NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, May 15, 2019 at 9:30 a.m.

**Agenda**

**Chair Convenes Meeting**
- Roll Call (Jay Czar)
- Administer the Oath of office for Lieutenant Governor, Howie Morales (Chair, Dennis Burt)
- Approval of Agenda – Board Action
- Approval of April 17, 2019 Board Meeting Minutes – Board Action
- Approval of April 17, 2019 Board Resource Allocation Study Minutes – Board Action
- New Employee Introductions – Roberta Begay, Accountant (Yvonne Segovia)

**Board Action Items**

<table>
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<th>Action Required?</th>
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**Finance Committee**
1. HomeNow Internal Audit Executive Summary (Claire Hilleary, Senior Audit & Consulting Manager and Jessica Bundy, Principal – REDW) [YES]
2. Changes to Approved FY2019 Internal Audit Plan (Claire Hilleary, Senior Audit & Consulting Manager and Jessica Bundy, Principal – REDW) [YES]
3. 3/31/19 Quarterly Financial Statements (Gina Hickman) [YES]
4. 3/31/19 Quarterly Investment Report (Kathy Keeler) [YES]
5. HUD Allocations (HOME & N-HTF (National Housing Trust Fund) (Izzy Hernandez) [YES]

**Contracted Services/Credit Committee**
6. Approval of 2019/2020 Department of Energy Annual and Master State Plans (NM Energy$mart) (Amy Gutierrez and Troy Cucchiara) [YES]
7. Approval of RFP for Graphic Design and Creative Services (Leann Kemp) [YES]

**Other**
8. Veterans Housing Rehabilitation and Modification Pilot Program and Grant Opportunity (Izzy Hernandez) [YES]
9. Year 2 MFA Strategic Plan Amendments (Izzy Hernandez) [YES]
10. 2019 Series D & E Single Family Bond Resolution (Kathy Keeler) [YES]
11. Loan Delinquency Update (Gina Hickman and Jeff Payne) [NO]

**Other Board Items**

12. (Staff is available for questions)
   - Staff Action Requiring Notice to Board
   - FY2019 Quarterly Strategic Plan Update (Q2)

**Monthly Reports**
- No Action Required

13. (Staff is available for questions)
    - Communications Department Reports

**Quarterly Reports**
- No Action Required

14. (Staff is available for questions)
    - Quarterly Board Report

**Announcements and Adjournment**
- Discussion Only

**Confirmation of Upcoming Board Meetings**
- June 19, 2019 - Wednesday - 9:30 a.m. (MFA)
- July 17, 2019 - Wednesday - 9:30 a.m. (MFA)
- August 20, 2019 – Tuesday – 9:30 a.m. (Sandia Resort)
- August 20 – 21, 2019 – Tuesday - Wednesday August Board Retreat (Sandia Resort)
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➢ New Employee Introductions – Roberta Begay, Accountant (Yvonne Segovia)

Board Action Items

Finance Committee
1 HomeNow Internal Audit Executive Summary (Claire Hilleary, Senior Audit & Consulting Manager and Jessica Bundy, Principal – REDW) - REDW will present the executive summary of the HomeNow program internal audit for approval. YES

2 Changes to Approved FY2019 Internal Audit Plan (Claire Hilleary, Senior Audit & Consulting Manager and Jessica Bundy, Principal – REDW) - REDW will present proposed changes to the FY2019 internal audit plan that was approved by the Board of Directors in November, 2018. YES

3 3/31/19 Quarterly Financial Statements (Gina Hickman) - ongoing

4 3/31/19 Quarterly Investment Report (Kathy Keeler) - ongoing

5 HUD Allocations (HOME & N-HTF (National Housing Trust Fund) (Izzy Hernandez) - Allocating HUD N-HTF funds totaling $3,000,000. Allocating HUD HOME funds totaling $8,045,841 to the activities as identified in the N-HTF Table and 2019 HOME Allocation sheet (available in the board packet). YES

Contracted Services/Credit Committee
6 Approval of 2019/2020 Department of Energy Annual and Master State Plans (NM Energy$mart) (Amy Gutierrez and Troy Cucchiara) - The NM Energy$mart 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 provide for vehicles 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 3, 2019. The Department of Energy (DOE) funding for the 2019/2020 program year is $2,232,675.00. With the DOE funding, we are projecting that the ICAST will weatherize approximately 40 multifamily statewide units, and four single family homes in a NM County to be determined at a later date by MFA. Central New Mexico Housing will weatherize approximately 122 single family units and Southwestern Regional Housing and Community Development Corporation will weatherize approximately 39 single family units for a total of 201 units. YES

7 Approval of RFP for Graphic Design and Creative Services (Leann Kemp) - Due to several large projects requiring graphic design and creative services in 2019, professional services costs will exceed $75,000 in this calendar year. MFA’s policy requires that a Request for Proposal must be issued. The term of this Request for Proposal is for three years with two one-year extensions at the option of the board. Staff recommends the approval of the Request for Proposal for Graphic Design and Creative Services. Responses will be due to MFA by June 12, 2019. YES

Other
8 Veterans Housing Rehabilitation and Modification Pilot Program and Grant Opportunity (Izzy Hernandez) – Staff recommends that NMAHCT/MFA submit an application for up to $1,000,000 for HUD’s Veterans Housing Rehabilitation and Modification Pilot (VHRMP) Program. The additional funding will allow NMAHCT/MFA to
improve more homes through its existing VHRMP Program, NM Energy$mart and HOME Rehabilitation programs.

9  **Year 2 MFA Strategic Plan Amendments (Izzy Hernandez)** - Staff recommends approval of five amendments to benchmarks in the MFA FY 2018-2022 Strategic Plan. One change better reflects current activities and four are numerical increases in the benchmarks.

10  **2019 Series D & E Single Family Bond Resolution (Kathy Keeler)** - To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2019 Series D and E Single Family Bond Resolution in the aggregate amount of not to exceed $125 million. MFA anticipates providing funds for $85-$100 million of new single family mortgage loans and refunding two prior bond issues in the amount of approximately $25 million.

11  **Loan Delinquency Update (Gina Hickman and Jeff Payne)** - One of MFA’s strategic objectives for strategic plan goal 1 is to promote sustainable homeownership through delinquency prevention strategies. Staff will present an update on implemented strategies to support this initiative and the financial impacts associated with current delinquency trends associated with the sub-serviced portfolio.

**Other Board Items**  
Information Only

12  **(Staff is available for questions)**
- Staff Action Requiring Notice to Board
- FY2019 Quarterly Strategic Plan Update (Q2)

**Monthly Reports**  
No Action Required

13  **(Staff is available for questions)**
- Communications Department Reports

**Quarterly Reports**  
No Action Required

14  **(Staff is available for questions)**
- Quarterly Board Report

**Announcements and Adjournment**  
Discussion Only

**Confirmation of Upcoming Board Meetings**
- June 19, 2019 - Wednesday - 9:30 a.m. (MFA)
- July 17, 2019 - Wednesday - 9:30 a.m. (MFA)
- August Board Meeting Tuesday August 20th (Sandia Resort)
- August Board Retreat – Tuesday/Wednesday August 20th/21st (Sandia Resort)
Minutes
Chair Dennis Burt convened the meeting on April 17, 2019 at 9:35 a.m. Secretary Jay Czar called the roll. Members present: Chair Dennis Burt, Angel Reyes, Treasurer Tim Eichenberg, Sally Malavé (Designee for Attorney General Hector Balderas), Clifford Reese, (Designee for Lieutenant Governor Howie Morales), Steven Smith and Randy McMillan. Absent: none. Czar informed the Board that everyone had been informed about today’s meeting in accordance with the New Mexico Open Meetings Act.

Chair Burt wished Joshua Allison, legal counsel a fond farewell as he moves on to his appointment to the Civil Division of the Second Judicial District Court. Chair Burt thanked him for being an extremely valuable member of the team and providing wise counseling. Josh thanked the board for the opportunity and introduced his replacements Jeremiah Ritchie and Eleanor Werenko. Czar expressed his appreciation for Josh’s contributions to MFA’s mission. He further stated that we are very proud of his accomplishments, and will forever be grateful for his service to MFA.

Chair Burt welcomed attendees and informed everyone that the meeting was being webcast, making reference to the microphone sensitivity.

Approval of Agenda - Board Action. Motion to approve the April 17, 2019 Board agenda as presented: Malavé. Second: Rees. Vote: 7-0.

Approval of 2/20/19 Board Meeting Minutes – Board Action. Motion to approve the February 20, 2019 Board Meeting Minutes as presented: Malavé. Second: McMillan. Vote: 6-0. (Rees abstained - Lieutenant Governor’s office was not present at the February meeting)

New Employee Introductions: Teresa Lloyd, director of servicing introduced Joleen Stevens, sub-servicing oversight specialist. René Acuña, director of homeownership introduced Stephanie Gonzales, homeownership intern and Shawn Colbert, director of housing development introduced Vicki Glicher - development loan manager. Jay Czar also introduced Jeannae Ledger, MFA’s Analyst from Legislative Council Services.

Jay Czar wished a fond farewell to Monica Abeita as he informed the Board of her future endeavors as Executive Director of the North Central New Mexico Economic Development District. He spoke to all the ways she has added value and contributed to the organization. He commented on how fortunate they would be to have her and wished her the best. Monica thanked the Board for the opportunity to work with them further stating she has really enjoyed getting to know them and appreciated their commitment to MFA. Chair Burt said if Monica’s not going to Washington, DC neither is he. He thanked her for her service stating that she has been invaluable to the organization and helped the organization move in the direction we needed to.

Clifford Rees designee for Lieutenant Governor Morales provided background information about himself. He is Director of Policy and Legislation. He stated that the Lieutenant Governor was out of state but did indicate that he would be attending these meetings regularly.

Finance Committee

1 Sub-recipient Monitoring Internal Audit Executive Summary (Claire Hilleary, Senior Audit & Consulting Manager and Jessica Bundy, Principal - REDW). Bundy informed the Board that this internal audit focused on evaluating MFA’s monitoring of sub-recipients to determine if monitoring activities were performed in accordance with MFA policies and procedures, and if the policies and procedures and sub-recipient contracts were compliant with applicable laws and regulations. Additionally, she indicated that they performed procedures to determine if reimbursement of expenses were properly authorized, supported and allowable. Hilleary reviewed the results stating that they identified areas during the course of the audit
where controls were functioning properly and established procedures were followed. Request for reimbursements was an area where necessary support was obtained and reviewed prior to processing of payment, expenditures were all allowable according to the grant award and the payment made did not exceed the requested amount. Further, the sub-recipient contracts examined appeared to contain all necessary language to be consistent with Uniform Guidance requirements. Hilleary reviewed the low risk observations REDW identified during the audit in the following areas: Cost Allocations Plans and Monitoring. They are listed behind tab one and will be made a part of the official board packet. Motion to approve the Sub-recipient Monitoring Internal Audit Executive Summary as presented: Reyes. Second: Malavé. Vote: 7-0.

2 External Audit Services Request for Proposals (Yvonne Segovia). Segovia began her presentation by informing the Board that the New Mexico Office of the State Auditor (OSA) directed the MFA to seek proposals for the financial and compliance audit for the fiscal year ended September 30, 2019. This means that it will not be a joint venture with the OSA this year. The term of this Request for Proposal (RFP) is for one year with two one-year extensions at the option of the Board. She further stated that the RFP had been reviewed by General Counsel and would be advertised in the Albuquerque Journal, Santa Fe New Mexican, MFA’s website and MFA would directly solicit auditors from the State Auditors approved list. Staff recommends the approval of the RFP for External Audit Services. Responses will be due to MFA by May 10, 2019. Segovia reviewed major changes in the RFP located behind tab two which will be made a part of the official board packet. Discussion ensued regarding how many times we are advertising and extending the deadline to the May 24th. Segovia reviewed the timeframe and Audit Act requirements. Eichenburg made the motion to amend the RFP to extend the due date to May 17, 2019. Second: Reyes. Vote: 7-0. Motion to approve the External Audit Services Request for Proposals as amended: Eichenberg. Second: Smith. Vote: 7-0.

Contracted Services/Credit Committee

3 2019/2020 NM Energy$mart Weatherization Assistance Program (WAP) Additional Service Provider Funding (Amy Gutierrez and Troy Cucchiara). Gutierrez began by informing the Board that MFA staff continues to receive comments from our funders regarding the need for additional Service Providers. The NM Energy$mart Program is at risk with only two Service Providers for the entire state. Therefore, it was imperative to release another RFP this year in an effort to expand the program from two to three service providers. She reviewed the background information regarding the RFP’s as indicated in the memo located behind tab three, which will become a part of the official board packet. Staff requests the approval for the addition of ICAST (International Center for Appropriate and Sustainable Technology) as the Multifamily Service Provider for the NM Energy$mart Program estimated funding for this additional service provider is $622,277.89. The two current NM Energy$mart Service Providers estimated funding will be decreased by this amount and upon Board approval will be awarded to the Multifamily offeror. An additional $170,204.00 will be provided for training and technical assistance for a total of $792,481.89 for statewide multifamily weatherization funding. Gutierrez then reviewed the funding stating that the NM Energy$mart program is a state-wide program covering 33 counties. Program funding for the 2019-2020 Program Year is estimated to be $6,089,863.06. She further reviewed the Total estimated Statewide Funding, Scoring, Term and Timeline as listed in the table provided in the memo. Motion to approve the 2019/2020 NM Energy$mart Weatherization Assistance Program (WAP) Additional Service Provider Funding as presented: Reyes. Second: Rees. Vote: 6-0. (McMillan abstained due to a possible conflict).

4 Compliance Activities Report (Robyn Powell). Powell began by informing the Board that she would be reporting on the Compliance Activities Report for the period September 2018 – March 2019. She further stated that this report is for informational purposes and no approval is needed. The compliance activities report is intended to provide information to the Board regarding compliance management activities and the results of related oversight of MFA’s single family mortgage lending and servicing departments, including subservicing oversight. Powell then provided a summary of compliance activities related to vendor management, subservicing oversight, loan quality control, and tracking of regulatory compliance and consumer complaints from September 2018 through March 2019. She informed the Board that the activities described in this report are intended to provide the Board of Directors with assurance that MFA is effectively
managing compliance with Federal and State consumer financial laws applicable to the products and services being provided by MFA and mitigating related risk. There were no significant compliance concerns identified during this reporting period. Powell did inform the Board that concerns regarding the sub-servicing delinquencies and the related liability to MFA were discussed at Contracted Services/Credit Committee. She stated that Gina Hickman was going to provide a presentation to the Board at next month’s board meeting to address this issue. Reyes stated that he understood Hickman will be providing a financial analysis or review.

Non-Action Item

Other

5 Appointment of the Nominating Committee to Elect Officers (Chair, Dennis Burt). Chair Burt stated that he has appointed a Nominating Committee to Elect Officers and wanted to inform the designee Cliff Reese that Lieutenant Governor Howie Morales is appointed to this committee as well as Attorney General Hector Balderas and himself. He further informed the board that they would elect officers in the near future. Non-Action Item

6 Proposed Changes to the MFA Rules and Regulations (Monica Abeita). Abeita began by explaining that the enabling legislation requires review and approval by The MFA Act Legislative Oversight Committee. She explained that most of the recommended changes come from the Homeownership department and if there were any technical questions they would address them. She explained that she would review the summary of the proposed amendments as provided in the memo located behind tab six and will be made a part of the official board packet. Malavé made the Motion to amend page 7 of the Rules and Regulations, section 5.2. To delete “When funds” and add “When tax exempt bond proceeds”. Second: McMillan. Vote: 7-0. Motion to approve the amended Proposed Changes to the MFA Rules and Regulations as recommended: Reyes. Second: Smith. Vote: 7-0.

7 2019 Legislative Update (Monica Abeita and John Anderson). Abeita stated that she and John would be providing an update on the 2019 Legislative Session, stating that they were quite the team this year. She further stated that MFA had a relatively good year. She made reference to the spreadsheet located behind tab seven stating that MFA received $3,759,500 in appropriations and capital outlay request. She reviewed the spreadsheet which consisted of programs/funds and is located behind tab seven and will be made a part of the official board packet. Abeita then made reference to the right side of the spreadsheet “Other Housing” related legislation that went to the session. Anderson stated that he was going to miss Monica and that he was the only one who did not congratulate her or wish her well. Further stating that they had become a great team. He stated that it was an interesting session, unbelievable. The state has 1.2 billion in new money. We are hopeful that there will be more monies available at the next session and that we will go out and do great things with these monies going forward. He gave a great picture of dialing for dollars (legislator’s discretionary funds); stating it was like Christmas and we were very fortunate to be able to utilize our friendships and relationships with many of the legislators we have worked with for years. They came to our rescue and came forward indicating they would do whatever they could. When you have a legislature giving you money some of the money that they have for statewide projects in their area; speaks volumes about MFA. Chair Burt thanked them for their efforts on behalf of MFA. Non-Action Item

8 Investment Report and Market Update (Luke Schneider, Director and Ellen Clark, Senior Managing Consultant, PFM Asset Management LLC). Schneider began by thanking the Board for the opportunity to present an update on MFA’s investment portfolio. Schneider discussed what we can expect from the markets going forward, the current allocation of the General Fund investment portfolio, the process used to determine the current structure and asset allocation for that portfolio, an updated cash flow analysis to confirm current investment policy and the performance of the State Investment Council portfolio. Non-Action Item.

9 Housing Finance Agency Financing Trends: Implications for MFA (David Jones, Principal, CSG Advisors). Jones thanked the Board for having him present today. Jones reviewed financing trends among housing finance agencies (HFAs), market conditions, MFA bond execution activity, Single family revenue streams, the rating agency view of MFA and challenges and opportunities. Non-Action Item
10 Single Family Program Report (René Acuña). Acuña reviewed the Single family program production report located behind tab ten stating he would just recap some of the highlights and trends. He discussed MFA’s new HomeNow program which was capitalized by a federal grant received from the Department of Treasury. Acuña then referred to the MFA program utilization - formerly called the MFA market share. He reported that MFA’s program utilization is 32.02% of the purchase money FHA loans within the state. The presentation included: interest rate history by program, historical reservations and purchased loan trends from 2009 through forecasted 2019, trends on financing types, reservations by program, comparison of down payment assistance (DPA) sources and loan types, borrower demographics, and data on median sales prices and home sales trends in New Mexico. Acuña ended his presentation by thanking his staff; they have decreased department turnaround times by about six days. He noted that things are moving very swiftly and despite the continued strong production we’re able to get families into their homes sooner. Non-Action Item.

McMillan thanked Chair Burt for sharing and bringing MFA’s State Tax Credit program Housing Charitable Trust Fund to the attention of the Board. Staff really worked hard to get this handled. It included a home and three apartment units that will be used for individuals transitioning out of the corrections facilities. McMillan shared how this program is working down south stating it is a great program. He thanked Izzy and his staff for making it happen.

Other Board Items - Information Only

11 No questions were asked of staff.  
- Staff Action Requiring Notice to Board  
- 2019 Series A & B Single Family Bond Pricing Summary

Monthly Reports - No Action Required

12 No questions were asked of staff.  
- 1/31/19 Financial Statements  
- 2/28/19 Financial Statements  
- Communications Department Reports

Announcements and Adjournment – Chair Burt informed the Board that the next Board of Directors meeting will be held on March 20, 2019 at the offices of the MFA. Czar informed the Board that staff would need some time to reconfigure the room and we would meet back in the board room in approximately 15 minutes for the study session.

There being no further business the meeting was adjourned at 12:03 p.m.

Approved: May 15, 2019

__________________________  ____________________________
Chair, Dennis Burt           Secretary, Jay Czar
The meeting convened at 12:30 p.m. Members present: Chair Dennis Burt, Angel Reyes, Sally Malavé (Designee for Attorney General Hector Balderas), Cliff Reese (Designee for Lt. Governor Howie Morales), Treasurer Tim Eichenberg, Randy McMillan and Steven Smith. Members Absent: none. The public has been informed about today’s meeting, in accordance with the New Mexico Open Meetings Act.

Guest speaker: David Jones, Principal, CSG Advisors

Staff in attendance included: Jay Czar, Gina Hickman, Jeff Payne, Yvonne Segovia, Kathy Keeler and Sandra Marez.

General Counsel: Jeremiah Ritchie and Eleanor Werenko.

On Wednesday, April 17, 2019 the Board of Directors of the New Mexico Mortgage Finance Authority (“MFA”) conducted a study session following the MFA Board of Directors meeting to provide an update on the Resource Allocation Study provided by MFA’s Financial Advisor – CSG Advisors. There will be no action taken by the Board at this time.

Hickman began by providing the Board an overview of the purpose of the study session and the related resource allocation study. This is a new process/analysis that Finance is implementing to assist in assessing adequacy of reserves, liquidity, general fiscal health and long-term sustainability. It will combine several tools used by management to provide a more comprehensive approach for making long term decisions for the organization. The study provides historical financial performance, and a forecast under base, low and high production scenarios. Hickman further stated she envisions using this process going forward to inform our Board of MFA’s financial position. It will be updated annually based on historical data, the interest rate environment, the economy and other funding activities. Hickman encouraged the Board to ask questions throughout the presentation. She then turned the presentation over to David Jones, Principal, CSG Advisors.

Jones provided a very comprehensive and informative presentation to the MFA Board of Directors regarding the Resource Allocation Study which will be made a part of the official board study packet. The study included the following: Balance Sheet Composition, Benchmarking and Rating Agency Perspective, Pillars of Net Income, Liquidity, Performance Projections and Impact and Conclusions. No action required.

There being no further business the meeting was adjourned at 2:00 p.m.

Approved: May 15, 2019

Chair, Dennis Burt          Secretary, Jay Czar
Tab 1
## New Mexico Mortgage Finance Authority

### Finance/Operations Committee Meeting

**Tuesday, May 7, 2019 at 1:30 p.m.**

To dial in to the conference call dial: All participants Dial-in number: (605) 313-4821 Participant code: 561172 # Host Code: 561172 *

### Agenda Item

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<th>Agenda Item</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
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<tbody>
<tr>
<td>1 HomeNow Internal Audit Report and Executive Summary</td>
<td>2-0</td>
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<tr>
<td>(Claire Hilleary, Senior Audit &amp; Consulting Manager and Jessica Bundy, Principal – REDW)</td>
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<td>Smith &amp; Burt Voted</td>
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<td>2 Changes to Approved FY2019 Internal Audit Plan</td>
<td>3-0</td>
<td>YES</td>
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<tr>
<td>(Claire Hilleary, Senior Audit &amp; Consulting Manager and Jessica Bundy, Principal – REDW)</td>
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<tr>
<td>3 3/31/19 Quarterly Financial Statements (Gina Hickman)</td>
<td>3-0</td>
<td>YES</td>
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<td>4 3/31/19 Quarterly Investment Report (Kathy Keeler)</td>
<td>3-0</td>
<td>YES</td>
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<tr>
<td>5 HUD Allocations (HOME &amp; N-HTF (National Housing Trust Fund) (Izzy Hernandez)</td>
<td>3-0</td>
<td>YES</td>
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</tbody>
</table>

### Committee Members present:

- Steven Smith, Chair  
  - present  
  - absent  
  - conference call
- Dennis Burt  
  - present  
  - absent  
  - conference call
- Lt. Governor Howie Morales or Proxy Clifford Rees  
  - present  
  - absent  
  - conference call

**Secretary:**

5-1-19
New Mexico Mortgage Finance Authority

HomeNow Program

Executive Summary

March 2019
New Mexico Mortgage Finance Authority
HomeNow Program
Executive Summary

New Mexico Mortgage Finance Authority
Board of Directors

We performed the internal audit services described below solely to assist New Mexico Mortgage Finance Authority (MFA) in evaluating compliance with policies, procedures and agreement requirements for the HomeNow program.

PURPOSE AND OBJECTIVES
Our internal audit focused on evaluating MFA’s procedures over the HomeNow program, including compliance with the Capital Magnet Fund (CMF) agreement requirements and internal policies over eligibility.

SUMMARY OF PROCEDURES
In order to gain an understanding of the requirements for the HomeNow program, we read applicable portions of the Capital Magnet Fund (CMF) agreement and the HomeNow Down Payment Assistance (DPA) Program Policy.

We obtained a listing of all HomeNow loans and selected a sample of 10 to test for compliance with the HomeNow DPA Program Policy. We assessed how MFA plans to ensure the CMF agreement requirements will be met. We tested that reporting was properly completed, supported and submitted timely. We also tested a sample of administrative expenses to determine if the costs were allowable, properly supported and accurately drawn from the CMF bank account. Lastly, we tested that interest in excess of $500 was remitted back to the granting agency in a timely manner.
**SUMMARY OF RESULTS**

During the course of the audit, we identified areas, which processes and related controls appeared to be functioning properly, most noticeably were the areas related to loan processing, reporting and administrative expenses. Our testing identified all necessary reports were prepared and submitted timely and expenses were allowable.

Additionally, MFA is taking proactive measures to ensure they meet the minimum number of affordable units served by the program. Through internal monitoring, it was identified that the units served requirement will be difficult to meet as stated in the current agreement and MFA is working with CMF and a consultant to make necessary updates and modifications.

As a result of our testing, REDW did not identify any reportable observations.

* * * * *

Further detail of our purpose, objectives, and procedures is included in the full internal audit report. In that report, management describes the corrective action being taken for the above observations.

REDW LLC

Albuquerque, New Mexico
April 16, 2019
Tab 2
To: New Mexico Mortgage Finance Authority Board of Directors  
From: REDW LLC  
Date: May 15, 2019  
RE: Internal Audit Plan FY 2019

In the Internal Audit Plan for FY2019 dated October 19, 2018, REDW had allocated 120 hours to a SOC Readiness Assessment. MFA staff has determined that, prior to engaging in the Readiness Assessment, more information is needed regarding the SOC process. Therefore, MFA has requested a reallocation of internal audit resources for FY2019. In accordance with MFA policies and procedures, any changes made to the audit plan shall be reported to, and approved by the Finance Committee and Board of Directors. Management has proposed the following alternative consulting projects to replace the 120 hours:

- Research and guidance on SOC process and value to MFA
- Support during the FY19 Enterprise Risk Management (ERM) process
- Fraud training for MFA staff
Tab 3
## COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):

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<th>6 months</th>
<th>6 months</th>
<th>% Change</th>
<th>Forecast</th>
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<td>3/31/2019</td>
<td>3/31/2018</td>
<td>Year / Year</td>
<td>3/31/2019</td>
<td>9/30/19</td>
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<td>1 Single family issues</td>
<td>$119.9</td>
<td>$45.0</td>
<td>166.4%</td>
<td>$90.0</td>
<td>33.2%</td>
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<td>(new money):</td>
<td></td>
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<tr>
<td>2 Single family loans</td>
<td>$59.2</td>
<td>$156.9</td>
<td>-62.3%</td>
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<td>sold (TBA):</td>
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<tr>
<td>3 Total Single Family</td>
<td>$179.1</td>
<td>$201.9</td>
<td>-11.3%</td>
<td>$150.0</td>
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<tr>
<td>4 Multifamily issues:</td>
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<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$26.8</td>
</tr>
<tr>
<td>5 Single Family Bond</td>
<td>$20.0</td>
<td>$27.9</td>
<td>-28.3%</td>
<td>$28.5</td>
<td>-29.8%</td>
<td>$57.0</td>
</tr>
<tr>
<td>MBS Payoffs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STATEMENT OF NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Avg. earning assets:</td>
<td>$1,115.0</td>
<td>$912.6</td>
<td>22.2%</td>
<td>$1,047.3</td>
<td>6.5%</td>
<td>$1,118.4</td>
</tr>
<tr>
<td>7 General Fund Cash and</td>
<td>$100.4</td>
<td>$75.4</td>
<td>33.2%</td>
<td>$92.2</td>
<td>8.9%</td>
<td>$90.1</td>
</tr>
<tr>
<td>Securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 General Fund SIC FMV</td>
<td>($0.8)</td>
<td>$0.2</td>
<td>-500.0%</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
</tr>
<tr>
<td>Adj.:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Total bonds outstanding:</td>
<td>$910.4</td>
<td>$654.3</td>
<td>39.1%</td>
<td>$880.5</td>
<td>3.4%</td>
<td>$948.9</td>
</tr>
<tr>
<td><strong>STATEMENT OF REVENUES, EXPENSES AND NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 General Fund expenses</td>
<td>$7.9</td>
<td>$6.8</td>
<td>16.2%</td>
<td>$8.5</td>
<td>-7.1%</td>
<td>$17.0</td>
</tr>
<tr>
<td>(excluding capitalized</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>assets):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 General Fund revenues:</td>
<td>$10.5</td>
<td>$11.9</td>
<td>-11.8%</td>
<td>$10.8</td>
<td>-2.8%</td>
<td>$21.6</td>
</tr>
<tr>
<td>12 Combined net revenues</td>
<td>$4.4</td>
<td>$5.5</td>
<td>-20.0%</td>
<td>$3.3</td>
<td>35.4%</td>
<td>$6.5</td>
</tr>
<tr>
<td>(all funds):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Combined net revenues</td>
<td>$5.2</td>
<td>$5.6</td>
<td>-7.1%</td>
<td>$3.3</td>
<td>60.0%</td>
<td>$6.5</td>
</tr>
<tr>
<td>excluding SIC FMV Adj. (all</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>funds):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Combined net position:</td>
<td>$239.3</td>
<td>$230.1</td>
<td>4.0%</td>
<td>$238.2</td>
<td>0.5%</td>
<td>$241.4</td>
</tr>
<tr>
<td>15 Combined return on avg.</td>
<td>0.79%</td>
<td>1.21%</td>
<td>-34.7%</td>
<td>0.58%</td>
<td>36.3%</td>
<td>0.58%</td>
</tr>
<tr>
<td>earning assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Net TBA profitability:</td>
<td>0.89%</td>
<td>1.16%</td>
<td>-23.3%</td>
<td>1.00%</td>
<td>-11.0%</td>
<td>1.00%</td>
</tr>
<tr>
<td>17 Combined interest margin:</td>
<td>1.06%</td>
<td>1.11%</td>
<td>-4.5%</td>
<td>0.95%</td>
<td>11.6%</td>
<td>0.95%</td>
</tr>
<tr>
<td><strong>MOODY'S BENCHMARKS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Net Asset to debt ratio</td>
<td>30.46%</td>
<td>29.87%</td>
<td>2.0%</td>
<td>30.23%</td>
<td>0.8%</td>
<td>30.23%</td>
</tr>
<tr>
<td>(5-yr avg):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Net rev as a % of total</td>
<td>10.97%</td>
<td>10.32%</td>
<td>6.3%</td>
<td>9.97%</td>
<td>10.0%</td>
<td>9.97%</td>
</tr>
<tr>
<td>rev (5-yr avg):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SERVICING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 Mortgage Operations net</td>
<td>$0.9</td>
<td>$2.9</td>
<td>-69.0%</td>
<td>$1.1</td>
<td>-14.3%</td>
<td>$2.1</td>
</tr>
<tr>
<td>revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 Subserviced portfolio</td>
<td>$956.1</td>
<td>$565.7</td>
<td>69.0%</td>
<td>$922.2</td>
<td>3.7%</td>
<td>$972.8</td>
</tr>
<tr>
<td>22 Servicing Yield (subserviced portfolio)</td>
<td>0.39%</td>
<td>0.39%</td>
<td>0.0%</td>
<td>0.36%</td>
<td>8.3%</td>
<td>0.36%</td>
</tr>
<tr>
<td>23 Combined average delinquency rate (MFA serviced)</td>
<td>10.62%</td>
<td>12.73%</td>
<td>-16.6%</td>
<td>12.00%</td>
<td>-11.5%</td>
<td>12.00%</td>
</tr>
<tr>
<td>24 DPA loan delinquency rate (all)</td>
<td>8.91%</td>
<td>11.04%</td>
<td>-19.3%</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>25 Default rate (MFA serviced-annualized)</td>
<td>1.36%</td>
<td>1.38%</td>
<td>-1.4%</td>
<td>2.75%</td>
<td>-50.5%</td>
<td>2.75%</td>
</tr>
<tr>
<td>26 Subserviced portfolio delinquency rate (first mortgages)</td>
<td>7.21%</td>
<td>3.83%</td>
<td>88.3%</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>27 Purchased Servicing Rights Valuation Change (as of 3/31)</td>
<td>$2.0</td>
<td>$2.6</td>
<td>-23.1%</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

**Legend:**

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

**Single Family Issues:**
- $49.9 mm 2018 Series D Bonds-New Money (December)
- $70.0 mm 2019 Series A Bonds-New Money (February)
- $26.1 mm 2019 Series B Bonds-Refunding (February)

**Multi-family Issues:** None

SIGNIFICANT MONTHLY FINANCIAL VARIANCES:

► MFA has incurred a ($8.8) million year to date loss on the State Investment Counsel (SIC) General Fund investment portfolio due to fair market valuation adjustments. MFA classifies FMV adjustments on this portfolio as non-operating gains/losses, however, that line item is still a component of the net revenues reported in the financial statements and in this financial review. Excluding the FMV adjustments on the SIC portfolios (General Fund and Housing Trust Fund), combined net revenues were $5.2 million which tracks with last fiscal year’s net revenues and exceeds the forecast. Additionally, the General Fund revenue budget and the return on assets metric are being impacted. The return on average earning assets as if March 31, 2019 without the FMV adjustments would be .93%.

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

► Servicing expansion continues to provide additional revenues as the subserviced portfolio and purchased servicing rights asset bases increase.
► Moving into this fiscal year bond issuance is still the best execution for Single Family Mortgage first-time homebuyer loans. 2019 Series C will close May 2019 and will fund $80 million in new mortgage loans. In the bond execution the majority of the revenue is earned over time and with TBA sales all revenue is received upfront. The budget was based on production being funded 60% by issuing tax exempt bonds and 40% TBA sales.
► NEXT HOME production levels are lower than anticipated this year and that is impacting the TBA program’s performance. Staff has had to lower mortgage rates to attract lenders which has impacted the profitability of that execution, including financial performance of the Mortgage Operations unit. The strategy is to price NEXT HOME very competitively to motivate lenders to use the program and manage profitability thresholds accordingly.
► Staff does continue to have concerns over the MBS subserviced portfolio increased delinquency rates. The Compliance Officer and Director of Servicing are closely monitoring loss mitigation activities, collections and foreclosure services provided by MFA’s subservicer and coordinating with them on risk management strategies and reporting. Idaho Housing is providing delinquency reasons and the two most common are still curtailment of income and excessive obligations. These delinquencies have an effect on the credit risk associated with MFA’s down payments assistance (DPA) portfolio as well as the financial impacts associated with foreclosures and loan modifications on the first mortgages themselves. The subserviced portfolio is approx. 80% FHA insured loans; the delinquency rate for FHA loans nationally is 8.65% and for New Mexico 7.79%. 4.03% of MFA’s delinquencies in this portfolio are in the 30 to 59 days past due bucket.
► Reserve levels for all MFA loan portfolios are deemed adequate.
► Fair market value for purchased servicing rights as of March 31, 2019 was $11.0 million an increase of approximately $2.0 million over cost.

