NEW MEXICO MORTGAGE FINANCE AUTHORITY  
Board Meeting  
344 4th St. SW, Albuquerque, NM  
Wednesday, March 22, 2017 at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

➢ Roll Call (Jay Czar)
➢ Approval of Agenda – Board Action
➢ Approval of 2/15/17 Board Meeting Minutes – Board Action
➢ Employee Introduction;  
  Jeff Payne, Senior Director of Homeownership - (Gina Hickman)

Board Action Items

<table>
<thead>
<tr>
<th>Contracted Services/Credit Committee</th>
<th>Action Required?</th>
</tr>
</thead>
</table>
| 1 Community Development Block Grant Application Resolution (CDBG)  
  (Rose Baca-Quesada & Izzy Hernandez) | YES |
| 2 Performance-Based Contract Administrator Application Resolution (PBCA)  
  (Marjorie Martin & Izzy Hernandez) | YES |

Other

<table>
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<tr>
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<th>Information Only</th>
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<tbody>
<tr>
<td>3 Authorized Signatures Resolution (Yvonne Segovia)</td>
<td>YES</td>
</tr>
<tr>
<td>4 Single Family Production Report (René Acuña)</td>
<td>NO</td>
</tr>
</tbody>
</table>

Other Board Items

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

Monthly Reports

6 (Staff is available for questions)
  - 1/31/17 Financial Statements
  - Communications Department Reports

Announcements and Adjournment

Confirmation of Upcoming Board Meetings

➢ April 19, 2017 – Wednesday – 9:30 a.m. (MFA)
➢ April 19, 2017 – Board Member Training following the board meeting
➢ May 17, 2017 - Wednesday – 9:30 a.m. (MFA)
➢ May 17, 2017 - Wednesday, Board study session following the board meeting - TEMS training (Tax Exempt Mortgage-backed Security Program ( MFA)
➢ June 21, 2017- Wednesday – 9:30 a.m. (MFA)
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Board Action Items

Contracted Services/Credit Committee

1. Community Development Block Grant Application Resolution (CDBG) (Rose Baca-Quesada & Izzy Hernandez) Staff recommends MFA submit an application under the CDBG 2016 Application for Housing Projects in the amount of $500,000. The funds will assist in leveraging MFA’s HOME Owner-Occupied Rehabilitation Program and the NM Energy$mart Program by providing minor to moderate rehab, accessibility modifications and energy efficiency improvements in prioritized counties and regions.

2. Performance-Based Contract Administrator Application Resolution (PBCA) (Marjorie Martin & Izzy Hernandez) The Department of Housing and Urban Development (HUD) has announced it will release, in the spring, a procurement under the Federal Acquisitions Regulations (FAR) for the nationwide Section 8 PBCA contracts, and that the procurement is likely to seek proposals for the provision of services on a regional and national basis. MFA staff is requesting the Board approve the proposed resolution, authorizing MFA staff to: submit a proposal as a sole respondent or as a member of a regional consortium of HFAs; to become a member of a regional consortium of HFAs in the Southwestern region; to assume the lead role in the consortium if deemed necessary; to perform PBCA tasks in another state in the Southwestern region if necessary; and to take any legal actions deemed necessary and advisable by legal counsel to protect MFA’s interests in responding to HUD’s expected forthcoming PBCA procurement.

Other

3. Authorized Signatures Resolution (Yvonne Segovia) The Authorized Signatures Resolution is updated periodically as needed. Staff is recommending the addition of the Senior Director of Homeownership to authorized signors of program and servicing documents.

4. Single Family Production Report (René Acuña) - ongoing

Other Board Items

5. (Staff is available for questions)
   - Staff Action Requiring Notice to Board

Monthly Reports

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   - Communications Department Reports
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Minutes
Chair Burt convened the meeting on February 15, 2017 at 9:40 a.m. Secretary Czar called the roll. Members present: Chair Dennis Burt, Angel Reyes, Sally Malavé (Designee for Attorney General Hector Balderas), Treasurer Tim Eichenberg (arrived after approval of the agenda), Steven Smith and Randy McMillan. Absent: Lieutenant Governor John Sanchez. Czar informed the Board that everyone had been informed about today’s meeting in accordance with the New Mexico Open Meetings Act.

Approval of Agenda - Board Action. Motion to approve the February 15, 2017 Board agenda as presented: Malavé. Second: Reyes. Vote: 5-0.

Treasurer Eichenberg arrived 9:41 a.m.

Approval of 1/18/17 Board Meeting Minutes – Board Action. Chair Burt commented that he understood member McMillan had some concerns with the contents of the minutes. He asked board counsel to give a general overview of what is appropriate as to what should or should not be included in the minutes of meetings of the Board. Board Counsel Allison explained that the meeting minutes are the official record of the organization’s actions or inactions, but the minutes can also serve as a way that the organization records the advice that is given to the Board members in their capacity as fiduciaries of the organization. Allison explained that there are only 4-5 requirements that must be included in the minutes. They are: the date, time, location of the meeting; which members are present and who is absent to make sure there’s a quorum; a sufficient description of the item being discussed so that minutes reflect what action was taken with respect to that item; and a record of the vote, what members voted for or against the action item and, if a non-action item, that no action was taken. Allison further advised that it is not the purpose of the minutes to record every word said at a meeting, and it is inefficient to record the discussion among and between board members, presenters and staff. It’s not the purpose of the minutes to record discussions for the corporate records. Allison further stated that there is no prohibition on what additional information can be included in the minutes and that information may be included at the discretion of the Board.

Member McMillan referred to his email sent to all Board members prior to the Board meeting and asked that the revisions he suggested in that email be included in the minutes of the 1/18/17 Board meeting. Allison advised that Member McMillan’s suggested revisions to the minutes should be discussed in the meeting so as not to violate the Open Meetings Act.

Member McMillan made a motion to amend the minutes of the 1/18/17 Board meeting to include the following information on agenda item 5 Sterling Downtown - Housing Trust Fund Loan: that considerable time was spent discussing agenda item; that Member McMillan was adamantly opposed to approving this project for a number of reasons, including: (1) the price per square foot is too high and is “unheard of,” (2) the cost of land is too high and “unheard of,” and (3) the soft costs of $4mm are excessive; that Executive Director Jay Czar strongly supported the project; that member Smith noted that the project may not promote MFA’s housing priorities; and that at the end of the meeting Member McMillan asked the question of the Board as to its role to consider the cost of a project, and that question was not adequately answered to his satisfaction.

Member Smith suggested a friendly amendment to Member McMillan’s motion for the minutes to include who voted for any action item as well as a record of who voted against an action item and also to exclude any specific statements made by Member Smith concerning the Sterling Downtown Housing Trust Fund loan item. Member Smith’s amendment to Member McMillan’s motion was second by Member Malavé. Vote on Member Smith’s friendly amendment passed: 5-1 (Chair Burt, against). Member Malavé further explained that Member McMillan's email, with the comments he just discussed, drew acknowledgments from two board members but there was no substantive discussion among the Board members in response to Member McMillan’s email after Member Malavé in an email cautioned that any discussion via email or otherwise constituted a violation of the Open Meeting Act.
Member McMillan’s amended motion to revise the draft minutes of the 1/18/17 meeting was seconded by Member Malave. Further discussion took place regarding the audio recording of the meetings and how long they’re kept and if this should be brought before the board as further discussion. Allison informed the board that the length the audio recordings are kept are based on legal advice from board counsel. Member McMillan’s motion passed: 5-1 (Chair Burt, against).

Finance Committee

1 12/31/16 Quarterly Financial Statements (Gina Hickman). Hickman began her presentation by informing the board that MFA had issued the 2016 C single family bond issue in the amount of $68.3 mm ($50mm new money, and $18.3mm refunding). She then reviewed the comparative year to date figures which included the following; production (two multifamily bond issues in the pipeline), balance sheet, income statement, Moody’s benchmarks and Servicing (added new section). Discussion ensued regarding line 19 Servicing Fee Income; using an annualized calculation. Hickman reviewed the quarterly graphs, which included; Assets under Management, YTD annualized Payoffs as a Percentage of SF Mortgage Portfolio, YTD Excess Revenues over Expenses as of 12/31/16 & Annualized, Yield Targets, Total Assets and Return on Average Earning Assets.

Member Reyes stepped out of the meeting 10:41 a.m. She then reviewed and explained the Effect of GASB31 on Financials graph. Motion to accept the 12/31/16 Quarterly Financial Statements as presented: Smith. Second: Eichenberg. Vote: 5-0.

2 12/31/16 Quarterly Investment Review (Kathy Keeler). Keeler informed the board that On September 28, 2016, MFA notified six different investment advisory firms that a Request of Qualifications (RFQ”) for Investment Advisory Services was available on the MFA website. MFA received proposals from Government Portfolio Advisors, PFM Asset Management and Raymond James. PFM Asset Management was awarded the contract due to the depth of their organization in providing Investment Advisory Services across the Country, level of compensation and the lead advisor’s familiarity with public entities in New Mexico.

Member Reyes returned 10:45 a.m. Staff met with PFM in February and PFM will be presenting to the Board at a later date to discuss their organization and their methodologies. Keeler presented the Quarterly Investment Review packet behind tab two which will be included in the official board packet. She reviewed the General Fund Investment Compliance Report for December 31, 2016 balances and yields/rates of returns, Portfolio Summary-Short & Intermediate Term Investments, Portfolio Summary-Long Term State Investment Council Investments, General Fund Investment Portfolio Metrics and the Compliance Report (Diversification and Asset Allocation). Motion to accept the 12/31/16 Quarterly Investment Review as presented: Reyes. Second: Smith. Vote: 6-0.

Contracted Services/Credit Committee

3 Legal Services as Bond Counsel RFP (Kathy Keeler). Keeler began by stating she would be presenting the RFP (Request for Proposals) to Provide Legal Services as Bond Counsel for Single Family and/or Multifamily Housing Programs. She explained this RFP is quite different than what MFA has issued in the past. She went on to explain that the intent of the selection process is to choose one firm to provide legal services as Bond Counsel for MFA’s Single Family Housing Program, one firm to provide legal services as Bond Counsel for MFA’s Multifamily Housing Program and one firm to provide legal services for the Tax Exempt Mortgage Backed Securities Program or a program with a similar structure for both single family and multifamily housing programs. Keeler reviewed the major changes listed in the memo and RFP located behind tab three which will be made a part of the official board packet. The changes in the memo reflect the differences from the 2012 RFP and the current 2017 RFP. Keeler indicated that responses will be due to MFA by March 14, 2017 and recommendations for award will be presented at the April 19, 2017 Board meeting. Discussion ensued regarding the 30 days to respond, the time and expense it takes and if more time wouldn’t bring in additional respondents. The Board determined it would be best to extend the response deadline by a week to March 21, 2017 and come back to the board for award in April. Motion to approve the Legal Services as Bond Counsel RFP as recommended: McMillan. Second: Malavé. Vote: 6-0.

