NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
Inn and Spa at Loretto, 211 Old Santa Fe Trail, Santa Fe, NM
Wednesday, January 20, 2016 at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting
➢ Roll Call (Jay Czar)
➢ Approval of Agenda – Board Action
➢ Approval of 12/16/15 Board Meeting Minutes – Board Action
➢ Employee Introductions; Robyn Powell, Compliance Manager
➢ Video Presentation – Energy Smart

Board Action Items

<table>
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<th>Finance Committee</th>
<th>Action Required?</th>
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<tbody>
<tr>
<td>1 9/30/15 Report of Independent Auditors, Financial Statements and Supplemental Schedules (Kim Nunley, Moss &amp; Gina Hickman)</td>
<td>YES</td>
</tr>
<tr>
<td>2 Policies and Procedures Manual Revisions (Gina Hickman)</td>
<td>YES</td>
</tr>
<tr>
<td>3 Delegations of Authority Revisions (Gina Hickman)</td>
<td>YES</td>
</tr>
<tr>
<td>4 Approval of Brokers, Dealers, Custodians and Depositories (Gina Hickman)</td>
<td>YES</td>
</tr>
<tr>
<td>5 Employee Manual Revisions (Dolores Deer)</td>
<td>YES</td>
</tr>
<tr>
<td>6 Request for Proposal for Financial Advisory Services for Single and Multifamily Housing Programs (Kathy Keeler)</td>
<td>YES</td>
</tr>
</tbody>
</table>

Contracted Services/Credit Committee
7 Award for Trustee and Paying Agent Services (Kathy Keeler) YES

Other
8 Assignment of TBA Administrator Master Trade Confirmation Agreement - First Southwest Merger (Kathy Keeler) YES
9 Bond Resolution – Dona Ana Multifamily Partnership 2015, LLLP (Susan H. Biernacki and Daniel Puccetti) YES
10 Open Meetings Resolution (Marjorie Martin) YES

Other Board Items

11 (Staff is available for questions)
➢ Staff Action Requiring Notice to Board
➢ 2015 Series E Bond Pricing Summary

Monthly Reports

12 (Staff is available for questions)
➢ 11/30/15 Financial Statements
➢ Communications Department Reports

Announcements and Adjournment

Confirmation of Upcoming Board Meetings
➢ February 17, 2016 – Wednesday, 9:30 a.m. (MFA)
➢ March 16, 2016 - Wednesday, 9:30 a.m. (MFA)
➢ April 15, 2016 – Wednesday – 9:30 a.m. (MFA)
NEW MEXICO MORTGAGE FINANCE AUTHORITY
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Board Action Items

Finance Committee

1 9/30/15 Report of Independent Auditors, Financial Statements and Supplemental Schedules (SAO, Moss & 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 9/30/2015 and comparative information for 9/30/2014, 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 Delegations 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 disposition or sale of tangible goods.

4 Approval of Brokers, Dealers, Custodians and Depositories (Gina Hickman) - At least annually and as needed, MFA staff reviews and updates the Broker, Dealer, Custodian and Depository list. Staff recommends approval of the addition of BOSC, Inc. to the MFA Broker, Dealer, Custodian and Depository list.

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

6 Request for Proposal for Financial Advisory Services for Single and Multifamily Housing Programs (Kathy Keeler) - MFA issued an RFP for Financial Advisory Services for Single Family Housing Programs in November 2012. At that time, the Board selected CSG Advisors to provide those services for one year and subsequently exercised the two available one-year extensions until March 20 2016. The RFP has since been revised to also include multifamily housing programs in addition the term is for three years with two one-year extensions at the Board’s option. Staff recommends approval of the Request for Proposals for Financial Advisory Services for Single Family and Multifamily Housing Programs. Responses will be due to MFA by February 10, 2016.

Contracted Services/Credit Committee

7 Award for Trustee and Paying Agent Services (Kathy Keeler) - MFA Board approved a Request for Proposal for Trustee Services for stand-alone indentures at its October Board meeting. MFA received five responses to the RFP all of which met minimum threshold. Proposals were scored by an internal committee of five staff members in accordance with the evaluation criteria as outlined in the RFP. Bank of Albuquerque received the highest number of points in the scoring process and staff recommends that Bank of Albuquerque be selected to provide Trustee and Paying Agent Services for stand-alone indentures. Per the RFP, the contract begins on the date the MFA Board approves the award and ends on December 31, 2018. At the option of the Board, the contract may be extended for two, one (1) year periods under the same terms and conditions.
Other

8 Bond Resolution – Dona Ana Multifamily Partnership 2015, LLLP (Susan H. Biernacki and Daniel Puccetti) - Staff requests approval of the attached Bond Resolution in order to pursue issuance of up to $9.9mm in tax exempt bonds that are expected to close in early March, 2016. Bonds proceeds will fund the acquisition and rehabilitation of 204 units at six different projects located in Doña Ana County (Sunland Park & Anthony). Approval of this Resolution will result in these units remaining affordable for an additional 35 years. The developer is Community Preservation Partners, LLC.

9 Open Meetings Resolution (Marjorie Martin) - Summary: The New Mexico Mortgage Finance Authority Open Meetings Resolution is submitted for MFA Board of Directors approval pursuant to Section 10-15-1 (B) and (D) of the New Mexico Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978), which require that all meetings of a quorum of members of any public body be open to the public at all times other than the stated exceptions in the Open Meetings Act and the state constitution; and to further determine annually, in a public meeting, what constitutes reasonable notice of its public meetings.

10 Assignment of TBA Administrator Master Trade Confirmation Agreement - First Southwest Merger (Kathy Keeler) - MFA was notified that First Southwest Company which currently provides To Be Announced Single Family Administrative Program Services (“TBA Services”) will merge into Hilltop Securities Inc. at the close of business on January 22, 2016 and will begin operating as Hilltop Securities Inc. As reported to the Board in August 2015 when the Board exercised the first of two available one-year contract extensions to extend the contract with First Southwest under the same terms and conditions to August 20, 2016, First Southwest Company has satisfactorily provided TBA Services to MFA. MFA has been assured by First Southwest representatives that the merger will be seamless to MFA. In order to continue the successful relationship MFA has enjoyed with our TBA Services provider, we will need to execute the attached “Assignment, Assumption and Consent” as concerns the contract MFA has with First Southwest Company.

Other Board Items

11 (Staff is available for questions) Information Only
- Staff Action Requiring Notice to Board
- 2015 Series E Bond Pricing Summary

Monthly Reports No Action Required

12 (Staff is available for questions) Discussion Only
- 11/30/15 Financial Statements
- Communications Department Reports

Announcements and Adjournment

Confirmation of Upcoming Board Meetings
- February 17, 2016 – Wednesday, 9:30 a.m. (MFA)
- March 16, 2016 - Wednesday, 9:30 a.m. (MFA)
- April 15, 2016 – Wednesday – 9:30 a.m. (MFA)
Minutes
Chair Dennis Burt convened the meeting on December 16, 2015 at 9:36 a.m. Secretary Jay Czar called the roll. Members present: Chair Dennis Burt, Angel Reyes, Vince Torres (Designee for Lieutenant Governor John Sanchez), Sally Malavé (Designee for Attorney Hector Balderas), Steven Smith, and Randy McMillan. Absent: Treasurer Tim Eichenberg. 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 16, 2015 Board agenda as presented: Torres. Second: Smith. Vote: 6-0.

**Approval of 11/18/15 Board Meeting Minutes – Board Action.** Motion to approve the November 18, 2015 Board Meeting Minutes as presented: Torres. Second: Malavé. Vote: 6-0.

**Finance Committee**

1. **Selection of Offeror for Affordable Housing RFP – Eastern Plains Housing Development Corporation (Jacqueline Boudreaux & Marjorie Martin).** Boudreaux began her presentation with background information located on the memo behind tab one, which will become part of the official board packet. She informed the Board that the RFP came before the Board for approval at the September board meeting. She further explained the RFP solicited proposals for the purchase of Clovis Rental Properties and Portales Special Needs a.k.a. JK Lyons Apartments, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified person(s) or entity Offerors which by reason of their financial stability and affordable housing experience are able to own and operate affordable housing properties. The RFP required the ability to payoff off a combined outstanding loan balance of $273,762 and other debt incurred by MFA totaling approximately $65,133. Boudreaux stated the proposal deadline was extended from 10/08/2015 to 11/20/2015. Two (2) responses were received by November 20, 2015 and both proposals were scored by the Review Committee. She then reviewed the scores. She stated that the recommendation is to the highest scorer Tierra Del Sol Housing. Boudreaux deferred to Marjorie Martin to discuss the court activities. Martin explained that the courts deciding the disposition of the properties appointed Sandra Hidalgo (former EPHDC Executive Director) as Receiver, with the right to stabilize and transfer the properties by sales agreements approved of by the relevant courts. MFA will report to the courts in Roosevelt and Curry Counties that we have selected an Offeror to purchase the properties and will enter into negotiations with that Offeror for sale and financing. Discussion ensued regarding the balance versus the amount the properties were being sold for, the affordability period, attorney fees, ownership, etc. Motion to approve the Selection of Offeror for Affordable Housing RFP – Eastern Plains Housing Development Corporation to Tierra Del Sol Housing as presented: McMillan. Second: Malavé. Vote: 6-0. (See attachment A)

**Contracted Services / Credit Committee**

2. **Regional Housing Authority – 2015 Annual Report (Rose Baca-Quesada).** 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 2015 Annual Reports are mandated by the Regional Housing Act. She reviewed the summary of the reports; which include operational and fiscal activities for Western, Eastern and Northern Regional Housing Authorities for the calendar year. Motion to approve the 9/30/15 Quarterly Investment Review as presented: Smith. Second: Sanchez. Vote: 6-0. (See attachment B)

**Other**
3 Proposed Changes to the MFA Rules and Regulations (Marjorie Martin). Martin explained that staff is proposing changes to certain sections of the MFA Rules and Regulations to more accurately reflect MFA policies relevant to income eligibility determinations for MFA-funded programs, and to clarify that the income eligibility guidance provided in the MFA Rules and Regulations is applicable specifically to MFA-funded programs. She reviewed the proposed changes and informed the Board that they had been reviewed and approved by the MFA Legislative Oversight Committee at the November meeting. Motion to approve the Proposed Changes to the MFA Rules and Regulations as presented: Smith. Second: Malavé. Vote: 6-0. (See attachment C)

4 Proposed Changes to the Affordable Housing Act Rules (Marjorie Martin) – Martin indicated that staff is proposing amendments to the Affordable Housing Act Rules (the “Rules”) in accordance with recent amendments to the Affordable Housing Act, passed by the New Mexico legislature in 2015. Martin further informed the board that additional amendments are being recommended to the Rules for the purpose of providing clarification or supplementing the provisions with information deemed necessary by staff. Martin further explained that MFA’s Legislative Oversight Committee has reviewed and approved the proposed amendments. Discussion ensued regarding the change to page 26 5.7 (B) (1). The following language was recommended and accepted: “Single Apartment within a Multi-Family Property. Qualifying Grantees shall agree that, if any single apartments are to be rehabilitated, weatherized, converted, leased, repaired, constructed, or otherwise are to benefit from Affordable Housing Funds, those apartments shall be leased to Persons of Low or Moderate Income at the time of any such award. Qualifying Grantees, who are the landlords and/or owners of such properties, shall further agree to contribute a percentage of the total cost of the rehabilitation, weatherization, conversion, lease, repair, and/or construction, as determined by the local government or MFA. Qualifying Grantees also shall agree that the Persons of Low or Moderate Income, who are tenants of those apartments, shall be allowed to remain tenants for so long as there are no uncured defaults by those tenants under their respective leases and provided that there is no just cause for the landlord to terminate any lease agreement with those tenants.” Motion to approve the Proposed Changes to the Affordable Housing Act Rules and the amendment as recommended to page 26 5.7 (B)(1): Reyes. Second: Torres. Vote: 6-0. (See Attachment D)

5 Amendment to 2016 Low Income Housing Tax Credit Qualified Allocation Plan (Jay Czar/Dan Puccetti). Puccetti began by making reference to both the memo and redlined 2016 QAP (Qualified Action Plan) for the LIHTC (Low Income Housing Tax Credit) Program which addresses the changes being recommended today located behind tab five, which will become a part of the official board packet. Puccetti turned the presentation over to Jay Czar. Czar began by stating that, in October 2015 the board approved the LIHTC QAP, a program of the US Treasury under the IRS. One of the items approved in that QAP was an increase in fees that had not been increased in at least 16 years. Czar reviewed the approval process by which the changes were made. He informed the board that he subsequently received some complaints, comments and concerns regarding the fee increase. He then stated that, prior to the October approval; staff provided appropriate notice to developers and held the required 30 day public comment period. He explained the analysis was well done but there is a concern that MFA is not being fair. It is possible that, because 2016 applications are due on February 1st, it may have something to do with the timing of this issue. Czar indicated that members of the MFA Legislative Oversight Committee had expressed concern that the fee increase would also increase the costs of projects. It is an industry concern and serious enough to warrant reconsideration. Czar stated that it is recommended that fees in the 2016 QAP be changed to revert to the same structure as in the 2015 QAP. Fee increases will be further analyzed in preparation for the next QAP cycle and perhaps can be phased in at a later date. Much discussion ensued regarding concerns the board had with the recommendation. Motion to approve amending the 2016 LIHTC QAP to return fees to those allowed in the 2015 QAP as presented: Torres. Second: Reyes. Vote: 5-1. (See Attachment E)

Other Board Items - Information Only
6 No questions were asked of staff.
• Staff Action Requiring Notice to Board

**Monthly Reports - No Action Required**

7  No questions were asked of staff
   • 10/31/15 Financial Statements
   • Communications Department Report

**Announcements and Adjournment - Confirmation of Upcoming Board Meetings.** Chair Burt reminded everyone that next month’s meeting is on January 20, 2016 in Santa Fe at the Inn & Spa at Loretto. He as well as other board members wished board and staff a Merry Christmas and thanked staff for all their hard work.

There being no further business the meeting was adjourned at 11:02 p.m.

**Approved: January 20, 2016**

__________________________________________  ________________________________
Chair, Dennis Burt                               Secretary, Jay Czar
Tab 1
REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

Moss Adams held a discussion with Finance Committee on December 8, 2015 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
- Prior Period Restatement related to Escrow Deposits – Disclosed in Footnotes and required Restatement wording in opinion
- 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 regard to an immaterial non compliance-Risk Sharing Program

• Unmodified Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
  ▪ One instance of noncompliance noted (not material)-Risk Sharing Program

• 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>14.188</td>
<td>Housing Finance Agencies Risk Sharing Program</td>
<td>Unmodified</td>
</tr>
<tr>
<td>14.228</td>
<td>Neighborhood Stabilization Program</td>
<td>Unmodified</td>
</tr>
<tr>
<td>14.117</td>
<td>Mortgage Insurance – Homes (FHA)</td>
<td>Unmodified</td>
</tr>
</tbody>
</table>
PRIOR YEAR FINDINGS

2013-01 Community Development Block Grant/Neighborhood Stabilization Program- Reporting
Current Status- Resolved

2014-001 Housing Finance Agencies Risk Sharing Program- Eligibility
Current Status- Resolved
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
Kim Nunley, Other Partner
Amy Carter, Senior Manager
Janna Skinner, Senior/In-Charge

Office of the State Auditor
Anna Williams, Manager
Lori Narvaiz, Senior
Lisa Jennings, Senior
Shannon Sanders, Staff
QUESTIONS OR COMMENTS
Tab 2
MEMORANDUM

TO: MFA Board of Directors


Through: Policy Committee – December 29, 2015

FROM: Gina Hickman

DATE: January 20, 2016

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.

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.

As part of the policy and procedure review process this year, Sheehan and Sheehan, Board Counsel, performed a secondary review and in-depth evaluation of the manual and proposed revisions. Suggested recommendations were incorporated as appropriate.

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:
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<th>Section</th>
<th>Proposed Change</th>
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<td>6-7</td>
<td>MFA Code of Conduct</td>
<td>Added language to comply with the new 2 CFR Part 200 (Supercircular) requirements on federal awarding agency notification of potential conflicts of interest related to federal programs. Also included language addressing Board notification requirements.</td>
</tr>
<tr>
<td>7</td>
<td>MFA Code of Conduct</td>
<td>Management and Employees will now be required to sign a confidentiality agreement annually.</td>
</tr>
<tr>
<td>8</td>
<td>MFA Code of Conduct</td>
<td>Provided for the ability for Members, Management and Employees to use MFA funds/resources to pursue legislative priorities.</td>
</tr>
<tr>
<td>10</td>
<td>Conduct of Business-Investment Policy</td>
<td>Included limitation of liability language from the MFA Act.</td>
</tr>
<tr>
<td>25-26</td>
<td>Conduct of Business-Protection of Personally Identifiable Information (PII) and Other Sensitive or Proprietary Information</td>
<td>Revised language to align more with what is currently in use by federal agencies including a definition of PII.</td>
</tr>
<tr>
<td>27-29</td>
<td>Conduct of Business-Suspension &amp; Debarment</td>
<td>Added clarifying language.</td>
</tr>
<tr>
<td>32</td>
<td>Conduct of Business-Consumer Complaints</td>
<td>Updated Point of Contact from Front Desk to Compliance Officer.</td>
</tr>
<tr>
<td>34</td>
<td>Conduct of Business-Business Travel and Meal Expenses</td>
<td>Clarification that third parties may be designated to travel on MFA business and therefore be paid for travel related expenses.</td>
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<td>37</td>
<td>Fair Housing</td>
<td>Added clarifying language that MFA must contractually require recipients of MFA-administered funds to comply with all applicable Fair Housing laws.</td>
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<td>38</td>
<td>Personnel-Personnel Records</td>
<td>Updated record retention requirements for personnel records.</td>
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<td>41</td>
<td>Procurement Policies-Limited Source Procurement</td>
<td>Added language to comply with the new 2 CFR Part 200 (Supercircular) requirements on limited source procurements.</td>
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<tr>
<td>43</td>
<td>Procurement Policies-Protest</td>
<td>Shortened the protest period and the protest response period.</td>
</tr>
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</table>
| 45 | Procurement Policies-Disposition or Sale of Tangible Goods | Updated the disposition of property policy to include:  
  - Ability to negotiate sale of property to a public school/public entity  
  - Ability to sell or donate property to non-profits with missions that support affordable housing or the aid of indigent persons.  
  - Ability to destroy property that has no resale value.  
  - Addition of Board notification requirement if the fair market value is greater than $10k. |
| 46 | Program Policies | Added new mortgage programs. |
| 48 | Program Policies | Added new down payment assistance program. |
| 49-50 | Program Policies | Added second mortgage write off policy. This has been our practice; just documenting as part of the Board approved policies.  
Created a non-performing loan write off policy.  
Added HOME program loan write off policy. This has been our practice; just documenting as part of the Board approved policies. |

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 updates to the following policies:

- Investment Policy
- Bond Issuance and Debt Management Policy (disclosure/investor relations)
- Information Technology Security 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 Policies & Procedures Manual

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### Section 6  Requests To Inspect Documents

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<th>Requests To Inspect Documents</th>
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<tr>
<td>Disclosure Statement</td>
<td>Exhibit A</td>
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MFA MISSION, VISION AND CORE VALUES

MFA Mandate
In 1975 the New Mexico state legislature created the New Mexico Mortgage Finance Authority 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.
SECTION 1 - GENERAL POLICIES

1.1 Policies & Procedures Manual - Purpose

A. With respect to Board Members, Management and Employees and the conduct of MFA business, the policies & procedures shall be set forth in this manual, adopted by the Board and consistent with the 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. The 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 the 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 the MFA and to implement the conflict of interest provisions of the 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 the MFA and does not include independent contractors of MFA.

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

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 the MFA.

"Management" means the Executive Director, Deputy Director of Programs, Deputy Director of Finance and Administration, and Director of Human Resources Manager employed by the 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 the 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 the 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 the 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 the 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(s) in any Business engaged in, or proposing to engage in, any Transaction with the MFA. On or before January 1 of each year, each MFA Member, Management and Employee shall complete and deliver to the 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 the 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 the 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 the 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 the 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 Director of 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 the MFA unless the Member, Management or Employee has disclosed his/her or his/her Family Member's Financial Interest in the Business to the 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 the 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 the MFA Board and is recorded in the minutes of the meeting in which it is made.

2. Transactions Involving Former Members or Management. The 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 the MFA, except with prior approval of a disinterested majority of all the 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. The 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 the MFA to:
   a) acquire or purchase any interest in bonds or notes of the 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 the MFA is a party; or
c) accept employment with the MFA.

G. Political Activities. A Member, Management or Employee shall not, through his or her position at the 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 for any political candidate for any public office, provided, however, that Members, Management, and Employees may use MFA funds, resources, and time to pursue legislative or political purposes as approved by the Board and the Mortgage Finance Authority Act 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 2016.

1.3 Conduct of Business

A. Meetings. The MFA shall call and provide notice of meetings in accordance with the Open Meetings Act and the MFA’s Open Meetings Resolution. The 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 program 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**

1. **Scope.** This policy is to be followed when investing 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.

   In the event of a conflict between this policy and provisions of the various MFA bond resolutions and indentures, the more restrictive provisions shall apply unless specifically prohibited by the affected bond resolutions(s) or indenture(s).

2. **Objectives.** The primary objective of the policy is to preserve capital and secondarily to achieve the highest market return. These objectives should be attained only after consideration of liquidity needs and within the constraints of the MFA statutes and requirements prescribed within each respective bond documents.

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 Staff**

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.

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) 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 investor" 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. **Monitoring and Adjusting the Portfolio.** As a general practice, securities will be purchased with the intent to hold until maturity. However, trades in response to changes in market value or market direction may be necessary. These types of trades will be documented as to reasons, including consideration of credit quality, market risk and total yield to maturity with rebalancing to take place as necessary to maintain investment ranges outlined under Section 8, Diversification of Risk herein.

