NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
Inn and Spa at Loretto, 211 Old Santa Fe Trail, Santa Fe, NM
Wednesday, January 18, 2017 at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting
➢ Roll Call (Jay Czar)
➢ Approval of Agenda – Board Action
➢ Approval of 12/21/16 Board Meeting Minutes – Board Action

Local Perspectives
➢ Mr. Steven Anaya, Chief Executive Officer REALTORS Association of New Mexico
➢ Mr. Mike Loftin, Chief Executive Officer Homewise Inc.

Board Action Items

Action Required?

Finance Committee
1 9/30/16 Report of Independent Auditors, Financial Statements and Supplemental Schedules (Tim Keller, State Auditor; Amy Carter, Moss Adams & Gina Hickman) ❌
2 Policies and Procedures Manual Revisions (Gina Hickman) ❌
3 Delegations of Authority Revisions (Gina Hickman) ❌
4 Employee Manual Revisions (Dolores Deer) ❌

Contracted Services/Credit Committee & Housing Trust Fund Advisory Committee
5 Sterling Downtown – Housing Trust Fund Loan (Sabrina Su) ❌
6 Board of Commissioner re-appointments for Western Regional Housing Authority (Rose Baca-Quesada) ❌

Other
7 2018-2020 Strategic Planning Process Update (Monica Abeita) ❌

Other Board Items

Information Only

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

Monthly Reports

No Action Required

9 (Staff is available for questions)
   11/30/16 Financial Statements
   Communications Department Reports

Announcements and Adjournment

Discussion Only

Confirmation of Upcoming Board Meetings
➢ February 15, 2017 – Wednesday, 9:30 a.m. (MFA)
➢ March 15, 2017 - Wednesday, 9:30 a.m. (MFA)
➢ April 19, 2017 – Wednesday – 9:30 a.m. (MFA)
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Board Action Items

Finance Committee
1 9/30/16 Report of Independent Auditors, Financial Statements and Supplemental Schedules (Tim Keller State Auditor; Amy Carter, Moss Adams & Gina Hickman) - Moss Adams LLP, along with Gina Hickman, will present the external audit conducted in a joint venture with the Office of the State Auditor. Included are the Report of Independent Auditors and Financial Statements with Supplemental Schedules for the year ended 9/30/2016 and comparative information for 9/30/2015, along with Single Audit Information.

2 Policies and Procedures Manual Revisions (Gina Hickman) - 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. Staff recommends approval of proposed revisions to the Policies and Procedures manual.

3 A delegation of Authority Revisions (Gina Hickman) - At least annually or as needed, MFA staff reviews and updates the Delegations of Authority which is Exhibit E in the Policies and Procedures Manual. This document is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. Staff recommends approval of the Delegations of Authority as revised for the following: delegating Staff and Policy Committee the authority to approve program and contract renewals; and updates to loan write offs and losses to reflect current policy and procedures.

4 Employee Manual Revisions (Dolores Deer) - Annually, the MFA Employee Handbook is reviewed and updated. The Employee Manual is revised as needed for changes as it relates to compliance, audit findings, clarifications and changes in general practices.

Contracted Services/Credit Committee & Housing Trust Fund Advisory Committee
5 Sterling Downtown – Housing Trust Fund Loan (Sabrina Su) - Staff recommends approval of a New Mexico Housing Trust Fund loan for Sterling Downtown, a 110-unit new construction project in downtown Albuquerque to be developed by Greater Albuquerque Housing Partnership. The loan amount is $1 million during the two-year construction period, to be paid down to $500,000 at the start of the 30-year permanent loan period, with an interest rate of 3%.

6 Board of Commissioner Re-appointments for Western Regional Housing Authority (Rose Baca-Quesada) - Staff is recommending the approval of the current board of commissioners who wish to remain on the board at the
Western regional housing authority, and to forward the recommendations and approvals to the New Mexico Governor’s office for final approval and re-appointment.

Other
7 2018-2020 Strategic Planning Process Update (Monica Abeita) - Staff requests the opportunity to brief the Board of Directors on MFA’s upcoming 2018-2020 Strategic Planning Process, including interviews with individual board members. MFA’s current strategic plan spans the period of time from October 1, 2014 through September 30, 2017, covering fiscal years 2015, 2016 and 2017. A new plan must be developed and adopted by the board in September 2017 to be effective on October 1, 2017. The new plan will cover the three-year period of fiscal years 2018, 2019 and 2020.

Other Board Items
8 (Staff is available for questions)
- Staff Action Requiring Notice to Board

Monthly Reports
9 (Staff is available for questions)
- 11/30/16 Financial Statements
- Communications Department Reports

Announcements and Adjournment
- Confirmation of Upcoming Board Meetings
  - February 15, 2017 – Wednesday, 9:30 a.m. (MFA)
  - March 15, 2017 - Wednesday, 9:30 a.m. (MFA)
  - April 19, 2017 – Wednesday – 9:30 a.m. (MFA)
Minutes
Chair Dennis Burt convened the meeting on December 21, 2016 at 9:42 a.m. Secretary Jay Czar called the roll. Members present: Chair - Dennis Burt, Sally Malavé (Designee for Attorney Hector Balderas), Treasurer Tim Eichenberg, Steven Smith and Randy McMillan; Vice Chair - Angel Reyes, (via conference call). Absent: Lieutenant Governor John Sanchez. Czar informed the Board that the meeting was being held in accordance with the New Mexico Open Meetings Act.

Approval of Agenda - Board Action. Motion to approve the December 21, 2016 Board agenda as presented: Malavé. Second: Eichenberg. Vote: 6-0.

Chair Burt went over voting instructions for member Reyes who was participating via conference call.

Approval of 11/16/16 Board Meeting Minutes – Board Action. Motion to approve the November 16, 2016 Board Meeting Minutes as presented: McMillan. Second: Eichenberg. Vote: 6-0.

Employee Introductions: Gina Hickman, Deputy Director of Finance and Administration, introduced René Acuña, Director of Homeownership.

Finance Committee

1 Underwriter Services for Single and Multi-family Housing Programs-Request for Proposal Award Recommendations (Kathy Keeler). Keeler began by providing background information regarding the selection of underwriters to provide services for both single family and multi-family housing programs. She reminded the board the RFP was approved in August and was structured a little differently, selecting a Senior Manager, a Co-Manager and anyone who had a Special Product, to submit a proposal for a special products underwriter. MFA received nine responses to the proposal. One of the responses was non-responsive. Keeler reviewed the scoring and evaluation criteria located behind tab one, behind the memo; which will be made a part of the official board packet. Staff recommends the following: 1) RBC Capital Markets, Senior Manager and Raymond James and Associates, Co-manager for traditional Single family and Multi-family bond programs. In addition, for Special Products Senior Manager staff recommends the following: (1) RBC Capital Markets for the single-family pass through bond program, (2) Jefferies LLC for the multifamily pass through bond program and (3) Stifel for the Tax-Exempt Mortgage Backed Securities (TEMS) program. The term of the Underwriting Services Contract(s) begins the date the MFA Board of Directors approves the award and ends November 30, 2019. The award is contingent upon successful negotiation of a contract with each entity. At the option of the Board, the contract may be extended for two, one year periods under the same terms and conditions. Motion to approve the Award Recommendations for Underwriter Services for Single Family, Multi-family and Special Products Housing Programs as recommended: Smith. Second: McMillan. Vote: 6-0.

Contracted Services / Credit Committee

2 Legal Services as Bond Counsel (Kathy Keeler). Keeler informed the board that in November 2016, MFA received notice that effective January 1, 2017, Ballard Spahr LLP’s (“Ballard”) Salt Lake City Public Finance staff including MFA’s current Bond Counsel team will be withdrawing from Ballard and joining Gilmore & Bell, P.C. (“Gilmore”). Staff is recommending that Ballard’s proposed new Bond Counsel Team continue to provide services as Bond Counsel under the existing contract. This contract expires on September 19, 2017, however, staff will be bringing a Request for Proposal for Bond Counsel Services to the Board in February, 2017 with a recommendation for Bond Counsel at the April, 2017 Board meeting. In addition, staff is recommending that Ryan Warburton and Jacob Carlton who are withdrawing from Ballard and joining Gilmore be authorized to continue to provide Bond Counsel services for the Arioso Apartments, Pasa Tiempo Apartments and South Shiprock Homes multifamily transactions. Keeler informed the board these bond transactions are currently in process and it is in the best interest of MFA to have these individuals continue providing Bond Counsel services on those projects until such time as the
financing is completed. Treasurer Eichenberg inquired of Board Counsel as to whether staff’s recommendation to retain attorneys who are moving to Gilmore & Bell is authorized under MFA’s procurement policies and this procurement solicitation. Mr. Allison responded that the Board approved policies and procedures allow for MFA to select the attorneys with whom the board engages and to follow those specific attorneys to new firms because the attorneys are evaluated as part of the solicitation. He also stated that the Board approved policies provide the Board with the flexibility to approve staff’s recommendation to maintain an engagement with Ballard Spahr and the new bond counsel team there, as well as keeping former Ballard Spahr attorneys, who are moving to Gilmore & Bell, on the three specific developments listed. Motion to approve Legal Services as Bond Counsel with Ballard Spahr’s new Bond Counsel Team as well as Ryan Warburton and Jacob Carlton of Gilmore & Bell. P.C. to continue on the three multifamily projects as recommended. Smith. Second: Malavé. Vote: 5-1 (Eichenberg).

3 RHA - 2016 RHA Annual Report (Rose Baca-Quesada; Chris Herbert, Executive Director ERHA; April Cook, Accountant Housing Coordinator/Manager of PHA units WRHA; Rich Frye Executive Director NRHA). Baca-Quesada reviewed the background information provided in the memo located behind tab two, which will become a part of the official board packet. She reminded the Board that the approvals of the Regional Housing Authorities 2016 Annual Reports are mandated by the Regional Housing Act. She introduced each of the guests who reviewed the highlights of the reports; which include operational and fiscal activities for Western, Eastern and Northern Regional Housing Authorities for the calendar year. Chair Burt thanked the Regional Authorities for their hard work. Motion to accept the RHA - 2016 Annual Reports as presented: Eichenberg. Second: Malavé. Vote: 6-0.

4 Update on Linkages Program & SAMHSA Grant Funding (Shannon Tilseth). Hernandez began by informing the board that this item had gone to Contracted Services/Credit Committee as an update/non-action item and has since changed to an action item. He said that he did bring it to the attention of Chair Reyes (Contracted Services/Credit Committee) and member Malavé and they are in support of this item. Tilseth began by providing background information in the memo located behind tab four which will be made a part of the official board packet. She explained in August, MFA staff informed the Board that the Linkages Program was funded at $1,350,000 by the State of New Mexico. Due to the number of current housing vouchers, this would result in a funding shortfall of $314,863.02. MFA received a new award from Behavioral Health Services Department (BHSD) for a Substance Abuse and Mental Health Services Administration (SAMHSA) grant amount of $600,000 which is effective from 1/1/17 to 9/30/18. Total funding for the program is $1,950,000. She reviewed the list of measures put in place to ensure there were enough funds to keep current clients housed, the allocation by Service Provider and Funding totals. Discussion ensued regarding whether there should be mandatory drug testing in order to provide housing, concerns regarding MFA’s boundaries and inviting Human Services Department (HSD) staff to present to the board on the services component of Linkages. Staff will research and work with legal counsel as appropriate to address the board’s questions and concerns. Motion to approve the Linkages Program distribution and SAMHSA Grant Funding as presented: McMillan. Second: Malavé. Vote: 6-0.

Other

5 Shiprock- Inducement Resolution (Heather Abramowski). Abramowski informed the board that South Shiprock Homes had submitted an application for 4% tax credits along with a request for tax exempt bonds. She made reference to the attached memo, Inducement Resolution and project summary in the amount of $14.6 million of tax exempt bonds. South Shiprock Homes is located on Highway 419 and Indian School Road in Shiprock, NM, San Juan County. This request is for the financing of rehabilitation of the existing 246 units and New Construction of 9 units (252 low-income at 60% AMI + 3 employee units). Abramowski stated the primary purpose of the Inducement Resolution is to allow MFA and the developer to incur costs in connection with the rehabilitation/new construction of this project with the intent to reimburse certain qualified expenditures from bond proceeds. Staff anticipates requesting Volume Cap from SBOF at its February 2017 meeting. Thereafter, staff will return to the MFA Board and present a Bond Resolution which, if approved, will authorize the issuance of tax exempt bonds for this project. Motion to approve the Shiprock- Inducement Resolution as presented: McMillan. Second: Smith. Vote: 6-0. Abramowski introduced guests Dave Evans; Developer Consultant, Nick Tinnin; Developer/Tinnin Enterprises and Ty Tyson; Vice President of Stifel, Bond Underwriter.
Other Board Items - Information Only

6 No questions were asked of staff.
   - Staff Action Requiring Notice to Board
   - 2016 Series C Pricing Summary
   - Standard & Poor’s Issuer Credit Rating
   - Moody’s Investors Service Issuer Credit Rating

Monthly Reports - No Action Required

7 No questions were asked of staff.
   - 10/31/16 Financial Statements
   - Communications Department Reports

Announcements and Adjournment – Confirmation of Upcoming Board Meetings.
Chair Burt informed the board that next month’s meeting will be held on January 18, 2017 – at the Inn & Spa @ Loretto in Santa Fe, NM.

There being no further business the meeting was adjourned at 11:15 a.m.

Approved: January 18, 2017

Chair, Dennis Burt                  Secretary, Jay Czar
Tab 1
## NEW MEXICO MORTGAGE FINANCE AUTHORITY

**Finance/Operations Committee Meeting**  
**Tuesday, December 13, 2016 at 1:30 p.m.**

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

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9/30/15 External Audit Exit Conference (Laurie Tish, Partner, Moss Adams and Shannon Sanders, Audit Manager, Office of the State Auditor)</td>
<td>3-0</td>
</tr>
<tr>
<td>2</td>
<td>Underwriter Services for Single and Multi-family Housing Programs-Request for Proposal Award Recommendations (Kathy Keeler)</td>
<td>3-0</td>
</tr>
</tbody>
</table>

### Committee Members present:

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

![Secretary's signature]  
[Signature date: 12/13/16]
REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

Moss Adams held a discussion with Finance Committee on December 13, 2016 to discuss the following required communications:

- Significant accounting policies – Disclosed in Footnotes
- Transactions for which there is a lack of authoritative guidance or consensus - None
- Consultation with other independent accountants - None
- Difficulties in the audit - None
- Issues discussed prior to our retention as auditors - None
- Management representations - Received
- Significant Accounting Estimates – Disclosed in Footnotes
- Current Year Audit Adjustments - None
- Passed or Uncorrected Misstatements - None
- Supplementary Information – Included in Financial Statements
OVERVIEW OF CURRENT YEAR AUDIT

• Unmodified Independent Auditors Report
  o Unmodified = a clean opinion

• Unmodified Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance With Government Auditing Standards
  ▪ No significant deficiencies reported
  ▪ No material weaknesses noted
  ▪ One finding noted in regards to an immaterial non compliance-Risk Sharing Program, which is a repeat finding from prior year.

• Unmodified Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance
  ▪ No material weaknesses noted
  ▪ Three significant deficiencies reported (HOME Investment Partnership Program – Eligibility, Reporting & Suspension and Debarment)

• Performed procedures on supplementary information
  o Fairly stated in relation to the financial statements as a whole
SINGLE AUDIT

Major Programs

<table>
<thead>
<tr>
<th>CFDA Numbers</th>
<th>Name of Federal Program or Cluster</th>
<th>Type of Auditor’s Report Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.239</td>
<td>HOME Investment Partnerships Program</td>
<td>Unmodified</td>
</tr>
<tr>
<td>14.258</td>
<td>Tax Credit Assistance Program (TCAP)</td>
<td>Unmodified</td>
</tr>
<tr>
<td>93.658</td>
<td>Mortgage Insurance – Homes (FHA)</td>
<td>Unmodified</td>
</tr>
</tbody>
</table>
HUD COMPLIANCE (GNMA CHAPTER 6)

• Audit Reports:
  o Independent Auditors’ Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
  o Independent Auditors’ Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
• There were no compliance findings related to GNMA reporting
YOUR AUDIT TEAM

Moss Adams, LLP
Laurie Tish, Engagement Review Partner
Amy Carter, Senior Manager
Janna Skinner, Senior/In-Charge

Office of the State Auditor
Anna Williams, Senior Manager
Shannon Sanders, Manager
Andrew Gallegos, Senior
QUESTIONS OR COMMENTS
Tab 2
# New Mexico Mortgage Finance Authority

**Finance/Operations Committee Meeting**
**Tuesday, January 10, 2017 at 1:30 p.m.**

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

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Committee Recommended</th>
<th>Board Action Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Policies and Procedures Manual Revisions (Gina Hickman)</td>
<td>2-0</td>
<td>YES</td>
</tr>
<tr>
<td>2 Delegations of Authority Revisions (Gina Hickman)</td>
<td>2-0</td>
<td>YES</td>
</tr>
<tr>
<td>3 Employee Manual Revisions (Dolores Deer)</td>
<td>2-0</td>
<td>YES</td>
</tr>
</tbody>
</table>

Committee Members present:

- Steven Smith, Chair
  - ☑ present

- Dennis Burt
  - ☑ present

- Lieutenant Governor John Sanchez or Proxy Mark Van Dyke or Vincent Torres
  - ☐ present

Secretary: [Signature]
1/10/17
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – January 10, 2017

Through: Policy Committee – January 3, 2017

FROM: Gina Hickman

DATE: January 3, 2017

SUBJECT: Policy and Procedure Manual Revisions

Recommendation: Staff recommends approval of proposed revisions to the Policies and Procedures manual.

Background: 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. During the course of the last year, an update to the Investment Policy was approved by the Board and has already been incorporated into the manual. The new Vendor Management Policy approved by the Board in November 2016 has also been added to the document.

In addition to the Policy and Procedures Manual that is approved at the Board level, each individual department maintains a procedure’s manual and in many cases individualized desktop procedures that incorporate the framework provided in this document.

Board Counsel reviews the manual at least every other year and last performed an in-depth evaluation of the manual in January 2015.

Discussion: Many of the changes being proposed in this revision are minor in nature. The following is a summary of substantive changes incorporated for consideration:

<table>
<thead>
<tr>
<th>Page # (redline)</th>
<th>Section</th>
<th>Proposed Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Section 1.3-Conduct of Business-TBA Program Policy</td>
<td>Correction-Staff utilizes the Financing Team to monitor the program instead of a TBA Pricing Committee.</td>
</tr>
<tr>
<td>Page</td>
<td>Section</td>
<td>Change Details</td>
</tr>
<tr>
<td>------</td>
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<td>---------------</td>
</tr>
<tr>
<td>23</td>
<td>1.3</td>
<td>Conduct of Business-TBA Program Policy</td>
</tr>
<tr>
<td>39</td>
<td>2.3</td>
<td>Personnel-Personnel Records</td>
</tr>
<tr>
<td>39</td>
<td>2.4</td>
<td>Personnel-401(k) Investment Policy</td>
</tr>
<tr>
<td>40</td>
<td>2.4</td>
<td>Personnel-401(k) Investment Policy</td>
</tr>
<tr>
<td>43</td>
<td>3.1</td>
<td>Procurement Policies-Policies and Purposes (Review)</td>
</tr>
<tr>
<td>44</td>
<td>3.1</td>
<td>Procurement Policies-Policies and Purposes (Contract Requirement)</td>
</tr>
<tr>
<td>54</td>
<td>5.4</td>
<td>Auditing Policies and Procedures-Annual Internal Audit Planning Procedures</td>
</tr>
<tr>
<td>55</td>
<td>5.5</td>
<td>Auditing Policies and Procedures-Procedures for Initiation of an Audit</td>
</tr>
<tr>
<td>Various</td>
<td>Various</td>
<td>Updated servicer language as needed to reflect new servicing model (sub-servicer).</td>
</tr>
</tbody>
</table>

Other minor revisions are redlined throughout the document. The redlined document is included for your review.

During the course of this year as research and evaluation are completed, staff anticipates the following new policies:

- Investor Relations and Bond Disclosure Policy
- Loan Loss Reserve Policy
• Any needed policies/updates related to servicing expansion

**Summary:** 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. Staff recommends approval of proposed revisions to the Policies and Procedures manual.
MFA MISSION, VISION AND CORE VALUES

MFA Mandate
In 1975 the New Mexico state legislature created the New Mexico Mortgage Finance Authority (MFA) as a public body politic and corporate, separate and apart from the state, constituting a governmental instrumentality, with the power to raise funds from private investors in order to make such private funds available to finance the acquisition, construction, rehabilitation and improvement of residential housing for persons and families of low or moderate income within the state.

MFA Vision
All New Mexicans will have quality affordable housing opportunities.

MFA Mission
Provide innovative products, education and services in collaboration with strategic partners to finance the purchase, construction and preservation of quality affordable housing to strengthen the social and economic development of New Mexico.

MFA Core Values
- Hire the best qualified employees representing the diversity of the state, pay them competitively, treat them fairly, and provide opportunities for advancement.

- Provide prompt, courteous, quality service.

- Foster a dynamic professional environment of excellence that supports a high level of integrity, transparency, collaboration, and commitment to mission.

- Allocate resources to serve those with the greatest need while promoting partnerships to maximize housing opportunities.

- Practice cost-effective operations and prudent fiscal management.

- Promote sustainable growth, innovation, and environmentally conscious practices.
1.1 Policies & Procedures Manual - Purpose

A. With respect to Board Members, Management and Employees\(^1\) and the conduct of MFA business, the policies & procedures shall be set forth in this manual, adopted by the Board and consistent with MFA's approved Bylaws. The Board shall approve the manual at least annually, and any changes shall have Board approval, specific to the section affected. All Board Members shall be provided with a current, complete Policies & Procedures Manual.

B. Although this manual sets forth MFA’s policies and procedures, the Board retains its authority established by law, as restricted by law and MFA’s bylaws. In the event that the Board takes a lawful action that is inconsistent with the policies set forth in this manual, the provisions of this manual will nonetheless remain in place until they have been amended by the Board.

1.2 MFA Code of Conduct

A. Preamble. MFA, an instrumentality of the state government, exists to serve the citizens of the state of New Mexico. In order to maintain the respect, trust and confidence of the public, all Members, Management and Employees must use the powers and resources of their office only to advance the public interest and not to obtain personal benefits or pursue private interests incompatible with the public interest. Members, Management and Employees shall conduct themselves in a manner that justifies the confidence placed in them by the public, at all times maintaining their integrity and discharging ethically their responsibilities in the course of their association with MFA.

B. Purpose. The purpose of this Code of Conduct is to provide general guidelines and a minimum standard of conduct for Members, Management and Employees of MFA and to implement the conflict of interest provisions of MFA Act (Section 58-18-25, NMSA 1978) for Members, Management, Employees, as well as for members of MFA’s Funding Committees.

C. Definitions. For purpose of this Code of Conduct, the following words and phrases shall have the following meanings:

"Business" means a corporation, partnership, limited partnership, limited liability company, proprietorship, trust, firm, organization, or any other entity or association of individuals or entities.

"Confidential Information" means information a Member, Management or Employee has obtained or may obtain by virtue of his/her status as a Member, Management or Employee.

"Disclosure Statement" means the disclosure statement required by sub-section D of this Code of Conduct.

"Employee" means any person employed by MFA and does not include independent contractors of MFA.

"Employment" means rendering services for compensation as an employee.

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\(^1\) Member, Management and Employee are defined in sub-section C of MFA’s Code of Conduct, which is section 1.2 of this manual. These terms are used throughout this manual.
"Family Member" means with respect to each Member, Management, Employee, and Funding Committee members, the Member's, Management's, Employee's, or Funding Committee member's spouse, domestic partner, children, grandchildren, parents, siblings, grandparents, mother-in-law, father-in-law, sister-in-law, brother-in-law, uncle, aunt, first cousin, or anyone residing in a Member's, Management’s, Employee's, or Funding Committee member’s household.

"Financial Interest(s)" means an interest in a Business as an owner, partner, shareholder, investor, trustee, beneficiary, lender, officer, director, member, employee or consultant.

“Funding Committee” means a committee comprised of community members active in the fields of housing, banking, business, or social programs, and created to advise MFA staff on and in certain cases to select for MFA Board approval, recipients of funding awards from the Housing Trust Fund, the Land Title Trust Fund, the Low Income Housing Tax Credit Program, or other funding sources administered by MFA.

"Member" means a member, and with respect to an ex-officio Member, his or her proxy, of the Board of Directors of MFA.

"Management" means the Executive Director, Deputy Director of Programs, Deputy Director of Finance and Administration, and Human Resources Manager employed by MFA.

"Official Act" means any action taken by a Member, Management, Employee, or Funding Committee member that is within her/his capacity to take by virtue of his/her position and which constitutes a decision, resolution, determination, recommendation, approval, disapproval, or other action that involves the exercise of discretionary authority.

"Transaction" means any transaction including, but not limited to, any sale, purchase, or exchange of tangible or intangible property or services, any loan, loan commitment or loan guarantee, any sale, purchase, or exchange of mortgage loans, notes or bonds, or any other business arrangement or contract involving any MFA program or business.

D. Principles and Disclosure Obligations.

1. Principles. All MFA Members, Management, Employees and Funding Committee members shall adhere to the following principles:

   a) No Member, Management, Employee or Funding Committee member should participate in any Official Act that would in any way benefit him or her or any Family Member of him or her.
   
   b) If any Member, Management, Employee or Funding Committee member of MFA is aware of having any form of Financial Interest in any MFA business, and is aware that an action he/she may take in their official capacity might impact that Financial Interest, that person must disclose the Financial Interest to MFA and must not become involved in MFA actions affecting that Financial Interest.
   
   c) Any Financial Interest held by any Member, Management, Employee or Funding Committee member of MFA should be disclosed, no matter the degree of the Financial Interest.

2. Initial and Annual Disclosures. Within thirty (30) days of assuming duties as a Member or commencing Employment with MFA, each new Member, Management and Employee will be required to complete a Disclosure Statement, in the form of attached Exhibit A, which shall disclose to the best of his/her knowledge, his/her and/or his/her Family Members' Financial Interest.
Interest(s) in any Business engaged in, or proposing to engage in, any Transaction with MFA. On or before January 1 of each year, each MFA Member, Management and Employee shall complete and deliver to MFA a disclosure statement disclosing to the best of his/her knowledge, his/her and his/her Family Members’ Financial Interest(s) in any Business engaged or, proposing to engage in any Transaction with MFA. The disclosure statement shall be in the form of Exhibit A ("Disclosure Statement") and shall contain at least the following information:

a) the name of the Business engaging in, or proposing to engage in, a Transaction with MFA;
b) if the Transaction is with a Business in which an Employee or Employee’s Family Member has a Financial Interest, the approximate value of the Transaction.
c) A list of all MFA programs or proposed programs that a Member, Management, Employee or Family Member is likely to participate in and/or benefit from.

3. Updated Disclosures. Each Member, Management and Employee shall update his/her Disclosure Statement within forty-five (45) days of the date that, to the best of his/her knowledge:

a) he/she or any Family Member acquires a Financial Interest in any Business engaging in, or proposing to engage in, a Transaction with MFA;
b) he/she learns that a Family Member has a Financial Interest in a Business which is engaging in, or proposing to engage in, a Transaction with MFA; or
c) he/she learns that a Business, in which he/she or any Family Member has a Financial Interest, is engaging in, or proposing to engage in, a Transaction with MFA.

4. Special Disclosures.
   a) Funding Committees. Upon the commencement of a funding round, each member of MFA’s Allocation Review and Design Committees of the Low Income Housing Tax Credit (LIHTC) Program, Housing Trust Fund and Land Title Trust Fund Advisory Committees, and all other MFA Funding Committees, shall disclose, upon receipt of the list of applicants to the funding round, his/her and any Family Member’s Financial Interest in any entity named on the list of applicants to that funding round. The disclosure statement shall be in the form of Exhibit B ("Funding Committee Disclosure Statement”).

   b) Project-Specific Multi-family Bonds. Prior to the issuance of a project-specific multi-family housing bond, each MFA Member, Management, and Employee shall disclose any Financial Interest he/she or any Family Member has in any entity proposing to engage in the bond transaction with MFA. The disclosure statement shall be in the form of Exhibit C ("Multi-Family Bond Disclosure Statement”).

5. Disclosure Process. Completed Annual and Updated Disclosure Statements are to be provided to MFA’s Human Resources Manager who shall review them with MFA’s in-house Attorney to determine the existence or potential existence of a conflict of interest on the part of any MFA Board Member, Management or Employee with regard to any MFA Transaction or anticipated Transaction. It shall be the responsibility of the Human Resources Manager and MFA’s in-house Attorney to inform the Policy Committee of any existing or anticipated conflicts of interest indicated in any Disclosure Statement form. If approval of the Board is required for any Transaction under sub-section F of this policy, it shall be the responsibility of MFA’s in-house Attorney to disclose the Transaction to the Board and to request the required approval. In addition, as required by applicable federal regulation, MFA’s in-house Attorney shall notify the federal awarding agency in writing of any potential conflicts of interest related to federal programs in accordance with federal awarding agency policy. It shall be the responsibility of
MFA’s in-house Attorney to provide notice to the Board of these federal program conflicts of interest through the staff actions reporting process.

Special Disclosures will be distributed and collected by MFA’s Housing Development Department.

E. Gifts. No Member, Management or Employee may, directly or indirectly, solicit or accept any money or other thing of value that is conditioned upon or given in exchange for performing or promising to perform an Official Act, which may influence the manner in which he/she performs an Official Act, or which may create the appearance that it influenced him/her in the performance of an Official Act.

F. Conflict of Interest Transactions.

1. Prohibited Transactions - Members, Management and Employees.
   a) Official Act. No Member, Management or Employee shall take any Official Act which may directly or indirectly benefit his/her or a Family Member's position or Financial Interests.
   b) Confidential Information. No Member, Management or Employee shall utilize Confidential Information to benefit himself/herself or a Family Member. Members, Management and Employees shall safeguard all information that is of a confidential or proprietary nature, and shall not disclose such information, except as otherwise authorized. A Confidentiality Agreement in the form of Exhibit D shall be signed by all Management and Employees annually and kept on file.
   c) Member, Management and Employee Transactions. No Business in which a Member, Management or Employee (or a Family Member) has a Financial Interest shall engage in a Transaction with MFA unless the Member, Management or Employee has disclosed his/her or his/her Family Member's Financial Interest in the Business to MFA in the manner provided in sub-section D of this policy prior to engaging in the Transaction and, with respect to all Transactions of Members and Management, and Employee Transactions in excess of $10,000, the Transaction is approved by a disinterested majority of MFA Members. Transactions of Employees of $10,000 or less may be approved by the Executive Director provided a disclosure of such Transactions is made to MFA Board and is recorded in the minutes of the meeting in which it is made.

2. Transactions Involving Former Members or Management. MFA shall not enter into any Transaction with a former Member or former Management for a period of one (1) year after the Member or Management ceases to be a Member or Management of MFA, except with prior approval of a disinterested majority of all MFA Members.

3. Other Employment. Members, Management and Employees shall not engage in or accept employment or render services for other persons when that employment or service is incompatible with or may affect the discharge of their official duties or when that employment may tend to impair their independence of judgment or action in the performance of their official duties. The Executive Director must approve all outside employment by an Employee prior to his/her accepting outside employment. MFA Board must approve all outside employment by the Executive Director prior to his/her accepting outside employment.

4. Exceptions. Nothing in this Code of Conduct shall be deemed or construed to limit the right of any Member, Management or Employee of MFA to:
   a) acquire or purchase any interest in bonds or notes of MFA;
   b) have a Financial Interest in, or do business with, any banking institution in which MFA funds are or are to be deposited or which is or is to be acting as trustee or paying agent under any trust indenture to which MFA is a party; or
G. **Political Activities.** A Member, Management or Employee shall not, through his or her position at MFA:

1. directly or indirectly coerce, command, advise, solicit or attempt to coerce, command, advise or solicit anyone to pay, lend or contribute money or other thing(s) of value to a party, committee, organization, agency or person for political purposes; or
2. use MFA funds, resources or time to support or oppose any political candidate for any public office, provided, however, that Members, Management, and Employees may use MFA funds, resources, and time to pursue legislative purposes as approved by the Board and MFA Legislative Oversight Committee from time to time.

H. **Sanctions and Penalties.** Violation of any part of this Code of Conduct by any Management or Employee may subject the violator to disciplinary action up to and including termination of employment and to such other penalties as may be provided by law.

I. **Effective Date.** This Code of Conduct is effective as amended herein as of January 18, 2017.

### 1.3 Conduct of Business

A. **Meetings.** MFA shall call and provide notice of meetings in accordance with the Open Meetings Act and MFA’s Open Meetings Resolution. MFA’s Open Meetings Resolution will be approved by the Board at least annually.

B. **Written Reports.** Reports will be provided to the Board as requested. The following reports will be provided to the Board Members at regular board meetings and will be provided in advance of the meeting, when possible:

1. combined financial statements are to be provided monthly and
2. investment reports, credit line activity, and production status reports are to be provided quarterly.

C. **Finances.**

1. **Authorized Check and Electronic Funds Transfer (EFT) Signatures.** The single signature of the Chair, Vice Chair, Treasurer (or other Board Member(s) designated by the Chair), Executive Director, Deputy Director(s), or Controller shall be required on any check or EFT up to $2,000. Two signatures of any of the above shall be required on disbursements from $2,000 up to $10,000. Disbursements of $10,000 or more require dual signatures, one of which must be the Chair, Vice Chair, Treasurer or a designee of the Chair. The single signature of the Chair, Vice Chair, Treasurer (or other Board Member(s) designated by the Chair), Executive Director, Deputy Director(s), or Controller shall be required on EFTs between MFA owned accounts regardless of the dollar amount.

2. **Check or EFT Requests, Approval.** A request for a disbursement from the General Fund, Housing Programs, Servicing or other bank accounts by means of a check or an EFT must be approved as follows:
   a) The request for a disbursement from the General Fund, Housing Programs, Servicing or other bank accounts must be approved by Management or by staff designated by Management.
   b) The person requesting the disbursement shall not approve the request for disbursement.
   c) The person transmitting the EFT transaction cannot approve the request for disbursement.
d) The person approving the request for disbursement shall not be the sole signer of the check. Exceptions: 1) if dual signatures are required, one signature may be that of the person approving the request for disbursement; 2) if an EFT is between MFA owned accounts, the signer of the EFT may be the person approving the request for disbursement.

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

2. Objectives. All funds will be invested in a manner that is in conformance with the MFA Act, federal, state and other legal requirements. In addition, the objectives, in order of priority, of the investment activities will be as follows:
   a) Legality. The investment portfolio will be invested in a manner that meets state statues and all legal requirements of MFA.
   b) Safety. Safety of principal is the primary objective of the MFA. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To obtain this objective, funds will be diversified, utilizing highly rated securities, by investment among a variety of securities.
   c) Liquidity. The investment portfolio will remain liquid to enable the MFA to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a balance to meet daily obligations.
   d) Return on Investment. The investment portfolio will be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the portfolio and specified fund.

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

   b) Committee Responsibilities. The Committee will be charged with the following:
      1) Establish and update, not less than annually, the investment policy for the full Board's approval.
      2) Monitor the investment activities to insure that proper controls are in place to guarantee the integrity and security of the portfolio.
      3) Monitor compliance with applicable statues, regulations, and other legal authorities, including the MFA Act.
      4) Review all investment transactions made by the MFA staff.
      5) Meet to deliberate on such topics as: economic outlook, portfolio diversification, maturity structure, potential risks and the rates of return on the investment portfolio.
      6) Recommend depositories, custodians and broker/dealers for Board approval.
c) **Duties and Responsibilities of Management and Employees.** Responsibilities will be as follows:

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

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

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

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

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

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

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

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

6. **Monitoring and Adjusting the Portfolio.** As a general practice, securities will be purchased with the intent to hold until maturity. However, it is acceptable for securities to be sold under the following circumstances:
   
   (a) A security with a declining credit may be sold early to protect the principal value of the portfolio.
(b) A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
(c) A sale of a security to provide for unforeseen liquidity needs.
(d) SIC funds allocation can be adjusted to either re-align to diversification targets or to adjust allocations to current market conditions.

Rebalancing of the portfolio will occur at least quarterly.

7. **Internal Controls.** The Executive Director or designated staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the MFA are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in department procedures manuals required and shall be reviewed and updated periodically by the Executive Director or designated staff. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

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

8. **Permitted Investments.** The MFA investment policy will be diversified to the extent permitted in the Mortgage Finance Authority Act, Section 6-8-7, NMSA 1978 and Section 6-10-10.1, NMSA 1978. Specifically, General Fund investments may be made as follows:

a) in obligations of any municipality of New Mexico or the State of New Mexico or the United States of America, rated "AA" as defined by Standard & Poor’s or equivalent, or better;

b) in obligations, the principal and interest of which are guaranteed by the State of New Mexico or the United States of America;

c) in obligations of any corporation wholly owned by the United States of America;

d) in obligations of any corporation sponsored by the United States of America which are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System;

e) in certificates of deposit or time deposits in banks qualified to do business in New Mexico, secured in such manner, if any, as the authority shall determine;

f) in contracts for the purchase and sale of obligations of the type specified in Paragraph a) of this subsection;

g) in the State of New Mexico Office of the Treasurer Local Short Term Investment Fund; or
9. **Diversification of Risk and Asset Allocation:** Diversification and asset allocation strategies for the General Fund investments shall be formally determined at least annually and revised periodically, if applicable, by the Committee. The responsibility for implementation of such strategies will be with staff.

a) Definitions:

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

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

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

b) Asset Allocation Strategy

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>TARGET (DOLLARS)</th>
<th>RANGE (DOLLARS)</th>
<th>TARGET (DOLLARS as a PERCENT of TOTAL PORTFOLIO)</th>
<th>RANGE (DOLLARS as a PERCENT of TOTAL PORTFOLIO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHORT-TERM INVESTMENTS (Less than 1 year)</td>
<td>$23mm</td>
<td>$18mm - $29mm</td>
<td>35%</td>
<td>20% - 45%</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>$5mm</td>
<td>$3mm - $7mm</td>
<td>10%</td>
<td>5% - 15%</td>
</tr>
<tr>
<td>Cash Held in Depositories/ Warehoused Securities</td>
<td>$18mm</td>
<td>$15 - $22mm</td>
<td>25%</td>
<td>15% - 30%</td>
</tr>
<tr>
<td>INTERMEDIATE-TERM INVESTMENTS (1 to 10 years)</td>
<td>$30mm</td>
<td>$20mm - $45mm</td>
<td>45%</td>
<td>20% - 60%</td>
</tr>
<tr>
<td>Bond Ladder (in permitted securities)</td>
<td>$20mm</td>
<td>$15mm - $30mm</td>
<td>30%</td>
<td>15% - 35%</td>
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</tr>
<tr>
<td>MFA Mortgage Backed Securities</td>
<td>$10mm</td>
<td>$5mm - $15mm</td>
<td>15%</td>
<td>5% - 25%</td>
</tr>
</tbody>
</table>

**LONG-TERM INVESTMENTS**
(More than 10 years)

State Investment Council:
- **Fixed Income**
  1) Core Plus Bond Active
  2) Core Plus Bond Index
- **Equity**
  1) Equity Domestic Large Cap Index Fund
  2) Small/Mid Cap Index

<table>
<thead>
<tr>
<th></th>
<th>$16mm</th>
<th>$11mm - $34mm</th>
<th>20%</th>
<th>6% to 40%</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>$10mm - $25mm</td>
<td>8%</td>
<td>2% - 15%</td>
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<td></td>
<td></td>
<td>$1mm - $9mm</td>
<td>4%</td>
<td>2% - 10%</td>
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<td>80%</td>
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<td></td>
<td>0%</td>
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<tr>
<td></td>
<td>20%</td>
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</tbody>
</table>

**c)** In establishing specific diversification strategies after consideration of liquidity and specific time period cash needs, the following three guidelines shall apply:
1) Portfolio maturities will be staggered to avoid undue concentrations of assets in a specific maturity sector.
2) Maturities selected shall provide for stable income and adequate liquidity to meet the MFA's operational and cash flow needs.
3) Portfolio positions will be diversified among various securities/funds so as to avoid overweighing in any one type of security.

**d)** The MFA staff will demonstrate prudence in the selection of investments as a way to minimize risk. No individual investment transaction shall be undertaken that will jeopardize the total capital position of the overall portfolio. The Committee and the MFA staff, together with any investment advisor(s) selected by the Committee, will continuously analyze the risk/reward relationships existing in the marketplace and act accordingly when selecting investments. The following three specific guidelines will be strictly observed in order to further minimize risks:
1) All certificates of deposit, or time deposits will be placed with qualified financial institutions; (See Qualified Financial Institutions below)

2) All transactions will be executed on a delivery versus payment basis; and

3) The best bid or offer will be sought for all of the MFA's purchases and sales of securities.

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

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

b) Securities Broker/Dealers. Staff shall prepare and the Board, upon the recommendation of the Committee, shall approve a list of approved broker/dealers, including New Mexico securities broker/dealers, based on the criteria listed below.

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

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

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

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

iii. The firm(s) must be a member of the Financial Industry Regulatory Authority (FINRA).

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

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

c) Investment Advisors/Bidding Agents. These firms must be registered with the Securities and Exchange Commission and meet the requirements of the Securities Act of New Mexico, Section 58-13-15, NMSA 1978. The advisory contract may be for oversight services or investment management services including transactions. If the advisor is to transact with broker/dealers on behalf of the MFA, the advisor must annually submit a broker/dealer list for approval. The adviser may only provide non-discretionary management services, which requires prior authorization from MFA on all transactions.
   a) All transactions by the MFA shall be awarded on a competitive bid basis.
   b) A minimum of three documented bids shall be requested and received by the MFA on each sale or purchase. The best bid received shall be awarded the transaction.
   c) Bids received and dealer awards shall be maintained on forms available for review by the Committee.
   d) New Issue offerings in the primary market may be purchased from approved brokers/dealers without competitive solicitation if it is determined that no agency obligations meeting MFA’s requirements is available in the secondary market at a higher yield.

