NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, June 17, 2015 at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting
➤ Roll Call (Jay Czar)
➤ Approval of Agenda – Board Action
➤ Approval of 5/20/15 Board Meeting Minutes – Board Action
➤ Employee Introductions – Sarah Marinelli, Administrative Assistant (Doris Clark)

| Board Action Items | Action Required?
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<td>2 Proposed HOME DPA Program Household Income Limits (Erik Nore)</td>
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<td>3 Proposed 2015 Single Family Program Acquisition Cost Limits (Erik Nore)</td>
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<td>5 Mortgage Servicing Legal Services Contract Amendment (Theresa Laredo-Garcia)</td>
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<td>6 House by House Reservation Rehab NoFA (Laurie LindenDill)</td>
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<td>14 Quarterly Single Family Production Report (Erik Nore)</td>
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<td>15 Changes to Year 1 (FY 2015) of the MFA Strategic Plan (Erik Nore)</td>
<td>YES</td>
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<td>16 FY 2015 Strategic Plan Status Update</td>
<td>NO</td>
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<td>▪ Affordable Housing Act: Plans and Implementation (Nicole Sanchez)</td>
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Other Board Items

17 (Staff is available for questions)
▪ Staff Action Requiring Notice to Board
▪ To Be Announced (“TBA”) Activity Report

Monthly Reports

18 (Staff is available for questions)
▪ 4/30/15 Financial Statements
▪ Communications Department Report

Announcements and Adjournment

Confirmation of Upcoming Board Meetings
➤ July 15, 2015 – Wednesday, 9:30 a.m. (MFA)
➤ August 19 - 20, 2015 MFA Board of Directors Meeting & Retreat
➤ September 16, 2015 – Wednesday, 9:30 a.m. (MFA)
➤ September 17, 2015 – MFA’s 40th Celebration Open House (MFA 5:00 p.m. – 7:00 p.m.)
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Board Action Items

Finance Committee

1  Proposed 2015 Single Family Program Household Income Limits (Erik Nore) - Household income limits are used to qualify homebuyers for the single family program and are reviewed annually for adjustments. MFA utilizes the Area Median Income to determine the applicable household income limit for the single family programs. Because New Mexico is considered a “high housing cost area”, MFA is able to adjust household income limits to mitigate the negative effect of high housing costs. Staff is requesting Board approval for the Proposed 2015 Single Family Program Household Income Limits as well as the authority to adjust the Household Income Limits as necessary in order to be immediately compliant with the new requirements.

2  Proposed HOME DPA Program Household Income Limits (Erik Nore) - HOME regulations require MFA to adjust the Household Income Limits for the HOME DPA programs based on the new annual Area Median Income calculations. Staff recommends Board approval of the Proposed 2015 HOME Down Payment Assistance Program Household Income Limits as well as the authority to adjust the Household Income Limits as necessary in order to be immediately compliant with the new requirements.

3  Proposed 2015 Single Family Program Acquisition Cost Limits (Erik Nore) - MFA’s single family program includes the HERO and MortgageSaver first mortgage programs as well as the Housing Opportunity Fund down payment assistance programs. Each year, average area purchase prices are published by Department of the Treasury, which are used to calculate the Acquisition Cost Limits for MFA’s single family program. The Acquisition Cost Limits are based on either 90% or 110% of the average area purchase price, depending on if the property is located in a non-Targeted or Targeted area. Staff requests Board approval of the Proposed 2015 Single Family Program Acquisition Cost Limits as well as the authority to adjust the Acquisition Cost Limits as necessary to be compliant with the IRS requirements.

4  External Audit Services Awards (Yvonne Segovia) - The Board approved the RFP for External Audit Services on April 15, 2015. We received four responses, all of which met the Minimum Requirements and were scored. This audit will be conducted as a joint venture with the Office of the State Auditor (OSA). Staff recommends the approval of the sole source procurement for the External Audit Services to be provided by the OSA and the joint venture award for External Audit Services be made to Moss Adams. If the award is not approved by the OSA, staff requests authority to grant the award to the Offeror with the next highest score that is approved by the OSA.

Contracted Services / Credit Committee & Housing Trust Fund Committee

5  Mortgage Servicing Legal Services Contract Amendment (Theresa Laredo-Garcia) - MFA received written notification from Weinstein and Riley, P.S. of Elizabeth Mason’s departure from the firm where she serves as managing attorney. Per the terms and conditions of the request for proposal, any change to key contract personnel, including managing attorney and changes to attorneys assigned to the Agreement, would require written notice, MFA Board approval and an amendment to the contract. Staff confirmed that Weinstein and Riley continue to meet MFA’s minimum qualifications. In addition, a due diligence review of Mr. Bousliman’s qualification was completed and
staff has confirmed that Mr. Bousliman is qualified to perform under the terms of the request for proposal and comply with the terms and conditions of the Agreement. Staff recommends approval to replace Elizabeth Mason with Jason C. Bousliman, Esq. as MFA’s Managing Attorney for the remainder of the existing Mortgage Servicing Legal Services Agreement “The Agreement” with Weinstein and Riley, P.S.

6  **House by House Reservation Rehab NoFA (Laurie LindenDill)** - Staff recommends approval of the 2015 House by House Reservation Rehabilitation Program – Notice of Funds Availability (NoFA). The purpose of the program is to provide funding for the rehabilitation of homes occupied by eligible low-income homeowners to bring their homes back to code, safety and habitability standards. The estimated HOME funding available for the 2015 House by House Reservation Rehabilitation Program is $2,545,000. Staff is recommending three changes to the program; a decrease in the per-unit subsidy, a decrease in the number of open projects a Partner can have at one time and amending the Financial Audit requirements.

7  **2015 – 2016 Continuum of Care Performance Awards (Natalie Michelback and Rose Baca-Quesada)** - The Continuum of Care (COC) performance awards were established to provide support to agencies statewide that offer homeless prevention and supportive services through this limited source procurement. Twenty Seven (27) agencies submitted the COC renewal application and package, and staff recommends approval for all awards. The estimated funding available for the COC 2015-2016 PY is $ 442,692.

8  **Approval to apply for Lead Hazard Reduction NoFA (Gina Bell)** - We would respectfully request to obtain approval to submit a proposal for a Lead-Based Paint Hazard Control (LBPHC) Grant Program funding with the understanding that it will supplement our NM Energy$mart Program and generate income, through administration fees, to MFA.

9  **Linkages Contract Renewals (Debbie Davis)** - Linkages is a permanent supportive housing voucher program for persons with a severe mental illness who are homeless or precariously housed. The program is funded by the state through the Behavioral Health Purchasing Collaborative and the Statewide Entity, Optum Health New Mexico. Staff recommends that procurement for the Linkages Program renewal and expansion be conducted as limited source procurement for the five (5) existing Housing Providers and two (2) new Housing Providers, with awards subject to availability of funding from the State of New Mexico.

10  **General Counsel Legal Services Award recommendation (Marjorie Martin)** - MFA’s Internal Review Committee has reviewed the two responses submitted to the RFP To Provide General Counsel Legal Services and determined that the response from the law firm of Sheehan & Sheehan, PA scored highest in the criteria for evaluation provided in the RFP. The Internal Review Committee therefore proposes that the firm of Sheehan & Sheehan, PA be selected for award pursuant to the provisions of the RFP.

11  **Housing Development and Multifamily Mortgage Servicing Legal Services Award Recommendation (Marjorie Martin)** - MFA’s Internal Review Committee has reviewed the sole response submitted to the Housing Development and Multi-Family Mortgage Servicing Legal Services RFP and determined that the response from the law firm of Sutin Thayer & Browne met all threshold requirements and scored highly in the criteria for evaluation provided in the RFP. The Internal Review Committee therefore proposes that the firm of Sutin Thayer & Browne be selected for award pursuant to the provisions of the RFP.

12  **Pecos, LTD (Dexter, NM) Primero Development Grant Request (Michael Scott)** – JL Gray is requesting a Primero Supportive Housing Development Grant of $100,000 to assist in the rehabilitation of 28 existing low-income rental units. The grant funds will assist them in paying for needed repairs to the Pecos LTD project. JL Gray is an experienced developer, owner and manager of affordable housing projects throughout the state.

13  **Infrastructure Capital Improvements Plan (Gina Hickman)** - In early June, the NM Department of Finance and Administration advised that MFA may submit a five-year Infrastructure Capital Improvements Plan (ICIP) through the state agency process for capital outlay funding. ICIPs are due on July 1, 2015. Staff recommends submitting the following programs for inclusion in the ICIP: $5 million for the New Mexico Housing Trust Fund, $1 million for NM
EnergySmart and $1.65 million for Down Payment Assistance,


15 Changes to Year 1 (FY 2015) of the MFA Strategic Plan (Erik Nore) - The MFA Board of Directors approved MFA’s 2015-2017 Strategic Plan in September 2014. Each year, MFA’s Strategic Management Committee requests board approval of any needed changes to the MFA Strategic Plan. For Year 1 (FY 2015), there are seven proposed changes including: three wording changes (Objectives 3.4 and 5.3), two increases in production benchmarks (Objectives 4.2 and 4.4), one additional benchmark (Objective 1.3) and one change in the scope of work for a benchmark (Objective 4.3).

16 FY 2015 Strategic Plan Status Update
   ▪ Affordable Housing Act: Plans and Implementation (Nicole Sanchez) - This quarter’s presentation about an MFA initiative in the Strategic Plan is on the Affordable Housing Act & Plans, Priority 3 Work Plan 3.2, Provide qualify training and technical assistance to our partners, A. Affordable Housing Plans. The presentation is on the Affordable Housing Act (AHA), how local governments donate local resources towards affordable housing, the affordable housing plan process and MFA’s shift towards plan implementation. The presentation will include our first report on the value of local government donations since 2009. Great news!

Other Board Items Information Only
17 (Staff is available for questions)
   ▪ Staff Action Requiring Notice to Board
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Monthly Reports No Action Required
18 (Staff is available for questions)
   ▪ 4/30/15 Financial Statements
   ▪ Communications Department Report

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   Confirmation of Upcoming Board Meetings
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   ➢ September 17, 2015 – MFA’s 40th Celebration Open House (MFA 5:00 p.m. – 7:00 p.m.)
Minutes
Chair Burt convened the meeting on May 20, 2015 at 9:34 a.m. Secretary Jay Czar called the roll. Members present: Chair Dennis Burt, Sally Malavé (Designee for Attorney Hector Balderas) Lieutenant Governor John Sanchez (arrived after approval of the minutes), Treasurer Tim Eichenberg, Angel Reyes and Steven Smith. Absent: Randy McMillan. Czar informed the Board that the meeting was being held in accordance with the New Mexico Open Meetings Act.

Chair Burt welcomed board meeting attendees and noted that the meeting was being webcast.

Approval of Agenda - Board Action. Motion to approve the May 20, 2015 Board agenda as presented: Malavé. Second: Smith. Vote: 5-0.

Approval of 4/15/15 Board Meeting Minutes – Board Action. Motion to approve the April 15, 2015 Board Meeting Minutes as presented: Malavé. Second: Eichenberg. Vote: 5-0.

Approval of 4/15/15 Board Study Session Servicing Expansion Phase II Meeting Minutes – Board Action. Motion to approve the April 15, 2015 Study Session Servicing Expansion Phase II Meeting Minutes as presented: Smith. Second: Malavé. Vote: 5-0.

Lieutenant Governor John Sanchez arrived 9:37 a.m.

Employee Introductions: Jay Czar introduced the following new employee: Dolores Deer, Human Resources Manager.

Finance Committee

1. Supercircular Readiness Assessment (Danny Martinez, REDW). Martinez began by informing the Board that REDW had performed consulting services to assist (MFA) in evaluating readiness for the Supercircular, also known as 2 CFR Part 200. He stated that REDW had focused on evaluating MFA’s federal program processes and procedures to assess readiness for 2 CFR Part 200 (Supercircular), and to comment on related best practices and internal controls. He also stated that during the planning process in order to gain an understanding of processes and procedures at both the entity-wide level and federal program level, MFA’s policies and procedures were reviewed as well as various MFA federal programs. He made reference to the list provided of MFA Employees who were interviewed. He reviewed the Assessment Criteria, Assessment Procedures and Assessment Results and recommendations, which are located behind tab one and will become a part of the official board packet. Motion to accept the Supercircular Readiness Assessment as presented: Eichenberg. Second: Sanchez. Vote: 6-0. (See attachment A)

2. 3/31/15 Quarterly Financial Statements (Gina Hickman). Hickman began her presentation by informing the board that $35mm, 2015 Series A, of new money bonds were issued in March and that MFA had also issued two bond refunding transactions, 2015 Series B and C. She reviewed payoff activity, total assets and deferred outflows of resources, and net position. She spoke briefly about the single family reservations, stating that we have seen a 100% increase in this activity in comparison to last year at this time and feel we are going to have a very strong year. Hickman also reviewed General Fund/Housing Program cash & securities and MFA’s General Fund and Housing Program budget performance. The full report is located behind tab two and will be included in the official board packet. She pointed out that under the quarterly reports (tab 16) is the new Quarterly Board Report, which focuses on department and program production. It is a good indication that we are providing affordable housing services across the state and programs are performing well. Discussion ensued regarding reservations distribution throughout the state. Hickman stated that a report by county would be distributed to the Board. Motion to approve the 3/31/15 Quarterly Financial Statements as presented: Reyes. Second: Eichenberg. Vote: 6-0. (See Attachment B)
3/31/15 Quarterly Investment Review (Kathy Keeler). Keeler reviewed the Quarterly Investment Review packet behind tab two which will be included in the official board packet. She reviewed Graph 1 highlighting the different types of investments, balances and compliance with Investment Policy ranges. She then continued to review a series of graphs and charts pertaining to MFA’s investments which highlighted more detailed information. Keeler also reviewed the General Fund Cash Flows stating that 3/31/15 ending cash and securities were $76.6 mm and that ending cash and securities for the next two fiscal years is projected to range between $78.2 mm and $81.0 mm. Keeler then updated the Board on the progress that is being made by Government Portfolio Advisors (“GPA”) in reviewing MFA’s investment program by reviewing a timeline prepared by GPA. She informed the Board that the investment advisor will present to the Board at the August board retreat. Motion to approve the 3/31/15 Quarterly Investment Review as presented: Reyes. Second: Sanchez. Vote: 6-0. (See attachment B)

3 Authorized Signature Resolution (Gina Hickman). Hickman explained that this is a housekeeping item. As a result of a number of employees out of the office at the same time and transition of duties, we may not have sufficient authorized signors to sign checks. In order to ensure continuity of business, Staff is recommending the addition of the Director of Community Development to individuals authorized to sign on bank accounts and related bank documents. The second resolution is more detailed to provide the signatures of individuals authorized to sign bank accounts because specimen signatures are normally required for bank documents. Motion to approve the Authorized Signature Resolution as presented: Reyes. Second: Eichenberg. Vote: 6-0. (See attachment C)

Allocation Review Committee

4 Low Income Housing Tax Credit (LIHTC) Awards (Dan Puccetti). Puccetti began by explaining in accordance with the 2015 State of New Mexico Housing Tax Credit Program Qualified Allocation Plan (QAP), MFA accepted applications for the competitive 9% Tax Credit round submitted by February 2, 2015. MFA received 16 applications requesting a total of $14,309,500 in annual Tax Credits. A total of $4,370,837 in 2015 Tax Credits and a forward allocation of $1,896,202 of 2016 Tax Credits will fully fund the top seven scoring eligible projects and are being recommended by staff. The remaining eight eligible projects will make up the wait list. Fifteen Projects were determined to be "Eligible" for Tax Credit awards. One Application was rejected because it was deemed not financially feasible. An appeal was filed and heard by the ARC on 5/6/15; staff’s decision was upheld. Each Application was reviewed for threshold requirements, scored, and underwritten to test financial feasibility and determine the maximum allowable Tax Credit award. Threshold issues were discussed with legal counsel and, pursuant to Section IV.C.5 of the QAP, Applicants were allowed a deficiency correction period to remedy correctable threshold issues. All correctable threshold deficiencies identified were remedied during the correction period. The results of staff’s rating and ranking were reviewed and approved by the Allocation Review Committee (ARC), and the ARC recommends the awards as presented behind tab four, which will become a part of the official board packet. Seven of the 15 Eligible Projects are proposed for awards in this round and are located in the following counties; Dona Ana, Sandoval, McKinley, Grant, Lea, Bernalillo and Eddy. All of the Projects are in Areas of Statistically Demonstrated Need. All of the recommended projects will provide social services via commitments with Local Lead Agencies: Four of them designated 20% of their units for Special Needs households. A fifth designated 5% of its units for Special Needs households and will also serve households with children. The final two projects will serve households with children. Discussion ensued regarding assistance/resources provided to communities in the technical aspects of applying for tax credits. Chair Burt complimented staff, member Reyes and the ARC (Allocation Review Committee) on their efforts – he noticed construction costs are down $5k per unit (i.e. about 3%), making MFA able to fund more units in our state. So for the discipline that has been applied to this process, to yield a decrease in the cost per unit, is significant and is something we have been focusing on for some time. He would like to compliment staff’s hard work on this effort and offered congratulations. Motion to approve the 2015 Low Income Housing Tax Credit Awards and Tax Credit forward allocation as recommended: Sanchez. Second: Malavé. Vote: 6-0. (See Attachment D)
Contracted Services / Credit Committee & HTF (Housing Trust Fund) Committee

5 Domingo Housing Project (Santo Domingo Pueblo) (Michael Scott). Scott explained that Domingo Housing Project is located in Santo Domingo Pueblo, New Mexico. The proposed project involves a request for new construction of 41 low income rental housing units. The project will serve households with incomes of 40% - 60% of Area Median Income (AMI). Four units will be handicapped accessible and ten units will be available for families with children. Thirty units will offer rental assistance through NAHASDA Housing Assistance payments (HAP) contract, allowing tenants to pay 30% of their adjusted gross monthly incomes toward rent. MFA is requesting funds in the following funding sources and amounts: HOME Rental Award of $307,500, 22-year Construction-to Permanent Loan, consisting of 24-month construction period at 0.0% interest rate with no payments, then converting to a 20-year Permanent loan at 3.0% interest rate with 240 equal payments of principal and interest. HTF Award of $1.5MM, 24-month Construction loan at a 3.0% interest rate per annum and no loan fees. Primero Rental Award of $800k, 24-month Construction loan at a 2.5% interest rate per annum and a 1.0% up front loan fee. Motion to approve the Domingo Housing Project Recommendations for the HOME loan in the amount of $307,500, HTF loan in the amount of $1.5mm and Primero loan in the amount of $800k as presented: Malavé. Second: Eichenberg. Vote: 6-0. (See Attachment E)

6 Silver Cliffs Apartments HTF Award (Silver City) (Michael Scott). Scott explained that Silver Cliffs Apartments is located in Silver City, NM. The proposed project is an acquisition and rehabilitation project which consists of 80 low income units and will serve households with incomes of 35% - 60% of Area Median Income (AMI). MFA is requesting additional funds in the following funding source and amount: HTF Award of $500k, 32-year Construction-to Permanent Loan, consisting of 24-month construction period at 3.0% interest rate with monthly interest only payments, then converting to a 30-year Permanent loan at 3.0% interest rate with 360 equal payments of principal and interest. Motion to approve the Silver Cliffs Apartments Award Recommendations as presented: Eichenberg. Second: Sanchez. Vote: 6-0. (See Attachment F)

7 Casa Feliz HTF Award (Albuquerque) (Michael Scott). Scott explained that Casa Feliz is located in Albuquerque, NM. The proposed project involves the new construction of 85 (one manager’s unit) low income multi-family rental low and will serve households with incomes of 30% - 60% of Area Median Income (AMI) – it is the second phase of Plaza Feliz. MFA is requesting a HTF loan of $1.1mm, 32-year Construction-to Permanent Loan, consisting of 24-month construction period at 3.0% interest rate with monthly interest only payments, then converting to a 30-year Permanent loan at 3.0% interest rate with 360 equal payments of principal and interest. Motion to approve the Casa Feliz HTF Award as presented: Malavé. Second: Reyes. Vote: 6-0. (See Attachment G)

8 Parkside Terrace HOME Rental Award (Hobbs) (Sabrina Su/Dan Puccetti). Su explained that Parkside Terrace is located in Hobbs, NM. The proposed project involves the new construction of the 65-units (one manager’s unit) mixed use with 13 units set aside for special needs it will target households with incomes of 30% - 60% of Area Median Income (AMI). MFA is requesting a HOME Rental award in the amount of $400k at a 0% per annum rate for a period of 42 years – Construction 24 months, converting to Permanent 40 years. Motion to approve the Parkside Terrace HOME Rental Award as presented: Smith. Second: Sanchez. Vote: 6-0. (See Attachment H)

9 Roselawn Manor Apartments HOME Rental Award (Artesia) (Sabrina Su/Dan Puccetti). Su explained that Roselawn Manor Apartments are located in Artesia, NM. The proposed project involves the new construction of 63 rental units serving families with 13 units set aside for special needs it will target households with incomes of 30% - 60% of Area Median Income (AMI). MFA is requesting a HOME Rental award in the amount of $400k at a 3% per annum rate for a period of 42 years – Construction 24 months, converting to Permanent 40 years. Motion to approve the Roselawn Manor Apartments HOME Rental Award as presented: Malavé. Second: Smith. Vote: 6-0. (See Attachment I)

10 2015 Rental Assistance Program – Award Recommendations (Laurie LindenDill). LindenDill began by stating staff is recommending approval of the Rental Assistance Program. The Rental Assistance Program (RAP) was established by the MFA to provide rapid—rehousing assistance to families or individuals
experiencing homelessness and homeless prevention assistance to families and individuals to prevent homelessness. The MFA may combine U.S. Department of Housing and Urban Development (HUD) Emergency Solutions Grant (ESG) funding with New Mexico State (State) homeless assistance funding to establish the MFA Rental Assistance Program (RAP). The estimated funding available is as follows: Total Homeless Funding Sources: $2,254,566; ESG - $989,566, State - $1,265,000, Total Rental Assistance Program funding: $822,307.99; Program - $759,057.99 and MFA Admin - $63,250. Ten responses were received on March 17, 2015. All responses met Minimum Threshold Requirements; a sufficient score to obtain a minimum contract of $10,000. LindenDill reviewed the award recommendations and explained how the additional amounts were derived. The list of recommended awardees is located behind tab ten and will become a part of the official board packet. Motion to approve the 2015 Rental Assistance Program – Award Recommendations as presented: Eichenberg. Second: Smith. Vote: 6-0. (See Attachment J)

Catholic Charities - Eliza Bozza, Executive Director of the Housing Center and James Walker, Program Manager made a presentation to the Board regarding their appreciation for the funds awarded. They explained what type of clients they serve and explained some of the needs that come through their doors. They explained that these funds would allow them to continue to be able to provide services for their clients. Angel Trujillo, client explained her situation and how grateful she was to Catholic Charities for the blessings her family of five received from this program and how the additional resources have improved their lives. Executive Director Bozza explained that these families also give back; Trujillo’s family volunteers with Special Olympics. She also addressed how much funding per family and talked about the classes/resources that are offered through their agency to assist families in getting and staying on their feet.

11 2015 - 2016 Final Program Awards for EHAP (Karen Anderson). Anderson informed the Board that MFA administers the Emergency Homeless Assistance Program (EHAP) which was established to help improve the quality of existing shelters for the homeless by helping to meet operating costs and to provide essential services to individuals and families experiencing homelessness. The estimated funding available for the EHAP 2015-2016 PY is $ 854,348.55. In January 2015 the MFA Board of Directors approved the RFP for release. Twenty-five (25) responses were received on February 19, 2015. One applicant withdrew their application due to not meeting the established minimum threshold. All twenty four respondents are recommended for funding. Approval of awards is based on funding availability pending the final allocation amount for the State of New Mexico and from HUD. She made reference to the list of awardees located behind tab eleven, which will become a part of the official board packet. She informed the Board that the final award amounts will be submitted through the Staff Action Report. Motion to approve the 2015 - 2016 Final Program Awards for EHAP as presented: Reyes. Second: Sanchez. Vote: 6-0. (See Attachment K)

Barrett Foundation – Michaelaylor, Executive Director and Connie Chavez, Program Manager made a presentation to the Board regarding their appreciation for the funds awarded and grateful for the opportunity to make a difference in people’s lives. They spoke of the clients they serve, gave examples of the emergency situations that come in and the number of calls they receive (25 per day). He explained that they are much more than a shelter and gave examples of some of the needs that are met on a daily basis. They explained that these funds would allow them to continue to be able to provide services for their clients. Latisha, client explained how Barrett Foundation has impacted her life. She further explained how they have provided her classes to teach her life skills and provided a welcoming, safe, warm place to stay. She explained that she finally felt that she could make it on her own and will be moving out to her own place. Latisha informed the Board that she will be back to volunteer to pay for the help they have provided as well as attend additional classes.