6. **Internal Controls.** A system of written internal controls will be designed by the Deputy Director of Finance and Administration and reviewed by an independent auditor as part of the internal audit plan in accordance with the internal audit risk assessment. The controls shall be designed to minimize loss of MFA funds due to fraud, error, misrepresentations, market changes or imprudent actions. The controls shall be made part of the investment policy.

7. **Permitted Investments.** The MFA investment policy will be diversified to the extent permitted in the MFA Act and Section 6-8-7, NMSA 1978, and as prescribed in its various bond
resolutions and trust indentures. Specifically, investments may be made in any investment instruments acceptable under and/or required by any MFA bond resolution or indenture or:

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) as otherwise provided in any trust indenture securing the issuance of MFA’s bonds;

h) in the State of New Mexico Office of the Treasurer Local Short Term Investment Fund; or

i) in the State of New Mexico State Investment Council Investment Funds Program (fund(s) to be determined according to asset allocation strategy).

8. **Diversification of Risk:** 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.

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<tr>
<th>ASSET CLASS</th>
<th>TARGET</th>
<th>RANGE</th>
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<tbody>
<tr>
<td>SHORT-TERM INVESTMENTS (Less than 1 year) Local Government Investment Pool</td>
<td>$5mm</td>
<td>$3mm - $12mm</td>
</tr>
<tr>
<td>Warehoused Securities</td>
<td>$15mm</td>
<td>$0 - $25mm</td>
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<tr>
<td>INTERMEDIATE-TERM INVESTMENTS (1 to 10 years) Bond Ladder (in permitted securities) Certificates of Deposit or Time Deposits MFA Mortgage Backed Securities</td>
<td>$20mm</td>
<td>$10mm - $25mm</td>
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LONG-TERM INVESTMENTS
(More than 10 years)
State Investment Council
• Fixed Income Domestic Core Bond Funds
• Equity Domestic Large Cap Active Fund
• Cash
MFA Mortgage Backed Securities

<table>
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<th>Excess Funds:</th>
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<tr>
<td>80%</td>
<td>70% - 95%</td>
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<tr>
<td>20%</td>
<td>5% - 30%</td>
</tr>
<tr>
<td>0%</td>
<td>Up to 5%</td>
</tr>
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</table>

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

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 financial 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:
• All certificates of deposit, or time deposits will be placed with qualified financial institutions; (See Qualified Financial Institutions below)
• All transactions will be executed on a delivery versus payment basis; and
• The best bid or offer will be sought for all of the MFA's purchases and sales of securities.

9. **Qualified Financial Institutions.** When selecting depositories and securities broker/dealers, 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.** The Board, upon the recommendation of the Committee, shall prepare 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 investor 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 National Association of Securities Dealers.
   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 agree to abide by the Code of Conduct of the MFA.

c) **Bid Procedures for Transactions of Securities.**

1) All transactions by the MFA shall be awarded on a bid basis.

2) A minimum of three documented bids shall be requested and received by the MFA office on each sale or purchase. The best bid received shall be awarded the transaction.

3) Bids received and dealer awards shall be maintained on forms approved by the Committee.

4) 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.

10. **Reporting Requirements.** The individual assigned by the Executive Director will report at least quarterly to the Committee on the overall status of the fund. This report will include at least:

a) rating(s) of investment(s) if any;

b) market value of the investments;

c) time-weighted rates of return;

d) analysis of asset allocation;
e) analysis of the portfolio’s performance as measured against the funds stated objective, the CPI, and relevant indexes;

f) analysis of the overall degree of risk measured by standard deviation relative to appropriate indexes;

g) dollar value of the fund, net of non-investment cash contributions and distributions;

h) record of individual transactions and indication of broker/dealer participation; and

i) 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. The MFA is a financial intermediary created in 1975 by and for the State of New Mexico to provide financing for affordable housing. The 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 the 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 the 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 servicer, 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 the 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 the 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 the 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 the MFA. If no additional bonds are issued, these responsibilities with respect to the 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 developers utilizing the credits to be sure they are complying with the low income set-aside and other program requirements.
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 the 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, the 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 the 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. The 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 the 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 the MFA. Therefore, the 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 the MFA’s reserve policies. Since the 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, the 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, the 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, the MFA concludes as follows:
a) The 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;
5) Maintain financial strength.

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

b) Additionally, the 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 the MFA’s loan production programs and its capital needs through the issuance of debt.

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

1. Principles. The 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.

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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.
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 the 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 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 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. The 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, the 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. The 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 the 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 the 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/charged 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 the 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 the 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 the 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 the Homeownership Department will present a production and status update to the Board on the single-family program which may including bond issue pricing, allocation of bond proceeds, 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 the 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) (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 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 invoices related to TBA settlements.

c) Master Servicer

MFA’s master 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 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 preserves 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 activity report 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 the 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 the MFA, which may include a third party investigative services provider if deemed necessary. Upon completion of the investigation the 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 category 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 the 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 the MFA, which may include a third party investigative services provider if deemed necessary. Upon completion of the investigation the 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.

The 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 the 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.

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

---Information Requiring Protection.

During the course of employment, Employees may acquire knowledge of materials, procedures, and information of a confidential or sensitive nature. Much of the confidential information that is personal information that is contained in MFA files, and/or that enters the MFA either electronically or physically in the course of business, is protected PII.Personal Identifiable Information, “sensitive” information including personal financial information that may be subject to protection from
disclosure, is considered “sensitive” or is considered proprietary information owned by MFA, all of which 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.

**Personal Identifiable Information (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.

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 the 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.

### Protective Measures

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 the MFA. No persons other than authorized MFA Employees shall be permitted access to any sensitive confidential information in the possession of MFA. Sensitive or proprietary information that enters the MFA, either electronically or physically shall be received in a manner that minimizes the risk of exposure of the information to unauthorized persons. 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.

### Department Procedures

Each MFA Department Director/Manager is responsible for developing detailed procedures regarding the protection of insensitive 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 insensitive or proprietary information that the partner or subcontractor has a policy in place to protect that information.

### 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.

### 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 the MFA Program Manager for the program(s) that the individual or entity has existing or future contracts with or other agreements, or is considering contracting with, the individual or entity proposed for debarment, or by the Controller, a Deputy Director or the Executive Director of the 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, the 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 the 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 the 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 the MFA to the satisfaction of MFA, and is current on all obligations has no outstanding debts to MFA that would prevent expiration of the debarment, a debarred individual or entity shall be removed may apply to MFA for removal 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 the MFA Board of Directors. MFA management will provide notice to members of the 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 data base 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 OfficerFront Desk will serve as MFA’s Complaint Monitoring Point of Contact (“POC”). As the POC, the Compliance OfficerFront Desk will be responsible for intake, data input, monitoring the status of complaints, compliance with time requirements related to resolution and providing quarterly reporting to Senior Management. In addition, the Compliance OfficerFront Desk 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.

1.4 Business Travel and Meal Expenses
A. General Guidelines

1. Travel and Meal Expenses. The MFA will pay or reimburse MFA Members and/or their duly authorized designees, external Advisory Committee Members as appointed by the Board, Management, and Employees and Third Party Contractors (subject to their agreements with MFA) 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. The MFA will pay or reimburse Members and/or their duly authorized designees, external Advisory Committee Members, Management and Employees, and 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 approved pursuant to sub-section C(3) of this policy. 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 the MFA.

b) Reasonableness. Whether travel expenses are reasonable shall be determined by the 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 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.

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

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 the MFA or reimbursed. However, in appropriate circumstances, and subject to approval by the Deputy Director(s) or Executive Director, the 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 the MFA.

2. Persons Eligible to Travel on MFA Business.

a) Authorized Persons. MFA Members, Advisory Committee Members, Management, and Employees. Only MFA Members and/or their duly authorized designees, external Advisory Committee Members, Management, and Employees, and third parties as designated for purposes of presentations to the Board and MFA Legislative Oversight Committee are will be authorized to incur travel expenses to be paid or reimbursed by the 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. The 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 the 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. The 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 the 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 the MFA Member, Management or Employee was actively conducting MFA business (there is no eat-alone reimbursement except for approved travel away from home).

5) **Examples.**

   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 the 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. The 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 the 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 the 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

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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.
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 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. The 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. The 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. The 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. The 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

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

2.3 Personnel Records

A. Personnel records of the 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 seventythree years from the date of termination. After seventythree years, personnel files for terminated Employees will be destroyed.

3. 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 twoseven years from the date of application or from the date the position was filled as required by the Equal Employment Opportunity Commission. After twoseven years, files containing hiring data will be destroyed.

4. Payroll Records. Payroll records consist of the payroll register, salary authorization forms, and payroll tax reports. Payroll records are required to be kept for threeseven years. After threeseven years payroll records will be destroyed.

2.4 401(k) Investment Policy

A. New 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 New Mexico Mortgage Finance Authority 401(k) 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.

A-D. In addition, it is intended that, through the Plan, participants will be able to direct their investments 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.

E. The Committee, in conjunction with Wells Fargo (“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

The 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), to be compatible in conjunction with the unique needs and structure of the MFA, and to provide general procurement guidelines for the 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:
a) the Services or Tangible Personal Property to be purchased;
b) the terms and conditions applicable to the purchase, including the period of time during which Offeror(s)’ prices will remain in effect;
c) the response submission date, time and place; and
d) the criteria to be utilized by the MFA in selecting the successful Offeror(s).

Informal bids or RFQ responses must be obtained in writing but do not have to be opened in public. Multiple vendors may be selected and placed on a list of approved vendors to provide the Services or Tangible Personal Property in question, in which case contracts need not be entered into; however, payments to vendors may not exceed the prices proposed in vendors’ responses to the RFQ, for the period identified in the RFQ. MFA may permit Offerors who are not selected under the RFQ to provide the same kinds of Services or Tangible Personal Property proposed in their informal bid or RFQ response, subject to the limitations stated in sub-section B.1 above. For any given engagement, vendors may be selected on the basis of availability and other relevant factors. The basis for individual selections will be documented.

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 with 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 by 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 the 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, are 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 Notice of Funds Availability (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 the MFA in selecting the successful Offeror(s) and the weight to be attributed to each criterion.

2. **Review.** Final RFPs 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.** The 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 Executive team, 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. 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 the MFA, within fifteen (15) calendar 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 seven (7) 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) The 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 the MFA shall be final. No appeal of the determination of the protest shall be allowed.
Offerors and Members of the 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 the 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” mean 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 with a market value of $1,000 or more, 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
   b) 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 or greater.

At its discretion, Management may negotiate sale of, or donate property such as, outdated computers, printers and furniture to a public school, or other public entity or non-profit organization in need of such items. The PTA Council of the school, or Department head of a government entity or executive director of the non-profit will acknowledge all transfers of property.
SECTION 4 - PROGRAM POLICIES

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

4.1 Single Family Mortgage Loans

The 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 the 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 the 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 the 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 the 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.

The 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 the 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 the 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 eight 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**
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 (LTV), 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 the MFA’s Delegations of Authority approved by the Board.

C. **First Mortgage Procedures.**

1. **MBS Program (MortgageSaver).** 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) 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 the 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.

The 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 the audit fieldwork commences 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 and other relevant professional standards. Audit emphasis shall be placed on areas within the MFA perceived to be of significant financial or operational risk to provide the greatest service to the 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. Internal Audit will conduct an annual Risk Assessment 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 be presented to the Finance Committee 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 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.

A. 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.

B. 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.

C. 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.

D. 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 the MFA. Such standards are necessary to comply with The Standards for the Professional Practice of Internal Auditing, to minimize any legal exposure of the 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 the 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.
EXHIBIT A

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 the 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 the MFA program or transaction as described above, or learns of a Family member having or acquiring an interest in the 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 the 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 the MFA’s computer systems, software programs, databases, etc. with anyone not employed by MFA. I agree that any sensitive or 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 the MFA (“Employer”) and (“Employee”).

Employee: Human Resources Representative:
Name (print):.
Signature:.

Policies & Procedures Manual 60 January 201, 20165
Tab 3
MEMORANDUM

TO: MFA Board of Directors


Through: Policy Committee – December 29, 2015

FROM: Gina Hickman

DATE: January 20, 2016

SUBJECT: Delegations of Authority Update

Recommendation: Staff recommends approval of the Delegations of Authority as revised for disposition or sale of tangible goods.

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 language related to the disposition or sale of tangible goods be revised to include Board notification for items with a fair market value of more than $10,000. Although most property dispositions are furniture and outdated technology and would not meet this disclosure threshold, staff believes this provides an appropriate internal control for this process.

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 disposition or sale of tangible goods.
<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>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</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>yes</td>
</tr>
<tr>
<td>5 Single Family, Multi Family and REO 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 Lender Approvals</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>7 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 &lt;= $50,000</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>8 Emergency, Limited Source and State Contract procurements and modifications (6)</td>
<td>yes if &lt;= $25,000</td>
<td>yes if &lt;= $25,000</td>
<td>yes only if &gt; $250,000</td>
<td>yes only if &gt; $250,000</td>
</tr>
<tr>
<td>9 All program RFP Advance Approvals</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>10 All program RFP Selection and Renewal Approvals</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>11 All other RFPs Advance and/or Selection Approvals, Renewals &amp; all Modifications to awards approved under RFP selection (6) BUT SEE EXCEPTIONS IN (8)</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>12 HOME, CDBG &amp; NSP:</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>13 HOME, CDBG &amp; NSP Awards (6)(7)(except HOME Rental grants)</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>14 HOME Rental grants (6)(7)</td>
<td>yes if &lt;= $25,000</td>
<td>yes if &gt; $25,000</td>
<td>yes only if &gt; $100,000</td>
<td>yes only if &gt; $100,000</td>
</tr>
<tr>
<td>15 HOME, CDBG &amp; NSP Loan/Grant Aggregate 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>16 HOME, CDBG &amp; NSP 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>17 HOME, CDBG, &amp; NSP Loan/Grant Modifications (3)(6)</td>
<td>yes</td>
<td>yes if, in all cases</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>18 HOME, CDBG, &amp; NSP Write 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>19 Consolidated and Action Plans (HOME)</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>20 HTF &amp; LTTF and Awards (4)</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>542(c)(5)38 Construction/Permanent Loans:</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>192 Loans (6)(7)(12)</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>20 Loan Increases (5)(6)(7)(10)(12)</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; $1,000,000</td>
<td>yes only if &gt; $1,000,000</td>
</tr>
<tr>
<td>21 Loan Modifications (3)(6)</td>
<td>yes</td>
<td>yes if, in all cases</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>29 HTF &amp; LTTF Awards</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>30 Gov.'s Innov. Progr. awards</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>31 HTF,LTTF &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>32 HTF, LTTF &amp; Gov.'s Innov. Progr. modifi. (3)(6)</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>33 Board Reports (Qfry)</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>34 Board Resolutions (13)</td>
<td>yes</td>
<td>yes</td>
<td>yes (14)</td>
<td>yes</td>
</tr>
<tr>
<td>35 Financials (Qfry)</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>36 Responses to Audit Findings (Program, Internal and External Audit Findings)</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>37 Audit Follow-up &amp; Status (Internal &amp; External Audits only)</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>38 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>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>
</tr>
<tr>
<td>40 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>41 Appointment of Regional Housing Authority Board members and Executive Directors and Approval of Annual Report</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>42 Suspension and Debarment (6)</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>43 New Mexico EnergySmart</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>44 Selection of Service Providers (RFP and Renewals)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>45 State Plan Approval and allocation of DOE Funds</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>46 Allocation of funds using DOE Formula (LIHEAP, Utility, COOP, etc.) (Note 6 &amp; 16)</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>47 Allocation/Modifications of Any Funds based on Need/Capacity/Timing Constraints (NOTE 6 &amp; 17) - Per Agency Limits</td>
<td>&lt;= $100,000</td>
<td>yes if &gt; $100,000</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>48 Allocation/Modifications of Multifamily Funds on per project basis based on open bidding process (Note 6 &amp; 18)</td>
<td>&lt;= $100,000</td>
<td>yes if &gt; $100,000</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>49 Disposition or 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 March 19, 2014. 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 QAP, 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 QAP, including granting staff authorization to award credits to tax exempt bond projects. Competitive cycle awards are recommended by outside Advisory committee.
(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), approvals by Policy Committee, Board, and the Executive Director will be required regardless of the current or proposed increased loan approval 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 HTF and LTTF awards are recommended by outside Advisory Committee.
(9) Excluding RFP for certain professional services including: underwriter, counsel, master servicer, lobbyist, trustee, and auditor, all of which require approval by Board Comm. 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.
Tab 4
MEMORANDUM

TO: MFA Board of Directors


Through: Policy Committee – December 29, 2015

FROM: Gina Hickman

DATE: January 20, 2016

SUBJECT: Approval of Brokers, Dealers, Custodians and Depositories

Recommendation: Staff recommends approval of the Broker, Dealer, Custodian and Depository list.

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

Discussion: Staff proposes that we add BOSC, Inc. to our list of approved broker-dealers. BOSC, Inc. is a subsidiary of Bank of Oklahoma Financial Corporation and is a State Treasurer’s Office approved broker-dealer.

Summary: At least annually and as needed, MFA staff reviews and updates the Broker, Dealer, Custodian and Depository list. Staff recommends approval of the addition of BOSC, Inc. to the MFA Broker, Dealer, Custodian and Depository list.
Recommended Broker/Dealers:

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

- Raymond James
- RBC Capital Markets
- J.P. Morgan Securities, LLC
- Charles Schwab & Co., Inc.
- LPL Financial
- Bank of America Merrill Lynch, Pierce, Fenner & Smith
- BOCS, Inc.

Bidding Agent:

- CSG Advisors

Investment Departments of Banks Approved for Broker/Dealer Relationship:

- Wells Fargo Bank New Mexico/Wells Fargo Brokerage Services
- Federal Home Loan Bank of Dallas

Recommended Custodians:

- Wells Fargo Bank New Mexico/Wells Fargo Brokerage Services
- Federal Home Loan Bank of Dallas
- Zions Bank

Recommended Depositories:

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

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

TO:    MFA Board of Directors


Through:    Policy Committee – December 29, 2015

FROM:    Dolores Deer

DATE:    January 20, 2016

SUBJECT:    Employee Handbook Revisions

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

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

After approval from the Board level, each individual staff member is given a revised Employee Handbook with outlined revisions.

Board members review the manual annually 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 necessary changes incorporated for consideration:

<table>
<thead>
<tr>
<th>Page #</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Throughout</td>
<td>Changed Human Resources Director to Human Resources Manager</td>
</tr>
<tr>
<td>Page 4</td>
<td>Added language for the ability to conduct periodic background checks</td>
</tr>
<tr>
<td>Page 8</td>
<td>New Hire Orientation – Change in responsibilities</td>
</tr>
<tr>
<td>Page 12/13</td>
<td>Incorporated E-Cigs to the Smoking Policy</td>
</tr>
<tr>
<td>Page 13</td>
<td>Added Children in the Workplace Policy</td>
</tr>
<tr>
<td>Page 13/14</td>
<td>Added Disclosure Policy to Employee Housing Programs</td>
</tr>
<tr>
<td>Page 21</td>
<td>Added language to Smart Phone devises requiring the use of a passcode</td>
</tr>
<tr>
<td>----------</td>
<td>---------------------------------------------------------------------</td>
</tr>
<tr>
<td>Page 26</td>
<td>Added language to include 401-k Loan Policy</td>
</tr>
<tr>
<td>Page 28</td>
<td>Added verbiage to Employee Educational Assistance Plan that addresses employees who give notice to separate employment</td>
</tr>
<tr>
<td>Page 35</td>
<td>Updated language regarding the 40 Consecutive Hour Leave</td>
</tr>
<tr>
<td>Page 42</td>
<td>Updated Content of Employee Notice under FMLA guidelines to address HIPPA requirements for confidentiality.</td>
</tr>
<tr>
<td>Page 50</td>
<td>Added verbiage for a Building Access as outlined in our Disaster Recovery Plan</td>
</tr>
<tr>
<td>Page 51</td>
<td>Updated Violence policy to include steps to follow as outlined in Disaster Recovery Plan</td>
</tr>
<tr>
<td>Page 51</td>
<td>Updated Drug policy to address a disclosure requirement for DUI violations</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 Handbook is revised as needed for changes as it relates to compliance, audit findings, clarifications and changes in general practices.
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INTRODUCTORY STATEMENT

The statements and policies contained in this Employee Manual (Manual) constitute guidelines for only, which the New Mexico Mortgage Finance Authority (MFA) and its employees, attempts to follow as a general rule. These guidelines are not binding on the MFA and The 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 the MFA. Changes or additions, if any, to the Manual shall be made only in writing and approved by the 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 the MFA is at all times employment “at will.” This means that either the employee or the 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 the 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
The 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

The 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.

The MFA strives to provide safe working conditions; to pay adequate or reasonable 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 the MFA will be based on qualifications, abilities, and merit. It is the policy of the 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. The 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 the MFA. In determining the extent of accommodations to be made, the 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 Director 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 the 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.
• The MFA shall check references prior to a job offer being extended.
• The MFA shall conduct pre-employment background checks consistent with guidelines issued by the Equal Employment Opportunity Commission (EEOC). If employment already has commenced, continued employment will be contingent upon results of the background check.
• The 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
The MFA is committed to having well-qualified and professional staff capable of performing the essential functions of the positions for which they were hired. The MFA also is committed to the protection of all those who do business with the 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 applicable state and federal law including the federal Fair Credit Reporting Act.

Employment of Relatives
The 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 the MFA, it is within Management’s discretion to determine which employee will remain employed by the MFA. This determination will consider, but will not be limited to, the needs of the 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 the 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**

The 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 week 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 week on a regular basis is not eligible for any employee benefits.