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

E. General Fund Cash Reserves
1. Background. MFA is a financial intermediary created in 1975 by and for the State of New Mexico to provide financing for affordable housing. MFA has issued multiple series of tax-exempt and taxable mortgage revenue bonds for this purpose. In addition, it has taken on the administration of various federal and state housing programs and has implemented several programs using its own excess earnings. These programs have helped finance the acquisition and construction of single family and multi-family housing for many thousands of New Mexicans. MFA expects to continue to issue bonds and administer its single family and multi-family housing programs to produce housing throughout the state.

2. Ongoing Bond Issue Responsibilities. The bonds issued by MFA are tax exempt and taxable and have maturities extending up to 40 years from issuance. In each case a trustee has primary responsibility for collecting moneys for distribution to bondholders. For the life of the bonds, MFA has the following responsibilities with respect to the bonds:
   a) Finance, Accounting and Servicing Activities
      1) Accounting for program transactions.
      2) Investment of acquisition and float fund proceeds.
      3) Assuring that trustees, program administrators, servicers, and other contractors are performing under their contract.
4) Assuring redemption priorities are followed and executed in semi-annual bond redemptions and threshold special redemptions.
5) Reviewing annual program cash flows for sufficiency.
6) Maintaining bond rating to the extent possible.
7) Providing technical assistance to trustees, program administrators, servicers, and other participants.
8) Compiling annual bond disclosure reports and financial statements regarding bond performance.
9) Reporting of significant disclosure events as necessary.
10) Arbitrage rebate filings and payments as required to the IRS.
11) Responding to audits by the IRS and MFA’s External and Internal Auditors.
12) Maintaining compliance with all bond closing documents.
13) Handling defaults and repossessed properties.

b) Single Family Program Activities
1) Assuring that master servicers, sub-servicers, participating lenders, program administrators and other contractors are performing under their contracts.
2) Assuring that the requirements for the tax exemption of the bonds are met.
3) Providing technical assistance to participating lenders, servicers, program administrators, and borrowers.
4) Compiling reports regarding program performance.
5) Completing assumptions of loans by new borrowers.

c) Multi-family Program Activities
1) Assuring that lenders, servicers, compliance monitors and other contractors are performing under their contracts.
2) Assuring that projects are in compliance with low income set-asides and other regulations to ensure that the requirements for the tax exemption of the bonds are met.
3) Providing technical assistance to lenders, servicers, program administrators, compliance monitors and borrowers.
4) Compiling reports regarding program performance.
5) Handling defaults and troubled projects.
6) Completing assumptions and transfers of ownership.
7) Loan servicing on certain multi-family transactions.

d) Services to Bondholders, Buyers and Sellers
1) As long as MFA has outstanding bonds, MFA will need staff available to respond to inquiries, comply with all bond closing documents including reporting requirements of indentures and answer requests for financial information from the institutions and individuals that own MFA’s bonds and from any organization that has rated the bonds.

2) The ability to maintain a market for the initial sale and, as importantly, the secondary market resale of MFA’s bonds requires timely and responsive financial and programmatic reporting to the owners, buyers and sellers of the taxable and tax exempt bonds as well as maintaining a rating on the bonds To ignore this requirement would be extremely harmful to the long term viability of MFA’s bonds in the marketplace.
3) These responsibilities are handled by professional staff including Homeownership (single family programs), Housing Development (multi-family programs), Finance and Accounting Departments with staff in these areas trained to understand the flow of funds and tax law related to the various programs of MFA. If no additional bonds are issued, these responsibilities with respect to MFA’s bonds will continue up to 40 years or until all the bonds are paid off.

3. Other Program Responsibilities. The Low Income Housing Tax Credit program and the federal HOME Program and other programs require the following commitments during the life of the credits/loans:

a) Low Income Housing Tax Credit Program:
   1) Annually monitoring the projects developers utilizing the credits to be sure they are complying with the low income set-aside and other program requirements at a minimum of every three years.
   2) Monitoring changes in ownership of the projects receiving credits during the low income set-aside period.
   3) Additional monitoring as might be required by the IRS or the State.

b) HOME and other programs:
   1) Monitoring projects as required by HUD and other grantor agencies.
   2) Responding to audits by grantor agencies, IRS and MFA’s External and Internal auditors.
   3) Assuring that projects are in compliance with low income set-aside requirements, and program affordability and other requirements.

4. Ongoing Administrative Responsibilities. In order to be available to the public, fulfill its obligations as outlined above, hold meetings, respond to inquiries, prepare required reports and perform other administrative duties, MFA needs staff and office space which in turn imposes certain administrative responsibilities. These functions include:
   a) Compliance with MFA procedures regarding bank accounts, hiring, purchasing of supplies and services, leasing of office space, and contracting and monitoring contractors.
   b) Conducting public hearings as required.
   c) Responding to legislative inquiries regarding outstanding programs and bond issues.
   d) Meeting legislative mandates related to affordable housing including but not limited to compliance with the Affordable Housing Act and oversight of Regional Housing Authorities.
   e) Complying with program reporting requirements.

5. General Fund (Housing Opportunity Fund) Programs: The need for low and moderate income housing in New Mexico has increased since MFA was formed. During the same period the programs of the federal government to deal with the problems of inadequate housing have not increased commensurately. MFA, in conjunction with the state, has assumed and is likely to continue to assume a larger role in providing housing financing. Furthermore, the needs of very low income families and special groups, such as the developmentally disabled or mentally ill are increasingly the focus of MFA attention, often through the vehicle of locally controlled not-for-profit corporations.

All of these factors have led MFA to invest staff and consultant time in the development of programs to provide housing in cooperation with not-for-profit corporations and other federal, tribal, state and local agencies. These are more difficult and expensive programs to develop and
operate than the traditional bond programs of MFA. Therefore, MFA needs greater reserves to continue to develop, fund and implement Housing Opportunity Fund targeted programs.

6. **Reserve Implications.** The continuing monitoring and oversight responsibilities for existing and future programs, the growing costs of developing and implementing new programs, and the inevitable administrative burden of overseeing these growing MFA responsibilities has significant implications for MFA’s reserve policies. Since MFA does not receive state funds for operations, it must marshal its resources and carefully anticipate its financial needs for the short and long term to maintain its financial strength. It must do so in an environment of uncertain future revenues and the changing state of tax driven federal housing programs. In light of this, MFA must estimate its future expenses and income under different scenarios and set aside adequate reserves to permit it to meet its responsibilities to bondholders, the legislature, the federal government and the public. Therefore, MFA has undertaken the development of a reserve policy to best meet these responsibilities through prudent management of its general operating and program reserves.

7. **Conclusions.** Based on the foregoing, MFA concludes as follows:
   a) MFA shall maintain sufficient general operating reserves for purposes of this policy to:
      1) Ensure ongoing administrative and accounting functions;
      2) Ensure ongoing program monitoring;
      3) Provide legal representation and protection against claims; and
      4) Provide for the development of new programs to meet the state’s housing needs; and
      5) Maintain financial strength.

A cash² reserve based on two years’ of the five-year historical average of the total operating expense is deemed to be sufficient.

b) Additionally, MFA shall maintain sufficient program reserves for purposes of this policy to:
   1) Ensure funding of existing program commitments and program continuation; and
   2) Ensure funding of costs of issuance including negative arbitrage deposits for single family bond issues.

Additional cash reserve based on two years’ of the five-year historical average of Housing Opportunity Fund loan fundings and two years’ of the five-year historical average of single family bonds costs of issuance is deemed to be sufficient.

c) This reserve policy shall be reviewed and approved by the Board periodically in the Board’s discretion.

F. **Bond Issuance and Debt Management Policy**

The purpose of this bond issuance and debt management policy is to: 1) establish principles that govern the issuance of New Mexico Mortgage Finance Authority (MFA) debt for the conduct of its operations, and 2) outline the process and parameters used to finance MFA’s loan production programs and its capital needs through the issuance of debt.

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² For purposes of this Policy, General Fund cash is defined as cash in banks and the State Treasurer’s Office Local Government Investment Pool, and (highly liquid) investments in Treasury and Agency securities, certificates of deposit, investment in MFA mortgage backed securities and the State Investment Council’s Investment Funds Program.
This policy is to be approved by the Board and will be reviewed annually and updated as needed.

1. **Principles.** MFA issues debt to fund loans in two areas of production -- single family and multi-family loans. Less frequently, debt is issued to fund specific long-term capital needs such as building improvements. The debt issuance covered by this policy may involve new money, refunding of existing debt, or both, and may fall under three general categories: single family mortgage bonds, multi-family project bonds, and volume cap preservation.

Pursuant to this policy the Board, from time to time, will approve resolutions to provide, among other things, authorization to the Executive Director and/or other MFA officers to issue and sell tax-exempt and taxable bonds for single family program funding and multi-family project funding, to establish the form and substance of indentures pursuant to which the bonds are issued, approve external financing participants as appropriate, and approve all other necessary documentation and agreements.

MFA will take into consideration desired mortgage rates and the need to maintain asset and debt management flexibility while carefully managing risk. To accomplish this MFA will establish short and long-range financial objectives that support an affordable housing plan (See Section 3: Bond Parameters & Financial Objectives). These objectives may change in response to economic and other factors. Any proposed financing will be reviewed to determine the best method of accessing the financial markets to achieve the goal of issuing debt at the lowest overall interest rates and costs.

2. **Process**

   a) **Financing Team.** The bond structures are developed utilizing the expertise of MFA’s Financing Team which consists of finance professionals, internal and external. The team will include MFA’s Finance, Homeownership (single-family) and Housing Development (multi-family) Departments as needed; as well as, financial advisors, and bond counsel. MFA Staff, Consultants and industry experts will be utilized as needed, including but not limited to investment bankers (“bankers”), bond trustees, master servicing/sub-servicers and MFA’s TBA Administrator. Other third party participation by non-MFA bankers, placement agents, underwriter counsels, cash flow verification agents, credit enhancement providers, etc. will be evaluated on a case-by-case basis and are subject to the approval of the Executive Director or Deputy Director of Finance & Administration. Minimum requirements for approval for third party non-MFA bankers, placement agents, and cash flow verification agents include (1) listing in The Bond Buyer’s Municipal Market Place most recent edition of the “Red Book”, (2) five years documented experience doing similar transactions, (3) adequate capital to underwrite the bond issue if applicable, and (4) registration with the Municipal Securities Rulemaking Board as an underwriter or financial advisor. Minimum requirements for approval of non-MFA underwriter counsels include: (1) at least 5 years of documented experience doing similar transactions and (2) listing in the Bond Buyer’s Municipal Market Place most recent edition of the “Red Book”. Standard & Poor's, Moody’s Investors Service and/or another independent, nationally recognized bond rating service may be used to rate each bond transaction. The complexity of the bond structure determines the necessary involvement of all parties.

MFA bond trustees, master servicing/sub-servicers, banking team members, financial advisors and legal counsels will be selected in accordance with MFA’s Procurement Policy. The single family program Financing Team or a subset thereof will meet at least quarterly to discuss special topics as needed, as well as funding executions, including the TBA program (See Section G of this manual). The group will also hold an annual planning meeting.
b) **Procedures.** When capital is needed for program funding or debt management purposes, the Financing Team will review the financing alternatives in accordance with this policy and recommend an approach best suited to the current set of circumstances. That includes evaluating the immediate needs (capital or refunding), market conditions, and proposed bond structure. MFA staff will decide how to proceed from among the Financing Team’s recommended approaches. The Deputy Director of Finance and Administration, in consultation with the Executive Director, will have the primary responsibility for final pricing determinations. The gross spread and mortgage rates, if applicable, will be finalized after conclusion of the order period.

All bond transaction documents related to an issuance are reviewed by Financing Team members.

In conjunction with Bond Counsel, MFA Finance Department staff will ensure that all IRS requirements related to the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) are followed for both the single family program and multi-family projects. These required hearings give the public a reasonable opportunity to express their views on the issuance of bonds and the nature of the improvements and projects for which bond funds will be allocated.

MFA staff will work collaboratively with the New Mexico State Board of Finance (SBOF) in requesting private activity bond cap to support the single family program and multi-family projects. Staff will provide an annual report to the SBOF on the status of housing programs in New Mexico, as well as request annual private activity bond cap allocations based on anticipated production needs. Staff will also ensure that all IRS filing requirements and SBOF reporting/approvals for the private activity bond cap utilized by MFA are met.

c) **Credit Enhancements.** MFA will utilize credit enhancement (MBS structure, bond insurance, FHA insurance, bank letters of credit, etc.) to enhance marketability and pricing of the related debt where it is structurally necessary or economically advantageous.

d) **Bond Proceeds Investments.** All bond proceeds are to be invested in a manner acceptable to rating agency requirements and in accordance with the respective indenture, MFA policies and state and federal regulations.

e) **Internal Controls.** Financing Team will review appropriate documentation and cash flows during the structuring process to ensure financial integrity of the bond issues. Third party cash flow verification is requested on multi-family transactions when the developer uses an underwriter or placement agent outside MFA Financing Team (not selected through MFA’s procurement process). In addition, the Financing Team will also review market conditions and comparative bond sales prior to bond pricing.

MFA will manage the bond program in accordance with the closing bond documents.

f) **Disclosure.** All publicly sold bond issues will be disclosed to the market through the publication of a Preliminary Official Statement prepared by underwriter’s counsel and in accordance with the Municipal Securities Rulemaking Board (MSRB) and industry standards. Subsequent to the sale of bonds, underwriter’s counsel will prepare the final Official Statement. For a Private Placement of bonds, a Private Placement Memorandum will be prepared, or if a Private Placement Memorandum is not required by the bond purchasers, a summary term sheet may be completed that is in a form satisfactory to MFA staff. In addition, for single family mortgage bond issues, MFA will enter into a Continuing Disclosure Agreement for the benefit of the holders and beneficial owners of the bonds in order to assist
the underwriter(s) in complying with SEC Rule 15c2-12(b)(5). For multi-family housing bond issues, the conduit borrower will enter into a Continuing Disclosure Agreement for the benefit of the holders and beneficial owners of the bonds in order to assist the underwriter(s) in complying with SEC Rule 15c2-12(b)(5).

g) Single Family Asset/Liability Management. Management of the overall single family bond portfolio and related Mortgage Backed Securities ("MBS") is an ongoing process. The administration of the overall program is accomplished through the evaluation of monthly prepayment speeds, calculation of individual single family program parity, preparation and review of annual cash flow projections, and tracking of program internal rates of return. Additionally, callable bond programs are reviewed at least annually to determine if earnings could be maximized by eliminating the debt and using the assets to generate more income, or as subsidy to upcoming bond issues allowing more competitive mortgage rates. Staff periodically evaluates the financial analysis prepared by MFA’s investment bankers comparing “do-nothing”, General Fund purchase of MBS, sale of MBS into the secondary market and program refunding. The best option is then determined by staff based on the information provided as well as the need for a long-term cash flow to support the programs and General Fund. Staff would then bring the information and action required to the Board for its consideration as necessary.

In conjunction with continuous lending, the management of the loan pipeline and demand levels for certain loan products may require staff to sell MBS into the secondary market instead of selling them into a bond issue. This may be necessary in order to maintain required yields and loan allocations within an established bond structure or if pipeline loans cannot be funded through bonds due to adverse market conditions. Current market conditions would be evaluated by staff to ensure that the transaction would provide the best execution for MFA. Staff will utilize brokers from MFA Approved Broker/Dealer List on a rotating basis. All MBS sale transactions will be awarded on a bid basis. Three firms will be contacted for each transaction and MFA will sell the securities to the highest bidder. All bids will be appropriately documented.

3. Bond Parameters/Financial Objectives

The following describes the constraints for MFA's bond structures.

a) All publicly placed debt must be rated at the time of issuance by Standard & Poor’s, Moody’s Investors Service and/or another independent, nationally recognized bond rating service. No publicly offered debt is to be issued unless it is rated at least A-/A3 by Standard and Poor’s and/or Moody’s, respectively, and/or rated in at least the third highest rating category by another independent, nationally recognized bond rating service. No rating is required for private placement multi-family housing bonds as long as the investor can provide a “qualified institutional buyer letter” or an “accredited investor” letter. Qualified institutional buyer and accredited investor will have such meanings as provided in Rule 144A and Rule 501, respectively, which rules are under the Securities Act of 1933, as amended.

b) Profitability Measure: MFA will always strive to achieve a full-spread transaction for single family transactions (mortgage yield 1.125% above the bond yield). However, extreme market conditions may require MFA to accept a lower spread in order to subsidize the mortgage rate to the borrowers. MFA administrative fees will be set in a way that allows MFA to remain financially healthy and preserves resources for the future. For multi-family
projects/transactions, fees will be established such that the yield on the program investment may exceed the bond yield up to 1.5%.

c) From time to time bond refunding opportunities will be available to MFA which will allow MFA to call bonds early. MFA will review each refunding to assess the benefit of the doing the refunding or not depending on the scenario or need.

d) The aggregate principal amount of new money bonds to be issued shall not exceed the amount necessary to support loan funding needs, volume cap preservation or long-term capital needs.

e) The aggregate principal amount of refunding bonds shall not be constrained, but at a minimum must meet the profitability measure outlined above. In addition, MFA will review each refunding to assess the benefit to MFA of doing the transaction versus the “do nothing” scenario. MFA will then determine on a case-by-case basis if it is in the best interest of MFA to undertake the refunding.

f) Maximum maturity on single family debt will not exceed 35 years and for multi-family debt will not exceed 45 years.

g) The amount of long-term capital needs debt outstanding shall not exceed 1% of MFA’s total outstanding bonds.

h) The bonds shall be structured using either a current or forward delivery mechanism, to the extent allowed by market conditions.

i) Variable rate multi-family project bonds must carry a credit enhancement provided by either Freddie Mac, Fannie Mae or another entity specifically approved by the Board to guaranty the payment of principal and interest on the bonds from the date of issuance until final maturity of the bonds. If a letter of credit is used to provide credit enhancement during the project’s construction period, the letter of credit provider must be rated at least AA/Aa by Standard and Poor’s and/or Moody’s Investors Service, respectively. MFA will not undertake the issuance of variable rate single-family bonds (with the exception of Draw Down Facility bonds to preserve single-family volume cap) or variable rate long-term capital needs bonds. Variable rate multi-family projects must also include a fixed rate hedge mechanism unless otherwise not required by the bond credit enhancer.

j) The conduit borrower will be responsible for retaining and compensating a rebate analyst to compute any rebate liability related to a multi-family project. The conduit borrower will covenant in the bond documents to do this and to timely provide copies of any rebate calculations from the rebate analyst to the bond trustee and MFA and to timely remit any rebate payment to the bond trustee for payment to the IRS.

4. **Reporting to the Board.** MFA staff will provide a summary report to the Board regarding single family and multi-family debt issued at the Board meeting subsequent to the closing of a bond transaction. The report will contain: 1) ratings achieved, 2) the dollar amount and description of the loans financed or expected to be financed, 3) the principal amount of the debt issued, 4) a breakdown of taxable and tax-exempt bonds 5) yield spread, 6) administrative fee, 7) refunding information and related subsidy if applicable, 8) cost of issuance, and 9) other information as appropriate.
At least annually, the Director of Homeownership will present a production and status update to the Board on the single family program which may include mortgage interest rate history, market share data and reservation and purchase volume.

At least annually the investment bankers will be required to present an overall bond program and market update to MFA’s Board.

G. To-Be-Announced (“TBA”) Program Policy

1. Purpose and Objective. The purpose of this TBA Program Policy is to establish principles that govern the interest rate pricing and pipeline hedging of a forward committed mortgage loan that is securitized into a Mortgage Backed Security (“MBS”) and sold into the Secondary Market. The objective of TBA Program is to provide a source of funding other than Mortgage Revenue Bonds (“MRB”) for the single family mortgage program. In addition, a TBA program may provide a source of funding for new or existing single family mortgage programs that are not eligible to be funded with MRB proceeds.

This policy is to be approved by the Board and will be reviewed annually and updated as needed.

2. Principles. As an alternative and complement to MFA’s MRB financing of single family mortgage loans, MFA has developed a funding mechanism that incorporates a forward commitment of mortgage loans in which the interest rates on the loans are set daily. A TBA Program could be used to finance purchase money loans as well as refinance transactions.

Due to the complex nature, specific expertise required and risks inherent in hedging a mortgage pipeline to be sold through a TBA contract, MFA is outsourcing this function through a TBA Administrator. Advantages to this type of execution include transfer of the interest rate risk and financial losses related to non-delivery of loans, as well as the ability to offer competitive interest rates to lenders since they are tied to current yields in the MBS market. The TBA process will also allow for the generation of funds for down payment assistance (”DPA”).

Pursuant to this policy, the Board will provide authority to Staff (Section 3, (b) (Financing Team/TBA Pricing Committee), through the approval of the policy, to create and sell forward committed MBS for the purpose of funding the single family mortgage program.

MFA will take into consideration a desired profit margin, lender compensation and the generation of DPA when determining the interest rate that will be offered to participating lenders while also carefully managing the loan pipeline to be sold into the Secondary Market through a TBA execution. To accomplish this MFA will establish short and long-range financial objectives that support an affordable housing plan (See Section 4: TBA Parameters & Financial Objectives). These objectives may change in response to economic and other factors.

Risk will be managed and mitigated through careful monitoring of the mortgage pipeline, including cancellation/fallout percentages, loan closing, loan delivery, loan purchase and pooling timeframes as well as the movement of market interest rates.

Single family program loan funding decisions will be reviewed on an ongoing basis by the Financing Team to determine the best method of accessing the financial markets, either through issuance of debt or sale of MBS. The primary objective is to keep readily accessible funding for the single family program without incurring losses or subsidizing the program.

   a) TBA Administrator
1) MFA TBA Administrator will be selected in accordance with MFA’s Procurement Policy.

2) The TBA Administrator must be financially viable and experienced in providing TBA pricing, hedging and pipeline management services. The TBA Administrator will be required to submit annual audited financial statements to MFA for each year that they are under contract with MFA. The TBA Administrator will not be allowed to subcontract any portion of the TBA administration services provided to MFA.

3) The TBA Administrator will be responsible for providing MFA with daily interest rate sheets that provide, at least, the following information:
   i. Specific interest rate lock expiration and extension guidelines
   ii. Fees related to interest rate lock extensions
   iii. Gross interest rates, servicing fees and net interest rates
   iv. Listing of any fees built into the interest rates
   v. Pricing for each loan delivered via MBS on the specified delivery date

4) The TBA Administrator will be responsible for providing MFA with notification for any intra-day interest rate pricing changes and a specific time the changes are effective.

5) The TBA Administrator will be responsible for providing information to the Master Servicer/Sub-servicer regarding the pooling of mortgage loans into MBS that provides the most advantageous pricing benefit for MFA. In addition, the TBA Administrator will deliver the MBS for sale to an investor on behalf of MFA and will deliver to MFA the difference between the par amount of the security and the price the security was sold for. Delivery of the MBS for sale on the Secondary Market will be made at intervals specified by the TBA Administrator.

### b) Financing Team

1) In conjunction with developing bond issuance strategies, the Financing Team discussed in Section F of this manual will also evaluate and monitor TBA program activities. The Financing Team in conjunction with MFA’s Policy Committee will establish a profitability threshold, which will include compensation for participating lenders, sufficient DPA funding to support the transaction and a specified profit for MFA to support the operation of the program. The pricing threshold will be applied to the daily interest rates provided by the TBA Administrator, which will determine the interest rate that will be provided each day to participating lenders for reservation.

2) The Financing Team will meet at least quarterly to ensure that strategies, plans and guidelines are consistent with policy and are implemented and updated as necessary.

3) The Finance Department in accordance with the established profitability threshold is responsible for analyzing the daily rate sheet from MFA’s TBA Administrator and setting mortgage rates. In addition, the Finance Department provides market mortgage rate comparisons, confirms pricing of loan sales and reconciles monthly settlements.

4) The Homeownership Department will be responsible for posting daily MFA mortgage rates, confirming cancellations, extensions and expirations with the TBA Administrator, tracking pipeline fallout, ensuring timely delivery and pooling of loans as well as reconciling Master Servicer/Sub-servicer invoices related to TBA settlements.
c) **Master Servicer/Sub-servicer**

MFA’s master servicer/sub-servicer will work in conjunction with the TBA Administrator to purchase and pool loans as quickly as possible and in a manner most advantageous to MFA. The master servicer/sub-servicer will be responsible for the following:

1. Providing daily updates to the TBA Administrator regarding the purchase of closed loans from Participating Lender
2. Work with the TBA Administrator to pool mortgage loans into MBS as specified by the TBA Administrator and/or MFA
3. Coordinate the sale of the MBS and Servicing Transfer with the TBA Administrator

4. **TBA Parameters & Financial Objectives.** The following describes the constraints for MFA's TBA program;

a) **Profitability Measure.** MFA will always strive to achieve a reasonable profit margin on the TBA pricing model. However, extreme market conditions may require MFA to accept a lower profit in order to subsidize the mortgage rate to the borrowers. MFA loan pricing will be set in a way that allows MFA to remain financially healthy and preserve resources for the future.

b) **Participating Lender Compensation.** MFA will price each loan in such a way as to provide sufficient compensation to the Participating Lender for originating the loan and to incent future participation in the program.

c) **Generation of Down Payment Assistance.** MFA will price each mortgage loan in such a way as to generate sufficient down payment assistance to support the transaction and to provide funding that will support future down payment assistance funding.

5. **Reporting to the Board.** MFA staff will provide a monthly TBA production and profitability activity report information to the Board. The report will include TBA pipeline, sales and settlement information. At least annually the TBA Administrator will be required to present an update on the program to MFA Board of Directors.

H. **Fraud, Waste and Abuse and/or Unethical or Illegal Practices**

All MFA Members, Management, Employees, contractors, sub-contractors, grantees, sub-recipients and business associates must maintain the highest ethical standards in conducting company business. It is MFA’s intent that all Members, Management, Employees, contractors, sub-contractors, grantees, sub-recipients and business associates will conduct business with honesty and integrity and comply with all applicable laws and regulations in a manner that excludes considerations of personal advantage or personal gain, and not seek or accept for themselves any gifts, favors, entertainment, or payments, without a legitimate business purpose.

All MFA Members, Management, Employees, contractors, sub-contractors, grantees, sub-recipients and business associates should avoid any situation that involves or may involve a conflict between their personal interests and the interests of MFA.

1. **Third Party Complaints.** MFA is responsible for reporting any indication of fraud, waste, abuse or potentially criminal activity pertaining to any federal or state funds received in any form by MFA and/or provided by MFA to any contractors, sub-contractors, grantees, sub-grantees, and business associates. Any MFA Member, Management, or Employee who acquires information or receives a complaint of suspected fraud, waste, abuse or potentially criminal activity by any contractor, sub-contractor, grantee, sub-recipient or business associate of MFA in regard to federal or state funds provided and/or administered by MFA, shall promptly report the
information to MFA’s in-house Attorney. Upon receipt of such information, MFA’s in-house Attorney shall promptly notify the appropriate Inspector General or responsible State Official.

Reported activities will be investigated by MFA, which may include a third party investigative services provider if deemed necessary. Upon completion of the investigation MFA will take appropriate action should the reported activities be substantiated and determined to be fraudulent, unethical, illegal or in violation of MFA’s Code of Conduct.

2. Internal Complaints. It is the responsibility of all employees, regardless of classification, to report suspected fraud, unethical, or illegal activities or activities which violate MFA’s Code of Conduct, as committed by any MFA Member, Management, or Employee. All reports are anonymous unless the individual making the report chooses otherwise. To ensure anonymity and encourage compliance with best practices MFA has contracted with a third party service provider to receive reports of fraud, waste and abuse, and/or unethical or illegal activities. Individuals may report such activities anonymously by:

Calling toll free: (877) 778-5463, 24 hours a day, 7 days a week
Username: nmmfa
Password: housing

E-mailing: www.reportit.net
Username: nmmfa
Password: housing

All reported activities received through the Report It hotline/website, by written or verbal communication or via telephone will be treated the same and will be promptly investigated by MFA, which may include a third party investigative services provider if deemed necessary. Upon completion of the investigation MFA will take appropriate action should the reported activities be substantiated and determined to be fraudulent, unethical, illegal or in violation of MFA’s Code of Conduct.

MFA will not enter into a professional services contract for a special audit, performance audit or attestation engagement regarding the financial affairs and transactions of MFA and relating to financial fraud, waste or abuse in government without the prior written approval of the NM State Auditor. Such engagement will be conducted in accordance with 2.2.2 NMAC and the State Audit Rule Section 2.2.2.15. This requirement is only for MFA-related internal investigations, not subgrantee investigations.

If the individual making the report chooses not to remain anonymous he/she will be made aware of the outcome of the investigation. All individuals who make reports will be protected from discharge, demotion, discrimination, or other type of retaliation. Allegations of retaliation may be reported to (877) 778-5463 or at www.reportit.net. All reports of retaliation also will be promptly investigated by MFA, which may include engagement of a third-party investigative services provider if deemed necessary. Upon completion of the investigation MFA will take appropriate action if the reported retaliation is substantiated.

Complete information on how to report fraud, waste & abuse and unethical or illegal activities can be found on Report It flyers posted within MFA’s premises and on MFA’s website at www.housingnm.org.
Reports of fraud, waste and abuse received by MFA staff shall be brought to the attention of the Board of Directors at the discretion of the Executive Director, who shall take into account the severity, accuracy and verifiability of the allegations of any report when making this determination.

I. Protection of Personally Identifiable Information (PII) and Other Sensitive or Proprietary Information

1. Information Requiring Protection.
During the course of employment, Employees may acquire knowledge of materials, procedures, and information of a confidential nature. Much of the confidential information that is contained in MFA files, and/or that enters MFA either electronically or physically in the course of business, is PII sensitive information including personal financial information that may be subject to protection from disclosure, or is considered proprietary information owned by MFA, all of which must be kept confidential and protected from disclosure to persons, including MFA Employees, contractors and agents, not authorized to access the information in order to conduct MFA business.

PII is defined as:
1) information that directly identifies an individual (e.g., name, address, social security number or other identifying number or code, telephone number, email address, etc.); or
2) information that indirectly identifies an individual, such as information used by an agency in conjunction with other data elements (which may include gender, race, birth date, geographic indicator, and other descriptors; or
3) information permitting the physical or online contacting of a specific individual.

2. Protective Measures. PII, sensitive or proprietary information shall be made available only to those MFA Employees who require and are authorized access to that information in order to perform the business of MFA. No persons other than authorized MFA Employees shall be permitted access to any confidential information in the possession of MFA. PII, sensitive or proprietary information that enters MFA, either electronically or physically shall be received in a manner that minimizes the risk of exposure of the information to unauthorized persons. PII, sensitive or proprietary information retained by MFA, in physical files or electronically, shall be utilized and maintained in a manner that minimizes the risk of exposure to or access by unauthorized persons.

Employees shall take particular care with fax machines, copiers, information left on desktops, computers and other electronic devices, paper and electronic files/storage, shredding bins, recycling bins and keys to file drawers, office doors and storage areas.

3. Department Procedures. Each MFA Department Director/Manager is responsible for developing detailed procedures regarding the protection of PII, sensitive or proprietary information as it relates to their particular function, including obtaining and retaining on file written certification from every partner and subcontractor with whom MFA shares PII, sensitive or proprietary information that the partner or subcontractor has a policy in place to protect that information.

J. Media Contact. Calls from reporters or other media representatives will be directed to the Communications Manager or other individual designated by the Executive Director. All MFA media contact will be initiated and/or conducted by the Communications Manager or other individual designated by the Executive Director.

K. Service of Process. Service of any summonses, complaints, petitions, subpoenas, or any other legal papers for any MFA-related legal matter, excluding single family foreclosures, including those MFA-
related cases for which MFA staff members are the target of legal notice, shall be directed to and served upon MFA’s General Counsel to the attention of the lead attorney on the General Counsel team. MFA’s General Counsel is authorized to accept service of these documents on MFA’s behalf.

L. Suspension and Debarment

1. Bases for Debarment. MFA may deem any individual or entity to be ineligible to respond to a Request for Proposals issued by MFA; receive a loan or grant from MFA; enter into a contractual agreement with MFA; or serve as a subcontractor, service provider, or as a partner, general or limited, in any project funded by MFA, based upon a determination by MFA pursuant to this policy that the individual or entity has engaged in any of the following conduct:

a) The individual or entity breached one or more contracts with or funded by MFA; has failed to repay a debt owed to MFA on one or more contracts as a result of that breach; and has not entered into a repayment schedule or evidenced an intent to comply with a repayment schedule;

b) The individual or entity willfully or materially failed to perform in accordance with the terms of one or more contracts entered into with or funded by MFA;

c) The individual or entity has a history of failure to perform, unsatisfactory performance, or substantial noncompliance with the requirements of one or more contracts with or funded by MFA, any MFA contractor or subcontractor, or any other governmental or quasi-governmental entity;

d) The individual or entity is unwilling or unable, through its own acts or omissions, to assist or cooperate with MFA to resolve violations of federal or state regulations committed by the individual or entity in the course of performance of one or more contracts with or funded by MFA, or to rectify inadequate or incomplete performance by the individual or entity of its requirements under one or more contracts with MFA;

e) The individual or entity or any of the entity’s principals or associates, in the context of performance of a contract with or funded by MFA or any other governmental or quasi-governmental entity, committed a breach of contract as evidenced by a civil judgment of liability against the individual or entity directly related to the misuse of public funds or abuse of the public trust; or violated any federal or state statutes, as evidenced by conviction of a crime of financial or other misconduct (including theft, embezzlement, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violation of federal or state criminal tax laws, or receiving stolen property). “Principals or associates” shall be defined for purposes of suspension and debarment as: officers, directors, shareholders, partners, employees, or other individuals associated with the entity who knew of, or had reason to know of, the individual’s or entity’s contractual breach or unlawful conduct, or that of a principal or associate of the entity, during or subsequent to the commission of the contractual breach or unlawful conduct, and yet failed to stop or report it to MFA and/or other responsible authorities.

f) The individual or entity has been suspended or debarred from receiving funds from any other private or public entity.

2. Person Responsible for Proposal of Debarment. A proposal for the debarment of an individual or entity may be made by MFA Program Manager for the program(s) that the individual or entity has
existing or future contracts or other agreements, or by the Controller, a Deputy Director or the Executive Director of MFA. The proposal shall be in the form of a written notice to the Policy Committee and all MFA Program Managers. Prior to issuing the written notice, the person making the proposal and MFA’s in-house Attorney may request comments and information relevant to the proposed debarment from other MFA staff.

3. Procedure to Determine Debarment.
   a) Documentation. The documentation in support of a proposal for debarment shall contain:
      1) A narrative statement in chronological order identifying which of the Bases for Debarment listed in sub-section 1 of this policy are present and support the debarment proposal. The statement shall include:
         i. complete names, aliases, current addresses, zip codes, and a list of known affiliates of the individual or entity proposed for debarment.
         ii. Tax Identification Number and/or Social Security number of the entity or individual proposed for debarment, if available.
         iii. names and telephone numbers of any persons with information pertinent to the facts at issue.
         iv. a statement of justification as why immediate debarment is necessary to protect the public and MFA’s financial interest.
      2) A determination by MFA’s in-house Attorney that the conduct upon which the proposed debarment is based falls within the scope of MFA’s Suspension and Debarment Policies. Such a determination may also include consideration of statutory, regulatory, or common law, if applicable, or MFA policy or program requirements for fiscal and/or administrative capacity.
      3) Copies of any relevant correspondence between MFA and the individual or entity proposed for debarment, and related documents such as audit/investigatory reports; media reports; contract(s); regulatory/management agreements for multi-family and single family developments; inspection reports; signed interviews/affidavits; mortgage contracts; and/or any other documentation constituting evidence sufficiently probative of the facts at issue.
      4) Any information that mitigates, justifies, or excuses the conduct of which the entity or individual is accused.
      5) Any additional information or evidence pertinent to a determination regarding the proposed debarment.
   b) Notice of Proposal to Debar. When the documentation required by sub-section 3.a) above has been compiled, written notice of the proposed debarment shall be sent by MFA’s in-house Attorney or another MFA-designated staff member to the individual or entity proposed for debarment. The notice shall advise the individual or entity of the following:
      1) That the individual or entity is being considered for debarment under MFA’s Suspension and Debarment Policies;
      2) The factual reasons for the proposed debarment in terms sufficient to put the individual or entity on notice of the conduct or transaction(s) upon which it is based;
      3) The specific Bases for Debarment relied upon under MFA’s Suspension and Debarment Policies;
      4) That within thirty (30 days) after receipt of the notice, the individual or entity may submit to MFA in writing, either directly or through a representative, information, argument and any documentary evidence, including notarized witness statements, to support the individual or entity’s claim(s) in opposition to the proposed debarment;
5) In actions not based upon a civil judgment or criminal conviction, if MFA’s in-house Attorney concludes that the individual’s or entity’s submission in opposition raises a genuine dispute over facts material to the proposed debarment, MFA shall consider the evidence presented in opposition to the debarment when making a determination on the proposed debarment, and shall thereafter provide the individual or entity with a written explanation as to the weight attributed to the evidence the individual or entity provided in the consideration of the proposed debarment;

6) MFA’s procedures governing debarment decision-making;

7) The effect of the issuance of the notice of proposed debarment; and

8) The potential effect of an actual debarment.

The procedural steps listed above do not apply, if the proposal for debarment is based on a civil finding of liability or a criminal conviction for any of the reasons provided in subsection 1.e) above or on an existing debarment by a federal, state or quasi-governmental agency.

c) Determination on Proposed Debarment

1) The Policy Committee has the sole authority and responsibility to determine whether debarment is appropriate based upon review of the information submitted in support of and in opposition to the proposed debarment.

2) The Policy Committee’s decision for debarment shall be based on the greater weight of the evidence presented in support of and in opposition to the proposed debarment. Evidence that the individual or entity has a civil judgment or criminal conviction directly related to misuse of public funds or abuse of the public trust shall suffice to meet this standard of proof.

3) The individual or entity for which debarment has been proposed shall be informed of the Policy Committee’s determination in writing.

4. Automatic Debarment: Debarment will be automatic, with no opportunity for the individual or entity to oppose the debarment, and no requirement to provide notice to the debarred individual or entity, if the debarment is based on a civil judgment or criminal conviction as described in subsection 1.e), above, or if debarment is based upon the individual’s or entity’s debarment by a federal, state, or quasi-governmental agency or if debarment is based on the individual or entity having been named on MFA’s Disallowed Grantees List on the basis of an unpaid financial debt to MFA.

5. Duration of Debarment Period. Except as further explained in this sub-section below, a period of debarment may extend from one to five years, and MFA may require corrective actions to lift any debarment. The determination of the period of debarment shall be commensurate with the seriousness of the conduct that is the basis for the debarment; provided, however, that individuals or entities debarred for misuse or misallocation of funds or failure to pay debts owed to MFA will be debarred for a mandatory minimum period of five years, again subject to correction actions necessary to lift any debarment. If the basis for debarment remains unresolved beyond the initial period of debarment, the individual or entity will remain on the debarred list until that individual or entity effects resolution or correction action satisfactory to MFA.

a) Termination of Debarment Period: Unless the debarment is permanent, upon expiration of the period of debarment, and provided the individual or entity has resolved the issues supporting the debarment, has completed all corrective actions required by MFA to the satisfaction of MFA, and is current on all obligations to MFA a debarred individual or entity shall be removed from the debarred list.
b) **Permanent Debarment:** An individual may be permanently debarred for conviction of any criminal violation of federal or state law, if the Policy Committee deems the violation to be of such serious nature that it renders the individual so ethically tainted that any future contractual relations between MFA and the individual, or between MFA and an entity employing the individual in a role significant to the performance of a contract with MFA, would be highly disadvantageous, in the Policy Committee’s determination, to MFA’s interests.

6. **Suspension.** An individual or entity may be suspended from eligibility to respond to a Request for Proposals issued by MFA; enter into a contractual agreement with MFA; or serve as a subcontractor, service provider, or as a partner, general or limited, in any project funded by MFA, during the period of investigation of the alleged facts upon which the debarment proposal is based, or until the resolution of a legal proceeding upon which the proposal of debarment is premised, and/or until a determination of debarment is made by MFA’s Policy Committee. A period of suspension may be included in the calculation of the total debarment period. The determination to initiate a suspension shall be made by the Policy Committee and all Program Managers shall be notified of the suspension.

a) **Automatic Suspension –** A pending civil action for breach of contract directly related to the misuse of public funds or abuse of the public trust, or a criminal indictment for a crime of financial or other misconduct (including theft, embezzlement, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violation of federal or state criminal tax laws, or receiving stolen property) shall constitute grounds for automatic suspension upon the determination of the Policy Committee.

7. **Notice and Duration of Suspension**

a) **Notice.** Upon a determination of suspension of an individual or entity, MFA will provide written notice to the individual or entity of the suspension in accordance with all notice and procedural provisions applicable to debarment as provided in sub-sections 3.b) and 3.c) above. An automatic suspension of an individual or entity will not require the provision of notice to that individual or entity unless the suspended individual or entity inquires of MFA as to suspension status, applies for MFA funding, or seeks to perform as a contractor, subcontractor or service provider on an MFA-funded contract.

b) **Duration.** A suspension as determined by the Policy Committee shall extend for no longer than six (6) months or will be terminated if the Policy Committee has failed in that time period to make a determination on debarment, unless the final determination awaits resolution of a criminal or civil proceeding upon which the suspension is based, in whole or in part. An individual or entity that has provided written evidence in opposition to the suspension as permitted by 3.b) above, shall receive written notice of the Policy Committee’s final determination on the suspension, to include, if the suspension is upheld, information regarding MFA policies determining the potential duration of the suspension.