12 Approval of the NM EnergySmart Department of Energy (DOE) Annual and Master State Plans (Izzy Hernandez/Gina Bell). The NM EnergySmart program helps low-income New Mexicans save money on utility bills. Homeowners and renters who qualify for the program receive an average of $6,000 in weatherization measures. The Department of Energy is the primary funding source because they set the rules and regulations for the program and they are the only funding source that provides vehicle and equipment and a training and technical assistance budget. In order to receive the funding the “State Plan” must be submitted no later than May 1, of every year. For Program Year 2015/2016 we anticipate total funding for the NM EnergySmart Program will be $5,326,820. The state plan only refers to the $1,475,444 we will receive from the Department of Energy. We are projecting that 586 homes will be weatherized. Bell reviewed the Comparison
of Plans for PY 2014/2015 and 2015/2016 as well as other changes, which are located in the memo behind tab 12 and will be included in the official board packet. Member Sanchez asked if the program is working. Bell responded that it is. Hernandez stated that staff is prepared to give a detailed report regarding member Sanchez’ request at a future board meeting. Motion to approve the NM Energy$mart Department of Energy (DOE) Annual and Master State Plans as presented. Sanchez. Second: Malavé. Vote: 6-0. (See Attachment L)

13 Proposed Appointment to the Western Regional Housing Authority (WRHA) Board of Commissioners (Rose Baca-Quesada). Baca-Quesada stated that she would be making the recommendation of Diana May-Diaz as commissioner for WRHA. As required with the Regional Housing Act, Section 5. 11-3A-6, Powers of Regional Housing Authority in Board of Commissioners, Appointment of Board of Regional Housing Authorities and Term, all recommendations for appointment as commissioners are to be forwarded to and reviewed by the MFA prior to recommendation to the Governor. The term of the Luna County commissioner Beverly Kostelinik expired and has given notice to the (“WRHA”) Executive Director, Cathy DeMarco that she will not seek reappointment. Ms. DeMarco contacted numerous stakeholders and received a letter of interest and resume from Diana May-Diaz for the purpose of filling the Luna County commissioner vacancy. Ms. Diana May-Diaz fulfills the requirements and has expressed interest in serving as commissioner. Staff recommends Board approval and submission to Governor Martinez for her approval and appointment. Motion to approve the Appointment of Diana May-Diaz to the Western Regional Housing Authority (WRHA) Board of Commissioners as recommended: Smith. Second: Eichenberg. Vote: 6-0. (See Attachment M)

Other Board Items - Information Only
14 No questions were asked of staff.
- Staff Action Requiring Notice to Board
- Q2 Strategic Plan Dashboard

Monthly Reports - No Action Required
15 No questions were asked of staff
- To Be Announced (“TBA”) Activity Report
- Communications Department Report

Quarterly Reports - No Action Required
16 No questions were asked of staff
- Quarterly Board Report
- Report of Potential Pre-Payments

Announcements and Adjournment - Confirmation of Upcoming Board Meetings. Chair Burt He informed the Board that the next meeting will be on June 17, 2015 at the offices of the MFA at 9:30 a.m.

There being no further business the meeting was adjourned at 11:45 a.m.

Approved: June 17, 2015

______________________________  ________________________________
Vice Chair, Angel Reyes              Secretary, Jay Czar
| Tab 1 |
**NEW MEXICO MORTGAGE FINANCE AUTHORITY**

**Finance/Operations Committee Meeting**

**Tuesday, June 9, 2015 at 1:30 p.m.**

To dial in to the conference call dial: (559) 546-1000 Code for Board members and proxies 561172# MFA staff code 561172*

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Proposed 2015 Single Family Program Household Income Limits - Erik Nore</td>
<td>2-0</td>
<td>YES</td>
</tr>
<tr>
<td>2 Proposed HOME DPA Program Household Income Limits - Erik Nore</td>
<td>2-0</td>
<td>YES</td>
</tr>
<tr>
<td>3 Proposed 2015 Single Family Program Acquisition Cost Limits - Erik Nore</td>
<td>2-0</td>
<td>YES</td>
</tr>
<tr>
<td>4 External Audit Services Award - Yvonne Segovia</td>
<td>2-0</td>
<td>YES</td>
</tr>
</tbody>
</table>

Committee Members present:
- Dennis Burt [present] [absent] [conference call]
- John Sanchez or Proxy Mark Van Dyke or Vincent Torres [present] [absent] [conference call]
- Steven Smith [present] [absent] [conference call]

Secretary: [Signature]

6/9/15
MEMORANDUM

TO: Board of Directors

Through: Finance Committee – 06/09/2015

Through: Policy Committee – 06/03/2015

FROM: Erik Nore

DATE: June 17, 2015

SUBJECT: Proposed 2015 Single Family Program Household Income Limits

Recommendation:

Staff recommends the Board approve of the Proposed 2015 Single Family Program Household Income Limits, including the adjustment for "high housing cost areas" and Targeted Areas, as detailed in the memo. The revised Household Income Limits will be effective June 18, 2015 and will be updated in the applicable Single Family Program policies. Staff also requests the authority to adjust the Single Family Program Household Income Limits as necessary, so that the single family program can be immediately compliant with new income limit requirements.

Background:

MFA’s single family program provides mortgage financing to first time homebuyers through the Mortgage$aver program, which has been traditionally funded through Mortgage Revenue Bonds (“MRB”). The HERO program is funded exclusively through the TBA market and provides mortgage financing to non-first time homebuyers in targeted occupations. MFA also offers a second mortgage, down payment assistance loan program (“Mortgage Booster”), which is funded through MFA's Housing Opportunity Fund (“HOF”).

Mortgage loans funded with MRB’s must adhere to strict household income limits, based on the median income of a specific geographic area. These areas include individual counties as well as Metropolitan Statistical Areas (“MSA”). The Department of Housing and Urban Development (“HUD”) annually publishes the Area Median Income (“AMI”) for the state of New Mexico. The AMI is used to calculate the household income limits for the single family
The single family program includes a maximum household income limit of 100% AMI for 1 to 2 person households and 115% AMI for 3 or more person households. In addition, MRB regulations allow a household income limit “floor” for certain areas of the state, which is currently $54,200. MRB regulations also allow for higher household income limits in Targeted Areas, which are specific census tracts defined as economically disadvantaged. Targeted Area income limits are 120% AMI for 1 to 2 person households and 140% AMI for 3 or more person households.

**Household income adjustments in high housing cost areas**

MRB regulations allow for an adjustment of the household income limits in areas that are determined to be a “high housing cost area”. Basically, a high housing cost area is where the median income for an area is lower than the national median income and the average area home purchase price is higher than the average national home purchase prices. In New Mexico, 32 out of 33 counties are considered high housing cost areas. MRB regulations allow MFA to adjust the household income limits in those areas to mitigate the effect of high housing costs.

In essence, the adjustment for a high housing cost area “realigns” the relationship between household income and the average purchase price in New Mexico compared to the United States as a whole. In addition, it will allow more New Mexico homebuyers to take advantage of MFA’s single family program.

MFA’s bond counsel (Ballard Spahr) has calculated the high cost area adjusted household income limits for the single family program, which have been reviewed and approved by staff.

Typically, the new AMI calculations are released each spring and the income limits that are derived from the AMI calculations are effective immediately. This creates a timing issue between the effective date of the new income limits and the ability of staff to obtain Board approval within the required timeframes. These timing issues put MFA at risk of offering ineligible income limits within the single family program, especially if the new income limits decrease. In order to mitigate this risk, Staff feels it is important to have the flexibility to change the income limits immediately after they become effective.

**Discussion:**
The current household income limits for Mortgage$aver and Mortgage Booster Programs as well as the proposed household income limits, adjusted for “high housing cost areas” are listed below:
## MortgageSaver and Mortgage Booster Programs

### Non Targeted Areas

<table>
<thead>
<tr>
<th>Area</th>
<th>1-to-2-Person Household</th>
<th>3-or-More-Person Household</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>Proposed</td>
<td>Current</td>
</tr>
<tr>
<td>Albuquerque MSA (Bernalillo, Sandoval, Torrance and Valencia Counties)</td>
<td>$62,900</td>
<td>$62,202</td>
</tr>
<tr>
<td>Santa Fe MSA and Los Alamos County</td>
<td>$62,000</td>
<td>$74,880</td>
</tr>
<tr>
<td>Farmington MSA</td>
<td>$55,300</td>
<td>$63,062</td>
</tr>
<tr>
<td>All other areas</td>
<td>$54,200</td>
<td>$58,080</td>
</tr>
</tbody>
</table>

### Targeted Areas

<table>
<thead>
<tr>
<th>Area</th>
<th>1-to-2-Person Household</th>
<th>3-or-More-Person Household</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>Proposed</td>
<td>Current</td>
</tr>
<tr>
<td>Bernalillo and Sandoval County census tracts</td>
<td>$75,480</td>
<td>$71,280</td>
</tr>
<tr>
<td>San Juan County census tract</td>
<td>$66,360</td>
<td>$66,120</td>
</tr>
<tr>
<td>All other census tracts</td>
<td>$65,040</td>
<td>$64,920</td>
</tr>
</tbody>
</table>

The HERO program income limits are not subject to MRB regulations basing household income limits on family size. Staff utilizes a methodology to establish the HERO program household income limits based on Middle income households, which is 120% AMI, as authorized by MFA’s rules and regulations. The current household income limits for the HERO Program as well as the proposed household income limits are listed above:
### HERO Program

<table>
<thead>
<tr>
<th>Area</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albuquerque MSA (Bernalillo, Sandoval, Torrance and Valencia Counties)</td>
<td>$75,480</td>
<td>$71,280</td>
</tr>
<tr>
<td>Santa Fe MSA and Los Alamos County</td>
<td>$74,400</td>
<td>$74,880</td>
</tr>
<tr>
<td>All other areas</td>
<td>$65,040</td>
<td>$64,920</td>
</tr>
</tbody>
</table>

**Summary:**

Household income limits are used to qualify homebuyers for the single family program and are reviewed annually for adjustments. MFA utilizes the Area Median Income to determine the applicable household income limit for the single family programs. Because New Mexico is considered a "high housing cost area", MFA is able to adjust household income limits to mitigate the negative effect of high housing costs. Staff is requesting Board approval for the Proposed 2015 Single Family Program Household Income Limits.
Tab 2
MEMORANDUM

TO: Board of Directors

Through: Finance Committee – 06/09/2015

Through: Policy Committee – 06/03/2015

FROM: Erik Nore

DATE: June 17, 2015

SUBJECT: Proposed 2015 HOME Down Payment Assistance Program Household Income Limits

Recommendation:

Staff recommends that the Board approve the Proposed 2015 HOME Down Payment Assistance program (“HOME DPA”) Household Income Limits detailed within the Board memo. The revised Household Income Limits will be effective June 18, 2015 and will be updated in the applicable Payment$aver and Helping Hand program policies. Staff also requests the authority to adjust the HOME DPA Household Income Limits as necessary, so that the HOME DPA program can be immediately compliant with new requirements.

Background:

The Payment$aver and Helping Hand programs are non-amortizing, 0% interest rate (“soft second”) second mortgage loans, which provide down payment and closing cost assistance in conjunction with an MFA first mortgage. The Payment$aver and Helping Hand programs are all funded with HOME funds, which are awarded via a federal formula block grant through Housing and Urban Development (“HUD”).

The Payment$aver program is targeted to homebuyers that earn up to 80% of Area Median Income (“AMI”) based on location within the State of New Mexico and family size. The Helping Hand program is targeted to disabled first-time homebuyers that are at or below 80% AMI, again based on location within the State of New Mexico and family size.

Discussion:
The PaymentSaver and Helping Hand program policies are based on HOME regulations, which dictate the structure and qualification guidelines of the programs. The qualification guidelines include written agreements for MFA Participating Lenders, first mortgage loan criteria, homebuyer underwriting and eligibility guidelines, maximum purchase price limits and maximum income limits.

Each year, HUD calculates and publishes the Area Median Income for each Metropolitan Statistical Area (“MSA”), each county and for the state of New Mexico. The FY2015 Area Median Income for the state of New Mexico is $48,400 and provides a “floor” for MSA’s or counties with median incomes that are less than the statewide median income. These Area Median Income Limits are used to determine the Household Income Limits for the HOME funded DPA programs.

Typically, the new AMI calculations are released each spring and the income limits that are derived from the AMI calculations are effective immediately. This creates a timing issue between the effective date of the new income limits and the ability of staff to obtain Board approval within the required timeframes. These timing issues put MFA at risk of offering ineligible income limits within the HOME DPA program, especially if the new income limits decrease. In order to mitigate this risk, Staff feels it is important to have the flexibility to change the income limits immediately after they become effective.

In FY2015, the Area Median Income for the state of New Mexico as well as most MSA’s declined slightly, which are reflected in the proposed Household Income Limits. HOME regulations require staff to adjust the Household Income Limits to account for the reduction in the Area Median Income.

Staff proposes the following revisions to the HOME DPA Household Income Limits:

<table>
<thead>
<tr>
<th>MSA or County</th>
<th>Number of People in the Household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Albuquerque MSA</strong></td>
<td></td>
</tr>
<tr>
<td>Bernalillo/Sandoval/Valencia/Torrance Counties</td>
<td>33,250</td>
</tr>
<tr>
<td><strong>Santa Fe MSA and Los Alamos County</strong></td>
<td>34,950</td>
</tr>
<tr>
<td><strong>Farmington MSA</strong></td>
<td></td>
</tr>
<tr>
<td>San Juan County</td>
<td>30,900</td>
</tr>
<tr>
<td><strong>Las Cruces MSA</strong></td>
<td></td>
</tr>
<tr>
<td>Doña Ana County</td>
<td>27,100</td>
</tr>
<tr>
<td><strong>Chaves</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>28,000</td>
</tr>
<tr>
<td><strong>Colfax</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>28,950</td>
</tr>
<tr>
<td><strong>Curry</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>31,150</td>
</tr>
<tr>
<td>Eddy</td>
<td>35,300</td>
</tr>
<tr>
<td>----------</td>
<td>--------</td>
</tr>
<tr>
<td>Harding</td>
<td>28,400</td>
</tr>
<tr>
<td>Lea</td>
<td>32,100</td>
</tr>
<tr>
<td>Lincoln</td>
<td>30,600</td>
</tr>
<tr>
<td>Rio Arriba</td>
<td>27,450</td>
</tr>
<tr>
<td>All other counties</td>
<td>27,100</td>
</tr>
</tbody>
</table>

**Summary:**

The HOME funded down payment assistance programs ("HOME DPA") include Payment$aver and Helping Hand. These programs provide down payment assistance to low to moderate income first-time homebuyers who meet eligibility requirements and who obtain first mortgage financing through MFA’s single family program. All HOME DPA is targeted to homebuyers that earn up to 80% of Area Median Income ("AMI"), based on location within the state of New Mexico and the household family size. HOME regulations require MFA to adjust the Household Income Limits for the HOME DPA programs based on the new annual Area Median Income calculations. Staff recommends Board approval of the Proposed 2015 HOME Down Payment Assistance Program Household Income Limits as well as the authority to adjust the Household Income Limits as necessary in order to be immediately compliant with the new requirements.
MEMORANDUM

TO: Board of Directors

Through: Finance Committee – 06/09/2015

Through: Policy Committee – 06/03/2015

FROM: Erik Nore

DATE: June 17, 2015

SUBJECT: Proposed 2015 Single Family Program Acquisition Cost Limits

Recommandation:

Staff recommends Board approval of the proposed 2015 Single Family Program Acquisition Cost Limits, which will apply to all first mortgage and down payment assistance loans within the single family program, as detailed in the memo. The revised Acquisition Cost Limits will be effective June 18, 2015 and will be updated in the appropriate program polices and documents. Staff also requests the authority to adjust the Single Family Program Acquisition Cost Limits as necessary, so that the single family program can be immediately compliant with new requirements.

Background:

Historically, MFA’s first-time homebuyer first mortgage program (“Mortgage$aver”) has been funded through a mortgage revenue bond (“MRB”) financing structure. MRB financed first mortgage loans have certain requirements and restrictions, such as maximum income limits, first-time homebuyer requirements, restrictions on the type of property financed and maximum purchase price limits. These requirements are imposed by the IRS, based on the tax-exempt status of MRB’s. MFA, as the issuer of the MRB’s, is responsible for establishing the requirements and restrictions for the first-time homebuyer program. One such restriction is defined as the Acquisition Cost Limit, which is essentially a maximum purchase price limitation for the program.

Acquisition Cost Limits are determined through a formula calculation, based on average area purchase prices. Average area purchase prices are published annually by the
Department of Treasury and are typically defined at the county level, although some counties within the state of New Mexico use national average area purchase prices. MFA calculates the Acquisition Cost Limits for the first time homebuyer program using the average area purchase prices.

Acquisition Cost Limits are broken out separately for Targeted and non-Targeted areas. Acquisition Cost Limits for non-Targeted Areas are calculated at 90% of the average area purchase price, while Targeted areas are 110% of the average area purchase price. MFA also utilizes the MRB Acquisition Cost Limits for the HERO first mortgage program as well as the Housing Opportunity Fund (“HOF”) down payment assistance programs ("single family program").

Typically, the average area purchase prices are released each spring and are effective immediately. This creates a timing issue between the effective date of the new purchase price limits and the ability of staff to obtain Board approval within the required timeframes. These timing issues put MFA at risk of offering ineligible Acquisition Cost Limits within the single family program, especially if the new Acquisition Cost Limits decrease. In order to mitigate this risk, Staff feels it is important to have the flexibility to adjust the Acquisition Cost Limits within the single family program immediately after they become effective.

**Discussion:**

The following table illustrates the current Acquisition Cost limits for the single family program as well as the proposed Acquisition Cost limits:

<table>
<thead>
<tr>
<th>Geographic Area</th>
<th>Current Acquisition Cost Limits</th>
<th>Proposed Acquisition Cost Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Fe County</td>
<td>$360,000</td>
<td>$351,220</td>
</tr>
<tr>
<td>Los Alamos County</td>
<td>$372,375</td>
<td>$363,293</td>
</tr>
<tr>
<td>Taos County</td>
<td>$280,125</td>
<td>$273,293</td>
</tr>
</tbody>
</table>
### Summary:

MFA’s single family program includes the HERO and MortgageSaver first mortgage programs as well as the Housing Opportunity Fund down payment assistance programs. Each year, average area purchase prices are published by Department of the Treasury, which are used to calculate the Acquisition Cost Limits for MFA’s single family program. The Acquisition Cost Limits are based on either 90% or 110% of the average area purchase price, depending on if the property is located in a non-Targeted or Targeted area. Staff requests Board approval of the Proposed 2015 Single Family Program Acquisition Cost Limits as well as the authority to adjust the Acquisition Cost Limits as necessary to be compliant with the IRS requirements.

<table>
<thead>
<tr>
<th>All other Areas of The State</th>
<th>$265,158</th>
<th>$258,691</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Targeted Census Tracts Within the State</td>
<td>$324,082</td>
<td>$316,177</td>
</tr>
</tbody>
</table>

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Tab 4
MEMORANDUM

TO: Board of Directors


Through: Policy Committee – June 3, 2015

FROM: Yvonne Segovia, Controller

DATE: June 17, 2015

SUBJECT: External Audit Services Award

Recommendation:

Staff recommends the approval of the sole source procurement for the External Audit Services to be provided by the Office of the State Auditor (OSA) and the joint venture award for External Audit Services be made to Moss Adams. If the award is not approved by the OSA, staff requests authority to grant the award to the Offeror with the next highest score that is approved by the OSA.

Background:

The Board approved the RFP for External Audit Services on April 15, 2015. The RFP was advertised in the Albuquerque and Santa Fe local newspapers and publicized on MFA’s website. In addition, eleven firms were directly solicited to respond to the RFP. We received four responses, all of which met the Minimum Requirements and were scored. This audit will be conducted as a joint venture with the Office of the State Auditor (OSA). The OSA will conduct 40% of the audit. The OSA will bill MFA directly at cost, not to exceed $108,000. The OSA fees will be in addition to the fees to be charged by the independent public accounting firm awarded under this RFP.

Discussion:
Minimum Requirements:

1. Offeror must be included on the New Mexico Office of the State Auditor 2015 Approved Audit Firms List;
2. Offeror must be a certified public accounting firm in good standing as a registrant with the Public Company Accounting Oversight Board (PCAOB);
3. Offeror must be licensed in the State of New Mexico;
4. Offeror must maintain professional liability insurance of at least $1,000,000;

Services to be Performed:

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. Financial Statement Audit consisting of the Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, Statement of Cash Flows and the Notes to the financial statements for the fiscal year ended September 30, 2015 in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, and 2.2.2 NMAC Audit Rule 2015 (available at www.saonm.org) issued by the New Mexico Office of the State Auditor;
2. Federal Single Audit for the fiscal year ended September 30, 2015 in accordance with Government Auditing Standards issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Circular A-133;
3. Financial Statement Preparation;
4. GNMA Compliance Reports;
5. Delivery of the Financial Statements and GNMA Compliance Reports within one hundred twenty (120) days after fiscal year end;
6. Delivery of the Financial Statements and Single Audit Reports within one hundred twenty (120) days after fiscal year end;
7. Electronic submission of the financial statements, and preparation and submission of the Data Collection Form to the Federal Audit Clearinghouse within 30 days after release of Single Audit;
8. Because the MFA’s bonds are publicly offered and held, the auditor may be asked to consent to inclusion of the auditor’s report in the MFA’s official statements and on certain occasions to issue letters to underwriters in connection with the offering of MFA’s bonds on a fee basis;
9. Presentation of reports to the Board and/or Finance Committee regarding recent accounting, audit and tax updates that may affect the housing finance industry and/or MFA financial statements.
10. In accordance with NMAC 2.2.2.10 G, the Offeror shall be required to identify significant state statutes, rules and regulations applicable to the MFA and perform tests of compliance.
Evaluation & Scoring:

The RFP responses were reviewed by an internal committee of five members. They were scored individually and the final scores reflect the average of all scores.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Max. Points</th>
<th>Moss Adams</th>
<th>Clifton LarsonAllen</th>
<th>KPMG</th>
<th>McGladrey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available resources</td>
<td>5</td>
<td>5.0</td>
<td>4.8</td>
<td>5.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Meets independence standards</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>1.8</td>
</tr>
<tr>
<td>External Quality Control Peer Review</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>References</td>
<td>10</td>
<td>9.8</td>
<td>9.8</td>
<td>10.0</td>
<td>8.6</td>
</tr>
<tr>
<td>Organization and completeness of proposal</td>
<td>3</td>
<td>2.8</td>
<td>2.6</td>
<td>3.0</td>
<td>1.6</td>
</tr>
<tr>
<td>Knowledge of audit objectives, MFA needs, and product</td>
<td>5</td>
<td>4.6</td>
<td>4.4</td>
<td>5.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Technical Plan and time estimate</td>
<td>5</td>
<td>4.6</td>
<td>5.0</td>
<td>5.0</td>
<td>4.4</td>
</tr>
<tr>
<td>MFA staff support required</td>
<td>3</td>
<td>3.0</td>
<td>1.6</td>
<td>3.0</td>
<td>0.8</td>
</tr>
<tr>
<td>Approach for planning and conducting subsequent year audits</td>
<td>2</td>
<td>1.8</td>
<td>1.8</td>
<td>1.0</td>
<td>1.4</td>
</tr>
<tr>
<td>Governmental audit experience of manager</td>
<td>10</td>
<td>10.0</td>
<td>7.2</td>
<td>8.0</td>
<td>7.2</td>
</tr>
<tr>
<td>Specialization with HFAs, public securities, and financial institutions</td>
<td>10</td>
<td>9.6</td>
<td>8.0</td>
<td>10.0</td>
<td>8.0</td>
</tr>
<tr>
<td>GASB experience</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>8.2</td>
</tr>
<tr>
<td>Governmental component units experience</td>
<td>5</td>
<td>4.4</td>
<td>4.8</td>
<td>5.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Experience with State Audit Act</td>
<td>5</td>
<td>4.8</td>
<td>3.8</td>
<td>5.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Firm Strengths</td>
<td>5</td>
<td>4.4</td>
<td>4.0</td>
<td>5.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>10</td>
<td>10.0</td>
<td>5.0</td>
<td>9.0</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
<td><strong>96.8</strong></td>
<td><strong>84.8</strong></td>
<td><strong>96.0</strong></td>
<td><strong>74.8</strong></td>
</tr>
</tbody>
</table>

Summary:

The Board approved the RFP for External Audit Services on April 15, 2015. We received four responses, all of which met the Minimum Requirements and were scored. This audit will be conducted as a joint venture with the Office of the State Auditor (OSA). Staff recommends the approval of the sole source procurement for the External Audit Services to be provided by the OSA and the joint venture award for External Audit Services be made to Moss Adams. If the award is not approved by the OSA, staff requests authority to grant the award to the Offeror with the next highest score that is approved by the OSA.
Tab 5
## New Mexico Mortgage Finance Authority

**Contracted Services/Credit Committee Meeting**

**Tuesday, June 9, 2015 @ 10:00 am**

**MFA – Albuquerque**

To dial into the conference call dial: (559) 546-1000 Code for Board members and proxies 561172# MFA staff code 561172*

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Mortgage Servicing Legal Services Contract Amendment - Theresa Laredo-Garcia</td>
<td>3 - 0</td>
<td>YES</td>
</tr>
<tr>
<td>2 House by House Reservation Rehab NoFA - Laurie LindenDill</td>
<td>3 - 0</td>
<td>YES</td>
</tr>
<tr>
<td>3 2015 – 2016 Continuum of Care Performance Awards – Natalie Michelback and Rose Baca-Quesada</td>
<td>3 - 0</td>
<td>YES</td>
</tr>
<tr>
<td>4 Request Approval to Apply for a Lead Hazard Reduction NOFA Gina Bell</td>
<td>3 - 0</td>
<td>YES</td>
</tr>
<tr>
<td>5 Linkages Contract Renewals – Debbie Davis</td>
<td>3 - 0</td>
<td>YES</td>
</tr>
<tr>
<td>6 General Counsel Legal Services Award recommendation – Marjorie Martin</td>
<td>3 - 0</td>
<td>YES</td>
</tr>
<tr>
<td>7 Housing Development and Multifamily Mortgage Servicing Legal Services Award Recommendation – Marjorie Martin</td>
<td>3 - 0</td>
<td>YES</td>
</tr>
<tr>
<td>8 Pecos, LTD (Dexter) Primero Development Grant Request – Michael Scott</td>
<td>3 - 0</td>
<td>YES</td>
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**Committee Members present:**

- Angel Reyes, Chair
- Hector Balderas or Sally Malavé
- Randy McMillan

☑️ present  ☐ absent  ☑️ conference call

**Secretary:** [Signature] 6/9/15
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – June 3, 2015

Through: Contracted Services Committee – June 9, 2015

FROM: Theresa Laredo-Garcia

DATE: June 17, 2015

SUBJECT: Change in Weinstein & Riley, P.S. Managing Attorney for MFA’s Single Family Mortgage Servicing Legal Services Agreement

RECOMMENDATION:

Staff recommends approval to replace Elizabeth Mason with Jason C. Bousliman, Esq. as Managing Attorney for the remainder of the existing Mortgage Servicing Legal Services Agreement “The Agreement” with Weinstein & Riley, P.S.

