</td>
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Committee Members present:

- Steven Smith, Chair
- Dennis Burt
- Lieutenant Governor John Sanchez or Proxy Mark Van Dyke or Vincent Torres

Secretary: [Signature]  
12/13/16
Tab 1
MEMORANDUM

TO: MFA Board of Directors


Through: Policy Committee – December 6, 2016

FROM: Kathleen M. Sysak-Keeler

DATE: December 21, 2016

SUBJECT: Award for Request for Proposals to Provide Underwriter Services for Single Family and Multifamily Housing Programs

Recommendation:
MFA received nine responses to the Request for Proposals to Provide Underwriter Services for Single Family and Multifamily Housing Programs (the “RFP”), one proposal was non responsive. The eight responsive proposals did meet minimum threshold. The proposals were scored by an internal committee of five staff members in accordance with the evaluation criteria as outlined in the RFP. The committee recommends that RBC Capital Markets be selected as senior manager with Raymond James & Associates as co-manager based on these entities earning the first and second highest point averages resulting from the scoring process. In addition, the committee recommends that the following be selected to serve as special products senior manager: RBC Capital Markets for their single family pass through bond structure, Jefferies for their multifamily pass through bond structure and Stifel Nicolaus & Company for their Tax-Exempt Mortgage-backed Securities (“TEMS”) program.

Background:

February 2013--The contract was awarded to J.P. Morgan as Lead Underwriter with RBC Capital Markets serving as Co-Manager. The contract started on March 20, 2013 and ended on March 20, 2015. At the option of the MFA Board of Directors, the contract may be extended for three, one-year periods under the same terms and conditions.

February 2015--The Board exercised the first of three one-year period extensions by extending the contract for one year until March 20, 2016.

February 2016--the Board exercised the second of three one-year period extensions by extending the contract for one year until March 20, 2017.
August 2016—MFA issued the RFP to pursue other financing techniques that could benefit MFA that were not being offered by our current underwriting team. In addition, MFA did not have multifamily housing program underwriters under contract and staff wanted the opportunity to evaluate multifamily financing techniques available that may be advantageous to MFA.

As noted in the RFP, the contract begins on the date the MFA Board of Directors approves the award and ends on November 30, 2019. The award shall be contingent upon successful negotiations of a final contract between MFA and the Offeror(s) whose proposals are accepted by MFA. At the option of the Board, the contract may be extended for two one-year periods under the same terms and conditions.

**Discussion:**

MFA did receive nine proposals of which one was non-responsive. Proposals from Bank of America/Merrill Lynch, George K. Baum, Fidelity Capital Markets, Jefferies LLC, JP Morgan, RBC Capital Markets, Raymond James & Associates and Stifel Nicolaus & Company met minimum threshold and were independently scored by the internal review committee. The attached Exhibit A shows the average points awarded for each evaluation criteria as outlined in Part IV: Evaluation Criteria of the RFP.

RBC Capital Markets currently serves as senior or co-manager for MFA’s single family bond program and has provided excellent services to MFA not only under the current professional services agreement but for many years previously either as senior or co-manager. RBC also underwrote MFA multifamily bond issues with a traditional structure several years ago. The firm has also underwritten bonds for Minnesota Housing Finance Agency, Wyoming Community Development Authority, North Dakota Housing Finance Agency and Washington State Housing Finance Commission to name a few. RBC Capital Markets also maintains two offices in Albuquerque with 29 professionals specializing in various areas of public finance and retail brokerage. RBC Capital Markets earned 94 points which is the highest average number of points as shown on Exhibit A and is being recommended to serve as Senior Manager.

Raymond James & Associates has a long history of underwriting housing bonds in addition to having a retail presence in New Mexico with 14 offices and 33 retail brokers. The firm has underwritten bonds for West Virginia Housing Development Fund, Texas State Affordable Housing Corporation, Tennessee Housing Development Agency and Louisiana Housing Finance Agency to highlight a few of their clients. Raymond James & Associates earned 89 points the second highest average number of points as shown on Exhibit A and is being recommended to serve as Co-Manager.

In additional, three firms are being recommended for their special products as follows:

1. **RBC Capital Markets:** RBC is being recommended as Senior Manager for single-family pass through bond structures. RBC was one of the first investment banking firms to implement this structure and they continue to grow the investor base for these bonds. MFA did benefit from this structure on its 2015 Series D bond issue with RBC as Senior Manager and even though RBC was
Board of Directors  
December 21, 2016  
RE: Award of Underwriting Services

Co-Manager on the 2016 Series B bonds, they were instrumental in placing a majority of the bonds.

(2) Jefferies LLC: Jefferies is being recommended as Senior Manager for multi-family pass through bond structures. Jefferies developed a competitively priced, multifamily pass through bond structure that utilizes risk-share mortgage insurance and hence would carry a rating of “Aaa”. The structure is currently being utilized by several housing finance agencies to achieve the most cost effective and lowest cost of capital for financing new construction and moderate rehab 4% low income housing tax credit transactions and saves 25-35 basis points compared to traditional bond structures.

(3) Stifel: Stifel is being recommended as Senior Manager for their Tax-Exempt Mortgage Backed Securities (“TEMS”) product. TEMS are debt instruments issued by a state housing finance agency that are securitized by a GNMA, Fannie Mae or Freddie Mac. This execution provides the simplicity of the TBA market with the value of the tax exemption. Housing finance agencies utilizing this program include Utah and Idaho.

Summary:
MFA’s Board approved a request for Proposals to Provide Underwriting Services for Single Family and Multifamily Housing Programs at its August 17, 2016 meeting. MFA received eight responsive proposals. Proposals were scored by an internal committee of five staff members in accordance with the evaluation criteria as outlined in the RFP. Staff recommends that RBC Capital Markets which received the highest average score serve as Senior Manager and Raymond James & Associates which received the second highest average score serve as Co-Manager. In addition for Special Products Senior Manager, staff recommends the following: (1) RBC Capital Markets for the single-family pass through bond program, (2) Jefferies LLC for the multifamily pass through bond program and (3) Stifel for the TEMS program.

The term of the Underwriting Services Contract(s) begins the date the MFA Board of Directors approves the award and ends November 30, 2019. The award is contingent upon successful negotiation of a contract with each entity. At the option of the Board, the contract may be extended for two, one year periods under the same terms and conditions.
## Part IV: Evaluation

### Criteria

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NEW MEXICO MORTGAGE FINANCE AUTHORITY  
Contracted Services/Credit Committee Meeting  
Tuesday, December 13, 2016 @ 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>
</tr>
</thead>
<tbody>
<tr>
<td>1 Legal Services as Bond Counsel (Kathy Keeler)</td>
<td></td>
<td>YES</td>
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<tr>
<td>2 RHA- 2016 RHA Annual Report (Rose Baca-Quesada; Chris Herbert; Sonia Flores; Rich Frye)</td>
<td>3-0</td>
<td>YES</td>
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<tr>
<td>3 Update on Linkages Program &amp; SAMHSA Grant Funding (Shannon Tilseth)</td>
<td>YES</td>
<td>NO</td>
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</tbody>
</table>

Committee Members present:  

Angel Reyes, Chair  
Attorney General Hector Balderas or Sally Malavé  
Randy McMillan  

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

Secretary: [Signature]  
12/13/16
Tab 2
MEMORANDUM

To: Board of Directors

Through: Contracted Services/Credit Committee – December 13, 2016
Through: Policy Committee – December 8, 2016

FROM: Kathleen Sysak-Keeler

DATE: December 21, 2016

SUBJECT: Legal Services as Bond Counsel

Recommendation:
Effective January 1, 2017, Ballard Spahr LLP’s (“Ballard”) Salt Lake City Public Finance staff including MFA’s current Bond Counsel team will be withdrawing from Ballard and joining Gilmore & Bell, P.C. (“Gilmore”). Staff is recommending that Ballard’s proposed Bond Counsel Team continue to provide services as Bond Counsel under the existing contract. This contract expires on September 19, 2017, however, staff will be bringing a Request for Proposal for Bond Counsel Services to the Board at the February, 2017 meeting with a recommendation for Bond Counsel at the April, 2017 Board meeting.

In addition, staff is recommending that Ryan Warburton and Jacob Carlton who are withdrawing from Ballard and joining Gilmore be authorized to provide Bond Counsel services for the Arioso Apartments multifamily transaction, Pasa Tiempo Apartment multifamily transaction and the South Shiprock Homes multifamily transaction. These bond transactions are currently in process and it is in the best interest of MFA to have that team continue providing Bond Counsel services on those projects until such time as the financing for those two projects is completed.

Background:
June 2012 – After issuing a Request for Proposals for Legal Services as Bond Counsel (the “RFP”), Ballard Spahr was selected to provide services for a term of three years with two additional one-year period extensions under the same terms and conditions at the option of the Board.

July 2015 – The Board approved the first of two available one-year contract extensions under the existing terms and conditions as outlined in the Professional Services Agreement until September 19, 2016.

August 2016 – The Board approved the final one-year contract extension to extend the PSA under the same terms and conditions until September 19, 2017.
Discussion:
In November, 2016 MFA received notice that effective January 1, 2017 the Ballard Spahr LLP ("Ballard") Public Finance Partners located in Salt Lake City, namely, Blake K. Wade, Randall M. Larsen and Ryan R. Warburton along with other attorneys and staff would be withdrawing from Ballard and joining Gilmore. Please see the attached letter from Ballard (Exhibit A). Per the letter from Ballard, MFA could select to continue utilizing Ballard as Bond Counsel, utilize Gilmore as Bond Counsel or chose otherwise. Attached as Exhibit B is information on Gilmore.

MFA’s Executive Director and other staff members met with Jere Thompson, Partner from Ballard’s Philadelphia Office who would be assigned to MFA’s current contract. Mr. Thompson and the team proposed to take over the existing contract with Ballard are well qualified to continue providing Bond Counsel services and will do so under the same terms and conditions in the existing contract. Attached is a revised Schedule A (Exhibit C) from the existing contract to list out the new Bond Counsel Team followed by a biography for each Team member. In addition, MFA’s Executive Director and other staff members met with Blake Wade and Ryan Warburton who are withdrawing from Ballard and joining Gilmore along with Lisa Russell, a shareholder from Gilmore. Ms. Russell highlighted Gilmore’s philosophy and focus on client service and Mr. Wade and Mr. Warburton addressed the benefits that they see for their clients by their joining the Gilmore firm.

At this time, Ryan Warburton and Jacob Carlton, who are withdrawing from Ballard and joining Gilmore are well into working on three multifamily transactions, namely, Arioso Apartments, Pasa Tiempo Apartments and South Shiprock Homes and hence are very familiar with the transactions. It is in MFA’s best interests to have that team continue providing bond counsel services on those projects. No single family bond transactions are in process.

Summary:
In November 2016, MFA received notice that effective January 1, 2017, Ballard Spahr LLP’s ("Ballard") Salt Lake City Public Finance team which includes Blake Wade, Randall Larsen and Ryan Warburton among others, would be withdrawing from Ballard and joining Gilmore & Bell, P.C ("Gilmore"). MFA’s Executive Director and various staff members held separate meetings with Jere Thompson, Partner with Ballard who would be leading the Ballard Bond Counsel Team and also with Blake Wade, Ryan Warburton and a representative from Gilmore. Staff is recommending that Ballard continue on as Bond Counsel under the existing contract. This contract expires on September 19, 2017, however, staff will be bringing a Request for Proposal for Bond Counsel Services to the Board at the February, 2017 meeting with a recommendation for Bond Counsel at the April, 2017 Board meeting. In addition, staff is recommending that Ryan Warburton and Jacob Carlton who are withdrawing from Ballard and joining Gilmore be authorized to provide Bond Counsel services for the Arioso Apartments multifamily transaction, Pasa Tiempo Apartment multifamily transaction and the South Shiprock Homes multifamily transaction. These bond transactions are currently in process and it is in the best interest of MFA to have that team continue providing Bond Counsel services on those projects until such time as the financing for those two projects is completed.
November 22, 2016

Jay Czar, Executive Director
Gina Hickman, Deputy Director
of Finance & Administration
New Mexico Mortgage Finance Authority
344 4th Street SW
Albuquerque, New Mexico 87102

Dear Jay and Gina:

As a valued client, we are writing to let you know that Ballard Spahr partners Blake K. Wade, Bradley D. Patterson, Randall M. Larsen, Ryan R. Warburton and Preston F. Olsen (the “Salt Lake City Public Finance Partners”), along with associates Jacob Carlton, Darci Stephens and Clay Hardman and law clerk Aaron Wade, will be withdrawing from the firm effective as of December 31, 2016 to join Gilmore & Bell, P.C., a public finance boutique. The Salt Lake City Public Finance Partners will continue to practice with Ballard Spahr until December 31, 2016, when they will open a new office of Gilmore & Bell located at 15 West South Temple, Suite 520, Salt Lake City, Utah 84101.

Ballard Spahr is presently handling the matters listed on the attached schedule and has historically advised you on public finance matters. Until the end of the year, Ballard Spahr will continue to handle these matters in the same manner as in the past. Beginning January 1, 2017, such matters will be handled by Ballard Spahr, by Gilmore & Bell, or as you may otherwise direct. The decision lies solely in your discretion. If you choose to move any open or historical matters to Gilmore & Bell, or to assign all or any part of any existing contract with Ballard Spahr, we ask that you so notify Ballard Spahr by completing and returning the attached Client Authorization. Ballard Spahr and Gilmore & Bell are prepared to work cooperatively in this process to assure a smooth transition for your benefit. Ballard Spahr and Gilmore & Bell have agreed that for open matters transferred to Gilmore & Bell, legal fees and expenses collected by either firm will be shared between the two firms proportionately. This arrangement between the firms will not increase the total amount of fees or expenses payable with respect to such open matters.

In closing, we appreciate the trust you have placed in Ballard Spahr and in the Salt Lake City Public Finance Partners, and we all look forward to the opportunity to continue to serve
your legal needs in the future. If you have any questions, please feel free to call any one of the undersigned.

BALLARD SPAHR LLP

SALT LAKE CITY PUBLIC FINANCE PARTNERS

BEAKIN WADE

RANDELL M. LARSEN

PRESTON F. OLSEN

BRADLEY D. PATTERSON

RYAN R. WARBURTON
CLIENT AUTHORIZATION

I hereby authorize and instruct Ballard Spahr LLP to transfer the following public finance matters to Gilmore & Bell, P.C.

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<tr>
<th>Client Name</th>
<th>Matter #</th>
<th>Matter Name</th>
<th>Open Date</th>
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<td>Single Family Mortgage Program Bonds 2016 Series C</td>
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<td>New Mexico Mortgage Finance Authority</td>
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<td>Pasa Tiempo</td>
<td>28-Jul-16</td>
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<td>Shiprock Apartments</td>
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<td>Santa Fe Apartments Additional Bonds</td>
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<td>Dona Ana Projects</td>
<td>29-Oct-15</td>
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<td>New Mexico Mortgage Finance Authority</td>
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<td>Arioso Apartments</td>
<td>11-Nov-16</td>
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<td>Transcripts only for all other Single Family and Multifamily Bond Transactions for the past 15 years</td>
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</table>

NEW MEXICO MORTGAGE FINANCE AUTHORITY

By: _______________________________
Its: _______________________________
Date: _______________________________
Who Are We?

GilmoreBell is a "boutique" law firm practicing exclusively in the area of public finance. While most of our practice is dedicated to representing public entities as bond counsel, we also represent underwriters and lenders in public finance transactions.

Who Are Our Clients?

Our public entity clients range from small volunteer fire districts to state and local governments to multi-billion dollar health systems with hospitals located throughout the United States. We represent states, cities, counties, public and private universities and colleges, health care institutions, highway departments, state housing authorities and special taxing districts. We also represent national and regional broker-dealers, banks and some of the nation's leading tax-exempt leasing companies.

Where Are Our Clients?

We have a national practice with a regional focus. The traditional governmental public finance practice is focused on the Midwest and the Mountain West. Our healthcare, leasing and lender's counsel practice is national in scope.

What Makes Us Unique?

People. Our focus is on people. We have designed and built our firm around providing exceptional legal service to the people who work for our public finance clients. We also take great pride in the team of more than 62 lawyers and 63 professional and support staff in seven offices that provide those services. We offer an exceptional work environment and many of our people have been with us for more than 25 years.

Creativity. Our number one goal is to help our clients achieve their goals. Telling clients what they can't do is easy. Offering clients alternative solutions requires creativity and resources.

Costs. Not being located on the East or West Coasts gives us a distinct advantage in managing the costs associated with operating a law firm. Law firms from both coasts have established back-office operations in the Midwest in an effort to take advantage of lower cost of doing business there. Our primary competition is law firms located on both coasts who have higher cost structures that ultimately must be passed on to clients.

Tax and Securities. Our Tax Group is one of the largest and most knowledgeable groups of tax attorneys in the country. All of them practice exclusively in public finance. Our Tax Group has successfully represented clients in over 100 audit examinations. Our Securities Group is on the leading edge of initial and continuing disclosure and was an industry leader in navigating the SEC's Municipalities Continuing Disclosure Cooperation Initiative.

Compliance Services. The Tax and Securities Groups are supported by our Compliance Services Group which serves over 500 clients offering them a full complement of post-issuance tax advice and continuing disclosure services. There are 13 professionals in this group.

How Do We Fare Against Our National Competition?

For the last six years we have issued more bond counsel opinions than any other law firm in the United States. In 2015, we finished 6th in the nation in dollar volume with 465 long-term municipal issues aggregating $9.1 billion.
SCHEDULE A

Bond Counsel Team

1. Blake K. Wade, Esq., Jere G. Thompson, Esq.
2. Frederick H. Olsen, Esq., Teri M. Guarnaccia, Esq.
5. Randall M. Larsen, Esq., Andrew Spicknall, Esq.
7. Jacob B. Carlton, Esq., Christopher D. Bell, Esq.
8. Laury A. Tuttle, Paralegal, Jennifer M. Roussil, Esq.
11. Tesla N. Stanley, Esq.
12. Christine Karas, Paralegal
13. Bret Spriggs, Paralegal
Ballard Spahr Public Finance Housing Practice

Jere G. Thompson  
Partner  
1735 Market Street, 51st Floor  
Philadelphia, PA 19103  
Direct: 215.864.8501 | Fax: 215.864.8999  
thompson@ballardspahr.com

Practice Areas
- Public Finance
- Health Care
- Housing Bonds
- Tax Credits
- Climate Change and Sustainability
- Housing
- P3/Infrastructure
- Marketplace Lending
- Energy and Project Finance
- Government-Assisted Housing
- Transactional Finance

Jere G. Thompson focuses on municipal finance, with an emphasis on tax-exempt private activity bonds (including housing, university, health care, manufacturing, and exempt facilities) and traditional municipal general obligation and revenue bonds.

Mr. Thompson serves as bond counsel in transactions involving mortgage revenue bonds, multifamily residential rental bonds, exempt facility and manufacturing private activity bonds, and traditional municipal general obligation and revenue bonds, including variable-rate and various types of credit-enhanced financings. He also has extensive experience with derivative products, such as multi-mode bond indentures, Dutch auction securities, and securitization of tax-exempt and taxable bonds where bonds are deposited into a trust and derivative products are issued in the form of principal and interest strips. He has been involved in a multitude of financings for variable-rate and interest-rate swaps.

Since 2000, Mr. Thompson has served as investor’s counsel in more than 500 Low Income Housing Tax Credit (LIHTC) financings across the country. His experience includes transactions taking a variety of forms, including plans of finance that combine low income, energy, solar and historic tax credits, HUD mixed finance, GSE backed loans, grants, and tax-exempt bonds. Mr. Thompson's clients in these complex transactions include major tax credit syndicators, banks, and housing agencies and authorities.

Mr. Thompson also was the lead attorney in representing Hunt Capital Partners in its acquisition of Capmark and Centerline LIHTC platforms, and as the principal counsel in related corporate reorganization of LIHTC businesses. He has also represented housing developers in major HUD sponsored RAD transactions including the largest RAD transaction to date for Hunt Development Group and the Housing Authority of the City of El Paso.

Ballard Spahr LLP
Ballard Spahr Public Finance Housing Practice

A nationally recognized leader in the area of military housing privatization initiatives, Mr. Thompson has been involved in almost $2.5 billion worth of military housing privatization transactions since May 2004. All of these financings involve complex real estate, historic preservation, and environmental issues; negotiations with the Army, Navy, and Air Force; securities law compliance concerning public and private bond offerings; and federal, state, and local tax issues.