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

**Term Employee**
An employee who is hired by the 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 by the FLSA 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 position. 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 the 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**. The **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 the 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
- Giving employees a tour of the office and introducing employees to all other employees
- Providing job descriptions
- Providing and reviewing the 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, 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

**Facilities Technician’s Responsibilities**
- Reviewing security system
- Assigning of keys
- Reviewing procedures for ordering building 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
- Reviewing procedures for ordering supplies
General Office Policies

Conduct in General
Employees’ actions should reflect a professional image while representing the MFA. The MFA expects its employees to conduct themselves in a manner that would reflect favorably on the 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). The MFA expects each employee to conduct him/herself in such a manner as to be a credit to the 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
The 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 factor 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-grantees- recipi ent s 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-grantees-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 category 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 the 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 the MFA, which may include engagement of a third party investigative services provider if deemed necessary. Upon completion of the investigation, the 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 the MFA, which may include engagement of a third-party investigative services provider if deemed necessary. Upon completion of the investigation the 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 the 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 the 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
The MFA’s regular business hours are 8 a.m. to 5 p.m. Monday through Friday.

Attendance
The 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) the 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. However, depending on workloads, supervisors may deem it necessary to adjust hourly employees’ working hours.

Work Hours and Flexible Work Schedules
Work schedules need to be responsive to meeting the needs of those the MFA serves. Therefore, depending upon workloads, supervisors may deem it necessary to adjust non-exempt employees’ working hours. In addition, supervisors are responsible for maintaining efficiency and continuity of operations, and this is the primary consideration in adjusting work hours and addressing non-exempt employees’ requests for flexible work schedules.

The MFA’s core work hours are 9:00 a.m. to 3:30 p.m.; however, flexible work schedules are permitted if approved in advance by the employee’s immediate supervisor. 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 Director/Human Resources Manager to ensure compliance with the FLSA/Labor Standards Act. The Human Resources Director/Human Resources Manager must be informed of all flex schedules upon approval. Exempt employees are expected to work whatever hours necessary to get the job done.

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 after 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 the 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 are required to take at least a thirty (30)–minute lunch break during which they are not compensated; provided, however, 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. Management 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 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 Director/Human Resources 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 form, in any indoor workplace of the 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
The MFA supports a family environment and welcomes brief visits from family members, children and grandchildren. The 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, the 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 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 the 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 the 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.

Participation in MFA’s Housing Programs and Disclosure
EAs an employees of MFA, you are able to participate in housing programs. Employees Be advised that as an employee 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, as an employee, you do not want such information revealed to co-workers whose job it is to administer these programs, the employee you may not want to participate in the programs MFA offers. An employee should please notify the respective Program Director in advance of participating.
COMPUTER, E-MAIL, INTERNET, INTRANET
AND SOCIAL MEDIA POLICIES

Software License Compliance
The 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
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, or unauthorized file types from diskette 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. 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 and can be a combination of alpha, numeric, and special characters. A very secure password can be created using these guidelines (example, 48Gel&7).

Users should change passwords on systems external to the MFA every ninety (90) days, or as required, following the guidelines for such external sites.
**Backups**
MFA network systems will be backed up completely following each business day. Provisions have been made for off-site storage on a daily basis. A log maintained by the Information Systems Department, documenting the schedule and completion of all backups. No backups are performed on individual PC’s. 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 the 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, 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 the MFA and during normal work hours, if possible.

**E-Mail**
All information that is transmitted through the MFA’s e-mail system is considered MFA property and is subject to Management’s review. The MFA reserves the right to monitor e-mail usage and to access any e-mails sent or received through the 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 the 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 Director 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 the 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, unless approved by the Executive Director or Human Resources Manager

• 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

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 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 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 the 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. The 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 the 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 the 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, 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**
The MFA recognizes the importance of the Internet in shaping public thinking about the MFA and its current and potential services, employees, associates, and customers. The MFA also recognizes the importance of its employees joining in and helping shape industry conversation and direction through blogging and interaction in social media. The 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 the MFA’s workplace.

**Guidelines for Interaction about the MFA on the Internet**
- If an employee is developing a website or writing a blog that will mention the MFA and/or current and potential services, employees, associates, or customers, he/she must identify that he/she is an employee of the MFA and that the views expressed on the blog or website are the employee’s alone and do not represent the views of the MFA. No employee is authorized to speak on behalf of the MFA, or to represent that he/she does. The MFA’s logo may not be used without explicit permission in writing from the MFA, in order to prevent the appearance that an employee speaks for or officially represents the MFA.
- If an employee is developing a site or writing a blog that will mention the 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 the MFA with anyone outside the 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 the MFA. Transferring data containing confidential information using non-secure services such as Dropbox is prohibited.

**Respect and Privacy Rights**
- Employees must communicate respectfully about the MFA and its current and potential employees, customers, and partners. Employees must not engage in name calling or behavior that will reflect negatively on the MFA's reputation.
- Any unauthorized use of copyrighted materials, unfounded or derogatory statements, or misrepresentations by an employee will be viewed unfavorably by the 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 the 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 the MFA and its current and potential services, employees, associates, customers, and competitors should be referred for coordination and guidance to the MFA’s Communications Manager.

Remote Access
Remote access to the 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
The 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 the 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>Personal Digital Assistants (PDA’s)</td>
<td>Attends 5-10 internal or external meetings per week or;</td>
</tr>
<tr>
<td></td>
<td>Electronic data collection and input or;</td>
</tr>
<tr>
<td></td>
<td>Composing e-mail while traveling</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, Personal Digital Assistants (PDA’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 the 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

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

Pay Process
MFA pay periods are two (2) weeks in duration providing employees with twenty-six (26) pay periods annually. 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 Director. 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 Fair Labor Standards Act (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. Failure to submit time records in a timely manner will result in delay of pay.

- **Exempt employees** are only required to report exceptions, i.e., vacation 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 the 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 the 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 the 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, the 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 the MFA’s travel policies, as set forth in the 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 the MFA medical plan are also eligible to participate in the Wellness Plan provided by Presbyterian.

Domestic Partners
The MFA extends health, vision and dental insurance benefits to the domestic partners of eligible employees who meet qualifying criteria established by the 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 the MFA’s Flexible Spending Account program on the first day of employment. The 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 the 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 the 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 the 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. The MFA has an Employee Assistance Plan to provide confidential assistance to eligible employees. Employees may access the services at [www.GuidanceRecourses.com](http://www.GuidanceRecourses.com) [www.MagellanHealthcom/member](http://www.MagellanHealthcom/member) or 1-800-450-1327. Brochures can be obtained in MFA’s break room.

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

**401(k) Retirement Plan**

The 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 Summary Plan Description (SPD), which is available from the Human Resources Manager.

Upon meeting the requirements described in the SPD, all full-time and part-time employees with benefits are eligible to participate in the 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.

**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.
Employer Matching Contributions
The MFA will make a matching contribution equal to five percent (5%) of an eligible employee’s annual taxable compensation for any employee who contributes the required minimum of three percent (3%) of their compensation, up to allowable tax limits to the 401(k) plan. The MFA’s matching contributions to the employee’s retirement account are made on a biweekly basis.

Employer Non-Elective Contributions
The MFA will make a “non-elective” contribution to the 401(k) Plan equal to eleven percent (11%) of the compensation of all Plan participants eligible to share in allocations. The MFA’s non-elective contribution is paid out 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 your retirement account. Any employee if you are thinking about borrowing from his/her your 401(k) plan should, it’s important to consider all of your options carefully. The maximum amount on any one loan is not to exceed $50,000 and the minimum an employee you can borrow is $1000. An employee You may only have one active loan at a time and . You will have five (5) years to repay your loan with an interest rate of prime plus one percent (1%). For additional information, an employee should please contact the Human Resources Manager.

Vesting
An employee’s “vested percentage” of the matching and non-elective contributions made to the 401(k) Plan by the 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>Years of Service</th>
<th>Vested Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than One Year or Less</td>
<td>0%</td>
</tr>
<tr>
<td>One Year</td>
<td>0%</td>
</tr>
<tr>
<td>Two Years</td>
<td>20%</td>
</tr>
<tr>
<td>Three Years</td>
<td>50%</td>
</tr>
<tr>
<td>Four Years</td>
<td>75%</td>
</tr>
<tr>
<td>Five Years</td>
<td>100%</td>
</tr>
</tbody>
</table>

457(b) Deferred Compensation Plan
The 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 the MFA. Detailed information concerning the terms and conditions of the 457(b) Plan is available from the Human Resources Director Human Resources Manager.
An eligible employee for purposes of the 457(b) Plan means an employee who has made, or it is anticipated will have made by the end of the calendar year, a salary reduction contribution to the MFA Employee Pension Trust equal to an Applicable Dollar Amount established and adjusted as provided in the 457(b) Plan.

- Under the 457(b) Plan: Employees may elect salary reduction amounts up to the same limits that apply under the 401(k) plan.
- 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.
Employee Educational Assistance
The 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 the MFA.

Full-time employees with satisfactory work and attendance standards who have completed one year of employment with the 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 the 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. Employees will not be reimbursed for courses taken on their own time unless taking the course is required and approved by the respective Deputy Director and the Human Resources Director.

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
The 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. The 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 the 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 their 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 the 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.

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.

- 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 respective Deputy Director and the Executive Director.

Annual Incentive Awards
Annual Incentive Awards are based on the Strategic Plan and budget as approved by the 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:

- 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.

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
  - 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
  - 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
  - Twenty-one (21) days per year (accruing at 6.46 hours per pay period)
- More than fifteen (15) years of employment
  - Twenty-five (25) days per year (accruing at 7.70 hours per pay period)
- The Executive Director has authorization to allow 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.

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 one (1) full year 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 call the 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 one year. 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 one year.

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 the MFA.

Transfer of Sick Leave
The 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 a 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
• 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. For tracking purposes, the clock for taking forty (40) consecutive hours each year will be based on the most recent leave date recorded in the payroll system. Any forty (40) consecutive business hours of leave taken will be recorded regardless of how many total leave hours are taken within a twelve (12) month period fiscal year. All types of leave identified in this Manual, including training conducted away from the 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.

**Paid Holidays**
Eligible employees are entitled to pay for holidays observed by the 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 amount of hours regularly scheduled to work.

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

The Holidays that are observed by the 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

**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 the 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 the 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**
The 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, under unusual circumstances when it is in the best interests of the 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.

Approval from the employee’s supervisor must be obtained for the requested duration of the leave. Up to four (4) days can be granted to an employee per bereavement occurrence. Up to three (3) additional days 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**
The 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**
The MFA recognizes that employees who are called to serve on jury duty or subpoenaed as a witness have a legal obligation to do so. The MFA provides paid 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 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 the 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) of 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 the 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 the MFA’s Human Resources Manager. 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**

The 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 by the Supervisor, Human Resources Director and Executive Director and must be included on timesheets and Personnel Activity Reports.
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 Director/Manager.

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

- Have been employed by the MFA for at least twelve (12) months (which service need not be consecutive);
- Have been employed by the 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 the 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. The MFA will notify employees if they are considered key employees, if the 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 the 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;
• The 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.
• The MFA may retroactively designate leave as FMLA leave with appropriate written notice to employees provided the 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, the 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 the 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 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 the 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 the 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 for the needed leave, will not be considered sufficient notice for FMLA leave under this policy. Employees must respond to the MFA's questions to determine if absences are potentially FMLA-qualifying.

If employees fail to explain the reasons for FMLA leave, the leave may be denied. When employees seek leave due to FMLA-qualifying reasons for which the MFA has previously provided FMLA-protected leave, they must specifically reference the qualifying reason for the leave or the need for FMLA leave.

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 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 the MFA has previously provided FMLA-protected leave, they must a current, completed FMLA certification. All medically-related documents, included completed FMLA certifications, will be kept in a separate confidential file 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 the 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 the MFA and make a reasonable effort to schedule treatment so as not to unduly disrupt the MFA’s operations, subject to the approval of an employee's healthcare provider. Employees must consult with the MFA prior to the scheduling of treatment to work out a treatment schedule that best suits the needs of both the MFA and the employee, subject to the approval of an employee's health care 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, the 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, the 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 the MFA of the reason why such leave is medically necessary. In such instances, the MFA and employee shall attempt to work out a leave schedule that meets the employee's needs without unduly disrupting the 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 the MFA with timely, complete and sufficient medical certifications. Whenever the MFA requests employees to provide FMLA medical certifications, employees must provide the requested certifications within fifteen (15) calendar days after the MFA request, unless it is not practicable to do so despite an employee's diligent, good faith efforts. The MFA shall inform employees if submitted medical certifications are incomplete or insufficient and provide employees at least seven (7) calendar days to cure deficiencies. The 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, the 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 the MFA with authorization allowing it to clarify or authenticate certifications with healthcare providers, the MFA may deny FMLA leave if certifications are unclear.

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

**Medical Re-certifications**
Depending on the circumstances and duration of FMLA leave, the MFA may require employees to provide re-certification of medical conditions giving rise to the need for leave. The 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 the 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. The 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, the 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, the 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, the 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 the MFA notifies employees of other arrangements, whenever employees are receiving pay from the MFA during FMLA leave, the 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 the MFA upon leave.

The 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, the
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 the MFA for the cost of the premiums the 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 supersede 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 the 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. The 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 immediately. The 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**
The 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, the 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 the 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. The 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**
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 the MFA to do so. Employees requesting a personal leave of absence without pay for eight (8) hours 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 the 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 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
The 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. The 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
The MFA will not penalize or retaliate against an employee for requesting or taking domestic abuse leave. The 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.

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 and PDA’s
The use of personal or MFA-issued cell phones and PDA’s 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 and/or PDA 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 and PDA’s 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 range 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 the MFA. The procedures outlined below should be followed if employees of or visitors to the MFA become violent or threatening:

- Call the receptionist at extension 2201. He/she will follow the emergency response procedures
- Call 911 and then contact the Human Resources Director.
- 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 Director.

Security
The 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 the 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
The 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, or offices located in Albuquerque, rental vehicles, and personal vehicles when mileage is reimbursed by the MFA. Receiving a DUI (Driving under the Influence) citation during working hours will not be tolerated and may result in termination of employment. A full disclosure is required within 24 hours of receipt of such violation and or citation. Receiving a DUI citation during non-work hours may result in termination of employment if it results in a negative impact on job performance or the MFA’s reputation.

Any employee violating this policy will be subject to disciplinary action up to and including termination of employment. In lieu of termination the 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 the 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. The 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 the MFA.

Misconduct
As previously stated, employment with the MFA is at will and either the employee or the 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 the 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 the 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 the 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 the MFA, employment may be terminated by the MFA or the employee, at any time, for any reason or for no reason, and with or without advance notice and with or without disciplinary steps having first been followed.

Disagreements with Supervisors
While the 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 Director.
- The Human Resources Director will confer with all parties and then make the final decision about the problem or corrective action, unless the disagreement involves the Human Resources Director, in which event the Executive Director or his/her designee will make the final decision.
ANTIDISCRIMINATION AND HARASSMENT POLICY

Objective
The 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 the 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. The 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 the 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 the 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, the 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 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 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
The 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
The MFA’s objective is to provide a work environment that promotes respect of our employees. The 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 the MFA’s policies and procedures does not constitute workplace bullying. Also, mere 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 the 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 the 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, the 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 Director.

**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**

The 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
The 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 the MFA and is considered confidential.

Employees must inform the 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 Director, Human Resources Manager, Human Resources Assistant, or the employee's supervisor.

The 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 the 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
The 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 the 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 the 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 the 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 the 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.

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 the MFA.

MFA Property
Any MFA property in an employee’s possession must be returned to the 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, the 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 Director/Human Resources Manager.
Tab 6
MEMORANDUM

TO: Board of Directors - January 20, 2016


Through: Policy Committee – December 29, 2015

FROM: Kathleen Sysak-Keeler, Finance Manager

DATE: December 21, 2015

SUBJECT: Request for Proposals for Financial Advisory Services for Single Family and Multifamily Housing Programs

Recommendation:

Staff recommends the approval of the Request for Proposal for Financial Advisory Services for Single Family and Multifamily Housing Programs for the proposed issuance of single family and multifamily mortgage revenues bonds and other program financial advisory services. Responses will be due to MFA by February 10, 2016 and recommendations for award will be presented at the March Board meeting.

Background:

MFA issued an RFP for Financial Advisory Services for Single Family Housing Programs in November 2012. The contract was awarded to CSG Advisors for a term of one year with two-one year extensions at the option of the Board. The Board exercised the last available extension which expires on March 20, 2016.

Discussion:

MFA is recommending we issue a Request for Proposal for both single family and multifamily financial advisory services. Previously, multifamily financial advisory services have been bid separately; however, it is more efficient to bid both single family and multifamily financial advisory services together since the services to be performed are closely aligned. The term begins the date the Board approves the award and ends March 31, 2019 with two subsequent one-year extensions at the option of the Board.
Following is a summary of the major changes from the RFP issued in 2012. The RFP has been changed to the standard template and language has been incorporated where appropriate to include multifamily programs.

<table>
<thead>
<tr>
<th>Part II: Minimum Qualifications and Requirements, pg. 6</th>
<th>2012 RFP</th>
<th>2016 RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 1: Deleted language regarding Dodd Frank</td>
<td>No. 1: Added language regarding registering with the SEC and MSRB</td>
<td></td>
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<tr>
<td>No. 4: N/A</td>
<td>No. 4: Added requirement of using DBC software</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Part III: Services to be Performed, pg. 7, Nos. 11and 12</th>
<th>2012 RFP</th>
<th>2016 RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>No. 11: Added language requiring participation in quarterly financing team meetings.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No. 12: Added language regarding weekly Rate Setting Committee meetings and preparation of market indicators.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part III: Services to be Performed, pg. 8, No. 21</th>
<th>2012 RFP</th>
<th>2016 RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>No. 17: Added language regarding bidding agent and hedge advisor</td>
<td></td>
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<tr>
<td></td>
<td>No 21: Added language regarding cash flow verification for multifamily cash flows run by a third party.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Part IV: Evaluation Criteria, pg. 9</th>
<th>2012 RFP</th>
<th>2016 RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Offeror section was worth 10 points and proposed fees were only for single family programs with interview worth 10 points.</td>
<td>Offeror section points were reduced, the proposed fee section was broken out into Single Family and Multifamily, and the interview points were eliminated.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part V: Proposal Format and Instructions to Offeror, pg. 10, No. 2</th>
<th>2012 RFP</th>
<th>2016 RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Offeror, 2C. Addressed Litigation in general.</td>
<td>2C. Added detail regarding investigative agencies.</td>
<td></td>
</tr>
<tr>
<td>2F. N/A</td>
<td>2F. Added questions regarding affiliated with a broker-dealer.</td>
<td></td>
</tr>
<tr>
<td>2G. N/A</td>
<td>2G. Added question regarding amounts and types of insurance carried.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part V: Proposal Format and Instructions to Offeror, pgs. 11-12, Nos. 4A(1)and 4D</th>
<th>2012 RFP</th>
<th>2016 RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offeror’s Financial Advisory Experience 4A(1) N/A</td>
<td>4A(1) Added language regarding multifamily programs and the fact that MFA is particularly interested in refining loan programs and designing a small issuance program.</td>
<td></td>
</tr>
<tr>
<td>4D. N/A</td>
<td>4D. Added language requesting a description of New Mexico clients for which the Offeror has provided Financial Advisory services in the last 10 years.</td>
<td></td>
</tr>
</tbody>
</table>
Summary:

MFA issued an RFP for Financial Advisory Services for Single Family Housing Programs in November 2012. At that time, the Board selected CSG Advisors to provide those services for one year and subsequently exercised the two available one-year extensions until March 20, 2016. The RFP has since been revised to also include multifamily housing programs in addition the term is for three years with two one-year extensions at the Board’s option. Staff recommends approval of the Request for Proposals for Financial Advisory Services for Single Family and Multifamily Housing Programs. Responses will be due to MFA by February 10, 2016.
NEW MEXICO MORTGAGE FINANCE AUTHORITY

REQUESTS FOR PROPOSALS

FOR

FINANCIAL ADVISORY SERVICES FOR SINGLE FAMILY AND MULTIFAMILY HOUSING PROGRAMS


344 4th Street SW, Albuquerque, NM 87102
Tel: 505-843-6800  Fax: 505-243-3289
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Part I: Background and General Information

Introduction

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

Purpose

The purpose of this Request for Proposals (“RFP”) is to solicit proposals, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified Financial Advisory firms which by reason of their skill, knowledge, and experience are able to furnish Financial Advisor Services for Single Family and Multifamily Housing Programs to MFA in connection with its single-family housing programs (“Offerors”).

Questions and Answers

Questions pertaining to this RFP and application must be submitted via the MFA website at http://www.housingnm.org/rfp. Then under “Current RFP’s,” select “Financial Advisor Services for Single Family and Multifamily Housing Programs RFP.” On the Financial Advisor Services for Single Family and Multifamily Housing Programs RFP page, select the “Financial Advisory Services FAQs” link. Questions will be checked on a daily basis. The FAQ will open the day after the RFP issues and will close on February 8, 2016. To submit your questions, scroll down to the “Ask a question” section, enter your name, email address, and type your question in the “Question” box, type in the two (2) words in the CAPTCHA box and click on “Send my question”. MFA will make every attempt to answer questions within two (2) business days.

Proposal Submission

The original and six (6) copies of a proposal must be received by MFA at our office located at 344 Fourth Street S.W., Albuquerque, NM 87102 no later than Wednesday, February 10, 2016 at 4:00 p.m., Mountain Time. Proposals shall be in sealed envelopes marked “Response to Financial Advisor RFP”.

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

**RFP Revisions and Supplements**

If it becomes necessary to revise any part of this RFP or if additional information is necessary to clarify any provision of this RFP, the revision or additional information will be provided on the MFA web site.

**Incurred Expenses**

MFA shall not be responsible for any expenses incurred by an Offeror in responding to this RFP. All costs incurred by Offerors in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Offerors.