4 Pasa Tiempo HOME Loan (Heather Abramowski). Abramowski informed the board that Pasa Tiempo had come before the board two times prior; September as an Inducement Resolution and October as a Bond Resolution. She introduced Ed Romero, Executive Director of Santa Fe Civic Housing Authority who was present at the meeting and available for questions. The request being presented today is for a HOME request in
the amount of $600k - $50K construction 2 year period and $550K for permanent 30 years at 0% for an acquisition/rehab project with 121 units located in Santa Fe, NM. The project serves seniors earning at or below 60% AMI. Member Smith asked why the HTF loan for a different project had a 3% interest rate. Sabrina Su explained that depending on the funding source, MFA loans can have different interest rates. McMillan stated that the developer fee is excessive as compared to the private sector. He also commented on the high per-unit and per square foot costs in opposition of the project. Eichenberg commented it might have been cheaper as a tear down. He stated he will vote against this project in order to be consistent with two prior votes on this project including SBOF (State Board of Finance). Chair Burt offered a comment that in his opinion the developer fee is $0 because it is going back to the project and is used as place holder. Chair Burt further commented that he is very comfortable with the project, after a thorough review. Mr. Romero explained that SFCHA is deferring its developer fee and is lending it as additional capital to the project. By doing that he stated he is eligible for additional low-income housing tax credits that he could otherwise be ineligible for. McMillan strongly disagreed, stating it is not being donated; it is being contributed and will be paid back. Motion to approve the Pasa Tiempo HOME Loan as presented: Reyes. Second: Malavé. Vote: 4 (Burt, Reyes, Malavé, Smith for) - 2 (McMillan & Eichenberg against).

Other
5 Shiprock Bond Resolution (Heather Abramowski). Abramowski introduced Nick Tinnin, Developer/Tinnin Enterprises and Dave Evans; Developer Consultant. She informed the board that South Shiprock Homes had submitted an application for 4% tax credits along with a request for tax exempt bonds. She made reference to the attached memo, Bond Resolution and project summary in the amount of $14.6 mm of tax exempt bonds. South Shiprock Homes is located on Highway 419 and Indian School Road in Shiprock, NM, San Juan County. This request is for the financing of rehabilitation of the existing 246 units and New Construction of 9 units (252 low-income at 60% AMI + 3 employee units). Approval of this Resolution will result in these units remaining affordable for an additional 30 years. Motion to approve the Shiprock Bond Resolution as recommended: Malavé. Second: Eichenberg. Vote: 6-0.

6 2017 Series A Single Family Bond Resolution (Kathy Keeler). Keeler presented a bond resolution for the 2017 Series A bond issue. She explained staff is recommending the approval of the 2017 Series A Single Family Bond Resolution in the aggregate amount of not to exceed $85 million which will be a combination of $40-$50 mm new money, and a refunding of three prior bond programs. Keeler further explained that pricing and closing is market dependent and staff does not have a date at this time. The Trustee is Zions Bank. The underwriters on this bond transaction will be RBC Capital Markets LLC and Raymond James & Associates, Inc. If it’s a traditional bond issue it will be both underwriters, however if it’s a pass through issue it will be RBC Capital Markets LLC. Keeler reviewed Exhibit A highlighting the bond maximum parameters as follows: Maturity Date not to exceed 9/1/2048, Principal Amount not to exceed $85mm, Interest Rate not to exceed 5% and Authority Contribution not to exceed $950k. Motion to approve the 2017 Series A Single Family Bond Resolution as recommended: Eichenberg. Second: Reyes. Vote: 6-0.

7 MFA’s 2017 Open Meetings Resolution (Marjorie Martin). Martin began by explaining as an authority of the state of New Mexico, responsible for the formulation of public policy, MFA is required pursuant to the New Mexico Open Meetings Act, Section 10-15-1 NMSA 1978 et seq., to make all meetings in which there is a quorum of members of the Board of Directors open to the public, except as otherwise provided in the state constitution or the Open Meetings Act, and to annually determine in a public meeting what notice for a public meeting is reasonable for MFA’s Board of Directors. The MFA Open Meetings Resolution of 2017 is being presented for approval by the MFA Board of Directors. There are no proposed amendments this year, and the Resolution contains the language approved last year by MFA’s Board of Directors, in a public meeting duly noticed pursuant to the requirements of the Open Meetings Act. Motion to approve the MFA’s 2017 Open Meetings Resolution as recommended: Eichenberg. Second: Malavé. Vote: 6-0.

8 FY2017 Strategic Plan Update: MFA Intranet (Leann Kemp and Rob Jones). Kemp began her presentation by providing background information regarding collaboration within the organization. She reminded the Board that Priority 1, Objective 6 reads: Improve collaboration throughout MFA. The benchmark associated with the objective reads: Focus collaboration around quarterly all-staff meetings and increased use of the intranet. The MFA intranet was updated this month to reflect suggestions made through a recent intranet
user survey. Individual department training has been conducted to encourage increased usage of this communication tool. Use of the intranet continues to grow. All-employee emails are no longer in widespread use; new employees report that the intranet has simplified their ramp-up time. Kemp displayed the redesigned intranet and reviewed the different sections which include, MFA Calendar, Morning Announcements, Kudos, Bulletin Board, Announcements, Forms, Manuals and Electronic Timesheets. Non Action Item

**Other Board Items - Information Only**

9 There were no questions asked of staff
- Staff Action Requiring Notice to Board
- FY2017 Quarterly Strategic Plan Dashboard

**Monthly Reports - No Action Required**

10 There were no questions asked of staff
- 11/30/16 Financial Statements
- Communications Department Reports

**Quarterly Reports - No Action Required**

11 There were no questions asked of staff
- Quarterly Board Report

**Announcements and Adjournment - Confirmation of Upcoming Board Meetings.** Member Smith commented on Duty of Care and Duty of Loyalty as Board Members. He commented that the Board should further discuss as part of long-range planning on fulfilling these obligations and the type of questions that should be asked as particular projects and serves to satisfy those obligations. Chair Burt echoed those comments. These are complex transactions and the Board must invest time in getting educated as to how to satisfy that obligation. Member Reyes agreed and commented that a discussion of these issues among Board members should be scheduled sooner than later. Member McMillan thanked the developer for the Shiprock project, which in his opinion was done well with regards to costs and the work he did that makes financial sense.

Czar reminded the board that the deadline for LIHTC applications is today at 5:00 and reminded the board that MFA will be in the “quiet” period from this date until the June board meeting; specifically, there should be no communication relating to a pending tax credit application with a tax credit applicant, including any general partners or any persons affiliated with the project. He further stated that he would be sending out an email reminder this afternoon.

He further informed the Board that the next meeting will be moved due to the lack of a quorum from March 15, 2017 to the following Wednesday, March 22, 2017 at the offices of the MFA at 9:30 a.m. The Board study session which was scheduled following the board meeting will not take place until the May Board meeting.

There being no further business the meeting was adjourned at 11:55 p.m.

**Approved: March 22, 2017**

__________________________________________  _______________________________________
Chair, Dennis Burt                           Secretary, Jay Czar
NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting
Tuesday, March 7, 2017 @ 10:00 am
MFA – Albuquerque

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

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<th>COMMITTEE RECOMMENDED</th>
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Committee Members present:

Angel Reyes, Chair  □ present  □ absent  ☑ conference call

Attorney General Hector Balderas or Sally Malave

☑ present  □ absent  ☑ conference call

Randy McMillan

□ present  □ absent  ☑ conference call
Tab 1
MEMORANDUM

TO: MFA Board of Directors

Through: Contracted Services – March 7, 2017

Through: Policy Committee – February 28, 2017

FROM: Rose Baca-Quesada and Izzy Hernandez

DATE: March 22, 2017

SUBJECT: Community Development Block Grant (CDBG) - 2016 Application For Housing Projects

Recommendation:
To authorize staff to apply for $500,000 under the CDBG 2016 Application For Housing Projects

Background:
The Department of Finance and Administration ("DFA"), Local Government Division and the Community Development Council ("CDC") set aside $1,000,000 for CDBG Housing in the state of New Mexico. Applications are limited to $500,000. Applications will be reviewed in the order received.

Discussion:
The CDBG Housing Program's national objective is to benefit principally low and moderate income ("LMI") families. The eligible categories for housing are repair and rehabilitation of privately owned residential units, handicapped accessibility, and certain types of housing modernization, code enforcement, and historic preservation activities.

We would propose to use the CDBG funds to provide minor to moderate rehabilitation and/or accessibility improvements and perform energy efficiency measures. MFA’s current HOME Rehabilitation Program provides approximately $3,000,000 to rehab 40-50 units per year. With the CDBG funding, MFA will be able to leverage up to 30% for the NM Energy$mart Program and minor to moderate rehabilitation; and 100% for accessibility improvements to the homes.

Eighty percent of the funds will be prioritized in certain counties or regions as approved by DFA. Twenty percent of the funds will be available for the remainder of the counties or regions.

MFA will request a three percent administrative fee which is the maximum allowed.

Summary:
Staff recommends MFA submit an application under the CDBG 2016 Application for Housing Projects in the amount of $500,000. The funds will assist in leveraging MFA’s HOME Owner-Occupied Rehabilitation Program and the NM Energy$mart Program by providing minor to moderate rehab, accessibility modifications and energy efficiency improvements in prioritized counties and regions.
RESOLUTION
OF NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) AUTHORIZING
SUBMISSION OF AN APPLICATION FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING SET ASIDE
FOR HOUSING IN NEW MEXICO

WHEREAS, the legislated responsibility of the New Mexico Mortgage Finance Authority (MFA) is to help ensure the availability of decent, affordable housing for all New Mexicans; and

WHEREAS, the Local Government Division of the New Mexico Department of Finance and Administration (DFA), and the Community Development Council (CDC) have set aside $1,000,000 of Community Development Block Grant (CDBG) funding to be used for housing in New Mexico; and,

WHEREAS, DFA has established that applications requesting grants up to $500,000 may be submitted under the CDBG 2016 Application for Housing Projects; and,

WHEREAS, the MFA Board of Directors, at a regular meeting held on March 22, 2017 at MFA headquarters, 344 4th Street SW, Albuquerque, New Mexico at 9:30 a.m., determined that it would be in MFA’s best interest to apply for the CDBG funds to address critical housing needs in New Mexico.

THEREFORE, IT IS RESOLVED:

(1) The MFA Board agrees to submit an application for a $500,000 grant, as required by the CDBG 2016 Application for Housing Projects.

(2) In the event that DFA selects MFA for a CDBG 2016 Housing Projects grant, MFA agrees to contribute other funds under MFA control to housing projects assisted by CDBG 2016 Housing Project grant funds; and,

(3) The proper officers of MFA are hereby authorized and directed to execute and deliver all instruments necessary or convenient to execute a grant agreement.

After discussion, the foregoing Resolution was duly moved by ______________, and seconded by______________; adopted by the following vote:

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<tr>
<th>Aye</th>
<th>Nay</th>
<th>Absent</th>
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PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS ________DAY OF MARCH, 2017.