Representative Matters

Representative Housing Transactions

- Pennsylvania Housing Finance Agency – multiple issuances of single family mortgage revenue bonds dating back to 1997 as well as several rental housing refunding bond issuances.
- Kamana Elderly Apartments (HI) – an affordable housing development for seniors qualified for $5.2 million in federal low-income housing tax credits and $2.6 million in Hawaii state low-income housing tax credits from Hawaii Housing Finance and Development Corp.
- South Carolina State Housing Finance and Development Authority – multifamily housing revenue bonds qualifying for LIHTC
- Housing Authority of the City of El Paso (TX) - Representing the developer and investor in the redevelopment of 6,346 public housing units into mixed-income and mixed-use neighborhoods for the Housing Authority of the City of El Paso (HACEP). Ballard Spahr assisted in closing the first phase, which will rehabilitate 1,590 low-income housing units. Our client Hunt Development Group joined with HACEP as developer to convert apartments in 13 authority housing complexes to Section 8 RAD units. We also represented Hunt Mortgage Group, LLC, which provided $59.6 million in long-term, senior debt financing, and Freddie Mac, which is processing the loan through its new Direct Purchase of Tax-Exempt Loans program.
- Portsmouth Redevelopment and Housing Authority (VA) - Representing the developer in RAD transactions for the 178-unit Lexington 1 (Lincoln Park Phase 1) site. Structured deal so that developer affiliates serve as the developer, property manager, and LIHTC syndicator.
  - Dale Homes - Hunt Development has engaged Ballard Spahr as counsel for a 146-unit multifamily rental housing conversion in Portsmouth, Va. Ballard is developer's counsel, environmental counsel, title and survey counsel, and HUD/RAD counsel to Hunt. In addition, Ballard Spahr is also counsel to Freddie Mac on this deal.
- Housing Authority of Savannah (GA) –
  - Hitch Phase I – Represented procured developer in a 536-unit, portfolio-wide RAD conversion consisting of four public housing developments.
  - Hitch Phase II – in process.
  - Wessels/Blackshear Redevelopment, L.P. – Closed June 2016
- Spartanburg Housing Authority (SC) - Represented the managing member/owner and the developer in the redevelopment of 338 unit multifamily rental housing development located across seven sites in Spartanburg, South Carolina. The transaction involved conversion of apartment units to RAD units and...
Ballard Spahr Public Finance Housing Practice

utilized a mix of financing including tax-exempt bonds, an FHA-insured 221(d)(4) loan, local housing authority loans and equity.

Representative Military Housing Transactions

- Forest City Southern Group, LLC ($127,975,000) Military Housing Taxable Revenue Bonds (Air Force Southern Group Privatization Project) 2011 Series A-1 and ($45,000,000) Taxable Military Housing Revenue Class I Bonds (Air Force Southern Group Privatization Project) 2011 Series A-2
- Fort Irwin Land LLC ($30,629,070) Military Housing 2009 Series A Note
- Fort Jackson Housing LLC ($107,652,615) Military Housing Taxable Revenue Class I Bonds (Fort Jackson Housing Privatization Project) 2008 Series A
- West Point Housing LLC ($133,500,000) Military Housing Taxable Revenue Bonds (West Point Housing Privatization Project) 2008 Series A
- Ohana Military Communities, LLC ($255,470,000): Military Housing Revenue Bonds (Marine Corps Hawaii Housing Privatization Project) 2007 Series A
- Fort Carson Family Housing, LLC ($118,600,000): Taxable Fort Carson Housing Revenue Bonds Series 2006
- Ohana Military Communities, LLC ($843,144,481.80): Military Housing Revenue Bonds (Navy Hawaii Housing Privatization Project) 2006 Series A and (Marine Corps Hawaii Housing Privatization Project) 2006 Series B
- Midwest Family Housing, LLC ($142,430,000): Navy, Midwest Housing Privatization Project
- Fort Benning Family Communities LLC ($466,987,900): Fort Benning Privatization Project
- Utah Housing Corporation ($41,000,000): Boyer Hill Military Housing Project
- Belvoir Land LLC ($512,790,000): Fort Belvoir Family Housing Project
- Fort Irwin Land LLC ($419,525,000): Fort Irwin/Moffett/Parks Family Housing Project
- New York City Housing Development Corporation ($47,545,000): Fort Hamilton Housing LLC Project
- Ohana Military Communities, LLC ($289,000,000): Navy Hawaii Housing Privatization Project

Mr. Thompson also represents AIG Retirement Systems, Inc. (formerly SunAmerica, Inc.) and Hunt Capital Partners as tax credit equity investor client counsel in connection with new construction and rehabilitation of affordable multifamily housing facilities throughout the United States.

Professional Activities

American Bar Association
Pennsylvania Bar Association
Philadelphia Bar Association
National Association of Bond Lawyers

Ballard Spahr LLP
Ballard Spahr Public Finance Housing Practice

Speaking Engagements


Education

Vanderbilt University Law School (J.D. 1980)
Research Editor, *Vanderbilt Journal of Transnational Law*

The Johns Hopkins University (B.A. 1977)

Admissions

Pennsylvania
Teri M. Guarnaccia
Partner
300 East Lombard Street, 18th Floor
Baltimore, MD 21202
Direct: 410.528.5526 | Fax: 410.528.5650
guarnacciat@ballardspahr.com

Practice Areas
- Public Finance
- Higher Education
- Housing Bonds
- Real Estate Development and Complex Transactions
- CCRC Financings and Workouts
- Housing
- Municipal Securities Regulation and Enforcement
- Transactional Finance
- Health Care
- Government-Assisted Housing
- P3/Infrastructure

Teri M. Guarnaccia is known for her work on real estate finance transactions, including representation of large institutional lenders. She has a particular focus on the public finance area, where she has acted as underwriter's counsel, borrower's counsel, and bond counsel in numerous tax-exempt and taxable bond financings. Ms. Guarnaccia has experience with a wide range of financing structures, including traditional fixed-rate, variable-rate, and multimodal structures involving various forms of credit enhancement and liquidity support.

Representative Matters
- Serves as bond counsel to the State of Maryland
- Involved in more than 60 innovative public-private partnerships for student housing transactions nationwide, including more than 20 in the State of Maryland
- Involved in determination and recommendation of alternative municipal financing tools to fund the construction, expansion, or renovation of public facilities, specifically public schools, recreation centers, and historic park buildings throughout Baltimore City
- Involved in more than 20 Capital Fund Financing Program transactions throughout the country, serving as bond counsel, underwriter’s counsel, and special HUD counsel to housing authorities
- Represented the New York City Housing Authority in the closing of the one of the largest public-private partnership tax credit bond deals in U.S. history, providing approximately $400 million in initial public and private funding for the modernization of more than 20,000 public housing units and an additional $65 million to $75 million each year in federal subsidies for ongoing operations
Ballard Spahr Public Finance Housing Practice

- Represented the Puerto Rico Public Housing Administration in connection with the nation's largest Low Income Housing Tax Credit acquisition/rehabilitation transaction, and the Commonwealth of Puerto Rico's first private activity housing bond issue involving more than $700 million in funds generated for the modernization of more than 4,000 units within 33 public housing developments

Pro Bono Experience

For many years, Ms. Guarnaccia provided pro bono legal service as an income tax return preparer for the Maryland Volunteer Lawyers Service.

Professional Activities

American Bar Association
Member, Forum on Affordable Housing

Maryland State Bar Association, member
Past member, Business Law Section Council, 2009-2011

National Association of Bond Lawyers: Board of Directors, 2014-Present; Chair, NABL Securities Law and Disclosure Committee, 2009-2011 (Vice Chair, 2007-2009); Member, NABL Bond Attorneys' Workshop Steering Committee, 2012-2014; Past member, NABL Board Nominating Committee

Johns Hopkins Carey School of Business Masters in Real Estate Program, adjunct faculty member, 2011-2013

Recognition & Accomplishments

Selected in 2013, 2011, and 2007 as one of Maryland's "Top 100 Women" by The Daily Record, identifying her as one of the area's leading women who have achieved professional success and are making an impact through their leadership, community service, and mentoring.

Received the 2009 Leadership in Law award from The Daily Record (Maryland), in recognition of her dedication of time and energy for the betterment of the profession, and of her role in mentoring future professional and community leaders.

Publications


Ballard Spahr LLP
Ballard Spahr Public Finance Housing Practice

Co-author, "SEC Issues FAQs, MSRB Proposes Conduct Rule for Municipal Advisors," Ballard Spahr alert, January 15, 2014


Co-author, "Bank Loan or Municipal Security (or Both?) A Reminder from the MSRB," Ballard Spahr alert, October 4, 2011

Co-author, "SEC Approves Amendments to Rule 15c2-12," Ballard Spahr alert, June 29, 2010


Speaking Engagements


"Recent Developments in Tax And Securities Laws," Maryland GFOA Fall Conference, Baltimore, October 23, 2015

"Current Disclosure Issues in Primary Offerings," Tax and Securities Law Institute, New Orleans, March 5-6, 2015


Ballard Spahr LLP
Ballard Spahr Public Finance Housing Practice


Higher Education Real Estate Summit, Bisnow, Baltimore, February 22, 2013

"Disclosure Lessons from Jefferson County," National Association of Bond Lawyers, Bond Attorneys Workshop, October 24-26, 2012


"Current Disclosures in Primary Offerings," National Association of Bond Lawyers, Tax and Securities Law Institute, Savannah, Ga., March 8-9, 2012


Community Activities

2006 participant in the Greater Baltimore Committee's Leadership program, which identifies and trains leaders in Greater Baltimore

Board Memberships

The Baltimore Station (transitional housing program for men), board member (2004-2013) and President (2009-2011)

The Baltimore Freedom Academy (Baltimore City charter school), member (2005-2013)

Baltimore Community Lending (community development financial institution), Treasurer (2015-2016) and Chair (2016-Present)

Ballard Spahr LLP
Ballard Spahr Public Finance Housing Practice

Education

Cornell Law School (J.D. 1996)
Tulane University (B.A. 1993, cum laude)

Admissions

Maryland
Linda B. Schakel

Partner

1909 K Street, NW
12th Floor
Washington, DC 20006
Direct: 202.661.2228 | Fax: 202.661.2299
Schakel@ballardspahr.com

Practice Areas

- Public Finance
- Housing
- Tax Credits
- Exempt Organizations
- Government-Assisted Housing
- Municipal Recovery
- Higher Education
- Housing Bonds
- Tax

Linda B. Schakel served as an attorney-adviser specializing in tax-exempt bonds and low-income housing tax credits in the Office of Tax Policy of the U.S. Treasury (May 1995 to August 1997) before rejoining Ballard Spahr. In her role at the Treasury Department, she worked on several major regulation projects, including the final regulations on private activity bond rules, reissuance, mortgage credit certificates and contingent interest and the “available unit” and use of public housing operating subsidy regulations relating to low-income housing tax credits. Ms. Schakel has served as a panelist on conferences sponsored by the National Association of Bond Lawyers and Council on Development Finance Agencies. She is a past president of the National Association of Bond Lawyers. She is admitted to practice in the District of Columbia and Maryland.

Representative Matters

- Provided the tax analysis for a series of governmental and private activity bonds to finance energy efficiency improvements to projects owned solely by Denver Housing Authority and in which an affiliate of the housing authority had a general partnership interest.
- Served as the tax lawyer on the issuance of tax-exempt bonds for a senior housing project previously owned by a 501(c)(3) organization which was sold to a tax credit partnership, in which the 501(c)(3) retained a general partnership interest.
- Assisted several public housing authorities in establishing nonprofit corporations and obtaining 501(c)(3) status. Nonprofits serve as general partners, developers and/or guarantors of tax credit partnerships as part of the HUD privatization program of public housing properties.
- Served as counsel to So Others Might Eat, a District of Columbia nonprofit organization, in the financing of the construction of a 320,000 square foot green building which provides affordable rental housing, job training and health care in one facility. The approximately $80 million project involved legal advice relating to the issuance of tax-exempt bonds, use of low income housing tax credits, execution of...
Ballard Spahr Public Finance Housing Practice

two New Markets Tax Credit financings, review of a loan from the Department of Housing and Community Development and serving as borrower’s counsel for an FHA insured loan.

- Assisted the Housing Authority of Portland, Oregon, in structuring a New Markets Tax Credit transaction to finance a new public school and community center

Pro Bono Experience

Ms. Schake’s pro bono work focuses primarily on public education and education advocacy. In 2011, she led a team of Ballard Spahr attorneys working with the Lawyers’ Committee for Civil Rights Under Law to research recent legislation requiring public school students and their parents to disclose their immigration status.

Professional Activities

American Bar Association
District of Columbia Bar Association
Maryland Bar Association
National Association of Bond Lawyers, past President

Recognition & Accomplishments

_The Best Lawyers in America_, public finance law, 2008-2015

Named _Best Lawyers_’ 2015 Washington, D.C., Public Finance Lawyer of the Year

Named to the District of Columbia Court of Appeals and Superior Court of the District of Columbia’s Capital Pro Bono High Honor Roll in 2014, for providing 100 hours of pro bono service in the prior calendar year; also named to the Capital Pro Bono Honor Roll for 2013

Recipient, National Association of Bond Lawyers’ Frederick O. Kiel Distinguished Service Award, Fall 2010, for her long record of service to NABL, including serving as its President, a faculty member, and panelist on many seminars, and authoring the tax column in _The Bond Lawyer_

Recipient, Ballard Spahr’s 2012 Pro Bono Award, for significant pro bono service

Publications


Ballard Spahr LLP


**Speaking Engagements**


"Tax Credits and Other Tax Benefits - New Markets Tax Credit," Tax and Securities Institute, National Association of Bond Lawyers, February 20, 2004

"Linking Local Collaborations to Venture Capital: New Markets Tax Credits," Tax Incentives Workshop, U.S. Department of Housing and Urban Development, April, June, October, and November 2003


"Using New Markets Tax Credits Effectively," Annual Conference, Community Action Program Legal Services, Inc. (CAPLAW), June 12, 2003

"New Markets Tax Credit: An Opportunity for your CDFI," Coalition of Community Development Financial Institutions National Institute, January 24, 2002


**Board Memberships**

National Association of Bond Lawyers

**Education**

Georgetown University Law Center (J.D. 1986, *cum laude*)

University of South Florida (M.S. 1976; Ph.D. 1984)

Iowa State University (B.S. 1970, with honors and distinction)

Ballard Spahr LLP
Admissions

District of Columbia

Maryland
Kimberly C. Betterton focuses on federal tax laws and regulations involving tax-exempt bonds and exempt organizations. Ms. Betterton works on numerous types of tax-favored transactions, including governmental, conduit 501(c)(3), exempt facility, single-family housing, small issue manufacturing, QZABs, QECBs, QSCBs, and new CREFBs. She advises clients regarding the original issuance of obligations, the many post-issuance compliance responsibilities, and IRS audits.

Ms. Betterton's broad-ranging experience includes routinely providing counsel on issues related to interest rate swaps and other derivatives, reissuance questions, and direct-subsidy and tax-credit bonds. She advises clients on a variety of post-issuance tax compliance issues, including arbitrage, private use questions, Form 990 – Schedule K, remediation as a result of change in use, reissuance, and IRS audit and review activities. She also assists clients with obtaining 501(c)(3) exemption letters from the IRS.

Professional Activities

National Association of Bond Lawyers, Tax Law Committee, Chair (2013-2014)

American Bar Association, Committee on Tax Exempt Financing, Subcommittee on Arbitrage, past Chair (2009-2010)

2010 Bond Attorneys' Workshop, Chair

Publications

"New IRS Management Guidance is Flexible, Furthers P3s," Ballard Spahr alert, August 25, 2016

Former Editor-in-Chief of Federal Taxation of Municipal Bonds (LexisNexis)
Ballard Spahr Public Finance Housing Practice

Speaking Engagements

Ms. Betterton is a frequent speaker at the annual NABL Bond Attorneys' Workshop, and has been a panelist in Lorman and CDFA seminars on the basics of tax law as it relates to tax-favored financing.


Presenter on post-issuance compliance, Maryland's Government Finance Officers' Association Summer Conferences, 2007 and 2009

Board Memberships

National Association of Bond Lawyers, 2009-2013

Education

William & Mary Law School (J.D. 1995)

University of Pennsylvania (B.A. 1991)

Admissions

Maryland
P. Andrew Spicknall

Partner

1909 K Street, NW
12th Floor
Washington, DC 20006
Direct: 202.661.2268 | Fax: 202.661.2299
spicknallp@ballardspahr.com

Practice Areas

- Public Finance
- Municipal Recovery
- Transactional Finance
- Higher Education
- P3/Infrastructure
- Housing
- Real Estate Finance and Capital Markets

P. Andrew Spicknall routinely represents lenders, underwriters, credit enhancers, borrowers, issuers, trustees, and purchasers in the structuring, issuance, offering, placement, remarketing, and securitization of tax-exempt and taxable municipal securities and other complex debt instruments and derivatives. His experience encompasses a broad range of financings and industries, including multifamily housing, single-family housing, education, water facilities, health care, transportation, manufacturing, and other commercial developments.

Mr. Spicknall also has significant experience in financing mixed-used developments utilizing tax increment and special assessment districts. In addition, he has represented clients in numerous debt restructurings and workouts. His practice frequently involves the structuring and negotiating of interest rate swaps, caps, and other derivatives products.

Professional Activities

American Bar Association

District of Columbia Bar Association

Maryland State Bar Association

Virginia Bar Association

National Association of Bond Lawyers

Ballard Spahr LLP
Ballard Spahr Public Finance Housing Practice

Education

Tulane University Law School (J.D. 2006, magna cum laude)

Boston University (B.A. 2003, cum laude)

Admissions

District of Columbia

Maryland

Virginia
Amy M. McClain represents public housing authorities and affordable housing developers in the context of mixed-finance transactions. Ms. McClain closes several affordable housing transactions involving a variety of funding sources, including Low Income Housing Tax Credits, the Rental Assistance Demonstration program, public housing and Section 8 funding sources, HUD-insured loans, tax-exempt bonds, state housing finance agency loan funds, and conventional financing. These transactions have provided her with the opportunity to negotiate issues among the financing parties, housing authorities, and developers while also coordinating the U.S. Department of Housing and Urban Development review and approval process. Ms. McClain also addresses traditional real estate issues intertwined with low-income housing development.

Representative Matters

- Represented the Housing Authorities of Fresno on various transactions, including four of the country's first Rental Assistance Demonstration (RAD) conversions
- Represents the New York City Housing Authority in multiple low-income housing tax credit transactions, including the acquisition/rehabilitation tax credit transaction closed under the American Reinvestment and Recovery Act HUD programs and the current conversion of 1,395 public housing units under HUD's RAD program
- Represented the Puerto Rico Public Housing Administration in the nation's largest bond issuance and Low Income Housing Tax Credit acquisition/rehabilitation transaction, involving more than $700 million in funds for the modernization of more than 4,000 units within 33 public housing developments
- Represented the Housing Authority of the City and County of Denver in its acquisition/rehabilitation Low Income Housing Tax Credit transaction, which maximized the tax credit-eligible basis generated by Energy Performance Contract improvements to three high-rise public housing sites
- Represents the Housing Authority of the City of Tacoma, Washington, in relation to the Salishan HOPE VI revitalization and the authority's mortgage of public housing land to finance the infrastructure of a portion of the redeveloped Salishan site
Ballard Spahr Public Finance Housing Practice

- Represents a Pennsylvania-based affordable housing developer in its projects in Maryland, including the redevelopment of the former Freedom Village and Claremont Homes site, a portion of the East Baltimore development initiative, and Uplands, each involving various state and local financing resources, as well as compliance with the city's Bailey Consent Decree requirements.

Pro Bono Experience

Coordinates the pro bono collaboration between attorneys and paralegals with Ballard Spahr’s Baltimore office and Project HEAL, a medical-legal partnership of the Kennedy Krieger Institute to provide pro bono legal services for children with intellectual and developmental disabilities.

Represented a teacher from Ethiopia seeking asylum in the United States from political persecution, and filed the petitions to successfully reunite the client with her family.

Represented a community organization dedicated to preventing animal cruelty in connection with obtaining its 501(c)(3) designation.

Professional Activities

American Bar Association, Forum on Affordable Housing and Community Development Law, Governing Committee and Vice Chair

Housing and Development Law Institute

Recognition & Accomplishments

Named one of The Daily Record’s (Maryland) Top 100 Women in Maryland for 2014, for achievement of professional success and for making a difference through leadership, community service, and mentoring.

Named to The Daily Record’s (Maryland) 2011 Leading Women list, one of 46 women under the age of 40 recognized for their exceptional professional experience, community involvement, and commitment to inspiring change.

Publications

Beginner's Guide to Public Housing Conversion under RAD, published by the ABA’s Forum on Affordable Housing and Community Development, August 2014


Ballard Spahr LLP
Ballard Spahr Public Finance Housing Practice


Speaking Engagements


Panelist, "RAD Update, Roundtable and Case Studies," Maryland Association of Housing and Redevelopment Agencies Spring Conference, Ocean City, Maryland, May 18, 2016


Panelist, "Tax Credit Hot Topics," Ballard Spahr CLE for Free Breakfast Briefing, November 5, 2014


Panelist, "HUD's RAD Program: Lessons Learned So Far," Ballard Spahr Housing webinar, May 15, 2014

Panelist, "Evolving Trends in Maryland Affordable Housing," Ballard Spahr Housing briefing, Baltimore, Maryland, April 30, 2014

Panelist, "HUD's Rental Assistance Demonstration Program," National Association of Local Housing Finance Agencies, NALHFA 2014 Annual Educational Conference, Atlanta, Georgia, April 3, 2014

Panelist, "Rental Assistance Demonstration Program," Arizona Housing Alliance Academy -- Developers Topics -- Hot Topics in Affordable Rental Housing Finance, Phoenix, Arizona, January 23, 2014


Ballard Spahr LLP
Ballard Spahr Public Finance Housing Practice


Instructor, "Affordable Housing Financing Resources," MICPEL Basics of Real Estate Transactions Evening Series, April 8, 2008

Panelist, "Financing Affordable Housing - A Primer," American Bar Association Section of Real Property, Trust & Estate Law Teleconference, April 17, 2007

Panelist, "Financing Affordable Housing - A Primer," American Bar Association Section of Real Property, Trust & Estate Law Teleconference, Joint Fall CLE Meeting, Denver, 2006

Board Memberships

Msgr. O'Dwyer Youth Retreat House, 2012 – present

Harbor Walk Townhouse Association, 2015 – present

Ballard Spahr LLP
Ballard Spahr Public Finance Housing Practice

Southeast Community Development Corporation, 2009-2016

Education

University of Maryland School of Law (J.D. 2002, with honors)
Student Lawyer, Community Transactions Clinic; Member, Order of the Coif; Associate Editor, Maryland Law Review

American University (B.A. 1993, magna cum laude)

Admissions

Maryland
Christopher D. Bell

Partner

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Washington, DC 20006
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Practice Areas
- Real Estate
- Housing

Christopher D. Bell advises and represents real estate lenders, borrowers, and developers on transactional and regulatory issues, with a concentration on financing transactions involving government-sponsored enterprises (GSEs) such as Fannie Mae.