**Cancellation of Requests for Proposals or Rejection of Proposals**

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

**Evaluation of Proposals, Award Notice and Negotiation**

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

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

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

**Award Notice**

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

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

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

**Irregularities in Proposals**

MFA may waive technical irregularities in the form of proposal of any Offeror selected for award which do not alter the price, quality or quantity of the services offered. Note especially that the date and time of proposal submission as indicated herein under “Part I Background and General Information, Proposal Submission” cannot be waived under any circumstances.

**Responsibility of Offerors**

If an Offeror who otherwise would have been awarded a contract is found not to be a Responsible Offeror, a determination that the Offeror is not a Responsible Offeror, setting forth the basis of the finding, shall be prepared and the Offeror shall be disqualified from receiving the award. A Responsible Offeror means an Offeror who submits a proposal that conforms in all material respects to the requirements of this RFP and who has furnished, when required, information and data to prove that his financial resources, facilities, personnel, reputation and experience are adequate to make satisfactory delivery of the services described in this RFP. The unreasonable failure of an Offeror to promptly supply information in connection with an inquiry with respect to responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

**Protest**

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

Kathleen M. Sysak-Keeler  
Finance Manager  
New Mexico Mortgage Finance Authority  
344 4th Street SW  
Albuquerque, NM 87102

The protest must be delivered to MFA within fifteen (15) calendar days after the notice of award. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all
Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within seven (7) calendar days of notice of protest. The protest process shall be:

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

The Board of Directors shall make a final determination regarding the disposition of the protest. Offerors or their representatives shall not communicate with MFA Board of Directors or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the Board of Directors. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, or does not follow the prescribed proposal and Protest process.

Part II: Minimum Qualifications and Requirements

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

1. Offeror must have met the registration requirements of both the SEC and MSRB, as established by the revisions made to Section 15b of the Securities Exchange Act of 1934, per Dodd Frank Wall Street Reform and Consumer Protection Act which provides for the regulation of municipal advisors.

2. Offeror must have at least ten years’ experience providing Financial Advisory Services to state housing authorities for single family and multifamily housing programs.

3. Offeror must have at least five years’ documented experience with at least one state housing agency that utilizes a master (open) indenture for single family programs, and five years’ documented experience with at least one state housing agency that utilizes a stand-alone indenture both single family and multifamily programs.

4. Offeror must utilize DBC software to structure transactions and prepare annual cash flows.

Part III: Services to be Performed

Offerors may respond to this RFP to provide Financial Advisory services for MFA’s Single Family and Multifamily housing program.

As requested by MFA, professional Financial Advisory services REQUIRED to be provided under and to be incorporated into the contract to be awarded pursuant to this RFP include, but are not limited to, the following:
1. Aggressively pursue trends and creative ideas for financing single family and multifamily housing programs.

2. Assist in the development and refinement of loan programs and programmatic goals, based on projected mortgage loan demand;

3. Loan portfolio pipeline analysis based on expected demand, type of loans, origination dates of loans, application of borrower benefit programs, where applicable, and the portfolio acquisition schedule(s);

4. Identification and analysis of all financing options to determine the optimal financing approach for selection by MFA. This would include a financing structure, summary of terms, including interest cost, the resulting cash flow projected over the life of the financing, the impact on future financing plans, timing of issuance, method of sales strategies (competitive versus negotiated), economic considerations, and market conditions, use of volume cap, and identification of various risks and strategies to mitigate those risks, as applicable. Additionally, recommend structures that will assist in the creation of down payment assistance. Work with Underwriters to ensure marketability of the financing structure;

5. Prepare pre-pricing and post-pricing summaries of a transaction in the format prescribed by MFA.

6. Negotiation with all parties to the transaction to ensure that MFA secures the best possible terms for its chosen financing option;

7. Development of schedules for the financings responsive to the MFA’s objectives;

8. Ongoing observation of market conditions and trends, as well as applicable government regulations to identify any developments that would adversely or favorably affect MFA’s financing plans;

9. Work with MFA’s Financing Team to develop documents, including MFA’s Preliminary and Final Official Statements (“POS” and “OS”), the Indenture, and all program documents in conjunction with Bond Counsel and Underwriter’s Counsel;

10. Provide assistance in presentations to rating agencies and potential credit or liquidity providers, MFA’s Board of Directors, Legislative Oversight Committee and other public presentations as requested by MFA;

11. Participate in quarterly single family and multifamily financing team meetings, as required;

12. Participate in weekly Rate Setting Committee meetings and the preparation of market indicators for review at that meeting;
13. Work with Underwriters to market the financing, including the identification of appropriate institutional and retail investors, development of sales memoranda to raise investor awareness, informational meetings for investors, as needed to provide efficient distribution of the securities;

14. Review the pricing of the securities to achieve the lowest cost financing possible while ensuring market acceptance for future financings. Work with Underwriters to achieve a consensus scale;

15. Assist MFA with volume cap recycling and storage of volume cap;

16. Assist with review and questions regarding bond redemptions; also assist with issues involving bond redemptions as they arise;

17. Act as bidding agent, hedge advisor and oversee the bidding of a guaranteed investment contract for each transaction as applicable, including providing draw down schedules and average life information;

18. Assist the MFA with the continued development of its TBA program;

19. Recommend new structures, refundings and/or other restructurings of MFA’s existing single family and multifamily bond issues, advise on total balance sheet financial planning as may be beneficial to meet MFA’s program needs. Analyze future financing plans with respect to the current program, and make recommendations regarding advantages, timing, and structures for subsequent issues;

20. Provide initial, final and ongoing cash flow calculations including yield analysis, 32-year rule analyses, etc., as needed or requested by MFA or the rating agencies for bond issues. The cash flow calculations will include but are not limited to consolidated cash flows for the single family Master Indentures, stand-alone indenture cash flows for multifamily bond transactions and analysis of refunding opportunities in addition to tracking of the genealogy. Provide a monthly PSA report for all of MFA’s outstanding single family bond issues, if required. Provide updated DBC electronic files subsequent to the sale of a bond issue, and updated files on all outstanding single family bond issues on an annual basis to the MFA.

21. Provide cash flow verification for multifamily cash flows run by a third party.

22. Prepare a final pricing book after the pricing of each bond sale for distribution to MFA and containing at a minimum the information requested by MFA such as the performance of each member of the underwriting syndicate (requests and allocations), distribution of bonds by retail/institutional and type of investor, pricing and expense characteristics of comparable sales by other issuers, 10-year Treasury at the time of sale, any pertinent economic information at the time of sale, etc.

23. Provide other Financial Advisory services as requested by MFA.
Part IV: Evaluation Criteria

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

<table>
<thead>
<tr>
<th>Factor</th>
<th>Point Range</th>
<th>Maximum Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Letter of Transmittal</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B1. The Offeror New Mexico Resident Business Status Qualification</td>
<td>0-105</td>
<td>105</td>
</tr>
<tr>
<td>C. Qualifications of Personnel</td>
<td>0-25</td>
<td>25</td>
</tr>
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<td>D. Offeror's Financial Advisory Experience</td>
<td>0-25</td>
<td>25</td>
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<tr>
<td>E. Technical Capabilities</td>
<td>0-15</td>
<td>15</td>
</tr>
<tr>
<td>P Proposed Fees</td>
<td>0-4015</td>
<td>4015</td>
</tr>
<tr>
<td>a. Single Family</td>
<td>0-10</td>
<td>10</td>
</tr>
<tr>
<td>b. Multifamily</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>0-90</td>
<td>90</td>
</tr>
<tr>
<td>Interview*</td>
<td>0-10</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>0-100</td>
<td>100</td>
</tr>
</tbody>
</table>

*Note: Only those firms selected for an interview will be evaluated on that Evaluation Criteria.

Part V: Proposal Format and Instructions to Offeror

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

1. Letter of Transmittal

   Including at least the following information:
A. Name, address and telephone number of Offeror and name of contact person.

B. A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.

C. Date of proposal.

D. A statement that the Offeror, if awarded the contract, will comply with the contract terms and conditions set forth in this RFP.

E. A statement that the Offeror’s proposal is valid for ninety (90) days after the deadline for submission of proposals.

2. The Offeror

A. Location. Provide the location of the Offeror’s main office and the location of the office where the Offeror’s main contact person is located.

B. Number of years the firm has been involved in performing Financial Advisory services for state housing agencies.

C. Litigation. Please describe any material, current or pending litigation, administrative proceedings or investigations by the SEC, FINRA, MSRB or other regulatory bodies during the last three years that could impact the reputation or financial viability of your institution.

D. Describe any situations that arose in which the Offeror was not able to fulfill the requirements of a Financial Advisory contract with a housing bond issuer.

E. A description of your firm’s involvement in the housing industry, including any organizations with which your firm may be affiliated.

F. Is the Offeror affiliated with or related to any broker-dealer? If so, please provide the name of the broker-dealer. Have any of the personnel assigned to MFA’s account been associated with a broker-dealer firm within the last two years?

G. Describe the amounts and types of insurance carried, including the deductible amount, to cover errors and omissions, improper judgments, or negligence.

H. 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: (1) evidence that the Offeror is licensed to do business
in New Mexico; and, (2) a representation that the majority of the Offeror’s employees who would perform the services to be performed reside in New Mexico.

3. Qualifications of Personnel

A. (1) Describe how you would organize your firm’s resources to serve as the Financial Advisor for the proposed services outlined in “Section III: Services to be Performed” herein.

(2) Identify the individual who will manage MFA’s account on a day-to-day basis and also who will be the backup day-to-day person assigned to the account for both single family and multifamily programs. Define each individual’s position within the firm, where they are each located, their length of experience with state housing agencies, and indicate the housing clients to which they are assigned and in what capacity. Also indicate the degree to which they will be able to commit the firm’s resources to MFA’s program. Indicate the availability of these individuals to perform services for MFA.

(3) Identify the individual(s) who will be running cash flow analysis and all other schedules necessary for both single family and multifamily bond issues and other types of transactions (i.e. notes, analysis of MBS sale, etc.). Who will be the backup person running numbers? Define each individual’s position within the firm, how long they have been in their current position, where they are located, housing clients to which they are assigned and in what capacity, and the type of transactions for which they have run numbers. Indicate the availability of these individuals to perform services for MFA.

B. Identify other professionals from your firm who will be assigned to work on MFA’s account, their roles and responsibilities, and relevant aspects of their background.

4. Offeror’s Financial Advisory Experience

A. Discuss experience of the Offeror and the individuals assigned to MFA’s account to provide the services listed in Section III: Services to be Performed include especially:

(1) Describe programmatic single family and multifamily approaches and innovations you have designed since January 2008-2010 to help make single family and multifamily programs more successful in volume, cost including reducing negative arbitrage, and serving underserved markets. For single family programs, MFA is particularly interested in ways of expanding volume in rural areas among minorities and lower-income buyers; of financing home improvement and rehabilitation loans; and of funding down-payment assistance loans. For multifamily programs, MFA is particularly interested in refining loan programs and designing a small issuance program.

(2) Describe Offeror’s experience with implementing/expanding a housing authority’s TBA agencies TBA program for single family loans.
(3) Describe Offeror’s methodology for ensuring that MFA receives the lowest cost financing possible.

B. List all state and local housing finance agencies for which your firm currently serves as Financial Advisor, and the term of service with each. Indicate if you serve on single family and/or multifamily transactions, if the state housing agency uses a master (open) indenture, stand-alone indenture, or both. Indicate the lead individuals assigned to each client.

C. List housing bond issues for which your firm has acted as Financial Advisor on single family and multifamily transactions since January 2009-2010, and include the name of issuer, type of issue (new money, refunding, pass through), dollar amount of issue, and lead Financial Advisor assigned to the issue.

D. Provide a description of New Mexico clients for which the Offeror has provide Financial Advisory services in the last ten years.

E. Please provide names of at least three references from state housing finance agencies who have worked with the same primary personnel proposed that would be assigned to MFA’s account, including both single family and multifamily transactions. At least one of the references should be from a state housing agency utilizing a master indenture for single family transactions.

5. Technical Capabilities

A. Discuss the complexities and challenges your firm has incurred in running the consolidated cash flows for a master (open) indenture.

B. Describe your firm’s computer capabilities for structuring and analyzing program alternatives, including a description of computer hardware and software.

C. Discuss the firm’s access to sources of current market information to assist in pricing of negotiated sales.

D. Describe the process that the Offeror would use to familiarize itself with MFA. What will MFA staff’s involvement be in this process?

6. Proposed Fees

Lodging and other travel related expenses shall be reimbursed by MFA in accordance with MFA expense reimbursement policies set forth in its Policies and Procedures Manual.

Offeror must absorb the cost of familiarizing itself with MFA programs, policies and procedures, rules, regulations and past bond issues. Program documents and any other relevant information shall be made available for Offeror’s review at MFA’s office in Albuquerque. MFA will not pay for such work. Indicate how much time Offeror expects to
devote to familiarizing itself with MFA programs, policies and procedures, rules, regulations and provide a timetable for doing so.

Offeror must give MFA at least a three (3) year commitment on the rate schedule offered. The contract may be extended for two, one (1) year periods at the option of the MFA Board.

Offeror is required to submit itemized billing statements on a monthly basis and/or prior to the closing of a transaction.

All Offerors are responsible for determining fees or costs associated with doing business in New Mexico and those costs must be included as part of the proposal.

Please provide a fee schedule upon which the Offeror would base its’ charges to MFA. Use the following examples:

— $30 million single family mortgage revenue bond transaction
— $50 million single family mortgage revenue bond transaction
— $70 million single family mortgage revenue bond transaction

A. Single Family

(1) Please provide the following bond transaction based fees in the format shown below (assumed fixed rate bond issue):

<table>
<thead>
<tr>
<th>Issue Size</th>
<th>Basis for Fee Cap</th>
<th>Minimum Fee</th>
<th>Maximum Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>$______ per thousand</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>$______ per thousand</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If applicable, indicate the separate fee for preparing cash flow and bond yield calculations for an issue: $______________

Examples of Fee Schedule:

<table>
<thead>
<tr>
<th>Issue Size</th>
<th>Advisory Fee</th>
<th>Structuring Fee</th>
<th>Transaction Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20 million</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>$30 million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$40 million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50 million</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(2) Fees for General Advisory Services: For fees not related to a specific financing transaction, please indicate the position and respective hourly rate. MFA would require an estimate of the cost of general advisory services and would need to approve such services prior to execution. Please provide information in the following format and separately include any annual fee caps for general advisory services:
On an annual basis at the end of MFA’s fiscal year which is September 30, the Financial Advisor would be required to run consolidated cash flows for MFA’s two single family Master Indentures. As of December 31, 2015, the 2005 General Indenture has 28 fixed rate bond issues within that Indenture. The 2009 Master Indenture is comprised of 4 fixed rate bond programs issued under the Treasury program. Please indicate the fee(s) for preparing the annual cash flows.

(4) Please indicate if separate fees would be charged:
(a) for services in connection with a note or bond issue which is not successfully sold;
(b) for any other services performed under “Part III: Services to be Performed” not directly related to a note or bond issue such as bidding agent and/or hedge advisory services.

B. Multifamily (historically MFA has issued multifamily bond issues under stand-alone indentures):

(1) Please provide the following fee information for bond transactions:
(a) publicly sold bond transaction that is a conduit issue;
(b) publicly sold bond transactions that is an FHA/FHA Risk Share transaction;
(c) preparation of bond issue cash flows;
(d) verification of cash flows run by a third party.

(2) Fees for General Advisory Services: For fees not related to a specific financing transaction, please indicate the position and respective hourly rate. MFA would require an estimate of the cost of general advisory services and would need to approve such services prior to execution. Please provide information in the following format:

<table>
<thead>
<tr>
<th>Position</th>
<th>Hourly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

(3) Please indicate if separate fees would be charged:
(a) for services in connection with a note or bond issue which is not successfully sold;
(b) for any other services performed under “Part III: Services to be Performed” not directly related to a note or bond issue.

Other Requirements

7. A statement disclosing: (1) any political contribution or gift valued in excess of $2,500.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between
Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.

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

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

10. Please provide any other relevant information which will assist MFA in evaluating Offeror’s ability to provide Financial Advisory Services for Single Family and Multifamily Housing Programs to MFA.

Part VI: Principal Contract Terms and Conditions

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

Contract Term

The term of the Financial Advisory Services for Single Family and Multifamily Programs Contract shall begin the date the MFA Board of Directors approves the award and end March 31, 2019. At the option of the Board, the contract may be extended for three-two one-year periods under the same terms and conditions. There will be a transition period for matters in process at the beginning and the end of the contract term.

Hold Harmless and Indemnity Agreement

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

Assignment/Change in Key Contractor Personnel

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

**Subcontractors**

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

**Records and Audit**

Contractor shall maintain detailed time records which indicate the detail of services rendered, which shall be subject to inspection by MFA. MFA shall have the right to audit bills submitted to MFA under the Financial Advisory Services for Single Family and Multifamily Housing Programs both before and after payment. Payment under the contract shall not foreclose the right of MFA to recover excessive and/or illegal payments.

**Budget and Billing**

Prior to commencing any matter requiring substantial work that is requested by MFA, Contractor shall prepare and deliver to MFA a detailed budget of all fees and costs that Contractor anticipates will be necessary to perform the services required for that transaction prior to commencing work for approval by MFA. A detailed statement of services and an invoice for services provided must be presented before any payment under the contract shall be made. MFA will pay Contractor fees or costs which exceed those indicated in the budget only if such costs are reasonable and result from circumstances which Contractor could not have anticipated at the time Contractor prepared the budget.

**Professional Liability Insurance**

Each Contractor shall maintain professional liability insurance covering all liabilities and risks inherent in Contractor’s performance of the services required under the contract. Each Contractor’s insurance policy must provide per claim and aggregate limits of at least two million dollars ($2,000,000.00), must provide for a per claim/aggregate deductible in an amount reasonable for a firm of Contractor’s size and financial condition, and must be in a form acceptable to MFA. Each Contractor must provide MFA with an acceptable certificate of insurance in force at the time of the inception of the contract and at each anniversary date, extension or renewal of the contract, which provides for not less than thirty (30) days’ notice to MFA of non-renewal or cancellation. Contractor shall immediately notify MFA in the event of any cancellations, modifications or changes in the amounts of coverage provided under such professional liability coverage. Failure to have, maintain and continue professional liability coverage in the amount and form specified shall be cause for immediate termination of the
contract and shall not require the notice provided for in Part VI Principal Contract Terms and Conditions, Termination of this RFP.

Confidentiality

The relationship between Contractor and MFA shall be that of attorney-client. Any information developed or acquired by or furnished by Contractor in the performance of the contract shall be kept confidential and shall not be made available to any individual or organization not involved in a given transaction without the prior written approval of MFA.

Confidential Data

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

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

Code of Conduct

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

Offeror shall provide a statement disclosing any political contribution or gift valued in excess of $2,500 (singularly or in the aggregate) made by Offeror or on Offeror’s behalf to any elected official of the State of New Mexico currently serving or who has served on the MFA Board of Directors in the last three (3) years.

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

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

Termination

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

Status of Contractor

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

Amendment

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

Scope of Agreement

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

Applicable Law

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

New Mexico Mortgage Finance Authority

Board Members
Chair, Dennis Burt – Burt & Company CPAs
Vice Chair Angel Reyes – President, Centinel Bank in Taos
Treasurer Steven Smith – President, R.O.G. Enterprises
Member John A. Sanchez – Lieutenant Governor, State of New Mexico
Member Hector Balderas – Attorney General
Member Tim Eichenberg – Treasurer, State of New Mexico
Member Randy McMillan - President, NAI First Valley Realty, Inc.

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

Staff Roster

<table>
<thead>
<tr>
<th>Name</th>
<th>Name</th>
<th>Name</th>
</tr>
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<tbody>
<tr>
<td>Al Radicioni</td>
<td>Frankie Salcido</td>
<td>Rebecca Sanchez</td>
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<td>Angel Candelaria</td>
<td>Gina Bell</td>
<td>Rob Jones</td>
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<td>Angelina Martinez</td>
<td>Jacqueline Boudreaux</td>
<td>Robyn Powell</td>
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<td>Anita Racicot</td>
<td>Jeannette Marquez</td>
<td>Rose Baca-Quesada</td>
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<td>Barbara Tashkandy</td>
<td>Judy Amador</td>
<td>Sabrina Su</td>
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<td>Blanca Vasquez</td>
<td>Kathleen Sysak-Keeler</td>
<td>Sandra Marez</td>
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<td>Carmela Arellano</td>
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<td>Carol Salazar</td>
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<td>Christina Gerwin</td>
<td>Laurie LindenDill</td>
<td>Shawn Rasmussen</td>
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<td>Cynthia Marquez</td>
<td>Leann Kemp</td>
<td>Sophia Ruser</td>
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<td>Dan Puccetti</td>
<td>Lisa Romero</td>
<td>Stacy Huggins</td>
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<td>Dana Gohr</td>
<td>Loretta Martinez</td>
<td>Stacy Vernon</td>
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<td>Debbie Davis</td>
<td>Marjorie Martin</td>
<td>Susan Biernacki</td>
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<td>Desarey Maldonado</td>
<td>Michael Scott</td>
<td>Suzette Chavez</td>
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<td>Dolores Deer</td>
<td>Monica Abeita</td>
<td>Teresa Chiarolanza</td>
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<td>Doris Clark</td>
<td>Natalie Michelback</td>
<td>Teri Baca</td>
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<td>Eric Schmieder</td>
<td>Nicole Sanchez</td>
<td>Theresa Garcia</td>
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<td>Erik Nore</td>
<td>Pat Rogers</td>
<td>Troy Cucchiara</td>
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<td>Eunice Duran</td>
<td>Patrick Ortiz</td>
<td>Yvonne Reed</td>
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<td>Felicia Cde Vaca</td>
<td>Patty Balderrama</td>
<td>Yvonne Segovia</td>
</tr>
<tr>
<td>Francina Martinez</td>
<td></td>
<td></td>
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</tbody>
</table>
MEMORANDUM

TO: Board of Directors – January 20, 2016
Through: Contracted Services Committee – January 12, 2016
Through: Policy Committee – December 21, 2015

FROM: Kathleen Sysak-Keeler, Finance Manager

DATE: December 15, 2015

SUBJECT: Award for Request for Proposals for Trustee and Paying Agent Services

Recommendation:

MFA received five responses to the Request for Proposals for Trustee and Paying Agent Services (the "RFP) all of which met minimum threshold. Proposals were scored by an internal committee of five staff members in accordance with the evaluation criteria as outlined in the RFP. Bank of Albuquerque received the highest number of points in the scoring process and staff recommends that Bank of Albuquerque be selected to provide Trustee and Paying Agent Services for stand-alone indentures.