_______________________
Chairman Dennis Burt

(SEAL)

ATTEST:

_______________________
Secretary Jay Czar
Tab 2
MEMORANDUM

TO: MFA Board of Directors

Through: Contracted Services – March 7, 2017

Through: Policy Committee – February 28, 2017

FROM: Izzy Hernandez/Marjorie A. Martin

DATE: February 27, 2017

SUBJECT: Proposed Board Resolution Authorizing Response to HUD’s Section 8 Project Based Contract Administration (PBCA) Procurement and Additional Actions Necessary for Procurement Response

Recommendation: MFA staff requests the Board of Directors’ approval of the proposed resolution, which by its provisions would authorize staff to:

1. respond to a PBCA procurement as a sole respondent or part of a regional consortium of HFAs;
2. enter into contractual agreements to enable MFA to become a member of a regional consortium of HFAs to respond to the PBCA procurement;
3. commit MFA to assume a leadership role, if necessary in a regional consortium of HFAs to respond to a PBCA procurement and to administer a PBCA contract, if awarded to the consortium;
4. commit MFA to perform PBCA tasks in another state if necessary to respond to the PBCA procurement;

MFA staff is further requesting the Board’s authorization to take any legal actions necessary, upon the advice of legal counsel, to protect MFA’s interests in pursuing a contract with HUD in response to the PBCA procurement.

Background: The U.S. Department of Housing and Urban Development (HUD)’s Project-Based Section 8 Housing Assistance Payments Program subsidizes housing for low income households by providing funding to private owners of multi-family properties who enter into multi-year rental assistance agreements with HUD. Since 2000, HUD has entered into contracts with state public housing agencies, including such housing finance agencies as MFA, to administer the Section 8 Housing Assistance Payment (HAP) Program agreement for their respective states. MFA has administered the Section 8 Project Based Contract Administration (PBCA) contract for the state of New Mexico since 2000.
In 2011, HUD issued an “Invitation for Submission of Applications” for all PBCA contacts throughout the United States and various territories. As a result of that process, the state of New Mexico’s PBCA contract was awarded to a Texas-based housing agency.

Following the 2011 process, MFA, and many other state housing agencies, challenged the bidding process with the Government Accountability Office (GAO) after communications with HUD raised concerns that the process was arbitrary and capricious. Additionally, New Mexico’s Attorney General’s Office issued a formal opinion that only MFA was authorized to act as a statewide housing agency for the state of New Mexico, which was a requirement for administering the PBCA contract under the terms of the invitation to bid and the U.S. Housing Act of 1937, the federal law enabling the Section 8 PBCA Program. Similar Attorney Generals’ Opinions were issued in a number of states throughout the U.S., all of which HUD was made aware. As a result of these administrative protests, HUD ultimately canceled all contested awards and entered into contract extensions with all of the protesting PBCA contract administrators with which it had existing contracts.

In 2012, HUD issued a Notice of Funding Availability (NOFA) for the PBCA Program contracts restricting submissions to in-state housing agencies for those states, like New Mexico, in which only a single state housing agency was authorized to act statewide (the “in-state housing agency preference”). Protests were filed at the GAO from agencies objecting to the NOFA’s terms barring them from competing for state PBCA contracts outside their states of origin, and claiming that HUD had used the wrong process to bid out the contracts. The GAO ruled in favor of the protesters’ claim that HUD should have utilized a procurement process for the PBCA contracts that was fully compliant with the Federal Acquisitions Regulations (FAR) rather than the NOFA. HUD, nevertheless, ignored the GAO’s determination, and the protesters then filed a civil action in the Court of Federal Claims (COFC), requesting the court rule against the use of the NOFA and its in-state housing agency preference. The COFC ruled in HUD’s favor on both the use of the NOFA and its in-state housing agency preference. The plaintiffs, thereafter, filed an appeal of the COFC’s decision in the Federal Court of Appeals, which in early 2014 ruled in the plaintiffs’ favor on the issue of the use of the NOFA, but did not address the question of the in-state housing agency preference. HUD, in response to the appellate court ruling, sought certiorari review of the decision by the U.S. Supreme Court, but that request was denied. Since 2014, HUD has been under court order to release a FAR-compliant procurement for PBCA contracts. While preparing that procurement, HUD has repeatedly extended PBCA contracts with its existing contractors, including MFA. In the last several months, HUD has indicated that it intends to release a PBCA contracts procurement this spring, and that the procurement is likely to require proposals for the provision of PBCA contract services on a regional and national basis, rather than for individual state contracts, as was required in previous PBCA contract solicitations.

In response to HUD’s communications regarding the upcoming procurement, several state HFAs in HUD’s designated Southwestern region, including MFA, are in discussions to form a regional consortium to respond as a regional entity, if the procurement HUD releases
requires proposals for regional PBCA contract services. Submission of a response for a regional contract might be the only option that permits MFA to retain control over the Section 8 PBCA contract for the state of New Mexico. Each state HFA in the consortium would agree to perform the contractual tasks in its own state, and all might be required to divide the tasks in a contiguous, non-member state that is included in the currently designated Southwestern Region (consisting of New Mexico, Texas, Louisiana, Arkansas, Oklahoma, Kansas, Missouri, Iowa, Nebraska), or any similar grouping of contiguous states in the southern/western region of the United States that HUD might identify for purposes of the PBCA procurement. No state HFA has yet been identified to act as the lead, which would involve submitting the response to the procurement as the lead entity for the consortium, and overseeing the regional contract as the lead entity. All state HFAs in the regional consortium would sign a Memorandum of Understanding or other agreement to commence formation of the consortium, and upon determination as to which HFA would serve as lead, additional agreements would be executed to indemnify the lead HFA from liability to any of the others for actions taken in the course of implementing the regional contract.

Discussion: MFA staff is requesting Board authorization to enter into a Memorandum of Understanding, and any other necessary agreements, with the other state HFAs willing to participate in a regional consortium for the Southwestern Region. MFA staff is further requesting Board authorization to act as the lead HFA in the consortium, and to perform PBCA tasks in another state in the Southwestern Region, if that is determined by MFA staff, and agreed to by other participating state HFAs, to be the most likely means of assuring the success of the collaborative bid.

Finally, as demonstrated through the many protests and other legal actions taken with respect to HUD’s prior solicitations for PBCA administrators, there may be the need for MFA to either take affirmative legal actions to protect its interests or to respond to bid protests or other legal actions taken by other parties interested in performing as the PBCA administrator in New Mexico. Thus, MFA staff is requesting that the Board authorize staff to take any legal actions deemed necessary and advisable by legal counsel to protect MFA’s interests in responding to HUD’s expected forthcoming PBCA procurement. If legal actions are taken, the Board will be updated in an appropriate manner.

Summary: The Department of Housing and Urban Development (HUD) has announced it will release, in the spring, a procurement under the Federal Acquisitions Regulations (FAR) for the nationwide Section 8 PBCA contracts, and that the procurement is likely to seek proposals for the provision of services on a regional and national basis. MFA staff is requesting the Board approve the proposed resolution, authorizing MFA staff to: submit a proposal as a sole respondent or as a member of a regional consortium of HFAs; to become a member of a regional consortium of HFAs in the Southwestern region; to assume the
lead role in the consortium if deemed necessary; to perform PBCA tasks in another state in the Southwestern region if necessary; and to take any legal actions deemed necessary and advisable by legal counsel to protect MFA’s interests in responding to HUD’s expected forthcoming PBCA procurement.
WHEREAS, MFA was created by the Mortgage Finance Authority Act (the “Act”) to serve a public purpose, to act for the public benefit by improving the health, safety, welfare, and prosperity of the State and the general public, and to provide decent, safe, and sanitary residential housing to persons of low or moderate income in the State of New Mexico; and

WHEREAS, the MFA was designated in the Act as the State of New Mexico’s sole statewide housing authority for all purposes; and

WHEREAS, in order to fulfill its public purpose as the sole statewide housing authority, MFA sought and was selected as administrator of the Section 8 PBCA contract with HUD for the State of New Mexico since 2000 through the present; and

WHEREAS, as administrator of the HUD PBCA Section 8 contract for the State of New Mexico, MFA performs a variety of tasks and services for HUD with respect to HUD’s previously-selected project-based Section 8 affordable housing properties to help assure that those properties are maintained as safe, decent, and sanitary residential housing for persons of low or moderate income; and

WHEREAS, MFA has been paid a fee from HUD for MFA’s PBCA services, which fee assists MFA in generating additional revenue for affordable housing throughout New Mexico; and

WHEREAS, HUD has announced its intention to issue a procurement or other solicitation to provide PBCA services for HUD properties located in New Mexico that may permit other state housing finance agencies (“HFAs”), other governmental agencies, non-profit organizations, and privately owned entities headquartered outside of New Mexico to compete for New Mexico’s PBCA contract and to provide services to HUD for HUD-assisted properties located in New Mexico; and

WHEREAS, HUD has not yet issued its procurement solicitation, but MFA wants to be in a position to respond quickly and competitively to that solicitation when it is issued; and

WHEREAS HUD has further indicated that it may require respondents to its forthcoming procurement solicitation for PBCA services within New Mexico to propose the provision of PBCA services on a regional, or perhaps even a national basis, meaning that HUD may look less favorably on, or even disqualify, respondents such as MFA who might otherwise offer to provide PBCA services solely for New Mexico or the respective state in which they operate; and

WHEREAS, MFA’s Board of Directors met in a regular meeting on March 22, 2017 at MFA headquarters, 344 4th Street SW, Albuquerque, New Mexico at 9:30 a.m.; and,

WHEREAS the Board of Directors of MFA desire to do all that is reasonable and lawful to continue to fulfill MFA’s public purpose as the sole statewide housing authority for the State of New Mexico, and deems it in the best interest of the MFA to be in a position to submit a competitive response to HUD’s procurement solicitation for PBCA services so as to have the best chance to be awarded New Mexico’s PBCA contract.

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

Section 1. The Executive Director, Deputy Director of Finance and Administration, and Deputy Director of Programs (together, “MFA Staff”) are each hereby authorized to authorize and submit on behalf of MFA a proposal or proposals in response to the next procurement solicitation issued by the
U.S. Department of Housing and Urban Development for the selection of Section 8 PBCA administrators for properties located in New Mexico. MFA Staff may respond to HUD’s procurement solicitation for PBCA administrators as a sole respondent or through a collaborative proposal submitted with other HFAs, or both. MFA Staff may submit one or more proposals in their discretion in order to maximize MFA’s chances at being selected as the PBCA administrator for New Mexico.

Section 2. MFA staff are hereby authorized, but are not required, to negotiate and enter into agreements, including one or more Memoranda of Understanding, with other HFAs for the purpose of forming a regional consortium that will submit a joint response to HUD’s solicitation for PBCA administrators.

Section 3. MFA staff are hereby authorized, but are not required, to commit MFA to serve as the lead agency in a regional consortium of HFAs for the purpose of submitting a response to HUD’s procurement solicitation for PBCA administrators, which may include a bid for performance of PBCA tasks in states other than New Mexico.

Section 4. MFA Staff are hereby authorized, but are not required, to commit MFA to perform PBCA tasks for properties located in another state, but only if the provision of PBCA services for properties located in another state (i) is incidental to the provision of PBCA services for properties located in New Mexico and (ii) is necessary to ensure that MFA shall fulfill its public purpose of providing safe, decent, and sanitary housing to low and moderate income New Mexicans by being selected as PBCA administrator for properties in New Mexico.