BACKGROUND:

Below is a summary of activity since the award of the Agreement effective May 20, 2014:

- April 16, 2014 – MFA’s Board awarded the Single Family Mortgage Servicing Legal Services Agreement to the Castle Law Group LLC.
- August 20, 2014 – MFA’s Board approved assignment of the Agreement from The Castle Law Group, LLC to a new firm; Weinstein, Pinson and Riley, P.S. where Elizabeth Mason continued to serve as managing attorney. This was due to The Castle Law Group closing its New Mexico office.
- February 18, 2015 – MFA’s Board approved the assignment of the Agreement from Weinstein, Pinson and Riley, P.S. to Weinstein & Riley, P.S where Elizabeth Mason continued to serve as managing attorney. This change was due to the departure of Mr. Pinson from the firm.
- April 28, 2015 – MFA received notice from Weinstein & Riley, P.S. of change in managing attorney from Elizabeth Mason to Jason C Bousliman, Esq.
DISCUSSION:

MFA received written notification of Ms. Mason’s departure from Weinstein and Riley, P.S. effective May 30, 2015. Per the terms and conditions of the request for proposal, any change to key contract personnel, including managing attorney and changes to attorneys assigned to the Agreement, require written notice, MFA Board approval and an amendment to the contract.

In conjunction with this approval, staff confirmed that Weinstein and Riley continue to meet MFA’s minimum qualifications. In addition, a due diligence review of Mr. Bousliman’s qualification was completed to ensure that he is capable to serve as the managing attorney. The review included the following criteria:

- A general statement with agreement to comply with the terms and conditions of the existing Agreement.
- Mr. Bousliman’s resume (Attachment 1)
- A detailed description of knowledge and experience with respect to single family mortgage banking industry, federal and state tax and real estate laws as well as rules, regulations and guidelines of both single family and private mortgage insurers.
- Detailed description of ability to provide legal services to MFA.
- Three (3) references as counsel for financial institution, mortgage lender or real estate enterprise.
- A list and description of any litigation against Mr. Bousliman for the last ten years

The review confirmed that Mr. Bousliman is qualified to perform under the terms of the request for proposal and comply with the terms and conditions of the Agreement. The term of the Agreement is three (3) years ending May 20, 2017. At the option of the Board, the Agreement may be extended for two one (1) year periods under the same terms and conditions.

SUMMARY:

MFA received written notification from Weinstein and Riley, P.S. of Elizabeth Mason’s departure from the firm where she serves as managing attorney. Per the terms and conditions of the request for proposal, any change to key contract personnel, including managing attorney and changes to attorneys assigned to the Agreement, would require written notice, MFA Board approval and an amendment to the contract.

Staff confirmed that Weinstein and Riley continue to meet MFA’s minimum qualifications. In addition, a due diligence review of Mr. Bousliman’s qualification was completed and staff has confirmed that Mr. Bousliman is qualified to perform under the terms of the request for proposal and comply with the terms and conditions of the Agreement.

Staff recommends approval to replace Elizabeth Mason with Jason C. Bousliman, Esq. as MFA’s Managing Attorney for the remainder of the existing Mortgage Servicing Legal Services Agreement “The Agreement” with Weinstein and Riley, P.S.
Jason C. Bousliman, Esq.
3001 Colina de NW
Albuquerque, New Mexico 87120
jasonbousliman1@gmail.com
505-453-4260 Cell
505-764-5410 Work

**Education/Qualification**
- Member of the New Mexico Bar – Admitted 2001
- Albuquerque Bar Association (President 2010)
- American Bar Association
- Juris Doctorate
- The University of New Mexico School of Law- May 2001
  Dean’s Honor Roll 1999 – 2001
- B.A., Rhetorical Communication and Political Science
- The University of New Mexico, May 1998

**Legal Experience**

**Partner-Litigation Department**-Lewis and Roca LLP 2011-Current.

Currently managing case load of 100+ litigation cases and a team of four to six lawyers including communication with clients and national counsel. Cases are primarily contested banking matters. Clients include Bank of America, Green Tree, JP Morgan Chase, and Bank of New York.

**Partner-Litigation Department**-Modrall, Sperling, P.A. 2001-2011.

Specialized in commercial, business, bankruptcy and tort litigation including personal injury defense. Significant trial and arbitration exposure. Work included supervision of teams of attorneys (including associates and paralegals) on complex litigation matters.

**Recent Clients Include:**

**Areas With Substantive Expertise:**
- Appellate Drafting
- Personal injury/insurance defense
- Fair Credit Reporting Act
- Fair Debt Collection Practices Act
Premises liability
Oil and gas litigation
Employment discharge and EEOC matters
Commercial and residential foreclosures
General real estate matters including zoning and transactions
General collection
Domestication of judgments
Collection of judgments (including transcripts of judgment, garnishments, writs of attachment and execution.)
Bankruptcy representation of creditors- including adversary objections to discharge, plan confirmation and disclosure statement proceedings, 341 representation, 2004 examinations, cash collateral issues.

Other Experience
Teaching Experience

Instructor, The University of New Mexico, University College. 2007-2015.
Taught Career in Law Seminars. Teach one class each Spring.

President-Albuquerque Bar Association, 2010
Elected by the Board of Directors to serve as President in 2010. Increased membership to record levels, created highest revenue in the Association’s history as well as exceed the monthly lunches and the Roast of Judge William Lang in August, 2010. Moderated debates between candidates for judicial office and candidates for attorney general.

Regent- January 1999 – December 2000
The University of New Mexico
Elected Secretary of the Board in April 2000. Appointed by Governor Johnson for two-year term. Approved unanimously by the New Mexico State Senate. Assigned to Finance and Facilities Committee and Student and Academic Affairs Committee. One of three votes on Finance Committee, which controlled an annual budget of $1.2 billion.

Student Body President- 1997 – 1998
The University of New Mexico, ASUNM
Elected by the student body to serve as President in 1997-1998. Responsible for hiring and supervising over forty employees. Operating budget of over $300,000. Represented student body (22,000+) to Regents, Legislature, and Governor.

United States Senate Intern, Summer 1996
Senator Jeff Bingaman (D-NM) in Washington D.C.
Organized forums between Senator Bingaman and community leaders (educational and business) in Albuquerque. Accompanied Senator to meetings and advised on policy.
Community Involvement

President, University of New Mexico Alumni Lettermen’s Association, 2009-2010.


President, Campus Neighborhood Association-2002-2004.

Board of Directors, Albuquerque Bar Association, 2004-Present.

Member, New Mexico State Bar Association Ethics Advisory Committee, 2002-2006.

Board of Directors, New Mexico Parent and Child Resources, 2002-2012.


Commencement Speaker, UNM Graduation, May 1998 with United States Ambassador to the United Nations, Bill Richardson, and then Governor Gary Johnson.

Closing Speaker, UNM President William Gordon’s Inauguration, Popejoy Hall, October 1999.

Men’s Division 1A Track and Field Team, University of New Mexico, 1993 – 1997,


Interests

Avid ultra marathon runner. Finished two 50 mile trail races so far in 2013. Three time entrant in the Leadville 100 mile trail race. Father of one perfect six year old girl and one amazing nine year old boy.

Attorney References:

William R. Keleher, Esq.
Partner, Modrall Sperling
500 Fourth Street NW
Albuquerque, NM 87012
Phone: (505)-848-1800
Fax: (505)-848-1882
wrk@modrall.com

Bill Stratvert, Esq.
Partner, Miller Stratvert P.A.
500 Marquette Ave, NW #1100
Albuquerque, NM 87102-5326
Phone: (505)-242-6845
wstratvert@comcast.net

Thomas Domme, Esq.
Vice President and General Counsel, New Mexico Gas Company
Phone: (505)-697-3834
Cell: (505)-250-1419
Thomas.domme@nmgco.com

Peter Pierotti, Esq.
City of Albuquerque, Legal Department
1 Civic Plaza NW #4015
Albuquerque, NM 87103
Phone: (505)-768-4500
Fax: (505)-768-4440
ppierotti@cabq.gov

Client References:

Jennifer Thomas, CEO, Bank of Albuquerque, N.A.
201 3rd Street NW, Albuquerque, NM 87102
Phone: (505)-222-8450
Fax: (505)-222-8481
jthomas@bankofalbuquerque.com

Community References:

Dr. Barry Ramo
New Mexico Heart Institute and KOAT Channel 7 Correspondent
502 Elm Street NW
Albuquerque, NM 87102
Phone: (505)-841-1000
heartman@swem.com

Paul Krebs, Vice President, University of New Mexico, Athletic Director
Colleen J. Maloof Administration Building
1 University of New Mexico
MSC04 2680
Albuquerque, NM 87131-0001
Phone: (505)-925-5510
Fax: (505)-925-5534
pkrebs@unm.edu
Tab 6
MEMORANDUM

TO: Board

Through: Contract Services Committee – June 9, 2015

Through: Policy Committee – May 19, 2015

FROM: Laurie LindenDill

DATE: June 17, 2015

SUBJECT: 2015 House by House Reservation Rehabilitation Program – Notice of Funds Availability (NoFA)

Recommendation:
Staff recommends approval of the 2015 House by House Reservation Rehabilitation Program – Notice of Funds Availability (NoFA).

Background:
The New Mexico Mortgage Finance Authority ("MFA") has allocated a portion of the Federal HOME Investment Partnerships Program ("HOME") funds administered by MFA for a House by House Reservation Program. The estimated HOME funding available for the 2015 House by House Reservation Rehabilitation Program is $2,545,000. Funds are reserved on a first come first serve basis.

Discussion:
The purpose of the program is to provide funding for the rehabilitation of homes occupied by eligible low-income homeowners to bring their homes back to code, safety and habitability standards. Funding of up to $65,000 may be available to homeowners whose annual household income does not exceed sixty percent (60%) of the area median income, adjusted for family size.
To be an Eligible Partner, entities must meet the following criterion:

1. An entity or agency that is new to MFA rehabilitation activities and wishes to learn the MFA rehabilitation process. Entity must be either a state or local governmental agency, housing authority, tribal agency, non-profit or for profit organization and has amongst its purposes significant activities related to providing housing or services to persons or households of low or moderate income.

2. House by House Reservation Eligible Partner recipient (PY 2014) that is in “good standing” as of the date of the release of this NOFA.

3. Current House by House Reservation Eligible Partner is expanding into a currently underserved area. The entity or agency will be required to serve an entire county. Tribal, Pueblo entities and local governments must perform a minimum of one home rehab outside of the tribe, pueblo or local government.

Recommended Program Changes:

1. An analysis of construction costs and soft costs since the inception of the program (July, 2012) has shown that the average costs per unit have totaled $62,539. Therefore, staff recommends a reduction of overall subsidy from $80,000 to $65,000.

2. Reducing the number of open projects an Eligible Partner may have open at one time from five (5) to three (3). Staff feels that this reduction will allow more agencies to take advantage of the program thereby serving more areas of the state.

3. Amend the Financial Audit requirements as follows:
   a. Agencies must provide either an independent CPA’s auditors report (Audit) or audited financial statements conducted in accordance with Government Auditing Standards (GAS).
   b. Clarified the State Auditor List requirement to state:
      - Local public bodies (housing authorities, local governments) must conduct annual independent financial audits by a certified auditor that has been approved by the New Mexico State Auditor’s Office and on the State Auditor’s List.
      - All entities receiving federal or state funding from MFA must provide an annual independent financial audit or audited financial statements from a certified auditor of their choice. Entities must at a minimum procure for auditing firm/services every three years, through a Request for Proposal (“RFP”). Evidence of the procurement must be provided to MFA at the time of release of the RFP and when selections are completed.
Summary:
Staff recommends approval of the 2015 House by House Reservation Rehabilitation Program – Notice of Funds Availability (NoFA). The purpose of the program is to provide funding for the rehabilitation of homes occupied by eligible low-income homeowners to bring their homes back to code, safety and habitability standards. The estimated HOME funding available for the 2015 House by House Reservation Rehabilitation Program is $2,545,000. Staff is recommending three changes to the program; a decrease in the per-unit subsidy, a decrease in the number of open projects a Partner can have at one time and amending the Financial Audit requirements.
New Mexico Mortgage Finance Authority

House by House Reservation Rehabilitation Program
Notice of Funds Availability

Date: June 2014

The New Mexico Mortgage Finance Authority (“MFA”) has allocated a portion of the Federal HOME Investment Partnerships Program (“HOME”) funds administered by MFA for a House by House Reservation Program. The estimated HOME funding for the 2015 House by House Reservation Rehabilitation Program is $2,545,000. Capitalized terms, used in this Notice of Funding Availability (“NOFA”), except those otherwise defined herein, shall have the same meaning as the terms defined in the MFA New Mexico HOME Program Compliance Manual, as amended from time to time. In the event of a conflict between the provisions of this NOFA and the provisions of the “Service Agreement” for a rehabilitation loan, the provisions of the Service Agreement shall control. From time to time, MFA may amend the provisions of this NOFA by Program Notice.

Purpose

The purpose of the program is to provide funding for the rehabilitation of homes occupied by eligible low-income homeowners. Funding of up to $80,000 may be available to homeowners whose annual household income does not exceed sixty percent (60%) of the area median income, adjusted for family size. Each homeowner enters into an Award and Restrictive Covenants Agreement or Tribal Land Award Agreement. The terms of the agreement will vary depending on the household's income. The loan will be non-amortizing, 0% interest subordinate loan that is due on sale, transfer or refinance during the affordability period. (See Page 5 for further details).

Eligible Partner Requirements

To participate in the House by House Reservation Program, an organization must be approved by MFA as an Eligible Partner Agency (“Eligible Agency”). Prospective applicants must fit one of the following criteria to be considered for eligibility:

1. Entity or agency that is new to MFA rehabilitation activities and who wish to learn the MFA rehabilitation process. Agency may be either a state or local governmental agency, housing authority, tribal agency, non-profit or for profit organization and has amongst its purposes significant activities related to providing housing or services to persons or households of low or moderate income. Provide documentation of being duly organized in accordance with state or local law and is in good standing with any state authority such as the Public Regulation Commission and/or Charitable Registrar at the Office of the Attorney General (e.g. Articles, Bylaws, and Certificate of Good Standing for a Corporation, Operating Agreement, and Certificate of Good Standing for a Limited Liability Company; partnership agreement and certificate of limited partnership for a partnership; 501 (c)(3) designation for a non-profit);

2. House by House Reservation Eligible Partner recipient (PY 2013) that is in “good standing” as of the date of the release of this NOFA.

3. Current House by House Reservation Eligible Partner is expanding into a currently underserved area.
Only Eligible Partner Agencies may access these funds. Agencies that were recertified at the end of 2013 do not need to submit the following documents with the exception of item No. 5. To qualify as a new Eligible Partner Agency, the entity must submit the following:

1. Offeror must submit Application for Eligibility.

2. Offeror must submit proof of 501(c)(3) or proof of status as a Government Agency.

3. If Offeror is a non-profit they must submit proof of current registration as charitable organization with the New Mexico Attorney General’s Office, covering the fiscal year ending in 2014 - or proof of exemption therefrom. Information can be submitted online and verification obtained via https://secure.nmag.gov/coros/. Verification should be in the form of the first page of the “NM Charitable Organization Registration Statement.”

4. If not a unit of local government, Offeror must submit a Letter of Recommendation from the unit of local government. The Letter of Recommendation should state that the local government supports the Offeror’s application and must be dated no more than 180 days prior to the application date. The letter must be signed by a local government official authorized to sign such a letter of the city, town, village or tribe in which the program activity will take place. For activities that will take place in unincorporated areas, the county is the unit of local government. The letter must specifically endorse the project/activity proposed in the application.

5. 2014 Eligible Partners wishing to expand into a currently underserved area must also provide documentation that shows financial leverage from the local government where the project/activity is to take place. Financial leverage can include in-kind services.

6. Agencies must provide an independent CPA’s auditors report (Audit) conducted in accordance with Government Auditing Standards (GAS). The GAS Audit will include an independent auditors report on the following: 1) financial statements; and 2) Internal Control over financial reporting and compliance. Offeror must submit the most recent audit available; only the most recent of FY2013 will be accepted. If Offeror receives $500,000 in federal funds from one or more sources, a Single Audit is required pursuant to OMB A-133. The following types of Audit findings will disqualify Offeror from funding:
   a. Repeat and unresolved audit findings.
   b. If Offeror has received greater than $500,000 in funding and the single audit did not meet the requirements of the OMB Circular A-133. For Single Audit, no proof of Federal audit clearinghouse submission (FORM SF-SAC) and, if Governmental entity, proof is not included of current audit submission to the Office of the New Mexico State Auditor.
   c. If referenced in audit as a separate communication, no submission of Management Response letter.

6. Agencies must provide either an independent CPA’s auditors report (Audit) or audited financial statements conducted in accordance with Government Auditing Standards (GAS). The GAS or audited financial statements will include an independent auditors report on the following: 1) financial statements; and 2) Internal Control over financial reporting and compliance. The audit or audited financial statements will also include the auditor’s management letter if there is one and the Offeror’s response to any audit or audited financial statement findings. Offeror must submit only the most recent of FY2014 (fiscal year ending on or after 9/30/2014) or FY 2015. If Offeror received $500,000 in federal funds from one or more sources (in the fiscal year ending in 2014, $750,000 in the fiscal year ending in 2015), a Single
Audit is required pursuant to 2 CFR 200 Subpart F. The following types of audit or audited financial findings may disqualify Offerer from funding:

a. Repeat and unresolved audit findings, as determined by MFA.

b. If Offeror has received greater than $500,000 in funding (in the fiscal year ending in 2014, $750,000 in the fiscal year ending in 2015) and the single audit did not meet the requirements of the 2 CFR 200 Subpart F:

i). For Single Audit, no proof of Federal audit clearinghouse submission (FORM SF-SAC).

ii). If Governmental entity, proof is not included of current audit submission to the Office of the New Mexico State Auditor.

iii). If referenced in audit as a separate communication, no submission of Management Response letter and management response to concerns noted in the management letter.

iv). If any findings, no submission of management response to findings.

7. Local public bodies (housing authorities, local governments) must conduct annual independent financial audits by a certified auditor that has been approved by the New Mexico State Auditor’s Office and on the State Auditor’s List.

8. All entities receiving federal or state funding from MFA must provide an annual independent financial audit or audited financial statements from a certified auditor of their choice. Entities must at a minimum procure for auditing firm/services every three years, through a Request for Proposal (“RFP”). Evidence of the procurement must be provided to MFA at the time of release of the RFP and when selections are completed.

7.9. Current Board Resolution not older than 12 months from the date of the application showing approval for the agency to apply for the House by House Reservation Program. If a Tribal entity, submit a current Tribal Resolution showing approval for applying to the 2014-2015 House By House Reservation Program;

8.10. Current Board Member list including name, employer and term length, if applicable;

9.11. Have a functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system that is consistent with generally accepted accounting principles;

10.12. Resumes of all Management and Administrative Team personnel;

11.13. Current General Liability Insurance Certificate; and

12.14. Offeror must have been operating for a minimum of one (1) year.

The entity or organization must be approved by the MFA based on its submission of a properly completed “Application for Eligibility – Rehabilitation Agency”, with all required attachments. Upon approval of the application, MFA will then enter into a Performance Agreement with the organization.

The terms, conditions and descriptions applicable to the program to be made by MFA are as follows:

**Performance Agreement Term**

Once an agency has been approved for Eligible Partner Status, MFA will re-affirm agencies on an annual basis. Re-affirmation letters will be sent to Eligible Partners on November 1 and will cover the period of January 1st through December 31 of the following year. Applications for Eligible Partner Status may be
submitted at any time however Reservations are on a first come, first served basis. If Program Funds have been fully committed, MFA may re-allocate HOME funds into this program.

**Agency Paid Fees**

No fees may be charged or passed through to the borrower. The exception is the agency may impose a nominal application fee.

**Subcontractors**

Applicants shall not subcontract the management services to be performed under this Agreement without the prior written approval of the MFA. The only exceptions are for an Assessor, EPA Certified Lead Based Paint Assessor, Certified Public Accountant and construction crews.

**Reservations**

MFA will issue commitments for eligible funding as set forth in the Service Agreement, the Procedural Guide and related program documents. Fund allocations for the program will be reserved in accordance with the Program Reservation Procedures.

The reservation for the funding of each project by the MFA is subject to submission of a Project Application Package including a completed Reservation Request Form. The Project Application Package must be uploaded to the Secure Data Transfer website which may be accessed at http://local.housingnm.org/LoginPortal/. MFA will no longer accept Project Application Packages sent via U.S. mail, FedEx, UPS or physically delivered to the MFA office. Funding will be reserved on a first come, first served basis pending funds availability. From time to time, MFA may suspend program participation if needed.

MFA’s commitment to fund each Rehabilitation project will be subject to MFA approval as evidenced by a Project Acceptance Notice which must be signed and acknowledged by the Eligible Partner and returned to MFA via email, scan, fax or U.S. mail. Once the project has been entered into HUD’s IDIS system, a project number will be generated. The project number and Award and Restrictive Covenant or Tribal Land Award Agreement will be forwarded via email to the Eligible Partner. Eligible Partners may then begin invoicing MFA for reimbursable expenses related to the project.

**Interim Funding**

Initial interim funding is subject to the following: (i) the submission of Field Inspection Report including photos, (ii) copies of Contractor Payment Request and/or material receipts, (iii) copy of print screen of SAM.gov for contractor and, (iv) if invoicing for project management as a soft cost submission of employee timesheets. Projects that have not drawn any funds within 60 days of the Reservation Verification Letter may be canceled by MFA. The project must be completed within 180 days from the receipt of a project number from MFA.

**Final Funding**

The final funding of each project is subject to the following; (i) the submission of a HOME Completion Report, (ii) the submission of a copy of the Certificate of Occupancy and/or Final Inspection from the proper Code Enforcement agency signed by the homeowner, (iii) the submission of the release of liens certification from the contractor, (v) the submission of the original recorded Award and Restrictive Covenants Agreement or Tribal Land Award Agreement (TLAA)

In addition to the documents noted above, the following documents must be maintained in the Sub-grantee’s Client File:

- Copy of Award and Restrictive Covenants Agreement or Mortgage and Promissory Note.
- Evidence of Property Ownership (Fee Simple or 99 year leasehold interest only)
Eligible Borrowers

To be eligible for funding, the Current Annual Household Income of the borrower(s) must be at or below 60% of Area Median Income (AMI) adjusted for family size as determined by the U.S. Department of Housing and Urban Development (HUD) and calculated pursuant to the HUD Part 5 (Section 8) guidelines. The incomes of all household members over 18 years of age and/or those listed on the Warranty Deed are needed to determine income eligibility. Terms of the loans will vary dependent on the income of each borrower.

Property Eligibility

The home must be owned and occupied by the applicants as evidenced by a Title Search and a Deed. Title to the property must be held as fee simple or a 99-year leasehold. Homes located on Tribal Land may have a 50-year lease. All property taxes must be current.

The value of the home (as determined by appraisal or other method approved by MFA) cannot exceed the HUD published 203(b) value for the unit size, after rehabilitation.