Background:

The Board approved Request for Proposals for Trustee Services for the issuance of single family and multifamily revenue bonds under stand-alone (closed) indentures.

As noted in the RFP, the contract beings on the date the MFA Board of Directors approves the award and ends on December 31, 2018. At the option of the Board, the contract may be extended for two, one (1) year periods under the same terms and conditions.
Discussion:

MFA received proposals from Bank of Albuquerque, BNY Mellon, US Bank, Wells Fargo Bank and Zions Bank in response to the RFP. All five proposals met minimum threshold. The proposals were reviewed by an internal review committee of five staff members. Each member of the internal review committee independently scored the individual proposals.

Points were awarded to each Offeror based on the criteria outlined in Part IV: Evaluation Criteria of the RFP. A simple average was then calculated based on the committee member individual scores for each of the scoring criteria with the exception of the scoring for proposed fees and costs. For scoring the proposed fees and costs, fees and costs were detailed on a spreadsheet and analyzed based on sample bond issue maturity schedules utilizing a present value analysis. Fees were then assigned points with the lowest fee receiving the most points. Attached are the following spreadsheets: (a) Exhibit A showing that all Offerors met minimum threshold, (b) Exhibit B showing the average points awarded to each Offeror and (c) Exhibit C showing the fees bid by each Offeror.

Summary:

MFA Board approved a Request for Proposal for Trustee Services for stand-alone indentures at its October Board meeting. MFA received five responses to the RFP all of which met minimum threshold. Proposals were scored by an internal committee of five staff members in accordance with the evaluation criteria as outlined in the RFP. Bank of Albuquerque received the highest number of points in the scoring process and staff recommends that Bank of Albuquerque be selected to provide Trustee and Paying Agent Services for stand-alone indentures. Per the RFP, the contract begins on the date the MFA Board approves the award and ends on December 31, 2018. At the option of the Board, the contract may be extended for two, one (1) year periods under the same terms and conditions.
Exhibit A-Minimum Qualifications
Trustee RFP 2015

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Bank of Albuquerque</th>
<th>BNY Mellon</th>
<th>US Bank</th>
<th>Wells Fargo Bank</th>
<th>Zions Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Be a corporation that is subject to federal supervision and audited by independent public accountants on an annual basis; and</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Have equity capital and surplus of at least $75 million and/or $500 million of assets under trust.</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3. Have experience as trustee and paying agent of state housing bond issues, including both single family and multifamily issues.</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4. Be able to provide monthly trust statements in electronic format at no extra cost.</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Exhibit B-Average Scores
Trustee RFP 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The Offeror</td>
<td>0-10</td>
<td>10</td>
<td>9.2</td>
<td>6</td>
<td>9</td>
<td>6.4</td>
<td>8.6</td>
</tr>
<tr>
<td>New Mexico Resident Business Status Qualification</td>
<td>N/A-5</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>2. Experience</td>
<td>0-30</td>
<td>30</td>
<td>28.8</td>
<td>24.8</td>
<td>28.6</td>
<td>25.2</td>
<td>28.8</td>
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<tr>
<td>3. Capabilities</td>
<td>0-30</td>
<td>30</td>
<td>29.4</td>
<td>26</td>
<td>28.8</td>
<td>26.8</td>
<td>29.2</td>
</tr>
<tr>
<td>4. Proposed Fees and Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Fee schedule for single family bonds (Exhibit A Part 1)</td>
<td>0-10</td>
<td>10</td>
<td>9.66</td>
<td>7.2</td>
<td>9.47</td>
<td>4.79</td>
<td>10</td>
</tr>
<tr>
<td>b. Fee schedule for multifamily bonds (Exhibit A Part 2)</td>
<td>0-15</td>
<td>15</td>
<td>10.06</td>
<td>8.8</td>
<td>15</td>
<td>5.02</td>
<td>10.06</td>
</tr>
<tr>
<td>Total</td>
<td>0-100</td>
<td>100</td>
<td>92.12</td>
<td>72.8</td>
<td>90.87</td>
<td>68.21</td>
<td>86.66</td>
</tr>
</tbody>
</table>
### Exhibit C-Summary of Fees
Trustee RFP 2015

#### FEES: Single Family

<table>
<thead>
<tr>
<th></th>
<th>Bank of Albuquerque</th>
<th>BNY Mellon</th>
<th>US Bank</th>
<th>Wells Fargo</th>
<th>Zions Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Fee in basis points</td>
<td>1.50</td>
<td>2.50</td>
<td>2.50</td>
<td>3.25</td>
<td>1.75</td>
</tr>
<tr>
<td>Minimum Annual Fee</td>
<td>$2,500.00</td>
<td>$3,000.00</td>
<td>$0.00</td>
<td>$5,000.00</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Maximum Annual Fee</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Set-up Fee (per issue)</td>
<td>$3,000.00</td>
<td>$7,000.00</td>
<td>$3,500.00</td>
<td>$5,000.00</td>
<td>$2,500.00</td>
</tr>
</tbody>
</table>

**Other Fees:**
- **Dissemination Fee (Annual):**
  - N/A
  - $250.00
  - N/A
  - $1,000.00
  - N/A

- **Investment Fees (Annual):**
  - Guaranteed Investment Contract
    - N/A
    - N/A
    - N/A
    - $1,500.00
    - N/A
  - Forward Purchase/Delivery Contract
    - N/A
    - N/A
    - N/A
    - $1,500.00
    - N/A
  - Substitution of GIC/collateral
    - N/A
    - N/A
    - N/A
    - Additional Charges
    - N/A
  - Miscellaneous Fees
    - N/A
    - **
    - N/A
    - ***
    - N/A

#### FEES: Multi Family

<table>
<thead>
<tr>
<th></th>
<th>Bank of Albuquerque</th>
<th>BNY Mellon</th>
<th>US Bank</th>
<th>Wells Fargo</th>
<th>Zions Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Fee in basis points</td>
<td>1.50</td>
<td>2.50</td>
<td>2.50</td>
<td>4*</td>
<td>1.75</td>
</tr>
<tr>
<td>Minimum Annual Fee</td>
<td>$3,000.00</td>
<td>$3,000.00</td>
<td>$0.00</td>
<td>$5,000.00</td>
<td>$3,000.00</td>
</tr>
<tr>
<td>Maximum Annual Fee</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$0.00</td>
<td>N/A</td>
</tr>
<tr>
<td>Set-Up Fee (per issue)</td>
<td>$3,000.00</td>
<td>$7,000.00</td>
<td>$3,500.00</td>
<td>$6,000.00</td>
<td>$3,000.00</td>
</tr>
</tbody>
</table>

**Other Fees:**
- **Dissemination Fee (Annual):**
  - N/A
  - $250.00
  - N/A
  - $1,000.00
  - N/A

- **Investment Fees (Annual):**
  - Guaranteed Investment Contract
    - N/A
    - N/A
    - N/A
    - $1,500.00
    - N/A
  - Forward Purchase/Delivery Contract
    - N/A
    - N/A
    - N/A
    - $1,500.00
    - N/A
  - Substitution of GIC/collateral
    - N/A
    - N/A
    - N/A
    - Additional Charges
    - N/A
  - Miscellaneous Fees
    - N/A
    - **
    - N/A
    - ***
    - N/A

---

*Annual Trustee Administration Fee per series was a range of 3-5 pbs. Analysis was done on the middle of the range using 4 bps.

**Miscellaneous fees could include termination fee if all bonds of a series are defeased or redeemed, preparation and distribution of sinking fund redemption notices, optional redemptions, UCC filing fees, auditor confirmation fees, wire transfer fees, letter of credit drawdown fees, transaction fees to settle third-party trades and reconciliation fees to balance trust account balances to third-party investment provider statements.

***No transaction fees for up to 24 standard investment transactions per year; each investment transaction in excess of 24 per year will incur a $50 charge.

Fees for non-standard agreements, physical securities or other transactions requiring manual processing, or for the investment of funds held outside the bank will be negotiated separately.
Tab 8
To: Board of Directors – January 20, 2016

Through: N/A


FROM: Kathleen Sysak-Keeler

DATE: January 8, 2016

SUBJECT: To Be Announced Single Family Program Administrative Services Contract – Merger Between First Southwest and Hilltop Securities Inc.

Recommendation:
Staff is recommending that the Assignment, Assumption and Consent (document is attached) concerning the contract known as the Master Trade Confirmation dated September 13, 2014 between First Southwest Company and MFA to provide To Be Announced Single Family Program Administrative Services (“TBA Services”) be executed due to the merger of First Southwest Company into Hilltop Securities Inc. at the close of business on January 22, 2016.

Background:
June 2014 - The Board approved the “Request for Proposals for To Be Announced Single Family Program Administrative Services (the “RFP”).

August 2014 - MFA received a total of four responses to the RFP. First Southwest earned the highest score of all the respondents. The Board awarded the one-year contract for TBA Services to First Southwest.

August 2015 – The Board exercised the first of two available one-year contract extensions to extend the contract with First Southwest under the same terms and conditions.

Discussion:
MFA was notified that First Southwest Company is merging into Hilltop Securities, Inc. and will begin operating as Hilltop Securities Inc. at the close of business on January 22, 2016. Please refer to the attached letter from Michael Marz, Vice Chairman of First Southwest Company, regarding the merger and the financial position of Hilltop Securities. Staff has been assured by First Southwest Company representatives that there will be no changes in personnel working with MFA or processes and the merger will be seamless.

First Southwest has satisfactorily assisted MFA with funding the Single Family Mortgage Program by utilizing the To Be Announced market which is where mortgaged backed securities trade and staff anticipates that the current level of service will continue. This funding mechanism has allowed MFA to maintain mortgage rates at a level that are competitive with local market mortgage rates. We anticipate settling almost $150,000,000 of loans with First Southwest this fiscal year.
Summary:
MFA was notified that First Southwest Company which currently provides To Be Announced Single Family Administrative Program Services ("TBA Services") will merge into Hilltop Securities Inc. at the close of business on January 22, 2016 and will begin operating as Hilltop Securities Inc. As reported to the Board in August 2015 when the Board exercised the first of two available one-year contract extensions to extend the contract with First Southwest under the same terms and conditions to August 20, 2016, First Southwest Company has satisfactorily provided TBA Services to MFA. MFA has been assured by First Southwest representatives that the merger will be seamless to MFA. In order to continue the successful relationship MFA has enjoyed with our TBA Services provider, we will need to execute the attached “Assignment, Assumption and Consent” as concerns the contract MFA has with First Southwest Company
January 11, 2016

New Mexico Mortgage Finance Authority  
344 4th Street SW  
Albuquerque, NM 87102  
Attention: Jay Czar and Gina Hickman

Re: Merger of First Southwest Company LLC into Hilltop Securities Inc.

Ladies and Gentlemen:

At the close of business on January 22, 2016 (4:59 p.m. EST), First Southwest Company, LLC (“FSC”) will merge into its affiliate Hilltop Securities Inc. (formerly Southwest Securities Inc.), and begin operating as Hilltop Securities Inc. (“HilltopSecurities”). FSC’s operations will continue as before but under the name HilltopSecurities. Our services as your TBA provider will not change in any aspect, either as to personnel (Mike Awadis, Ishdeep Singh and the current FSC team) or its ongoing operations, except that the operations will be conducted in the name of HilltopSecurities, instead of FSC.

HilltopSecurities will be a larger, more diversified company than FSC and, as stated below, will have significantly greater net capital than FSC. Also, as a result of the merger, HilltopSecurities will by operation of law assume all obligations of FSC, including its obligations under the TBA agreement. In addition, for the sake of clarity and to ensure compliance with the assignment terms of the TBA Agreement, FSC will execute a written assignment of its duties and obligations under the TBA Agreement to HilltopSecurities, which HilltopSecurities will consent to as assignee, which assignment will be in a form acceptable to you.

Based on Southwest Securities Inc.’s (now HilltopSecurities) and First Southwest Company, LLC’s combined net capital, upon closing of the merger, HilltopSecurities will have approximately $148.8 million of net capital. First Southwest Company, LLC’s net capital as of November 30, 2015 was approximately $82.4 million. Therefore, the net capital of HilltopSecurities will significantly exceed the net capital of First Southwest Company, LLC. Please see the attached summary of the merger transaction.

Please note that the parent company of HilltopSecurities is Hilltop Holdings Inc., which is a publicly traded company (NYSE symbol: HTH) with approximately $12.4 billion in assets as of September 2015.

Please contact the undersigned with any questions. We greatly appreciate your business and we want to be sure you have all the information you need regarding this merger.

Sincerely,

Michael J. Marz  
Vice Chairman
Merger Summary

November 30, 2012
PlainsCapital Corporation, the then ultimate parent of First Southwest Company (“FirstSouthwest”), merged with a subsidiary of Hilltop Holdings Inc. (“Hilltop”), a Dallas-based holding company.

April 1, 2014
Hilltop Holdings Inc., the ultimate parent company of First Southwest Company, entered into a definitive merger agreement with SWS Group, Inc. (“SWSG”), the parent company of Southwest Securities, Inc., providing for the merger of SWSG with and into Hilltop.

January 1, 2015
The merger of SWSG was completed, at which time FirstSouthwest ceased to be a subsidiary of PlainsCapital Bank and PlainsCapital Corporation, and became a wholly-owned subsidiary of Hilltop Securities Holdings LLC, along with Southwest Securities, Inc., another registered broker-dealer. In conjunction with the merger, FirstSouthwest was reorganized from a Delaware corporation to a Delaware limited liability company and its legal name changed to First Southwest Company, LLC.

October 15, 2015
Southwest Securities changed the firm’s legal name from Southwest Securities, Inc. to Hilltop Securities Inc. (“HilltopSecurities”).

January 22, 2016
The merger of FirstSouthwest with and into its common control affiliate, HilltopSecurities, will be completed, forming one broker-dealer. As of this date, HilltopSecurities, as the surviving entity, automatically assumes all rights and obligations of FirstSouthwest. HilltopSecurities is a wholly-owned subsidiary of HilltopSecurities Holdings LLC, which is a wholly-owned subsidiary of Hilltop Holdings Inc. (NYSE:HTH).
ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT

This Assignment, Assumption and Consent Agreement (the “Agreement”) is entered into by and among First Southwest Company, LLC (the “Assignor”), Hilltop Securities Inc. (the “Assignee”), and the New Mexico Mortgage Finance Authority (the “Authority”), effective as of January 22, 2016 at 5:00 p.m. Eastern Standard Time (the “Effective Date”).

WHEREAS, the Assignor and the Authority executed the September 13, 2014 letter agreement known as the “Master Trade Confirmation” (a true and correct copy of which is attached hereto as Exhibit A), whereby Assignor would provide the services identified in the Master Trade Confirmation to the Authority in conjunction with the Authority’s Market Rate TBA Program on the terms and conditions identified in the Master Trade Confirmation;

WHEREAS, the Authority and the Assignor extended the term of the Master Trade Confirmation for one year on August 19, 2015;

WHEREAS, at the close of business on January 22, 2016 (4:59 p.m. Eastern Standard Time), the Assignor will merge with and into the Assignee (the “Merger”);

WHEREAS, after the Merger, the Assignee will continue the operations conducted by the Assignor prior to the Merger in the same manner as they were conducted by the Assignor before the Merger with the exception that Assignee shall be the obligor under the Master Trade Confirmation and such operations will be conducted in the name of the Assignee; and

WHEREAS, the Assignor and the Assignee have requested the Authority’s consent to the assignment of all of the Assignors’ right, title, and interest in the Master Trade Confirmation as of the Effective Date to the Assignee (the “Assignment”);

WHEREAS, the Assignee has agreed to accept the assignment of all of the Assignor’s right, title, and interest in the Master Trade Confirmation, to assume and perform all duties and obligations of the Assignor under the Master Trade Confirmation, and to be bound by all of the terms, covenants and conditions of the Master Trade Confirmation;

WHEREAS, the Authority has agreed to provide its consent to the Assignment; and

WHEREAS, the Assignor, the Assignee, and the Authority each represent and warrant that the person executing this Agreement on its behalf is duly authorized to bind the entity for which he or she is executing this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants of this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Assignor, the Assignee, and the Authority mutually agree as follows:

1. The Assignor hereby assigns all of its right, title and interest in the Master Trade Confirmation to the Assignee as of the Effective Date.
2. The Assignee hereby accepts the assignment of all of the Assignor’s right, title, and interest in the Master Trade Confirmation, assumes all duties and obligations of the Assignor under the Master Trade Confirmation, and agrees to be bound by all of the terms, covenants and conditions of the Master Trade Confirmation as of the Effective Date.

3. As of the Effective Date, the Authority, hereby consents to (i) the complete assignment of all of the Assignor’s right, title and interest in the Master Trade Confirmation to the Assignee, and (ii) the Assignee’s complete assumption of all of the Assignor’s right, title and interest in, and its duties and obligations under, the Master Trade Confirmation, including Assignee’s assumption of all of the terms, covenants and conditions of the Master Trade Confirmation.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment, Assumption and Consent to be duly executed as of the dates entered below.

First Southwest Company, LLC

By: ______________________________
Name: Michael J. Marz
Title: Vice Chairman
Date: __________________

Hilltop Securities Inc.

By: ______________________________
Name: Michael J. Marz
Title: Vice Chairman
Date: __________________

New Mexico Mortgage Finance Authority

By: ______________________________
Name: Gina Hickman
Title: Deputy Director of Finance & Administration
Date: ___________________________
Tab 9
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – January 5, 2016

FROM: Susan H. Biernacki, Tax Credit Program Manager
       Daniel Puccetti, Director of Housing Development

DATE: January 12, 2016

SUBJECT: Bond Resolution- Doña Ana Multifamily Partnership 2015, LLLP

Recommendation:
Staff recommends approval of the attached Bond Resolution.

Background:
MFA received an application for 4 percent low income housing tax credits in an amount not to exceed $9.9mm of Tax Exempt Bonds for the development of Doña Ana Multifamily Partnership, an existing 204 unit Project located on six separate sites in Sunland Park and Anthony, NM. The project has four manager units and 200 rental units serving families earning at or below 60 percent of Area Median Income. The developer, Community Preservation Partners, LLC, is a subsidiary of WNC & Associates, Inc. MFA has issued tax exempt bonds for WNC, the most recent transaction occurring in late 2012 and referred to as “Gallup 3.”

The first “official action” required of MFA as the Issuer is to adopt an Inducement Resolution communicating intent to issue bonds for a specific activity. The Inducement Resolution was adopted by the Board of Directors on November 18, 2015. Next steps include receipt of Private Activity Tax Exempt Bond Volume Cap (“Volume Cap”) from the New Mexico State Board of Finance (“SBOF”) and approval of this Bond Resolution.

Staff intends on making application for an allocation of Volume Cap to SBOF at their February 16, 2016 meeting. The application is due to SBOF on or before January 26, 2016. Given that Volume Cap will not have been approved prior to MFA board approval, the Bond Resolution will be a conditional approval subject to certain conditions being met, including receipt of Volume Cap.

Discussion:
Staff has reviewed the proposed rehabilitation, including area market studies, appraisals, and the developer’s pro-forma spreadsheets, and has determined the projects are financially
feasible. The six properties are operating at a stabilized occupancy rate of approximately 97 percent and will continue to satisfy a portion of the demand for low income units in the area. In addition, the existing six projects were all constructed between 1991 and 1999 and are currently eligible, under the terms of the existing Land Restriction Use Agreements (“LURA”), to apply for a Qualified Contract. If a Qualified Contract were pursued, rather than rehabilitation of the properties, then the Projects could be released from the LURA restrictions, including the occupancy (low-income, etc.) restrictions and would likely become market rate units.

Summary:
Staff requests approval of the attached Bond Resolution in order to pursue issuance of up to $9.9mm in tax exempt bonds that are expected to close in early March, 2016. Bonds proceeds will fund the acquisition and rehabilitation of 204 units at six different projects located in Doña Ana County (Sunland Park & Anthony). Approval of this Resolution will result in these units remaining affordable for an additional 35 years. The developer is Community Preservation Partners, LLC.
CERTIFICATE REGARDING THE RESOLUTION

OF THE AUTHORITY

I, the undersigned, Jay Czar, Executive Director and Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on January 20, 2016, at which meeting a quorum was present and acting throughout; (ii) the annexed resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed resolution has not been altered, amended or repealed; and (iv) the annexed resolution is in full force and effect on the date of this certificate.