GASB requires MFA to utilize "lower of cost or market" accounting for this asset. Therefore, no valuation adjustments are anticipated. Current purchased servicing rights are recorded at a cost of $9.0 million as of March 31, 2019. Valuations are obtained on a quarterly basis. Valuation increases are declining primarily due to increases in New Mexico mortgage loan prepayments as well as decreased earnings rates during the last quarter.
► Based on Moody’s issuer credit rating scorecard, MFA’s 30.46 percent net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA’s creditworthiness under stressful circumstances (> 20 percent). The net revenue as a percent of total revenue measures performance and profitability and MFA’s 10.97 percent ratio (5-year average) points to a satisfactory profitability with consistent trends (5-10 percent range). While the ratios are falling within the thresholds that we expect, there are some trends that are effecting those ratios. In future years we will see the net asset ratio decline as net revenues will not be increasing at the same rate as bonds outstanding. As previously noted, the bond execution is expected to fund 60% of our single family mortgage production this year. Additionally, the net revenue ratio is currently being impacted by the SIC portfolio FMV adjustments realized.
► Moody’s Investor Services issued an updated credit opinion on MFA in the spring of 2018. They reaffirmed the Aa3 rating. Comments included strong asset to debt ratio, good profitability and low risk profile due to mortgage-backed security structure, multifamily risk share program and no exposure to variable rate debt.
MONTHLY FINANCIAL GRAPHS

Assets Under Management as of 9/30/2019
($ in thousands)

Yield Targets 9/30/2019

YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2019

YTD Excess Revenues over Expenses as of 3/31/2019

(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With AIDS; NM State Tax Credit; Governor’s Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund
<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>YTD 3/31/19</th>
<th>YTD 3/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH &amp; CASH EQUIVALENTS</td>
<td>$48,345</td>
<td>$27,978</td>
</tr>
<tr>
<td>RESTRICTED CASH HELD IN ESCROW</td>
<td>10,550</td>
<td>10,690</td>
</tr>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCRUED INTEREST RECEIVABLE</td>
<td>3,732</td>
<td>3,132</td>
</tr>
<tr>
<td>OTHER CURRENT ASSETS</td>
<td>2,124</td>
<td>1,603</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>TOTAL CURRENT ASSETS</td>
<td>64,752</td>
<td>43,404</td>
</tr>
<tr>
<td>CASH - RESTRICTED</td>
<td>56,646</td>
<td>23,399</td>
</tr>
<tr>
<td>LONG-TERM &amp; RESTRICTED INVESTMENTS</td>
<td>66,690</td>
<td>60,765</td>
</tr>
<tr>
<td>INVESTMENTS IN RESERVE FUNDS</td>
<td>264</td>
<td>53</td>
</tr>
<tr>
<td>FNMA, GNMA, &amp; FHLMC SECURITIZED MTG. LOANS</td>
<td>779,472</td>
<td>562,978</td>
</tr>
<tr>
<td>MORTGAGE LOANS RECEIVABLE</td>
<td>244,378</td>
<td>235,202</td>
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<td>ALLOWANCE FOR LOAN LOSSES</td>
<td>(1,878)</td>
<td>(2,474)</td>
</tr>
<tr>
<td>NOTES RECEIVABLE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FIXED ASSETS, NET OF ACCUM. DEPN</td>
<td>1,256</td>
<td>1,197</td>
</tr>
<tr>
<td>OTHER REAL ESTATE OWNED, NET</td>
<td>52</td>
<td>510</td>
</tr>
<tr>
<td>OTHER NON-CURRENT ASSETS</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>INTANGIBLE ASSETS</td>
<td>9,054</td>
<td>5,405</td>
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<tr>
<td>TOTAL ASSETS</td>
<td>1,220,687</td>
<td>930,458</td>
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<td>DEFERRED OUTFLOWS OF RESOURCES</td>
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<td></td>
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<tr>
<td>REFUNDINGS OF DEBT</td>
<td>420</td>
<td>548</td>
</tr>
<tr>
<td>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</td>
<td>1,221,107</td>
<td>931,006</td>
</tr>
<tr>
<td>LIABILITIES AND NET POSITION:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIABILITIES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CURRENT LIABILITIES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCRUED INTEREST PAYABLE</td>
<td>$4,693</td>
<td>$2,340</td>
</tr>
<tr>
<td>ACCOUNTS PAYABLE AND ACCRUED EXPENSES</td>
<td>9,757</td>
<td>6,357</td>
</tr>
<tr>
<td>ESCROW DEPOSITS &amp; RESERVES</td>
<td>10,472</td>
<td>10,591</td>
</tr>
<tr>
<td>TOTAL CURRENT LIABILITIES</td>
<td>24,922</td>
<td>19,288</td>
</tr>
<tr>
<td>BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT</td>
<td>910,420</td>
<td>654,251</td>
</tr>
<tr>
<td>MORTGAGE &amp; NOTES PAYABLE</td>
<td>46,276</td>
<td>27,144</td>
</tr>
<tr>
<td>ACCRUED ARBITRAGE REBATE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>OTHER LIABILITIES</td>
<td>170</td>
<td>245</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>981,789</td>
<td>700,927</td>
</tr>
<tr>
<td>NET POSITION:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT</td>
<td>1,256</td>
<td>1,197</td>
</tr>
<tr>
<td>UNAPPROPRIATED NET POSITION (NOTE 1)</td>
<td>61,349</td>
<td>62,214</td>
</tr>
<tr>
<td>APPROPRIATED NET POSITION (NOTE 1)</td>
<td>176,713</td>
<td>166,669</td>
</tr>
<tr>
<td>TOTAL NET POSITION</td>
<td>239,318</td>
<td>230,079</td>
</tr>
<tr>
<td>TOTAL LIABILITIES &amp; NET POSITION</td>
<td>1,221,107</td>
<td>931,006</td>
</tr>
</tbody>
</table>
NEW MEXICO MORTGAGE FINANCE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE SIX MONTHS ENDED MARCH 2019  
(THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>YTD 3/31/19</th>
<th>YTD 3/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$20,072</td>
<td>$16,395</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>1,909</td>
<td>1,229</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>1,431</td>
<td>450</td>
</tr>
<tr>
<td>Administrative Fee Income (EXP)</td>
<td>2,667</td>
<td>4,637</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>37</td>
<td>53</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>571</td>
<td>557</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>2,003</td>
<td>1,178</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>2,667</td>
<td>4,637</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>37</td>
<td>53</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>571</td>
<td>557</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>2,003</td>
<td>1,178</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>2,667</td>
<td>4,637</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING REVENUES</strong></td>
<td><strong>28,689</strong></td>
<td><strong>24,500</strong></td>
</tr>
</tbody>
</table>

| **NON-OPERATING REVENUES:** |         |         |
| Arbitrage Rebate Income (EXPENSE) | - | - |
| Gain(Loss) Asset Sales/Debt Extinguishment | (550) | (59) |
| Other Non-Operating Income | 5         | 36         |
| Grant Award Income | 22,054     | 21,964     |
| **SUBTOTAL NON-OPERATING REVENUES** | **21,509** | **21,941** |
| **TOTAL REVENUES** | **50,198** | **46,442** |

| **OPERATING EXPENSES:** |         |         |
| Administrative Expenses | 6,429     | 6,243     |
| Interest Expense | 16,078    | 12,571    |
| Amortization of Bond/Note Premium(Discount) | (1,064) | (1,127) |
| Provision for Loan Losses | 582 | 517 |
| Mortgage Loan & Bond Insurance | - | - |
| Trustee Fees | 52        | 41        |
| Amort. Of Serv. Rights & Depreciation | 314 | 126 |
| Bond Cost of Issuance | 1,310     | 552       |
| **SUBTOTAL OPERATING EXPENSES** | **23,702** | **18,923** |

| **NON-OPERATING EXPENSES:** |         |         |
| Capacity Building Costs | 69        | 75        |
| Grant Award Expense | 22,018    | 21,912    |
| Other Non-Operating Expense | - | - |
| **SUBTOTAL NON-OPERATING EXPENSES** | **22,087** | **21,988** |
| **TOTAL EXPENSES** | **45,789** | **40,910** |
| **NET REVENUES** | 4,409     | 5,531     |
| **NET REVENUES AND OTHER FINANCING SOURCES(USES)** | 4,409 | 5,531 |
| **NET POSITION AT BEGINNING OF YEAR** | 234,909 | 224,548 |
| **NET POSITION AT TD 3/31/19** | **239,318** | **230,079** |
NOTES TO FINANCIAL STATEMENTS
(For Informational Purposes Only)
(Thousands of Dollars)

(Note 1) MFA Net Position as of March 31, 2019:

UNAPPROPRIATED NET POSITION:

$ 32,101 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$ 29,114 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$ 134 held for New Mexico Affordable Housing Charitable Trust.
$ 61,349 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:

$ 111,313 for use in the Housing Opportunity Fund ($91,299 in loans plus $20,014 unfunded, of which $4,163 is committed).
$ 29,988 for future use in Single Family & Multi-Family housing programs.
$ 2,323 for loss exposure on Risk Sharing loans.
$ 1,256 invested in capital assets, net of related debt.
$ 9,034 invested in mortgage servicing rights.
$ 10,020 for the future General Fund Budget year ending 9/30/19 ($20,097 total budget less $10,077 expended budget through 03/31/19.)
$ 163,934 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:

$ 14,035 for use in the federal and state housing programs administered by MFA.
$ 14,035 Subtotal - Housing Program
$ 177,969 Total appropriated Net Position
$ 239,318 Total combined Net Position at March 31, 2019

Total combined Net Position, or reserves, at March 31, 2019 was $239.3 million, of which $61.3 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $178.0 million of available reserves, with $100.4 million primarily liquid in the General Fund and in the federal and state Housing programs and $77.6 million illiquid -

- for use in existing and future programs
- for coverage of loss exposure in existing programs
- to meet servicing requirements, 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, servicing requirements and operations.
### NEW MEXICO MORTGAGE FINANCE AUTHORITY GENERAL FUND & HOUSING
### BUDGET VARIANCE REPORT
### FOR THE SIX MONTHS ENDED 3/31/19

<table>
<thead>
<tr>
<th></th>
<th>ONE MONTH ACTUAL</th>
<th>YEAR TO DATE ACTUAL</th>
<th>YEAR TO DATE PRO RATA BUDGET</th>
<th>UNDER/(OVER) YTD BUDGET</th>
<th>ANNUAL BUDGET</th>
<th>UNDER/(OVER) ANNUAL BUDGET</th>
<th>EXPENDED ANNUAL BUDGET 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>
</tr>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTEREST INCOME</td>
<td>721,191</td>
<td>4,350,882</td>
<td>4,178,902</td>
<td>(171,780)</td>
<td>8,357,804</td>
<td>4,007,122</td>
<td>52.06%</td>
</tr>
<tr>
<td>ADMIN INCOME</td>
<td>603,540</td>
<td>4,306,034</td>
<td>4,197,691</td>
<td>(108,343)</td>
<td>8,395,381</td>
<td>4,089,347</td>
<td>51.29%</td>
</tr>
<tr>
<td>OTHER OPERATING INCOME</td>
<td>653,047</td>
<td>2,610,624</td>
<td>2,494,733</td>
<td>(115,891)</td>
<td>4,969,465</td>
<td>2,378,841</td>
<td>52.32%</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING REVENUES</strong></td>
<td>1,977,777</td>
<td>11,267,339</td>
<td>10,871,325</td>
<td>(396,014)</td>
<td>21,742,650</td>
<td>10,475,311</td>
<td>51.82%</td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES</strong></td>
<td>404,691</td>
<td>(801,409)</td>
<td>739,459</td>
<td>(123,900)</td>
<td>677,509</td>
<td>646.82%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>2,382,468</td>
<td>10,465,930</td>
<td>10,809,375</td>
<td>343,445</td>
<td>21,618,750</td>
<td>11,152,820</td>
<td>48.41%</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></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>
</tr>
<tr>
<td>COMPENSATION</td>
<td>527,081</td>
<td>3,203,899</td>
<td>3,969,501</td>
<td>765,601</td>
<td>7,939,001</td>
<td>4,735,102</td>
<td>40.36%</td>
</tr>
<tr>
<td>TRAVEL &amp; PUBLIC INFO</td>
<td>16,072</td>
<td>165,683</td>
<td>239,428</td>
<td>73,744</td>
<td>478,855</td>
<td>313,172</td>
<td>34.60%</td>
</tr>
<tr>
<td>OFFICE EXPENSES</td>
<td>75,357</td>
<td>500,335</td>
<td>504,180</td>
<td>3,844</td>
<td>1,008,359</td>
<td>508,024</td>
<td>49.62%</td>
</tr>
<tr>
<td>OTHER OPERATING EXPENSES</td>
<td>568,314</td>
<td>2,979,887</td>
<td>2,785,356</td>
<td>(194,331)</td>
<td>5,570,712</td>
<td>2,591,025</td>
<td>53.49%</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING EXPENSES</strong></td>
<td>1,186,824</td>
<td>6,849,605</td>
<td>7,408,564</td>
<td>648,959</td>
<td>14,996,927</td>
<td>8,147,322</td>
<td>45.67%</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES</strong></td>
<td>4,261</td>
<td>68,928</td>
<td>225,100</td>
<td>156,172</td>
<td>450,200</td>
<td>381,272</td>
<td>15.31%</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING &amp; NON-OPERATING EXPENSES</strong></td>
<td>1,191,085</td>
<td>6,918,533</td>
<td>7,723,564</td>
<td>805,031</td>
<td>15,447,127</td>
<td>8,528,594</td>
<td>44.79%</td>
</tr>
<tr>
<td><strong>EXPENSED ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6,437</td>
<td>49,176</td>
<td>37,585</td>
<td>(11,591)</td>
<td>75,170</td>
<td>25,994</td>
<td>65.42%</td>
<td></td>
</tr>
<tr>
<td><strong>NON-CASH ITEMS</strong></td>
<td>614,271</td>
<td>885,516</td>
<td>743,332</td>
<td>(142,185)</td>
<td>1,486,663</td>
<td>601,147</td>
<td>59.56%</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>1,811,793</td>
<td>7,853,225</td>
<td>8,504,480</td>
<td>651,255</td>
<td>17,008,960</td>
<td>9,155,735</td>
<td>46.17%</td>
</tr>
<tr>
<td><strong>NET REVENUES</strong></td>
<td>570,675</td>
<td>2,612,705</td>
<td>2,304,895</td>
<td>(307,810)</td>
<td>4,609,790</td>
<td>1,997,085</td>
<td>56.68%</td>
</tr>
<tr>
<td><strong>PURCHASED SERVICING &amp; CAPITAL OUTLAY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PURCHASED SERVICING RIGHTS</td>
<td>249,694</td>
<td>2,097,620</td>
<td>1,500,000</td>
<td>(597,620)</td>
<td>3,000,000</td>
<td>902,380</td>
<td>69.92%</td>
</tr>
<tr>
<td>CAPITALIZED ASSETS</td>
<td>47,826</td>
<td>126,117</td>
<td>44,199</td>
<td>(81,919)</td>
<td>88,397</td>
<td>(37,720)</td>
<td>142.67%</td>
</tr>
<tr>
<td><strong>TOTAL PURCHASED SERVICING &amp; CAPITAL OUTLAY</strong></td>
<td>297,521</td>
<td>2,223,737</td>
<td>1,544,199</td>
<td>(679,539)</td>
<td>3,088,397</td>
<td>864,660</td>
<td>72.00%</td>
</tr>
<tr>
<td><strong>TOTAL INCLUDING CAPITALIZED ITEMS</strong></td>
<td>273,154</td>
<td>388,968</td>
<td>760,697</td>
<td>371,728</td>
<td>1,521,393</td>
<td>1,132,425</td>
<td>25.57%</td>
</tr>
</tbody>
</table>

0%
**HOUSING OPPORTUNITY FUND**  
March 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>TOTAL</th>
<th>General Fund Dollars Allocated:</th>
<th>$111,313,194</th>
<th>Outstanding: at an average yield of</th>
<th>5.38%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Primero</th>
<th>Primero PRLF</th>
<th>Primero Working Capital</th>
<th>Partners SF 1st Mortgage</th>
<th>Build It Guaranty</th>
<th>DPA Mortgages</th>
<th>HERO 1st Mortgages</th>
<th>Emerging Markets</th>
<th>MF Access</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Allocation</td>
<td>$5,824,041</td>
<td>$0</td>
<td>$350,000</td>
<td>$6,838,000</td>
<td>$2,500,000</td>
<td>$33,162,739</td>
<td>$10,000,000</td>
<td>$1,550,000</td>
<td>$32,143,000</td>
<td>$92,367,781</td>
</tr>
<tr>
<td>Transfers</td>
<td>($1,207,000)</td>
<td>$925,000</td>
<td>($350,000)</td>
<td>($2,810,000)</td>
<td>($2,500,000)</td>
<td>$16,092,022</td>
<td>($7,496,022)</td>
<td>($1,550,000)</td>
<td>($1,104,000)</td>
<td>$0</td>
</tr>
<tr>
<td>3rd Party Award</td>
<td>$3,363,000</td>
<td>$4,125,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$18,945,413</td>
</tr>
<tr>
<td>Current Allocation</td>
<td>$7,980,041</td>
<td>$5,050,000</td>
<td>$0</td>
<td>$4,028,000</td>
<td>$0</td>
<td>$60,712,175</td>
<td>$2,503,978</td>
<td>$0</td>
<td>$31,039,000</td>
<td>$111,313,194</td>
</tr>
</tbody>
</table>

| Funded/Committed | 3,446 (136)  | n/a                            | 256 units               | 105 units               | 16,066           | 63 units      | None                | 1,649           | 21,723     | $111,313,194 |
| Repayments       | $14,124,922  | $120,814                        | $35,000                 | $9,374,311              |                  | $2,503,978    | $9,258,705          |                  |            | $165,893,821 |
| Available        | $2,925,560   | $3,178,980                      | $0                      | $87,099                 |                  | $7,281,375    |                     |                  |            | $15,850,992  |

| Subsidy/Unit | $5,566       | $14,645.64                      | n/a                    | $52,013                 |                  | $5,636        | $146,964           | n/a             | $19,116     | $7,637       |
| Outstanding & Yield | 480 (136) | 0                              | n/a                    | 168                      |                  | 9,297         | 21                  | n/a             | 1,589       | 11,691       |

<table>
<thead>
<tr>
<th>Collateral</th>
<th>1st or 2nd mortgage on SF or MF development</th>
<th>1st mortgage on SF rentals</th>
<th>1st mortgage on SF homes</th>
<th>2nd mortgage on SF or MF development</th>
<th>2nd mortgage on SF homes</th>
<th>1st mortgage on SF homes</th>
<th>n/a</th>
<th>1st mortgage on MF development</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI Served</td>
<td>52% at 60% or below</td>
<td>60% or below in Taos, SF &amp; LA and 10 lowest household counties.</td>
<td>Up to 120%</td>
<td>54% at 60% or below</td>
<td>80% &amp; 95%</td>
<td>91% at 60% or below</td>
<td>9% at market</td>
<td>n/a</td>
</tr>
<tr>
<td>Geographic Distribution</td>
<td>61% Albuq, SF &amp; LC MSAs 39% Rural</td>
<td>61% Albuq, SF &amp; LC MSAs 39% Rural</td>
<td>15% Albuquerque 85% Rural</td>
<td>83% Albuq, SF &amp; LC MSAs 17% Rural</td>
<td>Teachers, Police, Firefighters, Nurses, Military 81% MSA 19% Rural</td>
<td>n/a</td>
<td>43% Albuq, SF &amp; Las Cruces MSA 57% Tribal &amp; Rural</td>
<td></td>
</tr>
<tr>
<td>Delinquency Rate</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>15.48%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>n/a</td>
</tr>
<tr>
<td>Default Rate</td>
<td>3.33%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.03%</td>
<td>0.00%</td>
<td>n/a</td>
</tr>
<tr>
<td>Loan Loss Allowance</td>
<td>70,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,599,630</td>
<td>-</td>
<td>n/a</td>
</tr>
</tbody>
</table>
New Mexico Mortgage Finance Authority
Effect of GASB31 on Financials
($ in millions)

GASB 31 Changes in Fair Value of Assets 2014-2019

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>12/31/18</th>
<th>3/31/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ millions</td>
<td>$(25)</td>
<td>$(20)</td>
<td>$(15)</td>
<td>$(10)</td>
<td>$(5)</td>
<td>$5</td>
<td>$10</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income With GASB 31</td>
<td>$5</td>
<td>$5</td>
<td>$10</td>
<td>$10</td>
<td>$15</td>
</tr>
<tr>
<td>Income Without GASB 31</td>
<td>$10</td>
<td>$10</td>
<td>$10</td>
<td>$10</td>
<td>$10</td>
</tr>
<tr>
<td>Lender</td>
<td>Purpose</td>
<td>Collateral</td>
<td>Board Authorization Date</td>
<td>Authority Limit</td>
<td>Outstanding 12/31/18</td>
</tr>
<tr>
<td>--------</td>
<td>---------</td>
<td>------------</td>
<td>--------------------------</td>
<td>----------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Community Banks</td>
<td>Fund DPA program and assist financial institutions meet CRA requirements</td>
<td>DPA portfolio</td>
<td>March 2018</td>
<td>5,000,000</td>
<td>-</td>
</tr>
<tr>
<td>FHLB</td>
<td>Mortgage Backed Security Warehouse, Loans Held for Sale Program</td>
<td>Mortgage loan pipeline</td>
<td>October 2017</td>
<td>60,000,000</td>
<td>22,000,000</td>
</tr>
<tr>
<td>FHLB</td>
<td>Mortgage Backed Security Warehouse, Loans Held for Sale Program &amp; operations</td>
<td>Securities</td>
<td>October 2017</td>
<td>25,000,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td>USDA-RD</td>
<td>Preservation Revolving Loan Fund Demonstration Program</td>
<td>PRLF mortgage loans</td>
<td>September 2015</td>
<td>2,125,000</td>
<td>-</td>
</tr>
<tr>
<td>SBIC</td>
<td>Capitalize Primero Loan Fund</td>
<td>SBIC mortgage loans</td>
<td>April 2014, March 2019</td>
<td>2,500,000</td>
<td>700,000</td>
</tr>
<tr>
<td>FHLB</td>
<td>Mortgage Revenue Bond (MRB) Warehousing</td>
<td>MRB Mortgage backed securities</td>
<td>June 2013</td>
<td>30,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>Capitalize Primero Loan Fund</td>
<td>None</td>
<td>October 2011</td>
<td>850,000</td>
<td>850,000</td>
</tr>
<tr>
<td>USDA-RD</td>
<td>Preservation Revolving Loan Fund Demonstration Program</td>
<td>PRLF mortgage loans</td>
<td>May 2011</td>
<td>2,000,000</td>
<td>1,793,610</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td>122,475,000</td>
<td>40,343,610</td>
</tr>
</tbody>
</table>
Tab 4
March 31, 2019 Quarterly Investment Review
Agenda for Discussion at Finance Committee Meeting
Meeting Date: May 7, 2019

For reference:
Minute of the February 12, 2019 investment discussion during the Finance Committee meeting.

For discussion:
Quarterly Investment Review of MFA General Fund investments
   ~Diversification and Asset Allocation Strategies – LGIP, bond ladder and SIC Investment Funds
   ~Market values and portfolio yield
New Mexico Mortgage Finance Authority
Minutes of Quarterly Investment Review
(Taking place during the Finance Committee May 7, 2019)

Present: Chair Steven Smith, Member Dennis Burt
Via Conference Call: Member Lt. Governor Howie Morales
MFA Staff Present: Jay Czar, Gina Hickman, Izzy Hernandez, Yvonne Segovia
Quarterly Review of MFA General Fund investments:

• Report being presented is as of March 31, 2019 which is the end of the second quarter of FY 2019.

• Compliance Report (Diversification and Asset Allocation): Keeler reviewed the General Fund Investment Compliance Report. She informed the committee that all asset classes are in compliance with the investment policy. Keeler also reminded the committee that the Cash Held for Operations/Warehoused MBS does not include capital borrowed for loan operations or restricted funds.

• Portfolio Summary-Short & Intermediate Term Investments: Keeler reviewed book values by asset class and in total. She referred the committee to the yields, and discussed sector components of the bond ladder. Keeler also mentioned that MFA had one bond ladder security mature at the end of March and funds were reinvested in April.

• Portfolio Summary-Long Term Investments Including State Investment Council Investments: Keeler reviewed market values, rates of return and realized gain/loss data for the mortgage backed securities portfolio and the SIC funds. She also reminded the Committee that the December 31 realized loss was $2.3 million due to the market selloff in December 2018 as compared to the March 31 realized loss of $342,894.

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

• General Fund Investment Portfolio Metrics: Keeler referred committee members to the ratings, interest income and benchmark metrics. She informed the committee that there was no change in any of the ratings. Keeler also indicated that interest income earnings were on track for FY 2019. Per the Committee request, the cumulative DJIA for the period October 1 through March 31 was added under economic indicators.

• Summary of March 31, 2019 balances and yields/rates of returns:
### General Fund:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>3/31/19 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehouse MBS</td>
<td>$7,019,719</td>
<td>Various</td>
<td>n/a</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>6,690,174</td>
<td>2.46%</td>
<td>n/a</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>18,069,547</td>
<td>1.94%</td>
<td>16</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Intermediate Term</td>
<td>8,246,742</td>
<td>5.28%</td>
<td>96*</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Long Term</td>
<td>2,582,594</td>
<td>5.31%</td>
<td>n/a</td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>8,352,611</td>
<td>4.28%</td>
<td>n/a</td>
</tr>
<tr>
<td>Large Cap Index Equity Fund (SIC)</td>
<td>8,244,746</td>
<td>(1.73%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Small/Mid Cap Fund (SIC)</td>
<td>3,278,000</td>
<td>(6.33%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund (SIC)</td>
<td>3,922,899</td>
<td>(4.25%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund (SIC)</td>
<td>1,142,868</td>
<td>1.54%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Weighted Average Life

### Housing Trust Fund:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>3/31/19 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>$13,381,446</td>
<td>3.98%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
New Mexico Mortgage Finance Authority
Minutes of Quarterly Investment Review
(Taking place during the Finance Committee February 12, 2019)

Present: Chair Steven Smith, Member Dennis Burt
MFA Staff Present: Jay Czar, Gina Hickman, Izzy Hernandez, Yvonne Segovia, Shawn Colbert, Rebecca Velarde

Quarterly Review of MFA General Fund investments:

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

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

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

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

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

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

  General Fund:

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

  *Weighted Average Life

  Housing Trust Fund:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>12/31/18 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>$12,787,174</td>
<td>.47%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
INVESTMENT REPORT – EXECUTIVE SUMMARY
FOR THE SECOND QUARTER OF FISCAL YEAR 2019

1. During the second quarter of FY 2019, staff did not invest in any additional securities.

2. The General Fund investment portfolio is in compliance with the asset allocation ranges approved by the Board.

3. One of the bond ladder securities did mature on March 29 and funds were reinvested in April.

4. As of March 31, 2019, MFA’s General Fund and Housing Trust Fund balances are as follows:

<table>
<thead>
<tr>
<th>General Fund:</th>
<th>3/31/19 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/ Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>$7,019,719</td>
<td>Various</td>
<td>n/a</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>6,690,174</td>
<td>2.46%</td>
<td>n/a</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>18,069,547</td>
<td>1.94%</td>
<td>16</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Intermediate Term</td>
<td>8,246,742</td>
<td>5.28%</td>
<td>96*</td>
</tr>
<tr>
<td>MFA’s Mortgage Backed Securities-Long Term</td>
<td>2,582,594</td>
<td>5.31%</td>
<td>n/a</td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>8,352,611</td>
<td>4.28%</td>
<td>n/a</td>
</tr>
<tr>
<td>Large Cap Index Equity Fund (SIC)</td>
<td>8,244,746</td>
<td>(1.73%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Small/Mid Cap Fund (SIC)</td>
<td>3,278,000</td>
<td>(6.33%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund (SIC)</td>
<td>3,922,899</td>
<td>(4.25%)</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund (SIC)</td>
<td>1,142,868</td>
<td>1.54%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Weighted Average Life

<table>
<thead>
<tr>
<th>Housing Trust Fund:</th>
<th>3/31/19 Balance</th>
<th>Yield/Rate of Return</th>
<th>Average Life/ Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Plus Bond Fund-Active (SIC)</td>
<td>$13,381,446</td>
<td>3.98%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
GENERAL FUND INVESTMENT COMPLIANCE REPORT FOR QUARTER 2 (AS OF MARCH 31, 2019)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term Investments (Less than 1 year)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Held for Operations/Warehoused MBS*</td>
<td>14%</td>
<td>9%-19%</td>
<td>$7,019,719</td>
<td>10%</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>6%</td>
<td>1%-11%</td>
<td>$6,690,174</td>
<td>10%</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate Term Investments (1 to 10 years)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>27%</td>
<td>22%-32%</td>
<td>$18,069,547</td>
<td>27%</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate MFA Mortgage Backed Security Portfolio</td>
<td>13%</td>
<td>8%-18%</td>
<td>$8,246,742</td>
<td>12%</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-Term Investments (More than 10 years)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-Term MFA Mortgage Backed Security Portfolio</td>
<td>4%</td>
<td>0%-9%</td>
<td>$2,582,594</td>
<td>4%</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Plus Bond Funds-Active (SIC)</td>
<td>12%</td>
<td>7%-17%</td>
<td>$8,352,811</td>
<td>12%</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Large Cap Index Equity Fund (SIC)</td>
<td>11%</td>
<td>6%-16%</td>
<td>$8,244,746</td>
<td>12%</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small/Mid Cap Fund (SIC)</td>
<td>5%</td>
<td>0%-10%</td>
<td>$3,278,000</td>
<td>5%</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-US Developed Markets Fund (SIC)</td>
<td>6%</td>
<td>1%-11%</td>
<td>$3,922,899</td>
<td>6%</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund (SIC)</td>
<td>2%</td>
<td>0%-7%</td>
<td>$1,142,868</td>
<td>2%</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$67,549,898</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

PORTFOLIO SUMMARY

SIC FUND ALLOCATION

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

BOARD ACTIONS

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

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Book Value YTD/Quarter 2 as of 3/31/2019</th>
<th>Book Value YTD/Quarter 2 as of 3/31/2018</th>
<th>Unrealized Gain/Loss YTD/Quarter 2 as of 3/31/2019</th>
<th>Yield to Maturity YTD/Quarter 2 as of 3/31/2019</th>
<th>Yield to Maturity YTD/Quarter 2 as of 3/31/2018</th>
<th>Average Life/Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Held for Operations/Warehouse MBS*</td>
<td>$ 7,019,719</td>
<td>$ 11,593,617</td>
<td>N/A</td>
<td>Various</td>
<td>Various</td>
<td>n/a</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>$ 6,690,174</td>
<td>$ 4,512,333</td>
<td>N/A</td>
<td>2.46%</td>
<td>1.50%</td>
<td>n/a</td>
</tr>
<tr>
<td>Intermediate-Term</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>$ 18,069,547</td>
<td>$ 18,042,313</td>
<td>$ (38,497)</td>
<td>1.94%</td>
<td>1.57%</td>
<td>16</td>
</tr>
<tr>
<td>MFA Mortgage Backed Security Portfolio</td>
<td>$ 8,246,742</td>
<td>$ 1,911,033</td>
<td>$ 330,221</td>
<td>5.28%</td>
<td>6.38%</td>
<td>96**</td>
</tr>
<tr>
<td>Yield to Maturity for Intermediate-Term Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Short &amp; Intermediate Term</td>
<td>$ 40,026,181</td>
<td>$ 36,059,296</td>
<td>$ 291,724</td>
<td>2.98%</td>
<td>2.03%</td>
<td>66</td>
</tr>
</tbody>
</table>

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

**Weighted Average Life

### BOND LADDER SECTOR ALLOCATION

<table>
<thead>
<tr>
<th>Security</th>
<th>Book Value</th>
<th>% of Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fannie Mae</td>
<td>$ 2,000,089</td>
<td>11%</td>
</tr>
<tr>
<td>Federal Farm Credit Bank</td>
<td>$ 2,001,302</td>
<td>11%</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>$ 10,067,207</td>
<td>56%</td>
</tr>
<tr>
<td>Freddie Mac</td>
<td>$ 4,000,949</td>
<td>22%</td>
</tr>
<tr>
<td>Total</td>
<td>$ 18,069,547</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Market Value YTD/Quarter 2 as of 3/31/2019</th>
<th>Market Value YTD/Quarter 2 as of 3/31/2018</th>
<th>Unrealized/Realized** Gain/Loss YTD/Quarter 2 as of 3/31/2019</th>
<th>Rate of Return YTD/Quarter 2 as of 3/31/2019 *</th>
<th>Rate of Return YTD/Quarter 2 as of 3/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFA’s Mortgage Backed Securities Portfolio</td>
<td>$2,582,594</td>
<td>$7,579,022</td>
<td>$120,385</td>
<td>5.31%</td>
<td>5.08%</td>
</tr>
<tr>
<td>State Investment Council (SIC):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active</td>
<td>$8,352,611</td>
<td>$7,969,034</td>
<td>$199,929</td>
<td>4.28%</td>
<td>0.13%</td>
</tr>
<tr>
<td>Domestic Large Cap Index Equity Fund</td>
<td>$8,244,746</td>
<td>$7,541,139</td>
<td>$(223,281)</td>
<td>-1.73%</td>
<td>5.29%</td>
</tr>
<tr>
<td>Small/Mid Cap Fund</td>
<td>$3,278,000</td>
<td>$3,314,730</td>
<td>$(234,199)</td>
<td>-6.33%</td>
<td>-4.13%</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund</td>
<td>$3,922,899</td>
<td>$4,076,690</td>
<td>$(234,158)</td>
<td>-4.25%</td>
<td>-1.54%</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund</td>
<td>$1,142,868</td>
<td>$1,245,571</td>
<td>$10,629</td>
<td>1.54%</td>
<td>5.99%</td>
</tr>
<tr>
<td>Total State Investment Counsel</td>
<td>$24,941,123</td>
<td>$24,147,164</td>
<td>$(50,980)</td>
<td>-0.64%</td>
<td>1.17%</td>
</tr>
<tr>
<td>Total Long-Term Investments</td>
<td>$27,523,717</td>
<td>$31,726,186</td>
<td>$(462,474)</td>
<td>-1.54%</td>
<td>-0.72%</td>
</tr>
</tbody>
</table>

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

**Fair Market Value adjustments on the mortgage backed security portfolio are unrealized, however, they are realized on the SIC portfolio.
## Housing Trust Fund

<table>
<thead>
<tr>
<th>Market Value</th>
<th>Market Value</th>
<th>Realized Gain/Loss</th>
<th>Rate of Return YTD/Quarter 2</th>
<th>Rate of Return YTD/Quarter 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Trust Fund</td>
<td>State Invesment Council (SIC):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active</td>
<td>$13,381,446</td>
<td>$8,970,578</td>
<td>$305,445</td>
<td>3.98%</td>
</tr>
<tr>
<td>Total State Investment Council</td>
<td>$13,381,446</td>
<td>$8,970,578</td>
<td>$305,445</td>
<td>3.98%</td>
</tr>
</tbody>
</table>

### Return on Core Plus Bond Fund - Active

**FY 2012 - 2019***

- FY 12: 9.54%
- FY 13: 0.22%
- FY 14: 6.14%
- FY 15: 1.28%
- FY 16: 7.44%
- FY 17: 2.76%
- FY 18: 0.35%
- FY 19: 3.98%

*For FY 2018 QTR 1

*For FY 19 QTR 2

---

**SIC FUND ALLOCATION**

| SIC Core Plus Bond-Active | 100% | 100% |
### General Fund Investment Portfolio - Metrics

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>N/R</td>
<td>N/R</td>
<td>$310,498</td>
<td>$136,766</td>
<td>44%</td>
<td>Various</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>AAAm</td>
<td>N/R</td>
<td>$45,408</td>
<td>$59,302</td>
<td>131%</td>
<td>2.46%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>N/R</td>
<td>N/R</td>
<td>$182,435</td>
<td>$101,946</td>
<td>56%</td>
<td>1.94%</td>
<td>2.06%</td>
<td>BofA Merrill 1-3 Yr Agency</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Farm Credit Bank</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freddie Mac</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MFA Mortgage Backed Security Portfolio</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td>$630,921</td>
<td>$290,524</td>
<td>46%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate Term</td>
<td>AA+</td>
<td>Aaa/Stable</td>
<td></td>
<td></td>
<td></td>
<td>5.28%</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Long Term</td>
<td>AA+</td>
<td>Aaa/Stable</td>
<td></td>
<td></td>
<td></td>
<td>5.31%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Investment Council</td>
<td>N/R</td>
<td>N/R</td>
<td>$417,252</td>
<td>$294,066</td>
<td>70%</td>
<td>-0.64%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td>4.28%</td>
<td>1.30%</td>
<td>RV Kuhns 12/31/18</td>
</tr>
<tr>
<td>Large Cap Index Equity Fund</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td>-1.73%</td>
<td>-7.16%</td>
<td>RV Kuhns 12/31/18</td>
</tr>
<tr>
<td>Smid/Mid Cap Fund</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td>-6.33%</td>
<td>-15.51%</td>
<td>RV Kuhns 12/31/18</td>
</tr>
<tr>
<td>Non-US Developed Markets Fund</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td>-4.25%</td>
<td>-12.44%</td>
<td>RV Kuhns 12/31/18</td>
</tr>
<tr>
<td>Non-US Emerging Markets Fund</td>
<td>N/R</td>
<td>N/R</td>
<td>$1,586,514</td>
<td>$882,605</td>
<td>56%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Economic Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>3/31/2019</th>
<th>3/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Funds Rate</td>
<td>2.43%</td>
<td>1.68%</td>
</tr>
<tr>
<td>Consumer Price Index (yoy)</td>
<td>1.90%</td>
<td>2.40%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>3.80%</td>
<td>4.10%</td>
</tr>
<tr>
<td>Real GDP (yoy)</td>
<td>3.20%</td>
<td>2.30%</td>
</tr>
<tr>
<td>D/UA*</td>
<td>0.82%</td>
<td>1.07%</td>
</tr>
</tbody>
</table>

*Cumulative return for the period October 1 through March 31 which is the first two quarters of each respective fiscal year.

### US Treasury Yield Curve: Current, 1 Month Ago, 3 Months Ago, 6 Months Ago

- **September 2018**
- **December 2018**
- **March 2019**

### US Treasury Yield Curve

<table>
<thead>
<tr>
<th>Month</th>
<th>1 Mo</th>
<th>3 Mo</th>
<th>6 Mo</th>
<th>1 Yr</th>
<th>2 Yr</th>
<th>3 Yr</th>
<th>5 Yr</th>
<th>7 Yr</th>
<th>10 Yr</th>
<th>30 Yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2018</td>
<td>2.12%</td>
<td>2.19%</td>
<td>2.36%</td>
<td>2.59%</td>
<td>2.81%</td>
<td>2.88%</td>
<td>2.94%</td>
<td>3.01%</td>
<td>3.05%</td>
<td>3.19%</td>
</tr>
<tr>
<td>December 2018</td>
<td>2.44%</td>
<td>2.43%</td>
<td>2.56%</td>
<td>2.63%</td>
<td>2.48%</td>
<td>2.46%</td>
<td>2.51%</td>
<td>2.59%</td>
<td>2.69%</td>
<td>3.02%</td>
</tr>
<tr>
<td>March 2019</td>
<td>2.43%</td>
<td>2.40%</td>
<td>2.44%</td>
<td>2.40%</td>
<td>2.27%</td>
<td>2.21%</td>
<td>2.33%</td>
<td>2.31%</td>
<td>2.41%</td>
<td>2.81%</td>
</tr>
</tbody>
</table>

Source: U.S. Department of the Treasury
Tab 5
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – May 7, 2019

Through: Policy Committee – April 30, 2019

FROM: Isidoro Hernandez

DATE: May 15, 2019

SUBJECT: Allocations of 2019 National Housing Trust Fund and 2019 HOME Funds

Recommendation:
Staff recommends the allocation of $3,000,000 of National Housing Trust Fund (N-HTF) and $8,045,841 of HUD HOME funds to the activities as identified in the below N-HTF Table and the attached 2019 HOME Allocation sheet.

Background:
MFA has been the statewide Participating Jurisdiction (PJ) for HUD HOME funds in New Mexico since 1997. HOME Funds are allocated annually on a formula basis to each PJ. In 2016 MFA was also started receiving allocations of N-HTF. In order to be eligible, MFA must be compliant with the Consolidated Plan, Action Plan, N-HTF Allocation Plan and Consolidated Annual Production Reporting (CAPER) amongst other requirements.

N-HTF:
MFA was allocated $3,000,000 in 2019. The N-HTF allows up to a 10% administration fee ($300,000). Based on our expenses and staff time allocations the last 12 months, we project using $120,000 in administrative fees this program year. We are seeking your approval to allocate $120,000 to MFA Admin and $2,880,000 to programs. The below table summarizes our proposed N-HTF Allocation:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Allocation</th>
<th>Program Allocation</th>
<th>MFA Admin.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$3,000,000</td>
<td>$2,880,000</td>
<td>$120,000</td>
</tr>
</tbody>
</table>
HOME:
MFA’s overall national ranking for HOME is 17th with top 10 rankings in 4 of the 8 categories which included one number 1 rankings, (HUD: SNAPSHOT of HOME Program Performance as of 12/31/18)

<table>
<thead>
<tr>
<th>Ranking Criteria</th>
<th>MFA %</th>
<th>National %</th>
<th>National Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Funds Committed</td>
<td>95.9</td>
<td>93.45</td>
<td>8</td>
</tr>
<tr>
<td>% Funds Disbursed</td>
<td>94.82</td>
<td>91.54</td>
<td>6</td>
</tr>
<tr>
<td>Leverage Ratio for Rental</td>
<td>11.9</td>
<td>5.16</td>
<td>5</td>
</tr>
<tr>
<td>% Disbursements (Rental)</td>
<td>98.93</td>
<td>98.34</td>
<td>30</td>
</tr>
<tr>
<td>% CHDO Disbursements</td>
<td>95.84</td>
<td>93.84</td>
<td>21</td>
</tr>
<tr>
<td>% Serving Renters &lt;50% AMI</td>
<td>87.77</td>
<td>80.35</td>
<td>17</td>
</tr>
<tr>
<td>% Serving Renters &lt;30% AMI</td>
<td>40.93</td>
<td>37.28</td>
<td>27</td>
</tr>
<tr>
<td>% Rental Occupancy Rate</td>
<td>100</td>
<td>99.83</td>
<td>1</td>
</tr>
</tbody>
</table>

HUD recently provided MFA with the 2019 HOME allocation in the amount of $4,685,234. This was a decrease of $556,252 from the previous years’ allocation of $5,241,485. MFA is carrying forward $1,283,368 from the previous year in addition to $2,077,239 of program income. The combined total available for allocation is $8,045,841.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 HUD Allocation</td>
<td>$4,685,234</td>
</tr>
<tr>
<td>Carry Forward</td>
<td>$1,283,368</td>
</tr>
<tr>
<td>Program Income</td>
<td>$2,077,239</td>
</tr>
<tr>
<td><strong>Total Available</strong></td>
<td><strong>$8,045,841</strong></td>
</tr>
</tbody>
</table>

HOME funds can be used in various activities which include Homebuyer Assistance (DPA), Homeownership Development (DEV), Home Rehabilitation (HOR), Rental Programs (REN), Community Housing Development Organizations (CHDO) Set Aside, CHDO Operating funds (COE) and Administration (ADM). We expect to have active programs in all activities except DPA.

Discussion:
HOME allocations to each activity (projects) are based on projected demand and/or HOME requirements and limitations (CHDO, COE, and ADM). Demand for funds is monitored on a monthly basis. Should demand not materialize in a particular activity(s), we have flexibility within the Action Plan to reallocate funds with Board Approval or notice.