In order to meet the MFA Construction Standards and HOME regulatory requirement, the minimum subsidy per unit is $1,500. The property must meet all Construction Standards upon final funding of the loan. Owners of properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency shall be required to obtain and maintain Flood Insurance as a condition of receiving funding.

Properties with a home equity mortgage lien on the property and properties located within the city limits of Las Cruces and Albuquerque are not eligible for this program.

Structure for Terms of Assistance

The form of assistance for households earning no more than 60% of Area Median Income (AMI) will be a non-amortizing, 0% interest subordinate loan. A lien will be placed on the property for the amount of actual hard construction costs only. Soft costs, administration fees and lead based paint activities will not be passed on to the homeowner. The loan will be due on sale or refinance during the affordability period. The loan will be forgiven at a rate of 20% of the principal balance per year during the last 5 years of the affordability period (1/5th per year for 5 years).

Buyer Equity

The pre-rehabilitation value of the home must be determined by appraisal before any rehabilitation work is performed. Award and Restrictive Covenants or Tribal Land Award Agreements will be placed on the property that permits the homeowner’s investment to be recovered from the proceeds of sale or transfer of the property prior to any repayment of the HOME loan.

203(b) Limits
The value of the home (as determined by appraisal or other method approved by MFA) cannot exceed the HUD published 203(b) value for the unit size, after rehabilitation. Agencies must use the HUD 95% After Rehab median values which are available online at www.housingnm.org.

Prior to any disbursement of funds, the Award and Restrictive Covenants Agreement or Tribal Land Award Agreement provided by MFA must be signed by the homeowner and notarized. At project completion, the Agreement is to be recorded at the County Clerk’s office where the property is located and delivered to MFA.

**Leveraging and Match Resources**

MFA realizes that it may take more than the “maximum” amount of HOME funds to adequately rehabilitate the home. Our intent and priority under this program is to provide more HOME funds to the lower income borrowers (0-60% AMI). In order to increase the number of families assisted with the limited HOME funds, MFA highly encourages leveraging with other resources such as USDA-Rural Development loans Whenever possible, Eligible Partners should coordinate with the MFA NM Energy$mart Providers to incorporate weatherization with all rehabilitation projects.

In addition to leveraging funds, eligible partners must match the HOME subsidy whenever possible. Match funds differ from leveraged funds as eligible partners can only use non-federal funds as match. An example is self-help or use of volunteers during the reconstruction of the home.

**Subsidy Amounts**

The minimum subsidy per unit for each tier is $1,500. The maximum average of the HOME subsidy amount is $80,000 per project. Actual construction costs (hard costs) are capped at $65,000.

**Administrative and Soft Costs**

MFA may pay an Eligible Partner Agency up to 3% of the total project cost (hard and soft costs) as administrative fees for all projects. Soft costs are capped at $10,000. The administrative costs for the program may be used for non-direct project related activities that contribute to the agency’s rehabilitation program. All direct project related activities such as the wages for the Project Manager or Administrative Assistant must be charged as soft costs and not to the administrative fees. The administrative costs and soft costs cannot be passed to the borrower.

**Servicing**

MFA will retain the original award/loan documents and maintain the loan records. All payments, if applicable, will be made directly to the MFA.

**Income Limits**

The Income Limits to be used to determine eligibility shall be those established by the U.S. Department of Housing and Urban Development (HUD) and published annually.

**Manufactured Homes**

Mobile or manufactured homes are eligible for rehabilitation under this program. Home funds may be used to purchase mobile or manufactured homes to replace homes that are too costly to rehab. Under this program eligible Manufactured Housing must comply with MFA Resource Efficiency Standards. The rehabilitation or replacements of Mobile Homes are only eligible if the land they are set on has a minimum 50 year ground lease or is owned by the homeowner. The Mobile Home is ineligible for the program if it is located within a mobile home park where a monthly lot fee it paid.
All work must meet MFA and HUD Construction Standards, local building code and manufacturer’s warranty requirements, AND MUST BE PERFORMED BY A CONTRACTOR LICENSED FOR MANUFACTURED HOMES. Program funds can be used to secure a manufactured home to a permanent foundation.

Flood Insurance

Owners of properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency shall be required to obtain and maintain Flood Insurance as a condition of receiving funding. At initial intake, agencies must contact MFA for verification that a property is not located in a flood plain.

Lead-Based Paint

HUD has revised and consolidated its lead-based paint regulations, which are listed in 24 CFR Part 35 and can be found at www.hudclips.org. The changes enacted by the new regulation affect rehabilitation. Major changes under the new lead-based paint regulation include notification, lead hazard evaluation, lead hazard reduction, ongoing maintenance, and addressing children with Environmental Intervention Blood Lead Levels.

On April 22, 2008, EPA issued a rule requiring the use of lead-safe practices and other actions aimed at preventing lead poisoning. Under the rule, beginning in April 2010, contractors performing renovation, repair and painting projects that disturb lead-based paint in homes, child care facilities, and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

All Eligible Agencies must certify and comply with applicable lead-based paint regulations listed in 24 CFR Part 35. Fees for testing and abatement are invoiced to a separate set-aside fund specifically for Lead Based Paint activities. These fees are not passed to the homeowner.

Environmental Reviews

All projects are subject to an environmental review and must receive appropriate clearance prior to any funds expenditure, including Soft Costs and Lead Based Paint costs. MFA is the responsible entity for all projects being performed by non-profit organizations and tribal housing authorities. Local Governments and Tribal Entities (not Tribal Housing Authorities) are their own responsible entity and are required to perform their own environmental reviews which need to be included in all Reservation Requests. Local governments and tribal entities (not tribal housing authorities) must submit a Request for Release To Funds (RROF) to MFA for approval. MFA will issue the Authority to Use Grant Funds.

Other Requirements

1. Refinances will not be eligible under this program.

2. Eligible Partner Agencies may have up to five (5), three (3) projects open for funding at any one time. All new Eligible Partner Agencies may not have more than one (1) project open for funding at any one time unless waived at the sole discretion of MFA.

3. Eligible Partner Agencies that have not submitted projects for the past two (2) years (July 1, 2012 through June 30, 2014) must submit a new Eligible Partner Application.

4. The final request for reimbursement is to be submitted with the completion report and the original recorded Award and Restrictive Covenant or Tribal Land Award Agreement (provided by MFA).

5. The Eligible Agency will be responsible for guaranteeing that the work is properly inspected and completed. It will be the obligation of the Eligible Agency to insure that the property meets all
...code requirements, construction standards and other HOME requirements, including but not limited to those associated with HQS or UPCS (after January, 2015) and lead-based paint.

6.5. The amount of HOME funds invested in a project may not exceed the 221(d)(3) limits as established by HUD. Determination of the 203(b) Limits for after rehabilitation value of the homes must be obtained by an appraisal. The combination of an existing mortgage loan and HOME loan cannot exceed the after rehabilitation value of the home.

7.6. In the event that compliance monitoring indicates deficiencies in any of the units, funding may be immediately discontinued on all pending projects.
New Mexico Mortgage Finance Authority

House by House Reservation Rehabilitation Program
Notice of Funds Availability

Date: June 2015

The New Mexico Mortgage Finance Authority ("MFA") has allocated a portion of the Federal HOME Investment Partnerships Program ("HOME") funds administered by MFA for a House by House Reservation Program. The estimated HOME funding for the 2015 House by House Reservation Rehabilitation Program is $2,545,000. Capitalized terms, used in this Notice of Funding Availability ("NOFA"), except those otherwise defined herein, shall have the same meaning as the terms defined in the MFA New Mexico HOME Program Compliance Manual, as amended from time to time. In the event of a conflict between the provisions of this NOFA and the provisions of the "Service Agreement" for a rehabilitation loan, the provisions of the Service Agreement shall control. From time to time, MFA may amend the provisions of this NOFA by Program Notice.

Purpose

The purpose of the program is to provide funding for the rehabilitation of homes occupied by eligible low-income homeowners. Funding of up to $65,000 may be available to homeowners whose annual household income does not exceed sixty percent (60%) of the area median income, adjusted for family size. Each homeowner enters into an Award and Restrictive Covenants Agreement or Tribal Land Award Agreement. The terms of the agreement will vary depending on the household's income. The loan will be non-amortizing, 0% interest subordinate loan that is due on sale, transfer or refinance during the affordability period. (See Page 5 for further details).

Eligible Partner Requirements

To participate in the House by House Reservation Program, an organization must be approved by MFA as an Eligible Partner Agency ("Eligible Agency"). Prospective applicants must fit one of the following criteria to be considered for eligibility:

1. Entity or agency that is new to MFA rehabilitation activities who wish to learn the MFA rehabilitation process. Agency may be either a state or local governmental agency, housing authority, tribal agency, non-profit or for profit organization and has amongst its purposes significant activities related to providing housing or services to persons or households of low or moderate income. Provide documentation of being duly organized in accordance with state or local law and is in good standing with any state authority such as the Public Regulation Commission and/or Charitable Registrar at the Office of the Attorney General (e.g. Articles, Bylaws, and Certificate of Good Standing for a Corporation, Operating Agreement, and Certificate of Good Standing for a Limited Liability Company; partnership agreement and certificate of limited partnership for a partnership; 501 (c)(3) designation for a non-profit);

2. House by House Reservation Eligible Partner recipient (PY 2014) that is in "good standing" as of the date of the release of this NOFA.

3. Current House by House Reservation Eligible Partner is expanding into a currently underserved area.
One approved for Eligible Partner Status, the entity or agency will be required to serve an entire county. Tribal, Pueblo entities and local governments must perform a minimum of one home rehab outside of the tribe, pueblo or local government.

Only Eligible Partner Agencies may access these funds. Agencies that were recertified at the end of 2013 do not need to submit the following documents with the exception of item No. 5. To qualify as a new Eligible Partner Agency, the entity must submit the following:

1. Offeror must submit Application for Eligibility.

2. Offeror must submit proof of 501(c)(3) or proof of status as a Government Agency.

3. If Offeror is a non-profit they must submit proof of current registration as charitable organization with the New Mexico Attorney General's Office, covering the fiscal year ending in 2014 - or proof of exemption therefrom. Information can be submitted online and verification obtained via https://secure.nmag.gov/coros/. Verification should be in the form of the first page of the "NM Charitable Organization Registration Statement."

4. If not a unit of local government, Offeror must submit a Letter of Recommendation from the unit of local government. The Letter of Recommendation should state that the local government supports the Offeror’s application and must be dated no more than 180 days prior to the application date. The letter must be signed by a local government official authorized to sign such a letter of the city, town, village or tribe in which the program activity will take place. For activities that will take place in unincorporated areas, the county is the unit of local government. The letter must specifically endorse the project/activity proposed in the application.

5. 2014 Eligible Partners wishing to expand into a currently underserved area must also provide documentation that shows financial leverage from the local government where the project/activity is to take place. Financial leverage can include in-kind services.

6. Agencies must provide either an independent CPA's auditors report (Audit) or audited financial statements conducted in accordance with Government Auditing Standards (GAS). The GAS Audit or audited financial statements will include an independent auditors report on the following: 1) financial statements; and 2) Internal Control over financial reporting and compliance. The audit or audited financial statements will also include the auditor's management letter if there is one and the Offeror’s response to any audit or audited financial statement findings. Offeror must submit only the most recent of FY2014 (fiscal year ending on or after 9/30/2014) or FY 2015. If Offeror received $500,000 in federal funds from one or more sources (in the fiscal year ending in 2014, $750,000 in the fiscal year ending in 2015), a Single Audit is required pursuant to 2 CFR 200 Subpart F. The following types of audit or audited financial findings may disqualify Offeror from funding:
   a. Repeat and unresolved audit findings, as determined by MFA.
   b. If Offeror has received greater than $500,000 in funding (in the fiscal year ending in 2014, $750,000 in the fiscal year ending in 2015) and the single audit did not meet the requirements of the 2 CFR 200 Subpart F:
      i). For Single Audit, no proof of Federal audit clearinghouse submission (FORM SF-SAC).
      ii). If Governmental entity, proof is not included of current audit submission to the Office of the New Mexico State Auditor.
      iii). If referenced in audit as a separate communication, no submission of Management Response letter and management response to concerns noted in the management letter.
      iv). If any findings, no submission of management response to findings.
7. Local public bodies (housing authorities, local governments) must conduct annual independent financial audits by a certified auditor that has been approved by the New Mexico State Auditor’s Office and on the State Auditor’s List.

8. All entities receiving federal or state funding from MFA must provide an annual independent financial audit or audited financial statements from a certified auditor of their choice. Entities must at a minimum procure for auditing firm/services every three years, through a Request for Proposal ("RFP"). Evidence of the procurement must be provided to MFA at the time of release of the RFP and when selections are completed.

9. Current Board Resolution not older than 12 months from the date of the application showing approval for the agency to apply for the House by House Reservation Program. If a Tribal entity, submit a current Tribal Resolution showing approval for applying to the 2015 House By House Reservation Program;

10. Current Board Member list including name, employer and term length, if applicable;

11. Have a functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system that is consistent with generally accepted accounting principles;

12. Resumes of all Management and Administrative Team personnel;

13. Current General Liability Insurance Certificate; and

14. Offeror must have been operating for a minimum of one (1) year.

The entity or organization must be approved by the MFA based on its submission of a properly completed “Application for Eligibility – Rehabilitation Agency”, with all required attachments. Upon approval of the application, MFA will then enter into a Performance Agreement with the organization.

The terms, conditions and descriptions applicable to the program to be made by MFA are as follows:

**Performance Agreement Term**

Once an agency has been approved for Eligible Partner Status, MFA will re-affirm agencies on an annual basis. Re-affirmation letters will be sent to Eligible Partners on November 1 and will cover the period of January 1 through December 31 of the following year. Applications for Eligible Partner Status may be submitted at any time however Reservations are on a first come, first served basis. If Program Funds have been fully committed, MFA may re-allocate HOME funds into this program.

**Agency Paid Fees**

No fees may be charged or passed through to the borrower. The exception is the agency may impose a nominal application fee.

**Subcontractors**

Applicants shall not subcontract the management services to be performed under this Agreement without the prior written approval of the MFA. The only exceptions are for an Assessor, EPA Certified Lead Based Paint Assessor, Certified Public Accountant and construction crews.

**Reservations**

MFA will issue commitments for eligible funding as set forth in the Service Agreement, the Procedural Guide and related program documents. Fund allocations for the program will be reserved in accordance with the Program Reservation Procedures.
The reservation for the funding of each project by the MFA is subject to submission of a Project Application Package including a completed Reservation Request Form. The Project Application Package must be uploaded to the Secure Data Transfer website which may be accessed at http://local.housingnm.org/LoginPortal/. MFA will no longer accept Project Application Packages sent via U.S. mail, FedEx, UPS or physically delivered to the MFA office. Funding will be reserved on a first come, first served basis pending funds availability. From time to time, MFA may suspend program participation if needed.

MFA’s commitment to fund each Rehabilitation project will be subject to MFA approval as evidenced by a Project Acceptance Notice which must be signed and acknowledged by the Eligible Partner and returned to MFA via email, scan, fax or U.S. mail. Once the project has been entered into HUD’s IDIS system, a project number will be generated. The project number and Award and Restrictive Covenant or Tribal Land Award Agreement will be forwarded via email to the Eligible Partner. Eligible Partners may then begin invoicing MFA for reimbursable expenses related to the project.

**Interim Funding**

Initial interim funding is subject to the following: (i) the submission of Field Inspection Report including photos, (ii) copies of Contractor Payment Request and/or material receipts, (iii) copy of print screen of SAM.gov for contractor and, (iv) if invoicing for project management as a soft cost submission of employee timesheets. Projects that have not drawn any funds within 60 days of the Reservation Verification Letter may be canceled by MFA. The project must be completed within 180 days from the receipt of a project number from MFA.

**Final Funding**

The final funding of each project is subject to the following; (i) the submission of a HOME Completion Report, (ii) the submission of a copy of the Certificate of Occupancy and/or Final Inspection from the proper Code Enforcement agency signed by the homeowner, (iii) the submission of the release of liens certification from the contractor, (v) the submission of the original recorded Award and Restrictive Covenants Agreement or Tribal Land Award Agreement (TLAA)

In addition to the documents noted above, the following documents must be maintained in the Sub-recipient’s Client File:

- Copy of Award and Restrictive Covenants Agreement or Mortgage and Promissory Note.
- Evidence of Property Ownership (Fee Simple or 99 year leasehold interest only)
- Print Screen of SAM.Gov search of Homeowner
- Evidence of Flood Insurance (if applicable)
- Copy of bid documents and advertisement.
- Pre-Construction Conference Report with Contractor Certification of eligibility to perform federal work (SAM.gov).
- Copy of executed Construction Contract with scope of work attached as an Exhibit.
- Copies of Lead-Based Paint Risk Assessment, Notification Certification(s), and Clearance (if applicable)
- Resource Efficiency Checklist
- Punchlist (if applicable)

**Eligible Borrowers**

To be eligible for funding, the Current Annual Household Income of the borrower(s) must be at or below 60% of Area Median Income (AMI) adjusted for family size as determined by the U.S. Department of Housing and Urban Development (HUD) and calculated pursuant to the HUD Part 5 (Section 8) guidelines. The incomes of all household members over 18 years of age are needed to determine income eligibility.
**Property Eligibility**

The home must be owned and occupied by the applicants as evidenced by a Title Search and a Deed. Title to the property must be held as fee simple or a 99-year leasehold. Homes located on Tribal Land may have a 50-year leasehold. All property taxes must be current.

The value of the home (as determined by appraisal or other method approved by MFA) cannot exceed the HUD published 203(b) value for the unit size, after rehabilitation.

In order to meet the MFA Construction Standards and HOME regulatory requirement, the minimum subsidy per unit is $1,500. The property must meet all Construction Standards upon final funding of the loan. Owners of properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency shall be required to obtain and maintain Flood Insurance as a condition of receiving funding.

Properties with a home equity mortgage lien on the property and properties located within the city limits of Las Cruces and Albuquerque are not eligible for this program.

**Structure for Terms of Assistance**

The form of assistance for households earning no more than 60% of Area Median Income (AMI) will be a non-amortizing, 0% interest subordinate loan. A lien will be placed on the property for the amount of actual hard construction costs only. Soft costs, administration fees and lead based paint activities will not be passed on to the homeowner. The loan will be due on sale or refinance during the affordability period. The loan will be forgiven at a rate of 20% of the principal balance per year during the last 5 years of the affordability period (1/5\(^{th}\) per year for 5 years).

**Buyer Equity**

The pre-rehabilitation value of the home must be determined by appraisal before any rehabilitation work is performed. Award and Restrictive Covenants or Tribal Land Award Agreements will be placed on the property that permits the homeowner’s investment to be recovered from the proceeds of sale or transfer of the property prior to any repayment of the HOME loan.

**203(b) Limits**

The value of the home (as determined by appraisal or other method approved by MFA) cannot exceed the HUD published 203(b) value for the unit size, after rehabilitation. Agencies must use the HUD 95% After Rehab median values which are available online at www.housingnm.org.

Prior to any disbursement of funds, the Award and Restrictive Covenants Agreement or Tribal Land Award Agreement provided by MFA must be signed by the homeowner and notarized. At project completion, the Agreement is to be recorded at the County Clerk’s office where the property is located and delivered to MFA.

**Leveraging and Match Resources**

MFA realizes that it may take more than the “maximum” amount of HOME funds to adequately rehabilitate the home. Our intent and priority under this program is to provide more HOME funds to the lower income borrowers (0-60% AMI). In order to increase the number of families assisted with the limited HOME funds, MFA highly encourages leveraging with other resources such as USDA-Rural Development loans. Whenever possible, Eligible Partners should coordinate with the MFA NM Energy$mart Providers to incorporate weatherization with all rehabilitation projects.
In addition to leveraging funds, eligible partners must match the HOME subsidy whenever possible. Match funds differ from leveraged funds as eligible partners can only use non-federal funds as match. An example is self-help or use of volunteers during the reconstruction of the home.

**Subsidy Amounts**

The minimum subsidy per unit for each tier is $1,500. The maximum average of the HOME subsidy amount is $65,000 per project. Actual construction costs (hard costs) are capped at $55,000.

**Administrative and Soft Costs**

MFA may pay an Eligible Partner Agency up to 3% of the total project cost (hard and soft costs) as administrative fees for all projects. Soft costs are capped at $10,000. The administrative costs for the program may be used for non-direct project related activities that contribute to the agency’s rehabilitation program. All direct project related activities such as the wages for the Project Manager or Administrative Assistant must be charged as soft costs and not to the administrative fees. The administrative costs and soft costs cannot be passed to the borrower.

**Servicing**

MFA will retain the original award/loan documents and maintain the loan records. All payments, if applicable, will be made directly to the MFA.

**Income Limits**

The Income Limits to be used to determine eligibility shall be those established by the U.S. Department of Housing and Urban Development (HUD) and published annually.

**Manufactured Homes**

Mobile or manufactured homes are eligible for rehabilitation under this program. Home funds may be used to purchase mobile or manufactured homes to replace homes that are too costly to rehab. Under this program eligible Manufactured Housing must comply with MFA Resource Efficiency Standards. The rehabilitation or replacements of Mobile Homes are only eligible if the land they are set on has a minimum 50 year ground lease or is owned by the homeowner. The Mobile Home is ineligible for the program if it is located within a mobile home park where a monthly lot fee it paid.

All work must meet MFA and HUD Construction Standards, local building code and manufacturer’s warranty requirements, AND MUST BE PERFORMED BY A CONTRACTOR LICENSED FOR MANUFACTURED HOMES. Program funds can be used to secure a manufactured home to a permanent foundation.

**Flood Insurance**

Owners of properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency shall be required to obtain and maintain Flood Insurance as a condition of receiving funding. At initial intake, agencies must contact MFA for verification that a property is not located in a flood plain.

**Lead-Based Paint**

HUD has revised and consolidated its lead-based paint regulations, which are listed in 24 CFR Part 35 and can be found at www.hudclips.org. The changes enacted by the new regulation affect rehabilitation. Major changes under the new lead-based paint regulation include notification, lead hazard evaluation, lead hazard reduction, ongoing maintenance, and addressing children with Environmental Intervention Blood Lead Levels.
On April 22, 2008, EPA issued a rule requiring the use of lead-safe practices and other actions aimed at preventing lead poisoning. Under the rule, beginning in April 2010, contractors performing renovation, repair and painting projects that disturb lead-based paint in homes, child care facilities, and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

All Eligible Agencies must certify and comply with applicable lead-based paint regulations listed in 24 CFR Part 35. Fees for testing and abatement are invoiced to a separate set-aside fund specifically for Lead Based Paint activities. These fees are not passed to the homeowner.

Environmental Reviews

All projects are subject to an environmental review and must receive appropriate clearance prior to any funds expenditure, including Soft Costs and Lead Based Paint costs. MFA is the responsible entity for all projects being performed by non-profit organizations and tribal housing authorities. Local Governments and Tribal Entities (not Tribal Housing Authorities) are their own responsible entity and are required to perform their own environmental reviews which need to be included in all Reservation Requests. Local governments and tribal entities (not tribal housing authorities) must submit a Request for Release for Funds (RROF) to MFA for approval. MFA will issue the Authority to Use Grant Funds.

Other Requirements

1. Refinances will not be eligible under this program.

2. Eligible Partner Agencies may have up to three (3) projects open for funding at any one time. All new Eligible Partner Agencies may not have more than one (1) project open for funding at any one time unless waived at the sole discretion of MFA.

3. Eligible Partner Agencies that have not submitted projects for the past two (2) years (July 1, 2013 through June 30, 2015) must submit a new Eligible Partner Application.

4. The Eligible Agency will be responsible for guaranteeing that the work is properly inspected and completed. It will be the obligation of the Eligible Agency to insure that the property meets all code requirements, construction standards and other HOME requirements, including but not limited to those associated with HQS or UPCS (after January, 2015) and lead-based paint.

5. The amount of HOME funds invested in a project may not exceed the 221(d)(3) limits as established by HUD. Determination of the 203(b) Limits for after rehabilitation value of the homes must be obtained by an appraisal. The combination of an existing mortgage loan and HOME loan cannot exceed the after rehabilitation value of the home.

6. In the event that compliance monitoring indicates deficiencies in any of the units, funding may be immediately discontinued on all pending projects.
Tab 7
MEMORANDUM

TO: Board

Through: Contracted Services/Credit Committee – June 9, 2015

Through: Policy Committee – May 11, 2015

FROM: Natalie Michelback

DATE: June 17, 2015

SUBJECT: Limited Source Procurement for 2015 – 2016 Continuum of Care Performance ("CoC") Program

Recommendation:
Staff recommends approval of the 2015 - 2016 Continuum of Care Performance preliminary award amounts. Notifications of preliminary awards will be emailed and mailed upon MFA board approval on June 17, 2015.

Background:
The Continuum of Care Performance Program is supported exclusively by State Homeless funds. For the past three years, the program has been awarded using limited source procurement, and it is recommended that this be continued this year. Below is a restatement of the basis for limited source procurement for this program.

