NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, May 17, 2017 at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting
➢ Roll Call (Jay Czar)
➢ Approval of Agenda – Board Action
➢ Approval of 4/19/17 Board Meeting Minutes – Board Action
➢ Approval of 4/19/17 Board Governance & Operations Training Meeting Minutes
➢ New Employee Introductions (Shawn Colbert)
   Rita Riddle Loan Processor; Housing Development Department
   George Maestas Program Manager, Housing Development Department

Board Action Items

<table>
<thead>
<tr>
<th>Action Required?</th>
<th>Board Action Items</th>
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</thead>
<tbody>
<tr>
<td>YES</td>
<td>Finance Committee</td>
</tr>
<tr>
<td></td>
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<td>8 2017/2018 Limited Source Procurement for the New Mexico Coalition to End Homelessness (Jackie Garrity)</td>
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<td>9 2017/2018 Linkages – Limited Source Procurement (Shannon Tilseth)</td>
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<td>10 House by House Reservation Program additional funding (Troy Cucchiara)</td>
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<td>11 Approval of the 2017-2018 Department of Energy State Plan (Amy Gutierrez and Troy Cucchiara)</td>
</tr>
<tr>
<td>YES</td>
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<td>13 Strategic Plan Update - Servicing Expansion (Gina Hickman/Jeff Payne)</td>
</tr>
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<td>14 Strategic Plan Update - Project-Based Contract Administration (PBCA) (Jacobo Martinez, Izzy Hernandez)</td>
</tr>
</tbody>
</table>

Other Board Items

Information Only

15 (Staff is available for questions)
   ▪ Staff Actions Requiring Notice to Board
   ▪ FY 2017 Strategic Plan Q2 Dashboard

Monthly Reports
No Action Required

16 (Staff is available for questions)
   ▪ Communications Department Reports

Quarterly Reports
No Action Required

17 (Staff is available for questions)
   ▪ Quarterly Board Report

Announcements and Adjournment
Discussion Only

Confirmation of Upcoming Board Meetings
➢ June 14, 2017- Wednesday – 9:30 a.m. (MFA) Note: moved from 6/21/17
➢ July 19, 2017 - Wednesday – 9:30 a.m. (MFA)
- August 16, 2017 – Wednesday – 9:30 a.m. (Albuquerque International Balloon Museum)
- August 16-17, 2017 – Board Retreat Wednesday - Thursday (Albuquerque International Balloon Museum)
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   George Maestas Program Manager, Housing Development Department

Board Action Items

Finance Committee
1 Employee Management Internal Audit (Jessica Bundy, REDW) - REDW will present the Employee Management Internal Audit for Board approval.

2 HOME Reallocation of Funds (Izzy Hernandez) - MFA board allocated $6,374,337 of HOME funds to the various HOME activities on 3/16/2016. Staff is proposing to transfer $1,000,000 from the Rental Programs and $75,000 from the CHDO Operating activity to the Rehabilitation activity. This transfer will enable us to meet the HOME commitment requirements while meeting the strong demand for Rehabilitation.

3 3/31/17 Quarterly Financial Statements (Gina Hickman) - ongoing

4 3/31/17 Quarterly Investment Report (Kathy Keeler) - ongoing

Contracted Services/Credit Committee
5 Change in BOK (Bank of Albuquerque) Trust Services Team for Stand-alone Indentures (Kathy Keeler) - MFA was notified via a letter from BOK Financial that Donald Fennema retired from Bank of Albuquerque at the end of December 2016 and that the local Trust Department was now managed by Mr. George Kubin, Senior Vice President and Regional Manager. Mr. Kubin has 29 years of corporate trust experience and is responsible for managing the BOK Financial Arizona, Colorado and New Mexico Trust Departments. Susen Ellis who was backup contact on MFA’s account would now assume the position of primary contact. Cindy Mitchell would continue to be MFA’s customer service liaison. Pamela Black and Keith Papantonio would continue to serve in a support role. The majority of MFA’s trust responsibilities are being performed by Susen Ellis and Cindy Mitchell at the Bank of Albuquerque. MFA is currently working with Ms. Ellis and Ms. Mitchell on two multifamily transactions and the transition to Ms. Ellis has been seamless. MFA is satisfied with the service we have been receiving from both Ms. Ellis and Ms. Mitchell and recommend approval of the new BOK Financial (Bank of Albuquerque) team.

6 Housing Opportunities for Persons with AIDS (HOPWA) – Service Provider/New Mexico Aids Services Notice (Rose Baca-Quesada/Natalie Michelback) - Community Development recommends approval to award Southwest Care Center (SWCC) a 4 month contract extension to allow staff time to research if there are other potential service providers and if so to prepare an RFP to procure with potential service providers. We also recommend that if there are no other entities interested in administering the HOPWA program, that MFA extend the SWCC contract to the end of the program year term, June 30, 2017/2018.

7 2017/2018 Continuum of Care (CoC) Limited Source Procurement (Natalie Michelback) - The Continuum of Care (COC) performance awards were established to provide support to agencies statewide that offer homeless prevention and supportive services through this limited source procurement. This year’s total HUD Continuum of Care funding for the Albuquerque and Balance of State service providers is $10,065,796. Twenty Seven (27) agencies were eligible for the MFA COC award. We are requesting approval of Twenty Seven (27) awards in the total amount of $460,674 for the Continuum of Care (COC) program. Upon PC approval, award notifications will be mailed. Final award letters will be sent upon approval of contracted services and the MFA Board of Directors.
8 2017-2018 Limited Source Procurement for the New Mexico Coalition to End Homelessness (Jackie Garrity) - The Homeless Management Information System (HMIS) is a federally required database used for collecting demographic information. The NMCEH is the state designated agency which provides the HMIS database and support to the ESG funded agencies throughout the state of New Mexico and lends support to domestic violence shelters who are also recipients of the ESG funds but utilize a comparable database for collecting data. No other statewide agency in New Mexico has the relationship with the homeless service providers, currently administers a statewide HMIS, and has the capacity to administer a comparable database for domestic violence shelters. We are requesting approval to award the NMCEH a total of $87,643.50. Upon approval and after MFA receives the final award amounts from HUD and the state of New Mexico, an award letter will be sent to the NMCEH. The award being presented for approval today is also subject to change based on final funding notifications.

9 2017-2018 Linkages – Limited Source Procurement (Shannon Tilseth) - The Linkages Program is funded by the State of New Mexico, Behavioral Health Service Division “BHSD”, Human Services Department “HSD”. Funding provides permanent supportive housing vouchers to persons with a severe mental illness diagnosis who are homeless or precariously housed. The designation of the service areas is based on the availability of both qualified local Housing Administrators “HA” and a HSD Certified Social Services Administrator “SSA” whose role is to oversee the provision of supportive services and help clients obtain and sustain permanent housing. Social services are provided as an integral part of mental health management. Allocations for the upcoming 2017/2018 program year will be based on the amount needed by each HA in order to maintain housing for all current participants. The unallocated funding for the additional $71,956.31 for 6-8 vouchers will be distributed once a determination is made by BHSD on the ability to fund the SSA’s. Staff requests approval to allocated $1,190,520.94 for 164 vouchers to 7 HA’s for the 2017/2018 program year.

10 House by House Reservation Program additional funding (Troy Cucchiara) - Staff recommends approval of the additional funding of $1,075,000 and two programmatic changes to the House Reservation Rehabilitation Program – Notice of Funds Availability (NoFA). The purpose of the program is to provide funding for the rehabilitation of homes occupied by eligible low-income homeowners to bring their homes back to code, safety and habitability standards. Total funding for the program will be $4,062,489 as the board had previously allocated $2,987,489. The recommended program changes are: increasing the number of projects a partner may have at one time to ten, and eligibility requirements as the only criteria to commit funds.

11 Approval of the 2017-2018 Department of Energy State Plan (Amy Gutierrez and Troy Cucchiara) - The NM Energy$mart program helps low-income New Mexicans save money on utility bills. Homeowners and renters who qualify for the program receive an average of $6,000 in weatherization measures. The Department of Energy is the primary funding source because they set the rules and regulations for the program and they are the only funding source that provide for vehicles and equipment and a training and technical assistance budget. In order to receive the funding the “State Plan” must be submitted no later than May 1, of every year. The Department of Energy (DOE) funding for the 2017/2018 program year is $1,646,802.00. We are projecting that Central NM Housing Corporation will weatherize 95 homes and SW Regional Housing will weatherize 43 homes for a total of 138 homes with this funding.

Other

12 Appointment of Ad hoc Investment Committee (Chair Dennis Burt).

13 Strategic Plan Update — Servicing Expansion (Gina Hickman/Jeff Payne) - In June 2015, the Board approved implementation of a Hybrid Sub-Servicing Model in partnership with Idaho Housing and Finance Association (“IHFA”) for the administration of MFA’s Single Family Mortgage Program loans. Since approval, the Servicing Expansion Committee (“Committee”) has been working steadily with our business partners, adjusting along the way as necessary, to put in place the components required for implementation. The presentation today will provide a status update on the June 1st implementation of Milestone 1 and an overview of upcoming activities related to the project.

14 Strategic Plan Update—Project-Based Contract Administration (PBCA) (Jacobo Martinez, Izzy Hernandez) - Staff will provide an update on the HUD Procurement timeline and our efforts and participation in a Regional Collaborative.

Other Board Items Information Only

15 (Staff is available for questions)
- Staff Actions Requiring Notice to Board
- FY 2017 Strategic Plan Q2 Dashboard

**Monthly Reports**  | No Action Required
---|---
**16** (Staff is available for questions)  |  
- Communications Department Reports

**Quarterly Reports**  | No Action Required
---|---
**17** (Staff is available for questions)  |  
- Quarterly Board Report

**Announcements and Adjournment**  | Discussion Only
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Confirmation of Upcoming Board Meetings
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- August 16-17, 2017 – Board Retreat Wednesday - Thursday (Albuquerque International Balloon Museum)
Minutes
Chair Burt convened the meeting on April 19, 2017 at 9:38 a.m. Secretary Czar called the roll. Members present: Chair Dennis Burt, Angel Reyes, Vince Torres (Designee for Lieutenant Governor John Sanchez), Sally Malavé (Designee for Attorney General Hector Balderas), Treasurer Tim Eichenberg, Steven Smith and Randy McMillan (arrived at the end of the presentation for Tab 2 (9:55 a.m.). Absent: none. 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 April 19, 2017 Board agenda as presented: Reyes. Second: Malavé. Vote: 6-0.

Approval of 3/22/17 Board Meeting Minutes – Board Action. Motion to approve the 3/22/17 Board Meeting Minutes as presented: Torres. Second: Smith. Vote: 6-0.

Finance Committee

1 Compliance Management System Readiness Assessment (Jessica Bundy, REDW). Bundy explained that REDW had conducted the Compliance Management System Readiness Assessment which is different than the regular internal audits performed. REDW conducted a readiness assessment of MFA’s Compliance Management System (CMS) in order to ensure regulatory compliance with the Consumer Financial Protection Bureau (CFPB) as MFA moves forward with implementation. REDW read the CFPB Supervision and Examination Manual focusing on the CFPB Compliance Review Template within the manual, which was provided by the CFPB for entities to self-assess. Bundy reviewed the suggestions provided to Management, which will assist MFA in demonstrating compliance according to the criteria in the CFPB Compliance Review Template. They are located in the memo behind tab one and will become a part of the official board packet. Motion to accept the Compliance Management System Readiness Assessment as presented: Smith. Second: Malavé. Vote: 6-0.

Contracted Services/Credit Committee

2 Award for Legal Services as Bond Counsel for Single Family and/or Multifamily Housing Programs (Kathy Keeler). Keeler began her presentation with background information provided in the memo located behind tab two, which will become a part of the official board packet. She informed the board MFA received a total of four responses stating that all of the firms proposing met the minimum qualifications and requirements as outlined in the RFP. The proposals were scored independently by a four-member internal review committee. Keeler reviewed the scoring provided within the memo. Staff recommends the following: (1) Ballard Spahr LLP to provide legal services for single family programs, (2) Ballard Spahr LLP to provide legal services for multifamily programs and (3) Gilmore & Bell, P.C. to provide services for TEMS or a similar structure as each of these firms received the highest average point total in the respective category for which they are being recommended. The award is contingent upon successful negotiation of a contract with each entity. The Term of the contract begins the date the Board approves the award and ends April 30, 2020 with two subsequent one-year extensions at the option of MFA. Discussion ensued regarding negotiations and quality versus fees as well as outreach to local firms. Chair Burt suggested further discussion at another time regarding how we can encourage instate vendors to respond and how we can help develop those skill sets that allow them to compete – recommending a joint venture with another firm. Randy McMillan arrived 9:55 a.m.

Motion to approve the Legal Services as Bond Counsel for Single Family and/or Multifamily Housing Programs Awards as presented. Malavé. Second: Eichenberg. Vote: 7-0.

3 La Vida Nueva Housing Trust Fund (HTF) loan request (Dan Puccetti/Shawn Colbert). Puccetti informed the board that there are two separate loan requests for the same project, which will be discussed
simultaneously and voted on separately. He further informed the board that this project is owned by the Cesar Chavez Foundation (CCF) and introduced the following guests; Alfredo Izmajtovich; EVP of Housing & Economic Development for the Cesar Chavez Foundation and Carol Sugarman; Consultant. He gave a brief summary of how the transaction/monies flow in a 4% and 9% Low Income Housing Tax Credit. Puccetti informed the board that the loan request is for La Vida Nueva acquisition/rehabilitation of 314 rental units plus two additional manager’s units. La Vida Nueva will serve families earning 60% or less of area median income (AMI) and is located in Albuquerque, NM. The HTF loan request is in the amount of $1mm and has been recommended by the Housing Trust Fund Advisory Committee. The terms of the HTF loan are: Construction 36 months; rate 3% per annum, no fees. Discussion ensued regarding the Developer Fees and Deferred Developer Fees, how they are calculated and paid back, New Construction vs. Rehab developer fee and what is the maximum allowed, cash flows, and Cesar Chavez Foundation background information. A question was asked about the prior developer fee; how much was deferred and if it was all ultimately paid with the 15 year LIHTC compliance period. Mr. Izmajtovich stated that the developer fee was not paid, stating it was an accounting question and explained the transaction with regards to the code/regulations. Essentially CCF had to write off a portion of the prior fee, however, it is expected that the fee on the current transaction will actually be paid over the future 15 year compliance period. Motion to approve the La Vida Nueva Housing Trust Fund (HTF) loan request as recommended: Malavé. Second: Reyes. Vote: 7-0.

4 La Vida Nueva Primero loan request (Dan Puccetti/Shawn Colbert). Puccetti informed the board that the loan request is for La Vida Nueva acquisition/rehabilitation of 314 rental units plus two additional manager’s units (same project discussed in tab three). La Vida Nueva will serve families earning 60% or less of area median income (AMI) and is located in Albuquerque, NM. The loan request is in the amount of $1mm from the Primero loan fund. The terms of the loan are: Construction 36 months; rate 2.5% per annum and 1.5% loan fee. Motion to approve the La Vida Nueva Primero loan request as recommended: Smith. Second: Malavé. Vote: 7-0.

Other

5 Appointment of the Nominating Committee to Elect Officers (Chair, Dennis Burt). Chair Burt stated that by the powers granted to him by the Governor of the state of New Mexico he has appointed a Nominating Committee to Elect Officers. The Nominating Committee appointed include the following members: Lieutenant Governor John Sanchez, Attorney General Hector Balderas and himself. He further informed the board that they would elect officers in the near future. No action required.