After discussion, the foregoing Resolution was duly ADOPTED:

Aye:
Nay:
Abstain:
Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS __________ DAY OF MARCH, 2017

_______________________
Chair Dennis Burt
(SEAL)

ATTEST:

_______________________
Secretary Jay Czar
Tab 3
MEMORANDUM

TO: Board of Directors
Through: Policy Committee – February 28, 2017
FROM: Yvonne Segovia, Controller
DATE: March 22, 2017
SUBJECT: Authorized Signatures Resolution

Recommendation:

Staff recommends the addition of the Senior Director of Homeownership to the Authorized Signatures Resolutions.

Background:

The Authorized Signatures Resolution is updated periodically as needed.

Discussion:

In order to support expanded Mortgage Operations we added servicing activities to authorized program documents. We have added the Senior Director of Homeownership as an authorized signor.

The title for the Human Resources Director has also been changed.

Summary:

The Authorized Signatures Resolution is updated periodically as needed. Staff is recommending the addition of the Senior Director of Homeownership to authorized signors of program and servicing documents.
WHEREAS, a regular meeting of the Board of Directors of the New Mexico Mortgage Finance Authority (MFA) was held at 344 Fourth St. SW, Albuquerque, New Mexico on March 22, 2017 at 9:30 a.m.; and

WHEREAS, authorized signatures are required to conduct the ongoing business of the MFA;

IT IS THEREFORE RESOLVED:

1. The individuals holding the following positions are designated as Authorized Signatures on documents and/or instruments required to perform program and servicing activities:

   Executive Director
   Deputy Director(s)
   Human Resources Manager
   Senior Director of Homeownership
   Director of Servicing
   Employees Designated by Management

2. The individuals holding the following positions are designated as Authorized Signatures on Bank Accounts and related banking documents:

   Chair of the Board
   Vice-Chair of the Board
   Treasurer of the Board
   Board Members Designated by the Chair of the Board
   Executive Director
   Deputy Director(s)
   Controller

3. The individuals holding the following positions are designated as Authorized Signatures on documents that legally bind the MFA, including contracts and federal fiscal reports and payment vouchers in accordance with OMB 2 CFR 200.415:

   Chair of the Board
   Executive Director
   Deputy Director(s)
   Human Resources Manager
   Director
   Controller

After discussion the foregoing resolution was adopted on March 22, 2017.
NEW MEXICO MORTGAGE FINANCE AUTHORITY
CORPORATE RESOLUTION

RESOLVED, the individuals listed below are fully authorized and empowered to establish accounts in any bank or financial or depository institution (bank) in the name and on behalf of New Mexico Mortgage Finance Authority (MFA); to make deposits in, change, transfer funds to, or withdraw funds from such accounts by checks, drafts, wire transfers, or other instruments or orders customarily used for the payment of accounts or the transfer of funds, including the proceeds of mortgages; and to make, execute, and deliver, under the seal of New Mexico Mortgage Finance Authority, any and all written instruments necessary or proper to effectuate the authority hereby conferred; and that any such actions heretofore taken by any of the following persons on behalf of New Mexico Mortgage Finance Authority are hereby ratified, approved and confirmed.

Dennis R. Burt  Chair of the Board
Angel A. Reyes  Vice-Chair of the Board
Steven J. Smith  Treasurer of the Board
Jay J. Czar  Executive Director
Gina Hickman  Deputy Director of Finance & Admin.
Yvonne Segovia  Controller
Isidoro Hernandez  Deputy Director of Programs

IT IS FURTHER RESOLVED, that the authority conferred hereinabove shall continue in full force and effect until written notice of modification or revocation shall be received by the bank and that bank shall be protected in action upon any form of such written notice of modification or revocation which it in good faith believes to be genuine.

CORPORATE CERTIFICATION

I HEREBY CERTIFY, that I am the Secretary of New Mexico Mortgage Finance Authority; that the above and foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the vote of a majority or more of the directors of the New Mexico Mortgage Finance Authority in accordance with the MFA by-laws on October 21, 2015 March 22, 2017; that there is no provision in the articles of the MFA conflicting with said resolution; and that said resolution has not been modified or revoked and still remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this ____________ day of March, 2017.

Jay J. Czar, Secretary

(CORPORATE SEAL)
Tab 4
MEMORANDUM

TO:        MFA Board of Directors
FROM:      Rene Acuña
DATE:      February 2017
SUBJECT:   Quarterly Single Family Production Report

- **Interest Rate History:**

![Historical Loan Rate Trend from March 31, 2016 thru January 19, 2017](chart.png)

- Historical Loan Rate Trend from March 31, 2016 thru January 19, 2017
- Program: First Home Gov't, First Home Conv, Next Home Gov't, Next Home Conv
- Graph showing changes in interest rates from March 31, 2016 to January 19, 2017.
• Reservations by Program-(10/01/2016 through 12/31/2016)

Loan Program Comparison
October 1 thru December 31, 2016

Program

FIRST HOME CONV
FIRST HOME GOV'T
NEXT HOME CONV
NEXT HOME GOV'T
TOTAL (All Programs)

Reservations (QTR total)
$ 5,298,407.00
$ 53,655,199.00
$ 4,858,715.00
$ 22,132,552.56
$ 85,944,873.56

Cancellations (QTR total)
$ 1,032,309.00
$ 5,477,370.00
$ 376,780.00
$ 1,809,514.00
$ 8,695,973.00

AVG Weekly Reservations
$ 407,569.77
$ 4,127,323.00
$ 373,747.31
$ 1,702,504.04
$ 6,611,144.12

AVG Weekly Cancellations
$ 79,408.38
$ 421,336.15
$ 28,983.08
$ 139,193.38
$ 668,921.00

AVG Percent Cancellations
19.48%
10.21%
7.75%
8.18%
10.12%

*Excludes canceled loans

• Average Historical Weekly Reservations and Cancellations from October 1, 2016 Through December 31, 2016
• **Comparison of Down Payment Assistance (DPA) Sources** (10/01/2016 through 12/31/2016) purchased loans.

![Comparison of Down Payment Assistance](image)

• **Comparison of Loan Types** (10/01/2016 through 12/31/2016)

![Loan Type Comparison](image)
**Borrower Demographics as:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Sales Price</td>
<td>$141,300</td>
</tr>
<tr>
<td>Average Loan Amount</td>
<td>$138,268</td>
</tr>
<tr>
<td>Average Household Income</td>
<td>$47,849</td>
</tr>
<tr>
<td>Average Family Size</td>
<td>2 person household</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>39% Minority</td>
</tr>
<tr>
<td>Average Borrower Age</td>
<td>36 years old</td>
</tr>
<tr>
<td>Average Number of Dependents</td>
<td>1 dependent</td>
</tr>
<tr>
<td>Borrower Gender</td>
<td>45% Female/55% Male</td>
</tr>
<tr>
<td>Average FICO score</td>
<td>683</td>
</tr>
</tbody>
</table>
- **MFA Market Share:**
  - 01/01/2016 through 12/31/2016
  - Resale transactions (including REO) and new construction
  - Purchase loans
  - Residential property (1 to 4 units)
  - First Mortgage-FHA only

<table>
<thead>
<tr>
<th></th>
<th>Total Units</th>
<th>MFA Units</th>
<th>MFA Market Share (January 2016 –December 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top 20 Mortgage Lenders</strong></td>
<td>2,806 Units</td>
<td>2,078 Units</td>
<td>74.06%</td>
</tr>
<tr>
<td><strong>Top 50 Mortgage Lenders</strong></td>
<td>3,819 Units</td>
<td>2,078 Units</td>
<td>54.41%</td>
</tr>
<tr>
<td><strong>All Mortgage Lenders</strong></td>
<td>4,247 Units</td>
<td>2,078 Units</td>
<td>48.93%</td>
</tr>
<tr>
<td><strong>Second Mortgage Loans</strong></td>
<td>3,006 Units</td>
<td>1,557 Units</td>
<td>51.80%</td>
</tr>
</tbody>
</table>
Reservation Loans

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<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>FY16 - Amount</td>
<td>$17,649,332.00</td>
<td>$20,111,226.94</td>
<td>$22,964,292.79</td>
<td>$20,302,997.82</td>
<td>$26,068,402.04</td>
<td>$37,166,410.22</td>
<td>$35,743,175.69</td>
<td>$35,140,880.74</td>
<td>$38,427,167.51</td>
<td>$30,776,220.00</td>
<td>$33,127,771.00</td>
<td>$30,765,407.81</td>
<td>$351,235,284.50</td>
</tr>
<tr>
<td>Number Loans</td>
<td>135</td>
<td>153</td>
<td>170</td>
<td>146</td>
<td>211</td>
<td>251</td>
<td>256</td>
<td>250</td>
<td>277</td>
<td>224</td>
<td>227</td>
<td>214</td>
<td>2524</td>
</tr>
<tr>
<td>FY17 - Amount</td>
<td>$27,412,881.00</td>
<td>$28,836,442.59</td>
<td>$26,850,735.52</td>
<td>$26,631,551.00</td>
<td>$33,948,830.52</td>
<td>$25,128,005.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$172,108,445.58</td>
</tr>
<tr>
<td>Number Loans</td>
<td>204</td>
<td>210</td>
<td>209</td>
<td>186</td>
<td>235</td>
<td>169</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1213</td>
</tr>
</tbody>
</table>
Tab 5
# Staff Actions Requiring Notice to Board  
## During the Period of February 1 – 28, 2017

<table>
<thead>
<tr>
<th>Department and Program</th>
<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing Department</td>
<td>December 31, 2016 Quarterly Quality Control Review</td>
<td>Approval of report issued by REDW. No findings.</td>
<td>Approved by Policy Committee February 14, 2017.</td>
</tr>
<tr>
<td>Servicing Department</td>
<td>January 31, 2017 Monthly Quality Control Review</td>
<td>Approval of report issued by REDW. No findings.</td>
<td>Approved by Policy Committee February 28, 2017.</td>
</tr>
</tbody>
</table>
Tab 6
## SUMMARY OF NEW BOND ISSUES:

**Single Family Issues:** $50 mm 2016 Series C Bonds-New Money (November)
$18.3 mm 2016 Series C Bonds-Refunding (November)