Limited source procurement is used when there is a limited number of a qualified sources for the procurement, therefore a competitive sealed proposal procedure would be impractical. The prerequisite for receiving this funding is a HUD Continuum of Care award and executed grant agreement. The qualified sources are therefore limited each year to only the successful renewing recipients of HUD Continuum of Care funds.
Cooperation with NMCEH

The New Mexico Coalition to End Homelessness is responsible for coordinating the Balance of State Continuum of Care application process, and is contracted by the City of Albuquerque to coordinate the Albuquerque Continuum of Care application process. In doing so, the NMCEH collects the annual performance data from all applicants and renewing agencies and reports the data directly to MFA. Receiving this information directly from NMCEH is a more practical alternative to receiving sealed proposals.

Purpose of Activities

The purpose of these activities is to provide support to agencies statewide which have received HUD Continuum of Care funding through either the Albuquerque or Balance of State applications to HUD; this assists those agencies with match requirements for the Continuum of Care. The “CoC” Program is designed to assist individuals (including unaccompanied youth) and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long-term stability.

Approval of Awards

All applicants will be funded based on a formula created by the Joint Evaluation Team in 2011. The formula awards the greater of: $2,500, 90% of last year's award or 6% of the HUD Continuum of Care award. This formula was modified from 3% to 6% of the HUD Continuum of Care award on February 18, 2015 with a cap of $30,000. This year the total amount of HUD Continuum of Care funding for all “CoC” agencies is $8,560,845. Previously the Continuum of Care award was brought to Policy Committee under the MFA Delegations of Authority item 8, as the funding amount was less than $250,000. Under the modified formula, the award is estimated to be $442,692 which would require board approval.

The estimated funding available is as follows:

**Total Homeless Funding Sources:** $2,254,566

- ESG: $989,566
- State: $1,265,000

**Distribution:**

- Continuum of Care: $442,692 (State)
- EHAP: $270,504 (State) $583,844 (ESG) = Total $853,347
- RAP: $551,804 (State) $270,504 (ESG) = Total $822,308
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<td><strong>Total Funding</strong></td>
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* New agency to the MFA “CoC” program

**Summary:**
The Continuum of Care (COC) performance awards were established to provide support to agencies statewide that offer homeless prevention and supportive services through this limited source procurement. Twenty Seven (27) agencies submitted the COC renewal application and package, and staff recommends approval for all awards. The estimated funding available for the COC 2015-2016 PY is $442,692.
Tab 8
MEMORANDUM

TO: MFA Board of Directors

Through: Contract Services Committee – June 9, 2015

Through: Policy Committee – June 3, 2015

FROM: Gina Bell

DATE: June 17, 2015

SUBJECT: Request for Approval to Apply for a Lead-Based Paint Hazard Control (LBPHC) Grant Program

Recommendation:

Staff is recommending approval to submit a proposal in response to a U.S. Department of Housing and Urban Development – Lead-Based Paint Hazard Control (LBPHC) Grant Program RFP No. FR-5900-N-1 in the amount of $1,500,000 that can be expended over a 3 year period.

Background:

Staff has been charged with strategic goal 2.3. The objective of the goal is to develop innovative funding streams for NM Energy$mart and other traditional grant funded programs.

Objectives include:

- Increase Funding to Expand NM Energy$mart
- Secure and maintain funding from electric coops, large utilities and other sources
- Explore healthy homes enhancements to NM Energy$mart

With the proposed funding we would engage our current NM Energy$mart Service Providers, which includes ICAST, to install measures in single family and multi-family complexes. Measures that would be allowed include lead base paint, radon,
carbon monoxide, mold and asbestos remediation. These additional measures provide for safer and healthier homes and protection from hazards of housing related health and safety for the vulnerable populations living in low-income housing across New Mexico.

The administration fee we are proposing is 10% which would be split between MFA and the Service Providers.

Based on the budget assessment developed by Controller with CDD input, MFA income would be $75,000 over the life of the grant. Expenses would total $18,379 for a net gain of $56,621. It is important to note that the $18,379 in expenses is not new/additional expenses to MFA.

There is a required 50% cost share that will be met with funds from NM Gas, PNM and Xcel Energy.

The program will be delivered using existing processes. No new RFPs are expected since this grant program leverages our existing funding and is supplemental to the existing NM Energy$mart program. Our Service Providers currently have staff that is experienced in lead base paint, radon, carbon monoxide, mold and asbestos detection.

The funding would be administered under the existing staffing model supporting the NM Energy$mart Program. No additional staff is anticipated. The existing databases would need to be modified to include an additional funding source and new measures depending on what measures we determine will render the desired remediation.

**MFA’s Policy Committee has reviewed and approved a Program Assessment Tool, which can be provided to you upon your request.**

**Summary:**
We would respectfully request to obtain approval to submit a proposal for a Lead-Based Paint Hazard Control (LBPHC) Grant Program funding with the understanding that it will supplement our NM Energy$mart Program and generate income, through administration fees, to MFA.

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<th>Program Funds</th>
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<td>MFA Admin @ 10%</td>
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<tr>
<td>- MFA Admin</td>
<td>$75,000</td>
</tr>
<tr>
<td>- Service Providers</td>
<td>$75,000</td>
</tr>
</tbody>
</table>
Tab 9
MEMORANDUM

TO: Board of Directors

Through: Contracted Services Committee – June 9, 2015

Through: Policy Committee – June 8, 2015

FROM: Debbie Davis

DATE: June 17, 2015

SUBJECT: Linkages Contract Renewals and Limited Source Procurement for Linkages Expansion

Recommendation: Staff recommends approval of Linkages Program contract renewals for the five (5) existing Housing Administrators and that expansion of the Linkages Program be conducted as a limited source procurement for two (2) new service areas. We request that management be given the authority to approve changes to these amounts based upon actual allocations. Notification to the Board will be provided in the Staff Actions Report.

Background: The Linkages program is a permanent supportive housing voucher program for persons with a severe mental illness who are homeless or precariously housed. The program is funded by the state through the Behavioral Health Purchasing Collaborative and the Statewide Entity, OptumHealth New Mexico. In 2013, a Request for Proposals was issued and three service providers were selected. The RFP included the option for two one-year renewals. This is the second year of the one-year renewals and the program term is July 1, 2015 through June 30, 2016. In 2014, the Board approved the renewal of three (3) Housing Administrators and the limited source procurement to expand the program to Dona Ana County and Eastern New Mexico. This year, staff is requesting approval to renew the five (5) current Housing Administrators. In addition, we propose to expand the Linkages services to San Juan County (San Juan County Partnership) and Taos County (Northern Regional Housing Authority) through limited source procurement.

A limited source procurement is procurement with 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. This program can only be offered in an area where there is both a Housing Provider experienced in administering rental assistance funds, and an HSD certified Social Service Agency that will oversee the provision of supportive services. For this reason, a competitive proposal process is impractical.

Discussion: The designation of the areas, both existing and expansion, was based on the availability of both qualified local housing administrators and a HSD certified social services agency whose role it is to help clients get and keep, housing and are provided as an integral part of other mental health services provided. In non-metro areas, there is only one housing entity that has experience in managing voucher based rental assistance programs.
A request for renewal information was issued on June 4, 2015 to the five (5) current Linkages Housing Providers. Each provider has previously submitted proof of current registration with the New Mexico Attorney General’s Office (if applicable), a copy of the agency’s financial audit for the fiscal year ending in 2013 or 2014, and a copy of the current letter of agreement with the Social Services Agency, as required by Linkages. Staff verified that the housing service providers have not been debarred by the federal government.

The renewal portion of the allocation would be awarded to the five (5) current Linkages Housing Administrators. Those agencies are:

- Bernalillo County Housing Department – Albuquerque Area
- Eastern Regional Housing Authority – Chaves/Eddy/Lea
- The Life Link – Santa Fe Area
- Mesilla Valley Community of Hope – Doña Ana
- Western Regional Housing Authority – Grant/Luna/Hidalgo

The expansion portion of the allocation is designated for:

- San Juan County Housing Partnership – San Juan
- Northern Regional Housing Authority – Taos

Estimation of the 2015 allocation for the Linkages program is $1,349,151.84. Funding for housing entities breaks down as $1,088,352 in program funds and $153,600 for administrative fees to the providers. Provider total is $1,241,952. MFA will receive an administration fee of $99,972.15. The total program allocation includes funding for the renewal of five (5) existing Housing Administrators plus funding to expand for two (2) new service areas. Due to the formula being voucher based, there will be $7,227.69 in unallocated funds. Actual allocations will be adjusted based on final funding amounts.

The formula for the allocation is based on the number of vouchers per Service Area times the Fair Market Rate (FMR) for the average bedroom size used by clients for that area times twelve (12) months. The formula for the administrative fee portion is number of vouchers times $100 times twelve (12) months.

<table>
<thead>
<tr>
<th>ENTITY</th>
<th>TOTAL VOUCHERS</th>
<th>AVG BR</th>
<th>calc FMR</th>
<th>2015 BR FMR</th>
<th>VOUCH X FMR X 12</th>
<th>ADMIN = VOUCH X $100 X 12</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCHD</td>
<td>33</td>
<td>1.36</td>
<td>1</td>
<td>682</td>
<td>270,072.00</td>
<td>39,600.00</td>
<td>309,672.00</td>
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<tr>
<td>ERHA</td>
<td>15</td>
<td>1</td>
<td>1</td>
<td>466</td>
<td>83,880.00</td>
<td>18,000.00</td>
<td>101,880.00</td>
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<tr>
<td>Life Link</td>
<td>35</td>
<td>1.91</td>
<td>2</td>
<td>953</td>
<td>400,260.00</td>
<td>42,000.00</td>
<td>442,260.00</td>
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<tr>
<td>MVCOH</td>
<td>10</td>
<td>1.125</td>
<td>1</td>
<td>534</td>
<td>64,080.00</td>
<td>12,000.00</td>
<td>76,080.00</td>
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<tr>
<td>WRHA</td>
<td>25</td>
<td>1.74</td>
<td>2</td>
<td>631</td>
<td>189,300.00</td>
<td>30,000.00</td>
<td>219,300.00</td>
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<tr>
<td>Current Agency Subtotal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,007,592.00</td>
<td>141,600.00</td>
<td>1,149,192.00</td>
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<td>SJCHP</td>
<td>5</td>
<td>1</td>
<td>536</td>
<td>32,160.00</td>
<td>6,000.00</td>
<td>38,160.00</td>
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<tr>
<td>NRHA</td>
<td>5</td>
<td>2</td>
<td>810</td>
<td>48,600.00</td>
<td>6,000.00</td>
<td>54,600.00</td>
<td></td>
</tr>
<tr>
<td>New Agency Subtotal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>80,760.00</td>
<td>12,000.00</td>
<td>92,760.00</td>
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<tr>
<td>Subtotal of Agency Funding</td>
<td>128</td>
<td></td>
<td></td>
<td></td>
<td>1,088,352.00</td>
<td>153,600.00</td>
<td>1,241,952.00</td>
</tr>
<tr>
<td>MFA Admin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>99,972.15</td>
<td></td>
</tr>
<tr>
<td>Unallocated Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7,227.69</td>
<td></td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>128</td>
<td></td>
<td></td>
<td></td>
<td>1,095,579.69</td>
<td>253,572.15</td>
<td>1,349,151.84</td>
</tr>
</tbody>
</table>
Summary: Linkages is a permanent supportive housing voucher program for persons with a severe mental illness who are homeless or precariously housed. The program is funded by the state through the Behavioral Health Purchasing Collaborative and the Statewide Entity, Optum Health New Mexico. Staff recommends that procurement for the Linkages Program renewal and expansion be conducted as limited source procurement for the five (5) existing Housing Providers and two (2) new Housing Providers, with awards subject to availability of funding from the State of New Mexico. Final recommended awards are:

- Bernalillo County Housing Department – Program $270,072 + Admin $39,600 = $309,672
- Eastern Regional Housing Authority – Program $83,880 + Admin $18,000 = $101,800
- The Life Link – Program $400,260 + Admin $42,000 = $442,260
- Mesilla Valley Community of Hope - Program $64,080 + Admin $12,000 = $76,080
- San Juan County Partnership – Program $32,160 + Admin $6,000 = $38,160
- Northern Regional Housing Authority – Program $48,600 + Admin $6,000 = $54,600
- Western Regional Housing Authority – Program $189,300 + Admin $30,000 = $219,300
- MFA Admin - $99,972.15
- Unallocated Funds - $7,227.69
Tab 10
MEMORANDUM

TO:    MFA Board of Directors

Through:  Contracted Services Committee – June 9, 2015

Through:  Policy Committee – June 3, 2015

FROM:    Marjorie A. Martin

DATE:    June 1, 2015

SUBJECT: Proposed Selection For Award for General Counsel Legal Services RFP

Recommendation:

An Internal Review Committee comprised of MFA staff has reviewed the responses submitted to MFA for the General Counsel Legal Services RFP, and is proposing the selection of the firm of Sheehan & Sheehan, PA for award pursuant to the provisions of the RFP.

Background:

The MFA issued a Request for Proposals (RFP) To Provide General Counsel Legal Services by posting the RFP on MFA’s website on April 15, 2015, and subsequently advertising the RFP in newspapers of general circulation in Albuquerque, Las Cruces, Santa Fe, and Farmington, as well as in the New Mexico Bar Bulletin. The deadline for receipt of submissions was April 30, 2015.

Discussion:

By April 30, MFA received two responses to the RFP, from the law firms of Sheehan & Sheehan, PA and Stetson Law Offices, P.C. Upon review of both submissions, utilizing the evaluation criteria provided in the RFP, the members of the Internal Review Committee determined that the firm of Sheehan & Sheehan, PA best met all threshold requirements for submission and scored highest in review of the evaluation criteria provided in the RFP.
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Point Range</th>
<th>Maximum Points</th>
<th>Sheehan &amp; Sheehan, PA</th>
<th>Stetson Law Offices, PC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Experience and Capability.</strong> Offeror’s skill, knowledge and experience with--</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Corporate law, including federal and state laws, rules, and regulations governing non-profit corporations; and general contract law matters, including federal and state government contracts, state interagency agreements, and commercial contracts;</td>
<td></td>
<td>0-25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. New Mexico laws and regulations governing municipal and state agencies and instrumentalities;</td>
<td></td>
<td>0-20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Employment law</td>
<td></td>
<td>0-10</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Responsiveness to MFA and Technical Capabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offeror’s ability to deliver responsive, quality legal services and Offeror’s availability for consultation and discussion with the MFA or any of its representatives as evidenced by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. the designation of a lead attorney, preferably at partner level in the firm, assigned to MFA matters on a high priority basis, who will act as the main contact for MFA’s Board of Directors and staff for all communications, including billing, and who will coordinate all aspects of the contractual representation, including direction of the activities of all other attorneys assigned by the firm to represent MFA;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Offeror’s technical support capabilities and availability to be reached by telephone and email during business hours, off hours, weekends, and holidays.</td>
<td></td>
<td>0-20</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3. Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hourly basis– hourly rates and other fees and costs.</td>
<td></td>
<td>0-25</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maximum Points</strong></td>
<td>100</td>
<td>97</td>
<td>65</td>
<td></td>
</tr>
</tbody>
</table>
Summary:

MFA’s Internal Review Committee has reviewed the two responses submitted to the RFP To Provide General Counsel Legal Services and determined that the response from the law firm of Sheehan & Sheehan, PA scored highest in the criteria for evaluation provided in the RFP. The Internal Review Committee therefore proposes that the firm of Sheehan & Sheehan, PA be selected for award pursuant to the provisions of the RFP.
| Tab 11 |
MEMORANDUM

TO: MFA Board of Directors

Through: Contracted Services Committee – June 9, 2015

Through: Policy Committee – June 3, 2015

FROM: Marjorie A. Martin

DATE: June 1, 2015

SUBJECT: Proposed Selection For Award for Housing Development and Multi-Family Mortgage Servicing Legal Services RFP

Recommendation:

An Internal Review Committee comprised of MFA staff has reviewed the responses submitted to MFA for the Housing Development and Multi-Family Mortgage Servicing Legal Services RFP, and is proposing the selection of the firm Sutin Thayer & Browne for award pursuant to the provisions of the RFP.

Background:

MFA issued the above-named Request for Proposals (RFP) by posting it on MFA’s website on April 15, 2015, and subsequently advertising the RFP in newspapers in Albuquerque, Las Cruces, Santa Fe, and Farmington, as well as in the New Mexico Bar Bulletin. The deadline for receipt of submissions was April 30, 2015.

Discussion:

By April 30, MFA received one response to the RFP, from the law firm of Sutin Thayer & Browne. Upon review of the submission, utilizing the evaluation criteria provided in the RFP, the members of the Internal Review Committee determined that Sutin’s response met the requirements for submission and scored highly in review of the evaluation criteria provided in the RFP.
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Point Range</th>
<th>Maximum Points</th>
<th>Sutin Thayer &amp; Browne</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Experience and Capability.</strong></td>
<td>55</td>
<td>100</td>
<td>98</td>
</tr>
<tr>
<td>Offeror’s skill, knowledge and experience with--</td>
<td>0-20</td>
<td>55</td>
<td>Sutin Thayer &amp; Browne</td>
</tr>
<tr>
<td>a. New Mexico real estate, land use law, representation of lenders in commercial real estate transactions in New Mexico; laws and regulations governing bond-financed real estate transactions and the issuance and sale of multi-family mortgage revenue bonds; the mortgage banking industry; federal and state tax laws impacting real estate development transactions; and the rules, regulations and guidelines of both governmental and private mortgage insurers and secondary mortgage market conduits affecting the mortgage banking business.</td>
<td>0-20</td>
<td>55</td>
<td>Sutin Thayer &amp; Browne</td>
</tr>
<tr>
<td>b. Insured mortgage lending programs, the Low Income Housing Tax Credit (LIHTC) Program, and the HOME Investment Partnerships Program.</td>
<td>0-20</td>
<td>55</td>
<td>Sutin Thayer &amp; Browne</td>
</tr>
<tr>
<td>c. State and Federal laws related to multi-family foreclosure, bankruptcy and mortgage lending; foreclosure proceedings on multi-family loans, including HUD 542(c), LIHTC, and HOME.</td>
<td>0-15</td>
<td>55</td>
<td>Sutin Thayer &amp; Browne</td>
</tr>
<tr>
<td><strong>2. Responsiveness to MFA and Technical Capabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offeror’s ability to deliver responsive, quality legal services and Offeror’s availability for consultation and discussion with the MFA or any of its representatives as evidenced by:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. the designation of a lead attorney, preferably at partner level in the firm, assigned to MFA matters on a high priority basis, who will act as the main contact for MFA’s Board of Directors and staff for all communications, including billing, and who will coordinate all aspects of the contractual representation, including direction of the activities of all other attorneys assigned by the firm to represent MFA;</td>
<td>0-20</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>b. Offeror’s technical support capabilities and availability to be reached by telephone and email during business hours, off hours, weekends, and holidays.</td>
<td>0-20</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td><strong>3. Fees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hourly basis-- hourly rates and other fees and costs.</td>
<td>0-25</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Maximum Points</td>
<td>100</td>
<td>98</td>
<td></td>
</tr>
</tbody>
</table>
Summary:

MFA’s Internal Review Committee has reviewed the sole response submitted to the Housing Development and Multi-Family Mortgage Servicing Legal Services RFP and determined that the response from the law firm of Sutin Thayer & Browne met all threshold requirements and scored highly in the criteria for evaluation provided in the RFP. The Internal Review Committee therefore proposes that the firm of Sutin Thayer & Browne be selected for award pursuant to the provisions of the RFP.
Tab 12
MEMORANDUM

TO: MFA Board of Directors

Through: Contracted Services Committee – June 9, 2015

Through: Policy Committee – June 2, 2015

FROM: Michael Scott

DATE: June 17, 2015

SUBJECT: Pecos LTD (Dexter) – Primero Development Grant Award Summary

Recommendation:
Staff recommends approval of the Primero Development Grant Award to Pecos LTD.

Background:
JL Gray has applied for a $100,000 Primero Supportive Housing Grant from MFA to fund Phase I of a minor rehabilitation to Pecos Apartments, a 28-unit affordable multifamily project located in Dexter.

The Primero Supportive Housing Grant Program is a joint initiative between the Behavioral Health Collaborative of New Mexico (BHC), through the state’s Health Services Department (HSD), and MFA, that provides non-repayable grants to finance eligible predevelopment and development costs associated with supportive housing development. The program is funded by the State through BHC. MFA awards these funds to qualified developers on a first come, first served basis, pursuant to specific requirements stipulated by BHC with each funding cycle.

Discussion:
As designated by the Behavioral Health Collaborative of New Mexico, the funding is targeted to those projects providing permanent supportive housing for people with behavioral health and severe mental health issues that are extremely low income, homeless or precariously housed. The high cost of providing supportive housing, low-income of target population, and restricted rent earning capacity limit an organization’s ability to finance such costs out of their existing or projected future cash flow.

The Supportive Housing initiative lowers the financial barrier for developers of Supportive Housing by providing low interest loan or grant funding for eligible predevelopment and development expenses.

Summary:
JL Gray is an experienced developer, owner and manager of affordable housing projects. The $100,000 grant funds will assist them in paying for needed repairs to the Pecos LTD project.
# 2015 PRIMERO LOAN AWARD SUMMARY

## Supportive Housing Development Grant Program

| Project Name & Address | Pecos LTD  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>301 Butler Street, Dexter, NM  88230</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proposed Award Summary (Grant)</th>
<th>Amount</th>
<th>Rate</th>
<th>Term</th>
<th>18-month Expenditure Period</th>
<th>Term</th>
<th>Development Grant</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$100,000</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Grantee

Pecos LTD is a "self-syndicated" New Mexico limited liability partnership that consists of a 6% General Partnership Interest, held by Jack L. Curry (51%) and Hettinga Family Trust (49%), with the remaining 94% held by various limited partners.

### Management

The JL Gray Company will continue to serve as Management Agent for the apartments. J.L. Gray Company was formed in 1985 and operates in New Mexico, Arizona, Colorado, Utah and Texas. It's a fully integrated New Mexico company that acquires, develops, and manages affordable multi-family rental properties. The corporation operates out of two offices: J.L. Gray Development office in Las Cruces, and J.L. Gray Management office in Farmington. J.L. Gray specializes in working with non-profit and for-profit sponsors to develop affordable housing in New Mexico's rural communities. The management company currently manages over 100 market rate and subsidized apartment communities in the southwest.

### Developer

J.L. Gray Company – the development division in Las Cruces has developed 43 properties with over 1,400 affordable housing units since 1986. J.L. Gray Company's audited financial statements for FYE 12/31/12 show about $2.4MM in assets, high debt-to-worth and good profits.Unaudited statements for FYE 12/31/13 show acceptable financial condition with reduced profit. General Partners - Cibola Curry Fishburn, LLC. - This is a newly formed LLC and has no other assets. It is owned by two of the principals of the J.L. Gray Company.

### Project Type & Size

Rehabilitation of 28 rental units (100% low income)

### Development Costs

<table>
<thead>
<tr>
<th></th>
<th>Total Project</th>
<th>Per Unit</th>
<th>% of TDC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Construction (includes contractor fees/contingency)</td>
<td>517,000</td>
<td>16,464</td>
<td>66%</td>
</tr>
<tr>
<td>(19,780 gross bldg. sq. ft. = $33 per sq. ft.)</td>
<td>-</td>
<td>-</td>
<td>0%</td>
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<tr>
<td>Professional Fees</td>
<td>-</td>
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<td>0%</td>
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<td>Financing Costs/Soft Costs/Syndication Costs</td>
<td>8,000</td>
<td>286</td>
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<tr>
<td>Total Construction Cost</td>
<td>525,000</td>
<td>18,750</td>
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<td>Reserves</td>
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<tr>
<td>Developer Fee</td>
<td>75,000</td>
<td>2,679</td>
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<tr>
<td>Total Development Costs (TDC)</td>
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<td>100%</td>
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</table>

### Construction Sources

<table>
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<tr>
<th></th>
<th>Total Project</th>
<th>Per Unit</th>
<th>% of Finan</th>
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</thead>
<tbody>
<tr>
<td>MFA PRLF Loan - 1st Lien (future request)</td>
<td>500,000</td>
<td>17,857</td>
<td>83%</td>
</tr>
<tr>
<td>MFA Primero Development Grant</td>
<td>100,000</td>
<td>3,571</td>
<td>17%</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
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<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Total Sources</td>
<td>600,000</td>
<td>21,429</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Permanent Sources

<table>
<thead>
<tr>
<th></th>
<th>Total Project</th>
<th>Per Unit</th>
<th>% of Finan</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFA PRLF - 1st lien</td>
<td>500,000</td>
<td>17,857</td>
<td>83%</td>
</tr>
<tr>
<td>Development Grant</td>
<td>100,000</td>
<td>3,571</td>
<td>17%</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Total Permanent Sources</td>
<td>600,000</td>
<td>21,429</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Project Description

The Pecos Apartments were built in 1984 using funds from the USDA-RD 515 loan program. The complex is located at 321 E. Butler in Dexter, New Mexico and consists of 28 residential units: 8 one-bedroom units, 16 two-bedroom units, and 4 three-bedroom units. There is also a laundry and office on site. Twenty seven (27) of the units receive Rental Assistance from USDA Rural Development. J.L. The USDA-RD 515 mortgage became eligible for prepayment in 2005; and the current Rental Assistance Agreement expires July, 2015. Because of these two situations, JL Gray has the opportunity to prepay the 515 loan and remove the apartments from affordable stock. However, in a desire to maintain Pecos Apartments as a safe, decent affordable multi-family housing complex for families in Dexter, JL Gray will be rehabilitating the project and will be keeping it affordable. JL Gray will participate with the regional housing authority to market the
apartments to persons on the PHA waiting lists. Dexter is a rural community; however, schools, medical services, stores, public buildings, and parks are located within 1/4 to 3 miles of the apartments. A CNA performed by Zeffert & Associates and dated 9/2014 indicates capital needs of approximately $585K for years 1 through 5, which will be completed in two phases. The first phase of the project consists of re-roofing the building, which is budgeted at $100K, and for which JL Gray is requesting the $100,000 Primero Development Grant. The second phase of the project will include replacement of all stairwells, and upgrading unit interiors, adding new Energy Star appliances, HVAC mechanical systems, parking lots and sidewalks, as well as bringing the apartments up to ADA standards, all based on the requirements of the CNA. A subsequent application submitted for a $500K PRLF loan for the second phase of the project. The PRLF loan proceeds would come the second round of USDA PRLF Loan Funds that MFA was recently selected to receive, and which is in process of being finalized with the local USDA RD Field office. Upon completion of the new MFA PRLF loan program, the borrower’s $500K PRLF application to MFA would be submitted and processed.