8. **Maintenance of Suspended and Debarred List.** The names and identifying information of all persons and entities deemed suspended or debarred by MFA’s Policy Committee will be placed on a single suspended and debarred list, to be maintained by MFA’s in-house Attorney or another designated MFA staff member. It will be the responsibility of the Policy Committee to provide MFA’s in-house Attorney or the designated staff member with the name and identifying information of the debarred person or entity, in addition to the duration of the debarment, for inclusion on the suspended and debarred list. In the case of suspension, it shall be the duty of the Policy Committee to provide MFA’s in-house Attorney or the designated staff member with all information on the suspension, as is required for debarment, for inclusion in the suspended and debarred list. The suspended and debarred list shall be maintained in both electronic and hardcopy format, for easy access by all MFA Program Managers.
9. Notice to MFA Board of Directors. MFA management will provide notice to members of MFA Board of Directors of a determination by MFA’s Policy Committee to debar any person or entity from receipt of MFA funding.

M. Consumer Complaints-Financial Products and Services

A consumer complaint is a customer communication expressing grievance with MFA products, services or business operations. Complaints typically involve allegations of misconduct, unfair or deceptive practices or potential noncompliance with mortgage lending and consumer laws and regulations. This policy strictly applies to complaints related to financial products or services initiated by a mortgage loan application for a one to four unit single family dwelling.

1. Definitions. For the purpose of the Consumer Complaint Policy and Procedure, the following words and phrases shall have the following meanings:

“Complaint” means a verbal or written expression of dissatisfaction with or allegation of wrongdoing by MFA based on Federal Consumer Financial Law. This is with respect to financial products or services offered by MFA ensuring:

a. Consumers are provided with timely and understandable information to make responsible decisions about financial transactions;

b. Consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination;

c. Outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens;

d. Federal consumer financial law is enforced consistently in order to promote fair competition; and
   a) Markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

“Consumer” means a person or group of persons who are the final users of financial products or services offered by MFA.

“Fair Lending” means fair, equitable and nondiscriminatory access to credit for consumers.

“Financial Products or Service” means extending credit and servicing loans, including acquiring, purchasing, selling, brokering or other extensions of credit.

1. General Guidelines

Pursuant to the authority of the Consumer Financial Protection Bureau (CFPB), MFA is responsible for maintaining a comprehensive Consumer Complaint Policy and Procedure for resolving consumer complaints related to the financial products it offers and the services related to those products it provides. The standards set out in this policy represent minimum requirements based on applicable legal and regulatory guidance and are intended to prevent violation of federal regulations related to consumer protection and mortgage lending. MFA’s Consumer Complaint policy and procedure is separate from MFA’s Information Request and Error Resolution policy and procedure and MFA’s Fraud, Waste & Abuse Reporting. MFA will provide the public with MFA’s Consumer Complaint process as well as the link to submit a Consumer Complaint. The Consumer Complaint form will be available to consumers through...
MFA’s Website at http://local.housingnm.org/CCM. Consumer Complaint tracking and resolution will be achieved through the steps outlined in this policy and the use of MFA’s Consumer Complaint Tracking database.

a) Consumer Complaints may come to MFA in many forms, including but not limited to:
   - MFA website - http://local.housingnm.org/CCM.
   - Phone Calls
   - Letters (Regular Mail)
   - Certified Mail
   - E-mail
   - Voice Mail
   - Legal Action

b) Regardless of the intake, all consumer complaints will be tracked through MFA’s Complaint Tracking and Reporting database. The database will include:
   - Receipt date and source
   - Consumer contact information
   - Research and results
   - Consumer response type and date
   - Corrective actions taken
   - Resolution code

c) The Compliance Officer will serve as MFA’s Complaint Monitoring Point of Contact (“POC”). As the POC, the Compliance Officer will be responsible for intake, data input, monitoring the status of complaints, compliance with time requirements related to resolution and providing quarterly reporting to Management. In addition, the Compliance Officer will be responsible for assigning the complaint to the appropriate department Director or Manager via the Complaint Tracking Database for resolution as required. When a department Director or Manager receives notification that a complaint has been reported in relation to their department, they have the responsibility of investigating the nature and credibility of the Consumer Complaint.

d) All MFA employees subject to this policy will be provided training of the process for handling consumer complaints through initial, annual and new employee training.

e) MFA is committed to the highest standards of compliance with consumer protection and fair lending laws and requires management, employees and third-party vendors to follow this policy in accordance with CFPB requirements.

f) Consumer complaints received by MFA staff shall be brought to the attention of the Board of Directors at the discretion of the Executive Director, who shall take into account the severity, accuracy and verifiability of the allegations of any complaint report when making this determination.

N. Vendor Management

1. Policy Statement:
   To enhance the services provided to MFA’s customers, MFA often partners with outside vendors and service providers. In accordance with regulatory requirements set forth by the Consumer Financial Protection Bureau, this policy is designed to provide oversight of vendor relationships in a manner that ensures compliance with Federal consumer financial law and is designed to protect the interests of consumers and avoid consumer harm.
2. **Covered Vendors:**

For the purposes of this policy, a vendor or servicer provider (“vendor(s)”) will be defined as any entity contracted to provide services related to mortgage products or servicing that would cause MFA to face risk if the vendor or service provider fails to meet contractual obligations, regulatory requirements, or engages in activities that could adversely impact MFA consumers.

3. **Responsibilities:**

   a) The Compliance Officer is responsible for the development, implementation and maintenance of this policy as it applies to covered vendors.

   b) All third party relationships within MFA are monitored through the Board approved procurement policy, contract renewal requirements, sub-recipient monitoring requirements, sub-servicer oversight procedures and lender approval and recertification processes.

   c) This policy and any substantive changes will be approved by the Board of Directors.

4. **General requirements:**

In order to conduct oversight of vendor relationships and maintain compliance with the regulatory requirements outlined above, MFA will:

   a) Exercise thorough due diligence in selecting vendors and maintain oversight through ongoing monitoring.

      1) The due diligence process is designed to provide an objective, in-depth assessment of a third party’s ability to perform a proposed activity in compliance with Federal consumer protection laws. Major factors to consider during the due diligence review are:

         a. Business qualifications, experience and reputation;
         b. Physical and information security and systems management;
         c. Legal and regulatory compliance record;
         d. Financial and regulatory audit performance, assuring appropriate policies, procedures, internal controls, and regulatory compliance;
         e. Employment practices and employee training programs;
         f. Risk management systems.

      2) The monitoring process is designed to ensure the quality and sustainability of the vendor’s controls and its ability to meet service-level agreements through meaningful performance metrics, audit reports and control testing results.

   b) Set clear compliance expectations in vendor contracts with enforceable consequences for violating compliance related responsibilities, reserving the right to conduct on-site compliance audits and notification requirements in the event of alleged consumer harm or federal non-compliance.

   c) Take prompt corrective action to address problems identified through the monitoring process, including termination of the relationship.

      1) MFA will work to ensure that, when necessary, relationships terminate in an efficient manner and MFA consumers are not adversely affected by the termination.

5. **Risk Assessment:**
Oversight measures will be commensurate with the level of risk posed by the relationship based on their aggregate risk rating. A risk assessment tool will be utilized to assess the possibility of potential risk for consumers to suffer economic loss or other injury from a violation of consumer financial law. The risk assessment will include the following risk factors: the covered vendor's access to customer information and regulatory exposure; MFA’s operational reliance on the vendor, reputational risk, legal/regulatory risk, financial impact, and annual financial investment.

6. Examination Standards:

   1. High-risk service providers will be examined annually.
   2. Moderate-risk service providers will be examined every 12 - 24 months.
   3. Low-risk service providers will be assessed on an as-needed basis.

7. Training:
Ensure that management and staff are properly trained on the requirements of consumer protection laws, the obligation to avoid unfair, deceptive, abusive or discriminatory practices and the vendor management policy.

8. Contingencies:
Develop a plan of action for continued operations in the event of a contingency associated with the failure of a covered vendor to ensure MFA customers are not injured by such circumstances.

9. Documentation and Reporting
A vendor examination report will be prepared by the Compliance Officer and provided to the appropriate Department Director/Manager. It is the responsibility of the Department Director/Manager to notify the applicable Deputy Director of any critical weaknesses that present a significant risk of violating the law and causing consumer harm and to develop a vendor resolution plan.

1.4 Business Travel and Meal Expenses

   A. General Guidelines

   1. Travel and Meal Expenses. MFA will pay or reimburse MFA Members and/or their duly authorized designees, external Advisory Committee Members as appointed by the Board, Management, Employees, and Third Party Contractors (subject to their agreements with MFA) and other third parties for business travel and meal expenses incurred by them in connection with the performance of MFA business in accordance with the policies set forth in this section 1.4. Business travel expenses shall be paid or reimbursed pursuant to sub-section B of this policy. Business meal expenses shall be paid or reimbursed pursuant to sub-section C.

   2. Payment and Reimbursement Procedures. Requests for payment or reimbursement of business travel and meal expenses shall be processed in accordance with sub-section D of this policy.

   3. Airline Travel Vouchers. When traveling on MFA business via airliner, Members, external Advisory Committee Members, Management and Employees shall not voluntarily surrender his/her seat in order to receive a travel voucher. In the case that the surrender of a seat is unavoidable, the
voucher becomes MFA’s property and will be used for future MFA travel for the Member, external Advisory Committee Member, Management or Employee.

B. Travel Expenses

1. Reimbursable Expenses

a) General Rule. MFA will pay or reimburse Members and/or their duly authorized designees, external Advisory Committee Members, Management Employees, Third Party Contractors (subject to their agreements with MFA), and other Third Parties as designated for the conduct of MFA business including meetings and presentations to the Board and/or MFA Legislative Oversight Committee for reasonable travel expenses actually incurred in connection with the performance of MFA business. Reimbursable travel expenses include expenses for transportation, lodging, reasonable personal phone calls and meals purchased while traveling on MFA business. Reimbursable travel expenses also include mileage reimbursement for the use of a personal automobile on MFA business (other than travel to and from work). The amount of mileage reimbursement shall be the current rate for mileage established by the Internal Revenue Service. Reasonable meals purchased on one day travel trips (no overnight lodging) may be reimbursed in accordance with sub-section C, customer relations, of this policy. Meals purchased on one day travel trips that are not customer relations related are reimbursable as well, but subject to taxes in accordance with IRS regulations. Meals purchased during same day, in-town travel are not reimbursable. Same day, in-town travel is defined as travel within 50 miles of MFA.

b) Reasonableness. Whether travel expenses are reasonable shall be determined by MFA on a case by case basis. In general, reasonable travel expenses include coach or economy class airline tickets, reasonably priced hotel or motel accommodations and non-luxury rental cars. Reasonable travel expenses do not include expenditures for entertainment, first class airline tickets, luxury hotel accommodations, or luxury rental cars.

c) Authorization. All in-state and out-of-state travel must be authorized as follows:

1) All in-state travel must be authorized in advance by the employee’s direct supervisor and Deputy Director(s) or Executive Director.

   Exceptions:
   i. Travel for Board related meetings does not require prior authorization;
   ii. Travel within Bernalillo, Sandoval and Valencia counties does not require prior authorization;
   iii. Travel to Santa Fe during the Legislative Session, or to attend State Board of Finance meetings and to participate in other State business does not require prior authorization.

2) All out-of-state travel must be authorized in advance by the Deputy Director(s) or Executive Director. The Chair of the Board must authorize all out-of-state Board travel.

   Exceptions:
   i. Travel to El Paso with the destination of Las Cruces or nearby areas will be considered in-state travel;
   ii. Travel to the Navajo Nation will be considered in-state travel.

4) All pre-authorizations will be documented on the travel request form;

5) The Executive Director and Chair of the Board have the authority to authorize their own travel.

d) Travel Arrangements. All travel arrangements for members of Management and Employees may be made by designated MFA Employees. Members and external Advisory Committee Members may, but are not required to, make their travel arrangements through MFA Employees.
e) **Advances.** Ordinarily a Member, external Advisory Committee Member, Management or Employee's business travel expenses should be paid directly by MFA or reimbursed. However, in appropriate circumstances, and subject to approval by the Deputy Director(s) or Executive Director, MFA will authorize and issue cash advances up to $100 per day ($400 maximum) for overnight travel and up to $50 for one-day travel. Exceptions may be made for “high cost” areas.

f) **Reimbursement/Refund of Travel Advances.** A complete Travel/Expense Reimbursement Request form must be submitted within five working days from the return of business travel. The request must reflect reimbursement to the Member, external Advisory Committee Member, Management or Employee, or reflect a refund to MFA.

2. **Persons Eligible to Travel on MFA Business.**
   a) **MFA Members, Advisory Committee Members, Management, and Employees.** MFA Members and their duly authorized designees, external Advisory Committee Members, Management, Employees, and third parties as designated for purposes of presentations to the Board and MFA Legislative Oversight Committee are authorized to incur travel expenses to be paid or reimbursed by MFA.
   b) **Ex-officio Members.** Ex-officio Members may be authorized to incur travel expenses to be reimbursed by MFA provided the Member does not claim or receive reimbursement or per diem under the Per Diem and Mileage Act.
   c) **Spouses and Others.** MFA will not reimburse travel expenses incurred by or on behalf of spouses or dependents of Members, external Advisory Committee Members, Management or Employees or other persons not employed by MFA except as provided in sub-section 2.d) below relating to Third Party Contractors.
   d) **Third Party Contractors.** MFA may reimburse or pay directly the travel expenses of third party contractors in accordance with this travel reimbursement policy and subject to their agreements with MFA.

C. **Business Meals.** The policies set forth in this sub-section shall apply to all meal or beverage expenses incurred in connection with MFA business other than meal expenses incurred while traveling on MFA business covered by sub-section 1.4B of this policy.

1. **Reimbursable Expenses.** MFA will pay or reimburse Member’s, Management’s and Employee’s expenses for food and non-alcoholic beverages if and only if the meal is either directly related to the active conduct of MFA business (directly related test), or in the case of a meal preceding or following a bona fide business discussion, the meal is associated with active conduct of MFA business (associated with test); and the cost of the meal is not lavish or extravagant.

   a) **Directly Related Test.** A meal expenditure is directly related to MFA business if it occurred in a clear business setting and meets all of the following requirements:
      1) **Expected Benefit.** At the time of the meal expenditure MFA expected to derive some income or other specific business benefit at some future time (i.e., a general goodwill or public relations purpose is not sufficient, but it is not necessary that income/business actually result from expenditure);
      2) **Business Discussions.** During the meal period, an MFA Member, Management or Employee actively engaged in a bona fide MFA business meeting or discussion;
      3) **Business Purpose.** The principal character of the combined business and meal was the active conduct of MFA business; and
      4) **Business Contact Presence.** The business meal involves an MFA Member, Management or Employee and a person with whom MFA Member, Management or Employee was actively conducting MFA business (there is no eat-alone reimbursement except for approved travel away from home).

      i. John meets with Joe, an investment banker, at a restaurant to discuss refunding certain MFA multi-family housing bonds. During the
course of the meal John and Joe discuss the pros and cons of refunding the bonds, including market conditions, costs of issuance, etc. John picks up the tab. The business meal constitutes a reimbursable meal expense.

ii. In May 2013, Joe, an MFA Member, worked closely with XYZ Investment Bank in connection with the issuance of its 2013A Single Family Mortgage Purchase Refunding Bonds. In September 2013, as a goodwill gesture, Joe calls Bob, an XYZ executive, and invites him to lunch. Joe pays for lunch. Because there is no expectation of a specific business benefit, but only a general goodwill or public relations purpose, this business meal is not a reimbursable expense.

2. **Associated with Test.** A meal is “associated with” the active conduct of MFA business if MFA Member or Employee establishes that he or she had a clear MFA business purpose in making the expenditure and the meal directly preceded or followed a substantial and bona fide business discussion such as a business meeting, negotiation, discussion or other bona fide business transaction. MFA Member, Management or Employee must show that the business meeting was substantial in relation to the meal, that specific business was a principal objective of the meeting (and the meal incidental).
   a) **Example:** Joe, an MFA Member, meets Bob, a bank executive, at MFA's office to discuss the bank's participation in MFA's down payment and closing cost assistance program. After the meeting, Bob and Joe go to dinner and Joe pays. The meal occurs directly following a substantial and bona fide business discussion and is associated with MFA business. Therefore, the meal expense is reimbursable.

3. **Required Documentation.** MFA Members, Management and Employees shall submit forms for meal expense payment or reimbursement, which shall include:
   a) the amount of the meal expenditure;
   b) the time and place of the business meal;
   c) the bona fide business reason (business-specific justification) for the meal including the date and place of any business meeting the meal preceded or followed; and
   d) the identity of and MFA's business relationship to each of the persons present at the business meal.

Any meal expense payment or reimbursement forms, which do not contain the required information, will not be approved.

D. **Expense Reimbursement Procedures**

1. **Reimbursement Forms.** MFA Management and Employees shall submit all requests for expense payment or reimbursement for travel or meal expenses to the Controller according to Staff Travel Guidelines & Procedures. MFA Members and external Advisory Committee Members shall submit all requests for expense payment or reimbursement for travel or meal expenses using the forms established by MFA’s Controller. All expense reimbursement forms must be completed in full to be considered for reimbursement. Incomplete expense reimbursement forms will be returned for completion (completion includes approval signatures and pre-authorized travel request).

2. **Required Documentation.** Receipts, travel authorization form, business meal documentation and any other required documentation must accompany all reimbursement request forms.

3. **Disputed Items.** The Deputy Director of Finance and Administration, subject to the provisions of this policy, shall make the determination of whether a disputed expense is payable or reimbursable.
by MFA. The Executive Director shall resolve any dispute regarding reimbursement that cannot be resolved between the Deputy Director of Finance and Administration and the person seeking reimbursement.

4. **Third Party Contactors.** MFA will accept any reimbursement request forms submitted by third party contractors so long as documentation for travel expenses is in accordance with this travel reimbursement policy.

E. **Third Party Expenditures**
   1. **General.** No third party contractor, such as legal counsel, investment bankers or accountants, shall be reimbursed for any expense not otherwise reimbursable under MFA’s reimbursement policies.

   2. **Out-of-pocket Expenses.** Out-of-pocket expenses incurred by third party contractors, such as costs for document reproduction, long distance telephone calls and overnight courier services shall be reimbursed in accordance with MFA reimbursement policies issued from time to time and the contract executed with third party.

   3. **Board Meeting Attendance.** MFA will not reimburse third party contractor’s travel expenses to attend board meetings or other activities unless their attendance is requested or required.

1.5 **Transaction Authorizations**

A. **Authorized Signatures on Program Transactions.** Members of Management or Employees designated by Management are authorized to sign documents and/or instruments required in performing program activities, subject to the approvals and review process requirements set forth in the Delegations of Authority chart that is Exhibit E to this manual and individual employee Delegations of Authority that are established by management based on the details specified in this manual, the Authorized Signature Resolution, the Delegations of Authority chart (Exhibit E), department budgets and employee responsibilities.

B. **Authorized Signatures on Bank Accounts.** The Chair, Vice-Chair, and Treasurer of the Board, Members designated by the Chair, Executive Director, Deputy Director(s), and Controller are authorized to sign on bank accounts and related banking documents.

C. **Authorized Signatures on Contracts.** The Chair of the Board and members of Management are authorized to sign contracts entered into on behalf of MFA. All contracts to be signed by members of Management shall be recommended for Management approval as indicated by signature of the appropriate manager. MFA’s in-house Attorney will retain a copy of all contracts, with the exception of loan and personnel related contracts. Original loan documents will be kept in their departments of origin or the Servicing Department as appropriate, and a scanned copy of each document will be maintained in an electronic file on MFA’s computer system. Personnel-related contracts will be retained in the Human Resources Department. All contracts must comply with MFA Procurement Policies.

D. **Authorized Delegations of Authority.** Management and staff are allowed to appoint an “Acting” in their absence in accordance with their designated Delegations of Authority for program

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3 The Delegations of Authority that are included in Exhibit E of this manual are those that have most recently been approved by the Board of Directors at any given time. The Board of Directors may separately amend or modify the Delegations of Authority without amending any remaining provisions of this manual. If the Delegations of Authority are separately modified or amended by the Board of Directors, the most current version of the Delegations of Authority will automatically become Exhibit E of this manual.

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transaction approval. Bank account and contract authority cannot be delegated. Appointments must be approved by the Executive Director or Deputy Director as appropriate. Notification must include Management (as defined in Section 1.2.C) and the Controller.

1.6 Fair Housing Policy

A. MFA engages in certain housing-related transactions in fulfilling its public purpose and has, since its inception, pledged to the letter and spirit of US policy for the achievement of equal housing opportunity throughout the nation.

B. MFA will not refuse to sell or rent, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, sex, age, sexual orientation, gender identity, disability, familial status or national origin.

C. MFA will not discriminate against any person in making available a residential real estate-related transaction, or in the terms or conditions of such a transaction, because of race, color, religion, sex, age, sexual orientation, gender identity, disability, familial status or national origin.

D MFA will contractually require compliance with all applicable Fair Housing laws by all recipients of MFA-administered funds.
SECTION 2 - PERSONNEL

2.1 Conditions of Employment

The policies of the Board, with respect to conditions of employment, are set forth in the Employee Manual, which shall be made available to all Employees. The Board shall approve the manual at least annually.

2.2 Organizational Structure

MFA will provide the Board with an organizational chart at least annually.

2.3 Personnel Records

A. Personnel records of MFA consist of:
   1. Personnel Files for Individual Employees. Personnel files for individual Employees will contain the information listed in the Employee Manual.
   2. Personnel Files for Terminated Employees. Personnel files for terminated Employees will be retained intact for seven years from the date of termination. After seven years, personnel files for terminated Employees will be destroyed.
   3. Desk Files-Terminated Employees. When an employee terminates employment with MFA, regardless of the reason for the departure, the supervisor should submit any desk file information to Human Resources to be made part of the personnel file.
   3.4 Hiring Data. Hiring data will consist of an employment application and resume, if applicable, for all applicants who have applied for any specific vacant position. Only applicants who meet the requirements of the position will be interviewed. Other records related to the hiring process will include evidence of reference checks, interview notes, background investigations, and tests administered if applicable to the position. Files containing hiring data will be kept two years from the date of application or from the date the position was filled as required by the Equal Employment Opportunity Commission. After two years, files containing hiring data will be destroyed.

2.4 401(k) Investment Policy

A. MFANew Mexico Mortgage Finance Authority (the Plan Sponsor) offers to its employees, the New Mexico Mortgage Finance Authority 401(k) Plan (the Plan), a defined contribution plan. In conjunction with Wells Fargo, (the Plan Administrator), an internal 401(k) Investment Committee (the Committee) administers the plan.

B. The members of the Committee are: Executive Director, Deputy Director of Programs, Deputy Director of Finance and Administration, Human Resources Manager and two employee representatives.

C. The Committee has developed a Statement of Investment Policy in order to establish guidelines for the selection and monitoring of investment options offered within the Plan. The overall objective of the Plan is to enable eligible employees to save for retirement by providing a tax-deferred savings plan. The fund array offered needs to include enough funds from distinct asset classes to accommodate a broad range of individual
investment goals. The fund array is intended to provide Plan participants with a range of investment options that have incremental and identifiable steps up the risk and return spectrum.

D. In addition, it is intended that, through the Plan, participants will be able to direct their investments and select a diversified portfolio in a manner consistent with ERISA Section 404c. The Plan will provide at least three investment alternatives, each with different risk and return characteristics, so that each participant can materially affect the potential return and risk level of his/her account, as well as attain diversification among the alternatives. If a participant does not choose an investment, the participant’s deferral contributions and MFA’s contribution will be invested in a target date fund appropriate to the participant’s age.

E. The Committee, in conjunction with the Plan Administrator, desires to offer Investment Options in several asset classes so as to provide participants with a broad array of Investment Options with distinctly different risk and return characteristics.

F. The Committee reviews certain qualitative and quantitative measures and fund recommendations, prepared by the Plan Administrator in evaluating potential investment options. The Committee will meet at least quarterly and the funds will be reviewed at least semi-annually. All funds in the Plan will be monitored for their adherence to the following investment standards. The Plan Administrator prepares the analysis that is reviewed by the Committee.

G. While it is recognized that a fund may underperform quantitative standards for extended periods of time due to persistent market cycles, funds with a “C” rating will be placed on the watchlist which is developed and provided by the Plan Administrator. The purpose of the watchlist is to identify those funds where relative performance has exhibited a negative trend and/or the qualitative assessment indicates meaningful changes in people, process, or philosophy; changes that may or may not be accompanied by underperformance. The watchlist review process attempts to clarify the factors causing underperformance as early as possible to determine whether corrective action is necessary, without becoming overly sensitive to the vagaries of short-term performance. The Committee, under the guidance of the Plan Administrator has sole discretion to replace a fund. In the event a fund is slated for replacement, the Committee will choose a replacement fund after reviewing the recommendation from the plan administrator. Once a fund has been selected, the Committee will coordinate the communication efforts to assist with the transition for plan participants with respect to the new fund introduction.
SECTION 3 - PROCUREMENT POLICIES

3.1 Policies and Purposes

MFA is committed to providing affordable housing for low and moderate income New Mexico residents; promoting free competition among potential contractors; and supporting New Mexico based businesses. Although the New Mexico Procurement Code is inapplicable to MFA, these procurement policies and procedures are intended to be patterned after the New Mexico Procurement Code, Section 13-1-28, et seq., NMSA (1978), in conjunction with the unique needs and structure of MFA, and to provide general procurement guidelines for MFA.

A. Application. These procurement policies and procedures shall apply to the following purchases, with the exceptions provided in sub-section B below:

1. Services.
   a) Professional Services. Professional Services, including Services rendered by legal counsel, consultants, accountants, auditors and other professionals as needed from time to time.
   b) Financial Services. Financial Services, including Services rendered by investment bankers, underwriters, trustees, custodians, financial advisors, credit enhancement providers, master loan and investment agreement providers and others as needed from time to time.
   c) Other Services. All other services, including advertising, public relations and printing services.

2. Tangible Personal Property. All Tangible Personal Property, including furniture, fixtures, equipment and supplies.

3. Program Expenditures and Awards. Aside from the procurement procedures permitted by Program Policies (see Section 4 of this Manual) and the exceptions provided below, expenditures or disbursement of funds or awards of benefits from federal and state programs administered by MFA and from MFA programs for Services, Tangible Personal Property and other awards shall be subject to these Procurement Policies except when in conflict with any federal or state regulations.

B. Exceptions. These Procurement Policies do not apply to procurement of Tangible Personal Property or Services as follows:

1. Small Purchases. A small purchase is a purchase of Tangible Personal Property or Services costing less than $50,000 within a given calendar year, including any charges such as taxes and travel that are essential to the provision of the Services or Tangible Personal Property.

2. Informal Bids/Requests for Qualifications (“RFQs”). At least three, if possible, informal bids or RFQ responses, as appropriate, will be obtained from vendors for purchase of Services or Tangible Personal Property costing $50,000 or more but less than $75,000 within a given calendar year. Where the Services or Tangible Personal Property are provided by current vendors, a request for informal bids or RFQs will be mailed to current vendors and to other known vendors. All requests for informal bids or RFQs will include descriptions of:
3. **Emergency.** An emergency procurement is a procurement made:
   a) under a condition creating an immediate threat to operations or funding of MFA, any federal or state program or project, or to any bond issue; or
   b) in response to a natural disaster or other emergency situation creating an immediate need for housing or housing-related services or tangible personal property.

In such conditions MFA may conduct negotiations to obtain the price and terms most advantageous to MFA, with any vendor or vendors that MFA determines to be most capable of delivering the procurement.

4. **Limited Source Procurement.** A limited source procurement is procurement for items or services that are only available from one source or when there are such a limited number of qualified sources for the procurement, as determined under the facts and circumstances of the procurement, that a competitive sealed proposal procedure would be impracticable and therefore competition is determined inadequate. In such conditions MFA may conduct negotiations to obtain the price and terms most advantageous to MFA, with any vendor or vendors that MFA determines to be most capable of delivering the procurement. Limited source procurements may also be utilized in federally funded programs if the federal awarding agency expressly authorizes noncompetitive proposals.

5. **Healthcare/Dental Providers.** In the healthcare industry there are a limited number of similar or like sources to healthcare/dental providers which makes a competitive sealed proposal procedure impractical. So as not to interrupt healthcare/physician/dental services for MFA employees, MFA may conduct negotiations with the like sources and obtain the price and terms most advantageous to MFA.

6. **State Contract.** A state contract procurement is a procurement in which the vendor has an existing procurement contract with the state; the pricing offered by the vendor to MFA is the same as the pricing under the state contract; the same standards and specifications apply; and the quantity purchased does not exceed the quantity which may be purchased under the applicable price agreement.

7. **Approval.** Exceptions described in this sub-section B are to be reviewed and approved according to MFA’s current Authorizations.
8. **Documentation.** All exceptions to the Procurement Policy will be documented with respect to the justification for the exception as described above. Documentation of RFQs and RFQ responses and the name and address of each contractor, the amount and term the contracts and a list of all Services and/or Tangible Personal Property under each contract will be maintained on file in accordance with MFA’s policy for retention and disposition of records.

9. **Multiple Small Purchases and RFQ Selections.** From time to time a given Offeror will qualify under multiple Small Purchase and/or RFQ selections, for the provision of one or more Services and/or Tangible Personal Property. The respective $50,000 and $75,000 limitations within a given calendar year apply collectively to all of the Services and/or Tangible Personal Property provided to MFA by any one vendor under these exceptions, pursuant to this sub-section B.

C. **Procedure.** Procurement of Tangible Personal Property or Services costing $75,000 or more within a given calendar year, and procurements not subject to the exceptions in sub-section B of this policy, is subject to a competitive sealed proposal or “Request for Proposals” (“RFP”) and Notice of Funds Availability (“NOFA”) procedures as follows:

1. **Requests for Proposals and Notices of Funds Availability.** Competitive, sealed proposals will be solicited through a RFP or a NOFA. NOFAs will be used in place of RFPs when individual program policies require that the funds be made continually available and it is anticipated that there will be more funds available than applicants for any one round of funding. All RFPs shall include descriptions of:
   a) the Tangible Personal Property or Services to be purchased;
   b) the terms and conditions applicable to the procurement; including the period of time during which Offeror(s)’ prices will remain in effect;
   c) the date, time and place where proposals are to be received and reviewed, including a statement that late proposals will not be accepted;
   d) the applicable protest procedures; and
   e) the criteria to be utilized by MFA in selecting the successful Offeror(s) and the weight to be attributed to each criterion.

2. **Review.** Final RFPs require documented legal shall be reviewed by MFA’s in-house Attorney and approved according to current Authorizations prior to publishing.

3. **Resident Business Preference.** For a procurement of goods or services in which the goods or services to be purchased will be purchased with non-federal funds:
   a) if procurement is made through an informal bidding process, including a Request for Qualifications, a bid submitted by a Resident Business shall be deemed to be five percent lower than the bid actually submitted;
   b) if procurement is made through a Request for Proposals, five percent of the total weight of all factors used to evaluate the proposals shall be awarded to a Resident Business;
   c) if the contract is awarded on a point-based system, a Resident Business shall be awarded the equivalent of five percent of the total possible points to be awarded based on its status as a Resident Business.

A New Mexico Resident Business, for the purposes of MFA’s Procurement Policies, is defined as one in which the majority of the Offeror’s employees who would perform the services to be performed pursuant to the relevant procurement reside in New Mexico. If an Offeror is seeking preference points as a New Mexico Resident Business, the Offeror’s proposal must include:
   i. evidence that the Offeror is licensed to do business in New Mexico; and,
   ii. a representation that the majority of the Offeror’s employees who would perform the services to be performed reside in New Mexico.
4. **Negotiation.** MFA may provide Offeror(s) whose proposals are reasonably likely, in MFA’s discretion, to be selected an opportunity to discuss and revise their proposals at any time after submission of proposals and prior to award, for the purpose of obtaining final and best offers. MFA may negotiate with responsive Offeror(s) for award.

5. **Award/Selection.** Offerors whose proposals are most advantageous to MFA, taking into consideration the evaluation criteria set forth in the RFP, will be selected according to the current Authorizations. Written notice of the selection of the Offeror(s) will be sent to all Offeror(s) as soon as reasonably possible.

6. **Internal Committee Review.** As required by the Delegations of Authority, all proposals for each RFP requiring Board approval will be reviewed by an Internal Committee of at least 3 MFA staff members including the Chair of the Internal Review Committee, who will be responsible for establishing the Committee, getting Committee approval from the Policy Committee, distributing the proposals to the members, setting meeting times, ensuring proposals are scored in a uniform manner, summarizing the scores and presenting the results to the Policy Committee, Board Committee and the Board. From time to time, as needed, one or more reviewers from outside MFA may be invited to participate in the review process. It is also recommended that the Chair propose an alternate member for approval along with the regular Committee members.

7. **Contract Requirement.** All awards shall be evidenced by a fully executed contract. All contracts (as to form) require documented legal review. MFA’s in-house Attorney will review each such contract or form of contract.

8. **Responsibility of Offeror(s).** If an Offeror who otherwise would have been awarded a contract is not a Responsible Offeror, a determination that the Offeror is not a Responsible Offeror, setting forth the basis of the finding, shall be prepared and the Offeror shall be disqualified from receiving an award. The failure of an Offeror to promptly supply information in connection with an inquiry concerning responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

9. **Irregularities in Proposals.** MFA may waive technical irregularities in the form of the proposal of the Offeror(s) selected for award as long as such irregularities do not alter the price, quality or quantity of the Services or Tangible Personal Property offered.

10. **Protest.**
    a) An Offeror may protest the selections in accordance with the provisions of the RFP or NOFA. In general, the protest must be submitted in writing to MFA, within five (5) business days after the notice of award. The protest must be written and addressed to the Contact Person listed in the RFP or NOFA.
    b) The Contact Person shall give notice of the Protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the Protest.
    c) The Offerors receiving notice may file responses to the Protest within five (5) business days of notice of the Protest.
    d) The protest is then heard by the applicable Board Committee. The Committee’s recommendation is then taken to the full Board for approval.
    e) MFA will issue a notice of determination relating to the protest within a reasonable period of time after submission of the protest. The determination by MFA shall be final. No appeal of the determination of the protest shall be allowed.
    f) Offerors and Members of MFA Board of Directors shall not communicate regarding a pending offer or award until the protest period has expired or, in the event there is a protest, until the protest is decided by the Board.
11. Documentation: Thorough documentation of all RFPs will be maintained on file in accordance with MFA’s policies on retention and disposition of records.

D. Reimbursement of Travel Expenses: Reimbursement of successful Offeror(s)’ travel expenses will be consistent with MFA travel reimbursement policies.

E. Code of Conduct. All Offerors shall agree to conduct themselves in a manner consistent with MFA’s Code of Conduct.

F. Definitions.

“Authorizations” means the delegations of review and decision making authority to staff, committees and the Board of Directors, as approved by the Board from time to time (see Exhibit E).

“Offeror” is the person or entity who submits a response to an RFQ or RFP.

“Request for Proposal” or “RFP” means all documents, including those attached or incorporated by reference in the Request, used for soliciting proposals.

“Request for Informal Bids,” “Request for Qualifications” or “RFQ” means all documents, including those attached or incorporated by reference in the Request, used for soliciting bids under part 3.1.B.2 above.

“Responsible Offeror” means an offeror who submits a responsive proposal to an RFP, RFQ or informal bid and who has furnished, when required, information and data to prove that his financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the Services or Tangible Personal Property described in the proposal.

“Responsive Offer” means a proposal which conforms in all material respects to the requirements of an RFP, RFQ or informal bid. Material respects of an RFP, RFQ or informal bid include but are not limited to price, quality, quantity or delivery requirements.

“Responsive Offeror” means a person who has submitted a Responsive Offer.

“Services” means the furnishing of labor, time or effort by a contractor not involving the delivery of a specific product, other than reports and other materials, which are merely incidental to the required performance.

“Tangible Personal Property” means physical property including furniture, fixtures, equipment and supplies.

G. Disposition or Sale of Tangible Goods

Upon Management’s determination that it is in MFA’s best interest to sell or dispose of personal property or other tangible goods, the following steps will be taken and documented:

1. Management may authorize the sale of the property or goods at either
   a) public auction, or
   b) through bids requested in newspaper and/or Internet advertisement/auctions, in which event comparable goods will be priced to determine current fair market value, and the fair market value will be used as the minimum bid; MFA employees may
respond, and the award will be based on the highest bid received; or Management may negotiate the sale of the property or goods to a public school or other public entity; or

2. Management may negotiate the sale of the property or goods, or the donation of the property or goods, to a non-profit organization that have as their primary purpose the provision of affordable housing or the aid of indigent persons; or

3. Upon Management’s determination that the goods or property have no resale value, Management may have the property or goods destroyed.

The Board shall be provided notice of the disposition of all property and goods sold or donated to one entity in one transaction that has a fair market value of greater than $10,000.
SECTION 4 - PROGRAM POLICIES

MFA Board will, from time to time, promulgate and approve formal Program Policies for all ongoing Programs. The following policies and procedures are incorporated into this manual by reference.

A. First Home
B. Next Home
C. Single Family Development
D. HOME Rental
E. Risk Share
F. Partners
G. Mortgage$aver
H. Primero Investment Fund
I. Low Income Housing Tax Credits/Qualified Allocation Plan (QAP)
J. HERO
K. Land Title Trust Fund
L. New Mexico Housing Trust Fund
M. New Mexico Affordable Housing Tax Credit
N. HOME-House by House Rehab
O. Energy$avers
P. Neighborhood Stabilization Program
Q. Tax Credit Assistance Program
R. Tax Credit Exchange Program
S. Building Trust Program
T. Other Board-approved programs.

4.1 Single Family Mortgage Loans

MFA has a legitimate, recognized interest in fostering its public purpose as set forth in Section 58-18-2 of the Mortgage Finance Authority Act, in limiting assumptions of its loans to those persons whom the New Mexico Legislature intended to benefit by establishing MFA’s public purpose of providing homeownership to persons of low or moderate income who intend to occupy the home as a principal residence.

A. **Transfer/Assumption.** Single Family Mortgage Loans may be transferred to or assumed by another person so long as the following criteria, among other applicable program requirements and policies, are satisfied:
   1. The transferee/assumptor is a “person of Low or Moderate Income” as defined in the single family, homeownership programs.
   2. The transferee/assumptor intends to occupy the mortgaged property as the principal residence of the transferee/assumptor, and does so occupy the mortgage property for a period of time not inconsistent with such intent.

B. **Occupancy Waiver.** A borrower or assumptor faced with financial hardship may be forced to vacate the mortgaged property within six months of closing, but may do so only with a written owner occupancy waiver from MFA. The criteria for granting such a waiver are as follows:
   1. adverse change in the borrower’s employment status (i.e., transfer, layoff, demotion);
   2. adverse change in marital status (i.e., divorce or death of spouse); or
   3. serious illness affecting borrower or borrower’s family.

The Executive Director or Deputy Director(s) has the authority to approve or deny a request for a waiver of the owner-occupancy requirement. If approved, the waiver will have a term of no more than six
months unless later extended. The Executive Director or Deputy Director(s) may also require the borrower to market the property for sale.

Once the borrower has occupied the property for six months, MFA’s permission to vacate is no longer required.

4.2 Acquired Properties
Occasionally MFA will acquire ownership of a property through judicial foreclosure action or acquire ownership by accepting a deed-in-lieu of foreclosure (DIL), which may or may not be subject to the first mortgage.

A. Disposition. In disposing of said properties, the staff will select a qualified real estate broker; obtain his/her written opinion of the properties' value or an appraisal from a qualified independent fee appraiser. An appraisal is necessary when the value of the home is below 80% of MFA's investment or anticipated investment. The property disposition strategy will be to make ready and market properties in such a manner as to:

1. maximize recovery to MFA;
2. maximize the benefits available under any policy or policies of mortgage insurance or loan guarantees; and/or
3. obtain the highest net realizable value, considering the cost of repairs or improvements and their anticipated effects on marketing time, maintenance and other holding costs, and local market conditions.

MFA will make all reasonable efforts to market acquired properties to individuals and families who intend to occupy the property as a primary dwelling.

In disposing of acquired properties that are not, or are no longer subject to a policy or policies of mortgage pool insurance, the property disposition staff may:

a) authorize any and all repairs relating to and necessary for the protection and preservation of the property;
b) authorize repairs or improvements in the aggregate amount(s) not to exceed $10,000, which may be necessary or desirable in order to effectively, market the property;
c) enter into listing agreement(s) at 90% or more of MFA's estimated exposure (including cost of repairs and improvements, net of anticipated hazard and/or mortgage insurance claim payments); and
d) negotiate sales offers at 95% or more of the list price.

Advance approval must be obtained from a member of Management for repairs or improvements in excess of $10,000, listings at less than 90% of MFA's net exposure, and sales at less than 95% of the list price.

The staff shall provide the Board with a report identifying a gain or loss in excess of $10,000 for each property disposed of in accordance with these policies.

4.3 Second Mortgage Default, Foreclosure, and Deeds in Lieu of Foreclosure (DIL), Short Sales, Bankruptcies, etc.
A. **Down Payment Assistance.** MFA currently has nine types of down payment assistance (DPA) loans:

1. First Down
2. HELP;
3. PaymentSaver;
4. Helping Hand;
5. Smart Choice
6. Take 5;
7. MortgageBooster;
8. HERO; and
9. Tax Credit Loan Program.

B. **Down Payment Loan Defaults.** The following procedures will be followed to maximize recovery and minimize MFA’s potential exposure when the DPA loan defaults. All legal notifications and/or proceedings will be forwarded to and handled by MFA’s counsel regardless of loan balance.