Summary:
Allocating HUD N-HTF funds totaling $3,000,000 to the following activities:

<table>
<thead>
<tr>
<th>National Housing Trust Fund (N-HTF) Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>2019</td>
</tr>
</tbody>
</table>
Allocating HUD HOME funds totaling $8,045,841 to the following activities:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homebuyer Assistance (DPA)</td>
<td>$0</td>
</tr>
<tr>
<td>Homeowner Development (DEV)</td>
<td>$500,000</td>
</tr>
<tr>
<td>Rehabilitation (HOR)</td>
<td>$3,659,088</td>
</tr>
<tr>
<td>Rental Programs (REN)</td>
<td>$2,417,721</td>
</tr>
<tr>
<td>Community Housing Dev. Organization (CHDO)*</td>
<td>$702,785</td>
</tr>
<tr>
<td>CHDO Operating</td>
<td>$90,000</td>
</tr>
<tr>
<td>Administration (ADM)</td>
<td>$676,247</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$8,045,841</strong></td>
</tr>
</tbody>
</table>

*NOTE: Can be used for CHDO Rental or Single Family Programs*
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HUD Allocation</td>
<td>$4,685,234</td>
<td>$5,241,485</td>
<td></td>
<td>$3,554,403</td>
<td></td>
<td>$3,547,392</td>
<td></td>
<td>$3,332,253</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carry Forward from Last Year</td>
<td>$1,283,368</td>
<td>$1,050,000</td>
<td></td>
<td>$275,721</td>
<td></td>
<td>$1,826,945</td>
<td></td>
<td>$1,208,043</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Income</td>
<td>$2,077,239</td>
<td>$1,730,283</td>
<td></td>
<td>$0</td>
<td></td>
<td>$1,000,000</td>
<td></td>
<td>$1,200,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Available to Distribute/Award</td>
<td>$8,045,841</td>
<td>$8,021,768</td>
<td></td>
<td>$3,830,124</td>
<td></td>
<td>$6,374,337</td>
<td></td>
<td>$5,740,296</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Homeowner Programs

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Dollar</th>
<th>%</th>
<th>2018 Dollar</th>
<th>2017 Dollar</th>
<th>2016 Dollar</th>
<th>2015 Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homebuyer Assistance (DPA)</td>
<td>$0</td>
<td>0.00%</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Homeowner Development (DEV)</td>
<td>$500,000</td>
<td>6.21%</td>
<td>434,893</td>
<td>3,350,000</td>
<td>1,141,524</td>
<td>2,987,489</td>
</tr>
<tr>
<td>Rehabilitation (HOR)</td>
<td>$3,659,088</td>
<td>45.48%</td>
<td>3,350,000</td>
<td>1,141,524</td>
<td>2,987,489</td>
<td>4,687%</td>
</tr>
<tr>
<td>Rental Programs (REN)</td>
<td>$2,417,721</td>
<td>30.05%</td>
<td>2,553,475</td>
<td>1,300,000</td>
<td>2,000,000</td>
<td>32.18%</td>
</tr>
<tr>
<td>Other Programs</td>
<td>$702,785</td>
<td>8.73%</td>
<td>786,223</td>
<td>533,160</td>
<td>532,109</td>
<td>499,838</td>
</tr>
</tbody>
</table>

### Other Programs

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Dollar</th>
<th>%</th>
<th>2018 Dollar</th>
<th>2017 Dollar</th>
<th>2016 Dollar</th>
<th>2015 Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHDO Set-Aside (CHDO)</td>
<td>$702,785</td>
<td>8.73%</td>
<td>786,223</td>
<td>533,160</td>
<td>532,109</td>
<td>499,838</td>
</tr>
<tr>
<td>TBRA (TBR)</td>
<td>$0</td>
<td>0.00%</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>MFA R&amp;D Programs (R&amp;D)</td>
<td>$0</td>
<td>0.00%</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>CHDO Operating (COE)</td>
<td>$90,000</td>
<td>1.12%</td>
<td>200,000</td>
<td>100,000</td>
<td>150,000</td>
<td>135,733</td>
</tr>
<tr>
<td>Administration (ADM)</td>
<td>$676,247</td>
<td>8.40%</td>
<td>697,177</td>
<td>355,440</td>
<td>454,739</td>
<td>453,225</td>
</tr>
</tbody>
</table>

### TOTAL ACTIVITY DISTRIBUTIONS

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Dollar</th>
<th>%</th>
<th>2018 Dollar</th>
<th>2017 Dollar</th>
<th>2016 Dollar</th>
<th>2015 Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL ACTIVITY DISTRIBUTIONS</td>
<td>$8,045,841</td>
<td>100.00%</td>
<td>8,021,768</td>
<td>3,830,124</td>
<td>6,374,337</td>
<td>5,740,296</td>
</tr>
</tbody>
</table>

### GRAND TOTAL

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Dollar</th>
<th>%</th>
<th>2018 Dollar</th>
<th>2017 Dollar</th>
<th>2016 Dollar</th>
<th>2015 Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAND TOTAL</td>
<td>$8,045,841</td>
<td>100.00%</td>
<td>8,021,768</td>
<td>3,830,124</td>
<td>6,374,337</td>
<td>5,740,296</td>
</tr>
</tbody>
</table>

Homeowner Programs Dollar and % are based on the proposed amounts.
Tab 6
NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting

Wednesday, May 8, 2019 @ 10:00 am
MFA – Albuquerque

To dial in to the conference call dial: MFA (Abbott Hall) all participant dial in (605) 313-4821 Participant code: 561172 # Host Code: 561172 *

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Approval of 2019/2020 Department of Energy Annual and Master State Plans (NM Energy$mart) (Amy Gutierrez and Troy Cucchiara)</td>
<td>2-0</td>
<td>YES</td>
</tr>
<tr>
<td>2 Approval of RFP for Graphic Design and Creative Services (Leann Kemp)</td>
<td>2-0</td>
<td>YES</td>
</tr>
</tbody>
</table>

Committee Members present:

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

Secretary: [Signature]
5/8/19
MEMORANDUM

TO: MFA Board of Directors

Through: Contract Services Committee – May 7, 2019

Through: Policy Committee – April 30, 2019

FROM: Amy Gutierrez and Troy Cucchiara

DATE: May 15, 2019

SUBJECT: Approval of 2019/2020 DOE Annual and Master State Plans

Recommendation

Background
For Program Year 2019/2020 the anticipated total funding for the NM Energy$mart Program is $7,137,909.00. The State Plan only refers to the $2,232,675.00 we will receive from the Department of Energy.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Funding Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Energy (DOE)</td>
<td>$2,232,675.00</td>
</tr>
<tr>
<td>LIHEAP</td>
<td>$2,351,250.00</td>
</tr>
<tr>
<td>New Mexico Gas Co.</td>
<td>$1,298,734.00</td>
</tr>
<tr>
<td>State of New Mexico</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>Public Service Company of NM</td>
<td>$220,250.00</td>
</tr>
<tr>
<td>Central Valley Electric Coop</td>
<td>$35,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,137,909.00</strong></td>
</tr>
</tbody>
</table>

Utility funding is used to increase the amount of work each home receives and it allows the federal funds to stretch further to weatherize more homes. It is unpredictable how much work each home will need prior to initial assessments.
Administration of the DOE Weatherization Assistance Program (DOE WAP) is performed in accordance with the DOE Annual and Master Plans which are submitted to DOE as a “State Plan”. The plan will be submitted to DOE on May 3, 2019, contingent upon MFA’s Board of Directors approval.

The DOE Annual Plan for program year 2019/2020 includes a detailed breakdown of how the funds will be allocated. The Master Plan details how the program will be managed overall by the NM EnergySmart Program.

The $2,232,675.00 award to New Mexico from DOE will be allocated as follows:

<table>
<thead>
<tr>
<th></th>
<th>MFA</th>
<th>Central NM Housing Corp. (Single Family)</th>
<th>Southwestern Regional Housing and CDC (Single Family)</th>
<th>ICAST (Multifamily)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>$111,633.75</td>
<td>$67,417.87</td>
<td>$21,889.13</td>
<td>$22,326.75</td>
<td><strong>$223,267.50</strong></td>
</tr>
<tr>
<td>Leverage</td>
<td>$9,000.00</td>
<td></td>
<td></td>
<td></td>
<td>$9,000.00</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$120,000.00</td>
<td></td>
<td></td>
<td></td>
<td>$120,000.00</td>
</tr>
<tr>
<td>Training &amp; Technical Assistance</td>
<td>$87,500.00</td>
<td>$67,024.00</td>
<td>$67,024.00</td>
<td>$170,204.00</td>
<td>$391,752.00</td>
</tr>
<tr>
<td>Program Operations</td>
<td>-</td>
<td>$658,011.78</td>
<td>$213,642.22</td>
<td>$217,913.50</td>
<td>$1,089,567.50</td>
</tr>
<tr>
<td>Health &amp; Safety</td>
<td>-</td>
<td>$182,081.93</td>
<td>$59,118.07</td>
<td>$60,300.00</td>
<td>$301,500.00</td>
</tr>
<tr>
<td>Financial Audit</td>
<td>-</td>
<td>$11,000.00</td>
<td></td>
<td></td>
<td>$11,000.00</td>
</tr>
<tr>
<td>Liability Insurance</td>
<td>Listed in each subgrantee in admin</td>
<td>$41,588.00</td>
<td>$30,000.00</td>
<td>$15,000.00</td>
<td>$86,588.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>*$328,133.75</td>
<td>$1,027,123.58</td>
<td>$391,673.42</td>
<td>$485,744.25</td>
<td>$2,232,675.00</td>
</tr>
<tr>
<td>Estimated DOE Units</td>
<td>122</td>
<td>39</td>
<td>Multifamily 36</td>
<td>Single Family 4</td>
<td>201</td>
</tr>
</tbody>
</table>

*Of the $328,133.75 that MFA receives, Capital Outlay and Training & Technical Assistance for a total of $207,500.00 is administered by MFA for the Service Providers.

** The admin allocation is set at 10% total with MFA receiving 5% and the remaining 5% allocated to our Subgrantees.

Comparison of Plans for PY 2018/2019 and 2019/2020

<table>
<thead>
<tr>
<th>Elements</th>
<th>2018/2019</th>
<th>2019/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOE Funding Amount</td>
<td>$2,140,379.06</td>
<td>$2,232,675.00</td>
</tr>
<tr>
<td>Number of Service Providers</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Statewide Per Unit Average</td>
<td>$6,007.15</td>
<td>$6,017.75</td>
</tr>
<tr>
<td>Administration Budget</td>
<td>$212,564.30</td>
<td>$223,267.50</td>
</tr>
</tbody>
</table>

The most significant changes to this year’s State Plan, is that an RFP was released in an effort to expand from two to three service providers. The new service provider structure will take effect July 1, 2019.

The last RFP for NM EnergySmart was issued in early 2018. There were four agencies that applied, one did not meet the minimum threshold criteria and one was disqualified due to not meeting the minimum qualifications because they were a for profit agency.
The two existing service providers for NM Energy$mart received the award for the Northern & Southern statewide territories. The 2018 RFP allowed for a one year contract with the option of up to four additional annual renewals. This currently allows the two existing Service Providers to receive funding under the 2018 RFP and renewal through program year 2022/2023.

The current NM Energy$mart 2019 RFP was approved to be released by the MFA Board of Directors on January 23, 2019 and was released to the public on the same day. The current 2019 RFP proposed offering one of three territory options to a potential offeror. On April 17, 2019, the MFA Board of Directors approved the International Center for Appropriate and Sustainable Technology (ICAST) as a third Service Provider for the NM Energy$mart Program covering the Statewide Multifamily territories. ICAST has been incorporated into the Department of Energy’s State Plan which is due to DOE on May 3, 2019. Once approved by DOE, contracts will then be issued effective July 1, 2019.

**Process**
The State Plan is subject to a 10 day public comment and review period. It was advertised in 18 statewide New Mexico newspapers and was posted on the MFA website since March 26, 2019. A Weatherization Assistance Program Policy Advisory Committee (WAP PAC) meeting and public hearing was held on March 28, 2019, in the MFA Board Room. No comments were received.

**Summary**
The NM Energy$mart 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 provide for vehicles 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 3, 2019. The Department of Energy (DOE) funding for the 2019/2020 program year is $2,232,675.00. With the DOE funding, we are projecting that ICAST will weatherize approximately 36 multifamily statewide units, and four single family homes in a NM County to be determined at a later date by MFA. Central New Mexico Housing will weatherize approximately 122 single family units and Southwestern Regional Housing and Community Development Corporation will weatherize approximately 39 single family units for a total of 201 units. The four single family units that will be weatherized by ICAST are accounted for in the multifamily allocation.
### IV.1 Subgrantees

<table>
<thead>
<tr>
<th>Subgrantee (City)</th>
<th>Planned Funds/Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central NM Housing Corporation (Albuquerque)</td>
<td>$1,027,124.00</td>
</tr>
<tr>
<td>ICAST (International Center for Appropriate and Sustainable Technology (Lakewood)</td>
<td>$485,744.00</td>
</tr>
<tr>
<td>Southwest Regional Housing Community Development Corporation (Deming)</td>
<td>$391,674.00</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$1,904,542.00</strong></td>
</tr>
</tbody>
</table>

### IV.2 WAP Production Schedule

<table>
<thead>
<tr>
<th>Weatherization Plans</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Units (excluding reweatherized)</td>
<td>201</td>
</tr>
<tr>
<td>Reweatherized Units</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Planned units by quarter or category are no longer required, no information required for persons.

### Average Unit Costs, Units subject to DOE Project Rules

**VEHICLE & EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Total Vehicles &amp; Equipment ($5,000 or more) Budget</td>
</tr>
<tr>
<td>B</td>
<td>Total Units Weatherized</td>
</tr>
<tr>
<td>C</td>
<td>Total Units Reweathered</td>
</tr>
<tr>
<td>D</td>
<td>Total Dwelling Units to be Weatherized and Reweatherized (B + C)</td>
</tr>
<tr>
<td>E</td>
<td>Average Vehicles &amp; Equipment Acquisition Cost per Unit (A divided by D)</td>
</tr>
</tbody>
</table>

**AVERAGE COST PER DWELLING UNIT (DOE RULES)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>Total Funds for Program Operations</td>
</tr>
<tr>
<td>G</td>
<td>Total Dwelling Units to be Weatherized and Reweatherized (from line D)</td>
</tr>
<tr>
<td>H</td>
<td>Average Program Operations Costs per Unit (F divided by G)</td>
</tr>
<tr>
<td>I</td>
<td>Average Vehicles &amp; Equipment Acquisition Cost per Unit (from line E)</td>
</tr>
<tr>
<td>J</td>
<td>Total Average Cost per Dwelling (H plus I)</td>
</tr>
</tbody>
</table>

### IV.3 Energy Savings

#### Method used to calculate savings:

- ☑ WAP algorithm
- □ Other (describe below)

<table>
<thead>
<tr>
<th>Units</th>
<th>Savings Calculator (MBtus)</th>
<th>Energy Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>This Year Estimate</td>
<td>201</td>
<td>29.3</td>
</tr>
<tr>
<td>Prior Year Estimate</td>
<td>195</td>
<td>29.3</td>
</tr>
<tr>
<td>Prior Year Actual</td>
<td>151</td>
<td>29.3</td>
</tr>
</tbody>
</table>

#### Method used to calculate savings description:

New Mexico uses the DOE WAP algorithm to estimate energy savings. For program year 2019/2020 we estimate 5889 MBTUs will be saved in 201 homes.
IV.4 DOE-Funded Leveraging Activities

Leveraging Activities

DOE’s annual funding helps only a fraction of New Mexico’s low-income homes in need of weatherization. MFA recognizes that increasing the number of weatherized homes requires additional funding and pursues other funding sources accordingly. Leveraging funds from other local partners has become crucial to maintaining the service level in New Mexico. We use these funds to defray costs from DOE by utilizing multiple funding sources in each home which frees up funding from DOE so that more homes can be weatherized across the state.

When leveraged funds are used with DOE funds in any given house, the rules of the program must be followed. All measures must rank with the approved energy audit, incidental repairs must be within the scope and cost of the program, and all required health and safety measures must be installed.

MFA is requesting leveraging funding in the amount of $9,000. NM EnergySmart program managers spend an excessive amount of time on our leveraging funding sources ensuring that MFA complies with all contractual requirements, reporting and monitoring. With DOE funding being $2,232,675.00 and our leveraging funding sources coming in at approximately $4,905,234.00 we trust that DOE will see that our efforts for leveraging funding sources are fruitful and have created a strong weatherization program for New Mexico. In an effort to ensure that we can provide appropriate resources to our leveraging funding sources we released an RFP in April of 2018 and again in January of 2019 to increase our Subgrantees from 2 to 3. We were unable to procure for an additional Subgrantee in 2018 and we have successfully obtained an additional Multifamily Subgrantee for the 2019/2020 Program Year. In addition, it is important to note that our current Subgrantees are structured in a way that they can increase and decrease staff levels without jeopardizing their programs. We work very closely with our agencies to ensure that not only our leverage funding is expended but that the additional weatherization services provided are done in the most efficient manner possible.

For the 2018/2019 program year MFA received $2.3M from the New Mexico Income Support Division, LIHEAP. It is anticipated that the LIHEAP grant will remain the same amount for the 2019/2020 program year. We will know more once budgets have been approved by Congress. This program year, we intend on leveraging LIHEAP funds with DOE funds.

We currently have a $35,000 contract with Central Valley Electric Co-op which ends on June 30, 2019.

Our outreach efforts and negotiations with statewide Co-ops are very time consuming up front, however, we believe that after establishing a relationship and providing quality work with proven energy savings, it will be an on-going funding source for the program.

The New Mexico legislature passed the Efficient Use of Energy Act (the Act) in 2005, which required public utility companies to place a tariff on their customers’ utility bills. Both the electric and gas utility companies must redistribute the funds to the customers in the form of energy efficiency programs. MFA’s receipt of these funds continues to be contingent upon award of DOE funds.

In March 2019, MFA signed a renewal contract with the Public Service Company of New Mexico in the amount of $220,250.00 which reflects an increase of $14,000 from last year. The utility increased this year’s funding to cover the cost of expanded measures. This year we have negotiated approval for measures to be installed in income qualified homes of customers inside of PNM’s service territory. The PRC approved the PNM program and the current contract began on January 2019. The reimbursements will be provided to the Subgrantees based on actual kWh savings determined by a calibrated energy audit.

The New Mexico Gas Company (NMGC) funding remained the same as last year at $1,298,734.00. This utility funding will be used for providing them saving measures in homes being weatherized with other NM Energy$mart funding. Subgrantees will be reimbursed based on the lifetime savings of the measure at .40 cents per therm.

MFA is to receive $1,000,000.00 in State funds this year. Staff will continue to pursue State agencies and the State legislature for additional funding, and remain involved with the proposals submitted by other public utility companies to the PRC in order to receive more funding under the Act.

IV.5 Policy Advisory Council Members

☐ Check if an existing state council or commission serves in this category and add name below

| Type of organization: Non-profit (not a financial institution) |
| Contact Name: Ferdinand Garcia |
| Phone: (575)374-6207 |
| Email: fgarcia.gs@plateautel.net |

| Type of organization: Indian Tribe |
| Contact Name: Isaac Perez |
| Phone: (505)771-9291 |
| Email: iperez@sfpba.org |
### IV.6 State Plan Hearings (Note: attach notes and transcripts to the SF-424)

<table>
<thead>
<tr>
<th>Date Held</th>
<th>Newspapers that publicized the hearings and the dates the notice ran</th>
</tr>
</thead>
</table>

### IV.7 Miscellaneous

**Business Recipient Business Officer**

Isidoro "Izzy" Hernandez
ihernandez@housingnm.org
344 4th Street SW
Albuquerque, NM 87102
(505) 767-2275

**Recipient Principal Investigator**

Amy Gutierrez
agutierrez@housingnm.org
### Composition of WAP PAC

Stan Ross - Disabled (Employed by the State of NM)
Isaac Perez - Native American Representation (Employed and Member of the San Felipe Pueblo)
Jack MacGillvary - Multi-Family Property Management Company for low income properties

Joseph Ortega, Ferdinand Garcia, Priscilla Lucero, Veronika Molina and Joseph Stevens are all employed by Housing Agencies that provide services directed to low income families which include children, elderly and disabled members.

Steve Casey, Sabrina Davis-McMeans and Marilyn Wright-Newton are all representative of our leverage funders. MFA works closely with these entities to ensure present and future funding in order to provide services through our subgrantees that are directed to low income families which include children, elderly and disabled members.
V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

Provide a description of the definition of income used to determine eligibility

Definition of income used to determine eligibility:

A dwelling unit shall be eligible for weatherization assistance under this part if it is occupied by a family unit whose income is at or below 200% of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget. An individual or family unit whose income is at or below 200% of the poverty level, contains a member who has received cash assistance payments under Title IV or XVI of the Social Security Act or applicable State or local law at any time during the 12 month period preceding the determination of eligibility for weatherization assistance.

The 2017 US Census American Community Survey 1 year estimates identified 171,275 households in the state with incomes at or below 200% of the poverty level, the WAP eligibility income limit. These households represent 22% of the state's population of households.

Additionally, the 2017 US Census American Community Survey provides other significant findings about persons with incomes at or below the 200% poverty level:

- 238,687 households have 1 or more people under 18 years of age;
- Approximately 47,700 households contained children that were under 6 years of age;

From 2017 US Census American Community Survey regardless of poverty status:

- The number of dwelling units in which elderly reside was estimated at 231,889;
- The number of dwelling units in which people with disabilities reside was estimated at 308,280.

To be eligible for New Mexico Weatherization Assistance Program services, clients must meet the income criteria outlined in 10 CFR 440.22 or meet a minimum of one of the following criteria as outlined in WPN 19-3:

- Have a gross household income (total annual cash receipts) at or below 200% of the federal poverty level as established by the Director of the Office of Management and Budget (OMB);
- Receive cash assistance payments under Title IV or Title XVI of the Social Security Act or in accordance with applicable State or local law, at any time during the past five years preceding the determination of eligibility. Acceptable programs include:
  
  a. Temporary Aid to Needy Families (TANF)
  b. Supplemental Security Income (SSI)
  c. Social Security Disability Insurance (SSDI)
  d. Aid to Needy Disabled (AND)
  e. Old Age Pension (OAP)
  f. Supplemental Nutrition Assistance Program (SNAP)

Describe what household eligibility basis will be used in the Program

Eligibility Basis

Before a home is qualified for weatherization, the client must be approved. This approval process begins with receipt of an application. A NM EnergySmart intake staff member reviews applications to ensure that household qualifies for the program. A household will not be qualified unless the following items are provided for the file.

- A completed application
- Income verification a criteria listed in WPN 19-4
- Proof of ownership and or landlord sign off
- A current utility bill for gas & electric service
Proof of income may be in the form of:
- Documented verification from income sources
- Current income tax return
- Copies of pay checks or check stubs

Proof of ownership may be in the form of:
- Evidence of mortgage payments
- Property deeds or proof of tax payment

For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement. Intake staff also reviews the documentation for demographic information such as:
- Proper identification of head of household
- Other household members are identified as applicable for disability or child status
- Proof of disability (Medical documentation is requested to ascertain disability status)

Eligibility dates are updated in the MFA online system annually even if the client is on the waiting list.

Income is re-certified by the Subgrantees annually even if the client is on the waiting list. (WP18.3)

Re-weatherization: Homes weatherized on or before September 30, 1994 may be re-weatherized, however homes that have never been weatherized will be prioritized over homes that have been previously weatherized.

Notification:
Applicants are immediately notified of their eligibility status. Ineligible applicants are notified in writing, stating the reason for ineligibility.

Client Appeals Policy:
All Subgrantees shall establish and maintain a policy allowing a client to appeal a denial of service. The policy must be part of the agency’s weatherization program manual. In addition, the agency must post the policy on the agency’s website, so clients have access to submit a formal appeal for denial of services. The policy must clearly state how the client can initiate the appeal, who will make the determination and the timeline for review.

Steps that should be part of Subgrantee’s policy include:
When the agency defers a unit or otherwise denies a client weatherization services, the agency must transmit a formal letter to the client indicating the specific reason(s) for the denial.

If an appeal is received, the agency should have a minimum of a 1 tier review of the client’s application by a staff member in the organization with a supervisory position in the agency hierarchy. The staff member reviewing the appeal must be someone other than the agency staff who made the initial decision to deny the client services. The individual must also be familiar with the regulations regarding eligibility.

The person reviewing the appeal should compare the provisions of the relevant regulation(s) to the application, speak to the agency staff involved in the initial denial, and speak to the client before making a decision.

If a determination is made that the original determination was correct, a formal letter must be sent to the client outlining the determination of the appeal and once again articulating why services were denied. The letter should include the process that took place to confirm the denial.

If the person reviewing the appeal determines the appeal is granted, the client should be provided a letter stating such and detailing when their home will be weatherized. The letter should include the process that took place to confirm the approval.

Describe the process for ensuring qualified aliens are eligible for weatherization benefits

MFA requires Subgrantees to collect proof of a social security number/identity for at least one adult living in the residence. If a social security number is not available for the remaining members of the household, we require a Non-Citizen Immigrant Status for all other members of the household. Immigrants are eligible under the current law referenced on the U.S. Department of Health and Human Services website.

http://aspe.hhs.gov/hsp/immigration/restrictions-sum.shtml. In addition, we require a birthdate be provided. The Subgrantee passes the information through our on-line system which has a secure server where the information is encoded. All data is redacted after it has been put into our online system. Our online system scrambles the data for protection of the client.
V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

A dwelling unit is eligible for weatherization assistance if it is occupied by a household whose total income is at or below 200 percent of the poverty income level or if the household contains a member who has received SSI for disability or TANF at any time during the 12-month period preceding the determination of eligibility for weatherization assistance.

In addition, the client must have evidence of mortgage payment, property deed or proof of tax payment to be qualified. For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement. Both of these documents must be kept in the client file and verified upon monitoring or Quality Control Inspections.

Describe Reweathering compliance

Re-Weatherization

New Mexico does not encourage re-weatherization of homes however if an individual applies for weatherization and their home had been weatherized prior to September 30, 1994 we will allow re-weatherization under the below conditions.

- The Subgrantee must determine that the applicant is eligible
- A DOE approved energy audit must be run on the home
- All health and safety issues must be addressed
- When applicable we use leverage funding instead of DOE funding for any measure that qualifies

Households located in a disaster area would be considered as priorities for weatherization as long as the households are eligible and meet one of the priorities established in regulation and are free and clear of any insurance claim resulting from damage incurred from the disaster.

Describe what structures are eligible for weatherization

Eligible Structures

Housing types qualifying for weatherization include single family, multi-family, and mobile homes.

A dwelling unit is eligible for weatherization assistance if it is occupied by a family whose income is at or below 200 percent of the poverty level, contains a member who has received SSI or TANF at any time during the 12-month period preceding the determination of eligibility for weatherization assistance, or is eligible for assistance under the Low-Income Home Energy Assistance Act of 1981.

Non-traditional dwelling units such as shelters or dwelling units sharing a wall with a business will be discussed with the DOE project officer prior to commencement of the project and full caution will be exercised to be sure the particular units are eligible. Weatherization of non-stationary campers and trailers that do not have a mailing address associated with the eligible applicant are not eligible and will not be allowed.

Buildings should be deferred if they have a deficiency in their structure or condition that makes it impractical to weatherize effectively. If the area is known to have redevelopment plans then weatherization will be deferred until development is complete. Health and safety issues requiring more than what is allowed by WPN 17-7, or the current Health and Safety Plan will be deferred.

All site built units 45 years old or older will need SHPO clearance and receive approval prior to weatherization.

Describe how Rental Units/Multifamily Buildings will be addressed

Rental Units

Single Family Rental Units
Single family rental units qualify for weatherization as long as the clients that are housed in the property qualify for weatherization. The owner/agent must agree to the weatherization, commit to a contribution of 20% of the weatherization materials and sign a waiver stating that they will not raise the rent on the single family unit for a minimum of 1 year unless those increases are related to matters other than the weatherization work performed.

Subgrantees must ensure that single family rentals follow the five points below:

1. Benefits or the services accrue primarily to the low income tenants;
2. The tenants have a way to complain if they feel that the rent has increased as a result of these services and the landlords provide a statement notifying tenants of this procedure;
3. No undue or excessive enhancement shall occur to the dwelling unit;
4. Permission of the building owners are always obtained before commencing work;
5. Rent may not be increased for a minimum of one year unless increases are related to matters other than weatherization work, and a signed statement from the owner stating the above is obtained.

Single Family Rental units qualify for weatherization as long as the landlord agrees to the weatherization and signs a waiver stating that they will not raise the rent on the units for a minimum of 1 year unless those increases are related to matters other than the weatherization work performed.

To ensure that no undue or excessive enhancements are made to the home, a NEAT or MHEA audit must be run on the home prior to the scope of work being outlined.

The necessary steps that must be taken to ensure proper documentation for weatherizing a single family rental unit include:

- An application must be fully filled out by the client;
- Proof of income must be provided;
- Proof of a lease must be obtained;
- Current copies of the clients gas and electric bills must be obtained;
- Written permission must be obtained from the landlord/agent;
- Subgrantee must obtain certification from the landlord that the rent of the property will remain the same for at least one year following performance of weatherization work;
- MFA will monitor compliance with this policy only to the extent that the 5% to 10% sample monitoring method MFA employs to verify compliance will include rental Projects weatherized through the Program.

Multifamily Rental Units

Multifamily Rental units qualify for weatherization as long as the clients that are housed in the property qualify for weatherization. The owner/agent must agree to the weatherization, commit to a contribution of 20% of the weatherization materials and sign a waiver stating that they will not raise the rent on the units for a minimum of 1 year unless those increases are related to matters other than the weatherization work performed.

To ensure that no undue or excessive enhancements are made to the unit, a TREAT or NEAT audit, depending on the building structure must be run on the complex prior to the scope of work being outlined.

The necessary steps that must be taken to ensure proper documentation for weatherizing a multifamily rental unit include:

- Obtain the written permission of the owner or his agent;
- Verify that not less than 66 percent (50 percent for duplexes and four-unit buildings, and certain eligible types of large multi-family buildings) of the dwelling units in the building are eligible dwelling units, or will become eligible dwelling units within 180 days;
- Ensure that the benefits of weatherization assistance in connection with such rental units including units where the tenants pay for their energy through their rent, will accrue primarily to the low-income tenants residing in such units;
- By way of use of the audit, Subgrantee must make certain that no undue or excessive enhancements are made to the units;
- Completed applications must be obtained from each of the clients in the rental units; and
- Current copies of Gas and Electric bills must be obtained from each of the rental units or supplied by the management.
- Multifamily audit process is followed that includes detailed scope of work, photos, and regular meetings between MFA, Subgrantee, and multifamily building management or owners.

Once the information above is in place, an approval request, in the form of an approved energy audit must be submitted to MFA in order to weatherize multifamily units larger than a 4-plex. A description of the process that determined the measures being installed must be provided with the audit.

Procedures for Owner Contributions are as follows:

- A 20% cash contribution commitment of the weatherization materials are required from the Owner prior to commencement of the Weatherization Project. The Owner contribution is based on the estimated costs from the energy audit.
U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
STATE PLAN/MASTER FILE WORKSHEET
(Grant Number: EE0007937, State: NM, Program Year: 2019)

Describe the deferral Process

Deferral Process

There are some situations in which an agency or contractor should not, or may choose not to, weatherize an otherwise eligible unit. In order to deal with such cases, MFA implements the deferral policy for all agencies administering the NM Energy$mart Program. This policy allows weatherization staff to defer services when certain conditions or circumstances exist. Under no circumstances will partial weatherization be allowed. All units reported must be inspected by a Quality Control Inspection (QCI) and determined to be complete. Deferral is allowed under certain conditions; however, an agency should define its intentions at the time a condition occurs. The agency/contractor deferral policy must contain these elements:

Deferral of weatherization services - An agency or contractor may postpone weatherization services under the following conditions:

- A dwelling unit is vacant.
- A dwelling unit is for sale.
- A dwelling unit is scheduled for demolition.
- A dwelling proves to be dilapidated or structurally unsound and unsafe. Dilapidated units are classified as those which do not provide decent, safe, and sanitary shelter in their present state and have defects so serious and numerous that the repairs required to revive the structure to standard condition would not be economically feasible.
- A dwelling unit is deemed by the auditor to pose a threat to the health or safety of the crew or contractor.
- A mobile home is improperly installed (for example, without adequate supports).
- A dwelling unit is uninhabitable (for example, a burned-out apartment).
- A building is affected by mold and mildew and the area affected is too large for the weatherization crew or contractor to remediate.
- The client is uncooperative with the weatherization agency or its contracted agent, either in demanding that certain work be done, refusing higher priority work which is needed, being abusive to the work crew or contractor, or by being unreasonable in allowing access to the unit. Every attempt should be made to explain the program and the benefits of the work. If this fails, work should be suspended and the MFA should be consulted. In such cases, documentation is required.
- Obvious discrepancies are found between the information supplied by the client on the application and observed conditions at the time of weatherization. The agency or contractor must resolve these discrepancies before weatherization work can continue.
- If, at any time prior to the beginning of work (work officially begins when the audit is performed), the agency or contractor determines that the client is not longer eligible, or personnel believe that circumstances may have changed, the unit shall not be weatherized until updated information can be obtained from the client.
- The dwelling unit or parts thereof are being remodeled and weatherization work is not coordinated with a housing rehabilitation program;
- The eligible household moves from the dwelling unit where weatherization activities and services are in progress. In such a case, the agency or contractor must determine whether to complete the work, and the circumstances must be documented in the client file.

There are health or safety hazards that must be corrected before weatherization services may begin including, but not limited to:

- The presence of animal feces and/or other excrement;
- There are rats, bats, roaches, reptiles or insects present that could cause harm to the crew or other animals or varmints that are not properly contained on the premises.
- Loose dogs
- Disconnected waste water pipes;
- Hazardous electrical wiring;
- The presence of unsafe levels of mold or mildew;
- Unvented combustion appliances or actionable levels of ambient carbon monoxide;
There are illegal drugs or illegal activities occurring on the premises;
The client or owner is physically or verbally abusive to any personnel;
One or more occupants in a dwelling have been diagnosed with a contagious and life-threatening disease;
When a person’s health may be at risk and/or the work activities could constitute a health and safety hazard, the occupant at risk will be required to take appropriate action based on the severity of the risk.

Failure or the inability to take appropriate actions must result in deferral of the weatherization work. In unusual situations not covered above or where other problems of a unique nature exist, MFA should be consulted.

Procedure:
If an agency or contractor cannot, or chooses not to weatherize a dwelling unit, it must notify the client or owner/authorized agent by use of the Deferral of Services Form which should include:

- The nature and extent of the problem(s) and how the problem(s) relate(s) to the determination not to weatherize the unit;
- Any corrective action required before weatherization services can be initiated;
- A time limit for correcting problems so that weatherization services may be rescheduled, agencies must send the date of anticipated follow-up in writing to MFA;
- The name of the person or entity responsible for correcting the problem(s);
- The right of appeal;
- All documentation justifying the decision to defer services must be kept in the client file;
- Agencies must also keep an updated spreadsheet to track all referrals and deferrals.

V.1.3 Definition of Children
Definition of children (below age): 19

V.1.4 Approach to Tribal Organizations
☐ Recommend tribal organization(s) be treated as local applicant?
If YES, Recommendation. If NO, Statement that assistance to low-income tribe members and other low-income persons is equal.

Low-income members of an Indian Tribe are eligible to apply for services under this plan. MFA has a staff member dedicated to Indian Housing issues who has been instrumental in our program weatherizing more homes on native lands. Low income members of an Indian tribe will receive benefits equivalent to the assistance provided to other low-income persons within the state.

V.2 Selection of Areas to Be Served

The NM Energy$mart Program is a statewide program serving the 33 counties of New Mexico:
San Juan; McKinley; Cibola; Rio Arriba; Taos; Colfax; Los Alamos; Santa Fe; Mora; San Miguel; Union; Harding; Quay; Curry; Guadalupe; DeBaca; Roosevelt; Sandoval; Bernalillo; Valencia; Torrance; Catron; Grant; Hidalgo; Luna; Socorro; Sierra; Dona Ana; Lincoln; Chavez; Otero; Eddy; Lea.

The Program also serves the Pueblos of Zuni, Acoma, Laguna, Santa Clara, Ohkay Owingeh, Taos, Picuris, Nambe, Tesuque, Pojoaque, Cochiti, Isleta, Jemez, San Felipe, San Ildefonso, Sandia, Santa Ana, Santo Domingo, Zia, Jicarilla Apache Reservation, and the Mescalero Apache Reservation.

The 2017 US Census American Community Survey was used to compile the data used for the distribution formula. The funding allocations for each county and pueblo are based on the number of households with elderly, young children, disabled and low income occupants, weighted by heating degree days, and follows a similar method as the 10 CFR 440.10 describes for state allocations. The above at risk population segments are averaged with the amount of low income households to determine the allocations for each county and pueblo.

DOE, LIHEAP and State funds will be allocated statewide. Utility funds will be allocated to the areas served by the participating utility companies.

V.3 Priorities
Subgrantees will be required to disseminate information to the general public about the availability of services within 30 days of receipt of the contractual agreement and shall retain proof of such dissemination in their records.

Subgrantees are required to update the waiting lists annually to include written notification to individuals on the waiting list to determine if they still desire services. Updating will allow the Subgrantees to identify the higher-ranking clients regardless of the amount of time on the waiting lists.

Priority among eligible applicants for the receipt of NM Energy$mart services is established by the NM Energy$mart Online system, which follows the requirements specified in CFR 440.16 (b). Priority is given to identifying and providing weatherization assistance to:

1. Elderly persons (a person who is 60 years of age or older);
2. Persons with disabilities;
3. Families with children (households with dependents not exceeding 18 years of age);
4. Households with high energy burden.

V.4 Type of Weatherization Work to Be Done

V.4.1 Technical Guides and Materials

The NM Energy$mart Program is committed to full compliance with 10 CFR 440.21(i) and WPN 15-4 for energy audit procedures. All installations are using materials that are listed in Appendix A of 10 CFR 440.

The NM Energy$mart Program has approached the goal of meeting the specifications, desired outcomes, and objectives of the Standard Work Specifications (SWS) with several successful methods. Our Subgrantees have been in the practice of utilizing the SWS as full implementation since PY 2014. Below is a list of manuals and guides with dates of issue. Each of these has been uploaded with the State Plan in addition to the links provided below.

  - Re-issued 03/04/2019, updated 02/28/2019
  - Re-issued 03/04/19, updated 02/28/19
- Field Guide Deck of Cards
  - Issued 02/23/2018, updated 02/23/2018

There are five ways the documents are made available to our Subgrantees:

1. The Administrative Manual and Technical Standards are available to our Subgrantees and the general public on our website. [www.housingnm.org](http://www.housingnm.org)
2. We communicate with our Subgrantees on a regular basis referencing the necessary materials. This communication is either triggered by an email, question, conversation, new information or monitoring.
3. Technical Committee calls are held monthly. During these calls, the Technical Standards and SWS may be discussed with challenges, successes, and innovative approaches to compliance. The attendees for these meetings are the energy auditors, program managers, Quality Control Inspectors and the Energy Smart Academy.
4. During any WAP RFP process, the links to the manuals are provided with the RFP package.
5. Subgrantee use of the documents are verified through the monitoring process.