6 PFM Asset Management Introduction and Scope of Work for MFA (Luke Schneider, Director, PFM Asset Management and Ellen Clark, Portfolio Strategist, PFM). Schneider introduced himself and co-worker Ellen Clark. He expressed their enthusiasm to have received the MFA contract and is looking forward to establishing a great working relationship. Schneider reviewed the handout provided behind tab six which included; PFM’s Organizational Structure, Assets Under Management, Investment Services, PFM’s Investment Approach (Monitoring and Reporting, Review Investment Policy and Objectives, Development of Customized Strategy Active Management and Rebalancing), and a Summary of MFA’s Investment Portfolio metrics as of 2/28/17. Clark discussed the Asset Allocation Analysis and Development of an Investment Policy. Schneider then reviewed Investment Program Next Steps. Discussion ensued regarding investments with SIC, how PFM services are being paid for, timing and rollout. Hickman informed the Board that the procurement for these services fell below the requirement to go out for an RFP. An RFQ was sent out to six investment advisory firms; three responses were received; evaluated and scored. PFM was the highest scorer through that process. Hickman further informed the board that we are looking at a rollout date in the August timeframe in time for the Board Retreat. No action required.

7 State HFA Trends: Single Family Essentials in an Evolving Market (Ferdinand Perrault, Vice President - Senior Analyst, Moody's Investor Services, Timothy Mone, Analyst, Moody’s Investor Services). Perrault provided background information about himself and introduced Timothy Mone. He reviewed the handout provided behind tab seven which will be made a part of the official board packet. The information reviewed included the following; GSEs are Important Part of HFA Strategy, HFA Loan Sales Support Their Margins, Higher HFA Margins Drove Positive Outlook on Sector, US State Housing Finance Agencies (Sector
Outlook Methodology), On-Balance Sheet Loans Provide Recurring Income, Credit Implications of Bond and TBA Strategies (Ratings of HFA’s), Whole Loans Remain an Option for Many HFAs and GSEs are Important Part of HFA Strategy. Mone then discussed the following; Financial Position is an Important Factor in Issuer Ratings (chart is Aa3 rated issuers-indicating how MFA compares) and NM MFA Financial Position Trend. No action required.

**Other Board Items - Information Only**

8 There were no questions asked of staff
   ▪ Staff Action Requiring Notice to Board

**Monthly Reports - No Action Required**

9 There were no questions asked of staff
   ▪ 2/28/17 Financial Statements

**Announcements and Adjournment - Confirmation of Upcoming Board Meetings.** Chair Burt informed the Board that the next meeting will be on Wednesday, May 22, 2017 at the offices of the MFA at 9:30 a.m.

There being no further business the meeting was adjourned at 11:14 a.m.

Approved: May 22, 2017

_____________________________  _________________
Chair, Dennis Burt                Secretary, Jay Czar
Chair Burt convened the meeting on April 19, 2017 at 11:30 a.m. Members present: Chair Dennis Burt, Angel Reyes, Vince Torrez (Designee for Lieutenant Governor John Sanchez), Sally Malavé (Designee for Attorney General Hector Balderas), Treasurer Tim Eichenberg, Steven Smith and Randy McMillan. Absent: none. Everyone had been informed about today’s meeting in accordance with the New Mexico Open Meetings Act.

Joshua Allison Board Counsel was also in attendance.

1 Board Governance and Operations Training (Josh Allison, Sheehan & Sheehan & Board Discussion). Board counsel Josh Allison presented materials and offered advice on boardmanship roles, duties, and obligations of the Members. He reviewed select provisions of the Mortgage Finance Authority Act and offered advice to Members on their fiduciary obligations: duty of care, duty of loyalty, and duty of disclosure. Allison further offered specific advice on fulfilling those and other duties in the context of loan approvals for multi-family housing developments.

A discussion between and among Members followed Allison’s training and presentation. No action was taken by the Board.

There being no further business the meeting was adjourned at 1:30 p.m.

Approved: May 22, 2017

__________________________________________
Chair, Dennis Burt

__________________________________________
Secretary, Jay Czar
Tab 1
# New Mexico Mortgage Finance Authority

**Finance/Operations Committee Meeting**  
**Tuesday, May 9, 2017 at 1:30 p.m.**  
To dial in to the conference call dial: MFA (Abbott Hall) all participant dial in  
(641) 715-3276 Participant Access Code: 561172#  MFA only/Host Access Code: 561172*

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>COMMITTEE RECOMMENDED</th>
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<td>1 Employee Management Internal Audit (Steve Cogan, REDW; Jessica Bundy, REDW; Renee Martinez, REDW)</td>
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<td>YES</td>
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<td>4 3/31/17 Quarterly Investment Report (Kathy Keeler)</td>
<td>3-0</td>
<td>YES</td>
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Committee Members present:

- **Steven Smith, Chair**  
  - present  
  - absent  
  - conference call

- **Dennis Burt**  
  - present  
  - absent  
  - conference call

- **Lieutenant Governor John Sanchez**  
  - present  
  - absent  
  - conference call  

or Proxy Mark Van Dyke or Vincent Torres

*Secretary:*  

5/9/17
New Mexico Mortgage Finance Authority
Employee Management Internal Audit
Executive Summary

March 2017
New Mexico Mortgage Finance Authority
Employee Management Internal Audit

Executive Summary

New Mexico Mortgage Finance Authority
Board of Directors

We performed the internal audit services described below to assist New Mexico Mortgage Finance Authority (MFA) in evaluating the compliance of the organization’s human resource (HR) and employee management practices.

SUMMARY OF PROCEDURES

We performed a variety of procedures to test the employee management processes and related controls. We tested a sample of twenty-five employees to ensure employee files were maintained in accordance with the MFA Employee Manual, the documentation required to be kept separate from the personnel file was properly maintained, and benefit deductions and incentive compensation tied to supporting documentation. We tested a sample of employees who had received either educational assistance, received disciplinary action, or utilized FMLA to determine if each of the processes were performed in accordance with the MFA Employee Manual. Additionally we tested the twenty-five employees’ level of ADP System access to evaluate for appropriate segregation of duties. We also tested that there were proper segregation of duties between HR and Payroll within the ADP system. Lastly, we evaluated six MFA employee positions to determine whether each position had an assigned and trained back-up, and current desktop procedures.

SUMMARY OF RESULTS

During the audit, we determined that the areas tested appeared to have functioning internal controls and established procedures were followed. In addition, we observed that HR had performed file audits in 2016 to self-assess for compliance with the policy and HR was also continuously monitoring employee driving records to ensure that those driving for MFA did not have issues that could create a liability.
We found no reportable observations based on the testing performed in the employee management processes and provided a best practice recommendation to management.

* * * * *

Further detail of our purpose, objectives, scope, and procedures is included in the full internal audit report.

REDW LLC
Albuquerque, New Mexico
April 6, 2017
Tab 2
MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – May 9, 2017

Through: Policy Committee – May 4, 2017

FROM: Isidoro Hernandez, Deputy Director of Programs

SUBJECT: Reallocation of 2016 HOME Funds

Recommendation:
Staff is recommending re-allocating 2016 HOME funds in the amount of $1,075,000 to the Rehabilitation (HOR) activity.

Background:
The 2016 Board HOME Allocations (3/16/2016) distributed $6,374,337 to the following activities; Homeowner Development (DEV), Rehabilitation (HOR), Rental Program (REN), CHDO Set Aside (CHDO), CHDO Operating and Admin (ADM). HUD HOME funds (non-CHDO) that must be committed prior to July 30, 2017 total $1,587,839.92. We do not anticipate that the REN and CHDO Operating activities will be able to commit the allocated funds prior to the new 2017 HOME allocations while the HOR activity has strong demand and will be able to commit the funds.

Discussion:
Due to the strong demand for Rehabilitation and our projections that the REN and CHDO Operating activities will not be able to utilize the funds prior to receipt of the new 2017 HOME allocations we are proposing to reallocate $1,075,000 to HOR, $1m from REN and $75k from CHDO Operating. This reallocation will enable us to commit the funds in a timely manner and meet some of the demand in HOR. (See attached spreadsheet).

Summary
MFA board allocated $6,374,337 of HOME funds to the various HOME activities on 3/16/2016. Staff is proposing to transfer $1,000,000 from the Rental (REN) Programs and $75,000 from the CHDO Operating activity to the Rehabilitation (HOR) activity. This transfer will enable us to commit the funds timely and meet some of the demand in HOR.
### 2016 HOME ALLOCATIONS

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<td>Carry Forward from Last Year</td>
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<td>Program Income</td>
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<td>Total Available to Distribute/Award</td>
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<td>Rehabilitation (HOR)</td>
<td>$2,987,489</td>
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</tr>
<tr>
<td>Other Programs</td>
<td>$532,109</td>
<td>8.35%</td>
<td>$0</td>
<td>$532,109</td>
<td>8.35%</td>
</tr>
<tr>
<td>CHDO Set-Aside (CHDO)</td>
<td>$532,109</td>
<td>8.35%</td>
<td>$532,109</td>
<td>8.35%</td>
<td>$1,031,947</td>
</tr>
<tr>
<td>TBRA (TBR)</td>
<td>$0</td>
<td>0.00%</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>MFA R&amp;D Programs (R&amp;D)</td>
<td>$0</td>
<td>0.00%</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>CHDO Operating</td>
<td>$150,000</td>
<td>2.35%</td>
<td>-$75,000</td>
<td>$75,000</td>
<td>1.18%</td>
</tr>
<tr>
<td>Administration (ADM)</td>
<td>$454,739</td>
<td>7.13%</td>
<td>$0</td>
<td>$454,739</td>
<td>7.13%</td>
</tr>
<tr>
<td>TOTAL ACTIVITY DISTRIBUTIONS</td>
<td>$6,374,337</td>
<td>100.00%</td>
<td>$0</td>
<td>$6,374,337</td>
<td>100.00%</td>
</tr>
<tr>
<td>DIFFERENCE</td>
<td>$0</td>
<td>0.00%</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>$6,374,337</td>
<td>100.00%</td>
<td>$0</td>
<td>$6,374,337</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

*Difference after Board Approval 3/16/2016 and Final Reallocation 4/28/2017*
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></th>
<th>6 months 3/31/2017</th>
<th>6 months 3/31/2016</th>
<th>% Change Year / Year</th>
<th>Forecast 3/31/17</th>
<th>Actual to Forecast</th>
<th>Forecast/Target 9/30/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRODUCTION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Single family issues (new money):</td>
<td>$50.00</td>
<td>$0.00</td>
<td>$50.00</td>
<td>$75.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Single family loans sold (TBA):</td>
<td>$105.8</td>
<td>$125.6</td>
<td>-15.6%</td>
<td>$87.5</td>
<td>$175.0</td>
<td></td>
</tr>
<tr>
<td>3 Total Single Family Production</td>
<td>$155.8</td>
<td>$125.6</td>
<td>24.0%</td>
<td>$125.0</td>
<td>24.7%</td>
<td>$250.0</td>
</tr>
<tr>
<td>4 Multifamily issues:</td>
<td>$0.00</td>
<td>$0.00</td>
<td>N/A</td>
<td>$0.00</td>
<td>N/A</td>
<td>$20.00</td>
</tr>
<tr>
<td>5 Payoffs:</td>
<td>$35.1</td>
<td>$35.9</td>
<td>-2.3%</td>
<td>$34.5</td>
<td>1.9%</td>
<td>$68.9</td>
</tr>
<tr>
<td>BALANCE SHEET</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Avg. earning assets:</td>
<td>$948.8</td>
<td>$937.8</td>
<td>1.2%</td>
<td>$965.6</td>
<td>-1.7%</td>
<td>$972.2</td>
</tr>
<tr>
<td>7 General Fund Cash and Securities:</td>
<td>$73.5</td>
<td>$77.3</td>
<td>-4.9%</td>
<td>$77.7</td>
<td>-5.4%</td>
<td>$69.4</td>
</tr>
<tr>
<td>8 General Fund SIC FMV Adj.:</td>
<td>($94.4)</td>
<td>($475.9)</td>
<td>-80.2%</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
</tr>
<tr>
<td>9 Total bonds outstanding:</td>
<td>$688.7</td>
<td>$694.9</td>
<td>-0.9%</td>
<td>$704.2</td>
<td>-2.2%</td>
<td>$709.2</td>
</tr>
<tr>
<td>INCOME STATEMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 General Fund expenses (excluding capitalized assets):</td>
<td>$5.6</td>
<td>$4.1</td>
<td>36.0%</td>
<td>$6.7</td>
<td>-16.4%</td>
<td>$13.3</td>
</tr>
<tr>
<td>11 General Fund revenues:</td>
<td>$9.8</td>
<td>$7.5</td>
<td>31.2%</td>
<td>$8.2</td>
<td>19.6%</td>
<td>$16.5</td>
</tr>
<tr>
<td>12 Combined excess revenue over expenses (all funds):</td>
<td>$5.7</td>
<td>$3.9</td>
<td>46.5%</td>
<td>$2.7</td>
<td>112.6%</td>
<td>$4.9</td>
</tr>
<tr>
<td>13 Combined net position:</td>
<td>$218.0</td>
<td>$206.8</td>
<td>5.4%</td>
<td>$215.0</td>
<td>1.4%</td>
<td>$217.2</td>
</tr>
<tr>
<td>14 Combined return on avg. earning assets:</td>
<td>1.10%</td>
<td>0.83%</td>
<td>32.7%</td>
<td>0.51%</td>
<td>116.3%</td>
<td>0.50%</td>
</tr>
<tr>
<td>15 Net TBA profitability:</td>
<td>2.04%</td>
<td>1.22%</td>
<td>67.2%</td>
<td>1.15%</td>
<td>77.4%</td>
<td>1.15%</td>
</tr>
<tr>
<td>16 Combined interest margin:</td>
<td>0.94%</td>
<td>0.79%</td>
<td>19.0%</td>
<td>1.02%</td>
<td>-7.8%</td>
<td>1.03%</td>
</tr>
<tr>
<td>MOODY'S BENCHMARKS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Net Asset to debt ratio (5-yr avg):</td>
<td>26.61%</td>
<td>23.37%</td>
<td>14%</td>
<td>27.09%</td>
<td>-2%</td>
<td>27.09%</td>
</tr>
<tr>
<td>18 Net rev as a % of total rev (5-yr avg):</td>
<td>9.06%</td>
<td>7.53%</td>
<td>20%</td>
<td>8.07%</td>
<td>12%</td>
<td>8.07%</td>
</tr>
<tr>
<td>SERVICING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Subserviced portfolio</td>
<td>$198.0</td>
<td>N/A</td>
<td>N/A</td>
<td>$142.1</td>
<td>39%</td>
<td>$284.1</td>
</tr>
<tr>
<td>20 Servicing Yield (subserviced portfolio):</td>
<td>0.37%</td>
<td>N/A</td>
<td>N/A</td>
<td>0.32%</td>
<td>14%</td>
<td>0.32%</td>
</tr>
<tr>
<td>21 Mortgage Operations excess revenue over expenses:</td>
<td>$2.4</td>
<td>N/A</td>
<td>N/A</td>
<td>$0.65</td>
<td>264%</td>
<td>$1.2</td>
</tr>
<tr>
<td>22 Combined delinquency rate (MFA serviced)</td>
<td>11.01%</td>
<td>12.61%</td>
<td>-13%</td>
<td>10.24%</td>
<td>8%</td>
<td>10.24%</td>
</tr>
<tr>
<td>23 DPA loan delinquency rate (all)</td>
<td>11.39%</td>
<td>14.24%</td>
<td>-20%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>24 Default rate (MFA serviced)</td>
<td>0.41%</td>
<td>0.80%</td>
<td>-49%</td>
<td>3.25%</td>
<td>-87%</td>
<td>3.25%</td>
</tr>
<tr>
<td>25 Subserviced portfolio delinquency rate</td>
<td>2.09%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

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

► Demand for the Single Family Program is trending above this time last year and profitability is stronger as well; TBA transaction fees currently exceed the budget by $2.2 mm or 367%.

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 throughout this year during the transition to the new presidency.

► State Investment Council portfolio is experiencing declines in the fair market value of the funds MFA is invested in; current realized, YTD non-operating loss of ($299)k for General Fund and Housing Trust Fund combined. There has been some improvement the last few months. Other non-operating income also includes a $762k gain on sale of assets recognized as part of the 2016 Series C Single Family Program bond structure; residual MBS were sold at a premium into the market.

