NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, February 20, 2019 at 9:30 a.m.

Agenda

Chair Convenes Meeting
➢ Roll Call (Jay Czar)
➢ Approval of Agenda – Board Action
➢ Approval of January 23, 2019 Board Meeting Minutes – Board Action
➢ New Employee Introductions:
  - Dimitri Flores – Management Trainee
  - Kathryn Turner – Tax Credit Program Manager
  - Cindy Chavez – Secondary Market Processor
  - Jessica Lucero – Housing Programs Analyst
  - Brent Booher – Marketing Specialist

Board Action Items

Finance Committee
1 12/31/18 Quarterly Financial Statement Review (Gina Hickman) YES
2 12/31/18 Quarterly Investment Review (Kathy Keeler) YES
3 Increase Line of Credit with New Mexico Small Business Investment Corporation (George Maestas) YES

Contracted Services/Credit Committee
4 Regional Housing Authority’s Annual Report (Gina Bell) YES
5 Commissioner Recommendations for Northern Regional Housing Authority (Gina Bell) YES
6 Section 811 Project Rental Assistance (PRA) Program Award Recommendations (Patrick Ortiz & Carmela Arellano) YES

Other
7 Appointment and Approval of Board Committees (Chair Burt) YES
8 2019 Series C Single Family Bond Resolution (Kathy Keeler) YES
9 Annual Real Estate Owned (REO) Portfolio Update (Teresa Lloyd) NO

Other Board Items
10 (Staff is available for questions)
  ▪ Staff Action Requiring Notice to Board
  ▪ FY2019 Quarterly Strategic Plan Update (Q1)

Monthly Reports
11 (Staff is available for questions)
  ▪ Communications Department Reports

Quarterly Reports
12 (Staff is available for questions)
  ▪ Quarterly Board Report

Announcements and Adjournment
Confirmation of Upcoming Board Meetings
➢ March 20, 2019 - Wednesday - 9:30 a.m. (MFA)
➢ April 17, 2019 - Wednesday - 9:30 a.m. (MFA)
➢ May 15, 2019 - Wednesday - 9:30 a.m. (MFA)
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<table>
<thead>
<tr>
<th>Board Action Items</th>
<th>Action Required?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance Committee</strong></td>
<td></td>
</tr>
<tr>
<td>1 12/31/18 Quarterly Financial Statement Review (Gina Hickman) - ongoing</td>
<td>YES</td>
</tr>
<tr>
<td>2 12/31/18 Quarterly Investment Review (Kathy Keeler) – ongoing</td>
<td>YES</td>
</tr>
<tr>
<td>3 Increase line of credit with New Mexico Small Business Investment Corporation (George Maestas) - In 2013, the SBIC and MFA entered into a loan agreement for a $1,500,000 Revolving Line of Credit, to be used as a source to fund the Primero Investment Fund. In 2018, the line was renewed for an additional five years. This October, the SBIC projected that it would have additional funding available by the end of the year and asked if MFA could utilize an increase to their line. MFA staff affirmed its ability to employ additional funds in the range of $700K- $1MM. In December, the NM SBIC Board of Directors approved a $1MM increase to MFA’s RLOC. The proposed $1,000,000 increase in availability to the SBIC RLOC will allow MFA to continue to meet anticipated demand for Primero projects while allowing some additional capacity.</td>
<td>YES</td>
</tr>
<tr>
<td><strong>Contracted Services/Credit Committee</strong></td>
<td></td>
</tr>
<tr>
<td>4 Regional Housing Authority’s Annual Report (Gina Bell) - Staff recommends approval of the Regional Housing Authority 2018 Annual Report as mandated by the Regional Housing Act. The report includes operational and fiscal activities for Eastern, Western and Northern Regional Housing Authorities.</td>
<td>YES</td>
</tr>
<tr>
<td>5 Commissioner Recommendations for Northern Regional Housing Authority (Gina Bell) - Northern Regional Housing Authorities have vacancies on its Board of Commissioners for Los Alamos, Sandoval, San Miguel and San Juan Counties. The candidates, Steve Brugger, Jolene Slowen, Donna Vigil and Nicole Sandoval-Belt fulfill the requirements per the state statute SB 48 and have expressed interest in serving as commissioners. Staff recommends Board approval and submission of the recommendations to Governor Lujan-Grisham for approval and appointments.</td>
<td>YES</td>
</tr>
<tr>
<td>6 Section 811 Project Rental Assistance (PRA) Program Award Recommendations (Patrick Ortiz &amp; Carmela Arellano) - In 2015, MFA received a $2,278,447 million award to participate in HUD’s Section 811 Project Rental Assistance (PRA) program, which provides project-based rental assistance for extremely low-income persons with disabilities who are linked with long-term services. The rental assistance covers the difference between the tenant payment and the property’s contact rent. Staff recommends approval to award YES Housing and Greater Albuquerque Housing Partnership (GAHP) a total of $2,108,010.96 under Rental Assistance Contracts (RACs) over the 5 year period of the award to commence on the effective date of the RAC. MFA must have the total award expended by September 30, 2026.</td>
<td>YES</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td>7 Appointment and Approval of Board Committees (Chair Burt) – Chair Burt will present a slate of board members to the Finance and Contracted Services/Credit Committees for Board approval.</td>
<td>YES</td>
</tr>
<tr>
<td>8 2019 Series C Single Family Bond Resolution (Kathy Keeler) - To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2019 Series C Single Family Bond</td>
<td></td>
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</tbody>
</table>
Resolution in the aggregate amount of not to exceed $85 million. MFA anticipates providing funds for $75-$85 million of new single family mortgage loans.

9 Annual Real Estate Owned (REO) Portfolio Update (Teresa Lloyd) - After working through the disposition of several properties in FY 2018, MFA has no properties in our REO portfolio. MFA anticipates a few foreclosures later in FY 2019 which will create an REO portfolio. MFA’s exposure will be assessed at that time but staff anticipates the financial impact to MFA will not be material.

Other Board Items

10 (Staff is available for questions)
- Staff Action Requiring Notice to Board
- FY2019 Quarterly Strategic Plan Update (Q1)

Monthly Reports

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

Quarterly Reports

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

Confirmation of Upcoming Board Meetings
- March 21, 2019 – Wednesday - 9:30 a.m. (MFA)
- April 18, 2019 – Wednesday - 9:30 a.m. (MFA)
- May 15, 2019 – Wednesday - 9:30 a.m. (MFA)
Chair Burt convened the meeting on January 23, 2019 at 9:35 a.m. Secretary Czar called the roll. Members present: Chair Dennis Burt, Angel Reyes, Sally Malavé (designee for Attorney General Hector Balderas), Treasurer Tim Eichenberg and Steven Smith Absent: Lt. Governor Howie Morales and Randy McMillan. Czar informed the Board that everyone had been informed about today’s meeting in accordance with the New Mexico Open Meetings Act.

Approval of Agenda - Board Action. Motion to approve the January 23, 2019 board agenda as presented: Malavé. Second: Eichenberg. Vote: 5-0.

Approval of 11/21/18 Board Meeting Minutes – Board Action. Motion to approve the 11/21/18 board Meeting Minutes as presented: Smith. Second: Eichenberg. (Malavé abstained; she did not attend the November meeting). Vote: 4-0.

Chair Burt welcomed and introduced Mayor Alan Webber.

The Honorable Alan Webber, Mayor, City of Santa Fe welcomed the Board and staff to the City of Santa Fe. He spoke about his agenda for the City and where the city is in general. Mayor Webber introduced Alan Ladd the city’s affordable housing expert who also was in attendance at the meeting. The Mayor spoke of the city’s plans for an economic environment, overall growth and how Santa Fe wants to become user friendly, ecologically friendly and family friendly. He stated when you think of these things with regards to affordable housing; neighborhood development and community creation really sits at the crossroad of these three items. He informed the Board that during the election one of the top needs was affordable housing and Santa Fe is approximately 3,000 – 5,000 units short. He further stated that the city ordinance needs to be reviewed. He spoke of the cities needs/budget and how it ties into the strategies the city has in place in order to achieve their goals. He also spoke of the opportunities happening in Santa Fe, stating that he wants people to live here not just work here or come to visit. It’s one thing to build housing it’s another to build a livable neighborhood which creates a sense of place and community. Housing is the number one issue for the city of Santa Fe and the single thing that determines how Santa Fe flourishes in the future, not just economically but socially. Mayor Webber thanked MFA for what they do, invited everyone back often to Santa Fe recommending we stay at the hotels and spend money.

Chair Burt welcomed and introduced Steve Anaya, Chief Executive New Mexico Association of REALTORS®.

Anaya thanked MFA’s Board for the opportunity to address them. He began by stating they had changed their name to include the state first. He also informed the Board that they had purchased a new building and moved their office location. Anaya distributed and reviewed a couple of handouts; New Mexico Association of Realtors® MLS January – December 2018 Report and a power point presentation on the Housing Market in New Mexico. This presentation included various topics, Mortgage Market in 2019, How Homebuyers benefit from lowered rates in New Mexico, Employment in New Mexico, Housing Shortage Tracker and the impact of the real estate industry on the gross state product in New Mexico. He discussed the REALTORS® Association of New Mexico’s Legislative agenda for the 2019 session as well as upcoming federal legislation.

Chair Burt thanked both the Mayor and Mr. Anaya for their presentations.

Finance Committee

1 9/30/18 Report of Independent Auditors, Financial Statements and Supplemental Schedules (Aaron Hamilton, Moss Adams & Gina Hickman). Hamilton thanked the Board for the opportunity to present the final results of the audit on behalf of MFA as of September 30, 2018. He reported that Moss Adams conducted an exit conference with the Finance Committee on November 28, 2018 to review the results of the Audit. He stated that the items discussed with the Committee are located on page two of the Audit
summary, which is located behind tab one and will be a part of the official board packet. Those items include a summary of the opinions issued, which are: Independent Auditors Report, Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance and Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Ginnie Mae). MFA received unmodified opinions on all reports issued. Moss Adams also performed procedures on supplementary information and determined they were fairly stated in relation to the financial statements as a whole. Hamilton reported that there were no significant deficiencies or no material weakness noted. He reviewed the other programs audited including Single Audit of Federal Awards, which included the Risk Sharing and Rural Rental Housing Guaranteed Loans programs. Both had no findings or questioned costs noted. All prior year findings were resolved. He expressed his gratitude to the accounting team and management in helping Moss Adams complete this audit. He turned the presentation over to Gina Hickman.

Hickman provided an overview of the Management’s Discussion and Analysis (MD&A) section of the audit beginning on page five of the audit report. She reminded the Board that MFA is a component unit of the state of New Mexico. Hickman provided the financial highlights including review of the Statement of Net Position under the MD&A, discussed Comparison of years ended September 30, 2018, 2017 & 2016, Change in Financial Position for the same years, GASB 31 (fair market adjustments), Debt Administration, and Economic Outlook. She reminded the Board that Chair Burt had developed an Ad hoc Investment Committee which has been very active and reviewed the results as stated. She also discussed the Schedule of Expenditures of Federal Awards. Chair Burt commented that as long he’s been associated with MFA, the organization has always had clean reports. It truly is a testament of the organization’s work and the stewardship that your team puts in is remarkable and has been a pleasure to watch all these years. He further stated that it may be the last time he’s able to do this and wanted to tell the organization as a whole that the efficiency in which MFA distributes these funds and leverages the things that they do for the citizens of New Mexico is truly remarkable. He believes MFA’s story is not told as often as it should be and this is a very complex document; it’s tough to absorb but again speaks to the quality of things staff deals with. He thanked Hickman and the MFA staff for all their hard work. Motion to approve the 9/30/18 Report of Independent Auditors, Financial Statements and Supplemental Schedules as presented: Eichenberg. Second: Smith. Vote: 5-0.

2 Policies and Procedures Manual Revisions (Gina Hickman). Hickman informed the Board that at least annually and as needed, MFA staff reviews and updates the Policies and Procedures Manual. The Policies and Procedures Manual is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. In May 2018 the Board approved an update to the Program Policies (Section 4) primarily related to Real Estate Owned, non-performing loans, as well as adoption of a new Allowance for Loan Loss and Contingent Liabilities policy. These updates have been incorporated into the manual. She further informed the Board that at least every other year board legal counsel also reviews the Policies and Procedures manual and has reviewed the manual and those recommended changes have been incorporated. Hickman discussed the more substantive changes located behind tab two, which will become a part of the official board packet. Motion to approve the Policies and Procedures Manual Revisions as recommended: Malavé. Second: Reyes. Vote: 5-0.

3 Delegations of Authority Revisions (Gina Hickman). Hickman stated that the Delegations of Authority is updated annually or on an as needed basis. She explained that the Delegations of Authority is Exhibit E in the Policies and Procedures and is always presented as a separate item for discussion. The Delegations of Authority details the MFA review and approval process. Staff is recommending approval of the Delegations of Authority as revised for the following: Added clarifications on authority related to key personnel changes in MFA contracts and revisions associated with the change that with approved energy audits by the Department of Energy (DOE), we now have flexibility to allocate funds between single family and multifamily without having to reallocate funds between agencies. Motion to approve the Delegations of Authority Revisions as recommended. Smith. Second: Reyes. Vote: 5-0.
Employee Manual Update (Dolores Wood). Wood informed the Board that the MFA Employee Handbook is reviewed and updated annually. The Employee Handbook is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices. She further informed the Board that MFA’s Attorney at Sheehan and Sheehan reviews the manual annually and last performed an evaluation of the manual in December 2018, stating that those changes have also been incorporated. Wood reviewed the summary of necessary changes incorporated for consideration, the memo includes the page number, policy and change, which are located behind tab four and will be made a part of the official board packet. Motion to approve the Employee Manual Update as presented: Malavé. Second: Reyes. Vote: 5-0.

Contracted Services/Credit Committee

New Mexico Energy$mart 2019/2020 Request for Proposals (RFP) (Amy Gutierrez & Troy Cucchiara). Gutierrez began her presentation by informing the Board that staff is requesting approval to issue the NM Energy$mart Program (RFP) for program years 2019-2020 through 2023/2024. The NM Energy$mart program is a state-wide program covering 33 counties. Program funding for the 2019-2020 PY is estimated to be $6,061,102. She then went over the background information regarding the program and its funders as provided in the memo. Gutierrez informed the Board that based on our past experience of growing an agency to a point of success; we are currently proposing offering one of three territory options to a potential offeror. Gutierrez further explained that Successful Offerors will enter into a one year contract with an option of four, one year renewals with MFA for services to be performed. The term of the one year contract, is scheduled to begin on July 1, 2019 and end on June 30, 2024. Therefore, upon funding availability, there is a possibility than an agency can hold a contract from July 1, 2019 through June 30, 2024. She further explained that current NM Energy$mart Service Providers are not eligible to apply for this RFP due to the efforts of MFA to obtain a third service provider for the program. However, if a third successful Offeror does not qualify and is not selected, it is the understanding and agreement of the current service providers that the statewide territory options revert back to the existing territories currently covered by our existing service providers in order to cover counties as needed to ensure full state coverage and to meet the Department of Energy (DOE) requirements. She reviewed the charts and maps showing the territories, funding, criteria, scoring and proposed timeline provided behind tab five. Motion to approve the New Mexico Energy$mart 2019/2020 Request for Proposals (RFP) as recommended: Reyes. Second: Smith. Vote: 5-0.

Other

MFA’s 2019 Open Meetings Resolution (Josh Allison). Allison informed the Board that this is a routine business item that has been reviewed many times by the Board. The MFA Open Meetings Resolution of 2019 is being presented for approval by the MFA Board of Directors, which was formerly brought to the Board by in-house counsel. Allison reviewed the change made to paragraph three in the Resolution: The notice shall include a copy of the agenda for the meeting or information on how members of the public may obtain a copy of the agenda. Allison explained that the proposed amendment to this year’s resolution is simply to conform to the Attorney General’s best practice notice. Motion to approve the MFA’s 2019 Open Meetings Resolution as recommended: Malavé. Second: Eichenberg. Vote: 5-0.

Other Board Items - Information Only

There were no questions asked of staff
- Staff Action Requiring Notice to Board

Monthly Reports - No Action Required

There were no questions asked of staff
- 10/31/18 Financial Statements
- 11/30/18 Financial Statements
- Communications Department Reports

Quarterly Board Reports (REVISED) - No Action Required

There were no questions asked of staff
Announcements and Adjournment. Czar thanked Kelly Patterson for covering for Sandra Marez. He informed the board that Sandra’s mother had passed away and she was making funeral arrangements today. Chair Burt stated that they would like to do something from the MFA Board of Directors. He asked that the board members give donations to Jay and that flowers be sent on the Board’s behalf.

There being no further business the meeting was adjourned at 11:10 a.m.

Approved: February 20, 2019

______________________________  ______________________________
Chair, Dennis Burt              Secretary, Jay Czar
Tab 1
**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Finance/Operations Committee Meeting**  
**Tuesday, February 12, 2019 at 1:30 p.m.**

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

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 12/31/18 Quarterly Financial Statement Review (Gina Hickman)</td>
<td>2-0</td>
<td>YES</td>
</tr>
<tr>
<td>2 12/31/18 Quarterly Investment Review (Kathy Keeler)</td>
<td>2-0</td>
<td>YES</td>
</tr>
<tr>
<td>3 Increase line of credit with New Mexico Small Business Investment Corporation (George Maestas)</td>
<td>2-0</td>
<td>YES</td>
</tr>
</tbody>
</table>

Committee Members present:

- Steven Smith, Chair  
  - Present  
  - Absent  
  - Conference call

- Dennis Burt  
  - Present  
  - Absent  
  - Conference call

Secretary:  
2/12/19
New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

December 31, 2018
### NEW MEXICO MORTGAGE FINANCE AUTHORITY
### FINANCIAL REVIEW
For the three-month period ended December 31, 2018

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

<table>
<thead>
<tr>
<th></th>
<th>3 months 12/31/2018</th>
<th>3 months 12/31/2017</th>
<th>% Change Year / Year</th>
<th>Forecast 12/31/2018</th>
<th>Actual to Forecast</th>
<th>Forecast/Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRODUCTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Single family issues (new money):</td>
<td>$49.9</td>
<td>$45.0</td>
<td>0.0%</td>
<td>$45.0</td>
<td>0.0%</td>
<td>$180.0</td>
</tr>
<tr>
<td>2 Single family loans sold (TBA):</td>
<td>$29.0</td>
<td>$71.4</td>
<td>-59.4%</td>
<td>$30.0</td>
<td>-3.3%</td>
<td>$120.0</td>
</tr>
<tr>
<td>3 Total Single Family Production</td>
<td>$78.9</td>
<td>$116.4</td>
<td>-32.2%</td>
<td>$75.0</td>
<td>5.2%</td>
<td>$300.0</td>
</tr>
<tr>
<td>4 Multifamily issues:</td>
<td>$0.0</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$26.8</td>
</tr>
<tr>
<td>5 Single Family Bond MBS Payoffs:</td>
<td>$10.1</td>
<td>$15.8</td>
<td>-36.1%</td>
<td>$14.3</td>
<td>-29.1%</td>
<td>$57.0</td>
</tr>
<tr>
<td><strong>STATEMENT OF NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Avg. earning assets:</td>
<td>$1,085.3</td>
<td>$924.1</td>
<td>17.4%</td>
<td>$1,013.1</td>
<td>7.1%</td>
<td>$1,184.4</td>
</tr>
<tr>
<td>7 General Fund Cash and Securities:</td>
<td>$87.4</td>
<td>$87.9</td>
<td>-0.6%</td>
<td>$93.2</td>
<td>-6.2%</td>
<td>$90.1</td>
</tr>
<tr>
<td>8 General Fund SIC FMV Adj.:</td>
<td>($1.4)</td>
<td>$0.2</td>
<td>-800.0%</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
</tr>
<tr>
<td>9 Total bonds outstanding:</td>
<td>$859.4</td>
<td>$682.8</td>
<td>25.9%</td>
<td>$847.9</td>
<td>1.4%</td>
<td>$948.9</td>
</tr>
<tr>
<td><strong>STATEMENT OF REVENUES, EXPENSES AND NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 General Fund expenses (excluding capitalized assets):</td>
<td>$3.5</td>
<td>$3.4</td>
<td>2.9%</td>
<td>$4.3</td>
<td>-18.6%</td>
<td>$17.0</td>
</tr>
<tr>
<td>11 General Fund revenues:</td>
<td>$3.4</td>
<td>$5.4</td>
<td>-37.0%</td>
<td>$5.4</td>
<td>-37.0%</td>
<td>$21.6</td>
</tr>
<tr>
<td>12 Combined net revenues (all funds):</td>
<td>$0.7</td>
<td>$1.9</td>
<td>-63.2%</td>
<td>$1.6</td>
<td>-56.9%</td>
<td>$6.5</td>
</tr>
<tr>
<td>13 Combined net position:</td>
<td>$235.6</td>
<td>$226.4</td>
<td>4.1%</td>
<td>$236.5</td>
<td>-0.4%</td>
<td>$241.4</td>
</tr>
<tr>
<td>14 Combined return on avg. earning assets:</td>
<td>0.24%</td>
<td>0.82%</td>
<td>-70.7%</td>
<td>0.58%</td>
<td>-58.7%</td>
<td>0.58%</td>
</tr>
<tr>
<td>15 Net TBA profitability:</td>
<td>1.60%</td>
<td>1.34%</td>
<td>19.4%</td>
<td>1.00%</td>
<td>60.0%</td>
<td>1.00%</td>
</tr>
<tr>
<td>16 Combined interest margin:</td>
<td>1.07%</td>
<td>1.02%</td>
<td>4.9%</td>
<td>0.95%</td>
<td>12.6%</td>
<td>0.95%</td>
</tr>
<tr>
<td><strong>MOODY'S BENCHMARKS</strong></td>
<td></td>
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</tr>
<tr>
<td>17 Net Asset to debt ratio (5-yr avg):</td>
<td>28.98%</td>
<td>28.19%</td>
<td>2.8%</td>
<td>27.94%</td>
<td>3.7%</td>
<td>27.94%</td>
</tr>
<tr>
<td>18 Net rev as a % of total rev (5-yr avg):</td>
<td>7.15%</td>
<td>7.92%</td>
<td>-9.7%</td>
<td>9.83%</td>
<td>-27.3%</td>
<td>9.83%</td>
</tr>
<tr>
<td><strong>SERVICING</strong></td>
<td></td>
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<tr>
<td>19 Mortgage Operations net revenues:</td>
<td>$0.3</td>
<td>$0.9</td>
<td>-66.7%</td>
<td>$0.6</td>
<td>-45.5%</td>
<td>$2.2</td>
</tr>
<tr>
<td>20 Subserviced portfolio</td>
<td>$863.2</td>
<td>$471.1</td>
<td>83.2%</td>
<td>$846.9</td>
<td>1.9%</td>
<td>$972.8</td>
</tr>
<tr>
<td>21 Servicing Yield (subserviced portfolio)</td>
<td>0.39%</td>
<td>0.39%</td>
<td>0.0%</td>
<td>0.36%</td>
<td>8.3%</td>
<td>0.36%</td>
</tr>
<tr>
<td>22 Combined average delinquency rate (MFA serviced)</td>
<td>11.31%</td>
<td>13.89%</td>
<td>-18.6%</td>
<td>12.00%</td>
<td>-5.7%</td>
<td>12.00%</td>
</tr>
<tr>
<td>23 DPA loan delinquency rate (all)</td>
<td>12.00%</td>
<td>13.66%</td>
<td>-12.2%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>24 Default rate (MFA serviced-annualized)</td>
<td>1.16%</td>
<td>1.80%</td>
<td>-35.6%</td>
<td>2.75%</td>
<td>-57.8%</td>
<td>2.75%</td>
</tr>
<tr>
<td>25 Subserviced portfolio delinquency rate (first mortgages)</td>
<td>8.24%</td>
<td>5.92%</td>
<td>39.2%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>26 Purchased Servicing Rights Valuation Change (as of 12/31)</td>
<td>$2.6</td>
<td>$1.7</td>
<td>52.9%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