Prior to joining Ballard Spahr, Mr. Bell practiced for more than 10 years at Fannie Mae, a GSE chartered by Congress to support the secondary mortgage market. As the agency's Associate General Counsel of Housing and Community Development, he served as Fannie Mae's lead attorney for affordable housing transactions and secondary market construction loan participations and syndications. His experience includes a variety complex real estate finance transactions, including those involving mortgage-backed securities, bond credit enhancement, mezzanine debt, senior housing, and pool purchases.

In addition, Mr. Bell served as lead counsel for Fannie Mae's corporate charitable arm, the Office of Community Investment and Engagement, where he provided legal counsel regarding grant documentation, intellectual property rights, procurement, audit, and compliance matters.

Mr. Bell has years of experience with form loan documents, requirements for Delegated Underwriting and Servicing (DUS) lenders, and product enhancement review and design.

Additionally, Mr. Bell has represented clients, both as in-house corporate counsel and as outside counsel, in the full range of real estate matters, including sales, acquisitions, foreclosures, zoning, land use, development cooperation agreements, retail and office leasing, bond purchase agreements, easement agreements, development conditions, and proffers.

Professional Activities

American Bar Association, member

Ballard Spahr LLP
Ballard Spahr Public Finance Housing Practice

Speaking Engagements


Board Memberships

Vice Chair, Board of Trustees, University of the District of Columbia, 2011-present

Board of Directors, El Centro Rosemount, 2007-2012; Vice Chair, 2009-2010

Education

University of Texas School of Law (J.D. 1996)
Texas Environmental Law Journal, Associate Editor

Kennedy School of Government at Harvard University (M.P.A. 1992)

The University of Texas at Austin (B.A. 1990)

Admissions

District of Columbia

Virginia
Charles D. Treece

Associate

1909 K Street, NW
12th Floor
Washington, DC 20006
Direct: 202.661.7633 | Fax: 202.661.2299
treecec@ballardspahr.com

Practice Areas

• Public Finance

Charles D. Treece focuses in the area of public finance and works on a broad spectrum of tax-exempt financings for clients including state agencies and municipalities. Mr. Treece is also experienced in advising broker-dealer, investment adviser, and nationally recognized statistical rating organization (NRSRO) clients on securities regulatory compliance and litigation issues.

During law school, Mr. Treece served an internship with the Securities and Exchange Commission’s Division of Corporation Finance in Washington, D.C. He has also worked as a student attorney for the Janet R. Spragens Federal Tax Clinic at American University.

Recognition & Accomplishments

The District of Columbia Court of Appeals and Superior Court of the District of Columbia named Mr. Treece to the Capital Pro Bono High Honor Roll in 2014, for providing 100 hours of pro bono service in the prior calendar year.

Education

American University, Washington College of Law (J.D. 2011, magna cum laude)
Senior Staff Member, Administrative Law Review; Member, Order of the Coif
Georgetown University (B.S.F.S. 2008, cum laude)

Admissions

New York

Ballard Spahr LLP
Jennifer M. Roussil

Associate

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Washington, DC 20006
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roussilj@ballardspahr.com

Practice Areas
• Public Finance
• Transactional Finance

Jennifer M. Roussil has represented indenture trustees, bondholders, trade creditors, and lenders in municipal and business restructurings in and out of court. She has represented lenders and indenture trustees in adversary proceedings and business litigation involving debt securities in default. As an associate at a Washington, D.C., law firm, she co-founded and developed a professional development retreat for associates. She was an active member of the firm’s Summer Associate Committee involved in hiring and the development of the summer program.

Ms. Roussil served as a law clerk to the U.S. Senate Judiciary Committee where she prepared memoranda and materials for committee hearings on judicial nominees. She also researched and drafted memoranda comparing existing state statutory schemes with proposed legislation relating to the First Amendment.

While in college, Ms. Roussil was an intern for U.S. Representative Chris Van Hollen (Summer 2004); U.S. House of Representatives Democratic Leader Nancy Pelosi (Summer 2005); and European Parliament Member Peter Skinner (Summer 2006). As a member of Fordham University Women’s Crew Team, she was first varsity coxswain.

Representative Matters

• Represented financial institutions and hospitals in negotiating and drafting telecommunications agreements
• Performed due diligence regarding contracts and regulatory compliance in connection with large transactions in the health care and education industries

Judicial Internship

Hon. Stephanie Duncan-Peters, Superior Court of the District of Columbia (Summer 2010)
Ballard Spahr Public Finance Housing Practice

Recognition & Accomplishments

Phi Beta Kappa

Collegiate Rowing Coaches Association National Scholar Athlete

Atlantic Ten Conference All-Academic Team

Community Activities

Volunteer, Homeless Advocacy Project, Philadelphia

Education

University of Pennsylvania Law School (J.D. 2012)
Comments Editor, Journal of Constitutional Law

Fordham University (B.A. 2007, summa cum laude)

Admissions

District of Columbia

Maryland

Ballard Spahr LLP
Andrew E. Brod

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Practice Areas
• Public Finance

Andrew Brod’s practice focuses on financing transactions of various sizes and types, including syndicated and single-lender transactions, CMBS, mezzanine and other structured products, agency lending, and other types of asset-backed lending products. Mr. Brod has worked with lenders in various types of franchise lending transactions, including those collateralized by quick service and casual dining restaurants and convenience and gas facilities.

Mr. Brod served as a law clerk for Porsche Cars North America. He also served as a legal extern at Fox Television Stations, Home Depot, and the Federal Trade Commission.

Professional Activities

State Bar of Georgia

Community Activities

Volunteer, Meadowood Senior Living

Education

Emory University School of Law (J.D. 2015)

Muhlenberg College (B.A. 2012)

Admissions

Georgia

Admission to Washington, D.C., pending

Ballard Spahr LLP
Kimberly D. Magrini
Associate

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Practice Areas

- Public Finance
- Municipal Recovery
- Higher Education
- Housing
- Energy and Project Finance
- Municipal Securities
- Regulation and Enforcement
- Housing Bonds
- Health Care
- P3/Infrastructure
- Bankruptcy, Reorganization and Capital Recovery

Kimberly D. Magrini serves as counsel to investment banking firms and investors, developers, municipalities, issuers, and trustees in all types of public finance transactions. Her experience also includes representing a variety of 501(c)(3) organizations, including hospitals and other health care organizations, colleges and universities, private and charter schools, and museums.

Ms. Magrini focuses her practice on municipal finance and recovery, acting as counsel to municipalities, underwriters, placement agents, and investors in municipal financings, including distressed financings, high-yield offerings, secondary market transactions, and municipal bankruptcies and workouts. Ms. Magrini has experience with issues unique to Pennsylvania law (including Act 47) and maintains a special focus on disclosure issues for distressed municipalities, including pension analysis and disclosure and securities regulatory enforcement.

Ms. Magrini also maintains an active housing finance practice, regularly representing issuers, investors, developers, and trustees in Low Income Housing Tax Credit housing financing transactions and single-family mortgage bond transactions. She has represented investors and developers across the country in numerous lower-tier LIHTC deals, including transactions involving solar and renewable energy credits. In addition, she has developed significant knowledge of green financing initiatives, including green infrastructure, PACE, and other renewable energy financing options.
Attorney Profiles

Ms. Magrini represents clients in public-private partnership (P3) and public-public partnership transactions involving both transportation facilities and municipal enterprises. She also has experience in student loan bond deals and regularly engages in private activity bond deals.

Before entering the law, Ms. Magrini worked for several years as both a legal and environmental science research assistant at Drexel University.

Pro Bono Experience

Ms. Magrini has served as a child advocate through the Support Center for Child Advocates and has also represented clients through the Homeless Advocacy Project.

Professional Activities

National Association of Bond Lawyers
Pennsylvania Association of Bond Lawyers
Ballard Spahr Pro Bono Committee
Delaware Valley Environmental Inn of Court, student member (2009-2010)

Ms. Magrini represented the USA Women’s rugby National Team as a player from 2006 to 2011, co-captaining the squad competing in the Women’s Rugby World Cup in 2010. She now serves as an International Athlete representative to USA Rugby Congress and a member of the Athlete’s Advisory Council to USA Rugby and the U.S. Olympic Committee for the sport of Rugby. Ms. Magrini also served as Chairperson, and in other board capacities, for Keystone Griffins Rugby Club, a Philadelphia-area women’s rugby club, from 2007 to 2014.

Recognition & Accomplishments

Member, First Judicial District of Pennsylvania Pro Bono Roll of Honor 2013

Member, First Judicial District of Pennsylvania Pro Bono Roll of Honor 2012

Publications
Attorney Profiles


"El Paso RAD transaction converting 1,590 units at 13 sites closes," Ballard Spahr Housing Plus blog, April 13, 2015

Ms. Magrini is also co-author of numerous Ballard Spahr Public Finance alerts:

"Act 47: Pennsylvania Says Enough is Enough: Or Is It?" October 31, 2014


"PA Transportation Funding Bill Brings Unprecedented Investment to Infrastructure," November 25, 2013

"Pennsylvania Seeks To Expand P3s to Local Governments and School Districts," November 4, 2013

"U.S. Senate Passes Water Resources Development Act," May 21, 2013

"Water Infrastructure Loan Program Reintroduced in Congress," March 5, 2013


"Government Finance Officers Association Issues Guidelines For Pension Funding," December 18, 2012


"New Report Identifies $2.5 Billion-Plus in Delaware Valley Infrastructure Funding Needs," November 7, 2012

"Obama Signs Transportation Bill," July 11, 2012


Speaking Engagements
Attorney Profiles

Speaker, "Closing the Deal," CDFA Summer School Intro Bond Finance Course, Baltimore, August 10, 2016


Education

Drexel University School of Law (J.D. 2010, magna cum laude)

Drexel University (M.S.E.S. 2006)

Pennsylvania State University (B.S. 2004)

Admissions

New Jersey

Pennsylvania

U.S. District Court for the District of New Jersey
Tesia N. Stanley

Associate

One Utah Center, Suite 800
201 South Main Street
Salt Lake City, UT 84111
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stanleyt@ballardspahr.com

Practice Areas

- Litigation
- Securities Enforcement and Corporate Governance Litigation
- Public Finance
- Municipal Securities Regulation and Enforcement

Tesia N. Stanley is an associate in the Public Finance and Litigation Departments. Ms. Stanley is a former staff member of the Municipal Securities Rulemaking Board. Before that, she was a research specialist for the U.S. Securities and Exchange Commission.

Ms. Stanley works on a broad spectrum of tax-exempt financings for state and local governments across the country. She advises clients on federal securities law materiality standards, regulatory compliance, and enforcement actions. Her practice also includes serving as bond and underwriter’s counsel on taxable and tax-exempt financings for higher education institutions and student loan issuers.

Ms. Stanley also works on complex commercial litigation matters, including securities litigation and intellectual property litigation.

Pro Bono Experience

Ms. Stanley assists immigrants who are the victims of serious crimes in petitioning for immigration relief under the Violence Against Women Act.

E-Alerts and Publications

Attorney Profiles


Co-author, "MCDC Issuer Deadline is December 1. Are You Prepared?" Ballard Spahr client alert, October 13, 2014

Co-author, "2014 to Date: SEC Enforcement Round-Up," Ballard Spahr publication, September 24, 2014

Co-author, "Industry Concerns Prompt SEC To Modify MCDC Initiative," Ballard Spahr client alert, August 1, 2014


Co-author, "SEC Issues First MCDC Cease and Desist Order," Ballard Spahr client alert, July 9, 2014


Attorney Profiles


"Narrowing the Disclosure Gap: Is EMMA EDGAR for the Municipal Securities Market?" 7 J.L. Econ. & Pol'y 91, 2010

Recent Speaking Engagements

Attorney Profiles


"Breakfast at Ballard: Navigating Post-Issuance Compliance and EMMA," Ballard Spahr program, Salt Lake City, January 28, 2014

"It's Hammer Time: SEC Enforcement on Local Governments – Avoid Becoming the Nail," Utah League of Cities and Towns Workshop, September 13, 2013

Education

University of Utah, S. J. Quinney College of Law (J.D. 2010, with high honors)
Recipient, William H. Leary Scholar Award; Editor, Utah Law Review

University of Utah (B.A. 2006)

Admissions

Utah
Tab 3
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – December 6, 2016
Through: Contracted Services – December 13, 2016

FROM: Rose Baca-Quesada

DATE: December 21, 2016

SUBJECT: Regional Housing Authority 2016 Annual Report

Recommendation:
To approve the regional housing authority – 2016 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.

- Western Regional
- Eastern Regional
- Northern Regional

Summary:
Staff recommends approval of the regional housing authority 2016 Annual Report as mandated by the Regional Housing Act. The report includes operational and fiscal activities for Western, Eastern and Northern regional housing authorities for the 2016 calendar year.
Western Regional Housing Authority (WRHA):

1. Submission of audits to the State Auditor, MFA, LFC, DFA, and MFA-LOC
   - WRHA received an unmodified opinion on their FYE 6/30/16 audit and no findings.

2. Report on new Regional Board Appointees to MFA & the Governor’s Office
   - Currently, WRHA has a vacancy in Hidalgo and Luna Counties. On October 20, 2016, MFA submitted to the Governor’s office a candidate from Luna County; which is still pending approval. The Executive Director has reached out to several businesses and individuals in Hidalgo to draw awareness to the commissioner vacancy in Hidalgo.
   - In addition, the executive director has submitted six letters from current commissioners who wish for re-appointment. Those requests will be presented to the MFA board of director’s meeting in January.

3. Report to MFA of new Executive Directors hired
   - Cathy De Marco 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 properties.

6. Any contracts exceeding $100K to MFA
   - WRHA has not entered into a contracts exceeding $100K.

7. Annual scores for Section Eight Management Assessment Program (SEMAP) to MFA
   - HUD rated this agency as a “High Performer” with a score of 100 percent for FYE 2016.

8. Annual scores for Public Housing Assessment System (PHAS) to MFA
   - WRHA was not assessed for PHAS in FYE 6/30/16 since they are categorized under the Small PHA Deregulation, they are only assessed every other year. FYE 6/30/15 PHAS score was 95 percent giving WRHA a “Higher Performer” status.

9. MFA Management Operation Review (MOR), where applicable, to MFA
   - Not applicable as WRHA does not have Project Based Section 8 properties.

10. Operations activity to include the following activities being reported:
    - Annual units leased up versus annual HUD budget allocation for year 100 percent utilization.
11. Number of people on waiting list and approximate waiting time
   ➢ 98 people with a 1-2 month wait time.

12. Vacancy rate for Public Housing units
   ➢ 2 percent.

13. Fraud Recovery Collections
   ➢ January ’16 – Oct ’16 = $21,294.

14. Five-year Capital Improvement Plan for HUD Public Housing units
   ➢ WRHA has a 5-year Capital Improvement Plan for Public Housing for years 2014-2018.

   ➢ A 3-5 year Asset Inventory Plan of all subsidized housing units has been approved by HUD.

   ➢ WRHA reports its fixed assets through an electronic spreadsheet that includes various data and follows the state policy on disposition of properties and capital asset inventory.

15. Affordable Rental and Homeownership Development activities
   ➢ No development activities are under way at this time.

16. Non HUD program activity
   ➢ 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 reservations. Hidalgo Medical Services provides the supportive services to the clients and Western Regional is the housing administrator. WRHA currently has 20 families receiving housing subsidy throughout Grant County.

   ➢ Rental Assistance Program (RAP) 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 11 months rental assistance, and delinquent rent and utility bills. Since January 2016, WRHA has assisted 39 families throughout their area.

**Collaboration and Consolidation Efforts:** An MOU between WRHA and El Camino Real Housing Authority (“ECRHA”) was created to assess current operations, program/project activities and to identify strong skill sets in both organizations. The MOU allows for certain goals and objectives indicating specific activities that each housing authority will be engaged in to provide increased services and programs in the two regions; to strengthen and improve the financial health and capacity, and to encourage long term beneficial collaborations between both entities.
**Eastern Regional Housing Authority (ERHA):**

1. Submission of Audits to the state Auditor, MFA, LFC, DFA, and MFA-LOC
   - Awaiting approval of their FYE 2016 audit from the State Auditor’s Office, at which time it will be submitted to the Federal Audit Clearinghouse “FAC” and financial statements submitted to MFA.

2. Report on New Regional Board Appointees to MFA & the Governor’s Office
   - Currently ERHA has four vacancies in Chavez, Roosevelt, Harding and Quay Counties. The Executive Director has contacted two potential candidates, one in Chavez and Roosevelt Counties. Harding and Quay counties have been difficult to fill.

3. Report to MFA of new Executive Directors hired
   - Chris Herbert has been the Executive Director since 2005.

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
   - No sale or purchase of property in excess of $100K occurred since last report.

6. Any contracts exceeding $100K to MFA
   - ERHA has not entered into any contracts exceeding $100K.

7. Annual scores for Section Eight Management Assessment Program (SEMAP) to MFA
   - Annual scores for the SEMAP rate this agency as a “High Performer” with a score of 100 percent.

8. Annual scores for Public Housing Assessment System (PHAS) to MFA
   - Annual PHAS score of 93 percent of a possible 100 as a “High Performer.”

9. MFA Management Operation Review (MOR), where applicable to MFA
   - Since MFA has not been the Project Based Contract Administrator for the past three years, MOR’s have not been conducted since March 2011.

10. Operations activity to include the following activities being reported to MFA, LFC, DFA, MFA-LOC:
    - Annual units leased up versus annual HUD budget allocation for year ~100 percent utilization of budget.

11. Number of people on waiting list and approximate waiting time
    - 550 people with a 1 year wait time.
12. Vacancy rate for Public Housing units
   ➢ One percent vacancy rate for Public Housing.

13. Fraud recovery Collections
    ➢ January ’16 through October ’16 = $17,008.00.

14. Five-year Capital Improvement Plan for HUD Public Housing units
    ➢ ERHA has a 5-year Capital Improvement Plan for Public Housing for years 2015-2019.
    ➢ A 3-5 year Asset Inventory Plan of all subsidized housing units, approved by HUD.
    ➢ ERHA reports its fixed assets through an electronic spreadsheet that includes various data and follows the state policy on disposition of properties and capital asset inventory.

15. Affordable Rental and Homeownership Development
    ➢ ERHA is currently working on the development of a workforce project in Eunice, NM; funding has been secured, plans, designs and permitting is underway as well as other pre construction tasks. The development consists of 16 units with an estimated completion time by August 2017.

16. Non HUD program activity
    ➢ 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 reservations. Southeast New Mexico is one of five areas chosen to administer this Program. La Casa in Chavez County and Lea County Guidance Center in Lea County provides the supportive services to the clients and ERHA is the housing administrator. To date, ERHA currently has 23 families receiving housing subsidy in Chaves County. ERHA expanded their service areas to Lea and Eddy Counties where outreach efforts are being made.

**Collaboration/Consolidation Efforts:** ERHA successfully consolidated with Lovington Housing Authority; full assumption of the Annual Contributions Contract occurred on January 1, 2016.
Northern Regional Housing Authority (NRHA):

1. Submission of audits to the state Auditor, MFA, LFC, DFA and MFA-LOC
   ➢ The FYE 2016 audit was approved by the NM State Auditor’s Office. NRHA received an unmodified opinion on their FYE 6/30/16 audit with 2 Significant findings.
   a. Noncompliance with contract provisions – NRHA paid in excess of an agreed upon contract related to travel costs incurred.
   b. Indirect Cost Allocation – NRHA allocated indirect costs to salaries and related costs without maintaining support documentation for the propriety of that allocation.

2. Report on new Regional Board Appointees to MFA & the Governor’s Office
   ➢ Currently NRHA has two vacancies, Taos and Mora Counties.

3. Report to MFA of new executive directors hired
   ➢ Richard Frye was hired in March, 2016.

4. Creation/dissolution of nonprofit entities of the Regional’s to MFA & State Board of Finance
   ➢ NRHA has not created or 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 and Smart, Inc. entered into a contract on March 30, 2014 for fiscal, operational and overall management services in the amount of $316,274.00. On March 24, 2015 the NRHA board approved an extension for a three month period through June 30, 2015. The NRHA board approved a second year contract for $350K beginning July 1, 2015 through June 30, 2016 which was eventually approved by HUD. (This item is related to the finding in NRHA’s 2016 audit).

7. Annual scores for Section Eight Management Assessment Program (SEMAP) to MFA
   ➢ NRHA submitted the SEMAP to HUD but not scored yet.

8. Annual scores for Public Housing Assessment System (PHAS) to MFA
   ➢ NRHA received a score of 47 percent out of 100. Largely due to the REAC (Real Estate Assessment Center) physical inspection and the fact that they had only two maintenance staff, limited tools and many site defects – which carries a high point value.

9. MFA Management Operation Review (MOR), where applicable, to MF
   ➢ Not applicable as WRHA does not have Project Based Section 8 properties.
10. Operations activity to include the following activities being reported to MFA, LFC, DFA, MFA-LOC:
   ➢ Annual units leased up versus annual HUD budget allocation for year
   ➢ 75 percent utilization.