**Multi-family Issues:** None

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

<table>
<thead>
<tr>
<th>PRODUCTION</th>
<th>4 months</th>
<th>% Change</th>
<th>Forecast</th>
<th>Actual to</th>
<th>Forecast/Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Single family issues (new money):</td>
<td>$50.0</td>
<td>$0.0</td>
<td>100.0%</td>
<td>$50.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>2 Single family loans sold (TBA):</td>
<td>$60.0</td>
<td>$84.1</td>
<td>-28.7%</td>
<td>$58.3</td>
<td>2.9%</td>
</tr>
<tr>
<td>3 Multifamily issues:</td>
<td>$0.0</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
<td>N/A</td>
</tr>
<tr>
<td>4 Payoffs:</td>
<td>$27.3</td>
<td>$23.7</td>
<td>15.3%</td>
<td>$23.0</td>
<td>19.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BALANCE SHEET</th>
<th>4 months</th>
<th>% Change</th>
<th>Forecast</th>
<th>Actual to</th>
<th>Forecast/Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Avg. earning assets:</td>
<td>$960.8</td>
<td>$948.5</td>
<td>1.3%</td>
<td>$963.4</td>
<td>-0.3%</td>
</tr>
<tr>
<td>6 General Fund Cash and Securities:</td>
<td>$72.7</td>
<td>$76.2</td>
<td>-4.6%</td>
<td>$80.5</td>
<td>-9.7%</td>
</tr>
<tr>
<td>7 General Fund SIC FMV Adj.:</td>
<td>($0.5)</td>
<td>($0.2)</td>
<td>150.0%</td>
<td>$0.0</td>
<td>N/A</td>
</tr>
<tr>
<td>8 Total bonds outstanding:</td>
<td>$713.4</td>
<td>$713.6</td>
<td>0.0%</td>
<td>$702.5</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCOME STATEMENT</th>
<th>4 months</th>
<th>% Change</th>
<th>Forecast</th>
<th>Actual to</th>
<th>Forecast/Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 General Fund expenses (excluding capitalized assets):</td>
<td>$3.5</td>
<td>$2.6</td>
<td>34.6%</td>
<td>$4.4</td>
<td>-20.5%</td>
</tr>
<tr>
<td>10 General Fund revenues:</td>
<td>$5.6</td>
<td>$5.1</td>
<td>9.8%</td>
<td>$5.5</td>
<td>1.8%</td>
</tr>
<tr>
<td>11 Combined excess revenue over expenses (all funds):</td>
<td>$3.0</td>
<td>$2.4</td>
<td>25.0%</td>
<td>$1.8</td>
<td>68.4%</td>
</tr>
<tr>
<td>12 Combined net position:</td>
<td>$215.3</td>
<td>$205.3</td>
<td>4.9%</td>
<td>$214.1</td>
<td>0.6%</td>
</tr>
<tr>
<td>13 Combined return on avg. earning assets:</td>
<td>0.85%</td>
<td>0.75%</td>
<td>13.9%</td>
<td>0.51%</td>
<td>67.9%</td>
</tr>
<tr>
<td>14 Net TBA profitability:</td>
<td>2.20%</td>
<td>N/A</td>
<td>50.7%</td>
<td>1.15%</td>
<td>91.3%</td>
</tr>
<tr>
<td>15 Combined interest margin:</td>
<td>0.87%</td>
<td>0.73%</td>
<td>19.2%</td>
<td>1.02%</td>
<td>-14.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MOODY'S BENCHMARKS</th>
<th>4 months</th>
<th>% Change</th>
<th>Forecast</th>
<th>Actual to</th>
<th>Forecast/Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 Net Asset to debt ratio (5-yr avg):</td>
<td>26.03%</td>
<td>23.09%</td>
<td>13%</td>
<td>27.09%</td>
<td>-4%</td>
</tr>
<tr>
<td>17 Net rev as a % of total rev (5-yr avg):</td>
<td>8.39%</td>
<td>7.35%</td>
<td>14%</td>
<td>8.07%</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SERVICING</th>
<th>4 months</th>
<th>% Change</th>
<th>Forecast</th>
<th>Actual to</th>
<th>Forecast/Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 Subserviced portfolio</td>
<td>$143.2</td>
<td>N/A</td>
<td>N/A</td>
<td>$95.9</td>
<td>49%</td>
</tr>
<tr>
<td>19 Servicing Yield (subserviced portfolio)</td>
<td>0.36%</td>
<td>N/A</td>
<td>N/A</td>
<td>0.36%</td>
<td>1%</td>
</tr>
<tr>
<td>20 Mortgage Operations excess revenue over expenses:</td>
<td>$1.3</td>
<td>N/A</td>
<td>N/A</td>
<td>$0.13</td>
<td>910%</td>
</tr>
<tr>
<td>21 Combined delinquency rate (MFA serviced)</td>
<td>12.54%</td>
<td>14.98%</td>
<td>-16%</td>
<td>10.24%</td>
<td>22%</td>
</tr>
<tr>
<td>22 DPA loan delinquency rate (all)</td>
<td>12.84%</td>
<td>15.54%</td>
<td>-17%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>23 Default rate (MFA serviced)</td>
<td>0.33%</td>
<td>0.50%</td>
<td>-34%</td>
<td>3.25%</td>
<td>-90%</td>
</tr>
</tbody>
</table>

Legend: **Positive Impact,** **Negative Impact,** **Caution/Known Trend**
SIGNIFICANT MONTHLY/QUARTERLY FINANCIAL VARIANCES:

N/A

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

► Our initial FY17 forecast indicates continued improvement in the interest rate environment and economy in general providing higher investment yields and potential for bond issuance for both the single and multifamily programs which will help stabilize the balance sheet. While last year we saw continued improvement in the US economy and housing market, interest rates continue to be volatile. Staff has had to closely monitor and manage all interest rate sensitive assets and activities taking advantage of market opportunities when appropriate. Staff expects to see continued volatility in the capital markets and for interest rate sensitive asset valuations into next year during the transition to the new presidency.

► Demand for the Single Family Program is consistent with last year at this same time; however, production is exceeding budget forecast and TBA transaction fees currently exceed the budget by $1.2 mm. The single family production budget forecast was very conservative.

► State Investment Council portfolio is experiencing a significant decline in the fair market value of the funds MFA is invested in; current realized, YTD non-operating loss of ($851)k.

► All General Fund budget variances are attributed to timing and increased production at this point.


► A $762k gain on sale of assets was recognized as part of the 2016 Series C Single Family Program bond structure; residual MBS were sold at a premium into the market.

► Credit risk remains stable.

► Based on Moody’s issuer credit rating scorecard, MFA’s 26.03% net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (> 20%). The net revenue as a percent of total revenue measures performance and profitability and MFA’s 8.39% ratio (5-year average) points to a satisfactory profitability with consistent trends (5%-10% range).
MONTHLY FINANCIAL GRAPHS

Assets Under Management as of 1/31/2017
($ in thousands)

YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2017

YTD Excess Revenues over Expenses as of 1/31/2017

Yield Targets 9/30/2017

(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund
### NEW MEXICO MORTGAGE FINANCE AUTHORITY
### COMBINED STATEMENT OF NET POSITION
### JANUARY 31, 2017
### (THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>YTD 1/31/17</th>
<th>YTD 1/31/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH &amp; CASH EQUIVALENTS</td>
<td>$24,428</td>
<td>$28,490</td>
</tr>
<tr>
<td>RESTRICTED CASH HELD IN ESCROW</td>
<td>10,298</td>
<td>10,705</td>
</tr>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ACCRUED INTEREST RECEIVABLE</td>
<td>3,243</td>
<td>3,372</td>
</tr>
<tr>
<td>MORTGAGE PAYMENT CLEARING</td>
<td>99</td>
<td>(67)</td>
</tr>
<tr>
<td>OTHER CURRENT ASSETS</td>
<td>1,878</td>
<td>1,940</td>
</tr>
<tr>
<td>ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>INTER-FUND RECEIVABLE (PAYABLE)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>39,947</strong></td>
<td><strong>44,440</strong></td>
</tr>
</tbody>
</table>

|                     |             |             |
| CASH - RESTRICTED   | 52,914      | 35,529      |
| LONG-TERM & RESTRICTED INVESTMENTS | 59,277      | 60,138      |
| INVESTMENTS IN RESERVE FUNDS | 21          | -           |
| FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS | 598,855     | 611,642     |
| MORTGAGE LOANS RECEIVABLE | 200,297     | 195,627     |
| ALLOWANCE FOR LOAN LOSSES | (2,657)     | (2,565)     |
| NOTES RECEIVABLE    | 29,442      | -           |
| FIXED ASSETS, NET OF ACCUM. DEPN | 977          | 963         |
| OTHER REAL ESTATE OWNED, NET | 435         | 467         |
| OTHER NON-CURRENT ASSETS | -           | -           |
| INTANGIBLE ASSETS   | 1,488       | 63          |
| **TOTAL ASSETS**    | **980,995** | **946,303** |

|                      |             |             |
| **DEFERRED OUTFLOWS OF RESOURCES** |             |             |
| REFUNDINGS OF DEBT   | 760         | 1,047       |
| **TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES** | **981,755** | **947,349** |

|                      |             |             |
| **LIABILITIES AND NET POSITION:** |             |             |

|                      |             |             |
| **LIABILITIES:**     |             |             |
| **CURRENT LIABILITIES:** |             |             |
| ACCRUED INTEREST PAYABLE | 7,626       | 7,988       |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | 4,356       | 4,510       |
| ESCROW DEPOSITS & RESERVES | 10,298      | 10,705      |
| **TOTAL CURRENT LIABILITIES** | **22,280**  | **23,202**  |

|                      |             |             |
| BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT | 713,426     | 713,576     |
| MORTGAGE & NOTES PAYABLE | 30,510      | 4,930       |
| ACCRUED Arbitrage Rebate | 22          | 82          |
| OTHER LIABILITIES       | 245         | 246         |
| **TOTAL LIABILITIES**  | **766,483** | **742,037** |

|                      |             |             |
| **NET POSITION:**    |             |             |
| INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT | 977         | 963         |
| UNAPPROPRIATED NET POSITION (NOTE 1) | 65,457      | 63,199      |
| APPROPRIATED NET POSITION (NOTE 1) | 148,839     | 141,151     |
| **TOTAL NET POSITION** | **215,272** | **205,312** |
| **TOTAL LIABILITIES & NET POSITION** | **981,755** | **947,349** |
NEW MEXICO MORTGAGE FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FOUR MONTHS ENDED JANUARY, 2017
(THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>YTD 1/31/17</th>
<th>YTD 1/31/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$11,474</td>
<td>$11,742</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>785</td>
<td>942</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>493</td>
<td>-</td>
</tr>
<tr>
<td>Administrative Fee Income (Exp)</td>
<td>2,398</td>
<td>2,134</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>15</td>
<td>44</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>265</td>
<td>327</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>221</td>
<td>(8)</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>150</td>
<td>86</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING REVENUES</strong></td>
<td>15,801</td>
<td>15,266</td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arbitrage Rebate Income (Expense)</td>
<td>30</td>
<td>5</td>
</tr>
<tr>
<td>Gain(Loss) Asset Sales/Debt Extinguishment</td>
<td>(88)</td>
<td>(489)</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>13,172</td>
<td>13,218</td>
</tr>
<tr>
<td><strong>SUBTOTAL NON-OPERATING REVENUES</strong></td>
<td>13,125</td>
<td>12,743</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>28,926</td>
<td>28,010</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>3,224</td>
<td>2,510</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>9,461</td>
<td>10,387</td>
</tr>
<tr>
<td>Amortization of Bond/Note Premium(Discount)</td>
<td>(823)</td>
<td>(949)</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>29</td>
<td>46</td>
</tr>
<tr>
<td>Mortgage Loan &amp; Bond Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>Amort. of Serv. Rights &amp; Depreciation</td>
<td>57</td>
<td>45</td>
</tr>
<tr>
<td>Bond Cost of Issuance</td>
<td>652</td>
<td>263</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING EXPENSES</strong></td>
<td>12,629</td>
<td>12,330</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building Costs</td>
<td>156</td>
<td>111</td>
</tr>
<tr>
<td>Grant Award Expense</td>
<td>13,158</td>
<td>13,195</td>
</tr>
<tr>
<td><strong>SUBTOTAL NON-OPERATING EXPENSES</strong></td>
<td>13,314</td>
<td>13,306</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>25,943</td>
<td>25,636</td>
</tr>
<tr>
<td><strong>EXCESS REVENUES OVER EXPENSES</strong></td>
<td>2,983</td>
<td>2,374</td>
</tr>
<tr>
<td>Other Financing Sources (Uses)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES AND OTHER FINANCING SOURCES(USES)</strong></td>
<td>2,983</td>
<td>2,374</td>
</tr>
<tr>
<td><strong>NET POSITION AT BEGINNING OF YEAR</strong></td>
<td>212,289</td>
<td>202,938</td>
</tr>
<tr>
<td><strong>NET POSITION AT 1/31/2017</strong></td>
<td>215,272</td>
<td>205,312</td>
</tr>
</tbody>
</table>
MFA Net Position as of January 31, 2017:

**UNAPPROPRIATED NET POSITION:**

- $38,130 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
- $27,255 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
- $72 held for New Mexico Affordable Housing Charitable Trust.