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

Single Family Issues:  
$49.9 mm 2018 Series D Bonds-New Money (December)

Multi-family Issues:  None

SIGNIFICANT MONTHLY FINANCIAL VARIANCES:

► MFA incurred a ($1.4) million year to date loss on the State Investment Counsel (SIC) General Fund investment portfolio due to fair market valuation adjustments. MFA classifies FMV adjustments on this portfolio as non-operating gains/losses, however, that line item is still a component of the net revenues reported in the financial statements and in this financial review. Excluding the FMV adjustments on the SIC portfolios (General Fund and Housing Trust Fund), combined net revenues were $2.3 million which exceeds last fiscal year’s net revenues and the forecast. Additionally, the return on assets metric, the General Fund revenue budget and the Moody’s profitability ratio are being impacted as well. The return on average earning assets without the FMV adjustments would be .84%.

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

► Servicing expansion continues to provide additional revenues as the subserviced portfolio and purchased servicing rights asset bases increase.

► Moving into this fiscal year bond issuance is still the best execution for Single Family Mortgage first-time homebuyer loans. The first single family bond issue closed in December 2018 and funded $49.9 million in new mortgage loans. In the bond execution the majority of the revenue is earned over time and with TBA sales all revenue is received upfront. The budget was based on production being funded 60% by issuing tax exempt bonds and 40% TBA sales.

► Staff does continue to have concerns over the MBS subserviced portfolio increased delinquency rates. The Compliance Officer is closely monitoring collections and foreclosure services provided by MFA’s subservicer and coordinating with them on risk management strategies. Idaho Housing is providing delinquency reasons and the two most common are still curtailment of income and excessive obligations. These delinquencies have an effect on the credit risk associated with MFA’s down payments assistance (DPA) portfolio as well as the financial impacts associated with foreclosures and loan modifications on the first mortgages themselves. The subserviced portfolio is approx. 80% FHA insured loans; delinquency rates for FHA loans nationally is 7.26%.

► Reserve levels for all MFA loan portfolios are deemed adequate at this time.

► Fair market value for purchased servicing rights as of December 31, 2018 was $10.7 million an increase of approximately $2.6 million over cost. GASB requires MFA to utilize "lower of cost or market" accounting for this asset. Therefore, no valuation adjustments are anticipated. Current purchased servicing rights are recorded at a cost of $8.1 million as of December 31, 2018. Valuations are obtained on a quarterly basis.

► Based on Moody’s issuer credit rating scorecard, MFA’s 28.98 percent net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA’s creditworthiness under stressful circumstances (> 20 percent). The net revenue as a percent of total revenue measures performance and profitability and MFA’s 7.15 percent ratio (5-year average) points to a satisfactory profitability with consistent trends (5-10 percent range). While the ratios are falling within the thresholds that we expect, there are some trends that are impacting those ratios. For FY2019 we will see the net asset ratio decline as net revenues will not be increasing at the same rate as bonds outstanding. As previously noted, the bond execution is expected to fund 60% of our single family mortgage production. The net revenue ratio is currently being impacted by the SIC portfolio FMV adjustments realized.

► Moody’s Investor Services issued an updated credit opinion on MFA in the spring of 2018. They reaffirmed the Aa3 rating. Comments included strong asset to debt ratio, good profitability and low risk profile due to mortgage-backed security structure, multifamily risk share program and no exposure to variable rate debt.
MFA Single Family Loan Portfolio  
Subserviced IHFA  
As of 12/31/2018

<table>
<thead>
<tr>
<th>Subservicing Portfolio</th>
<th>Count</th>
<th>Percentage by status</th>
<th>UPB as of 12/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>5760</td>
<td>91.76%</td>
<td>$821,643,542.77</td>
</tr>
<tr>
<td>30 days</td>
<td>277</td>
<td>4.41%</td>
<td>$39,684,300.49</td>
</tr>
<tr>
<td>60 days</td>
<td>117</td>
<td>1.86%</td>
<td>$16,684,156.50</td>
</tr>
<tr>
<td>90 days</td>
<td>40</td>
<td>0.64%</td>
<td>$5,656,706.84</td>
</tr>
<tr>
<td>Seriously Delinquent (120+ and Foreclosure)</td>
<td>78</td>
<td>1.33%</td>
<td>$14,793,927.48</td>
</tr>
</tbody>
</table>

Total First Liens  | 6277  | $895,029,026.66

Subserviced Delinquency as of 12/31/2018

![Bar Chart](chart.png)
<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>YTD 12/31/18</th>
<th>YTD 12/31/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH &amp; CASH EQUIVALENTS</td>
<td>$34,752</td>
<td>$39,129</td>
</tr>
<tr>
<td>RESTRICTED CASH HELD IN ESCROW</td>
<td>10,419</td>
<td>10,262</td>
</tr>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCRUED INTEREST RECEIVABLE</td>
<td>3,643</td>
<td>3,010</td>
</tr>
<tr>
<td>OTHER CURRENT ASSETS</td>
<td>2,370</td>
<td>1,707</td>
</tr>
<tr>
<td>ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)</td>
<td>(0)</td>
<td>(0)</td>
</tr>
<tr>
<td>INTER-FUND RECEIVABLE (PAYABLE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL CURRENT ASSETS</td>
<td>51,185</td>
<td>54,108</td>
</tr>
<tr>
<td>CASH - RESTRICTED</td>
<td>73,221</td>
<td>55,946</td>
</tr>
<tr>
<td>LONG-TERM &amp; RESTRICTED INVESTMENTS</td>
<td>66,767</td>
<td>59,419</td>
</tr>
<tr>
<td>INVESTMENTS IN RESERVE FUNDS</td>
<td>320</td>
<td>53</td>
</tr>
<tr>
<td>FNMA, GNMA, &amp; FHLMC SECURITIZED MTG. LOANS</td>
<td>722,806</td>
<td>562,822</td>
</tr>
<tr>
<td>MORTGAGE LOANS RECEIVABLE</td>
<td>242,242</td>
<td>232,858</td>
</tr>
<tr>
<td>ALLOWANCE FOR LOAN LOSSES</td>
<td>(1,267)</td>
<td>(2,060)</td>
</tr>
<tr>
<td>NOTES RECEIVABLE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIXED ASSETS, NET OF ACCUM. DEPN</td>
<td>1,257</td>
<td>1,152</td>
</tr>
<tr>
<td>OTHER REAL ESTATE OWNED, NET</td>
<td>-</td>
<td>430</td>
</tr>
<tr>
<td>OTHER NON-CURRENT ASSETS</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>INTANGIBLE ASSETS</td>
<td>8,131</td>
<td>4,197</td>
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<tr>
<td>TOTAL ASSETS</td>
<td>1,164,661</td>
<td>968,946</td>
</tr>
<tr>
<td>DEFERRED OUTFLOWS OF RESOURCES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REFUNDINGS OF DEBT</td>
<td>456</td>
<td>589</td>
</tr>
<tr>
<td>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</td>
<td>1,165,117</td>
<td>969,535</td>
</tr>
</tbody>
</table>

<p>| LIABILITIES AND NET POSITION: | | |
| LIABILITIES: | | |
| CURRENT LIABILITIES: | | |
| ACCRUED INTEREST PAYABLE | $9,176 | $6,627 |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | 10,096 | 5,766 |
| ESCROW DEPOSITS &amp; RESERVES | 10,326 | 10,163 |
| TOTAL CURRENT LIABILITIES | 29,598 | 22,556 |
| BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT | 859,443 | 682,785 |
| MORTGAGE &amp; NOTES PAYABLE | 40,344 | 37,511 |
| ACCRUED ARBITRAGE REBATE | - | - |
| OTHER LIABILITIES | 170 | 245 |
| TOTAL LIABILITIES | 929,556 | 743,097 |
| NET POSITION: | | |
| INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT | 1,257 | 1,152 |
| UNAPPROPRIATED NET POSITION (NOTE 1) | 65,060 | 61,708 |
| APPROPRIATED NET POSITION (NOTE 1) | 169,244 | 163,578 |
| TOTAL NET POSITION | 235,561 | 226,438 |
| TOTAL LIABILITIES &amp; NET POSITION | 1,165,117 | 969,535 |</p>
<table>
<thead>
<tr>
<th></th>
<th>YTD 12/31/18</th>
<th>YTD 12/31/17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$9,680</td>
<td>$8,042</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>945</td>
<td>561</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>697</td>
<td>292</td>
</tr>
<tr>
<td>Administrative Fee Income (Exp)</td>
<td>1,219</td>
<td>2,065</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>6</td>
<td>35</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>24</td>
<td>48</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>698</td>
<td>485</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING REVENUES</strong></td>
<td>13,268</td>
<td>11,528</td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arbitrage Rebate Income (Expense)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain(Loss) Asset Sales/Debt Extinguishment</td>
<td>(1,634)</td>
<td>114</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>11,474</td>
<td>11,166</td>
</tr>
<tr>
<td><strong>SUBTOTAL NON-OPERATING REVENUES</strong></td>
<td>9,851</td>
<td>11,292</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>23,118</td>
<td>22,820</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>3,053</td>
<td>3,378</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>7,730</td>
<td>6,254</td>
</tr>
<tr>
<td>Amortization of Bond/Note Premium(Discount)</td>
<td>(450)</td>
<td>(469)</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>12</td>
<td>(5)</td>
</tr>
<tr>
<td>Mortgage Loan &amp; Bond Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Amort. of Serv. Rights &amp; Depreciation</td>
<td>138</td>
<td>57</td>
</tr>
<tr>
<td>Bond Cost of Issuance</td>
<td>458</td>
<td>552</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING EXPENSES</strong></td>
<td>10,966</td>
<td>9,788</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building Costs</td>
<td>43</td>
<td>28</td>
</tr>
<tr>
<td>Grant Award Expense</td>
<td>11,456</td>
<td>11,114</td>
</tr>
<tr>
<td>Other Non-Operating Expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>SUBTOTAL NON-OPERATING EXPENSES</strong></td>
<td>11,499</td>
<td>11,142</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>22,466</td>
<td>20,930</td>
</tr>
<tr>
<td><strong>NET REVENUES</strong></td>
<td>653</td>
<td>1,890</td>
</tr>
<tr>
<td>Other Financing Sources (Uses)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET REVENUES AND OTHER Financing Sources (Uses)</strong></td>
<td>653</td>
<td>1,890</td>
</tr>
<tr>
<td><strong>NET POSITION AT BEGINNING OF YEAR</strong></td>
<td>234,909</td>
<td>224,548</td>
</tr>
<tr>
<td><strong>NET POSITION AT D 12/31/18</strong></td>
<td>235,561</td>
<td>226,438</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS
(For Informational Purposes Only)
(Thousands of Dollars)

(Note 1) MFA Net Position as of December 31, 2018:

UNAPPROPRIATED NET POSITION:

$ 36,303 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.

$ 28,623 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.

$ 134 held for New Mexico Affordable Housing Charitable Trust.

$ 65,060 Total unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND

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

$ 105,794 for use in the Housing Opportunity Fund ($89,593 in loans plus $16,201 unfunded, of which $4,464 is committed).

$ 16,778 for future use in Single Family & Multi-Family housing programs.

$ 9,666 for loss exposure on Risk Sharing loans.

$ 1,257 invested in capital assets, net of related debt.

$ 8,108 invested in mortgage servicing rights.

$ 15,522 for the future General Fund Budget year ending 9/30/19 ($20,097 total budget less $4,575 expended budget through 12/31/18.)

$ 157,125 Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

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

$ 13,376 for use in the federal and state housing programs administered by MFA.

$ 13,376 Subtotal - Housing Program

$ 170,501 Total appropriated Net Position

$ 235,561 Total combined Net Position at December 31, 2018

Total combined Net Position, or reserves, at December 31, 2018 was $235.6 million, of which $65.1 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $170.5 million of available reserves, with $87.4 million primarily liquid in the General Fund and in the federal and state Housing programs and $83.1 million illiquid -

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

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, and operations.
<table>
<thead>
<tr>
<th>Month</th>
<th>Actual</th>
<th>YTD</th>
<th>Pro Rata Budget</th>
<th>Under/(Over)</th>
<th>Annual Budget</th>
<th>Under/(Over)</th>
<th>Annual Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTEREST INCOME</td>
<td>712,031</td>
<td>2,109,131</td>
<td>2,089,451</td>
<td>(19,682)</td>
<td>8,357,804</td>
<td>6,248,491</td>
<td>25.24%</td>
<td></td>
</tr>
<tr>
<td>ADMIN INCOME</td>
<td>599,722</td>
<td>1,947,884</td>
<td>2,098,845</td>
<td>150,961</td>
<td>8,395,381</td>
<td>6,447,497</td>
<td>23.20%</td>
<td></td>
</tr>
<tr>
<td>OTHER OPERATING INCOME</td>
<td>337,843</td>
<td>727,888</td>
<td>1,247,366</td>
<td>519,678</td>
<td>4,989,465</td>
<td>4,261,777</td>
<td>14.58%</td>
<td></td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING REVENUES</strong></td>
<td>1,649,596</td>
<td>4,784,885</td>
<td>5,435,663</td>
<td>650,777</td>
<td>21,742,650</td>
<td>16,957,765</td>
<td>22.01%</td>
<td></td>
</tr>
<tr>
<td>NON-OPERATING REVENUES</td>
<td>158,539</td>
<td>(1,360,305)</td>
<td>(30,975)</td>
<td>1,329,330</td>
<td>(123,900)</td>
<td>1,236,405</td>
<td>1097.91%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>1,808,135</td>
<td>3,424,580</td>
<td>5,404,688</td>
<td>1,980,107</td>
<td>21,618,750</td>
<td>18,194,170</td>
<td>15.84%</td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMPENSATION</td>
<td>496,130</td>
<td>1,605,297</td>
<td>1,984,750</td>
<td>379,453</td>
<td>7,939,001</td>
<td>6,333,704</td>
<td>20.22%</td>
<td></td>
</tr>
<tr>
<td>TRAVEL &amp; PUBLIC INFO</td>
<td>20,911</td>
<td>75,971</td>
<td>119,714</td>
<td>43,743</td>
<td>478,855</td>
<td>402,884</td>
<td>15.87%</td>
<td></td>
</tr>
<tr>
<td>OFFICE EXPENSES</td>
<td>85,786</td>
<td>238,817</td>
<td>252,090</td>
<td>13,272</td>
<td>1,008,359</td>
<td>769,542</td>
<td>23.68%</td>
<td></td>
</tr>
<tr>
<td>OTHER OPERATING EXPENSES</td>
<td>514,062</td>
<td>1,317,809</td>
<td>1,392,678</td>
<td>74,669</td>
<td>5,570,712</td>
<td>4,252,903</td>
<td>23.66%</td>
<td></td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING EXPENSES</strong></td>
<td>1,116,889</td>
<td>3,237,895</td>
<td>3,749,232</td>
<td>511,337</td>
<td>14,996,927</td>
<td>11,759,032</td>
<td>21.59%</td>
<td></td>
</tr>
<tr>
<td>NON-OPERATING EXPENSES</td>
<td>16,119</td>
<td>43,400</td>
<td>112,550</td>
<td>69,150</td>
<td>450,200</td>
<td>406,800</td>
<td>9.64%</td>
<td></td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING &amp; NON-OPERATING EXPENSES</strong></td>
<td>1,133,008</td>
<td>3,281,295</td>
<td>3,861,782</td>
<td>580,487</td>
<td>15,447,127</td>
<td>12,165,832</td>
<td>21.24%</td>
<td></td>
</tr>
<tr>
<td>EXPENSED ASSETS</td>
<td>9,767</td>
<td>19,680</td>
<td>18,793</td>
<td>(887)</td>
<td>75,170</td>
<td>55,490</td>
<td>26.18%</td>
<td></td>
</tr>
<tr>
<td>NON-CASH ITEMS</td>
<td>47,766</td>
<td>150,549</td>
<td>371,666</td>
<td>221,117</td>
<td>1,486,663</td>
<td>1,336,114</td>
<td>10.13%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>1,190,541</td>
<td>3,451,523</td>
<td>4,252,240</td>
<td>800,717</td>
<td>17,008,960</td>
<td>13,557,437</td>
<td>20.29%</td>
<td></td>
</tr>
<tr>
<td><strong>NET REVENUES</strong></td>
<td>617,594</td>
<td>(26,943)</td>
<td>1,152,448</td>
<td>1,179,391</td>
<td>4,609,790</td>
<td>4,636,733</td>
<td>-0.58%</td>
<td></td>
</tr>
<tr>
<td>PURCHASED SERVICING &amp; CAPITAL OUTLAY</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>294,410</td>
<td>1,045,527</td>
<td>750,000</td>
<td>(295,527)</td>
<td>3,000,000</td>
<td>1,954,473</td>
<td>34.85%</td>
<td></td>
</tr>
<tr>
<td>CAPITALIZED ASSETS</td>
<td>20,174</td>
<td>78,291</td>
<td>22,099</td>
<td>(56,191)</td>
<td>88,397</td>
<td>10,106</td>
<td>88.57%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL PURCHASED SERVICING &amp; CAPITAL OUTLAY</strong></td>
<td>314,584</td>
<td>1,123,818</td>
<td>772,099</td>
<td>(351,719)</td>
<td>3,088,397</td>
<td>1,964,579</td>
<td>36.39%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL INCLUDING CAPITALIZED ITEMS</strong></td>
<td>303,010</td>
<td>(1,150,761)</td>
<td>380,348</td>
<td>1,531,109</td>
<td>1,521,393</td>
<td>2,672,154</td>
<td>-75.64%</td>
<td></td>
</tr>
</tbody>
</table>

9%
New Mexico Mortgage Finance Authority
Effect of GASB31 on Financials
($ in millions)

GASB 31 Changes in Fair Value of Assets
2014-2019

Changes in Assets
5 Year Treasury
10 Year Treasury

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

Income with GASB 31
Income without GASB 31
<table>
<thead>
<tr>
<th>Lender</th>
<th>Purpose</th>
<th>Collateral</th>
<th>Board Authorization Date</th>
<th>Authority Limit</th>
<th>Balance Outstanding 9/30/18</th>
<th>Advances</th>
<th>Repayments</th>
<th>Outstanding 12/31/18</th>
<th>Maturity</th>
<th>Interest Rate as of 12/31/18</th>
<th>Interest Payments this quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Banks</td>
<td>Fund DPA program and assist financial institutions meet CRA requirements</td>
<td>DPA portfolio</td>
<td>March 2018</td>
<td>5,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>n/a</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>FHLB</td>
<td>Mortgage Backed Security Warehouse, Loans Held for Sale Program</td>
<td>Mortgage loan pipeline</td>
<td>October 2017</td>
<td>60,000,000</td>
<td>21,000,000</td>
<td>73,000,000</td>
<td>(72,000,000)</td>
<td>22,000,000</td>
<td>1/3/2019</td>
<td>2.49%</td>
<td>104,343</td>
</tr>
<tr>
<td>FHLB</td>
<td>Mortgage Backed Security Warehouse, Loans Held for Sale Program &amp; operations</td>
<td>Securities</td>
<td>October 2017</td>
<td>25,000,000</td>
<td>15,000,000</td>
<td>-</td>
<td>-</td>
<td>15,000,000</td>
<td>9/23/2020</td>
<td>2.71%</td>
<td>68,063</td>
</tr>
<tr>
<td>USDA-RD</td>
<td>Preservation Revolving Loan Fund Demonstration Program</td>
<td>PRLF mortgage loans</td>
<td>September 2015</td>
<td>2,125,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>n/a</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>SBIC</td>
<td>Capitalize Primero Loan Fund</td>
<td>SBIC mortgage loans</td>
<td>April 2014</td>
<td>1,500,000</td>
<td>700,000</td>
<td>-</td>
<td>-</td>
<td>700,000</td>
<td>11/30/2023</td>
<td>2.00%</td>
<td>5,911</td>
</tr>
<tr>
<td>FHLB</td>
<td>Mortgage Revenue Bond (MRB) Warehousing</td>
<td>MRB Mortgage backed securities</td>
<td>June 2013</td>
<td>30,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>n/a</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>Capitalize Primero Loan Fund</td>
<td>None</td>
<td>October 2011</td>
<td>850,000</td>
<td>850,000</td>
<td>-</td>
<td>-</td>
<td>850,000</td>
<td>11/15/2023</td>
<td>2.00%</td>
<td>4,250</td>
</tr>
<tr>
<td>USDA-RD</td>
<td>Preservation Revolving Loan Fund Demonstration Program</td>
<td>PRLF mortgage loans</td>
<td>May 2011</td>
<td>2,000,000</td>
<td>1,793,610</td>
<td>-</td>
<td>-</td>
<td>1,793,610</td>
<td>1/20/2042</td>
<td>1.00%</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>121,475,000</td>
<td>39,343,610</td>
<td>73,000,000</td>
<td>(72,000,000)</td>
<td>40,343,610</td>
<td>182,566</td>
<td></td>
</tr>
</tbody>
</table>
Tab 2
December 31, 2018 Quarterly Investment Review
Agenda for Discussion at Finance Committee Meeting
Meeting Date: February 12, 2019

For reference:
Minutes of the November 6, 2018 investment discussion during the Finance Committee meeting.