All of the existing contracts that the NM Energy $mart Program has with our Subgrantees references compliance to the SWS. The contracts contain the following statement:

Subgrantees will be responsible for providing services as required by the Department of Energy (DOE) Standard Work Specifications (SWS). The SWS requirements for Single family homes & Manufactured housing can be accessed at [https://sws.nrel.gov](https://sws.nrel.gov). If these specifications are not followed, payment will not be made.

Our Subgrantees have also incorporated language in their contracts with their subcontractors requiring compliance to the SWS. All of the contracts between any entities using WAP funds have signatures from both parties verifying acknowledgement of the aforementioned expectations.

Field guide types approval dates

<table>
<thead>
<tr>
<th>Field Type</th>
<th>Approval Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family</td>
<td>4/9/2018</td>
</tr>
<tr>
<td>Manufactured Housing</td>
<td>12/8/2016</td>
</tr>
</tbody>
</table>
V.4.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure: Single-Family
Audit Name: NEAT
Approval Date: 10/7/2013

Audit Procedure: Manufactured Housing
Audit Name: MHEA
Approval Date: 10/7/2013

Audit Procedure: Multi-Family
Audit Name: TREAT
Approval Date: 10/20/2017

Comments

The dates in the table above are entered by DOE however it is important to note that New Mexico’s NEAT and MHEA single family audit procedures were updated and approved by DOE on November 7, 2018.

This section summarizes the protocol that is detailed in the single family and multifamily energy audit procedures submitted with the energy audit review packages.

1. Pre-visit planning and desk viewing.
2. A certified energy auditor performs an in-person meeting, including client education, and completes a full building screening for weatherization viability and hazards.
3. Thorough exterior envelope inspection for SWS requirements, Health and Safety, TREAT, NEAT or MHEA entry, and BPI standards.
4. Interior inspection for data entry, Health and Safety, lead tests, baseload usage measures (lighting, refrigeration, etc.), number and location of appliances, and diagnostic testing arrangements.
5. Diagnostic tests are performed on all required appliances for efficiency, safety, and operating condition outlined in the NM Energy $mart Technical Standards.
6. Blower door testing procedures are performed including air leakage and barrier assessments, zonal tests, ASHRAE 62.2-2016 determinations, and duct leakage tests.
7. Final walk through with recap on client education, double check on field notes, pilot lights, house condition, additional tests if needed.
8. All information is reviewed and entered into energy audit software. This includes verifying input reports against actual notes, comparing audit results with preliminary scope of work, review of measure and SIR ranking, incidental repair and health and safety items.

In the event that potentially dangerous friable materials (e.g. Lead-based paint dust, disturbed asbestos, or hazardous organic materials such as mold, may become air-borne due to depressurization testing, any testing requiring the use of a blower door may be omitted. Such conditions must be documented including photographs, and included in the unit file. For the purposes of energy auditing and air-sealing specification, the energy auditor will assume a .5 cfm/50sqft of exposed envelope area.

To ensure eligible occupants of multi-family housing will receive cost effective weatherization services, each weatherized unit will have a computerized energy audit which complies with 10 CFR 440.21(b) completed prior to the installation of any weatherization measures. This energy audit will be included in each unit file. For single-family units, a NEAT audit will be completed. For mobile home units, a MHEA or if the mobile home is structured more like a site built unit, a NEAT audit will be completed. Multi-family units may be audited using TREAT, or with prior written permission for specific types of multifamily buildings that are up to 25 units individually heated and cooled, a NEAT audit may be completed.

V.4.3 Final Inspection
Subgrantee's may not report a dwelling as having been weatherized until all weatherization materials identified for installation at said dwelling have been installed and the Subgrantee, or authorized representative, has performed a final inspection(s) of said dwelling, including any mechanical work performed, and certified that the work has been completed in a workmanlike manner and in accordance with the priority determined by the audit procedures required by 10 CFR 440.21. All final inspections will meet the requirements of the Standard Work Specifications (SWS), Technical Standards, and the NM Field Guide. Local code requirements for mechanical appliance installation are included.

All Subgrantee's final inspections will continue to be performed by a certified Quality Control Inspector (QCI) independent from the initiation of the work order, assessment, or work completed. As of the time of this application, our Subgrantees all have certified QCI on staff. The NM Energy $mart Program is pursuing more QCI Inspectors in each agency as well as at least one more inspector for a third agency, continued Comprehensive education for review, recertification, multi-family QCI, and the additional Energy Auditor requirement for the existing individuals that hold those certifications.

The Subgrantee must verify that all weatherization materials identified for installation at the particular dwelling have been installed in a workman-like manner and in accordance with the priority determined by the auditing procedure as required by 10 CFR 440.21, meet the requirements of SWS, Scope of Work, and our Field Guides prior to reporting the completed unit. Said verification must include, at a minimum, the following verifications and tests:

1. Assessment of the original audit, work order, and file;
2. All weatherization measures installed by agency's crew(s);
3. All mechanical work performed, including verification of new equipment size and rating;
4. All weatherization measures installed by outside contractors;
5. CAZ Depressurization Check (BPI Protocol);
6. Post-Retrofit Blower Door Depressurization Test, Zone Pressure Diagnostics (See Energy Audit Section for more detail); Minimum Ventilation Compliance Verification
7. If Duct-sealing was performed:
   a. Worse-case depressurization test with air handler on and off;
   b. Pressure Pan Testing;
   c. System Balance Testing (maximum 3pa pressurization);
   d. Visual Inspection
8. If Mechanical Ventilation has been installed, then the inspector shall verify continuous and peak flow output of the unit through Flow Hood Testing. NOTE: For HRV/ERV installations which use the central supply and return ductwork, Flow Hood Tests may be required at all supply and return register locations. All mechanical ventilation must comply with ASHRAE 62.2 2016;
9. Client satisfaction interview and dialogue
10. Visual inspection of all work completed
11. Detailed and thorough file inspection
12. Combustion appliance SWS testing requirement verification

The final inspection for each weatherized unit shall be performed by a certified Subgrantee QCI, or a contracted MFA approved certified QCI within 30 working-days of the final day of weatherization work being completed by agency crew(s) or contractors. Any required rework shall be completed in a timely manner and must be verified by the original inspector.

In the event an energy auditor also needs to inspect the units due to the QCI requirement, MFA's Green Initiatives Manager will inspect 10% of the completed units for that Subgrantee.

The final inspector may perform minor adjustments to previously installed retrofits in order to obtain satisfactory inspection results. Such adjustments must not exceed one working hour per unit, and will not be considered a "weatherization retrofit" as noted above.

Once completed, Subgrantees must ensure that the client file contains a form that certifies the unit has had a final inspection, and that all work meets the required standards. The Subgrantee then uploads detailed information on each measure installed in the unit, including estimated & actual cost, energy savings and SIR into MFA's online system. During the invoicing process, MFA's Green Initiatives Manager reviews the information on the units to determine the accuracy and technical implications of the data. If the entries raise questions or concerns, then the unit is not eligible for reimbursement until all questions and concerns are answered to MFA's satisfaction. The said units may be flagged to be included in MFA's QCI inspections.

Disciplinary actions for inadequate inspection processes determined by 100% desk monitoring or the required 5% to 10% field monitoring will first involve exploring the options of QCI re-training for the inspector. If training is not a viable option or does not remedy the problem, the inspector will not be allowed to perform inspections for a specified period, depending on the severity of the infraction, until proof of adequacy is obtained.
Continued inspector inability or refusal to comply with policies is grounds for MFA to recommend suspension, termination, or otherwise apply special conditions to the inspector performing further QCI inspections for the program. The agency will be required to utilize other QCI inspectors to verify completed units.

During the technical monitoring process, MFA's Green Initiative Manager verifies the certificates of each QCI of the agency being monitored. The Energy$mart Academy and the Green Initiatives Manager are in communication as needed about upcoming certification expirations and the need for training review prior to re-certification.

The monitoring process also observes the procedures of the QCI during a final inspection. Suggestions, comments, best practice observations are communicated to the QCI and an official letter is sent to the agency after review.

Attached are final inspection forms, final diagnostic testing forms, and technical field monitoring forms.

V.5 Weatherization Analysis of Effectiveness

MFA qualified staff, our in-house on-line reporting system and the NM Energy$mart Academy provide long-term stability of the program. The Academy, developed in partnership with Santa Fe Community College, has earned a growing reputation as one of the premier training centers in the Weatherization Assistance Program. The Academy is IREG accredited in the four training job categories of Retrofit Installer, Crew Leader, Energy Auditor, and QCI. MFA and our partners use these pieces to enhance communication and target resources where they are needed. Enhanced communication that the systems enable will remain in place going forward and will be used to help align with the announced DOE program requirements.

In order to assess effectiveness, the NM Energy$mart Online System (System) captures the unit production data on a monthly basis. The completed unit data is captured for each agency and shows the projected energy savings in MMBTUs for each auditor in the agency. The System also has the ability to show the frequency with which each agency and auditor installs individual measures and also allows MFA to assess each Agency’s performance in a number of areas. The System-level assessment allows MFA to select individual units for inspection. A separate unit inspection database collects information from inspected units. Monitoring data follows the path of information sharing that occurs through the online system.

MFA uses the System to conduct a 100% desk audit of all units completed prior to paying Subgrantee invoices. Measures installed on each home are compared to determine the relationship between estimated costs and actual costs. SIR, total cost, and projected energy savings are tracked for each measure and for the unit as a whole. For some measures, more detailed information is collected, including R values of added insulation, Manual J calculations of new heating systems and air reductions relative to the initial blower door reading, air sealing target and the achieved reduction.

This system is also used to flag units that need additional monitoring in the form of unit inspection. Any unusual numbers, costs, or circumstances may trigger the inspection. These unit inspections become a portion of the required 5% Quality Control Inspections. During the unit inspection, the entire client file is compared to the entries for accuracy along with client interview regarding utility bill savings.

During the MFA unit inspection process of completed units, the techniques used to achieve such reductions, efficacy of installation methods, baseload measure assumptions, and other energy saving measures are observed and any findings, concerns, comments, and best practices are noted.

MFA provides the Subgrantee information on production, energy savings and measures installed during monitoring visits and during peer exchange meetings. In addition, the data generated by the System or during Technical Monitoring and Unit Inspections stimulates dialogue between agency management, MFA's Green Initiatives Manager and the NM Energy$mart Training Academy. Stakeholders can quickly determine additional training where needed. Due to the specific nature of the System’s reporting capability, specific training can be directed for specific auditors, inspectors and/or weatherization crews in order to resolve deficiencies in their skill set, and showcase best practices.

A monthly report is sent out to of the energy auditors detailing MMBTU savings, client monetary savings as average and total numbers. This will enable the team to see how they compare with others and the national number of 29.3 MMBTUs per home.

Energy Auditors are encouraged to practice the comparing of energy auditing estimates with utility bill usage. This helps the team realize how accurate their models are in comparison to actual usage and helps to spawn training where needed.

In the event Subgrantees fail final inspections; they are given the opportunity to remedy the problem within a reasonable time period. This re-work is not eligible for reimbursement. The home may be re-inspected by MFA’s QCI, depending on the nature of the failure. The training Academy is notified of the area of weakness and modifies the classes if needed. In extreme cases, additional classes are scheduled for the agency.

When there are findings or concerns that surface during inspections, the Subgrantee is asked to explain how they will improve. This may entail updating their policies and procedures, more frequent monitoring by MFA, or training to help the Subgrantee understand how the problem occurred and how to prevent it.

The costs of measures are reviewed on a regular basis prior to invoices being processed to compare with market costs of those particular measures. If something appears to be high, a detailed explanation is requested, or the agency’s procurement may be examined for that item.

Continuous progress and improvement is the goal of the combined training and monitoring programs. Through comprehensive training, staff continues to be cross trained and the basics are reviewed to widen the capabilities in addition to ensuring the existing staff understands the basics of the program on the most fundamental
levels. Technical monitoring and regular conversation help determine additional training needs.

This program year, the NM Energy $mart Program intends to post Q and A and FAQ for Subgrantees to access to post questions, read previously answered questions, and view other questions asked by other agencies via email or phone calls. The answers to the questions, if not already located in the Technical Standards, or Administration Manual, will be reviewed by the Technical Review Committee, and will be entered into the appropriate manual and section during the normal updating process.

V.6 Health and Safety

See attached Health and Safety Plan.

V.7 Program Management

V.7.1 Overview and Organization

The New Mexico Mortgage Finance Authority (MFA) was created by the New Mexico State Legislature in 1975 as a statewide government "enterprise" to provide financing for affordable housing to medium and low-income persons and receives no money from the state to operate. MFA is governed by a board of seven members. Four members are appointed by the Governor and three members serve by virtue of their state office: the State Attorney General, the Lt. Governor and the New Mexico State Treasurer. The Chairman of the Board is appointed by the Governor. Rules and regulations formulated by the MFA are approved by a Legislative Oversight Committee of the State Legislature. The committee is comprised of eighteen members.

By Executive Order 97-01, the State Governor transferred all federally funded housing programs to MFA on January 14, 1997. The Weatherization Assistance Program (WAP) was included in this transfer. Consequently, MFA took over the administration of the WAP during the ongoing plan for 1996-97. Shortly thereafter, MFA staff produced its first plan (1997-98). MFA does not administer the State Energy Plan nor LIHEAP.

MFA has assigned significant managerial resources to the Weatherization Assistance Program to ensure its successful administration. A list of MFA personnel with direct WAP responsibilities is provided here. MFA has integrated WAP as a core activity throughout its organization; e.g. Information Technology. The whole organization is available to act on WAP activities and issues.

Weatherization Program and Support Staff:

Amy Gutierrez has been the Program Manager for the Weatherization Program since 2016. She came to the position with over 20 years of management experience with a concentration in contracts, budgets and finance. She is responsible for overall program direction and supervision of the program, leverage efforts, coordination with grantee staff, and the overall management of Subgrantees.

Troy Cucchiara is the Green Initiatives Manager and is responsible for the technical aspects of the program which include training and technical assistance as well as health and safety issues. Troy is responsible for the NM Energy$mart Program's compliance with all DOE technical requirements. His qualifications include 10 years of field experience and he holds certificates for several areas in the field of weatherization including QCI and Multifamily QCI Certification. His responsibilities include 5.0% to 10% of file and on-site unit inspections in addition to technical monitoring.

The Program Manager and the Green Initiatives Manager will work closely together to monitor Subgrantees' activities. They will conduct a minimum of one financial and operations monitoring visit and one technical monitoring visit per year for each agency. In addition, the team conducts 100% of desk monitoring for each invoice and unit through our online system for all funding sources. A prescribed monitoring tool is used for all monitoring visits.

The team provides training and technical assistance to our Subgrantees as needed throughout the program year.

Controller and Accountants:

Yvonne Segovia who is the Controller and five additional accountants, are responsible for reviewing Subgrantee monthly reports, preparing reimbursements, and maintaining all required financial records to account for Grantee and Subgrantee expenditures and balances. They will also be responsible for Subgrantee financial management and quarterly reporting to DOE.

Administrative Support:
The Administrative Support staff provides Marketing and Information Technology support to weatherization staff necessary to carry out the functions of the weatherization program. MFA will comply with the record keeping requirements prescribed on section 10 CFR 440.24, and with the reporting requirements on section 10 CFR 440.25.

Managers and Staff:
The Senior Managers and MFA Staff which include seven people who are responsible for the successful implementation of the program. Jay Czar and Gina Hickman provide oversight and approval of the weatherization program and provide direction to staff. Sandra Marez and Kelly Patterson provide administrative support to staff.

Isidoro Hernandez is the Deputy Director of Programs and is responsible for overall management of the weatherization program. He provides oversight and effective and efficient management of the weatherization program and provides direction to weatherization staff along with the Director of Community Development. He promotes the weatherization efforts externally.

Rose Baca-Quesada is the Director of Community Development and she is responsible for the successful implementation of the weatherization program. She provides direction and insight to the day to day activities to the current program managers in addition to providing quality control checks on the work performed.

Gina Bell is the Assistant Director of Community Development and has extensive knowledge of the weatherization program as she managed the program for 10 years prior to her current position. She provides direction and insight to the day to day activities to the current program managers in addition to providing quality control checks on the work performed.

V.7.2 Administrative Expenditure Limits

Our admin is set at 10% total with MFA receiving 5% and the remaining 5% allocated to our Subgrantees. We will NOT be requesting the additional admin funds for our existing Subgrantees as Central New Mexico Housing Corporation, Southwestern Regional Housing and Community Development Corporation and ICAST, the newest agency, all exceed the $350,000 threshold.

V.7.3 Monitoring Activities

Monitoring Approach

MFA assists its Subgrantees with their efforts to resolve problems encountered in the administration and operation of the NM Energy$mart Program and to ensure compliance with all applicable Federal and State laws, rules, and regulations. To achieve this goal, Amy Gutierrez, the Program Manager will conduct the programmatic monitoring, and Troy Cucchiara the Green Initiatives Manager will conduct the technical monitoring. Training and technical assistance funding used for monitoring is $391 and 2% of the total monitoring budget. Administration funds used for monitoring are $16,489 and 91% of the monitoring budget. Leverage funds that will be used for monitoring are $1,350 and 7% of the monitoring budget.

The primary areas of oversight include:

- Programmatic and Management Monitoring
  - Subgrantee Review
  - Financial/Administrative
  - Policy Advisory Council (PAC)
  - Eligibility
  - Rental
  - Energy Audits
  - Field Work
  - Health & Safety
  - Equipment/Inventory/Materials
  - Grantee Monitoring
  - Training & Technical Assistance
  - Feedback & Reporting
  - Staff or entity performing the monitoring
  - How monitoring results are handled and required follow-up procedures
Subgrantee Monitoring
- Program Overview (Client File Review, Work Orders, etc.)
- Financial/Administration
- Inventory
- Energy Audits
- Qualifications & Training
- Weatherization of Units
- Health & Safety
- Quality Management Assurance
- Staff or entity performing the monitoring
- How monitoring results are handled & required follow-up procedures

Financial Monitoring
- Financial Management/Accounting Systems and Operations
- Financial Audits
- Payroll/Personnel
- Vehicles & Equipment
- Procurement
- Weatherization of Units
- Health & Safety
- Quality Management Assurance
- Staff or entity performing the monitoring
- How monitoring results are handled & required follow-up procedures

Program staff coordinates all activities and provides clear and concise direction to comply with the applicable standards and regulations. Staff conducts field monitoring of Subgrantee financial activities including financial audits, production and reporting requirements. Program staff also assists Subgrantees to improve operations through training and technical assistance to correct noted problem areas. In addition to the staff that conducts the monitoring, MFA’s Accounting Department and Internal Auditor are available when needed to review Subgrantee financial operations. Subgrantees financial audits are reviewed as part of their onsite monitoring. Financial audits are also reviewed at the time of audit submission when the financial audit is due for that year. Financial audits receive several layers of review prior to approval.

At a minimum, the staff conducts one on-site programmatic monitoring visit and one on-site technical monitoring visit each year. A comprehensive monitoring tool is used as part of a thorough review of each Subgrantee. If necessary, a follow-up monitoring visit will be conducted to verify that corrective action has been initiated or completed. Through our on-line reporting system, for a more thorough review, the staff conducts monthly checks of work done in completed units as well as financial reporting.

Staff will perform an on-site monitoring visit to Southwestern Regional Housing Community Development Corporation (SRHCDC), Central New Mexico Housing Corporation (CNMHC) and International Center for Appropriate and Sustainable Technology (ICAST) in the 2019/2020 Program Year.

In addition to the monitoring, MFA staff has developed their own QCI inspection policies. Troy Cucchiara will perform certified QCI reviews of client files and inspect the corresponding homes of 5% to 10%. This will occur on a continual basis to ensure that SWS and NM Standards are being followed, there are no missed opportunities, Health and Safety is the best approach with the best practice possible, and the quality work plan is being managed properly. In the event quality is not up to standards, and it is determined that there is a pattern, comprehensive or specific training will be scheduled to correct the issues. Health and Safety deficiencies, depending on the severity, are corrected immediately, and in some cases the same day.

Quality Control Review of units and files consists of carefully looking at every detail for each file prior to the unit visit. The file should accurately tell the story of the weatherization work that took place at the home. If one thing is out of place, it serves as an indicator to look for additional related items.

MFA also requires Subgrantees be audited in accordance with section 10 CFR 440.23(d). For program year 2018/2019 only one of the NM Energy$mart Subgrantees met the 2 CFR 200 threshold amount of $750,000.00.

To complete the approval of the annual external financial audits, the first layer of review is by the Program Manager. The second layer of review and approval is either done by the Director of MFA’s Community Development Department or MFA’s Controller.

As a follow up to each visit, MFA staff provides the Subgrantee with a written report that describes noncompliance or problem areas, suggested comments and best practices. The report is submitted to the Subgrantee within 30 days of the visit and the Subgrantee is required to respond within 30 days to MFA with a Corrective Action Plan as a formal letter that addresses any findings, concerns, and recommendations. This Corrective Action Plan must include an identified target date and time frame for each deficiency. This is tracked by an online tracking system that is referred to as Tracker. Follow up communication through phone conversations, email, and necessary onsite
visits is continual until the problem is resolved.

The Subgrantee is made aware of the monitoring instrument used for the visits, since it is accountable for implementation of the program in accordance with the standards and procedures.

In all instances, MFA is committed to working closely with Subgrantee to succeed. However, if after numerous attempts have been made towards compliance or if a Subgrantee is either unwilling or unable to resolve a non-compliance issue, MFA would start to work toward de-funding the agency.

When a problem is resolved to the mutual satisfaction of the Subgrantee and MFA, MFA staff will send a follow-up letter to close the finding.

If there is any suspicion of mismanagement, fraud, waste or abuse or if any significant problems are found, MFA will immediately notify the Inspector General and DOE’s Golden Office, in Denver CO.

MFA will submit annual reports to DOE’s Golden Office describing its monitoring efforts to date. The report will include at least the following:

- Number of monitoring visits to each Subgrantee;
- General nature of the findings;
- A discussion of significant corrective actions;

MFA will also have all monitoring reports available, upon request, for DOE inspection.

MFA will summarize and review its monitoring activities and findings for internal assessment of Subgrantee needs, strengths and weaknesses and annual planning. This data will be incorporated in the New Mexico Consolidated Plan and Annual Performance report.

**Credentials**

MFA staff has substantial experience in monitoring NM Energy$mart and other Federal and State programs.

The Program Manager, Amy Gutierrez, and the Green Initiatives Manager Troy Cucchiara are responsible for all NM Energy$mart related monitoring. MFA staff attends Weatherization and related training to maintain current knowledge, practices and regulations.

**Amy Gutierrez, Program Manager.** Ms. Gutierrez joined the MFA in 2016 as a Program Manager of the NM Energy$mart Weatherization Assistance Program. Prior to joining MFA, she had 20 years of management experience working as a Billing Administrator in 2 law firms. During her employment with each law firm she managed contracts, budgets and all financial business aspects of each firm.

**Troy Cucchiara is the Green Initiatives Manager** and QCI for MFA and is the technical manager for the NM Energy$mart Program. He has been involved with the home retrofit industry for 18 years and has been an integral part of the Weatherization Assistance Program for different agencies since 2006. He has earned numerous certifications including Commercial Energy Auditor, Water Specialist IV, CBI Thermographer, Lead Certified Renovator, Lead Dust Sampling Technician, AHERA, OSHA 30, Building Analyst, Building Envelope, and Home Energy Professional Quality Control Inspector, Multi-Family QCI and has been a BPI Proctor for the Santa Fe Community College.

Technical experience includes energy auditing, home inspections, program management, water treatment design, inventory control, public speaking, staff training, and client education.

**Levels of Agency Performance**

**High Performance or Exemplary Agencies**

By way of monitoring review, an agency has demonstrated performance standards that meet or exceed standards that are commonly observed in the following areas:

**Program operations:**

No Health and Safety findings are identified in previous monitoring report.

No procedural findings related to program rules, policies or procedures.

**Fiscal:**

No annual program specific audit findings.
No material findings in the agency external audit.

**Technical:**

Provide comprehensive service utilizing the latest building science and renewable technology, in a cost-effective manner in accordance with NM Energy$mart Weatherization Assistance Program guidelines.

**Production:**

In general an agency’s production is high relative to funding.

**Qualified staff:**

Agency will receive higher credit for exemplary status with NM Energy$mart Training Academy staff through participation in the NM Energy$mart Training Plan.

**Risk:**

No “at-risk” elements are found in major categories for an agency.

If the above is met a final visit may be made by MFA NM Energy$mart staff for final confirmation of achievement.

**Stable Agency Performance:**

Typically, the frequency of monitoring will be (1) fiscal/operational visit and (1) technical visit per year by NM Energy$mart staff. The need for additional visits within the same year will be determined by the agency’s program funding and production level, and the timely responses to any outstanding monitoring findings. MFA expects every agency to meet these standards of performance:

- Well-established systems for program administration and operations, with no more than one finding in the following areas:
  - Compliance with major program requirements, such as, lead-based paint procedures, cost allocation.
  - No more than one program specific finding in the annual monitoring visit.
  - No more than one fiscal specific finding in the annual monitoring visit.
  - Staff is well trained in performance of specific job duties.
  - Agency has complete and organized files.
  - Evidence of prudent decision making as to the use of program resources:
    - Complete scopes of work.
    - NEAT/MHEA/TREAT documentation is current and consistent with billing.
    - Staff is proficient in the use of auditing software.
    - Evidence that NEAT/MHEA/TREAT is used with actual and true pre audit data (including costs).
    - Evidence that NEAT/MHEA/TREAT is used effectively and thoughtfully in determining cost-effective measures.
    - Staff and contractors have demonstrated proficiency in technical applications, including diagnostics.
    - Agency has a minimal number of procedural findings (as related to programs rules, policies and procedures) and health and safety findings from previous monitoring report.
    - Agency complies with OSHA and MFA safety rules, as applicable.
    - The agency maintains a professional working relationship with MFA.
    - Past corrections are made and reported in a timely manner.
    - Participate in NM Energy$mart Peer Exchange meetings.
    - No “at-risk” elements are found in major categories for an agency.

**Vulnerable Agency Performance**

If an agency’s performance is deficient in some or all of the following levels of performance MFA will prepare a plan to help the agency clear the deficiencies and will provide additional monitoring within the same year:

- Has a well-established systems for program administration and operations, with no more than one finding in the following areas.
- Compliance with major program requirements such as lead-based paint procedures, cost allocation plan/indirect cost rate, required contractor information.
- No more than one program specific finding in the annual monitoring visit.
U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0007937, State: NM, Program Year: 2019)

- No more than one fiscal specific finding in the annual monitoring visit. Staff is well trained in performance of specific job duties.
- Lack of prudent decision making as to use of program resources.
- Completes scope of work.
- NM Energy$mart on-line reporting is current and consistent with billing.
- Staff is proficient in its use of the NM Energy$mart on-line payment system.
- Evidence of the NM Energy$mart on-line payment system is used with actual and true pre-post data (including costs).
- Staff and contractors have not demonstrated proficiency in technical applications, including diagnostics.
- Agency has a number of and severity of procedural findings (as related to programs rules, policies and procedures) and health and safety findings from previous monitoring report.
- Agency does not comply with OSHA and MFA safety rules, as applicable.
- The agency does not maintain a professional working relationship with MFA.
- Past corrections were not made and reported in a timely manner.
- Agency does not participate in NM Energy$mart Exchange meetings.
- Agency does not report as outlined in program manual.
- Several “at-risk” elements are found in major categories for an agency.

At-Risk Agency Performance

At-risk agencies may be identified as a result of a variety of factors that may include:

- Agency’s probation, i.e. an agency’s first year with the program.
- There is evidence of significant administrative or program sub-standard performance; for example, repetitive pattern of findings, failure to have copies of permits on file or lack of compliance with historical preservation rules.
- Agency is not in compliance with program policies, procedures and specifications.
- Agency has repeated health and safety findings.
- Agency staff members/crew has deficient technical skills.
- There has been a change in key staff.
- There has been a change in key weatherization Subgrantees.
- Agency has deficient scopes of work (work plan is insufficient).
- Agency has program specific audit findings.
- Agency has fiscal specific findings.
- Agency files are incomplete or disorganized.
- Agency staff is unresponsive to MFA requests and deadlines. For example, the agency consistently fails to provide monthly reports and contract closeouts in a timely manner.
- Agency production is low relative to funding.

At-risk agencies will be monitored no less than twice annually. Other factors in the frequency of monitoring visits may be based upon the requirements of specific funding sources.

V.7.4 Training and Technical Assistance Approach and Activities

Objective

Through comprehensive and specific training, MFA’s Training and Technical Assistance program will provide the weatherization staff on the Grantee and Subgrantee levels the skills needed on a regular basis to ensure a solid weatherization program with best practices and high quality workmanship.

Historically, the training has addressed the Weatherization Assistance Program from two perspectives, technical weatherization work and program management. This perspective continues to maintain a path improvement for the Program and resolve emergent issues that rise through monitoring and dialogue with Subgrantees and to prepare for Department of Energy program changes.

Comprehensive and Specific Plans

The majority of training will be occurring in the Comprehensive category as outlined in this plan. The mandatory Comprehensive training serves numerous accomplishments including review of basic Job Task Analysis material for certified individuals, updates on changes, cross training to increase capacity, and maintaining workforce credentials. Maintaining QCI certification is of particular importance as it enables compliance with 15-4.

MFA has issued an RFP for a new Subgrantee. The winner of the RFP will be expected to start Comprehensive training for three of the four Job Task Analysis the first
month of the program year (July 2019). All of the Comprehensive categories for Crew Leader, Installer, and Assessor will be covered during the first 18 weeks of the program year. Specific training will be issued as "ride alongs" as the agency starts to become familiar with how the work is done. There will be no completed units that do not involve the presence of someone from the training academy or another NM Energy$mart agency. All New Mexico Subgrantee's will have the opportunity to attend the classes when needed.

QCI Comprehensive training for the new agency, ICAST, will begin July 1st which is the first month of the 2020-2021 program year.

Other than the above plan for the new agency, ICAST, comprehensive training is normally offered at the beginning of every month by the Energy Smart Academy. Each agency consults with MFA prior to signing up for the classes about what would be most appropriate and based off the most recent desk monitoring, monitoring, unit inspections, or phone conversations. The comprehensive training classes are determined at least 1 month prior to scheduling the class. Follow up on agency skills and conversations happen on a continual basis.

Specific training is offered throughout the year in the form of ride along field training and as a follow up to comprehensive training, requested by each agency, or as a result of technical monitoring and QCI unit inspections. Comprehensive training will occur regularly and re-defined as once every three years for each of the positions the workers are employed.

### Comprehensive Training List

1. Retrofit Installer
   - Insulation 1
   - Air and Duct Sealing

2. Crew Leader (1-4)
   - Air and Duct Sealing
   - Insulation 2
   - Materials and Documentation
   - ASHRAE 62.2 2016

3. Energy Auditor
   - Basic Building Science
   - Basic Pressure Diagnostics
   - Advanced Pressure Diagnostics
   - Basic Combustion Testing
   - Intermediate Combustion Testing
   - Weatherization Assistant
   - ASHRAE 62.2 2016

4. QCI
   - ASHRAE 62.2 2016
   - Advanced Pressure Diagnostics
   - Advanced Combustion Analysis
   - Quality Control Inspector

**Recertifications needed:**

This program year there will be no QCI inspectors that need re-certification, however there may be Energy Auditor certifications and testing that will be scheduled the spring of 2019. There will also be three new QCI if the testing is passed successfully.
All Quality Control Inspections for the new agency will be contracted by the new agency (ICAST) to either the Energy$mart Academy or one of our existing Subgrantees.

**Specific Training List**

1. On site field training (ride alongs)
2. HVAC Technician
3. Project Management
4. Energy Out West Conference
5. NASCSP for new agency
6. CFR 200 or admin training for new agency

**Conference Attendance**

NASCSP, HPC, and Energy Out West conferences are allowable trainings under the NM Energy$mart Program. Agencies must use their Specific training budget for these conferences. Because of the Comprehensive majority requirement, and possible mandatory ride alongs resulting from unit inspections, agencies may be limited on the amount of specific funds available for the conferences. Therefore it is important that each agency carefully consider what staff will be attending each conference if any.

Because this is a highly sought after use of funding, it is considered a valuable commodity. Agencies are expected to obtain the full use of information gathered from the conferences. This includes attendance to all classes, updates, and sessions in addition to utilizing as much networking with other states as possible. Agencies must submit to MFA a list of who will be attending each conference and a statement that each individual will attend all classes that he or she has selected. No conference reimbursements will be released without proof of all class attendance. If an individual chooses to not attend a class or does not obtain the necessary proof of attendance, the agency may not receive full reimbursement for that individual. T and TA funds may not be used to pay for anyone attending a conference that does not attend the accompanying classes or sessions.

**Financial Management Control**

Although MFA allows and encourages Subgrantees to budget for program management training and attend DOE conferences, the comprehensive training is mandatory and pre-scheduled. This includes prescriptive training resulting from monitoring, ride alongs, financial classes, 2 CFR 200, conferences, and other program management training.

T and TA funding is closely monitored. Therefore, prior to attending a training of any kind, the Subgrantee is required to send an approval request to MFA that includes tuition and all associated costs of the training.

**Regular Comprehensive Training, Feedback from DOE Visits**

Scheduled training is determined by existing number of staff in each of the four categories, the desired number in each category, monitoring results, agency feedback, and unit inspections. The training schedule may be changed to reflect feedback from the DOE Project Officer or other monitoring visits. Contractual requirements bind Subgrantees to the training schedule, and mandate MFA allot and approve sufficient T & TA funds to cover the cost of the entire training cascade.

This approach will continue to address both core training to expand workforce capacity, advanced training to develop further specialization and leadership within the workforce, in addition to answering questions related to New Mexico’s unique housing stock and climate regions. The program embraces MFA and Subgrantee staff, and focuses on incorporating state technical standards as well as continued compliance with regulatory standards.

This training program builds on increased understanding and utilization of building science to deliver greater energy savings to client homes and ensure homes throughout the state consistently have access to the range of weatherization measures to realize maximum savings.

**Training Activities**

In order to standardize weatherization practices across the state and through all New Mexico’s Subgrantees, DOE Standard Work Specifications (SWS) have been developed. The SWS describing the weatherization process and how specific weatherization measures will be performed, have been incorporated in the customized curriculum to be made available through the IREC Accredited Weatherization Training Center (Academy) and trainers. Implementation of the SWS ensures more uniform energy savings for clients and reduced production costs for the program.

MFA works with the Academy to provide weatherization training. The Academy works with MFA and Subgrantees to develop a comprehensive training calendar each year. In addition to specific course modules, the Academy has the capability of providing specific training and even additional comprehensive training as needed in order to resolve emergent issues from MFA or DOE monitoring.

The schedule minimizes production downtime and allows sufficient opportunities for Subgrantees to complete mandatory trainings in a timely manner. The Academy provides classroom space and a well-equipped lab to optimize skills acquisition across all training levels through a combination of lecture, hands on demonstration and
field training. The Energy Smart Academy is fully equipped with a diagnostic cabin, and demonstration units for insulation, attic air sealing, mobile home training, combustion appliances and an online training platform. Access to an expanded staff of specialists will allow additional training in OSHA, Lead Renovator/Dust Sampling, and HVAC.

Retrofit Installer Technician

The Retrofit Installer Technician training can be taken as a series of short in-person classes, that can be scheduled around work obligations, or as a one-week in-person class, preceded by online training.

The classes cover introduction to weatherization, basic math, health and safety issues, tools and maintenance, materials identification, local construction details, basic blower door, windows, doors, work scope/inventory/equipment, house as a system, basic building science, insulation and air sealing, venting and moisture, combustion safety.

The in-person classes include review, hands-on lab exercises, and in-the-field work order-based weatherization activities to improve the quality and performance of a home. The classes have been designed to reinforce and extend the knowledge of building science and tools and techniques for insulating, air-sealing buildings, reducing baseload, and drywall repair, and communication skills.

With a focus on performance, each student is responsible for the appropriate use of insulation blowing machines, blower doors, duct blasters, pressure pans, air-sealing props, installing baseload measures, windows, doors and bath fans, drywall repair, and combustion appliance safety testing for draft and carbon monoxide.

By attending the Installer classes, the student will gain a deeper understanding about weatherization work scope, job planning, and site management. Successful completion of this course plus OSHA 10, and Lead RRP classes, makes the student eligible for SFCC certification as a Retrofit Installer Technician.

Crew Leader (Steps 1 through 4)

Having successfully completed the Retrofit Installer Training, students can elect to take Crew Leader classes that cover OSHA 30, the role of the crew chief, effective crew management, inventory, advanced materials and maintenance, codes, adult learning strategies, hands on diagnostics (blower door, worst case depressurization, pressure pan, basic zone pressure diagnostics), reading an audit, developing a scope of work, and additional diagnostics as needed.

These classes focus on developing the skills necessary to be an effective Crew Leader, including theory, role-playing, and hands-on field exercises to prepare Crew Leaders for success in crew management, organization, inventory control, safety, understanding work orders, and quality control. In addition, participants will be discussing building codes and the State Standards for installing weatherization measures in New Mexico. Completion of this course qualifies participants for certification by SFCC as a Crew Leader.

Energy Auditor

The Energy Auditor series of classes prepare candidates for the BPI Home Energy Professional Energy Auditor Certification exams. This course focuses on developing the skills necessary to be an effective Energy Auditor consisting of theory, role-playing, and hands-on field exercises to prepare Energy Auditors for success in performing a comprehensive energy audit. The course covers introduction to weatherization and auditing, health and safety issues specific to weatherization, construction details, building science, equipment, basic math, code compliance, data gathering, HVAC for auditors, NEAT and MHEA, OSHA30, RRP, Lead Safe Weatherization, AHERA, ASHRAE 62.2 2016, Communication skills, Advanced NEAT and MHEA.

Diagnostic tests included:

- Blower door & pressure differential
- Duct pressurization & pressure pan
- Ventilation fan flow rate
- Combustion safety (gas leaks, worse-case CAZ, spillage, draft, CO)
- HVAC assessment, temperature rise, steady state efficiency

QCI

Quality Control Inspector adds to the material covered in the Energy Auditor classes with material specific to inspectors – the Standard Work Specifications, Standards and Guidelines, monitoring and inspecting and the role of the inspector. This is offered online as the QCI certification is by a written exam only.

Compliance With Mandatory Comprehensive Training

While the Academy maintains a record of trainings attended and credentials obtained, each Subgrantee is responsible for ensuring that staff attend all required trainings for their job classification. MFA encourages Subgrantees to budget for initial training and training sufficient to maintain credentials. MFA monitors the Subgrantees for compliance. If a Subgrantee does not have sufficiently trained staff, including new staff, the agency must develop and implement a training plan sufficient to achieve compliance. In addition to prior class consultation, MFA will monitor training milestones to help support the path toward compliance.

New Employment Training

MFA encourages Subgrantees to hire certified staff from the network however, if that is not possible, MFA does not require Subgrantee staff to have certification prior to hiring. Each Subgrantee is required to have a training plan for each job position. Upon hire, the employee is required to complete the on-line training curriculum for their position after each agency’s individual new employee probationary period. In addition, Subgrantees must have an internal training/shadowing on the job mentoring plan. Each new staff member is responsible to attend and pass all the courses required for their job category within one year of being hired. MFA monitors
Lead-Safe Weatherization

All Subgrantees are required to be trained in LSW work practices and to attend the 8-hour training. This training includes the curriculum developed by DOE. The LSW training is a combination of classroom exercises and demonstration of tools and materials. The focus is on the practical application of LSW work practices and the inclusion of required educational materials and appropriate documentation of LSW containment procedures in all client files. Further training in Dust Sampling will be provided for more advanced crew members.