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

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

(SEAL)
A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE “AUTHORITY”) AUTHORIZING THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS MULTIFAMILY HOUSING REVENUE TAX-EXEMPT BONDS (DONA ANA APARTMENT PROJECTS) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $9,900,000, AUTHORIZING THE EXECUTION BY THE AUTHORITY OF A TRUST INDENTURE, BOND PURCHASE AGREEMENT, FINANCING AGREEMENT, TAX REGULATORY AGREEMENTS, INVESTMENT AGREEMENT AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the New Mexico Mortgage Finance Authority (the “Authority”) is authorized by the Constitution and the laws of the State of New Mexico, particularly Chapter 58, Article 18, NMSA 1978, as amended (the “Act”) (a) to issue revenue bonds for the purpose of making project mortgage loans to finance the acquisition, construction or rehabilitation of multifamily housing facilities; (b) to enter into agreements for the purpose of providing revenues to pay such revenue bonds upon such terms and conditions as the Authority may deem advisable; (c) to secure the payment of such revenue bonds; and (d) to otherwise participate fully in federal government housing programs to secure for the people of New Mexico the benefits of such programs; and

WHEREAS, to provide decent, safe and sanitary residential housing facilities for low or moderate income persons within the State of New Mexico (the “State”) who are eligible under the Act, and after having determined that mortgage loans are not otherwise available upon reasonably equivalent terms and conditions from private lenders, the Authority has developed rules and regulations with respect to the issuance by the Authority of multifamily revenue bonds to finance the acquisition, construction or rehabilitation and equipping of multifamily residential facilities intended for rental to eligible persons located in the State; and
WHEREAS, Dona Ana Multi-Family Partnership 2015, LLLP, a New Mexico limited liability limited partnership (the “Borrower”) and Western States Housing Corporation, the general partner of the Borrower, have asked the Authority to issue its Multifamily Housing Revenue Tax-Exempt Bonds (Dona Ana Apartment Projects) Series 2016 (the “Bonds”); and

WHEREAS, in furtherance of the purposes of the Authority, it has been deemed appropriate and necessary that the Authority authorize the issuance and sale of the Bonds and prescribe and establish conditions and other appropriate matters with respect to the issuance thereof; and

WHEREAS, the Bonds shall be special limited obligations of the Authority payable solely from and secured by the proceeds, moneys, revenues, rights, interest and collections pledged therefor under the Indenture, as hereinafter defined; and

WHEREAS, there has been presented to the Authority at this meeting a form of Trust Indenture (the “Indenture”) to be entered into between the Authority and the entity named therein (the “Trustee”), a form of Bond Purchase Agreement (the “Bond Purchase Agreement”) to be entered into among the Authority, First United Bank or any other entity named therein as purchaser of the Bonds (the “Purchaser”) and the Borrower, a form of the Tax Regulatory Agreements (the “Regulatory Agreements”) to be entered into among the Authority, the Trustee and the Borrower and a form of Financing Agreement (the “Financing Agreement”) to be entered into among the Authority, the Trustee and the Borrower and a form of Financing Agreement (the “Financing Agreement”) to be entered into among the Borrower, the Trustee and the Authority under which the Borrower will agree to repay the loan of the proceeds of the Bonds and to use such proceeds to finance or refinance the acquisition, rehabilitation and equipping of each of the multifamily housing projects identified in Exhibit A attached hereto (collectively, the “Projects”).

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

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

Section 2. The Authority hereby finds, determines and declares that the issuance of the Bonds to finance the acquisition, construction or rehabilitation and equipping of the Projects is in furtherance of the public purposes set forth in the Act and is in compliance with the provisions of the Act, and that the issuance of the Bonds is therefore in the public interest.

Section 3. The Indenture, the Financing Agreement, and the Regulatory Agreements (collectively, the “Authority Documents”) in substantially the forms presented to this meeting are in all respects authorized, approved and confirmed. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are hereby authorized to execute, attest, seal and deliver the Authority Documents in the forms and with substantially the same content as presented to this meeting for and on
behalf of the Authority with such alterations, changes or additions as may be authorized herein.

Section 4. For the purpose of providing decent, safe and sanitary residential housing for low or moderate income persons within the State of New Mexico, all as authorized under the Act, the Authority shall issue the Bonds which shall be designated, unless otherwise provided by an officer of the Authority pursuant to Section 12 hereof, New Mexico Mortgage Finance Authority Multifamily Housing Revenue Tax-Exempt Bonds (Dona Ana Apartment Projects) Series 2016 in an aggregate principal amount not to exceed $9,900,000. The Bonds shall be issued only in fully registered form and shall mature on or before December 31, 2056. The weighted average interest rate on the Bonds shall not exceed 6.25% per annum.

Section 5. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, tender and number shall be as set forth in the Indenture. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are hereby authorized to execute, attest and seal by facsimile the Bonds and to deliver the Bonds to the bond registrar for authentication.

Section 6. The appropriate officials of the Authority are hereby authorized to execute and deliver to the bond registrar the written order of the Authority for authentication and delivery of the Bonds in accordance with the provisions of the Indenture.

Section 7. The Bonds shall be sold to the Purchaser at a price not less than 100% of the principal amount thereof plus accrued interest, if any, in accordance with the provisions of the Bond Purchase Agreement. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are hereby authorized to execute and deliver the Bond Purchase Agreement in substantially the form presented to the Board at this meeting, for and on behalf of the Authority. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary are hereby authorized to specify and agree as to the interest rates and maturities of the Bonds for and on behalf of the Authority by the execution of the Bond Purchase Agreement and the Indenture, provided such terms are within the parameters set by this resolution.

Section 8. If certain of the Bonds are sold directly to Fannie Mae, the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are hereby authorized to execute and deliver a bond purchase agreement for and on behalf of the Authority, such bond purchase agreement to be in substantially the same form as the Bond Purchase Agreement presented at this meeting.
Section 9. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary of the Authority are, and each of them is, hereby authorized to enter into an investment agreement or agreements ("Investment Agreement"), in form and substance satisfactory to such officer or to direct the Trustee to enter into an Investment Agreement. Any and all proceeds of, and investment income attributable to, the Bonds may be loaned to or deposited from time to time pursuant to the Investment Agreement for the periods, and at the interest rates, specified therein.

Section 10. The appropriate officers of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary, are authorized to take all action necessary or reasonably required by the Bond Purchase Agreement to carry out, give effect to and consummate the transactions as contemplated thereby.

Section 11. Upon their issuance, the Bonds will constitute special limited obligations of the Authority payable solely from and to the extent of the sources set forth in the Bonds and the Indenture. No provision of this resolution or of the Bond Purchase Agreement, the Authority Documents, the Bonds or any other instrument, shall be construed as creating a general obligation of the Authority, or as creating a general obligation of the State of New Mexico or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Authority.

Section 12. The appropriate officials of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary are authorized to make any alterations, changes or additions in the Authority Documents, the Bonds, the Bond Purchase Agreement or any other document herein authorized or that may be made pursuant to the Act which may be necessary or desirable. In addition, to the extent that the mortgage loans to be made to the Borrower with proceeds of the Bonds are unable to be closed prior to the expiration of the volume cap allocations for the Bonds, as determined by the appropriate officials of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary, such appropriate officials of the Authority are authorized to make any alterations, changes or additions in the Authority Documents, the Bonds, the Bond Purchase Agreement or any other document herein as may be necessary or desirable to issue the Bonds prior to expiration of the volume cap allocations and invest the proceeds thereof in permitted investments as provided under the Indentures for a period of no more than a year until such Bonds can be refunded or remarketed and the proceeds thereof be used to make mortgage loans to the Borrower.

Section 13. The appropriate officials of the Authority, including without limitation the Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Programs, Deputy Director of Finance and Administration or the Assistant Secretary, are hereby authorized and directed to execute and deliver for and on behalf of the Authority
any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this resolution and the documents authorized and approved herein.

Section 14. After any of the Bonds are delivered by the Trustee to the Purchaser and upon receipt of payment therefore, this resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 15. Except as otherwise disclosed to the governing board of the Authority prior to the adoption of this resolution, no member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority herein.

Section 16. If any provisions of this resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this resolution.

Section 17. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 18. This resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS _____ DAY OF JANUARY, 2016.

____________________________
Chair

(SEAL)

ATTEST:

____________________________
Executive Director
EXHIBIT A

PROJECTS

The Projects are described below:

1. Loma Del Norte Apartments located at approximately 940 North 4th Street, Anthony, New Mexico consisting of 40 units;

2. Meadow Vista I Apartments located at approximately 329 Meadow Vista Boulevard, Sunland Park, New Mexico consisting of 26 units;

3. Meadow Vista II Apartments located at approximately 329 Meadow Vista Boulevard, Sunland Park, New Mexico consisting of 16 units;

4. Playa I Apartments located at approximately 142 Linda Vista Drive, Sunland Park, New Mexico consisting of 36 units;

5. Playa II Apartments located at approximately 1305 Valle Vista Drive, Sunland Park, New Mexico consisting of 44 units; and

6. Vista Del Rey Apartments located at approximately 855 Valle Vista Drive, Sunland Park, New Mexico consisting of 42 units.
Tab 10
MEMORANDUM

TO: MFA Board of Directors


FROM: Marjorie Martin

DATE: January 20, 2016

SUBJECT: MFA 2016 Open Meetings Resolution and Proposed Amendment

Recommendation: Staff recommends the MFA’s Board of Directors approve the 2016 Open Meetings Resolution with the proposed amendment.

Background: As an authority of the state of New Mexico, responsible for the formulation of public policy, MFA has chosen to act pursuant to the New Mexico Open Meetings Act, Section 10-15-1 NMSA 1978 et seq., to make all meetings in which there is a quorum of members of the Board of Directors open to the public, except as otherwise provided in the state constitution or the Open Meetings Act, and to annually determine in a public meeting what notice for a public meeting is reasonable for MFA’s Board of Directors.

Discussion: The MFA Open Meetings Resolution of 2016 is being presented for approval by the MFA Board of Directors with one proposed amendment, which is an addition made pursuant to the provisions of the Open Meetings Act. The proposed amendment appears on page 1 of the Resolution, in paragraph 2, and reads as follows:

“...all meetings of a quorum of members of any board, commission, administrative adjudicatory body or other policymaking body of any state agency or any agency or authority... held for the purpose of formulating public policy, including the development of personnel policy, rules, regulations or ordinances, discussing public business or taking any action within the authority of or the delegated authority of any board, commission or other policymaking body are declared to be public meetings open to the public at all times, except as otherwise provided in the constitution of New Mexico or the Open Meetings Act...”
Summary: The New Mexico Mortgage Finance Authority Open Meetings Resolution is submitted for MFA Board of Directors approval pursuant to Section 10-15-1 (B) and (D) of the New Mexico Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978), which require that all meetings of a quorum of members of any public body be open to the public at all times other than the stated exceptions in the Open Meetings Act and the state constitution; and to further determine annually, in a public meeting, what constitutes reasonable notice of its public meetings.
WHEREAS, the New Mexico Mortgage Finance Authority ("MFA") met in a regular meeting at the Inn and Spa at Loretto, 211 Old Santa Fe Trail, Santa Fe, NM, on January 20, 2016 at 9:30 a.m.; and

WHEREAS, the MFA’s Open Meetings policy is intended to follow the Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978) which requires at Section 10-15-1(B) that, all meetings of a quorum of members of any board, commission, administrative adjudicatory body or other policymaking body of any state agency or any agency or authority of any county, municipality, district or political subdivision, held for the purpose of formulating public policy, including the development of personnel policy, rules, regulations or ordinances, discussing public business or taking any action within the authority of or the delegated authority of any board, commission or other policymaking body are declared to be public meetings open to the public at all times, except as otherwise provided in the constitution of New Mexico or the Open Meetings Act; and further requires at Section 10-15-1(D) such policymaking body to determine annually what constitutes reasonable notice of its public meetings;

NOW, THEREFORE, BE IT RESOLVED:

1. Regular meetings shall be held at the discretion of the Board of Directors. Notice of regular meetings will be given ten (10) days in advance of the meeting date. The agenda will be available from the MFA at least seventy-two (72) hours prior to the regular meeting.

2. Special meetings may be called by the Chair or three (3) of the members upon three (3) days’ notice. The notice shall include an agenda for the meeting or information on how members of the public may obtain a copy of the agenda. The agenda shall be available to the public at least seventy-two (72) hours before any special meeting.

3. Emergency meetings will be called only under circumstances permitted by, and in accordance with the provisions of, Section 10-15-1 (F) of the Open Meetings Act. The MFA will avoid emergency meetings whenever possible. Emergency meetings may be called by the Chair or a majority of the members upon twenty-four (24) hours’ notice, unless threat of injury or damage to persons or property or substantial financial loss to MFA requires less notice. The notice for all emergency meetings shall include an agenda for the meeting or information on how the public may obtain a copy of the agenda.

4. For the purposes of regular meetings described in paragraph 1 of this resolution, notice requirements are met if notice of the date, time, place and an agenda or information on how an agenda may be obtained is placed in two (2) newspapers of general circulation in the state and the agenda is posted on MFA’s website. The MFA shall also e-mail copies of the written notice to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation which have made a written request for notice of MFA meetings.

5. For the purposes of special and emergency meetings described in paragraphs 2 and 3 of this resolution, notice requirements shall be met by posting notice of the date, time, place, and agenda at the MFA and on MFA’s website and by providing facsimile notice to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of MFA meetings.

In addition to the information specified above, all notices shall include the following language:

If you are an individual with a disability who is in need of a reader, amplifier, qualified
sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the MFA at 843-6880 at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the MFA at 843-6880 if a summary or other type of accessible format is needed.

7. The MFA may close a meeting to the public only if the subject matter of such discussion or action is exempted from the open meeting requirement under Section 10-15-1(H) of the Open Meetings Act.

   a) If any meeting is closed during an open meeting, such closure shall be approved by a majority vote of a quorum of the MFA Board of Directors taken during the open meeting. The authority for the closure and the subjects to be discussed shall be stated with reasonable specificity in the motion for closure and the vote on closure of each individual member shall be recorded in the minutes. Only those subjects specified in the motion may be discussed in a closed meeting.

   b) If the decision to hold a closed meeting is made when the MFA is not in an open meeting, the closed meeting shall not be held until public notice, appropriate under the circumstances, stating the specific provision of law authorizing the closed meeting and the subjects to be discussed with reasonable specificity is given to the members and to the general public.

   c) Following completion of any closed meeting, the minutes shall state whether the matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.

   d) Except as provided in Section 10-15-1(H) of the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by vote of the MFA Board of Directors in an open public meeting.

8. Members are strongly encouraged to attend all meetings in person. However, when it is otherwise difficult or impossible for the member to attend the meeting in person a member may participate in a meeting by means of a conference telephone or other similar communications equipment, provided that each member participating by conference telephone can be identified when speaking, all participants are able to hear each other at the same time and members of the public attending the meeting are able to hear any member who speaks during the meeting.

After discussion, the foregoing Resolution was adopted.

Date Adopted: January 20, 2016
Tab 11
**Staff Actions Requiring Notice to Board**  
During the Period of December 1 - 31, 2015

<table>
<thead>
<tr>
<th>Department and Program</th>
<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing Dept.</td>
<td>10/31/2015 Quality Control Review</td>
<td>Approval of report issued by REDW. No findings.</td>
<td>Approved by Policy Committee 12/22/2015</td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: MFA Board

Through:

FROM: Kathleen M. Sysak-Keeler, Finance Manager

DATE: January 11, 2015

SUBJECT: Single Family Mortgage Bonds 2015 Series E (Federally Taxable) – Pricing Summary

The 2015 Series E (Federally Taxable) bond issue closed on December 10, 2015. The following is a summary of the bond sale:

~Structure: The transaction is a $21,230,097 refunding bond issue utilizing the pass through structure to take advantage of the lower yield on pass through bonds. The yield on the bonds is 3.10%. The pass through structure provides for monthly loan revenues to be passed through to the bond investors in the form of principal and interest payments with bonds being called on a monthly basis. MFA will receive its admin fee on a monthly basis after payment of the bond holders and the Trustee.

~Marketing: Bonds were marketed only to institutional investors due to the pass through structure. Orders were received from six institutional investors resulting in the bonds being oversubscribed one time leading to the underwriter lowering the yield on the bonds from 3.15% to 3.10%.

~Use of Bond Proceeds: Bond proceeds were used to refund 2006 Series A, 2006 Series B and 2006 Series C.

~Spread: The bonds are taxable bonds which means that MFA can retain all of the savings generated from the refunding. The net present value of the transaction is approximately $1.5 million.

~Investment of Bond Proceeds: Funds will be invested in a money market account with Fidelity Investments through Zions Bank, the General Indenture Trustee.

The following Exhibit 1 contains a table summarizing more detailed information about the 2005 Series E Bonds in addition to the four prior bonds issues closed this year, namely, 2015 Series A, Series B, Series C and Series D along with the 2014 Series B bonds which was issued in June 2014.

Following Exhibit 1 is a comprehensive in-depth “Post-Sale Analysis” for the bond issue which was prepared by MFA’s Financial Advisor, CSG Advisors.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taxable Refunding</td>
<td>New Money</td>
<td>Taxable Refunding</td>
<td>Taxable Refunding</td>
<td>Taxable Refunding</td>
<td>Taxable Refunding</td>
</tr>
<tr>
<td>1  Tax Exempt Bonds</td>
<td>n/a</td>
<td>$35,000,000</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2  Taxable Bonds</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>3  Taxable Refunding Bonds</td>
<td>$12,532,570</td>
<td>n/a</td>
<td>$7,229,858</td>
<td>$25,740,000</td>
<td>$13,811,860</td>
<td>$21,230,097</td>
</tr>
<tr>
<td>4  Refunding Bonds</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Total Amount of Bonds Issued</td>
<td>$12,532,570</td>
<td>$35,000,000</td>
<td>$7,229,858</td>
<td>$25,740,000</td>
<td>$13,811,860</td>
</tr>
<tr>
<td>3  MFA Subsidy/Benefit-(Economic Cost)/Present Value Economic Benefit</td>
<td>None/$1,519,005 ($4.0 million)/$648,000</td>
<td>None/$1,276,922</td>
<td>None/$505,591</td>
<td>None/$2,740,000</td>
<td>None/$1,529,209</td>
<td></td>
</tr>
<tr>
<td>4  Original Bond Ratings:</td>
<td>Standard &amp; Poor’s</td>
<td>AA+</td>
<td>None</td>
<td>None</td>
<td>AA+</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Moody’s</td>
<td>None</td>
<td>Aaa</td>
<td>Aaa</td>
<td>None</td>
<td>Aaa</td>
</tr>
<tr>
<td>5  Pricing Date(s)</td>
<td>6/12/2014</td>
<td>2/19/2015</td>
<td>2/18/2015</td>
<td>2/25/2015</td>
<td>7/14/2015</td>
<td>11/17/2015</td>
</tr>
<tr>
<td>7  Serial Bond Maturities</td>
<td>AMT</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Non-AMT</td>
<td>3/1/16-9/1/26</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Taxable</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>8  Term Bond Maturities</td>
<td>8/1/2035</td>
<td>9/1/30, 9/1/35, 9/1/40, 9/1/45</td>
<td>12/1/2035</td>
<td>9/1/2041</td>
<td>2/1/2037</td>
<td>9/1/2037</td>
</tr>
<tr>
<td>9  Premium PAC Maturity</td>
<td>None</td>
<td>3/1/45</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>10 Split Between Mortgage$aver Plus and Mortgage$aver</td>
<td>Mortgage$aver Plus/Zero</td>
<td>n/a</td>
<td>88%=$30,696,471</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Mortgage$aver</td>
<td>n/a</td>
<td>12%=$4,303,529</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>11 Loan Rates (Government/Conventional)</td>
<td>Mortgage$aver Plus</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Mortgage$aver Zero</td>
<td>n/a</td>
<td>3.68%4.11%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Mortgage$aver</td>
<td>n/a</td>
<td>3.45%3.75%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Mortgage$aver Xtra</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>HERO</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>12 10-Year Treasury Rate at Pricing</td>
<td>2.58%</td>
<td>2.07%</td>
<td>2.07%</td>
<td>1.96%</td>
<td>2.41%</td>
<td>2.25%</td>
</tr>
<tr>
<td>13 GIC Rates**</td>
<td>Acquisition Fund Rate</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Float Fund Rate</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>14 MFA Contribution at Closing</td>
<td>Cost of Issuance (COI)</td>
<td>$209,999</td>
<td>$405,000</td>
<td>$89,999</td>
<td>$300,000</td>
<td>$245,000</td>
</tr>
<tr>
<td></td>
<td>COI as a % of Bonds Issued</td>
<td>1.68%</td>
<td>1.16%</td>
<td>1.24%</td>
<td>1.17%</td>
<td>1.77%</td>
</tr>
<tr>
<td></td>
<td>Negative Arbitrage Deposit</td>
<td>n/a</td>
<td>$400,000</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>15 Yield Spread</td>
<td>n/a</td>
<td>1.124%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>16 Administrative Fee (to MFA)</td>
<td>2.796%</td>
<td>0.250%</td>
<td>2.703%</td>
<td>0.558%</td>
<td>2.356%</td>
<td>2.439%</td>
</tr>
<tr>
<td>17 Bond Allocation System Followed***</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

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

+Weighted average rate of loans in the pipeline.
KEY RESULTS FOR MFA

Purpose. This transaction continues MFA’s successful federally taxable single-family monthly pass-through bond issues to refund old bond issues at today’s lower interest rates. This issue refunded (3) bond issues; 2006 Series A, B and C which are eligible for optional redemption at par on January 1, 2016.

Primary Objectives.

1. Refund 2006 Series A, B and C so as to increase MFA’s net interest margin and net worth over time.
2. Refund in such a way that allows MFA to keep the interest rate savings as opposed to simply subsidizing new production with such savings.

Structure. Key structuring characteristics of Series 2015E include:

- Bonds are taxable so as to allow MFA to retain all of the savings achieved by the refunding,
- Bonds were structured as monthly pass-through bonds so as to take advantage of the lower yield of pass-through bonds.
- A projected average life of 7.2 years at 100% PSA (similar to the 134% prepayment speed in the last 6 months) and 5.2 years at 200% PSA (similar to the lifetime speed of the portfolio).
- An optional 9-year par call if it proves profitable to redeem the bonds in the future.

Accomplishments. The results were very successful.

1. Low Yields. The Bonds were sold at a yield of 3.10%. This provides an ongoing annual net spread to MFA of 242 basis points.

2. Tightness to Treasury and GNMA Yields. MFA’s 2015E pass-through bonds were priced at attractive spreads to GNMA and Treasury yields, especially compared to other recent taxable refundings.