For discussion:
Quarterly Investment Review of MFA General Fund investments
~Diversification and Asset Allocation Strategies – LGIP, bond ladder and SIC Investment Funds
~Market values and portfolio yield
Present: Chair Steven Smith, Member Dennis Burt  
MFA Staff Present: Jay Czar, Gina Hickman, Izzy Hernandez, Yvonne Segovia, Shawn Colbert, Rebecca Velarde  
Quarterly Review of MFA General Fund investments:

- Report being presented is as of December 31, 2018 which is the end of the first quarter of FY 2019. The report includes book values by investment asset class for the current year and previous year, policy targets and ranges, fair market value information, yields/rates of return and other metrics of interest to the Board.

- Compliance Report (Diversification and Asset Allocation): Keeler reviewed the General Fund Investment Compliance Report. She informed the committee that all asset classes are in compliance with the investment policy. Keeler also reminded the committee that the Cash Held for Operations/Warehoused MBS does not include capital borrowed for loan operations or restricted funds. She then summarized the Ad Hoc Investment Committee meeting with PFM Asset Management ("PFM") whereby the asset allocation was reviewed along with SIC historic returns, impact of negative/positive returns on MFA’s financial statements and the financial statement presentation methodology. Given PFM’s position on the market, no changes were needed to the asset allocation. The committee also agreed to keep the methodology currently used when presenting monthly financial statements to the Board.

- Portfolio Summary-Short & Intermediate Term Investments: Keeler reviewed book values by asset class and in total. She referred the committee to the yields, and discussed sector components of the bond ladder. Keeler also mentioned that MFA did not purchase any bond ladder securities during the first quarter of FY 2019.

- Portfolio Summary-Long Term Investments Including State Investment Council Investments: Keeler reviewed market values, rates of return and realized gain/loss data for the mortgage backed securities portfolio and the SIC funds.

- Portfolio Summary-Housing Trust Fund: Keeler reviewed market values, rates of return and realized gain/loss data for the SIC fund. She reminded the committee that 100% of the Housing Trust Fund is invested in the Core Bonds Plus Active fund.
- General Fund Investment Portfolio Metrics: Keeler referred committee members to the ratings, interest income and benchmark metrics. She informed the committee that there was no change in any of the ratings. Keeler also indicated that interest income earnings were on track for FY 2019.

- Summary of December 31, 2018 balances and yields/rates of returns:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>12/31/18 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/ Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>$6,193,287</td>
<td>Various</td>
<td>n/a</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>4,578,180</td>
<td>2.31%</td>
<td>n/a</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>19,079,328</td>
<td>1.89%</td>
<td>18</td>
</tr>
<tr>
<td>MFA's Mortgage Backed Securities-Intermediate Term</td>
<td>8,520,546</td>
<td>5.29%</td>
<td>96*</td>
</tr>
<tr>
<td>MFA's Mortgage Backed Securities-Long Term</td>
<td>2,591,964</td>
<td>5.31%</td>
<td>n/a</td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>8,046,060</td>
<td>0.54%</td>
<td>n/a</td>
</tr>
<tr>
<td>Large Cap Index Equity Fund (SIC)</td>
<td>7,230,584</td>
<td>(14.83%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Small/Mid Cap Fund (SIC)</td>
<td>2,924,195</td>
<td>(17.71%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund (SIC)</td>
<td>3,551,792</td>
<td>(14.17%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund (SIC)</td>
<td>1,057,138</td>
<td>(6.26%)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Weighted Average Life

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>12/31/18 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/ Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>$12,787,174</td>
<td>.47%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
New Mexico Mortgage Finance Authority
Minutes of Quarterly Investment Review
(Taking place during the Finance Committee November 6, 2018)

Present: Chair Steven Smith, Member Mark Van Dyke, Proxy for Lieutenant Governor John Sanchez
MFA Staff Present: Jay Czar, Izzy Hernandez, Gina Hickman, Yvonne Segovia
Quarterly Review of MFA General Fund investments:

- Report being presented is as of September 30, 2018. The report includes book values by investment asset class for the current year and previous year, policy targets and ranges, fair market value information, yields/rates of return and other metrics of interest to the Board.

- Compliance Report (Diversification and Asset Allocation): Keeler summarized the portfolio compliance report. She informed the committee that all asset classes are in compliance with the investment policy. Keeler also discussed the analysis that was performed regarding rebalancing the bond ladder. She noted that it was determined to not in the best interests of MFA. Keeler also reported the purchase of long-term NEXT HOME program mortgage backed securities.

- Portfolio Summary-Short & Intermediate Term Investments: Keeler reviewed book values by asset class and in total. She referred the committee to the yields, and average life data in the summary and discussed sector components of the bond ladder.

- Portfolio Summary-Long Term Investments Including State Investment Council Investments: Keeler reviewed market values, rates of return and realized gain/loss data for the mortgage backed securities portfolio and the SIC funds.

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

- General Fund Investment Portfolio Metrics: Keeler referred committee members to the ratings, interest income and benchmark metrics. She informed the committee that staff has worked with PFM Asset Management (“PFM”) to establish a more accurate benchmark for measuring the bond ladder’s performance. Beginning with the September 30, 2018 report, MFA has implemented the BofA Merrill ICE 1-3 year agency index. The committee was also provided with comparative economic indicators for their information.
Summary of September 30, 2018 balances and yields/rates of returns:

**General Fund:**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>9/30/18 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/ Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>$7,220,656</td>
<td>Various</td>
<td>n/a</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>4,553,139</td>
<td>2.04%</td>
<td>n/a</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>20,089,325</td>
<td>1.86%</td>
<td>20</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Intermediate Term</td>
<td>8,746,279</td>
<td>5.30%</td>
<td>96*</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Long Term</td>
<td>2,325,466</td>
<td>5.30%</td>
<td>n/a</td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>8,002,651</td>
<td>0.53%</td>
<td>n/a</td>
</tr>
<tr>
<td>Core Plus Bond Fund-Index (SIC)</td>
<td>-0-</td>
<td>(0.22%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Large Cap Index Equity Fund (SIC)</td>
<td>8,388,509</td>
<td>17.25%</td>
<td>n/a</td>
</tr>
<tr>
<td>Small/Mid Cap Fund (SIC)</td>
<td>3,492,343</td>
<td>6.26%</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund (SIC)</td>
<td>4,093,272</td>
<td>(0.72%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund (SIC)</td>
<td>1,125,407</td>
<td>(14.72%)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Weighted Average Life

**Housing Trust Fund:**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>9/30/18 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/ Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>$14,070,550</td>
<td>.35%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
INVESTMENT REPORT – EXECUTIVE SUMMARY
FOR THE FIRST QUARTER OF FISCAL YEAR 2019

1. During the first quarter of FY 2019, staff did not invest in any additional securities. The General Fund investment portfolio is in compliance with the asset allocation ranges approved by the Board.

2. On January 15, 2019, the MFA Ad Hoc Investment Committee met with Luke Schneider, Director of PFM Asset Management (“PFM”) to receive a market update and review MFA’s current asset allocation policy. In addition, the Committee looked at State Investment Council current and historical returns along with the impact negative or positive returns have on MFA’s financial statements. The Committee discussed the idea that MFA’s investments were long-term investments and that given PFM’s position on the market, no changes were needed to the asset allocation or to the methodology currently used when presenting monthly financial statements to the Board.

3. MFA has exercised the last remaining time extension on PFM’s contract to January 31, 2020.

4. As of December 31, 2018, MFA’s General Fund and Housing Trust Fund balances are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>12/31/18 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/ Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>$6,193,287</td>
<td>Various</td>
<td>n/a</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>4,578,180</td>
<td>2.31%</td>
<td>n/a</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>19,079,328</td>
<td>1.89%</td>
<td>20</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Intermediate Term</td>
<td>8,520,546</td>
<td>5.29%</td>
<td>96*</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Long Term</td>
<td>2,591,964</td>
<td>5.31%</td>
<td>n/a</td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>8,046,060</td>
<td>0.54%</td>
<td>n/a</td>
</tr>
<tr>
<td>Large Cap Index Equity Fund (SIC)</td>
<td>7,230,584</td>
<td>(14.83%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Small/Mid Cap Fund (SIC)</td>
<td>2,924,195</td>
<td>(17.71%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund (SIC)</td>
<td>3,551,792</td>
<td>(14.17%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund (SIC)</td>
<td>1,057,138</td>
<td>(6.26%)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Weighted Average Life
<table>
<thead>
<tr>
<th>Asset Class</th>
<th>12/31/18 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/ Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>$12,787,174</td>
<td>.47%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
## GENERAL FUND INVESTMENT COMPLIANCE REPORT FOR QUARTER 1 (AS OF DECEMBER 31, 2018)

### Short-Term Investments (Less than 1 year)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Policy Requirement</th>
<th>Current Portfolio Carrying Value</th>
<th>Within $ Limit Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS*</td>
<td>14% 9%-19%</td>
<td>$6,193,287</td>
<td>10% Yes</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>6% 1%-11%</td>
<td>$4,578,180</td>
<td>7% Yes</td>
</tr>
</tbody>
</table>

### Intermediate Term Investments (1 to 10 years)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Policy Requirement</th>
<th>Current Portfolio Carrying Value</th>
<th>Within $ Limit Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Ladder</td>
<td>27% 22%-32%</td>
<td>$19,079,328</td>
<td>30% Yes</td>
</tr>
<tr>
<td>Intermediate MFA Mortgage Backed Security Portfolio</td>
<td>13% 8%-18%</td>
<td>$8,520,546</td>
<td>13% Yes</td>
</tr>
</tbody>
</table>

### Long-Term Investments (More than 10 years)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Policy Requirement</th>
<th>Current Portfolio Carrying Value</th>
<th>Within $ Limit Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term MFA Mortgage Backed Security Portfolio</td>
<td>4% 0%-9%</td>
<td>$2,591,964</td>
<td>4% Yes</td>
</tr>
<tr>
<td>Core Plus Bond Funds-Active (SIC)</td>
<td>12% 7%-17%</td>
<td>$8,046,060</td>
<td>13% Yes</td>
</tr>
<tr>
<td>Domestic Large Cap Index Equity Fund (SIC)</td>
<td>11% 6%-16%</td>
<td>$7,230,584</td>
<td>11% Yes</td>
</tr>
<tr>
<td>Small/Mid Cap Fund (SIC)</td>
<td>5% 0%-10%</td>
<td>$2,924,195</td>
<td>5% Yes</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund (SIC)</td>
<td>6% 1%-11%</td>
<td>$3,551,792</td>
<td>6% Yes</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund (SIC)</td>
<td>2% 0%-7%</td>
<td>$1,057,138</td>
<td>2% Yes</td>
</tr>
</tbody>
</table>

Total: $63,773,073 100.00%

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

### SIC FUND ALLOCATION

<table>
<thead>
<tr>
<th>SIC Fund Allocation</th>
<th>Policy</th>
<th>Actual*</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIC Core Plus Bond-Active</td>
<td>33%</td>
<td>35%</td>
</tr>
<tr>
<td>SIC Large Cap Index Equity</td>
<td>31%</td>
<td>32%</td>
</tr>
<tr>
<td>Small/Mid Cap Index</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Non-US Developed Markets</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Non-US Emerging Markets</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

### BOARD ACTIONS

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

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Book Value YTD/Quarter 1 as of 12/31/2018</th>
<th>YTD/Quarter 1 as of 12/31/2017</th>
<th>Unrealized Gain/Loss YTD/Quarter 1 as of 12/31/2018</th>
<th>Yield to Maturity YTD/Quarter 1 as of 12/31/2018</th>
<th>Yield to Maturity YTD/Quarter 1 as of 12/31/2017</th>
<th>Average Life/Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-Term</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Held for Operations/Warehoused MBS*</td>
<td>$ 6,193,287</td>
<td>$ 12,581,601</td>
<td>N/A</td>
<td>Various</td>
<td>Various</td>
<td>n/a</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>$ 4,578,180</td>
<td>$ 3,110,709</td>
<td>N/A</td>
<td>2.31%</td>
<td>1.15%</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Intermediate-Term</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>$ 19,079,328</td>
<td>$ 16,010,833</td>
<td>$ (118,918)</td>
<td>1.89%</td>
<td>1.34%</td>
<td>18</td>
</tr>
<tr>
<td>MFA Mortgage Backed Security Portfolio</td>
<td>$ 8,520,546</td>
<td>$ 2,047,606</td>
<td>$ 294,654</td>
<td>5.29%</td>
<td>6.37%</td>
<td>96**</td>
</tr>
<tr>
<td><strong>Total Short &amp; Intermediate Term</strong></td>
<td>$ 38,371,340</td>
<td>$ 33,750,749</td>
<td>$ 175,736</td>
<td>2.94%</td>
<td>1.91%</td>
<td>67.1</td>
</tr>
</tbody>
</table>

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

**Weighted Average Life

![BOND LADDER TO CALL AND MATURITY AS OF DECEMBER 31, 2018](image)

### BOND LADDER SECTOR ALLOCATION

<table>
<thead>
<tr>
<th>Book Value</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollars</td>
<td></td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>$ 2,000,104</td>
</tr>
<tr>
<td>Federal Farm Credit Bank</td>
<td>$ 2,002,618</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>$ 11,074,283</td>
</tr>
<tr>
<td>Freddie Mac</td>
<td>$ 4,002,322</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 19,079,328</td>
</tr>
</tbody>
</table>

### INVESTMENTS PURCHASED IN THE FIRST QUARTER OF FY 2019

<table>
<thead>
<tr>
<th>Date Purchased</th>
<th>Security</th>
<th>Interest Rate</th>
<th>YTM/ YTC</th>
<th>Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## PORTFOLIO SUMMARY - Long Term Investments Including State Investment Council Investments

### General Fund

<table>
<thead>
<tr>
<th>Investment Description</th>
<th>Market Value as of 12/31/2018</th>
<th>Market Value as of 12/31/2017</th>
<th>Unrealized Gain/Loss as of 12/31/2018</th>
<th>Rate of Return YTD/Quarter 1</th>
<th>Rate of Return YTD/Quarter 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFA's Mortgage Backed Securities Portfolio</td>
<td>$2,591,964</td>
<td>$7,889,533</td>
<td>$97,344</td>
<td>5.31%</td>
<td>5.07%</td>
</tr>
</tbody>
</table>

### State Investment Council (SIC):

- **Core Plus Bond Fund-Active**
  - Market Value: $8,046,060
  - Unrealized Gain/Loss: ($37,089)
  - Rate of Return YTD/Quarter 1: 0.54%
  - Rate of Return YTD/Quarter 1: 0.84%

- **Domestic Large Cap Index Equity Fund**
  - Market Value: $7,230,584
  - Unrealized Gain/Loss: ($1,198,575)
  - Rate of Return YTD/Quarter 1: -14.83%
  - Rate of Return YTD/Quarter 1: 5.35%

- **Small/Mid Cap Fund**
  - Market Value: $2,924,195
  - Unrealized Gain/Loss: ($582,781)
  - Rate of Return YTD/Quarter 1: -17.71%
  - Rate of Return YTD/Quarter 1: 1.94%

- **Non-US Developed Markets Fund**
  - Market Value: $3,551,792
  - Unrealized Gain/Loss: ($556,125)
  - Rate of Return YTD/Quarter 1: -14.17%
  - Rate of Return YTD/Quarter 1: 3.93%

- **Non-US Emerging Markets Fund**
  - Market Value: $1,057,138
  - Unrealized Gain/Loss: ($72,444)
  - Rate of Return YTD/Quarter 1: -6.36%
  - Rate of Return YTD/Quarter 1: 6.70%

**Total State Investment Counsel**

- Market Value: $22,809,769
- Unrealized Gain/Loss: ($2,447,014)
- Rate of Return YTD/Quarter 1: -9.57%
- Rate of Return YTD/Quarter 1: 2.26%

**Total Long-Term Investments**

- Market Value: $25,401,733
- Unrealized Gain/Loss: ($2,349,670)

*Note: SIC rate of returns are year to date, not annualized.

---

### ANNUAL RATE OF RETURN-SIC INVESTMENTS

**FY 2013 - 2019**

*For FY 2019 QTR 1*
## PORTFOLIO SUMMARY - Housing Trust Fund

### State Investment Council (SIC):

<table>
<thead>
<tr>
<th>Category</th>
<th>Market Value YTD/Quarter 1 as of 12/31/2018</th>
<th>Realized Gain/Loss YTD/Quarter 1 as of 12/31/2018</th>
<th>Rate of Return YTD/Quarter 1 as of 12/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Plus Bond Fund-Active</td>
<td>$12,787,174</td>
<td>$(69,398)</td>
<td>0.47%</td>
</tr>
<tr>
<td><strong>Total State Investment Council</strong></td>
<td>$12,787,174</td>
<td>$(69,398)</td>
<td>0.47%</td>
</tr>
</tbody>
</table>

### SIC FUND ALLOCATION

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

### Return on Core Plus Bond Fund - Active

*For FY 2012 - 2019*

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 12</td>
<td>9.54%</td>
</tr>
<tr>
<td>FY 13</td>
<td>0.22%</td>
</tr>
<tr>
<td>FY 14</td>
<td>6.14%</td>
</tr>
<tr>
<td>FY 15</td>
<td>1.28%</td>
</tr>
<tr>
<td>FY 16</td>
<td>7.44%</td>
</tr>
<tr>
<td>FY 17</td>
<td>2.76%</td>
</tr>
<tr>
<td>FY 18</td>
<td>0.35%</td>
</tr>
<tr>
<td>FY 19</td>
<td>0.47%</td>
</tr>
</tbody>
</table>

*For FY 2018 QTR 1*
### GENERAL FUND INVESTMENT PORTFOLIO - METRICS

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>S&amp;P Rating</th>
<th>Moody’s Rating</th>
<th>Annual Interest Income (Budget) FY2019</th>
<th>Actual Interest Income YTD/Quarter 1 as of 12/31/2018</th>
<th>Interest Earned of Total Budget as of 12/31/2018</th>
<th>Yield to Maturity/Rate of Return YTD/Quarter 1 as of 12/31/2018</th>
<th>Benchmark Yield/Rate of Return</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehouse MBS</td>
<td>N/R</td>
<td>N/R</td>
<td>$310,498</td>
<td>$63,621</td>
<td>20%</td>
<td>Various</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>Aaa</td>
<td>N/R</td>
<td>$45,408</td>
<td>$25,616</td>
<td>56%</td>
<td>2.31%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>N/R</td>
<td>N/R</td>
<td>$182,435</td>
<td>$52,199</td>
<td>29%</td>
<td>1.89%</td>
<td>1.95%</td>
<td>BofA Merrill 1-3 Yr Agency</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>N/R</td>
<td>Aaa/ Stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Farm Credit Bank</td>
<td>N/R</td>
<td>Aaa/ Stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>N/R</td>
<td>Aaa/ Stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freddie Mac</td>
<td>N/R</td>
<td>Aaa/ Stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MFA Mortgage Backed Security Portfolio</td>
<td>N/R</td>
<td>Aaa/ Stable</td>
<td>$630,921</td>
<td>$146,125</td>
<td>23%</td>
<td>5.29%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Intermediate Term</td>
<td>AA+</td>
<td>Aaa/ Stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-Term</td>
<td>AA+</td>
<td>Aaa/ Stable</td>
<td>$417,252</td>
<td>$142,652</td>
<td>34%</td>
<td>-9.57%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Investment Council</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Cap Index Equity Fund</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small/Mid Cap Fund</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-US Developed Markets Fund</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund</td>
<td>N/R</td>
<td>N/R</td>
<td>$1,586,514</td>
<td>$430,213</td>
<td>27%</td>
<td>-13.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Economic Indicators

<table>
<thead>
<tr>
<th></th>
<th>12/31/2018</th>
<th>12/31/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Funds Rate</td>
<td>2.40%</td>
<td>1.33%</td>
</tr>
<tr>
<td>Consumer Price Index (yoy)</td>
<td>1.80%</td>
<td>2.10%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>3.90%</td>
<td>4.10%</td>
</tr>
<tr>
<td>Real GDP (yoy)</td>
<td>n/a</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

#### US Treasury Yield Curve: Current, 1 Month Ago, 6 Months Ago

1 Mo: 1.77% 3 Mo: 1.93% 6 Mo: 2.11% 1 Yr: 2.33% 2 Yr: 2.52% 3 Yr: 2.63% 5 Yr: 2.73% 7 Yr: 2.81% 10 Yr: 2.85% 30 Yr: 2.98%

1 Mo: 2.32% 3 Mo: 2.19% 6 Mo: 2.36% 1 Yr: 2.59% 2 Yr: 2.81% 3 Yr: 2.88% 5 Yr: 2.94% 7 Yr: 3.01% 10 Yr: 3.05% 30 Yr: 3.19%

1 Mo: 2.2% 3 Mo: 2.45% 6 Mo: 2.56% 1 Yr: 2.63% 2 Yr: 2.48% 3 Yr: 2.46% 5 Yr: 2.51% 7 Yr: 2.59% 10 Yr: 2.69% 30 Yr: 3.02%

Source: U.S. Department of the Treasury
Tab 3
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – February 12, 2019

Through: Policy Committee – January 22, 2019

FROM: George Maestas, Development Loan Manager
Housing Development Department

DATE: February 20, 2019

SUBJECT: Board Resolution to increase the existing revolving line of credit with the New Mexico Small Business Investment Corporation.