Health and Safety

Health and safety is continuously assessed and discussed throughout the year during monthly technical calls, and unit inspections. Dialogue also takes place on a weekly basis between the field staff and MFA’s technical manager with health and safety questions, comments or issues noticed from monthly reporting or day to day routine assessments. All of this communication can result in Comprehensive or Specific training that can be anything from a structured classroom setting to “ride alongs” where the instructor actually accompanies the crew on an actual job site.

Job Safety

All Subgrantee field staff will be required to complete OSHA 10 training. Crew Chiefs, Auditors and Inspectors will be required to complete OSHA 30. These courses will be construction safety courses configured to weatherization through use of Job Hazard Analysis and existing accident and injury logs of the Subgrantees.

Web Accessible Curriculum

The Online Weatherization Workforce Development Program, available in English and Spanish, will serve as a gateway into classroom training by providing core knowledge necessary to succeed in more advanced trainings. This will ensure the Academy makes efficient use of trainers and facilities. Core content of the web accessible training curriculum will be consistent with existing DOE weatherization training, customized to meet New Mexico needs in terms of climate, housing stock and policies.

Client Education

In tandem with a well trained workforce, a well-informed consumer will help make best choices in maximizing effect of weatherization measures. Understanding measures to be implemented at a home is key to garnering homeowner and occupant cooperation during installation and afterward. Therefore, a Consumer Education module has been developed along with the Online Curriculum. This module will be available to consumers through a secondary web portal, and also through a DVD that can be left at homes. The Client Education module will also be available in both English and Spanish to reach the largest portion of New Mexico population.

The SWS has been thoroughly examined for all client education points. A list of all sections that specifically spell out what needs to be delivered to the clients has been given to the Subgrantees and the Subgrantee utilization of these topics are currently part of what monitoring and unit inspections include.

Training Needs Assessment Policy

MFA closely communicates with Subgrantees on a consistent basis. The following is used to assess Subgrantee training needs:

- Subgrantee request- usually for specific training in the form of email, in person discussion during visits, phone conversations, or technical calls
- General discussion with Subgrantees
- Certifications expiration dates approaching
- New employee training needs
- Dialogue with training center after or during ride- alongs
- Desktop monitoring- monthly prior to approving invoices for payments
- Programmatic monitoring- annually administrative weaknesses are identified and suggested for training
- Quality Control Inspections- targets specific areas of concern when a pattern is established
- Technical monitoring- looks for methodic weaknesses that result in either comprehensive or specific training

This is an on-going process and communicated immediately to the Subgrantees when a training need is determined.

NM Energy$mart Exchange Meetings

In addition to the Training Program, MFA will continue to meet with Subgrantees a minimum of three times per year to discuss emergent issues. This type of communication helps maintain consistency in the services provided throughout the state. Each of these meetings will serve a core group of the weatherization workforce, in addition to including a gathering of program directors to discuss the program. These meetings will include a Program Director round table and, when necessary, staff discussion covering specific topics, including fiscal, administrative, technical, intake and client education issues.

The WAP PAC meets once a year to discuss the State Plan and other related issues.

The NM Energy$mart program also has a Technical Committee which meets monthly. The committee is composed of lead technical weatherization staff from each of the Subgrantees, technical members of MFA’s Energy$mart staff and and training academy staff. The purpose of the Technical Committee is to identify challenges and share best practice among the agencies.
Future Program Requirements

In addition to following all WAP Program Notices, MFA staff stays in close contact with NASCSP, Energy Out West, and other industry experts. Information gathered from phone meetings, conferences, emails, and updates is regularly dispersed to the Subgrantees and the Training Academy. If the industry changes or updates warrant a change in training or policies, that is implemented soon after communication or training has taken place.

Effectiveness of Energy Savings and NM Energy$mart On Line System

In order to assess effectiveness, the NM Energy$mart Online System (System) captures the unit production data on a monthly basis. The completed unit data is captured for each agency and shows the projected energy savings in MMBTUs for each auditor in the agency. This information is useful in that it can compare agency to agency, and auditor to auditor. Though the climatic conditions are vastly different from the northern part of the state to the southern, these comparisons can be helpful in determining weaknesses and individual training needs.

The System also shows the frequency with which each agency and auditor installs individual measures. It also allows MFA to assess each Agency’s performance in a number of areas. The System level assessment allows MFA to select individual units for inspection. A separate Unit Inspection database collects information from inspected units. Monitoring data follows the path of information sharing that occurs through the online system. MFA shares this information during desk audits of invoices, during monitoring and during Peer Exchange meetings.

Weatherization Plus

MFA encourages Subgrantees to coordinate the weatherization assistance program with other MFA rehabilitation programs. When applicable, this maximizes the level of assistance on eligible homes. MFA will offer Subgrantee’s training necessary for them to participate in the coordination with builders, developers and Subgrantees for MFA’s rehabilitation program.

State Weatherization Program Manuals

New Mexico’s Program Manual is divided into three parts.

- The Administrative Programmatic Manual. The manual will be updated as rules, regulation and policies change. MFA staff encourages the Subgrantees to “first” go to the manual for guidance. If their questions are not answered through the manual we then request that they call the Program Manager as a “second” level of information. This will allow for consistence guidance across the state and will also provide needed feedback from our Subgrantees if information is missing or not clear in the manual.
- The SWS Field Guide, Deck of Cards, acts as our field guide.
- NM Energy$mart Technical Standards outlines everything that is not associated to a specific measure which is addressed in the Deck of Cards.

In order to provide the Subgrantees with easy access to the current manuals, MFA has posted them on the MFA website.

Community Education

MFA will continue advertising our program, conducting education and outreach in communities across New Mexico Staff will continue to work to educate members of New Mexico’s Public Regulatory Commission (PRC) on the NM Energy$mart Program to support future utility funding. All Subgrantees will continue distributing the required Lead Based Paint notice to all applicants. MFA will continue to require that program participants be asked to complete satisfaction forms after completion of measures.

Grantee Assessment

MFA has a technical and programmatic staff member assigned to the NM Energy$mart Program. While both employees remain in close, coordinated contact, the specialization allows each member of the team to pursue training and education sufficient to expand their understanding of the Program. The Technical Program Manager will attend NASCSP trainings, trainings related to maintaining Quality Control Inspector Certification and broader trainings related to building science, program operations and DOE rules & regulations. This includes EOW activities and other technical conferences. The programmatic staff will attend any prescribed administrative trainings, trainings, and trainings offered through DOE and NASCSP conferences.

| Percent of overall trainings are Tier 1 trainings: | 51.0 |
| Percent of overall trainings are Tier 2 trainings: | 49.0 |

Breakdown of funds spent

| Percent of budget spent on auditor/QCI trainings: | 0.0 |
| Percent of budget spent on crew/installer trainings: | 0.0 |
| Percent of budget spent on management/financial trainings: | 0.0 |
Objective: The objective of the New Mexico disaster response plan is to implement response activities that ameliorate the effects of the disaster to affected low-income persons with due consideration to the limited funds available during the program year.

Definition: A disaster is an event or development in the State declared by a Presidential or Gubernatorial order to be either a Federal or State emergency.

Procedures: Declaration of an energy crisis enables a Subgrantee to place households affected by the crisis at the top of the weatherization waiting list. Subgrantee must follow WPN 12-7 and complete all allowed measures by the energy audit. Partial weatherization is not allowed. Once a QCI has approved the work, the crews can move to the next identified unit that qualifies.

If at all possible, the Subgrantee should complete the emergency units within the current program year.

The Subgrantees must maintain a list of the homes served during the crisis and provide the list of measures for each unit and the proposed date for full weatherization during invoice submission.

Criteria include:

1. Households must meet current income guidelines.
2. Priority will be given to elderly person, persons with disabilities, families with children, high residential energy users, and household with high energy burdens.
3. Priority will be determined through the program priority list for the particular disaster area.
4. Homes weatherized after September 30, 1994 can receive additional assistance under “Energy Crisis”.
5. Incidental repairs to an eligible dwelling will be allowed if the repairs are necessary to make the installation of weatherization materials effective.
6. Elimination of health and safety hazards will be allowed when it is necessary before the installation of weatherization materials.
Tab 7
MEMORANDUM

TO: MFA Board of Directors

Through: Contracted Services/Credit Committee – May 7, 2019

Through: Policy Committee – April 30, 2019

FROM: Leann Kemp, Director of Communications and Marketing

DATE: May 15, 2019

SUBJECT: Graphic Design and Creative Services Request for Proposal

Recommendation:

Staff recommends the approval of the Request for Proposal for Graphic Design and Creative Services. Responses will be due to MFA by June 12, 2019, and recommendations for the award will be presented at the July board meeting.

Background:

Due to several large design projects that are scheduled to be executed in 2019, the cost for graphic design and creative services is expected to exceed $75,000 for the 2019 calendar year. Per MFA policy, a Request for Proposal must be issued when payments to a professional services provider exceed $75,000 in a calendar year.

Discussion:

MFA outsources all of its graphic design and branding services. These services include: creating and maintaining branding systems; creating and executing marketing materials; creating and producing collateral within the branding systems including stationery, training materials, promotional materials and brochures; website design and development; large document and report production; large event support including branding and collateral design; and routine document updates and management.

In past years, costs for these services were below $50,000 per calendar year, with one exception. In 2013, a Request for Proposal was issued when costs exceeded $50,000 but were less than $75,000.
This year, several large projects required attention at one time. They are:

- Website update and design refresh
  - The last website update was done in 2014
- Branding system update and design refresh
  - The last branding update was done in 2016
- HomeNow marketing campaign
  - Funds for the HomeNow program must be spent within a year, therefore, marketing must be done this year
- 2019-2020 Housing Services Directory
  - This bi-annual publication was produced this year

These projects are in addition to on-going yearly expenses that this year will include: 2019 Open House collateral and marketing; 2020 Housing Summit theming and collateral development; new workplace signage that meets audit requirements; tradeshow signage; and routine document creation and maintenance.

Summary:

Due to several large projects requiring graphic design and creative services in 2019, professional services costs will exceed $75,000 in this calendar year. MFA’s policy requires that a Request for Proposal must be issued. The term of this Request for Proposal is for three years with two one-year extensions at the option of the board. Staff recommends the approval of the Request for Proposal for Graphic Design and Creative Services. Responses will be due to MFA by June 12, 2019.
New Mexico Mortgage Finance Authority

Request for Proposal
For Graphic Design and Creative Services

May 2019
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New Mexico Mortgage Finance Authority
Request for Proposals
To Provide Graphic Design and Creative Services

Part I: Background & General Information

Introduction

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

Purpose

The purpose of this Request for Proposals (RFP) is to solicit proposals, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified graphic design firms which by reason of their skill, knowledge, and experience are able to furnish graphic design and creative services to MFA in order to promote its name and its affordable housing programs ("Offerors").

Questions and Answers

Questions pertaining to this RFP and application must be submitted via the MFA website at www.housingnm.org/rfp. Or, go to www.housingnm.org, click on the “RFPs” tab at the bottom of the page and select the “Graphic Design Services RFP” link. On the Graphic Design Services RFP page, select the “Graphic Design Services FAQs” link. Questions will be checked on a daily basis. The FAQ will open the day after the RFP issues and will close at 4 p.m., Mountain Time on Monday, June 10, 2019. To submit your questions, scroll down to the “Ask a question” section, enter your name, email address, and type your question in the “Question” box, type in the words and/or numbers in the CAPTCHA box and click on “Send my question”. MFA will make every attempt to answer questions within two (2) business days.

Proposal Submission

One hard copy and one electronic copy of a proposal must be received by MFA at our office located at 344 Fourth Street SW, Albuquerque, NM 87102 and lkemp@housingnm.org no later than Wednesday, June 12, 2019 at 4 p.m., Mountain Time. Proposals shall be in sealed envelopes marked “Response to Graphic Design and Creative Services RFP.”

Proposal Tenure

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

RFP Revisions and Supplements

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

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

Cancellation of Requests for Proposals or Rejection of Proposals

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

Evaluation of Proposals, Selection and Negotiation

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

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

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

Award Notice

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

Proposal Confidentiality

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

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

Irregularities in Proposals

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

**Responsibility of Offerors**

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

**Protest**

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

Leann Kemp, Director of Communications and Marketing  
New Mexico Mortgage Finance Authority  
344 Fourth St. SW  
Albuquerque, NM 87102

The protest must be delivered to MFA within five (5) calendar days after the notice of award. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five (5) calendar days of notice of protest. The protest process shall be:

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

MFA will issue a notice of determination relating to the protest within a reasonable period of time after submission of the protest. The determination by MFA shall be final.

**Note:** A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, which remains in effect until the expiration of the protest period, or does not follow the prescribed proposal and Protest process.

**Confidential Data**

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

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

**Timeline for Offeror Selection**

MFA will make every effort to adhere to the following anticipated schedule for recommended Offeror selection:

<table>
<thead>
<tr>
<th>DATE</th>
<th>ACTIVITY</th>
<th>RESPONSIBILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/15/2019</td>
<td>RFP goes to Board of Directors for approval</td>
<td>MFA</td>
</tr>
<tr>
<td>5/15/2019</td>
<td>Issuance of RFP</td>
<td>MFA</td>
</tr>
<tr>
<td>6/10/2019</td>
<td>RFP FAQ closes – deadline to submit questions</td>
<td>Offerors</td>
</tr>
<tr>
<td>6/12/2019</td>
<td>Submission of Proposals Due</td>
<td>Offerors</td>
</tr>
<tr>
<td>7/17/2019</td>
<td>Award Recommendation to Board of Directors</td>
<td>MFA</td>
</tr>
<tr>
<td>7/17/2019</td>
<td>Notification of Awards</td>
<td>MFA</td>
</tr>
<tr>
<td>7/24/2019</td>
<td>Protest Deadline</td>
<td>Offerors</td>
</tr>
</tbody>
</table>

**Part II: Minimum Qualifications and Requirements**

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

1. All Offerors must demonstrate expertise in creating and executing multi-level branding systems that integrate a core brand concept/theme and design elements in a consistent, cohesive way across a variety of mediums including print, web and advertising for, but not limited to, the housing industry.

2. All Offerors must have expertise in maintaining and evolving multi-level branding systems within an existing brand concept.

3. All Offerors must have experience planning, designing and building-out a large website that provides a common, accessible structure across multiple departments and programs using a robust, easy-to-use content management system, preferably Expression Engine.

4. All Offerors must demonstrate expertise in developing event branding including theming, a design system for collateral, event website, promotional materials, signage, etc.

5. All Offerors must have extensive experience in the design and production of documents with 50+ pages.

6. All Offerors must be proficient in Adobe Illustrator, InDesign, Photoshop, Expression Engine, Mail Chimp, preparing final art files for printers, fabricators, web developers, etc., and have the capacity to manage and provide quality control to projects from start to finish.

7. All creative concepting, design, artwork production and project management must be performed by in-house staff directly employed by the Offeror (not a sub-contractor) unless MFA has received prior written notice and has given its approval.
Part III: Services to be Performed

Offerors may respond to this RFP to provide graphic design and creative services for MFA and its programs.

As requested by MFA, professional graphic design and creative 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. Work within existing brand concept and style guides to create and produce new print and electronic materials that include but are not limited to brochures, e-blasts, print ads, digital ads, annual reports, newsletters, holiday cards, posters, trade show materials and training documents.
2. Make ongoing updates to existing print and electronic materials within three days.
3. Design and produce print ads and digital ads within existing brand parameters within five days.
4. Work across multiple departments to gather and organize more than 400 pages of website content; create a website design and system that unifies the content in an accessible way within the existing brand concept; manage the development and build-out of the website.
5. Provide the following for one large event each year while maintaining the integrity of the existing brand: event concept, theme, name and tagline; event website design and development; inclusive branding system that includes but is not limited to print and electronic event collateral; directional and promotional on-site signage; stage design and production; agendas and nametags; and giveaways.
6. Design and produce large documents that include but are not limited to: event program that includes 100+ speaker bios, 50+ session descriptions and 40+ vendor ads in multiple sizes; housing services directory with more than 600 entries and 100 agency descriptions.
7. Produce photographs and illustrations that expand the existing brand concept.
8. Create and produce interior and exterior building signage.

Part IV: Evaluation Criteria

MFA shall award the contract for graphic design and creative services to the Offeror whose proposal is most advantageous to MFA. Proposals shall be evaluated primarily on experience and fees. Proposals shall be scored on a scale of 1 to 100 based on the criteria listed below. Please note that a serious deficiency in any one criterion may be grounds for rejection regardless of overall score.

Additional Preference Criterion: New Mexico Resident Business

A New Mexico Resident Business, for the purposes of MFA’s Procurement Policies, is defined as one in which the majority of the Offeror’s employees who would perform the services to be performed pursuant to the relevant procurement reside in New Mexico. If an Offeror is seeking preference points as a New Mexico Resident Business, the Offeror’s proposal must include: (1) evidence that the Offeror is licensed to do business in New Mexico; and, (2) a representation that the majority of the Offeror’s employees who would perform the services to be performed reside in New Mexico.
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Point Range</th>
<th>Maximum Points</th>
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<tbody>
<tr>
<td>1. Key Personnel and Availability of Personnel</td>
<td>0-15</td>
<td>15</td>
</tr>
<tr>
<td>2. Experience and Work Samples</td>
<td>0-30</td>
<td>30</td>
</tr>
<tr>
<td>3. Technical Capabilities</td>
<td>0-20</td>
<td>20</td>
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<tr>
<td>4. Responsiveness</td>
<td>0-15</td>
<td>15</td>
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<td>5. Fees:</td>
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</tr>
<tr>
<td>a. Hourly Rates</td>
<td>0-15</td>
<td>15</td>
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<tr>
<td>b. Other fees and costs</td>
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<td></td>
</tr>
<tr>
<td>6. New Mexico Resident Business</td>
<td>0 or 5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Maximum Points</strong></td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

**Part V: Proposal Format and Instructions to Offeror**

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

1. **Letter of Transmittal** Include at least the following information:
   
   A. Name, address and telephone number of Offeror and name of contact person.
   
   B. A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.
   
   C. Date of proposal.
   
   D. A statement that the Offeror, if awarded the contract, will comply with the contract terms and conditions set forth in this RFP.
   
   E. A statement that the Offeror’s proposal is valid for ninety (90) days after the deadline for submission of proposals.

2. **Disclosure Statement** A statement disclosing: (1) any political contribution or gift valued in excess of $250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.

3. **Insurance** Proof of professional liability insurance of at least $1,000,000.

4. **Key Personnel and Availability of Personnel**
   
   A. Names and professional bios for each of the business owner(s), key personnel including lead creative and design staff, and support staff to be assigned to the account. Bios must show, at a minimum, the person’s name, education, position, office location (city, state), total years of experience, core competencies and types of experience relevant to the performance of the contract.
B. Describe the Offeror’s policy regarding access to owners and key personnel for all aspects of work from new project development to routine collateral maintenance.

5. Experience and Work Samples

A. Demonstrate the Offeror’s experience in designing and producing a variety of branding and marketing materials for a housing-related industry by providing the following:

   i. At least five examples of print materials created in-house, preferably for a housing-related industry, that include, but are not limited to, training materials, brochures, advertisements and/or annual reports. Either printed samples or images are acceptable.

   ii. At least three examples of electronic materials you have created in-house, preferably for a housing-related industry, that include, but are not limited to, e-newsletters, digital marketing, e-invites.

B. Demonstrate the Offeror’s experience in designing, producing and maintaining a branding system by providing at least three examples of a multi-level branding system, preferably at least one related to the housing industry, which demonstrates a cohesive and consistent visual theme and design through all aspects of branding.

C. Provide a narrative description and examples of a large event for which the Offeror provided graphic design and creative services.

D. Provide a list of New Mexico businesses for which the Offeror currently works or performs services as well as those businesses for which the Offeror has worked or performed services in the last ten years.

6. Technical Capabilities

A. Demonstrate experience in planning, designing and producing a large website by providing at least one URL for a large website the Offeror has designed. Describe the process used to organize, plan and execute the project.

B. Provide a narrative description of the work flow and QC process the Offeror uses to produce a 50+ page document through several rounds of design and text edits.

7. Responsiveness

A. Describe how the Offeror’s will deliver graphic design and creative services in a way that will serve the on-going needs of MFA in a timely manner:

   i. Organization of work plan, approach to individual projects, and the availability of personnel for consultation and discussion.

   ii. Typical turnaround times for the following: routine collateral updates; edits to a larger project; proposals for new marketing materials.

   iii. How available are key personnel via phone? Email? To attend a meeting?
8. **Fees**

A. Services performed under this RFP for graphic design and creative services will be provided on an hourly basis. Hourly rates for graphic design and creative services must be included in this proposal.

B. The Offeror must also provide a rate schedule for expenses that fall outside of hourly billing rates such as per-page copying charges, proofreading, providing proofs and mock-ups, original photography, multiple text or design edits, overnight mail expenses and a description of any other charges that would be billed to the MFA under the contract. A statement as to when such additional charges would be imposed must also be provided. Please use table format as illustrated to list out these prices.

<table>
<thead>
<tr>
<th>Service</th>
<th>Price</th>
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<tbody>
<tr>
<td>Photocopies</td>
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<tr>
<td>Telephone Charges</td>
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<tr>
<td>Original Photography</td>
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<tr>
<td>Stock Art</td>
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<tr>
<td>Proofs and Mock-ups</td>
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<td>Mailing and Express Delivery</td>
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<td>Proofreading</td>
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<td>Copy Writing</td>
<td></td>
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<tr>
<td>Multiple Edits</td>
<td></td>
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<tr>
<td>Other</td>
<td></td>
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</tbody>
</table>

C. Demonstrate the Offeror’s ability to provide detailed monthly billings summarized by project and provide a sample itemized bill.

D. Offeror must absorb the cost of familiarizing itself with MFA’s mission, programs and public image as well as the existing branding system including color pallet, fonts and design style. Program documents and any other relevant information shall be made available for Offeror’s review at MFA’s office in Albuquerque. MFA will not pay for such work. Indicate how much time Offeror expects to devote to familiarizing itself with the items outlined above and provide a timetable for doing so.

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

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

**Part VI: Principal Contract Terms and Conditions**

Awards shall be contingent upon successful negotiation of a final contract between MFA and the Offeror whose proposal is accepted by MFA. This RFP in no manner obligates MFA to disburse any funds to any Offeror until a valid written contract is fully executed and all conditions of disbursement have been met.
In addition to the terms respecting the services to be performed and compensation described above, the contract between MFA and the successful Offeror (herein “Contractor”) shall include, but may not be limited to, terms substantially similar to the following:

**Contract Term**
The term of the Graphic Design and Creative Services Contract shall begin the date the MFA Board of Directors approves the award and end July 17, 2022. At the option of the Board, the contract may be extended for two, one-year periods under the same terms and conditions. There will be a transition period when open projects and files will be transferred at the beginning and the end of the contract term.

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

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

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

**Records and Audit**
Contractor shall maintain detailed time records which indicate the detail of services rendered, which shall be subject to inspection by MFA. MFA shall have the right to audit bills submitted to MFA under the contract both before and after payment. Payment under the contract shall not foreclose the right of MFA to recover excessive and/or illegal payments.

**Budget and Billing**
Prior to commencing a large project, Contractor shall prepare and deliver to MFA a detailed budget of all fees and costs that Contractor anticipates will be necessary to perform the services required for that project. A detailed statement of services and an invoice for services provided must be presented before any payment under the contract shall be made. MFA will pay Contractor fees or costs which exceed those indicated in the budget only if such costs are reasonable and result from circumstances which Contractor could not have anticipated at the time Contractor prepared the budget.
**Code of Conduct**

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

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

**Termination**

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

**Status of Contractor**

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

**Amendment**

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

**Scope of Agreement**

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

**Applicable Law**

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

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

Management
Jay Czar, Executive Director
Gina Hickman, Deputy Director of Finance & Administration
Izzy Hernandez, Deputy Director of Programs
Tab 8
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – May 10, 2019

FROM: Isidoro Hernandez, Deputy Director of Programs

DATE: May 15, 2019

SUBJECT: Veterans Housing Rehabilitation and Modification Pilot (VHRMP) Program and Grant Opportunity

Recommendation:
Staff recommends that the New Mexico Affordable Housing Charitable Trust (NMAHCT)/MFA submit an application for up to $1,000,000 for HUD’s Veterans Housing Rehabilitation and Modification (VHRMP) Program.

Background:
On April 19, 2018 the Department of Housing and Urban Development (HUD) published a notice of funding availability (NOFA) for the VHRMP Program. NMAHCT/MFA applied and was successful in obtaining a $1,000,000 award, one of seven agencies nationwide. The grant agreement was executed on March 4, 2019 and has a three year term. Staff has been collaborating with various stakeholders and plans on bringing a request for proposal (RFP) to select service providers to the board on June 19, 2019. The match requirement ($500k) will be met with $177k awarded by the state legislature, utility company funds (when leveraged) and MFA program funds. The leverage requirement ($500k) will be met with HOME, DOE and LIHEAP funds.

On April 25, 2019, HUD published a new FY2019 VHRMP Program NOFA (attached) with similar requirements to the 2018 VHRMP Program NOFA. MFA has verified that the NMAHCT/MFA is eligible to apply. The maximum grant award is $1,000,000 and requires 50 percent match and encourages 50 percent leverage. MFA proposes to use similar match and leverage sources under this new application. The due date is May 22, 2019.
Discussion:

New Mexico has a high percentage of veterans. Our state is home to 150,650 veterans representing 9.5 percent of our adult population, compared to only 7.7 percent in the U.S. Of these, 45,849 are disabled veterans and 5,075 are disabled veterans in poverty. More than 25,000 New Mexico veterans live in homes with one or more major problems with quality, crowding or cost and an estimated 248 veterans are currently homeless. Furthermore, approximately half of New Mexico veterans are over age 65, meaning the need to modify homes to address physical mobility and other age-related issues is increasing over time. (Source: Veterans Data Central, http://veteransdata.info/; VA state summary and U.S. Census 2016). While veterans are eligible for MFA’s existing rehabilitation and weatherization programs, high demand and limited funding only enable us to assist approximately 100 veteran households each year.

The purpose of this grant is to rehabilitate and modify the primary residence of veterans who are low-income (defined as 80 percent Area Median Income) and living with disabilities. The grant allows broad flexibility for the grantee to determine the program of rehabilitation that it will offer. Modifications may include things such as accessibility improvements; energy-efficiency features, equipment and energy audits; addressing disrepair and health and safety hazards and addition of a room for a caregiver. The VHRMP Program offers flexibility not currently available under our HOME Rehab program as it allows but does not require that the entire home be brought up to code.

We expect that our current NM Energy$mart and HOME Rehab service providers will apply to deliver services under this program. We project that an additional 80 to 90 veterans will be assisted with this funding.

Summary:
Staff recommends that NMAHCT/MFA submit an application for up to $1,000,000 for HUD’s Veterans Housing Rehabilitation and Modification Pilot (VHRMP) Program. The additional funding will allow NMAHCT/MFA to improve more homes through its existing VHRMP Program, NM Energy$mart and HOME Rehabilitation programs.
U.S. Department of Housing and Urban Development

Community Planning and Development

Veterans Housing Rehabilitation and Modification Pilot Program
FR-6300-N-39
Application Due Date: 05/22/2019
Veterans Housing Rehabilitation and Modification Pilot Program
FR-6300-N-39
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U.S. Department of Housing and Urban Development

Program Office: Community Planning and Development
Funding Opportunity Title: Veterans Housing Rehabilitation and Modification Pilot Program
Announcement Type: Initial
Funding Opportunity Number: FR-6300-N-39
Primary CFDA Number: 14.270
Due Date for Applications: 05/22/2019

Overview
Prospective applicants should carefully read all instructions in all sections to avoid sending an incomplete or ineligible application. HUD funding is highly competitive. Failure to respond accurately to any submission requirement could result in an incomplete or noncompetitive proposal.
HUD is prohibited from disclosing 1) information regarding any applicant’s relative standing, 2) the amount of assistance requested by an applicant, and 3) any information contained in the application. Prior to the application deadline, HUD may not disclose the identity of any applicant or the number of applicants that have applied for assistance.

For Further Information Regarding this NOFA: Please direct questions regarding the specific program requirements of this Program Notice of Funding Availability (NOFA) to the office contact identified in Section VII.

OMB Approval Number(s): 2506-0213

Paperwork Reduction Act.

I. Funding Opportunity Description.

A. Program Description.

1. Purpose.
The purpose of the Veterans Housing Rehabilitation and Modification Pilot Program (VHRMP) is to explore the potential benefits of awarding grants to nonprofit organizations to rehabilitate and modify the primary residence of veterans who are low-income and living with disabilities. The funds made available under this program will be awarded competitively.

A number of America’s veterans who are low-income and living with disabilities are in need of adaptive housing to help them regain or maintain their independence, are unable to fund significant home repairs, or are burdened by utility costs. In partnership with the U.S. Department of Veterans Affairs, HUD intends to use the VHRMP to test a new approach to addressing these challenges in accordance with section 1079 of the Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015 (Pub. L. 113-291, enacted December 19, 2014). The VHRMP pilot will award competitive grants to nonprofit
organizations that provide nationwide or statewide programs that primarily serve veterans or low-income individuals. The grants may be used to modify or rehabilitate eligible veterans’ primary residences or to provide grantees’ affiliates with technical, administrative, and training support in connection with those services.

Today’s publication establishes the funding criteria for the FY 2019 Veterans Housing Rehabilitation and Modification (VHRMP) pilot program, which includes $4 million in new funding provided under the Consolidated Appropriations Act, 2019 (Public Law 116–6) and around $6 million in remaining VHRMP funding provided under the Consolidated Appropriations Acts of 2016 (Public Law 114–13), 2017 (Public Law 115–31), and 2018 (Public Law 115–141).

In total, HUD will award up to $10,270,000 to nonprofit organizations that provide nationwide or statewide programs that primarily serve veterans or low-income individuals. Grants will be competitively awarded up to $1 million each to selected applicants.

2. Changes from Previous NOFA.
NOT APPLICABLE

3. Definitions.
a. Standard Definitions

Affirmatively Furthering Fair Housing (AFFH) Regulations. Statutory obligation to affirmatively further the purposes and policies of the Fair Housing Act and guidance promulgated thereunder.

Assurances. By submitting your application, you provide assurances that, if selected to receive an award, you will comply with U.S. statutory and public policy requirements, including, but not limited to civil rights requirements.

Authorized Organization Representative (AOR) is the person authorized to submit applications on behalf of the organization via Grants.gov. The AOR is authorized by the E-Biz point of contact in the System for Award Management. The AOR is listed in item 21 on the SF-424.

Award, as used in this NOFA means a federal grant OR cooperative agreement as specified in Section II.E (Type of Funding Instrument).

Catalog of Federal Domestic Assistance (CFDA) is a directory of the various Federal listings, projects, services and activities offering financial and non-financial assistance and benefits to the American public. CFDA Number is the unique number assigned to each program, project, service or activity listed in the Catalog of Federal Domestic Assistance (CFDA).

Consolidated Plan is a document developed by states and local jurisdictions. This plan is completed by engaging in a participatory process to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions with funding from formula grant programs. (See 24 CFR part 91 for more
information about the Consolidated Plan and related Annual Action Plan).

**Contract** means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this NOFA does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward (See 2 CFR 200.22.)

Contractor means an entity receiving a contract.

**Deficiency** is information missing or omitted within a submitted application. Deficiencies typically involve missing documents, information on a form, or some other type of unsatisfied information requirement (e.g., an unsigned form, unchecked box.). Depending on specific criteria, deficiencies may be either curable or non-curable.

- **Curable Deficiency** – Applicants may correct a curable deficiency with timely action.

To be curable the deficiency must:

- Not be a threshold requirement, except for documentation of applicant eligibility;
- not influence how an applicant is ranked or scored versus other applicants; and
- be remedied within the time frame specified in the notice of deficiency.

- **Non-Curable Deficiency** – An applicant cannot correct a non-curable deficiency after the submission deadline.

Non-curable deficiencies are deficiencies that, if corrected, would change an applicant’s score or rank versus other applicants. Non-curable deficiencies may result in an application being marked ineligible, or otherwise adversely affect an application’s score and final determination.

**DUNS Number** is the nine-digit identification number assigned to a business or organization by Dun & Bradstreet and provides a means of identifying business entities on a location-specific basis. Requests for a DUNS number can be made by visiting the Online DUNS Request Portal.

**Eligibility requirements** are mandatory requirements for an application to be eligible for funding.

**Federal Awardee Performance and Integrity Information System (FAPIIS)** is a database that has been established to track contractor misconduct and performance.

**Grants.gov** is the website serving as the Federal government’s central portal for searching and applying for federal financial assistance throughout the Federal government. Registration in Grants.gov is required for submission of applications to prospective agencies.
Historically Black Colleges and Universities (HBCUs). -The Higher Education Act of 1965 defines historically Black colleges and universities (HBCUs) as "any historically Black college or university that was established prior to 1964, whose principal mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation…"

Institution of Higher Education (IHE), has the meaning given at 20 U.S.C. 1001.

Non-Federal Entity means a state, local government, Indian tribe, institution of higher education (IHE), or non-profit organization carrying out a Federal award as a recipient or sub recipient.

Nongovernmental organizations include Non-Federal entities and for-profit entities for the purpose of calculating indirect cost proposals accompanying applications submitted under this NOFA.

Personally identifiable information (PII) means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. For more detail, refer to 2 CFR 200.79.

Point of Contact (POC) is the person who may be contacted with questions about the application submitted by the AOR. The point of contact is listed in item 8F on the SF-424.

Opportunity Zone according to the IRS, is an “economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment.” Opportunity Zones are further defined in 26 U.S.C. 1400Z.

Promotores/Promotoras are Spanish-speaking Community Health Workers who work in their communities to reduce barriers to health services and make health care systems more responsive.

Recipient means a non-Federal entity receiving an award directly from HUD to carry out an activity under a HUD program.

Section 3 Business Concern means a business concern: (1) 51 percent or more owned by Section 3 residents; (2) of which at least 30 percent of permanent, full-time employees are currently Section 3 residents, or were Section 3 residents within three years of the date of first employment with the business concern; or (3) provides evidence of a commitment to subcontract over 25 percent of the dollar award of all subcontracts to be awarded to business concerns meeting the qualifications in this definition.
**Section 3 Residents** means: 1) Public housing residents; or 2) Low and very-low income persons, as defined in 24 CFR 135.5, who live in the metropolitan area or non-metropolitan county where Section 3 covered assistance is expended.

**Standard Form 424 (SF-424)** means the government-wide forms required to apply for Application for Federal Assistance Programs, required by discretionary Federal grants and other forms of financial assistance programs. Applicants for this Federal assistance program must submit all required forms in the SF-424 Family of forms, including SF-424B. For an application under this notice to be complete, the applicant must sign and submit all required forms in the SF-424 Family.

**Subaward** means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the recipient. It does not include payments to a contractor or payments to an individual beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. The legal agreement must contain the subrecipient’s assurance of compliance with program requirements, including but not limited to nondiscrimination and equal opportunity requirements.

**Subrecipient** means a non-Federal entity receiving a subaward from a pass-through entity to carry out part of a HUD program; but does not include an individual beneficiary of such program. A subrecipient may also receive other Federal awards directly from a Federal awarding agency (including HUD).

**System for Award Management (SAM)**, is an official website of the U.S. government. SAM is a U.S. Government system that consolidated the capabilities of Central Contractor Registry (CCR), Excluded Parties List System (EPLS) and the Online Representations and Certifications Application (ORCA). Registration with [Sam.gov](http://Sam.gov) is required for submission of applications via Grants.gov. You can access the website at [Sam.gov](http://Sam.gov) There is no cost to use SAM.

**Threshold Requirement** – Threshold requirements are a type of eligibility requirement. Threshold requirements must be met for an application to be reviewed; are not curable, except for documentation of applicant eligibility and are listed in Section III.D Threshold Eligibility Requirements. Similarly, there are eligibility requirements under Section III.E, Statutory and Regulatory Requirements Affecting Eligibility.

### 4. Program Definitions.

1. **Affiliate** – (1) a local public or private nonprofit housing organization which is a subordinate organization (i.e., chapter, local, post, or unit) of a central organization and covered by the group exemption letter issued to the central organization under Section 501(c)(3) or 501(c)(19) of the Internal Revenue Code; (2) a local public or private nonprofit housing organization with which the applicant has an existing relationship (e.g., the applicant has provided technical assistance or funding to the local housing organization); or (3) a local public or private nonprofit housing organization with which the applicant does not have an existing relationship, but to which the applicant will provide necessary technical assistance and
mentoring as part of funding under the application.

(2) Eligible veteran – The term "eligible veteran" means a veteran as defined by 38 U.S.C. 101 who has a disability as defined under the Americans with Disabilities Act at 42 U.S.C. 12102 and whose income does not exceed 80 percent of the median income for the area as determined by HUD.

(3) Letter of firm commitment – A letter of commitment from an applicant’s partner organization by which the partner (1) agrees to perform an activity specified in the application, (2) demonstrates the financial capacity to deliver the resources necessary to carry out the activity, and (3) commits the resources to the activity, either in cash or through in-kind contributions. It is irrevocable, subject only to approval and receipt of an FY 2019 VHRMP grant. Each letter of commitment must include the partner organization's name and applicant's name, reference VHRMP, and describe the proposed total level of commitment and responsibilities, expressed in dollar value for cash or in-kind contributions, as they relate to the proposed program. The commitment must be written on the letterhead of the participating organization, must be signed by an official of the organization legally able to make commitments on behalf of the organization, and must be dated no earlier than the date of publication of this NOFA. In documenting a firm commitment, the applicant's partner must:

1. Specify the authority by which the commitment is made, the amount of the commitment, the proposed use of funds, and the relationship of the commitment to the proposed investment. If the committed activity is to be self-financed, the applicant's partner must demonstrate its financial capability through a corporate or personal financial statement or other appropriate means; and

2. Affirm that the firm commitment is contingent only upon the receipt of VHRM funds and state a willingness on the part of the signatory to sign a legally binding agreement (conditioned upon HUD's environmental review and approval of a property, where applicable) upon award of the grant.

(4) Low-income – The term “low-income" means not having income that is more than 80 percent of the median income for an area, as determined by the Secretary.

(5) Matching contributions - “Matching contributions” means contributions that meet the matching requirements in 2 CFR 200.306, which may include in-kind contributions but do not include leveraged resources, as described in section V.A.1 of this NOFA.

(6) Nonprofit organization – an organization that is –

(A) described in section 501(c)(3) or 501(c)(19) of the Internal Revenue Code of 1986; and

(B) exempt from tax under section 501(a) of such Code.

(7) Primary residence – “Primary residence” means a single-family house, a duplex, or a unit within a multiple-dwelling structure that is the principal dwelling of an eligible veteran and is owned by:

1. The eligible veteran;
2. The eligible veteran’s spouse, child, grandchild, parent, or sibling;
3. A spouse of the eligible veteran’s child, grandchild, parent, or sibling; or
4. Any individual related by blood or affinity whose close association with the eligible veteran
is the equivalent of a family relationship.

(8) **Qualified organization** – A nonprofit organization that provides nationwide or state-wide programs that primarily serve veterans or low-income individuals.

(9) **Secretary** – The Secretary of Housing and Urban Development.

(10) **Veteran** – "Veteran" has the meaning given the term in section 101 of title 38, United States Code.

(11) **Veterans service organization** – Any organization recognized by the Secretary of Veterans Affairs for the representation of veterans under section 5902 of title 38, United States Code.