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


► Credit risk remains stable.

► Based on Moody’s issuer credit rating scorecard, MFA’s 26.61% 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 9.06% ratio (5-year average) points to a satisfactory profitability with consistent trends (5%-10% range).
MONTHLY FINANCIAL GRAPHS

Assets Under Management as of 3/31/2017
($ in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Subserviced Portfolio</th>
<th>Other Grants (1)</th>
<th>HOME</th>
<th>Section 8</th>
<th>Low Income Housing Tax Credit</th>
<th>Trusts (2)</th>
<th>Rental Housing Program</th>
<th>General Fund</th>
<th>Single Family Mortgage Program</th>
<th>Book Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$2,633,330</td>
<td>$1,157,046</td>
<td>$1,024,233</td>
<td>$965,425</td>
<td>$957,337</td>
<td>$954,426</td>
<td>$2,649,500</td>
<td>$2,549,825</td>
<td>$2,867,792</td>
<td>$2,633,330</td>
</tr>
<tr>
<td>2014</td>
<td>$2,530,234</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>$2,549,825</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$2,649,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$2,867,792</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

YTD Excess Revenues over Expenses as of 3/31/2017

Target 2016-2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,186</td>
<td>3,641</td>
<td>3,879</td>
<td>5,681</td>
</tr>
</tbody>
</table>

Yield Targets 9/30/2017

- Loans Effective yield: 4.18%
- Cash & Investments Effective yield: 2.23%
- Rate of Return on Average Earning Assets: 1.10%

(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
### MARCH 31, 2017
#### (THOUSANDS OF DOLLARS)

### ASSETS:
#### CURRENT ASSETS:
- **CASH & CASH EQUIVALENTS**: $24,898 \( \quad \) $29,910
- **RESTRICTED CASH HELD IN ESCROW**: 9,686 \( \quad \) 11,270
- **SHORT-TERM INVESTMENTS**: - \( \quad \) 1,805
- **ACCRUED INTEREST RECEIVABLE**: 3,259 \( \quad \) 3,395
- **MORTGAGE PAYMENT CLEARING**: 67 \( \quad \) 76
- **OTHER CURRENT ASSETS**: 2,276 \( \quad \) 1,380
- **INTER-FUND RECEIVABLE (PAYABLE)**: - \( \quad \) -

**TOTAL CURRENT ASSETS**: 40,186 \( \quad \) 47,836

- **CASH - RESTRICTED**: 25,841 \( \quad \) 24,244
- **LONG-TERM & RESTRICTED INVESTMENTS**: 59,911 \( \quad \) 59,724
- **INVESTMENTS IN RESERVE FUNDS**: 21 \( \quad \) -
- **FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS**: 596,405 \( \quad \) 597,840
- **MORTGAGE LOANS RECEIVABLE**: 201,846 \( \quad \) 196,812
- **ALLOWANCE FOR LOAN LOSSES**: (2,782) \( \quad \) (2,518)
- **NOTES RECEIVABLE**: 28,955 \( \quad \) -
- **FIXED ASSETS, NET OF ACCUM. DEPN**: 981 \( \quad \) 949
- **OTHER REAL ESTATE OWNED, NET**: 435 \( \quad \) 467
- **OTHER NON-CURRENT ASSETS**: - \( \quad \) -
- **INTANGIBLE ASSETS**: 1,916 \( \quad \) 62

**TOTAL ASSETS**: 953,714 \( \quad \) 925,416

### DEFERRED OUTFLOWS OF RESOURCES:
- **REFUNDINGS OF DEBT**: 712 \( \quad \) 1,000

**TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES**: 954,426 \( \quad \) 926,415

### LIABILITIES AND NET POSITION:
#### LIABILITIES:
- **CURRENT LIABILITIES**:
  - **ACCRUED INTEREST PAYABLE**: 2,916 \( \quad \) 3,631
  - **ACCOUNTS PAYABLE AND ACCRUED EXPENSES**: 4,852 \( \quad \) 4,518
  - **ESCROW DEPOSITS & RESERVES**: 9,686 \( \quad \) 11,270

**TOTAL CURRENT LIABILITIES**: 17,453 \( \quad \) 19,419

- **BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT**: 688,724 \( \quad \) 694,916
- **MORTGAGE & NOTES PAYABLE**: 30,011 \( \quad \) 4,930
- **ACCRUED ARBITRAGE REBATE**: 22 \( \quad \) 82
- **OTHER LIABILITIES**: 245 \( \quad \) 251

**TOTAL LIABILITIES**: 736,456 \( \quad \) 719,598

#### NET POSITION:
- **INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT**: 981 \( \quad \) 949
- **UNAPPROPRIATED NET POSITION (NOTE 1)**: 66,000 \( \quad \) 63,709
- **APPROPRIATED NET POSITION (NOTE 1)**: 150,990 \( \quad \) 142,159

**TOTAL NET POSITION**: 217,971 \( \quad \) 206,817

**TOTAL LIABILITIES & NET POSITION**: 954,426 \( \quad \) 926,415
### NEW MEXICO MORTGAGE FINANCE AUTHORITY
### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
### FOR THE SIX MONTHS ENDED MARCH, 2017
### (THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 3/31/17</th>
<th>YTD 3/31/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$17,270</td>
<td>$17,616</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>1,218</td>
<td>1,343</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>520</td>
<td>-</td>
</tr>
<tr>
<td>Administrative Fee Income (EXP)</td>
<td>4,037</td>
<td>3,407</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>32</td>
<td>79</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>598</td>
<td>555</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>612</td>
<td>(257)</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>-</td>
<td>161</td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td>24,286</td>
<td>22,904</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>464</td>
<td>(640)</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>11</td>
<td>(4)</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>20,891</td>
<td>20,550</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Revenues</strong></td>
<td>21,396</td>
<td>19,912</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>45,682</td>
<td>42,816</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>5,041</td>
<td>3,848</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>14,020</td>
<td>15,270</td>
</tr>
<tr>
<td>Amortization of Bond/Note Premium(Discount)</td>
<td>(1,346)</td>
<td>(1,447)</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>205</td>
<td>70</td>
</tr>
<tr>
<td>Mortgage Loan &amp; Bond Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Amort. of Serv. Rights &amp; Depreciation</td>
<td>90</td>
<td>66</td>
</tr>
<tr>
<td>Bond Cost of Issuance</td>
<td>652</td>
<td>264</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td>18,703</td>
<td>18,113</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building Costs</td>
<td>205</td>
<td>191</td>
</tr>
<tr>
<td>Grant Award Expense</td>
<td>20,876</td>
<td>20,633</td>
</tr>
<tr>
<td>Other Non-Operating Expense</td>
<td>216</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Expenses</strong></td>
<td>21,297</td>
<td>20,824</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>40,000</td>
<td>38,936</td>
</tr>
<tr>
<td>Excess Revenues Over Expenses</td>
<td>5,681</td>
<td>3,879</td>
</tr>
<tr>
<td>Other Financing Sources (Uses)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over Expenses and Other Financing Sources (Uses)</td>
<td>5,681</td>
<td>3,879</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 3/31/2017</strong></td>
<td>217,971</td>
<td>206,817</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS
(For Informational Purposes Only)
(Thousands of Dollars)

(Note 1)  MFA Net Position as of March 31, 2017:

UNAPPROPRIATED NET POSITION:

$ 38,434  is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$ 27,494  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.
$  66,000  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 ($77,248 in loans plus $15,426 unfunded, of which $5,047 is committed).
$  9,724  for loss exposure on Risk Sharing loans.
$   981  invested in capital assets, net of related debt.
$  1,910  invested in mortgage servicing rights.
$  8,823  for the future General Fund Operating Budget Y E 9/30/17 ($15,996 total budget less $7,173 expended budget through 03/31/17.)

$ 139,980  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:

$  11,990  for use in the federal and state housing programs administered by MFA.
$  11,990  Subtotal - Housing Program

$ 151,970  Total appropriated Net Position

$ 217,971  Total combined Net Position at March 31., 2017

Total combined Net Position, or reserves, at March 31, 2017 was $218.0 million, of which $66.0 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $152.0 million of available reserves, with $73.5 million primarily liquid in the General Fund and in the federal and state Housing programs and $78.5 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 SIX MONTHS ENDED 3/31/17

<table>
<thead>
<tr>
<th></th>
<th>ONE MONTH ACTUAL</th>
<th>YEAR TO DATE ACTUAL</th>
<th>YEAR TO DATE PRO RATA BUDGET</th>
<th>UNDER/(OVER) YTD BUDGET</th>
<th>ANNUAL BUDGET</th>
<th>UNDER/(OVER) ANNUAL BUDGET</th>
<th>EXPENDED ANNUAL BUDGET PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTEREST INCOME</td>
<td>570,638</td>
<td>3,353,582</td>
<td>3,851,583</td>
<td>498,000</td>
<td>7,703,165</td>
<td>4,349,583</td>
<td>43.54%</td>
</tr>
<tr>
<td>ADMIN INCOME</td>
<td>1,074,476</td>
<td>5,320,668</td>
<td>3,199,848</td>
<td>(2,120,820)</td>
<td>6,399,696</td>
<td>1,079,028</td>
<td>83.14%</td>
</tr>
<tr>
<td>OTHER OPERATING INCOME</td>
<td>240,258</td>
<td>1,261,554</td>
<td>1,181,509</td>
<td>(80,045)</td>
<td>2,363,018</td>
<td>1,101,464</td>
<td>53.39%</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING REVENUES</strong></td>
<td>1,885,373</td>
<td>9,935,804</td>
<td>8,232,940</td>
<td>(1,702,865)</td>
<td>16,465,879</td>
<td>6,530,075</td>
<td>60.34%</td>
</tr>
<tr>
<td>NON-OPERATING REVENUES</td>
<td>297,342</td>
<td>(93,180)</td>
<td>210</td>
<td>420</td>
<td>93,600</td>
<td>-22185.74%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>2,182,715</td>
<td>9,842,624</td>
<td>8,233,150</td>
<td>(1,609,475)</td>
<td>16,466,299</td>
<td>6,623,675</td>
<td>59.77%</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMPENSATION</td>
<td>466,427</td>
<td>2,894,926</td>
<td>3,424,920</td>
<td>529,994</td>
<td>6,849,840</td>
<td>3,954,914</td>
<td>42.26%</td>
</tr>
<tr>
<td>TRAVEL &amp; PUBLIC INFO</td>
<td>26,258</td>
<td>138,975</td>
<td>204,310</td>
<td>65,334</td>
<td>408,619</td>
<td>269,644</td>
<td>34.01%</td>
</tr>
<tr>
<td>OFFICE EXPENSES</td>
<td>56,967</td>
<td>345,105</td>
<td>336,831</td>
<td>(8,275)</td>
<td>673,661</td>
<td>328,556</td>
<td>51.23%</td>
</tr>
<tr>
<td>OTHER OPERATING EXPENSES</td>
<td>318,102</td>
<td>1,665,283</td>
<td>1,721,020</td>
<td>55,736</td>
<td>3,442,039</td>
<td>1,776,756</td>
<td>48.38%</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING EXPENSES</strong></td>
<td>869,754</td>
<td>5,044,290</td>
<td>5,687,080</td>
<td>642,790</td>
<td>11,374,159</td>
<td>6,329,869</td>
<td>44.35%</td>
</tr>
<tr>
<td>NON-OPERATING EXPENSES</td>
<td>26,549</td>
<td>204,826</td>
<td>450,625</td>
<td>245,799</td>
<td>901,250</td>
<td>696,424</td>
<td>22.73%</td>
</tr>
<tr>
<td><strong>SUBTOTAL OPERATING &amp; NON- OPERATING EXPENSES</strong></td>
<td>896,303</td>
<td>5,249,116</td>
<td>6,137,705</td>
<td>888,589</td>
<td>12,275,409</td>
<td>7,026,293</td>
<td>42.76%</td>
</tr>
<tr>
<td>EXPENSED ASSETS</td>
<td>10,927</td>
<td>22,105</td>
<td>41,655</td>
<td>19,550</td>
<td>83,310</td>
<td>61,205</td>
<td>26.53%</td>
</tr>
<tr>
<td>NON-CASH ITEMS</td>
<td>193,999</td>
<td>304,933</td>
<td>486,818</td>
<td>181,885</td>
<td>973,636</td>
<td>668,703</td>
<td>31.32%</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>1,101,229</td>
<td>5,576,154</td>
<td>6,666,178</td>
<td>1,090,024</td>
<td>13,332,355</td>
<td>7,756,201</td>
<td>41.82%</td>
</tr>
<tr>
<td><strong>EXCESS REVENUE OVER EXPENSES</strong></td>
<td>1,081,486</td>
<td>4,266,470</td>
<td>1,566,972</td>
<td>(2,699,498)</td>
<td>3,133,944</td>
<td>(1,132,526)</td>
<td>136.14%</td>
</tr>
<tr>
<td>PURCHASED SERVICING &amp; CAPITAL OUTLAY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PURCHASED SERVICING RIGHTS</td>
<td>217,037</td>
<td>1,544,918</td>
<td>1,250,000</td>
<td>(294,918)</td>
<td>2,500,000</td>
<td>955,082</td>
<td>61.80%</td>
</tr>
<tr>
<td>CAPITALIZED ASSETS</td>
<td>21,657</td>
<td>52,344</td>
<td>81,890</td>
<td>29,546</td>
<td>163,780</td>
<td>111,436</td>
<td>31.96%</td>
</tr>
<tr>
<td><strong>TOTAL PURCHASED SERVICING &amp; CAPITAL OUTLAY</strong></td>
<td>238,693</td>
<td>1,597,262</td>
<td>1,331,890</td>
<td>(265,372)</td>
<td>2,663,780</td>
<td>1,066,518</td>
<td>59.96%</td>
</tr>
<tr>
<td><strong>TOTAL INCLUDING CAPITALIZED ITEMS</strong></td>
<td>842,793</td>
<td>2,669,208</td>
<td>235,082</td>
<td>(2,434,126)</td>
<td>470,164</td>
<td>(2,199,044)</td>
<td>567.72%</td>
</tr>
</tbody>
</table>
New Mexico Mortgage Finance Authority
Effect of GASB31 on Financials
($ in millions)

GASB 31 Changes in Fair Value of Assets
2012-2017

MFA Income With and Without GASB 31
Adjustment, 2012 - 2017
### Housing Opportunity Fund