1. **General Fund DPA Loans (Amortizing Loan).** General Fund DPA loan mortgagors generally default by defaulting on the first mortgage. MFA will be informed of such default by the first mortgage Servicer. Upon receipt of default notification, MFA will forward appropriate documentation to its Mortgage Servicing legal counsel to Answer or Disclaim our interest in the mortgage and note. The decision to Answer or to Disclaim will be determined by MFA staff after evaluating exposure, loan to value, legal fees and the likelihood of collection.

2. **DIL/Short Sales.** MFA’s general fund does not bear a loss on the foreclosure of first mortgages funded with the proceeds of the sale of bonds which have been securitized by an MBS. Under the whole loan programs (first mortgage with pre-1994 bond issues) the bond issue will generally incur a loss of $1,500 - $2,000 on a FHA, VA or RHS first mortgage foreclosure. This should be taken into consideration while evaluating the exposure. Therefore, MFA’s only concern is the exposure on the General Fund DPA loan. Accordingly, releasing the General Fund DPA loan to accommodate a DIL or Short Sale on the first mortgage will not be automatic. MFA staff should work with the first mortgage Servicer to mitigate the exposure of loss on the property.

3. **PaymentSaver, Helping Hand, Smart Choice and Other HOME-Funded DPA Loans.** MFA will take the same approach with HOME funded DPA loans as it does with General Fund DPA loans. Although they are not funded with General Fund monies, MFA must proceed with due diligence and continued collection efforts to avoid repayment of funds to HUD.

DPA loan write-offs and foreclosure approvals will be handled consistent with MFA’s Delegations of Authority approved by the Board.

C. **First Mortgage Procedures.**

1. **MBS Program.** MFA does not bear any loss on the foreclosure of the first mortgage. Therefore, MFA’s only concern is the exposure on the General Fund DPA loan. Accordingly, releasing the General Fund DPA loan to accommodate a DIL or Short Sale on the first mortgage is not normally an option.

Upon notification of foreclosure, foreclosure complaint filed by the Servicer and MFA being served (as second lien holder), MFA will notify its Mortgage Servicing legal counsel to respond to the complaint. Staff will send out demand letters as appropriate, and determine the amount of equity in the property by reviewing and comparing the current loan balance to the original loan amount and appraisal.
a) **Options.**

1. If the review shows sufficient equity to cover principal and interest balance of the first mortgage, principal and interest balance of the second mortgage, repairs and an additional 10% to cover selling costs, MFA will then bid the amount of the first and second mortgage plus interest and expenses, or take the property into REO, repair and market at no less than 110% of the exposure.

2. If the review shows insufficient equity to cover the principal and interest balance of the first mortgage, principal and interest balance of the second mortgage, repairs and an additional 10% to cover selling costs, MFA will proceed to evaluate its legal remedies in the foreclosure action, including an assessment of whether MFA should disclaim its interest. The decision to participate in the foreclosure proceeding or to disclaim will be determined by MFA staff after evaluating exposure, loan to value, legal fees and the likelihood of collection.

2. **Whole Loan Program.** The same procedures outlined above should be followed while keeping in mind that MFA would bear a portion of the loss on the foreclosure of the property and an additional $1,500-$2,000 of un-reimbursable expenses on government loans should be included in the analysis for determining MFA’s exposure.

   DIL or Short Sales can and should be considered in cases when the exposure on pursuing a foreclosure is greater.

   Each loan will be different and will be analyzed individually, keeping in mind our goals of maximizing recovery to MFA and minimizing our potential exposure. Losses incurred on final claim settlements in excess of $10,000 will be reported to the Board on a monthly basis.

4.4 **Second Mortgage Write-Offs**

MFA General Fund Second Mortgage loans normally go into default as a result of a first mortgage **foreclosure, short sale or deed in lieu.** All legal notifications and/or proceedings naming MFA are handled by MFA’s Mortgage Servicing Legal Services Attorney. The Attorney will act on MFA’s behalf to protect our interest in the property.

A. **Foreclosure.** When the first mortgage loan is disposed through foreclosure, staff will receive notice and documentation from the attorney of the final outcome of the foreclosure with a recommendation to close MFA’s case.

B. **Short Sale.** Through mortgage industry defined loss mitigation initiatives, the borrower will have the opportunity to sell the property in order to avoid foreclosure. In most instances, the amount of the sales proceeds will not be sufficient to repay MFA’s Second Mortgage in full. The first mortgage lender will contact MFA to obtain an approval to accept less than the total amount due and release MFA’s lien in order to proceed with the sale.

C. **Deed in Lieu.** In order to avoid foreclosure, the borrower may opt to deed the property back to the first mortgage lender. In order to exercise this option, all subordinate liens must be removed prior to the acceptance of the deed in lieu by the first mortgage lender. The first mortgage lender will contact MFA to obtain approval to accept less than the total amount due and release MFA’s lien to accept the deed in lieu.

Once any of the aforementioned actions has been completed, staff will prepare a write-off recommendation for the remaining unpaid principal balance and include the reason for write-off. The recommendation
will be presented to the Write-off Approval Committee. Write-off approvals will be handled consistent with MFA’s Delegations of Authority approved by the Board.

4.5 Non-Performing Loan Write-Offs. Write-off of non-performing MFA second mortgage loans.

**Definition:** Non-performing Loans for MFA’s purposes are defined as a second mortgage loan upon which the borrower has not made his or her scheduled payments for at least 24+ months and all collection efforts have been exhausted. A non-performing loan is not in any stage of legal action (i.e. foreclosure or bankruptcy) or in review for short sale or deed in lieu.

A. Once an MFA second mortgage loan is deemed non-performing, the odds that it will be repaid in full are considerably low. However, because these loans are “secured” by the property, MFA holds a lien on the property which will remain in place until the debt is settled with MFA.

B. Staff will periodically evaluate Second Mortgage loans that fall under the definition of a non-performing loan. Staff will prepare a write-off recommendation for the remaining unpaid principal balance and include the default status and the reason further collection efforts are futile.

The recommendation will be presented to the Write-off Approval Committee. Write-off approvals will be handled consistent with MFA’s Delegations of Authority approved by the Board.

4.6 HOME Program Loan Write-offs.

MFA will take the same approach with HOME funded second mortgage loans as it does with General Fund Second Mortgages. Once a foreclosure, short sale or deed in lieu has been completed, staff will prepare a write-off recommendation for the remaining unpaid principal balance and include the reason for write-off.

The recommendation will be presented to the HOME Program Manager for approval. Write off approvals will be handled consistent with MFA’s Delegations of Authority approved by the Board.
SECTION 5 - AUDITING POLICIES AND PROCEDURES

5.1 External Auditing Policy Statement

An external audit by an independent firm is conducted annually. The external audit will consist of 1) an audit of the financial statements for the fiscal year ended September 30th conducted in accordance with auditing standards generally accepted in the United States of America, Generally Accepted Government Auditing Standards (GAGAS), and 2.2.2 NMAC Audit Rule (available at [www.saonm.org](http://www.saonm.org)) issued by the New Mexico Office of the State Auditor; 2) a Federal Single Audit for the fiscal year ended September 30th conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and Office of Management and Budget (OMB) 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and 3) GNMA Compliance Reports conducted in accordance with US Department of Housing and Urban Development requirements. All reports will be delivered within one hundred twenty (120) days after fiscal year end.

In accordance with GAGAS, in all matters relating to the audit work, the auditor must be free from personal, external, and organizational impairments to independence and must avoid the appearance of such impairments of independence. Auditors and audit organizations must maintain independence so that their opinions, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by objective third parties with knowledge of the relevant information. Audit organizations must not provide non-audit services that involve performing management functions or making management decisions and audit organizations must not audit their own work or provide non-audit services in situations in which the non-audit services are significant or material to the subject matter of the audits.

In order to best serve the interests of MFA and its constituents, the following criteria for required auditor rotation will apply: 1) an audit firm is prohibited from conducting the external audit for a period of two years if the firm has provided external audit services for six consecutive years; 2) a firm that has undergone a merger or acquisition will be determined to be a new firm for the purposes of the rotation requirement if it fulfills the requirements of the State Audit Rule.

MFA Finance Committee serves as the Board’s Audit Committee and is tasked with providing regular oversight of the external audit process. The external auditor is required to conduct an Entrance Conference concurrent with the start of fieldwork with the Audit Committee. As per Statement on Auditing Standards ("SAS") No. 114, The Auditor’s Communication with Those Charged with Governance, the external auditor is required to keep the Audit Committee informed throughout the process of relevant audit issues including audit progress, threats to established timelines, potential audit findings, potential audit adjustments, and significant pending items. At the conclusion of the audit, the external auditor conducts an Exit Conference with staff and the Audit Committee where the draft audit and related reports are discussed. After the Office of the State Auditor releases the audit to the public, the final audit and related reports are presented by the external auditor and staff to the full MFA Board for approval. Management is responsible for addressing and clearing audit findings on a timely basis.

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

5.3 Internal Audit Statement of Purpose, Authority and Responsibility

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

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

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

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

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

1. take responsibility or authority for the implementation of such recommendations; or
2. be performed by MFA’s current External Auditor.
5.4 Annual Internal Audit Planning Procedures

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

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

C. MFA’s Compliance Officer will conduct annual enterprise risk management assessments and prepare a Report that:
   1. identifies the areas of risk and ranks the risk as low, medium or high;
   2. identifies the reasons each area is considered to be at risk;
   3. provides the suggested audit approach or procedures to be conducted in order to address the risks identified;
   4. determines the number of hours required to conduct the internal audit of each area identified to be at risk.

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

D. Internal Audit will prepare a list of internal audits to be considered for the year. This proposed list shall be prepared considering the following:
   1. the direction from the Finance Committee after review of the Risk Assessment Report;
   2. new programs and/or functions;
   3. electronic data processing system changes or additions;
   4. strategic and emerging risks;
   5. prior audits completed and their results; and
   6. other information obtained during the current audit period.

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

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

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

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

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

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

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

5.6 Issuance of Internal Audit Reports

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

B. The results of the audit shall be discussed with Policy Committee, the Controller, and the manager or employee primarily responsible for the area under audit upon completion of an audit segment. This step allows the manager or employee to correct any misunderstandings by the internal auditor or erroneous information prior to finalizing the internal audit report.

C. A summary of findings and recommendations will be provided to Management. This summary communicates all findings whether reportable or not, to Management for their information.

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

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

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

G. Internal Audit will provide Management with a schedule of open items and their disposition. Internal Audit will update this schedule at least annually.
5.7 Internal Audit - Reporting to the Finance Committee and the Board of Directors

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

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

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

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

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

5.8 Internal Auditing Working Papers

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

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

C. An audit program will be prepared for each audit, which identifies the following:
   1. audit objective;
   2. scope of the audit; and
   3. audit procedures to be completed.

D. Clear and concise working papers that adequately support the audit procedures shall be completed with due professional care, which support the conclusions reached, and that document analyses performed and information gathered. Each working paper shall also be:
   1. referenced in a logical manner;
   2. cross-referenced to agreeing or supporting papers; and
   3. initialed and dated by the preparer.

E. All relevant correspondence pertaining to the audit shall be included in the working papers. If meetings are held to discuss the audit procedures or gather information, notations shall be made in the working papers as to the time and place of the meeting, the persons attending, and the items discussed.
F. Completed working papers shall be kept by Internal Audit. If appropriate, copies may be made for Management, external auditors, legal counsel, or third parties.
SECTION 6 – REQUESTS TO INSPECT DOCUMENTS

A. Although MFA is not subject to New Mexico’s Inspection of Public Records Act (Sections 14-2-1 to -12, NMSA 1978), these procedures are modeled after that statute. When a request to inspect MFA records is received, the following procedures apply.

B. All requests shall be immediately directed to the in-house Attorney (MFA staff position), who serves as MFA’s custodian of records. The requestor will not be given access to the records at the time of the request. The Attorney will direct the requestor to submit the request in writing. Requests sent by email are deemed “written” requests.

C. The written request, if requesting copies of records for delivery by mail, must have the name and postal service mailing address of the requestor. All requests must provide the telephone number of the requestor and shall identify the records sought with reasonable particularity.

D. MFA has fifteen (15) calendar days from the receipt of a written request within which to produce the records requested or inform the requester that additional time will be needed to respond to the request. As noted above, the written request should be forwarded to MFA’s in-house Attorney immediately upon receipt for review. The in-house Attorney will notify the requestor within three days of receipt of a written request of the day the records will be produced, or if the records are either not in the possession of MFA or are exempt under the law from the right of public inspection. If the in-house Attorney deems the request excessively burdensome or broad, he or she will notify the requestor that additional time to process the request will be necessary. **Inspections of records at MFA offices shall be by appointment only.**

E. MFA will charge a reasonable reproduction fee, not to exceed $1.00 per page for documents eleven inches by seventeen inches or small, for reproduction of public records requested. In addition, MFA may charge the actual costs of downloading, saving, transmitting, and otherwise reproducing any public records requested. These fees will be charged in advance and a receipt will be given. MFA will charge a reasonable mailing fee not to exceed MFA’s actual cost of mailing public records requested. It is MFA’s standard practice to provide public records in the form in which they exist at the time of the request.

F. If the in-house Attorney denies a written request, he or she will provide the requestor a written denial within fifteen (15) calendar days of receiving the request, stating the records sought and names and positions of persons responsible for the denial. The denial will be emailed, mailed or delivered to the requestor within fifteen (15) calendar days after the written request was received.
DISCLOSURE STATEMENT

To: NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA)  
CHAIR AND EXECUTIVE DIRECTOR

From: ____________________________
(Member, Proxy, Management, Employee)

Date: ____________________________

The undersigned Member, Management or Employee states that he/she has read and understands the New Mexico Mortgage Finance Authority Code of Conduct and that the information provided below is, to the best of his/her knowledge and belief, accurate and complete in all respects, as of the date hereof.

The following is a list of all Businesses in which either I, or a Family Member, have a Financial Interest (as defined in the Code of Conduct) which are engaged or proposing to engage in a Transaction with MFA. If the answer is "none", please write "none".

Name of Business:__________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________

If Employee Transaction, approximate value of the Transaction__________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________

The following is a list of all MFA programs or proposed programs that I, or a Family Member (i.e., spouse, domestic partner, children, parents, siblings, grandparents, parents-in-law, brother-in-law or sister-in-law, uncle, aunt, first cousin, or anyone residing in the household), am likely to participate in and/or benefit from. If the answer is “none”, please write “none”:__________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________

Signed:

NOTE: Use additional sheets as necessary.

EXHIBIT B
FUNDING COMMITTEE DISCLOSURE STATEMENT

To: NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) - HOUSING DEVELOPMENT

From: __________________________
(Funding Committee Member)

Date: __________________________

RE: [insert funding year] of the [insert name of funding program or trust]

The undersigned [insert name of Funding Committee] member states that he/she has read and understands the New Mexico Mortgage Finance Authority Code of Conduct and that the information provided below is, to the best of his/her knowledge and belief, accurate and complete in all respects, as of the date hereof.

Attached is a list of all entities that have submitted an application in the [insert funding year] funding round of the [insert name of funding program or trust].

Of the entities listed above, which are applicants to the [insert funding year] funding round of the [insert name of funding program or trust], I, or a Family Member (as defined in the Code of Conduct), have a Financial Interest (as defined in the Code of Conduct) in the following. If the answer is "none", please write "none".

Name of Business: ____________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________

Signed: __________________________

NOTE: Use additional sheets as necessary.

EXHIBIT C
MULTI-FAMILY BOND DISCLOSURE STATEMENT

To: NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) - HOUSING DEVELOPMENT

From: (Member, Proxy, Management, Employee)

Date: ________________________________

RE: Multi-family Housing Bonds ([insert program name(s) and project) Series _____ and Multi-family Housing Bonds ([insert program name and project) Series ______

The undersigned Member, Management or Employee states that he/she has read and understands the New Mexico Mortgage Finance Authority Code of Conduct and that the information provided below is, to the best of his/her knowledge and belief, accurate and complete in all respects, as of the date hereof.

The following is a list of all Businesses in which either I, or a Family Member, have a Financial Interest (as defined in the Code of Conduct) which are engaged or proposing to engage in any transaction or enterprise financially related to or in any manner connected with the Multi-family Housing Revenue Bond issue cited above. If the answer is "none", please write "none".

Name of Business:
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

If Employee Transaction, approximate value of the Transaction: _______________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

The undersigned Member, Management, or Employee acknowledges that it is his/her responsibility to update this Disclosure Form within forty-five (45) days of the date that he/she acquires an interest in MFA program or transaction as described above, or learns of a Family member having or acquiring an interest in MFA program or transaction, as described above.

Signed: __________________________________________

NOTE: Use additional sheets as necessary.

EXHIBIT D
CONFIDENTIALITY AGREEMENT

I, , presently employed by or currently accepting employment with MFA do hereby accept, consent and agree to be subjected to the following as a condition of employment:

I understand that during the course of my employment, I may acquire knowledge of materials, procedures, and information regarding MFA, its business and its customers. This information may be verbal, written, printed, or recorded by video tape or audio tape and includes all information relating to the present or planned business of MFA and/or its customers that has not been released publicly by authorized representatives of MFA. This information is confidential and proprietary in nature. I acknowledge that this proprietary and confidential information may not be disclosed to anyone, either inside or outside the scope of my employment, without the specific permission from a member of Management.

I agree not to remove any confidential or proprietary records, files, reports or other confidential or proprietary information from the workplace without prior permission from a member of Management. I agree that no records, files, reports, or other documents may be photocopied, hand copied, or copied electronically for removal from the workplace without the prior written permission from my immediate supervisor. If my immediate supervisor is not available I must follow the chain of command to obtain approval.

I understand and agree not to divulge to anyone any confidential and proprietary information regarding MFA or any employee, representative, or consultant to this facility, including financial, internal records, reports, investigations, disciplinary matters, and other similar items.

I agree not to use any information obtained through any of MFA’s computer systems, software programs, databases, etc. for personal gain or for any purposes other than in conjunction with the performance of my duties. Further I agree not to share confidential or proprietary information obtained through any of MFA’s computer systems, software programs, databases, etc. with anyone not employed by MFA. I agree that any confidential information obtained will be shared only with those employees who, by nature of their position(s), should be informed.

I further understand and agree that should my employment cease for any reason, any breach of this Confidentiality Agreement, prior to or after my termination, may result in the filing of a cause of action against me by my employer and that MFA shall have the right to injunctive relief, with no need to post a bond, as well as any other existing rights or relief.

I agree that I am signing this Confidentiality Agreement with full knowledge that any breach of the preceding will be reasonable grounds for immediate disciplinary action being taken against me, up to and including the termination of my employment.

This agreement is made this day of , in the year of , between MFA (“Employer”) and (“Employee”).

Employee: 
Name (print) 
Signature 

Human Resources Representative: 

Tab 3
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – January 10, 2017

Through: Policy Committee – January 3, 2017

FROM: Gina Hickman

DATE: January 3, 2017

SUBJECT: Delegations of Authority Update

Recommendation: Staff recommends approval of the Delegations of Authority as revised for the following:

- delegating Staff and Policy Committee the authority to approve program and contract renewals
- updates to loan write offs and losses to reflect current policy

Background: At least annually or as needed, MFA staff reviews and updates the Delegations of Authority which is Exhibit E in the Policies and Procedures Manual. This document is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies.

Discussion: Staff is recommending that Staff and Policy Committee be delegated the authority to approve program and contract renewals. Performance will continue to be evaluated and all changes to professional services staff and any contract assignments will continue to be approved by the Board. Changing program and contract approval requirements creates efficiency in the procurement process organization-wide by not requiring Board approval on routine activities related to awards that have already been approved. Additionally, due to reporting packet changes implemented last year and to clarify the authority for write-offs the Delegations of Authority required revision.

Summary: At least annually or as needed, MFA staff reviews and updates the Delegations of Authority which is Exhibit E in the Policies and Procedures Manual. This document is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. Staff recommends approval of the Delegations of Authority as revised for the following:

- delegating Staff and Policy Committee the authority to approve program and contract renewals
- updates to loan write offs and losses to reflect current policy and procedures
<table>
<thead>
<tr>
<th>ITEM REVIEWED / APPROVED</th>
<th>EXECUTIVE DIRECTOR OR DEPUTY DIRECTOR APPROVAL REQUIRED</th>
<th>POLICY COMMITTEE (2) REVIEW OR APPROVAL REQUIRED</th>
<th>BOARD COMMITTEE (1) REVIEW AND BOARD APPROVAL REQUIRED</th>
<th>BOARD APPROVAL REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Program Policies</td>
<td>yes only if &gt; $500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Watch List &amp; Non-Compliance Reports</td>
<td>yes (quarterly)</td>
<td>yes (quarterly)</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>3 Foreclosures - Single Family</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>4 Foreclosures - Multi Family</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>5 Single Family, Multi Family and DPA Loan/Def Write Offs</td>
<td>yes if &lt;= $10,000</td>
<td>yes if &gt;= $10,000</td>
<td>yes if &gt; $50,000</td>
<td>yes if &gt; $50,000</td>
</tr>
<tr>
<td>6 REO Losses (6) if &gt; $10,000</td>
<td>yes if &lt;= $10,000</td>
<td>yes if &gt; $10,000</td>
<td>yes if &gt; $30,000</td>
<td>yes if &gt; $50,000</td>
</tr>
<tr>
<td>7 Lender Approvals</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>8 Small Purchases per Procurement Policy, RFQ/Informal Bids (Advance and Selections Approvals) for all procurement and modifications</td>
<td>yes if &gt;= $25,000 but &lt;= $50,000</td>
<td>yes if &gt; $50,000</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>9 Emergency, Limited Source and State Contract procurements and modifications (6)</td>
<td>yes if &lt;= $25,000</td>
<td>yes if &gt; $25,000</td>
<td>yes only if &gt; $250,000</td>
<td>yes only if &gt; $250,000</td>
</tr>
<tr>
<td>10 All program RFP Advance Approvals.</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>11 All program RFP Selections and Renewal Approvals.</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>12 All other RFPs Advance and/or Selection Approvals, Renewals &amp; All Modifications to awards approved under RFP selection (6) BUT See EXCEPTIONS IN (9) (Per Contract Limit)</td>
<td>yes if &lt;= $25,000</td>
<td>yes if &gt; $25,000</td>
<td>yes only if &gt; $250,000</td>
<td>yes only if &gt; $250,000</td>
</tr>
<tr>
<td>13 All program and contract Renewals</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>14 HOME, CDBG &amp; NSF:</td>
<td>yes if &lt;= $50,000</td>
<td>yes if &gt; $50,000</td>
<td>yes only if &gt; $500,000</td>
<td>yes only if &gt; $500,000</td>
</tr>
<tr>
<td>15 HOME, CDBG, &amp; NSF Awards (6)(7) (except HOME, Rental Grants)</td>
<td>yes if &lt;= $50,000</td>
<td>yes if &gt; $50,000</td>
<td>yes only if &gt; $100,000</td>
<td>yes only if &gt; $100,000</td>
</tr>
<tr>
<td>16 HOME, CDBG, &amp; NSF Loan/Grant Aggregate Increases (6) (7) (10)</td>
<td>yes if &lt;= $50,000</td>
<td>yes if &gt; $50,000</td>
<td>yes only if &gt; $1 million</td>
<td>yes only if &gt; $1 million</td>
</tr>
<tr>
<td>17 HOME, CDBG, &amp; NSF Activity Allocations - Line Item Adjustments as Percent of original Line Item Amount</td>
<td>no</td>
<td>yes in all cases</td>
<td>yes only if &gt; 25%</td>
<td>yes only if &gt; 25%</td>
</tr>
<tr>
<td>18 HOME, CDBG, &amp; NSF Loan/Grant Modifications (3) (6)</td>
<td>yes</td>
<td>yes if workout</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>19 HOME, CDBG, &amp; NSF Wt Offs</td>
<td>yes if &lt;= $50,000</td>
<td>yes if &gt; $50,000</td>
<td>yes only if &gt; $500,000</td>
<td>yes only if &gt; $500,000</td>
</tr>
<tr>
<td>20 Consistency in Action Plans (HOME)</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>21 LRTC QAP and Awards (4)</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>22 542(c)/938 Construction/Permanent Loans:</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>23 Loans (6)(7) (12)</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>24 Loan Increases (5) (6) (7) (10)</td>
<td>yes if &lt;=10% and &lt;= $250,000</td>
<td>yes if &gt;10% or &gt; $250,000</td>
<td>yes only if &gt; $1 million</td>
<td>yes only if &gt; $1 million</td>
</tr>
<tr>
<td>25 Loan Modifications (3) (6)</td>
<td>yes</td>
<td>yes if, workout</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>26 Primero Loans/Grants, BUILD IT Loan Guarantees, Energy Saver Awards, State Tax Credit Awards:</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
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<tr>
<td>27 Loans/Awards/Grants (6)(7)</td>
<td>yes if &lt;= $50,000</td>
<td>yes if &gt; $50,000</td>
<td>yes only if &gt; $500,000</td>
<td>yes only if &gt; $500,000</td>
</tr>
<tr>
<td>28 Award, Loan/Grant or Guaranty Exposure Increases (6) (10) (7)</td>
<td>yes if &lt;= $25,000</td>
<td>yes if &gt; $25,000</td>
<td>yes only if &gt; $500,000</td>
<td>yes only if &gt; $500,000</td>
</tr>
<tr>
<td>29 Award, Loan/Grant, Guaranty Modifications (3) (6)</td>
<td>yes</td>
<td>yes if, workout</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>30 HFT &amp; LTFF Awards</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>31 Gov’s Innov, Progr. awards</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>32 HTF, LTFF &amp; Gov’s Innov, Progr. increases (6) (7) (10)</td>
<td>yes if &lt;= $25,000</td>
<td>yes if &gt; $25,000</td>
<td>yes only if &gt; $500,000</td>
<td>yes only if &gt; $500,000</td>
</tr>
<tr>
<td>33 HTF, LTFF &amp; Gov’s Innov, Progr. modif. (3) (6)</td>
<td>no</td>
<td>yes in all cases</td>
<td>yes only if &gt; $2,000,000 or MFA risk &gt; $200,000</td>
<td>yes only if &gt; $2,000,000 or MFA risk &gt; $200,000</td>
</tr>
<tr>
<td>34 Board Reports (Qtrly)</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>35 Board Resolutions (13)</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>36 Financials (Qtrly)</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>37 Responses to Audit Findings (Program, Internal and External Audit Findings)</td>
<td>no</td>
<td>yes in all cases</td>
<td>yes only if &gt; $1,000,000</td>
<td>yes only if &gt; $1,000,000</td>
</tr>
<tr>
<td>38 Audit Follow-up &amp; Status (Internal &amp; External Audits only)</td>
<td>no</td>
<td>yes in all cases</td>
<td>yes only if &gt; $1,000,000</td>
<td>yes only if &gt; $1,000,000</td>
</tr>
<tr>
<td>39 MFA applications for funding (11)(15)</td>
<td>no</td>
<td>yes in all cases</td>
<td>yes only if &gt; $1,000,000</td>
<td>yes only if &gt; $1,000,000</td>
</tr>
<tr>
<td>40 Awards under new loan Programs (6)</td>
<td>no</td>
<td>yes in all cases</td>
<td>yes only if &gt; $500,000</td>
<td>yes only if &gt; $500,000</td>
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<tr>
<td>41 Regional Housing Authority monitoring/reviews and approving activities</td>
<td>no</td>
<td>yes in all cases</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>42 Appointment of Regional Housing Authority Board members and Executive Directors and Approval of Annual Report</td>
<td>no</td>
<td>yes in all cases</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>43Suspension and Debarment (6)</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>44 New Mexico EnergySmart</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>45 Selection of Service Providers (RFP and Renewals)</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>46 State Plan Approval and allocation of DOE Funds</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>47 Allocation of funds using DOE Formula (LIHEAP, Utility, COOP, Etc.) (Note 6 &amp; 16)</td>
<td>yes</td>
<td>yes in all cases</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>48 Use of any funds from federal, state, or local sources (Note 6 &amp; 17) - Per Agency Limits</td>
<td>yes if &lt;= $100,000</td>
<td>yes if &gt; than $100,000</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>49 Appropriation/Reduction of Tax Exemptions on per project basis based on open bidding process (Note 6 &amp; 18)</td>
<td>yes if &lt;= $100,000</td>
<td>yes if &gt; than $100,000</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>50 Disposition of Sale of Tangible goods (6)</td>
<td>yes if FMV &lt;= $10,000</td>
<td>yes if FMV &gt; $10,000</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

(1) Board Committees are those constituted and approved by the Board January 21, 2015.
(2) Policy Committee consists of Executive Director and Deputy Directors.
(3) Excluding increases in principal in excess of the amount set above, and including matters such as extensions, rate changes, etc. Modifications resulting from problem workouts (such as release of land use restriction agreements or other concessions) require Policy Committee approval.
(4) Exceptions granting staff authority as stated in OAP, including granting staff authorization to award credits to tax exempt bond projects. Competitive cycle awards are recommended by outside Advisory committee.
(5) Additional areas of staff discretion as stated in RS Manual.
(6) Notice to be provided to Board at following meeting.
(7) If at the time of the approval, the borrower’s outstanding obligations to MFA and commitments by MFA exceed $5 million (measured in commitments), approval by Policy Committee and Board will be required regardless of the current or proposed increased loan amount. If at the time the original loan approved by the Board authorizes staff to increase the loan by up to 10%, an increase within this amount would not need to go back to Committee or the Board for approval regardless of whether total outstanding obligations to MFA and MFA commitments exceed $5 million.
(8) By Statute 57F and LTTF awards are recommended by outside Advisory Committee.
(9) Excluding RFP for certain professional services including underwriter, counsel, sub-service master contracts, lobbyist, trustees, and auditors, all of which require approval by Board Committee and Board.
(10) If staff authorized increase causes project to exceed borrower limits for program or dollar authorization amounts of staff, and board and board committee did not review previously, Board and Committee review will be required to approve increase.
(11) Excludes legislative initiatives, all of which require Board approval.
(12) MFA’s share of the risk on these loans is typically 10%; therefore, the amounts authorized for Executive or Deputy Director and Policy Committee would typically represent risk to MFA of only $25,000 and $100,000 or $200,000, respectively.
(13) Excluding Inducement Resolutions and those not originated by staff which require only Board approval.
(14) Excluding Bond Resolutions
(15) Excluding formula funding and recurring funding sources.
(16) DOE Formula takes into account census population, poverty rates, heating/cooling days, New allocations with new funding.
(17) Per Agency Amounts/Limits. New funds or additional funds (any source) that will NOT be allocated based on DOE formula.
(18) All Agency Amounts/Limits on a per project basis.
Tab 4
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – January 10, 2017

Through: Policy Committee – January 3, 2017

FROM: Dolores Deer

DATE: January 18, 2017

SUBJECT: Employee Manual Revisions

Recommendation: Staff recommends approval of proposed revisions to the Employee Handbook.

Background: Annually, the MFA Employee Manual is reviewed and updated. The Employee Handbook is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices.

Changes to our Acceptable Use and Data Security Policy were presented and approved by the Board in April 2016. Updates were made to our 457(b) plan as well as our 401(k) plan and approved by the Board in August 2016. These changes have been incorporated into this Employee Manual.

After approval from the Board level, each individual staff member is given a revised Employee Handbook with outlined revisions and is posted on MFA’s Intranet.

MFA’s Attorney at Sheehan and Sheehan reviews the manual annually and last performed an evaluation of the manual in December 2016.

Discussion: Many of the changes being proposed in this revision are minor in nature. The following is a summary of necessary changes incorporated for consideration:

<table>
<thead>
<tr>
<th>Page #</th>
<th>Policy</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Throughout</td>
<td></td>
<td>Changed Human Resources Manager to Human Resources Director</td>
</tr>
<tr>
<td>Throughout</td>
<td></td>
<td>Changed Information Systems Manager to Chief Information Officer</td>
</tr>
<tr>
<td>Page</td>
<td>Section</td>
<td>Changes</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>Throughout</td>
<td></td>
<td>Added language to identify where full execution of policies are located</td>
</tr>
<tr>
<td>Page 4</td>
<td>Hiring Policies &amp; Procedures</td>
<td>Added language regarding accuracy of data provided during the hiring process. Added language to background checks as it relates to guidelines from the EEOC.</td>
</tr>
<tr>
<td>Page 9</td>
<td>New Employee Orientation</td>
<td>New Hire Orientation – Change in responsibilities</td>
</tr>
<tr>
<td>Page 13</td>
<td>Work Hours &amp; Schedules/Lunch</td>
<td>Added language to lunch breaks – uninterrupted and total work hours requirement.</td>
</tr>
<tr>
<td>Page 13 and Page 39</td>
<td>Lunch and Office Closure</td>
<td>Added language indicating lunches and breaks are not to be taken at the beginning or end of a workday.</td>
</tr>
<tr>
<td>Page 26</td>
<td>Employee Assistance Plan</td>
<td>Added an additional resource for our Employee Assistance Program.</td>
</tr>
<tr>
<td>Page 31</td>
<td>Incentive Compensation Plan</td>
<td>Added clarifying language to our Incentive Policy as it relates to proration of Merit and Incentives for newly hired staff member.</td>
</tr>
<tr>
<td>Page 34</td>
<td>Vacation Leave</td>
<td>Change in policy - ED having authorization to allow director level and above to accrue vacation up to the maximum allowable under the policy.</td>
</tr>
<tr>
<td>Page 51</td>
<td>Safety, Violence, Security</td>
<td>Added language to mirror that of our Emergency Response plan as it relates to visitors.</td>
</tr>
<tr>
<td>Page 52</td>
<td>Drug and Alcohol Free Workplace</td>
<td>Added language to identify disclosure process as well as added language that address prescription medications.</td>
</tr>
<tr>
<td>Page 63</td>
<td>Resignations, terminations/Retirement Funds</td>
<td>Added language to mirror our 401k and 457b adoption agreements as it relates to termination of employment.</td>
</tr>
</tbody>
</table>

Other minor revisions are redlined throughout the document. The redlined document is included for your review.

**Summary:** Annually, the MFA Employee Handbook is reviewed and updated. The Employee Manual is revised as needed for changes as it relates to compliance, audit findings, clarifications and changes in general practices.
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MFA Employee Manual
January 18, 2017
INTRODUCTORY STATEMENT

The statements and policies contained in this Employee Manual (Manual) constitute guidelines for the New Mexico Mortgage Finance Authority (MFA) and its employees. MFA reserves the right and retains sole, absolute discretion to make unilateral exceptions to these guidelines in instances it deems appropriate to do so. Any statements contained in this Manual may be altered, amended, or dispensed with entirely, or new policies added, at any time and without advance notice by MFA. Changes or additions, if any, to the Manual shall be made only in writing and approved by MFA’s Board of Directors.

This Manual is not a contract of employment, nor is any provision in it meant to be part of any contract of employment either expressed or implied. Employment with MFA is at all times employment “at will.” This means that either the employee or MFA may terminate the employment relationship at any time, for any or no reason, and with or without advance notice. No employee or supervisor of MFA, other than the Executive Director or his/her designee in writing, has the authority to enter into any agreement for employment for any specified period of time, or to make any agreement contrary to the provisions set forth in this Manual.

The statements and policies contained in this Manual and as implemented or revised from time to time shall become effective as approved by the Board of MFA and as disseminated to employees. This Manual supersedes and replaces all previously distributed editions of MFA’s Employee Manual.

MFA MANDATE, VISION, MISSION, CORE VALUES AND EMPLOYER STATEMENT

MFA Mandate
In 1975 the New Mexico state legislature created the New Mexico Mortgage Finance Authority, a public body politic and corporate, separate and apart from the state, constituting a governmental instrumentality, with the power to raise funds from private investors in order to make such private funds available to finance the acquisition, construction, rehabilitation and improvement of residential housing for persons and families of low or moderate income within the state.

Vision Statement
All New Mexicans will have quality affordable housing opportunities.
Mission Statement
MFA provides innovative products, education, and services in collaboration with strategic partners to finance the purchase, construction and preservation of quality affordable housing to strengthen the social and economic development of New Mexico.

Core Values
MFA will:

• Hire the best-qualified employees representing the diversity of the state, pay them competitively, treat them fairly, and provide opportunities for advancement.

• Provide prompt, courteous, quality service. Foster a dynamic professional environment of excellence that supports a high level of integrity, transparency, collaboration, and commitment to mission.

• Allocate resources to serve those with the greatest need while promoting partnerships to maximize housing opportunities.

• Practice cost-effective operations and prudent fiscal management.

• Promote sustainable growth, innovation, and environmentally conscious practices.

Employer Statement
Our employees are key to our success. Each day presents new challenges as we are called upon to develop solutions that satisfy multiple cultural values and meet the rapidly changing environment.

MFA strives to provide safe working conditions; to pay competitive wages for employees’ services; to deal fairly and honestly with all employees; and to promote a harmonious and friendly working environment.

Our goal is to provide the highest level of service, friendliness, and courtesy to all those we do business with; to promote and advocate sound financial decisions; and to create a rewarding working environment for our employees where there is mutual respect, trust, and opportunity for personal and professional growth and development.

Equal Employment Opportunity Statement
In order to provide equal employment and advancement opportunities to all individuals, employment decisions at MFA will be based on qualifications, abilities, and merit. It is the policy of MFA to recruit, employ, and provide compensation, benefits, promotion, training and other conditions of employment, without regard to an applicant’s or an employee’s race, color, religion, sex, national origin, ancestry, age, disability, serious medical condition, sexual orientation, gender identity, marital status, genetic information, status as a veteran, or any other factors identified and protected by federal, state, and local discrimination laws. This equal
employment opportunity statement is consistent with the requirements of the Cranston-Gonzales National Affordable Housing Act.

**The Americans with Disabilities Act (ADA) & ADA Amendments Act (ADAAA)**
The ADA of 1990, as amended by the ADAAA, protects qualified employees and applicants with disabilities from discrimination by employers based on their disabilities. MFA does not discriminate against people with disabilities and will provide reasonable accommodation to otherwise qualified individuals with disabilities in accordance with the ADA and the ADAAA.

A reasonable accommodation may be provided when it enables the employee to perform the essential functions of the job, unless it can be demonstrated that such an accommodation will impose an undue hardship on the conduct of the business at MFA. In determining the extent of accommodations to be made, MFA may consider the business necessity of having employees with certain qualifications in certain jobs, and the financial and administrative costs of making requested accommodations.

The **Human Resources Manager** is designated as the ADA Coordinator. Employees have a responsibility to notify the ADA Coordinator if they feel in need of a reasonable accommodation, or if they believe MFA is in violation of the ADA or ADAAA.
HIRING POLICIES & PROCEDURES

Hiring Procedures
The following rules and procedures will be followed in the hiring process:

- It is the responsibility of managers to recommend filling or creating a position.
- All prospective applicants must complete an employment application. All interviews will be conducted in a non-discriminatory manner.
- If employment fees are involved, such as those charged by a placement agency, the payment or non-payment will be determined by Management on an individual basis prior to a job offer being extended. As used in this Manual, the term “Management” is defined as the Executive Director, Deputy Directors, and the Human Resources Director.
- MFA shall check references of applicants prior to a job offer being extended.
- MFA shall conduct pre-employment background checks of applicants consistent with guidelines issued by the Equal Employment Opportunity Commission (EEOC) and consistent with applicable state and federal law. If employment already has commenced, continued employment will be contingent upon results of the background check.
- MFA relies on the accuracy of data provided by an applicant including that in the employment application. Any misrepresentations, falsifications or material omissions in any of the data provided by an applicant, including in an employment application, may result in an applicant being excluded from further consideration for employment or, if an individual has already been hired, termination of employment.
- MFA may administer tests applicable to the position; provided, however, that all applicants for a position will be given the same test or tests.
- The Executive Director will determine the appropriate salary to be offered and other terms and conditions of employment and will discuss those factors with the Human Resources Director and the supervisor of the position to be filled before the job offer is extended.

Background Checks
MFA is committed to having well-qualified and professional staff capable of performing the essential functions of the positions for which they were hired. MFA also is committed to the protection of all those who do business with MFA including clients, members of the community, staff, visitors and others as well as to the protection of its resources, finances and business reputation. All employees will be subject to periodic background checks at the discretion of MFA. Checks may include, but not necessarily be limited to, checking driving records, educational records, criminal records and credit histories. Background checks will be done in compliance with guidelines issued by the EEOC and applicable state and federal law including the federal Fair Credit Reporting Act.

Employment of Relatives
MFA will not employ any relatives of current employees. The term “relative” for purposes of this policy means spouse, children (including step-children), mother, father, brother, sister, grandparent, mother-in-law, father-in-law, brother-in-law, sister-in-law, aunt, uncle, first cousin or anyone residing in the employee’s household.
In the event that two employees marry while employed at MFA, it is within Management’s discretion to determine which employee will remain employed by MFA. This determination will consider, but will not be limited to, the needs of MFA, each employee’s position and length of employment.
HUD-FHA Programs
Any individual, who is debarred, suspended or subject to a Limited Denial of Participation or otherwise restricted from participation in HUD-FHA programs will not be hired into HUD origination, underwriting or servicing type positions with MFA. All employees will be checked against the Debarred List and the Limited Denial of Participation List at date of hire and semi-annually thereafter. Continued employment will be contingent upon results obtained.
**TYPES OF EMPLOYMENT**

MFA classifies employees into the following categories for purposes of determining their eligibility to receive benefits and whether they must be paid overtime compensation in accordance with the Fair Labor Standards Act (FLSA):

**Full-Time Employee**
An employee who is hired for an indefinite period of time, and who is scheduled to work forty (40) hours per workweek eighty (80) hours per pay period, and two thousand and eighty (2080) hours annually on a regular basis. Full-time employees are eligible for employee benefits.

**Part-Time Employee with Benefits**
An employee who is hired to work twenty (20) hours or more per week but less than forty hours (40) hours per workweek on a regular basis. Part-time employees with benefits are eligible for certain employee benefits as described in this Manual.