$65,457 Total unappropriated Net Position

**APPROPRIATED NET POSITION: GENERAL FUND**

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

- $92,674 for use in the Housing Opportunity Fund ($76,327 in loans plus $16,347 unfunded, of which $5,880 is committed).
- $21,455 for future use in Single Family & Multi-Family housing programs.
- $10,142 for loss exposure on Risk Sharing loans.
- $977 invested in capital assets, net of related debt.
- $1,481 invested in mortgage servicing rights.
- $11,397 for the future General Fund Operating Budget Y E 9/30/17 ($15,996 total budget less $4,599 expended budget through 01/31/17.)

$138,126 Subtotal - General Fund

**APPROPRIATED NET POSITION: HOUSING**

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

- $11,690 for use in the federal and state housing programs administered by MFA.
- $11,690 Subtotal - Housing Program
- $149,816 Total appropriated Net Position

$215,272 Total combined Net Position at January 31., 2017

Total combined Net Position, or reserves, at January 31, 2017 was $215.3 million, of which $65.5 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $149.8 million of available reserves, with $72.7 million primarily liquid in the General Fund and in the federal and state Housing programs and $77.1 million illiquid in the programs of the General Fund, have been

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

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, and operations.
## New Mexico Mortgage Finance Authority General Fund & Housing
### Budget Variance Report

**For the Four Months Ended 1/31/17**

<table>
<thead>
<tr>
<th></th>
<th>One Month</th>
<th>Year to Date</th>
<th>Year to Date</th>
<th>Annual</th>
<th>Annual</th>
<th>Annual Budget Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>PRO RATA YTD</td>
<td>BUDGET</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>576,134</td>
<td>2,222,896</td>
<td>2,567,722</td>
<td>344,825</td>
<td>7,703,165</td>
<td></td>
</tr>
<tr>
<td>Admin Income</td>
<td>683,865</td>
<td>3,261,998</td>
<td>2,133,232</td>
<td>(1,128,766)</td>
<td>6,399,696</td>
<td></td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>353,972</td>
<td>671,499</td>
<td>787,673</td>
<td>116,174</td>
<td>2,363,018</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td>1,613,972</td>
<td>6,156,393</td>
<td>5,488,626</td>
<td>(667,766)</td>
<td>16,465,879</td>
<td>37.39%</td>
</tr>
<tr>
<td>Non-Operating Revenues</td>
<td>105,245</td>
<td>(524,571)</td>
<td>140</td>
<td>524,711</td>
<td>1,691,519</td>
<td>-124897.90%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,719,217</td>
<td>5,631,822</td>
<td>5,488,766</td>
<td>(143,055)</td>
<td>16,466,299</td>
<td>34.20%</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>465,735</td>
<td>1,905,355</td>
<td>2,283,280</td>
<td>377,925</td>
<td>6,849,840</td>
<td>27.82%</td>
</tr>
<tr>
<td>Travel &amp; Public Info</td>
<td>36,857</td>
<td>80,116</td>
<td>136,206</td>
<td>56,091</td>
<td>408,619</td>
<td>328,503</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>50,255</td>
<td>231,146</td>
<td>224,554</td>
<td>(6,592)</td>
<td>673,661</td>
<td>442,515</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>259,200</td>
<td>1,002,250</td>
<td>1,147,346</td>
<td>145,097</td>
<td>3,442,039</td>
<td>29.12%</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td>812,046</td>
<td>3,218,866</td>
<td>3,791,386</td>
<td>572,520</td>
<td>11,374,159</td>
<td>28.30%</td>
</tr>
<tr>
<td>Non-Operating Expenses</td>
<td>31,710</td>
<td>156,388</td>
<td>300,417</td>
<td>144,029</td>
<td>901,250</td>
<td>744,862</td>
</tr>
<tr>
<td><strong>Subtotal Operating &amp; Non-Operating Expenses</strong></td>
<td>843,756</td>
<td>3,375,254</td>
<td>4,091,803</td>
<td>716,549</td>
<td>12,275,409</td>
<td>27.50%</td>
</tr>
<tr>
<td>Expensed Assets</td>
<td>256</td>
<td>3,864</td>
<td>27,770</td>
<td>23,906</td>
<td>83,310</td>
<td>79,446</td>
</tr>
<tr>
<td>Non-Cash Items</td>
<td>17,330</td>
<td>86,278</td>
<td>324,545</td>
<td>238,268</td>
<td>973,636</td>
<td>887,358</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>861,342</td>
<td>3,465,396</td>
<td>4,444,118</td>
<td>978,722</td>
<td>13,332,355</td>
<td>25.99%</td>
</tr>
<tr>
<td>Excess Revenue Over Expenses</td>
<td>857,875</td>
<td>2,166,425</td>
<td>1,044,648</td>
<td>(1,121,777)</td>
<td>3,133,944</td>
<td>69.13%</td>
</tr>
<tr>
<td>Purchased Servicing &amp; Capital Outlay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchased Servicing Rights</td>
<td>247,845</td>
<td>1,107,408</td>
<td>833,333</td>
<td>(274,075)</td>
<td>2,500,000</td>
<td>1,392,592</td>
</tr>
<tr>
<td>Capitalized Assets</td>
<td>-</td>
<td>26,206</td>
<td>54,593</td>
<td>28,388</td>
<td>163,780</td>
<td>137,574</td>
</tr>
<tr>
<td><strong>Total Purchased Servicing &amp; Capital Outlay</strong></td>
<td>247,845</td>
<td>1,133,614</td>
<td>887,927</td>
<td>(245,687)</td>
<td>2,663,780</td>
<td>1,530,166</td>
</tr>
<tr>
<td><strong>Total Including Capitalized Items</strong></td>
<td>610,030</td>
<td>1,032,811</td>
<td>156,721</td>
<td>(876,090)</td>
<td>470,164</td>
<td>(562,647)</td>
</tr>
</tbody>
</table>

14%
February 2 – March 7, 2017

MEDIA COVERAGE

2-6 Albuquerque Journal  
*Office suites will cater to small entrepreneurs  
Housing organizations: Things are looking up*

2-9 Hobbs News-Sun  
*City aims for more senior housing*

2-12 Silver City Sun-News  
*Incubator opens doors with NM FundIt’s help*

2-15 Hobbs News-Sun  
*Ceremony to launch Eunice housing project*

2-17 Las Cruces Bulletin  
*Finance Authority helped over 2,000 NM  
Families buy homes*

2-19 Hobbs News-Sun  
*Eunice breaks ground on subsidized housing complex*

3-6 Albuquerque Journal  
*MFA hires senior director to grow loan products*

PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

2-14 Tribal update  
Coalition meeting

2-27 Tribal update  
Coalition meeting minutes

March Realtor tips  
Conventional loans that work with MFA products
Office suites will cater to small-firm entrepreneurs

A development team is transforming a vacant Rio Rancho block along Golf Course Road NE into a new office building. “We are targeting neighborhood-oriented services and offering efficient floor plans for the small-business entrepreneur,” said Robert Kantor of Red Sky Realty, one of the owners of a 4,600-square-foot office building soon to be under construction. Spaces will range from 525 to 750 square feet at the new building, which will be at 2103 Golf Course Rd.

“We’ll have about eight suites in the building,” said co-developer David Soule, a local engineer with extensive experience in subdivision creation and a real estate investor. Soule places the valuation of the project, with land and construction costs, at $500,000.

A lot of commercial space just isn’t ideal for many small-business owners, said Soule. “A lot of the existing spaces (available for lease) are either too dated or too big or charge too much.” He said the size of the suites at the new official building in Rio Rancho makes them ideal for single operators like insurance agents, real estate sales agents, chiropractors or mom-and-pop retailers.

Soule called the area a “key block,” given its proximity to the nearby Cabezon master-plan housing community. “Rio Rancho has a lot of rooftops,” said Soule, gesturing to nearby homes whose residents presumably could be either potential tenants or future patrons.

Albuquerque architect Robert Ponto, who is also the project’s general contractor, is overseeing construction. Financing was provided by Washington Federal. The plan is to have construction finished by late May with expected occupancy by mid-June.

Lender Lucero lauded by NAHB

The National Association of Home Builders has named Diana Lucero, vice president of construction lending for New Mexico Bank & Trust in Albuquerque, its Associate of the Year. The award was given earlier this month during the association’s International Builders’ Show in Orlando, Fla.

The award honors someone who has made outstanding contributions to a local, state and national homebuilding industry. Lucero has been an active associate member for many years, serving in leadership roles for her state and local home builders associations, as well as at the national level for NAHB.

Most recently, she served as chairwoman for the NAHB Associates Committee (representing approximately 85,000 associates nationwide), and is currently the education committee chairwoman for the Home Builders Association of Central New Mexico and associate vice president for New Mexico Home Builders Association.

“Diana should be commended for her incredible dedication to our industry,” said NAHB Chairman Granger MacDonald, a home builder and developer from Kerrville, Texas. “Her contributions at both the national and local levels are truly impressive, and we are pleased to be able to recognize her for her years of hard work.”

Housing organizations: Things are looking up

Leaders from four statewide housing organizations told an overflow crowd at the Roundhouse that things are looking up for New Mexico’s housing industry. Officials said 2016 was the best year for home sales, affordable housing and real estate-related industries since 2008. “We know that, when the housing market is strong, things are better for New Mexico and its families,” said Lt. Gov. John Sanchez, who addressed the audience. “Thanks to a recovering market and strong programs, in 2016, a record number of families moved into quality homes that they could afford over the long term — places where their children can grow and their families can thrive.”

Some snapshots:

■ Steve Anaya of the Realtors Association of New Mexico said that 19,933 homes were sold in New Mexico in 2016. It is the highest number reported since 2008 and 6.4 percent higher than 2015, he said. In addition, the median home price rose to $185,000, which is almost to the pre-recession level.

■ John Garcia, executive vice president of the Homebuilders Association of Central New Mexico, said that, since the state Legislature implemented the Sustainable Building Tax Credit in 2007, 2,981 energy-efficient homes have been built in New Mexico. New Mexico is now considered one of the top green-built states in the country, Garcia said.

■ Susan Millspaugh of the New Mexico Mortgage Lenders Association said that foreclosure rates continue to drop in the state and are currently one-third of 1 percent. Millspaugh also said the regulations created and enforced by the state ensure that New Mexico lenders are highly trained and adhere to high ethical standards.