5. Web Resources.

- Affirmatively Furthering Fair Housing Regulations
- Code of Conduct list
- Do Not Pay
- Dun & Bradstreet
- Equal Participation of Faith-Based Organizations
- Federal Awardee Performance and Integrity Information System
- FFATA Subaward Reporting System
- Grants.gov
- Healthy Homes Strategic Plan
- Healthy Housing Reference Manual
- HUD Funding Opportunities
- HUD’s Strategic Plan
- HUD Grants
- Limited English Proficiency
- NOFA webcasts
- Opportunity Zone
- Procurement of recovered materials
- Section 3 Business Registry
- State Point of Contact List
- System for Award Management (SAM)
- Uniform Relocation Act – Real Property Acquisition and Relocation Requirements
- USA Spending

**B. Authority.**


**II. Award Information.**
A. Available Funds.

Funding of up to $10,270,000 is available through this NOFA.

Additional funds may become available for award under this NOFA, because of HUD's efforts to recapture unused funds, use carryover funds, or because of the availability of additional appropriated funds. Use of these funds is subject to statutory constraints. All awards are subject to the applicable funding restrictions contained in this NOFA.

B. Number of Awards.

HUD expects to make approximately 10 awards from the funds available under this NOFA.

C. Minimum/Maximum Award Information.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Total Funding:</td>
<td>$10,270,000</td>
</tr>
<tr>
<td>Minimum Award Amount:</td>
<td>$700,000 Per Project Period</td>
</tr>
<tr>
<td>Maximum Award Amount:</td>
<td>$1,000,000 Per Project Period</td>
</tr>
</tbody>
</table>

D. Period of Performance.

Recipients will have 36 months from the date that HUD signs the grant agreement to complete all project activities.

<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Project Start Date:</td>
<td>09/23/2019</td>
</tr>
<tr>
<td>Estimated Project End Date:</td>
<td>09/22/2022</td>
</tr>
<tr>
<td>Length of Project Periods:</td>
<td>36-month project period with three 12-month budget periods</td>
</tr>
</tbody>
</table>

E. Type of Funding Instrument.

Funding Instrument Type: Grant

F. Supplementation.

In the event, you, the applicant, are awarded a grant that has been reduced (e.g., the application contained some activities that were ineligible or budget information did not support the request), you will be required to modify your project plans and application to conform to the terms of HUD's approval before execution of the grant agreement.

HUD reserves the right to reduce or de-obligate the award if suitable modifications to the proposed project are not submitted by the awardee within 90 days of the request. Any modifications must be within the scope of the original application. HUD reserves the right to not make awards under this NOFA.
III. Eligibility.

A. Eligible Applicants.
Others (see text field entitled "Additional Information on Eligibility" for clarification)

Additional Information on Eligibility:
To be eligible for the Veterans Housing Rehabilitation and Modification Program (VHRMP) each applicant must meet both of the following criteria: (1) The organization must be described in section 501 (c) (3) or 501 (c) (19) of the Internal Revenue Code of 1986 and exempt from tax under section 501 (a) of such Code; and (2) The organization must provide nationwide or statewide programs that primarily serve veterans and/or low-income individuals.

B. Ineligible Applicants.

C. Cost Sharing or Matching.
This Program requires cost sharing, matching or leveraging as described below. Recipients will be required to provide matching contributions as provided under section 1079(b)(6) of the Program Statute. Specifically, each recipient shall contribute towards the housing modification and rehabilitation services provided to eligible veterans an amount equal to not less than 50 percent of the grant award received. In order to meet the requirement, recipients may arrange for in-kind contributions. All matching contributions (including matching funds and in-kind contributions) must meet the requirements of 2 CFR 200.306. Leveraged resources, as described in section V.A.1 of this NOFA, will not count as matching contributions.

D. Threshold Eligibility Requirements.
Applicants who fail to meet any of the following threshold eligibility requirements will be deemed ineligible. Applications from ineligible applicants will not be evaluated.

Outstanding civil rights matters must be resolved to HUD’s satisfaction prior to grant award, provided that all applicable legal processes have been satisfied.

1. Timely Submission of Applications. – Applications submitted after the deadline stated within this NOFA that do not meet the requirements of the grace period policy will be marked late. Late applications are ineligible and will not be considered for funding. See also Section IV
Application and Submission Information, part D. Application Submission Dates and Times.

1. Pre-selection Review of Performance. If your organization has delinquent federal debt or is excluded from doing business with the Federal Government, the organization may be ineligible for an award. In addition, before making an Federal award. HUD reviews information available through any Office of Management and Budget (OMB)-designated repositories of government-wide eligibility qualification or financial integrity information, such as Federal Awardee Performance and Integrity Information System (FAPIIS), and the "Do Not Pay" website. HUD may consider other public sources such as newspapers, Inspector General or Government Accountability Office reports or findings, or other complaints that have been proven to have merit. Applicants may review and comment on any information in FAPIIS through SAM. HUD reserves the right to: (a) deny funding, or with a renewal or continuing award, consider suspension or termination of an award immediately for cause; (b) require the removal of any key individual from association with management or implementation of the award; and (c) make provisions or revisions regarding the method of payment or financial reporting requirements.

2. The application must receive a minimum rating score of 75 points to be considered for funding.

3. HUD will only fund eligible applicants as defined in this NOFA under Section III.

E. Statutory and Regulatory Requirements Affecting Eligibility.

Eligibility Requirements for Applicants of HUD's Grants Programs.

The following requirements affect applicant eligibility. Detailed information on each requirement is posted on HUD’s Funding Opportunities Page (click here).

Outstanding Delinquent Federal Debts
Debarments and/or Suspensions
Pre-selection Review of Performance
Sufficiency of Financial Management System
False Statements
Mandatory Disclosure Requirement
Prohibition Against Lobbying Activities
Equal Participation of Faith-Based Organizations in HUD Programs and Activities

F. Program-Specific Requirements Affecting Eligibility.

- Each recipient under the VHRMP shall modify or rehabilitate the primary residence of an eligible veteran at no cost to such veteran (including application fees) or at a cost such that such veteran pays no more than 30 percent of his or her income in housing costs during any month. “Housing costs” means the total of any mortgage loan principal and interest, real estate taxes, and insurance for the residence, plus any loan principal and interest or other costs the eligible veteran must pay for the modification and rehabilitation.
- Each recipient must use one of the following income definitions for all income
determinations under VHRMP: annual income as defined at 24 CFR 5.609; or adjusted gross income as defined for purposes of reporting under the IRS Form 1040 series for individual Federal annual income tax purposes.

- Grant awards under this NOFA will be subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.
- Only housing that is the primary residence of an eligible veteran may be modified or rehabilitated under this program, and the eligible veteran or his or her family member must certify in writing that the veteran intends the housing to continue to be his or her primary residence for at least five years after the modification or rehabilitation is completed.
- Each recipient must establish housing standards which require that all houses rehabilitated and/or modified under the VHRMP program meet all applicable State or local building codes, ordinances, and requirements or, in the absence of a State or local building code, the International Existing Building Code of the International Code Council.
- Accessibility features must comply with requirements in 24 CFR 8.32 or with the requirements of the International Existing Building Code of the International Code Council, with exceptions to accommodate the specific disability of the eligible veteran.

G. Criteria for Beneficiaries.

This program serves veterans who are low-income and living with disabilities as defined by 42 U.S.C. 12102.

IV. Application and Submission Information.
A. Obtaining an Application Package.

Instructions for Applicants.

You must download both the Application Instruction and the Application Package from Grants.gov. You must verify that the CFDA Number and CFDA Description on the first page of the Application Package, and the Funding Opportunity Title and the Funding Opportunity Number match the Program and NOFA to which you are applying.

The Application Package contains the portable document forms (PDFs) available on Grants.gov, such as the SF-424 Family. The Instruction Download contains official copies of the NOFA and forms necessary for a complete application. The Instruction Download may include Microsoft Word, Microsoft Excel and additional documents.

An applicant demonstrating good cause may request a waiver from the requirement for electronic submission. For example, a lack of available Internet access in the geographic area in which your business offices are located. Lack of SAM registration or valid DUNS is not deemed good cause. If you cannot submit your application electronically, you must ask in writing for a waiver of the electronic grant submission requirements. HUD will not grant a waiver if HUD does not receive your written request at least 15 days before the application deadline and if you do not demonstrate good cause. An email request for a waiver sent 15 days before the application is due will also be considered. If HUD waives the requirement, HUD must receive your paper application before the deadline of this NOFA. To request a waiver you must contact:

Jackie L. Williams
Email: jackie.williams@hud.gov
Director, Office of Rural Housing and Economic Development
451 7th St. SW
Washington, DC 20410

1. For information concerning the VHRMP, contact Thann Young, Senior Community Planning and Development Specialist, Office of Rural Housing and Economic Development, Office of Community Planning and Development, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 7240, Washington, DC 20410-7000; telephone 1-877-787-2526 (this is a toll-free number) or (202) 708-2290 (this is not a toll-free number). Persons with speech or hearing impairments may access this number via TTY by calling the toll-free Federal Information Relay Service at 800-877-8339.

2. Waiver of the Electronic Submission Requirement. You must submit your application electronically via Grants.gov or request a waiver of the electronic application submission requirement from HUD. If HUD grants you a waiver, your paper application must be received at HUD Headquarters by the application deadline date. Refer to Section VI.A. of this NOFA. If HUD does not grant you a waiver, you must follow the instructions for electronic application submission. You must submit your waiver request, including your justification, in writing or using e-mail. You must submit your waiver request no later than 15 days prior to the
application deadline date. Waiver requests must be submitted to: Veterans Housing Rehabilitation and Modification Program, Application Waiver Request, Office of Rural Housing and Economic Development by e-mail: jackie.williams@hud.gov. If HUD grants you a waiver, you must submit your paper application in accordance with the requirements stated in HUD's waiver approval.

3. Paper Applications. A paper application will not be accepted from an applicant that has not been granted a waiver of the electronic application submission requirement. If HUD has granted you a waiver, your paper application must be received by HUD on or before the application deadline date.

4. Facsimiles and Videos. HUD will not accept an application, third-party documents or other materials sent by facsimile (fax). Videos cannot be submitted via the Grants.gov system and will not be accepted as a separate submission. Any video submitted as part of an application will not be reviewed.

**B. Content and Form of Application Submission.**

You must verify that boxes 11, 12, and 13 on the SF424 match the NOFA for which you are applying. If they do not match, you have downloaded the wrong Application Instruction and Application Package.

Submission of an application that is otherwise sufficient, under the wrong CFDA and Funding Opportunity Number is not a curable deficiency and will result in your application being declared ineligible for funding.

**1. Content.**
Forms for your package include the forms outlined below:

<table>
<thead>
<tr>
<th>Forms / Assurances / Certifications</th>
<th>Submission Requirement</th>
<th>Notes / Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application for Federal Assistance (SF-424) (application form). Including the required assurances in SF-424B or D, as applicable, depending on the program.</td>
<td>Your organization's nine-digit ZIP code must be included in Box 8d. Form is available as part of the Application Download on grants.gov.</td>
<td></td>
</tr>
<tr>
<td>Applicant/Recipient Disclosure/Update Report (HUD-2880) &quot;HUD Applicant</td>
<td>Form is available as part of the Application Download on grants.gov</td>
<td></td>
</tr>
</tbody>
</table>
### Recipient Disclosure Report

- **Disclosure of Lobbying Activities (SF-LLL)**
  - Form is available as part of the Application Download on grants.gov

- **A budget for all funds (federal and non-federal including the Detailed Budget Form (HUD-424-CB))**
  - Form is available as part of the Application Download on grants.gov

- **The Grant Application Detailed Budget Worksheet (HUD 424-CBW)**
  - Form will be available in the Instructions Download

- **SF-424 Supplement Survey on Equal Opportunity for Applicants "Faith Based EEO Survey" (SF-424 SUPP)**
  - Form is available as part of the Application Download on grants.gov.

Additionally, your complete application must include the following narratives and non-form attachments:

- An abstract or summary with: (a) the dollar amount requested, matching funds and/or in-kind contributions, and leveraging, if applicable; (b) information that classifies your organization as a nonprofit organization that provides nationwide or statewide programs that primarily serve veterans or low-income individuals; (c) the approximate number of veterans your organization intends to serve using grant funds; (d) a description of the type of work that will be conducted, such as interior home modifications, energy efficiency improvements, and other similar categories of work; (e) a plan for working with the Department of Veterans Affairs and veterans service organizations to identify veterans who are not eligible for programs under chapter 21 of title 38, United States Code, and meet their needs; and (f) a plan of action detailing outreach initiatives.

- Documentation of funds pledged in support of Rating Factor 4 - "Leveraging Resources." This documentation, which will not be counted in the 15-page limitation, must be in the form of a "letter of firm commitment" as defined in Section I.A.3.b. (Program Definitions) of this NOFA.
• A copy of your organization's IRS ruling providing tax-exempt status under section 501 of the Internal Revenue Code of 1986, as amended.
• Narrative response to Factors for Award.
• Environmental Assurance Statement that states the following: (Applicant) agrees to assist HUD to comply with 24 CFR part 50 and that it shall: (1) supply HUD with all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR Part 50; (2) carry out mitigating measures required by HUD or select alternate eligible property; and (3) not modify or rehabilitate property, nor commit or expend HUD or local funds for these program activities with respect to any eligible property, until HUD approval of the property is received.

2. Format and Form.
Narratives and other attachments to your application must follow the following format guidelines.

1. All pages of the application must be numbered sequentially.
2. The application must have a table of contents.
3. All applicants are required to respond to the following factors in their 15-page narrative (see Section V. of this NOFA for further details.):
   • Rating Factor 1 - Relevant Organizational Experience;
   • Rating Factor 2 - Need and Extent of the Problem;
   • Rating Factor 3 - Soundness of Approach;
   • Rating Factor 4 - Leveraging Resources; and
   • Rating Factor 5 - Achieving Results and Program Evaluation.

The total narrative response to all factors should not exceed 15 pages and should be submitted on 8.5 x 11-inch single-sided paper, with 12-point font and double lined spacing and margins of at least 1 inch on each side. Please note that although submitting pages in excess of the page limit will not disqualify your application. HUD will not consider or review the information on any excess pages, and if you place key information on those pages, you may fail to meet a threshold requirement.

C. System for Award Management (SAM) and Dun and Bradstreet Universal Numbering System (DUNS) Number.

1. SAM Registration Requirement.
Applicants must be registered with SAM before submitting their application. In addition, applicants must maintain an active SAM registration with current information while they have an active Federal award or an application or plan under consideration by HUD.

2. DUNS Number Requirement.
Applicants must provide a valid DUNS number, registered and active at SAM, in the application. DUNS numbers may be obtained for free from Dun & Bradstreet.
Anyone planning to submit applications on behalf of an organization must register at Grants.gov and be approved by the EBiz Point of Contact in SAM to submit applications for the organization.

Registration for SAM and Grants.gov is a multi-step process and can take four (4) weeks or longer to complete if data issues arise. Applicants without a valid registration cannot submit an application through Grants.gov. Complete registration instructions and guidance are provided at Grants.gov. See also Section IV.B for necessary form and content information.

D. Application Submission Dates and Times.
The application deadline is 11:59:59 p.m. Eastern time on 05/22/2019. Applications must be received no later than the deadline.

Submit your application to Grants.gov unless a waiver has been issued allowing you to submit your application in paper form. Instructions for submitting your paper application will be contained in the waiver of electronic submission.

"Received by Grants.gov" means the applicant received a confirmation of receipt and an application tracking number from Grants.gov. Grants.gov then assigns an application tracking number and date-and time-stamps each application upon successful receipt by the Grants.gov system. A submission attempt not resulting in confirmation of receipt and an application tracking number is not considered received by Grants.gov.

Applications received by Grants.gov must be validated by Grants.gov to be received by HUD.

"Validated by Grants.gov" means the application has been accepted and was not rejected with errors. You can track the status of your application by logging into Grants.gov, selecting "Applicants" from the top navigation, and selecting “Track my application” from the dropdown list. If the application status is "rejected with errors," you must correct the error(s) and resubmit the application before the 24-hour grace period ends. Applications in “rejected with errors” status after the 24-hour grace period expires will not be received by HUD. Visit Grants.gov for a complete description of processing steps after submitting an application.

HUD strongly recommends applications be submitted at least 48 hours before the deadline and during regular business hours to allow enough time to correct errors or overcome other problems.

You can verify the contents of your submitted application to confirm Grants.gov received everything you intended to submit. To verify the contents of your submitted application:

- Log in to Grants.gov.
- Click the Check Application Status link, which appears under the Grant Applications heading in the Applicant Center page. This will take you to the Check Application
Status page.
- Enter search criteria and a date range to narrow your search results.
- Click the Search button. To review your search results in Microsoft Excel, click the Export Data button.
- Review the Status column.
- To view more detailed submission information, click the Details link in the Actions column.
- To download the submitted application, click the Download link in the Actions column.

Please make note of the Grants.gov tracking number as it will be needed by the Grants.gov Help Desk if you seek their assistance.

HUD may extend the application deadline for any program if Grants.gov is offline or not available to applicants for at least 24 hours immediately prior to the deadline date, or the system is down for 24 hours or longer and impacts the ability of applicants to cure a submission deficiency within the grace period.

HUD may also extend the application deadline upon request if there is a presidentially-declared disaster in the applicant’s area.

If these events occur, HUD will post a notice on its website establishing the new, extended deadline for the affected applicants. HUD will also include the fact of the extension in the program’s Notice of Funding Awards required to be published in the Federal Register.

In determining whether to grant a request for an extension based on a presidentially-declared disaster, HUD will consider the totality of the circumstances including the date of an applicant’s extension request (how closely it followed the basis for the extension), whether other applicants in the geographic area are similarly affected by the disaster, and how quickly power or services are restored to enable the applicant to submit its application.

**PLEASE NOTE:** Busy servers, slow processing, large file sizes, improper registration or password issues are not valid circumstances to extend the deadline dates or the grace period.

1. **Amending or Resubmitting an Application.**
Before the submission deadline, you may amend a validated application through Grants.gov by resubmitting a revised application containing the new or changed material. The resubmitted application must be received and validated by Grants.gov by the applicable deadline.

If HUD receives an original and a revised application for a single proposal, HUD will evaluate only the last submission received by Grants.gov before the deadline.

2. **Grace Period for Grants.gov Submissions.**
If your application is received by Grants.gov before the deadline, but is rejected with errors, you have a grace period of 24 hours after the application deadline to submit a corrected, received, and validated application through Grants.gov. The date and time stamp on the
Grants.gov system determines the application receipt time. Any application submitted during the grace period not received and validated by Grants.gov will not be considered for funding. There is no grace period for paper applications.

3. Late Applications.
An application received after the NOFA deadline date that does not meet the Grace Period requirements will be marked late and will not be received by HUD for funding consideration. Improper or expired registration and password issues are not causes that allow HUD to accept applications after the deadline.

4. Corrections to Deficient Applications.
HUD will not consider information from applicants after the application deadline. HUD may contact the applicant to clarify information submitted prior to the deadline. HUD will uniformly notify applicants of each curable deficiency. A curable deficiency is an error or oversight that, if corrected, it would not alter, in a positive or negative fashion, the review and rating of the application. See curable deficiency in the definitions section (Section 1.A.3.). Examples of curable (correctable) deficiencies include inconsistencies in the funding request and failure to submit required certifications. These examples are non-exhaustive.

When HUD identifies a curable deficiency, HUD will notify the authorized representative by email. This email is the official notification of a curable deficiency. Each applicant must provide accurate email addresses for receipt of these notifications and must monitor their email accounts to determine whether a deficiency notification has been received. The applicant must carefully review the request to cure a deficiency and must provide the response in accordance with the instructions contained in the deficiency notification.

Applicants must email corrections of curable deficiencies to applicationsupport@hud.gov within the time limits specified in the notification. The time allowed to correct deficiencies will be no less than 48 hours and no more than 14 calendar days from the date of the email notification. The start of the cure period will be the date stamp on the email sent from HUD. If the deficiency cure deadline date falls on a Saturday, Sunday, Federal holiday, or on a day when HUD’s Headquarters are closed, then the applicant’s correction must be received on the next business day HUD Headquarters offices in Washington, DC are open.

The subject line of the email sent to applicationsupport@hud.gov must state: Technical Cure and include the Grants.gov application tracking number or the GrantSolutions application number (e.g., Subject: Technical Cure - GRANT123456 or Technical Cure - XXXXXXXXXX). If this information is not included, HUD cannot match the response with the application under review and the application may be rejected due to the deficiency.

Corrections to a paper application must be sent in accordance with and to the address indicated in the notification of deficiency. HUD will treat a paper application submitted in accordance with a waiver of electronic application containing the wrong DUNS number as having a curable deficiency. Failure to correct the deficiency and meet the requirement to have a DUNS number and active registration in SAM will render the application ineligible for funding.
5. **Authoritative Versions of HUD NOFAs.** The version of these NOFAs as posted on Grants.gov are the official documents HUD uses to solicit applications.

6. **Exemptions.** Parties that believe the requirements of the NOFA would impose a substantial burden on the exercise of their religion should seek an exemption under the Religious Freedom Restoration Act (RFRA).

**E. Intergovernmental Review.**
This program is not subject to Executive Order 12372, Intergovernmental Review of Federal Programs.

**F. Funding Restrictions.**
Funding awarded under this NOFA may only be used for activities in paragraphs 1, 2, and 3 below. Matching contributions may only be used for activities in paragraph 1. Leveraged resources, as described in section V.A.1 of this NOFA, may only be used for activities in paragraphs 1 and 2.

1. Modification and rehabilitation of the primary residence of an eligible veteran, which may include:

   A. making physical modifications, such as installing wheelchair ramps, widening exterior and interior doors, reconfiguring and re-equipping bathrooms (which includes installing new fixtures and grab bars), removing doorway thresholds, installing special lighting, adding additional electrical outlets and electrical service, installing appropriate floor coverings, lowering countertops and cabinets, or taking other measures to
   
   i. accommodate the functional limitations that result from having a disability, including not only motor impairment but also visual and hearing disabilities, and cognitive or psychological disabilities such as Traumatic Brain Injury or Post-Traumatic Stress; or
   
   ii. if the residence does not have modifications necessary to reduce the chances that an elderly person will fall in his or her home, reduce the risks of an elderly person from falling; or

   B. making physical modifications, such as adding a bedroom or bathroom, to allow the veteran’s caregiver(s), which may include the parent(s) or other family member(s) of the veteran, to live with the veteran, if the veteran’s disability prevents the veteran from living independently;

   C. rehabilitating the residence that is in a state of interior or exterior disrepair, including remedying identified safety hazards or ensuring adequate safety features (such as fire prevention);

   D. installing energy efficient features or equipment (i.e., features or equipment that help reduce the amount of electricity used to heat, cool, or ventilate the residence, including insulation, weather-stripping, air sealing, heating system repairs, duct sealing, Energy Star appliances, or other measures) if
   
   i. the veteran’s monthly utility costs for the residence is more than five percent of the veteran's
monthly income; and

ii. an energy audit of the residence indicates that the installation of energy efficient features or equipment will reduce the costs by 10 percent or more; and

E. carrying out other modification and rehabilitation activities to address the adaptive housing needs of the veteran, if adequately justified and approved by HUD.

2. Provision of technical, administrative, and training support to an affiliate of the Recipient in connection with the modification and rehabilitation of eligible veterans’ primary residences.

3. Reasonable administrative activities, not to exceed 10% of the grant amount, including required VHRMP reporting and monitoring.

Indirect Cost Rate.
Statutory or Regulatory Restrictions Apply
Normal indirect cost rules apply. If you intend to charge indirect costs to your award, your application must clearly state the rate and distribution base you intend to use. If you have a Federally negotiated indirect cost rate, your application must also include a letter or other documentation from the cognizant agency showing the approved rate.

Nongovernmental organizations. If you have a Federally negotiated indirect cost rate, your application must clearly state the approved rate and distribution base and must include a letter or other documentation from the cognizant agency showing the approved rate. If you have never received a Federally negotiated indirect cost rate and elect to use the de minimis rate, your application must clearly state you intend to use the de minimis rate of 10% of Modified Total Direct Costs (MTDC). As described in 2 CFR 200.403, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. Once an organization elects to use the de minimis rate, the organization must apply this methodology consistently for all Federal awards until the organization chooses to negotiate for a rate, which the organization may apply to do at any time. Documentation of the decision to use the de minimis rate must be retained on file for audit.

G. Other Submission Requirements.

1. Application Certifications and Assurances.

By signing the forms in the SF-424 either through electronic submission or in paper copy submission (for those granted a waiver), the applicant and the signing authorized representative affirm that they have reviewed the certifications and assurances associated with the application for federal assistance and (1) are aware the submission of the SF424 is an assertion that the relevant certifications and assurances are established and (2) acknowledge that the truthfulness of the certifications and assurances are material representations upon which HUD will rely when making an award to the applicant. If it is later determined the signing authorized representative to the application made a false certification or assurance, caused the submission of a false certification or assurance, or did not have the authority to make a legally binding commitment for the applicant, the applicant and the individual who signed the application may be subject to administrative, civil, or criminal action. Additionally, HUD may terminate the
award to the applicant organization or pursue other available remedies. Each applicant is responsible for including the correct certifications and assurances with its application submission, including those applicable to all applicants, those applicable only to federally-recognized Indian tribes, and those applicable to applicants other than federally-recognized Indian tribes. All program-specific certifications and assurances are included in the program Instructions Download on Grants.gov.

2. Lead Based Paint Requirements.

When grant funds are used for work that may disturb painted surfaces of pre-1978 housing, the Recipient must comply with the lead-based paint evaluation and hazard reduction requirements of HUD's Lead Safe Housing Rule 24 CFR part 35, subparts B and J.

V. Application Review Information.

A. Review Criteria.

1. Rating Factors.
Rating Factor 1 - Capacity of the Applicant and Relevant Organizational Experience (30 points)

This rating factor addresses the extent to which you have the organizational resources necessary to successfully implement your proposed work plan, as further described in Rating Factor 3, within the 36-month award period.

a. Organizational structure, management capacity, and relevant staff experience (15 points). HUD will evaluate the experience of your project director, core staff, and any outside consultant, construction contractor, sub-recipient, or project partner as it relates to addressing the housing needs of veterans who are low-income and living with disabilities and implementing the activities in your work plan. Specifically, HUD will evaluate your program management structure; the extent to which you can demonstrate your organization's ability to manage the proposed workforce; the specific roles and responsibilities of each program management staff member; and any program management staffing or skills gaps that exist within your program management structure and your plan to address them.

In judging your response to this factor, HUD will only consider work experience gained within the last seven years. When responding, please be sure to provide the dates, job titles, and relevancy of the past experience to the work to be undertaken by the employee or contractor under your proposed VHRMP award. The more recent, relevant, and successful the experience of your team members in relationship to the work plan activities, the greater the number of points you will receive. Please do not include the Social Security Numbers (SSNs) of any staff members.

b. Relevant partnership capacity and/or experience, and past performance (15 points). HUD will
evaluate your ability to work with veterans service organizations in resolving issues related to rehabilitation and/or modification of a veteran’s primary residence. In evaluating this sub-factor, HUD will take into account your experience in working with veterans service organizations to design and implement programs that address housing and accessibility needs for veterans who are low-income and living with disabilities. The more recent, relevant, and successful the experience of your organization and any participating entity, the greater the number of points you will receive.

HUD will evaluate your performance in any previous grant program undertaken with HUD funds or other federal, state, local, or nonprofit or for-profit organization funds. (Note: Previous HUD performance-based experience may be verified through HUD's field offices as needed. Other relevant past performance information should be included as part of the application.) HUD reserves the right to take into account your past performance in meeting performance and reporting goals for any previous HUD award, in particular whether the program achieved its outcomes.

HUD reserves the right to give zero points for Rating Factor 1 if the applicant has been determined to have a pattern or practice of any or all of the following activities related to the management and operation of previous grant awards: (1) mismanagement of funds, including the inability to account for funds appropriately; (2) untimely use of funds received either from HUD or other federal, state, or local programs; and (3) significant and consistent failure to measure performance outcomes.

**Rating Factor 2 - Need and Extent of the Problem (15 points)**

This factor addresses the extent to which there is a demonstrable need for funding for the proposed activities based on the approximate number of veterans being served and the type of work that will be conducted as provided in Section III.A of this NOFA. In this section, applicants should describe the geographic areas that they intend to be covered by their activities.

The VHRMP is designed to address the housing needs of veterans, as defined by 38 U.S.C. 101, who are low-income, meaning their income does not exceed 80 percent of the median income for the area as determined by the Secretary, and who are living with a disability, as defined by 42 U.S.C. 12102. Further, as discussed in Section IV.F of this NOFA, the program encompasses a range of eligible activities. These characteristics allow for broad flexibility in the design of particular proposals to implement the program.

In responding to this factor, applications will be evaluated on the level of need for the proposed activity and the urgency in meeting the need. HUD will award higher points for this factor to applicants who convincingly demonstrate how their proposed approach addresses a significant need among the eligible veteran populations. Applicants should specifically discuss how they plan to target assistance among eligible veterans, given the flexible criteria. Any approach to targeting assistance among eligible veterans must be administered in a nondiscriminatory manner, consistent with federal nondiscrimination requirements. 24 CFR 5.105.

Applicants should specifically address how their proposal addresses a need that is not already met by existing programs for veterans, both those operated by the Department of Veterans Affairs and by other entities. The proposal should be consistent with the plan described in section (iv) of the Work Plan (see Rating Factor 3(a)(iv)) and describe how the applicant will avoid duplication or overlap while maximizing coordination with other existing programs (to
the extent that such coordination would be beneficial to the implementing organizations and participants being served).

**Rating Factor 3 - Soundness of Approach (35 points)**

This factor addresses the overall quality of your proposed work plan, taking into account the eligible activities proposed to be undertaken; the cost-effectiveness of your proposed program; and the linkages between identified needs, the purposes of this program, and your proposed activities and tasks.

a. Work Plan (15 points). A clearly defined work plan must be submitted that describes each of the projects and activities you will carry out to further the objectives of this program and addresses the need identified in Factor 2. Each application submitted must include:

   (i) a plan of action detailing outreach initiatives (see factor 3(c) below);
   
   (ii) the approximate number of veterans the qualified organization intends to serve using grant funds;
   
   (iii) specific descriptions of the type of work that will be conducted, such as interior home modifications, major home repairs, energy efficiency improvements, and other similar categories of work. Modifications and rehabilitation activities may include alterations to make a residence accessible and include enhanced accessibility features. Incorporating enhanced accessibility that are unique to the needs of the veteran may enable a veteran with disabilities to better utilize his or her housing and remain in one’s home for a longer period of time. Examples include no step-entrances, power operated or proximity-based entry resident entrances into buildings, wider doorways and hallways, installing levers instead of doorknobs, open concept floor plans while still allowing spaces to be closed off for privacy, additional clearance space throughout units, accessible bathrooms on the first floor of multi-level units, bathtub/shower grab bars in all bathrooms, adjustable height shelves and pull-out pantry storage in kitchens; adjustable height closet rods and shelves in closets; and appropriately placed motion activated or “rocker-pad” light switches, or a combination of the two;
   
   (iv) a plan for working with the Department of Veterans Affairs and veterans service organizations to identify veterans who are not eligible for programs under chapter 21 of title 38, United States Code, and meet their needs; and
   
   (v) the budget for your program, broken out by line item. Written projected cost estimates from outside sources are also required.

Applicants must submit their work plan on a spreadsheet showing each type of project to be undertaken and the tasks required to implement the project (to the extent necessary or appropriate), with your associated budget estimate for each activity/task. Your work plan must provide the rationale for your proposed activities and assumptions used in determining your project timetable and budget estimates. Failure to provide your rationale may result in your application receiving fewer points for lack of clarity in the proposed work plan.

b. Timetable (5 points). Your timetable must address the measurable short-term and long-term goals and objectives to be achieved through the proposed activities based on annual benchmarks; the method you will use for evaluating and monitoring program progress with respect to those activities; and the method you will use to ensure that the activities will be
completed on time and within your proposed budget estimates.

c. Outreach (10 points). Your outreach strategy must include a plan of action detailing outreach initiatives to (i) identify eligible veterans; and (ii) engage eligible veterans and veteran service organizations in projects utilizing grant funds. HUD will evaluate the outreach plan to assess your ability to meet VHRMP outcome and output measures consistent with Rating Factor 5 and the reporting requirements in section VI.C. Grantees must ensure effective communication with individuals with disabilities in all outreach activities, including by providing appropriate auxiliary aids and services necessary to ensure effective communication, which includes ensuring that information is provided in appropriate accessible formats as needed, e.g., Braille, audio, large type, assistive listening devices, and sign language interpreters, accessible websites and other electronic communications.

d. Section 3 Compliance (5 points). Your work plan must describe your strategy for hiring Section 3 residents, providing training opportunities to Section 3 residents, and awarding contracts to Section 3 businesses. Applicants should outline their plan to 1) notify Section 3 residents and businesses about jobs and contracts that may become available; 2) notify potential contractors about the requirements of Section 3; 3) hire Section 3 residents and award contracts to local businesses; and 4) assist in obtaining compliance among contractors and subcontractors. More information on the requirements of Section 3 may be found at 24 CFR part 135

**Rating Factor 4 - Leveraging Resources (10 points)**

This factor addresses the extent to which applicants have obtained letters of firm commitment of financial or in-kind resources from other federal, state, local, and private sources. This factor is not a substitution for the matching requirement as provided in Section III.C.

For every VHRMP dollar anticipated, you should provide the specific number of dollars leveraged. In assigning points for this criterion, HUD will consider the level of outside resources obtained in the form of cash or in-kind goods or services that support activities proposed in your application. HUD will award a greater number of points based on a comparison of the extent of the organization's leveraged funds. The level of outside resources for which commitments are obtained will be evaluated based on their importance to the total program.

Your application must provide evidence of leveraging in the form of letters of firm commitment that will be providing the leveraging funds to the project. Each commitment described in the narrative of this factor must be in accordance with the definition of "letters of firm commitment" in Section I.A.4 of this NOFA. The commitment letter must be on letterhead of the organization providing the letter of firm commitment, must be signed by an official of the organization legally able to make commitments on behalf of the organization, and must not be dated earlier than the date this NOFA is published.

Points for this factor will be awarded based on the satisfactory provision of evidence of leveraging and financial sustainability, as described above, and the ratio of leveraged funds to requested VHRMP funds as follows:

1. Leveraged funds equal 50 percent or more of requested VHRMP funds = 10 points;
2. 49-40 percent = 4 points;
3. 39-30 percent = 3 points;
4. 29-20 percent = 2 points;
5. 19-9 = 1 points;
6. Less than 9 percent = 0

See the Section IV. D4 of this NOFA for instructions for submitting third-party letters and other documents with your electronic application.

**Rating Factor 5 - Achieving Results and Program Evaluation (10 points)**

This factor evaluates whether you have an effective plan for managing and evaluating the timeliness, compliance, efficiency and effectiveness of your VHRMP program to provide measurable outcomes and outputs. You must clearly identify the outcomes to be achieved and measured. Proposed program benefits should include program activities, benchmarks, and interim activities or performance indicators with timelines. Applications should include an evaluation plan that will effectively measure actual achievements against anticipated achievements.

Evaluation plan requirements:

a. You must describe your procedures for evaluating your VHRMP program, including the frequency and methods you will use to collect data. You must identify the quantifiable output and outcome indicators or measures you will use to evaluate whether your VHRMP program is achieving your goals and addressing the needs identified in your VHRMP application.

b. You must identify your quantifiable VHRMP program goals. You must identify both your primary and secondary goals. You must describe how your goals are related to each of the specific needs you identified in Rating Factor 2 “Need/Extent of Problem.”

HUD will consider the quality of your program performance, compliance and evaluation procedures; your process for corrective actions; the relationship of your goals to the needs that you identify; and how you will use your evaluation results to provide measurable outcomes and outputs as required for reporting by HUD in Section VI.C. HUD will also require VHRMP grantees to submit periodic reports on their program achievements and program evaluation results.

HUD will evaluate and analyze how well an applicant's proposed plan is designed to provide clear and measurable goals, output, and outcome measures to implement the VHRMP program. In order to receive the highest number of points, applicants must present a clear plan to address the VHRMP output and outcome measures. Under this rating factor, applicants will receive a maximum of 10 points.

2. Other Factors.

**Preference Points.**

HUD encourages activities in Opportunity Zones (OZ) and activities in collaboration with
HBCUs. HUD may award two (2) points for qualified activities supporting either or both initiative(s). In no case will HUD award more than two preference points for these activities.

**Opportunity Zones.**
HUD encourages activities in Opportunity Zones (OZ) communities. HUD will award two (2) points for qualified activities within a designated zone or area. Applicants must certify to HUD that the investment is in a qualified OZ. To view the list of designated OZs, please see the following link on the U.S. Department of the Treasury website: [https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx](https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx).

Applicants must specify the impact that they intend to have in an Opportunity Zone. For example, “The proposed physical rehabilitation and modifications will be done in an Opportunity Zone. This includes installing wheelchair ramps; interior or exterior work to alleviate critical health, life and safety issues; reconfiguration of space; extension of plumbing, mechanical, or electrical systems on an existing structure; and other physical, accessibility, or energy-efficiency modifications.”

**HBCU.**
Applicants partnering with a Historically Black College or University will receive two (2) HBCU Preference Points when their application includes a Letter of Commitment certifying that an HBCU Partnership is in place and signed by an authorizing official of the HBCU and documentation of the college or university's status as an HBCU. Click here for more information about HBCUs, Partnership Plans, and HBCU authorizing officials.

**B. Review and Selection Process.**

**1. Past Performance**
In evaluating applications for funding, HUD will consider an applicant’s past performance in managing funds. Items HUD may consider include, but are not limited to:

- The ability to account for funds appropriately;
- Timely use of funds received from HUD;
- Timely submission and quality of reports submitted to HUD;
- Meeting program requirements;
- Meeting performance targets as established in the grant agreement;
- The applicant's organizational capacity, including staffing structures and capabilities;
- Time-lines for completion of activities and receipt of promised matching or leveraged funds; and
- The number of persons to be served or targeted for assistance;

HUD may reduce scores as specified under V. A. Review Criteria. Whenever possible, HUD will obtain past performance information. If this review results in an adverse finding related to integrity or performance, HUD reserves the right to take any of the remedies provided in Section III.D 1. Pre-selection Review of Performance, above.
In evaluating risks posed by applicants, the Federal awarding agency may use a risk-based approach and may consider any items such as the following:

- Financial stability;
- Quality of management systems and ability to meet the management standards prescribed in this part;
- History of performance. The applicant's record in managing Federal awards, if it is a prior recipient of Federal awards, including timeliness of compliance with applicable reporting requirements, conformance to the terms and conditions of previous Federal awards, and if applicable, the extent to which any previously awarded amounts will be expended prior to future awards;
- Reports and findings from audits performed under Subpart F—Audit Requirements of this part or the reports and findings of any other available audits; and
- The applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on non-Federal entities.

Rating and ranking.