11. Number of people on waiting list and approximate waiting time
   ➢ 163 people with 10 month wait list.

12. Vacancy rate for Public Housing units
   ➢ Seven percent vacancy rate. Mainly due to not being fully staffed with maintenance staff to turn units timely; 8 units damaged by water freeze-ups and vandalism. A contractor will be hired to renovate those units.

13. Fraud recovery Collections
   ➢ January 16 - October ’16 = $4,229.

14. Five-year Capital Improvement Plan for HUD Public Housing units
   ➢ NRHA is currently conducting a Needs Assessment which requires HUD approval prior to submitting a 5-year Capital Improvement Plan for Public Housing.
   ➢ A 3-5 year Asset Inventory Plan of all subsidized housing units will be implemented.
   ➢ NRHA reports its fixed assets through an electronic spreadsheet that includes various data and follows the State policy on disposition of properties and capital asset inventory.

15. Affordable Rental and Homeownership Development activities:
   ➢ None to date.

16. Non HUD program activity:
   ➢ NRHA began providing the Linkages Permanent Supportive Housing Program on January 1, 2016. Their role is the housing provider and Tri-County Health located in Taos is providing the supportive services. NRHA has provided housing subsidy for nine households.

**Collaboration/Consolidation Efforts:**

Grants Housing Authority is on track to consolidate on January 1, 2017 and Cuba Housing Authority is still pending a decision from the Village of Cuba as to whether they will vote to consolidate with NRHA or continue oversight of the HA. They are, however under a management agreement with NRHA.

**MFA General Comments:**

MFA continues to assist the regional housing authorities to build capacity and provide financial and technical assistance which includes three specific goals: establish the regionals as strong, effective organizations by improving their financial and operational
capacity; enable the regionals expansions into new program areas to provide a full range of affordable housing opportunities in rural communities; and enable the regionals to readily consolidate with failing public housing authorities.

The NM Legislature appropriated $191,400 during the 2016 Legislative Session. A special legislative session was held in August which resulted in a 5 percent cut in general funds and caused a reduction to the RHA appropriation by $11,400.00, thereby reducing the regionals and MFA’s admin by $2,850 respectively.

MFA’s Legislative Oversight Committee approved its proposed 2017 Legislative Agenda on Nov. 10, 2016, which includes a Regional Housing Authority appropriation request for recurring funds in the amount of $300,000.
**Western Regional Housing Authority**

Cathy De Marco has been with Western Regional Housing Authority for over 25 years. Mrs. De Marco was first hired in 1991 as the Accountant/Housing Coordinator, where she managed 54 Public Housing units as well as doing all of the accounting for the agency. In 2000 she was promoted to Deputy Director where she assisted the Executive Director with his duties while still assisting with the accounting and management of the Public Housing. In 2003, she was promoted to Executive Director, where she still remains involved with the financial aspects of the agency. During her employment with Western Regional Housing Authority, Mrs. De Marco has become certified as a Chief Procurement Officer, Certified Manager of Housing, and Section 8 HQS inspections. Raised in Silver City, Mrs. De Marco graduated from New Mexico State University in 1987 with her Bachelor of Accountancy degree.

Sonia Flores has been with Western Regional Housing Authority for over 14 years. Ms. Flores was first hired in 2002 as an Inspector/Counselor for the Section 8 Voucher Program, where she conducted Housing Quality Control inspections in Grant and Catron Counties as well as providing case management to the clients. In 2006 she was promoted to Accountant/Housing Coordinator where she assisted in managing 54 Public Housing units as well as the accounting duties. In 2007 she was promoted to Deputy Director where she assists the Executive Director with her duties while still assisting with the accounting and management of the Public Housing. During her employment with Western Regional Housing Authority, Ms. Flores has become certified as a Chief Procurement Officer and Certified Public Housing Manager. Born and raised in Silver City, Ms. Flores graduated from Western New Mexico University in 2013 with her Bachelor of Business Administration/Accounting degree.

**Eastern Regional Housing Authority**

Chris Herbert was born and raised in Western Iowa. He received a bachelor's in sociology and a master's degree in social work from the University of Nebraska at Omaha. He worked in the mental health field for nearly 20 years before transitioning into the Housing Industry. He has worked for housing authorities in Chicago, Kansas City and the Eastern Regional Housing Authority. Mr. Herbert became the executive director of the Eastern Regional Housing Authority in 2006, it was it known at that time as the Region 6 Housing Authority.

As executive director of the Eastern Regional Housing Authority he has presided over the merger of four smaller housing authorities into the region. Mr. Herbert has created a development department for the Eastern Regional Housing Authority which is about to commence closing on its first development project in Eunice, New Mexico.
Rich and his wife moved from Wisconsin to New Mexico after becoming ‘enchanted’ (as so many do) after a visit to the Taos area in 2003. They purchased land near Coyote (near Abiquiu lake) and moved here in 2006. After building a home in the San Pedro Mountains Rich continued working as a Career Management Consultant, working remotely for an outplacement company. In 2010, he accepted the position of Executive Director at the Village of Cuba Housing Authority, helping that small agency move from ‘troubled’ status to ‘high performer’.

A summary of his professional background includes 15+ years in Sales, Sales Training and Sales Management, and 20+ years in Career Management. He has a Bachelor of Science degree in Quality Management from Cardinal Stritch University, Milwaukee, WI, graduating ‘With Distinction’ (high honors). His professional focus—and enjoyment—is to improve the performance of people, processes and systems through training, mentoring and leadership.
Regional Housing Authorities

MFA’s role and responsibilities

- MFA oversight
- State mandate but not included in state budget
- Decreased funding
- Consolidations
Public Housing Authorities in New Mexico by Region

**Eastern Regional**
105 Low Rent Units, 1892 Section 8 vouchers
*Already consolidated: Eunice, Vaughn and Lovington*

<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>
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<tr>
<td>Tucumcari</td>
<td>90</td>
<td>140</td>
<td></td>
</tr>
</tbody>
</table>

**Western Regional**
54 Low Rent Units, 911 Section 8 vouchers
*No consolidations to date*

<table>
<thead>
<tr>
<th>Public Housing Authority</th>
<th>Low-Rent Units</th>
<th>Section 8 Vouchers</th>
<th>Troubled/Sub-standard</th>
</tr>
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<tbody>
<tr>
<td>Bayard</td>
<td>70</td>
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<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>
</tbody>
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# Public Housing Authorities in New Mexico by Region

## Northern Regional
169 Low Rent Units, 448 Section 8 Vouchers

*Consolidated with Cimarron, pending Grants and Cuba*

<table>
<thead>
<tr>
<th>Public Housing Authority</th>
<th>Low-Rent Units</th>
<th>Section 8 Vouchers</th>
<th>Troubled/Sub-standard</th>
</tr>
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<tbody>
<tr>
<td>Chama</td>
<td>38</td>
<td>0</td>
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</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>Grants</td>
<td>20</td>
<td>98</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>
<td></td>
</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>
<td></td>
</tr>
<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>
</tbody>
</table>
Tab 4
MEMORANDUM

TO: Board of Directors

Through: Policy Committee – November 28, 2016

Through: Contracted Services – December 13, 2016

FROM: Shannon Tilseth

DATE: December 21, 2016

SUBJECT: Update on Linkages Program & SAMHSA Grant Funding

Background: In August, MFA staff informed the Board that the Linkages Program was funded at $1,350,000 by the State of New Mexico. Due to the number of current housing vouchers, this would result in a funding shortfall of $314,863.02. The following is a list of measures put in place to ensure there were enough funds to keep current clients housed:

1. Award funding for six months with monthly review and reassessment before the end of the contract term;
2. No new clients;
3. Restructure the administrative fees to pay 5% of the total program amount versus $100.00 per voucher per month which will save approximately $197,000;
4. Pay for Housing Quality Inspections that need to occur on an annual basis at $50 per inspection;
5. Reduce MFA’s admin from $80,000 to $67,500 which is 5% of the total award;
6. Rescind any FMR waivers and do not allow any in the future.

After Board approval of the above measures, MFA staff implemented the changes and we have been working closely with The Human Services Division (HSD) to resolve the issues. To date, Housing Provider invoices have been paid for through October and as expected, the amount reimbursed has decreased from $133,655.51 per month in July to $108,403.70 in October. If there were no change to the current voucher counts, the shortfall would be approximately $166,603.71.

Discussion: MFA has been presented with a new award from BHSD in the amount of $600,000 which is effective from 1/1/17 to 9/30/18. This new funding has a dual purpose. Its first purpose is to allow new housing vouchers for Housing Supports, Health & Recovery for Homeless Individuals (HHRHI) clients through a HSD Substance Abuse and Mental Health Services Administration (SAMHSA) grant. The second purpose is to increase MFA’s Linkages administrative fees by $12,500, which is what MFA left on the table in order to help cover the shortfall. In addition, the HHRHI funds will add $167,500 to cover the current Linkages shortfall. The new contract would also provide $20,000 (5% of the grant) for
administering the new SAMHSA grant. This SAMHSA grant funding would be tracked separately from
the current Linkages clients to ensure this money is used specifically for HHRHI clients.

<table>
<thead>
<tr>
<th>SAMHSA allocation for HHRHI</th>
<th>$400,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFA Admin for SAMHSA Grant – 5%</td>
<td>$20,000</td>
</tr>
<tr>
<td>MFA Admin for Linkages</td>
<td>$12,500</td>
</tr>
<tr>
<td>Linkages Shortfall</td>
<td>167,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$600,000</strong></td>
</tr>
</tbody>
</table>

This new funding will allow for 25 new housing vouchers for HHRHI clients. The HHRHI program will be
administered by three of our current Linkages Housing Services Providers who were designated by HSD
as grantees for this program. These areas serve the largest populations with the greatest number of
homeless individuals, the most veterans & the highest poverty rates in New Mexico.

**SAMHSA Allocation for HHRHI by Service Provider Effective 1/1/17-9/30/18**

<table>
<thead>
<tr>
<th>Service Provider</th>
<th>Vouchers Awarded</th>
<th>Total Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bernalillo County Housing Department</td>
<td>5</td>
<td>$70,853.13</td>
</tr>
<tr>
<td>The Life Link</td>
<td>5</td>
<td>$128,977.73</td>
</tr>
<tr>
<td>Mesilla Valley Community of Hope</td>
<td>15</td>
<td>$200,169.14</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25</strong></td>
<td><strong>$400,000.00</strong></td>
</tr>
</tbody>
</table>

**Funding Totals**

<table>
<thead>
<tr>
<th>Service Provider</th>
<th>Original 6 Months 6/30/16 to 12/31/16</th>
<th>Second 6 Months 1/1/17 to 6/30/17 Award*</th>
<th>SAMHSA Award</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCHD</td>
<td>$246,846.00</td>
<td>$202,925.28</td>
<td>$70,853.13</td>
<td>$520,624.41</td>
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<tr>
<td>ERHA</td>
<td>$78,528.25</td>
<td>$65,622.76</td>
<td></td>
<td>$144,151.01</td>
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<tr>
<td>LIFE LINK</td>
<td>$245,104.70</td>
<td>$182,023.10</td>
<td>$128,977.73</td>
<td>$556,105.53</td>
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<tr>
<td>MVOCH</td>
<td>$94,979.10</td>
<td>$84,156.02</td>
<td>$200,169.14</td>
<td>$379,304.26</td>
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<tr>
<td>NRHA</td>
<td>$39,681.90</td>
<td>$25,715.22</td>
<td></td>
<td>$65,397.12</td>
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<tr>
<td>SJHP</td>
<td>$12,045.60</td>
<td>$12,152.13</td>
<td></td>
<td>$24,197.73</td>
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<tr>
<td>WRHA</td>
<td>$81,495.96</td>
<td>$78,723.98</td>
<td></td>
<td>$160,219.94</td>
</tr>
<tr>
<td>SUB TOTAL</td>
<td>$798,681.51</td>
<td>$651,318.49</td>
<td>$400,000.00</td>
<td>$1,850,000.00</td>
</tr>
<tr>
<td>MFA</td>
<td>$33,750.00</td>
<td>$46,250.00</td>
<td>$20,000.00</td>
<td>$100,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$832,431.51</strong></td>
<td><strong>$697,568.49</strong></td>
<td><strong>$420,000.00</strong></td>
<td><strong>$1,950,000.00</strong></td>
</tr>
</tbody>
</table>

* - Includes $167,500 of SAMSHA funds to cover Linkages Shortfall & additional MFA admin of $12,500

**Summary:** Linkages is a permanent supportive housing voucher program for persons with severe
mental illness and who are homeless or precariously housed. The program is funded by the state
through the Behavioral Health Services Division & Optum Health New Mexico in the amount of
$1,350,000. The 2016-2017 Program was underfunded and a plan was put into place to cover the shortage. The Board approved 6 month contracts and MFA administration fees totaling $832,431.51 on August 17, 2016. Based on a new SAMHSA grant received by HSD in the amount of $600,000, we project that with the measures still in place, the Linkages program will have enough funding to ensure all current clients will continue to be housed for the full program year (12-months). Total funding for the program will total $1,950,000. In addition, the new SAMHSA HHRHI funding will be used to provide 25 new housing vouchers. We will keep our cost containment plan in place and any new vouchers issued will require prior approval by BHSD and MFA. This will also ensure that future funding for the Linkages program is able to sustain the clients currently in the program.
Tab 5
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – December 6, 2016

FROM: Heather Abramowski, Program Manager

DATE: December 21, 2016

SUBJECT: Inducement Resolution- South Shiprock Homes

Recommendation: Staff requests approval of the attached Inducement Resolution.

Background: MFA received an application for 4 percent low income housing tax credits and $14.6 million of tax exempt bonds for the development of South Shiprock Homes, a 255 unit development located at Highway 491 and Schoolhouse Road, Shiprock, NM. The first “official action” required of MFA as the Issuer is to adopt the Inducement Resolution communicating intent to issue tax exempt bonds for a specific activity. The primary purpose of the Inducement Resolution is to allow MFA and the developer to incur costs in connection with the acquisition and rehabilitation of this project with the intent to reimburse certain qualified expenditures with bond proceeds. Any expenditures occurring earlier than 60 days prior to the Inducement Resolution cannot be reimbursed with bond proceeds.

While the 2015 Qualified Allocation Plan (QAP) included a limit of $10 million in tax exempt bond financing to any one project, the 2016 QAP no longer includes this limitation. The NM State Board of Finance (hereinafter “SBOF”) has not yet released the amount of Volume Cap for multifamily housing for 2017. While staff does not know the amount of Volume Cap which will be available, staff is confident that it will be sufficient to fund projects in 2017 based on past years. MFA anticipates presenting a Volume Cap application for South Shiprock Homes to SBOF at their February meeting.

Discussion: The attached Inducement Resolution lists a “not to exceed” amount of tax exempt bonds ($14.6 million) to be issued. The actual amount issued will be based on the minimum required, with a buffer, for the project to be financially feasible. As noted above, sufficient Volume Cap is expected in 2017 for multifamily projects and staff does not anticipate projects being limited by availability.

Summary: Staff requests approval of the attached Inducement Resolution in the amount of $14.6 million of tax exempt bonds for South Shiprock Homes, a 255 unit development located in Shiprock, NM. The primary purpose of the Inducement Resolution is to allow MFA and the developer to incur costs in connection with the acquisition and rehabilitation of this project with the intent to reimburse certain qualified expenditures from bond proceeds. Staff anticipates requesting Volume Cap from SBOF at its February 2017 meeting. Thereafter, staff will return to the MFA Board and present a Bond Resolution which, if approved, will authorize the issuance of tax exempt bonds for this project.
CERTIFICATE REGARDING THE RESOLUTION
OF THE AUTHORITY

I, the undersigned, Jay Czar, Executive Director and Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed Resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on December 21, 2016, at which meeting a quorum was present and acting throughout; (ii) the annexed Resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed Resolution has not been altered, amended or repealed; and (iv) the annexed Resolution is in full force and effect on the date of this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this ____ day of December, 2016.

____________________________________
Jay Czar, Executive Director and
Secretary
New Mexico Mortgage Finance Authority

(SEAL)
INDUCEMENT RESOLUTION

A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE “AUTHORITY”) EXPRESSING AN INTENT TO REIMBURSE CERTAIN QUALIFIED EXPENDITURES WITH PROCEEDS OF ONE OR MORE ISSUES OF MULTIFAMILY HOUSING REVENUE TAX-EXEMPT BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $14,600,000 TO FINANCE IN PART THE ACQUISITION, CONSTRUCTION AND/OR REHABILITATION OF A MULTIFAMILY HOUSING APARTMENT DEVELOPMENT; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the Authority is authorized by the Constitution and the laws of the State of New Mexico, particularly Title 58, Article 18, NMSA 1978, as amended (the “Act”) to: (a) issue revenue bonds to achieve its corporate purposes, including, but not limited to, the making of project mortgage loans to finance the acquisition, construction and/or rehabilitation of multiple-family dwelling projects; (b) issue refunding bonds to refund outstanding bonds of the Authority, (c) enter into agreements for the purpose of providing revenues to pay such revenue bonds upon such terms and conditions as the Authority may deem advisable; and (d) secure the payment of such revenue bonds; and

WHEREAS, the purposes of the Authority are to provide decent, safe and sanitary residential housing at prices and rentals within the financial means of persons and families of low or moderate income; and

WHEREAS, Shiprock Homes South, a Limited Partnership, a New Mexico limited partnership (or an entity related to or affiliated therewith) (the “Borrower”) has requested that the Authority adopt a resolution evidencing an intent to reimburse certain qualified expenditures with proceeds of one or more issues of multifamily housing revenue tax-exempt bonds (the “Bonds”), such expenditures to be incurred by the Borrower to finance, in part, the acquisition, construction and/or rehabilitation of the multifamily housing apartment development known as South Shiprock Homes, a 255-unit development containing an office building/community building located at approximately Highway 64 and Highway 491, in Shiprock, New Mexico (the “Development”) to be occupied in part by persons of low and/or moderate income in compliance with the Act, the rules of the Authority and applicable provisions of the Internal Revenue Code of 1986, as amended; and

WHEREAS, in furtherance of its Multifamily Housing Program and in order to provide funds for such reimbursement but subject to analysis of the credit to be provided by the Borrower for the Bonds and final approval by the Authority, it has been deemed appropriate and necessary that the Authority express its intention to reimburse certain qualified expenditures incurred with
respect to the acquisition, construction and/or rehabilitation of the Development with proceeds of the Bonds and prescribe and establish conditions and other appropriate matters with respect to the issuance of the Bonds; and

WHEREAS, except as otherwise authorized by the Board of the Authority, the Bonds shall be special obligations of the Authority payable solely from and secured by revenues, rights, interests and collections pledged therefore under the applicable indenture(s) and shall not be a general obligation of the Authority or of the State of New Mexico or of any subdivision thereof.

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

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

Section 2. In order to finance in part the acquisition, construction and/or rehabilitation of the Development with the resulting public benefits which will flow from the operation thereof, the Authority hereby expresses its intent to reimburse certain qualified expenditures incurred with respect to the acquisition, construction and/or rehabilitation of the Development, with proceeds of the Bonds issued and sold pursuant to the provisions of the Act in a principal amount sufficient to pay the cost of financing the Development, together with costs incident to the authorization, sale and issuance of the Bonds (to the extent permitted by law). The aggregate cost of the Development expected to be financed with the Bonds, is presently estimated not to exceed $14,600,000. The particular amount, maturities, fixed or variable interest rates, redemption terms and other terms and provisions of the Bonds will be determined by a further resolution of the Authority, including the authorization, if necessary, to issue taxable bonds. Notwithstanding the preceding sentences, issuance of the Bonds and financing of the Development is subject to final approval by the Authority following the analysis of the credit to be provided by the Borrower for the Bonds and other considerations by the Authority.

Section 3. Subject to final approval by the Authority, the Authority will loan the proceeds of the Bonds to the Borrower or otherwise finance the Development to or for the benefit of the Borrower, pursuant to agreements between the Authority and the Borrower whereby the Borrower will be obligated, among other things, to (i) make payments to the Authority in amounts and at times sufficient to pay the principal of and premium, if any, and interest on all of the Bonds being issued for each of the Development and (ii) provide, or cause to be provided, collateral or other security to secure payment of the Bonds and completion of acquisition, construction and/or rehabilitation of the Development in such manner and in such amounts as the Authority deems appropriate. The Authority has not authorized the pledge of its credit for the payment of the Bonds or the financing of the Development.

Section 4. Qualified Costs to be reimbursed shall be determined in accordance with the provisions of Treasury Regulation Section 1.150-2. Notwithstanding anything herein contained to the contrary the Authority shall have no liability to the Borrower for any costs or funds advanced if the Bonds are not issued for any reason, including the disapproval of staff or the Board of Directors of the credit to be provided by the Borrower for the development in its sole and absolute discretion.
Section 5. The officers, employees and agents of the Authority are hereby authorized to review and execute applications for Volume Cap Allocation relating to the Bonds in accordance with the applicable provisions of State law. Although the Authority may attempt to obtain allocations of State Volume Cap, no assurance can be given of the success of such efforts.

Section 6. If any provisions of this resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this resolution.

Section 7. The appropriate officials of the Authority, including without limitation the Chair, the Vice Chair, the Executive Director, the Deputy Director of Programs, the Deputy Director of Finance and Administration and the Secretary, are hereby authorized and directed to execute and deliver for, and on behalf of, the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this resolution and the documents authorized and approved herein.

Section 8. Except as otherwise disclosed to the Members of the Board of the Authority prior to the adoption of this resolution, no member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority as authorized herein.

Section 9. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 10. This resolution shall become effective immediately upon its adoption.
PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS ___ DAY OF DECEMBER, 2016.