3. Net Present Value. The net present value of the transaction, assuming (conservatively) a 200% prepayment speed is approximately $1.5 million at a 3% discount rate. This net economic benefit is approximately 7% of the outstanding bonds. This is over 2 times the usual standard of 3% savings for whether a refunding is economically desirable.

Bond Results. Following are key highlights:

1. Investor Interest. The underwriter marketed the bonds at a 3.15% coupon given the high coupon collateral, despite the slow recent prepayment speed of 50% PSA in the last 6 months. There were 6 investors, resulting in bonds being oversubscribed by 1 times. The underwriter was able to lower the yield and reprice the bonds to 3.10%, thus creating greater savings for MFA.
2. **Benefits to Investors.** The bonds allowed an investor to purchase a housing bond that is very similar to buying taxable securities but with a key additional advantage. To buy GNMA securities with similar underlying loans and net coupons, an investor would normally have to pay a very large upfront premium in today’s market of up to 8% or more. The investor thus avoids the risk of early prepayments wiping out the value of its premium.

**Comparison to Other Single-Family Pass-Through Bond Issues**

In many ways the most comparable transaction in terms of collateral was MFA’s 2015 Series D issue in mid-July. There have been three other transactions since then. A Louisiana refunding later in July had much faster prepayment speeds than either of MFA’s transactions and slightly tighter spreads. A Texas transaction in mid-October is part of an overall indenture rated at a lower level by Moody’s and with semi-annual interest payments; as a result, it priced at much wider spreads to the indices than any other transaction. The most recent transaction was Virginia’s large, $140 million issue in late October. Unlike the other transactions, however, its loans are whole loans, which affects the bond pricing. MFA 2015 Series E priced much tighter to the indices than Virginia.

A key factor affecting MFA’s transaction is the very slow recent prepayment speed. Investors therefore assume MFA’s bonds will be outstanding significantly longer, and with a steep yield curve this translates into a higher spread to a given index.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>$ 21.2 MM</td>
<td>$140.9MM</td>
<td>$33.8 MM</td>
<td>$39.0 MM</td>
<td>$ 13.8 MM</td>
</tr>
<tr>
<td>Book-Running Manager</td>
<td>JP Morgan</td>
<td>Wells Fargo</td>
<td>Morgan Stanley</td>
<td>Raymond James</td>
<td>RBC</td>
</tr>
<tr>
<td>Purpose</td>
<td>Refunding</td>
<td>Refunding</td>
<td>Refunding</td>
<td>Refunding</td>
<td>Refunding</td>
</tr>
<tr>
<td>Rating</td>
<td>Aaa</td>
<td>Aa/AAA</td>
<td>Aa1/AA+</td>
<td>Aaa</td>
<td>Aaa</td>
</tr>
<tr>
<td>Maturity</td>
<td>2037</td>
<td>2042</td>
<td>2039</td>
<td>2038</td>
<td>2037</td>
</tr>
<tr>
<td>Optional redemption at par</td>
<td>9 years</td>
<td>10 years</td>
<td>10 years</td>
<td>10 years</td>
<td>9 years</td>
</tr>
<tr>
<td>Price (Coupon)</td>
<td>Par</td>
<td>Par</td>
<td>Par</td>
<td>Par</td>
<td>Par</td>
</tr>
<tr>
<td>Yield</td>
<td>3.10%</td>
<td>3.25%</td>
<td>3.20%</td>
<td>3.05%</td>
<td>3.125%</td>
</tr>
<tr>
<td>Tax Status</td>
<td>Taxable</td>
<td>Taxable</td>
<td>Taxable</td>
<td>Taxable</td>
<td>Taxable</td>
</tr>
<tr>
<td>PSA Speed (Last 12 Mos.)</td>
<td>134%</td>
<td>n.a.</td>
<td>161%</td>
<td>274%</td>
<td>113%</td>
</tr>
<tr>
<td>Projected Wtd. Average Life at 200% PSA</td>
<td>5.2 years</td>
<td>5.8 years</td>
<td>5.9 years</td>
<td>5.4 years</td>
<td>5.3 years</td>
</tr>
<tr>
<td>5 year Treasury</td>
<td>1.66%</td>
<td>1.53%</td>
<td>1.34%</td>
<td>1.69%</td>
<td>1.67%</td>
</tr>
<tr>
<td>Difference</td>
<td>+144 bp</td>
<td>+172 bp</td>
<td>+186 bp</td>
<td>+136 bp</td>
<td>+146 bp</td>
</tr>
<tr>
<td>10 year Treasury</td>
<td>2.25%</td>
<td>2.19%</td>
<td>2.04%</td>
<td>2.35%</td>
<td>2.41%</td>
</tr>
<tr>
<td>Difference</td>
<td>+ 85 bp</td>
<td>+106 bp</td>
<td>+116 bp</td>
<td>+70bp</td>
<td>+ 72 bp</td>
</tr>
<tr>
<td>GNMA I yield*</td>
<td>2.807%</td>
<td>2.765%</td>
<td>2.643%</td>
<td>2.904%</td>
<td>2.916%</td>
</tr>
<tr>
<td>Difference</td>
<td>+ 29 bp</td>
<td>+ 48 bp</td>
<td>+ 56 bp</td>
<td>+15 bp</td>
<td>+ 21 bp</td>
</tr>
</tbody>
</table>

*3.0% GNMAAs for current delivery assuming dealer FRCST prepay speeds, per Bloomberg.*
FEATURES OF THIS ISSUE

Pricing. Because the Bonds consisted of a single maturity of monthly pass-through bonds suited to institutional investors, the bonds were not offered to retail investors. Pricing took place after pre-marketing by the underwriter to approach investors who have shown interest and participation in the pass-through product.

Strong Institutional Demand. MFA attracted strong investor support for the Bonds, with orders from 6 institutional investors. This included one order for all the bonds, and helped enable the underwriters to reprice the bonds to a lower level.

Usually all institutional orders are brought in by the senior manager. On this transaction, J.P. Morgan as senior manager brought in $34.5 million of orders, and RBC brought in $12 million of additional orders which helped support the transaction.

UNDERWRITING

Underwriter. J.P. Morgan served as the book-running manager with RBC Capital Markets as co-manager.

Underwriting Fees. As with the prior pass-through issues, takedowns were established at lower levels than industry standards for long-term tax-exempt bond sales. Management fees were appropriate, consistent with industry standards, and in the same range as fees reported for other housing issues of similar size and structure.

Comparable Transactions.

Three weeks before MFA’s 2015E bonds were priced, Virginia priced a much larger $141 MM taxable pass-through refunding at a 3.20% yield. Virginia’s spreads to the 5 year Treasury, 10 year Treasury and GNMA I yields were about 20 basis points higher than MFA, although its spreads are affected by whole loan collateral.

MARKET DETAILS

Key Dates: Institutional Order Period: Tuesday, November 17, 2015  
Closing Date: Thursday, December 10, 2015

Economic Calendar. The recent economic signals with the greatest impact on financial markets was the much higher October non-farm payroll figure of 268,000 jobs reported on November 6th. This helped reduce the unemployment rate to 5.0%, and increased expectations that the Fed will finally begin raising interest rates at its December meeting. Since November 6th, signals have generally been about as expected. On the day of pricing, CPI came in at 0.2% as expected and industrial production at -0.2% slightly weaker than expected.

Treasuries. The 10-year Treasury bond yield reached a recent low of 1.99% in mid-October with significant market concern as to whether global, especially Chinese, economic news might cause the Fed to again postpone raising its rates. Rates rose gradually in late October and early November, with more optimistic statements from the Fed about rising rates and with the higher employment figures in early November. The 10 year Treasury was at 2.28% on Friday November 13th. Yields dropped over the weekend as a result of the terrorist attacks in Paris, then fluctuated through the time of MFA’s sales. On the day of the sale, yields which had risen by about 4 basis points prior to MFA entering the market dropped back toward the opening levels for the day. This helped support the repricing to 3.10%.
The volatility of the market has been extraordinary, with the average daily movement in Treasury prices approximately twice that of recent years.

**Municipals.** In recent weeks, municipals outperformed treasuries, partly as a result of significant inflows into municipal bond funds and less supply than expected in the weeks leading up to Thanksgiving. Weekly volume has been about $9 billion, somewhat lower than the $11 to $12 billion typical at this time of year.

**MBS Yields.** MBS yields are very relevant because investors can choose between purchasing MBS themselves or purchasing HFAs’ taxable pass-through bonds backed by MBS. In effect, bond purchasers look as much to the spread between taxable pass-through bonds and MBS as they do to the spread between pass-through bonds and treasuries. GNMA yields are generally less volatile than Treasury yields, although in the last month the yields have risen in line with Treasuries.
Tab 12
New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

November 30, 2015
NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the two-month period ended November 30, 2015

NEW ISSUES:
Single Family issue: None.
Multi-family issue: None.

COMPARATIVE YEAR-TO-DATE FIGURES:

<table>
<thead>
<tr>
<th></th>
<th>2 months 11/30/15 YTD</th>
<th>2 months 11/30/14 YTD</th>
<th>% Change Year / Year</th>
<th>Forecast 11/30/15 YTD</th>
<th>Actual to Forecast</th>
<th>Forecast/Target 9/30/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRODUCTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Single family issues (new money only):</td>
<td>$0.0</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$39.0</td>
</tr>
<tr>
<td>2 Single family loans sold (TBA):</td>
<td>$33.6</td>
<td>$25.7</td>
<td>30.7%</td>
<td>$19.5</td>
<td>72.3%</td>
<td>$117.0</td>
</tr>
<tr>
<td>3 Multifamily issues:</td>
<td>$0.0</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
</tr>
<tr>
<td>4 Payoffs:</td>
<td>$13.0</td>
<td>$13.9</td>
<td>-6.8%</td>
<td>$12.7</td>
<td>1.9%</td>
<td>$76.4</td>
</tr>
<tr>
<td><strong>BALANCE SHEET</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Avg. earning assets:</td>
<td>$967.5</td>
<td>$1,053.2</td>
<td>-8.1%</td>
<td>$969.0</td>
<td>-0.2%</td>
<td>$919.0</td>
</tr>
<tr>
<td>6 General Fund Cash and Securities:</td>
<td>$75.9</td>
<td>$71.4</td>
<td>6.3%</td>
<td>$72.9</td>
<td>4.1%</td>
<td>$71.9</td>
</tr>
<tr>
<td>7 General Fund SIC Fair Market Value Adj.:</td>
<td>$0.3</td>
<td>($0.1)</td>
<td>377.4%</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
</tr>
<tr>
<td>8 Total bonds outstanding:</td>
<td>$736.6</td>
<td>$809.2</td>
<td>-9.0%</td>
<td>$746.6</td>
<td>-1.3%</td>
<td>$685.5</td>
</tr>
<tr>
<td><strong>INCOME STATEMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 General Fund expenses:</td>
<td>$1.1</td>
<td>$1.2</td>
<td>-6.1%</td>
<td>$2.0</td>
<td>-46.3%</td>
<td>$12.1</td>
</tr>
<tr>
<td>10 General Fund revenues:</td>
<td>$2.6</td>
<td>$2.4</td>
<td>9.1%</td>
<td>$2.4</td>
<td>5.1%</td>
<td>$14.7</td>
</tr>
<tr>
<td>11 Excess revenue over expenses:</td>
<td>$1.5</td>
<td>$1.3</td>
<td>14.4%</td>
<td>$0.8</td>
<td>78.7%</td>
<td>$4.6</td>
</tr>
<tr>
<td>12 Net position:</td>
<td>$204.4</td>
<td>$199.4</td>
<td>2.5%</td>
<td>$203.7</td>
<td>0.3%</td>
<td>$207.5</td>
</tr>
<tr>
<td>13 Return on avg. earning assets (ann’lzd):</td>
<td>0.85%</td>
<td>0.68%</td>
<td>24.8%</td>
<td>0.47%</td>
<td>79.1%</td>
<td>0.50%</td>
</tr>
<tr>
<td>14 Net TBA profitability:</td>
<td>1.93%</td>
<td>2.21%</td>
<td>-12.7%</td>
<td>1.75%</td>
<td>10.3%</td>
<td>1.75%</td>
</tr>
<tr>
<td>15 Interest margin (consolidated)</td>
<td>0.75%</td>
<td>0.65%</td>
<td>15.4%</td>
<td>0.62%</td>
<td>21.0%</td>
<td>0.63%</td>
</tr>
<tr>
<td><strong>MOODY’S BENCHMARKS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Net Asset to debt ratio (5-year avg):</td>
<td>22.65%</td>
<td>19.79%</td>
<td>14%</td>
<td>23.72%</td>
<td>-5%</td>
<td>23.72%</td>
</tr>
<tr>
<td>17 Net rev as a % of total rev (5-year avg):</td>
<td>7.57%</td>
<td>6.09%</td>
<td>24%</td>
<td>7.42%</td>
<td>2%</td>
<td>7.43%</td>
</tr>
</tbody>
</table>

Legend: Positive Impact, Negative Impact, Caution/Known Trend

MONTHLY FINANCIAL TRENDS & VARIANCES:
The YTD General Fund SIC fair market value adjustments recorded as of 11/30/15: September-(368,052.83), October-$626,244. Still continue to see significant volatility in relation to valuations for interest rate sensitive investments.

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:
► Our FY16 estimates anticipate 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.
► Single family payoffs are continuing to decline this fiscal year. Current year payoffs are $13.0 mm, which is (6.8%) less than last year at this same time.
► Growth in our portfolio of Single family program loans and mortgage backed securities has shown a decrease of (2%) since the beginning of the fiscal year. Year-to-date (2 months) increase in total assets is .5%. Growth in assets is estimated to be a (6%) decrease this fiscal year and it is still assumed prepayments will exceed new assets as MFA utilizes the secondary market to fund the Single Family Mortgage Program as needed based on market conditions. In this funding execution, MFA does not issue debt to fund the program but instead the mortgage backed securities are sold to investors.
► FY16 excess revenues over expenditures are $1.5 mm which is 79% above the target of $.8 mm, and 14% above last year’s year-to-date income of $1.3 mm.
► The General Fund and Housing Program budget expenditures are (46%) under the pro-rated budget.
► Based on Moody’s issuer credit rating scorecard, MFA’s 22.65% net asset ratio (5-year average), which measures balance sheet strength, provides a strong and growing level of resources for maintaining HFA’s creditworthiness under stressful circumstance (> 20%). The net revenue as a percent of total revenue measures performance and profitability and MFA’s 7.57% ratio (5-year average) indicates satisfactory profitability with consistent trends (5%-10% range).
MONTHLY FINANCIAL GRAPHS

Assets Under Management as of 9/30/2016
($ in thousands)

YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2016

YTD Excess Revenues over Expenses as of 11/30/2015

Yield Targets 9/30/2016

(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor’s Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund
## NEW MEXICO MORTGAGE FINANCE AUTHORITY
### COMBINED STATEMENT OF NET POSITION
#### NOVEMBER 30, 2015
##### (THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>YTD 11/30/15</th>
<th>YTD 11/30/14</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>$28,108</td>
<td>$25,127</td>
</tr>
<tr>
<td>RESTRICTED CASH HELD IN ESCROW</td>
<td>10,874</td>
<td>-</td>
</tr>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ACCRUED INTEREST RECEIVABLE</td>
<td>3,468</td>
<td>4,101</td>
</tr>
<tr>
<td>MORTGAGE PAYMENT CLEARING</td>
<td>(5)</td>
<td>83</td>
</tr>
<tr>
<td>OTHER CURRENT ASSETS</td>
<td>1,710</td>
<td>1,373</td>
</tr>
<tr>
<td>ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)</td>
<td>-</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>$44,156</td>
<td>$30,684</td>
</tr>
<tr>
<td>CASH - RESTRICTED</td>
<td>46,529</td>
<td>57,460</td>
</tr>
<tr>
<td>LONG-TERM &amp; RESTRICTED INVESTMENTS</td>
<td>61,039</td>
<td>60,628</td>
</tr>
<tr>
<td>FNMA, GNMA, &amp; FHLMC SECURITIZED MTG. LOANS</td>
<td>626,703</td>
<td>694,879</td>
</tr>
<tr>
<td>MORTGAGE LOANS RECEIVABLE</td>
<td>191,248</td>
<td>182,547</td>
</tr>
<tr>
<td>ALLOWANCE FOR LOAN LOSSES</td>
<td>(2,614)</td>
<td>(2,433)</td>
</tr>
<tr>
<td>FIXED ASSETS, NET OF ACCUM. DEPN</td>
<td>983</td>
<td>1,112</td>
</tr>
<tr>
<td>OTHER REAL ESTATE OWNED, NET</td>
<td>490</td>
<td>554</td>
</tr>
<tr>
<td>OTHER NON-CURRENT ASSETS</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>INTANGIBLE ASSETS</td>
<td>64</td>
<td>72</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$968,598</td>
<td>$1,025,504</td>
</tr>
<tr>
<td><strong>DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REFUNDINGS OF DEBT</td>
<td>1,124</td>
<td>1,274</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td>$969,722</td>
<td>$1,026,778</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND NET POSITION:** |     |              |
| **LIABILITIES:**               |     |              |
| **CURRENT LIABILITIES:**      |     |              |
| ACCRUED INTEREST PAYABLE      | 8,344 | 10,188      |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | 4,574 | 4,670 |
| ESCROW DEPOSITS & RESERVES    | 10,874 | -           |
| **TOTAL CURRENT LIABILITIES** | 23,793       | 14,857      |
| BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT | 736,629 | 809,165 |
| MORTGAGE & NOTES PAYABLE      | 4,541 | 3,000 |
| ACCRUED ARBITRAGE REBATE      | 85   | 82           |
| OTHER LIABILITIES             | 246  | 239          |
| **TOTAL LIABILITIES**         | $765,294       | $827,344    |
| **NET POSITION:**             |     |              |
| INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT | 983 | (704) |
| UNAPPROPRIATED NET POSITION (NOTE 1) | 63,916 | 66,866 |
| APPROPRIATED NET POSITION (NOTE 1) | 139,529 | 133,273 |
| **TOTAL NET POSITION**        | $204,428       | $199,435    |
| **TOTAL LIABILITIES & NET POSITION** | $969,722 | $1,026,778 |
### New Mexico Mortgage Finance Authority

**Statement of Revenues, Expenses and Changes in Net Position**

*For the Two Months Ended November, 2015*

*(Thousands of Dollars)*

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 11/30/15</th>
<th>YTD 11/30/14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$5,898</td>
<td>$6,535</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>495</td>
<td>506</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>Administrative Fee Income (Exp)</td>
<td>886</td>
<td>1,160</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>54</td>
<td>11</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>46</td>
<td>42</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td>7,387</td>
<td>8,285</td>
</tr>
<tr>
<td><strong>Non-Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arbitrage Rebate Income (Expense)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain(Loss) Asset Sales/Debt Extinguishment</td>
<td>225</td>
<td>(175)</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>6,465</td>
<td>7,309</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Revenues</strong></td>
<td>6,693</td>
<td>7,140</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>14,080</td>
<td>15,425</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>1,081</td>
<td>1,070</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>5,183</td>
<td>5,895</td>
</tr>
<tr>
<td>Amortization of Bond/Note Premium(Discount)</td>
<td>(213)</td>
<td>(240)</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>15</td>
<td>(2)</td>
</tr>
<tr>
<td>Mortgage Loan &amp; Bond Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Amort. of Serv. Rights &amp; Depreciation</td>
<td>24</td>
<td>22</td>
</tr>
<tr>
<td>Amortization of Bond Issuance Costs</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bond Cost of Issuance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td>6,105</td>
<td>6,760</td>
</tr>
<tr>
<td><strong>Non-Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building Costs</td>
<td>21</td>
<td>55</td>
</tr>
<tr>
<td>Grant Award Expense</td>
<td>6,464</td>
<td>7,308</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Expenses</strong></td>
<td>6,486</td>
<td>7,363</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>12,591</td>
<td>14,123</td>
</tr>
<tr>
<td><strong>Excess Revenues Over Expenses</strong></td>
<td>1,489</td>
<td>1,302</td>
</tr>
<tr>
<td>Other Financing Sources (Uses)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over Expenses and Other Financing Sources</strong></td>
<td>1,489</td>
<td>1,302</td>
</tr>
<tr>
<td><strong>Net Position at Beginning of Year</strong></td>
<td>202,938</td>
<td>198,133</td>
</tr>
<tr>
<td><strong>Net Position at 11/30/2015</strong></td>
<td>204,428</td>
<td>199,435</td>
</tr>
</tbody>
</table>
MFA Net Position as of November 30, 2015:

UNAPPROPRIATED NET POSITION:

$ 37,085 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$ 26,795 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$ 36 held for New Mexico Affordable Housing Charitable Trust.

$ 63,916 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:

$ 86,581 for use in the Housing Opportunity Fund ($68,055 in loans plus $18,526 unfunded, of which $8,397 is committed).
$ 20,523 for future use in Single Family & Multi-Family housing programs.
$ 10,950 for loss exposure on Risk Sharing loans.
$ 983 invested in capital assets, net of related debt.
$ 10,990 for the future General Fund Operating Budget Y E 9/30/16 ($12,070 total budget less $1,080 expended budget through 11/30/15.)