**March 31, 2017**

<table>
<thead>
<tr>
<th></th>
<th>Primero</th>
<th>Primero PRLF</th>
<th>Primero Working Capital</th>
<th>Partners SF 1st Mortgage</th>
<th>Build It Guaranty</th>
<th>DPA Mortgages</th>
<th>HERO 1st Mortgages</th>
<th>Emerging Markets</th>
<th>MF Access</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Original Allocation</strong></td>
<td>$4,564,041</td>
<td>$0</td>
<td>$350,000</td>
<td>$6,838,000</td>
<td>$2,500,000</td>
<td>$29,937,739</td>
<td>$10,000,000</td>
<td>$1,550,000</td>
<td>$29,983,000</td>
<td>$85,722,781</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>$1,293,000</td>
<td>$925,000</td>
<td>($350,000)</td>
<td>($1,835,000)</td>
<td>($2,500,000)</td>
<td>$9,814,945</td>
<td>($6,793,945)</td>
<td>($1,550,000)</td>
<td>$996,000</td>
<td>$0</td>
</tr>
<tr>
<td><strong>3rd Party Award</strong></td>
<td>$3,013,000</td>
<td>$2,000,000</td>
<td></td>
<td></td>
<td></td>
<td>$1,938,415</td>
<td></td>
<td></td>
<td></td>
<td>$6,951,413</td>
</tr>
<tr>
<td><strong>Current Allocation</strong></td>
<td>$8,870,041</td>
<td>$2,925,000</td>
<td></td>
<td></td>
<td>$5,003,000</td>
<td>$41,691,098</td>
<td>$3,206,055</td>
<td>$0</td>
<td>$30,979,000</td>
<td>$92,674,194</td>
</tr>
<tr>
<td><strong>Funded/Committed</strong></td>
<td>3,049</td>
<td>136</td>
<td>n/a</td>
<td>251 units</td>
<td>105 units</td>
<td>12,364</td>
<td>63 units</td>
<td>None</td>
<td>1,589 units</td>
<td>17,557 units</td>
</tr>
<tr>
<td><strong>Repayments</strong></td>
<td>$11,406,904</td>
<td>$47,304</td>
<td>$35,000</td>
<td>$8,235,186</td>
<td>$0</td>
<td>$28,067,283</td>
<td>$6,052,655</td>
<td>$0</td>
<td>$2,149,361</td>
<td>$55,993,668</td>
</tr>
<tr>
<td><strong>Available</strong></td>
<td>$3,287,542</td>
<td>$972,304</td>
<td></td>
<td>$144,189</td>
<td>$0</td>
<td>$3,569,053</td>
<td></td>
<td>$0</td>
<td>$2,406,137</td>
<td>$10,379,225</td>
</tr>
<tr>
<td><strong>Subsidy/Unit</strong></td>
<td>$5,572</td>
<td>$14,705.88</td>
<td>n/a</td>
<td>$52,167</td>
<td>$0</td>
<td>$5,353</td>
<td>$146,964</td>
<td>n/a</td>
<td>$19,334</td>
<td>$7,877</td>
</tr>
<tr>
<td><strong>Outstanding &amp; Yield</strong></td>
<td>1,072</td>
<td>108</td>
<td>0</td>
<td>186</td>
<td>None</td>
<td>6,603</td>
<td>27</td>
<td>None</td>
<td>1,526</td>
<td>9,522</td>
</tr>
<tr>
<td><strong>Collateral</strong></td>
<td>3.39%</td>
<td>3.00%</td>
<td>0.00%</td>
<td>0%</td>
<td>0%</td>
<td>5.83%</td>
<td>5.24%</td>
<td>n/a</td>
<td>6.31%</td>
<td>5.41%</td>
</tr>
<tr>
<td><strong>AMI Served</strong></td>
<td>46% at 60% or below</td>
<td>Up to 120%</td>
<td>n/a</td>
<td>54% at 60% or below</td>
<td>50% at or below</td>
<td>54% at 60% or below</td>
<td>60% or below</td>
<td>n/a</td>
<td>90% at 60% or below</td>
<td>10% at market</td>
</tr>
<tr>
<td><strong>Geographic Distribution</strong></td>
<td>57% Albq, SF &amp; LC MSAs</td>
<td>43% Tribal &amp; Rural</td>
<td>100% Rural</td>
<td>61% Albq, SF &amp; LC MSAs</td>
<td>39% Rural</td>
<td>15% Albuquerque</td>
<td>85% Rural</td>
<td>n/a</td>
<td>61% Tribal &amp; Rural</td>
<td></td>
</tr>
<tr>
<td><strong>Delinquency Rate</strong></td>
<td>18.26%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>10.75%</td>
<td>0.00%</td>
<td>11.52%</td>
<td>3.70%</td>
<td>n/a</td>
<td>0.00%</td>
<td>8.04%</td>
</tr>
<tr>
<td><strong>Default Rate</strong></td>
<td>3.33%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>5.55%</td>
<td>0.00%</td>
<td>n/a</td>
<td>0.00%</td>
<td>8.30%</td>
</tr>
<tr>
<td><strong>Loan Loss Allowance</strong></td>
<td>70,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,597,122</td>
<td>3,146</td>
<td>n/a</td>
<td>-</td>
<td>1,670,268</td>
</tr>
</tbody>
</table>
Tab 4
May 9, 2017 Quarterly Investment Review
Agenda for Discussion at Finance Committee Meeting
Meeting Date: May 9, 2017

For reference:
Minutes of the February 7, 2017 investment discussion during the Finance Committee meeting.

For discussion:
Quarterly Investment Review of MFA General Fund investments
~Diversification and Asset Allocation Strategies – LGIP, bond ladder and SIC Investment Funds
~Market values and portfolio yield
New Mexico Mortgage Finance Authority
Minutes of Quarterly Investment Review
(Taking place during the Finance Committee May 9, 2017)

Present: Chair Steven Smith, Member Dennis Burt
Participating by Telephone: Vince Torres, Proxy for Lieutenant Governor John Sanchez
MFA Staff Present: Jay Czar, Gina Hickman, Izzy Hernandez, Robyn Powell

Quarterly Review of MFA General Fund investments:

● The Committee discussed the appointment of the Ad Hoc Investment Committee and next steps for the upcoming meeting with PFM which will include results of a portfolio planning survey.

● Report being presented is as of March 31, 2017.

● Compliance Report (Diversification and Asset Allocation): Hickman reviewed the portfolio compliance report and discussed the investment asset classes, balances, investment policy targets and ranges for each investment class. It was noted that the SIC Core Bonds Index Fund and the SIC Core Bonds Plus Active funds are slightly out of compliance with the investment policy. This will be addressed as staff works with PFM Asset Management in evaluating the current asset allocation policy. It was also noted that the asset allocation for the SIC investments is targeted at 40% Core Plus Bonds, 40% Core Bonds Index and 20% to the Large Cap Index Pool. As of March 31, 2017 the allocations were 38%, 40% and 22% respectively which is within the target ranges.

● Portfolio Summary-Short & Intermediate Term Investments: Hickman informed the committee that MFA did not purchase any bond ladder securities during the last quarter. Hickman reviewed book values, yields, and average life data for Cash Held, LGIP, the bond ladder, and the MBS portfolio. She also discussed sector components of the bond ladder.

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

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

● General Fund Investment Portfolio Metrics: Gina reviewed the rating, interest income and benchmark metrics. The committee was also provided with comparative economic indicators for their information. There was some discussion on budgeted interest
income and MFA’s ability to meet budget specifically for the Cash Held/Warehoused MBS asset class. Hickman reviewed the components of the budget and the budget assumptions for that asset class.

- Summary of March 31, 2017 balances and yields/rates of returns:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>3/31/17 Balance</th>
<th>Yield/Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>$20.5 mm</td>
<td>Various</td>
</tr>
<tr>
<td>LGIP</td>
<td>$3.1 mm</td>
<td>.59%</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>$16.0 mm</td>
<td>1.34%</td>
</tr>
<tr>
<td>MBS Portfolio</td>
<td>$10.9 mm</td>
<td>5.36%</td>
</tr>
<tr>
<td>SIC Core Plus Bond Fund-Active</td>
<td>$8.7 mm</td>
<td>(0.29%)</td>
</tr>
<tr>
<td>SIC Core Bond Fund-Index</td>
<td>$9.3 mm</td>
<td>(2.36%)</td>
</tr>
<tr>
<td>SIC Large Cap Index Equity Fund</td>
<td>$5.0 mm</td>
<td>8.07%</td>
</tr>
</tbody>
</table>
New Mexico Mortgage Finance Authority
Minutes of Quarterly Investment Review
(Taking place during the Finance Committee February 7, 2017)

Present: Chair Steven Smith
Participating by Telephone: Member Dennis Burt,
MFA Staff Present: Jay Czar, Gina Hickman

Quarterly Review of MFA General Fund investments:

● Discussed the selection of PFM Asset Management to serve as MFA’s investment advisor.

● Report being presented is as of December 31, 2016.

● Compliance Report (Diversification and Asset Allocation): Hickman reviewed the portfolio compliance report and discussed the investment asset classes, balances, investment policy targets and ranges for each investment class. It was noted that the SIC Core Bonds Index Fund and the SIC Core Bonds Plus Active funds are slightly out of compliance with the investment policy. This will be addressed next quarter as staff works with PFM Asset Management in evaluating the current asset allocation policy. It was also noted that the asset allocation for the SIC investments is targeted at 40% Core Plus Bonds, 40% Core Bonds Index and 20% to the Large Cap Index Pool. As of December 31, 2016 the allocations were 38%, 41% and 21% respectively which is within the target ranges.

● Portfolio Summary-Short & Intermediate Term Investments: Hickman informed the committee that MFA had purchased $6.0mm in bond ladder securities during the last quarter. Three of which ($3.0mm) were from liquidated SIC investments in order to adjust the portfolio to the new asset allocation strategy and three were bond ladder securities ($3mm) purchased to reinvestment the proceeds from two called bond ladder securities. Hickman reviewed book values, yields, and average life data for Cash Held, LGIP, the bond ladder, and the MBS portfolio.

● Portfolio Summary-Long Term State Investment Council Investments: Hickman reviewed market values, rates of return and realized gain/loss data for the SIC funds.
• Portfolio Summary-Housing Trust Fund: Hickman reviewed market values, rates of return and realized gain/loss data for the SIC funds. She reminded the committee that 100% of the Housing Trust Fund is invested in the Core Bonds Plus Active fund.

• General Fund Investment Portfolio Metrics: Gina reviewed the rating, interest income and benchmark metrics. The committee was also provided with comparative economic indicators for their information.

• Summary of December 31, 2016 balances and yields/rates of returns:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>12/31/16 Balance</th>
<th>Yield/Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>$18.3 mm</td>
<td>Various</td>
</tr>
<tr>
<td>LGIP</td>
<td>$3.1 mm</td>
<td>.43%</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>$16.0 mm</td>
<td>1.24%</td>
</tr>
<tr>
<td>MBS Portfolio</td>
<td>$11.4 mm</td>
<td>5.37%</td>
</tr>
<tr>
<td>SIC Core Plus Bond Fund-Active</td>
<td>$8.5mm</td>
<td>(2.02%)</td>
</tr>
<tr>
<td>SIC Core Bond Fund-Index</td>
<td>$9.2 mm</td>
<td>(3.09%)</td>
</tr>
<tr>
<td>SIC Large Cap Index Equity Fund</td>
<td>$4.7 mm</td>
<td>3.10%</td>
</tr>
</tbody>
</table>
INVESTMENT REPORT – EXECUTIVE SUMMARY
FOR THE FIRST SIX MONTHS OF FISCAL YEAR 2017

(1) At the April 2017 Board meeting, Luke Schneider and Ellen Clark from PFM Asset Management (“PFM”) presented information to the Board on their firm, investment services, and investment program next steps. PFM will be working with staff and an ad-hoc committee of the Board during the next few months and will present results and recommendations to the Board at the annual Board retreat in August.

(2) During the second quarter of FY 2017, MFA did not purchase any additional bond ladder securities. During the first quarter of FY 2017, approximately $3.0 million was drawn out of the SIC funds and invested in MFA’s bond ladder in order reduce MFA’s exposure to the SIC funds resulting in the purchase of three bond ladder securities. The Core Plus Bond Fund and the Core Bonds Fund remain slightly out of compliance with the Investment Policy; balances are below the Investment Policy range by approximately $1.3 million and $0.7 million respectively. MFA’s asset allocation policy will be addressed with PFM in the near future.

(3) As of March 31, 2017, MFA’s General Fund had approximately:
   a. $20.5 million of cash held for operations/warehoused mortgage backed securities which is primarily borrowings held at FHLB ($15.5 million) to support the Single Family Program loan purchases.
   b. $3.1 million investment in the Local Government Investment Pool with a yield to maturity of .59%.
   c. $16.0 million invested in the bond ladder with a yield to maturity of 1.34% and an average life of 29 months.
   d. $10.9 million in MFA’s mortgage backed securities portfolio with a yield to maturity of 5.36% and an average of 194 months.
   e. $8.7 million in the SIC Core Plus Bonds Fund-Active with a rate of return of -0.29%.
   f. $9.3 million in the Core Bonds Fund-Index with a rate of return of -2.36%.
   g. $5.0 million in the Large Cap Index Equity Fund with a rate of return of 8.07%.
   h. $23.0 million in the SIC with a combined rate of return of 0.76%.

(4) As of March 31, 2017, the Housing Trust Fund balance in the Core Plus Bond Fund-Active was approximately $10.0 million with a rate of return of -0.18%.
### GENERAL FUND INVESTMENT COMPLIANCE REPORT FOR MARCH 31, 2017

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>Policy Requirement</th>
<th>Current Portfolio Carrying Value</th>
<th>Current %</th>
<th>Range $ in millions</th>
<th>Within $ Limit $ in millions</th>
<th>Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>30%</td>
<td>$20,534,767</td>
<td>28%</td>
<td>$15-$22</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>15%</td>
<td>$3,084,232</td>
<td>4%</td>
<td>$3-$7</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>35%</td>
<td>$16,016,320</td>
<td>22%</td>
<td>$15-$30</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>MFA Mortgage Backed Security Portfolio</td>
<td>25%</td>
<td>$10,866,395</td>
<td>15%</td>
<td>$5-$15</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>State Investment Council Core Plus Bond Funds-Active</td>
<td>15%</td>
<td>$8,702,564</td>
<td>12%</td>
<td>$10-$25</td>
<td>No</td>
<td>PFM is currently reviewing MFA's asset allocation policy. Staff is holding on re-balancing the portfolio.</td>
</tr>
<tr>
<td>State Investment Council Core Bonds Fund-Index</td>
<td>15%</td>
<td>$9,271,361</td>
<td>13%</td>
<td>$10-$25</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>State Investment Council Large Cap Index Equity Fund</td>
<td>10%</td>
<td>$5,017,486</td>
<td>7%</td>
<td>$1-$9</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$73,493,124</td>
<td>100.00%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### PORTFOLIO SUMMARY

- Cash Held for Operations/Warehoused MBS, 28%
- Local Government Investment Pool, 4%
- Bond Ladder, 22%
- MFA Mortgage Backed Security Portfolio, 15%
- State Investment Council Core Plus Bond Funds-Active, 12%
- State Investment Council Core Bonds Fund-Index, 13%
- State Investment Council Large Cap Index Equity Fund, 7%

### SIC FUND ALLOCATION

<table>
<thead>
<tr>
<th>SIC Fund Category</th>
<th>Policy</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIC Core Plus Bond-Active</td>
<td>40%</td>
<td>38%</td>
</tr>
<tr>
<td>SIC Core Bonds-Index</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>SIC Large Cap Index Equity Fund</td>
<td>20%</td>
<td>22%</td>
</tr>
</tbody>
</table>

### BOARD ACTIONS

- August 2005 - approved General Fund Investment
- February 2008 - approved new Large Cap Index ETF Pool
- January 2009 - approved Revision to Investment Policy
- October 2010 - Approved Revision to Investment Policy
- May 2011 - Approved revision to Investment Policy
- April 2012 - Approved revision to Investment Policy
- April 2013 - Approved revision to Investment Policy
- April 2016 - Approved revision to Investment Policy
## PORTFOLIO SUMMARY - Short & Intermediate Investments

### General Fund

<table>
<thead>
<tr>
<th>Asset Description</th>
<th>Book Value 3/31/2017</th>
<th>Book Value 3/31/2016</th>
<th>Unrealized Gain/Loss</th>
<th>YTD Yield to Maturity</th>
<th>Yield to Maturity</th>
<th>Average Life/Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>$20,534,767</td>
<td>$20,032,195</td>
<td>N/A</td>
<td>Various</td>
<td>Various</td>
<td></td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>$3,084,232</td>
<td>$8,557,195</td>
<td>N/A</td>
<td>0.59%</td>
<td>0.37%</td>
<td>1.6 months*</td>
</tr>
<tr>
<td>Intermediate-Term</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>$16,016,320</td>
<td>$9,000,427</td>
<td>$(94,620)</td>
<td>1.34%</td>
<td>1.25%</td>
<td>29</td>
</tr>
<tr>
<td>MFA Mortgage Backed Security Portfolio</td>
<td>$10,866,395</td>
<td>$13,187,050</td>
<td>$741,895</td>
<td>5.36%</td>
<td>5.39%</td>
<td>194</td>
</tr>
<tr>
<td>Yield to Maturity for Intermediate-Term Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.96%</td>
</tr>
</tbody>
</table>

### Total Short & Intermediate Term

<table>
<thead>
<tr>
<th></th>
<th>$50,501,712</th>
<th>$50,776,867</th>
<th>$647,275</th>
</tr>
</thead>
</table>

*Information is as of January 2017.