<table>
<thead>
<tr>
<th>Affordability</th>
<th>Minimum 15% of units (5 units) set-aside for permanent supportive housing.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment and Disbursement</td>
<td>Payments: No payments required. Disbursement: Upon evidence of costs incurred for Primero eligible pre-development costs.</td>
</tr>
<tr>
<td>Special Conditions</td>
<td>• Per Affordable Housing Act rules, the project will need to remain affordable for 15 years. • Owner will agree to sign a land use restriction agreement (or other alternative mechanism approved by MFA) enforcing affordability period if the project moves forward. • Development funds not expended within eighteen (18) months of award date are subject to cancellation and recapture. Set-aside requirement (see above) to be inserted in a land use restriction agreement (or alternative mechanism approved by MFA).</td>
</tr>
<tr>
<td>MFA Commitments Pending Approval</td>
<td>None</td>
</tr>
<tr>
<td>MFA Commitments to Other Projects</td>
<td>*SEE ATTACHED EXPOSURE REPORT DATED 06/02/15 TOTAL MFA EXPOSURE = $20,838,702 (excludes LIHTC, grants &amp; loans pending approval) Note: Risk Share loans are included above, but are 90% HUD guaranteed (i.e.10% risk to MFA)</td>
</tr>
<tr>
<td>Primero Supportive Housing Grant Funds Available</td>
<td>$222,781 remaining in 2014 Optum Health allocation as of 6/1/15</td>
</tr>
<tr>
<td>Recommend</td>
<td>Michael Scott, Program Manager Date June 3, 2015</td>
</tr>
<tr>
<td>Concur</td>
<td>Daniel Puccetti, Director of Housing Development Date June 3, 2015</td>
</tr>
<tr>
<td>Project Name</td>
<td>Year Funded</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>JL GRAY COMPANY</td>
<td></td>
</tr>
<tr>
<td>CIMMARON II</td>
<td>2010</td>
</tr>
<tr>
<td>Cimmaron II Apartments</td>
<td>2009</td>
</tr>
<tr>
<td>CIMMARON II APTS</td>
<td>2011</td>
</tr>
<tr>
<td>Deer Hollow</td>
<td>2001</td>
</tr>
<tr>
<td>FALCON RIDGE</td>
<td>2009</td>
</tr>
<tr>
<td>Florida Apartments</td>
<td>2013</td>
</tr>
<tr>
<td>Gallinas Valley Apartments</td>
<td>2002</td>
</tr>
<tr>
<td>MARIPOSA VILLAGE</td>
<td>2005</td>
</tr>
<tr>
<td>Montana Pointe</td>
<td>2010</td>
</tr>
<tr>
<td>MONTANA SENIOR VILLAGE</td>
<td>2001</td>
</tr>
<tr>
<td>Parkside Apartments</td>
<td>2010</td>
</tr>
<tr>
<td>Parkside Manor</td>
<td>2006</td>
</tr>
<tr>
<td>Sierra Apartments</td>
<td>2007</td>
</tr>
<tr>
<td>West Wind Terrace Apartments</td>
<td>2013</td>
</tr>
</tbody>
</table>

Sum of Entity Exposure: $ 20,835,665.90

Sum of All Exposures: $ 20,835,665.90

*LIHTC awards are shown for informational purposes only and are not included in the exposure totals.
Tab 13
MEMORANDUM

TO: Board

Through: Policy Committee – June 15, 2015

FROM: Gina Hickman, Deputy Director of Finance and Administration

DATE: June 17, 2015

SUBJECT: Infrastructure Capital Improvements Plan

Recommendation:
Policy Committee recommends MFA board approval to submit a five-year state Infrastructure Capital Improvements Plan for MFA.

Background
In early June, the NM Department of Finance and Administration advised that MFA may submit a five-year Infrastructure Capital Improvements Plan (ICIP) through the state agency process for capital outlay funding. ICIPs are due on July 1, 2015. Staff recommends submitting the following programs for inclusion in the ICIP:

- $5 million for the New Mexico Housing Trust Fund
- $1 million for NM Energy$mart
- $1.65 million for Down Payment Assistance

MFA staff will have the opportunity to present these requests to the Legislative Finance Committee in October 2015. If this approach is successful, it could open the door to recurring funding, rather than annual appropriations, for MFA legislative priorities.

Summary
In early June, the NM Department of Finance and Administration advised that MFA may submit a five-year Infrastructure Capital Improvements Plan (ICIP) through the state agency process for capital outlay funding. ICIPs are due on July 1, 2015. Staff recommends submitting the following programs for inclusion in the ICIP: $5 million for the New Mexico Housing Trust Fund, $1 million for NM Energy$mart and $1.65 million for Down Payment Assistance.
Tab 14
MEMORANDUM

TO: MFA Board of Directors
FROM: Erik Nore
DATE: June 17, 2015
SUBJECT: Quarterly Single Family Production Report

- **Interest Rate History:**

<table>
<thead>
<tr>
<th></th>
<th>Current Mortgage Rates (as of 06/09/2015)</th>
<th>Historical Mortgage Rates (03/01/2015 to present)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MortgageSaver (Government/Conv.)</td>
<td>3.750%/4.12 5% (1+1)</td>
<td>3.500%/3.625%/3.750%/3.875%/4.000%/4.125%</td>
</tr>
<tr>
<td>MortgageSaver Zero (Government/Conv.)</td>
<td>4.000%/4.50 0% (0+0)</td>
<td>3.500%/3.750%/3.875%/4.000%/4.125%/4.250%/4.375%/4.500%</td>
</tr>
<tr>
<td>MortgageSaver Plus (Government/Conv.)</td>
<td>4.875%/5.12 5% (0+0)</td>
<td>4.500%/4.750%/4.875%/5.000%/5.125%</td>
</tr>
<tr>
<td>HERO Program (Government)</td>
<td>4.750% (0+0)</td>
<td>4.375%/4.500%/4.750%</td>
</tr>
</tbody>
</table>
### Reservation Volume to Date-(06/01/2014 through 05/31/2015)

<table>
<thead>
<tr>
<th></th>
<th>original reservation amount</th>
<th>current reservation amount</th>
<th>cancellation amount</th>
<th>cancellation %</th>
</tr>
</thead>
<tbody>
<tr>
<td>MortgageSaver</td>
<td>$22,260,725</td>
<td>$19,145,057</td>
<td>$3,115,668</td>
<td>14.00%</td>
</tr>
<tr>
<td>MortgageSaver Zero</td>
<td>$112,508,418</td>
<td>$97,061,098</td>
<td>$15,447,320</td>
<td>13.73%</td>
</tr>
<tr>
<td>HERO Program</td>
<td>$14,444,658</td>
<td>$12,259,481</td>
<td>$2,185,177</td>
<td>15.13%</td>
</tr>
<tr>
<td>Total</td>
<td>$191,498,884</td>
<td>$163,804,112</td>
<td>$27,694,772</td>
<td>14.46%</td>
</tr>
</tbody>
</table>

### Average Historical Weekly Reservations to Date

<table>
<thead>
<tr>
<th>Total weekly average reservations (06/01/2014 through 05/31/2015)</th>
<th>$3,682,670/week (52 weeks)</th>
</tr>
</thead>
</table>
• **Comparison of Down Payment Assistance (DPA) Sources:**

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund DPA Loans</td>
<td>66.25%</td>
</tr>
<tr>
<td>Grant from Mortgage$aver Plus/HERO</td>
<td>28.60%</td>
</tr>
<tr>
<td>HOME funded DPA Loans</td>
<td>2.38%</td>
</tr>
<tr>
<td>No DPA Loan/Grant</td>
<td>2.77%</td>
</tr>
</tbody>
</table>

• **Comparison of Loan Types** *(06/01/2014 through 05/31/2015)*

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHA</td>
<td>86.33%</td>
</tr>
<tr>
<td>VA</td>
<td>0.72%</td>
</tr>
<tr>
<td>CONV</td>
<td>12.77%</td>
</tr>
<tr>
<td>USDA/RHS</td>
<td>0.18%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

$191,498,884 total volume
• **Borrower Demographics:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Purchase Price</strong></td>
<td>$128,392</td>
</tr>
<tr>
<td><strong>Average Loan Amount</strong></td>
<td>$125,225</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td>55% Single Household</td>
</tr>
<tr>
<td><strong>Average Family Size</strong></td>
<td>2 person household</td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
<td>63% Minority</td>
</tr>
<tr>
<td><strong>Average Borrower Age</strong></td>
<td>34 years old</td>
</tr>
<tr>
<td><strong>Average Number of Dependents</strong></td>
<td>1 dependent</td>
</tr>
<tr>
<td><strong>Borrower Gender</strong></td>
<td>45% Female/55% Male</td>
</tr>
<tr>
<td><strong>Average FICO score</strong></td>
<td>681</td>
</tr>
</tbody>
</table>

• **MFA Payoff Statistics:**

  - Includes data from Bank of Albuquerque, US Bank, Citi Mortgage, Bank of America and Idaho Housing.

<table>
<thead>
<tr>
<th>Loans Paid Off or Removed from MBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(05/01/2014 through 04/30/2015)</td>
</tr>
</tbody>
</table>

| Loans Paid Off (refinance or sale) | 423 (56.93%) |
| Loans Removed from MBS (foreclosure, loss mitigation, bankruptcy) | 320 (43.07%) |
| Total Number of Loans Paid Off or Removed | 743 (100.00%) |
- **MFA Market Share:**
  - 06/01/2014 through 05/31/2015
  - Resale transactions (including REO) and new construction
  - Purchase loans only
  - Residential property (1 to 4 units)
  - First Mortgage- FHA
  - First Mortgage-up to $200,000 loan amount
  - Purchase money second mortgage (no equity loans, excluding HUD)

<table>
<thead>
<tr>
<th></th>
<th>Total Units</th>
<th>MFA Units</th>
<th>MFA Market Share (June 2014 –May 2015)</th>
<th>MFA Market Share (February 2014 –January 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top 20 Mortgage Lenders in NM</strong></td>
<td>1,765 Units</td>
<td>712 Units</td>
<td>40.34%</td>
<td>41.98%</td>
</tr>
<tr>
<td><strong>Top 50 Mortgage Lenders in NM</strong></td>
<td>2,389 Units</td>
<td>904 Units</td>
<td>37.84%</td>
<td>38.04%</td>
</tr>
</tbody>
</table>
| **Second Mortgage Loans**  
*(All lenders in NM)* | 1,672 Units | 736 Units | **44.02%**                             | 38.81%                                        |
Tab 15
MEMORANDUM

TO: Board

Through: Strategic Management Committee – April 27, 2015

FROM: Erik Nore, Director of Homeownership

DATE: June 17, 2015

SUBJECT: Approval of Changes to Year 1 (FY 2015) of the MFA 2015-2017 Strategic Plan

Recommendation:
MFA’s Strategic Management Committee recommends approval of proposed changes to wording and several benchmarks for Year 1 (FY 2015) of the MFA 2015-2017 Strategic Plan.

Background
Each year, MFA’s Strategic Management Committee requests board approval of any needed changes to the MFA Strategic Plan. For Year 1 (FY 2015), the proposed changes are:

Priority 1: Operational Excellence
• Objective 1.3 (page 5): Add a benchmark of “Increase connection speeds.”

Priority 3: Effective Partnerships
• Objective 3.4 (page 11): Change the benchmark to read “Organize public events and outreach.”

Priority 4: Expanded Homeownership Opportunities
• Objective 4.2 (page 12): Change the benchmark to read “Provide mortgage financing to 1,000 1,150 homebuyers.”
• Objective 4.3 (page 13): Delete the current benchmark “Develop and begin launch of co-branded marketing with REALTORS® and lenders” and replace it with “Create and employ targeted marketing for specific groups of potential homeowners.”
• Objective 4.4 (page 13): Change the benchmark to read “Provide homebuyer counseling to 1,000 1,150 homebuyers.”

Priority 5: Expanded Rental Opportunities
Objective 5.3 (page 15):
• Change the objective to read “Evaluate and utilize new resources refinancings and novel financing structures to address increased demand for rental housing.”
• Change the benchmark to read “Evaluate or begin implementing two novel financing structures new resources for rental housing.”

Summary
The MFA Board of Directors approved MFA’s 2015-2017 Strategic Plan in September 2014. Each year, MFA’s Strategic Management Committee requests board approval of any needed changes to the MFA Strategic Plan. For Year 1 (FY 2015), there are seven proposed changes including: three wording changes (Objectives 3.4 and 5.3), two increases in production benchmarks (Objectives 4.2 and 4.4), one additional benchmark (Objective 1.3) and one change in the scope of work for a benchmark (Objective 4.3).
New Mexico Mortgage Finance Authority

2015-2017 Strategic Plan
Adopted September 2014
Executive Summary

During its 40 years of existence, MFA has grown into a reputable organization recognized for its prudent fiscal management, strong regulatory compliance, professional staff and dedication to customer service. This solid foundation is MFA’s undisputed strength and allows the organization to successfully administer more than 30 affordable housing programs for the benefit of the citizens of New Mexico.

MFA’s 2015-2017 Strategic Plan is designed to respond to the unique and changing environment in which the organization will operate for the next three years. This new environment is characterized by: flat or decreasing federal funding; New Mexico’s sluggish recovery from the Great Recession; demographic changes, including an increase in senior and Millennial Generation households and population loss in many rural areas, resulting in fewer housing services and providers.

To navigate the challenges and opportunities that lie ahead, MFA will leverage its stability as a proven organization with innovation and flexibility. MFA will focus on the following five priorities to strategically align its work with the environment in which we operate:

1. **Operational Excellence.** MFA will channel its strengths in the areas of financial stewardship, operations, professional staff and core programs to foster creativity, flexibility and innovation. This approach will allow MFA to grow to meet New Mexico’s changing affordable housing needs, rather than being constrained by a challenging economic environment.

2. **New Resources.** As government funding for traditional affordable housing programs decreases, MFA will cultivate resources that create new opportunities for affordable housing. Some of these resources may supplement traditional government funded programs and some may address unique niches or needs in New Mexico communities.

3. **Effective Partnerships.** MFA relies upon its partners—service providers, housing authorities, local and tribal governments, advocacy organizations, developers and property owners and managers—to execute programs and build and manage affordable housing across the state. As regulations increase and administrative fees and profits shrink, many partners are shutting their doors or turning to other types of work. While MFA is limited in its ability to improve this situation, it is committed to providing quality training and technical assistance, identifying new funding sources and opportunities for partners and expanding the capacity of partners to provide a wide range of affordable housing services statewide.
4. **Expanded Homeownership Opportunities.** During the Great Recession, MFA experienced lower volumes, higher delinquencies, increased competition, difficult financing executions and tightening regulations for its single family loan products. However, strong MFA market share and rising market interest rates present opportunities that MFA will embrace through enhanced marketing to potential borrowers, expansion of the lender/REALTOR® network, best financing executions and technology and product innovation.

5. **Expanded Rental Opportunities.** Traditional funding sources have not kept pace with the substantial increase in demand for affordable rental housing. Wage stagnation, unemployment, foreclosures and increases in market rents have encouraged the demand for affordable rentals, as have millennials and down-sizing baby boomers, whose demographics make up large shares of the population. Also, slim operating margins and capital needs pose a challenge to the viability of existing properties. Working within this environment, MFA will focus on the sustainability of multifamily properties, proactive oversight of the MFA portfolio and novel strategies to increase and diversify funding sources.
MFA Mission and Core Values

Vision
All New Mexicans will have quality affordable housing opportunities.

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.

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.

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.
Priority 1: Operational Excellence

1.1 Maintain prudent stewardship of MFA’s financial resources.

MFA has the unique responsibility of administering its affordable housing assets and liabilities, federal, state and grant funds as well as the earnings it generates from its lending and investment activities. MFA has long maintained a level of excellence in this regard with its strong financial statements, unqualified financial statement audits and rigorous audit, financial reporting processes, internal control structure and strong issuer credit rating. MFA will build upon this solid foundation by continuing development of financial reporting processes, identifying process efficiencies, establishing a new rating agency relationship, soliciting investment strategies that support the changing economic environment, and monitoring adequacy of reserve levels as well as identifying availability of reserves for programs. Ensuring balance sheet strength and strong financial performance will be crucial to meeting housing needs.

1.1 Benchmarks
- General fund cash reserves at minimum level consistent with policy
- Unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs (excluding first-time audits)
- Operating performance and profitability equal to net revenues over total revenues of at least 5.25 percent (based on five-year average)
- Balance sheet strength equal to net asset position over total bonds outstanding of at least 20.32 percent (based on five-year average)
- Maintain or improve credit rating
- Successful conversion of accounting software

1.2 Create a fulfilling work environment to attract and retain quality employees.

MFA has an excellent benefits package, an incentive compensation plan and strong policies on conflict management and the prevention of harassment and discrimination. The fact that many employees remain with MFA for long periods of time is reflective of job fulfillment and MFA’s employee-first focus. MFA’s Human Resources Department is committed to providing the highest level of customer service for all of MFA.

MFA will focus on new initiatives to ensure that it can retain and attract new employees, taking into account the impending changes that will occur as millennials enter the workforce. These initiatives focus on: competitive compensation; fine tuning the benefits package to ensure its sustainability; work-life balance initiatives such as flexible work arrangements, volunteer opportunities and physical and mental health wellness programs; employee recognition and enhanced staff training. Evaluation tools, particularly the annual employee satisfaction survey, will
help assess and improve the MFA work environment. MFA will also continue to evaluate and implement green initiatives to make its facility more energy efficient.

1.3 Identify and implement technology solutions that improve operational efficiency, data security and customer service.

MFA has a capable Information Systems department that protects MFA from threats and vulnerabilities while ensuring system availability. Information Systems supports specific department and program technology needs by utilizing software solutions purchased or developed internally.

In the years that lie ahead, technology will become a greater part of MFA’s value proposition. Increased regulatory requirements will be integrated into software systems to provide ongoing monitoring and reporting. A number of customer-directed improvements are planned for online and paperless processes as are new technology solutions to improve operational efficiency and data tracking capabilities.

1.4. Maintain standards of excellence and promote innovation in MFA programs.

All MFA programs maintain a high standard of excellence through professional program management, consistent compliance and strong working relationships with partners. MFA’s 30-plus affordable housing programs include core programs that are the traditional domain of state housing finance agencies. Other programs have been established internally as a result of new federal funding or in partnership with the state of New Mexico and other entities to better meet New Mexico’s unique affordable housing needs.

MFA will continue to ensure compliance with funding source requirements as well as adapt existing programs, propose new ways to meet unmet housing needs, respond to changing demographics and funding and take advantage of new opportunities.
1.5 Manage organizational risks.

All organizations must have a clear understanding of their risk profile in order to manage the decision-making process and future of an organization. The goal is to effectively manage risks that can potentially threaten the position of an organization within a tolerable range of performance. MFA and other housing finance agencies are particularly affected by the financial risks of operating in capital markets, dependency on federal fiscal policy, limited federal funds for affordable housing programs, complexity of financial programs and products and financial uncertainty associated with the economy.

Standard tools and processes, such as MFA’s internal risk reporting and compliance reports, are used to manage these risks. MFA will continue to identify and research pertinent changes in regulations and accounting standards and implement any adjustments that are necessary to ensure continued internal and partner compliance. Other risk management initiatives, such as disaster recovery planning and succession planning, will also be addressed.

1.6 Improve collaboration throughout MFA.

By virtue of the number of programs it manages, MFA personnel is highly-specialized and is often siloed into program areas. Collaboration across the entire organization is critical for achieving MFA’s vision. MFA will undertake a number of initiatives to increase collaboration and enhance communication among staff, the MFA Board of Directors and partners.
Priority 2: New Resources

2.1 Market the MFA Charitable Trust to generate tax deductible contributions for affordable housing.

The New Mexico Affordable Housing Charitable Trust is a non-profit organization established by MFA in 2007. The Charitable Trust provides a vehicle for individuals to donate to affordable housing and receive both a charitable deduction from the IRS and a 50 percent state tax credit. MFA will work to expand awareness of the Charitable Trust and thereby increase contributions.

This three-year plan includes awareness and education targeted to Certified Public Accountants, bankers and lawyers who advise their clients on tax-related matters. Other opportunities for investment in the Charitable Trust will also be explored.

2.2 Expand mission-driven fee-for-service activities.

MFA has substantial expertise that allows it to provide services in core areas. For instance, MFA has held the HUD contract for Section 8 Project Based Contract Administration for 13 years, services loan portfolios on behalf of local governments and provides fiscal agent services for housing programs run by other entities. Fees from these activities are an important part of MFA’s budget and will become increasingly important as federal funding is reduced in future years.

During the course of this strategic plan, MFA will focus on two primary fee-for-service activities that will require internal evaluation to assess viability and profitability. Subservicing, acquisition of servicing on existing Mortgage Backed Securities, multifamily servicing and specialized servicing for targeted business opportunities will be considered. MFA is currently participating in a pilot project for physical inspection that seeks to align inspection standards among HUD, USDA and housing finance agencies. The pilot provides an ideal opportunity to assess demand for physical inspection services, build MFA’s capacity through staff certifications and infrastructure and potentially offer physical inspection services to partners. MFA will also assess providing other mission-related services as opportunities arise.
2.3 Develop innovative funding streams for NM Energy$mart and other traditional grant-funded programs.

Many federal housing programs have experienced deep cuts in the past few years. MFA has responded by seeking new funding sources to augment and reduce dependence on federal budgets.

This three-year strategic plan focuses on expanding and adapting the NM Energy$mart program to take advantage of additional funding and partnerships including matching funds from electric cooperatives, funding from large utilities, potential new energy efficiency programs and expansion into new markets.

2.4 Generate new resources for affordable housing through state programs, grants and private funding opportunities.

There are several state programs and funding sources in New Mexico that are not used for affordable housing but for which affordable housing is an eligible use. Specifically, live/work housing is an eligible use of Local Economic Development Act (LEDA) funds raised by local governments. Affordable housing is an eligible use of Community Development Block Grants (CDBG) administered by the Department of Finance and Administration, Colonias Infrastructure Funds administered by the Colonias Infrastructure Board and Industrial Revenue Bonds issued by local governments. MFA will work closely with state agencies and local governments to expand the use of these funding sources for affordable housing purposes. MFA will also support other state initiatives that could leverage more resources for affordable housing in New Mexico. Finally, MFA will continually monitor and evaluate new funding opportunities, including federal, state and foundation grants as well as private funding sources. MFA will apply for those resources if they are determined to be beneficial to MFA.

2.3 Benchmarks
- Outreach to three new partners
- Increase funding from sources other than DOE and LIHEAP

2.4 Benchmark
- Pursue two new funding sources
Priority 3: Effective Partnerships

3.1 Develop expertise and capacity of Regional Housing Authorities to provide a range of affordable housing services statewide.

MFA has oversight responsibility for New Mexico’s three Regional Housing Authorities (RHAs), which are structured to serve three large areas of the state. As some rural communities lose population and as decreased funding makes it difficult to sustain small organizations, many public housing authorities plan to consolidate under the RHAs in their areas. MFA has provided leadership and support for the first such consolidation of Taos County Housing Authority into the Northern RHA. MFA will assist with future consolidations as appropriate.

New Mexico RHAs primarily administer Section 8 vouchers and/or manage low-rent units. As more service providers struggle to maintain operations, RHAs could be further developed to provide additional services and become full-service affordable housing providers. As regional entities, they have the scale to support program administration and can take advantage of direct assistance from MFA. MFA will assist with training and technical assistance, capacity building and identification of additional funding sources to encourage RHAs that possess sufficient capacity to expand.