1. Technical Deficiencies. After the VHRMP application deadline date and consistent with regulations in 24 CFR part 4, subpart B. HUD will not consider any unsolicited information you may provide. However, HUD may contact you to clarify an item in your application or to correct a curable technical deficiency. In order not to unreasonably exclude applications from being rated and ranked, HUD may also contact applicants to ensure proper completion of the application. HUD will do so on a uniform basis for all applicants. HUD will not seek clarification of items or responses that improve the substantive quality of your response to any Rating Factor. Examples of curable (correctable) technical deficiencies include inconsistencies in the funding request or a failure to submit certifications. In each case, HUD will notify you in writing by email in accordance with the instructions found in the Section VI.B of this NOFA. HUD will describe the clarification or technical deficiency and provide instructions for submitting corrections. The time allowed to correct deficiencies will not exceed 14 calendar days or be less than 48 hours from the date of the email notification. Refer to Section VI.B. of this NOFA for more specific guidance and instructions. HUD will rate all eligible applications that meet the threshold requirements against the criteria in Rating Factors 1 through 5. HUD will assign a point score for each Rating Factor. Points will be deducted for incomplete or inadequate responses.

2. Threshold Review. HUD will screen each application to determine if it meets the threshold criteria listed in Section III of this NOFA; and whether it is deficient and subject to corrections of technical deficiencies as described above.

3. Applications that will not be Funded. HUD will not rate and rank applications that fail to cure technical deficiencies within the time frame provided by HUD. Further, HUD will not rate, rank or fund applications that fail any of the threshold requirements contained in Section III of this program NOFA.

4. Rating. HUD will rate each eligible application that meets the threshold criteria based on the applicant's response to the Rating Factors. HUD will assign a score for
each Rating Factor and a total score for each eligible application.

5. Minimum Rating Score. Applicants must score a minimum of 10 points under Rating Factor 1(a) and 10 points under Rating Factor 1(b) of this NOFA, “Capacity of the Applicant and Relevant Organizational Experience.” Applicants must receive a total score of 75 points or more for Rating Factors 1 through 5. HUD will reject any application that does not meet these minimum rating score requirements.

6. Ranking. All eligible applicants will be placed in rank order based on the total application score.

7. Tie Scores. If two or more applications have the same score, the applicant with the highest score for Rating Factor 1 of this NOFA, ("Capacity of the Applicant and Relevant Organizational Experience"), will be ranked higher. If a tie remains, the applicant with the highest score for Rating Factor 3 of this NOFA, ("Soundness of Approach"), will be ranked higher.

Experience with performance based funding requirements. HUD will evaluate your performance in any previous grant program undertaken with HUD funds or other federal, state, local, or nonprofit or for-profit organization funds. (Note: Previous HUD performance-based experience may be verified through HUD's field offices as needed. Other relevant past performance information should be included as part of the application.) HUD reserves the right to give zero points for Rating Factor 1, if the applicant has been determined to have a pattern or practice of any or all of the following activities related to the management and operation of previous grant awards: (1) mismanagement of funds, including the inability to account for funds appropriately; (2) untimely use of funds received either from HUD or other federal, state, or local programs; and (3) significant and consistent failure to measure performance outcomes.

VI. Award Administration Information.

A. Award Notices.

Following the evaluation process, HUD will notify successful applicants of their selection for funding. HUD will also notify other applicants, whose applications were received by the deadline, but have not been chosen for award. Notifications will be sent by email to the person listed as the AOR in item 21 of the SF424.

Negotiation. After HUD has made selections, some HUD programs may negotiate specific terms of the funding agreement and budget with selected applicants. If HUD and a selected applicant do not successfully conclude negotiations in a timely manner, or a selected applicant fails to provide requested information, an award will not be made to that applicant. In this case, HUD may select another eligible applicant. Consult the program NOFA for specific details.

HUD may impose special conditions on an award as provided under 2 CFR 200.207:

• Based on HUD’s review of the applicant’s risk under 2 CFR 200.205;
• When the applicant or recipient has a history of failure to comply with the general or specific terms and conditions of a Federal award;
• When the applicant or recipient fails to meet expected performance goals; or
• When the applicant or recipient is not otherwise responsible.
**Adjustments to Funding.** To ensure the fair distribution of funds and enable the purposes or requirements of a specific program to be met, HUD reserves the right to fund less than the amount requested in an application.

a. HUD will fund no portion of an application that:
   1. Is not eligible for funding under applicable statutory or regulatory requirements;
   2. Does not meet the requirements of this notice; or
   3. Duplicates other funded programs or activities from prior year awards or other selected applicants.

b. If funds are available after funding the highest-ranking application, HUD may fund all or part of another eligible fundable application. If an applicant turns down an award offer, or if HUD and an applicant do not successfully complete grant negotiations, HUD may make an offer of funding to another eligible application.

c. If funds remain after all selections have been made, remaining funds may be made available within the current FY for other competitions within the program area, or be held for future competitions, or be used as otherwise provided by authorizing statute or appropriation.

d. If, after announcement of awards made under the current NOFA, additional funds become available either through the current appropriations, a supplemental appropriation, other appropriations or recapture of funds, HUD may use the additional funds to provide additional funding to an applicant awarded less than the requested amount of funds to make the full award, and/or to fund additional applicants that were eligible to receive an award but for which there were no funds available.

**Funding Errors.** If HUD commits an error that when corrected would cause selection of an applicant during the funding round of a Program NOFA, HUD may select that applicant for funding, subject to the availability of funds.

HUD will notify you whether or not you have been selected for an award. Successful VHRMP applicants will be notified of grant award and will receive post-award instructions by mail. If you are selected, HUD's notice to you concerning the amount of the grant award (based on the approved application and any reduction HUD may decide to make) will constitute HUD's conditional approval, subject to negotiation and execution of a grant agreement by HUD.

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**B. Administrative, National and Department Policy Requirements for HUD recipients.**

For this NOFA, the following Administrative, National and Department Policy Requirements and Terms for HUD Financial Assistance Awards apply. Please [Click here](#) to read the detailed description of each applicable requirement.

1. Compliance with Non-discrimination and Other Requirements

Unless otherwise specified, these non-discrimination and equal opportunity authorities and other requirements apply to all NOFAs. Please read the following requirements carefully as the requirements are different among HUD’s programs.
Compliance with Fair Housing and Civil Rights Laws, Which Encompass the Fair Housing Act and Related Authorities (cf. 24 CFR 5.105(a)).
- Affirmatively Furthering Fair Housing.
- Economic Opportunities for Low-and Very Low-income Persons (Section 3).
- Improving Access to Services for Persons with Limited English Proficiency (LEP).
- Accessible Technology.

2. Equal Access Requirements.
3. Equal Participation of Faith-Based Organizations in HUD Programs and Activities.
5. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
7. Safeguarding Resident/Client Files.
11. Environmental Requirements.

Compliance with 24 CFR part 50 or 58 procedures is explained below:
Grantees must comply with HUD environmental review requirements. All VHRMP assistance is subject to the National Environmental Policy Act of 1969 and related Federal environmental authorities and regulations at 24 CFR part 50. Following a recipient’s selection for funding, the recipient must notify HUD of each property it proposes to rehabilitate or modify, and HUD will perform an environmental review of each proposed property in accordance with 24 CFR part 50. The results of the environmental review may require that proposed activities be modified or that proposed sites be rejected. Grantees and their contractors must not undertake any project or activity or commit Federal or non-Federal funds or assistance to a project or activity that could limit reasonable choices or could produce an adverse environmental impact, including modification or rehabilitation of a property, until all required HUD environmental reviews for the property have been completed, and you receive HUD's approval under 24 CFR part 50. The performance of energy audits and the provision of technical assistance and training are excluded from environmental review requirements in accordance with 24 CFR 50.19(b)(1) and (9).

5. Compliance with Fair Housing and Civil Rights.

As applicable, awardees must ensure that all programs and activities undertaken as eligible activities comply with the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973 and their implementing regulations. Further, the appropriate federal accessibility requirements including the Uniform Federal Accessibility Standards (UFAS), Fair Housing Act Accessibility Guidelines, 2010 ADA Accessibility Standards, and HUD's Deeming Notice available at https://www.gpo.gov/fdsys/pkg/FR-2014-05-23/pdf/2014-11844.pdf must be adhered to, as appropriate and applicable.
C. Reporting.

HUD requires recipients to submit performance and financial reports under OMB guidance and program instructions.

1. Reporting Requirements and Frequency of Reporting. Applicants should be aware that if the total Federal share of your Federal award includes more than $500,000 over the period of performance, you may be subject to post award reporting requirements reflected in Appendix XII to Part 200-Award Term and Condition for Recipient Integrity and Performance Matters.

Reporting documents apply to the award, acceptance and use of assistance under the VHRMP and to the remedies for non-compliance, except when inconsistent with HUD’s Appropriation Act, or other federal statutes or the provisions of this NOFA.

2. Performance Reporting. All HUD-funded programs, including this program, require recipients to submit, not less than annually, a report documenting achievement of outcomes under the purpose of the program and the work plan in the award agreement.

A. For each quarter of the Federal fiscal year calendar during the Period of Performance, the Recipient must submit a performance report in the Disaster Relief Grant Reporting System (DRGR) and must include a completed Federal financial report as an attachment to each performance report in DRGR. During the Period of Performance, the Recipient must submit these reports within 30 days following the end of each quarter of the Federal fiscal year calendar. The Recipient must submit its final performance report and final financial report within 90 days after the Period of Performance. If HUD determines more frequent reporting is necessary for the effective monitoring of the Recipient’s performance or use of funds under this Grant Agreement, HUD may require the Recipient to submit its performance and financial reports on a monthly basis.

B. The performance report must contain the information required under 2 CFR 200.328(b)(2), including a comparison of actual accomplishment to the objectives indicated in the approved application, the reasons why established goals were not met, if appropriate, and additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

C. Consistent with the output and outcome measures in paragraphs C.1 and C.2 below, the performance report must show VHRMP outputs and outcomes the Recipient achieved, compared to VHRMP outputs and outcomes in the Recipient’s application.

1. Output Measures. Output Measures are quantifiable. VHRMP output measures must include:
   1. a quantitative measure of outreach activities, e.g., number of eligible (or likely eligible) veterans or their family members who were personally reached; estimated reach of advertising or other mass communications; number of attendees for educational activities such as trainings; level of participation from veteran service organizations; etc.;
   2. the number of eligible veterans who were provided assistance;
   3. the socioeconomic characteristics of such veterans, including their gender, age, race, and ethnicity;
4. the total number of modifications/rehabilitations provided, categorized by type of modification/rehabilitation (accessibility; safety features; major home repair; energy efficiency; etc.);
5. the average cost per project (i.e., per home) and per modification/rehabilitation type as listed in paragraph (4) above (i.e., by category);
6. the total number, types, and locations of entities contracted under the program to administer the grant funding; and
7. the amount of matching funds and in-kind contributions raised with each grant.

2. Outcome Measures. Outcome Measures are benefits accruing to the program participants and/or communities during or after participation in VHRMP. Quantitative measures are encouraged to the extent available. VHRMP outcome measures must include:
   1. a description of the cost savings and other impacts on participants from housing rehabilitation and modification services provided, such as reported time savings, health and safety outcomes, mental wellness or stress levels, ability to engage in previously inaccessible activities, etc. (note: this can be itemized as multiple measures);
   2. a description of the outreach initiatives instituted by the Recipient to (i) identify and (ii) engage eligible veterans and their families, and veteran service organizations, in projects utilizing grant funds; for instance, by noting how outreach activities related to ultimate participation levels or other program outcomes;
   3. a description of the impact and efficacy of the outreach initiatives; and
   4. a description of any other actions taken under the program.

D. Financial reports must be submitted using the Federal Financial Report (SF-425), or such future collections HUD may require and as approved by OMB and listed on the OMB Web site at https://www.whitehouse.gov/omb/.

E. The performance and financial reports will undergo review and approval by HUD. If a report submission is insufficient then HUD will reject the report in DRGR and identify the corrections the Recipient must make.

F. No drawdown of funds will be allowed through DRGR while the Recipient has an overdue performance or financial report.

G. Section 3 Reporting. Recipients are required to report on their Section 3 activities per 24 CFR 135.90.

3. Race, Ethnicity and Other Data Reporting. HUD requires recipients that provide HUD-funded program benefits to individuals or families to report data on the race, color, religion, sex, national origin, age, disability, and family characteristics of persons and households who are applicants for, participants in, or beneficiaries or potential beneficiaries of HUD programs in order to carry out the Department’s responsibilities under the Fair Housing Act, Executive Order 11063, Title VI of the Civil Rights Act of 1964, and Section 562 of the Housing and Community Development Act of 1987. NOFAs may specify the data collection and reporting requirements. Many programs use the Race and Ethnic Data Reporting Form HUD-27061, U.S.
For a period of at least 120 days, beginning 30 days after the public announcement of awards under this NOFA, HUD will provide a debriefing related to their application to requesting applicants. A request for debriefing must be made in writing or by email by the authorized official whose signature appears on the SF424 or by his or her successor in office and be submitted to the point of contact in Section VII Agency Contact(s), below. Information provided during a debriefing may include the final score the applicant received for each rating factor, final evaluator comments for each rating factor, and the final assessment indicating the basis upon which funding was approved or denied.

VII. Agency Contacts.

HUD staff will be available to provide clarification on the content of this NOFA.

Questions regarding specific program requirements for this NOFA should be directed to the point of contact listed below.

Thann Young c/o Jackie L. Williams  
1-877-787-2526  
jackie.williams@hud.gov

Persons with hearing or speech impairments may access this number via TTY by calling the toll-free Federal Relay Service at 800-877-8339. Please note that HUD staff cannot assist applicants in preparing their applications.

VIII. Other Information.


A Finding of No Significant Impact (FONSI) with respect to the environment has been made for this NOFA in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)).

The FONSI is available for inspection at HUD's Funding Opportunities web page at:  
https://www.hud.gov/program_offices/spm/gmomgmt/grantsinfo/fundingopps

The FONSI is also available for public inspection between 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10276, Washington, DC 20410-0500. Due to security measures at the HUD Headquarters building, an advance appointment to review the FONSI must be scheduled by calling the Regulations Division at (202) 708-3055 (this is not a
toll-free number).
MEMORANDUM

TO: MFA Board of Directors

FROM: Izzy Hernandez

DATE: May 15, 2019

SUBJECT: Amendments to the MFA FY 2018-2022 Strategic Plan

Recommendation:

Staff recommends approval of five amendments to benchmarks in the MFA FY 2018-2022 Strategic Plan.

Background:

MFA’s Strategic Plan covers the period of FY 2018-2022. Because the strategic plan is a living document, the Strategic Management Committee reviews the plan for needed amendments once a year, in April, after the close of the second quarter. If amendments are needed, they are brought before the MFA Board of Directors in May. The following amendments are recommended:

<table>
<thead>
<tr>
<th>Page Number</th>
<th>Current Language</th>
<th>Proposed Language</th>
<th>Reason for Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Page 11, Benchmark 6</td>
<td>Create or expand on at least one digital marketing or social media effort</td>
<td>Develop social media plan and implement at least one new portion</td>
<td>Better reflects current activities</td>
</tr>
<tr>
<td>Page 11, Benchmark 7</td>
<td>Evaluate at least one new specialty product or significant program or product improvement</td>
<td>Evaluate at least three new specialty products or significant program or product improvements</td>
<td>Numerical increase for benchmark</td>
</tr>
<tr>
<td>Page 11, Benchmark 22</td>
<td>Assist at least five local or tribal governments with affordable housing plans, implementation or programs</td>
<td>Assist at least ten local or tribal governments with affordable housing plans, implementation or programs</td>
<td>Numerical increase for benchmark</td>
</tr>
<tr>
<td>Page Number</td>
<td>Current Language</td>
<td>Proposed Language</td>
<td>Reason for Change</td>
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<td>------------------</td>
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</tr>
<tr>
<td>Page 11, Benchmark 23</td>
<td>Provide at least <strong>five</strong> formal training opportunities for property owners, developers and/or service providers</td>
<td>Provide at least <strong>ten</strong> formal training opportunities for property owners, developers and/or service providers</td>
<td>Numerical increase for benchmark</td>
</tr>
<tr>
<td>Page 11, Benchmark 24</td>
<td>Improve at least <strong>one</strong> MFA process or resource</td>
<td>Improve at least <strong>three</strong> MFA processes or resources</td>
<td>Numerical increase for benchmark</td>
</tr>
</tbody>
</table>

**Summary:**

Staff recommends approval of five amendments to benchmarks in the MFA FY 2018-2022 Strategic Plan. One change better reflects current activities and four are numerical increases in the benchmarks.
A Bold Path Forward

MFA FY 2018-2022 Strategic Plan

Amended on May 15, 2019
# MFA Vision, Mission and Core Values

<table>
<thead>
<tr>
<th>VISION</th>
<th>MISSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>All New Mexicans will have quality affordable housing opportunities.</td>
<td>MFA is New Mexico’s leader in affordable housing. We provide innovative products, education and services to strengthen families and communities.</td>
</tr>
</tbody>
</table>

## CORE VALUES

<table>
<thead>
<tr>
<th>Responsive</th>
<th>Professional</th>
<th>Dynamic</th>
</tr>
</thead>
<tbody>
<tr>
<td>To meet New Mexico’s needs, MFA optimizes resources, cultivates partnerships and makes our programs accessible.</td>
<td>MFA upholds high personal and professional standards. We comply with regulations and ensure prudent financial stewardship.</td>
<td>MFA is a dynamic place to work. Our employees are our strength. We embrace diversity and provide opportunities for personal and professional growth.</td>
</tr>
</tbody>
</table>
In the face of uncertainty for affordable housing funding and programs, Our strategic plan, *A Bold Path Forward*, focuses on bolstering resources to accomplish our mission, leading the way in addressing New Mexico’s unique affordable housing needs and improving internal systems to support our work. Even in potentially challenging times, MFA will continue its affordable housing mission and make it more robust and successful in meeting the needs of all New Mexicans.

Our strategic planning process identified several themes, described at right, which drove the strategic initiatives in this plan. In the context of goals and objectives that reflect our core affordable housing work, the strategic initiatives will be updated annually to reflect progress made, changes to conditions and trends and risks identified through our annual enterprise risk management process.

**Affordable housing funding is under threat and diminishing.** MFA continues to be proactive in developing new resources, efficiencies, business opportunities and financial innovations, as well as fostering creative partnerships.

**New Mexico’s rural areas are struggling and require unique approaches.** MFA will evaluate ways to serve more rural residents with mortgage products and nimble development financing and to strengthen our partners throughout the state.

**Along with the US, New Mexico is at risk of losing many affordable rental homes.** MFA is working to provide financial options and rehabilitation financing, and to make all rental properties financially sustainable over the long term.

**New Mexico’s high poverty rate and low incomes indicate a great need for financial education.** Our strategic initiatives focus on better educating MFA borrowers so that they can enjoy stability, sustain homeownership and build wealth.

**Significant changes in the workforce and in technology are on the horizon.** MFA is working to create a technology platform that supports innovation and future growth and to foster a dynamic, diverse work environment that supports our mission.
The MFA Planning Process

MFA updates its strategic plan every three years. The planning process is led by MFA’s Strategic Management Committee.

Housing Needs Assessment

In 2016, MFA prepared an assessment of affordable housing needs to inform the strategic planning process.

Interviews and SWOT Analysis

In January-March 2017, interviews were conducted with board members and each MFA department. The Strategic Management Committee translated the interview results into an analysis of strengths, weaknesses, opportunities and threats (SWOT).

Housing Trends Series

MFA hosted five speakers who spoke to staff on MFA finances, fair housing and trends in housing policy, multifamily and single family housing.

Enterprise Risk Management

MFA’s Strategic Planning Committee participated in an enterprise risk management exercise based on the SWOT analysis. The Committee prioritized risks and developed mitigation strategies for the strategic plan.
**Goal Statements**

1. Respond to New Mexico’s affordable housing needs.
2. Ensure prudent stewardship of affordable housing resources.
3. Strengthen affordable housing partners.
4. Provide robust technology solutions.
5. Foster a dynamic work environment.
Like all housing finance agencies, MFA administers affordable housing programs in accordance with its enabling legislation and program requirements. MFA seeks opportunities to improve and develop products, programs and processes to address our state’s unique needs.

Goal 1  Respond to New Mexico’s affordable housing needs.

Objective 1
Strengthen and improve existing MFA products and programs.

Objective 2
Develop specialty products to meet demand and community needs.

Objective 3
Increase awareness of affordable housing and MFA products and programs.

Objective 4
Promote sustainable homeownership.

Objective 5
Provide options to preserve and improve affordable rental homes.

Strategic initiatives:
- Preferred lenders program
- Capital Magnet Fund
- NEXT Home improvements
- Neighborhood stabilization program
- USDA Section 538 on tribal lands
- Development program improvements
- Homeowner rehab program expansion
- Homeless programs alignment
- Freddie Mac & Fannie Mae loan sales programs

Strategic initiatives:

Objective 2
- Correspondent lending
- Specialty housing development programs
- Manufactured home lending

Objective 3
- Enhanced public awareness of MFA
- Digital presence for single family marketing
- Builder outreach

Objective 4
- Delinquency prevention strategies
- Tribal and Colonias homebuyer counseling program
- Homebuyer counseling enhancements

Objective 5
- Loan modification and restructuring
- Risk rating of properties

Strategic initiatives in italics require evaluation prior to implementation.
Goal 2  Ensure prudent stewardship of affordable housing resources.

MFA has long maintained a level of excellence in managing its financial resources. As a self-supporting agency, MFA continually works to expand and diversify available resources through government sources, self-generated earnings from lending and investments, operational efficiencies, and the use of creative partnerships and financial tools.

Objective 1
Optimize existing financial strategies.

Objective 2
Expand MFA business models and diversify financial tools.

Objective 3
Maintain and grow existing funding sources.

Objective 4
Evaluate new funding and business opportunities.

Strategic initiatives:
- Resource allocation study
- Management strategies for oversight of MSRs
- Industry awareness
- Best execution for financing single family mortgages

Strategic initiatives:
- Servicing expansion
- Community Reinvestment Act lending credit program
- Multifamily pass-through structures
- Mortgage credit certificates

Strategic initiatives:
- Renewal of HUD Section 8 contract
- State tax credit and Charitable Trust contributions
- State and federal policy engagement
- Tax-exempt bond partnerships

Strategic initiatives in italics require evaluation prior to implementation.
Goal 3  Strengthen affordable housing partners.

MFA relies heavily on its partners in a rural and geographically large state like New Mexico. Yet partners face many challenges that may hinder their ability to succeed. MFA is committed to helping its partners build capacity, prosper and provide all New Mexicans access to affordable housing.

**Objective 1**
Expand access to MFA products and services in underserved and high-need areas.

**Objective 2**
Help partners realize strong organizational, technical and financial capacity.

**Objective 3**
Provide resources and processes that strengthen partner capacity and program effectiveness.

**Strategic initiatives:**
- NM Energy$mart expansion
- Outreach to increase HOPWA referrals
- Expand providers and service areas for owner-occupied rehabilitation

**Strategic initiatives:**
- Develop situational awareness with Regional Housing Authorities
- Local government technical assistance
- Tribal government technical assistance
- Specialized training for key service providers
- Service provider training program
- Property manager training program
- Developer training

**Strategic initiatives:**
- Lender training videos
- Streamlining of the affordable housing plan process
- Online applications
- Implement LIHTC compliance

*Strategic initiatives in italics require evaluation prior to implementation.*
Goal 4  Provide robust technology solutions.

Technology is fundamental to MFA’s day-to-day business operations as well as partner and customer service needs. Increased integration and automation will support current needs while providing an essential platform for business growth.

Objective 1
Protect MFA’s data and systems.

Objective 2
Maintain system reliability and implement redundancy improvements.

Objective 3
Build and maintain a technology platform that supports MFA’s long-term plans for innovation, functionality and growth.

Strategic initiatives:
• Best practices in cybersecurity

Strategic initiatives:
• Disaster recovery site

Strategic initiatives:
• Software improvements
• Document management system

Strategic initiatives in italics require evaluation prior to implementation.
MFA provides a fulfilling work environment to support the many generations in its changing workforce. Skilled, professional and engaged employees are at the core of MFA’s unique business model and specialized programs.

**Goal 5** Foster a dynamic work environment.

**Objective 1**
Provide a competitive compensation and benefits package to attract and retain employees.

**Objective 2**
Support opportunities that increase flexibility and engagement for employees.

**Objective 3**
Maintain stability in staffing and operations throughout MFA.

Strategic initiatives:
- Compensation survey

Strategic initiatives:
- Office space evaluation
- Web-based training opportunities
- *Work schedule options*

Strategic initiatives:
- Employee cross-training
- Succession planning
- Intern/management trainee program
- External specialty training
- Robust on-boarding

Strategic initiatives in italics require evaluation prior to implementation.
Benchmarks

Each quarter, MFA assesses its performance using these benchmarks, which relate to goals and objectives in the strategic plan. At the end of the fiscal year, the status of each benchmark (did not meet, met, exceeded) determines payouts made through MFA’s incentive compensation plan.

<table>
<thead>
<tr>
<th>Goal 1</th>
<th>Goal 2, Continued</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Provide mortgage financing for 2,000 homebuyers (1.1)</td>
<td>15. Earn 100% base fees for PBCA contract (2.3)</td>
</tr>
<tr>
<td>2. Attain average mortgage product utilization of 20% of all FHA loans recorded in New Mexico (1.1)</td>
<td>16. Yield a collection rate of 95% or greater for compliance monitoring fees (2.3)</td>
</tr>
<tr>
<td>3. Finance 1,000 rental units (1.5)</td>
<td>17. Meet commitment and expenditure requirement of 95% of grant funding (2.3)</td>
</tr>
<tr>
<td>4. Achieve annual combined average loan delinquencies of MFA serviced portfolio below 12.0% (1.4)</td>
<td>18. Generate at least $500,000 in contributions through the state affordable tax credit program (2.3)</td>
</tr>
<tr>
<td>5. Implement MFA’s housing summit and open house (1.3)</td>
<td>19. Evaluate at least one new business model or financial tool (2.2)</td>
</tr>
<tr>
<td>6. Develop social media plan and implement at least one new portion of the plan. Create or expand on at least one digital marketing or social media effort (1.3)</td>
<td>20. Increase funding by at least one new source (2.4)</td>
</tr>
<tr>
<td>7. Evaluate at least three new specialty products or significant program or product improvements (1.2)</td>
<td>21. Expand services of at least one program to an underserved area of the state (3.1)</td>
</tr>
<tr>
<td>8. Obtain unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits (2.0)</td>
<td>22. Assist at least ten local or tribal governments with affordable housing plans, implementation or programs (3.2)</td>
</tr>
<tr>
<td>9. Maintain or improve credit rating (2.0)</td>
<td>23. Provide at least ten formal training opportunities for property owners, developers and/or service providers (3.2)</td>
</tr>
<tr>
<td>10. Achieve operating performance and profitability equal to net revenues over total revenues of at least 10.0%, based on five-year average (2.1)</td>
<td>24. Improve at least three MFA processes or resources (3.3)</td>
</tr>
<tr>
<td>11. Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least 30.2%, based on five-year average (2.1)</td>
<td>25. Maintain a low risk in semi-annual vulnerability scans (4.1)</td>
</tr>
<tr>
<td>12. Realize administrative fee of at least 18 basis points on all bond issues (2.1)</td>
<td>26. Maintain system availability at 99% (4.2)</td>
</tr>
<tr>
<td>13. Realize profitability of 1.0% on TBA executions (2.1)</td>
<td>27. Implement new software solutions (4.3)</td>
</tr>
<tr>
<td>14. Maintain servicing fee yield at an average of 0.36% of the purchased servicing portfolio (2.2)</td>
<td>28. Maintain or improve employee engagement score of 82% (5.2, 5.3)</td>
</tr>
<tr>
<td>29. Complete compensation survey (5.1)</td>
<td></td>
</tr>
</tbody>
</table>
Tab 10
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee - May 8, 2019

FROM: Kathleen M. Sysak-Keeler

DATE: May 15, 2019

SUBJECT: 2019 Series D and E Single Family Bond Resolution

Recommendation:
Staff is recommending the approval of the 2019 Series D and E Single Family Bond Resolution in the amount of not to exceed $125 million which is anticipated to refund up to two prior bond issues and provide funds for $85-$100 million of new single family mortgage loans.

Background:
For the past several years, MFA has relied mainly on the to be announced ("TBA") market to fund new single family mortgage loans. The bond market has improved to the point where it is now more advantageous to fund Single Family mortgage loans with tax-exempt bond proceeds than to utilize the TBA market. During fiscal year 2018, MFA issued approximately $235 million of bonds. So far in fiscal year 2019, MFA has issued two bond issues which were used to originate new loans totaling approximately $119.9 million and one bond issue in the amount of $26.1 million which was used to refund three prior bond issues. MFA recently sold its fourth single family bond issues for FY 2019, namely, 2019 Series C, which sold on April 10 and is due to close on May 16. The 2019 Series C issue will be used to originate approximately $80 million of new single family mortgage loans.

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

Discussion:
The 2019 Series D bond issue is anticipated to be in the $85-$100 million range based on the current level of loan reservations since bond proceeds will be used to originate these new single family mortgage loans. The 2019 Series E bond issue is anticipated to be in the amount of $25 million and will be used to refund two prior bond issues. Given Board approval of the bond resolution, the 2019 Series C and D bond issues will be the fifth and sixth bond issues for fiscal year 2019. MFA anticipates selling bonds and closing in the July to August timeframe depending on actual reservation activity and bond market conditions.
Summary:
To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2019 Series D and E Single Family Bond Resolution in the aggregate amount of not to exceed $125 million. MFA anticipates providing funds for $85-$100 million of new single family mortgage loans and refunding two prior bond issues in the amount of approximately $25 million.
CERTIFICATE REGARDING THE RESOLUTION OF THE AUTHORITY

I, the undersigned, Jay Czar, Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed Resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on May 15, 2019, at which meeting a quorum was present and acting throughout; (ii) the annexed Resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed Resolution has not been altered, amended or repealed; and (iv) the annexed Resolution is in full force and effect on the date of this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 15th day of May, 2019.

_________________________________________________________________
Jay Czar, Secretary
New Mexico Mortgage Finance Authority

(SEAL)
A RESOLUTION

OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE "AUTHORITY") AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS SINGLE FAMILY MORTGAGE PROGRAM CLASS I BONDS, 2019 SERIES D AND SINGLE FAMILY MORTGAGE PROGRAM CLASS I BONDS, 2019 SERIES E IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $125,000,000; AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A SERIES INDENTURE, A BOND PURCHASE CONTRACT, AN OFFICIAL STATEMENT, INVESTMENT AGREEMENTS, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THERewith; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 8. The Authority hereby authorizes the issuance of the Bonds in the aggregate principal amount of not to exceed $125,000,000. The Bonds shall mature on the dates and in the principal amounts and shall bear interest at rates and payable all as provided in the Indenture, within the parameters set forth in Exhibit A hereto.

Section 9. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, and number shall be as set forth in the Indenture. The Chair, Vice Chair, Secretary and Assistant Secretary of the Authority are hereby authorized to execute, attest and seal by facsimile the Bonds and to deliver the Bonds to the bond registrar for authentication. All terms and provisions of the Indenture are hereby incorporated in this resolution.
Section 10. The appropriate officials of the Authority are hereby authorized to execute and deliver to the bond registrar the written order of the Authority for authentication and delivery of the Bonds in accordance with the provisions of the Indenture.

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

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

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

Section 14. The appropriate officers of the Authority, including without limitation the Chair, Vice Chair, the Secretary, the Assistant Secretary, the Executive Director and Deputy Director of Finance and Administration are authorized to take all action necessary or reasonably required by the Bonds, the Indenture, the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement and the Purchase Contract to carry out, give effect to and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act, including, without limitation, the giving of notice of redemption of any bonds to be refunded with the proceeds of the Bonds.
Section 15. Upon their issuance, the Bonds will constitute special obligations of the Authority payable solely from and to the extent of the sources set forth in the Bonds and the Indenture. No provision of this resolution, the Indenture, the Bonds or the Purchase Contract shall be construed as creating a general obligation of the Authority or as incurring or creating a charge upon the general credit of the Authority. No provision of this resolution or of the Purchase Contract, the Indenture or the Bonds shall be construed as creating a general or special obligation of the State of New Mexico or any political subdivision thereof.

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

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

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

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

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

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

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

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

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS 15th DAY OF MAY, 2019.

____________________________  
Chair

(SEAL)

ATTEST:

____________________________  
Secretary
EXHIBIT A

Single Family Mortgage Program Bonds, 2019 Series D and
Single Family Mortgage Program Bonds, 2019 Series E

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Authority Funds Contribution:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not to exceed January 1, 2052</td>
<td>Not to exceed $125,000,000</td>
<td>Not to exceed 5.00%</td>
<td>Not to exceed $1,800,000</td>
</tr>
</tbody>
</table>
Tab 11
MEMORANDUM

TO: MFA Board of Directors

FROM: Gina Hickman, Deputy Director of Finance and Administration
Jeff Payne, Senior Director of Mortgage Operations

DATE: May 15, 2019

SUBJECT: Loan Delinquency Update

Purpose:
One of MFA’s strategic objectives for strategic plan goal 1 is to promote sustainable homeownership through delinquency prevention strategies. Staff will present an update on implemented strategies to support this initiative and the financial impacts associated with current delinquency trends associated with the sub-serviced portfolio.

Background:
MFA, in its role as master servicer, utilizes Idaho Housing and Finance Association ("IHFA") as its contracted sub-servicer to perform servicing functions on its behalf and has the responsibility to conduct oversight to meet regulatory requirements and monitor risk factors. IHFA collects monthly payments on MFA’s single-family, first mortgage portfolio. Additionally, MFA services a portfolio of loans in house ranging in type from multi-family loans to single-family, first mortgages and down payment assistance second mortgage loans ("DPA"). MFA services 13,224 loans. Of those loans, 9,723 are MFA’s in house portfolio. Ninety four percent of those loans are DPA second mortgages funded from MFA’s Housing Opportunity Fund. Collection of those payments is an important component to replenishing the Housing Opportunity Fund which can then be used to fund more DPA loans.

Discussion:
This report provides information regarding identified risk areas and steps that MFA is taking to mitigate risk to both the in-house and the subserviced loan portfolios.

1. Servicing Initiatives to Reduce MFA In-House Portfolio Delinquency:

MFA is challenged by borrowers who are often confused about making the payment on their DPA second mortgage versus their first mortgage payment which goes to IHFA. The servicing staff has implemented several initiatives over the last eighteen months creating an awareness of the DPA payment due through various outreach and reminder methods:
**September 2017:** The Servicing Department began a welcome call initiative to contact new DPA borrowers prior to mailing welcome packages. The intent of this welcome call is to introduce MFA to the borrower, explain options to make payments and alert borrowers to look for the welcome package in the mail.

**April 2018:** The Servicing Department offers an incentive for borrowers who pay by telephone. Servicing staff now waive the fee if borrower agrees to make an additional payment at the same time for the following month.

**June 2018:** Per regulation, MFA is not allowed to assess late fees for 60 days from first payment date; therefore, new borrowers did not receive a “late fee letter” for the first 60 days. A process was implemented to mail a payment reminder notice to all new borrowers who did not make their first payment. Servicing staff also began sending payment reminders via email to borrowers who have not paid by the 12th and the 24th of each month.

**March 2019:** In addition to the welcome process, a welcome e-mail is sent to new DPA borrowers prior to mailing the welcome package again, introducing them to MFA and making them aware that the package is being mailed to them. The Servicing Department also collaborated with MFA’s homeownership department to assist with creating borrower awareness by requiring they initial an acknowledgement that they are aware of the DPA loan.

In March, staff began a telephone contact initiative to all borrowers that are over 15 days past due in an attempt to keep them from becoming delinquent along with those borrowers who did not make a payment the prior month. MFA’s rapidly growing loan portfolio and a large numbers of borrowers 30 days late in their payment made it difficult to contact every borrower. Select staff members from multiple departments volunteered to make calls on weekends and after normal business hours to encourage borrowers to make their payment. Staff also attempts to gather accurate contact information to update MFA’s records.

In addition to the above mentioned initiatives, the Servicing Department recently initiated the transfer of DPA loans serviced by a national servicer to MFA’s in-house portfolio. These loans experienced a high delinquency rate because they are not a priority for the other servicer. MFA has the ability and motivation to directly work with these delinquent borrowers.

Since these initiatives have been implemented the overall delinquency rate has reduced for MFA’s DPA portfolio. See attached Exhibit A.

It should be noted that delinquencies typically rise in the late fall and winter with seasonal decreases in spring and summer. Notwithstanding those seasonal fluctuations, MFA has seen a trend of significant decreases in delinquency and the above initiatives seem to have had a cumulative positive affect, with the focus on increasing borrower contact.

2. **Sub-serviced Single Family Portfolio Delinquencies and Financial Impact**

Delinquency rates for MFA’s sub-serviced portfolio of first mortgage loans began very low and have increased significantly since IHFA began sub-servicing loans originated after June of 2016. This portfolio has grown to over 6,900 in nearly three years. Early on, the delinquency rate was lower than industry benchmarks largely due to the age of the loans in the portfolio. As the loans originated in 2016 and 2017 are now two and almost three years in age, enough time has passed that some borrowers become delinquent in percentages that are nearer the national or state averages.
IHFA, who services and is responsible for collection activities, has shown improvement in the 30 days to 90 days delinquency during FY2019 Q2. Seriously delinquent, which includes 120+ days delinquent and pre-foreclosure categories have seen a slight increase over the last quarter. This increase is to be expected as the time to resolve or dispose these loans has an extended timeline due to the legal process in New Mexico.

As previously noted, the most commonly reported reasons for delinquency are “curtailment of income”, followed by “excessive obligations, same income”, “unemployment”, “marital difficulties” and “illness of principal mortgagor”. Discussion with IHFA indicates they have added staff to concentrate on contacting borrowers in the 30 to 59 days delinquent category in an attempt to limit the number of borrowers who become seriously delinquent.

IHFA is also providing loss mitigation option information to borrowers. The Federal Housing Administration (FHA), Fannie Mae and other investors allow some borrowers that are in default to modify their loan terms. These modifications are intended to help the borrower catch up on payments or change their payment to something more affordable. The modification option allowed depends on an analysis of the borrower’s financial situation. The borrower usually must be able demonstrate they can meet the new requirements over a trial period before IHFA modifies the loan terms. In cases of foreclosure IHFA, on behalf of MFA, files a claim for the appropriate type of mortgage insurance depending on the loan type.

In an effort to allow for more effective oversight of MFA’s loan portfolio sub-serviced by IHFA, MFA recently filled the additional staff position that had been planned for in the servicing expansion economic feasibility study. This new position is already helping MFA with communicating with and standardizing reporting by IHFA regarding loan repurchases, mortgage insurance claims and foreclosures, as well as actively reaching out to delinquent borrowers from MFA’s in-house portfolio to encourage timely payment as noted above.