### BOND LADDER SECTOR ALLOCATION

<table>
<thead>
<tr>
<th></th>
<th>Book Value</th>
<th>% of Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fannie Mae</td>
<td>$4,000,442</td>
<td>25%</td>
</tr>
<tr>
<td>Federal Farm Credit Bank</td>
<td>$2,011,963</td>
<td>13%</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>$6,990,920</td>
<td>44%</td>
</tr>
<tr>
<td>Freddie Mac</td>
<td>$3,012,995</td>
<td>19%</td>
</tr>
<tr>
<td>Total</td>
<td>$16,016,320</td>
<td>100%</td>
</tr>
</tbody>
</table>

### INVESTMENTS PURCHASED IN THE SECOND QUARTER OF FY 2017

<table>
<thead>
<tr>
<th>Date Purchased</th>
<th>Security</th>
<th>Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PORTFOLIO SUMMARY - Long Term State Investment Council Investments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State Invesment Council (SIC):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Plus Bond Fund-Active</td>
<td>$8,702,564</td>
<td>$21,265,910</td>
<td>Not</td>
<td>$ (170,278)</td>
<td>-0.29%</td>
<td>3.00%</td>
<td>Not</td>
</tr>
<tr>
<td>Core Bonds Fund-Index</td>
<td>$9,271,361</td>
<td>N/A</td>
<td>Currently</td>
<td>(351,317)</td>
<td>-2.36%</td>
<td>N/A</td>
<td>Currently</td>
</tr>
<tr>
<td>Large Cap Index Equity Fund</td>
<td>$5,017,486</td>
<td>$6,068,192</td>
<td>Available</td>
<td>$455,906</td>
<td>8.07%</td>
<td>7.76%</td>
<td>Available</td>
</tr>
<tr>
<td>Total State Investment Council</td>
<td>$22,991,412</td>
<td>$27,334,102</td>
<td></td>
<td>$ (65,689)</td>
<td>0.76%</td>
<td>4.02%</td>
<td></td>
</tr>
</tbody>
</table>

ANNUAL RATE OF RETURN-SIC INVESTMENTS
FY 2011 - 2017*

*FY17=10/1/16-3/31/17
## PORTFOLIO SUMMARY - Housing Trust Fund

<table>
<thead>
<tr>
<th>Housing Trust Fund</th>
<th>3/31/2017</th>
<th>3/31/2016</th>
<th>Total Cost</th>
<th>3/31/2017 Unrealized Gain/Loss</th>
<th>Rate of Return</th>
<th>Rate of Return</th>
<th>Average Life/Maturity in Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Investment Council (SIC): Core Plus Bond Fund-Active</td>
<td>$10,072,185</td>
<td>$11,288,910</td>
<td>Not Currently Available</td>
<td>$-(179,820)</td>
<td>-0.18%</td>
<td>2.73%</td>
<td>Not Currently Available</td>
</tr>
<tr>
<td>Total State Investment Council</td>
<td>$10,072,185</td>
<td>$11,288,910</td>
<td>$-(179,820)</td>
<td>-0.18%</td>
<td>2.72%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### SIC FUND ALLOCATION

| SIC Core Plus Bond-Active | 100% | 100% |

### Return on Core Plus Bond Fund - Active

**FY 2011 - 2017***

- FY 11: 3.77%
- FY 12: 9.54%
- FY 13: 0.22%
- FY 14: 6.14%
- FY 15: 1.28%
- FY 16: 7.44%
- FY 17: -0.18%

*FY17=10/1/16-3/31/17
### GENERAL FUND INVESTMENT PORTFOLIO - METRICS

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>S&amp;P Rating</th>
<th>Moody's Rating</th>
<th>Estimated Annual Interest Income (Budget)</th>
<th>Actual Annual Interest Income (YTD)</th>
<th>YTD % of Interest Income Earned Of Total Budget</th>
<th>3/31/17 Yield to Maturity/ Rate of Return</th>
<th>Benchmark Yield/Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Held for Operations/Warehoused MBS</td>
<td>N/R</td>
<td>N/R</td>
<td>$255,887</td>
<td>$27,632</td>
<td>11%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>AAAa</td>
<td>N/R</td>
<td>$18,500</td>
<td>$8,321</td>
<td>45%</td>
<td>0.59%</td>
<td>N/A</td>
</tr>
<tr>
<td>Bond Ladder</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td>$277,800</td>
<td>$97,118</td>
<td>35%</td>
<td>1.34%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td>$648,865</td>
<td>$301,122</td>
<td>46%</td>
<td>5.36%</td>
<td>N/A</td>
</tr>
<tr>
<td>Federal Farm Credit Bank</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td>$645,900</td>
<td>$285,192</td>
<td>44%</td>
<td>0.76%</td>
<td>-0.29%</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td>$648,865</td>
<td>$301,122</td>
<td>46%</td>
<td>5.36%</td>
<td>N/A</td>
</tr>
<tr>
<td>Freddie Mac</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td>$645,900</td>
<td>$285,192</td>
<td>44%</td>
<td>0.76%</td>
<td>-0.29%</td>
</tr>
<tr>
<td>MFA Mortgage Backed Security Portfolio</td>
<td>N/R</td>
<td>Aaa/Stable</td>
<td>$1,846,952</td>
<td>$719,385</td>
<td>39%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>State Investment Council</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>State Investment Council Core Plus Bond Fund-Active</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>State Investment Council Core Plus Bond Fund-Index</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>State Investment Council Large Cap Index Equity Fund</td>
<td>N/R</td>
<td>N/R</td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Economic Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>3/31/2017</th>
<th>3/31/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Funds Rate</td>
<td>0.82%</td>
<td>0.25%</td>
</tr>
<tr>
<td>Consumer Price Index (yoy)</td>
<td>2.40%</td>
<td>2.90%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.50%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Real GDP (yoy)</td>
<td>1.90%</td>
<td>1.60%</td>
</tr>
</tbody>
</table>

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

Source: U.S. Department of the Treasury
Tab 5
**NEW MEXICO MORTGAGE FINANCE AUTHORITY**

**Contracted Services/Credit Committee Meeting**

**Tuesday, May 9, 2017 @ 10:00 am**

**MFA – Albuquerque**

To dial in to the conference call dial: MFA (Abbott Hall) all participant dial in

(641) 715-3276 Participant Access Code: 561172# MFA only/Host Access Code: 561172#

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Change in BOK (Bank of Albuquerque) Trust Services Team for Stand-alone Indentures (Kathy Keeler)</td>
<td>3-0</td>
<td>YES</td>
</tr>
<tr>
<td>2 Housing Opportunities for Persons with AIDS (HOPWA) – Service Provider/New Mexico Aids Services Notice (Rose Baca-Quesada/Natalie Michelback)</td>
<td>3-0</td>
<td>YES</td>
</tr>
<tr>
<td>3 2017/2018 Continuum of Care (CoC) Limited Source Procurement (Natalie Michelback)</td>
<td>3-0</td>
<td>YES</td>
</tr>
<tr>
<td>4 2017-2018 Limited Source Procurement for the New Mexico Coalition to End Homelessness (Jackie Garrity)</td>
<td>3-0</td>
<td>YES</td>
</tr>
<tr>
<td>5 Linkages – Limited Source Procurement (Shannon Tilseth)</td>
<td>3-0</td>
<td>YES</td>
</tr>
<tr>
<td>6 House by House Reservation Program additional funding (Troy Cucchiara)</td>
<td>3-0</td>
<td>YES</td>
</tr>
<tr>
<td>7 Approval of the 2017-2018 Department of Energy State Plan (Amy Gutierrez and Troy Cucchiara)</td>
<td>2-0</td>
<td>YES</td>
</tr>
</tbody>
</table>

Committee Members present:

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

Secretary: [Signature]

5/19/17
MEMORANDUM

To: Board of Directors
Through: Contracted Services/Credit Committee – May 9, 2017
Through: Policy Committee – April 25, 2017

FROM: Kathleen Sysak-Keeler
DATE: May 17, 2017

SUBJECT: Trustee Services for Single Family and Multifamily Bond Issues-BOK Financial (Bank of Albuquerque) Change in Trust Department Team

Recommendation:
MFA received notification from BOK Financial (Bank of Albuquerque) that the primary trust officer assigned to provide trust services to MFA, Donald Fennema, manager of the Albuquerque office, has retired. In addition, BOK Financial has undergone a management restructuring whereby George Kubin, Senior Vice President and Regional Manager with 29 years of corporate trust experience will be overseeing trust operations in New Mexico, Arizona and Colorado. Bank of Albuquerque has designated Susen Ellis, who has taken over many of the responsibilities formerly handled by Mr. Fennema and was backup contact to MFA’s account become MFA’s primary contact. In addition, Cindy Mitchell will continue to be MFA’s customer service liaison providing backup and day-to-day transactional support. Both Ms. Ellis and Ms. Mitchell are located at the Bank of Albuquerque and will provide most trustee services to MFA. The transition to Ms. Ellis has been seamless and MFA is satisfied with the services provided by both Ms. Ellis and Ms. Mitchell. In addition, Pamela Black and Keith Papantonio will continue to provide support to MFA’s account when necessary. Staff recommends approval of the new Trust team at Bank of Albuquerque.

Background:
September 2015 – The Board approved the Request for Proposal for Trustee and Paying Agent Services (the RFP”) for single family and multifamily mortgage revenue bonds or other obligations issued under stand-alone (“closed”) indentures.

December 2015 – The Board selected BOK Financial (Bank of Albuquerque) to provide Trustee and Paying Agent Services for single family and multifamily mortgage revenue bonds or other obligations issued under stand-alone “closed” indentures. The term began the date the Board approved the award and ends December 31, 2018 with two subsequent one-year extensions at the option of the Board.

Discussion:
In their response to the RFP, BOK Financial designated the following team to provide services for MFA’s account:
Board of Directors  
May 17, 2017  
Change in Trust Team

Donald Fennema, CCTS, Senior Vice President and Albuquerque Office Manager (Primary Contact)  
Susen Ellis, CCTS, Assistant Vice President (Backup Contact)  
Cindy Mitchell, Trust Officer (Customer Service Liaison)  
Pamela Black, CCTS, Senior Vice President and Portfolio Manager (Support Role)  
Keith Papantonio, CCTS, Vice President and Relationship Manager (Support Role)

MFA was notified via the attached letter that Donald Fennema who was the primary contact on our account has retired and that a management reorganization has also taken place whereby the Bank of Albuquerque Trust Department is now managed by Mr. George Kubin, Senior Vice President and Regional Manager. Mr. Kubin has 29 years of corporate trust experience, is located in Colorado and oversees the New Mexico, Arizona and Colorado BOK Financial Trust offices.

BOK Financial is now proposing that Susen Ellis become the primary contact with George Kubin as Regional Manager. The following is the proposed team that will provide services for MFA’s account:

Susen Ellis, CCTS, Vice President (Primary Contact)  
Cindy Mitchell, Trust Officer (Backup and Customer Service Liaison)  
George Kubin, Senior Vice President and Regional Manager  
Pamela Black, CCTS, Senior Vice President and Portfolio Manager (Support Role)  
Keith Papantonio, CCTS, Vice President and Relationship Manager (Support Role)

Staff talked with Susen Ellis to confirm that the majority of the Trustee work will still being performed in New Mexico as BOK Financial did earn the New Mexico resident business points in the scoring of their proposal. Ms. Ellis outlined the processes that were being performed by herself and Ms. Mitchell which reassured MFA that the majority of the work was being performed at the Bank of Albuquerque office.

At this time, Ms. Ellis and Ms. Mitchell have been participating in the document preparation for two multifamily transactions that are expected to close prior to the end of June 2017. The transition to Ms. Ellis and Ms. Mitchell has been seamless and MFA has been satisfied with their performance on both of the transactions.

Summary:
MFA was notified via a letter from BOK Financial that Donald Fennema retired from Bank of Albuquerque at the end of December 2016 and that the local Trust Department was now managed by Mr. George Kubin, Senior Vice President and Regional Manager. Mr. Kubin has 29 years of corporate trust experience and is responsible for managing the BOK Financial Arizona, Colorado and New Mexico Trust Departments. Susen Ellis who was backup contact on MFA’s account would now assume the position of primary contact. Cindy Mitchell would continue to be MFA’s customer service liaison. Pamela Black and Keith Papantonio would continue to serve in a support role. The majority of MFA’s trust responsibilities are being performed by Susen Ellis and Cindy Mitchell at the Bank of Albuquerque. MFA is currently working with Ms. Ellis and Ms. Mitchell on two multifamily transactions and the transition to Ms. Ellis has been seamless. MFA is satisfied with the service we have been receiving from both Ms. Ellis and Ms. Mitchell and recommend approval of the new BOK Financial (Bank of Albuquerque) team.

2
March 29, 2017

Ms. Kathleen Keeler
New Mexico Mortgage Finance Authority
344 Fourth Street S.W.
Albuquerque NM 87102

RE: Account Administration for New Mexico Mortgage Finance Authority

Dear Ms. Keeler:

As you may be aware, your previous account administrator, Donald Fennema retired at the end of 2016. To maintain our goal of providing the highest level of client service, I have asked Susen Ellis, Vice President and Trust Officer to take the lead administration role of your trust accounts. In addition, Corporate Trust Officer, Cindy Mitchell will provide back-up and day to day transactional support. Susen and Cindy have handled many of your account needs during the time Donald was your lead administrator and I am confident they will provide a seamless transition. Finally, I will oversee the administration as their manager and have included all of our bios below.

Please feel free to reach out to any of us with any questions or concerns you may have and I look forward to continuing our relationship with the New Mexico Mortgage Finance Authority well in to the future. If you would like to visit with us in person, I would be more than happy to set up a lunch or on site visit, just let me know. As always, thank you for your business! It's very important to us and much appreciated.

Ms. Susen Ellis, CCTS

Vice President

Ms. Ellis joined BOK Financial in 2001 and has more than 18 years of corporate trust administrative and operational experience and currently is the administrator for BOKF's relationship with the New Mexico Finance Authority. She has experience in administering complex variable rate and fixed rate bond issues. Prior to joining the Bank, she assisted with the administration of accounts at Wells Fargo Bank and First Security Bank of New Mexico. She has
a Certified Corporate Trust Specialist ("CCTS") designation from the American Bankers Association.

Ms. Cindy Mitchell  

**Trust Officer**

Ms. Mitchell is the administrator of paying agencies, refunding bond escrows and IRB trust depositary accounts and is responsible for document review, general account operations and customer service. She has been with BOK Financial since 1999 and joined the Corporate Trust team in 2013. She has an MBA from the University of Phoenix and is currently studying for the Certified Corporate Trust Specialist ("CCTS") designation from the American Bankers Association.

Mr. George Kubin  

**Senior Vice President and Regional Manager**

Mr. Kubin brings 29 years of Corporate Trust experience having served in many capacities including relationship management, business development, investment management, and trust operations. As a corporate trustee, George has managed municipal, corporate, and structured, bond financings. Prior to joining the Bank, George managed the Chicago corporate trust office at Deutsche Bank for 10 years. In years prior, George has worked for many large providers including U.S. Bank, Bank One, Wachovia and the First National Bank of Chicago.

George joined the corporate trust services group at BOKF, NA approximately 3 years ago to help bring a local service, high touch delivery model to the market. Having seen the larger providers move away from this type of service, George and his team are able to provide a much higher level of service with local presence and the backing of a large national organization. George and his team provide a full range of corporate trust and escrow agency services.

George holds a BA from Drake University in Des Moines Iowa and a MBA from DePaul University, in Chicago Illinois. George has also earned the American Bankers Association’s designation of Certified Corporate Trust Specialist ("CCTS") and Certified Cash Manager ("CCM").