3.1 Benchmarks

- Provide RHA specialty training to enhance organizational capacity
- Assist RHAs with consolidation or transfers of troubled PHAs
- Hold three peer exchange meetings annually
- Implement one new service or program as capacity and funding allow

3.2 Provide quality training and technical assistance to our partners.

MFA provides valuable training and technical assistance to service provider partners, local and tribal governments, developers, property owners and managers as well as REALTORS® and lenders. Over the course of this strategic plan, MFA will explore ways to expand specialized training and technical assistance. MFA will continue to help communities develop and implement affordable housing plans and ordinances. Additional funding will be sought to support these efforts.

3.2 Benchmarks

- Assist three local governments in creating affordable housing plans and ordinances
- Hold 12 outreach meetings
- Provide directed management and/or administrative technical assistance to at least three organizations
- Facilitate five stakeholder meetings with non-profits, owners/managers, developers and servicing partners
3.3 Strengthen MFA’s influence on affordable housing policy and funding at the state and federal levels.

Federal and state policy forms the basis of MFA’s core programs. MFA consistently monitors these policies and maintains strong working relationships with public officials to advance New Mexico’s affordable housing priorities. At the federal level, MFA will focus on maintaining funding levels for key housing programs and advancing new affordable housing opportunities. In addition, housing finance reform and comprehensive tax reform will be continually monitored as potential risks.

MFA was established by the New Mexico State Legislature in 1975. It is an instrumentality of the state rather than a state agency and receives no state funds for operations. Nevertheless, there is a strong relationship between the state and MFA by virtue of MFA’s responsibilities under its state charter, state affordable housing laws that MFA must implement and special state appropriations for some MFA programs. MFA will continue to create an annual state legislative agenda requesting recurring appropriations for state mandates, permanent funding for the Housing Trust Fund and special appropriations. Outreach and education on the state legislative agenda will occur year-round through meetings with state legislators and constituents, regular meetings of the Mortgage Finance Authority Act Oversight Committee and communication with the Legislative Council Service and the Legislative Finance Committee. MFA will also continue to support other state initiatives to leverage more resources for affordable housing in New Mexico.

3.3 Benchmarks

- Develop state legislative agenda and lobby for appropriations and policy
- Develop federal policy priorities and communicate them to NM’s congressional delegation
- Undertake year-round outreach with state and federal officials
3.4 Increase visibility and public awareness of MFA.

MFA informs the public about its existence, mission and programs in a variety of ways including direct advertising, collateral materials, informational correspondence, signage, earned media and trade show and event sponsorships and participation. MFA is featured regularly in earned media spots and news stories. MFA has partner-specific outreach through newsletters, legislative updates and specialty publications such as the Housing Services Directory and annual report. One of the primary ways MFA connects with its partners is through events: the biennial housing summit, alternating biennial open house and support of partner events such as ground breakings and ribbon cuttings. In addition, MFA houses important information for partners on its website and maintains more than 4,000 partner contacts in its database. MFA presents best practice awards to its partners at every housing summit and presents a variety of recognition awards throughout the year.

MFA plans a multi-faceted media campaign in 2015 to celebrate its 40th anniversary. Also, MFA will develop general promotional materials and media to familiarize the public with the organization. MFA will continue its public relations approach of proactively identifying and responding to issues of importance to partners, communities and elected officials.

3.4 Benchmarks
- Develop and update MFA materials including brochures, annual report and Housing Services Directory
- Organize public events and outreach
- Maintain website content and database
Priority 4: Expanded Homeownership Opportunities

4.1 Utilize best financing executions for MFA’s homeownership program.

Traditionally, MFA has financed its single family mortgage program loans thorough Mortgage Revenue Bond (MRB) issuance. Adverse market conditions have hindered effective bond financing in recent years. As a result, MFA and many other housing finance agencies have shifted their financing executions to include the To Be Announced (TBA) market to fund their single family programs. As the MRB market recovers, MFA will proactively monitor the market to determine the most efficient and profitable way to finance the single family program. Deeper experience with TBA financing structures will enable MFA to offer more innovative mortgage products and foster a unique perspective on financing underserved homebuyers.

4.1 Benchmarks

- Average internal rate of return on traditional single family bond programs equal to or greater than 14 percent
- Average internal rate of return on pass through single family bond programs equal to or greater than 100 percent
- Mortgage rates no more than 25 basis points above traditional market
- Spread for bond issues of 1.1 percent to 1.125 percent
- Administrative fees of at least 18 basis points on all bond issues
- Profitability of 1.5 percent on TBA executions

4.2 Implement innovations in single family mortgage products and servicing to address customer needs and make MFA more competitive.

During the course of this strategic plan, MFA plans to transition from paper intensive loan processes to streamlined paperless online processes that will more closely align with industry standards and make MFA’s programs more attractive to potential lender partners.

Innovation will also occur with MFA’s mortgage products themselves, through the introduction of new loan products and changes to existing products. Less restrictive TBA financing mechanisms will allow greater innovation in program design. MFA will have a new emphasis on assessing competing programs within the state and responding quickly with innovative products to remain relevant in the marketplace.

In addition, MFA will proactively manage operational risks associated with utilizing a master servicer for the single family program. MFA will monitor the market for potential master servicer
relationships, manage legacy master servicer relationships and develop a contingency plan in the event MFA is unable to procure a traditional master servicer.

4.3 Increase awareness and use of MFA mortgage products through marketing and REALTOR®/lender outreach.

MFA’s mortgage products are made available to borrowers through MFA approved mortgage lenders and participating REALTORs® located throughout the state. These professionals play a large role in educating MFA borrowers about MFA programs and products. Expanding the pool of MFA-knowledgeable lenders and REALTORs® in all areas of the state is a high priority. Additionally, MFA will work to create materials that can be branded and used by REALTORs® and lenders as they work with first-time homebuyers. Additional advertising and marketing initiatives will be explored and considered to increase production in MFA’s single family program.

4.4 Expand MFA’s presence in housing and credit counseling.

MFA’s role in administering housing counseling programs is changing. In recent years, MFA did not apply for national housing counseling grants because they do not adequately cover administration costs. Housing counseling activities related to foreclosure prevention have been primarily funded through the New Mexico Attorney General’s Keep Your Home New Mexico Program, which funds non-profit contractors to provide foreclosure counseling throughout the state. MFA serves as the program administrator for the counseling component and is considered the expert in the state for managing these types of programs. However, the attorney general’s program will only provide funding for the next year or two. Because MFA recognizes unmet demand for housing and credit counseling—especially in the rural areas of the state—MFA will seek to expand its presence in this arena by leveraging industry resources and partnerships to increase the quality and availability of housing counseling activities throughout the state. MFA will also seek funding through the state of New Mexico and other viable channels to increase housing counseling resources and capacity statewide.

4.3 Benchmark
- Develop and begin launch of co-branded marketing with REALTORs® and lenders
- Create and employ targeted marketing for specific groups of potential homeowners

4.4 Benchmark
- Provide homebuyer counseling to 1,000-1,150 homebuyers
Priority 5: Expanded Rental Opportunities

5.1 Foster sustainability of multifamily properties through sound underwriting and continual improvement of MFA financing programs.

Rental properties that are not financially sound are a drain on MFA’s resources, create community blight and potentially trap low-income families in unhealthy living situations. To ensure that MFA continues to promote the development of housing that provides families with quality living environments well into the future, MFA will use comprehensive underwriting procedures based on proven methodologies and reliable data. Procedures will be updated with improved underwriting tools and benchmarks using the best practices of the industry. Data on the operations of properties in the MFA portfolio will be collected and analyzed, resulting in proactive asset management.

5.2 Preserve existing properties through proactive oversight of MFA’s portfolio and collaboration with property owners and managers.

Many existing rental housing units are in need of capital improvement but have limited funds available to pay for them. MFA and its partners will work to proactively manage the portfolio of properties and prioritize which properties to preserve with the resources that are available. As part of its process of continual education and oversight, MFA will also recommend operating cost reductions such as energy efficiency improvements.

5.1 Benchmarks
- Evaluate at least one software alternative for the Low Income Housing Tax Credit program
- Evaluate HUD’s risk rating system for use at MFA

5.2 Benchmarks
- Yield a net increase of multifamily rental units in MFA’s portfolio
- Yield a collection rate of 95 percent or greater for compliance monitoring and fees
- Provide at least three formal training events to housing partners
- Inventory archive of completed 8609 forms
- Modify staff guidelines to increase owner response to closing out monitoring findings and deficiencies
5.3 Evaluate and utilize new resources refinancings and novel financing structures to address increased demand for rental housing.

Even as government funding for traditional affordable housing programs decreases, MFA must continue to facilitate the growth of quality, affordable rental housing throughout New Mexico. MFA will recommend refinancing options for existing bond deals and will identify and assess traditional and non-traditional funding sources, underutilized state funding, bonds for multifamily rental projects as well as other novel and innovative funding sources. These sources will help to meet increased demand for rental housing, supplement government funding and address unique niches or needs in New Mexico’s diverse communities. MFA will also partner with housing finance agency peers and other industry leaders to identify innovative financing structures.

5.4 Continue to serve as New Mexico’s Project-Based Contract Administrator for HUD Section 8.

MFA has administered the HUD contract for Section 8 Project Based Contract Administration (PBCA) for 13 years. As the in-state housing finance agency, MFA is uniquely qualified to perform this work because it understands New Mexico’s affordable housing needs and strives to build capacity and work cooperatively with property owners and managers. Unfortunately, HUD’s process to award PBCA contracts is currently under litigation, placing PBCA administrative fees to MFA at risk. MFA will continue to successfully perform its PBCA scope of work, monitor and represent New Mexico’s interests in PBCA litigation and respond to new solicitations of HUD PBCA contracts.
Tab 16
AFFORDABLE HOUSING
ACT & PLANS

Presenter:
Nicole Sanchez, MCRP, Program Manager

MFA Board Meeting, June 17, 2015
What is affordable housing?

HUD defines housing as affordable if a household pays 30% or less of its income for rent and utilities.

- 100% Area Median Income (AMI) $48,600 family of 4
  Monthly income $4,050
  30% of monthly income = $1,215 affordable housing cost

- 60% AMI $29,400 family of 4
  Monthly income $2,450
  30% of monthly income = $735 affordable housing cost
The range of housing needs

- Homeless
- Special Needs
- Low-Income Renters
- Market Rate Renters
- First-Time Homeowner
- Step-Up Homeowner
Who can MFA assist?

Homeless
Special Needs
Low-Income Renters
Market Rate Renters
First-Time Homeowner
Step-Up Homeowner

Extremely to Very Low Income
30% 40% 50% 60%
Area Median Income

Low to Moderate Income
70% 80% 90% 110% 120%
Area Median Income
Affordable Housing Act

- Constitutional Amendment 4 — Passed in General Election of 2006, created the Affordable Housing Act (Section 6-27-3 NMSA 1978),
- Exempts affordable housing from the anti-donation clause of the New Mexico State Constitution.
- Affordable Housing Act Amended in 2015 to include provisions for foreclosed properties and penalties.
Eligible to Donate:

- The State of New Mexico
- Counties
- Municipalities
- School Districts
- Secondary Educational Institutions
Eligible Donations

- Donate or pay for **land** for affordable housing construction,
- Donate or pay for an **existing building** or conversion or renovation into affordable housing,
- Provide or pay the costs of **infrastructure** necessary to support affordable housing projects,
- Provide or pay for the cost of **acquisition, development, construction, financing, operating or owning** affordable housing.
Compliance with AH Act

MFA reviews and approves:

- Affordable Housing Plan
- Affordable Housing Ordinance
4 Elements of Affordable Housing Plan

- Community & Housing Profile
- Housing Needs Assessment
- Land Use & Policy Review
- Goals, Policies & Quantifiable Objectives
Key Factors to Housing Needs

- Gap between affordability and market cost of housing.
- Percentage of cost burdened households (paying more than 30% of income towards housing).
- Rental vacancy rates lower than 5%
- Waitlist for existing subsidized properties
- Home Mortgage Demographic Data (HMDA) — reasons for denial of loan applications.
Housing Needs in NM

In most areas in NM, the market cannot provide housing for 80% AMI and below.

- Homeownership
- Rental housing
- Rehabilitation
- Emergency

Chaco River II, Shiprock
Incentive & Program Options

- Financial Incentives
  - **GRANT FUNDS**
  - Industrial Revenue Bonds (IRB)
  - Tax Increment Financing (TIF)
  - Public Improvement District (PID)
  - Waive fees
- Land Use/Zoning/Subdivision Regulations
- Affordable Housing Programs
Affordable Housing Plans & Donations

• Since 2008, MFA has provided technical assistance to 33 communities in New Mexico to create an Affordable Housing Plan. MFA provided $450,000 toward plans from MFA’s general fund, CDBG Planning funds and State Legislative Appropriations.

• Since 2008, 10 communities have donated $42 million in land and cash towards affordable housing in NM.
Largest Contributors

- City of Albuquerque ~ $31.1 million
- City of Santa Fe ~ $2.7 million
- Town of Silver City ~ $2.7 million
- City of Hobbs ~ $2.4 million
Program year 2015-2016

- In 2015, 4 additional communities requested funds to create/revise affordable housing plan.

- **MFA shifting focus from plans to implementation** of priority goals with expert consultants. RFQ will be released within the next quarter.

- In 2015, an additional 10 communities are interested in implementation & donation this year.
Questions?

505-767-2277

nsanchez@housingnm.org
Affordable Housing Act / Plan
Incentive Options for Local Governments

1. Financial Incentives
   - **Grant funds** is the most valuable donation to encourage affordable housing development;
   - Grant, long term lease or, sale discount of publicly owned property
   - Payment for on and/or off site infrastructure improvements
   - Tax Increment Financing (TIF) or Public Improvement District (PID)
   - Local Economic Development Act (LEDA) funds for mixed use projects
   - Provide loans with favorable terms such as:
     - No required payments
     - Repayment subject to cash flow only
     - Residual receipt loans in which the loan has variable payments subject to cash flow
     - Long term loan of 40 years or more
   - Guarantee loans;
   - Waiving development, permitting fees, utility hookup fees, impact fees
   - Use IRBs or other bonds for affordable housing.

2. Land Use / Zoning / Subdivision Regulations & Approval Process
Reducing land costs are a key factor in creating affordable housing. Increasing density is an important aspect of decreasing costs. Local governments have the influence to reduce development costs through the following methods:
   - City allows for higher density (townhouses, multifamily housing) through standard zoning codes rather than special exceptions, PUD or Special Use Permits. Multifamily zoned property should be available in the community
   - Allow zero lot lines
   - Cluster development (for townhouses, duplexes, etc.)
   - Reduce street widths to no more than 20’ to 30’ in right of way width
     - Allow on-street parking on only one side of the street thereby, reducing the required street width.
   - Reduce parking requirements.
     - Reduce on-site parking requirements especially when there are connections to transit or major activity centers.
     - Reduce parking stall dimensions (8x16)
   - Street Design:
     - Instead of cul-de-sacs, use hammer heads
     - Reduce required street radius
     - Minimize infrastructure trenches by allowing for joint trenching in the street right-of-way
   - Reduce minimum lot size (2,000-6,000 sq.ft.)
   - Reduce lot frontage requirements (32-60 ft.)
   - Reduce minimum lot width
Maximize lot coverage requirements
Maximize height requirement
Encourage accessory dwelling units (second unit on site)
Incentive zoning

**Incentive Zoning.** The City can offer density bonuses if a certain percentage of the units are affordable to low and moderate income families. Additional densities are also appropriate when located next to downtowns, neighborhood centers and/or transit stops.

- Provide for an allowance of increased density in exchange for a developer’s commitment to provide open space, landscaping and other amenities on the proposed development site.
- Density transfers to allow an exchange of lower density rights on one tract of land for higher density rights on another tract of land, particularly with contiguous parcels.
- Bonus points for affordable housing, at a particular AMI or price point. The bonus points could be applied to items such as higher density, reductions of setbacks, reduction of required parking spaces or other changes that will reduce the builder’s cost.

3. **Programs**
   - Housing Trust Fund. Sources of financing include tax increment financing, private grants, surplus reserve funds from refinancing municipal bond issues, taxes and fees.
   - For properties that are abandoned or have unpaid taxes, have tax lien sales through auctions, sell in bulk or transfer to land banks, Community Development Corporations or non-profit housing developers.
   - Foreclosure / Condemnation program to rebuild for affordable housing
   - Take an active role in buying property, land assembly, land banking and joint venture developments using publicly owned land
   - Streamline the permitting process
   - Take an active role in Master Planning infrastructure and zoning
   - Bond funds
   - Act as a pass through agency for state legislative funds

4. **Tools to keep housing affordable**
   - Deed restrictions with affordability periods (refer to Affordable Housing Act Rules);
   - Land Use Restriction Agreements (LURA)
   - Mortgage encumbrance
   - Land trust
   - Joint tenants in common structure

If you have questions regarding the Affordable Housing Act, Affordable Housing Plans or implementation strategies, contact: Nicole Sanchez, Program Manager, New Mexico Mortgage Finance Authority
Direct Phone: 505.767.2277. Email: nsanchez@housingnm.org
# Affordable Housing Act Community Plans & Ordinances

**Status as of May 2015**

<table>
<thead>
<tr>
<th>Municipality</th>
<th>County</th>
<th>Ordinance</th>
<th>Plan</th>
<th>In Process</th>
<th>Plan Note</th>
<th>Donations</th>
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All Affordable Housing Plans and Ordinances are approved by MFA in accordance with the Affordable Housing Act.
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<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
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<tr>
<td>Community Development and Housing Development</td>
<td>Linkages-Primero Grants</td>
<td>Approve a $220,000 transfer of unused BHC Supportive Housing Funds from Linkages to the Primero Supportive Housing Grant Program</td>
<td>Approved by Policy Committee 5/19/2015</td>
</tr>
<tr>
<td>Housing Development</td>
<td>Roselawn Manor Apts</td>
<td>Correct error to change the interest rate from 3% per annum to 0% per annum. Board Approved 5/20/15</td>
<td>Approved by Interim Deputy Director, Izzy Hernandez 5/26/15</td>
</tr>
<tr>
<td>Housing Development – PRLF Loan Request</td>
<td>Embarcadero Apartments (Aztec)</td>
<td>Approve a $50,000 PRLF Loan request to Embarcadero Apartments to finance the preservation and rehabilitation of the 40 unit project for families earning 60% - 120% AMI</td>
<td>Approved by Policy Committee 5/26/2015</td>
</tr>
</tbody>
</table>
## TBA ACTIVITY AND RESULT SUMMARY AS OF May 29, 2015
(Includes HERO and MortgageSaver Programs)

### CUMULATIVE PIPELINE AS OF May 29, 2015
(representing pipeline since December 2012)

<table>
<thead>
<tr>
<th>Pipeline</th>
<th>Total Number of Loans</th>
<th>Total Loans Canceled</th>
<th>Total Loans Pooled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ginnie</td>
<td>369</td>
<td>31</td>
<td>1,334</td>
</tr>
<tr>
<td>Fannie</td>
<td>363</td>
<td>34</td>
<td>152</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Total Loans Pending</th>
<th>Total Loans Cancelled</th>
<th>Total Loans Pooled</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2015</td>
<td>$48,137,883</td>
<td>46,186,099</td>
<td>4,442,876</td>
</tr>
<tr>
<td>4/2014</td>
<td>$259,118,534</td>
<td>166,749,552</td>
<td>167,770,486</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Settlement History</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement Date</td>
</tr>
<tr>
<td>--------------------</td>
</tr>
<tr>
<td>2/12/2013</td>
</tr>
<tr>
<td>3/14/2013</td>
</tr>
<tr>
<td>5/14/2013</td>
</tr>
<tr>
<td>6/17/2013</td>
</tr>
<tr>
<td>7/17/2013</td>
</tr>
<tr>
<td>8/15/2013</td>
</tr>
<tr>
<td>9/19/2013</td>
</tr>
<tr>
<td>10/17/2013</td>
</tr>
<tr>
<td>11/19/2013</td>
</tr>
<tr>
<td>12/17/2013</td>
</tr>
<tr>
<td>1/16/2014</td>
</tr>
<tr>
<td>2/18/2014</td>
</tr>
<tr>
<td>3/18/2014</td>
</tr>
<tr>
<td>4/17/2014</td>
</tr>
<tr>
<td>5/19/2014</td>
</tr>
<tr>
<td>6/18/2014</td>
</tr>
<tr>
<td>7/17/2014</td>
</tr>
<tr>
<td>8/20/2014</td>
</tr>
<tr>
<td>9/16/2014</td>
</tr>
<tr>
<td>10/21/2014</td>
</tr>
<tr>
<td>11/19/2014</td>
</tr>
<tr>
<td>12/19/2013</td>
</tr>
<tr>
<td>1/16/2015</td>
</tr>
<tr>
<td>2/17/2015</td>
</tr>
<tr>
<td>3/19/2015</td>
</tr>
<tr>
<td>4/20/2015</td>
</tr>
<tr>
<td>5/18/2015*</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
</tbody>
</table>

| Less: Hedge Advisor Fee | (93,637.55) | Advisor Fee (14,387.99) |
| Less: Service Release Fees | (446,498.57) | Release Fees (55,070.62) |

Total: 1,304 | 162,765,831 | 2.6367% | 3,853,689.09 |

*Not included in Subtotal or Total since information is incomplete.

### POTENTIAL MBS SETTLEMENT VOLUME BY MONTH

<table>
<thead>
<tr>
<th>Settlement Date</th>
<th>Number of Loans</th>
<th>Issue Balance ($)</th>
<th>Estimated % Gain (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>78</td>
<td>10,132,746</td>
<td>2.5018%</td>
</tr>
<tr>
<td>July</td>
<td>186</td>
<td>24,554,730</td>
<td>2.2594%</td>
</tr>
<tr>
<td>August</td>
<td>104</td>
<td>13,404,999</td>
<td>1.9791%</td>
</tr>
</tbody>
</table>

### SINGLE FAMILY PIPELINE SALES (Does not include HERO) **

<table>
<thead>
<tr>
<th>Sale Date</th>
<th>Original Total Dollar Amount per Month**</th>
<th>Original Total Dollar Amount</th>
<th>Original Total Dollar Amount per Month**</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/2013</td>
<td>$31,994,530</td>
<td>5/2014</td>
<td>$11,313,772</td>
</tr>
<tr>
<td>9/2013</td>
<td>10,118,885</td>
<td>6/2014</td>
<td>13,655,444</td>
</tr>
<tr>
<td>12/2013</td>
<td>9,631,138</td>
<td>7/2014</td>
<td>14,524,854</td>
</tr>
<tr>
<td>1/2014</td>
<td>10,830,669</td>
<td>8/2014</td>
<td>12,757,188</td>
</tr>
<tr>
<td>2/2014</td>
<td>6,902,516</td>
<td>9/2014</td>
<td>11,941,549</td>
</tr>
<tr>
<td>3/2014</td>
<td>15,906,180</td>
<td>10/2014</td>
<td>12,415,490</td>
</tr>
<tr>
<td>4/2014</td>
<td>12,523,170</td>
<td>11/2014</td>
<td>10,191,068</td>
</tr>
</tbody>
</table>

**Initial amount that was pledged to TBA. Does not reflect any cancellations after the initial sale date.

*Note: The $15 million, 2014 Series A bond issue's estimated net economic benefit on a present value basis is estimated to be $232,624 which is 1.6% of the bond principal amount.

The $35 million, 2015 Series A bond issue's estimated net economic benefit on a present value basis is estimated to be $648,000 which is 2.0% of the bond principal amount.
Tab 18
New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

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

- **New issues:**
  
  **Single Family issue:** None
  
  **Multi-family issue:** None

- **Payoffs:**
  
  **This month:** Payoff activity increased to $7.6 mm in April in comparison to March at $6.5 mm and February 6.7 mm. One year ago, in April 2014, payoffs were $5.5 mm. The last 6 months’ average monthly payoff amount is $7.0 mm.
  
  **Trend:** Payoffs for FY14 were $92.2 mm, down 51% from FY13’s payoffs of $189.1 mm. Current year payoffs are $48.9 mm, which is (15%) less than last year at this same time. FY15 annualized payoffs are 12% of the portfolio. From 2010 through 2014, five-year average payoffs were 14% of five-year average portfolio. Growth in our portfolio of single family loans and MBS has shown a decrease of (6.0%) since the beginning of the fiscal year seven months ago. *(See graph of payoffs.)*

- **Total assets and deferred outflows of resources:** *(p. 1)*
  
  **This month:** $1,007.9 mm shows an increase from March of $2.1 mm due to $3.0 mm in regular principal and interest payments collected offset by monthly redemptions of $.8 mm. Growth in assets year to date (seven months) is a decrease of (1.6%). We are expecting a decrease of (5.8%) in assets for the current year. Estimates assume prepayments will continue to exceed new assets as MFA will continue to utilize 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. *(See graph of total assets.)*

- **Net position:** *(p.2)*
  
  **This month:** $202.0 mm net position reflects April income of $.3 mm primarily. There were no significant variances noted. *(See graph of income.)*
  
  **Trend:** MFA is forecasting a (39%) decrease in income for the current year, or $4.8 mm compared to last year’s $7.9 mm which included unanticipated TBA transaction fees of $2.3 mm and SIC fair market value gains of $2.6 mm. Our current FY15 estimates anticipate continued improvement in the interest rate environment and economy in general providing stability to both production levels and investment yields. Income year to date (seven months) of $3.9 mm is 29% above target, and (27%) below last year’s year-to-date income. This good financial performance is a result of unanticipated administrative fee income, as well as General Fund/Housing Program positive expenditure budget variances due to the timing of expenditures related to capacity building and training and technical assistance in the non-operating expense budget.