Mortgage money

After peaking at 40.8 million in 2007, the number of tax returns claiming the mortgage interest deduction has steadily fallen and, as of 2013, the latest year from which data are available, stands at just 33.3 million, according to Elliott Eisenberg, the Laughs and Graphs economist. Not surprisingly, the amount of mortgage interest paid also peaked in 2007 at $491 billion and is now $296 billion, while the average amount of MID claimed per filer has fallen from $12,052 to $8,900.
REAL ESTATE

Steve Sinovic

From left, Sara Austin, Robert Ponto, Robert Kantor, David Soule and Crystal Conine celebrate the groundbreaking on an office project at 2103 Golf Course NE.

Hailing success in the state housing industry in 2016 are, from left: Lt. Gov. John Sanchez; John Garcia, Home Builders Association of Central New Mexico; Steve Anaya, Realtors Association of New Mexico; Susan Millsbaugh, First Mortgage Co.; Wes Moore, New Mexico Mortgage Lenders Association; Sue Leydig, First Mortgage Co.; Victoria Murphy, Realtors Association of New Mexico; Elizabeth Mendenhall, National Association of Realtors; and Jay Czar, New Mexico Mortgage Finance Authority.
City aims for more senior housing
Commission takes last shot at subsidy monies

LEVI HILL NEWS-SUN

With its edge at securing federal tax subsidies for housing on the chopping block, Hobbs is looking at landing at least one senior housing project.

The Hobbs City Commission unanimously approved two resolutions Monday night committing to provide 10 percent backing to two projects in hopes either one or both could land coveted federal tax subsidies and move forward in 2018.

Several projects in Hobbs have already been built using federal tax credits including Parkside Terrace apartments being constructed adjacent to the Boys and Girls Club.

The federal tax credits are administered by the New Mexico Mortgage Finance Authority and projects are awarded credits by being scored on a point basis with projects in communities identified as being “in need” of housing getting 10 additional points. Fewer than a handful of projects are awarded tax credits each year out of more than a dozen applicants.

Hobbs has been on the “in need” list since around 2008, but this is the last year Hobbs will make the list and once off the chances of projects in the area landing the tax credits is slim, said Kevin Robinson, Hobbs development director.

“In all probability this is the last year we will be on the list and that means those 10 points will go away after this year,” Robinson said.

Michelle Den Bleyker, vice president of real estate development for Yes Housing, said Hobbs was actually removed from the list this year, but the company reminded the MFA it has historically given communities that are no longer “in need” two years before removal from the list and Hobbs was added back for 2017.

YES Housing is one of the two companies submitting projects to the MFA this year for a senior housing project near the corner of Dunnam and Fowler.

The project is proposed to be a 58-unit complex with a mix of one and two-bedroom units. Prices would likely run a range under $450 a month to as much as $800.

Pelton said the former boys and girls club would be demolished, requiring lead and asbestos remediation to make way for the senior living complex.

She said the company is also eyeing building two commercial spaces on site that could be rented to a café or deli business or another type of business that could serve seniors.

Hobbs City Manager J.J. Murphy said he and Mayor Sam Cobb recently visited with more than 80 seniors at the Hobbs Senior Center and response to the proposed projects was overwhelmingly positive.

In order to back the projects with a 10-percent match, if either project receives tax credits, the city will have to move funding from other projects.

Commissioners Cynthia Calderon and Patricia Taylor both expressed concern the money would come from the Taylor Ranch project, but Murphy...
Hobbs City Manager J.J. Murphy said he and Mayor Sam Cobb recently visited with more than 80 seniors at the Hobbs Senior Center and response to the proposed projects was overwhelmingly positive.

In order to back the projects with a 10 percent match, if either project receives tax credits, the city will have to move funding from other projects. Commissioners Cynthia Calderon and Patricia Taylor both expressed concern the money would come from the Taylor Ranch project, but Murphy said the city could move money out of other “less politically sensitive” projects.

Levi Hill can be reached at 391-5438 or managingeditor@hobbsnews.com.

This artist rendering shows the proposed 58-unit senior housing complex Chelsea Investment Corporation is hoping to secure federal tax subsidies to build at the corner of Dunnam and Fowler.
Finance New Mexico

Incubator opens doors with NM FundIt’s help

When Aztec community leaders envisioned a downtown co-working space and retail-business incubator, they made a plan, found a building and identified initial sources of funding for the project. But they needed additional money to get it off the ground. They turned to New Mexico FundIt, an informal group of federal and state government and nonprofit agencies that meets regularly to help identify capital and fill funding gaps in economic development projects.

FundIt was created by the New Mexico Economic Development Department from a suggestion by a blue-ribbon panel convened to identify ways to streamline development projects in the state. FundIt aims to be a one-stop source of start-to-finish financing for projects that will help with community infrastructure development, job creation and small-business development. Through FundIt communities can present their development proposals to many funding agencies at the same time.

Thirteen federal and state entities participate, and most have money to invest. Federal agencies include the Small Business Administration, Department of Agriculture and Department of Housing and Urban Development. Quasi-public entities, such as the New Mexico Finance Authority, which finances infrastructure projects, and the New Mexico Mortgage Finance Authority, which finances housing and related services that benefit low- to moderate-income residents, also have a seat at the table. State agencies include the New Mexico Department of Transportation, Environment Department, and Department of Finance and Administration.

Participants can act as a gateway into the FundIt group and bring projects for review. Members collectively analyze proposals and direct the most feasible ones to stay on a continual track to financing. Sometimes members take a project back to their agencies for processing, but if a project isn’t ready to proceed, panel members offer comments or direction. The overarching goal is to keep projects moving and help communities fund development from start to finish in a way that makes the most efficient use of tax dollars.

The panel isn’t a place to vet idea-stage projects; some capital must already be secured. The group looks for projects that have a funding gap that can be filled by one of its members.

Projects selected for review fall under five economic development categories: Business development projects, such as business incubators and industrial parks; community development, such as feasibility studies, asset mapping and comprehensive plans; infrastructure development that updates or replaces existing communication, transportation or support networks; housing projects that increase access to housing; and downtown redevelopment projects.

The FundIt panel reviewed about 20 projects in 2016, including Aztec’s business incubator. The Hub, which was assisted by the panel early in the year, held a ribbon-cutting ceremony at its official opening last month.

Building on the success of FundIt, the Economic Development Department is collaborating with the New Mexico Councils of Government on a web portal where community leaders can find information about completed projects and learn how they were funded. The Ristra Project, a website found at www.ristraproject.com, will soon contain a new component to encourage dialog among economic developers, who can help new project organizers find appropriate funding sources faster.

The FundIt panel meets on the fourth Tuesday of even-numbered months. Project developers should submit an application at least two weeks before the meeting. The next meeting will take place at 1:30 p.m. on February 28 at the New Mexico Department of Workforce Solutions, located at 501 Mountain Rd NE in Albuquerque. For more information contact Johanna Nelson at 505-827-0264 or Johanna.nelson@state.nm.us.

Finance New Mexico connects individuals and businesses with skills and funding resources for their business or idea. To learn more, go to www.FinanceNewMexico.org.
550 Brewing is one of the tenants of The Hub in Aztec.
Ceremony to launch Eunice housing project

CURTIS C. WYNNE
NEWS-SUN

EUNICE — The long-awaited construction of the $2 million Eunice Workforce Housing Apartments begins Friday with a groundbreaking ceremony.

The 16-unit affordable multi-family apartment complex will be located north of the corner of Avenue M and 23rd Street in Eunice directly south of the Eunice Senior Center.

The event will take place 2 p.m. Friday at 1309 23rd St. in Eunice.

TDS-ERHA Unidos LLC received funding through a $1 million grant from Lea County, a state grant of $348,000 and a loan from the New Mexico Mortgage Finance Authority to cover the remainder.

TDS-ERHA Unidos LLC is a limited liability company, created by a partnership between Tierra Del Sol Housing Corporation and the Eastern Regional Housing Authority.

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

Educators, healthcare workers and active members of the service are also eligible for the apartments. Under state guidelines at least six apartments have to be aimed at low-income earners and at least three units have to go to those in public safety.

Eunice Mayor Matt White said the location next to the senior center was also important for the town’s seniors and also a way to bring in more families to Eunice.

“When this project came about we had a lot of our seniors asked if they could move into the complex,” White said. “We said ‘you sure can.’ That’s helpful to us in other ways. We have some seniors who are living in big homes now and by getting them to move into something smaller, that opens the door for younger and larger families to move in. That’s an attraction to outside businesses who are thinking about making a move to Eunice. This project has the opportunity to open up some economic development.”

Eunice City Councillor Jerry Corral was excited about the opportunity to have more housing and the benefits that could bring.

“I think it is a win-win situation for everyone,” Corral said. “With new housing, that is going to attract more businesses and hopefully in the relatively near future, we can have more businesses come in and experience what Eunice has to offer. More businesses means more families come in. That’s going to help our schools, it’s going to help our economy.”

Chris Herbert, executive director of Eastern Regional Housing Authority, said efforts to finance and begin construction on the project took about three-and-a-half years.

“Thanks to Lea County, to the City of Eunice and to the Mortgage Finance Authority for sticking with us through the three or four different iterations,” he said. “It’s been a long go, but we’re really happy to do it because it’s so hard to get affordable housing in rural New Mexico. It’s so costly with the cost of construction in remote sites.”

Herbert said he’s especially pleased with the partnership between the Housing Authority and Tierra Del Sol.

“They’re (Tierra Del Sol) based out of Las Cruces but they have properties all over southern New Mexico,” he said. “We’re pleased to work with them. We’ve partnered with them before and they’re a great organization.”

Eunice City Manager Marty Moore said the project will take up the northeastern corner of about a five-acre swath of land.

“We are going working on the sewer hook-ups for that area within the next week or so,” Moore said.

White added that if the project goes well there is the potential for additional housing to be built on that land.

City officials are scheduled to join representatives from the Lea County Commission and members of the staffs of TDS-ERHA Unidos and the NMFA at the groundbreaking ceremony.
Finance Authority helped over 2,000 NM families buy homes

By LEANN KEMP
For the Bulletin

The New Mexico Mortgage Finance Authority (MFA) helped almost 2,300 New Mexican families become homeowners last year. That’s a 57 percent increase from 2015.

Homeownership makes good financial sense for many New Mexicans, because most homebuyers pay less for their monthly mortgage than they would in rent. And, as a whole, homebuyers are significantly less cost-burdened, meaning they spend less than 30 percent of their income for housing than do renters.

MFA provided $12 million in down payment assistance to 2,200 homebuyers, which is a 64 percent increase from 2015. For many of these families, down payment assistance was the only way they could have become homeowners.

Last year MFA created a new program, NextHome, that helps non-first-time homebuyers buy a new home. Almost 700 New Mexicans used NextHome to purchase a step-up home. That means 700 starter homes went back into the market, helping meet a pressing need for entry-level homes.

The REALTORS Association of New Mexico estimates that MFA loans added $53 million to the New Mexico economy from income generated by real estate-related industries and consumer spending.

In addition to setting homeownership records last year, MFA also had a 41 percent increase in the number of homes that received energy efficiency measures or that were rehabilitated. This was due in part to an allocation from the New Mexico State Legislature for the weatherization program, which helped keep almost 1,700 low-income households warmer this winter.