Sincerely,

George F Kubin  

Senior Vice President & Regional Manager
Tab 6
MEMORANDUM

TO: MFA Board of Directors

Through: Contract Services – May 9, 2017

Through: Policy Committee – May 2, 2017

FROM: Rose Baca-Quesada/Natalie Michelback

DATE: May 17, 2017

SUBJECT: HOPWA – New Mexico Aids Services Notice

Recommendation:
To approve HOPWA service provider Southwest Care Center (SWCC”) for a 4 month limited sole source procurement award.

Background:
On May 21, 2014 the board approved limited source procurement for New Mexico Aids Services (NMAS) and Southwest Care Center (SWCC) for a 1 year contract and 2 one year extensions. On July, 1, 2016 MFA renewed contracts for both agencies which extended them until June 30, 2017.

On April 13, 2017, Community Development department staff was informed by the New Mexico Aids Services (“NMAS”) that its board of directors has made a decision to not administer the HOPWA program after this program year (PY), which ends on June 30, 2017.

Jessica Molzen, the executive director at NMAS stated that due to funding decreases over the past few years, NMAS decided to drop the HOPWA program which provides case management, short term rental assistance, supportive services, tenant based rental assistance, and permanent housing placement. They will continue to focus only on providing food and housing for people with HIV/AIDS at their properties, Sleepy Hollow apartments and their condos, which are located in Albuquerque.

Prior to this notice from NMAS, staff had intended to renew the contracts for both NMAS and SWCC.

Discussion:
SWCC is currently the only other contracted provider of HOPWA in New Mexico. They have agreed to take over operations for NMAS Farmington. They also have an office in Albuquerque. NMAS has negotiated with SWCC to continue serving the current HOPWA clients in Albuquerque with the
understanding that they remain on the vouchers issued by NMAS and that those clients choice of
physician does not restrict funds to the SWCC doctor care system.

Due to this late notice, Community Development recommends we renew SWCC current contract
and provide a four month sole source limited procurement to SWCC for the NMAS service areas to
allow time for further research and determine if there are other potential service providers that
would be interested in administering the HOPWA program and draft an RFP if appropriate. We
also recommend that if there are no other entities interested in administering the HOPWA
program, that MFA extend the SWCC contract to the end of the program year term, June 30, 2018.

Summary:
Community Development recommends approval to award Southwest Care Center (SWCC) a 4
month contract extension to allow staff time to research if there are other potential service
providers and if so to prepare an RFP to procure with potential service providers. We also
recommend that if there are no other entities interested in administering the HOPWA program,
that MFA extend the SWCC contract to the end of the program year term, June 30, 2018.
MEMORANDUM

TO: MFA Board of Directors

Through: Contracted Services – May 9, 2017

Through: Policy Committee – April 25, 2017

FROM: Natalie Michelback, COC Program Manager

DATE: May 17, 2017

SUBJECT: Limited Source Procurement for 2017/2018 Continuum of Care Performance ("CoC") Program

Recommendation
Staff recommends approval of the 2017/2018 Continuum of Care Performance preliminary award amounts to 27 approved service providers.

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

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

Cooperation with New Mexico Coalition to End Homelessness (NMCEH)
The NMCEH is responsible for coordinating the Balance of State Continuum of Care application process, and is contracted by the City of Albuquerque to coordinate the Albuquerque Continuum of Care application process. In doing so, the NMCEH collects the annual performance data from all applicants and renewing agencies and reports the data directly to MFA. Receiving this information directly from NMCEH is a more practical alternative to MFA requesting the information through an official RFP.
**Purpose of Activities**
The purpose of these CoC funds is to provide support to agencies statewide which have received HUD Continuum of Care funding through either the Albuquerque or Balance of State applications to HUD; this also assists those agencies with match requirements for the Continuum of Care. The “CoC” Program is designed to assist individuals (including unaccompanied youth) and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long-term stability.

**Approval of Awards**
All applicants will be funded based on a formula that was created by the Joint Evaluation Team in 2011, (MFA Executive Team and Hank Hughes, Executive Director of the New Mexico Coalition to End Homelessness). This formula was modified from 3% to 6% of the HUD Continuum of Care award on February 18, 2015 with a cap of $30,000. This year there were two new agencies approved to receive HUD Continuum of Care funds. Based on last year’s CoC funding ($460,675), the cap is set at $29,419 resulting in the total CoC funding of $460,674.

Estimated funding for the homeless programs for the 2017-2018 Program Year is $2,371,050. Disbursement of the funding between the below outlined programs and categories will be determined based on the review of the applications and associated need. Based on 2016-2017 program year, we estimate funding for this year to be disbursed in the following way:

<table>
<thead>
<tr>
<th>Estimated Funding for 2017/2018 Program Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUD - ESG</td>
</tr>
<tr>
<td>State Homeless</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimated 2017/2018 Funding by Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMIS*</td>
</tr>
<tr>
<td>EHAP</td>
</tr>
<tr>
<td>RAP</td>
</tr>
<tr>
<td><strong>COC</strong></td>
</tr>
<tr>
<td>MFA Admin</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

*HMIS is the Homeless Management Information System which is a federally required database used for collecting demographic information.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Location</th>
<th>Award Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abode</td>
<td>Las Cruces</td>
<td>$7,716.00</td>
</tr>
<tr>
<td>Albuquerque Health Care for Homeless</td>
<td>Albuquerque</td>
<td>$29,419.00</td>
</tr>
<tr>
<td>Barrett Foundation</td>
<td>Albuquerque</td>
<td>$19,320.00</td>
</tr>
<tr>
<td>Casa Milagro</td>
<td>Santa Fe</td>
<td>$6,060.00</td>
</tr>
<tr>
<td>Catholic Charities</td>
<td>Albuquerque</td>
<td>$29,419.00</td>
</tr>
<tr>
<td>Community Against Violence</td>
<td>Taos</td>
<td>$8,382.00</td>
</tr>
<tr>
<td>County of Sandoval Shelter plus Care</td>
<td>Bernalillo</td>
<td>$26,635.00</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Crossroads for Women</td>
<td>Albuquerque</td>
<td>$25,895.00</td>
</tr>
<tr>
<td>Cuidando Los Ninos (CLN Kids)</td>
<td>Albuquerque</td>
<td>$13,595.00</td>
</tr>
<tr>
<td>DreamTree Project</td>
<td>Taos</td>
<td>$13,803.00</td>
</tr>
<tr>
<td>El Camino Real</td>
<td>Socorro</td>
<td>$25,541.00</td>
</tr>
<tr>
<td>El Refugio, Inc.</td>
<td>Silver City</td>
<td>$7,350.00</td>
</tr>
<tr>
<td>La Casa, Inc.</td>
<td>Las Cruces</td>
<td>$7,192.00</td>
</tr>
<tr>
<td>Mesilla Valley Community of Hope</td>
<td>Las Cruces</td>
<td>$29,419.00</td>
</tr>
<tr>
<td>NewLife Homes*</td>
<td>Albuquerque</td>
<td>$2,568.00</td>
</tr>
<tr>
<td>People Assisting the Homeless (PATH)*</td>
<td>Farmington</td>
<td>$2,625.00</td>
</tr>
<tr>
<td>S.A.F.E. House</td>
<td>Albuquerque</td>
<td>$24,515.00</td>
</tr>
<tr>
<td>Samaritan House</td>
<td>Las Vegas</td>
<td>$7,341.00</td>
</tr>
<tr>
<td>San Juan County Partnership</td>
<td>Farmington</td>
<td>$15,143.00</td>
</tr>
<tr>
<td>Santa Fe Community Housing Trust</td>
<td>Santa Fe</td>
<td>$14,401.00</td>
</tr>
<tr>
<td>St. Elizabeth Shelter</td>
<td>Santa Fe</td>
<td>$11,506.00</td>
</tr>
<tr>
<td>St. Martin's Hospitality Center</td>
<td>Albuquerque</td>
<td>$29,419.00</td>
</tr>
<tr>
<td>Supportive Housing Coalition of NM</td>
<td>Albuquerque</td>
<td>$29,419.00</td>
</tr>
<tr>
<td>The Life Link</td>
<td>Santa Fe</td>
<td>$29,419.00</td>
</tr>
<tr>
<td>Therapeutic Living Services</td>
<td>Albuquerque</td>
<td>$29,419.00</td>
</tr>
<tr>
<td>Youth Shelters</td>
<td>Santa Fe</td>
<td>$8,377.00</td>
</tr>
<tr>
<td>Valencia Shelter for Victims of DV</td>
<td>Los Lunas</td>
<td>$6,776.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$460,674.00</td>
</tr>
</tbody>
</table>

*New this program year

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Albuquerque</td>
<td>$232,988.00</td>
<td></td>
</tr>
<tr>
<td>Bernalillo</td>
<td>$26,635.00</td>
<td></td>
</tr>
<tr>
<td>Farmington</td>
<td>$26,635.00</td>
<td></td>
</tr>
<tr>
<td>Las Cruces</td>
<td>$44,327.00</td>
<td></td>
</tr>
<tr>
<td>Las Vegas</td>
<td>$7,341.00</td>
<td></td>
</tr>
<tr>
<td>Los Lunas</td>
<td>$6,776.00</td>
<td></td>
</tr>
<tr>
<td>Santa Fe</td>
<td>$69,763.00</td>
<td></td>
</tr>
<tr>
<td>Silver City</td>
<td>$7,350.00</td>
<td></td>
</tr>
<tr>
<td>Socorro</td>
<td>$25,541.00</td>
<td></td>
</tr>
<tr>
<td>Taos</td>
<td>$22,185.00</td>
<td></td>
</tr>
<tr>
<td>TOTAL FUNDING</td>
<td></td>
<td>$460,674.00</td>
</tr>
</tbody>
</table>

**Summary**
The Continuum of Care (COC) performance awards were established to provide support to agencies statewide that offer homeless prevention and supportive services through this limited source procurement. This year’s total HUD Continuum of Care funding for the Albuquerque and Balance of State service providers is $10,065,796. Twenty Seven (27) agencies were eligible for the MFA COC award. We are requesting approval of Twenty Seven (27) awards in the total amount of $460,674 for the Continuum of Care (COC) program. Upon PC approval, award notifications will be mailed. Final award letters will be sent upon approval of contracted services and the MFA Board of Directors.
Tab 8
MEMORANDUM

TO: MFA Board of Directors

Through: Contracted Services – May 9, 2017

Through: Policy Committee – May 2, 2017

FROM: Jackie Garrity, Emergency Homeless Assistance Program (EHAP) Program Manager

SUBJECT: Limited Source Procurement for New Mexico Coalition to End Homelessness (NMCEH)

CC: Rose Baca-Quesada, Director of Community Development

Recommendation
We are recommending approval of the 2017-2018 Limited Source Procurement for the NMCEH award for the purpose of managing the Homeless Management Information System (HMIS).

Background
HMIS is a federally required database used for collecting demographic information. It is supported by state homeless and federal Emergency Solutions Grant (ESG) funds. NMCEH is the current administrator of HMIS for homeless shelters. It is the only statewide agency in New Mexico that has a contractual relationship with New Mexico homeless service providers as well as having the capacity to administer a federally required, comparable database for domestic violence shelters. The fact that NMCEH is the only provider of the federally required services mandates the use of a Limited Source Procurement. Limited Source Procurement is procurement for items or services that are available from only one source, or when there are such a limited number of qualified sources for the procurement, as determined under the facts and circumstances of the procurement, that a competitive sealed proposal procedure would be impracticable.

Cooperation with NMCEH
The New Mexico Coalition to End Homelessness is responsible for coordinating the Balance of State Continuum of Care application process, and is contracted by the City of Albuquerque and MFA to coordinate the HMIS process. In doing so, the NMCEH collects the annual performance data from all applicants and renewing agencies and reports the data directly to MFA. MFA then reports this data to HUD as required under the Consolidated Annual Performance Report (CAPER).
Approval of Awards
NMCEH will be funded based on their contractual requirements to support the domestic violence shelters through their use of OSNIUM or a comparable database and to provide technical training to all agencies that receive ESG and state homeless funding and are required to utilize HMIS.

Based on the 2016-2017 program year, we estimate funding for 2017 to be disbursed in the following way:

<table>
<thead>
<tr>
<th>Estimated Funding for 2017-2018 Program Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUD - ESG</td>
</tr>
<tr>
<td>State Homeless</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimated 2017-2018 Funding by Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMIS</td>
</tr>
<tr>
<td>Emergency Homeless Assistance Program (EHAP)</td>
</tr>
<tr>
<td>Rental Assistance Program (RAP)</td>
</tr>
<tr>
<td>Continuum of Care (COC)</td>
</tr>
<tr>
<td>MFA Admin</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Summary
The Homeless Management Information System (HMIS) is a federally required database used for collecting demographic information. The NMCEH is the state designated agency which provides the HMIS database and support to the ESG funded agencies throughout the state of New Mexico and lends support to domestic violence shelters who are also recipients of the ESG funds but utilize a comparable database for collecting data. No other statewide agency in New Mexico has the relationship with the homeless service providers, currently administers a statewide HMIS, and has the capacity to administer a comparable database for domestic violence shelters. We are requesting approval to award the NMCEH a total of $87,643.50. Upon approval and after MFA receives the final award amounts from HUD and the state of New Mexico, an award letter will be sent to the NMCEH. The award being presented for approval today is also subject to change based on final funding notifications.
Tab 9
MEMORANDUM

TO: Board of Directors

Through: Contracted Services Committee – May 9, 2017

Through: Policy Committee – May 2, 2017

FROM: Shannon Tilseth, Program Manager

DATE: May 17, 2017

SUBJECT: 2017/2018 Linkages Program Award Recommendations

Recommendation

Staff recommends award approval in the amount of $1,262,477.25 for the 7 Housing Administrators currently in the Linkages Program.

Background

The Linkages Program is funded by the State of New Mexico, Behavioral Health Service Division “BHSD”, Human Services Department “HSD”. Funding provides permanent, supportive housing vouchers to persons with a severe mental illness diagnosis who are homeless or precariously housed. The designation of the service areas is based on the availability of both qualified local Housing Administrators “HA” and a HSD Certified Social Services Administrator “SSA” whose role is to oversee the provision of supportive services and help clients obtain and sustain permanent housing. Social services are provided as an integral part of mental health management.

Limited Source Procurement is procurement for items or services that are available from only one source, or when there are such a limited number of qualified sources for the procurement, as determined under the facts and circumstances of the procurement, that a competitive sealed proposal procedure would be impracticable. In New Mexico, there are a limited number of Housing Administrators that qualify for funding under the Linkages Program. The program requires Housing Administrators to have both rental voucher experience and a partnering arrangement with a Certified Social Services Administrator. For this reason, staff recommends that contracts be awarded to the limited number of qualified Housing Administrators on a yearly basis, through limited source procurement.

Each year, all current Linkages HA’s must submit documentation to ensure good standing by submitting proof of current registration with the New Mexico Attorney General’s Office (if applicable), a current
financial audit, most recent monitoring letters from major funders and Letters of Agreement with the designated SSA’s.

The chart below shows the estimates on how the funding received from the state of New Mexico through Behavioral Health Services Department will be distributed. This is contingent on the amount the final award amount.

<table>
<thead>
<tr>
<th>2017/2018 Estimated Funding</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Linkages Award for 2017/2018 Program Year*</td>
<td>$1,381,555.00</td>
</tr>
<tr>
<td>Less MFA Admin – 5%</td>
<td>$69,077.75</td>
</tr>
<tr>
<td>Less $50,000 Allocated to Rental Assistance Program</td>
<td>$50,000.00</td>
</tr>
<tr>
<td><strong>Total Award</strong></td>
<td><strong>$1,262,477.25</strong></td>
</tr>
<tr>
<td>Less Unallocated Funding</td>
<td>$71,956.31</td>
</tr>
<tr>
<td><strong>Total Award to Housing Administrators</strong></td>
<td><strong>$1,190,520.94</strong></td>
</tr>
</tbody>
</table>

*Based on budget estimates from BHSD

**Discussion**

At the beginning of the 2016/2017 program year, it was determined that there was insufficient funding to support the current number of housing vouchers issued. Because of this issue, additional funding was provided by BHSD to cover the estimated shortfall along with a freeze on the acceptance of new participants into the program. To date, the program is no longer experiencing a shortfall therefore the funding allocated to MFA for this program is sufficient to ensure housing for all current participants.