To determine the current and future financial risk associated with delinquencies and foreclosures, there are several assumptions that drive the potential financial impact to MFA related to the sub-serviced portfolio: foreclosure percentages, the % of those loans that are modified or reinstated and the percent of modifications that re-default. Initially, staff was using industry standards in developing assumptions for determining this exposure but now that the portfolio is a little more seasoned, MFA historical performance can be factored into the process. Based on the fact that MFA currently has approximately 80 first mortgages in some sort of legal status, the feasibility analysis has been updated with current assumptions are as follows:

- Foreclosure %: 1.26%
- Percent of these loans that will be modified/reinstated: 25%
- Percent of modified or reinstated loans that will re-default: 10%
- Percent that will become foreclosed loans: 75%
- Foreclosures completed: 50% of prior year loans in foreclosure status

Based on these assumptions over the next five years MFA’s estimated financial loss is projected to be between $100,000 and $600,000 annually over the next six years as the portfolio grows. See attached Exhibit B for details. This financial impact has been considered throughout the development of the servicing model’s viability and strategies to mitigate this risk ongoing include the loan quality audits, subservicing oversight and the addition of staff to support these new functions.
Summary:
One of MFA’s strategic objectives for strategic plan goal 1 is to promote sustainable homeownership through delinquency prevention strategies. Staff will present an update on implemented strategies to support this initiative and the financial impacts associated with current delinquency trends associated with the sub-serviced portfolio.
## EXHIBIT B

**SUMMARY OF FINANCIAL IMPACT ASSOCIATED WITH LOAN REPURCHASES, MODIFICATIONS AND FORECLOSURES.**

<table>
<thead>
<tr>
<th></th>
<th>ACTUALS</th>
<th></th>
<th>PROJECTED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
</tr>
<tr>
<td><strong>Servicing by type</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ginnie Mae</td>
<td>-</td>
<td>94%</td>
<td>89%</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>-</td>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Foreclosures started, annualized</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ginnie Mae</td>
<td>-</td>
<td>-</td>
<td>0.20%</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>-</td>
<td>-</td>
<td>0.07%</td>
</tr>
<tr>
<td>Foreclosure % (est. weighted avg)</td>
<td>-</td>
<td>-</td>
<td>0.19%</td>
</tr>
<tr>
<td><strong>Number of loans serviced</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning</td>
<td>-</td>
<td>-</td>
<td>272</td>
</tr>
<tr>
<td>Ending</td>
<td>-</td>
<td>272</td>
<td>2,687</td>
</tr>
<tr>
<td>Average no. of serviced loans</td>
<td>-</td>
<td>136</td>
<td>1,480</td>
</tr>
<tr>
<td>Modifications/reinstatements (25%)</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Modifications re-pooled (90%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Modifications re-defaulted (10%)</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Foreclosed loans (75%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreclosed loans completed (50% of PY)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unreimbursed loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* Foreclosure rates are based on portfolio performance as of 3/2019.

*Assuming $7,500 of unrecoverable costs per foreclosure and $5,000 of unrecoverable costs per repurchase/loan modification.
Tab 12
## Staff Actions Requiring Notice to Board
### During the Period of April 30, 2019

<table>
<thead>
<tr>
<th>Department and Program</th>
<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing</td>
<td>February 2019 Loan Servicing Quality Control Report</td>
<td>Approval of report issued by REDW – no findings</td>
<td>Approved by Policy Committee on April 8, 2019, 2019</td>
</tr>
<tr>
<td>Community Development HOPWA program</td>
<td>HOPWA</td>
<td>Award 2017-2018 City of Albuquerque HOPWA carry over funds to Southwest CARE Center.</td>
<td>Approved by Policy Committee on April 8, 2019</td>
</tr>
</tbody>
</table>
Goal 1 - Respond to New Mexico's affordable housing needs.

Benchmark: 1
Provide mortgage financing for 2,000 homebuyers

| Q1 | On Target | MFA financed 696 homebuyers in Q1 of FY 2019 and 696 homebuyers YTD. |
| Q2 | On Target | MFA financed 681 homebuyers in Q2 of FY 2019 and 1,377 homebuyers YTD. |

Benchmark: 2
Attain average mortgage product utilization of 20% of all FHA loans recorded in New Mexico

| Q1 | On Target | The MFA quarterly product utilization in Q1 is 27.89% |
| Q2 | On Target | The MFA quarterly product utilization in Q2 is 32.02% for a YTD average of 29.95% |

Benchmark: 3
Finance 1,000 rental units

| Q1 | On Target | On target to achieve goal. Financed 442 units in Q1. |
| Q2 | On Target | Financed 5 units in Q2 for a YTD total of 447. |

Benchmark: 4
Achieve annual combined average loan delinquencies of MFA serviced portfolio below 12 percent

| Q1 | On Target | The Q1 combined average delinquency rate was 11.31%. Combined average delinquency rate YTD is 11.31% |
| Q2 | On Target | The Q2 combined average delinquency rate was 9.94%. Combined average delinquency rate YTD is 10.62% |

Benchmark: 5
Implement MFA housing summit and open house

| Q1 | On Target | MFA's 2019 open house will be held on September 12 from 4 to 6 p.m. |
| Q2 | On Target | The theme of MFA's 2019 open house will be: Home is where life is the sweetest. |

Benchmark: 6
Create or expand on at least one digital marketing or social media effort

| Q1 | On Target | A social media specialist has been hired. A marketing plan is being developed, which will include a social media/digital marketing component. |
| Q2 | On Target | MFA accounts have been established for Facebook, Instagram and Twitter. Facebook has 415 followers; Instagram has 71. |
Goal 2 - Ensure prudent stewardship of affordable housing resources.

Benchmark: 7
Evaluate at least one new specialty product or significant program or product improvement

Q1 On Target The NextHome program was restructured to ensure long-term sustainability of the program. The down payment assistance grant was replaced with a second mortgage. The new program structure will make the program more attractive to secondary market investors, will improve mortgage rates for borrowers and provide better profit margins to MFA. Also, a strategy for Manufactured Home Lending was discussed and drafting began on a policy for an internal Neighborhood Stabilization Program.

Q2 On Target In Q2, began discussions with NM Department of Finance and Administration to finalize contract for new NSP program, with program launch expected later in FY2019. Continued work on manufactured home lending initiative.

Benchmark: 8
Obtain unmodified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits

Q1 On Target MFA received an unmodified opinion on the financial statements with no findings. The audit has been approved by the Office of the State Auditor and will go to Board for approval in January, 2019.

Q2 Met MFA received an unmodified opinion on the financial statements with no findings. The audit was approved by the Board in January, 2019.

Benchmark: 9
Maintain or improve credit rating

Q1 On Target There is no rating activity currently other than quarterly reporting as required. MFA maintains its Aa3 Stable rating.

Q2 On Target There is no rating activity currently other than quarterly reporting as required. MFA maintains its Aa3 Stable rating.

Benchmark: 10
Achieve operating performance and profitability equal to net revenues over total revenues of at least 10.0 percent, based on five-year average

Q1 On Target As of 12/31/18, the operating performance and profitability ratio was 7.2%. It is currently low due State Investment Council losses and is expected to improve.

Q2 On Target As of 3/31/19, the operating performance and profitability ratio was 11.0%.

Benchmark: 11
Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least 30.2 percent, based on five-year average

Q1 On Target As of 12/31/18, balance sheet strength was 29.0%.
MFA Strategic Plan Benchmarks
FY 2019

Q2 On Target  As of 3/31/19, balance sheet strength was 30.5%.

Benchmark: 12
Realize administrative fee of at least 18 basis points on all bond issues

Q1 On Target  The 2018 Series D Single Family Bond issue has an authority fee of 18 basis points.

Q2 On Target  The 2019 Series A new money tax exempt bond issue has an administrative fee of 18 basis points. The 2019 Series B refunding taxable bond issue has an administrative fee of 185 basis points.

Benchmark: 13
Realize profitability of 1.0 percent on TBA executions

Q1 Caution  As of 12/31/18, TBA profitability was .62%.

Q2 Caution  As of 3/31/19, TBA profitability is .89%. In order to keep rates competitive, MFA has had to balance margin and mission.

Benchmark: 14
Maintain servicing fee yield at an average of 0.36 percent of the purchased servicing portfolio

Q1 On Target  As of 12/31/18, servicing fee yield was .39%.

Q2 On Target  As of 3/31/19, servicing fee yield was .39%.

Benchmark: 15
Earn 100 percent base fees for PBCA contract

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

Q2 On Target  All PBCA tasks were completed as required for Q2 and 100% of base fees were earned.

Benchmark: 16
Yield a collection rate of 95 percent or greater for compliance monitoring fees

Q1 On Target  Invoices for compliance monitoring fees were sent out this quarter.

Q2 On Target  Invoices for compliance monitoring fees were sent out and 92% of fees have been collected.

Benchmark: 17
Meet commitment and expenditure requirement of 95 percent of grant funding

Q1 On Target  As of 12/31/18, MFA has met 100% of the commitment and expenditure requirement.

Q2 On Target  As of 3/31/19, MFA has met 98% of the commitment and expenditure requirement.
## MFA Strategic Plan Benchmarks
### FY 2019

### Benchmark: 18
Generate at least $500,000 in contributions through the state affordable housing tax credit program

<table>
<thead>
<tr>
<th>Q1</th>
<th>Met</th>
<th>MFA received $879,600 in donations for four affordable housing projects and $15,200 in cash donations not associated with specific projects to the Charitable Trust, for a total of $894,800.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>Met</td>
<td>In Q2, MFA received $727,887 in contributions for five affordable housing projects, four of which also received contributions in Q1. YTD, MFA has received $1,622,687 in contributions.</td>
</tr>
</tbody>
</table>

### Benchmark: 19
Evaluate at least one new business model or financial tool

<table>
<thead>
<tr>
<th>Q1</th>
<th>On Target</th>
<th>Staff will resume work on a new Resource Allocation Study during the second quarter. A Board study session is tentatively scheduled for April 2019.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>On Target</td>
<td>The Resource Allocation Study will be presented at a Board Study Session April 17, 2019.</td>
</tr>
</tbody>
</table>

### Benchmark: 20
Increase funding by at least one new source

<table>
<thead>
<tr>
<th>Q1</th>
<th>Met</th>
<th>Received $1 million HUD award for Veterans Home Rehabilitation and Modification Pilot Program.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>Met</td>
<td>Received a total of $3,759,500 from the 2019 State of New Mexico Legislative Session, including $2.15 million for the New Mexico Housing Trust Fund, $1 million for NM Energy$mart, $200,000 for Regional Housing Authority oversight, $232,000 for Affordable Housing Act oversight and $177,500 for Veterans Home Rehabilitation. Evaluated, but determined not to apply for, the Federal Home Loan Bank's Affordable Housing Program grant.</td>
</tr>
</tbody>
</table>

### Goal 3 - Strengthen affordable housing partners.

### Benchmark: 21
Expand services of at least one program to an underserved area of the state

<table>
<thead>
<tr>
<th>Q1</th>
<th>Met</th>
<th>Expanding rehab services in 7 new counties: Rio Arriba, Taos, Grant, Lincoln, Hidalgo, Eddy and Catron.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>Met</td>
<td>NM Energy$mart developed an RFP to procure for an additional service provider. HomeNow DPA outreach to low income borrowers in New Mexico has focused on rural areas. Through Q2, HomeNow fundings are at 46% of our 2-year, $360,000 goal for rural areas after only six months of the program's introduction. Counties where MFA programs are trending to exceed the prior year's results are: Chaves, Eddy, Grant, Lincoln, Otero, Quay, Rio Arriba, Roosevelt, San Miguel, San Juan, Sierra and Socorro.</td>
</tr>
</tbody>
</table>

### Benchmark: 22
Assist at least five local or tribal governments with affordable housing plans, implementation or programs

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

Q2 Met Assisted eight local governments, and one tribal government as follows: Albuquerque, Espanola, Silver City, Socorro and Grant County received assistance on plans and ordinances; Las Cruces, Ruidoso and Lea County received assistance with implementation and programs; and Taos Pueblo received assistance with the environmental review process. Other work with tribal partners included outreach for Freddie Mac’s Savings Project, and technical assistance provided to both the NM Tribal Homeownership Coalition and the Northern Pueblos Housing Authority.

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

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

Q2 Met Q2 trainings include Fair Housing Training for 22 MFA agencies, Income Calculation Training for 23 agencies, Rental Assistance Program training for 12 agencies and NM Energy$mart training for six agencies. Section 811 training was provided by MFA and the Behavioral Health Services Division (NM Human Services Dept.) for our partners and local lead agencies.

Benchmark: 24 Improve at least one MFA process or resource

Q1 On Target Transitioned production data for the annual report from a calendar to fiscal year, to be consistent with quarterly board reports. Finalized process for updating the MFA housing needs assessment, which includes having BBER update data under its existing contract. Met with REDW to discuss next steps in implementing the LIHTC project audit recommendations in the 2020 QAP, as well as determining what the program will look like for FY2019. Analyzed MFA’s LIHTC fees, in comparison to other states. Migrated Domain Name Service “DNS” away from CenturyLink to avoid a single point of failure for network services. Online Invoicing and New Mexico Energy Smart programs were updated for functionality and enhancements.

Q2 Met The daily mortgage rate setting analysis process was automated. Staff is experiencing time savings of at least 30 minutes a day. The new process not only creates efficiencies, it eliminates human error. MFA began receiving Affordable Housing Act reviews, including plans, ordinances and qualifying grantee requests, through the website portal rather than through mail or email. Continuum of Care invoicing and monitoring process has been redesigned. Servicing implemented monthly payment reminder email messages to our DPA customers and an after-hours call strategy to reduce delinquencies.

Goal 4 - Provide robust technology solutions.

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

Q1 On Target MFA’s internal and external penetration testing was completed on 11/12/18. MFA received a security posture of 7 for Internal and 9 for External (7 - Secure, 9 - Extremely Secure)
MFA Strategic Plan Benchmarks
FY 2019

Q2 On Target MFA’s vulnerability scans are now conducted on a weekly basis and our vulnerability risk rating is 793. The rating range is from 300 (high risk) to 850 (low risk). MFA has also added a Security Awareness Program that provides security awareness training on a quarterly basis and monthly phishing testing.

Benchmark: 26
Maintain system availability at 99 percent

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

Q2 On Target MFA did not experience any full system outages in Q2 and maintained system availability of 100%.

Benchmark: 27
Implement new software solutions

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

Q2 On Target Office365 implementation completed in Q2. All legacy Access database files have been updated in preparation of support for Office 2016 (client side application). Data Warehouse software "SageWorks" has been kicked off and new contract has been signed with PowerSellers for pooling and securitization. A new cloud-based budgeting software application has also been purchased to aid in the budgeting process.

Goal 5 - Foster a dynamic work environment.

Benchmark: 28
Maintain or improve employee engagement score of 82 percent

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

Q2 On Target Survey will be sent to staff in April.

Benchmark: 29
Complete compensation survey

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

Q2 On Target Survey results should be received in the 3rd quarter.
Tab 13
April 10 – May 8, 2019

MEDIA COVERAGE

4-11 Rio Grande Sun Governor Approves $225,000 for Espanola Pathways Shelter

4-24 Albuquerque Journal “Nuevo Atrisco” mixed-use project underway

4-28 Las Cruces Sun-News Special financing may be available for homebuyers in economically distressed neighborhoods of Las Cruces

4-30 Santa Fe New Mexican There are many fighting for affordable housing

5-1 KRQE Affordable housing projects land funding

5-2 Santa Fe New Mexican Siler Road project shows power of partnerships

5-8 Carlsbad Current Argus Mayor’s progress report

PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

4-26 Lender Memo 19-09 Updated Response to HUD Mortgagee Letter
Governor Approves $225,000 for Española Pathways Shelter

By Austin Fisher
SUN News Editor

With nearly a quarter-million dollars at the ready, a coalition of public, private, nonprofit and church-based groups are seeking a location for a homeless shelter to be built in the city of Española.

Homeless residents of Española have few options for getting out of the elements, since there is currently no homeless shelter in the city. They often sleep in abandoned buildings, beneath bridges, in fields or along the Rio Grande.

Eight months after Española and Ohkay Owingeh authorities and volunteers cleared a large homeless camp, state lawmakers approved $225,000 in funding for the Española Pathways Shelter.

New Mexico House Rep. Joseph Sanchez, D-Alcalde, led the effort to include the funding in the “junior” or supplemental spending bill passed by the legislature on March 14.

United Way of Northern New Mexico Rio Arriba Community Liaison Roger Montoya Roger Montoya said Sanchez could have chosen to split the $225,000 in annual funding among different projects, but commended him for giving it all to the shelter project.

Montoya is one of the people organizing the project. He said the money could initially be used to pay for new and improved infrastructure in whatever building becomes the shelter.

Then, Montoya said, it would be used to pay for the shelter’s operations, mostly to pay for staff who would run the shelter’s crisis triage, case management, administration and other services for shelter residents.

However, those people going through the most critical cases, including conditions like schizophrenia or extreme intoxication, will be moved into “medical triage” that will be paid for by Hoy Recovery, Inc. and the Española Hospital, Montoya said.

“Joseph gave every penny of that appropriation available to this project,” Montoya said during a public community forum Monday night at the Española Public Library. “He sees the need, and he understands this community, like no other, can conquer this in a beautiful way, so I’m really humbled.”

A location for the shelter has not been determined.

Where it will be located is likely to be a topic of debate, as it was during Monday’s meeting. Montoya said the coalition will not construct a new building, because that would be too expensive.

Montoya and others, like Hoy Executive Director Ambrose Baros and Rio Arriba County Economic Development Director Christopher Madrid, have toured the former Public Service Company of New Mexico building at the corner of Hunter Street and North Railroad Avenue on the city’s West Side.

Montoya said he is also considering a city-owned lot that currently hosts the municipal Public Works Department, near the YDI Española Head Start school, but “nothing is con-
“I don’t want it there,” West Side resident and artist Diego Lopez told the people gathered on Monday. “But I’m willing to look for solutions, to see what resources are available.”

Lopez’s home was burglarized in March. The suspect(s) are still at large as of press time (see story on A1 titled “Art Stolen from West Side Home”).

“I want to help people, and stuff like that, but I’m coming from that other side, too,” he said. “You step into my property, get off it, G. You get caught up, you get shot up, G.”

More than 20 people attended the meeting, including Española Matanza Board President Ralph Martinez; Mayor Javier Sanchez; City Councilor Denise Benavidez; Northern New Mexico College President Rick Bailey; Española Planning Director Alison Gillette; and Rio Arriba County Commissioner James J. Martinez.

Also present were Maurice Fleming, a counselor at the Española office of New Mexico Treatment Services; Jyl DeHaven, an Albuquerque-based commercial real estate broker; Marissa Evans, a representative of an Albuquerque intensive outpatient treatment program; Julian and Leonard Martinez, from the 4B Foundation; and Heather Nordquist, an activist from Pojoaque.

Joseph Sanchez and each of the other members of the state House of Representatives decided how to spend $400,000 under the bill.

It moves $225,000 from the state’s General Fund to the state Mortgage Finance Authority “for operations of a shelter providing services to the homeless in Española.”

The New Mexico Coalition to End Homeless has agreed to be the fiscal agent for the money, Montoya said.

New Mexico Gov. Michelle Lujan Grisham signed the legislation on April 5.

“Sound investment of public funds is essential for the State’s economic growth, protection of New Mexico’s natural resources, and the quality of life of New Mexico communities,” she wrote in a message to lawmakers about the bill.

The bill states that the money is to be spent in Fiscal Year 2020, which ends on June 30, 2020.

Rep. Patricia Lundstrom, D-Gallup, has said that any funding in the junior appropriations bill that ends up not being spent will go back into the state’s cash reserves, according to the Albuquerque Journal.

It is not clear if the funding for the shelter will continue after June 2020 into the next fiscal year.

“That (money) will be, God willing, re-occurring,” Montoya said. “We have a pretty strong promise. There is always the potential that it won’t be re-occurring for at least the four years that Governor Grisham is in office. It could be eight (years).”

Roger Montoya (right) met with Hoy Recovery, Inc. Executive Director Ambrose Baros (left) and others in January in a vacant building on North Railroad Avenue, which is being considered as a location for the shelter.
‘Nuevo Atrisco’ mixed-use project underway

Development includes retail shops, housing

JOURNAL STAFF REPORT

City councilors, county commissioners, the mayor, other community leaders and economic development officials cheered the start of construction Tuesday for what developers are calling a “transformative” multiuse project for the West Side.

The $26 million, 6-acre Nuevo Atrisco public-private partnership development on the northwest corner of Central and Unser will feature more than 30,000 square feet of office, restaurant and retail space, an 86-unit apartment complex and a 20,000-square-foot plaza and community event center, officials said in a news release.

The project includes shopping and dining options as well as affordable housing to area residents. City Councilor Ken Sanchez has said the development, which had been planned for more than a decade but put on hold due to the recession, should become a major area activity center once completed.

Albuquerque Mayor Tim Keller has called the development an investment in “affordable housing” but also “about businesses.”

The Dekker/Perich/Sabatini architecture firm design is said to be a blend of modern and Old World Mexican/New Mexican styles and was created with input from community members, according to a news release.

The 80-unit apartment complex is targeted to families and will feature eight living/working units along Unser, common space, a social service provider office, laundry and elevators, according to project partner Yes Housing Inc. Units are aimed at people with incomes at or below 30% of the area’s median income.

Also attending the ground breaking Tuesday were representatives from the New Mexico Mortgage Finance Authority, Wells Fargo, Yes Housing Inc. and Maestas Development Group.

Project completion is expected in 2021.
Special financing may be available for homebuyers in economically distressed neighborhoods of Las Cruces

Gary Sandler, Real Estate Connection Published 9:06 a.m. MT April 28, 2019 | Updated 9:45 a.m. MT May 1, 2019

Jardín de Mesquite arch greets you as you enter the north side of the Mesquite Historic District. (Photo: Jett Loe / Sun-News)

The New Mexico Mortgage Finance Authority (MFA) is best known for providing mortgages and down payment assistance to first-time homebuyers. They do much more than that, however. In addition to also providing tax credits and financing for the development of affordable rental housing, they likewise offer special financing for buyers who purchase homes in economically distressed neighborhoods. Those neighborhoods are formally known as Targeted Area Census Tracts.

“Targeted areas are those in which at least 70 percent of households earn no more than 80 percent of the area median income,” according to Teri Baca, homeownership representative for MFA. In New Mexico, the U.S Census Bureau has identified 25 such tracts in eleven counties. Doña Ana County leads the pack with seven.

The program is designed to incentivize first-time and repeat buyers to purchase homes located in economically challenged areas, which is known to increase pride of ownership and help stabilize and raise home values. These special benefits are available to buyers who utilize MFA’s FirstHome program.

So, what sort of incentives does MFA offer to entice buyers to purchase in these areas?

First and foremost, buyers don’t have to be first-timers. Current and past homeowners are both eligible as long as they meet the basic MFA qualifications and occupy the home as their primary residence. Loan types include conventional, FHA, VA and USDA, all of which are offered at the lowest rate MFA charged during the preceding twelve months.
Special financing is available for buyers who purchase homes in economically distressed neighborhoods known as Targeted Area Census Tracts, such as this one in Las Cruces’ historic Mesquite Street district. (Photo: Google Maps)

Borrowers using FirstHome may also be eligible to receive down payment and closing cost assistance in the form of an affordable second mortgage. In addition, higher-than-normal household income limits range from $71,040 annually for a one or two person household to $82,880 for families of three or more. Homes valued at $331,423 and below are eligible for financing.

The seven areas targeted for incentives in Doña Ana County include tracts in Las Cruces, Anthony and Sunland Park. The accompanying maps outline two of the targeted areas located in Las Cruces, which are generally bounded by Mesilla Street on the west, Solano Drive on the east, North Main Street on the north and Idaho Avenue on the south.

This terrific program provides homebuyers with the opportunity to purchase a home in an up and coming area, while utilizing affordable, fixed rate financing and down payment assistance in the process. Sounds like a win-win to me.

For more information, visit http://www.housingnm.org/homebuyers/targeted-area-census-tracts or contact your favorite Realtor.

See you at closing.

_Gary Sandler is a full-time Realtor and owner of Gary Sandler Inc., Realtors in Las Cruces. He loves to answer questions and can be reached at 575-642-2292 or Gary@GarySandler.com_
New Mexico Inter-Faith Housing said it finally was approved for $10.4 million from the New Mexico Mortgage Finance Authority to develop the Arts + Creativity Center. Artist’s rendering

Daniel Werwath was ready to throw in the towel.

The chief operating officer of New Mexico Inter-Faith Housing had applied twice for federal tax credits to help finance a 65-unit affordable housing project on a city-owned parcel on Siler Road — and was turned down both times.

“The way we went into this year’s application was, ‘We’re aiming to do the best job we can on this application, and if it doesn’t get funded, we know that we need to let this project go and just look at the great things that have come out of the process,’ ” Werwath said Tuesday. “I knew we had put together the best-scoring, most well-prepared application we could do, so if we didn’t get funded, we knew it was time to move on.”

Werwath and other supporters of the project are, in fact, moving on — but not by shelving the proposal.
Werwath said the so-called Arts and Creativity Center, which proponents envision as a living and working space for artists and other creative types, received preliminary notice from the New Mexico Mortgage Finance Authority last week that the long-discussed — and sometimes controversial — project had been awarded $10.4 million.

“The big thing that changed this, honestly, was being able to make this a net-zero energy project,” he said, referring to a proposed solar system that will offset all the electrical use for the project.

“Because it lowers our operating cost long term, it lets us have a little bit bigger mortgage, and we got to reduce our subsidy [request], which maxed out our point score,” Werwath added. “In so many ways, this project is so much better than the first time we applied.”

Unlike the previous proposals, which included about a dozen market-rate rentals, every unit in the project will be affordable.

“Everything worked out perfectly,” Werwath said. “We’ve got the net-zero energy. We’ve got 100 percent affordable housing. We’re all just super excited about this.”

Groundbreaking for the project is set for February 2020. The goal is to start leasing units in January 2021 and for construction to wrap up that summer.

Tax credits, which can be sold to companies seeking to reduce their federal tax liability, are awarded under a program intended to help finance low-income housing.

“The state gets an allocation of tax credits. They allocate tax credits to projects, and we then get to sell those tax credits to an equity investor,” Werwath explained. “That’s the functional subsidy in the project.”

Werwath said Santa Fe, which continues to grapple with a lack of low-cost housing, has even more reason to celebrate.

“The Housing Authority also had a project awarded, so between us both, I think the city is lined up to get about $17 million in affordable housing subsidies coming into the community this year,” he said.
The proposed $17 million Arts and Creativity Center, which has multiple partners, including the city of Santa Fe, has commitments for almost all the financing, Werwath said. The city committed about $2.3 million in land, fee waivers and other taxpayer-funded contributions to the project.

“We have about $400,000 left to raise for the solar system but ... it’s like $400,000 out of $17 million, so you can imagine, our thermometer is looking pretty full,” Werwath said.

The city’s support was instrumental, he added.

“These things are really partnerships, and this is a great model looking forward on how the city could support more affordable housing development going forward,” he said.

The project’s various funding sources will leave a “really small” $5 million mortgage, which will keep rents low, Werwath said. Rents will be based on income and set to income levels between 30 percent and 60 percent of the median income. For example, a single person at 30 percent of the median income, or about $14,000 a year, will pay $390 a month for a one-bedroom unit, including utilities.

“This is real affordable housing, and I’m like waiting for the backlash about this when people realize just how affordable housing this is,” Werwath said, laughing.

Follow Daniel J. Chacón on Twitter @danieljchacon.
SANTA FE, N.M. (KRQE) - An affordable housing project in Santa Fe is moving forward after receiving more than $10 million. According to the Santa Fe New Mexican, the 65-unit space is being built by New Mexico Inter-Faith Housing as a living and working space of artists and other creative types.

The organization is getting more than $10 million from the New Mexico Mortgage Finance Authority after proposing to use a solar system for energy that will offset all the electrical use for the project.

Groundbreaking for the project is set for February 2020.
Siler Road project shows power of partnerships

Approval of a 65-unit affordable housing project on city-owned land along Siler Road shows a rare occasion when delays ended up working for everyone involved.

Project developer New Mexico Inter-Faith Housing twice had gone after federal tax credits to help finance the project and was turned down. The third time proved to be the charm, and the Arts and Creativity Center is a go.

Last week, the New Mexico Mortgage Finance Authority told backers — including Creative Santa Fe, which started the process back in 2012 — that the project had been awarded $10.4 million in tax credits, a big chunk of the project’s $17 million overall cost. With tax credits, private investors provide capital and receive the federal credits in return — such investors are key to a project’s success.

So are the other players, including the city of Santa Fe. It has committed some $2.3 million in land, fee waivers and other contributions, and multiple partners are bringing in the remainder of the financing. Planning money, to the tune of $150,000 from the National Endowment for the Arts, also helped the project move forward. When it’s all wrapped up — some $400,000 still needs to be raised for the solar energy system — only a $5 million mortgage should remain.

Partnerships made this project possible.

And in the end, the delays made the project better. Inter-Faith Housing director Daniel Werwath said key to success was making the development a net-zero energy project, with a proposal for a solar system that offsets all electrical use at the center. Adding renewable energy lowered operating costs, which allowed for a slightly larger mortgage, meaning developers could seek a smaller subsidy. Finally, the proposal was approved.
Best of all, in its final rendition, every apartment in the complex will be affordable. Before, about a dozen units would have been rented at market rates. Rents will be based on income, set to income levels that range between 30 percent and 60 percent of the median income. A single person making some $14,000 a year, about 30 percent of median income, would only pay $390 a month for a one bedroom unit, including utilities, for example. This level of affordability is crucial in Santa Fe, where rents have experienced two years of double-digit increases and multifamily housing occupancy is at 97.8 percent. We lack enough places to live, and the ones we do have are expensive.

Groundbreaking won’t take place until February 2020. The plan is to begin leasing in January of 2021, with the building being completed that summer. That puts the Arts and Creativity Center just over two years away from reality. Once it is built, in addition to the live/work units, complex-dwellers will enjoy common spaces that could lead to greater creative collaborations — this is not just a place to live, but one where people can thrive and make connections. Of course, artists are not the only people who need housing, and the needs of people in low-wage jobs — whether in retail, labor, at an office or other endeavors — need to be considered.

With another project just approved by the Housing Authority, the city of Santa Fe is making progress on adding housing that people actually can afford. We need more, of course, especially houses that are affordable so that young people, when they tire of apartment life, can buy a house, move in and raise their families.

The key to the success of the project is the partnership of public, private and nonprofit actors. Eventually, Santa Fe will be home to a place where people who don’t make a lot of money can live, work and still have funds left over to buy groceries or go to a movie. That’s a success to celebrate.
As we’ve arrived at May, it’s a good time to talk about some of the wonderful facilities we have around town.

This past week, the Bob Forrest Youth Sports Complex held a USSSA Softball Tournament, “Angels for Autism,” under the direction of USSSA Director Jeff Munro. We had 36 total teams from Southeastern New Mexico and West Texas competing, with each team guaranteed five games.

With motel prices so high, many of our teams relied on RVs for a place to rest. We had 42 RVs parked in our soccer parking lot, which gave teams a place to rest and recuperate during the Saturday and Sunday tournament. Special thanks to our Sports Complex Superintendent, Ted Cordova, and the excellent staff. We look forward to another busy season at the sports complex.

Our two splash pads, the one at the beach and the one at the sports complex, are now open as well. The sports complex pad is open Monday through Saturday, from 9 a.m. until the final game concludes. The beach splash pad is open from 8 a.m. to 8 p.m., seven days a week. We hope you will enjoy cooling off at our splash pads this year.

Memorial Day is just around the corner, and that also means that things are picking up at the Carlsbad Water Park. The water park will be open Memorial Day weekend through Labor Day weekend, and we have a great team of lifeguards under park manager Brad Alpers. We’re still doing weekend rentals, but the spots are filling up quickly, so call us today.

Housing remains one of the biggest issues in Carlsbad. This past week, we were honored to be a part of a ribbon cutting ceremony for the Colina Vista Apartments off of 5th Street. Over the past two years, this project has undergone a $7.2 million renovation, which included low income tax credits from the New Mexico Mortgage Finance Authority. We congratulate Bouchee Development and New Mexico Inter-Faith Housing on a job well done. The interior of the community center is beautiful.

Congratulations to the new Superintendent of Carlsbad Municipal Schools, Dr. Gerry Washburn. We will work with Dr. Washburn and his staff to build a bright future for Carlsbad’s youth.

Congratulations also to this year’s 40 Under 40 Class, hosted by the Carlsbad Chamber of Commerce. We would like to especially congratulate our City of Carlsbad employees who were selected: Brittany
Aragon, Jarod Florez, Brent Griffith, Cari Pickens, Kadee Rodriguez and Melissa Salcido. We’re very proud to be working with such talented individuals. Congratulations to Missi Currier for doing an outstanding job as chairwoman of this event.

As always, Carlsbad is having an incredible spring sports season. The Carlsbad Current-Argus reported that, on April 18, softball pitcher Ashley Hernandez threw a perfect game at about the same time that pitcher T.J. Ruiz threw a no-hitter just a field away. That’s a one in several million event, but we bet it happens more frequently here in Carlsbad.

Finally, a very sincere congratulations is in order for all of our Carlsbad High School graduates, but most especially our two City Hall interns, Jaydin Contreras and Aaron Braddock. Jaydin, a senior at Carlsbad High School, plans to attend New Mexico Tech in Socorro and become an engineer. Braddock has been with us for the past two years and plans to attend Northeastern University in Boston. We’ve always been very fortunate to have such talented interns who have a bright future ahead of them. Please have a safe graduation celebration and congratulations again.

If you have any questions or suggestions, please call 575-887-3798.

“TAKE PRIDE IN CARLSBAD”
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: April 26, 2019

RE: Memo No. 19-09

- Updated Response to HUD Mortgagee Letter 19-06 & 19-07

Update to HUD Mortgagee Letter 19-06 dated April 18, 2019

Our commitment to our partners and the community remains unchanged. It is business as usual at MFA!

HUD announced a 90-day extension to the effective date of Mortgagee Letter 19-06 in Mortgagee Letter 19-07 issued on April 25, 2019.

As required by HUD’s Mortgagee Letter 19-06 dated April 18, 2019, which concerns down payment assistance and operating in a governmental capacity, MFA and its general legal counsel confirm that our down payment assistance program operates in a manner consistent with current HUD guidelines as stated in 4000.1 of the Single Family Housing Policy Handbook.

1. New Mexico Mortgage Finance Authority (the “Authority”) is duly existing as a public body politic and corporate, validly organized and created under the Mortgage Finance Authority Act, Sections 58-18-1 through 58-18-27 inclusive, and Section 2-12-5, New Mexico Statutes Annotated 1978, as amended (the “Act”).

2. MFA’s attorney opinion regarding MFA’s down payment assistance and jurisdiction is available on our website for immediate use. We are in process of integrating the letter into our commitment letter.
3. In conjunction with legal counsel, MFA is reviewing and if necessary revising our current forms to fulfill the regulatory requirements outlined in Mortgagee Letter 19-06. We are committed to rolling out the revised forms ahead of the extended timeframe of July 23, 2019. Until otherwise communicated please continue to use our existing forms.

Please note all terms and conditions of the Mortgage Purchase Master Agreement remain in full effect.

We will keep you posted as additional guidance and clarification from HUD becomes available. Thank you for your continued support.
Tab 14
Quarterly Report to the MFA Board of Directors
Q2 FY2019

<table>
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<tr>
<th>Production Statistics</th>
<th>Current Quarter</th>
<th>Same Quarter Last Year</th>
<th>Fiscal Year to Date</th>
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<td><strong>Housing Rehab &amp; Weatherization</strong></td>
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<td>Amount of rehab expenditures</td>
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<td>Amount of NM Energy$mart expenditures</td>
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<tr>
<td>Number of units weatherized</td>
<td>192</td>
<td>188</td>
<td>322</td>
</tr>
<tr>
<td><strong>Shelter &amp; Supportive Housing Programs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of shelter supportive service</td>
<td>$297,180</td>
<td>$301,072</td>
<td>$676,728</td>
</tr>
<tr>
<td>Number of persons served 1</td>
<td>1,527</td>
<td>1,664</td>
<td>3,182</td>
</tr>
<tr>
<td>Amount of rental assistance 2</td>
<td>$691,512</td>
<td>$660,864</td>
<td>$1,433,916</td>
</tr>
<tr>
<td>Number of persons assisted</td>
<td>467</td>
<td>767</td>
<td>977</td>
</tr>
</tbody>
</table>

1 - EHAP & CoC
2 - Linkages, HHRH, RAP & HOPWA

The need for MFA mortgage products:
MFA borrowers have an average annual income of $51,257 and purchase homes with an average price of $154,255. 25 percent are single-parent households; 48 percent are minorities.
MFA targets below market mortgage rates, and all first-time homebuyers receive pre-purchase counseling. MFA provides down payment assistance to 99 percent of its borrowers. Without these programs, many borrowers could not buy a home.

The need for housing development:
Only 4 percent of New Mexico’s housing units are located in apartment complexes of 20 units or more. Many of these are old and in poor condition.
50 percent of renters are cost-burdened, about half pay between 30 percent and 49 percent of their income on rent; the other half pay more than 50 percent.

The need for housing rehabilitation and weatherization:
New Mexico has aging housing stock. 47 percent of its homes were built before 1980; only 18.4 percent were built after 2000.
Many low-income homeowners are at risk because of health and safety hazards in their homes and pay high utility bills because they cannot afford to make energy-efficiency improvements.

The Need for Assistance Programs:
The New Mexico Coalition to End Homelessness estimates that 17,000 New Mexicans experience homelessness in a year. In 2017, approximately 14,000 homeless New Mexicans sought assistance at HUD-funded agencies.
Emergency assistance with rent and utilities can help people at risk of homelessness stay in their homes.
### Servicing

<table>
<thead>
<tr>
<th>Metric</th>
<th>Current Quarter</th>
<th>Same Quarter Last Year</th>
<th>Target Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgage delinquency rate</td>
<td>5.47</td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>Partners Program delinquency rate</td>
<td>15.20</td>
<td>15.93</td>
<td></td>
</tr>
<tr>
<td>DPA loan delinquency rate</td>
<td>8.91</td>
<td>11.04</td>
<td></td>
</tr>
<tr>
<td>Multifamily loan delinquency rate</td>
<td>0.00</td>
<td>4.40</td>
<td></td>
</tr>
<tr>
<td>Combined delinquency rate - Current Month</td>
<td>8.86</td>
<td>10.90</td>
<td></td>
</tr>
<tr>
<td>Combined average delinquency rate-FY</td>
<td>10.62</td>
<td>12.73</td>
<td>12.00</td>
</tr>
<tr>
<td>Default rate (writeoffs/foreclosure losses)</td>
<td>0.68</td>
<td>0.69</td>
<td>2.75</td>
</tr>
<tr>
<td>Master Servicing MBS delinquency rate</td>
<td>5.73</td>
<td>5.27</td>
<td></td>
</tr>
<tr>
<td>REO Inventory - # of loans</td>
<td>1</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>REO Inventory - Exposure</td>
<td>$52,312</td>
<td>$1,265,353</td>
<td></td>
</tr>
</tbody>
</table>

### Monitoring

<table>
<thead>
<tr>
<th>Asset Management</th>
<th>Current Quarter</th>
<th>Year to Date</th>
<th>Fiscal Year Monitoring Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of properties monitored</td>
<td>18</td>
<td>92</td>
<td>150</td>
</tr>
<tr>
<td>Number of units inspected</td>
<td>191</td>
<td>1219</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of PBCA activities</td>
<td>284</td>
<td>579</td>
<td>N/A</td>
</tr>
</tbody>
</table>

| Community Development                     |                 |              |                                 |
| Number of required monitorings            | 3               | 16           | 37                              |

3 - based on program year, 7/1 - 6/30

### Analysis

- **MFA’s Servicing Department:**
  - Provides servicing for approximately 13,000 loans with a principal balance of almost $360 million.
  - Many of the loans MFA services are for internal programs that target higher risk borrowers. MFA’s Mortgage-Backed Securities (MBS) portfolio is serviced by master servicers and our sub-servicer.
  - Delinquency rates in this portfolio can be benchmarked to Mortgage Banker Association averages - 4.20 percent for all loans in New Mexico and 7.79 percent for FHA in New Mexico for Quarter 4 2018.

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

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