______________________________
Chair

(SEAL)

ATTEST:

______________________________
Secretary
PROJECT SUMMARY: SOUTH SHIPROCK HOMES 2016

**Project Name & Addresses**
South Shiprock Homes  
Highway 419 and Indian School Road  
Shiprock, NM  
San Juan County

**Volume Cap**
Current Request; $14,600,000

**Project Type & Size**
Rehab of 246 units and New Construction of 9 units (252 low-income at 60% AMI + 3 employee units)

**Project History & Description**
South Shiprock Homes ("SSH") is an existing housing complex located on Navajo Nation land (tribally designated), originally constructed between 1969 and 1972. SSH has 214 one-story single family homes and 21 one-story duplex buildings containing 41 units for families. Nine of the duplex units have been demolished and will be newly constructed along with the rehabilitation of the remaining 246 units. The project consists of 60 two-bedroom units, 190 three-bedroom units, and 5 four-bedroom units. SSH is requesting bonds in an amount not to exceed $14.6mm dollars to aid in the financing of the rehabilitation and new construction including upgraded interiors and exteriors.

MFA, at its Policy Committee on December 6, 2016, approved the Inducement Resolution in an amount not to exceed $14.6mm dollars.

In accordance with Section 42 of the Internal Revenue Code ("IRC"), at least 50 percent of the project’s aggregate basis (land and depreciable assets) must be financed by volume cap tax-exempt bonds for the entire eligible basis of the project to be fully eligible to claim the four percent tax credits. This project, as currently projected, passes the fifty percent test.

The developer, Tinnin Enterprises ("Tinnin"), is performing a rehab utilizing 4% Low income Housing Tax Credits (LIHTC) allocated by MFA on the 246 existing units which will include replacement of all windows and gas furnaces, new interior paint, new outside lighting, and incorporation of green building elements. Additionally, Tinnin will newly construct 9 duplex units with the same features. The project will create 143 jobs, the overwhelming majority of which are NM residents.

**Borrower**
Shiprock Homes South, a Limited Partnership is owned by two entities: Nonprofit Housing Corp., has a .01 percent interest and NDC (National Development Council) is the equity investor with a 99.99 percent interest.

**The Development Team**
The Developer is Tinnin Enterprises which was created in 1972 as a joint developer and contractor. Tinnin has experience on the Navajo reservation as well as off. Tinnin manages the 255 units of single family dwellings however they did not build them. HUD requested they take over management of the community over 25 years ago. The property will continue to be managed by Tinnin. The Developer and Management Agent are related parties.

**Development Costs**

<table>
<thead>
<tr>
<th></th>
<th>Total Project</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land acquisition</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Building acquisition</td>
<td>8,410,000</td>
<td>32,980</td>
</tr>
<tr>
<td>Construction &amp; site</td>
<td>9,713,206</td>
<td>38,091</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>345,500</td>
<td>1,355</td>
</tr>
<tr>
<td>Financing Costs/Soft Costs/Syndication</td>
<td>1,824,963</td>
<td>7,157</td>
</tr>
<tr>
<td>Total Construction Cost</td>
<td>$20,293,669</td>
<td>$79,583</td>
</tr>
<tr>
<td>Reserves</td>
<td>919,592</td>
<td>3,606</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>1,800,000</td>
<td>7,059</td>
</tr>
<tr>
<td>Total Development Costs (“TDC”)</td>
<td>$23,013,261</td>
<td>$90,248</td>
</tr>
<tr>
<td>TDC minus land and reserves</td>
<td>$22,093,669</td>
<td>$86,642</td>
</tr>
<tr>
<td>2016 LIHTC new construction cost average (per unit)</td>
<td>$186,332</td>
<td></td>
</tr>
</tbody>
</table>
### Permanent Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUD 223(f) Mortgage – Centennial Mortgage</td>
<td>7,000,000</td>
<td></td>
</tr>
<tr>
<td>Seller Financing (cash-flow only)</td>
<td>8,410,000</td>
<td></td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>690,302</td>
<td></td>
</tr>
<tr>
<td>Tax Credit Equity</td>
<td>6,912,959</td>
<td></td>
</tr>
<tr>
<td>Total Construction Sources</td>
<td>$23,013,261</td>
<td>$90,248</td>
</tr>
</tbody>
</table>

### Affordability & Preservation

The Code requires that owners execute and deliver a land use restriction agreement ("LURA") and that each LURA be recorded in the official land records of the county in which the project is located in order to create covenants running with the land. Each LURA serves to enforce certain requirements of Section 42 of the Code and certain additional undertakings of the owner by regulating and restricting the use and occupancy of the project. Tinnin committed to a 30 year affordability period at the time of their 2016 application. The recorded LURA for the site will require that the residential rental units be occupied by individuals or families whose income is 60 percent or less of area gross median income ("AGMI").

This project will help to preserve and maintain the State’s already short supply of affordable housing, as well as provide additional capital to complete the rehabilitation work. The preservation aspect of this project is significant because, according to the National Housing Trust, approximately 100,000 affordable units are built in the U.S. each year. However, for each new unit, two are lost to deterioration, abandonment or conversion to more expensive housing. The need to preserve affordable units is particularly critical today, as many project are reaching or have reach their initial compliance period (15 years per the Code) and may cease to be affordable.
Tab 6
## Staff Actions Requiring Notice to Board
### During the Period of November 1 – 30, 2016

<table>
<thead>
<tr>
<th>Department and Program</th>
<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing Department</td>
<td>September 2016 Quarterly Quality Control Report</td>
<td>Approval of Quarter ended September 30, 2016 report issued by REDW. No findings.</td>
<td>Approved by Policy Committee November 7, 2016</td>
</tr>
<tr>
<td>Housing Development Department – State Affordable Housing Tax Credit</td>
<td>Oshara Village II – Santa Habitat for Humanity</td>
<td>Approval of State Tax Credit request for 6 single-family homes</td>
<td>Approved by Policy Committee on 10/18/16</td>
</tr>
<tr>
<td>Housing Development - HOME Program</td>
<td>Hooghan Hozho</td>
<td>Approval of modification of HOME loan HM042</td>
<td>Approved by Isidoro Hernandez, Deputy Director of Programs, 11/29/16</td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: MFA Board of Directors

Through: N/A

FROM: Kathleen M. Sysak-Keeler

DATE: December 21, 2016

SUBJECT: Single Family Mortgage Bonds 2016 Series C – Pricing Summary

The 2016 Series C transaction is combination new money and refunding bond issue which closed on November 23, 2016. The following is a summary of the bond sale:

~Structure: The bond issue is a $68.250 million tax-exempt traditional bond issue which provides for non-AMT serial and term bonds along with an AMT premium planned amortization class ("PAC") bond.

~Marketing: Bonds were marketed to retail and institutional investors. Retail investors generated $9.4 million of orders. Retail orders were placed for the serial bonds as well as the term bonds. 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 $50 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>3.501%</td>
<td>3.882%</td>
</tr>
</tbody>
</table>

The $18.250 million refunding portion of the bond issue is being used to refund the 2007 Series A and 2007 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 $2.9 million, or approximately 4.3% 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 30, 2016. On January 1, 2017, the funds will be used to call bonds from the 2007 Series A and 2007 Series B bond issues.

The attached Exhibit 1 contains a table summarizing more detailed information about the 2016 Series C 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.
# Summary of Recent Bond Issue Characteristics

**New Mexico Mortgage Finance Authority**

<table>
<thead>
<tr>
<th>Type of Structure</th>
<th>2015A</th>
<th>2015C</th>
<th>2016A</th>
<th>2016B</th>
<th>2016C</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Money</td>
<td>Taxable Refunding</td>
<td>New Money &amp; Taxable Refunding</td>
<td>Tax-Exempt Tax-Exempt</td>
<td>New Money &amp; Refunding Refunding</td>
</tr>
<tr>
<td>1 Tax Exempt Bonds</td>
<td>$35,000,000</td>
<td>n/a</td>
<td>$40,000,000</td>
<td>n/a</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>2 Taxable Bonds</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>3 Tax-Exempt Refunding Bonds</td>
<td>n/a</td>
<td>n/a</td>
<td>$22,790,000</td>
<td>n/a</td>
<td>18,250,000</td>
</tr>
<tr>
<td>4 Taxable Refunding Bonds</td>
<td>n/a</td>
<td>$25,740,000</td>
<td>n/a</td>
<td>$24,595,000</td>
<td>n/a</td>
</tr>
<tr>
<td>5 Total Amount of Bonds Issued</td>
<td>$35,000,000</td>
<td>$25,740,000</td>
<td>$62,790,000</td>
<td>$24,595,000</td>
<td>$68,250,000</td>
</tr>
</tbody>
</table>

**2 Bond Issue(s) Refunded**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>($4.0 million)/$648,000</td>
<td>None</td>
<td>$2.1 million/$2.2 million</td>
<td>None/$614,417</td>
</tr>
</tbody>
</table>

**4 Original Bond Ratings:**

<table>
<thead>
<tr>
<th>Standard &amp; Poor's</th>
<th>Moody's</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>AA+</td>
</tr>
<tr>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>None</td>
<td>AA+</td>
</tr>
<tr>
<td>None</td>
<td>Aaa</td>
</tr>
</tbody>
</table>

**5 Pricing Date(s)**

|------------|-----------|------------|----------|------------|

**7 Serial Bond Maturities**

<table>
<thead>
<tr>
<th>3/1/16-9/1/26</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/1/17-9/1/26</td>
<td>None</td>
</tr>
<tr>
<td>3/1/18-9/1/27</td>
<td>None</td>
</tr>
</tbody>
</table>

**8 Term Bond Maturities**

<table>
<thead>
<tr>
<th>9/1/30, 9/1/35, 9/1/40, 9/1/45</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/1/2041</td>
<td>None</td>
</tr>
<tr>
<td>9/1/27, 9/1/31, 9/1/36, 9/1/41, 9/1/46</td>
<td>None</td>
</tr>
<tr>
<td>9/1/2040</td>
<td>None</td>
</tr>
<tr>
<td>9/1/31, 9/1/36, 9/1/41</td>
<td>None</td>
</tr>
</tbody>
</table>

**9 Premium PAC Maturity**

<table>
<thead>
<tr>
<th>3/1/45</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/1/46</td>
<td>None</td>
</tr>
<tr>
<td>3/1/45, 3/1/45</td>
<td>None</td>
</tr>
</tbody>
</table>

**10 Split Between FIRST HOME**

<table>
<thead>
<tr>
<th>Government and Conventional Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
</tr>
<tr>
<td>Conventional</td>
</tr>
<tr>
<td>MortgageSaver Plus/Zero</td>
</tr>
<tr>
<td>MortgageSaver</td>
</tr>
</tbody>
</table>

**11 Weighted Average Loan Rates**

<table>
<thead>
<tr>
<th>3.726%</th>
<th>n/a</th>
<th>n/a</th>
<th>3.501%</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.143%</td>
<td>n/a</td>
<td>n/a</td>
<td>3.882%</td>
</tr>
<tr>
<td>3.68%/4.11%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>3.45%/3.75%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**12 10-Year Treasury Rate at Pricing**

<table>
<thead>
<tr>
<th>2.07%</th>
<th>1.96%</th>
<th>1.97%</th>
<th>1.55%</th>
<th>1.76%</th>
</tr>
</thead>
</table>

**13 GIC Rates**

<table>
<thead>
<tr>
<th>Acquisition Fund Rate</th>
<th>n/a</th>
<th>n/a</th>
<th>n/a</th>
<th>n/a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Float Fund Rate</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**14 MFA Contribution at Closing**

<table>
<thead>
<tr>
<th>Cost of Issuance (COI)</th>
<th>$405,000</th>
<th>$300,000</th>
<th>$640,000</th>
<th>$300,000</th>
<th>$645,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>COI as a % of Bonds Issued</td>
<td>1.16%</td>
<td>1.17%</td>
<td>1.02%</td>
<td>1.22%</td>
<td>0.95%</td>
</tr>
<tr>
<td>Negative Arbitrage Deposit</td>
<td>$400,000</td>
<td>n/a</td>
<td>$300,000</td>
<td>n/a</td>
<td>$800,000</td>
</tr>
</tbody>
</table>

**15 Yield Spread**

<table>
<thead>
<tr>
<th>1.124%</th>
<th>n/a</th>
<th>1.123%</th>
<th>n/a</th>
<th>1.122%</th>
</tr>
</thead>
</table>

**16 Administrative Fee (to MFA)**

<table>
<thead>
<tr>
<th>0.250%</th>
<th>0.558%</th>
<th>0.250%</th>
<th>0.420%</th>
<th>0.250%</th>
</tr>
</thead>
</table>

**17 Bond Allocation System Followed***

| Yes | Yes | Yes | Yes | Yes |

---

**Notes:**

*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.
$68,250,000
New Mexico Mortgage Finance Authority
Single Family Mortgage Program Class I Bonds
2016 Series C-1 (non-AMT) $50,000,000
2016 Series C-2 (AMT) $18,250,000

POST-SALE ANALYSIS

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.

Additionally, this transaction:

a. creates additional zero participations which MFA can use as protect against rising interest rates on future bond issues, and
b. reallocates zero participation loans from prior series (2016 Series A) within the required time of 18 months for which to reallocate loans.

Approach and Strategy. Over the past year, MFA has generally used monthly pass-through bonds to refund prior bond issues at lower rates. It has used traditional bond structures—such as 2015 Series A last year, 2016 Series A in the spring of 2016, and now 2016 Series C—to finance new production (and refund older bonds in conjunction with the new issue). An important reason for using this traditional bond structure is to refund 2007 Series A and B on a tax-exempt basis, thus increasing MFA’s zero participations interest subsidies which will allow MFA to finance more newly financed MBS on its balance sheet through bond issuance than it could with less zeros. Using this traditional structure on 2016 Series A is therefore important to MFA’s ongoing financing program. By carrying forward the zero participations, MFA is able to help protect itself against 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 taking into account current expected rates on a traditional 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 $7.2 million zero participations (prior to issuing 2016C) as possible to achieve full spread, thus preserving more zero participations for future production, and
3. Raise 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 2016 Series C bonds:

- Included $50,000,000 in 2016 Series C-1 bonds to finance new pipeline production and provide sufficient proceeds to use and store zero participations,
- Included $18,250,000 of 2016 Series C-2 bonds to refund prior MFA bonds (2007 Series A and Series
B) that are optionally callable on January 1, 2017,

- 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 $2,588,980,
- Provided 4 weeks from pricing 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 GNMA or FNMA MBS depending on MFA’s loan pipeline,
- Provided MFA an optional 9.5-year par call if it proves profitable to redeem the bonds in the future, and
- Deposited $800,000 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.

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

Investor interest for the PAC bonds was very strong, with 4 orders for all of the $18.5 million Series C-1 non-AMT PAC bonds and 6 orders for all on the $18.25 million Series C-2 AMT PAC bonds (8 orders in total). As a result, the yields on the Series C-1 and Series C-2 PAC bonds were reduced by 0.03% and 0.05%, respectively.

1. **Yields.** The bond yield (true interest cost) was 2.54% 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, MFA used $7.2 million of its zero participations but created $9.7 million in zeroes for future bond issues (assuming participation with future issue in 17 months).

3. **Net Economic Benefits.** The transaction’s projected net present value including the zeroes generated for the future at 150% PSA prepayment speed is $2.9 million, or approximately 4.3% of the amount of the issue.

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

1. **Retail Interest.** A separate 3-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 $9.9 million of retail orders, significantly better than for 2016 A in which we received $6.6 million of total retail orders. The orders were spread across both shorter and longer serial bonds, as well as 2036 and 2041 term bonds.

   Of the $13.3 million of serial bonds prior to the final serial maturity in 2027, a total of $7.7 million of retail orders was received. This performance was significantly better than on the 2016 A bonds which had $1 million of retail orders received on the serial bonds. As a result of the order flow, serial bonds in March 2024, September 2025 were reduced by 5 basis points.

2. **Institutional Interest.** There was strong institutional interest in the PAC bonds as noted above, with the Series C-1 and C-2 PAC Bonds oversubscribed by 4 times and 7 times, respectively. The Series C-
1 PAC bond was lowered in yield by 3 basis points, with the Series C-2 PAC bond lowered by 5 basis points. As for the $31.5 million of non-PAC bonds, there was a total of $79.45 million of institutional orders. In addition, the 2031 and 2036 term bonds were 5.8 and 3.8 times oversubscribed, respectively, and thus were reduced in yield by 5 basis points.

3. Selling Group. To enhance the order flow particularly with retail investors, three selling group members were added to the underwriting syndicate for 2016 Series C. Selling group members included D.A. Davidson, Fidelity Capital Markets, and Robert W. Baird. D.A Davidson submitted $750k of retail orders, and Fidelity submitted $1,260k of retail orders, for a total of $2.0 million in orders. The selling group was certainly helpful in terms of generating additional retail interest. Robert W. Baird did not provide any orders.

4. Timing. The bonds were priced on Tuesday, October 25th with a retail order period the morning of the 25th and an institutional order period later that afternoon.

During the pricing, the Treasury market was stable, closing at 1.76% on the 10 year Treasury on Tuesday. The municipal market in terms of MMD rates was unchanged on Tuesday, October 25th. See “Market Details” below for a full description of the market leading up to the pricing date.

5. Comparable Transactions. 2016 Series C priced very well compared to other HFA issues in the market. The most direct comparable the week of October 24th was Nebraska’s $101 million non-AMT issue that also priced on Tuesday, October 25th. The 2016 Series C-1 PAC bond priced at a spread of +83 to the 5-year MMD, just over Nebraska’s PAC bond at a spread of +81. It should be noted that the 2016 Series C-1 PAC bond had a much tighter PAC band of 100 to 300% PSA prepayments, whereas Nebraska’s was 100 to 500% PSA. MFA’s PAC band allows MFA to redeem the PAC bonds if prepayments are fast, a benefit of a tighter PAC prepayment band. Across the maturity schedule, MFA priced virtually equivalent to Nebraska with a few serials either 5 basis points higher or lower in yield. MFA’s 2036 Term bond priced 5 basis points lower in yield than the comparable maturity for Nebraska. Lastly, the 2016 Series C-2 AMT PAC bond priced at a spread of +91 to the 5-year MMD, tighter than the 3 AMT PAC bonds that priced in the weeks prior (NC, WA, and GA).

See Section 3 for detailed pricing comparables of all recent tax-exempt traditional bond issues priced around 2016 Series C.
**MARKET DETAILS**

**Key Dates:**
- Pricing Date: Tuesday, October 25th, 2016
- Closing Date: Wednesday, November 23rd, 2016

**Economic Calendar.** In the week leading up to the sale, the calendar of data releases reflected modest domestic economic strength suggesting moderate growth. The last two weeks of jobless claims data came in at 246,000 initial claims, the lowest since 1973, signalizing strength in the job market. The recent stabilization of oil above $50 per barrel has contributed to an uptick in the Core Goods CPI which was stronger than expectations, up 0.3% in September. On the Tuesday of the sale, the Purchasing Manufacturer’s Index (PMI) rose to 53.2, up from 51.5 last month. Several Federal Reserve officials have continued speeches indicating that the Fed will likely raise short-term rates at their December meeting.

**Treasuries.** The 10-year Treasury yield started the year at 2.24%. Following weak jobs reports in May and the “Brexit” vote on June 24, the 10 year Treasury reached a low of 1.32% on July 6th. Since then, stronger domestic economic data and investor rotation into riskier assets has led to higher Treasury rates. During the week of October 17th, Treasury yields rose to their highest levels since June as foreign sovereign yields increased, better U.S. domestic data, and the Fed’s signaling of a rate hike by the end of 2016. Last week, yields declined across the curve based on mixed U.S. economic data, and declining global sovereign debt yields. The 10 year yield was 1.76% on the date of sale.

**Municipals.** Municipal bonds have underperformed Treasuries this year. In January the 10-year MMD was 84% of the 10-year Treasury; it is now up to 99%. Similarly, the ratio of the 30-year MMD to the 30-year Treasury rose from 95% to 102%. These new ratios, with municipals trading cheap to Treasuries, are similar to those that prevailed during most of 2015.

- **Supply and Demand.** Demand for municipal bonds since the fall of 2015 into 2016 has been incredibly strong, with a record 52 weeks of positive inflows into municipal bond funds, which recorded more than $60 billion of inflows during the period. Last week, with a record $15.9 billion in primary municipal issuance, the record of positive inflows was snapped. Primary issuance the week of October 24th was expected to exceed $16 billion, another record high. Issuers are wanting to take advantage of still very low interest rates, as well as price before the general election in November, and ahead of any potential Federal Reserve meetings in December. Last week, transactions saw mixed reception as investors have become more selective given the heavy supply.

- **Low rates.** Although the consensus expectation is that the Federal Reserve’s tightening will likely be slow and modest, investors have become more sensitive to longer dated maturities. Higher yields have been required on the longer term bonds for housing issues to attract investors. To combat this, 2016 Series C was structured such that the longest term bond is 25 years as opposed to the typical 30 year term bond for traditional housing issues.

- **Credit spreads.** Credit spreads have widened slightly since early May 2016. The current spread between AAA and A 30-year MMD is approximately 57 basis points. Among higher quality bonds, the differential between AAA and AA is approximately 26 basis points for 30-year bonds.
<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>
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<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>
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<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>
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<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>
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<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>
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<tr>
<td>2016 A</td>
<td>3/15/16</td>
<td>1.97%</td>
<td>1.88%</td>
<td>95.4%</td>
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<td>2.84%</td>
<td>104.0%</td>
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<tr>
<td>2016 C</td>
<td>10/28/16</td>
<td>1.76%</td>
<td>1.72%</td>
<td>97.7%</td>
<td>2.50%</td>
<td>2.54%</td>
<td>101.6%</td>
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<tr>
<td>Change from 2016A to 2016C</td>
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<td>- 21 bps</td>
<td>- 16 bps</td>
<td>+2.3%</td>
<td>- 23 bps</td>
<td>- 30 bps</td>
<td>-2.4%</td>
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</table>

**UNDERWRITING**

**Underwriter.** RBC Capital Markets served as senior managing underwriter and JP Morgan as co-manager. As mentioned above, we had a three firm selling group consisting of D.A. Davidson, Fidelity Capital Markets, and Robert W. Baird & Company.