Funding allocations in the amount of $1,190,520.94 for the upcoming 2017/2018 program year will be based on the current number of active vouchers by each HA in order to maintain housing for all participants already in the program. The remaining $71,956.31 will not be allocated until BHSD determines if there is enough funding in their state budget to support the SSA’s. If it is determined that there is adequate funding, BHSD will decide which Housing Administrators receive the new vouchers. The unallocated funding could potentially support 6-8 new housing vouchers. Additionally, each HA will receive 10% in administrative fees.

The chart below shows the recommended allocations for the 7 current Linkages HA’s for program year beginning July 1, 2017.

<table>
<thead>
<tr>
<th>Housing Administrator</th>
<th>Area Served</th>
<th>Total Award</th>
<th>Current # of Vouchers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bernalillo County Housing Dept.</td>
<td>Albuquerque, Sandoval</td>
<td>$392,356.80</td>
<td>56</td>
</tr>
<tr>
<td>Eastern Regional Housing Authority</td>
<td>Chaves</td>
<td>$119,473.20</td>
<td>21</td>
</tr>
<tr>
<td>Mesilla Valley Community of Hope</td>
<td>Dona Ana, Luna</td>
<td>$152,064.00</td>
<td>24</td>
</tr>
<tr>
<td>Northern Regional Housing Authority</td>
<td>Taos</td>
<td>$20,367.60</td>
<td>3</td>
</tr>
<tr>
<td>The Life Link</td>
<td>Santa Fe</td>
<td>$391,300.54</td>
<td>41</td>
</tr>
<tr>
<td>San Juan County Partnership</td>
<td>San Juan</td>
<td>$25,238.40</td>
<td>3</td>
</tr>
<tr>
<td>Western Regional Housing Authority</td>
<td>Grant</td>
<td>$89,720.40</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$1,190,520.94</strong></td>
<td><strong>164</strong></td>
</tr>
</tbody>
</table>
Summary

The Linkages Program is funded by the State of New Mexico, Behavioral Health Service Division “BHSD”, Human Services Department “HSD”. Funding provides permanent supportive housing vouchers to persons with a severe mental illness diagnosis who are homeless or precariously housed. The designation of the service areas is based on the availability of both qualified local Housing Administrators “HA” and a HSD Certified Social Services Administrator “SSA” whose role is to oversee the provision of supportive services and help clients obtain and sustain permanent housing. Social services are provided as an integral part of mental health management.

Allocations for the upcoming 2017/2018 program year will be based on the amount needed by each HA in order to maintain housing for all current participants. The unallocated funding for the additional $71,956.31 for 6-8 vouchers will be distributed once a determination is made by BHSD on the ability to fund the SSA’s. Staff requests approval to allocated $1,190,520.94 for 164 vouchers to 7 HA’s for the 2017/2018 program year.
MEMORANDUM

TO: Board of Directors

Through: Contract Services Committee – May 9, 2017

Through: Policy Committee – May 4, 2017

FROM: Troy Cucchiara, Program Manager

DATE: May 17, 2017

SUBJECT: Reservation Rehabilitation Program, extra funding – Notice of Funds Availability (NoFA)

Recommendation:
Staff recommends approval of the 2016 (V2) House by House Reservation Rehabilitation Program Notice of Funds Availability (NoFA).

Background:
The New Mexico Mortgage Finance Authority (“MFA”) has re-allocated a portion of the Federal HOME Investment Partnerships Program (“HOME”) funds administered by MFA for a House by House Reservation Program. The estimated additional HOME funding is $1,075,000. Funds are reserved on a first come first serve basis and will be reserved on a commitment based on eligibility.

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

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

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

2. House by House Reservation Eligible Partner recipient (PY 2016) that is in “good standing” as of the date of the release of this NOFA.

Recommended Changes for additional funding:

1. Increasing the number of open projects an Eligible Partner may have open at one time from five (5) to the ten (10). This will enable partners to help more families in their communities.

2. For commitment of funding purposes only, the minimum requirements will involve eligibility only and will include two categories. These two categories are income eligibility and property eligibility.

All the requirements to commence a rehabilitation project will remain the same with the above added layer of review for eligibility.

**Summary:**
Staff recommends approval of the additional funding of $1,075,000 and two programmatic changes to the House Reservation Rehabilitation Program – Notice of Funds Availability (NoFA). The purpose of the program is to provide funding for the rehabilitation of homes occupied by eligible low-income homeowners to bring their homes back to code, safety and habitability standards. Total funding for the program will be $4,062,489 as the board had previously allocated $2,987,489. The recommended program changes are: increasing the number of projects a partner may have at one time to ten, and eligibility requirements as the only criteria to commit funds.
The New Mexico Mortgage Finance Authority ("MFA") has allocated a second portion of the Federal HOME Investment Partnerships Program ("HOME") funds administered by MFA for a House by House Reservation Program. The estimated additional HOME funding available for the summer 2017 House by House Reservation Rehabilitation Program is $1,075,000.

Capitalized terms, used in this Notice of Funding Availability ("NOFA"), except those otherwise defined herein, shall have the same meaning as the terms defined in the MFA New Mexico HOME Program Compliance Manual, as amended from time to time. In the event of a conflict between the provisions of this NOFA and the provisions of the “Service Agreement” for a rehabilitation loan, the provisions of the Service Agreement shall control. From time to time, MFA may amend the provisions of this NOFA by Program Notice.

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

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

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

2. House by House Reservation Eligible Partner (PY 2016) that is in “good standing” as of the date of the release of this NOFA.
Only Eligible Partners may access these funds. Agencies that were recertified at the end of 2015 do not need to submit the following documents with the exception of item No. 5. To qualify as a new Eligible Partner, the entity must submit the following:

1. Offeror must submit application for eligibility.

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

3. If offeror is a non-profit, must submit proof of current registration as charitable organization with the New Mexico Attorney General’s Office, covering the fiscal year ending in 2015 - or proof of exemption therefrom. Information can be submitted online and verification obtained via [https://secure.nmag.gov/coros/](https://secure.nmag.gov/coros/). Verification should be in the form of the first page of the “NM Charitable Organization Registration Statement.”

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

5. 2016 Eligible Partners wishing to expand into a currently underserved area must also provide documentation that shows financial leverage from the local government where the project/activity is to take place. Financial leverage can include in-kind services.

6. Agencies who received program funds last year must provide an independent CPA’s auditors report (Audit) conducted in accordance with Government Auditing Standards (GAS). The GAS Audit will include an independent auditors report on the following: 1) financial statements; and 2) internal control over financial reporting and compliance. The audit will also include the auditor’s management letter if there is one, and the offeror’s response to any audit findings. Offeror will submit the most recent audit available; only the most recent of FY2015 (fiscal year ending on or after 3/31/15) or FY 2016 will be accepted. If offeror received $500,000 in federal funds from one or more sources (in the fiscal year ending in 2015, $750,000 in the fiscal year ending in 2016), a Single Audit is required pursuant to 2 CFR 200 Subpart F. The following types of Audit findings may disqualify Offeror from funding:

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

   b. If offeror has received greater than $750,000 in the fiscal year ending in 2016 and the single audit did not meet the requirements of the 2 CFR 200 Subpart F

   c. For Single Audit, no proof of Federal Audit Clearinghouse submission (FORM SF-SAC).
d. If governmental entity, proof is not included of current audit submission to the Office of the New Mexico State Auditor.

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

f. If any findings, no submission of management response to findings.

g. Eligible partners must conduct annual independent financial audits by a certified auditor that has been approved by the New Mexico State Auditor’s Office and on the state auditor’s List.

   (i) Eligible Partners that receive less than $25,000 in federal or state funding from MFA, and may experience a financial hardship to procure a certified auditor that is on the state auditor’s list, are exempt from this requirement. They must however, provide an annual independent financial audit or audited financial statements from a certified auditor of their choice.

   (ii) Eligible Partners must at a minimum procure for auditing firm/services every three years, through a request for proposal (“RFP”). Evidence of the procurement must be provided to MFA at the time of release of the RFP and when selections are completed.

7. Current board resolution not older than 12 months from the date of the application showing approval for the agency to apply for the House by House Reservation Program. If a tribal entity, submit a current tribal resolution showing approval for applying to the 2016 House By House Reservation Program;

8. Current board member list including name, employer and term length, if applicable;

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

10. Resumes of all management and administrative team personnel;

11. Current general liability insurance certificate; and

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

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

The terms, conditions and descriptions applicable to the program to be made by MFA are as follows:
Performance Agreement Term
Once an Offeror has been approved for Eligible Partner Status, MFA will re-affirm agencies on an annual basis just prior to the release of funding. Once funding levels are secured, usually mid-summer, re-affirmation letters will be sent to Eligible Partners and will be effective from the day the funding is released for that program year until the last remaining funds are used. Applications for Eligible Partner status may be submitted at any time however reservations are on a first come, first served basis. If program funds have been fully committed, MFA may re-allocate HOME funds into this program.

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

Subcontractors
Eligible Partners shall not subcontract the management services to be performed under this agreement without the prior written approval of the MFA. The only exceptions are for an assessor, EPA certified lead based paint assessor, certified public accountant and construction crews.

Commitments
In order to establish timely commitment to the funding of this NOFA, there has been a commitment level added to the reservation process. This is based on the two most important areas of eligibility; income and property. The minimum requirements for the commitment phase of this funding are the following:

1. Income eligibility
Borrowers must show proof of income with methods that are consistent with HUD’s established methods. This will be shown on the Income Certification sheet and includes all back up documentation.

2. Property eligibility
   a. The home must be owned and occupied by the applicants as evidenced by a title search and a deed. Title to the property must be held as fee simple or a 99-year leasehold. Homes located on tribal land may have a 50-year lease.
   b. Partners must attest the after rehab value of the property will not exceed the HUD Published 95% limit.

All other eligibility and reservation requirements shall apply before commencing a project with MFA issued agreements.

Reservations
MFA will issue commitments for eligible funding as set forth in the service agreement, the procedural guide and related program documents. Fund allocations for the program will be reserved in accordance with the program reservation procedures.

The reservation for the funding of each project by the MFA is subject to submission of a project application package including a completed reservation request form. The project application package must be uploaded to the secure data transfer website which may be accessed at http://local.housingnm.org/LoginPortal/. MFA will no longer accept project application packages sent via U. S. mail, FedEx, UPS or physically delivered to the MFA office. Funding will be reserved on a first come, first served basis pending funds availability. From time to time, MFA may suspend program participation if needed.
MFA’s commitment to fund each rehabilitation project will be subject to MFA approval as evidenced by a project acceptance notice which must be signed and acknowledged by the Eligible Partner and returned to MFA via email, scan/fax or U.S. mail. Once the project has been entered into HUD’s IDIS system, a project number will be generated. The project number and award and restrictive covenant or tribal land award agreement will be forwarded via email to the Eligible Partner. Eligible Partners may then begin invoicing MFA for reimbursable expenses related to the project.

**Interim Funding**
Initial interim funding is subject to the following: (i) the submission of field inspection report including photos, (ii) copies of contractor payment request and/or material receipts, (iii) copy of print screen of SAM.gov for contractor and, (iv) if invoicing for project management as a soft cost submission of employee timesheets. Projects that have not drawn any funds within 60 days of the reservation verification letter may be canceled by MFA. The project must be completed within 180 days from the receipt of a project number from MFA.

**Final Funding**
The final funding of each project is subject to the following; (i) the submission of a HOME Completion Report, (ii) the submission of a copy of the certificate of occupancy and/or final inspection from the proper code enforcement agency signed by the homeowner, (iii) the submission of the release of liens certification from the contractor, (iv) the submission of the original recorded award and restrictive covenants agreement or tribal land award agreement (TLAA).

In addition to the documents noted above, the following documents must be maintained in the Eligible Partner’s client file:
- Copy of award and restrictive covenants agreement or mortgage and promissory note
- Evidence of property ownership (Fee Simple or 99 year leasehold interest only)
- Print Screen of SAM.Gov search of homeowner
- Evidence of flood insurance (if applicable)
- Copy of bid documents and advertisement
- Pre-construction conference report with contractor certification of eligibility to perform federal work (SAM.gov)
- Copy of executed construction contract with scope of work attached as an exhibit
- Copies of lead-based paint risk assessment, notification certification(s), and clearance (if applicable)
- Resource efficiency checklist
- Punch list (if applicable)

**Eligible Borrowers**
To be eligible for funding, the current annual household income of the borrower(s) must be at or below 60% of area median income (AMI) adjusted for family size as determined by the U.S. Department of Housing and Urban Development (HUD) and calculated pursuant to the HUD Part 5 (Section 8) guidelines. The incomes of all household members over 18 years of age are needed to determine income eligibility.
**Property Eligibility**
The home must be owned and occupied by the applicants as evidenced by a title search and a deed. Title to the property must be held as fee simple or a 99-year leasehold. Homes located on tribal land may have a 50-year lease. All property taxes must be current.

The value of the home (as determined by appraisal or other method approved by MFA) cannot exceed the HUD published 95% homeownership limit for the unit size, after rehabilitation.

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

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

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

**Buyer Equity**
The pre-rehabilitation value of the home must be determined by appraisal before any rehabilitation work is performed. Award and restrictive covenants or tribal land award agreements will be placed on the property that permits the homeowner’s investment to be recovered from the proceeds of sale or transfer of the property prior to any repayment of the HOME loan.

**Maximum Limits**
The value of the home (as determined by appraisal or other method approved by MFA) cannot exceed the HUD published value for the unit size, after rehabilitation. Agencies must use the HUD 95% after rehab median values which are available online at [www.housingnm.org](http://www.housingnm.org).

Prior to any disbursement of funds, the award and restrictive covenants agreement or tribal land award agreement provided by MFA must be signed by the homeowner and notarized. At project completion, the agreement is to be recorded at the County Clerk’s office where the property is located and delivered to MFA.

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

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

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

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

**Income Limits**
The income limits to be used to determine eligibility shall be those established by the U.S. Department of Housing and Urban Development (HUD) and published annually. The current income limits are 60% of AMI.

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

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

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

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

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

**Environmental Reviews**

All projects are subject to an environmental review and must receive appropriate clearance prior to any funds expenditure, including soft costs and lead based paint costs. MFA is the responsible entity for all projects being performed by non-profit organizations and tribal housing authorities. Local governments and tribal entities (not tribal housing authorities) are their own responsible entity and are required to perform their own environmental reviews which need to be included in all reservation requests. Local governments and tribal entities must submit their Request for Release of Funds to MFA for approval (not to HUD). MFA will issue the Authority to Use Grant Funds.

**Other Requirements**

1. Refinances will not be eligible under this program.

2. Eligible Partners may have up to ten (10) projects open for funding at any one time. All new Eligible Partners may not have more than one (1) project open for funding at any one time unless waived at the sole discretion of MFA.

   If an Eligible Partner wishes to complete a project that is located in a county that has no other Eligible Partners participating in that particular county, the Eligible Partner may have one (1) additional project open per underserved county. In order for the subrecipient to be able to have the extra project open, the county must not have had any Eligible Partners serving that county for the last 24 months, and the Eligible Partner must obtain a letter of support of the unit of local government.

3. Eligible Partners that have not submitted projects for the past two (2) years (July 1, 2016 through June 30, 2017) must submit a new Eligible Partner application. The Eligible Partner will be responsible for guaranteeing that the work is properly inspected and completed. It will be the obligation of the Eligible Partner to insure that the property meets all code requirements, construction standards and other HOME requirements, including but not limited to those associated with HQS or UPCS (after January, 2017) and lead-based paint.