Recommendation:

Staff recommends approval to increase the existing Revolving Line of Credit (RLOC), issued by the New Mexico Small Business Investment Corporation (SBIC) to New Mexico Mortgage Finance Authority (MFA), by an additional $1,000,000 (from $1,500,000 to $2,500,000), with all other terms and conditions to remain the same. In addition, the SBIC is requesting a signed Resolution, approved by the MFA Board of Directors, authorizing and accepting this modification.

Background:

New Mexico Mortgage Finance Authority (Borrower) and New Mexico Small Business Investment Corporation (Lender) signed a loan agreement on December 1, 2013 for a $1,500,000 RLOC to be used by MFA as a funding source for its Primero Investment Fund Loan Program. The Primero program also receives funding from other sources, including MFA’s Housing Opportunity Fund and Wells Fargo’s Equity Equivalent “EQ2” program. To date, five Primero loans, totaling $3,000,000, have been funded by the SBIC line. Four of the loans have been repaid in full. The fifth, a $700,000 loan to VSJ Apartments, LLLP, will mature on January 1, 2020.

On October 27, 2017, MFA staff received approval from its Board of Directors to renew and extend the SBIC RLOC for an additional five years from its original maturity date of November 30, 2018, resulting in a new maturity date of November 30, 2023. MFA's Primero Loan Program is a flexible, low cost loan program created in 1993 to finance the development of affordable rental or special needs residential facilities that would be considered “high

risk" by traditional lenders. The purpose of the program is to leverage other public and private funds and to expand the housing development capacity of New Mexico’s nonprofit, tribal and public agency housing providers. The Primero Investment Fund has been broadened over the years to include the financing of all types of projects that cannot be accommodated by existing sources -- particularly the secondary market -- and to develop new delivery systems through nonprofit organizations and other institutions to increase affordable housing production. Program uses include new construction, rehabilitation and acquisition/rehabilitation.

The purpose of SBIC funding for the Primero Fund Program is: (1) to provide debt investments to New Mexico businesses that develop affordable housing; and (2) for development of affordable housing, primarily multifamily affordable housing, in areas of New Mexico where a shortage of housing is considered an impediment to the creation of new job opportunities in support of new or expanding businesses.

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

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

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

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

4. **Domingo, LLP**- An $800,000, 24-month loan to finance the construction of a 41-unit multifamily rental housing project located on the Santo Domingo Pueblo, NM. The project consists of 19 buildings and a community center and serves low-income households. This loan has been paid in full.

5. **VSJ Apartments, LLP**- A $700,000, 24-month loan to finance the acquisition and rehabilitation of a 60-unit rental housing project in Carlsbad, NM. Villa San Jose will provide low-income housing to elderly and special needs persons. This loan matures on January 1, 2020.

**Upcoming Projects:**

1. **Valle Verde I LLP**- A $1,000,000, 24-month loan to finance the acquisition and rehabilitation of a 36-unit rental housing project in Placitas (Hatch), NM. The project will provide low-income housing to families with children. Thirty-five of the 36 units receive HUD Section 8 project-based vouchers. This loan is anticipated to close in March, 2019.
Discussion:

In October 2018, Russ Cummins, Executive Director of NMSBIC notified MFA that they may soon have additional funding available and asked if MFA could use an increase to the RLOC used to support the Primero Investment Fund. After some internal discussion, taking into consideration both historical and anticipated loan demand, MFA staff responded that we believe that could use an increase of $700K-$1MM to the RLOC. Mr. Cummins presented the request for an increase to the SBIC board of directors at their December 10, 2018 meeting. The SBIC Board of Directors subsequently approved an increase of $1 million to MFA’s line of credit (from $1.5 million to $2.5 million).

Summary:

In 2013, the SBIC and MFA entered into a loan agreement for a $1,500,000 Revolving Line of Credit, to be used as a source to fund the Primero Investment Fund. In 2018, the line was renewed for an additional five years. This October, the SBIC projected that it would have additional funding available by the end of the year and asked if MFA could utilize an increase to their line. MFA staff affirmed its ability to employ additional funds in the range of $700K-$1MM. In December, the NM SBIC Board of Directors approved a $1MM increase to MFA’s RLOC. The proposed $1,000,000 increase in availability to the SBIC RLOC will allow MFA to continue to meet anticipated demand for Primero projects while allowing some additional capacity.
RESOLUTION

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

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

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

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

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

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

WHEREAS MFA has determined that an increase in the revolving line of credit under the SBIC Loan Agreement, from $1,500,000 to $2,500,000 would allow MFA to further fulfill its commitment to perform its statutorily-mandated mission; therefore

IT IS RESOLVED:

The MFA Board of Directors authorizes MFA’s Executive Director and Deputy Directors each, individually, to execute and deliver such documents and instruments as may be required to implement the foregoing resolution allowing for an increase in the revolving line of credit under the SBIC Loan Agreement from $1,500,000 to $2,500,000, including, without limitation, an Amended Loan Agreement and Amended Related Documents, as is provided for pursuant to MFA’s policy for Delegations of Authority, and therefore the signature of MFA’s Deputy Director of Programs on the Loan Agreement and Related Documents is hereby approved, ratified and confirmed.
MFA’s Executive Director and Deputy Directors are each, individually, authorized and directed to sign any and all certifications of the adoption of the foregoing resolutions required under the Loan Agreement.

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

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

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS _____ DAY OF ________, 2019.

______________________________
Chairman

(SEAL)

ATTEST:

______________________________
Secretary
NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting
Tuesday, February 12, 2019 @ 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 Regional Housing Authority’s Annual Report (Gina Bell)</td>
<td>3-0</td>
<td>YES</td>
</tr>
<tr>
<td>2 Commissioner Recommendations for Northern Regional Housing Authority (Gina Bell)</td>
<td>3-0</td>
<td>YES</td>
</tr>
<tr>
<td>3 811 Awards (Patrick Ortiz &amp; Carmela Arellano)</td>
<td>3-0</td>
<td>YES</td>
</tr>
</tbody>
</table>

Committee Members present:

Angel Reyes, Chair ☐ present ☐ absent ☑ conference call
Attorney General Hector Balderas or Sally Malavé ☐ present ☐ absent ☑ conference call
Randy McMillan ☐ present ☐ absent ☑ conference call

Secretary: [Signature] 2/12/19
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – February 5, 2019
Through: Contracted Services – February 12, 2019

FROM: Gina Bell

DATE: February 20, 2019

SUBJECT: Regional Housing Authorities 2018 Annual Report

Recommendation:
Approve the Regional Housing Authority (RHA) – 2018 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), and the Legislative Finance Committee (LFC).

Senate Bill 20 requires that MFA shall have oversight responsibilities of the items listed below:

1. Submission of the Regionals FYE operating budget for review by MFA
2. Approval of any new member of the Regionals Board of Commissioners
3. Approval of new Executive Directors
4. Creation/dissolution of nonprofit entities of the Regionals to MFA & State Board of Finance
5. Contracts and MOU’s with a value greater than $100,000
6. Transfer, sale or liquidation of any real or personal property with a value greater than $100,000
7. Review of the external financial audit

Discussion:
This report provides an update of the above mentioned items for the three (3) New Mexico RHAs.

- Eastern Regional located in Roswell (ERHA)
- Western Regional located in Silver City (WRHA)
- Northern Regional located in Taos (NRHA)
1. Each fiscal year RHAs are required to provide MFA with a final operating budget for review. For the 2019 fiscal year, which covers the period of 7/18 thru 6/19, the Board and/or HUD approved fiscal year budgets are:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Regional Housing Board Approved Fiscal Year Budget (7/1/18 – 6/30/19)</th>
<th>Date Approved by Regional Housing Board and/or HUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERHA</td>
<td>Low Rent Public Housing: $803,801</td>
<td>4/7/18 (Board Approval)</td>
</tr>
<tr>
<td></td>
<td>Section 8/Voucher: $6,756,394</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total: $7,560,195</td>
<td></td>
</tr>
<tr>
<td>WRHA</td>
<td>Low Rent Public Housing: $281,993</td>
<td>3/27/18 (Board Approval)</td>
</tr>
<tr>
<td></td>
<td>Section 8/Voucher: $4,430,007</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total: $4,712,000</td>
<td></td>
</tr>
<tr>
<td>NRHA *</td>
<td>Low Rent Public Housing: $1,013,285</td>
<td>6/26/18 (Board Approval)</td>
</tr>
<tr>
<td></td>
<td>Section 8/Voucher: $232,812</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total: $1,246,097</td>
<td></td>
</tr>
</tbody>
</table>

*Denotes a Trouble Status agency and HUD approved their budget

2. Report on Regional Board of Commissioner Appointees to MFA & the Governor’s Office

<table>
<thead>
<tr>
<th>Counties within Region</th>
<th>Commissioner Assigned to County</th>
<th>Number of years Individual has Served as a Board Commissioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union</td>
<td>Bill Birdwel</td>
<td>7 Years</td>
</tr>
<tr>
<td>Harding</td>
<td>Vacant</td>
<td></td>
</tr>
<tr>
<td>Guadalupe</td>
<td>Vacant</td>
<td></td>
</tr>
<tr>
<td>Quay</td>
<td>Vacant</td>
<td></td>
</tr>
<tr>
<td>Curry</td>
<td>Waymon Dowdy</td>
<td>9 Years</td>
</tr>
<tr>
<td>DeBaca</td>
<td>Allen Sparks</td>
<td>7 Years</td>
</tr>
<tr>
<td>Roosevelt</td>
<td>Vacant</td>
<td></td>
</tr>
<tr>
<td>Lincoln</td>
<td>Mary Beth Fowler</td>
<td>10 Years</td>
</tr>
<tr>
<td>Chaves</td>
<td>Terry Douglas</td>
<td>Pending Approval</td>
</tr>
<tr>
<td>Lea</td>
<td>Ella Turner</td>
<td>10 Years</td>
</tr>
<tr>
<td>Otero</td>
<td>Michael O-hara</td>
<td>10 Years</td>
</tr>
<tr>
<td>Eddy</td>
<td>Louisa Madrid</td>
<td>7 Years</td>
</tr>
</tbody>
</table>
### Western Regional Housing Authority Board of Commissioners

<table>
<thead>
<tr>
<th>Counties within Region</th>
<th>Commissioner Assigned to County</th>
<th>Number of years Individual has Served as a Board Commissioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valencia</td>
<td>Carol Anaya</td>
<td>9 Years</td>
</tr>
<tr>
<td>Torrance</td>
<td>Vacant</td>
<td></td>
</tr>
<tr>
<td>Catron</td>
<td>Vera Turner</td>
<td>9 Years</td>
</tr>
<tr>
<td>Socorro</td>
<td>Jackie Muncy</td>
<td>4 Years</td>
</tr>
<tr>
<td>Grant</td>
<td>Awish Baechtle</td>
<td>9 Years</td>
</tr>
<tr>
<td>Sierra</td>
<td>Dr. G. Vincent Barrett</td>
<td>9 Years</td>
</tr>
<tr>
<td>Luna</td>
<td>Vacant</td>
<td></td>
</tr>
<tr>
<td>Hidalgo</td>
<td>Irene Galvan</td>
<td>As of August 22, 2018</td>
</tr>
</tbody>
</table>

### Northern Regional Housing Authority Board of Commissioners

<table>
<thead>
<tr>
<th>Counties within Region</th>
<th>Commissioner Assigned to County</th>
<th>Number of years Individual has Served as a Board Commissioner</th>
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</thead>
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<tr>
<td>San Juan</td>
<td>Ryan Downey</td>
<td>4 years (Formal letter of resignation has been received)</td>
</tr>
<tr>
<td>Rio Arriba</td>
<td>Lauren Reichelt</td>
<td>4 years</td>
</tr>
<tr>
<td>Taos</td>
<td>Della Barrone</td>
<td>4 years (Formal letter of resignation has been received)</td>
</tr>
<tr>
<td>Colfax</td>
<td>Rayetta Trujillo</td>
<td>4 years</td>
</tr>
<tr>
<td>McKinley</td>
<td>Alfred Abeita</td>
<td>4 years</td>
</tr>
<tr>
<td>Sandoval</td>
<td>Santiago Chavez</td>
<td>4 years (Formal letter of resignation has been received)</td>
</tr>
<tr>
<td>Cibola</td>
<td>Rev. Garland Moore</td>
<td>4 years</td>
</tr>
<tr>
<td>Los Alamos</td>
<td>Paul Andrus</td>
<td>4 years (Formal letter of resignation has been received)</td>
</tr>
<tr>
<td>Mora</td>
<td>Vacant</td>
<td></td>
</tr>
<tr>
<td>San Miguel</td>
<td>Tim Gallegos</td>
<td>4 years (Formal letter of resignation has been received)</td>
</tr>
</tbody>
</table>

3. MFA is required to approve new Executive Directors

- Chris Herbert has served as ERHA’s Executive Director since 2006
- Cathy DeMarco has served as WRHA’s Executive Director Since 2005
- Michael Cabral has served as NRHA’s Acting Executive Director since April of 2018. The position will be posted in numerous social media websites statewide and nationwide

4. None of the Regionals reported a creation or dissolution of nonprofit entities to MFA or State Board of Finance

5. None of the Regionals reported to MFA assets valued over $100K that were sold, transferred, or liquidated.

6. None of the Regionals reported contracts exceeding $100K to MFA.
7. Submission of audits to the State Auditor, MFA, LFC, DFA, and MFA-LOC. There have been no cases of fraud, waste or abuse. Audits are available upon request.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERHA</td>
<td>ERHA received an unmodified opinion on the FYE 6/30/18 audit. There is one finding noted in the audit which is Repeated and Modified</td>
</tr>
<tr>
<td></td>
<td>o 2017-001 Expenditure in excess of budget amount – (Significant deficiencies, but they are not considered a material weakness)</td>
</tr>
<tr>
<td></td>
<td>The Authority over-expended its budget for the Rio Felix FMHA Development Fund for the year ended June 30, 2018 by $4,030. This finding was due to inadequate monitoring of the budget</td>
</tr>
<tr>
<td>WRHA</td>
<td>WRHA received an unmodified opinion on their FYE 6/30/18 audit. There are no findings noted in the audit.</td>
</tr>
<tr>
<td>NRHA</td>
<td>NRHA received an unmodified opinion on their FYE 6/30/18 audit. There are eight findings, four of which are repeat findings.</td>
</tr>
</tbody>
</table>

**Section II Financial Statement Findings**

- o 2018-001 Capital Fund Projects initiated and started without approval from Federal oversight and before any Environmental Reviews were completed and approved- (Material Weakness)

  The Executive Director did not fully communicate the facts to the Board of Commissioners that Capital Funds were not pre-approved by HUD for the purpose of rehabilitating projects and submission of environmental reviews prior to the NRHA Board approving the projects.

- o 2018-002 Non-Compliance with Low Rent Tenant Files- (Material Weakness, Repeat Finding FA 2017-002)

  Twenty one files tested were noted to have missing documents. It was noted that the Agency was prioritizing reducing vacancy rates in the program over file compliance. In addition, it was noted that the Housing Authority had taken over a troubled agency that did not have adequate documentation in tenant files, which accounted for approximately half of the issues noted.

- o 2018-003 Non-Compliance with Internal controls over Tenant Eligibility (Significant Deficiency- Repeat Finding FA 2017-002)

  An employee of the Housing Authority, who was also a tenant of the Housing Authority, did not pay the adjusted amount of rent required. The former Executive Director did not enforce the employee to pay the rent that was due in the amount of $1,696.50.

**Section III Federal Award Findings**

- o 2018-004 Noncompliance with Eligibility Requirements- (Material Weakness and Material Noncompliance)

  Four out of 36 tenant files tested were not re-examined for income and
composition annually to ensure that they were still eligible to be receiving Section 8 assistance.

- 2018-005 Noncompliance with Special Tests and Provisions HQS Enforcement - (Significant Deficiency)

  Two out of six tenant files tested did not document a correction to a non-life threatening HQS deficiency within the 30-day period as required. One out of six tenant files tested never noted a correction to a HQS deficiency.

Section II Section 12-6-5 NMSA Findings
- 2018-006 Lack of Evidence of Payroll Review (Findings that do not rise to the level of significant deficiency)

  One out of 10 payroll transaction cycles tested did not have any evidence that the payroll packet was reviewed by the Executive Director.

- 2018-007 Personnel Evaluations (NM 2017-001) (Findings that do not rise to the level of significant deficiency – Repeat Finding)

  The agency did not perform all annual personnel evaluations during the fiscal year as required by their policies and procedures.

- 2018-008 Miscommunication of Resolution No. 2016-110 - Plan to convert 525 Ranchitos Rd Unit 936 to a Community Resource Building (NM 2017-003) (Findings that do not rise to the level of significant deficiency – Repeat Finding)

  There is no evidence of approval from HUD for the former NRHA Executive Director to utilize a unit in the agency’s Community Resource Plan for housing while working out of the Taos office.

8. Non-HUD Program and Consolidation efforts

<table>
<thead>
<tr>
<th>Agency</th>
<th>Non-HUD Program Activity and Program Consolidation Efforts</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERHA</td>
<td>Development Activity: ERHA hopes to initiate a project in Ruidoso in 2019 and begin a 4 percent tax credit project on 152 units in Hobbs.</td>
</tr>
<tr>
<td></td>
<td>Consolidations: ERHA has consolidated with Eunice, Vaughn and Lovington. The agency is currently in communication with HUD regarding consolidation of up to two smaller housing authorities in the region in 2019 but no firm commitment has been made by the involved parties.</td>
</tr>
</tbody>
</table>
| **WRHA** | **Program Activity:**  
*Linkages Program- The agency has been awarded $98,000 for the 2018/2019 program year for up to 16 housing vouchers in Grant County.  
**RAP Program –WRHA was awarded $65,990.64 for the 2018/2019 program year to serve households/individuals in Grant, Luna, Socorro, Valencia and Torrance counties. During the 2017/2018 PY 102 individuals were assisted.**  
**Consolidations:**  
WRHA has not consolidated with any other housing authorities. The agency entered into a Professional Services Contract with Lordsburg Housing Authority on October 3, 2018 to provide management services for a 1-year term. After 6-months, the Lordsburg Housing Authority will vote on whether or not they want to consolidate with WRHA. |
| **NRHA** | **Program Activity:**  
*Linkages Program – The agency has been awarded $68,000 for the 2018/2019 program year to provide up to 8 housing vouchers in Taos County.  
**Consolidations:**  
Grants and Cimarron Housing Authorities have consolidated with NRHA. No other plans are in place for consolidation until NRHA is no longer in Troubled Status. |

*The Linkages Permanent Supportive Housing Program is a state-funded program managed by MFA and Behavioral Health. The program is designed to provide permanent supportive housing rental subsidies and supportive services to individuals/households who are literally homeless or at risk of homelessness who also have a serious mental illnesses diagnosis and meet the income limits. This includes Native Americans living off the reservation. Both WRHA and NRHA administer the program in their communities. Each Housing Administrator is partnered with an approved Supportive Services Administrator in their area to provide the support services needed in order for households/individuals to remain housed.*

**The Rental Assistance Program (RAP) is a program designed to provide short and medium term rental assistance to eligible individuals/households who are literally homeless or at risk of homelessness. Assistance is used for rent, rental arrears, security deposits, application fees, utility assistance and housing stability case management. WRHA administers the program for Grant, Luna, Socorro, Valencia and Torrance counties.*

**General Comments:**  
Northern Regional Housing Authority is in “Troubled Status” with HUD. In an attempt to help the agency improve their rating, MFA has been providing training, technical assistance and close oversight in a variety of ways.
1) HUD and MFA have performed 1 on-site visit
2) MFA contracted with Gallup Housing Authority to provide Training and Technical Assistance to Michael Cabral, the acting Executive Director
3) MFA has been hosting the agency’s Board Meetings, at MFA, encouraging their Board members to be present and engaged,
4) MFA has hosted and facilitated an all-day planning session to help the agency prioritize their outstanding issues
5) MFA has reached out to all the Board members to poll their ongoing interest in remaining on the Board. In response to that poll, 5 of the 10 board members have requested to be replaced; MFA has been working diligently to assist in vetting potential candidates.