**Part-Time Employee without Benefits**
An employee who is scheduled to work less than twenty (20) hours per workweek on a regular basis is not eligible for any employee benefits.

**Temporary Employee**
An employee who is assigned to MFA by a temporary staffing agency. Temporary employees are not eligible for any employee benefits.

**Term Employee**
An employee who is hired by MFA for a specific amount of time. Term employees may be eligible for employee benefits. The hiring of a term employee and the conditions of the employment must be approved and authorized by the Executive Director.

**Exempt Employee**
An employee whose position meets specific tests established for exemption from overtime pay requirements under the FLSA. Exempt employees are not eligible for compensatory time or overtime. Exempt employees are expected to work whatever hours are necessary to perform the duties of their positions. From time-to-time and in certain situations exempt employees may have the need to work from home. All requests to work from home must be approved in advance by the Executive Director.

**Nonexempt Employee**
An employee whose position does not meet FLSA exemption tests and who must be paid, at the rate of time and a half, of his or her regular rate of pay for all hours worked in excess of forty (40) in one workweek, as required by federal and state law.

**Outside Employment**
Any employee wishing to engage in outside employment while employed by MFA must obtain the approval of the Executive Director prior to accepting outside employment and must be
approved by the Executive Director on an annual basis. MFA Board of Directors must approve any outside employment by the Executive Director prior to his/her accepting such employment.

In addition to the above categories of employees, MFA may, from time to time, use **Independent Contractors** to provide specific products or services. All Independent Contractors will work under a detailed Independent Contractor Agreement which will meet the requirements for an independent contractor relationship as set out by the Internal Revenue Service (IRS). Independent Contractors are not employees of MFA and, therefore, are not eligible for employee benefits.
NEW EMPLOYEE ORIENTATION

Responsibilities for orientation of new employees are as follows:

Within the first two (2) weeks of employment Human Resources will provide the new employee a comprehensive Organizational Orientation with all of management.

Human Resources Assistant’s Responsibilities
- Completing all pertinent paperwork
- Entering all required payroll data
- Providing job descriptions
- Providing and reviewing this Manual Employee Manual
- Explaining the employee benefits plans
- Setting a first day agenda
- Notifying the Facilities Technician for access to building
- Notifying the Information Systems Manager Chief Information Officer, via e-mail, for computer and phone access

Supervisor’s Responsibilities
- Sending an e-mail announcement to all MFA employees informing them of the new hire and starting date.
- Giving employees a tour of the office and introducing employees to all other employees
- Signing of Job Description
- Setting Goals
- Reviewing Employee and Policies and Procedures Manual

Facilities Technician’s Responsibilities
- Reviewing security system
- Assigning of keys
- Reviewing procedures for ordering supplies
- Reviewing fire exits

Information System’s Responsibilities
- Phone training to include initial voice message recording
- Computer set-up and training

Office Assistant’s Responsibilities
- Explaining copier and fax machine use
GENERAL OFFICE POLICIES

Conduct in General
Employees’ actions should reflect a professional image while representing MFA. MFA expects its employees to conduct themselves in a manner that would reflect favorably on MFA and in accordance with MFA’s Code of Conduct (which is set out in Section 1.2 of MFA’s Policies and Procedure Manual). MFA expects each employee to conduct him/herself in such a manner as to be a credit to MFA. Employees are expected to treat one another, associates, customers, and visitors respectfully. Employees are further expected to be supportive of their colleagues and respect the privacy and human dignity of all persons with whom they come into contact.

Internal Conduct
MFA expects its employees to be considerate and respectful of co-workers. In determining appropriate cubicle and office etiquette, employees are to consider the appropriateness of conversation, behavior, use of cell phones and any other noise factors that may be distracting to co-workers.

Reporting Suspected Fraud, Waste & Abuse and/or Unethical or Illegal Practices
All MFA Members, Management, employees, contractors, sub-contractors, grantees, sub-recipients and business associates must maintain the highest ethical standards in conducting company business. It is MFA’s intent that all Members, Management, employees, contractors, sub-contractors, grantees, sub-grantees and business associates will conduct business with honesty and integrity and comply with all applicable laws and regulations in a manner that excludes considerations of personal advantage or personal gain, and not seek or accept for themselves any gifts, favors, entertainment, or payments, without a legitimate business purpose.

All MFA Members, Management, employees, contractors, sub-contractors, grantees, sub-recipients and business associates should avoid any situation that involves or may involve a conflict between their personal interests and the interests of MFA.

Whistleblower Protection
It is the responsibility of all employees, regardless of classification, to report suspected fraud, waste and abuse, and/or unethical or illegal activities engaged in by any MFA Member, Management or Employee, which violate federal or state laws or regulations, a state administrative rule, a law of any political subdivision of the state, or MFA’s Code of Conduct. All reports are anonymous unless the individual making the report chooses otherwise. To ensure anonymity and encourage compliance with best practices MFA has contracted with a third party service provider to receive reports of fraud, waste and abuse and/or unethical or illegal activities. Individuals may report such activities anonymously by:

Calling toll free (877)778-5463, 24 hours a day, 7 days a week
Username: nmmfa
Password: housing

E-mailing www.reportit.net
Username: nmmfa
Password: housing
All reported activities received through the report it hotline/website, by written or verbal communication, or via telephone will be treated the same and will be promptly investigated by MFA, which may include engagement of a third party investigative services provider if deemed necessary. Upon completion of the investigation, MFA will take appropriate action should the reported activities be substantiated and determined to be fraudulent, unethical, illegal or in violation of MFA’s Code of Conduct.

If the individual making the report chooses not to remain anonymous he/she will be made aware of the outcome of the investigation. All individuals who make substantiated reports will be protected from discharge, demotion, discrimination, or any other type of retaliation. Allegations of retaliation may be reported to (877)778-5463 or at www.reportit.net. All reports of retaliation also will be promptly investigated by MFA, which may include engagement of a third-party investigative services provider if deemed necessary. Upon completion of the investigation MFA will take appropriate action if the reported retaliation is substantiated.

Complete information on how to report fraud, waste and abuse, and unethical or illegal activities can be found on Report It flyers posted within MFA’s premises and on MFA’s website at www.housingnm.org.

Protection of Sensitive or Proprietary Information
During the course of employment employees may acquire knowledge of materials, procedures, and information of a confidential or sensitive nature. Much of the personal information that is contained in MFA files, and/or that enters MFA either electronically or physically in the course of business, is considered “sensitive” or proprietary information owned by MFA that must be kept confidential and protected from exposure to persons, including MFA employees, contractors and agents not authorized to access the information in order to conduct MFA business.

Sensitive or proprietary information that might be present in MFA files or enter MFA during the normal course of business consists of, but is not limited to:

- Social Security numbers
- Credit card/debit card numbers, security codes, access codes, passwords
- Bank account information
- Personal data, birthdates, family members’ names and ages, home addresses, phone or fax numbers, home e-mail addresses
- Driver’s license number, photocopy of driver’s license, vehicle identification number, any number that can be used to identify an individual
- Criminal records
- Employment and educational records
- Medical history
- Finger and voice prints
- Photographs
- Registration, membership or admission of participation in an organization or activity

To safeguard sensitive or proprietary information employees shall take particular care with the following:
• Fax Machines
• Copiers
• Desktops
• Computers and All Other Electronic Devices
• Paper and Electronic Files/Storage
• Shredding Bins
• Recycling Bins
• Keys to File Drawers, Office Doors, and Storage Areas

Business Hours
MFA’s regular business hours are 8 a.m. to 5 p.m. Monday through Friday.

Attendance
MFA expects its employees to be considerate and respectful to coworkers by adhering to established working hours. Employees are expected to report to work on time.

Standard Workweek
For payroll purposes (e.g. calculation of overtime) MFA’s standard workweek, for non-flexible schedules, runs from 12:00 a.m. on Saturday through 11:59 p.m. on the following Friday. The compressed workweek begins at noon on Fridays. However, depending on workloads, supervisors may deem it necessary to adjust hourly employees’ working hours.

Work Hours and Flexible Work Schedules

Work Hours – Schedule Options
New Mexico Mortgage Finance Authority strives to maintain a work schedule that balances the business needs of the Agency and the personal and family needs of our staff members. To this end, options have been developed to accommodate most staff needs while maintaining or enhancing MFA business performance.

The standard and official hours of business of the Agency are 8 a.m. to 5 p.m. Monday through Friday. These hours may be extended or changed for the benefit of MFA as directed by the Executive Director. During these hours, all business groups are expected to have sufficient employee coverage to ensure that the group is fully functional. The hours of 9 a.m. to 3:30 p.m. are designated as core hours. Unless otherwise approved, all full time employees must include these core hours within their set schedules. The basic workweek for full time employees is forty (40) hours.

All employees, both exempt and non-exempt, are expected to work the standard schedule unless an alternate schedule is approved by their Supervisor and Deputy Director. Alternative schedule options are outlined below. Alternative schedules cannot be guaranteed and may be discontinued temporarily or permanently by MFA at any time to meet the business needs of the Agency or for performance related issues.

Option One – The Flexible Hours Schedule – Under this option the employee will work eight (8) hours daily, regularly scheduled, Monday through Friday. This regular schedule may begin as early as 7 a.m. and end as late as 6 p.m. A minimum of a one-half hour unpaid lunch break must be included in the schedule. This daily schedule must include the core hours of 9 a.m. to 3:30 p.m.
Option Two – The 9/80 - Alternating Fridays Off Schedule – Under this option, a schedule will consist of four (4) nine (9)-hour days, Monday through Thursday and an eight (8) hour day on Friday of week one and four (4) nine (9)-hour days, Monday through Thursday with Friday off in the following week. The hours will be regularly scheduled and may begin as early as 7 a.m. and end as late as 6 p.m. A minimum of a one-half hour unpaid lunch break must be included in the daily schedule. This daily schedule also must include the core hours of 9 a.m. until 3:30 p.m. On the Friday worked, non-exempt staff must work four (4) hours before 12:00 Noon and four (4) hours must be worked after 12:00 Noon. For pay purposes, the work week is seven (7) consecutive days beginning at 12:00 Noon on Friday. This option will require that staff be assigned to one of two groups. Group one will start the two week rotation in week one, the second group will start the two week rotation in week two. Supervisors will manage Group assignments to ensure full coverage and continuity of operations. Employees may enter into a compressed schedule at the first pay period of the month. MFAMFA. Not all departments may be able to grant flexible schedules to all non-exempt employees. This decision is left to the discretion of the supervisor.

When establishing flexible work hours for non-exempt employees, supervisors must notify the Human Resources Manager/Human Resources Director to ensure compliance with the FLSA by completing a Personnel Action Form (PAF). The Human Resources Manager/Human Resources Director must be informed of all flex schedules upon approval. Exempt employees are expected to work whatever hours necessary to get the job done.

To review the Compressed Work Week Policy, please refer to MFA’s Intranet.

Absences
Absences must be arranged with the employee’s supervisor as far in advance as possible. If an employee must leave early or take time off during the day, the employee must request prior approval from his/her supervisor. Such absences may be made-up during the workweek unless accrued vacation or sick leave can be appropriately applied. Unexpected absences should be reported to the employee’s supervisor no later than thirty (30) minutes before the employee’s scheduled start time. If an employee has not reported for work and has not called in to report the absence for that day, this may be considered abandonment of the employee’s position depending on the circumstances of the absence.

Breaks
Employees may take a paid fifteen (15) minute break for every block of four (4) hours worked. Breaks are not to be taken in conjunction with the beginning of a workday, lunch break, or end of a workday.

Lunch
Lunch schedules need to be responsive to meeting the needs of those MFA serves. Supervisors must ensure their departments are covered appropriately so that everyone does not routinely go to lunch at the same time. Non-exempt employees working six (6) hours or more are required to take at least a thirty (30) minute, uninterrupted lunch break for which they are not compensated; provided, non-exempt employees must be completely relieved of all duties during such lunch breaks.

Attire
All employees are expected to dress in a manner suitable to a professional office. Human Resources will provide dress guidelines and acknowledgement at the time of hire. Unless otherwise stated by the Executive Director or his or her designee, each Friday will be a casual day and jeans may be worn.

Supervisors are responsible for ensuring the proper appearance of their staff. Each supervisor has the discretion to send an inappropriately dressed employee home to change his/her clothing. The employee will be required to make up this time.

From time to time the Executive Director or the Human Resources Manager may alter the dress guidelines for special occasions.

**Smoking**

As provided by local ordinance and state law, the use of tobacco, including cigarettes, chewing tobacco and e-cigarettes, in any indoor workplace of MFA is prohibited. Smoking cigarettes and e-cigarettes also is prohibited near any entrance, window or ventilation system of any MFA workplace.

**Children in the Workplace**

MFA supports a family environment and welcomes brief visits from family members, children and grandchildren. MFA also realizes that from time to time situations may arise which require an employee to bring his/her child(ren) to work to accommodate a last minute need; however, children are not to be brought to the workplace on a regular basis in lieu of childcare. The purpose of this policy is to provide guidelines for an employee bringing his/her child(ren) to work.

An employee may bring his/her child(ren) to work in the event of an emergency (a last minute need). Under these circumstances, MFA asks that child(ren) be on MFA property for brief periods of time not to exceed two (2) hours and that an employee attempt to ensure that such instances are infrequent. It is important that an employee maintain supervision of his/her child(ren) as appropriate at all times while the children are on MFA property. An employee will be responsible for any damage caused by his/her children while on MFA property. Further, no ill children may be brought by any MFA employee onto MFA property.

MFA also encourages and supports time off and allows flexibility in an employee’s work schedule to accommodate unanticipated childcare needs. An employee should work with his/her supervisor to come up with an agreed upon alternate schedule if appropriate.

It is important that MFA provide these guidelines to balance the requirements of its business as it relates to safety, and productivity, with the needs of MFA employees by providing some flexibility. An employee must immediately notify his/her supervisor should the employee have a need to bring his/her child(ren) to work. The supervisor will notify the appropriate Deputy Director and Human Resources.

**Solicitation**
No solicitations of any kind, ticket or merchandise sales, or distribution of literature are permitted at any time by non-employees within MFA building or on MFA premises. MFA employees are prohibited from solicitation or participation in any solicitation activities while the employees are on working time or, at any time, in a working area of MFA.

Upon approval by the Executive Director or Human Resources Manager, limited charitable exceptions to this policy may be made for promoting fund raising events for school related or extracurricular activities on MFA premises. Upon approval solicitations may be posted on MFA’s Intranet.

Participation in MFA's Housing Programs and Disclosure
Employees of MFA are able to participate in housing programs. Employees participating in such programs should recognize that certain co-workers may have financial information required to apply for, and participate in such programs. Personal information, financial information, personal household information, information about performance under such programs, and more are contained in program files. If an employee does not want such information revealed to co-workers whose job it is to administer these programs, the employee may not want to participate in the programs MFA offers. An employee should notify the respective Program Director in advance of participating.
**Computer, E-mail, Internet, Intranet and Social Media Policies: Acceptable Use and Data Security**

**Software License Compliance**
MFA is legally responsible for all software used by employees on MFA computers. Therefore, the installation of all software purchased, or downloaded from the Internet for evaluation or purchase, must be performed and approved in advance by the Information Systems Department.

Most software licensing agreements do not allow for copying. Therefore, it is prohibited as well as illegal to copy MFA-purchased software. The Information Systems Department will advise staff of software that can be copied.

**Virus Protection/Removable Media**
Due to the risk of introducing a computer virus into MFA’s computer and telephone systems, the downloading and/or installation of unauthorized programs on diskette, removable media, or unauthorized file types from diskette, removable media, CD or the Internet, is strictly prohibited. Unauthorized file types include, but are not limited to, software, executable scripts, music files and movie files.

**Security**
The Information Systems Department will provide security levels based upon the processing requirements of the user. The employee’s supervisor and the Information Systems Department must approve subsequent requests for security level changes. Workstations will automatically be locked after ten minutes of being idle.

**Passwords**
All users are required to change their passwords for MFA’s internal systems every ninety (90) days three months. The Administrator/IT Department Manager’s password is subject to guidelines detailed in the Information Systems Policies Manual.

Passwords must be a minimum of seven (7) characters in length; may not be the same as the user ID; and require a combination of any two of the following: alpha, numeric, special characters. Previously used passwords can be reused after seven (7) password changes have occurred. It is strongly suggested to avoid using common passwords or dictionary words as they are easily guessed. Passwords are case sensitive. A very secure password can be created using these guidelines (example, 48Gel&7TmB1w2R! “This may be one way to remember”- do not use this password example).

Users should change passwords on systems external to MFA every ninety (90) three months days, or as required, following the guidelines for such external sites.

*Do not use the “Remember Password” feature of applications such as web browsers.*

*Anyone suspecting his/her password may have been compromised must report the incident to Information Services and change all passwords.*
Backups
MFA network systems are backed up completely each business day. Provisions have been made for off-site storage on a daily basis. A log is maintained by the Information Systems Department, documenting the schedule and completion of all backups. Backups are not performed on individual PC’s internal hard drive.

Requests to archive seldom-used large files or images to CD should be directed to the Information Systems Department.

Training
Trained personnel can more effectively contribute to the overall success of MFA. An integral part of employee self-improvement is training. It is incumbent upon the employee to become involved in self-study methods to learn PC fundamentals and become skilled in the software applications they use.

On an annual basis (when preparing budget) the Information Systems Manager, Chief Information Officer, with the input of department managers, will determine third-party training requirements needed for software applications. Efforts will then be made by supervisors to schedule staff for training at times convenient to MFA and during normal work hours, if possible.

E-Mail
All information that is transmitted through MFA’s e-mail system is considered MFA property and is subject to Management’s review. The communication of confidential information including but not limited to Personal Identifiable Information (PPI), which may be detrimental to the professional or economic operation of MFA should always be protected and encrypted when being transferred. All MFA data contained within an email should not contain unauthorized attachments, like software, shareware, executable scripts, music files, music and the like. MFA reserves the right to monitor e-mail usage and to access any e-mails sent or received through MFA’s e-mail system at any time, in Management’s sole discretion, in order to ensure proper usage and identify any misuse of the system. Therefore, employees shall not have any reasonable expectation of privacy in connection with their use of MFA’s e-mail system, regardless of whether an e-mail communication sent or received is personal or business related.

Copies of MFA e-mails may be requested by employee with Management approval. E-mail messages received from an unknown source and/or that contain suspicious content should not be opened and should be deleted immediately. E-mails that are not of a business nature and that are directed to “all employees” must be approved by the Human Resources Manager prior to being sent.

Any misuse of MFA’s e-mail system is considered misconduct and may result in disciplinary action, up to and including termination of employment, in Management’s sole discretion.

Misuse of e-mail includes, but is not limited to, the following examples:
• Sending or forwarding e-mails containing discriminatory, harassing, or defamatory statements about MFA employees, associates or customers
• Communication of confidential information that may be detrimental to the professional or economic operation of MFA
• Sending or forwarding e-mails that are threatening, intimidating or coercive in nature
• Sending or forwarding non-business related e-mails that are disruptive to the workplace
• Sending or forwarding e-mails that are not acceptable in a professional workplace
• Sending or forwarding e-mails that advocate specific religious or political beliefs
• Sending non-business related e-mails using an official MFA position title for personal gain or influence
• Solicitation of any kind, collection for any purpose, ticket or merchandise sales, or distribution of literature, while the employees are on working time, unless approved by the Executive Director or Human Resources Director
• Sending unauthorized file attachments or saving received unauthorized file attachments. Unauthorized file attachments include, but are not limited to, software, shareware, executable scripts, music files and movies.
• Accessing non-MFA e-mail systems from MFA computers for personal use. Examples include, but are not limited to: Yahoo, MSN, and Gmail.
• Participation in any instant messaging programs
• Participation in any non-business on-line chat programs

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

1. Authorized users are required to ensure that all sensitive/confidential information in hardcopy or electronic form is secure in their work area at the end of the day and when they are expected to be gone for an extended period.
2. Computer workstations must be locked when workspace is unoccupied.
3. Any restricted or sensitive information must be removed from the desk and locked in a drawer when the desk is unoccupied and at the end of the work day.
4. File cabinets containing restricted or sensitive information must be kept closed and locked when not in use or when not attended.
5. Keys used for access to restricted or sensitive information must not be left at an unattended desk.
6. Passwords may not be left on sticky notes posted on or under a computer, nor may they be left written down in an accessible location.
7. Printouts containing restricted or sensitive information should be immediately removed from the printer.
8. Upon disposal restricted and/or sensitive documents should be shredded in the official shredder bins or placed in the lock confidential disposal bins.
9. Whiteboards containing restricted and/or sensitive information should be erased.
10. Lock away portable computing devices such as laptops and tablets.
11. Treat mass storage devices such as CDROM, DVD or USB drives as sensitive and secure them in a locked drawer.
All printers and fax machines should be cleared of papers as soon as they are printed; this helps ensure that sensitive documents are not left in printer trays for the wrong person to pick up.

Intranet
Subject to the provisions of MFA’s Solicitation policy, any employee may post comments on MFA’s Intranet Bulletin page. The Bulletin page is not intended to be used as a social networking site similar to Facebook, Twitter, etc. The following are examples of the kind of topics about which comments might be posted on the Bulletin page:

- Birth or adoption announcements
- Items for sale or donation
- Wanted items
- Lost items
- Interested carpoolers
- School-related fund raisers
- Upcoming events
- Limited charitable causes
- Garage/yard sales

Employees should remember that all comments posted on the Bulletin page may be read by any employees. Therefore, discretion must be exercised when posting comments so as not to offend fellow co-workers and to protect the privacy of others. After a post must be set with an expiration date or removed manually from the bulletin page at its conclusion has been satisfied it should be removed from the Bulletin page.

Internal Controls
A system of written controls for the Information Systems function will be maintained by the Information Systems Manager Chief Information Officer and reviewed periodically by an independent expert.

The controls shall include, but not be limited to, procedures pertaining to backup, logical and physical security controls, and Help Desk maintenance. The controls are made part of the Information Systems Policy.

Internet
As a general rule, use of MFA’s Internet access by employees is permitted only where such use supports the goals and objectives of MFA. Employees are expected to use the Internet responsibly and productively. Internet usage should be limited to job-related functions, including research and educational activities that assist in performance of job responsibilities. Engaging in Internet activities that waste MFA resources and staff time constitutes misuse/abuse of this policy.

All Internet data that is composed, transmitted and/or received through MFA’s computer systems is considered MFA property. MFA reserves the right to monitor Internet traffic and to access and review any information that is composed, sent or received through MFA’s online...
connections at any time. Therefore, employees shall not have any expectation of privacy in connection with their use of MFA’s Internet access. Any misuse of MFA’s Internet access is considered major misconduct and may result in disciplinary action up to and including termination of employment at Management’s sole discretion.

Misuse of MFA’s Internet access includes, but is not limited to:

- Visiting sites that contain obscene, hateful, pornographic, violent or otherwise illegal material
- Visiting gambling sites or web-based email sites
- Sending or posting discriminatory, harassing, or threatening messages or images
- Sending or posting information that is defamatory to MFA, its products/services, employees, associates and/or customers
- Sharing confidential information that may be detrimental to MFA customers, associates, employees or to the professional or economic operation of MFA
- Sending or posting chain letters
- Solicitation of any kind, collection for any purpose, ticket or merchandise sales, or distribution of non-MFA related literature, while the employees are on working time, unless approved by the Executive Director or Human Resources Manager
- Downloading, copying or pirating software and electronic files that are copyrighted or without authorization, including but not limited to shareware, executable scripts, music files, and movie files
- Using the Internet to access and play games
- Participating in any instant messaging programs
- Participating in any non-MFA related chat programs

If an employee is unsure about what constitutes acceptable Internet usage, then the employee should ask his/her supervisor for further guidance and clarification.

MFA’s Internet Usage Policy applies where Internet access is provided by MFA for non MFA owned devices.

**Blogging and Social Media**

MFA recognizes the importance of the Internet in shaping public thinking about MFA and its current and potential services, employees, associates, and customers. MFA also recognizes the importance of its employees joining in and helping shape industry conversation and direction through blogging and interaction in social media. MFA is committed to supporting employees’ rights to interact knowledgeably and socially in the blogosphere and on the Internet through interaction in social media. For the purposes of this policy, social media is defined as any media for online publication and commentary, including but not limited to blogs, wiki’s, and social networking sites such as Facebook, LinkedIn, Twitter, Flickr, and You Tube. This Blogging and Social Media Policy is not intended to alter in any way MFA’s Internet and E-mail Policies which remain in effect in MFA’s workplace.

**Guidelines for Interaction about MFA on the Internet**
• If an employee is developing a website or writing a blog that will mention MFA and/or current and potential services, employees, associates, or customers, he/she must identify that he/she is an employee of MFA and that the views expressed on the blog or website are the employee’s alone and do not represent the views of MFA. No employee is authorized to speak on behalf of MFA, or to represent that he/she does. MFA’s logo may not be used without explicit permission in writing from MFA, in order to prevent the appearance that an employee speaks for or officially represents MFA.

• If an employee is developing a site or writing a blog that will mention MFA and/or current and potential services, employees, associates, or customers, he/she must inform his/her manager. The manager may choose to visit the site or blog from time to time to understand the employee’s point of view.

Confidential Information
No employee may share confidential, sensitive and/or proprietary information about MFA with anyone outside MFA. This includes information about upcoming programs and services, finances, number of employees, organization strategy, and any other information that has not been publicly released by MFA. Transferring data containing confidential information using non-secure services such as Dropbox is prohibited.

Respect and Privacy Rights
• Employees must communicate respectfully about MFA and its current and potential employees, customers, and partners. Employees must not engage in name calling or behavior that will reflect negatively on MFA’s reputation.
• Any unauthorized use of copyrighted materials, unfounded or derogatory statements, or misrepresentations by an employee will be viewed unfavorably by MFA and may result in disciplinary action up to and including termination of employment.
• Employees must honor the privacy rights of current employees by seeking their permission before writing about or displaying information about internal MFA happenings that might be considered to be a breach of their privacy and confidentiality.

Potential Liability of Employees
Employees can be sued and may be held legally liable for anything they write or present online. Employees can be disciplined by MFA, up to and including termination, for any commentary, content or images they send, post or forward using MFA’s computer and communication systems that are defamatory, pornographic, proprietary, or harassing in nature, or that otherwise create a hostile work environment.

Media Contact
Media contacts about MFA and its current and potential services, employees, associates, customers, and competitors should be referred for coordination and guidance to MFA’s Communications Manager.

Remote Access
Remote access to MFA’s computer and communication systems is provided via the Internet. Remote access is limited to designated MFA personnel identified and approved by the employee’s supervisor. All security controls and restrictions defined elsewhere in the systems apply.
**Portable Computers and Equipment**

MFA may assign portable computer and communications devices to employees whose job clearly requires and benefits from their use. All such devices are owned and maintained by MFA and their use is limited to business related activities.

The following devices may be provided to MFA employees who meet the following job requirement criteria:

<table>
<thead>
<tr>
<th>Device</th>
<th>Job Requirement Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laptops, Tablet PC’s</td>
<td>Travels 1-2 days per week</td>
</tr>
<tr>
<td></td>
<td>Electronic data collection and input</td>
</tr>
<tr>
<td></td>
<td>E-mail access</td>
</tr>
<tr>
<td>Cell Phones</td>
<td>Travels 5-10 days per month</td>
</tr>
<tr>
<td>Smart Phones (PDA/Cell Phone)</td>
<td>Travels 5-10 days per month</td>
</tr>
<tr>
<td></td>
<td>Real-time e-mail and calendaring access</td>
</tr>
<tr>
<td>Digital Cameras</td>
<td>2-3 property inspections/week (photos req)</td>
</tr>
<tr>
<td>LCD Projectors</td>
<td>Business related meeting/outreach</td>
</tr>
</tbody>
</table>

Portable computer equipment including Laptops, Tablet PC’s, Portable storage devices (including, but not limited to, USB Flash Drives, CompactFlash, Memory Stick, Secure Digital and xD cards), and Smart Phones are not considered secure computing devices. The following guidelines must be followed when using such devices:

- Only non-confidential information should be stored on the devices.
- Installation of all software applications and transfer of data must be approved and performed by MFA’s Information Systems Department.
- PIN numbers or passwords should never be stored on the devices.
- All connections to MFA’s network must be encrypted (not applicable to Portable storage devices).
- All Smart Phones that connect to MFA email, MUST have a passcode to unlock the device
- Due to FLSA overtime rules, non-exempt staff are not permitted to access MFA email on mobile devises during non-working hours.

In the event of theft or loss of any portable equipment or devices, MFA’s Information Systems Department must be notified immediately.

To review the Acceptable Use & Data Security Policy, please refer to MFA’s Intranet.
Pay Policies and Procedures

Pay Process
MFA pay periods are two (2) weeks in duration providing employees with twenty-six (26) pay periods annually. Hours are recognized in 15 minute increments. With employee consent, payroll checks are directly deposited into individual employee bank accounts and payroll advice slips are distributed on the Friday following a pay period. Payment arrangements, other than direct deposit, may be made through the Human Resources Manager.

There will be no release of an employee’s paycheck or payroll advice slip to someone other than the employee without the employee’s written authorization.

Documentation of Time
- Non-exempt employees. The FLSA and corresponding federal regulations require that each non-exempt employee complete accurate time records for each pay period showing hours worked each day, total hours worked each workweek and the pay period. Non-exempt employees must certify the hours worked and the employee’s supervisor must verify and approve the hours worked in ADP, MFA’s electronic time keeping system. Failure to submit time records in a timely manner may result in delay of pay.
- Exempt employees are only required to report exceptions, i.e., vacation, administrative or sick leave taken during the applicable pay period.

Overtime Procedures
Only non-exempt employees are eligible for overtime. Overtime is paid, at the rate of time and a half, for time worked in excess of forty (40) hours in a workweek.

Non-exempt employees must obtain verbal approval from their supervisors prior to working overtime. All overtime hours are logged on the employee’s timesheet with notation that verbal approval was obtained and the reason for the overtime. Supervisors are responsible for approval or denial of overtime, and managing overtime within approved budget.

Compensable Travel Time
Non-exempt employees. As a general rule, time spent by a non-exempt employee traveling during regular working hours as part of MFA’s principal business activities is compensable and must be counted as hours worked for purposes of calculating the employee’s regular wages due, and for purposes of calculating overtime pay if the employee works in excess of forty (40) hours in the workweek during which the travel occurs.

If a non-exempt employee is required to travel on a non-working day (e.g., Saturday or Sunday) as part of MFA’s principal business activities, then the travel time generally is compensable and must be counted as hours worked if it occurs during what would be normal business hours on a regular work day.
Travel by a non-exempt employee as part of MFA’s principal business activities that keeps the employee away from home overnight is compensable to the extent it cuts across the employee’s normal working hours (or corresponding hours on nonworking days). Time spent in travel away from home outside of regular working hours as a passenger on an airplane, train, bus or automobile is not considered compensable work time.

In order to manage overtime within approved budget, supervisors have the discretion to adjust a non-exempt employee’s work schedule during the workweek in which travel time occurs so that the employee’s total work hours during that workweek will not exceed forty (40) hours.

Non-Compensable Travel Time and Expenses
Not all time spent traveling by non-exempt employees and not all expenses incurred in connection with such travel are compensable. For example:

- A non-exempt employee who travels from home before the regular workday to work and then returns to his/her home at the end of the workday is engaged in ordinary home-to-work travel, which is not considered compensable travel time under the FLSA and corresponding federal regulations.
- Mileage from home to the airport or train or bus station is not compensable.
- Regular mealtimes while traveling are not compensable.

General Rules Applying to All Travel
If a non-exempt employee is offered the most economical public transportation, but asks for and receives permission to drive instead, MFA may only compensate the employee for the time to travel on the public transportation offered. Consistent with the above rules, all travel must conform to MFA’s travel policies, as set forth in MFA Policies & Procedures Manual, and an effort must be made to travel by the most economical means possible considering overtime, cost of transportation and available options.
SUMMARY OF EMPLOYEE BENEFITS

Health, Vision and Dental Insurance
All full-time employees and part-time employees with benefits are eligible for individual and dependent coverage under an HMO or PPO health insurance plan, dental plan and vision plan on the first day of employment. All employees that are enrolled under MFA medical plan are also eligible to participate in the Wellness Plan provided by Presbyterian.

Domestic Partners
MFA extends health, vision and dental insurance benefits to the domestic partners of eligible employees who meet qualifying criteria established by MFA, to the same extent that these benefits are available to spouses of eligible employees. Information regarding the qualifying criteria for domestic partner benefits is available from the Human Resources Manager. For purposes of such benefits, “domestic partners” mean two individuals who live together in a long-term relationship of indefinite duration. There must be an exclusive mutual commitment similar to that of marriage in which the partners agree to be financially responsible for each other’s welfare and share financial obligations.

Flexible Spending Accounts
All full-time and part-time employees with benefits are eligible to participate in MFA’s Flexible Spending Account program on the first day of employment. MFA allows eligible employees to set aside money in a flexible spending account for healthcare and related costs and/or for dependent care, on a pre-tax basis. Eligible employees may set aside an amount up to the allowable maximum for healthcare and related costs, and up to the allowable maximum amount for dependent costs.

Short and Long Term Disability Insurance
All full-time employees become eligible for Short and Long Term Disability Insurance on the first day of employment. Short and Long Term Disability Insurance is a benefit provided to eligible employees and paid for by MFA.

Group Term Life Insurance and AD&D Insurance
All full-time employees become eligible for Group Term Life Insurance and AD&D Insurance on the first day of employment. Group Term Life Insurance and Accidental Death & Dismemberment (AD&D) Insurance is provided to eligible employees by MFA. Coverage is one (1) times the employee’s annual salary plus $10,000, with a minimum benefit of $10,000, and a maximum benefit of $100,000.

Supplemental Life and AD&D Insurance
All full-time employees become eligible for Supplemental Life and AD&D Insurance on the first day of employment. Supplemental Life and AD&D Insurance is available to eligible employees at their expense. Employees may purchase coverage in increments of $10,000 to a maximum of $300,000.
Spouse/Domestic Partner Supplemental Life and AD&D Insurance
Spouse/Domestic Partner Supplemental Life and AD&D Insurance are available to eligible employees at their expense only if the employee has elected employee coverage. Elections may be made in increments of $10,000 to a maximum of $100,000 not to exceed 100% of the employee’s approved election.

- All full-time employees with spouses become eligible for Spousal Supplemental Life and AD&D Insurance on the first day of employment if they have elected employee coverage.
- All full-time employees with domestic partners become eligible for Domestic Partner Supplemental Life and AD&D Insurance on the first day of employment if they have elected employee coverage and have met qualifying criteria for domestic partner benefits established by MFA.

Employee Assistance Plan
All full-time and part-time employees with benefits are eligible for services under the Employee Assistance Plan on the first day of employment. MFA has two options for an Employee Assistance Plan to provide confidential assistance to eligible employees. Employees may access the services at:

- Magellan Health
  Sponsored by Principal Life Insurance
  www.MagellanHealth.com/member or
  1-800-450-1327
  Or
- The Solutions Group
  Sponsored by Presbyterian Health Insurance
  1-866-254-3555 or 505-254-3555

Brochures/Flyers for both plans can be obtained found in MFA’s break room.

To utilize the Employee Assistance Plan, an employee must identify him/herself as an “MFA” employee. The identity of the employee utilizing the services is not made known to MFA.

401(k) Retirement Plan
MFA has adopted a 401(k) Plan to provide eligible employees the opportunity to save for retirement on a tax-advantaged basis. Detailed information concerning the terms and conditions of the 401(k) Plan is contained in the Plan Highlights, which is available from the Human Resources Director or Wells Fargo.

Upon meeting the requirements described in the Plan Document, all full-time and part-time employees with benefits who are over age 19 are eligible to participate in MFA’s 401(k) Plan, starting with the first day of the Plan Year quarter (the 1st of January, April, July, or October) in which eligibility conditions are satisfied. A term employee is eligible if his or her offer letter states the individual is eligible for benefits.

Employee Contributions
Under the 401(k) Plan, eligible employees may elect to reduce their compensation by a specific percentage or dollar amount and have that amount contributed to their retirement account on a pre-tax basis through payroll deductions. Employee contributions are not subject to federal and state income taxes when made and may grow, tax deferred, until paid out, when the contributions will be taxable as ordinary income. All employee contributions are one hundred percent (100%) vested when made. The minimum amount an employee may contribute is three percent (3%) of their compensation, up to an annual dollar limit which is set by law.

**Automatic Deferral Increases**
Salary deferrals will be automatically increased by 1% every year in January, up to a salary deferral percentage of 8% of compensation. The Participant may opt out of automatic deferral increases by signing on to www.wellsfargo.com and revising the contribution election in their personal 401(k) account.

**Employer Matching Contributions**
MFA will make a matching contribution equal to five percent (5%) of eligible compensation, so long as the Participant is deferring at least 3%, up to allowable tax limits to the 401(k) plan under IRC Section 402(g). MFA’s matching contributions to the employee’s retirement account are made on a biweekly basis.

MFA will true-up for those who deferred the maximum deferral under IRC 402(g), but did not receive Matching Contributions because of the timing of deferrals. As chosen by the Employer this true-up can be made on a per pay period basis or at year end. MFA will not give a true-up to a Participant who starts and stops his or her deferrals throughout the year, if they did not make the 3% deferral minimum each pay period.

**Employer Non-Elective Contributions**
MFA will make a “non-elective” contribution to the 401(k) Plan equal to eleven percent (11%) of the eligible compensation of all Plan participants eligible to share in allocations. MFA’s non-elective contribution is contributed on a biweekly basis.

**Loans**
The Plan Documents of the New Mexico Mortgage Finance Authority 401(k) Plan offer the option of an employee taking a loan from his/her retirement account. Any employee thinking about borrowing from his/her 401(k) plan should consider all options carefully. The maximum amount on any one loan is not to exceed the lesser of 50% of the Participant’s account balance or $50,000 and the minimum an employee can borrow is $1,000. An employee may only have one active loan at a time and will have five (5) years to repay a loan with an interest rate set forth in the loan policy; for 2016 it is prime plus one percent (1%). Prime is defined by the 401(k) Plan Trustee. For additional information, an employee should contact the Human Resources Director.

**Vesting**
An employee’s “vested percentage” of the matching and non-elective contributions made to the 401(k) Plan by MFA is based on “Years of Service.” To earn a “Year of Service,” an employee must be credited with at least one thousand (1,000) hours of service during a Plan Year. An employee’s vested percentage is determined according to the following schedule:
Vesting Schedule

<table>
<thead>
<tr>
<th>Duration</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Two Years</td>
<td>0%</td>
</tr>
<tr>
<td>Two Years but less than three</td>
<td>20%</td>
</tr>
<tr>
<td>Three Years but less than four</td>
<td>50%</td>
</tr>
<tr>
<td>Four Years but less than five</td>
<td>75%</td>
</tr>
<tr>
<td>Five Years or more years</td>
<td>100%</td>
</tr>
</tbody>
</table>

457(b) Deferred Compensation Plan
MFA also has adopted a 457(b) Plan, which allows eligible employees to set aside money for retirement on a pretax basis by entering into a salary reduction agreement with MFA. Detailed information concerning the terms and conditions of the 457(b) Plan is available from the Human Resources Director or Wells Fargo.

An eligible employee for purposes of the 457(b) Plan means an employee who has made in any prior year, salary reduction contributions to MFA 401(k) Plan equal to the IRC 402(g) limit.

- Under the 457(b) Plan: Employees may elect salary reduction amounts up to the IRC 402(g) limit
- Only employee contributions are allowed unless otherwise stated through Board action.
- All employee contributions in the 457(b) Plan are one hundred percent (100%) vested.

In case of conflict between this Employee Manual or any summary of the 401(k), 457(b) Plans or any other benefit plans, the Plan Documents will govern.

Employee Educational Assistance
MFA encourages continuing education for eligible employees for specific job-related course work or employee education considered by Deputy Directors to be in the best interest of MFA.

Full-time employees with satisfactory work and attendance standards who have completed one (1) year of employment with MFA are eligible to participate provided that they are not receiving assistance or a scholarship from any other source. Those employees wishing to be reimbursed by MFA for attending and completing job-related college or trade school level courses must first obtain their manager’s and respective Deputy Director’s approval and then forward those approvals to the Human Resources Director for final approval. All approvals must be obtained in advance and should be submitted during the budget process.

Tuition reimbursement for college or trade school level courses will not exceed standard semester credit hour rates charged by a state university in New Mexico. Tuition reimbursement for approved courses is limited to the following number of credit hours per fiscal year:

- Following one year of employment, nine (9) credit hours per fiscal year;
- Following three years of employment, twelve (12) credit hours per fiscal year; and
- Following five years employment, fifteen (15) credit hours per fiscal year.
Employees will be reimbursed for a percentage of the registration fee, tuition, and textbooks after submitting receipts and evidence of successful completion of the approved course or class as follows:

- With a grade of “A or B”: one hundred percent (100%) reimbursement
- With a grade of “C”: Ninety percent (90%) reimbursement
- Employees receiving a grade of “C-” or below will not be eligible for reimbursement of registration fees, tuition or textbooks.

Textbook expenses will be reimbursed up to one hundred dollars ($100) per book. The cost of other course materials will not be reimbursed. An employee who has given notice to separate employment will not be eligible for tuition reimbursement.

**Mass Transit**
MFA fully subsidizes the cost of bus passes and Rail Runner passes for use solely by MFA employees. All employees are eligible to receive mass transit passes or subsidies. Bus passes may be obtained from the Human Resources Manager upon request. Rail Runner passes must be purchased by employees for reimbursement at a later date.