**Underwriting Fees.** The underwriter discount of $6.549 is reasonable compared to other similarly sized issues in the market.

**Performance.** RBC Capital Markets as book-running senior manager and JP Morgan as co-manager worked well together and achieved good order flow as described above. The strong order flow was evidenced by the ability to reduce yields for two of the term bonds, and both of the PAC bonds. The three firm selling group also enhanced the sale of the bonds by bringing in an additional $2.0 million in retail orders. We would recommend a selling group on the next traditional bond issuance as well.
New Mexico Mortgage Finance Authority; General Obligation

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Secondary Contact:
David Greenblatt, New York (212) 438-1383; david.greenblatt@spglobal.com

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New Mexico Mortgage Finance Authority; General Obligation

Credit Profile

<table>
<thead>
<tr>
<th>New Mexico Mtg Fin Auth Issuer Credit Rating</th>
<th>Long Term Rating</th>
<th>Affirmed</th>
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Rationale

S&P Global Ratings affirmed its 'AA-' issuer credit rating (ICR) on the New Mexico Mortgage Finance Authority (NMMFA). The rating reflects our view of the general obligation (GO) and credit quality of NMMFA. The outlook is stable.

The 'AA-' rating reflects our view of the following strengths:

- Improving equity ratios, which measure an agency's ability to absorb operating deficiencies;
- Improving asset quality, measured by the percent of nonperforming assets (NPAs);
- The high quality of NMMFA's asset portfolio, with securitized mortgage loans comprising a majority of the assets;
- The low-risk debt profile, with variable-rate debt comprising 1% of the agency's debt profile;
- No GO debt outstanding;
- The high level of legislative and gubernatorial support of NMMFA; and
- Strong and stable management.

These strengths are offset by the following weaknesses:

- Declining total assets, with a consistent reduction in total mortgage-backed securities (MBS) value;
- Net income that continues to fluctuate year over year; and
- Five-year average profitability and leverage ratios that underperform when compared to other 'AA-' rated housing finance agencies (HFAs).

We believe NMMFA's loan portfolio has very high credit quality, with 67% of its mortgages receiving credit enhancement from Ginnie Mae, Fannie Mae, and Freddie Mac MBS and multifamily loans backed by the Federal Housing Authority (FHA) pursuant to its Risk-Sharing program. Most of NMMFA's loans are deployed under its single-family MBS loan parity bond program, which accounts for roughly 79% of its total loan portfolio and 67% of its assets. The remainder of the loan portfolio consists mostly of multifamily (12%) and general fund loans (8%).

NMMFA had $541.4 million in outstanding MBS as of Sept. 30, 2015, a 10% decline from fiscal 2014. Approximately 85% of its debt consists of single-family bonds, while 14% consists primarily of multifamily bonds. In 2015, only 1% of its total debt was variable-rate debt, while the balance was fixed rate. As of fiscal year-end 2015, NMMFA's equity position declined moderately to $190.5 million.

Our rating also reflects our opinion of the strength and stability of NMMFA's management team, which has been providing affordable housing finance opportunities for New Mexico residents for over 40 years.
Outlook

The stable outlook reflects our opinion of NMMFA's low-risk asset base, improved profitability, and stable management. Should its loan portfolio performance decline or its equity levels show a trend of deteriorating equity, we could take a negative rating action. However, given the high quality of NMMFA's loan portfolio, its improving profitability, and its low-risk debt profile, we believe the rating will remain stable in the outlook period.

Asset Quality

NMMFA's asset base has steadily declined over the past five years. Total assets in 2015 were $953 million, a drop of 6.8% compared to fiscal 2014, reflecting an average decline of 10.5% per year since 2011. The decline has been due to the amount of loan prepayments exceeding the issuance of new loans. Specifically, NMMFA purchased $29.9 million in MBS and $15.8 million in whole loans during 2015. These purchases were offset by MBS prepayments totaling $80.1 million and whole loan prepayments totaling $0.8 million, bringing the net decrease of MBS and mortgage loans receivable to $65.5 million. The total value of MBS held by the authority has declined since 2009, from a high of $1.09 billion to $641 million in 2015.

Most of NMMFA's assets consist of Fannie Mae and Ginnie Mae MBS-enhanced mortgage loans and MBS (87%), as well as high-quality investment securities (12%). NMMFA's MBS and loan portfolio totaled $827.9 million in fiscal 2015, down more than 7% from fiscal 2014. The single-family bond programs are MBS-guaranteed, while the multifamily programs are mostly issued as conduits, with risk limited to applicable risk-share agreements on most of those transactions.

NMMFA's MBS and loan-to-total assets ratio decreased slightly to 86.87% in 2015 (see table 1). The single-family MBS loan parity bond program accounts for 79% of the total loan portfolio and 67% of NMMFA's assets (see chart 1). The remainder of the portfolio consists mainly of multifamily (11%) and general fund loans (8%). In addition to its mortgage revenue bond (MRB) program, the authority had $103 million in multifamily/rental housing loans and about $70 million in general fund loans as of Sept. 30, 2015.
NMMFA's mortgage loans represent 20% of total assets. Certain mortgage loans of the authority are insured by the FHA and partially guaranteed by the VA. As of Sept. 30, 2015, the authority held approximately $2.6 million of FHA-insured loans. The authority participates in the Risk Sharing loan program, under which the Department of Housing and Urban Development (HUD) provides credit enhancements for multifamily housing project loans, and assumes 90% of the risk of loss in the event of default on specific loans.

We consider NMMFA's loan portfolio to be one of the strongest among HFAs rated by S&P Global. NMMFA's 2011-2015 five-year NPA (mortgages delinquent in excess of 60 days and real estate owned) ratio is, in our view, very low (0.45%), well below the 3.99% for other 'AA-' rated HFAs (see table 2). The authority had NPAs of approximately $4.9 million in fiscal 2015, constituting only 0.59% of its total mortgages and MBS. Secondary loan-loss coverage for single-family mortgages is through pool insurance policies and authority funds. These mortgages pose minimal risk to the authority's fund balances, in our view, due to guaranteed coverage from federal programs, including VA, HUD, Rural Development, as well as private mortgage insurers. For loans with loan-to-value ratios below 80%, the authority does not require mortgage loan insurance.

We believe the MBS program and NMMFA's strong oversight of its mortgage portfolio have helped the authority control the delinquency and foreclosure rates on its loans. In addition, we believe management's preference for government-enhanced MBS over whole loans effectively protects the authority's assets from New Mexico's volatile
housing market, which is among the weaker markets in the U.S. in terms of price appreciation and delinquencies. In our view, NMMFA’s use of 'AA+' eligible MBS for its single-family issues insulates NMMFA from significant exposure to changing mortgage rates.

Financial Performance

While NMMFA's total equity declined 3% in fiscal 2015 to $190.5 million, its leverage ratio has continued to increase since 2010. Equity reached 20% of total assets in 2015, bringing its five-year average to approximately 16.2%. This increase is partly due to a reduction in outstanding debt from $1.3 billion in 2011 to $742 million in 2015. While this leverage ratio has been increasing steadily over recent years, NMMFA is still below the five-year average leverage for 'AA-' rated HFAs, which is 19.24% (see table 2). On a trend, however, NMMFA's equity has been increasing in recent years, whereas the equity for other 'AA-' rated HFAs has remained below 20% since 2012. As NMMFA continues to improve its equity position, we expect its five-year average leverage ratio to become more in line with its peers.

Net income in fiscal year 2015 was approximately $4 million, after reporting $6.7 million in 2014 and $4.7 million in fiscal year 2013. An increase of 50% in other revenue led to the increase in net income during 2014, while total expenses that year decreased 10%. The decrease in net income between 2014 and 2015 is partially due to reduced mortgage interest revenue and a loss in the fair value of investments, leading to an overall decline in total revenue of 14% and a decrease in total expenses of 10% (see chart 2).
In 2013, NMMFA began selling MBS on the secondary market to fund its single-family mortgage program as the low interest rates limit its profitability issuing new bonds. This has resulted in decreases of 6.8% in total assets and 7.7% in liabilities in fiscal year 2015, but the declines are not indicators of reduced single-family production. We expect NMMFA to continue using the secondary market to finance its single-family mortgage loans, which we consider a favorable strategy to maintain its programs.

Fluctuations in net income contribute to volatility in NMMFA's profitability. Return on average assets (ROA) increased to 0.61% from 0.38% between 2013 and 2014, before decreasing to 0.41% in 2015. This fluctuation brought the authority's five-year average to 0.46%, which is below the 0.63% figure of other HFA's rated 'AA-' by S&P Global (see table 2).

**Investments**

Total investments (excluding the agency's restricted MBS) accounted for 12% of the total asset base in fiscal 2015, totaling $99.3 million. This represents a slight decrease in investments from 2014. NMMFA’s investment portfolio is composed of state investment council pools (34%), money market funds (20%), unrestricted MBS general fund investments (15%), guaranteed investment contracts (12%), U.S. treasuries and U.S. agency securities (9%), repurchase
agreements (4%), and cash and cash equivalents (7%) (see chart 3).

Chart 3

Investment Portfolio
(As of Sept. 30, 2015)

The agency's investments are made in accordance with its investment policies to ensure capital preservation and provide sufficient liquidity, with approximately 40% of its investments maturing in less than one year. Approximately 32% of NMMFA's investment contracts are held in investment agreements with providers rated 'AA' or higher, compared to 54% in 2014. These agreements provide the authority with liquidity and protection against reinvestment risk under long-term bond programs.

Debt Profile

NMMFA had $742 million in outstanding bonds as of Sept. 30, 2015, a 9% decline from fiscal 2014. Prepayments and bond refunding exceeded issuance, resulting in a net decrease of $73 million. Approximately 85% of its debt outstanding consisted of the single-family mortgage program, while 14% of its debt consisted of multifamily bonds (see chart 4). In 2015, only 1% of its debt was variable rate, consisting of one guaranteed variable-rate debt issue, which does not expose NMMFA to any significant interest rate or remarketing risk. In our view, the authority has a very conservative financing strategy, with no exposure to interest rate swaps, derivatives, or exotic financial instruments.
As of fiscal 2015, NMMFA's multifamily obligations included a portfolio of FHA mortgage loans under the FHA Risk-Sharing program with a $108.6 million balance and a Section 538 Rural Rental Housing Guarantee loan with a $1.2 million balance. In both instances, NMMFA assumes 10% of the mortgage loan risk. NMMFA reported a zero balance of net capital bonds payable as of Sept. 31, 2015.

During fiscal 2015, NMMFA issued $81.8 million in single-family mortgage program revenue bonds, of which $46.8 million was related to bond refunding transactions, which was $53.8 million more than the $28 million issued in fiscal 2014. In addition, NMMFA sold $115.5 million of single-family first-time homebuyer mortgages during fiscal 2015. The agency decreased negative arbitrage expenses by $0.5 million from the previous year by using: pass-through bond structures, an improved timing of redeeming bonds with cash received from prepayments, the continuous lending loan origination model, and the secondary market to fund single-family loans.

Management

In our opinion, NMMFA's management is strong and actively seeks to improve its financial performance and operations with an experienced staff and an active board of directors. The authority is overseen by a 16-member legislative oversight committee, which consists of both Democratic and Republican state senators and representatives.
from throughout the state. The board of directors consists of seven members, four of whom are appointed by the governor and three are ex-officio voting members from New Mexico: the lieutenant governor, attorney general, and treasurer. The four appointees serve staggered, four-year terms and have experience in senior management, banking, accounting, real estate, and economic development. The authority meets to strategically plan with its board of directors annually, which we view as a strength. Senior management meets quarterly to review and ensure consistency with its plan.

The authority uses lenders and brokers throughout the state to originate single-family mortgages, which are eventually securitized by Ginnie Mae or Fannie Mae MBS and pledged under NMMFA bond programs. The authority uses master servicers to purchase mortgage loans from the lenders for its single-family program; second loans, and other special loans are serviced in-house. The department of accounting/servicing verifies all subservicer remittances monthly, and tracks MBS balances and all bond trustee accounts. Additionally, all bond redemptions are reviewed by the finance staff and trustee prior to execution to ensure compliance with trust indenture legal requirements.

NMMFA's staff consists of 71 employees and currently manages over 30 housing programs such as weatherization assistance, emergency shelter grants, the HOME investment partnership program, and low-income housing tax credits. The HUD has designated the authority as a Tier 1 or top performer as part of its FHA loss-mitigation initiative. Because of the continued success of the authority and historically strong relations with the state, we believe that it is unlikely that the state would appropriate funds from NMMFA for general state needs.

**Economy**

In our view, New Mexico's economy still lags the average level of the U.S. According to IHS Global Insight, New Mexico's dismal rate of payroll growth continued in the first quarter of 2016, decelerating slightly to 0.2% year on year. Weakness in the mining sector continues to exacerbate an already sluggish recovery hindered by reliance on federal government jobs and spending. Natural resources and mining plunged another 25.8% year over year in the first quarter of the year. The number of active rigs statewide fell to just 15 in March, compared with 56 at the same time last year. The decline in energy activity has rippled out to other sectors of the state economy, including transportation and warehousing, which fell 7.3% year over year. Business services, a significant contributor to job recovery in many other places, added only 0.4% in the first quarter, extending a long streak of growth under 1.0%. There were some bright spots in the service economy, however. Health services and leisure/hospitality services added jobs at a pace of 5.6% and 3.6%, respectively. Construction employment gains also accelerated to 2.9%, its fastest pace since the third quarter of last year.

IHS expresses a hopeful view of the housing market in New Mexico. According to the Federal Housing Finance Agency's purchase-only home price index, home values rose 2.6% in the second quarter compared with the same period last year. The residential market here turned the corner around the same time as the nation, but so far has recovered at a much slower pace. Home values currently stand at 90% of their prerecession peak. Given that home prices were severely overinflated during the housing boom, this is not far off from fundamentals. Construction of new single-family homes continues to bounce around near the trough as demand is simply not there and foreclosure rates are currently the eighth-highest in the nation. Multifamily starts are down as well, with the sector not seeing a run-up
in apartment construction like so much of the rest of the nation.

According to the Mortgage Bankers Association, in the second quarter of 2016, 2.09% of all loans in New Mexico were 60 or more days delinquent, compared to 2.28% for the nation as a whole. However, New Mexico experienced higher percentages of loans in foreclosure (2.54%) and seriously delinquent loans (3.87%) than the nation. New Mexico’s foreclosure rate was highest in the Mountain Region at the end of the June 2016. These figures reflect a decrease since the second quarter of 2015, when 2.92% of loans in New Mexico were in foreclosure and 4.44% were seriously delinquent.

Table 1

<table>
<thead>
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<tbody>
<tr>
<td><strong>Profitability</strong></td>
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<td>0.45</td>
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<td>Loan loss reserves/NPAs</td>
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<td>Total equity and reserves/total loans and MBS</td>
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<td>9.94</td>
<td>12.19</td>
<td>13.05</td>
<td>13.91</td>
<td>15.17</td>
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<tr>
<td>Total loans and MBS/total assets</td>
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NPA—Nonperforming asset. MBS—Mortgage-backed securities.
### Table 2

**Five-Year Average Financial Ratios**

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<th>NMHFA</th>
<th>All 'AA' HFAs</th>
<th>All 'AA-' HFAs</th>
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<tr>
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<td>1.03</td>
<td>0.63</td>
<td>0.45</td>
<td>0.78</td>
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<td>Return on assets before loan loss provision and extraordinary item</td>
<td>0.55</td>
<td>1.34</td>
<td>3.76</td>
<td>0.54</td>
<td>0.98</td>
</tr>
<tr>
<td>Net interest margin</td>
<td>0.73</td>
<td>1.11</td>
<td>3.99</td>
<td>1.11</td>
<td>1.21</td>
</tr>
<tr>
<td><strong>Asset Quality</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPAs/total loans and real estate owned</td>
<td>0.45</td>
<td>3.38</td>
<td>3.99</td>
<td>3.64</td>
<td>3.56</td>
</tr>
<tr>
<td>Loan loss reserves/total loans</td>
<td>0.27</td>
<td>4.82</td>
<td>2.31</td>
<td>1.45</td>
<td>3.53</td>
</tr>
<tr>
<td>Loan loss reserves/NPAs</td>
<td>63.68</td>
<td>253.56</td>
<td>93.57</td>
<td>36.14</td>
<td>731.52</td>
</tr>
<tr>
<td><strong>Leverage</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Total equity/total assets</td>
<td>16.17</td>
<td>24.91</td>
<td>19.24</td>
<td>15.82</td>
<td>23.68</td>
</tr>
<tr>
<td>Total equity and reserves/total loans</td>
<td>19.15</td>
<td>36.97</td>
<td>33.63</td>
<td>24.61</td>
<td>36.66</td>
</tr>
<tr>
<td><strong>Liquidity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total loans and MBS/total assets</td>
<td>85.43</td>
<td>72.93</td>
<td>73.81</td>
<td>69.71</td>
<td>71.25</td>
</tr>
</tbody>
</table>

NPA—Nonperforming asset. MBS—Mortgage-backed securities. HFA—Housing finance agency.

### Table 3

**Trend Analysis**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>1,639,068</td>
<td>1,470,171</td>
<td>1,302,113</td>
<td>1,154,636</td>
<td>1,022,496</td>
<td>953,030</td>
</tr>
<tr>
<td>% change</td>
<td>-3.60%</td>
<td>-10.30%</td>
<td>-11.43%</td>
<td>-11.33%</td>
<td>-11.44%</td>
<td>-6.79%</td>
</tr>
<tr>
<td>Total loans &amp; MBS</td>
<td>1,291,839</td>
<td>1,235,172</td>
<td>1,080,078</td>
<td>992,851</td>
<td>892,612</td>
<td>827,858</td>
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<tr>
<td>% change</td>
<td>-2.17%</td>
<td>-4.39%</td>
<td>-12.56%</td>
<td>-8.08%</td>
<td>-10.10%</td>
<td>-7.25%</td>
</tr>
<tr>
<td>Nonperforming assets</td>
<td>5,505</td>
<td>6,547</td>
<td>4,307</td>
<td>3,574</td>
<td>3,322</td>
<td>4,882</td>
</tr>
<tr>
<td>% change</td>
<td>13.60%</td>
<td>18.93%</td>
<td>-34.21%</td>
<td>-17.03%</td>
<td>-7.04%</td>
<td>46.95%</td>
</tr>
<tr>
<td>Total equity</td>
<td>168,568</td>
<td>168,338</td>
<td>181,666</td>
<td>187,825</td>
<td>196,596</td>
<td>190,543</td>
</tr>
<tr>
<td>% change</td>
<td>3.93%</td>
<td>-0.14%</td>
<td>7.92%</td>
<td>3.39%</td>
<td>4.56%</td>
<td>-2.98%</td>
</tr>
<tr>
<td>Revenues</td>
<td>83,830</td>
<td>74,513</td>
<td>71,675</td>
<td>55,534</td>
<td>52,625</td>
<td>45,375</td>
</tr>
<tr>
<td>% change</td>
<td>4.03%</td>
<td>-11.11%</td>
<td>-3.81%</td>
<td>-22.52%</td>
<td>-5.24%</td>
<td>-13.78%</td>
</tr>
<tr>
<td>Net income</td>
<td>5,756</td>
<td>3,358</td>
<td>9,749</td>
<td>4,670</td>
<td>6,654</td>
<td>4,027</td>
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<tr>
<td>% change</td>
<td>331.48%</td>
<td>-41.66%</td>
<td>190.32%</td>
<td>-52.10%</td>
<td>42.48%</td>
<td>-39.48%</td>
</tr>
<tr>
<td>Total Debt</td>
<td>1,444,149</td>
<td>1,282,463</td>
<td>1,106,490</td>
<td>955,189</td>
<td>815,061</td>
<td>741,968</td>
</tr>
<tr>
<td>% change</td>
<td>-4.70%</td>
<td>-11.20%</td>
<td>-13.72%</td>
<td>-13.67%</td>
<td>-14.67%</td>
<td>-6.97%</td>
</tr>
<tr>
<td>Loan loss reserves</td>
<td>1,945</td>
<td>2,310</td>
<td>3,380</td>
<td>2,648</td>
<td>2,513</td>
<td>2,681</td>
</tr>
<tr>
<td>% change</td>
<td>6.69%</td>
<td>18.77%</td>
<td>46.32%</td>
<td>-21.66%</td>
<td>-5.10%</td>
<td>6.69%</td>
</tr>
</tbody>
</table>
New Mexico Mortgage Finance Authority

Update - Moody’s Investors Service has affirmed the Aa3 issuer rating of the New Mexico Mortgage Finance Authority

Summary Rating Rationale
Moody’s Investors Service has affirmed the Aa3 issuer rating of the New Mexico Mortgage Finance Authority. The outlook remains stable. The affirmation is supported by the trend of strong financial performance, sound asset portfolios, low risk profile complemented by well-established risk management policies and procedures, as well as satisfactory management and governance practices. The stable outlook reflects our expectation that the Issuer will continue to exhibit positive trends as well as maintain a credit profile in line with similarly rated peers.