NRHA continues to have challenges. MFA is committed to assist the agency in the following areas:

1) Replace and train new Board Commissioners
2) Offered to provide financial assistance for the agency to get their re-certifications caught up
3) Offered to pay for staff training
4) Continue to host their Board meetings and
5) Conduct a detailed monitoring visit and, based on the results, determine if there is additional assistance needed.

In closing, we would like to mention that the NM legislature did not appropriate funding during the 2018 legislative session. This year, MFA’s Legislative Oversight Committee (“LOC”) did approve a Regional Housing Authority appropriation request for recurring funds in the amount of $300,000.

Summary:
Staff recommends approval of the Regional Housing Authority 2018 Annual Report as mandated by the Regional Housing Act. The report includes operational and fiscal activities for Eastern, Western and Northern Regional Housing Authorities.

Attached: Maps and Charts
Regional Housing Authorities
## Regional Housing Authorities

<table>
<thead>
<tr>
<th>Regional Housing Authority</th>
<th>Low-Rent Units</th>
<th>Section 8 Vouchers</th>
<th>Consolidations to Date</th>
<th>Troubled/Substandard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ERHA</strong> (Located in Roswell)</td>
<td>155</td>
<td>1892</td>
<td>Consolidated with Eunice, Vaughn and Lovington</td>
<td>High Performer</td>
</tr>
<tr>
<td><strong>NRHA</strong> (Located in Taos)</td>
<td>204</td>
<td>546</td>
<td>Consolidated with Cimarron and Grants</td>
<td>Troubled</td>
</tr>
<tr>
<td><strong>WRHA</strong> (Located in Silver City)</td>
<td>54</td>
<td>911</td>
<td>None</td>
<td>High Performer</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>393</strong></td>
<td><strong>3,291</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Public Housing Authorities
### Eastern Regional Housing Authority Region

<table>
<thead>
<tr>
<th>Public Housing Authority</th>
<th>Low-Rent Units</th>
<th>Section 8 Vouchers</th>
<th>Troubled/Sub-standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alamogordo</td>
<td>221</td>
<td>0</td>
<td>Standard</td>
</tr>
<tr>
<td>Artesia</td>
<td>137</td>
<td>0</td>
<td>Standard</td>
</tr>
<tr>
<td>Clayton</td>
<td>50</td>
<td>0</td>
<td>High Performer</td>
</tr>
<tr>
<td>Clovis</td>
<td>131</td>
<td>608</td>
<td>High Performer</td>
</tr>
<tr>
<td>Fort Sumner</td>
<td>47</td>
<td>0</td>
<td>High Performer</td>
</tr>
<tr>
<td>Tucumcari</td>
<td>90</td>
<td>140</td>
<td>Standard</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>676</strong></td>
<td><strong>748</strong></td>
<td></td>
</tr>
</tbody>
</table>
# Public Housing Authorities

**Western Regional Housing Authority Region**

<table>
<thead>
<tr>
<th>Public Housing Authority</th>
<th>Low-Rent Units</th>
<th>Section 8 Vouchers</th>
<th>Troubled/Sub-standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayard</td>
<td>70</td>
<td>0</td>
<td>Standard</td>
</tr>
<tr>
<td>El Camino Real</td>
<td>0</td>
<td>576</td>
<td>High Perform</td>
</tr>
<tr>
<td>Lordsburg</td>
<td>100</td>
<td>0</td>
<td>Troubled</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Western Regional is currently under a management agreement with Lordsburg)</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>32</td>
<td>0</td>
<td>Standard</td>
</tr>
<tr>
<td>T or C</td>
<td>100</td>
<td>190</td>
<td>High Performer</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>302</strong></td>
<td><strong>766</strong></td>
<td></td>
</tr>
<tr>
<td>Public Housing Authority</td>
<td>Low-Rent Units</td>
<td>Section 8 Vouchers</td>
<td>Troubled/Sub-standard</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------</td>
<td>-------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Chama</td>
<td>37</td>
<td>0</td>
<td>Sub-Standard</td>
</tr>
<tr>
<td>Cuba</td>
<td>28</td>
<td>0</td>
<td>Sub-Standard</td>
</tr>
<tr>
<td>Gallup</td>
<td>267</td>
<td>63</td>
<td>Standard</td>
</tr>
<tr>
<td>Las Vegas</td>
<td>267</td>
<td>0</td>
<td>Sub-Standard</td>
</tr>
<tr>
<td>Pecos</td>
<td>31</td>
<td>0</td>
<td>High Performer</td>
</tr>
<tr>
<td>Raton Maxwell</td>
<td>155 22</td>
<td>0 0</td>
<td>High Performer (Maxwell Consolidated with Raton in January 2018)</td>
</tr>
<tr>
<td>Rio Arriba</td>
<td>53</td>
<td>25</td>
<td>Sub-Standard</td>
</tr>
<tr>
<td>San Juan</td>
<td>0</td>
<td>320</td>
<td>High Performer</td>
</tr>
<tr>
<td>San Miguel</td>
<td>0</td>
<td>177</td>
<td>High Performer</td>
</tr>
<tr>
<td>Springer</td>
<td>56</td>
<td>0</td>
<td>Standard Performer</td>
</tr>
<tr>
<td>Wagon Mound</td>
<td>18</td>
<td>0</td>
<td>High Performer</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>934</strong></td>
<td><strong>585</strong></td>
<td></td>
</tr>
</tbody>
</table>
Tab 5
MEMORANDUM

TO: MFA Board of Directors

Through: Contract Services – February 12, 2019

Through: Policy Committee – February 5, 2019

FROM: Gina Bell

DATE: February 20, 2019

SUBJECT: Regional Housing Authority – Commissioner Recommendations for Northern Regional Housing Authority

Recommendation:
Approve Steven Brugger to represent Los Alamos County and Jolene Slowen to represent Sandoval County, Donna Vigil to represent San Miguel County and Nichole Sandoval-Belt to represent San Juan County as commissioners for Northern Regional Housing Authority.

Background:
As required with the Regional Housing Act, Section 5. 11-3A-6, Powers of Regional Housing Authority in Board of Commissioners, appointments of Board of Regional Housing Authorities and Terms, all recommendations for appointments as Commissioners are required to be reviewed and approved by MFA’s Board of Directors prior to being recommended to the Governor.

Discussion:
MFA has been working closely with Northern Regional Housing Authority by providing training and technical assistance to help the agency become a stronger more viable organization. One of the areas that has been highlighted as a concern is that the agency’s current Board is not engaged at the level the agency needs to thrive.

MFA reached out to all the Board members to poll their level of interest in remaining on the board as a Commissioner. The response indicated that 5 of the 9 members have requested to be replaced and the county of Mora has never had a Commissioner representative.
Northern Regional Housing Authority Commissioners

<table>
<thead>
<tr>
<th>Counties within Region</th>
<th>Commissioner Assigned to County</th>
<th>Number of years Individual has Served as a Commissioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Juan</td>
<td>Ryan Downey</td>
<td>4 years (Formal letter of resignation has been received)</td>
</tr>
<tr>
<td>Rio Arriba</td>
<td>Lauren Reichelt</td>
<td>4 years</td>
</tr>
<tr>
<td>Taos</td>
<td>Della Barone</td>
<td>4 years (has requested to be replaced)</td>
</tr>
<tr>
<td>Colfax</td>
<td>Rayetta Trujillo</td>
<td>4 years</td>
</tr>
<tr>
<td>McKinley</td>
<td>Alfred Abeita</td>
<td>4 years</td>
</tr>
<tr>
<td>Sandoval</td>
<td>Santiago Chavez</td>
<td>4 years (Formal letter of Resignation has been received)</td>
</tr>
<tr>
<td>Cibola</td>
<td>Rev. Garland Moore</td>
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<td>Vacant</td>
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<tr>
<td>San Miguel</td>
<td>Tim Gallegos</td>
<td>4 years (Formal letter of resignation has been received)</td>
</tr>
</tbody>
</table>

MFA has contacted numerous stakeholders for the purpose of filling these commissioner vacancies and as of this date, letters of interest and resumes were received from Steve Brugger to represent Los Alamos County, Jolene Slowen to represent Sandoval County and Donna Vigil to represent San Miguel County.

The threshold requirements for commissioners of regional housing authorities are that commissioners have expertise and experience in areas such as housing construction, real estate, architecture, law, banking, housing finance, business, property management, accounting, residential development, public housing programs, community development, social services or health care.

Mr. Brugger has over 25 years of development and planning experience and he currently serves as the Executive Director of the Los Alamos Housing Partnership, Inc. which is a non-profit affordable housing organization that builds, renovates and sells affordable housing and operates a rehab program and down payment assistance program.

Ms. Slowen has worked with the State of New Mexico, Local Government Division DFA since 2013. She served as the Community Development Bureau Chief where she oversaw strategic planning, directing, coordinating, and managing the daily activities of $120 million in Community Development Block Grant (CDBG) federal funds, $22 million in Neighborhood Stabilization Program (NSP), and over 1,000 legislative projects totaling $110 million.

Ms. Vigil has a degree in Master of Business Administration with a Concentration in Management from the New Mexico Highlands University. She has been a Professor at New Mexico Highlands University since 2008. Her primary focus is in principles of Financial, Managerial, and Governmental and Not for Profit Accounting.

Mrs. Sandoval-Belt has a B.A. degree in both Psychology and Criminology. She is currently a licensed Mortgage Loan Originator in NM and Colorado. She has 18 years’ experience working in Governmental and public environments, including 6 years as a Realtor and 8 years in the mortgage finance industry.
MFA staff has worked directly with Mr. Brugger and Ms. Slowen and feel strongly that both of them would be great support and provide expert guidance to Northern Regional Housing Authority. Ms. Vigil’s experience in the accounting field, as well as being a native from Las Vegas New Mexico, and Mrs. Sandoval-Belt’s experience in real estate and mortgage loan originator would bring great value to the Board as a whole.

**Summary:**
Northern Regional Housing Authorities have vacancies on its Board of Commissioners for Los Alamos, Sandoval, San Miguel and San Juan Counties. The candidates, Steve Brugger, Jolene Slowen, Donna Vigil and Nicole Sandoval-Belt fulfill the requirements per the state statute SB 48 and have expressed interest in serving as commissioners. Staff recommends Board approval and submission of the recommendations to Governor Lujan-Grisham for approval and appointments.
February 20, 2019

The Honorable Michelle Lujan-Grisham  
Governor of New Mexico  
490 Old Santa Fe Trail  
Room 400  
Santa Fe, NM 87501  

RE: Recommendation for appointments to Northern Regional Housing Authority Board of Commissioners  

Dear Governor Lujan-Grisham:

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 the Mortgage Finance Authority (“MFA”) provide financial and operational oversight of the Regional Housing Authorities.

As required with the Act, Section 5. 11-3A-6, Powers of Regional Housing Authority in Board of Commissioners, Appointment of Board of Regional Housing Authorities and Terms, all recommendations for appointment as commissioners are to be forwarded to and reviewed by MFA prior to recommendation to the Governor. Attached, please find letters of interest and resumes for Mr. Steve Brugger, Ms. Jolene Slowen, Ms. Donna Vigil and Mrs. Sandoval-Belt.

The threshold requirements for commissioners of regional housing authorities are that commissioners have expertise and experience in areas such as housing construction, real estate, architecture, law, banking, housing finance, business, property management, accounting, residential development, public housing programs, community development, social services or health care.

Mr. Steve Brugger has over 25 years of development and planning experience and he currently serves as the Executive Director of the Los Alamos Housing Partnership, Inc. which is a non-profit affordable housing organization that builds, renovates and sells affordable housing and operates a rehab program and down payment assistance program.

Ms. Jolene Slowen has worked with the State of New Mexico, Local Government Division DFA since 2013. She served as the Community Development Bureau Chief where she oversaw strategic planning, directing, coordinating, and managing the daily activities of $120 million in Community Development Block Grant (CDBG) federal funds, $22 million in Neighborhood Stabilization Program (NSP), and over 1,000 legislative projects totaling $110 million.
Ms. Donna Vigil has a degree in Master of Business Administration with a Concentration in Management from the New Mexico Highlands University. She has been a Professor at New Mexico Highlands University since 2008. Her primary focus is in principles of Financial, Managerial, and Governmental and Not for Profit Accounting.

Mrs. Sandoval-Belt has a B.A. degree in both Psychology and Criminology. She is currently a licensed Mortgage Loan Originator in NM and Colorado. She has 18 years' experience working in Governmental and public environments, including 6 years as a Realtor and 8 years in the mortgage finance industry.

Please feel free to contact me with any questions.

Sincerely,

Jay Czar
Executive Director
January 31, 2019

Rose Baca-Quesada
Director of Community Development
New Mexico Mortgage Finance Authority
www.housingnm.org

Dear Rose Baca Quesada -

May this letter serve as notice of interest for appointment to the Northern Regional Housing Authority board of commissioners representing Sandoval County.

I am native New Mexican who has lived in Sandoval County for 25 years. I have been in public service and nonprofit work for almost 30 years.

I look forward to this opportunity and further discussions with you.

Jolene M. Slowen
EDUCATION
The University of New Mexico, Albuquerque, New Mexico
BA – English and Economics

OTHER EXPERIENCE
Public speaking – Locally and regionally requested presenter on variety of subjects including ethics, professionalism, budgeting and public finance
Instructor of New Mexico State University EDGE program over 30 classes.
Hosted television show – Job Search New Mexico KASA Fox Albuquerque, New Mexico,
Developed scripts, coordinated interviews, and hosted weekly television for two years

Proficient PC usage –
SHARE, Microsoft Office Suite – Outlook, Word, Excel, Powerpoint; Oracle, Corel
Draw, PageMaker, CapMon, Capital Project Monitoring System (CPMS)
Network Server Windows, TCP/IP, MS Exchange, Active Directory, Veritas
Economic Projections publication of the year – nationally 1997
Selected to represent USA at YWCA World Council 2006

EXPERIENCE
State of New Mexico, Local Government Division DFA, Santa Fe, NM
Deputy Director 9/17 – present
• Serve as the Deputy Director supporting the five bureaus and thirty-five staff by strategic planning, directing, coordinating, and managing the hiring process.
  o Budget and Finance
  o Community Development
  o LDWI
  o E-911
  o Special Services
• Support Director and DFA Management with special requests and information.
• Develop policy and procedures for effective, quality administration of all Bureaus.
• Present at conferences, meetings and workshops.
• Liaison with departments, agencies, and bureaus.

State of New Mexico, Local Government Division DFA, Santa Fe, New Mexico
Bureau Chief 10/13 – 9/17
• Serve as the Community Development Bureau (CDB) Chief strategic planning, directing, coordinating, and managing the daily activities of $120 million in Community Development Block Grant (CDBG) federal funds, $22 million in Neighborhood Stabilization Program (NSP), and over 1,000 legislative projects totaling $110 million.
• Responsible for supervising staff, financial, programs, policies, compliance and strategic management of CDB.
• Develop policy and procedures for effective, quality administration of CDB, Neighborhood Stabilization Program (NSP) and statewide capital appropriations
• Reconcile, review, and generate grant agreements and amendments for CDBG, NSP, legislative appropriations and special appropriations
• Coordinate with State Board of Finance (BOF), Legislative Finance Committee (LFC), and Legislative Council Service (LCS) on capital appropriation.
• Conduct, review and edit legislative bill analysis
• Hire, empower, support, coach, train, motivate and supervise staff.
State of New Mexico, Department of Finance and Administration (DFA), Santa Fe, NM

Equal Employment Opportunity (EEO) Officer 11/10 – 5/14

- Serve as EEO Officer for state agency of DFA
- Field employee EEO complaints including consulting, advising of rights and investigations
- Document all EEO claims
- Maintain confidentiality

State of New Mexico, Local Government Division DFA, Santa Fe, New Mexico

Deputy Director 10/12-10/13

- Served as Deputy Director overseeing three bureaus including the following statewide programs DWI, E-911, CDBG and the Infrastructure Capital Improvement Plan (ICIP)
- Represented Department of Finance and Administration on Tribal Infrastructure Boards, and state DWI Council, and Community Development Council
- Served as lead LGD liaison with other state agency departments, divisions, Council of Governments (COGs), municipalities and special districts
- Revised, enhanced and presented LGD’s five year strategic plan
- Testified on LGD related funding at legislative committees
- Presented to Governor, executive staff and legislators
- Reviewed and edited legislative bill analysis
- Developed and refined policies and procedures in compliance with federal rules and regulations.
- Developed, mentored, coached and supervised staff

State of New Mexico, Local Government Division DFA, Santa Fe, New Mexico

Bureau Chief 5/08-10/12

- Served as the Fiscal Services Bureau (FSB) chief managing $700 million in twenty-five major funds
- Reviewed, approved and signed purchase documents, vouchers, journal entries, transfers, contracts, pay requests, grant agreements, and amendments
- Reconciled general fund, severance tax bond, and special appropriations funds including DWI, E-911, Community Development Block Grant and Neighborhood Stabilization Program (NSP) (federal funds), and Community Legal Services (CLS)
- Prepared Local Government Division (LGD) operating and program budgets including expenditures and encumbrances and quarterly projections
- Served as Local Government Division representative in SHARE budget meetings with Legislative Finance Committee
- Transitioned 3,500 projects totaling over $412 million into SHARE from a subsidiary ledger
- Assumed responsibility of Local Programs Section in June 2011 including four (4) additional staff, and program management of the statewide programs of Civil Legal Services, Acequia Commission, Youth Mentoring, local ICIP and other House Bill 2 appropriations
- Performed legislative bill analysis
- Hired, trained, mentored, retained and supervised staff

State of New Mexico, Local Government Division DFA, Santa Fe, New Mexico

Assistant Bureau Chief 4/07-5/08

- Served as the back up to the Fiscal Services Bureau (FSB) chief
- Verified and prepared purchase documents, vouchers, journal entries, transfers, contracts, pay requests, grant agreements, and amendments
- Assisted in reconciling general fund, severance tax bond, and special appropriations funds including DWI, E-911, CDBG, and CLS
- Assisted in preparing Local Government Division (LGD) operating and program budgets including expenditures and encumbrances and quarterly projections
- Served as Administrative Services Division (ASD) liaison on LGD projects, transactions and operations

YWCA Middle Rio Grande, Albuquerque, New Mexico
Operations Director / IT Manager 7/06-4/07
- Successfully transitioned Finance Department to new Finance Director
- Directed facilities operations of two buildings, and two properties
- Managed and developed policies and procedures for Women's Preventive Health
- Coordinated regional partners with homeless, health, correction facilities and other low income public service providers.
- Developed and maintained current policies and procedures for operations, and IT
- Coordinated and managed YWCA’s IT system – 35 workstations, 2 servers
- Directed YWCA Career Center including five programs, thirty community partners and managed $89,750 budget
- Hired, developed, trained, retained and supervised staff

YWCA Middle Rio Grande, Albuquerque, New Mexico
Finance Director / IT Manager 1/04-6/06
- Directed Finance Department including AP, AR and payroll
  - Decreased debt obligations by 35 percent
- Directed facilities operations of two buildings, and two properties
- Directed Human Resources including recruiting, hiring, terminating, tracking performance and evaluating personnel
- Developed, coordinated and managed 4.9 million dollar budget; 7 programs, 58 departments
- Developed and maintained current policies and procedures for operations, finance and IT
- Coordinated and managed YWCA’s IT system – 35 workstations, 2 servers,
- Managed, administered employee benefits package including, life, dental, health, 401K, and retirement
- Hired, developed and supervised staff

YWCA Middle Rio Grande, Albuquerque, New Mexico
Career Center Director / IT Manager 6/02-1/04
- Developed, coordinated, and administered YWCA Career Center – five programs
- Partnerships increased 80 percent, clients served increased 130 percent
- Developed, marketed and presented Professional Edge Workshops
  - Over 1600 clients served
- Coordinated and managed YWCA’s IT system
- Researched, analyzed and produced specialized workforce reports
- Hired, developed and supervised staff

New Mexico Department of Labor, Albuquerque, New Mexico
Lead Program Manager 3/00-6/02
- Coordinated, planned, supervised NM Workforce Investment Act – grant proposals, RFP’s, contracts, policies and procedures with emphasis in the Central Region
• Coordinated partners involved with economic development, job related issues, retention issues
• Coordinated statewide employer advisory council – Job Service Employer Connection (JSEC)
• Developed brochures, flyers, marketing efforts for NMDOL programs

New Mexico Department of Labor, Albuquerque, New Mexico
Marketing Director 1/99-3/00
• Development, oversight, coordination, dissemination of all collateral materials
• Supervised and managed the marketing campaign and staff for five divisions
• Served on national communications committee in administering and marketing all federal social, human and veterans programs in NM
• Supervised staff

New Mexico Department of Labor, Albuquerque, New Mexico
Labor Economist 7/94-1/99
• Researched, analyzed, produced, presented, and interpreted labor market economic data requested by companies, job seekers, economic development groups, and other public and private groups.
• Performed high-level forecasting of statewide, Albuquerque, Santa Fe and Las Cruces area employment by industry and occupation.
• Coordinated and conducted workshops on labor market information.