**Costco/Sam’s Club Reimbursements**
All full-time employees are eligible for reimbursement for the annual cost of basic membership to either Costco or Sam’s Club.
Seminars and Conferences
All employees are eligible to attend business-related seminars and conferences upon recommendation by their supervisor and approval by the respective Deputy Director. Employees reporting to the Executive Director must obtain Executive Director approval. MFA will reimburse eligible employees for expenses incurred in connection with attendance at recommended and approved business-related seminars and conferences. Registration fees, travel and lodging expenses will be paid by MFA with prior supervisor approval.

Compensable Time at Seminars and Conferences (non-exempt employees)
On occasion, luncheons and social hours are conducted in conjunction with a conference or seminar. As a general rule, regular meals times are not compensable and attendance at a luncheon or social hour by a non-exempt employee is considered voluntary. Therefore, when a non-exempt employee attends a conference or seminar (or a monthly association luncheon or similar activity), his/her time during the lunch or social hour is not compensable.

Exception: If a non-exempt employee’s attendance at a luncheon or social hour or similar activity is required by MFA, then the employee’s time is compensable.
INCENTIVE COMPENSATION PLAN

Performance Evaluations
The goal setting and performance evaluation process is intended as a means for discussing, planning and reviewing the performance of each employee. Quarterly coaching and annual performance evaluations are designed to:

- Clearly define responsibilities, provide criteria by which performance will be evaluated, and suggest ways in which performance can be improved.
- Identify employees with potential for advancement.
- Help managers distribute and achieve department and company goals.
- Provide a fair basis for possible Merit Increases and Annual Awards.

Performance evaluations will be conducted on an annual cycle corresponding to the fiscal year end. Employees will receive a performance evaluation and new goals in November of each year. No performance evaluation will change the employment status of any employee which, at all times, shall remain at-will and no evaluation will guarantee that an employee will advance with MFA.

Merit Increases
Merit Increases are not guaranteed. They are a compensation tool based on company performance, available budget, and individual performance. Merit Increases, if awarded, will be reflected in the first payroll cycle of December following the award.

All employees are eligible to be considered for Merit Increases; provided that they also satisfy the following criteria:
- Employees must have been hired on or before March 31st of the year in which the Merit Increase is awarded.
- Employees must be employed on the date the Merit Increase is awarded.

During the first year transition period and/or the first year of employment Merit Increases will be pro-rated over the evaluation period through the first payroll cycle in December of any given year.

Spot Incentive Awards
MFA’s Spot Incentive Program is designed to provide one-time awards for exemplary performance to eligible employees. All employees are eligible to be considered for a Spot Award, with the following limitations: Employees must be employed on the date the Spot Award is paid out. The Spot Award period runs from October 1st of any given year through September 30th of the following year. Spot Awards will be paid out during the payroll cycle in which they are approved by the Executive Director. Awards are obtained.

- Spot Awards reward outstanding individual performance on a case-by-case basis.
- Spot Awards provide recognition for exemplary employee actions on a case-by-case basis.
- Spot Awards recognize contributions to the organization.
- Spot Awards may be granted at any time throughout any given fiscal year.
Spot Awards are not guaranteed but are recommended by the supervisor and must be approved by the Department Director, Deputy Director, Human Resources Director, and the Executive Director. Spot Awards are not guaranteed but are recommended by the supervisor and must be approved by the respective Deputy Director and the Executive Director.
**Annual Incentive Awards**

Annual Incentive Awards are based on the Strategic Plan and budget as approved by MFA Board. MFA’s Annual Incentive Program is designed to provide incentive compensation for eligible employees by rewarding and motivating staff as staff performance leads to achievement of company-wide goals. All full-time employees and part-time employees with benefits are eligible to be considered for an Annual Incentive Award. In addition:

- **All full-time and part-time** Employees must have been hired on or before June 30th of any given year.
- Part-time employees who work a minimum of 1040 hours per fiscal year are eligible to be considered for an Annual Incentive Award.
- Employees must be employed on the date the Annual Incentive Award is paid out.
- Annual Incentive Awards are granted at the manager’s discretion and must be consistent with overall individual performance evaluation and time worked during the evaluation period.

The Annual Incentive Award period runs from October 1st of any given year through September 30th of the following year. Annual Incentive Awards will be paid out during the first payroll cycle in December in any given year.

- Annual Incentive Awards are not guaranteed but are awarded based on contributions to the achievement of company-wide goals, available budget, and individual performance.
- Annual evaluations are the basis for proposed Annual Incentive Awards.

*During the first year transition period and/or the first year of employment Annual Incentive Awards will be for the evaluation period through the end of the fiscal year.*

*A full copy of the Incentive Compensation Plan can be found on MFA’s Intranet*

The Executive Director has the authority to change, modify or approve exceptions to MFA’s Incentive Compensation Plan with notification to the Board of Directors.
LEAVE WITH PAY

Vacation Leave

Full-Time Employees
Vacation leave accrues on a biweekly basis. Full time employees accrue vacation leave based on years of service as follows:

- The first two (2) years of employment
  o Twelve (12) days per year (accruing at 3.70 hours per pay period)
- After the completion of two (2) years and through seven (7) years of employment
  o Sixteen (16) days per year (accruing at 4.92 hours per pay period)
- After the completion of seven (7) years and through fifteen (15) years of employment
  o Twenty-one (21) days per year (accruing at 6.46 hours per pay period)
- More than fifteen (15) years of employment
  o Twenty-five (25) days per year (accruing at 7.70 hours per pay period)
- The Executive Director has authorization to allow director level and above the two full-time Deputy Director positions to accrue vacation leave up to the maximum available under the vacation leave policy.

Part-Time Employee with Benefits
All part-time employees with benefits are eligible for vacation time. Employees will accrue vacation at a pro-rated amount that is determined based on the amount of hours regularly scheduled to work.

Accrued Vacation Days
A maximum of thirty-five (35) accrued vacation days (280 hours) may be carried forward from one fiscal year to the next. Any accrued vacation leave in excess of 280 hours that is not used before the fiscal year end (September 30th) will be forfeited. Upon resignation or termination of employment, employees will receive pay for any accrued unused vacation leave (up to 280 hours).

Use of Vacation Leave
Employees begin to accrue vacation leave with the first pay period after date of hire, and may use vacation leave after one (1) day is accrued. Accrual amounts are noted on pay stubs each pay period. Vacation can be taken only with the supervisor's consent and may be taken in quarter hour increments. Requests will be considered in light of work demands and staffing needs, and consent may be withheld based on those and other factors that affect the conduct of MFA’s business.

Employees are encouraged to request vacation leave that exceeds two (2) days as far in advance as possible. If an employee wishes to take vacation time that exceeds the employee’s accrued vacation leave, approval must be obtained in advance from the respective Deputy Director, or the Executive Director if appropriate. If approved, the excess vacation time will be taken without pay. Accrued sick leave may not be used in lieu of vacation leave.
Paid Personal Day

Full time employees are eligible employees that may take one (1) paid personal day each fiscal year after completing ninety (90) days of employment. If Personal days are not used during the fiscal year, they will be forfeited. Personal Days are not accrued and therefore are not paid out at time of resignation or termination. For tracking purposes, personal days must be identified as such on timesheets/exception sheets. Personal days can be taken only with the supervisor's consent. Requests will be considered in light of work demands and staffing needs, and consent may be withheld based on those and other factors.

Part-Time Employee with Benefits

All part-time employees with benefits are eligible for a paid personal day. Part-time employees will earn a personal day at a pro-rated amount that is determined based on the amount of hours regularly scheduled to work.

Paid Sick Leave

Full-Time Employees

Sick leave is accrued on a biweekly basis beginning with the first pay period after date of hire. Full-time employees accrue thirteen (13) days of sick leave per year, at the rate of 4.00 hours per pay period. Accrued sick leave may be carried over from one fiscal year to the next.

Part-Time Employees with Benefits

Sick leave is accrued on a biweekly basis beginning with the first pay period after date of hire. All part-time employees with benefits are eligible for sick time. Eligible employees will accrue sick time at a pro-rated amount that is determined based on the amount of hours regularly scheduled to work.

Use of Sick Leave

Employees may begin to use sick leave after one (1) day is accrued. If an employee is going to be absent because of sickness, the employee must contact MFA by no later than thirty (30) minutes before the employee’s scheduled start time, and should make every effort to speak directly to his/her immediate supervisor. If the supervisor is not available, the employee should make every effort to speak directly to the manager next in the chain of command. Leaving messages with co-workers may result in unexcused absences and leave without pay.

Sick leave is to be used in cases of employee illness or illness in the employee's immediate family (spouse, children, step—children, mother, father, mother-in-law, father-in-law, grandparents, and grandchildren) or any one residing in the employee's household.

Sick leave may be used for any medical purpose, e.g., doctor and dentist appointments. A doctor’s statement may be required for approval of sick leave for absences of three (3) or more consecutive days, or more than five (5) absences in a rolling twelve month period. Employees requesting time off due to the illness of a child may be asked to provide a notice from the child’s school for absences of three (3) or more consecutive days, or more than five (5) absences in a rolling twelve month period.
Sick time that exceeds accrued sick leave will be taken without pay unless an alternative arrangement (e.g., the transfer of sick leave by a fellow employee to assist the sick employee) is approved at the discretion of the Executive Director or his/her designee. Accrued vacation leave also may be used to cover sick time in lieu of leave without pay.

Employees are encouraged to use sick leave for medical purposes, however employees who do not need to use sick leave will accrue four (4) additional hours of vacation leave time during the fiscal year for every six (6) months worked, if during that six (6) month period, sick leave is not used.

Employees may choose to be paid in cash for accrued unused sick leave in excess of four hundred (400) hours (up to a maximum of one hundred twenty (120) hours in the first full pay period in January and/or July. The hours will be paid at a rate equal to 50% of the employee’s hourly wage. Immediately prior to retirement from employment, employees will be paid for accrued sick leave in excess of four hundred (400) hours (two hundred (200) hours maximum) at an hourly rate equal to fifty percent (50%) of their hourly wage. Employees will be solely responsible for any tax consequences of such a sellback of accrued sick leave.

Accrued unused sick leave will not be paid to an employee upon termination or resignation from MFA.

**Transfer of Sick Leave**

MFA allows an employee to transfer a portion of his/her accrued sick leave to assist a fellow employee who has a prolonged illness or a medical catastrophe. Transfer of sick leave is subject to the following conditions and limitations:

- The ill employee must have exhausted all of his or her own accrued sick and vacation leave prior to obtaining a transfer of sick leave from another employee.
- An employee may not transfer more than forty (40) hours of sick leave in any fiscal year.
- Sick leave may not be transferred from a subordinate to an immediate supervisor.
- The transferring employee must have a minimum of forty (40) hours of sick leave remaining after the transfer.
- Transfer of Sick Leave will only be available for use during the waiting period of Short Term Disability.
- Transfer of Sick Leave can be transferred to an employee that is experiencing a qualifying event that does not involve the employee. (i.e., taking care of child or parent).
- The donor and the recipient must complete a Sick Leave Donation/Recipient Request form.
- Any unused sick time that was donated will be transferred back to the donor.
- **Donated hours will be transferred to the recipient as needed on a per pay period basis.**
- The Executive Director must approve the transfer request.

Transferred sick leave will run concurrently with the amount of Family and Medical Leave of Absence available to an employee under the FMLA policy below, arising out of the same illness or medical catastrophe.
Forty (40) Consecutive Hour Leave
Certain employees are required to take forty (40) consecutive business hours of leave during each full fiscal year following their first twelve (12) months of employment. Any forty (40) consecutive business hours of leave taken will be recorded regardless of how many total leave hours are taken within a fiscal year. All types of leave identified in this Manual, including training conducted away from MFA, may be used to meet the forty (40) consecutive business hour leave requirement except holidays. Waivers to this policy may be granted as necessary and must be approved sixty (60) days in advance by the Executive Director.

A full copy of the Consecutive Hour Leave can be found on MFA’s Intranet.

Paid Holidays
Eligible employees are entitled to pay for holidays observed by MFA. Full-time employees are eligible for eight (8) hours of pay on day of holiday. Part-time employees with benefits are eligible for holiday pay at a pro-rated amount that is determined based on the average amount of hours regularly scheduled to work per day during a normal workweek.

Holidays Observed
At the beginning of each calendar year a list is published detailing paid holidays observed by MFA and their exact dates for that year.

The Holidays that are observed by MFA are:
- New Year's Day
- Martin Luther King Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Thanksgiving Day
- The day after Thanksgiving is taken in lieu of Veteran’s Day
- Christmas Day
- Personal Day (please see policy above)

Working on a MFA Paid Holiday
Working on a MFA paid holiday is discouraged and prohibited unless prior approval is obtained from the respective Deputy Director and/or Executive Director, if applicable.

- Exempt Employees: If it is necessary and in the best interests of MFA to work on a paid holiday, then the employee will be granted floating time off equivalent to the actual number of hours worked on the holiday, which should be taken within the calendar year that the holiday is worked.
- Non-Exempt Employees: Working on a paid holiday generally is prohibited if it will result in the employee working more than forty (40) hours in a workweek; however, if the respective Deputy Director and/or Executive Director determines that it is in the best interests of MFA for a non-exempt employee to work on a paid holiday, then the employee
will be granted floating time off equivalent to the actual number of hours worked on the holiday. In addition, if the hours worked by the non-exempt employee on the holiday result in the employee working more than forty (40) hours in a workweek, the employee will receive overtime compensation, at the rate of one and one-half times their regular rate of pay, for each hour of overtime worked in that workweek.

**Paid Administrative Leave**

MFA provides paid administrative leave to eligible employees for bereavement, to vote, and for jury service or testifying as a witness in response to a subpoena. The Executive Director or his/her designee also may authorize administrative leave with pay, for a reasonable amount of time, due to office closures, under unusual circumstances, or when it is in the best interests of MFA to do so.

**Bereavement Leave**

Full-time employees are eligible for bereavement leave. Bereavement leave is leave with pay for absences due to the death of the employee’s spouse, child, stepchild, mother, father, mother-in-law, father-in-law, grandparents, grandchildren, brother, sister, or anyone residing in the employee's household, or as approved by the Executive Director on a case-by-case basis.

**Part-Time Employee with Benefits**

All part-time employees with benefits are eligible for bereavement leave. Part-time employees will be paid bereavement leave at a pro-rated amount that is determined based on the amount of hours regularly scheduled to work.

**Bereavement Leave Duration and Approval**

Approval from the employee’s supervisor must be obtained for the requested duration of the leave. Up to four (4) days or thirty-two (32) hours can be granted to an employee per bereavement occurrence. Up to three (3) additional days or twenty-four (24) hours can be granted in the event that out-of-state travel is necessary. Accrued vacation may be used for any additional time an employee takes in connection with a bereavement occurrence.

**Voting Time**

MFA encourages all employees to vote at each scheduled election. Employees whose work days begin within two (2) hours of the polls opening and end less than three (3) hours before polls close are entitled to up to two (2) paid hours of leave to vote. All employees who are registered voters are entitled to paid time to vote. Scheduling of voting time should be arranged with the employee's immediate supervisor.

**Jury Duty/Subpoenas**

MFA recognizes that employees who are called to serve on jury duty or subpoenaed as a witness have a legal obligation to do so. MFA provides paid administrative leave to eligible employees for the time necessary to comply with those legal obligations. Full-time employees are eligible for paid administrative leave for jury duty and to appear as a witness in response to a subpoena.
The employee must notify his/her supervisor immediately upon receipt of notice of impending jury duty or required appearance in response to a subpoena before a federal or state grand jury or court or a federal or state agency.

A copy of the notice of jury duty or subpoena must be submitted to the Human Resources Manager/Human Resources Director for the employee's personnel file. When a full-time employee is called for jury duty or to appear as a witness in response to a subpoena before a federal or state grand jury or Court or a Federal or State Agency, the employee will be compensated for his/her regular work schedule. The employee must turn in a time card receipt to Human Resources showing attendance in order to be compensated. An employee who is subpoenaed in his/her capacity as an employee of MFA will be compensated for his/her regular work schedule, to include overtime pay if applicable.

Employees who are dismissed early from jury duty should return to work if four (4) or 4 more hours remain in the regularly scheduled work day or use accrued vacation time.

For an employee who is a plaintiff or a defendant in a lawsuit unrelated to his/her employment by MFA, accrued vacation leave may be used for time off from work required for the litigation, and/or the employee may request leave without pay which must be authorized by the Executive Director or his/her designee.

Attendance fees received for jury duty or witness fees received in connection with a subpoena must be remitted to MFA’s Human Resources Manager/Human Resources Director. Travel reimbursement received for jury duty must be remitted to MFA if the court destination is in the Albuquerque downtown area.

Inclement Weather
If MFA decides to close the offices due to inclement weather, all employees will be contacted via text, email and/or a phone call from MFA’s alerting system. Time for that day will be charged to paid administrative leave. If the weather conditions are too dangerous, such that an employee cannot travel to work, the employee may stay home after notifying his/her supervisor as required by the attendance policy and call-in procedures. Vacation time or personal days must be used to cover the absence, otherwise the time off will be unpaid.

Office Closure
If MFA decides to close the office due to an unforeseen event, all employees will be contacted via text, email and/or a phone call from MFA’s alerting system. This time will be charged to paid administrative leave.

Parents with School Aged Children
MFA will allow up to four (4) hours of administrative leave for the fall semester and up to four hours of administrative leave in the spring semester to allow parents, aunt, uncle, step-parents, grandparents, brother, sister, or anyone residing in the employees’ household, or as approved by the Executive Director on a case by case basis, that have school aged children to attend parent-teacher conferences and/or meetings.
Employees will be required to complete a Parent Teacher Conference form and approval of leave needs to be given approved by the Supervisor, Human Resources Manager, Human Resources Director and Executive Director and must be included on timesheets and Personnel Activity Reportsturned into payroll for processing.
LEAVES OF ABSENCE

Family and Medical Leave Policy
Employees may be entitled to a leave of absence under the Family and Medical Leave Act (FMLA). This policy provides employees information concerning FMLA entitlements and obligations employees may have during such leaves. If employees have any questions concerning FMLA leave, they should contact the Human Resources Manager.

Eligibility:
FMLA leave is available to eligible employees. An eligible employee must:

- Have been employed by MFA for at least twelve (12) months (which service need not be consecutive);
- Have been employed by MFA for at least twelve hundred and fifty (1,250) hours of service during the twelve (12) month period immediately preceding the commencement of the leave; and
- Be employed at a worksite where fifty (50) or more employees are located within seventy-five (75) miles of the worksite.

Entitlements
The FMLA provides eligible employees with a right to leave, health insurance benefits and, with some limited exceptions, job restoration. The FMLA also entitles employees to certain written notices concerning their potential eligibility for and designation of FMLA leave.

Basic FMLA Leave Entitlement
The FMLA provides eligible employees up to twelve (12) workweeks of unpaid leave for certain family and medical reasons during a twelve (12)-month period. The twelve (12) month period is determined based on a rolling twelve (12) month period measured backward from the date an employee uses his/her FMLA leave. Leave may be taken for any one, or for a combination, of the following reasons:

- To care for the employee's child after birth, or placement for adoption or foster care;
- To care for the employee's spouse, son, daughter or parent (but not in-law) who has a serious health condition;
- For the employee's own serious health condition (including any period of incapacity due to pregnancy, prenatal medical care or childbirth) that makes the employee unable to perform one or more of the essential functions of the employee's job; and/or
- Because of any qualifying exigency arising out of the fact that an employee's spouse, son, daughter or parent is a covered military member on active duty or has been notified of an impending call or order to active duty status in the National Guard or Reserves in support of contingency operation.

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a
healthcare provider for a condition that either prevents the employee from performing the functions of the employee’s job, or prevents the qualified family member from participating in school or other daily activities. Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than three (3) consecutive calendar days combined with at least two (2) visits to a healthcare provider or one (1) visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

Qualifying exigencies may include attending certain military events, arranging for alternative child-care, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

**Additional Military Family Leave Entitlement (Injured Service Member Leave)**
An eligible employee who is the spouse, son, daughter, parent or next of kin of a covered service member is entitled to take up (twenty-six) 26 weeks of leave during a single twelve (12) month period to care for the service member with a serious injury or illness. Leave to care for a service member shall only be available during a single twelve (12) month period and, when combined with other FMLA-qualifying leave, may not exceed twenty-six (26) weeks during the single twelve (12) month period. The single twelve (12) month period begins on the first day an eligible employee takes leave to care for the injured service member.

A covered service member means a member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is on the temporary retired list, for a serious injury or illness. A member of the Armed Forces would have a serious injury or illness if he/she has incurred an injury or illness in the line of duty while on active duty in the Armed Forces provided that the injury or illness may render the service member medically unfit to perform duties of the member’s office, grade, rank or rating.

**Intermittent Leave and Reduced Leave Schedules**
FMLA leave usually will be taken for a period of consecutive days, weeks or months. However, employees also are entitled to take FMLA leave intermittently or on a reduced leave schedule when medically necessary due to a serious health condition of the employee or covered family member or the serious injury or illness of a covered service member.

**No Work While on Leave**
Accepting another job while on family/medical leave or any other authorized leave of absence is grounds for immediate termination, to the extent permitted by law.

**Protection of Group Health Insurance Benefits**
During FMLA leave, eligible employees are entitled to receive group health plan coverage on the same terms and conditions as if they had continued to work.

**Restoration of Employment and Benefits**
At the end of FMLA leave, subject to some exceptions including situations where job restoration of key employees will cause MFA substantial and grievous economic injury, employees generally have a right to return to the same or equivalent positions with equivalent pay, benefits and other employment terms. MFA will notify employees if they are considered key employees, if MFA intends to deny reinstatement, and of their rights in such instances. Use of FMLA leave will not result in the loss of any employment benefit that accrued prior to the start of an eligible employee's FMLA leave.

Notice of Eligibility for, and Designation of, FMLA Leave
Employees requesting FMLA leave are entitled to receive written notice from MFA telling them whether they are eligible for FMLA leave and, if not eligible, the reasons why they are not eligible. When eligible for FMLA leave, employees are entitled to receive written notice of:

- Their rights and responsibilities in connection with such leave;
- MFA’s designation of leave as FMLA-qualifying or non-qualifying, and if not FMLA the reasons why; and
- The amount of leave, if known, that will be counted against the employee's leave entitlement.
- MFA may retroactively designate leave as FMLA leave with appropriate written notice to employees provided MFA’s failure to designate leave as FMLA-qualifying at an earlier date did not cause harm or injury to the employee. In all cases where leaves qualify for FMLA protection, MFA and employee can mutually agree that leave be retroactively designated as FMLA leave.

EMPLOYEE FMLA LEAVE GUIDELINES

Provide Notice of the Need for Leave
Employees who take FMLA leave must timely notify MFA of their need for FMLA leave. The following describes the content and timing of such employee notices.

Content of Employee Notice
To trigger FMLA leave protections, employees must inform the Human Resources Manager or Human Resources Director of the need for FMLA-qualifying leave and the anticipated timing and duration of the leave, if known. Employees may do this by either requesting FMLA leave specifically, or explaining the reasons for leave so as to allow MFA to determine that the leave is FMLA-qualifying. For example, employees might explain that:

- a medical condition renders them unable to perform the functions of their job;
- they are pregnant or have been hospitalized overnight;
- they or a covered family member are under the continuing care of a healthcare provider;
- the leave is due to a qualifying exigency caused by a covered military member being on active duty or called to active duty status; or
- if leave is for a family member, that the condition renders the family member unable to perform daily activities or that the family member is a covered service member with a serious injury or illness.
Calling in "sick," without providing the reasons to Human Resources for the needed leave, will not be considered sufficient notice for FMLA leave under this policy. Employees must respond to questions from the Human Resources Manager or Human Resources Director to determine if absences are potentially FMLA-qualifying and must submit an appropriate FMLA certification form which has been completed by their health care provider.

If employees fail to submit the completed FMLA certification to HR, the leave may be denied. When employees seek leave due to FMLA-qualifying reasons for which MFA has previously provided FMLA-protected leave, they must submit a current, completed FMLA certification. All medically-related documents, including completed FMLA certifications, will be kept in a separate, confidential file for each employee and access to any employee’s separate, confidential file will be on a strict need-to-know basis.

**Timing of Employee Notice**
Employees must provide thirty (30) days’ advance notice of the need to take FMLA leave when the need is foreseeable. When thirty (30) days’ notice is not possible, or the approximate timing of the need for leave is not foreseeable, employees must provide MFA notice of the need for leave as soon as practicable under the facts and circumstances. Employees who fail to give thirty (30) days’ notice for foreseeable leave without a reasonable excuse for the delay, or otherwise fail to satisfy FMLA notice obligations, may have FMLA leave delayed or denied.

**Cooperation in the Scheduling of Planned Medical Treatment Including Accepting Transfers to Alternative Positions and Intermittent Leave or Reduced Leave Schedules**
When planning medical treatment, employees must consult with MFA and make a reasonable effort to schedule treatment so as not to unduly disrupt MFA’s operations, subject to the approval of an employee's healthcare provider. Employees must consult with MFA prior to the scheduling of treatment to work out a treatment schedule that best suits the needs of both MFA and the employee, subject to the approval of an employee's healthcare provider. If employees providing notice of the need to take FMLA leave on an intermittent basis for planned medical treatment neglect to fulfill this obligation, MFA may require employees to attempt to make such arrangements, subject to the approval of the employee's healthcare provider.

When employees take intermittent or reduced work schedule leave for foreseeable planned medical treatment for the employee or a family member, including during a period of recovery from a serious health condition or to care for a covered service member, MFA may temporarily transfer employees, during the period that the intermittent or reduced leave schedules are required, to alternative positions with equivalent pay and benefits for which the employees are qualified and which better accommodate recurring periods of leave.

When employees seek intermittent leave or a reduced leave schedule for reasons unrelated to the planning of medical treatment, upon request, employees must advise MFA of the reason why such leave is medically necessary. In such instances, MFA and employee shall attempt to work out a leave schedule that meets the employee's needs without unduly disrupting MFA’s operations, subject to the approval of the employee's healthcare provider.
Submission of Medical Certifications Supporting Need for FMLA Leave 
(Unrelated to Requests for Military Family Leave)

Depending on the nature of FMLA leave sought, employees may be required to submit medical certifications supporting their need for FMLA-qualifying leave. As described below, there generally are three types of FMLA medical certifications:

- an initial certification
- a recertification
- a return to work/fitness for duty certification

It is the employee's responsibility to provide MFA with timely, complete and sufficient medical certifications. Whenever MFA requests employees to provide FMLA medical certifications, employees must provide the requested certifications within fifteen (15) calendar days after MFA request, unless it is not practicable to do so despite an employee's diligent, good faith efforts. MFA shall inform employees if submitted medical certifications are incomplete or insufficient and provide employees at least seven (7) calendar days to cure deficiencies. MFA will deny FMLA leave to employees who fail to timely cure deficiencies or otherwise fail to timely submit requested medical certifications.

With the employee's permission, MFA (through individuals other than an employee's direct supervisor) may contact the employee's healthcare provider to authenticate or clarify completed and sufficient medical certifications. If employees choose not to provide MFA with authorization allowing it to clarify or authenticate certifications with healthcare providers, MFA may deny FMLA leave if certifications are unclear.

Whenever MFA deems it appropriate to do so, it may waive its right to receive timely, complete and/or sufficient FMLA medical certifications.

Initial Medical Certifications

Employees requesting leave because of their own, or a covered relation's, serious health condition, or to care for a covered service member, must supply medical certification supporting the need for such leave from their healthcare provider or, if applicable, the healthcare provider of their covered family or service member. If employees provide at least thirty (30) days’ notice of medical leave, they should submit the medical certification before leave begins. A new initial medical certification will be required on an annual basis for serious medical conditions lasting beyond a single leave year.

If MFA has reason to doubt initial medical certifications, it may require employees to obtain a second opinion at MFA’s expense. If the opinions of the initial and second healthcare providers differ, MFA may, at its expense, require employees to obtain a third, final and binding certification from a healthcare provider designated or approved jointly by MFA and the employee.

Medical Re-certifications

Depending on the circumstances and duration of FMLA leave, MFA may require employees to provide re-certification of medical conditions giving rise to the need for leave. MFA will notify employees if re-certification is required and will give employees at least fifteen (15) calendar days to provide medical re-certification.
Return to Work/Fitness for Duty Medical Certifications
Unless notified that providing such certifications is not necessary, employees returning to work from FMLA leaves that were taken because of their own serious health conditions that made them unable to perform their jobs must provide MFA medical certification confirming they are able to return to work and their ability to perform the essential functions of their position, with or without reasonable accommodation. MFA may delay and/or deny job restoration until employees provide return to work/fitness for duty certifications.

Submission of Certifications Supporting Need for Military Family Leave
Upon request, the first time employees seek leave due to qualifying exigencies arising out of the active duty or call to active duty status of a covered military member, MFA may require employees to provide:

- A copy of the covered military member's active duty orders or other documentation issued by the military indicating the covered military member is on active duty or call to active duty status and the dates of the covered military member's active duty service; and
- A certification from the employee setting forth information concerning the nature of the qualifying exigency for which leave is requested. Employees shall provide a copy of new active duty orders or other documentation issued by the military for leaves arising out of qualifying exigencies arising out of a different active duty or call to active duty status of the same or a different covered military member.

When leave is taken to care for a covered service member with a serious injury or illness, MFA may require employees to obtain certifications completed by an authorized healthcare provider of the covered service member. In addition, and in accordance with the FMLA regulations, MFA may request that the certification submitted by employees set forth additional information provided by the employee and/or the covered service member confirming entitlement to such leave.

Substitute Paid Leave for Unpaid FMLA Leave
Employees may elect to use any accrued paid time while taking unpaid FMLA leave.

The substitution of paid time for unpaid FMLA leave time does not extend the length of FMLA leave and the paid time will run concurrently with an employee's FMLA entitlement.

Leaves of absence taken in connection with a disability leave or workers' compensation injury/illness shall run concurrently with any FMLA leave entitlement. Employees must use exhaust all accrued paid leave prior to being eligible for disability benefits.

Payment for Employee's Share of Health Insurance Premiums
During FMLA leave, employees are entitled to continued group health plan coverage under the same conditions as if they had continued to work. Unless MFA notifies employees of other arrangements, whenever employees are receiving pay from MFA during FMLA leave, MFA will deduct the employee portion of the group health plan premium from the employee's paycheck in the same manner as if the employee was actively working. If FMLA leave is unpaid, employees must pay their portion of the group health premium through a method determined by MFA upon leave.
MFA’s obligation to maintain healthcare coverage ceases if an employee's premium payment is more than thirty (30) days late. If an employee's payment is more than fifteen (15) days late, MFA will send a letter notifying the employee that coverage will be dropped on a specified date unless the co-payment is received before that date. If employees do not return to work within thirty (30) calendar days at the end of the leave period (unless employees cannot return to work because of a serious health condition or other circumstances beyond their control), they will be required to reimburse MFA for the cost of the premiums MFA paid for maintaining coverage during their unpaid FMLA leave.

**Coordination of FMLA Leave with Other Leave Policies**
The FMLA does not affect any federal, state or local law prohibiting discrimination, or supersedes any state or local law which provides greater family or medical leave rights. For additional information concerning leave entitlements and obligations that might arise when FMLA leave is either not available or exhausted, employees should consult MFA’s other leave policies in this Handbook or contact Human Resources.

**Questions and/or Complaints about FMLA Leave**
If any employee has questions regarding this FMLA policy, he/she should contact the Human Resources Manager Human Resources Director. MFA is committed to complying with the FMLA and, whenever necessary, shall interpret and apply this policy in a manner consistent with the FMLA.

The FMLA makes it unlawful for employers to:

- Interfere with, restrain, or deny the exercise of any right provided under FMLA; or
- Discharge or discriminate against any person for opposing any practice made unlawful by FMLA or involvement in any proceeding under or relating to FMLA. If employees believe their FMLA rights have been violated, they should contact the Human Resources Manager Human Resources Director immediately. MFA will investigate any FMLA complaints and take prompt and appropriate remedial action to address and/or remedy any FMLA violation. Employees also may file FMLA complaints with the United States Department of Labor or may bring private lawsuits alleging FMLA violations.

**Military Leave of Absence**
MFA is required under the Uniformed Services Employment and Reemployment Rights Act (USERRA) and state law to provide enhanced leave rights and job protections for employees absent for military service.

**Eligibility:** Every employee who is a member of the uniformed services is eligible for military leave of absence regardless of length of employment or part-time status, with the exception of workers employed for brief, non-recurrent periods.

USERRA applies to employees who are members of the uniformed services of the United States, which include the Army, Navy, Air Force, Marine Corps., Coast Guard, and their reserves; the Army and Air National Guards, including periods of training; the Public Health Service commissioned corps; and other categories that may be designated by the President in times of emergency.
A military leave of absence includes voluntary or involuntary active duty, active duty for training, inactive duty training, and full-time National Guard duty. It also includes any absence needed for an examination to determine whether a person is fit to perform military duty.

**Request**

Unless the giving of advance notice is impossible, unreasonable, or precluded by military necessity, an employee who requests military leave of absence must submit a Personnel Action Form (obtained from MFA’s Intranet on the Human Resources “Forms” page), accompanied by a copy of the military orders or other official documentation, to the employee's supervisor, for approval by the respective Deputy Director, or the Executive Director if appropriate. The Personnel Action Form must be completed by employees requesting military leave of any duration.

**Nature of Military Leave**

An employee’s salary will not continue during a military leave, with one exception: if an employee is a member of an organized reserve unit of the armed forces, MFA will give the employee up to fifteen (15) working days of military leave with pay annually (based on a military training year) in addition to other authorized unpaid leave when the employee is ordered to active duty training or for the purpose of attending officially authorized training or instruction.

An employee may request to use any vacation or sick leave they have accrued to cover all or part of their military leave. Health benefits coverage will continue for thirty-one (31) days as long as the employee pays their normal portion of the cost of benefits during that period. For leaves lasting longer than thirty-one (31) days, an employee will be eligible to continue health benefits under COBRA and will be required to pay the total cost of their health benefits if they wish to continue benefits.

Upon return from military leave, an employee will be reinstated with the same seniority, pay, status, and benefit rights that they would have had if they had worked continuously. If service was for less than ninety (90) days, the employee must be restored to the same job. If service was longer than ninety (90) days, the employee must be restored to his/her their same job or a similar job. Employees must report for reemployment within ninety (90) days of discharge from the military. An employee who fails to report to work within the prescribed time after completion of military service will be considered to have voluntarily terminated his/her employment.

If an employee was a participant in MFA’s 401(k) and/or 457(b) retirement plans at the time they left for military duty, they will be permitted to make additional contributions to the plan(s) as of their reemployment date.

Rights for reemployment and benefits depend upon satisfactory completion of military service. MFA is not required to reemploy a returning employee who was separated due to a dishonorable or bad conduct discharge or under less than honorable conditions.

**Personal Leave of Absence/Leave Without Pay**

The Executive Director or his/her designee may authorize a personal leave of absence with or without pay, for a reasonable amount of time, under unusual circumstances when it is in the best interests of MFA to do so. Employees requesting a personal leave of absence without pay for eight (8) hours in a
pay period or more must submit a completed Personnel Action Form. The granting of a personal leave of absence without pay is solely within the discretion of the Executive Director or his/her designee.

Except as otherwise described in MFA’s Vacation and Sick leave “Use” policies, appropriate accrued vacation and/or sick leave must be exhausted before applying for personal leave.

**Reinstatement**
Reinstatement following an unpaid personal leave of absence is not guaranteed. Management will attempt to reinstate an employee returning from a personal leave of absence into the employee's former position or, if that is not available, a comparable position. If the employee's former position is not available, Management will consider the employee for any available position for which he or she is experienced and qualified.

**Educational Leave**
Full time employees are eligible to request educational leave with or without pay for training related to their position with MFA. The granting of educational leave of absence is solely within the discretion of the Executive Director or his/her designee.

**Domestic Abuse Leave**
An employee may take up to fourteen (14) days (maximum of eight (8) hours per day) per calendar year to:
- Pursue an order of protection or other judicial relief from domestic abuse;
- Meet with law enforcement officials, consult with attorneys or district attorneys’ victim advocates, or attend court proceedings related to domestic abuse of themselves or a member of their family.
- Domestic abuse leave is unpaid unless an employee chooses to use accrued sick or vacation leave.

**Definition**
“Domestic Abuse” for purposes of this policy means an incident of stalking or sexual assault whether committed by a household member or not, or any incident by a household member against another household member consisting of or resulting in:
- physical harm;
- severe emotional distress;
- bodily injury or assault;
- a threat causing imminent fear of bodily injury by any household member;
- criminal trespass;
- criminal damage to property;
- repeatedly driving by a residence or work place;
- telephone harassment;
- harassment; or
- harm or threatened harm to children.
Notice
In an emergency, employees needing domestic abuse leave must notify MFA within twenty-four (24) hours of starting the leave. Otherwise, employees needing domestic abuse leave must provide as much notice as possible in the circumstances. Notification can be given to the employee’s supervisor/manager, the Human Resources Manager, Human Resources Director, respective Deputy Director or Executive Director.

Verification
Employees must provide MFA with verification of the leave as soon as verification is obtained. The verification may be a police report indicating that the employee or a member of the employee’s family was a victim of domestic abuse; a copy of an order of protection or other court evidence produced in connection with an incident of domestic abuse; or a written statement from the employee’s attorney, district attorney’s victim advocate, or prosecuting attorney stating that the employee, employee’s child, or a child for whom the employee is a guardian appeared or is scheduled to appear in court in connection with an incident of domestic abuse.

Confidentiality
MFA will keep all information regarding domestic abuse leave strictly confidential, including the fact that the employee or employee’s family member was involved in a domestic abuse incident; that the employee requested or took domestic abuse leave; and the verification provided by the employee. No information regarding domestic abuse leave will be kept in personnel files. MFA will disclose information related to domestic abuse only when the employee consents, or when a court or administrative agency orders such disclosure, or when such disclosure is otherwise required by federal or state law.

No Retaliation
MFA will not penalize or retaliate against an employee for requesting or taking domestic abuse leave. MFA will not withhold benefits coverage from an employee during the time they are on domestic abuse leave. Time taken for domestic abuse leave will not be included in calculating eligibility for benefits.
SAFETY, VIOLENCE, SECURITY, AND DRUG AND ALCOHOL FREE WORK PLACE

Safety
It is the intent of the Board and Management to ensure a safe, productive work environment and to protect all employees and MFA property from harm. Safety is the responsibility of all employees. Every effort should be made to develop safe working conditions.

For the safety of MFA’s employees and visitors the following rules apply:

• Restrooms are for use only by MFA employees and visitors who have legitimate business reasons for being on the premises.
• All visitors, including family and friends of employees, and business associates, will be required to remain in the lobby until the appropriate employee is notified and physically greets the visitor.
• All visitors must sign in at the reception desk and must be escorted to the appointed destination.

If anyone becomes aware of a potential hazard, it must be reported to Management or to the employee’s supervisor immediately.

Use of Personal and MFA-Issued Cell Phones
The use of personal or MFA-issued cell phones while at work may present a hazard or distraction to the user and/or co-employees. This policy is meant to ensure that cell phone use during work hours is safe, does not disrupt business operations, and is consistent with other policies regarding MFA property.

Employees whose job responsibilities include regular or occasional driving and who use a cell phone for business are expected to use caution while driving. Cell phones may not be used for MFA business purposes while driving unless they are equipped with a hands-free device or built-in speakers that allow for hands-free use. Text messaging is prohibited while driving during work hours.

Under no circumstances are employees allowed to place themselves at risk when using cell phones to fulfill business needs. Employees who are charged with traffic violations resulting from the use of their phone while driving will be solely responsible for all fines that result from such actions. Employees in possession of company equipment such as cellular phones are expected to protect the equipment from loss, damage or theft.

Employees in violation of this policy will be subject to disciplinary action, including termination.

Building Access
MFA strives to provide exception customer service. This includes having walk in customers for the full ranges of programs provided on a regular basis. Our customer services policies and MFA’s location bring with it some risks. Staff must be vigilant when entering the building to ensure no one, other than MFA staff, enters the building with them unless they have been identified and are escorted to the receptionist desk.
Violence
Violence of any kind will not be tolerated at MFA. The procedures outlined below should be followed if employees of or visitors to MFA become violent or threatening:

- Call the receptionist at extension 2201. He/she will follow the emergency response procedures.
- Remain calm so as not to heighten the situation.
- Do not physically try to calm the situation or restrain the individual.
- Forward harassing or threatening phone calls to the Human Resources Manager.

Security
MFA is closed and secured at all times other than business hours.

If the building is entered at times other than business hours, the building security alarm will activate. At this time, the alarm company will attempt to contact MFA office by telephone. If no one answers the telephone and/or the security code is not given, the security company will assume a breach of security and the police will be called.

Every attempt should be made to use care in entering and leaving the building without accidentally setting off the alarm. Employees must immediately notify their supervisor or the Facilities Technician in cases of accidental alarm activation.

Drug and Alcohol Free Work Place
MFA will not tolerate the use, sale, manufacture, distribution, purchase, and/or possession of illegal controlled substances or alcohol during work hours or in its workplace, inspection sites, office rental vehicles, and personal vehicles when mileage is reimbursed by MFA. Receiving a DUI (Driving under the Influence) citation will not be tolerated and may result in termination of employment. A full disclosure to immediate supervisor who is required to report to respective Deputy Director or Executive Director and Human Resources Director is required within 24 hours of receipt of such violation and or citation.

Disclosure is required for prescription medications that may cause impairment.

Any employee violating this policy will be subject to disciplinary action up to and including termination of employment. In lieu of termination MFA may grant the employee a leave of absence to participate in and successfully complete a drug/alcohol abuse assistance program or rehabilitation program approved by a federal, state or other appropriate agency.

The employee will not be permitted to return to work until certification is presented to the Human Resources Manager that the employee is capable of performing their job. Failure to cooperate with an agreed-upon treatment plan may result in disciplinary action to include termination.