Credit Strengths
» Continued solid financial performance, as demonstrated by an asset-to-debt ratio of 1.32x and a margin (net revenues as a percentage of overall revenues) of 5.4% for the fiscal year ended on September 30, 2015
» Well performing single-family bond programs, fully collateralized with Agency MBS assets
» No variable rate debt within single family programs
» Minimal counterparty exposure from guaranteed investment contracts with currently appropriately rated providers, as well as third-party provision of secondary market MBS pricing, marketing and sales

Credit Challenges
» Lower homeownership financing activity due to broad housing market challenges could result in weakened financial position in the future

Rating Outlook
The stable outlook on the rating is supported by the Issuer’s overall trend in financial performance, loan portfolio characteristics, low risk profile, and management and governance policies, all in line with similarly rated peers in the Aa3 category.

Factors that Could Lead to an Upgrade
» Substantial growth in financial strength as exhibited by collateralization levels and margins to levels consistent with higher rating levels
Factors that Could Lead to a Downgrade

» Significant erosion of the financial position of the Authority as most noted by a drop in asset-to-debt ratio

Key Indicators

Exhibit 1

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<tbody>
<tr>
<td>Total Bonds Outstanding</td>
<td>729,878</td>
<td>815,061</td>
<td>953,851</td>
<td>1,069,114</td>
<td>1,282,463</td>
</tr>
<tr>
<td>Asset to Debt Ratio</td>
<td>1.32x</td>
<td>1.25x</td>
<td>1.22x</td>
<td>1.19x</td>
<td>1.16x</td>
</tr>
<tr>
<td>Margins</td>
<td>5.40%</td>
<td>6.86%</td>
<td>5.54%</td>
<td>10.53%</td>
<td>3.78%</td>
</tr>
</tbody>
</table>

Source: New Mexico Mortgage Finance Authority Audits

Recent Developments

Incorporated in the sections below.

Detailed Rating Considerations

Loan Portfolio: Strong program collateral, primarily comprised of credit-enhanced mortgages

All loans from bond programs are either securitized single family loans, FHA insured or credit enhanced.

The Single Family Mortgage Program, also known as the “2005 Indenture”, maintained a mortgage loan portfolio of about $475 million, as of 6/30/2016, comprised of Agency Mortgage Backed Securities (MBS). The impact of loan delinquency on overall financial health of the program is non-existent as the loans are securitized by GNMA certificates guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (GNMA), and by Fannie Mae certificates issued and guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association (Fannie Mae).

The second program, the Single Family Mortgage (NIBP) Program, maintains a mortgage loan portfolio of about $124 million, as of 6/30/2016, comprised solely of Agency MBS.

In addition to the parity programs, the Authority maintains stand-alone single family bond programs which are all seasoned, maintaining exceptionally strong collateralization levels. All of these programs are fully secured by MBS. Approximately 12% of the Authority’s total bonds outstanding are multifamily bonds, all of which are secured by FHA and fully endorsed by HUD’s FHA Risk Share Program or credit enhanced.

Financial Position and Performance: Strong and growing level of resources help maintain the Authority’s creditworthiness

Financial position is strong with an asset-to-debt ratio (ADR) of 1.32x as of the fiscal year ended on September 30, 2015 up from 1.25x in the prior year, and displaying steady growth over the past 5 years. We expect to see continued growth when FYE 2016 audited financials are released. The Authority’s risk adjusted ADR is comparable given that all loan assets are primarily MBS, with 17% of assets being either FHA Insured with the agency only taking a 10% risk share level or bearing some form of credit enhancement.

Margins for the fiscal year ended on September 30, 2015 was 5.4% which is in line with recent years with the 5 years trend also averaging 6.42%.

LIQUIDITY

the Authority maintains sufficient liquidity to meet its obligations.

Risk Profile: Low risk profile and strong risk management policies reinforce stable performance

The Authority’s low risk profile, a credit positive, is characterized by conservative bond structures consisting of all fixed rate debt. The Authority has sound management as exhibited by their strategic planning practices as well as a minimal appetite for risk.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.
DEBT STRUCTURE
Total outstanding debt for the Corporation as of September 30, 2015 was approximately $718 million, all of which is fixed rate.

DEBT-RELATED DERIVATIVES
None

PENSIONS AND OPEB
Pensions and OPEB are not a major factor in the methodology

Management and Operating Environment: Sound oversight and management of the Authority’s activities is key
We view the management team as effective in managing its existing core business and fully dedicated to fulfilling the Authority’s mission. Management staff has demonstrated strong competence in making decisions that have proven to have minimal risk and improve financial and operational results, while exploring key opportunities for innovative ways to continue meeting the Authority’s mission including loan origination through TBA.

Legal Security
The Authority is empowered to undertake various programs to assist in the financing of housing for persons of low and moderate income in the State. The Act provides that the Authority is a public body politic and corporate separate and apart from the State constituting a governmental instrumentality. The Act requires the Authority to adopt rules and regulations governing each of the programs set forth in the Act. The rules and regulations of the Authority are not effective until they have been approved by a legislative oversight committee, composed of members of the State House of Representatives and the State Senate. The legislative oversight committee has approved rules and regulations of the Authority for the Single Family Mortgage Program and related activities. In addition, the Low Income Housing Tax Credit program and the HOME program, previously administered by the State, were transferred to the Authority for the purpose of consolidating in one entity the administration of housing related programs.

Obligor Profile
The Authority was created by the Act, which was passed by the Legislature of the State (the “Legislature”) in 1975. In the Act, the Legislature found that a serious shortage of decent, safe and sanitary residential housing available to purchase and rent within the financial means of persons and families of low and moderate income existed in both urban and rural areas of the State and that private enterprise had not been able to produce the needed construction or rehabilitation of such housing. The Authority was created in an effort to remedy this situation.

Methodology
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New Mexico Mortgage Finance Authority: Update - Moody's Investors Service has affirmed the Aa3 issuer rating of the New Mexico Mortgage Finance Authority.
Tab 7
New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

October 31, 2016
SUMMARY OF NEW BOND ISSUES:
Single Family Issues: None
Multi-family Issues: None

COMPARATIVE YEAR-TO-DATE FIGURES:

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<tr>
<th>1</th>
<th>Single family issues (new money):</th>
<th>10/31/16 YTD</th>
<th>10/31/15 YTD</th>
<th>% Change Year/Year</th>
<th>Forecast 10/31/17</th>
<th>Actual to Forecast</th>
<th>Forecast/Target 9/30/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$0.0</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
<td>N/A</td>
<td>$75.0</td>
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<tr>
<td>2</td>
<td>Single family loans sold (TBA):</td>
<td>$19.0</td>
<td>$13.3</td>
<td>42.9%</td>
<td>$14.6</td>
<td>30.3%</td>
<td>$175.0</td>
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<tr>
<td>3</td>
<td>Multifamily issues:</td>
<td>$0.0</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
<td>N/A</td>
<td>$20.0</td>
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<tr>
<td>4</td>
<td>Payoffs:</td>
<td>$7.7</td>
<td>$6.7</td>
<td>14.9%</td>
<td>$5.7</td>
<td>34.1%</td>
<td>$68.9</td>
</tr>
</tbody>
</table>

BALANCE SHEET

| 5 | Avg. earning assets:            | $935.8       | $958.2       | -2.3%             | $960.0           | -2.5%             | $972.2                  |
| 6 | General Fund Cash and Securities:| $73.2        | $75.2        | -2.7%             | $84.9            | -13.7%            | $69.4                   |
| 7 | General Fund SIC FMV Adj.:      | ($0.1)       | ($0.4)       | 75.0%             | $0.0             | N/A               | $0.0                    |
| 8 | Total bonds outstanding:        | $697.0       | $737.4       | -5.5%             | $699.9           | -0.4%             | $709.2                  |

INCOME STATEMENT

| 9 | General Fund expenses:          | $0.5         | $0.5         | 0.0%              | $1.1             | -54.9%            | $13.3                   |
| 10| General Fund revenues:          | $1.5         | $0.7         | 114.3%            | $1.4             | 9.1%              | $16.5                   |
| 11| Combined excess revenue over expenses: | $1.0 | $0.2 | 400.0% | $0.4 | 124.5% | $4.9 |
| 12| Combined net position:          | $213.3       | $203.1       | 5.0%              | $212.7           | 0.3%              | $217.2                  |

MOODY'S BENCHMARKS

| 13| Combined return on avg. earning assets: | 1.17% | 0.23% | 408.7% | 0.51% | 129.2% | 0.50% |
| 14| Net TBA profitability:           | 2.38%       | 1.58%       | 50.6%           | 1.15%            | 107.0%            | 1.15%                   |
| 15| Combined interest margin:        | 0.98%       | 0.82%       | 19.5%           | 1.02%            | -3.9%             | 1.03%                   |

SERVICING

| 16| Net Asset to debt ratio (5-yr avg): | 25.38% | 22.57% | 12% | 27.09% | -6% | 27.09% |
| 17| Net rev as a % of total rev (5-yr avg): | 7.88% | 5.84% | 35% | 8.07% | -2% | 8.07% |

Legend: Positive Impact, Negative Impact, Caution/Known Trend
SIGNIFICANT MONTHLY FINANCIAL VARIANCES:
► Combined and Mortgage Operations excess revenue as well as return on average earning assets positive variances are due to timing of direct servicing expenses.

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:
► Our initial FY17 forecast indicates continued improvement in the interest rate environment and economy in general providing higher investment yields and potential for bond issuance for both the single and multifamily programs which will help stabilize the balance sheet. While last year we saw continued improvement in the US economy and housing market, interest rates have stagnated and even recently taken a downturn. Staff has had to closely monitor and manage all interest rate sensitive assets and activities taking advantage of market opportunities when appropriate. Staff expects to see continued volatility in the capital markets and for interest rate sensitive asset valuations into next year during the transition to the new presidency.
► Credit risk remains stable. During the next reporting cycle staff will begin providing Servicing delinquency information.
► Based on Moody’s issuer credit rating scorecard, MFA’s 25.38% net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA’s creditworthiness under stressful circumstances (> 20%). The net revenue as a percent of total revenue measures performance and profitability and MFA’s 7.88% ratio (5-year average) points to a satisfactory profitability with consistent trends (5%-10% range).
MONTHLY FINANCIAL GRAPHS

Assets Under Management as of 9/30/2017
($ in thousands)

YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2017

YTD Excess Revenues over Expenses as of 10/31/2016

Yield Targets 9/30/2016

(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund
NEW MEXICO MORTGAGE FINANCE AUTHORITY
COMBINED STATEMENT OF NET POSITION
OCTOBER 31, 2016
(THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>YTD 10/31/16</th>
<th>YTD 10/31/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH &amp; CASH EQUIVALENTS</td>
<td>$23,010</td>
<td>$29,055</td>
</tr>
<tr>
<td>RESTRICTED CASH HELD IN ESCROW</td>
<td>11,248</td>
<td>10,874</td>
</tr>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td>4,431</td>
<td>-</td>
</tr>
<tr>
<td>ACCRUED INTEREST RECEIVABLE</td>
<td>3,303</td>
<td>3,437</td>
</tr>
<tr>
<td>MORTGAGE PAYMENT CLEARING</td>
<td>138</td>
<td>(41)</td>
</tr>
<tr>
<td>OTHER CURRENT ASSETS</td>
<td>1,897</td>
<td>1,642</td>
</tr>
<tr>
<td>ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)</td>
<td>(0)</td>
<td>-</td>
</tr>
<tr>
<td>INTER-FUND RECEIVABLE (PAYABLE)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>44,028</strong></td>
<td><strong>44,967</strong></td>
</tr>
<tr>
<td>CASH - RESTRICTED</td>
<td>34,956</td>
<td>38,547</td>
</tr>
<tr>
<td>LONG-TERM &amp; RESTRICTED INVESTMENTS</td>
<td>59,176</td>
<td>59,282</td>
</tr>
<tr>
<td>INVESTMENTS IN RESERVE FUNDS</td>
<td>317</td>
<td>-</td>
</tr>
<tr>
<td>FNMA, GNMA, &amp; FHLMC SECURITIZED MTG. LOANS</td>
<td>582,735</td>
<td>634,683</td>
</tr>
<tr>
<td>MORTGAGE LOANS RECEIVABLE</td>
<td>209,139</td>
<td>189,690</td>
</tr>
<tr>
<td>ALLOWANCE FOR LOAN LOSSES</td>
<td>(2,692)</td>
<td>(2,695)</td>
</tr>
<tr>
<td>NOTES RECEIVABLE</td>
<td>31,054</td>
<td>-</td>
</tr>
<tr>
<td>FIXED ASSETS, NET OF ACCUM. DEPN</td>
<td>984</td>
<td>993</td>
</tr>
<tr>
<td>OTHER REAL ESTATE OWNED, NET</td>
<td>434</td>
<td>490</td>
</tr>
<tr>
<td>OTHER NON-CURRENT ASSETS</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>INTANGIBLE ASSETS</td>
<td>623</td>
<td>65</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>960,770</strong></td>
<td><strong>966,022</strong></td>
</tr>
<tr>
<td><strong>DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REFUNDINGS OF DEBT</td>
<td>863</td>
<td>1,136</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td><strong>961,633</strong></td>
<td><strong>967,158</strong></td>
</tr>
</tbody>
</table>

<p>| | | |
|                      |              |              |
| <strong>LIABILITIES AND NET POSITION:</strong> |          |              |
| <strong>LIABILITIES:</strong>      |              |              |
| <strong>CURRENT LIABILITIES:</strong> |          |              |
| ACCRUED INTEREST PAYABLE | 4,935       | 6,200        |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | 4,804       | 4,657        |
| ESCROW DEPOSITS &amp; RESERVES | 11,248      | 10,874       |
| <strong>TOTAL CURRENT LIABILITIES</strong> | <strong>20,988</strong>  | <strong>21,732</strong>   |
| BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT | 697,032     | 737,434      |
| MORTGAGE &amp; NOTES PAYABLE | 30,030      | 4,541        |
| ACCRUED ARBITRAGE REBATE | 51          | 85           |
| OTHER LIABILITIES      | 245          | 246          |
| <strong>TOTAL LIABILITIES</strong>  | <strong>748,346</strong>  | <strong>764,038</strong>  |
| <strong>NET POSITION:</strong>      |              |              |
| INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT | 984         | (993)        |
| UNAPPROPRIATED NET POSITION (NOTE 1) | 65,302       | 63,868       |
| APPROPRIATED NET POSITION (NOTE 1) | 147,001      | 140,245      |
| <strong>TOTAL NET POSITION</strong> | <strong>213,287</strong>  | <strong>203,120</strong>  |
| <strong>TOTAL LIABILITIES &amp; NET POSITION</strong> | <strong>961,633</strong> | <strong>967,158</strong> |</p>
<table>
<thead>
<tr>
<th><strong>OPERATING REVENUES:</strong></th>
<th><strong>YTD 10/31/16</strong></th>
<th><strong>YTD 10/31/15</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>INTEREST ON LOANS</td>
<td>$2,876</td>
<td>$2,993</td>
</tr>
<tr>
<td>INTEREST ON INVESTMENTS &amp; SECURITIES</td>
<td>231</td>
<td>254</td>
</tr>
<tr>
<td>LOAN &amp; COMMITMENT FEES</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>ADMINISTRATIVE FEE INCOME (EXP)</td>
<td>684</td>
<td>357</td>
</tr>
<tr>
<td>RTC, RISK SHARING &amp; GUARANTY INCOME</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>HOUSING PROGRAM INCOME</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>LOAN SERVICING INCOME</td>
<td>34</td>
<td>12</td>
</tr>
<tr>
<td>OTHER OPERATING INCOME</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING REVENUE</strong></td>
<td><strong>3,862</strong></td>
<td><strong>3,629</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>NON-OPERATING REVENUES:</strong></th>
<th><strong>YTD 10/31/16</strong></th>
<th><strong>YTD 10/31/15</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>ARBITRAGE REBATE INCOME (EXPENSE)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT</td>
<td>-90</td>
<td>-498</td>
</tr>
<tr>
<td>OTHER NON-OPERATING INCOME</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>GRANT AWARD INCOME</td>
<td>2,755</td>
<td>2,869</td>
</tr>
<tr>
<td><strong>SUBTOTAL NON-OPERATING REVENUES</strong></td>
<td><strong>2,664</strong></td>
<td><strong>2,373</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>TOTAL REVENUES</strong></th>
<th><strong>YTD 10/31/16</strong></th>
<th><strong>YTD 10/31/15</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>6,526</strong></td>
<td><strong>6,001</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>OPERATING EXPENSES:</strong></th>
<th><strong>YTD 10/31/16</strong></th>
<th><strong>YTD 10/31/15</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>ADMINISTRATIVE EXPENSES</td>
<td>492</td>
<td>418</td>
</tr>
<tr>
<td>INTEREST EXPENSE</td>
<td>2,338</td>
<td>2,597</td>
</tr>
<tr>
<td>AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)</td>
<td>-110</td>
<td>-102</td>
</tr>
<tr>
<td>PROVISION FOR LOAN LOSSES</td>
<td>10</td>
<td>14</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>13</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><strong>2,750</strong></td>
<td><strong>2,948</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>NON-OPERATING EXPENSES:</strong></th>
<th><strong>YTD 10/31/16</strong></th>
<th><strong>YTD 10/31/15</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPACITY BUILDING COSTS</td>
<td>24</td>
<td>3</td>
</tr>
<tr>
<td>GRANT AWARD EXPENSE</td>
<td>2,754</td>
<td>2,869</td>
</tr>
<tr>
<td><strong>SUBTOTAL NON-OPERATING EXPENSES</strong></td>
<td><strong>2,779</strong></td>
<td><strong>2,872</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>TOTAL EXPENSES</strong></th>
<th><strong>YTD 10/31/16</strong></th>
<th><strong>YTD 10/31/15</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>5,529</strong></td>
<td><strong>5,819</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXCESS REVENUES OVER EXPENSES</strong></th>
<th><strong>YTD 10/31/16</strong></th>
<th><strong>YTD 10/31/15</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>998</td>
<td>182</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES AND OTHER FINANCING SOURCES(USES)</strong></th>
<th><strong>YTD 10/31/16</strong></th>
<th><strong>YTD 10/31/15</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>998</td>
<td>182</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>NET POSITION AT BEGINNING OF YEAR</strong></th>
<th><strong>YTD 10/31/16</strong></th>
<th><strong>YTD 10/31/15</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>212,289</strong></td>
<td><strong>202,938</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>NET POSITION AT 10/31/2016</strong></th>
<th><strong>YTD 10/31/16</strong></th>
<th><strong>YTD 10/31/15</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>213,287</strong></td>
<td><strong>203,120</strong></td>
</tr>
</tbody>
</table>
(Note 1) MFA Net Position as of October 31, 2016:

### UNAPPROPRIATED NET POSITION:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$37,854</td>
<td>is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.</td>
</tr>
<tr>
<td>$27,391</td>
<td>is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.</td>
</tr>
<tr>
<td>$57</td>
<td>held for New Mexico Affordable Housing Charitable Trust.</td>
</tr>
<tr>
<td><strong>$65,302</strong></td>
<td>Total unappropriated Net Position</td>
</tr>
</tbody>
</table>

### APPROPRIATED NET POSITION: GENERAL FUND

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$92,674</td>
<td>for use in the Housing Opportunity Fund ($74,526 in loans plus $18,149 unfunded, of which $7,702 is committed).</td>
</tr>
<tr>
<td>$15,871</td>
<td>for future use in Single Family &amp; Multi-Family housing programs.</td>
</tr>
<tr>
<td>$11,126</td>
<td>for loss exposure on Risk Sharing loans.</td>
</tr>
<tr>
<td>$984</td>
<td>invested in capital assets, net of related debt.</td>
</tr>
<tr>
<td>$615</td>
<td>invested in mortgage servicing rights.</td>
</tr>
<tr>
<td><strong>$15,215</strong></td>
<td>for the future General Fund Operating Budget YE 9/30/17 ($15,996 total budget less $781 expended budget through 10/31/16.)</td>
</tr>
<tr>
<td><strong>$136,485</strong></td>
<td>Subtotal - General Fund</td>
</tr>
</tbody>
</table>

### APPROPRIATED NET POSITION: HOUSING

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11,500</td>
<td>for use in the federal and state housing programs administered by MFA.</td>
</tr>
<tr>
<td><strong>$11,500</strong></td>
<td>Subtotal - Housing Program</td>
</tr>
<tr>
<td><strong>$147,985</strong></td>
<td>Total appropriated Net Position</td>
</tr>
<tr>
<td><strong>$213,287</strong></td>
<td>Total combined Net Position at October 31, 2016</td>
</tr>
</tbody>
</table>

Total combined Net Position, or reserves, at October 31, 2016 was $213.3 million, of which $65.3 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $148.0 million of available reserves, with $73.2 million primarily liquid in the General Fund and in the federal and state Housing programs and $74.8 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 10/31/16**