New Mexico Department of Labor, Albuquerque, New Mexico
Lead Economic Analyst 9/91-7/94
• Developed and analyzed state and county level data, labor related trends
• Designed, wrote, edited monthly New Mexico Labor Market Review
• Wrote and prepared articles and reports analyzing current and future economic conditions, job conditions, careers for the future and skills needed.
• Supervised staff

New Mexico Department of Labor, Albuquerque, New Mexico
Economic Analyst 9/90-9/91
• Designed, developed, analyzed, and published labor market analysis and forecasted employment of the agricultural industry in New Mexico
January 28, 2019

Rose Baca-Quesada, Director of Community Development
New Mexico Mortgage Finance Authority
344 4th Street SW
Albuquerque, NM 87102

Dear Ms. Baca-Quesada:

Please accept this letter as my expression of interest to serve on the Board of Commissioners of the Northern Regional Housing Authority.

I have been working in real estate and affordable housing, in particular, for the majority of my career and I believe that my skills and experience would be of value to this organization. Currently, I am the Executive Director of the Los Alamos Housing Partnership, Inc., an affordable housing organization located in Los Alamos.

I am very familiar with the area served by the Northern Regional Housing Authority and have some knowledge of the primary programs administered by the Authority.

I have attached my resume for your review, as well. Please give me a call at 505-690-1734 or email at stevelahp@gmail.com with any questions you may have.

Thank you for your consideration.

Sincerely,

[Signature]

Steven R. Brugger
Executive Director
STEVEN R BRUGGER
1475 Central Ave., Suite 220
Los Alamos, NM 87544
505-662-8918
stevelahp@gmail.com

EMPLOYMENT HISTORY
February, 2015 – Present
Executive Director of Los Alamos Housing Partnership, Inc., a non-profit affordable housing organization that builds, renovates and sells affordable housing and operates a housing rehabilitation program and down payment assistance program in Los Alamos County.

May, 2012 – February, 2015
Affordable Housing Administrator for Santa Fe County. Responsible for managing the County’s inclusionary zoning program, down payment assistance program and roof repair program.

March, 2006 – May, 2012
Housing and Special Projects Manager for Los Alamos County, where I created the County affordable housing program, managed low income residential rental property owned by the County, managed economic revitalization efforts for White Rock, and the development of the Pinon Trails mixed income subdivision for the Los Alamos Housing Partnership.

Consultant and Real Estate Development Manager for Homewise, Inc. in Santa Fe. First as a consultant, then as an employee, managed the design and development of an 80 unit subdivision, along with numerous smaller, scattered site developments.

October, 1998 – December, 2001
Railyard Redevelopment Director for City of Santa Fe. Administered master planning efforts and all leasing activity on the 50 acre City-owned Railyard property. Coordinated transfer of Railyard management to non-profit Railyard Community Corporation.

May, 1994 – May, 1998
Executive Director of Tierra Contenta Corporation, a non-profit master developer of 1,000 acre property in southwest Santa Fe. Responsible for managing the master planning effort, creating the affordable housing program, developing spine infrastructure and selling tracts to builders.

EDUCATION
Masters Degree in City and Regional Planning from the University of Wisconsin-Madison
Bachelors Degree in Economics from the University of Wisconsin-Madison
To Whom It May Concern:

I am interested in representing San Miguel County for the Northern Regional Housing Authority Board. I am a live long resident of Las Vegas, New Mexico.

I have taught at New Mexico Highlands University for the past ten years, prior to teaching at NMHU I taught at Luna Community College. I currently teach a course called Governmental and Not For Profit Accounting I teach students how to prepare Form 990’s and Financial statement for Not for Profit organizations.

I would like the opportunity to help my community by assisting the Regional Housing Authority Board with their annual report. Thank you for your consideration.

Sincerely,

Donna Vigil
Donna E. Vigil  
471 Vegas Drive • Las Vegas, NM 87701  
• devigil@nmhu.edu • (505) 426-2228

TEACHING EXPERIENCE  
New Mexico Highlands University, Las Vegas, NM  
Contingent Faculty  
Instructor School of Business, Media & Technology, 2008 - present

Courses taught at New Mexico Highlands University: Principles of Financial Accounting, Principles of Managerial Accounting, Individual Taxation, Governmental and Not for Profit Accounting, Microcomputer Applications in Business, Accounting Technology, Tax Planning, Financial Accounting. Teach on-line, in classroom and Hybrid classes. Manage class records, track student progress. Organize class setting for optimal student learning. Advise accounting majors on program of study until completion of program.

Luna Community College, Las Vegas, NM 2001-2007  
Accounting Instructor Courses taught: Accounting Principles I, Accounting Principles II, Managerial Accounting, Payroll Accounting, Individual Taxation, Governmental Accounting, Computerized Accounting using Peachtree and QuickBooks, Microsoft Word, Excel, Access, and Powerpoint. Develop course outlines, Plan course action for each course taught, Organize class setting for optimal student learning. Manage classroom records, track students progress, advise students for completion of program.

New Mexico Highlands University, Las Vegas, NM Summer and Fall 2007  
Adjunct Faculty, School of Business Courses taught: Managerial Accounting.

EDUCATION  
New Mexico Highlands University, Las Vegas, NM  
Master of Business Administration, Concentration in Management, December 2005

New Mexico Highlands University, Las Vegas, NM  
Bachelor of Business Administration, Concentration in Accounting, May 1984
PRIOR EXPERIENCE NOT IN EDUCATION
Luna Community College, Las Vegas, NM Financial Specialist III, July 1994 - August 2001 Luna Community College,
Prepare Payroll for the entire college, prepare 941 and 940 quarterly reports, and prepare W-2’s for all employees. Prepare packets for new hires, maintain personnel and insurance files for all employees. Provide orientation for new employees, Assist with General Ledger, prepared adjusting entries Reconcile insurance accounts, retirement and general ledger accounts. Prepare Accounts Receivable billings.

Las Vegas City Schools, Substitute Teacher 1988-1994 Taught at various levels and various subjects from K through 12.

Northeastern Regional Hospital, 1985-1987 Accounting Assistant Accounts Payable Clerk set up invoices for payment, worked with various vendors, Assist with Payroll, analyze timesheets, reconcile account information to general ledger

Furr’s Supermarket, 1980-1985 Cashier Assist customers with their purchases, Organize price change Assisted management with closing operations, preparing bank deposits, cashiering.


Professional Memberships: Association of Latino Professionals in Finance & Accounting, Former Board member, Tax Help New Mexico, Central New Mexico Community College, Albuquerque, New Mexico. Volunteer Catechist, Immaculate Conception Church, Las Vegas, New Mexico.


Professional Growth Activities: Use IRS website: Link and learn for automated certification tracking.

Institutional Services Performed: Volunteer Tax Preparer, Prepare taxes for students at New Mexico Highlands University, Las Vegas, New Mexico 2008-2011. Faculty Advisor for NMHU ALPFA Student Chapter 2014-Present.
February 8, 2019

MFA Board of Commissioners
C/O Gina Bell, Assistant Director of Community Development

To Whom It May Concern:

Assisting New Mexico families realize homeownership is my passion. Having the opportunity to work cooperatively with MFA over the past several years in helping New Mexico families build security through homeownership is a source of pride. It is for this reason that I am writing, I feel my own personal values and expertise in real estate, housing finance, accounting, and social services would be a benefit to the MFA Board of Commissioners. I am very excited at the opportunity to further my involvement with MFA and am honored to be considered to represent San Juan County in such an important capacity.

As a lifelong New Mexico resident with degrees and experience related to social services I can provide specific insight into the struggles that our state faces. I have worked exclusively in the real estate industry via sales and finance for over a decade and would be instrumental in providing advisory skills to the Board as related to real estate and housing financing. To demonstrate my expertise in housing finance in 2018 I closed 176 residential mortgage loans for over $26,000,000 utilizing FHA, VA, USDA, Section 184, Conventional and Jumbo financing. At times these first mortgage loans were coupled with down payment assistance, MFA bond loans, gifts, grants &/or secondary financing if necessary (adhering to HUD, VA, RD, fannie mae, freddie mac, &/or private investor guidelines as well as federal, state, and local laws). Despite New Mexico have a lower median house price I was recognized in the top 30 Loan Originators for Cornerstone Home Lending, Mountain West Region. This expertise coupled with my experience in social services allow me unique insight of how finance and stability relate to social problems and not only the impact homeownership can have but possible ways to make it happen. I have been praised for my ability to work collaboratively and develop solutions that benefit all parties. I strongly believe in financial literacy and personally teach/speak at first time homebuyer education seminars/classes as well as provide counsel to my past and present customers individually. Lastly, community development thrives on success therefore there is also a need to encourage development of the middle class. I aim to provide a path for the first-time homebuyers on ways they can continue to build security and the role that homeownership can play.

My core values include integrity, teamwork and focus on the consumer. I am grateful for the services provided by MFA and would hold great regard for the current and potential benefits it offers New Mexicans. I believe very strongly in accountability and integrity and will represent San Juan County on the Board of Commissioners accordingly. I am confident you’ll find me a good fit for your needs on the Board of Commissioners. I look forward to hearing from you and thank you for your time.

Sincerely,

Nichole R. Sandoval-Belt
NICHOLE R. SANDOVAL-BELT
498 Sunrise Parkway, Farmington, NM 87401 · (505)486-0994
nsbelt@houseloan.com

Focused and enthusiastic professional with a total of eighteen years’ experience working in Governmental and/or public environments including 6 years as a Realtor and 8 years in the mortgage finance industry. Demonstrated success dealing with diverse leadership, verbal and written communication, collaboration and project requirements. Ability to establish productive and successful professional relationships. Excellent problem-solving skills honed through navigating changing and challenging environments.

MAY 2011 TO PRESENT
LICENSED NM & CO MORTGAGE LOAN ORIGINATOR

Educate, advise, and guide potential borrowers through the mortgage process from application to consummation acting in a fiduciary capacity. Interviewing applicants to assess their financial status, circumstances and goals and advising them on which mortgage loan products and programs are best suited for their needs. Analyzing credit, financial, and employment documentation to ensure the fulfillment of application requirements. Collaboration and communication with internal departments and external agencies throughout the loan process resolving any discrepancies and/or issues that may arise. Providing excellent customer service through education, advice and problem resolution. Utilize training material, reference tools, research, continuing education and other resources to provide accurate loan program/policy information to clients and partners. Cultivating relationships within the community by building trust based on expertise in the Mortgage and Real Estate industry. Developed and maintained successful relationships with business referral sources. Remain knowledgeable of matters in the mortgage industry specifically to law, program guidelines and best practices.

Cornerstone Home Lending, Farmington NM and Durango CO
Homestar Mortgage Company, Farmington, NM
First Mortgage, Farmington, NM
Major Mortgage, Farmington, NM
Wells Fargo Bank, Farmington NM

2005 - 2011
LICENSED NM REALTOR

Providing guidance and assistance to buyers and sellers in the through marketing and purchasing property to obtain optimal terms. Contract negotiation, maintaining and consulting clients on real estate market conditions, prices, trends, legal requirements and related matters acting in a fiduciary capacity. Marketing and promotion through advertisements, open houses and listing services. Cooperation with appraisers, title/escrow companies, mortgage lenders, and inspectors. Remain knowledgeable about real estate law, matters and best practices.

American Dream Realty, Farmington NM
RE/MAX of Farmington, Farmington NM
SEPTEMBER 2001 TO 2005
PROBATION & PAROLE OFFICER

Responsible for the supervision and performance monitoring of convicted misdemeanor and felony offenders in the community on behalf of NM District Courts and the NM Parole Board. Performing a variety of routine duties ranging from law enforcement responses, community resource management and referral, courtroom testimony, report writing and investigation as well advocating for offender services, employment and housing. Served and supported offenders and families in a responsive community-based system of care that is client centered, family focused and culturally competent. Conducted investigations and prepared reports accordingly while utilizing proper format on any offender related correspondence within prescribed time limits, organization policies, regulations, procedures, directives, federal, state and municipal laws and the NM Children’s Code. Offender supervision duties include utilization of intermediate and graduated sanctions to include arrest authority for the purpose of reducing criminal activity and enhancing public safety.

State Of New Mexico Department of Corrections Adult Probation / Parole
State of New Mexico Children Youth and Families Juvenile Probation / Parole

EDUCATION

LICENSED MORTGAGE LOAN ORIGINATOR -NEW MEXICO AND COLORADO
NMLS#396774

MAY 2001
B.A. PSYCHOLOGY B.A. CRIMINOLOGY: UNIVERSITY OF NEW MEXICO
GOLDEN KEY NATIONAL HONOR SOCIETY
PHI THETA KAPPA NATIONAL HONOR SOCIETY

MAY 1996
HIGH SCHOOL DIPLOMA, AZTEC HIGH SCHOOL
Tab 6
MEMORANDUM

TO: Board of Directors

Through: Contracted Services Committee – February 12, 2019

Through: Policy Committee – February 7, 2019

FROM: Patrick Ortiz, Director of Asset Management
Carmela Arellano, Program Coordinator

DATE: February 20, 2019

SUBJECT: Limited Source Procurement
Section 811 Project Rental Assistance (PRA) Program Award Recommendations

Recommendation

Staff recommends approval to YES Housing and Greater Albuquerque Housing Partnership (GAHP) a total award of $2,108,010.96 under Rental Assistance Contracts (RACs) over the five year period of the award to commence on the effective date of the RAC.

YES Housing
• The Imperial Building, Albuquerque-15 Section 811 PRA units-$668,261.21
• New Leaf Community, Hobbs-15 Section 811 PRA units-$902,817.70
Greater Albuquerque Housing Partnership (GAHP)
• Casa Feliz, Albuquerque-11 Section 811 PRA units-$536,932.05

Background

In 2015, in response to an MFA proposal submitted to HUD with Board approval (12/31/2013), MFA received a $2,278,447 million award to participate in HUD’s Section 811 Project Rental Assistance (PRA) program, which provides project-based rental assistance for extremely low-income persons with disabilities who are linked with long-term services. The rental assistance covers the difference between the tenant payment and the property’s contact rent. The Section 811 PRA application required state housing agencies to formally partner (interagency agreements) with the state agency responsible for the administration of the state’s Medicaid program, as well as the state’s health and human services agency.
**HUD Program Requirements**

*Grantee/State Housing Agency - New Mexico Mortgage Finance Authority (MFA)*  
*State Agency - New Mexico Human Services Department (HSD)*

**Property Selection and Contracting**

State housing agencies select properties to award Section 811 PRA subsides. Eligible properties can be newly built or existing multifamily developments in which the development costs are subsidized by federal sources, such as low-income housing tax credits (LIHTC), HOME Investment Partnerships Program funds, the Community Development Block Grant Program, or other federal, state, or private sources.

The Section 811 PRA program funds only rental assistance and does not provide any funding for capital costs. Grantees establish Rental Assistance Contract (RACs) with owners of eligible properties. Property owners must agree to a 30-year use restriction for providing a specified number of units as supportive housing for people with disabilities and agree to a contract with HUD for at least 20 years. The initial RAC provides funding for five years of rental assistance. The use restriction and renewal funding are contingent on continued Section 811 PRA appropriations.

**Section 811 PRA Contract Rents**

Grantees determine the Section 811 PRA contract rents, the maximum rents that the property owners can charge for Section 811 PRA units. The Section 811 PRA Notice of Funding Availability (NOFA) required that the PRA rent not exceed the applicable Fair Market Rent (FMR). The NOFA provided incentives for state housing agencies to target units that would produce the lowest possible per-unit rental subsidy costs by targeting properties that have existing rent restrictions, such as those funded with LIHTC or HOME funds.

**Resident Eligibility**

Section 811 PRA funds may be provided only for housing units set aside for extremely low-income households, including at least one nonelderly person with disabilities who is 18 to 61 years of age at the time of occupying the Section 811 PRA units. Participants in the Section 811 PRA program must also be eligible for community-based long-term care services provided under the state’s Medicaid program.

**Partnership with New Mexico Human Services (HSD)**

MFA has entered into a Memorandum of Understanding (MOU) with the New Mexico Human Services Department (HSD). The MOU is an Interagency Partnership Agreement with the purpose of developing and implementing a Section 811 PRA program for extremely low-income persons with disabilities in New Mexico.
Program Challenges

Competition with Housing Choice Vouchers and FMRs: In MFAs original Section 811 PRA application, MFA committed to a mix of 30 percent and 50 percent Low Income Housing Tax Credit (LIHTC) rents as leverage for our proposal. The special needs set aside in the MFA Qualified Allocation Plan requires properties that commit to 20 percent special needs units to rent half of those units at 30 percent AMI rents. Therefore, we did not anticipate problems meeting our leverage commitment.

However, after meeting with developers and property managers for LIHTC projects eligible for Section 811 PRA, MFA discovered that many properties with special needs units are accepting tenant-based housing choice vouchers issued by public housing authorities. Properties are able to do this because Section 42 of the IRS code excludes any payments made under Section 8 of the United States Housing Act of 1937 or any comparable rental assistance program from the gross rent calculation in the LIHTC program. MFA was unaware that this practice was prevalent when we drafted the Section 811 PRA application and committed to the 30 and 50 percent LIHTC rents. The tenant based vouchers are issued at Fair Market Rents (FMRs) which are considerably higher than the 30 percent and 50 percent LIHTC rents. The tenants pay no more than 30 percent of their income toward those rents. Therefore, it is a significant disincentive for LIHTC properties with special needs units to accept Section 811 PRA. If the property were to sign a Rental Assistance Contract (RAC) for Section 811 PRA, they would collect lower LIHTC rents at 30 percent and 50 percent Area Median Income (AMI) and forgo the higher FMRs they could obtain through tenant based vouchers. For this reason, despite diligent marketing and outreach for Section 811 PRA eligible properties declined to use the program.

Limited Eligible Properties

An additional issue faced by MFA is the pull-back of financial support by our state-level partner, the New Mexico Human Services Department (HSD). Budget constraints at the state of New Mexico prompted HSD to determine that it cannot support expenses associated with the Local Lead Agencies (LLAs) serving additional special needs units. Therefore, MFA could only market Section 811 PRA to properties that HSD had budgeted for as of 2016. This includes six properties awarded 9 percent tax credits that committed to the special needs set aside between 2014 and 2016 and existing properties that the LLAs are already serving. Thus, MFA had a limited market and could not offer Section 811 PRA to a wider pool of properties, including new LIHTC projects or existing properties not already served by the LLAs.

HUD Waiver/Approval

On November 8, 2017, MFA submitted to HUD a waiver requesting to use FMRs as the rent instead of the rents of 30 percent AMI and 50 percent AMI in our original commitment.

On June 11, 2018 HUD approved the waiver request. At this time MFA went back to the six properties, presented the HUD approved changes (FMRs) and inquired as to their interest in the program.
**Limitation on Units Assisted**

Eligible Multifamily Properties may only receive Section 811 PRA funds if the housing assisted does not currently have an existing use restriction or a contractual obligation to serve persons with disabilities. Units receiving any form of federal or state housing operating assistance (such as Section 8) are ineligible to receive Section 811 PRA assistance, unless such Section 811 PRA funds are being used to support other units in the building without such restrictions. Existing units receiving any form of long-term operating housing subsidy within a six-month period prior to receiving Section 811 PRA funds, such as assistance under Section 8, are ineligible to receive this assistance. In addition, unit with use agreements requiring housing for persons 62 or older would not be eligible to receive Section 811 PRA funds.

To ensure community integration of PRA units, no more than 25 percent of the total units in Eligible Multifamily Properties can: 1) be provided Section 811 PRA funds; 2) be used for supportive housing for persons with disabilities; or 3) have any occupancy preference for persons with disabilities.

These units must be dispersed throughout the property and must not be segregated to one area of a building.

**Process for approaching and selecting awardees**

From the inception of the grant award to date, MFA has diligently marketed Section 811 PRA to the eligible properties. As noted earlier, properties declined to sign Section 811 PRA RACs, citing their ability to rent units to public voucher holders at FMR as the reason. Based on this experience, MFA was confident that with HUD approval of the waiver request to offer FMRs eligible properties would reconsider the Section 811 PRA program. Upon receiving HUD approval to offer FMRs, MFA marketed the Section 811 PRA program to the eligible properties. The HUD waiver approval to offer FMRs was successful as two owners are committed to signing three RACs.

**YES Housing**

- The Imperial Building, Albuquerque
- New Leaf Community, Hobbs

**Greater Albuquerque Housing Partnership (GAHP)**

- Casa Feliz, Albuquerque
Funding Distribution

On April 2, 2015 MFA received a preliminary award of $2,278,447.00 from HUD. The chart below shows how the funding will be allocated.

<table>
<thead>
<tr>
<th>HUD 2013 Award</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Section 811 PRA Award</td>
<td>$2,109,673.00</td>
</tr>
<tr>
<td>MFA Administrative Costs</td>
<td>$168,774.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,278,447.00</strong></td>
</tr>
</tbody>
</table>

Discussion

Limited source procurement is used when there is a limited number of qualified sources for the procurement, therefore a competitive sealed proposal procedure would be impractical. The programmatic requirements severely limit the projects that are eligible and qualified to participate in the program. All owners of eligible projects were provided the opportunity to participate in the Section 811 PRA Program with only two owners (three projects) committing to execute a RAC.