Participation in a treatment program does not insulate an employee from disciplinary action for violations of this or other MFA policies. An employee who has been convicted for a violation of a criminal drug statute that occurred during work hours is required to notify MFA no later than five calendar days after such conviction. Conviction means a finding of guilt (including a plea of nolo contendere) or the imposition of a sentence, or both, by a judge or jury in any federal or state court.
STANDARDS OF CONDUCT & DISCIPLINARY ACTION

Groups of people who work together for any purpose require certain guidelines regarding their conduct and relationships. MFA expects all of its employees to conduct themselves in an honest, polite, respectful and professional manner at all times, which includes being well-mannered and respectful to one another, as well as to visitors, customers, associates and partners of MFA.

Misconduct
As previously stated, employment with MFA is at will and either the employee or MFA may terminate the employment relationship at any time, for any or no reason, and with or without advance notice. Although Management may attempt to help employees correct their behavior through progressive discipline or other means, immediate termination is always an option. Although there is no way to identify every possible violation of standards of conduct that might rise to the level of misconduct, the following is a partial list of examples that will result in discipline, up to and including termination:

- Fighting or other disorderly conduct.
- Loud and/or disruptive behavior.
- Theft from MFA or a co-worker.
- Dishonesty of any kind.
- Failure to complete or falsification of any document or record, including hiring and timekeeping records including Personnel Activity Reports.
- Unauthorized use or disclosure of MFA’s confidential information and/or records, such as salary information, or other confidential information, which may become available to the employee during employment.
- Violation of MFA’s Confidentiality Agreement.
- Deliberate conflict of interest.
- Willful destruction or negligent abuse, waste, or theft of MFA property or the property of a co-worker.
- Any use of illegal drugs or abuse of prescription drugs, or being under the influence of alcohol, during working hours or on MFA premises.
- Possession of any weapons or firearms on MFA premises.
- Threatening, intimidating, bullying, defaming, or coercing others by word or action.
- Engaging in discrimination, including sexual or other harassment, of an MFA employee or any visitor, customer or person providing services to MFA.
- Violation of any safety, security, or health rules.
- Engaging in any actions prohibited by the Fair Housing Amendments of 1988.
- Insubordination (including refusal to accept a job assignment or to acknowledge a written counseling).
- Failure to perform job responsibilities.
- Not performing at an acceptable level of competency.
- Repeated absenteeism and/or tardiness.
- Unauthorized use or misuse of MFA property (for example, unauthorized use or misuse of MFA's computers or E-mail).
- Unauthorized soliciting, collecting contributions or distribution of literature for any purpose on MFA premises.
Disciplinary Action
Management in its sole discretion determines what disciplinary steps or action may be appropriate to address employee behavior and/or performance problems. Disciplinary action may take different forms, depending upon the specific facts and circumstances, including, but not limited to, the following:

- Oral counseling, which may or may not be documented in writing.
- Written counseling signed by the employee's supervisor and acknowledged by the employee and placed in the employee's personnel file after consultation with the employee.

Additional disciplinary steps that may be taken, depending upon the seriousness of the behavior or performance problem being addressed, include but are not limited to the following, which may be taken only with the approval of the Executive Director:

- Delay in expected salary adjustments.
- Evaluations other than annual.
- Suspension without pay.
- Performance and/or conduct improvement plan.
- Demotion.
- Termination.

Not all of foregoing steps may be required to correct instances of inappropriate employee behavior, poor performance or misconduct, nor are these steps required to be taken in the order in which they are listed. Because of the at-will nature of employment at MFA, employment may be terminated by MFA or the employee, at any time, for any reason or for no reason, with or without advance notice and with or without disciplinary steps having first been followed.

Disagreements with Supervisors
While MFA strives to maintain pleasant and effective working conditions, it recognizes that misunderstandings and disagreements between employees and their supervisors may arise. In such cases, and in cases where disciplinary action has been taken with which an employee is dissatisfied, the following procedures will generally be followed:

- The employee should first discuss the problem or disciplinary action with his/her supervisor.
- The supervisor will make a decision about the problem or disciplinary action based on discussions with the employee.
- Every effort should be made to resolve problems or conflicts with the immediate supervisor prior to utilizing the chain of command.
- If the employee does not agree with the decision of the supervisor, the employee should consult with the next level of management.
- The next level of management will confer with all parties and make a decision about the problem or corrective action.
- If the employee does not agree with the decision the employee should consult with the Human Resources Manager.
- The Human Resources Manager will confer with all parties and then make the final decision about the problem or corrective action, unless the disagreement involves the Human Resources Manager, in which event the Executive Director or his/her designee will make the final decision.
ANTI-DISCRIMINATION AND HARASSMENT POLICY

Objective
MFA is committed to maintaining an employment environment in which all individuals are treated with respect and dignity. Each individual has the right to work in an atmosphere that promotes equal opportunities and prohibits discriminatory practices and harassment.

Discrimination or harassment on the basis of an individual’s race, gender, color, religion, sex, sexual orientation, gender identity, marital status, pregnancy, parenthood, national origin, age, physical or mental disability, serious medical condition, genetic information, status with regard to public assistance, status as a veteran, ancestry, or any other classification protected by applicable federal, state or local law, is strictly prohibited and will not be tolerated by MFA.

This anti-discrimination and harassment policy prohibits any type of discrimination or harassment by any MFA employee against any individual in our workplace, and in other work-related settings such as business trips and social events attended by employees. MFA also will not tolerate any form of discriminatory or harassing behavior against an MFA employee by any non-employees, such as visitors, customers, associates, or persons providing services or products to MFA.

Harassment Defined
Sexual and other harassment are forms of discrimination that are prohibited by Title VII of the Civil Rights Act of 1964 and 1991, and by the New Mexico Human Rights Act.

Harassment refers to unwelcome behavior that is based on a protected characteristic of the person(s) being harassed (e.g., their age, sex, religion, national origin, etc.), and that creates an intimidating, hostile or offensive working environment. Harassment in the workplace is demeaning to the person(s) against whom it is practiced and destroys the fair and harmonious working environment essential to the continued success of MFA.

Prohibited harassment may take many forms, including, but not limited to, the following:

- Harassing or discriminatory remarks or actions against an individual or group on the basis of their race, gender, color, religion, sex, sexual orientation, gender identity, marital status, pregnancy, parenthood, national origin, age, physical or mental disability, serious medical condition, genetic information, status with regard to public assistance, status as a veteran, ancestry or any other characteristic protected by law.

- Crude/vulgar language, sexual advances or other verbal, visual, or physical conduct of a sexual nature, intimidation, baiting, hazing, bullying, banter/teasing, spreading rumors, sending or posting offensive or lewd materials (including pictures, sayings or cartoons), ridicule, hostility and threats or acts of violence.

- Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:
  
  A. submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment;
  B. submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; or
  C. such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an intimidating, hostile, or offensive working environment.
REPORTING DISCRIMINATION OR HARASSMENT

Employee Responsibilities:

• All employees are equally responsible and accountable for maintaining a workplace that respects the dignity and rights of their fellow employees and the customers they serve.
• Employees are encouraged to be supportive of one another and sensitive to remarks and actions that can be personally harmful and/or disruptive to others in the workplace.
• Employees who believe they are being discriminated against or harassed are encouraged to firmly and promptly inform the offender that his/her behavior is unwelcome, harmful, or offensive. Some offenders may be genuinely oblivious to the effect of their words or conduct on other people and might be willing to change if they knew they were hurting or offending someone. However, MFA recognizes that power and status disparities between an alleged harasser and a target or other circumstances may make such a confrontation difficult or impossible in some instances.
• Any employee who is aware of or who has experienced an incident of discrimination or harassment should report the matter immediately to his/her supervisor or any member of Management so as to minimize the risk of repeat incidents or retaliation by the offender.
• If the supervisor is the offender, report the incident to Management. If Management is the subject of the report, the employee should inform the Human Resources Manager or Human Resources Director.
• Reports of discrimination or harassment, whether oral or written, should include an accurate, detailed description of the objectionable behavior, including date(s), time(s), and place(s) of the alleged discrimination or harassment, and should identify any other individuals who may have witnessed or heard the offensive conduct.

Supervisor, Manager and Management Responsibilities:

• Supervisors, managers and Management must serve as positive role models with respect to proper conduct in the workplace.
• Along with their own conduct, supervisors, managers and Management should always be alert in identifying negative behavior among employees, whether intentional or not, that may affect the work environment.
• Supervisors, managers and Management should also encourage employees to discuss and ask questions to become better informed and to bring concerns and observations to the attention of their supervisors for discussion and follow-up, as appropriate.
• In the event that a supervisor, manager or Management becomes aware of a discrimination or harassment incident or complaint, or potential problem situation, he/she should contact the Human Resources Manager or Human Resources Director immediately for guidance in investigating and addressing the problem.
• Supervisors, managers and Management should cooperate fully with efforts to investigate and resolve any complaints of discrimination or harassment.
**Investigation of Reports**
Investigation of all reports of discrimination or harassment will be undertaken promptly in as discreet and confidential a manner as possible. Cooperation and discretion by all employees contacted during the course of an investigation is required.

If a complaint of discrimination or harassment is substantiated, appropriate corrective action will be taken, depending upon the circumstances. Employees found to have engaged in discrimination or harassment will be subject to appropriate discipline, up to and including termination.

**Retaliation**
MFA will not tolerate any retaliation against any employee who makes a report of harassment or discrimination or who participates in an investigation of a report or claim of harassment or discrimination. Any employee found to have retaliated against another employee for reporting harassment or discrimination, or for participating in an investigation of discrimination or harassment, will be subject to disciplinary action, up to and including termination.

**Harassment by Non-Employees**
All MFA employees are entitled to enjoy a workplace free from discrimination, harassment and abuse of any sort, and have a right to perform their job duties without a requirement to endure discrimination, harassment or abuse from any member of the public or any MFA contractor, sub-grantee, or partner. If, in the course of performing her/his job duties, an MFA employee encounters any member of the public, or any MFA contractor, sub-grantee, or partner who speaks to, writes to, or writes about the employee or any other person in a manner that the employee finds offensive or threatening, that employee may terminate all verbal and/or written communication with the person making or writing the offensive or threatening comments. The employee shall immediately notify – verbally and/or in writing - her/his direct supervisor, or if that person is unavailable, a Deputy Director or the Executive Director, of the incident and all relevant information regarding the incident. The employee will have no further obligation to communicate with and or have any other form of contact with the person who made the offensive or threatening comment.

For the purposes of this policy, an offensive comment shall include, but shall not necessarily be limited to, comments regarding membership in a protected classification (based on race, religion, ethnicity, national origin, gender, sexual orientation, gender identity, or perceived sexual orientation or gender identity); disability or perceived disability; physical appearance; or any other comment that a reasonable person similarly situated to the employee would find offensive. A threatening comment shall be interpreted as any comment indicating a suggestion or expression of intent to actively commit some form of physical, mental, or emotional harm to the employee, to another employee, to anyone related to any employee, or to any other person in a manner that would cause a reasonable person similarly situated to the employee to whom the comment was made to feel threatened.
ANTI-BULLYING POLICY

Objective
MFA’s objective is to provide a work environment that promotes respect of our employees. MFA believes all employees should be able to work in an environment free of bullying and will not tolerate bullying under any circumstances.

Bullying Defined
Workplace bullying is verbal or nonverbal abusive behavior that is intended to or has the effect of intimidating, offending, degrading and/or humiliating an employee, whether it occurs in a one-on-one situation or in front of other employees, partners, or customers. Some examples of workplace bullying include:

- Verbal abuse, including shouting, using an inappropriate or mocking tone of voice, or using profanity or crude language.
- Exclusion of an employee by not notifying the employee of meetings, opportunities, results, and outcomes directly affecting his/her employment or ability to perform his/her job effectively.
- Belittling behavior, including public remarks or emails that may cause humiliation.
- Interfering with another employee’s workplace, materials, and equipment.
- Excessive and/or intrusive surveillance or monitoring of an employee.
- Nitpicking and fault finding without justification.
- Deliberately withholding information vital for effective work performance.

Workplace counseling, providing constructive criticism, managing performance or any other action in accordance with MFA’s policies and procedures does not constitute workplace bullying. Differences of opinion, interpersonal conflicts, and problems in working relations are part of working life and do not constitute bullying.

Reporting Bullying

Employee Responsibilities:

- All employees are equally responsible and accountable for maintaining a workplace that respects the dignity and rights of their fellow employees and the customers they serve.
- All employees of MFA shall act responsibly to establish a pleasant working environment free of bullying.
- Employees are encouraged to be supportive of one another and sensitive to remarks and actions that can be personally harmful and/or disruptive to others in the workplace.
- Employees who believe they are being bullied are encouraged to tell the offender directly that his/her behavior is contrary to MFA’s anti-bullying policy. Some offenders may be genuinely oblivious to the effect of their words or conduct on other people and might be willing to change if they knew they were hurting or offending someone. However, MFA recognizes that power and status disparities between an alleged bully and a target or other circumstances may make such a confrontation difficult or impossible in some instances.
- Individuals who are aware of or who have experienced an incident of bullying are encouraged to report the matter promptly, to his/her supervisor or any member of Management to minimize the risk of repeat incidents or retaliation by the offender.
• If an employee’s supervisor or manager is the offender, the incident should be reported to Management. If Management is the subject of the report, the incident should be reported to the **Human Resources Manager**.

**Supervisor, Manager and Management Responsibilities:**

- Supervisors, managers and Management must serve as positive role models with respect to proper conduct in the workplace, and should always be alert in identifying bullying behavior among employees, whether intentional or not, that may affect the work environment.
- Supervisors, managers and Management should also encourage employees to discuss and ask questions to become better informed and to bring concerns and observations to the attention of their supervisors and managers for discussion and follow-up, as appropriate.
- In the event that a supervisor, manager or Management becomes aware of a bullying complaint, or potential bullying problem, he/she should contact the **Human Resources Director** immediately for guidance in investigating and addressing the problem.
- Supervisors, managers and Management should cooperate fully with efforts to investigate and resolve any reports of bullying.

**Investigation of Reports**

Investigation of all reports of bullying will be undertaken promptly in as discreet and confidential a manner as possible. Cooperation and discretion by all employees contacted during the course of an investigation is required.

If a complaint of bullying is substantiated, appropriate corrective action will be taken, depending upon the circumstances. Employees found to have engaged in bullying in violation of this policy will be subject to appropriate discipline, up to and including termination.

**Retaliation**

MFA will not tolerate any retaliation against any employee who makes a report of bullying or participates in any investigation of a bullying complaint. Any employee found to have retaliated against another employee for reporting or participating in an investigation of bullying will be subject to disciplinary action, up to and including termination.
PERSONNEL FILES AND PERSONAL INFORMATION

Personnel Files
MFA strives to keep accurate, up-to-date employment records on all employees to ensure compliance with state and federal regulations, to keep benefits information up to date, and to make certain that important mailings reach all employees. All information contained in personnel files is the property of MFA and is considered confidential.

Employees must inform MFA of any necessary updates to their personnel file such as change of address, change of telephone and cell numbers, emergency contact information, marital status, number of dependents or military status.

The following types of information and documents may be kept in employee personnel files:

- Employment application
- Personal data, including name and address changes, emergency notification information, and home telephone and cell numbers
- Performance evaluations
- Disciplinary actions
- Salary history
- Payroll deduction authorization forms
- Personnel Action Forms
- Outside information requests
- Signed receipt for MFA’s Employee Manual
- Position descriptions
- Training Certificates
- Interview notes, comments received from references. All current employees will be permitted to review their personnel files at reasonable times with reasonable notice, in the presence of the Human Resources Manager, Human Resources Director, Human Resources Assistant, or the employee’s supervisor.

MFA will only verify dates of employment and job titles to outside agencies inquiring by telephone about current or former employees. No other information will be given out about an employee without written authorization from the employee, except what is required as otherwise required by law.

Personnel files may not be physically taken out of MFA offices by anyone. The Executive Director must determine exceptions.

Access to an employee’s personnel file is limited to the Human Resources Department, Management, and the employee's immediate supervisor.

Any employee who reveals information from any personnel file in violation of this policy will be subject to disciplinary action, up to and including termination.
**Personal Information**

An employee's home telephone number, cell number, or address will not be given externally. It will only be provided internally for business reasons.

The following documents and information will be kept in confidential files, separate and apart from the employee’s personnel file: Background Investigations, W-4 Forms, I-9 Forms (Employment Eligibility Verification) and copied identification documents; Worker's Compensation information; employee benefits enrollment forms for health, dental, life insurance, and MFA’s retirement plans; any medical information, including disability claim forms; driving records; and exit interviews.
EMPLOYEE PERFORMANCE EVALUATIONS

Timing of Evaluations and Salary Adjustments
MFA will strive to conduct formal employee performance evaluations on an annual cycle corresponding to the fiscal year end in a format approved by Management. Salary adjustments may occur on an annual basis or more frequently, based on recommendations of the employee’s supervisor and with the Executive Director’s approval. Any salary adjustments made relative to annual evaluations will generally become effective on December 1st with the first payroll cycle of December.

All employees (new, transferred, reclassified, promoted, or demoted) may receive quarterly coaching and annual performance evaluations. Annual evaluations will generally take place in the October/November timeframe.

Approval
The employee's direct supervisor is responsible for conducting employee performance evaluations. Managers are responsible for reviewing evaluations with supervisors and recommending salary adjustments. Upon completion of that process, the Deputy Director in the employee’s management chain, or the Executive Director if appropriate, reviews all evaluations and recommended salary adjustments.

The Executive Director must approve all salary adjustments. The completed evaluation then becomes part of the employee's personnel file.

Job Descriptions
There are job descriptions for each position in MFA. All new positions must have job descriptions prior to being filled. Maintaining accurate job descriptions is the responsibility of the immediate supervisor. If a major change occurs within a position, the job description should be timely revised to reflect those changes. Job descriptions will be reviewed during the employee performance evaluation period.

Promotions
Movement to a new position with a higher salary range is considered to be a promotion. An employee who is promoted may receive a salary adjustment.

Demotions
Movement to a position in a lower salary range is considered to be a demotion. An employee who is demoted may receive a pay decrease at the time of the demotion. The amount of decrease is dependent upon the pay range of the new position and the current pay of the employee, among other factors.
RESIGNATIONS, TERMINATIONS AND EMPLOYMENT REFERENCES

Resignations
Two (2) weeks’ advance notice is requested from a non-exempt employee and thirty 30) days’ advance notice, if possible, from an exempt employee wishing to resign from MFA. The resignation should be in writing, specify the last day of work and the reason for resigning, and must be signed and dated by the employee. Although advance notice of resignation is not required, an employee’s failure to provide adequate advance notice may result in the employee being deemed ineligible for rehire with MFA.

After submitting a letter of resignation an employee may not take any leave time other than accrued vacation leave unless otherwise approved by the Executive Director. Any MFA property in the employee’s possession must be returned to MFA by the last day of employment.

Continuation of Benefits
Unless a resigning employee makes other arrangements permitted under certain conditions, all benefit coverage will cease the last day of the month of the effective date of resignation. All resigning employees will be notified of how to continue health, dental and vision insurance coverage through MFA’s COBRA provider.

Accrued Vacation and Sick Leave
Vacation leave accrued to the date of termination will be paid up to the maximum allowed as provided in MFA’s Vacation Leave policy. Accrued sick leave is not compensable upon resignation of employment.

Retirement Funds
401(k) vested funds under $5000.00 will require a distribution or rollover from MFA’s plan. The 457(b) funds may be left in MFA’s account, however the employee will be responsible for the quarterly fees associated with managing the 457(b) account.

Exit Interviews
An exit interview will be scheduled during the employee's last week of employment or may be mailed to the former employee. An employee’s refusal or failure to give an exit interview may result in the employee being deemed ineligible for rehire with MFA.

MFA Property
Any MFA property in an employee’s possession must be returned to MFA by the effective termination date.

Final Pay
Those employees who voluntarily resign from their position will be paid on the next payroll.

Involuntary terminating employees will be paid within five (5) calendar days following the effective date of termination and can either be picked up by the employee or mailed to the employee’s home address, as directed by the employee.
Employment References
Following resignation or termination of employment, MFA will verify only employment dates and positions held when contacted for an employment reference by a prospective employer of a former MFA employee, unless the prospective employer provides a consent and release of liability form signed by the former MFA employee.

All requests for employment references, reference letters and employment verifications must be directed to the Human Resources Manager.
Tab 5
NEW MEXICO MORTGAGE FINANCE AUTHORITY  
Contracted Services/Credit Committee Meeting  
Tuesday, January 10, 2017 @ 10:00 am  

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

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Sterling Downtown – Housing Trust Fund Loan (Sabrina Su)</td>
<td>3-0</td>
<td>YES</td>
</tr>
<tr>
<td>2 Rental Assistance Program (RAP) Match Policy Change (Shannon Tilseth)</td>
<td>Withdawan</td>
<td>YES</td>
</tr>
<tr>
<td>3 Board of Commissioner re-appointments for Western Regional Housing Authority (Rose Baca-Quesada)</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]  
1/10/17
### 2017 NM HOUSING TRUST FUND (HTF) RENTAL AWARD SUMMARY

| Project Name & Address | The Sterling Downtown  
800 Silver Ave. SW, Albuquerque, NM 87102 – Bernalillo County |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proposed Award</strong></td>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td><strong>Summary</strong></td>
<td><strong>Construction period:</strong> $1,000,000 paying down to $500,000 for the permanent loan period</td>
</tr>
<tr>
<td><strong>Rate:</strong></td>
<td><strong>3.0% per annum (no loan fee)</strong></td>
</tr>
<tr>
<td><strong>Term:</strong></td>
<td><strong>32 years</strong></td>
</tr>
<tr>
<td><strong>Type:</strong></td>
<td><strong>Construction: 24 months Permanent: 360 equal monthly P &amp; I payments</strong></td>
</tr>
</tbody>
</table>

| Borrower | Sterling Apartments Limited Partnership, LLLP, which will be owned 0.01% by Sterling Downtown, LLC, the General Partner (GP) and 99.99% by the limited partner (LP) a fund of Raymond James Tax Credit Funds, Inc. The GP's sole member will be the Greater Albuquerque Housing Partnership (GAHP). |

| Management | Monarch Properties, Inc. (MPI), a privately-held Texas Corporation chartered in 1982 and headquartered in Albuquerque, NM. MPI provides third-party, full-service management of multifamily apartment communities throughout New Mexico, Texas & Oklahoma. MPI employs 320 and averages more than 8,000 multifamily units under management at any given time, including 26-owned multifamily projects. MPI's multifamily rental experience includes both conventional and affordable housing, including LIHTC, HOME, Section 8, Rural Development, senior housing, and homeowner associations. In addition to multifamily rental management, MPI provides pre-acquisition due diligence services such as exterior and interior property/site inspections, market analysis, operating and budgeting pro-formas. Jack McGillivray, MPI's Albuquerque VP, has over 30 years of experience. |

| Developer | GAHP (i.e. the GP), a 501(c)3 non-profit affordable housing developer incorporated in 1993 with the mission of developing quality, affordable, single and multifamily properties in Albuquerque and combatting deterioration in lower income communities. GAHP has partnered on the development of 384 rental units and 110 homeownership units in 13 different developments in five of Albuquerque's older neighborhoods: North Fourth Street Corridor, Santa Barbara/Martineztown, Trumbull Village, Barelas, and the SE Heights. GAHP’s multifamily rental projects include four LIHTC projects: Plaza Feliz (66-unit project completed in 2012), Plaza Ciudad (67-unit project completed in 2014), Cuatro (56-unit project completed in 2016) and Casa Feliz, an 89-unit project to be completed in June 2017. Felipe Raell has been GAHP’s Executive Director since November 2014 and is the former Director of Housing Development at MFA. GAHP’s audited financials for FYE 12/31/15 show $13MM in assets and debt to worth of 2.5 to 1. After taking into account non-cash write-downs of the Trumbull Village and Barelas Town Homes projects (single family for-sale development) cash flow and profit were positive. The summary of audit results showed no significant deficiencies, no material weaknesses and no control deficiencies or findings. Internally prepared statements for the six months ended 6/30/16 show improving results. Total assets increased by $1MM to $14MM with the increase coming from higher cash and short term receivables. There was a $308K profit for the period and positive cash flow. GAHP’s financials & management show sufficient strength/ability to handle a project of this size. |

| Project Type & Size | New construction of 110 units composed of 6 for families earning 30% or less of area median income (AMI), 103 units for 60% AMI families and one manager’s unit. |
### Development Costs

<table>
<thead>
<tr>
<th>Development Cost Budget*</th>
<th>Total</th>
<th>% TDC</th>
<th>Cost/GSF**</th>
<th>MFA 2016 Cost Study Avg Cost/GSF***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Costs (as defined by R.S. Means) (1)</td>
<td>$ 9,560,406</td>
<td>60%</td>
<td>$ 121</td>
<td>$ 114</td>
</tr>
<tr>
<td>Construction-Related Costs (2)</td>
<td>$ 2,587,334</td>
<td>16%</td>
<td>$ 33</td>
<td>$ 34</td>
</tr>
<tr>
<td>Soft Costs (3)</td>
<td>$ 1,758,319</td>
<td>11%</td>
<td>$ 22</td>
<td>$ 13</td>
</tr>
<tr>
<td>Affordable Housing Costs (4)</td>
<td>$ 2,137,243</td>
<td>13%</td>
<td>$ 27</td>
<td>$ 27</td>
</tr>
<tr>
<td>Total Development Costs (TDC) (5)</td>
<td>$ 16,043,302</td>
<td>100%</td>
<td>$ 203</td>
<td>$ 188</td>
</tr>
</tbody>
</table>

(1) Vertical construction, contractor overhead, general conditions, contractor profit, architect fees
(2) Land, demolition, access, structures, site work, off-site improvements, construction contingency, GRT
(3) Engineering, appraisal, legal, insurance, financing, marketing, other
(4) Developer fee, market study, architectural review, environmental review, other

* See Appendix A for detailed breakdown of costs
** Gross square footage: 79,157
*** Average cost/GSF for new construction LIHTC projects examined in 4/20/16 Cost Efficiency Board Study Session.

### Construction Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Total</th>
<th>Per Unit</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bernalillo County Tax Exempt Bonds - 1st lien</td>
<td>9,012,769</td>
<td>81,934</td>
<td>56.2%</td>
</tr>
<tr>
<td>MFA HTF loan - 2nd lien</td>
<td>1,000,000</td>
<td>9,091</td>
<td>6.2%</td>
</tr>
<tr>
<td>City of Albuquerque Workforce Housing loan - 3rd lien</td>
<td>4,000,000</td>
<td>36,364</td>
<td>24.9%</td>
</tr>
<tr>
<td>General Partner Cash Flow loan</td>
<td>636,540</td>
<td>5,787</td>
<td>4.0%</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>1,062,750</td>
<td>9,661</td>
<td>6.6%</td>
</tr>
<tr>
<td>LIHTC Equity</td>
<td>331,243</td>
<td>3,011</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Total Construction Sources</strong></td>
<td>$ 16,043,302</td>
<td>$ 145,848</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Permanent Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Total</th>
<th>Per Unit</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bernalillo County Tax Exempt Bonds - 1st lien</td>
<td>3,750,000</td>
<td>34,091</td>
<td>23.4%</td>
</tr>
<tr>
<td>MFA HTF loan - 2nd lien</td>
<td>500,000</td>
<td>4,545</td>
<td>3.1%</td>
</tr>
<tr>
<td>City of Albuquerque Workforce Housing loan - 3rd lien</td>
<td>4,000,000</td>
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<td>24.9%</td>
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<td>5,787</td>
<td>4.0%</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>531,894</td>
<td>4,835</td>
<td>3.3%</td>
</tr>
<tr>
<td>LIHTC Equity</td>
<td>6,624,868</td>
<td>60,226</td>
<td>41.3%</td>
</tr>
<tr>
<td><strong>Total Permanent Sources</strong></td>
<td>$ 16,043,302</td>
<td>$ 145,848</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Project Description

New construction of 110 units of which 109 are for low-income families. There will be 31 efficiencies (432 sq. ft.), 66 one-bedroom/one-bath units (575 or 601 sq. ft.), 9 two-bedroom/two-bath units (758 sq. ft.) and 4 two-bedroom/two-bath units (816 sq. ft.). Five of the units will be for special-needs families. The project will be constructed using tax-exempt bonds issued by Bernalillo County. State Board of Finance (SBOF) bond approval has already been obtained. The developer plans to build a four-story wood truss/stucco building with 79,157 gross square feet of which 12,852 will be common space. There will be a community room with tenant lounge, kitchen, tables and patio, as well as storage options for residents, bike storage/maintenance space, computer access with an internet café and a health & fitness area with library and equipment.

The MFA-ordered Novogradac & Co. market study dated 8/12/16 estimates that the project will reach 95% occupancy within 3 to 4 months of completion, which equates to an absorption rate of 30 units per month. After the study GAHP decided to make all units low-income (previously there were 11 market-rate units) and set aside 49 of the 60% AMI units for families earning at or below 50% AMI. This is a condition required by the City of Albuquerque for its funding source but not by MFA. The Novogradac study compared GAHP’s projected rents to market rents and found that the proposed 30 and 60 percent AMI rents provide an advantage of 12 percent to 66 percent over market. Novogradac stated: “Overall, we believe the market for the proposed Subject is stable.” The market study also reviewed GAHP’s projected expenses and stated that they appear reasonable. The reviewer assigned this HTF application a score of 64 out of 100 points (minimum
## Affordability

Six units affordable for households at or below 30% AMI & 103 units at or below 60% AMI for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The HTF affordability period is 30 years; 20 as required by Affordable Housing Act Rules and 10 for MFA’s extended affordability period (i.e. in concurrence with the loan term) and starts on the date the project is placed in service (i.e. the date of the certificate of occupancy).

## Repayment and Disbursement

**Payments:** Interest monthly during the construction period not to exceed 24 months; 360 equal P & I payments during the permanent loan period. Outstanding principal and interest due at the earlier of maturity, refinance or sale of the project.

**Disbursement:** Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.

## Special Conditions

1. Loan is subject to MFA’s final underwriting for project feasibility if needed. The loan amount may be reduced if the financing gap is less and/or terms revised (i.e. interest rate & amortization) in line with projected cash flow at closing.
2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA; developer, contractor, management company, consultant or architect.
3. Financing commitments acceptable to MFA prior to funding on all funding sources.
4. HTF loan to be in second (2nd) lien position.
5. MFA will require a construction guarantee from GAHP.
6. Other conditions as may be determined by staff, and
7. Subject to availability of funds.

## MFA Commitments Pending Approval

2016 LIHTC (4%) $594,218

## MFA Commitments to Other Projects

2010 LIHTC (9%) - Plaza Feliz - $768,729
2012 Risk Share loan - Plaza Feliz - $1,072,257 (as of 12/9/16)
2012 LIHTC (9%) - Plaza Ciudana - $1,100,000
2012 HTF - Plaza Ciudana - $239,850 (as of 12/9/16)
2014 LIHTC (9%) - Cuatro - $1,072,150
2014 HTF - Cuatro - $262,218 (as of 12/9/16)
2015 LIHTC (9%) - Casa Feliz - $1,150,000
2015 HTF – Casa Feliz - $1,100,000 (no draws yet as of 12/9/16)
2016 Primero Pre-Dev Grant – New Hope Housing - $47,500 ($27,752 expended as of 12/9/16)

**TOTAL MFA EXPOSURE = $2,674,325 (excludes LIHTC & commitments pending approval)**

Note: Risk Share loans are included above but are 90% HUD-guaranteed (i.e.10% risk to MFA)

## HTF Funds Available

$5,556,087 as of 11/30/16

**Prepared by** Daniel Puccetti, Consultant  
**Reviewed by** Shawn Colbert, Director of Housing Development
# Appendix A: Development Cost Budget

## The Sterling Downtown

| Gross Sq Footage | 79,157 |

## Construction Costs (as defined by R.S. Means)

<table>
<thead>
<tr>
<th>Cost/GSF</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vertical Construction [and/or Rehabilitation]</td>
<td>$8,317,426</td>
</tr>
<tr>
<td>Contractor Overhead &amp; General Conditions</td>
<td>$584,499</td>
</tr>
<tr>
<td>Contractor Profit</td>
<td>$319,481</td>
</tr>
<tr>
<td>Architect Fees</td>
<td>$339,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$9,560,406</strong></td>
</tr>
</tbody>
</table>

## Construction-Related Costs

<table>
<thead>
<tr>
<th>Cost</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; Building Acquisition</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Site Work</td>
<td>$367,829</td>
</tr>
<tr>
<td>Construction Contingency</td>
<td>$514,702</td>
</tr>
<tr>
<td>Construction GRT</td>
<td>$704,803</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$2,587,334</strong></td>
</tr>
</tbody>
</table>

## Soft Costs

### Professional Service Costs

<table>
<thead>
<tr>
<th>Cost</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering/Survey</td>
<td>$55,000</td>
</tr>
<tr>
<td>Accounting/Cost Certification</td>
<td>$50,000</td>
</tr>
<tr>
<td>Legal (Real Estate)</td>
<td>$25,000</td>
</tr>
<tr>
<td>Appraisal</td>
<td>$9,500</td>
</tr>
</tbody>
</table>

### Construction Financing Costs

<table>
<thead>
<tr>
<th>Cost</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazard Insurance</td>
<td>$65,884</td>
</tr>
<tr>
<td>Liability Insurance</td>
<td>$50,000</td>
</tr>
<tr>
<td>Performance Bond</td>
<td>$49,090</td>
</tr>
<tr>
<td>Interest</td>
<td>$500,000</td>
</tr>
<tr>
<td>Origination/Discount Points</td>
<td>$135,358</td>
</tr>
<tr>
<td>Building Permit &amp; Review Fees</td>
<td>$190,000</td>
</tr>
<tr>
<td>Taxes ($2,500) &amp; legal fees</td>
<td>$102,500</td>
</tr>
<tr>
<td>Title and Recording, Closing &amp; Escrow</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

### Permanent Financing Costs

<table>
<thead>
<tr>
<th>Cost</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees, bond counsel, ineligible interest ($101K), etc.</td>
<td>$225,387</td>
</tr>
<tr>
<td>Other: Soft Cost Contingency/Marketing/FF&amp;E</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$1,758,319</strong></td>
</tr>
</tbody>
</table>

## LIHTC/Affordable Housing-Specific Costs

<table>
<thead>
<tr>
<th>Cost</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Study/Architectural Review</td>
<td>$8,500</td>
</tr>
<tr>
<td>Environmental</td>
<td>$5,000</td>
</tr>
<tr>
<td>Tax Credit Fees</td>
<td>$21,798</td>
</tr>
<tr>
<td>LEED Certification/Permits</td>
<td>$60,000</td>
</tr>
<tr>
<td>Legal (Construction &amp; Permanent Lender)</td>
<td></td>
</tr>
<tr>
<td>Relocation</td>
<td></td>
</tr>
<tr>
<td>Organization--General Partner</td>
<td></td>
</tr>
<tr>
<td>Syndication Costs--Investor</td>
<td>$5,000</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$1,635,000</td>
</tr>
<tr>
<td>Reserves - Lease-up</td>
<td>$50,000</td>
</tr>
<tr>
<td>Reserves - Operating</td>
<td>$351,945</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$2,137,243</strong></td>
</tr>
</tbody>
</table>

## TOTAL DEVELOPMENT COST

<table>
<thead>
<tr>
<th>Cost</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$16,043,302</strong></td>
</tr>
</tbody>
</table>
Tab 6
MEMORANDUM

TO: MFA Board of Directors

Through: Contract Services – January 10, 2017

Through: Policy Committee – December 20, 2016

FROM: Rose Baca-Quesada, Director – Community Development

DATE: January 18, 2017

SUBJECT: Board of Commissioner Re-appointments for Western Regional Housing Authority

Recommendation:
Staff is recommending MFA approval of the current board of commissioner re-appointments for Western regional housing authority as their terms have expired.

Background:
As required with the Regional Housing 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 the MFA prior to recommendation to the Governor.

Discussion:
Attached is a Western regional housing authority board of commissioner list along with letters from those commissioners whose terms have expired and are requesting to be reappointed. The commissioners have been long standing and proven to be strong and supportive of the regional housing authority's mission.

Summary:
Staff is recommending the approval of the current board of commissioners who wish to remain on the board at the Western regional housing authority, and to forward the recommendations and approvals to the New Mexico Governor’s office for final approval and re-appointment.
WESTERN REGIONAL HOUSING AUTHORITY
COMMISSIONERS

G. Vincent Barrett, Chairperson (Sierra)
P.O. Box 1244
Elephant Butte, NM 87935
(Office) 575-744-4010
(Cell) 575-644-2306
Email: gvincent4@hotmail.com

Patricia Lincoln, Vice-Chairperson (Torrance)
220 Country Road A020W
Estancia, NM 87016-8052
(505) 235-7547
plincoln@lobo.net

Carol Anaya, Treasurer (Valencia Co)
1012 Los Lentes, NE
Los Lunas, NM 87031
(505) 315-3170

Awish Baechtle, Secretary (Grant)
2007 Juniper Ave.
Silver City, NM 88061
Cell: (575) 654-0370

Vera Turner (Catron)
P.O. Box 54
Datil, NM 87821
(H) 772-5742 Cell (925) 325-6173
E-Mail: vera@keep-in-step.com

Jackie Muncy (Socorro)
11 US Highway 380
Bingham, NM 87832
(575) 491-2859
E-Mail: jackie.muncy@pmsnm.org

Date of Expiration
of Term of Office
7/1/2013

7/1/2012

7/1/2012

7/1/2012

7/1/2017

"Regional Housing Law Section 11-3A-6  Powers of Regional Housing Authority in Board of Commissioners - Appointment of Board of Regional Housing Authorities - Terms. "Appointees shall be for terms of fours years and shall be made so that the terms of not more than four commissioners on board of commissioners expire on July 1 of each year. Vacancies shall be filled for the unexpired term. Commissioners shall serve until their successors have been appointed"."
Date: 10/3/14

Rose Baca-Quesada  
NM Mortgage Finance Authority  
344 4th Street, SW  
Albuquerque, NM 87102  

Dear Ms. Baca-Quesada:  

I am requesting to continue to serve on the Western Regional Housing Authority Board as Commissioner representing Sierra County. My years of service on the board have provided me both the knowledge and experience needed to successfully serve as a Commissioner on the Western Regional Housing Authority board.  

I appreciate your consideration in this matter.  

Sincerely,  

[Signature]  

G. Vincent Barrett  
10/25/2016
Date: 10-25-2016

Rose Baca-Quesada
NM Mortgage Finance Authority
344 4th Street, SW
Albuquerque, NM 87102

Dear Ms. Baca-Quesada:

I am requesting to continue to serve on the Western Regional Housing Authority Board as Resident Commissioner representing Grant County. My years of service on the board have provided me both the knowledge and experience needed to successfully serve as a Commissioner on the Western Regional Housing Authority board.

I appreciate your consideration in this matter.

Sincerely,

[Signature]

Awish Baechtle
Date: 10-28-2016

Rose Baca-Quesada
NM Mortgage Finance Authority
344 4th Street, SW
Albuquerque, NM 87102

Dear Ms. Baca-Quesada:

I am requesting to continue to serve on the Western Regional Housing Authority Board as Commissioner representing Catron County. My years of service on the board have provided me both the knowledge and experience needed to successfully serve as a Commissioner on the Western Regional Housing Authority board.

I appreciate your consideration in this matter.

Sincerely,

[Signature]

Vera Turner
Date: October 28, 2016

Rose Baca-Quesada
NM Mortgage Finance Authority
344 4th Street, SW
Albuquerque, NM 87102

Dear Ms. Baca-Quesada:

I am requesting to continue to serve on the Western Regional Housing Authority Board as Commissioner representing Valencia County. My years of service on the board have provided me both the knowledge and experience needed to successfully serve as a Commissioner on the Western Regional Housing Authority board.

I appreciate your consideration in this matter.

Sincerely,

Carol Anaya

Carol Anaya
January 18, 2017

The Honorable Susana Martinez  
Governor of New Mexico  
490 Old Santa Fe Trail  
Room 400  
Santa Fe, NM 87501

RE: Recommendation for re-appointments to Western Regional Housing Authority Board of Commissioners

Dear Governor Martinez:

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 the MFA prior to recommendation to the Governor. Commissioners serve four-year terms and may be reappointed. The terms of all commissioners for the Western Regional Housing Authority have expired. I am writing to respectfully request reappointment of the existing eligible commissioners, shown on the attached pages.

Please feel free to contact me with any questions. I look forward to working with your appointments to the Regional Housing Authorities board of commissioners.

Sincerely,

Jay Czar  
Executive Director
Tab 7
TO: MFA Board of Directors

Through: Policy Committee—January 9, 2017

FROM: Monica Abeita, Senior Policy and Program Advisor

DATE: January 18, 2017

SUBJECT: 2018-2020 Strategic Planning Process

Recommendation:
Staff requests the opportunity to brief the Board of Directors on MFA’s upcoming 2018-2020 Strategic Planning Process, including interviews with individual board members.