$ 130,027 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:

$ 10,484 for use in the federal and state housing programs administered by MFA.
$ 10,484 Subtotal - Housing Program

$ 140,511 Total appropriated Net Position

$ 204,428 Total combined Net Position at November 30, 2015

Total combined Net Position, or reserves, at November 30, 2015 was $204.4 million, of which $63.9 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $140.5 million of available reserves, with $75.9 million primarily liquid in the General Fund and in the federal and state Housing programs and $64.6 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 11/30/15

<table>
<thead>
<tr>
<th>ONE MONTH</th>
<th>YEAR TO DATE</th>
<th>UNDER/(OVER) YTD</th>
<th>ANNUAL</th>
<th>UNDER/(OVER) ANNUAL</th>
<th>EXPENDED ANNUAL BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRO RATA</td>
<td>ACTUAL</td>
<td>BUDGET</td>
<td>ACTUAL</td>
<td>BUDGET</td>
<td>ACTUAL</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTEREST INCOME</td>
<td>440,271</td>
<td>910,869</td>
<td>1,030,459</td>
<td>119,589</td>
<td>6,182,753</td>
</tr>
<tr>
<td>ADMIN INCOME</td>
<td>731,642</td>
<td>1,290,646</td>
<td>1,240,802</td>
<td>(49,844)</td>
<td>7,444,812</td>
</tr>
<tr>
<td>OTHER OPERATING INCOME</td>
<td>84,307</td>
<td>108,307</td>
<td>171,456</td>
<td>63,149</td>
<td>1,028,737</td>
</tr>
<tr>
<td>SUBTOTAL OPERATING REVENUES</td>
<td>1,256,219</td>
<td>2,309,823</td>
<td>2,442,717</td>
<td>132,894</td>
<td>14,656,302</td>
</tr>
<tr>
<td>NON-OPERATING REVENUES</td>
<td>626,264</td>
<td>258,241</td>
<td>17</td>
<td>(258,224)</td>
<td>100</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>1,882,483</td>
<td>2,568,064</td>
<td>2,442,734</td>
<td>(125,330)</td>
<td>14,656,402</td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMPENSATION</td>
<td>473,638</td>
<td>743,535</td>
<td>1,013,541</td>
<td>270,006</td>
<td>6,081,243</td>
</tr>
<tr>
<td>TRAVEL &amp; PUBLIC INFO</td>
<td>18,686</td>
<td>35,384</td>
<td>71,377</td>
<td>35,992</td>
<td>428,259</td>
</tr>
<tr>
<td>OFFICE EXPENSES</td>
<td>45,783</td>
<td>91,485</td>
<td>134,238</td>
<td>42,753</td>
<td>805,429</td>
</tr>
<tr>
<td>OTHER OPERATING EXPENSES</td>
<td>100,775</td>
<td>186,615</td>
<td>235,087</td>
<td>48,472</td>
<td>1,410,522</td>
</tr>
<tr>
<td>SUBTOTAL OPERATING EXPENSES</td>
<td>638,883</td>
<td>1,057,020</td>
<td>1,454,242</td>
<td>397,222</td>
<td>8,725,453</td>
</tr>
<tr>
<td>NON-OPERATING EXPENSES</td>
<td>18,083</td>
<td>21,140</td>
<td>199,813</td>
<td>178,672</td>
<td>1,198,875</td>
</tr>
<tr>
<td>SUBTOTAL OPERATING &amp; NON-OPERATING EXPENSES</td>
<td>656,966</td>
<td>1,078,160</td>
<td>1,654,055</td>
<td>575,894</td>
<td>9,924,328</td>
</tr>
<tr>
<td>SERVICING &amp; CAPITAL OUTLAY</td>
<td>1,607</td>
<td>2,219</td>
<td>240,113</td>
<td>237,894</td>
<td>1,440,675</td>
</tr>
<tr>
<td>NON-CASH ITEMS</td>
<td>(27,561)</td>
<td>(158)</td>
<td>117,448</td>
<td>117,607</td>
<td>704,690</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>631,011</td>
<td>1,080,220</td>
<td>2,011,616</td>
<td>931,395</td>
<td>12,086,693</td>
</tr>
<tr>
<td>EXCESS REVENUE OVER EXPENSES</td>
<td>1,251,472</td>
<td>1,487,843</td>
<td>431,119</td>
<td>1,056,725</td>
<td>2,586,709</td>
</tr>
<tr>
<td>LESS CAPITALIZED ASSETS</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL EXPENSES LESS CAPITALIZED ASSETS</td>
<td>1,487,843</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## I. Financial Summary

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Excess Revenue</td>
<td>7,897</td>
<td>4,806</td>
<td>4,583</td>
<td>5,927</td>
<td>6,656</td>
</tr>
<tr>
<td>Total Earning Assets</td>
<td>1,011,244</td>
<td>946,291</td>
<td>891,737</td>
<td>888,493</td>
<td>889,416</td>
</tr>
<tr>
<td>Average Earning Assets</td>
<td>1,082,473</td>
<td>978,768</td>
<td>919,014</td>
<td>890,115</td>
<td>888,955</td>
</tr>
<tr>
<td>Return on Average Earning Assets (ROA)</td>
<td>0.73%</td>
<td>0.49%</td>
<td>0.50%</td>
<td>0.67%</td>
<td>0.75%</td>
</tr>
<tr>
<td>5-Year Rolling Average ROA</td>
<td>0.55%</td>
<td>0.56%</td>
<td>0.60%</td>
<td>0.60%</td>
<td>0.63%</td>
</tr>
<tr>
<td>General Fund Excess Revenue over Expense</td>
<td>6,033</td>
<td>7,651</td>
<td>2,913</td>
<td>3,582</td>
<td>4,189</td>
</tr>
</tbody>
</table>

## II. Strategic Plan Targets

### 1.1 Cash Reserve Policy approved by Board 8/15/12; 5 yr Avg. historical need FY10-FY14 x 2

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required per Policy</td>
<td>37,420</td>
<td>36,376</td>
<td>35,792</td>
<td>35,792</td>
<td>35,792</td>
</tr>
<tr>
<td>GF Cash Available</td>
<td>70,541</td>
<td>73,260</td>
<td>71,907</td>
<td>68,562</td>
<td>67,589</td>
</tr>
<tr>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
</tr>
</tbody>
</table>

### 1.1 Operating Performance & Profitability

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenues (excluding non-cash expenses)</td>
<td>8,762</td>
<td>5,632</td>
<td>5,288</td>
<td>6,663</td>
<td>7,407</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>96,097</td>
<td>90,203</td>
<td>88,163</td>
<td>90,684</td>
<td>91,564</td>
</tr>
<tr>
<td>Percentage</td>
<td>9.12%</td>
<td>6.24%</td>
<td>6.00%</td>
<td>7.35%</td>
<td>8.09%</td>
</tr>
<tr>
<td>Five year average percentage</td>
<td>7.00%</td>
<td>6.88%</td>
<td>7.43%</td>
<td>7.18%</td>
<td>7.36%</td>
</tr>
</tbody>
</table>

### 1.1 Balance Sheet Strength

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Asset Position</td>
<td>198,133</td>
<td>202,938</td>
<td>207,522</td>
<td>213,448</td>
<td>220,105</td>
</tr>
<tr>
<td>Bonds Outstanding</td>
<td>812,561</td>
<td>737,956</td>
<td>685,507</td>
<td>675,878</td>
<td>669,879</td>
</tr>
<tr>
<td>Percentage</td>
<td>24.38%</td>
<td>27.50%</td>
<td>30.27%</td>
<td>31.58%</td>
<td>32.86%</td>
</tr>
<tr>
<td>Five year average percentage</td>
<td>17.19%</td>
<td>20.36%</td>
<td>23.72%</td>
<td>26.74%</td>
<td>29.32%</td>
</tr>
</tbody>
</table>

## III. Major Assumptions:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>61,702</td>
<td>61,702</td>
<td>56,702</td>
<td>55,702</td>
<td></td>
</tr>
<tr>
<td>Effective yield on investments</td>
<td>2.34%</td>
<td>2.35%</td>
<td>2.40%</td>
<td>2.45%</td>
<td></td>
</tr>
<tr>
<td>Net MBS &amp; Loans</td>
<td>(61,036)</td>
<td>(52,449)</td>
<td>(9,628)</td>
<td>(5,999)</td>
<td></td>
</tr>
<tr>
<td>Effective yield on loans</td>
<td>4.45%</td>
<td>4.50%</td>
<td>4.55%</td>
<td>4.60%</td>
<td></td>
</tr>
<tr>
<td>Net Bonds &amp; Notes</td>
<td>(61,036)</td>
<td>(52,449)</td>
<td>(9,628)</td>
<td>(5,999)</td>
<td></td>
</tr>
<tr>
<td>Effective yield on bonds</td>
<td>4.55%</td>
<td>4.60%</td>
<td>4.65%</td>
<td>4.70%</td>
<td></td>
</tr>
<tr>
<td>Administrative Fees</td>
<td>5,286</td>
<td>4,800</td>
<td>4,800</td>
<td>4,800</td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>7,770</td>
<td>8,811</td>
<td>9,435</td>
<td>9,913</td>
<td></td>
</tr>
</tbody>
</table>

## IV. Summary of Changes for 9/30/2015:

- Updated for 9/30/2015 Actuals
- Updated for Budget approved 9/16/15
- Updated assumptions based on FY15 actuals

Forecast 9-2015.xlsx

12/29/2015
MFA COVERAGE

12-8    Hobbs News-Sun    Housing: 60 more units set for Playa Escondida

12-13   Hobbs News-Sun    Even with oil prices down, housing still a priority

12-17   Taos News        State sets deadline for housing documents

12-23   Taos News        Town misses state’s deadline to produce Chamisa Verde records

1-1     ABQ Business First    Senior living complex proposed near West Central

PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

12-15   MFA Holiday Card

12-18   QAP Update

1-11    Lender Memo 1-16    January training
HOUSING: 60 more units set for Playa Escondida

More units OK’d

CHARLIE BEARDEN
NEWS-SUN

The City of Hobbs commission unanimously approved $1.65 million in funding to Tierra Realty Trust for the second phase of the Playa Escondida housing complex.

The approval came during its regularly scheduled meeting Monday in the commission chambers at the City Hall North Annex.

The second phase would give the complex — located at the southwest corner of Yeso and Jefferson — a total of 120 units, 60 per phase. These apartments will be geared toward low-income families with children.

Phase one of the complex is currently under construction.

Also in the approval, as part of the resolution, is Tierra Realty Trust’s acquisition and rehabilitation of the Bel Aire Apartments, located at 2021 N. Jefferson. The rehabilitation calls for the reconstruction of the complex “to the studs” and then a complete rebuild of all 38 units.

“I just wanted to thank you for your support,” Stephen G. Crozier of Tierra Realty Trust told the commission. “Affordable housing in your town is a very important element for it to grow.”

The New Mexico Mortgage Finance Authority largely provided the funding for the project when it awarded low-income housing tax credits to the Santa Fe-based developer. Those credits amount to more than $929,940 per year which figures to cost more than 8.6 million over a 10-year period. It is the third time that Hobbs received MFA funding for housing.

During the presentation, City of Hobbs Planner Kevin Robinson complimented Tierra Realty Trust officials for their work on the project.

“Phase one is accomplishing a lot of developmental milestones in that area,” Robinson said. “The developer has addressed drainage above and beyond what is required in our municipal rules and regulations. Additionally he has addressed buffering above and beyond what we require and security as well.”

Earlier in the meeting the Commission and Mayor Sam Cobb recognized the Hobbs High School Boys Cross Country team following its recent success in winning the Class 6A state championship last month in Rio Rancho. Cobb read a proclamation naming Dec. 7, 2015 as “Hobbs Eagles Day.” Head coach Bob Jackson remarked on the work ethic of the team and introduced each team member in attendance.

“They work tremendously hard,” said Jackson of the team. “It’s a tremendous effort by these guys to achieve something like what they did this year.”

“If our youth is as committed and dedicated as these guys are, then we adults don’t have a lot to worry about,” he added.

In other news, the commission unanimously approved:

- A consent agenda that included a resolution authorizing an agreement with the New Mexico Department of Transportation relating to four projects involving awareness to ending DWI, 100 Days and Nights of Summer and texting and driving, amounting to approximately $43,000 and the acquisition of a new painting for the Hobbs Public Library through the efforts of the Friends of the Hobbs Public Library.

- A resolution to remove accounts receivable determined to be uncollectible in the amount of $51,211 through a period of Jan. 1, 2011 to Dec. 31, 2011.

- Approved the authorization letter to Baker Rinker Seacat Architecture for professional architectures and design services for the new Health Wellness and Learning Center totaling $1.7 million.

- A bid for Del Norte Pump Station improvements project and recommendation to accept the bid from Construction, LLC in the amount of $868,453.

- Approved the next commission meeting for Dec. 21, 2015.
Department of Transportation relating to four projects involving awareness to ending DWI, 100 Days and Nights of Summer and texting and driving, amounting to approximately $43,000 and the acquisition of a new painting for the Hobbs Public Library through the efforts of the Friends of the Hobbs Public Library.

- A resolution to remove accounts receivable determined to be uncollectible in the amount of $51,211 through a period of Jan. 1, 2011 to Dec. 31, 2011.
- Approved the authorization letter to Baker Rinker Seacat Architecture for professional architectures and design services for the new Health Wellness and Learning Center totaling $1.7 million.
- A bid for Del Norte Pump Station improvements project and recommendation to accept the bid from Construction, LLC in the amount of $568,453.
- Approved the next commission meeting for Dec. 21, 2015.

Charlie Benton can be contacted at 575-391-5434 or at reporter1@hobbsnews.com
Our view

Even with oil prices down, housing still a priority

THE ISSUE: The City of Hobbs this week approved funds for more housing projects.

WE SAY: The price of oil is down now, but housing remains a problem here, and prices will go up eventually.

It’s just what Hobbs needs, more housing. The Hobbs City Commission recently approved $1.65 million in funding to the second phase of the Playa Escondida housing complex currently being built in Hobbs.

That’s an approval for 60 more units to be built in Hobbs and a total of 120 units involved in the complex, which is receiving tax credits via the New Mexico Mortgage Finance Authority.

While the need for housing continues to be met, the commission threw in another approval for Santa Fe-based Tierra Realty Trust, the company responsible for Playa Escondida. City commissioners approved Tierra Realty Trust to gut out and re-construct the outdated Bel Aire Apartments on North Jefferson. That’s another 38 units that will be stripped “to the studs” to be rebuilt.

And the quality of work must also be noted. Hobbs officials state that Tierra Realty Trust is building the project “above and beyond” the current ordinance qualifications that City of Hobbs has established.

Why would the city continue to pump money into housing when residents are getting laid off from their oilfield-related jobs and moving out of town? Because when they come back we need a place for them to stay. Despite our current economic downfall housing continues to be a need in our community. Rental rates and homes prices are still considered high, although the numbers are dropping.

Even as the price of oil dips to around $40 a barrel, the need for more housing is still of great concern for our community.

Any Lea County resident who has lived here for more than 30 years knows the price of oil will always go back up. It’s as common for this area as tumbleweeds racing in the spring.

We have to keep plugging along with housing. Because there’s a good chance that all our friends who have left us, will be back.
State sets deadline for housing documents

The Chamisa Verde affordable housing subdivision (outlined in red) is located on the north side of Paseo del Cañon East near the Taos Youth and Family Center. The project's first phase (outlined in blue) is 10.2 acres and has been mired in questions about the legal transfer of properties for years. The 17.3-acre undeveloped portion, known as phase 2, still has the potential to provide space for low-income housing or subsidized rental properties.
The town of Taos says it will meet a deadline to provide records showing who currently owns homes in phase I of the beleaguered Chamisa Verde affordable-housing subdivision.

In an Oct. 15 letter to the town, Marjorie Martin, an attorney with the Mortgage Finance Authority, gave the town until Friday (Dec. 18) to provide the records. The agency is charged with overseeing affordable housing projects undertaken by local governments.

In her letter, Martin asked for proof of current ownership for Chamisa Verde lots and certification that those who received lots met certain income requirements. Martin wrote she did not receive a response to her initial inquiry in September. She wrote that governments that fail to follow the state’s affordable housing law can be subject to civil and potentially criminal penalties.

Town manager Rick Bellis wrote in an email the town would meet the deadline.

Town attorney Floyd Lopez said the town hired an outside entity to gather the documents.

Questions about the legitimacy of property transfers at Chamisa Verde has plagued the town-owned development for years. The subdivision was originally proposed 20 years ago as a solution to Taos’ lack of affordable housing for its working class.

Some progress was made on building homes and finding buyers, but the project quickly found itself in a legal quagmire.

In 2010, the town was facing investigations from the attorney general and the state auditor over handling of the subdivision. Martin (the same attorney from the Mortgage Finance Authority) wrote an email to the town detailing several findings, including
missing documents, inconsistent lot prices and alleged violations of the state’s anti-donation clause.

Both the attorney general and state auditor recently told The Taos News nothing had come of any investigations.

The Mortgage Finance Authority has also said it would not stand in the way of the town proceeding with affordable housing project on undeveloped parts of the Chamisa Verde property. Town and county officials have both said the undeveloped portion of the site is not ideal for some types of affordable housing, in part because of its relatively isolated location and lack of infrastructure.

What is and what could be

Slide the bar at the center of this image to see how designs for Chamisa Verde would transform what is mostly vacant land.

MORE INFORMATION

- [Twenty years on, town mulls options for beleaguered Chamisa Verde](#)
Town misses state’s deadline to produce Chamisa Verde records

By J.R. Logan

A contractor for the town of Taos has asked for an extension on a deadline to submit affordable housing records to the state Mortgage Finance Authority, according to a spokesperson for the agency.

The request for an extension comes after Taos Town Manager Rick Bellis said the town would be “on or ahead of schedule” in meeting that deadline.

The records are related to the Chamisa Verde subdivision — a town-owned affordable housing development that has been mired in controversy for more than a decade.

An attorney for the Mortgage Finance Authority sent a letter to the town in October asking for various records related to Chamisa Verde. The attorney said the records were due Dec. 18, or the town could face civil or criminal penalties.

Leann Kemp, communications manager for the agency, wrote in an email Monday (Dec. 21) attorney John Van Eaton had been hired by the town to produce title records for phase I of the subdivision. Kemp said Van Eaton called Tuesday to ask for another one-day extension. Kemp said he was supposed to deliver the records in person Tuesday (Dec. 22).

Questions about the legitimacy of property transfers at Chamisa Verde have plagued the town-owned development for years. Chamisa Verde have plagued the town-owned development for years. The subdivision was originally proposed 20 years ago as a solution to Taos’ lack of affordable housing for its working class.

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Both the attorney general and state auditor recently told The Taos News nothing had come of any investigations.

The Mortgage Finance Authority has also said it would not stand in the way of the town proceeding with affordable housing projects on undeveloped parts of the Chamisa Verde property. Town and county officials have said the undeveloped portion of the site is not ideal for some types of affordable housing, in part because of its relatively isolated location and lack of infrastructure.
Senior living complex proposed near West Central

Catholic Charities Archdiocese of Santa Fe will build a new apartment complex for seniors and grandparents raising their grandchildren.

The 54-unit complex, called Generations at West Mesa, will be built at 5715 Avalon Road NW. Nine of the 54 apartments will be market rate, while the rest will be affordable one, two and three-bedroom units.

Catholic Charities will use $2 million in workforce housing trust funds towards the project. The project is being built on city-owned property.

An Albuquerque city council staff report said Catholic Charities also plans to apply for low-income housing tax credits through the New Mexico Mortgage Finance Authority in 2016.

The complex is expected to be completed by the end of 2017.
Warm Wishes this Holiday Season!

From the folks at MFA.
December 18, 2015

TO: Multifamily/LIHTC Developers (via e-mail)

FROM: Susan Biernacki, Tax Credit Program Manager

Please be advised that, at management's recommendation, MFA's Board of Directors has approved modifying the 2016 QAP to return fees to 2015 QAP levels. The governor has approved the 2016 QAP, which is posted on our website at: http://www.housingnm.org/developers/low-income-housing-tax-credits-lihtc.

A. The only changes made to the previously posted QAP are:

1. Application fee: reduced from $3,500 to $500 for nonprofit/governmental entity; $1,000 for profits (same as 2015) (page 31)
2. Processing fee: (page 32)
   - For 9 percent credits reduced from 8 percent to 7.5 percent of allocation (same as 2015)
   - Projects financed with tax exempt bonds (i.e. 4 percent credits): reduced from 5.5 percent to 3.5 percent of allocation (same as 2015)
3. Extension fee: reduced from $1,000 to $500 (same as 2015) (page 33)

B. Other changes to the LIHTC portion of the website:

1. The 2016 application package downloadable document entitled "1. TC Application Checklist" item 1d was changed to reflect the revised fees.
2. The "2016 HOME/LIHTC Term Sheet" was added.
3. The "2016 Underwriting Supplement" was added.

C. If you plan to later request rental loans such as HOME, Housing Trust Fund, etc. please use the updated "Checklist" that will be posted no later than 12/31/15 for each loan program at http://www.housingnm.org/developers/mfa-developers.
TO: Participating Lenders

FROM: Erik Nore, Director of Homeownership

DATE: January 11, 2016

RE: Memo No. 16-01

January 2016 Web Training Schedule

- *MFA Single Family Programs and New DPA Funding Process*

MFA will be offering webinar training for the MFA Single Family Programs and Down Payment Assistance Funding Process, which became effective **October 1, 2015.**

The training is *designed* for all staff originating, processing, closing and shipping MFA loans. The trainings will be more technical in nature and will provide Participating Lenders with the information needed to efficiently originate, fund and deliver loans under the new programs/process.

**Single Family Program and DPA Funding Webinar Training:**

MFA will offer two (2) individual webinar trainings on the New Single Family Programs and the new DPA Funding Process.

Each of the two (2) webinars will cover the same material.

Participating Lenders only need to attend one of the webinars:
Thursday, January 21, 2016  10:00am-11:30am MST  
Friday, January 22, 2016  10:00am-11:30am MST  

To Participate:

Register via the MFA Lender Training link [http://www.housingnm.org/lender-training](http://www.housingnm.org/lender-training) no later than 5:00 PM MST on the business day prior to the training. Please register for the individual session(s) that will be attended. The materials will be sent to you the evening before the training. Below is the link and call in numbers for all of the sessions.

Conference Dial-in Number: (641) 715-3276  
Participant Access Code: 297334#  

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

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Albuquerque, NM 87102

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