- Budget constraints at the state of New Mexico limited the number of properties MFA was able to market Section 811 PRA between 2014 and 2016.
- Competition with Housing Choice Voucher and FMRs
- Target Population

Since Section 811 PRA is a project-based rental assistance program, funding allocations for each property are based on the amount of funding needed to support the number of Section 811 units awarded on an on-going basis. Awards are also based on the fair market rent in the given area.

The chart below shows the recommended allocations for the three participating properties.

<table>
<thead>
<tr>
<th>Property</th>
<th>Area Served</th>
<th>Recommended Award</th>
<th>Section 811 PRA units</th>
<th>Bedroom Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Imperial Building</td>
<td>Albuquerque</td>
<td>$668,261.21</td>
<td>15</td>
<td>2 studio; 11-1brm; 2-2brm</td>
</tr>
<tr>
<td>Casa Feliz</td>
<td>Albuquerque</td>
<td>$536,932.05</td>
<td>11</td>
<td>3 studio; 3-1brm; 4-2brm; 1-3brm</td>
</tr>
<tr>
<td>New Leaf Community</td>
<td>Hobbs</td>
<td>$902,817.70</td>
<td>15</td>
<td>3-1brm; 9-2brm; 3-3brm</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$2,108,010.96</strong></td>
<td><strong>41</strong></td>
<td></td>
</tr>
</tbody>
</table>
Summary

In 2015, MFA received a $2,278,447 million award to participate in HUD’s Section 811 Project Rental Assistance (PRA) program, which provides project-based rental assistance for extremely low-income persons with disabilities who are linked with long-term services. The rental assistance covers the difference between the tenant payment and the property’s contact rent.

Staff recommends approval to award YES Housing and Greater Albuquerque Housing Partnership (GAHP) a total of $2,108,010.96 under Rental Assistance Contracts (RACs) over the 5 year period of the award to commence on the effective date of the RAC.

MFA must have the total award expended by September 30, 2026.
Tab 7
MFA Board Committees
February 20, 2019

Finance Committee –
(Audit, Budget, Investments/Personnel, Program Policy & Development, Bond Structures, Investment Banking Underwriting)

Steven Smith (Chair)
Dennis Burt
Lieutenant Governor Howie Morales

Contracted Services/Credit Committee -
(HOME, Risk Share, Housing Opportunity Fund (HOF), Loans, Contracts)

Angel Reyes (Chair)
Attorney General, Hector Balderas
Randy McMillan
Tab 8
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – February 11, 2019

FROM: Kathleen M. Sysak-Keeler

DATE: February 20, 2019

SUBJECT: 2019 Series C Single Family Bond Resolution

Recommendation:
Staff is recommending the approval of the 2019 Series C Single Family Bond Resolution in the amount of not to exceed $85 million to provide funding for new single family mortgage loans.

Background:
For the past several years, MFA has relied mainly on the to be announced (“TBA”) market to fund new single family mortgage loans. The bond market has improved to the point where it is now more advantageous to fund Single Family mortgage loans with tax-exempt bond proceeds than to utilize the TBA market. During fiscal year 2018, MFA issued approximately $235 million of bonds. So far in fiscal year 2019, MFA has issued one bond issue which was used to originate new loans totaling approximately $49.9 million. MFA recently sold its second and third single family bond issues for FY 2019, namely 2019 Series A and 2019 Series B, which were sold on January 17 and are due to close on February 21. The 2019 Series A issue will be used to originate approximately $75 million of new single family mortgage loans and 2019 Series B will be used to refund three prior bond issues in the aggregate amount of approximately $26.1 million.

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

Discussion:
The 2019 Series C bond issue is anticipated to be in the $75-$85 million range based on the current level of loan reservations since bond proceeds will be used to originate these new single family mortgage loans. Given Board approval of the bond resolution, the 2019 Series C bond issue will be the fourth bond issue for fiscal year 2019. MFA anticipates selling bonds and closing in the March to May timeframe depending on actual reservation activity and bond market conditions.
Summary:
To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2019 Series C Single Family Bond Resolution in the aggregate amount of not to exceed $85 million. MFA anticipates providing funds for $75-$85 million of new single family mortgage loans.
I, the undersigned, Jay Czar, Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed Resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on February 20, 2019, at which meeting a quorum was present and acting throughout; (ii) the annexed Resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed Resolution has not been altered, amended or repealed; and (iv) the annexed Resolution is in full force and effect on the date of this Certificate.

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

__________________________________________
Jay Czar, Secretary
New Mexico Mortgage Finance Authority

(SEAL)
A RESOLUTION

OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE "AUTHORITY") AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS SINGLE FAMILY MORTGAGE PROGRAM CLASS I BONDS, 2019 SERIES C IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $85,000,000; AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A SERIES INDENTURE, A BOND PURCHASE CONTRACT, AN OFFICIAL STATEMENT, INVESTMENT AGREEMENTS, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 8. The Authority hereby authorizes the issuance of the Bonds in the aggregate principal amount of not to exceed $85,000,000. The Bonds shall mature on the dates and in the principal amounts and shall bear interest at rates and payable all as provided in the Indenture, within the parameters set forth in Exhibit A hereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Aye:

Nay:

Abstain:

Absent:

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

__________________________________________
Chair

(SEAL)

ATTEST:

__________________________________________
Secretary
EXHIBIT A

Single Family Mortgage Program Bonds, 2019 Series C

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Authority Funds</th>
<th>Contribution:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not to exceed</td>
<td>Not to exceed</td>
<td>Not to exceed</td>
<td>Not to exceed</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>January 1, 2052</td>
<td>$85,000,000</td>
<td>5.00%</td>
<td>$1,600,000</td>
<td></td>
</tr>
</tbody>
</table>
Tab 9
MEMORANDUM

To:       MFA Board of Directors

Through:  Policy Committee – February 5, 2019

Through:  Finance Committee – February 12, 2019

From:     Teresa Lloyd, Director of Servicing

Date:     February 20, 2019

Subject:  Board Update – Real Estate Owned Portfolio

Background: MFA staff is providing this annual Real Estate Owned (REO) portfolio update to the Board for FY2019. MFA’s REO portfolio typically consists of single family and multi-family loans that MFA services and has foreclosed. Most of the single family, first mortgage loans that MFA services were originated through our Partners program. As a result, most of the properties that come into our REO portfolio are Partners loans. MFA attempts to work with the borrowers and Habitat for Humanity affiliates to avoid taking these homes back.

Discussion: MFA holds no Real Estate Owned (REO) properties as of December 31, 2018, FY2019 Q1.

MFA is close to completing foreclosure on three, single family residences which are Partner loans with combined principal balances of $159,114.32. This unpaid principal balance includes Home program subordinate loans. These may become MFA REO properties with disposition anticipated later in FY2019.

The first two of these properties funded by the Partners program were constructed by Habitat for Humanity San Miguel County (HFHSMC). Under normal circumstances, Partner program loans that go into default would be repurchased or replaced by the Habitat affiliate. HFHSMC was dissolved and therefore MFA was forced to proceed with foreclosure.

The third property funded by the Partners program was constructed by Habitat for Humanity of Artesia (HFHA). HFHA is in the process of evaluating a course of action with the foreclosure sale pending. The borrower is deceased but leaves adult and minor children who are attempting to preserve ownership of the home in the family. HFHA is evaluating the option for the adult daughter to qualify to retain the home.

As foreclosure sales take place and properties are brought into the REO portfolio, MFA’s exposure will be analyzed and approvals to move forward with disposition will be obtained according to policy. The MFA Board will receive updates from time to time via the Staff Action report.

Summary: After working through the disposition of several properties in FY 2018, MFA has no properties in our REO portfolio. MFA anticipates a few foreclosures later in FY 2019 which will create an REO portfolio. MFA’s exposure will be assessed at that time but staff anticipates the financial impact to MFA will not be material.
Tab 10
<table>
<thead>
<tr>
<th>Department and Program</th>
<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Development – HOME Program</td>
<td>Villa Consuelo</td>
<td>Loan assumed by project’s new ownership entity and modified to decrease the interest rate and change the amortization schedule.</td>
<td>Approved by Isidoro Hernandez on January 28, 2019</td>
</tr>
<tr>
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</tbody>
</table>
### Goal 1 - Respond to New Mexico's affordable housing needs.

**Benchmark: 1**  
Provide mortgage financing for 2,000 homebuyers  
**Q1 On Target**  
As of 12/31/18, MFA financed 696 homebuyers.

**Benchmark: 2**  
Attain average mortgage product utilization of 20% of all FHA loans recorded in New Mexico  
**Q1 On Target**  
There is a 60-day lag from quarter end in obtaining data to calculate product utilization. Product utilization of MFA loans as of 9/30/18 is 35.97% of FHA purchase loans recorded in New Mexico.

**Benchmark: 3**  
Finance 1,000 rental units  
**Q1 On Target**  
On target to achieve goal. Financed 442 units in Q1.

**Benchmark: 4**  
Achieve annual combined average loan delinquencies of MFA serviced portfolio below 12 percent  
**Q1 On Target**  
Combined average delinquency rate for Q1 is 11.31%.

**Benchmark: 5**  
Implement MFA housing summit and open house  
**Q1 On Target**  
MFA's 2019 open house will be held on September 12 from 4 to 6 p.m.

**Benchmark: 6**  
Create or expand on at least one digital marketing or social media effort  
**Q1 On Target**  
A social media specialist has been hired. A marketing plan is being developed, which will include a social media/digital marketing component.

**Benchmark: 7**  
Evaluate at least one new specialty product or significant program or product improvement  
**Q1 On Target**  
The NextHome program was restructured to ensure long-term sustainability of the program. The down payment assistance grant was replaced with a second mortgage. The new program structure will make the program more attractive to secondary market investors, will improve mortgage rates for borrowers and provide better profit margins to MFA. Also, a strategy for Manufactured Home Lending was discussed and drafting began on a policy for an internal Neighborhood Stabilization Program.
## Goal 2 - Ensure prudent stewardship of affordable housing resources.

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>8</strong></td>
<td>Obtain unmodified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits</td>
</tr>
<tr>
<td><strong>9</strong></td>
<td>Maintain or improve credit rating</td>
</tr>
<tr>
<td><strong>10</strong></td>
<td>Achieve operating performance and profitability equal to net revenues over total revenues of at least 10.0 percent, based on five-year average</td>
</tr>
<tr>
<td><strong>11</strong></td>
<td>Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least 30.2 percent, based on five-year average</td>
</tr>
<tr>
<td><strong>12</strong></td>
<td>Realize administrative fee of at least 18 basis points on all bond issues</td>
</tr>
<tr>
<td><strong>13</strong></td>
<td>Realize profitability of 1.0 percent on TBA executions</td>
</tr>
<tr>
<td><strong>14</strong></td>
<td>Maintain servicing fee yield at an average of 0.36 percent of the purchased servicing portfolio</td>
</tr>
</tbody>
</table>

### Q1 - On Target

**Benchmark: 8**  
MFA received an unmodified opinion on the financial statements with no findings. The audit has been approved by the Office of the State Auditor and will go to Board for approval in January, 2019.

**Benchmark: 9**  
There is no rating activity currently other than quarterly reporting as required. MFA maintains it's Aa3 Stable rating.

**Benchmark: 10**  
As of 12/31/18, the operating performance and profitability ratio was 7.2%. It is currently low due State Investment Council losses and is expected to improve.

**Benchmark: 11**  
As of 12/31/18, balance sheet strength was 29.0%.

**Benchmark: 12**  
The 2018 Series D Single Family Bond issue has an authority fee of 18 basis points.

**Benchmark: 13**  
As of 12/31/18, TBA profitability was 1.60%.

**Benchmark: 14**  
As of 12/31/18, servicing fee yield was .39%.
MFA Strategic Plan Benchmarks
FY 2019

Earn 100 percent base fees for PBCA contract
Q1 On Target All PBCA tasks were completed this quarter as required by the contract. The Annual Contributions Contract (ACC) was signed and extended through 6/30/19.

Benchmark: 16
Yield a collection rate of 95 percent or greater for compliance monitoring fees
Q1 On Target Invoices for compliance monitoring fees were sent out this quarter.

Benchmark: 17
Meet commitment and expenditure requirement of 95 percent of grant funding
Q1 On Target As of 12/31/18, MFA has met 100% of the commitment and expenditure requirement.

Benchmark: 18
Generate at least $500,000 in contributions through the state affordable housing tax credit program
Q1 Met MFA received $879,600 in donations for four affordable housing projects and $15,200 in cash donations not associated with specific projects to the Charitable Trust, for a total of $894,800.

Benchmark: 19
Evaluate at least one new business model or financial tool
Q1 On Target Staff will resume work on a new Resource Allocation Study during the second quarter. A Board study session is tentatively scheduled for April 2019.

Benchmark: 20
Increase funding by at least one new source
Q1 Met Received $1 million HUD award for Veterans Home Rehabilitation and Modification Pilot Program.

Goal 3 - Strengthen affordable housing partners.

Benchmark: 21
Expand services of at least one program to an underserved area of the state
Q1 Met Expanding rehab services in 7 new counties: Rio Arriba, Taos, Grant, Lincoln, Hidalgo, Eddy and Catron.

Benchmark: 22
Assist at least five local or tribal governments with affordable housing plans, implementation or programs
Q1 Met Assisted nine local governments and one tribal government as follows: Albuquerque, Colfax County, Espanola and Taos received assistance on plans and ordinances; Farmington, Gallup, Las Cruces, Ruidoso and Santa Fe received assistance
with implementation and programs; and Taos Pueblo received environmental review training for MFA’s rehab program.

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

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

Benchmark: 24
Improve at least one MFA process or resource

Q1 On Target Transitioned production data for the annual report from a calendar to fiscal year, to be consistent with quarterly board reports. Finalized process for updating the MFA housing needs assessment, which includes having BBER update data under its existing contract. Met with REDW to discuss next steps in implementing the LIHTC project audit recommendations in the 2020 QAP, as well as determining what the program will look like for FY2019. Analyzed MFA’s LIHTC fees, in comparison to other states.

Goal 4 - Provide robust technology solutions.

Benchmark: 25
Maintain a low risk in semi-annual vulnerability scans

Q1 On Target MFA’s internal and external penetration testing was completed on 11/12/18. MFA received a security posture of 7 for Internal and 9 for External (7 - Secure, 9 - Extremely Secure)

Benchmark: 26
Maintain system availability at 99 percent

Q1 On Target In Q1, MFA experienced a partial outage that affected all Internet traffic including mobile phone usage for a period of two hours. This was a CenturyLink outage that occurred on 12/27-29 for 2 days and 19 hours. MFA successfully switched over to its backup circuits (Comcast) to limit our downtime. MFA maintained system availability of 99.94%.

Benchmark: 27
Implement new software solutions

Q1 On Target Continued work on the implementation of VirPack is ongoing with a major application upgrade scheduled for Q2. Power Lender organization specific configurations have begun with the Homeownership Department and vendor. Have begun conversion of Access database project in preparation for the install of Office365. The email portion of Office365 is scheduled for implementation in Q2.

Goal 5 - Foster a dynamic work environment.
Benchmark: 28
Maintain or improve employee engagement score of 82 percent

Q1  On Target  Annual engagement survey will be conducted in the month of May.

Benchmark: 29
Complete compensation survey

Q1  On Target  Full compensation survey was completed during fiscal year 2018. A compensation analysis will be conducted this fiscal year to ensure MFA is in line with other HFAs that participate in a third party survey.
Tab 11
January 11 – February 12, 2019

MEDIA COVERAGE

Dec.  ABQ Business First                MFA advertisement
1-10   Valencia County News-Bulletin   Legislators get ready for the 2019 session
1-16   Hobbs News-Sun                 Panel Oks affordable housing complex
1-21   Las Cruces Sun-News            Interest-free second mortgage

PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

1-14   Lender memo 19-02              Webinar training
1-22   Developer email                LIHTC document notification
2-12   Lender memo 19-04              Guidance for DACA Borrowers
**NEW MEXICO MORTGAGE COMPANIES**

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>392</td>
<td>number of state-licensed mortgage companies in New Mexico, as of June 30, 2018</td>
</tr>
<tr>
<td>.5 percent</td>
<td>the annual percentage increase in the number of state-licensed entities from June 30, 2017 to June 30, 2018</td>
</tr>
<tr>
<td>48</td>
<td>the number of state-licensed mortgage entities located in New Mexico</td>
</tr>
<tr>
<td>851</td>
<td>the number of branches in New Mexico of state-licensed entities</td>
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</table>

**HOUSING REPORT**

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>16,548</td>
<td>the number of new listings in the greater Albuquerque area in 2018 through November</td>
</tr>
<tr>
<td>11,382</td>
<td>the number of closed sales in the greater Albuquerque area in 2018 through November</td>
</tr>
<tr>
<td>45</td>
<td>the number of days on market until sale in as of November</td>
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<tr>
<td>$207,000</td>
<td>the median sales price of a home in the greater Albuquerque area as of November</td>
</tr>
<tr>
<td>$247,168</td>
<td>the average sales price of a home in the greater Albuquerque area as of November</td>
</tr>
<tr>
<td>2,939</td>
<td>the inventory of homes for sale in the greater Albuquerque area as of November 2018</td>
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**CURRENT MORTGAGE RATES IN NEW MEXICO**

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
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<tbody>
<tr>
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</tr>
<tr>
<td>15 year fixed</td>
<td>4.25%</td>
</tr>
</tbody>
</table>

---

You Can Own a Home. MFA can help. With a minimal investment of $500, qualified borrowers can buy a home.
Legislators get ready for 2019 session

Sen. Greg Baca (R-District 29)

The upcoming 60-day legislative session begins next Tuesday, Jan. 15, in Santa Fe with a new governor, Michelle Lujan Grisham, on the fourth floor.

Legislators will also be working with projected new state revenue of close to $2 billion for this year and the next.

Legislators will also be dealing with a ruling against the state public education department in regards to at-risk students.

In July, District Court Judge Sarah Singleton ordered the governor and Legislature to establish a funding system that meets constitutional requirements by April 15, after ruling in a case titled Yazzie/Martinez v. New Mexico the state is violating the constitutional rights of at-risk students by failing to provide them with a sufficient education.

One of Sen. Greg Baca’s top priorities is an appropriation bill to fund the construction of flood ponds in the city of Belen.

Over the past several years, heavy rains have brought major floods to the Hub City, Baca said.

“Especially the one that I feel was the most economically damaging — the one that happened right through the heart of the town,” Baca said.

He is also sponsoring legislation to give veterans a housing allowance through the New Mexico Housing Authority to help them purchase homes.

Another project Baca said he and other legislators are looking at is funding to allow the Tomé Land Grant to purchase property surrounding the land grant. It would allow an expedited auction procedure for those properties and give the land grant a first right to offer on any of the property.

He also hopes to obtain funding for several other projects in Valencia County, including design costs for the Peralta Community Center and a bridge over the Jarales railroad tracks.

“As a small business owner myself, I understand the concerns. No one is saying we were looking at a $100 million deficit,” the representative said.

This year, Baldonado is again cosponsoring a bill with Democratic Sen. Bill O’Neill, of Albuquerque, to “ban the box” on job applications.

With Gov. Michelle Lujan Grisham’s recent executive order eliminating the Partnership for Assessment of Readiness for College and Careers to test New Mexico Students, Baldonado said education will be an interesting topic this year.

“I know it was a sigh of relief for a lot of people and educators, but we’ve had PARCC for four years and finally have data sets we can compare,” he said. “This switch starts us at zero again. There are federal education requirements to have an evaluation system ... we need a rigorous system, that still measures teachers and gives educators useful feedback.”

In regards to the anticipated new revenue, Baldonado said he would like it directed to infrastructure projects, such as the Los Lunas interchange on Interstate 25 and flood mitigation for the city of Belen and southern Valencia County.

“The big question is will it be recurring next year? Remember a year-and-a-half ago we were looking at a $100 million deficit,” the representative said.

This year, Baldonado is again cosponsoring a bill with Democratic Sen. Bill O’Neill, of Albuquerque, to “ban the box” on job applications.

Senate Bill 96 proposes to prohibit private employers from asking about an applicant’s criminal conviction on an initial employment application.

The state removed the question from its applications last year.

“As a small business owner myself, I

From PAGE 1A

subjective words — sufficient, adequate — what is that,” Baldonado said.

“Out of the state’s $6.3 billion budget, education was $2.9 billion.

“The judge obviously said that’s not enough. What’s enough? How do we push funding into the system to spend in the areas needed to be to make a difference?”

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The state removed the question from its applications last year.

“As a small business owner myself, I
understand the concerns. No one is saying you have to hire a convicted felon,” Baldonado said. “Instead of asking on the application, let the person sit down and have a conversation with you.

“This is an attempt to help folks seek employment and provide for their family.” The proposed legislation would not negate a business’s ability to run background checks on potential employees or have policies against hiring people with convictions.

**Rep. Kelly Fajardo (R-District 7)**

Preparing for her seventh legislative session, Rep. Kelly Fajardo has a number of priorities for this year’s 60-day session, but the Los Lunas Interstate 25 interchange project is on the top of her list.

“I’m working on legislation, and we’ll approach it from several different angles,” Fajardo said. “There’s a lot of money in the state this year, and I want it to go into infrastructure.”

According to preliminary numbers, the state will have about $1.2 billion in new money thanks to an oil boom in the southeastern part of the state.

Fajardo is sponsoring an infrastructure bill to fund projects across the state, including the much-needed I-25 interchange project in Los Lunas, which is estimated to cost about $74 million.