<table>
<thead>
<tr>
<th>Revenues</th>
<th>One Month Actual</th>
<th>Year to Date Actual</th>
<th>Year to Date Pro-Rata Budget</th>
<th>Under/Over</th>
<th>Annual Budget</th>
<th>Under/Over Annual Budget</th>
<th>Expended</th>
<th>Annual Budget Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>550,166</td>
<td>550,166</td>
<td>641,930</td>
<td>91,764</td>
<td>7,703,165</td>
<td>7,152,999</td>
<td>7.14%</td>
<td></td>
</tr>
<tr>
<td>Admin Income</td>
<td>901,843</td>
<td>901,843</td>
<td>533,308</td>
<td>(368,535)</td>
<td>6,399,696</td>
<td>5,497,853</td>
<td>14.09%</td>
<td></td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>71,753</td>
<td>71,753</td>
<td>196,918</td>
<td>125,165</td>
<td>2,363,018</td>
<td>2,291,265</td>
<td>3.04%</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td>1,523,762</td>
<td>1,523,762</td>
<td>1,372,157</td>
<td>(151,606)</td>
<td>16,465,879</td>
<td>14,942,117</td>
<td>9.25%</td>
<td></td>
</tr>
<tr>
<td><strong>Non-Operating Revenues</strong></td>
<td>(58,620)</td>
<td>(58,620)</td>
<td>35</td>
<td>58,655</td>
<td>420</td>
<td>59,040</td>
<td>-1395.14%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,465,142</td>
<td>1,465,142</td>
<td>1,372,192</td>
<td>(92,951)</td>
<td>16,466,299</td>
<td>15,001,157</td>
<td>8.90%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>One Month Actual</th>
<th>Year to Date Actual</th>
<th>Year to Date Pro-Rata Budget</th>
<th>Under/Over</th>
<th>Annual Budget</th>
<th>Under/Over Annual Budget</th>
<th>Expended</th>
<th>Annual Budget Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>258,060</td>
<td>258,060</td>
<td>570,820</td>
<td>312,760</td>
<td>6,849,840</td>
<td>6,591,780</td>
<td>3.77%</td>
<td></td>
</tr>
<tr>
<td>Travel &amp; Public Info</td>
<td>14,812</td>
<td>14,812</td>
<td>34,052</td>
<td>19,240</td>
<td>408,619</td>
<td>393,807</td>
<td>3.62%</td>
<td></td>
</tr>
<tr>
<td>Office Expenses</td>
<td>52,232</td>
<td>52,232</td>
<td>56,138</td>
<td>3,906</td>
<td>673,661</td>
<td>621,429</td>
<td>7.75%</td>
<td></td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>177,723</td>
<td>177,723</td>
<td>286,837</td>
<td>109,113</td>
<td>3,442,039</td>
<td>3,264,316</td>
<td>5.16%</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td>502,827</td>
<td>502,827</td>
<td>947,847</td>
<td>445,019</td>
<td>11,374,159</td>
<td>10,871,332</td>
<td>4.42%</td>
<td></td>
</tr>
<tr>
<td><strong>Non-Operating Expenses</strong></td>
<td>24,192</td>
<td>24,192</td>
<td>75,104</td>
<td>50,912</td>
<td>901,250</td>
<td>877,058</td>
<td>2.68%</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Operating &amp; Non-Operating Expenses</strong></td>
<td>527,019</td>
<td>527,019</td>
<td>1,022,951</td>
<td>495,932</td>
<td>12,275,409</td>
<td>11,748,390</td>
<td>4.29%</td>
<td></td>
</tr>
<tr>
<td><strong>Expensed Assets</strong></td>
<td>133</td>
<td>133</td>
<td>6,943</td>
<td>6,809</td>
<td>83,177</td>
<td>83,177</td>
<td>0.16%</td>
<td></td>
</tr>
<tr>
<td><strong>Non-Cash Items</strong></td>
<td>22,645</td>
<td>22,645</td>
<td>81,136</td>
<td>58,491</td>
<td>973,636</td>
<td>950,991</td>
<td>2.33%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>549,798</td>
<td>549,798</td>
<td>1,111,030</td>
<td>561,232</td>
<td>13,332,355</td>
<td>12,782,557</td>
<td>4.12%</td>
<td></td>
</tr>
<tr>
<td><strong>Excess Revenue Over Expenses</strong></td>
<td>915,344</td>
<td>915,344</td>
<td>261,162</td>
<td>654,182</td>
<td>3,133,944</td>
<td>(2,218,600)</td>
<td>170.79%</td>
<td></td>
</tr>
<tr>
<td><strong>Purchased Servicing &amp; Capital Outlay</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchased Servicing Rights</td>
<td>231,019</td>
<td>231,019</td>
<td>208,333</td>
<td>(22,685)</td>
<td>2,500,000</td>
<td>2,268,981</td>
<td>9.24%</td>
<td></td>
</tr>
<tr>
<td>Capitalized Assets</td>
<td>-</td>
<td>-</td>
<td>13,648</td>
<td>13,648</td>
<td>163,780</td>
<td>163,780</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Purchased Servicing &amp; Capital Outlay</strong></td>
<td>231,019</td>
<td>231,019</td>
<td>221,982</td>
<td>(9,037)</td>
<td>2,663,780</td>
<td>2,432,761</td>
<td>8.67%</td>
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<tr>
<td><strong>Total Including Capitalized Items</strong></td>
<td>1,146,363</td>
<td>1,146,363</td>
<td>483,144</td>
<td>645,145</td>
<td>5,797,724</td>
<td>214,162</td>
<td>96.31%</td>
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November 9 – December 14, 2016

**MEDIA COVERAGE**

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<td>Hobbs News-Sun</td>
<td><em>Eunice eyes new housing complex despite Having budget woes</em></td>
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<td>12-13</td>
<td>Albuquerque Journal</td>
<td><em>NAIOP Honors Excellence</em></td>
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**PRESS RELEASES, NEWSLETTERS and LENDER MEMOS**

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</tr>
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<td>All contacts</td>
<td><em>Holiday card</em></td>
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Housing, Grocery Store Boost Downtown Albuquerque

With its 74 apartments and grocery store, the new Imperial Building is a critical piece in the revitalization of downtown Albuquerque.

“It’s going to be a catalyst for spurring a more-vibrant urban core,” says David Silverman, a principal at Geltmore, LLC, a family-owned real estate development firm behind the new property. “The intention of the project was a grocery store, and it was through low-income housing tax credits (LIHTCs) and affordable housing that we were able to put the project together.”

City leaders had long identified a need for a grocery store in the area. In addition to the 12,000-square-foot market, Silverman’s firm initially wanted to build market-rate housing as part of the project, but the financing didn’t pencil out. The Albuquerque-based company then turned to the possibility of creating affordable housing with LIHTCs, which it had never done before, says Silverman. That led Geltmore to team with nonprofit YES Housing, an experienced affordable housing developer.

Working together, the two were able to open the $19 million project, which gets its name from the Imperial Laundry Co., a prominent business that once occupied the block and served the community for many years.

“We wanted to provide quality affordable housing and ... provide a stimulus for the neighborhood to reinvigorate itself,” says YES Housing president and CEO Chris Baca, explaining that the new development helps bring families to the area.

The introduction of families is critical to supporting a grocery store and bringing in other amenities to the neighborhood, he says. The team assembled several sources of funding to develop the affordable housing. UnitedHealthcare, through LIHTC syndicator Enterprise Community Investment, provided $11.9 million in tax credit equity.

The New Mexico Mortgage Finance Authority awarded the housing credits and provided a construction loan and a permanent loan through the New Mexico Housing Trust Fund and Primero loan program. JPMorgan Chase was the construction lender and provided a permanent loan. Additional funders included the city of Albuquerque, the Federal Home Loan Bank of Dallas, and the county of Bernalillo.

**BY THE NUMBERS**

| 84 | NAHB local one-year jobs estimate |
| 74 | Number of units |
| $19 million | Total development cost |
| $11.9 million | Total LIHTC investment |

Income targeting: 54 units for residents earning between 30% and 50% of the area median income; 20 units are not restricted under the LIHTC program but will have rents that are set at about 10% below market prices; 15 units are set aside for residents with special needs.
Eunice eyes new housing complex despite having budget woes

CURTIS C. WYNNE
NEWS-SUN

EUNICE — Preparing for future needs while keeping tight reins on the budget, the Eunice City Council tonight will eye both sides of the coin.

Among agenda items is a resolution to identify a newly-created non-profit limited liability company, TDS-ERHA Unidos LLC, as recipient of one acre of city property for a $2 million, 16-unit, subsidized housing complex.

The two members of this LLC are Tierra Del Sol Housing Corporation and Eastern Regional Housing Authority.

According to the proposed resolution, Eastern Regional Housing Authority was required by New Mexico Finance Authority (NMFA) under the Workforce Housing Act to create a separate LLC to own the Eunice Workforce Housing Project.

ERHA was named as recipient of the property in an earlier resolution that will be updated to help complete real estate documentation. Once this technicality is completed, City Manager Marty Moore said he understands land transfer will take place next week, paving the way for groundbreaking early next year.

“My understanding is late January or February for the groundbreaking,” he said.

People earning 60 percent of Eunice’s median income or less will be eligible for six units. The remaining 10 units will be intended for people who make more than 120 percent of the area median income. Those working in the “essential services” field — like police or firefighters — would also have preference to rent the units.

Educators, healthcare workers and active members of the service are also eligible for the apartments. Under state guidelines at least six apartments have to be aimed at low-income earners and at least three units have to go to those in public safety.

Funding for the complex, to be located at the corner of Avenue M and 23rd Street is to come from a combination of a $1 million grant from Lea County, a state grant of $348,000 and a loan from the New Mexico Mortgage Finance Authority to cover the remainder.

In other business tonight, the city council will discuss further a list of grants that may need to be returned to the state, Moore said Monday. Some of these grants were to be used for road construction, sewer and water lines and other city projects.

Many grants are dependent on requests for reimbursement only after the city has spent the money. The city’s revenues are down significantly, so spending on projects has come to a halt.

Another item on the agenda is discussion of a list of city property, mostly vehicles that city officials propose to auction.

Meanwhile, council members will again discuss a requested increase in Waste Management fees. Waste Management sought a 4.4 percent increase last month, based on the consumer price index, but city council members cringed at the thought of telling residents their rates are going up in the current economic environment.

Waste Management and Eunice officials agreed to negotiate, the results of which are anticipated at tonight’s meeting.
NAIOP honors excellence

From 60 entries, awards are meted out in nine categories, as well as special accolades

BY STEVE SINOVIC
JOURNAL STAFF WRITER

The Imperial Building led the way at this year’s annual NAIOP New Mexico Awards of Excellence.

The commercial real estate association’s chapter, which includes developers, architectural, engineering, leasing and lending professionals, handed out awards in nine categories, as well as special accolades awarded to several recipients.

This is the 20th anniversary of the Awards of Excellence and more than 60 projects were entered in this year’s competition.

The Imperial Building, a mixed-use development, was singled out with the Chairman’s Award, which is given to a project that has had the most impact on the physical and economic environment of the state, according to judges. The project was chosen because it was a long-sought catalyst to provide essential services in Downtown Albuquerque, such as a grocery store and more affordable housing, helping to create jobs, said incoming Chairman Kevin Yearout.

“The Imperial Building has implemented a progressive step toward the vision for the city’s urban core, according to the Chairman’s Award to the $19 million project, which is located at 206 Silver SW.

Geltmore LLC co-developed the building with YES Housing Inc., though the Imperial Building is part of a public-private partnership years in the making that includes the city of Albuquerque, the New Mexico Mortgage Finance Authority, and other real estate professionals and community leaders.

Crews remediated soils on the site, once the home of a theater, a bowling alley and The Imperial Laundry Co., the inspiration of the building’s name.

Construction teams created an underground garage, retail and restaurant spaces, and 74 units of mixed-income housing serving a range of low-income families with special needs, and a rooftop terrace with an urban farm — the first of its kind in the market. The five-story structure has achieved certification under “Energy Star for New Homes” where all units are, on average, 40 percent more energy efficient than typical new-home construction.

The Imperial’s project team included Dekker/Perich/Sabatini, the architect of record; Anderson/Kim, the design architect firm; Walla Engineering; and general contractor Jaynes Corp.

The new Del Webb community at Mirehaven was recognized with this year’s Vision Award from NAIOP. Mirehaven is bordered by Petroglyph National Monument, north of the 98th Street and Interstate 40 interchange. Phase one included 360 Pulte-branded homes and its Del Webb phase includes a 550-home, 55-and-older neighborhood and a 10,000-square-foot amenity center with outdoor resort pool and activities. While it’s PulteGroup’s first Del Webb community in New Mexico, it’s likely not the last. “This was a visionary project. In fact, the investment began when the residential development and home building industry was at its lowest ebb in decades,” the award presentation said.

The Chuck Gara Community Leader Award was given to the principals of Titan Development Co., an Albuquerque-based company that broke ground on an estimated $150 million in projects this year. The 45-employee firm has operations in New Mexico, Texas and Florida, and a particular emphasis on senior living. Titan’s executive team comprises Kurt Browning, Drew Dolan, Kevin Reid and Ben Spencer. They have been involved in more than $1.2 billion of real estate development, including industrial, multifamily, mixed-use, office and retail buildings.

NAIOP’s Eagle Awards are given each year to the top real estate projects by category. There were ties in two of them: multifamily and retail. Judging teams toured projects and evaluated them for project development, architectural integrity, challenges, market feasibility, sustainable attributes and overall success.

“Judges weren’t looking at whether it was a ‘pretty’ building, but at other measures of success, such as getting past hurdles and staying on budget,” said outgoing Chairman Kevin Yearout. “In the end, they want to see if the project (either new construction or remodels) is something that enhances the built environment.”

He said there “is a lot of pride” among NAIOP members in being able to build businesses, careers and the larger economy.

“These award recipients represent the execution of real estate or individual achievement at the highest level,” he said.

“Each of the nominated entries helped positively shape the real estate landscape in the New Mexico region.”

NAIOP also paid tribute to Yearout, who owns multiple businesses in the construction industry. Among the achievements under his tenure, NAIOP specifically noted bringing its membership totals to the highest in the its 35-year history and winning national NAIOP Awards in February for Chapter of the Year, and for its legislative/government affairs and developing leaders programs.
The Imperial Building is a complex, innovative project on an urban in-fill and remediated brownfield site in Downtown Albuquerque. Involving many collaborators, the Imperial is seen as a catalyst for the urban core, creating services and living options that have long been missing.

Developers: Geltmore LLC and YES Housing.
General Contractor: Jaynes Corp.
Architect: Dekker/Perich/Sabatini.
Engineers: Walla Engineering, ArSed Engineering and Tierra West.
Helpful Tips for REALTORS

**TOPIC:** Does MFA allow “sole and separate” transactions?

Yes. MFA recognizes that, oftentimes, married couples face some unique challenges when applying for a mortgage.

For instance, one spouse could have poor credit that prevents him or her from qualifying for a mortgage. Whatever the reason, MFA will allow a sole and separate purchase. However, there are some very important rules to keep in mind.

MFA-approved mortgage lenders are responsible for making sure that borrowers comply with agency guidelines. “Agency” refers to FHA, VA, USDA or Fannie Mae in the case of a conventional loan. Once those requirements are met, the lender must then ensure that MFA’s program guidelines are met. Primarily, MFA is concerned with how the income is calculated.

For example, when using our First Home/First Down programs, the lender MUST count the income of the non-purchasing spouse even though their income is not used for qualifying purposes. If the combined income is under the applicable limit, then they qualify.

Conversely, our Next Home program only requires that the qualifying income of the purchasing spouse be counted towards MFA’s program limit. Currently the limit is $90,000 statewide.

If you have questions or would like more information, please call an MFA Homeownership Representative at 505.843.6881.
Another very important rule is that the non-purchasing spouse is not allowed to be on title. The home will truly be the sole and separate property of the purchasing spouse.

We hope that this information will allow you to help more potential homebuyers realize the American dream!

*We appreciate and value you, our dedicated Realtor partners. Thank you for making sure that your buyers know about MFA programs!*

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MFA 344 4th St SW, Albuquerque, NM, United States

http://housingnm.org

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This is a reminder that there is a New Mexico Tribal Homeownership Coalition meeting today from noon to 2 PM at Amerind Risk. Below is a call in number for those who cannot attend in person.

Conference Call in number: 505-404-5088
Conference ID: 23561
Interested Parties:

The New Mexico Mortgage Finance Authority (MFA) is pleased to announce that its 2017 Low Income Housing Tax Credit Qualified Allocation Plan (2017 QAP), as approved by MFA's Board of Directors at its meeting on November 16, 2016, and 2017 Mandatory Design Standards for Multifamily Rental Housing (2017 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 the 2017 QAP is pending approval by the Honorable Governor Susana Martinez. Upon receipt of approval, the final 2017 QAP will be posted on MFA's website.

Also, there is still time to register, if you haven't already, for MFA's 2017 QAP Training to be held on Thursday, December 8, 2016 from 1-5 PM at the Indian Pueblo Cultural Center, 2401 12th St., NW. The registration form is located at: http://www.housingnm.org/developers/qap-training.

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Albuquerque, NM 87102

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Meeting Minutes

Agenda 11/18/2016 12pm-2pm

- Welcome
- Introductions
  - Members in Attendance
    - Rachel Salas, Andrea Schneider, Deanna Pino, Sheila Herrera, Cordy Guerrero, Howard, Art Garcia, Rose Perez, Christine Griego, Samantha Soto, Marvin Ginn, Theresa Upshaw, Carol Tyroler, Denny James, Sharlynn Rosales
- Update on Coalition Committee Board Members
  - Art Garcia, Programs Director, USDA Rural Development
  - Theresa Upshaw, Housing Manager, Northern Pueblos Housing Authority
  - Calvin Suina, Executive Director, Cochiti Housing
  - Isaac Perez, Executive Director, San Felipe Pueblo Housing Authority
  - Denny James, Executive Director, Pueblo of Jemez Housing Authority
  - Mission: To facilitate homeownership for Native Americans in New Mexico
  - Vision: To ensure tribal homeownership education and regulations promote opportunities for families and communities to prosper in culture, health, longevity, and security.
  - Further details about the structure of the organization are currently being reviewed by each board member including the possibility of membership fees to fund website.
- HUD 184 MI increase to .25%
  - Should coalition address issue to HUD or Congressional Leaders. Yes, the coalition will be submitting a letter stating our concerns of the MI increase from .15% to .25%. This will be written by Marvin Ginn to take to the upcoming Rural Housing Conference. Many Coalition members expressed concerns of the rise in monthly payments this increase will create for families. This increase will only apply to all new loan guarantees, including refinances. Furthermore, it has come to the
Coalition’s attention that the decision to increase the annual premium did not consult with any known tribal housing entities. Increase is set to take effect December 1, 2016 according to https://www.federalregister.gov/documents/2016/11/01/2016-26331/section-184-indian-housing-loan-guarantee-program-increase-to-annual-premium

- What issue should Coalition address this year
  - Outreach to governmental entities, on state, federal and Tribal level, about attending our monthly meeting is needed in an effort to provide education on current Tribal housing issues, processes, and needs. (examples: RCAC, BIA, HIS, etc.)
  - Initiate and maintain an agreement that Tribal governments will sell foreclosed homes to other tribal member.
  - Initiate awareness of governmental documents and agreements that use the word "consultation." To better protect ourselves, in cases where this word is used, as for further clarification or change word to "agreements."
  - Initiate routine presentations from each housing authority to share methods, accomplishments, issues, and overall function of housing authority.
  - Advocate for streamlining federal paperwork, legislation documents, housing development paperwork and other importance documents throughout all federally recognized tribes in the U.S. to improve efficiency and understanding.

- Other Business
  - Koachnic Broadcast Corporation is looking for volunteers to be contacted as a Tribal housing expert on their talk radio; Native American Calling, National Native News, Native Voice One, Earthsongs. If interested please email slee@housingnm.org
  - A suggested set meeting time for the Coalition was proposed. Every Wednesday during the third week of the month.

- Adjourn

Next Meeting will be held in January. 1/18/2017. Time and location to be announced.

New Mexico Tribal Homeownership Coalition
TO: Participating Lenders

FROM: Anita Racicot, Homeownership Lead

DATE: November 28, 2016

RE: Memo No. 16-25

- Revised electronic signature policy
- Revised compliance addendum policy

As part of our ongoing commitment to streamline our processes and procedures, we are pleased to announce the following policy revisions:

**ELECTRONIC SIGNATURE POLICY**

**Current rule:**
MFA currently accepts electronic signatures on all documents **EXCEPT:**

- MFA Compliance Addendum
- YTD Profit and Loss for self-employed borrowers
- Borrower and/or lender explanation letters **
- Verifications of employment (written and verbal)
- Rental verification letters from landlords
- Original note
- Original mortgage
- Signature affidavit

**Note:**
E-mailed explanation letters without an actual signature from the borrower are acceptable if the borrower’s e-mail address contains an unmistakable name of the
borrower. (Any other type of unsigned e-mail is not acceptable)

Third party e-mails without signatures are acceptable if the e-mail address contains an unmistakable name of the employer or landlord. (Any other type of unsigned e-mail is not acceptable)

**New rule:**
Effective for loans reserved **on or after December 1, 2016**, MFA’s electronic signature policy will be expanded to allow digital signatures on the following:

- Verifications of employment (written and verbal)
- Rental verification letters from landlords

**COMPLIANCE ADDENDUM POLICY**

**Current rule:**
MFA requires that the signatures and dates on the compliance addendum be within 30 days of compliance approval.

**New rule:**
Effective for loans reserved **on or after December 1, 2016**, MFA’s Compliance Addendum policy will be revised as follows:

- The MFA Compliance Addendum must be signed and dated by the borrower, co-borrower(s), non-purchasing spouse, and Lender representative within **60 days of compliance approval**.

The addendum will have an additional acknowledgement regarding second mortgage repayment. The acknowledgement will be located under the Employment/Additional Income section as question number five (5). The new addendum will be effective for loans reserved **on or after December 1, 2016**.

Thank you for participating in MFA’s program. Should you have any questions, please contact an MFA Homeownership Representative at 505-843-6881.

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As you celebrate this holiday season, may your home be filled with warmth and joy.

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