Background:
MFA’s current strategic plan spans the period of time from October 1, 2014 through September 30, 2017, covering fiscal years 2015, 2016 and 2017. A new plan must be developed and adopted by the board in September 2017 to be effective on October 1, 2017. The new plan will cover the three-year period of fiscal years 2018, 2019 and 2020. The board of directors will receive a detailed preview of the strategic plan during the board retreat, which has occurred in mid-August for the past two years. The proposed schedule for the planning process is as follows:

<table>
<thead>
<tr>
<th>MFA 2018-2020 STRATEGIC PLANNING SCHEDULE</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHASE I: ORGANIZATION-WIDE INPUT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department Meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Review relevant sections of needs assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Gather information on: long-term vision, partner/constituent needs, internal constraints, service delivery, potential solutions and innovations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Directors Interviews</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Review—Strategic Mgt. Committee (Jan 23 mtg.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Review needs assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Review department meeting themes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SWOT Analysis—Strategic Mgt. Committee (Feb. special mtg.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### PHASE II: HOUSING TRENDS SERIES / STRATEGIC PLAN CONCEPT

<table>
<thead>
<tr>
<th><strong>Housing Trends Series—MFA Departments and Staff</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Departments to organize and sponsor guest speakers on best practices and innovations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Strategic Plan Concept—Monica</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Begin developing strategic plan “concept” (i.e. organization, items to be included)</td>
</tr>
</tbody>
</table>

### PHASE III: STRATEGIC PLAN DEVELOPMENT

<table>
<thead>
<tr>
<th><strong>Strategic Plan Development—Strategic Mgt. Committee (biweekly mtgs.)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Structure / Organization</td>
</tr>
<tr>
<td>• Vision, Mission and Core Values</td>
</tr>
<tr>
<td>• Priorities/Goals and Objectives</td>
</tr>
<tr>
<td>• Benchmarks</td>
</tr>
<tr>
<td>• Resource Allocation (tied to housing needs)</td>
</tr>
<tr>
<td>• Service Delivery</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Board Retreat Planning—Strategic Mgt. Committee (biweekly mtgs.)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

**Summary:**

Staff requests the opportunity to brief the Board of Directors on MFA’s upcoming 2018-2020 Strategic Planning Process, including interviews with individual board members. MFA’s current strategic plan spans the period of time from October 1, 2014 through September 30, 2017, covering fiscal years 2015, 2016 and 2017. A new plan must be developed and adopted by the board in September 2017 to be effective on October 1, 2017. The new plan will cover the three-year period of fiscal years 2018, 2019 and 2020.
Tab 8
## Staff Actions Requiring Notice to Board
### During the Period of December 1 - 31, 2016

<table>
<thead>
<tr>
<th>Department and Program</th>
<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing Department</td>
<td>October 31, 2016 Quality Control Review</td>
<td>Approval of report issued by REDW. No findings.</td>
<td>Approved by Policy Committee December 20, 2016</td>
</tr>
<tr>
<td>Community Development</td>
<td>Environmental Review Responsibilities</td>
<td>Updated listing of staff authorizations for Environmental Reviews</td>
<td>Approved by PC 12/20/16</td>
</tr>
<tr>
<td>All CPD Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>


Tab 9
NEW MEXICO MORTGAGE FINANCE AUTHORITY  
FINANCIAL REVIEW  
For the two-month period ended November 30, 2016

SUMMARY OF NEW BOND ISSUES:

Single Family Issues: $50 mm 2016 Series C Bonds-New Money (November)  
$18.3 mm 2016 Series C Bonds-Refunding (November)

Multi-family Issues: None

COMPARATIVE YEAR-TO-DATE FIGURES:

<table>
<thead>
<tr>
<th>PRODUCTION</th>
<th>2 months</th>
<th>2 months</th>
<th>% Change</th>
<th>Forecast</th>
<th>Actual to Forecast</th>
<th>Forecast/Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11/30/16</td>
<td>11/30/15</td>
<td>Year/Year</td>
<td>11/30/16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Single family issues (new money):</td>
<td>$50.0</td>
<td>$0.0</td>
<td>100.0%</td>
<td>$50.0</td>
<td>0.0%</td>
<td>$75.0</td>
</tr>
<tr>
<td>2. Single family loans sold (TBA):</td>
<td>$39.4</td>
<td>$33.6</td>
<td>17.3%</td>
<td>$29.2</td>
<td>35.1%</td>
<td>$175.0</td>
</tr>
<tr>
<td>3. Multifamily issues:</td>
<td>$0.0</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
<td>N/A</td>
<td>$20.0</td>
</tr>
<tr>
<td>4. Payoffs:</td>
<td>$14.5</td>
<td>$13.0</td>
<td>11.5%</td>
<td>$11.5</td>
<td>26.3%</td>
<td>$68.9</td>
</tr>
</tbody>
</table>

BALANCE SHEET:

| 5. Avg. earning assets: | $975.1 | $967.5 | 0.8% | $961.1 | 1.5% | $972.2 |
| 6. General Fund Cash and Securities: | $76.4 | $75.9 | 0.7% | $83.4 | -8.4% | $69.4 |
| 7. General Fund SIC FMV Adj.: | ($0.4) | $0.3 | -233.3% | $0.0 | N/A | $0.0 |
| 8. Total bonds outstanding: | $745.4 | $736.6 | 1.2% | $700.7 | 6.4% | $709.2 |

INCOME STATEMENT:

| 9. General Fund expenses: | $1.6 | $1.1 | 44.8% | $2.2 | -28.1% | $13.3 |
| 10. General Fund revenues: | $2.8 | $2.6 | 7.7% | $2.8 | 1.8% | $16.5 |
| 11. Combined excess revenue over expenses: | $0.8 | $1.5 | -46.7% | $0.9 | -10.2% | $4.9 |
| 12. Combined net position: | $213.1 | $204.4 | 4.3% | $213.2 | 0.0% | $217.2 |
| 13. Combined return on avg. earning assets: | 0.43% | 0.85% | -49.4% | 0.51% | -15.7% | 0.50% |
| 14. Net TBA profitability: | 2.25% | 1.93% | 16.6% | 1.15% | 95.7% | 1.15% |
| 15. Combined interest margin: | 0.86% | 0.75% | 14.7% | 1.02% | -15.7% | 1.03% |

MOODY’S BENCHMARKS:

| 16. Net Asset to debt ratio (5-yr avg): | 25.06% | 22.65% | 11% | 27.09% | -7% | 27.09% |
| 17. Net rev as a % of total rev (5-yr avg): | 7.66% | 7.57% | 1% | 8.07% | -5% | 8.07% |

SERVICING:

| 18. Subserviced portfolio | $92.4 | N/A | N/A | $48.0 | 93% | $287.8 |
| 19. Servicing fee income (average for new mortgages purchased) | 0.43% | N/A | N/A | 0.36% | 19% | 0.36% |
| 20. Mortgage Operations excess revenue over expenses: | $0.9 | N/A | N/A | $0.7 | 1250% | $0.4 |
| 21. Combined delinquency rate (MFA serviced) | 14.51% | 14.50% | 0% | 10.24% | 42% | 10.24% |
| 22. DPA loan delinquency rate (all) | 15.14% | 15.17% | 0% | N/A | N/A | N/A |
| 23. Default rate (MFA serviced) | 0.18% | 0.23% | 22% | 3.25% | -94% | 3.25% |
| 24. Subserviced portfolio delinquency rate | COMING-REPORT DEVELOPMENT IN PROCESS |

Legend: Positive Impact, Negative Impact, Caution/Known Trend

Page 1 of 2
SIGNIFICANT MONTHLY FINANCIAL VARIANCES:
► Mortgage Operations excess revenue positive variance is due to TBA transaction fees exceeding the YTD budget by approx. $0.8 mm; experiencing unanticipated Single Family mortgage production.
► Increasing trend in payoffs/prepayments in comparison to last year at this same time.

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:
► Our initial FY17 forecast indicates continued improvement in the interest rate environment and economy in general providing higher investment yields and potential for bond issuance for both the single and multifamily programs which will help stabilize the balance sheet. While last year we saw continued improvement in the US economy and housing market, interest rates continue to be volatile. Staff has had to closely monitor and manage all interest rate sensitive assets and activities taking advantage of market opportunities when appropriate. Staff expects to see continued volatility in the capital markets and for interest rate sensitive asset valuations into next year during the transition to the new presidency.
► Credit risk remains stable.
► Based on Moody’s issuer credit rating scorecard, MFA’s 25.06% net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA’s creditworthiness under stressful circumstances (> 20%). The net revenue as a percent of total revenue measures performance and profitability and MFA’s 7.66% ratio (5-year average) points to a satisfactory profitability with consistent trends (5%-10% range).
MONTHLY FINANCIAL GRAPHS

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

Yield Targets 9/30/2017

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

YTD Excess Revenues over Expenses as of 11/30/2016

(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund
NEW MEXICO MORTGAGE FINANCE AUTHORITY
COMBINED STATEMENT OF NET POSITION
NOVEMBER 30, 2016
(THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>YTD 11/30/16</th>
<th>YTD 11/30/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH &amp; CASH EQUIVALENTS</td>
<td>$31,033</td>
<td>$28,108</td>
</tr>
<tr>
<td>RESTRICTED CASH HELD IN ESCROW</td>
<td>11,248</td>
<td>10,874</td>
</tr>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td>550</td>
<td>-</td>
</tr>
<tr>
<td>ACCRUED INTEREST RECEIVABLE</td>
<td>3,305</td>
<td>3,468</td>
</tr>
<tr>
<td>MORTGAGE PAYMENT CLEARING</td>
<td>73</td>
<td>(5)</td>
</tr>
<tr>
<td>OTHER CURRENT ASSETS</td>
<td>1,863</td>
<td>1,710</td>
</tr>
<tr>
<td>ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>INTER-FUND RECEIVABLE (PAYABLE)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>48,073</td>
<td>44,156</td>
</tr>
<tr>
<td>CASH - RESTRICTED</td>
<td>77,707</td>
<td>46,529</td>
</tr>
<tr>
<td>LONG-TERM &amp; RESTRICTED INVESTMENTS</td>
<td>56,577</td>
<td>61,039</td>
</tr>
<tr>
<td>INVESTMENTS IN RESERVE FUNDS</td>
<td>40</td>
<td>-</td>
</tr>
<tr>
<td>FNMA, GNMA, &amp; FHLMC SECURITIZED MTG. LOANS</td>
<td>591,340</td>
<td>626,703</td>
</tr>
<tr>
<td>MORTGAGE LOANS RECEIVABLE</td>
<td>212,299</td>
<td>191,248</td>
</tr>
<tr>
<td>ALLOWANCE FOR LOAN LOSSES</td>
<td>(2,672)</td>
<td>(2,614)</td>
</tr>
<tr>
<td>NOTES RECEIVABLE</td>
<td>22,071</td>
<td>-</td>
</tr>
<tr>
<td>FIXED ASSETS, NET OF ACCUM. DEPN</td>
<td>974</td>
<td>983</td>
</tr>
<tr>
<td>OTHER REAL ESTATE OWNED, NET</td>
<td>434</td>
<td>490</td>
</tr>
<tr>
<td>OTHER NON-CURRENT ASSETS</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>INTANGIBLE ASSETS</td>
<td>971</td>
<td>64</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,007,814</td>
<td>968,598</td>
</tr>
<tr>
<td><strong>DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REFUNDINGS OF DEBT</td>
<td>795</td>
<td>1,124</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td><strong>1,008,609</strong></td>
<td><strong>969,722</strong></td>
</tr>
</tbody>
</table>

| **LIABILITIES AND NET POSITION:** | | |
| **LIABILITIES:** | | |
| **CURRENT LIABILITIES:** | | |
| ACCRUED INTEREST PAYABLE | 6,336 | 8,344 |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | 5,277 | 4,574 |
| ESCROW DEPOSITS & RESERVES | 11,248 | 10,874 |
| **TOTAL CURRENT LIABILITIES** | 22,860 | 23,793 |
| BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT | 745,400 | 736,629 |
| MORTGAGE & NOTES PAYABLE | 27,030 | 4,541 |
| ACCRUED ARBITRAGE REBATE | 21 | 85 |
| OTHER LIABILITIES | 245 | 246 |
| **TOTAL LIABILITIES** | 795,557 | 765,294 |
| **NET POSITION:** | | |
| INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT | 984 | 983 |
| UNAPPROPRIATED NET POSITION (NOTE 1) | 64,644 | 63,916 |
| APPROPRIATED NET POSITION (NOTE 1) | 147,424 | 139,529 |
| **TOTAL NET POSITION** | 213,052 | 204,428 |
| **TOTAL LIABILITIES & NET POSITION** | **1,008,609** | **969,722** |
# NEW MEXICO MORTGAGE FINANCE AUTHORITY
## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
### FOR THE TWO MONTHS ENDED NOVEMBER, 2016
#### (THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>YTD 11/30/16</th>
<th>YTD 11/30/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$5,713</td>
<td>$5,898</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>436</td>
<td>495</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>185</td>
<td>-</td>
</tr>
<tr>
<td>Administrative Fee Income (Exp)</td>
<td>1,458</td>
<td>886</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>26</td>
<td>54</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>84</td>
<td>46</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>70</td>
<td>2</td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td><strong>7,977</strong></td>
<td><strong>7,387</strong></td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arbitrage Rebate Income (Expense)</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>Gain(Loss) Asset Sales/Debt Extinguishment</td>
<td>(468)</td>
<td>225</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>6,300</td>
<td>6,465</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Revenues</strong></td>
<td><strong>5,862</strong></td>
<td><strong>6,693</strong></td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>13,839</strong></td>
<td><strong>14,080</strong></td>
</tr>
</tbody>
</table>

|                        |              |              |
| **OPERATING EXPENSES:**|              |              |
| Administrative Expenses | 1,405        | 1,081        |
| Interest Expense       | 4,747        | 5,183        |
| Amortization of Bond/Note Premium(Discount) | (208)    | (213)        |
| Provision for Loan Losses | 25         | 15           |
| Mortgage Loan & Bond Insurance | -        | -            |
| Trustee Fees           | 14           | 14           |
| Amort. Of Serv. Rights & Depreciation | 27       | 24           |
| Bond Cost of Issuance  | 652          | -            |
| **Subtotal Operating Expenses** | **6,662** | **6,105** |

|                        |              |              |
| **NON-OPERATING EXPENSES:**|              |              |
| Capacity Building Costs | 114           | 21           |
| Grant Award Expense     | 6,300        | 6,464        |
| **Subtotal Non-Operating Expenses** | **6,414** | **6,486** |
| **TOTAL EXPENSES**      | **13,076**   | **12,591**   |

|                        |              |              |
| **Excess Revenues Over Expenses** |              |              |
| Other Financing Sources (Uses) | -           | -            |
| **Excess (Deficiency) of Revenues Over Expenses and Other Financing Sources(Uses)** | 763       | 1,489       |
| **Net Position at Beginning of Year** | **212,289** | **202,938** |

|                        |              |              |
| **Net Position at 11/30/2016** | **213,052** | **204,428** |
(Note 1) MFA Net Position as of November 30, 2016:

UNAPPROPRIATED NET POSITION:

$37,210 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$27,377 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$57 held for New Mexico Affordable Housing Charitable Trust.

$64,644 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:

$92,674 for use in the Housing Opportunity Fund ($75,805 in loans plus $16,869 unfunded, of which $6,619 is committed).
$17,344 for future use in Single Family & Multi-Family housing programs.
$11,108 for loss exposure on Risk Sharing loans.
$984 invested in capital assets, net of related debt.
$963 invested in mortgage servicing rights.
$13,820 for the future General Fund Operating Budget Y E 9/30/17 ($15,996 total budget less $2,176 expended budget through 11/30/16.)

$136,893 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:

$11,515 for use in the federal and state housing programs administered by MFA.
$11,515 Subtotal - Housing Program

$148,408 Total appropriated Net Position

$213,052 Total combined Net Position at November 30, 2016

Total combined Net Position, or reserves, at November 30, 2016 was $213.1 million, of which $64.6 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $148.4 million of available reserves, with $76.4 million primarily liquid in the General Fund and in the federal and state Housing programs and $72.0 million illiquid in the programs of the General Fund, have been

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

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, and operations.
# New Mexico Mortgage Finance Authority General Fund & Housing Budget Variance Report

For the Two Months Ended 11/30/16

## Revenues

### Operating Revenues

<table>
<thead>
<tr>
<th></th>
<th>One Month Actual</th>
<th>Year to Date Actual</th>
<th>Under/(Over) Pro Rata YTD</th>
<th>Annual Budget</th>
<th>Under/(Over) Annual Budget</th>
<th>Expended Annual Budget Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>555,869</td>
<td>1,106,036</td>
<td>1,283,861</td>
<td>177,825</td>
<td>7,703,165</td>
<td>6,597,129</td>
</tr>
<tr>
<td>Admin Income</td>
<td>986,989</td>
<td>1,888,832</td>
<td>1,066,616</td>
<td>(822,216)</td>
<td>6,399,696</td>
<td>4,510,864</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>133,465</td>
<td>205,219</td>
<td>393,836</td>
<td>188,618</td>
<td>2,363,018</td>
<td>2,157,799</td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td><strong>1,676,323</strong></td>
<td><strong>3,200,086</strong></td>
<td><strong>2,744,313</strong></td>
<td><strong>(455,773)</strong></td>
<td><strong>16,465,879</strong></td>
<td><strong>13,265,793</strong></td>
</tr>
<tr>
<td>Non-Operating Revenues</td>
<td>(292,849)</td>
<td>(351,469)</td>
<td>70</td>
<td>351,539</td>
<td>420</td>
<td>351,889</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,383,474</td>
<td>2,848,617</td>
<td>2,744,383</td>
<td>(104,233)</td>
<td>16,466,299</td>
<td>13,617,682</td>
</tr>
</tbody>
</table>

## Expenses

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>One Month Actual</th>
<th>Year to Date Actual</th>
<th>Under/(Over) Pro Rata YTD</th>
<th>Annual Budget</th>
<th>Under/(Over) Annual Budget</th>
<th>Expended Annual Budget Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>528,705</td>
<td>786,765</td>
<td>1,141,640</td>
<td>354,875</td>
<td>6,849,840</td>
<td>6,063,075</td>
</tr>
<tr>
<td>Travel &amp; Public Info</td>
<td>12,804</td>
<td>27,616</td>
<td>68,103</td>
<td>40,488</td>
<td>408,619</td>
<td>381,003</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>72,741</td>
<td>124,973</td>
<td>112,277</td>
<td>(12,697)</td>
<td>673,661</td>
<td>548,688</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>306,396</td>
<td>484,119</td>
<td>573,673</td>
<td>89,554</td>
<td>3,442,039</td>
<td>2,957,920</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td><strong>920,646</strong></td>
<td><strong>1,423,474</strong></td>
<td><strong>1,895,693</strong></td>
<td><strong>472,220</strong></td>
<td><strong>11,374,159</strong></td>
<td><strong>9,950,685</strong></td>
</tr>
<tr>
<td>Non-Operating Expenses</td>
<td>89,490</td>
<td>113,682</td>
<td>150,208</td>
<td>36,526</td>
<td>901,250</td>
<td>787,568</td>
</tr>
<tr>
<td><strong>Subtotal Operating &amp; Non-Operating Expenses</strong></td>
<td><strong>1,010,136</strong></td>
<td><strong>1,537,156</strong></td>
<td><strong>2,045,902</strong></td>
<td><strong>508,746</strong></td>
<td><strong>12,275,409</strong></td>
<td><strong>10,738,253</strong></td>
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<tr>
<td>Expensed Assets</td>
<td>2,742</td>
<td>2,876</td>
<td>13,885</td>
<td>11,009</td>
<td>83,310</td>
<td>80,434</td>
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<tr>
<td>Non-Cash Items</td>
<td>29,851</td>
<td>52,496</td>
<td>162,273</td>
<td>109,776</td>
<td>973,636</td>
<td>921,140</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,042,730</td>
<td>1,592,528</td>
<td>2,222,059</td>
<td>629,532</td>
<td>13,332,355</td>
<td>11,739,828</td>
</tr>
</tbody>
</table>

## Excess Revenue Over Expenses

<table>
<thead>
<tr>
<th></th>
<th>One Month Actual</th>
<th>Year to Date Actual</th>
<th>Under/(Over) Pro Rata YTD</th>
<th>Annual Budget</th>
<th>Under/(Over) Annual Budget</th>
<th>Expended Annual Budget Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased Servicing &amp; Capital Outlay</td>
<td>351,959</td>
<td>582,978</td>
<td>416,667</td>
<td>(166,311)</td>
<td>2,500,000</td>
<td>1,917,022</td>
</tr>
<tr>
<td>Capitalized Assets</td>
<td>-</td>
<td>-</td>
<td>27,297</td>
<td>27,297</td>
<td>163,780</td>
<td>163,780</td>
</tr>
<tr>
<td><strong>Total Purchased Servicing &amp; Capital Outlay</strong></td>
<td><strong>351,959</strong></td>
<td><strong>582,978</strong></td>
<td><strong>443,963</strong></td>
<td><strong>(139,014)</strong></td>
<td><strong>2,663,780</strong></td>
<td><strong>2,080,802</strong></td>
</tr>
<tr>
<td><strong>Total Including Capitalized Items</strong></td>
<td><strong>(11,214)</strong></td>
<td><strong>673,112</strong></td>
<td><strong>78,361</strong></td>
<td><strong>872,779</strong></td>
<td><strong>470,164</strong></td>
<td><strong>(3,958,657)</strong></td>
</tr>
</tbody>
</table>

18%
### December 15, 2016 – January 10, 2017

#### MEDIA COVERAGE

<table>
<thead>
<tr>
<th>Date</th>
<th>Source</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-9</td>
<td>Albuquerque Business First</td>
<td><em>Imperial Building</em></td>
</tr>
<tr>
<td>12-18</td>
<td>Las Cruces Sun-News</td>
<td><em>Saving for a down payment easier than you think</em></td>
</tr>
<tr>
<td>12-20</td>
<td>Cibola County Beacon</td>
<td><em>Groundbreaking for New Housing Project in Acoma</em></td>
</tr>
<tr>
<td>12-23</td>
<td>Albuquerque Journal</td>
<td><em>Housing projects share $1.3M grant</em></td>
</tr>
<tr>
<td></td>
<td>Gallup Independent</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carlsbad Current-Argus</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Farmington Times</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Las Cruces Sun-News</td>
<td></td>
</tr>
<tr>
<td>12-23</td>
<td>Cibola County Beacon</td>
<td><em>Acoma’s New Housing Project</em></td>
</tr>
<tr>
<td>1-9</td>
<td>Affordable Housing Finance</td>
<td><em>The Domingo Housing Project</em></td>
</tr>
</tbody>
</table>

### PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

<table>
<thead>
<tr>
<th>Date</th>
<th>Source</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-16</td>
<td>Tribal Update</td>
<td><em>Tierra Del Sol Corporation Foreclosure</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Housing Counseling</em></td>
</tr>
<tr>
<td>January</td>
<td>Homeownership Newsletter</td>
<td><em>Helpful Tips for REALTORS</em></td>
</tr>
<tr>
<td>1-3</td>
<td>Lender Memo 17-01</td>
<td><em>January 2017 Webinar Training Schedule</em></td>
</tr>
<tr>
<td>1-6</td>
<td>Tribal Update</td>
<td><em>NM Tribal Homeownership Coalition Meeting</em></td>
</tr>
<tr>
<td>1-10</td>
<td>Tribal Update</td>
<td><em>Wells Fargo Launches 2017 Veteran Scholarship and Emergency Grant Programs</em></td>
</tr>
</tbody>
</table>
The Imperial Building in downtown Albuquerque is a prime example of a public-private partnership model. The entire project is a collaboration between developers Geltmore LLC, YES Housing Inc., the city, Bernalillo County, the New Mexico Mortgage Finance Authority and the Downtown Action Team. Tenants include Abbey Brewing Co.'s Monk's Corner Taproom, Crackin' Crab Seafood Boil, Sophia's Place and the new and long-awaited Downtown grocery store Silver Street Market. The building also has 74 affordable and market-rate apartments. The nearly $20 million project, built by Jaynes Corp., could be the catalyst for further development. Geltmore's David Silverman told Albuquerque Business

First, "I would hope that there are more Downtown projects in our future, in which we can push ourselves to reach new heights."
According to the National Association of Realtors' 2016 Profile of Home Buyers and Sellers, the most difficult step in the home-buying process is saving for a down payment. HouseLogic.com, which is NAR's site for homeowners, recently reported that the 20 percent down payment requirement is "one of the biggest misconceptions in home-buying." Misconception, schmiconception — saving for a down payment is not that difficult to accomplish.

Let's begin with the 20 percent misconception. The average down payment for first-time homebuyers in 2015 was 6 percent of the purchase price, according to NAR. The average down payment amount for all home buyers was 13 percent. Just over one-third of all buyers purchased using an FHA loan, which is just one of the many alternatives to the 20 percent down conventional mortgage. The Veterans Administration and USDA both offer zero-down loans, while the New Mexico Mortgage Finance Authority offers programs for low- and moderate-income buyers that require a minimum cash investment of just $500.

Freddie Mac and Fannie Mae both offer products that require just 3 percent down, while FHA loans are available with a 3.5 percent down payment. Keep in mind that loans are like shoes and lenders are like shoe stores. Not all shoe stores carry the same shoes, and not all lenders carry the same loans. The key to being a savvy shopper is to remember that even if two “stores” carry the same products, they may not price them the same.

In addition to saving for the down payment, buyers have to consider the closing costs associated with purchasing. In our area, where the average existing-home sales price is around $176,000, buyers can expect to pay around $2,800 for loan and appraisal fees, homeowner's insurance and other related costs.

So, now that we know that homes can be purchased with far less than 20 percent down, the next order of business is to figure out where to find the money. I jokingly tell people that the New Mexico Lottery could finance their down payment and closing costs, perhaps even the entire house, albeit at pretty long odds. A better route would be to procure gift funds from friends, family or employers. Some nonprofits provide down payment assistance. Borrowing from retirement accounts is another alternative, but make sure you read up on any possible penalties you could incur in connection with the withdrawal. Your income tax refund, if you’re lucky enough to receive one, may do the trick as well. You may also want to consider crowdfunding sites, such as Kickstarter, to launch your home-buying quest. Lenders will want to know the names of your individual contributors if the money was deposited into your checking or savings account just prior to applying for a loan, so it's better to complete the funding process and transfer the funds at least two months before you're ready to buy.

By the time you are ready to sign on the dotted line, the funds will be “seasoned” and no longer subject to verification. Another method of reducing the amount of upfront money is to ask the seller to pay your closing costs, which in our area would reduce the cash required to complete the purchase by around $2,800. Keep in mind that there’s no free lunch. You could have purchased the property for that much less had you not asked for the concession. Instead, you’re financing that much more in exchange for lower out-of-pocket costs.

And finally, you can sell some of your assets. Depending on the number of hobbies you’ve taken up and subsequently abandoned over the years, you could be one garage sale away from living on Easy Street.

See you at closing.

Gary Sandler is a full-time Realtor and president of Gary Sandler Inc., Realtors in Las Cruces. He can be reached at (575) 642-2292 or Gary@GarySandler.com.
Groundbreaking for New Housing Project in Acoma

By Dana Martinez

CIBOLA COUNTY - The Pueblo of Acoma Housing Authority (PAHA) held a Groundbreaking Ceremony on Monday morning. Their new $8.9 million Project, Acoma Homes I, has begun. The new project was made possible after about seven years after the idea first came to PAHA Executive Director, Floyd Tortalita and his staff. The idea was at a standstill without proper funding. PAHA decided to try a different route, Tax Credits. They submitted an application with New Mexico Mortgage Finance Authority and were awarded the Low Income Housing Tax Credits. Monday's ceremony introduced their project's builders to the community, civil engineers Tetra Tech, Inc, of Show Low Ariz, Architect Travois Design & Construction Services of Kansas City, M.O., TKJ Structural Engineering of San Diego, and Dialectic of Kansas City M.O. The project (model on left) will be located at the end of Pinon Street.

See the next edition of the Cibola Beacon for a full story.
Housing projects share $1.3M grant

Three affordable housing projects in northern New Mexico will share nearly $1.3 million in grants.

U.S. Rep. Ben Ray Luján's office announced the funding this week, saying the money will go to organizations that help with the purchase or construction of affordable housing for low- and moderate-income families.

The Santa Fe Civic Housing Authority will use its share to rehab 121 rental units at the Pasa Tiempo public housing community and another 116 units at the Villa Hermosa community.

The Santo Domingo Tribal Housing Authority received $287,000 to assist in the construction of 41 rental units to address overcrowding.
Acoma’s New Housing Project

COMMUNITY BUILDING AND RECREATION AREA INCLUDED

By Dana Martinez
BEACON STAFF WRITER

CIBOLA COUNTY - The Pueblo of Acoma Housing Authority (PAHA) held a Groundbreaking Ceremony on Monday morning, Dec. 19. Their new housing project is an $8.9 million apartment complex that will take 30 families off the Pueblo of Acoma Housing Authority’s (PAHA) waiting list.

The new project came to fruition when PAHA filed an application with the New Mexico Mortgage Finance Authority and were awarded the Low Income Housing Tax Credits. Their project was awarded along with five others out of 17 project applications overall.

PAHA Executive Director, Floyd Tortalita, explained that completing the 300-page application was a feat in itself. The application had to detail all elements of the project.

This is the Pueblos' first project using Tax Credits.

The PAHA office explored a few areas to place the project and settled on the Skyline housing area due to its proximity to existing infrastructure such as water lines, utility lines, and roads. It decreased the cost of the project to be so close.

The project will extend Pinion Street and have a further connection to Pinsbaari Drive. The complex will also have its own community building, and an outdoor recreation area with a playground and basketball court.

Tortalita explained that PAHA consulted closely with Tribal leaders, and their Tribal Councilmen, to decide the structure of the complex. They focused on the Acoma cultural ideal of community living. The apartments are internally faced around the community building.

Altogether the project is 41,561 square feet on about five acres of land. The community building will be 9,000 square feet. Half of the complex will be two story

See ACOMA, A3
Acoma’s New Housing Project

By Dana Martinez BEACON STAFF WRITER

Acoma’s Housing Authority is expecting approval of a major housing project that would bring the Pueblo closer to being self-sufficient.

The Pueblo was issued a $1.1 million per year grant by the U.S. Department of Housing and Urban Development (HUD) for the project. They will be the only Pueblo in the state to receive such funds for a new housing project.

The project will create 40 new units, consisting of 20 three-bedroom units and 20 one-story two-bedroom units. The landscape will be surrounded by an erosion control perimeter.

Another element the Councilmen and PAHA thought to add was community events. Once completed and assigned, there will be monthly community enrichment activities and events in the new community center. There will be health and nutrition classes, CPR trainings and other such activities.

The PAHA used U.S. Department of Housing and Urban Development (HUD) funding for most of their projects. They received $1.1 million per year. The funding is split between new construction and their home rehabilitation program.

According to Jenette Steward, PAHA Housing Services Manager, the criteria for the families that are on the waiting list are rental history, income, household size, criminal background checks, credit checks, and tribal membership. There are further medical support clarifications for ADA accessible units.

The potential tenants would have to be at a certain percentage below the median income level to be eligible. The cost of rent has not been fully determined but will vary based on the tenant’s income.

Some of the families on the waiting list have been waiting seven or more years.

The last major construction of homes for the pueblo was in 2002. Sixty units were constructed with $7 million in funding. Tortalita explained that due to inflation the current project costs more but has only half the units compared to the 2002 construction.

The project has an estimated completion date in June 2018. The project is working with several contractors and they in turn are working with several subcontractors.
Pueblo of Acoma officials discuss the new housing project with a model of it on a table in front of them.

BEACON / MARTINEZ
Native American Communities Explore New Territory

Tribes tackle housing shortage with teamwork and training.

By Donna Kimura

THE DOMINGO HOUSING PROJECT

Santo Domingo Pueblo, New Mexico

Local developer Greta Armijo says gathering the funding has been the most challenging aspect of building the Domingo Housing Project.
Proximity to a nearby train station will enable Domingo Housing residents to travel to job centers and educational venues in Santa Fe and Albuquerque.

The housing development is close to the Santo Domingo Indian Trading Post, which recently reopened after closing in the 1990s and being severely damaged due to fire in 2001.

A rugged patch of land is being transformed into a 41-unit affordable housing development on the Santo Domingo Pueblo in New Mexico.

Scheduled to be completed around May, the project will connect residents to the nearby New Mexico Rail Runner train station, making The Domingo Housing Project a rare rural transit-oriented development. “A lot of people use the station to go to work, school, doctors’ appointments,” says developer Greta Armijo, executive director of the Santo Domingo Tribal Housing Authority.

Located within walking distance of the new housing, the train station is used by many of the pueblo’s artisans who journey an hour each day to Santa Fe to sell their turquoise jewelry and pottery.
The pueblo has a population of a little over 5,000 people but only 500 homes within the community, according to Armijo. The new, $10.2 million development will go a long way to meet the community’s housing needs. It’s about two miles from the pueblo’s main village and will be a mix of single- and two-story units in a style specific to the Santo Domingo Pueblo. The homes respect the tribe’s historical preference for density and shared community spaces while placing residents in close proximity to needed amenities.

“It will have a similar layout to the historic village,” says Armijo, who has led the housing authority for five years. “It’s culturally significant.”

In addition, the housing complex is close to the recently reopened Santo Domingo Indian Trading Post. A walking and bike path designed by local artisans is also in the works. Project supporters hope the effort will make the area a destination for visitors. It would be a source of economic development, notes Joseph Kunkel, executive director of the Sustainable Native Communities Collaborative, an organization that works on culturally and environmentally sustainable development with American Indian and other indigenous communities nationwide.

“You have all the components that potentially make up a community, and, if done correctly, the community could flourish,” he says. “This affordable rental project has the ability to turn renters into potential future homeowners. It’s a unique opportunity for the community and tribe.”

Kunkel, who recently completed an Enterprise Rose Architectural Fellowship, assisted in the planning and development of the project. The program partners early-career architects with local community development organizations.

“By putting affordable housing next to public transportation, you’re giving those individuals access to Albuquerque and Santa Fe for jobs, education, healthy food, access off the rez,” Kunkel says. “It could become a precedent for other tribes that have access to public transportation. This is showing why it’s important to think about planning and where you strategically develop housing.”

The Domingo Housing Project is being financed largely with low-income housing tax credits (LIHTCs) awarded by the New Mexico Mortgage Finance Authority (MFA). The credits, which were syndicated by Raymond James Tax Credit Funds (RJTCF), are providing approximately $8.4 million in equity.
“These 41 units will provide much-needed and affordable housing to the Santo Domingo tribal community and exemplifies the mission and value of the LIHTC program,” says Ben Shockey, acquisitions manager at RJTCF, which has a strong track record of providing housing credit equity to tribal communities.

To better understand the intricacies of housing finance, Armijo and her team partook in the Tribal Housing Excellence Academy, an initiative launched by Rural Community Assistance Corp. (RCAC) and Native Capital Access (NCA) to provide technical assistance to and coach Native American communities in best practices for developing housing.

“Our biggest message is that they need to be accessing resources they haven’t yet tapped into,” says Eileen Piekarz, rural development specialist at RCAC. “Some organizations in Indian country have been successful in reaching out for tax credits, HOME funds, Federal Home Loan Bank grants, or even just conventional loans, but there are so many Native communities that haven’t used those funding sources. Our pitch is to take advantage of those opportunities they haven’t yet gone after.”

The Santo Domingo group learned about LIHTCs and won an allocation from the MFA on its first attempt. It also secured funding from other sources, including the New Mexico Housing Trust Fund, the Primero loan program, and federal HOME funds from the state agency, says Isidoro “Izzy” Hernandez, the MFA’s deputy director of programs.

Assembling the funding has been the most challenging part of the project, according to Armijo. “You’re trying to throw a hook out into a big ocean and see who’ll [bite] on your project,” she says.

Accessing capital

Dave Castillo knows the problem well. He recalls a story about a tribal official who once asked, “How is it that the United States can put a man on the moon but not a bank on an Indian reservation?” Accessing financing is a big hurdle for many tribal housing authorities, says Castillo, CEO of NCA, a Tempe, Ariz.–based nonprofit that helps meet the community and economic development needs of Native American communities by providing them with technical assistance and financial capital.

The difficulty accessing capital is “due largely to a lack of precedence, institutional knowledge, relationships, and administrative infrastructure all vital to financing transactions,” Castillo says. “Trust land has limited use as collateral. Conventional bank standards are inflexible, and networking with equity investors is constrained by geographic, social, and business isolation.”
Generally, there exists some misunderstanding and mistrust between tribal government and business sectors, Castillo says.

He praises the Domingo Housing Project, which received gap financing from NCA.

“If more tribes modeled their affordable housing projects after this one, I believe financial institutions would flock to Indian Country,” Castillo says. “The Domingo Housing Project and the Santo Domingo Tribal Housing Authority as the developer represent the ideal affordable housing development project in Indian Country. It meets a critical housing need and is forward-thinking in its transit-oriented design.”

The development has received strong support from the appointed tribal leadership, and the integration of decision making with an active board of commissioners reflects a true community-based effort, according to Castillo.

“Most important, Indian housing professionals leading the project have shown extreme diligence throughout the development process, demonstrating almost flawless execution of industry best practices,” he says.
Tierra Del Sol Corporation Foreclosure Housing Counseling

A statewide foreclosure housing counseling program, funded through the Homeownership Preservation Program of New Mexico Attorney General's office, is available for homeowners who are delinquent in their mortgage payments. It is designed to support the provision of foreclosure intervention counseling to New Mexico homeowners at risk of foreclosure. The program gives priority to residents of tribal lands and HUD designate Colonias.

Tierra Del Sol Corporation, which is based in Las Cruces, will manage the program for the state. They have hired a new employee located in Albuquerque who will be assisting homeowners in the northern part of the state. Ruben Trujillo, Foreclosure Housing Counselor Manager, will be working with homeowners in the southern part of the state.

Funding for this program will end in June 2017. Between now and then, Tierra Del Sol Corporation wants to assist as many individuals as possible. One-on-one consultation are the optimal option, but phone interviews can be conducted. Please feel free to distribute the linked program brochure to members of your community to help spread the word.

Let's help our New Mexico tribal members get back on their feet by connecting them to this program. All appointments within the state will need to be made through Ruben Trujillo's office at Tierra Del Sol Corporation. (575)541-0477 or (505)640-4353 from 8:30AM to 5:30PM.

Happy Holidays,
Sharlynn Rosales
Helpful Tips for REALTORS

**TOPIC:**

*My client wants to purchase a home that will require some repairs and updating. Is there a mortgage program that can help?*

MFA programs can be used with the FHA 203(k) streamline loan. A buyer will have the dual benefit of receiving assistance with their down payment and closing costs as well as being able to borrow up to $35,000 more to make needed repairs and desired improvements.

The list of eligible improvements covered with this loan is quite extensive and includes such items as the repair or replacement of roofs, HVAC, plumbing, electrical, and well and septic systems. Accessibility improvements for persons with disabilities are also included, as are windows and doors, flooring, siding and stucco and painting. Cost-saving improvements such as weatherization, insulation and the purchase and installation of energy-efficient appliances can be a wise investment as well.

Here's how it works: The homebuyer first determines the type of repairs or upgrades that they would like done. They then select a contractor to complete a work plan and cost estimate. The
homebuyer will work with both the mortgage lender and contractor to ensure that the work plan and cost estimate is reasonable and customary for the area. An appraisal is done to reflect an “as is” and an “as improved” value. The loan amount is based on the lesser of the sales price and rehabilitation cost or 110% of the “as improved” value.

Perhaps you have a listing or two that will benefit from a minor kitchen or bath remodel or even a new deck or patio. Knowing how the 203(k) works with MFA programs could help you sell that “diamond in the rough”!

_We appreciate and value you, our dedicated Realtor partners. Thank you for making sure that your buyers know about MFA programs!_
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: January 3, 2017

RE: Memo No. 17-01

**January 2017 Webinar Training Schedule**

- *MFA Single Family and DPA programs regular monthly training*

MFA is hosting its regular webinar training for the MFA Single Family and Down Payment Assistance Programs (DPA).

This training is designed for staff whose duties involve originating, processing, closing and shipping MFA loans. This technical training provides Participating Lenders with the information needed to efficiently originate, fund and deliver loans under the current programs guidelines.

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

In an effort to accommodate schedules, MFA is offering this training webinar on two (2) separate days.

- **Tuesday, January 10, 2017** 10:00 am-11:30 am MST
- **Thursday, January 12, 2017** 10:00 am-11:30 am MST

*Participating Lenders only need to attend one of the webinars.*

**To Participate:**
Register via the MFA Lender Training link http://www.housingnm.org/lender-training no later than 5:00 PM MDT on the business day prior to the training. Training materials will emailed to registered individuals the evening before the training.

In order for MFA to track attendance please only, register for the session that will be attended.

Below is the call in number, access code and link for both training sessions. 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

When signing into the webinar please sign in with your name and do not choose an automatic setting that will show as “caller #”. MFA uses this information to track attendance.

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

When: January 18, 2017
Time: 2 PM-4 PM
Where: USDA, 6200 Jefferson Albuquerque, NM 87109. On the corner of Jefferson and Osuna

Agenda:

1. Welcome
2. Introductions
3. Tribal Intergovernmental Advisory Committee nominations
4. Sub-Committee/ Formalization updates from committee
5. South Dakota Home Ownership Coalition [LINK](#)
6. HUD study on Housing Needs of American Indian from the Housing Assistance Council [LINK](#)
7. HUD requirements on mortgage codes update by Denise Zuni
8. Update from Tierra Del Sol Housing Corporation on Foreclosure Housing Counseling Program by Ruben Trujillo

If you are unable to attend in person, please join us by conference call. We are currently in the process of setting this up and will send out the phone number needed to join. However, we hope to see you there.

Thank you,
Sharlynn Rosales
MFA Program Coordinator
(505)767-2282
Wells Fargo Launches 2017 Veteran Scholarship and Emergency Grant Programs

Patricia Nie, VP of Community Development at Wells Fargo in New Mexico, has asked to pass this information along to the Coalition. Wells Fargo is currently accepting applications for the 2017 Veteran Scholarship and Emergency Grant Programs until Feb. 28, 2017. Information about the application process and the programs themselves can be found at both links below. Please pass this information along to any Veterans you know that is in need of assistance for school. Thank you Patricia!

https://wellsfargovets.scholarsapply.org/

https://www.wellsfargo.com/about/press/2017/%20veteran-scholarship-grant_0104.content

Sharlynn Rosales
MFA Programs Coordinator
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