- **General Fund/Housing Program cash & securities (book = cost, except SIC funds are marked to market):** $75.0 mm at April 30. Unrealized gain (loss) on securities as of April 30 (includes the bond ladder and mortgage backed securities held as General Fund investments): $1,419,075. SIC gain (loss) year to date as of April (General Fund only): $261,241. UPDATE: Cash and securities total $74.7 mm at May 29, 2015.

- **Budget status:** The General Fund and Housing Programs ended the seven-month period with expenditures (21%) under budget primarily due to the timing of expenditures related to capacity building and training and technical assistance in the non-operating expense budget.

- **Comparative year-to-date figures:**

<table>
<thead>
<tr>
<th></th>
<th>7 months 4/30/15 YTD</th>
<th>7 months 4/30/14 YTD</th>
<th>% Change Year / Year</th>
<th>Forecast 4/30/15 YTD</th>
<th>Actual / Forecast 9/30/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family issues (new money only):</td>
<td>$35.0</td>
<td>$15.5</td>
<td>N/A</td>
<td>$31.3</td>
<td>0%</td>
</tr>
<tr>
<td>Multifamily issues:</td>
<td>$11.0</td>
<td>$0.0</td>
<td>N/A</td>
<td>$11.0</td>
<td>0%</td>
</tr>
<tr>
<td>Payoffs:</td>
<td>$48.9</td>
<td>$57.5</td>
<td>-15%</td>
<td>$49.6</td>
<td>-1%</td>
</tr>
<tr>
<td>Interest spread-Single Family Program:</td>
<td>$0.310</td>
<td>($0.316)</td>
<td>-198%</td>
<td>$0.583</td>
<td>-47%</td>
</tr>
<tr>
<td>Total assets:</td>
<td>$1,006.7</td>
<td>$1,088.8</td>
<td>-8%</td>
<td>$982.2</td>
<td>2%</td>
</tr>
<tr>
<td>Total bonds outstanding</td>
<td>$790.4</td>
<td>$877.6</td>
<td>-10%</td>
<td>$775.7</td>
<td>2%</td>
</tr>
<tr>
<td>Earning assets:</td>
<td>$991.3</td>
<td>$1,086.7</td>
<td>-9%</td>
<td>$977.9</td>
<td>1%</td>
</tr>
<tr>
<td>Avg. earning assets:</td>
<td>$1,036.9</td>
<td>$1,120.2</td>
<td>-7%</td>
<td>$1,028.7</td>
<td>1%</td>
</tr>
<tr>
<td>Excess revenue over expenses:</td>
<td>$3.911</td>
<td>$5.330</td>
<td>-27%</td>
<td>$3.041</td>
<td>29%</td>
</tr>
<tr>
<td>Return on avg. assets (ann'lzd):</td>
<td>0.61%</td>
<td>0.75%</td>
<td>-19%</td>
<td>0.48%</td>
<td>26%</td>
</tr>
<tr>
<td>Return on avg. earning assets (ann'lzd):</td>
<td>0.59%</td>
<td>0.75%</td>
<td>-21%</td>
<td>0.46%</td>
<td>28%</td>
</tr>
<tr>
<td>Net position:</td>
<td>$202.0</td>
<td>$195.6</td>
<td>3%</td>
<td>$201.1</td>
<td>0%</td>
</tr>
<tr>
<td>General Fund expenses:</td>
<td>$4.904</td>
<td>$4.679</td>
<td>5%</td>
<td>$6.173</td>
<td>-21%</td>
</tr>
<tr>
<td>General Fund revenues:</td>
<td>$8.073</td>
<td>$8.672</td>
<td>-7%</td>
<td>$7.422</td>
<td>9%</td>
</tr>
</tbody>
</table>
## NEW MEXICO MORTGAGE FINANCE AUTHORITY
### COMBINED STATEMENT OF NET POSITION
#### APRIL 30, 2015
##### (THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>YTD 4/30/15</th>
<th>YTD 4/30/14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH &amp; CASH EQUIVALENTS</td>
<td>$28,327</td>
<td>$22,438</td>
</tr>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ACCRUED INTEREST RECEIVABLE</td>
<td>3,798</td>
<td>4,276</td>
</tr>
<tr>
<td>MORTGAGE PAYMENT CLEARING</td>
<td>92</td>
<td>55</td>
</tr>
<tr>
<td>OTHER CURRENT ASSETS</td>
<td>1,742</td>
<td>1,012</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>33,959</td>
<td>27,781</td>
</tr>
<tr>
<td>CASH - RESTRICTED</td>
<td>57,394</td>
<td>60,795</td>
</tr>
<tr>
<td>LONG-TERM &amp; RESTRICTED INVESTMENTS</td>
<td>62,699</td>
<td>60,234</td>
</tr>
<tr>
<td>FNMA, GNMA, &amp; FHLMC SECURITIZED MTG. LOANS</td>
<td>669,740</td>
<td>756,963</td>
</tr>
<tr>
<td>MORTGAGE LOANS RECEIVABLE</td>
<td>183,700</td>
<td>183,487</td>
</tr>
<tr>
<td>ALLOWANCE FOR LOAN LOSSES</td>
<td>(2,481)</td>
<td>(2,664)</td>
</tr>
<tr>
<td>FIXED ASSETS, NET OF ACCUM. DEPN</td>
<td>1,058</td>
<td>1,145</td>
</tr>
<tr>
<td>OTHER REAL ESTATE OWNED, NET</td>
<td>553</td>
<td>951</td>
</tr>
<tr>
<td>OTHER NON-CURRENT ASSETS</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>INTANGIBLE ASSETS</td>
<td>79</td>
<td>74</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,006,702</td>
<td>1,088,767</td>
</tr>
</tbody>
</table>

| **DEFERRED OUTFLOWS OF RESOURCES:** | | |
| REFUNDINGS OF DEBT | 1,222 | 1,176 |
| **TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES** | 1,007,924 | 1,089,943 |

| **LIABILITIES AND NET POSITION:** | | |
| **LIABILITIES:** | | |
| **CURRENT LIABILITIES:** | | |
| ACCRUED INTEREST PAYABLE | 6,875 | 8,633 |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | 4,725 | 5,812 |
| **TOTAL CURRENT LIABILITIES** | 11,600 | 14,444 |
| BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT | 790,452 | 877,618 |
| MORTGAGE & NOTES PAYABLE | 3,500 | 2,000 |
| ACCRUED ARBITRAGE REBATE | 83 | 80 |
| OTHER LIABILITIES | 244 | 237 |
| **TOTAL LIABILITIES** | 805,880 | 894,378 |

| **NET POSITION:** | | |
| INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT | (763) | (786) |
| UNAPPROPRIATED NET POSITION (NOTE 1) | 64,370 | 65,943 |
| APPROPRIATED NET POSITION (NOTE 1) | 138,437 | 130,408 |
| **TOTAL NET POSITION** | 202,044 | 195,565 |
| **TOTAL LIABILITIES & NET POSITION** | 1,007,924 | 1,089,943 |
## NEW MEXICO MORTGAGE FINANCE AUTHORITY
### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
### FOR THE SEVEN MONTHS ENDED APRIL, 2015
### (THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>YTD 4/30/15</th>
<th>YTD 4/30/14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$22,192</td>
<td>$24,763</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>1,633</td>
<td>1,918</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>280</td>
<td>198</td>
</tr>
<tr>
<td>Administrative Fee Income (Exp)</td>
<td>2,913</td>
<td>2,453</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>148</td>
<td>56</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>559</td>
<td>619</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>(138)</td>
<td>189</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td>27,588</td>
<td>30,197</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>253</td>
<td>1,531</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>26,841</td>
<td>24,993</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Revenues</strong></td>
<td>27,110</td>
<td>26,535</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>54,698</td>
<td>56,732</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>4,354</td>
<td>3,985</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>20,091</td>
<td>23,720</td>
</tr>
<tr>
<td>Amortization of Bond/Note Premium(Discount)</td>
<td>(1,982)</td>
<td>(2,270)</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>265</td>
<td>443</td>
</tr>
<tr>
<td>Mortgage Loan &amp; Bond Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>53</td>
<td>57</td>
</tr>
<tr>
<td>Amort. of Serv. Rights &amp; Depreciation</td>
<td>80</td>
<td>143</td>
</tr>
<tr>
<td>Amortization of Bond Issuance Costs</td>
<td>-</td>
<td>224</td>
</tr>
<tr>
<td>Bond Cost of Issuance</td>
<td>780</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td>23,641</td>
<td>26,302</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building Costs</td>
<td>318</td>
<td>113</td>
</tr>
<tr>
<td>Grant Award Expense</td>
<td>26,827</td>
<td>24,988</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Expenses</strong></td>
<td>27,146</td>
<td>25,101</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>50,787</td>
<td>51,403</td>
</tr>
<tr>
<td><strong>Excess Revenues Over Expenses</strong></td>
<td>3,911</td>
<td>5,330</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(Uses)</strong></td>
<td>3,911</td>
<td>5,330</td>
</tr>
<tr>
<td>Net Position at Beginning of Year</td>
<td>198,133</td>
<td>190,235</td>
</tr>
<tr>
<td><strong>Net Position at 4/30/2015</strong></td>
<td>202,044</td>
<td>195,565</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS
(For Informational Purposes Only)
(Thousands of Dollars)

(Note 1) MFA Net Position as of April 30, 2015:

UNAPPROPRIATED NET POSITION:
$ 37,962 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$ 26,377 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$ 31 held for New Mexico Affordable Housing Charitable Trust.
$ 64,370 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:
$ 83,628 for use in the Housing Opportunity Fund ($65,440 in loans plus $18,188 unfunded, of which $8,294 is committed).
$ 28,040 for future use in Single Family & Multi-Family housing programs.
$ 11,212 for loss exposure on Risk Sharing loans.
$ (763) invested in capital assets, net of related debt.
$ 5,745 for the future General Fund Operating Budget YE 9/30/15 ($10,649 total budget less $4,904 expended budget through 04/30/15.)
$ 127,862 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:
$ 9,812 for use in the federal and state housing programs administered by MFA.
$ 9,812 Subtotal - Housing Program
$ 137,674 Total appropriated Net Position
$ 202,044 Total combined Net Position at April 30, 2015

Total combined Net Position, or reserves, at April 30, 2015 was $202.0 million, of which $64.4 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $137.7 million of available reserves, with $75.0 million primarily liquid in the General Fund and in the federal and state Housing programs and $62.7 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 PROGRAMS-OPERATING EXPENSES-BUDGET Variance Report**

**Actual for the Seven Months Ended 4/30/15 & Actual to Budget for Fiscal YTD**

<table>
<thead>
<tr>
<th></th>
<th>ONE MONTH ACTUAL</th>
<th>YEAR TO DATE ACTUAL</th>
<th>PRO RATA BUDGET</th>
<th>UNDER (OVER)</th>
<th>ANNUAL BUDGET</th>
<th>UNEXPENDED</th>
<th>EXPENDED</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>445,388</td>
<td>3,039,273</td>
<td>3,068,876</td>
<td>19,603</td>
<td>5,243,787</td>
<td>2,204,514</td>
<td>57.96%</td>
<td></td>
</tr>
<tr>
<td>Other Revenue</td>
<td>419,857</td>
<td>5,034,006</td>
<td>4,363,447</td>
<td>(670,559)</td>
<td>7,700,284</td>
<td>2,666,278</td>
<td>65.37%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>865,245</td>
<td>8,073,278</td>
<td>7,422,323</td>
<td>(650,956)</td>
<td>12,944,071</td>
<td>4,870,793</td>
<td>62.37%</td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>418,643</td>
<td>3,074,348</td>
<td>3,328,534</td>
<td>254,186</td>
<td>5,745,876</td>
<td>2,671,528</td>
<td>53.51%</td>
<td></td>
</tr>
<tr>
<td>Travel &amp; Pub. Info.</td>
<td>34,578</td>
<td>167,325</td>
<td>213,015</td>
<td>45,690</td>
<td>365,168</td>
<td>197,843</td>
<td>45.82%</td>
<td></td>
</tr>
<tr>
<td>Office Expenses</td>
<td>51,261</td>
<td>362,929</td>
<td>365,576</td>
<td>2,646</td>
<td>626,701</td>
<td>263,772</td>
<td>57.91%</td>
<td></td>
</tr>
<tr>
<td>Other Oper. Exp.</td>
<td>117,853</td>
<td>640,500</td>
<td>738,356</td>
<td>97,856</td>
<td>1,292,824</td>
<td>652,324</td>
<td>49.54%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>622,334</td>
<td>4,245,102</td>
<td>4,645,479</td>
<td>400,377</td>
<td>8,030,569</td>
<td>3,785,467</td>
<td>52.86%</td>
<td></td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING EXPENSES</strong></td>
<td>44,362</td>
<td>318,333</td>
<td>957,274</td>
<td>638,941</td>
<td>1,641,041</td>
<td>1,322,708</td>
<td>19.40%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING &amp; NON-OPERATING EXPENSES</strong></td>
<td>666,696</td>
<td>4,563,435</td>
<td>5,602,753</td>
<td>1,039,318</td>
<td>9,671,610</td>
<td>5,108,175</td>
<td>47.18%</td>
<td></td>
</tr>
<tr>
<td><strong>SERVICING &amp; CAPITAL OUTLAY</strong></td>
<td>588</td>
<td>8,183</td>
<td>8,575</td>
<td>392</td>
<td>14,700</td>
<td>6,517</td>
<td>55.67%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING, NON-OPERATING EXPENSES &amp; SERV. &amp; CAPITAL OUTLAY</strong></td>
<td>667,284</td>
<td>4,571,619</td>
<td>5,611,328</td>
<td>1,039,710</td>
<td>9,686,310</td>
<td>5,114,691</td>
<td>47.20%</td>
<td></td>
</tr>
<tr>
<td><strong>NON-CASH ITEMS</strong></td>
<td>10,646</td>
<td>332,840</td>
<td>561,689</td>
<td>228,850</td>
<td>962,896</td>
<td>630,056</td>
<td>34.57%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPER., NON-OPER. EXP., SERV. &amp; CAPITAL OUTLAY &amp; NON-CASH ITEMS</strong></td>
<td>677,930</td>
<td>4,904,458</td>
<td>6,173,018</td>
<td>1,268,560</td>
<td>10,649,206</td>
<td>5,744,748</td>
<td>46.05%</td>
<td></td>
</tr>
<tr>
<td><strong>EXCESS REVENUE OVER EXPENSES</strong></td>
<td>187,315</td>
<td>3,168,820</td>
<td>1,249,305</td>
<td>(1,919,515)</td>
<td>2,294,865</td>
<td>(873,955)</td>
<td>16.32%</td>
<td></td>
</tr>
<tr>
<td><strong>PLUS CAPITALIZED ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td><strong>EXCESS REVENUE OVER EXPENSES PLUS CAPITALIZED ASSETS:</strong></td>
<td>3,168,820</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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</table>
May 16-June 9, 2015

MEDIA COVERAGE

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<th>Source</th>
<th>Description</th>
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</thead>
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<td>Ruidoso News</td>
<td>Affordable housing plan on the horizon</td>
</tr>
<tr>
<td>5-31</td>
<td>Hobbs News-Sun</td>
<td>Tax credit awarded to new housing project</td>
</tr>
<tr>
<td>6-2</td>
<td>Hobbs News-Sun</td>
<td>Funding extension for Eunice housing project to be discussed</td>
</tr>
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PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

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<thead>
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<th>Date</th>
<th>Source</th>
<th>Description</th>
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</thead>
<tbody>
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<td>5-20</td>
<td>E-blast</td>
<td>Open House save-the-date</td>
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<tr>
<td>5-28</td>
<td>Lender Memo 15-15</td>
<td>Reminder: HFA Preferred Training</td>
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<tr>
<td>6-4</td>
<td>Lender Memo 15-16</td>
<td>Mandatory Web Training; New Electronic File Submission Process</td>
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</tbody>
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WORKFORCE HOUSING

Affordable housing plan on the horizon

New ordinance and amendments to others needed; village officials meet with a developer to discuss construction options

By Dianne Stallings
dstallings@ruidosonews.com @RuidosoNews on Twitter

Revisions to a proposed affordable housing plan and ordinance offered by Ruidoso councilors during a workshop in April were included in a final version being reviewed by a financial consultant and to be considered for adoption this summer.

While those documents are being put together, new village Community Development Director Greg Cory, Councilor Tim Coughlin and village staff met with a developer to discuss options.

“We have a few folks in mind who might be interested in working with us,” Village Manager Debi Lee said last week during a monthly council meeting. “One idea was to look at village property to use or to sell and then use the money to establish a trust fund.”

Deputy Village Manager Ron Sena executed a request for another time extension to give the village through May, she said. The council first must adopt a plan and then an ordinance, she said.

After receiving comments from a housing consultant, the plan will be fine-tuned with the New Mexico Finance Authority before presenting the final version and ordinance to the council, she said. “We don’t want to create something we really can’t do, that’s too broad,” Lee said.

During the April workshop, Phyllis Taylor with Site Southwest LLC by conference call and power point presentation went over with councilors data about the village, its residents, housing and workforce, economic needs and recommendations about moving forward on affordable housing, as well as financial incentives for contractors and developers, partnerships with lenders and assistance available to nonprofit housing providers.

The purpose of the plan and ordinance is to allow the village to participate in housing projects that meet a need not being covered currently, Taylor said. The population in the village of about 8,000 year-round is expected to remain flat, she said. The percentage of family households decreased in the last two decades and there are families living in poverty in the village or in homes that are overcrowded, she said.

Being a tourist town, the average wage in the village is low, Taylor said. Many people employed inside the village or by the village must live outside the municipal limits for more affordable housing, she said.

Nicole Sanchez with the finance authority said the agency receives legislative appropriations from the state and federal government to assist with affordable housing, which is a huge issue around the state. The council needs to set goals and decide what the village would offer as incentive to a private developer, she said.

Sanchez suggested looking at ways to help landlords renovate and rehabilitate their properties without doing it all at once, because they would have to be brought up to code.

Low interest loans might be available, he said.

Private developers could apply for funding to build affordable housing as long as the project and entity met the required criteria, Sanchez said.

The village could help private development by bringing in other funding resources, reducing the cost of developing land by modifying existing ordinances and by streamlining the development review process, Taylor said.

Stricter housing codes could be adopted to improve the conditions of long-term rentals. A housing trust fund could be created, the village could acquire abandoned property, partner with local lenders and encourage participation by existing landlords, she said.

Taylor said 15 scattered housing sites already have been identified.

AFFORDABLE HOUSING
Tax credit awarded to new housing project

S. V. SHARP
NEWS-SUN

A new residential project will be built in downtown Hobbs thanks to state tax credits.

These credits are awarded each year to projects built to alleviate housing deficiencies throughout the state, and all projects considered for the credits must be constructed with specific guidelines for building and occupancy.

Chelsea Development will construct the new project, Park Plaza, on Dunnam Street across from the new Boys and Girls Club.

The estimated cost of the Park Plaza project is about $12.5 million with the city contributing approximately $1.3 million, according to a city press release.

Kevin Robinson, city planner, described the application process for the credits as “very competitive.”

SEE HOUSING, Page 3

Housing
from PAGE 1

Many developers apply for state tax credits from the New Mexico Mortgage Finance Authority, but the number of those who receive those credits are in the single digits statewide.

“There’s always more applicants than recipients,” he said.

Each applicant must submit an application packet; then the projects are ranked among each other according to several categories.

Tax credits are a way to bring private money into affordable housing instead of relying completely on government subsidies. Private investors give money to a project to receive the credits, which allows them to subtract from the amount of taxes they owe the government.

Matt Grosz, Chelsea’s chief investment officer, said construction is planned to begin at the end of this year or the beginning of next. The estimated completion time is about 12-to-15 months.

This project is the third in Hobbs to receive state tax credits during the past two years.

“We appreciate the relationship we have established with the City of Hobbs,” Grosz said. “It has been a welcoming environment, and we look forward to this project and many more to come.”

S. V. Sharp can be reached at 575-391-5437 or reporter@hobbsnews.com.
Funding extension for Eunice housing project to be discussed

SILVIO PANTA
NEWS-SUN

A request for a six-month extension over funding of a 16-unit subsidized housing apartment complex in Eunice is up for discussion in Thursday’s Lea County Board of Commissioners meeting at 9 a.m. in Lovington.

The request to extend the mutual agreement between the county, the City of Eunice comes from the Eastern Regional Housing Authority of New Mexico, which helped spearhead the $2 million housing project that is to be constructed on one-acre of land at the corner of Avenue M and 23rd Street.

The housing authority’s request will be presented by Lea County Manager Mike Gallagher.

The procedural process in getting the complex off to a start was rocky at first, given how it took an unexpected while to get the Eunice City Commission to sign off on the written agreement.

The accord between Eunice, Lea County and the housing authority deals with the effort to move forward with the project, Chris Herbert, executive director of the housing authority, said.

Delays in meeting the deadlines for certain aspects of the agreement called for the need to ask for more time. It is anticipated that the 16-unit apartment complex would get done by six months, Herbert said.

“This took longer than we anticipated,” Herbert said.

Getting the agreement, or Memorandum of Agreement, reviewed required a process of going back and forth between the housing authority and the city, which took time. In general,

In March, the Lea County Commission voted unanimously to front $1 million in additional capital as part of a joint-effort to realize the apartment complex that would be partly aimed for people who work in public safety.

The second half of the funding for the housing project came in the form of a state grant of $348,000 and a $650,000 loan from the New Mexico Mortgage Finance Authority.

Both funding sources were secured in November and the loan is good for up to 20 years and would be refinanced after it’s up, Herbert said.

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

Silvio Panta can be reached at (575) 391-5446 or at courts@hobbsnews.com.
Join Us For
MFA’s 40th Anniversary
Celebration

If you are a former or current employee, board member, committee member, partner or friend of MFA, be sure to stop by to renew old acquaintances and share memories.

delicious food
music by Le Chat Lunatique

Thursday, September 17 2015
5-7 p.m.

MFA
344 Fourth St. SW
TO: All Eligible and Participating Lenders

FROM: Erik Nore, Director of Homeownership

DATE: May 28, 2015

RE: Memo No. 15-15

- REMINDER - HFA Preferred Training

Spring into Sales: Refresher Training on HFA Preferred

Meet the needs of today’s borrowers in an ever changing market by diversifying the products in your tool kit. Participate in a refresher training on the benefits of HFA Preferred.

View a practice case using the HFA Preferred product and see how the flexible MI structures and lower coverage amounts affect the borrowers’ monthly payment. Review the details for properly entering an HFA Preferred loan in DU.

This session will empower you with the tools you need to spring into sales!
Join us for this informative joint training session on:

**New Date/Time:**  Wednesday, June 3, 2015  
**Time:**  11:00AM to 12:30PM Mountain / 1:00PM to 2:30PM Eastern

**To Participate:**

[Click here to register for this event](#). Registration is free and will only take you a few minutes to complete. Upon registration you will receive the participant dial in number and webinar URL for Webex.

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

---

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

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

FROM: Director of Homeownership

DATE: June 4, 2015

RE: Memo No. 15-16

- New- Electronic File Submission (Document Imaging) Process
- Mandatory Web Training June 10, 2015 and June 11, 2015 from 10:00 am to 11:00 am Mountain Time

MFA will be implementing an electronic (paperless) submission process for Compliance Files, Wire Requests and Second Mortgage Closed Loan Files.

Participating Lenders will be able to submit the electronic documentation through the online reservation system, which will provide a streamlined method for reviewing loan files as well as a secure method to transmit borrower information.

- Beginning June 17, 2015, all new Compliance File submissions (as well as all follow up documentation for that file) will be transmitted to MFA via the online reservation system Document Imaging portal.
MFA will be conducting lender training on the new system, including:

- The process for stacking and scanning documents/packages for submission to MFA
- The process for uploading the documents/packages to MFA
- Notifications and retrieving documents from the Document Imaging portal

Staff will also provide training/updates on a few program revisions.

All Participating Lenders will be required to attend at least one of the training sessions before they will be allowed to access the new system.

Registration is required via the MFA Lender Training link http://www.housingnm.org/lender-training no later than 5:00 PM Mountain Time on June 09, 2015.

Below is the call in number and link for both of the webinars:

Conference Dial in (559) 546-1000
Participant Access Code 297334#
(Sign in as Guest) *Please type your full name in when you log in so that MFA can track attendance*

https://apps.na.collabserv.com/meetings/join?id=4789-5707

Please feel free to contact MFA’s Homeownership Department with any questions or for further clarification.

Thank you for participating in MFA’s single family program.