More information about New Mexico housing can be found at: housingnm.org.

Leann Kemp is the communications manager of the New Mexico Mortgage Finance Authority. She can be reached at: 505-767-2254, lkemp@housingnm.org.
Eunice breaks ground on subsidized housing complex

CURTIS C. WYNNE
NEWS-SUN

EUNICE — The long-awaited construction of a $2 million subsidized housing complex drew a small gathering Friday for a groundbreaking ceremony at 1309 23rd St.

Joining the celebration were representatives of Lea County, the City of Eunice, the New Mexico Mortgage Finance Authority, the Eastern Regional Housing Authority and Tierra Del Sol Housing Corporation.

ERHA partnered with TDS last year to form the limited liability company that will own the apartment complex, TDS-ERHA Unidos.

Chris Herbert, executive director of ERHA, described the project in introductory remarks.

“This project is 16 units. It is a mixed-use property between workforce housing and low income,” he said.

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

Educators, healthcare workers and active members of the service are also eligible for the apartments. Under state guidelines at least six apartments have to be aimed at low-income earners and at least three units have to go to those in public safety.

Rose Garcia, executive director of Tierra Del Sol, said TDS is a nonprofit corporation that has been around over 40 years.

“It through the years we have focused on providing housing for the various workforces,” she said. “We’re very honored to be here and be a partner to this project. We’ve been around a long time and we’ll be here when you need housing.”

Officials of the contractor Pavilion Construction, already beginning the construction work, anticipate completing the project in about six months.

Lea County provided a $1 million grant toward funding the project. Other funding comes from a $348,000 SEE EUNICE, Page 7 grant from the MFA from the Governor’s Innovation in Housing fund and a loan from the MFA Housing Trust Fund to cover the remaining costs. The City of Eunice contributed an acre of land and off-site infrastructure.

“We went through a lot to get this project to the point where we are able to break ground,” Herbert said. “It took a lot of patience and a lot of persistence on the part of the funders. We can’t thank them enough.”

Mayor Matt White also alluded to the lengthy effort.

“The dream of this thing started eight or 10 years ago. The actual project started two years ago to get all the money together,” he said.

County Commissioner Don Jones commended his predecessor, former commissioner Gregg Fulfer, for pushing the project over the last two years.

“One of the first things you looked at when you want to go to a town is the housing,” Jones said. “... Housing means a whole lot, especially with smaller cities.”

Isidoro Hernandez, deputy director of the MFA, pointed out Eunice is no exception to New Mexico’s need for affordable housing.

“This project has been very, very challenging and it has taken a long time,” he said. “I think there are two key reasons why it has been successful. One of them is commitment and persistence and the other is the partnerships.”

He presented a recognition plaque to the mayor reading, “Recognizing his long-standing commitment to affordable housing in Eunice, the MSA honors Mayor Johnny Matt White.”

White immediately spread the honors around to many others who helped make the project a reality.

Curtis Wynne may be contacted at 575-391-5436 or reporter3@hobbsnews.com.
Eunice breaks ground on subsidized housing complex

CURTIS C. WYNNE NEWS-SUN

68.66 column inches

Hobbs, NM  Circulation: 11074

The wait is over!

Officials from the Eastern Regional Housing Authority, Lea County, Tierra Del Sol Housing Corporation, the New Mexico Mortgage Finance Authority and the City of Eunice break ground on a long-awaited $2 million subsidized housing complex Friday.
ALBUQUERQUE, N.M. — Following a year of strong demand, the New Mexico Mortgage Finance Authority has made a strategic new hire to grow its loan products. Jeff Payne is the senior director of homeownership, a newly created position in the organization. Payne comes to MFA following a 30-year career with Wells Fargo Home Mortgage.

In his new role, Payne will lead MFA’s homeownership and servicing departments in order to provide affordable homeownership opportunities to low- and moderate-income New Mexicans. The position was created in response to a year of record growth at MFA. In 2016, MFA increased its mortgage loan production by 67 percent and the number of homebuyers receiving down payment assistance increased by 64 percent. Also last year, MFA launched a new mortgage servicing structure that expanded its servicing responsibilities.

“Helping low- and moderate-income families find safe, stable housing that they can afford over the long term is crucial to the health of New Mexico’s families and communities,” Payne said. “I am thrilled to have the opportunity to do this important work and I look forward to being a part of this strong organization.”

As assistant vice president and branch sales manager at Wells Fargo Home Mortgage, Payne directed a team of home mortgage consultants throughout the area, including Albuquerque and Santa Fe. A native New Mexican, he has served on the board of directors of the Greater Albuquerque Habitat for Humanity since 2015.

“The experience and knowledge Jeff brings to MFA is a perfect complement to the work we do with our statewide network of lenders and realtors,” said Jay Czar, MFA’s executive director. “He has a
passion for affordable housing and has embraced our mission. He is the right person to lead these departments as we continue to grow and expand.”

**Hard time for first-timers**

California is the toughest state for first-time homebuyers, according to a new Bankrate.com report. Hawaii and New York round out the three most difficult states to buy your first home.

The data study evaluated all 50 U.S. states based on several factors pertaining to young adults, including home affordability relative to median income, credit availability, unemployment, market tightness and homeownership percentage among under-35 households.

New Mexico ranked No. 35.

California ranks as the toughest state for first-time homebuyers for several reasons, including low home affordability (No. 49), availability (No. 49) and under-35 homeownership percentage (No. 49), as well as high millennial unemployment (No. 41).

Iowa, on the other hand, is the easiest state due in large part to the most affordable home prices in the country.

“Tight market conditions and unaffordably high prices really plague what many young Americans feel are the most desirable places to put down roots,” said Bankrate.com analyst Claes Bell.

**The food chain**

Construction is moving forward on several new commercial buildings behind Chick-fil-A along the Paseo del Norte corridor.

One of the new tenants slated to open soon is a Blaze Pizza franchise, which has signed a lease to join the new development, as was previously reported in the *Journal*.

Blaze Pizza will take about 3,100 square feet in one of the three new buildings planned for the Holly Avenue project, which is marketed by Maestas & Ward’s Thalia Toha and Todd Strickland.

On the sweet front, the owners of the Tropical Smoothie Cafe franchise also are looking at opening a second location on a retail pad near Holly and San Pedro NE.

**Secure location**

Nearly ready for occupancy is A-Tech Security. The company’s employees will soon move into the new corporate headquarters at 4616 Hawkins NE. Rich Rosley, president of the locally owned and family-run security system monitoring provider since 1994, said investing in the new space will help the company expand its services to both residential and commercial customers.

He said A-Tech, which had outgrown its current location on Anaheim NE, competes with nationwide security companies by offering higher quality installment and security systems. A-Tech’s headquarters, a 7,000-square-foot metal building, is wired to the hilt so its dispatch center, which operates around the clock, can keep a watchful eye on thousands of sensors, alarms and video surveillance units.

Steve Sinovic is the Journal’s real estate reporter. He can be reached at ssinovic@abqjournal.com or by calling 505-823-3919.
NM Tribal Homeownership Coalition Meeting

When: February 23, 2017
Time 2PM-4PM
Where USDA, 6200 Jefferson Albuquerque, NM 87109. On the corner of Jefferson and Osuna

Agenda:
1. Welcome
2. Introductions
3. Overview of legislative session
4. Coalition 2017 Goals

Sharlynn Rosales
MFA Program Coordinator
(505)767-2282
Meeting Minutes

February 23, 2017

- Welcome
- Introductions
  - Cynthia Jackson - MFH Loan Specialist from USDA.
    - Section 538 Guaranteed Rural Rental Housing Program
      - Can be combined with Federal Home Loan Bank for structures with a minimum of 5 units.
      - USDA and MFA are eligible lenders.
    - Housing Preservation & Revitalization Demonstration Loans & Grants
    - Multi-Family Housing Loan Guarantees
- Overview of legislative session - Denise Zuni
  - NAIHC Legislative Conference will take place March 6th. See attached flyers of Legislative Committee Meeting agenda and NAIHC's Legislative Priorities
    - Focus is on economic development and increasing homeownership on trust lands.
    - One way to support the funding opportunities needed to develop on tribal lands is to present our congress men and women with development projects that reflect the diversity in funding needed to support development. Reach out to our representatives and keep pushing them to support these funds.
    - There is still time to add additional items to the NAIHC Legislative Priorities list either individually or as a coalition.
Please send to Denise at dzuni@live.com

- **Coalition 2017 Goals**
  - Transitioning All Indian Pueblo Council committee/chair members have created difficulties for coalition to meet with council to talk about housing issues.
  - Further discussion on the coalition becoming a 501(c)(3) organization has prompted questions. With the costs of becoming certified, how will the coalition benefit from becoming a 501(c)(3)? Who would we advertise to for funding to support coalition? How would the organization establish the positions needed to support organization? Are there willing members to take those positions?
    - Need to re-evaluate what the coalition’s basic organizational structure is and what it can be.
    - As a conduit of information, how should future information between entities be distributed? What protocols should be in place for future decision making?
  - Looking into costs for developing a coalition website
    - Ask for donations from tribal governments, TDHE’s, lending providers, and other entities that are currently engaged with the coalition.
    - Referrals for web designers are welcomed. Please contact Sharlynn at slee@housingnm.org
  - Outreach for more speakers of different disciplines will help improve access to funding and make monthly meetings more informative
    - If interested in speaking at our monthly meetings about funding products or know of an organization that we should invite, please send information to Sharlynn at slee@housingnm.org
    - Recruit certified Section 184 lenders to speak to coalition. Would it be in everyone’s interest to create a lenders directory specifically designed for tribal housing entities?
  - Create information documents for NM Representatives about the continuing issues with BIA and the use of TAAMS.
    - Ask BIA to come to meetings to discuss these issues.
    - Partner with title companies to further our knowledge and work together in the future.
Helpful Tips for REALTORS

TOPIC: Is there a conventional loan option that works with MFA programs?

Yes, there is. MFA programs may be coupled with a special conventional loan called HFA Preferred. In fact, HFA Preferred is the only conventional loan that can be used in conjunction with MFA programs.

HFA Preferred is an exclusive Fannie Mae® product that is only available to borrowers using Housing Finance Agency programs - thus the name.

HFA Preferred offers some very attractive benefits to qualified borrowers. One major benefit is that the down payment requirement is only 3% of the sales price. That’s lower than the 3.5% currently required to obtain an FHA loan!

Another advantage to HFA Preferred is that the private mortgage insurance (PMI) coverage requirement is roughly one-half of what is normally required for regular conventional loans.

In general, conventional loans typically require a slightly higher interest rate as compared to government loans such as FHA or VA. The same is true for HFA Preferred; however, the savings realized because of the lower PMI requirement can more than make up the difference. PMI is not required for the life of the loan, whereas FHA insurance is.

When financing a site-built property, HFA Preferred allows a maximum loan-to-value (LTV) ratio of 97%. For a transaction wherein the borrower also has an MFA second mortgage, the combined loan-to-value (CLTV) ratio can be as high as 105% if needed. For manufactured homes, both the LTV and CLTV are limited to 95%.

Only an MFA-approved lender can help your buyer determine if they qualify for HFA Preferred. To view a list of MFA-approved lenders click here: http://www.housingnm.org/homebuyers/find-a-participating-lender