Fajardo said Valencia County is ripe for economic development, and while Los Lunas has unsuccessfully applied for federal grants, this is the first time the New Mexico Legislature will consider funding the project.

“We’ve been talking about it for years, but this is the first time it’s actually on the list,” Fajardo said.

Another issue close to the legislator’s heart is the Children, Youth and Families Department.

“Two children have died within the last year and a half in Valencia County in CYFD care,” Fajardo said. “There are holes in the system and we need to fix them.”

Fajardo said she has been contacted by a number of foster care parents, who are guiding the path to possible reform.

“They see what needs to be done,” Fajardo said. “The bill, which is currently in draft form, could change the process and hold people accountable.”

With more than a billion more dollars up for grabs this year, Fajardo says the competitive capital outlay projects for Valencia County are a priority. Knowing this funding is not recurring every year, she hopes to get as much funding for infrastructure projects as possible for Valencia County.

“Legislators are different in rural areas,” Fajardo says. “We need capital outlay (funding) for infrastructure projects, such as roads. I see this as long-term investments for things like roads and (government buildings).”

Fajardo said she will also be advocating for capital outlay funding for flood control in Belen.

**Sen. Clemente Sanchez (D-District 30)**

Sen. Clemente Sanchez is once again carrying a bill to establish a University of New Mexico-Valencia on the west side of the county.

“It passed both chambers last year, and when it got to the governor, she didn’t sign it after she said she would,” Sanchez said. “We need this on the west side with all the business going in there.”

Sanchez is also sponsoring legislation that, if successful, will provide more money to school districts shorted on property taxes due to tribal and federally-owned land.

“Right now, districts that are effected by tribal lands, federal lands, the labs — land they can’t collect property taxes on — are allowed to apply for impact aid,” he said. “The state takes 75 percent of the aid a district qualifies for and puts in the funding formula. What this is trying to do, over a three year period, is give districts all of the funds they qualify for.”

Sanchez said if the projected new revenues do materialize — about $930 million in the current fiscal year and another $1.1 billion in the fiscal year that starts in July — he would like to see the state bump up reserves to help with its bond rating, as well as re-funding areas such as education, that have taken cuts in recent years.

“We have to understand the majority of this is nonrecurring; it’s one-time money,” the senator said. “The two big things that effect our bond rating are our reserves and the large, unfunded liability of pension funds.”

**Rep. Gail Armstrong (R-District 49)**

Rep. Gail Armstrong said one of her top priorities is a dental therapy bill for rural New Mexico that would create positions of dental therapists. They would be able to pull teeth and do fillings — anything that a hygienist and almost anything a dentist can do, but not quite, Armstrong said.

She said the bill has very specific language including that the population has to be low income and rural so it would not hurt dental office businesses. Some New Mexico colleges are already on board to offer classes if the legislation passes.

Another bill she is carrying is the Rural Libraries Initiative, which would set aside $50 million so rural libraries could use the accrued interest to pay their employees better.

“They would get the interest off of it,” Armstrong said. “It could help get some broadband into libraries that don’t have it.”

The New Mexico Public Education Department wants to give teachers raises and put $1 billion more into education funding, Armstrong said, but said the superintendent’s association and the schools don’t want a large sum dumped into their education budgets because they would be scrambling to figure out the best way to spend it.

“One thing that PED recommended is to move that funding below the line so that schools can use it to the best of their ability instead of mandating on how they’re supposed to use it,” she said.

By putting money below the line, districts can use it to best meet the Yazzie/Martinez mandate, Armstrong said, and they can be accountable.
Panel OKs affordable housing complex

JEFF TUCKER
NEWS-SUN

The City of Hobbs Planning Board on Tuesday unanimously recommended approval of a $1.57 million zero-interest loan for a 72-family unit subsidized housing complex on the city’s north side.

Construction of the $15,696,293 East Navajo Family Housing development near the intersection of Dal Paso Street and Navajo Drive could begin in January 2020, with apartment units occupied as early as January 2021, if all goes as planned, said Michelle DenBleyker, vice president of real estate development for Yes Housing Inc., the largest nonprofit affordable housing developer in New Mexico.

“An artist rendering of the project can be seen at right. “We see a huge need within the community for additional housing units, just given the economic boom that you guys are experiencing,” DenBleyker told the Hobbs Planning Board at the conclusion of Tuesday’s Planning Board meeting. “Within the credit program, we’re able to serve a range of incomes from very low income up to 80 percent of (area median income) and a good range of rents, so we feel like there’s a good range of people that will be served in the mixed-income community.”

Rental amounts for the planned apartments range from a low of $295 a month for a one-bedroom apartment to a high of $1,255 a month for a three-bedroom apartment. Rental rates would be based on the percent of a family’s income to the area median income.

In Hobbs, the area median income for a family of four is $66,900. A single person would need an annual income of less than $37,520 to qualify, DenBleyker said.

The development would consist of 12 one-bedroom units, 44 two-bedroom units, 16 three-bedroom units and a 2,000-square-foot community building, as well as two or three play areas for differently aged children.

Social service program elements would include the employment of a part-time, on-site service coordinator and a management and maintenance staff person.

“This PROGRAM COORDINATOR will assist with the provision of on-site health care, after-school recreational programs, tutoring programs, family education and prevention programs, as well as adult and youth job development through computer literacy training and online job search to any resident that is interested,” states a Yes Housing synopsis of the housing application. “There will also be a focus on money management and home ownership through the provision of financial literacy, debt counseling, and homebuyer counseling to residents.”

The Hobbs City Commission is scheduled to consider its approval of the $1.57 million loan at its Feb. 4 meeting. The loan’s term would be between 35 and 45 years. The city has approved similar loans for affordable apartment housing at Parkside Terrace, Park Place Apartments, Playa Escondida and New Leaf Apartments, said Kevin Robinson, the city’s development director.

“Keep in mind we’re at the very beginning of this process,” Robinson said. “We have not received a site plan for review or permits or none of that stuff. We’re looking strictly right now at the financing to secure the low-income housing tax credits.”

Yes Housing said the city’s approval of financial support would boost the city’s chances of being successful with its 2019 application for a Low Income Housing Tax Credit.

“More importantly, the new construction of this development will begin to satisfy the City of Hobbs’ need for quality, energy-efficient, affordable housing and assist in revitalizing the city’s housing stock,” states the Yes Housing synopsis.

The development would be financed by the New Mexico Mortgage Finance Authority (NMMFA), a self-supporting quasi-governmental entity that provides financing to make quality subsidized housing and other related services available to low- and moderate-income New Mexicans.
THE NMMFA PROVIDES resources to build subsidized rental communities, rehabilitate aging homes, supply down payment assistance and subsidized mortgages, offer emergency shelter and administer rental assistance and subsidies using funding from housing bonds, tax credits and other federal and state agencies. The NMMFA partners with lenders, REALTORS, nonprofit organizations, local governments, tribal communities and developers throughout the state to make programs and services available to all eligible New Mexicans.

The East Navajo apartment complex would be immediately north of Eagle Ridge Apartments and west of Eagle Plaza, where the Ultra Health medical cannabis dispensary and other small businesses are located.

Access issues to the apartment complex were raised by the Planning Board, which said the single proposed driveway on East Navajo Drive might not be sufficient during rush-hour traffic. Robinson said an egress road, at a minimum, would also be required for approval.

DenBleyker said there’s a demonstrable need for affordable housing in Hobbs.

“We had a market study done back in November, and everyone of your affordable properties is a 100 percent occupied, with a waiting list,” she said.

Byron Marshall, a resident of New Leaf apartments, told the Planning Board that promises made to residents of that subsidized housing development never materialized, such as a functioning gate with a key code, an amphitheater, regular meetings and classes, and security cameras.

“My only concern is, if you’re going to give them another $1.5 million of taxpayer money, hold them accountable,” Marshall said. “Go talk to the people that live in these places.”

DenBleyker said New Leaf residents were never promised around-the-clock security cameras, frequent repairs of the apartment complex’s gate have been necessary after residents damaged it, and the amphitheater was never constructed because of a lack of funding.

“The cameras are for the benefit of the police department,” she said. “They’re not on-site security cameras.”

Jeff Tucker may be reached at managingeditor@hobbsnews.com.
The New Mexico Mortgage Finance Authority recently announced the launch of a new loan option for current homeowners wishing to purchase their next primary residence.

The NextHome/NextDown program provides a fully forgivable second mortgage that allows move-up buyers to purchase a new or existing single-family home, townhome, condominium or doublewide or larger manufactured home as their next primary residence using 40 to 50 percent of the cash they would normally need to swing the deal.

Buyers may keep their current home as a rental or sell it later.

Buyers who earn no more than $91,000 annually and purchase a home priced no higher than $340,000 are eligible. With a minimum credit score of 620 and an acceptable debt-to-income ratio, mover-uppers can obtain a new 30-year, fixed-rate loan as their first-mortgage, with MFA providing a 30-year, 0 percent fixed-rate second mortgage to cover their closing costs. The second mortgage is fully forgivable if the buyer remains in the home for at least 15 years and meets other conditions.

For example, a buyer who utilizes the program to purchase a $200,000 home would typically need a down payment equal to 3 percent of the purchase price, or $6,000, plus around $3,000 to $4,000 in closing costs. In this scenario, the total cash required to complete the purchase would be somewhere in the neighborhood of $9,000 to $10,000.

After providing the buyer with a first mortgage of $194,000, MFA would then fund a second mortgage equal to 3 percent of the loan amount, or $5,820 in this instance, to cover a portion of the $9,000 to $10,000 required to complete the purchase. The buyer would then contribute the remaining $3,840 to $4,840 from their own funds.

The second mortgage accrues no interest and requires no monthly payments over the life of the loan. In industry jargon, it’s referred to as a “silent second”. Both the first and second mortgages may be paid off at any time without penalty.

If the homebuyer remains in the home throughout the first 10 years and doesn’t refinance, transfer title, sell, rent or otherwise vacate, 20 percent of the second mortgage will be forgiven annually between the 11th and 15th years. By the time the loan term reaches the 15th year, the entire amount of the second mortgage will have been forgiven.

The NextHome/NextDown program works in conjunction with FHA, VA, HUD Section 184, USDA Rural Housing and HFA Preferred conventional loans, according to MFA homeownership representative Teri Baca.

MFA loans are made by eligible banks and mortgage companies located throughout New Mexico. A list can be obtained at http://www.housingnm.org/homebuyers/find-a-participating-lender.

Gary Sandler is a full-time Realtor and the president of Gary Sandler Inc., Realtors in Las Cruces. He loves to answer questions and can be reached at 575-642-2292 or Gary@GarySandler.com.
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: January 14, 2019

RE: Memo No. 19-02

- **Office Closure - January 21, 2019 (Martin Luther King, Jr. Day)**
- **January 2019 MFA Single Family Webinar Training**

The MFA office will be closed on January 21, 2019. Lenders **will not** be able to reserve funds via the on-line reservation system, but will be able to submit compliance files and suspense conditions.

Compliance files and conditions submitted on January 21, 2019 will be checked in the day the office re-opens. Review timelines will begin on the following day that the compliance files and suspense conditions are checked in.

**Single Family and DPA Programs Webinar Training:**

MFA is hosting its webinar training for the MFA single family and down payment assistance (DPA) programs.

The training is **designed** for staff whose duties involve originating, processing, closing and shipping MFA loans. These technical trainings provide Participating Lenders with the information needed to efficiently originate, fund and deliver loans under the current programs guidelines.
Date of Webinar Training:

- **Thursday, January 17, 2019** 10:30am – 12:00 pm MST

To Participate:

Register via the MFA lender training link [http://www.housingnm.org/lender-training](http://www.housingnm.org/lender-training).

In order for MFA to e-mail registered individuals the training materials and to track attendance, please register **no later than 5 pm MDT** on the business day prior to the training.

Below is the call in number, access code and link for the webinar. **Please sign in at least five minutes before the scheduled webinar time to accommodate any software requirements.**

Conference Dial-in Number: (415) 655-0002

Participant Access Code: 806 656 355

[https://housingnm.webex.com/join/aracicot](https://housingnm.webex.com/join/aracicot)

Thank you for participating in MFA’s program. Should you have any questions, please contact a MFA homeownership representative.
Interested Parties:

As you may be aware, the 2019 LIHTC Application documents have been posted to the website and can be found here: [http://housingnm.org/developers/low-income-housing-tax-credits-lihtc](http://housingnm.org/developers/low-income-housing-tax-credits-lihtc)

Since posting, we have updated the 2019 Universal Rental Schedules A-I, and added the Waiver Procedure for Design Requirements document and a Certificate of Qualified Professional – CNA document, and updated the 2019 TC App Scoring Checklist to include the waiver and CAN documents. **The changes to the 2019 Universal Rental Schedules A-I were not at all substantive, but opened up locked cells to allow for easier use.** Please use the current version of the application for your submission.

As a reminder, the 2019 Intent to Submit letters are due by 5 p.m. Mountain Time on January 23, 2019.

Feel free to [submit an FAQ](#) if you have further questions. Please remember the FAQs will close on January 24, 2019.

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You are receiving this email because you expressed interest in affordable housing.

**Our mailing address is:**

MFA  
344 4th St SW, Albuquerque, NM, United States  
Albuquerque, NM 87102

[Add us to your address book](#)

[unsubscribe from this list](#)  [update subscription preferences](#)
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: February 12, 2019

RE: Memo No. 19-04

- UPDATED GUIDANCE FHA Non-Permanent Resident Alien and DACA Borrowers

On January 17, 2019, MFA issued lender memo 19-03 to participating lenders, stating that MFA will no longer allow loan reservations for DACA borrowers based upon FHA’s position that residents in the United States on DACA status are not lawful residents. This memo provides additional information and clarifies that MFA will not impose any additional overlays for borrowers who are DACA residents. MFA will only require that participating lenders deliver eligible mortgage loans for purchase by MFA.

We understand that most, if not all, of our participating lenders have or had independently reached the conclusion that DACA borrowers are not eligible for FHA loans based on participating lenders’ independent assessments of FHA’s guidance with respect to FHA’s policies. Like many of you, we have also received written guidance from FHA.

On February 5, 2019, the FHA Customer Service Team issued an email response to our question regarding eligibility of DACA borrowers for FHA loans. In response to MFA’s specific question concerning DACA borrower eligibility, FHA stated, “people residing in the U.S. under DACA – EAD Code C33 are not currently eligible for FHA Financing at this time.” The support cited for this answer was HUD Handbook 4000.1 Section II.A.1.b.ii. (A)(8) - (9). We have been informed that
individual lenders have received similar communications from FHA and have made their own internal decisions related to DACA borrower eligibility and insurability risk.

MFA has not received any prescriptive guidance from Fannie Mae on this issue. Fannie Mae has only stated that lenders must meet the requirements outlined in Fannie Mae’s Selling Guide.

MFA will not impose additional overlays regarding borrowers in a DACA citizenship status, but lenders must deliver eligible mortgage loans. Our participating lenders are best qualified to make a determination regarding the eligibility of DACA residents for the various loan types sold to MFA through our contracted service provider, based on the guidance provided by FHA and Fannie Mae. As referenced in the contractual agreements between MFA and participating lenders, MFA requires that lenders submit eligible mortgage loans. In the event a loan cannot be insured or is found to be ineligible, the existing remedies of the lender agreement will apply.

MFA continues to support our strong partners in meeting the housing needs in New Mexico, to make our programs accessible, and to provide quality affordable housing opportunities to all New Mexicans.

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MFA
344 4th St SW, Albuquerque, NM, United States
Albuquerque, NM 87102
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unsubscribe from this list  update subscription preferences
Tab 12
### Quarterly Report to the MFA Board of Directors

**Q1 FY2019**

#### Production Statistics

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<th></th>
<th>Current Quarter</th>
<th>Same Quarter Last Year</th>
<th>Year to Date</th>
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<td></td>
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<tr>
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<tr>
<td>Number of homebuyers counseled</td>
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<td>826</td>
<td>841</td>
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<tr>
<td>Number of lenders/REALTORS contacted</td>
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#### Housing Development

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<th>Year to Date</th>
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<td>Amount of TC: LIHTC (MF) &amp; State (MF &amp; SF)</td>
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<tr>
<td>Number of MF units</td>
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<tr>
<td>Number of SF units</td>
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#### Housing Rehab & Weatherization

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<tr>
<td>Number of units rehabilitated</td>
<td>8</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>Amount of NM Energy$mart expenditures</td>
<td>$1,103,250</td>
<td>$1,119,802</td>
<td>$1,103,250</td>
</tr>
<tr>
<td>Number of units weatherized</td>
<td>130</td>
<td>200</td>
<td>130</td>
</tr>
</tbody>
</table>

#### Homeless Programs

<table>
<thead>
<tr>
<th></th>
<th>Current Quarter</th>
<th>Same Quarter Last Year</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of shelter service expenditures</td>
<td>$377,939</td>
<td>$399,639</td>
<td>$377,939</td>
</tr>
<tr>
<td>Number of persons housed</td>
<td>1,645</td>
<td>1,943</td>
<td>1,645</td>
</tr>
<tr>
<td>Amount of rental assistance</td>
<td>$742,404</td>
<td>$656,354</td>
<td>$742,404</td>
</tr>
<tr>
<td>Number of households assisted</td>
<td>510</td>
<td>828</td>
<td>510</td>
</tr>
</tbody>
</table>

---

**Need for MFA Mortgage Products:**

MFA borrowers have an average annual income of $51,257 and purchase homes with an average price of $154,255. 25 percent are single-parent households; 48 percent are minorities.

MFA targets below market mortgage rates, and all first-time homebuyers receive pre-purchase counseling. MFA provides down payment assistance to 99 percent of its borrowers. Without these programs, many borrowers could not buy a home.

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**Need for Housing Development:**

Only 4 percent of New Mexico’s housing units are located in apartment complexes of 20 units or more. Many of these are old and in poor condition.

50 percent of renters are cost-burdened, about half pay between 30 percent and 49 percent of their income on rent; the other half pay more than 50 percent.

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**Need for Housing Rehabilitation and Weatherization:**

New Mexico has aging housing stock. 47 percent of its homes were built before 1980; only 18.4 percent were built after 2000.

Many low-income homeowners are at risk because of health and safety hazards in their homes and pay high utility bills because they cannot afford to make energy-efficiency improvements.

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**Need for Homeless Programs:**

The New Mexico Coalition to End Homelessness estimates that 17,000 New Mexicans experience homelessness in a year. In 2017, approximately 14,000 homeless New Mexicans sought assistance at HUD-funded agencies.

Emergency assistance with rent and utilities can help people at risk of homelessness stay in their homes.
Quarterly Report to the MFA Board of Directors
Q1 FY2019

<table>
<thead>
<tr>
<th>Servicing</th>
<th>Current Quarter</th>
<th>Same Quarter Last Year</th>
<th>Target Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgage delinquency rate</td>
<td>5.19</td>
<td>3.68</td>
<td></td>
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<tr>
<td>Partners Program delinquency rate</td>
<td>19.77</td>
<td>17.93</td>
<td></td>
</tr>
<tr>
<td>DPA loan delinquency rate</td>
<td>12.00</td>
<td>13.66</td>
<td></td>
</tr>
<tr>
<td>Multifamily loan delinquency rate</td>
<td>2.35</td>
<td>10.99</td>
<td></td>
</tr>
<tr>
<td>Combined delinquency rate - Current Month</td>
<td>11.90</td>
<td>13.48</td>
<td></td>
</tr>
<tr>
<td>Combined average delinquency rate-FY</td>
<td>11.31</td>
<td>13.89</td>
<td>12.00</td>
</tr>
<tr>
<td>Default rate (writeoffs/foreclosure losses)</td>
<td>0.29</td>
<td>0.45</td>
<td>2.75</td>
</tr>
<tr>
<td>Master Servicing MBS delinquency rate</td>
<td>7.43</td>
<td>8.58</td>
<td></td>
</tr>
<tr>
<td>REO Inventory - # of loans</td>
<td>0</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>REO Inventory - Exposure</td>
<td>$0</td>
<td>$1,164,699</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Monitoring</th>
<th>Current Quarter</th>
<th>Year to Date</th>
<th>Fiscal Year Monitoring Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of properties monitored</td>
<td>74</td>
<td>74</td>
<td>150</td>
</tr>
<tr>
<td>Number of units inspected</td>
<td>1,028</td>
<td>1028</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of PBCA activities</td>
<td>258</td>
<td>258</td>
<td>N/A</td>
</tr>
<tr>
<td>Community Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of contracts monitored</td>
<td>21</td>
<td>21</td>
<td>66</td>
</tr>
</tbody>
</table>

MFA’s Servicing Department:

Provides servicing for approximately 12,500 loans with a principal balance of over $360 million.

Many of the loans MFA services are for internal programs that target higher risk borrowers. MFA’s Mortgage-Backed Securities (MBS) portfolio is serviced by master servicers and our sub-servicer. Delinquency rates in this portfolio can be benchmarked to Mortgage Banker Association averages - 4.36 percent for all loans in New Mexico and 7.26 percent for FHA in the U.S. for Quarter 3 2018.

MFA’s Asset Management Department:

Monitors 274 properties and 18,036 units of housing financed by MFA, providing unit inspections and review of records and finances on a regular basis. Asset Management also supports 87 properties and 5,230 units under MFA’s HUD Project Based Contract Administrator (PBCA) contract.

MFA’s Community Development Department:

Manages nine programs with 12 different funding sources and approximately 70 partners across the state. Our partners deliver housing to more than 11,000 individuals and receive approximately $10 million in funding. Monitoring is performed on a regular basis to ensure program compliance.
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