4. The amount of HOME funds invested in a project may not exceed the maximum limits as established by HUD. Determination of the maximum Limits for after rehabilitation value of the homes must be obtained by an appraisal. If an appraisal has been determined to not be possible by an appraiser, a market analysis will be accepted in lieu of an appraisal with prior MFA approval. The combination of an existing mortgage loan and HOME loan cannot exceed the after rehabilitation value of the home.
5. In the event that compliance monitoring indicates deficiencies in any of the units, funding may be immediately discontinued on all pending projects.
Tab 11
MEMORANDUM

TO: MFA Board of Directors

Through: Contract Services Committee – May 9, 2017

Through: Policy Committee – April 25, 2017

FROM: Amy Gutierrez and Troy Cucchiara

DATE: May 17, 2017

SUBJECT: Approval of 2017/2018 DOE Annual and Master State Plans

Recommendation

Background
For Program Year 2017/2018 we anticipate total funding for the NM Energy$mart Program will be $5,476,493.00. The state plan only refers to the $1,646,802.00 we will receive from the Department of Energy.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Funding Amount</th>
<th>*Estimated Fully Weatherized Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Energy (DOE)</td>
<td>$1,646,802.00</td>
<td>138</td>
</tr>
<tr>
<td>LIHEAP</td>
<td>$2,100,000.00</td>
<td>322</td>
</tr>
<tr>
<td>Public Service Company of NM</td>
<td>$195,957.00</td>
<td>29</td>
</tr>
<tr>
<td>Central Valley Electric Coop</td>
<td>$35,000.00</td>
<td>5</td>
</tr>
<tr>
<td>NM Gas Leverage</td>
<td>$1,298,734.00</td>
<td>195</td>
</tr>
<tr>
<td>Xcel Energy</td>
<td>$200,000.00</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,476,493.00</strong></td>
<td><strong>712</strong></td>
</tr>
</tbody>
</table>
*The total number of units is estimated by dividing the program operations portion of each funding source by $6,000.00. Utility funding is used to increase the amount of work each home receives and it allows the Federal Funds to stretch further to weatherize more homes. It is unpredictable how much work each home will need prior to initial assessments, therefore the 712 homes to be fully weatherized is only an estimate.

Administration of the DOE Weatherization Assistance Program (DOE WAP) is performed in accordance with the DOE Annual and Master Plans which are submitted to DOE as a “State Plan”. The plan was submitted to DOE on April 28, 2017, contingent upon MFA’s Board of Directors approval.

The DOE Annual Plan for program year 2017/2018 includes a detailed breakdown of how the funds will be allocated. The Master Plan details how the program will be managed overall by the NM Energy$mart Program.

On February 18, 2015, the MFA Board of Directors approved Central NM Housing Corporation, and Southwestern Regional Housing as Service Providers for the NM Energy$mart Program for an initial two year contract with an option of three one year renewals. This year is the first year of the three year renewal.

The $1,646,802.00 award to New Mexico from DOE will be broken down as follows:

<table>
<thead>
<tr>
<th>Element</th>
<th>MFA</th>
<th>Central NM Housing Corporation</th>
<th>SW Regional Housing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>$82,340.10</td>
<td>$59,115.96</td>
<td>$23,224.14</td>
<td>$164,680.20</td>
</tr>
<tr>
<td>Leverage</td>
<td>$8,000.00</td>
<td>.00</td>
<td>.00</td>
<td>$8,000.00</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$120,000.00</td>
<td>.00</td>
<td>.00</td>
<td>$120,000.00</td>
</tr>
<tr>
<td>Training &amp; Technical Assistance</td>
<td>$87,494.00</td>
<td>$110,000.00</td>
<td>$110,000.00</td>
<td>$307,494.00</td>
</tr>
<tr>
<td>Program Operations</td>
<td>.00</td>
<td>$521,412.67</td>
<td>$204,840.84</td>
<td>$726,253.51</td>
</tr>
<tr>
<td>Health &amp; Safety</td>
<td>.00</td>
<td>$171,436.28</td>
<td>$67,350.01</td>
<td>$238,786.29</td>
</tr>
<tr>
<td>Financial Audit</td>
<td>Billed under admin</td>
<td>$10,000.00</td>
<td>.00</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Liability Insurance</td>
<td>Billed under admin</td>
<td>$41,588.00</td>
<td>$30,000.00</td>
<td>$71,588.00</td>
</tr>
<tr>
<td>Total</td>
<td>$297,834.10</td>
<td>$913,552.90</td>
<td>$435,414.99</td>
<td>$1,646,802.00</td>
</tr>
</tbody>
</table>

*Of the $297,834.10 that MFA receives, $207,494.00 is administered by MFA for the Service Providers.

Comparison of Plans for PY 2016/2017 and 2017/2018

<table>
<thead>
<tr>
<th>Elements</th>
<th>2015/2016</th>
<th>2016/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOE Funding Amount</td>
<td>$1,646,802.00</td>
<td>$1,646,802.00</td>
</tr>
<tr>
<td>Capital Items</td>
<td>$100,000.00</td>
<td>$120,000.00</td>
</tr>
<tr>
<td>Number of Service Providers</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Statewide Per Unit Average</td>
<td>$6,000.00</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Administration Budget</td>
<td>$164,680.20</td>
<td>$164,680.20</td>
</tr>
</tbody>
</table>

There are no significant changes to this year’s State Plan.
**Process**
The State Plan is subject to a 10 day public comment and review period. It was advertised in 18 statewide New Mexico newspapers and was posted on the MFA website since April 17, 2017. A Weatherization Assistance Program Policy Advisory Committee (WAP-PAC) meeting and public hearing was held on April 20, 2017, in the MFA Board Room. No comments were received.

**Summary**
The NM Energy$mart program helps low-income New Mexicans save money on utility bills. Homeowners and renters who qualify for the program receive an average of $6,000 in weatherization measures. The Department of Energy is the primary funding source because they set the rules and regulations for the program and they are the only funding source that provide for vehicles and equipment and a training and technical assistance budget. In order to receive the funding the “State Plan” must be submitted no later than May 1, of every year. The Department of Energy (DOE) funding for the 2017/2018 program year is $1,646,802.00. We are projecting that Central NM Housing Corporation will weatherize 95 homes and SW Regional Housing will weatherize 43 homes for a total of 138 homes with this funding.
IV.1 Subgrantees

<table>
<thead>
<tr>
<th>Subgrantee (City)</th>
<th>Planned Funds/Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central NM Housing Corporation (Albuquerque)</td>
<td>$913,552.90</td>
</tr>
<tr>
<td>Southwest Regional Housing Community Development Corporation (Deming)</td>
<td>$435,415.00</td>
</tr>
<tr>
<td>Total:</td>
<td>$1,348,967.90</td>
</tr>
</tbody>
</table>

IV.2 WAP Production Schedule

<table>
<thead>
<tr>
<th>Weatherization Plans</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Units (excluding reweatherized)</td>
<td>138</td>
</tr>
<tr>
<td>Reweatherized Units</td>
<td>0</td>
</tr>
</tbody>
</table>

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

Average Unit Costs, Units subject to DOE Project Rules

<table>
<thead>
<tr>
<th>VEHICLE &amp; EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A Total Vehicles &amp; Equipment ($5,000 or more) Budget</td>
<td>$120,000.00</td>
</tr>
<tr>
<td>B Total Units Weatherized</td>
<td>138</td>
</tr>
<tr>
<td>C Total Units Reweatherized</td>
<td>0</td>
</tr>
<tr>
<td>D Total Dwelling Units to be Weatherized and Reweatherized (B + C)</td>
<td>138</td>
</tr>
<tr>
<td>E Average Vehicles &amp; Equipment Acquisition Cost per Unit (A divided by D)</td>
<td>$869.57</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AVERAGE COST PER DWELLING UNIT (DOE RULES)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>F Total Funds for Program Operations</td>
<td>$726,254.00</td>
</tr>
<tr>
<td>G Total Dwelling Units to be Weatherized and Reweatherized (from line D)</td>
<td>138</td>
</tr>
<tr>
<td>H Average Program Operations Costs per Unit (F divided by G)</td>
<td>$5,262.71</td>
</tr>
<tr>
<td>I Average Vehicles &amp; Equipment Acquisition Cost per Unit (from line E)</td>
<td>$869.57</td>
</tr>
<tr>
<td>J Total Average Cost per Dwelling (H plus I)</td>
<td>$6,132.28</td>
</tr>
</tbody>
</table>

IV.3 Energy Savings

| Method used to calculate savings: ☑️ WAP algorithm ☐ Other (describe below) |
|---------------------------------|---------------------|
| Units                           | Savings Calculator (MBtu's) | Energy Savings |
| This Year Estimate              | 138                 | 29.3            | 4043            |
| Prior Year Estimate             | 0                   | 29.3            | 0               |
| Prior Year Actual               | 0                   | 29.3            | 0               |

Method used to calculate savings description:

New Mexico uses the DOE WAP algorithm to estimate energy savings. The 2016/2017 Program year is not yet complete however we estimate that we will weatherize 140 homes as of June 30, 2017 and by using the algorithm we estimate we will save 4102 MBTU’s. For program year 2017/2018 we estimate 4043 MBTU’s will be saved in 138 homes.
IV.4 DOE-Funded Leveraging Activities

Leveraging Activities

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

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

MFA is requesting $8,000.00 of the grant for leveraging funding.

For the 2016/2017 program year MFA received $2.5M from the New Mexico Income Support Division, LIHEAP. It is anticipated that the LIHEAP grant will be decreased by 50% for the 2017/2018 program year. We will know more once budgets have been approved by Congress. This program year, we intend on leveraging LIHEAP funds with DOE funds.

In an effort to increase and stabilize weatherization funding we continue to outreach our program to Electric Co-ops throughout the State of New Mexico. Our goal remains to acquire funding from the utility companies to provide low-income weatherization in the service territory of each of the agencies.

Our Co-op outreach efforts continue to be in several stages however we still have a $35,000.00 contract with Central Valley Electric Co-op. In July 2017, the New Mexico Energy$mart Program will be presented to the New Mexico Co-op annual meeting and we hope to get more participation from that outreach effort as well. Our outreach efforts and negotiations are very time consuming up front however we believe that after establishing a relationship and providing quality work with proven energy savings, it will be an on-going funding source for the program.

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

We have partnered with Xcel Energy to provide $200,000.00 in Energy Efficiency measures. Xcel Energy has a very small service territory in New Mexico so in order to expend these funds we are concentrating on multi-family properties. After these funds are expended we hope to continue our partnership with Xcel Energy in the future.

In January 2017, MFA signed a renewal contract with the Public Service Company of New Mexico in the amount of $195,957.00 which reflects an $85,000.00 increase from last year. This program year we have negotiated approval for measures of homes using electric as a primary fuel source. The utility will increase this year’s funding to cover the cost of expanded measures and if we can increase the number of homes that we weatherize they will increase the contract accordingly. In addition, we will continue to present them each year with a proposal for a program that reimburses The NM Energy$mart Program on a flat fee per lifetime kilowatt savings per measure. If approved by the PRC that program will begin in January 2018. The program means that the Subgrantees will receive reimbursement on a per kWh basis. The reimbursements will be provided to the Subgrantees when the actual kWh savings has been determined by a calibrated energy audit.

The New Mexico Gas Company (NMGC) funding decreased to $1,298,734.00 due to Multi-family being separated and given to a Multi-Family contractor. The $1,298,734.00 will be used for providing therm saving measures in homes being weatherized with other NM Energy$mart funding. Beginning April 1, 2017 the NM Energy$mart Subgrantees shall use a DOE-approved energy audit to determine the energy efficiency upgrades that are eligible under program rules. Subgrantees will be reimbursed based on the lifetime savings of the measure at .40 cents per therm. Units must be approved by MFA prior to implementation.

MFA did not receive State funds this year however staff will continue pursuing State funds with State agencies and the State legislature, and remain involved with the proposals submitted by other public utility companies to the PRC in order to receive more funding under the Act.

IV.5 Policy Advisory Council Members

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

<table>
<thead>
<tr>
<th>Ferdinand Garcia</th>
<th>Type of organization: Non-profit (not a financial institution)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Name:</td>
<td>Phone: (575)374-6207</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:fgarcia.gs@plateautel.net">fgarcia.gs@plateautel.net</a></td>
</tr>
<tr>
<td>Name</td>
<td>Type of organization</td>
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<tr>
<td>----------------------</td>
<td>-----------------------------------------------------------</td>
</tr>
<tr>
<td>Hope Reed</td>
<td>Unit of State Government</td>
</tr>
<tr>
<td>Isaac Perez</td>
<td>Indian Tribe</td>
</tr>
<tr>
<td>Jack MacGillivray, CPM</td>
<td>For-profit or Corporate (not a financial institution or utility)</td>
</tr>
<tr>
<td>Joseph Ortega</td>
<td>Non-profit (not a financial institution)</td>
</tr>
<tr>
<td>Joseph Stevens</td>
<td>Non-profit (not a financial institution)</td>
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<tr>
<td>Priscilla Lucero</td>
<td>Unit of Local Government</td>
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<tr>
<td>Steve Casey</td>
<td>Utility</td>
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<tr>
<td>Vanessa Palacios</td>
<td>Utility</td>
</tr>
<tr>
<td>Veronika Molina</td>
<td>Non-profit (not a financial institution)</td>
</tr>
<tr>
<td>Vivian Ulibarri</td>
<td>Unit of State Government</td>
</tr>
</tbody>
</table>

**IV.6 State Plan Hearings (Note: attach notes and transcripts to the SF-424)**

<table>
<thead>
<tr>
<th>Date Held</th>
<th>Newspapers that publicized the hearings and the dates the notice ran</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/20/2017</td>
<td>April 2, 2017 Rio Rancho Observer; April 3, 2017 Albuquerque Journal; Farmington; Deming; Las Cruces Sun; Santa Fe; Silver City; Gallup April 4, 2017 Clovis; Roswell; Las Vegas Optic; Alamogordo; Carlsbad; Hobbs; Lovingston April 5, 2017 Clayton; Los Alamos April 6, 2017 Valencia</td>
</tr>
</tbody>
</table>

**IV.7 Miscellaneous**

Business Recipient Business Officer

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

Recipient Principal Investigator
### Composition of WAP PAC

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

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

Steve Casey, Vanessa Palacios and Vivian Ulibarri are all representative of our leverage funders. MFA works closely with these entities to ensure present and future funding in order to provide services through our sub-grantees that are directed to low income families which include children, elderly and disabled members.

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NOTE: The submission of this application is contingent on approval from our Board of Directors which meets on May 17, 2017.
V.1 Eligibility
V.1.1 Approach to Determining Client Eligibility
Provide a description of the definition of income used to determine eligibility

Definition of income used to determine eligibility:

The 2014 US Census American Community Survey 1 year estimates identified 206,022 households in the state with incomes at or below 200% of the poverty level, the WAP eligibility limit. These households equal 27% of the state's population.

Additionally, the 2014 US Census American Community Survey provides other significant findings about persons with incomes at or below the poverty level:

- 247,555 households with 1 or more people under 18 years of age;
- 50,749 households contained children that were under 6 years of age;

From 2015 US Census American Community Survey regardless of poverty status:

- The number of dwelling units in which the elderly reside was estimated at 208,642;
- The number of dwelling units in which people with disabilities reside was estimated at 292,759.

Definition of income used to determine eligibility: Low-Income means income in relation to family size. The basis for eligibility for assistance under DOE is at or below 200% of the Federal poverty guidelines.

The NM Energy$mart Priority factors:

The priority ranking addresses the neediest households (e.g. children, elderly, people with disabilities). Subgrantees will weatherize eligible households on the basis of the household’s need.

Related factors and priority for weatherization assistance is given to:

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

High residential energy use is defined, as energy usage above average as a result of household composition or unusual needs for energy. Households with a “high energy burden” where 20% or more of the household income is going towards energy can also be a priority for weatherization.

Households with children and elderly are each assigned a point value to aid in ranking. The definition of a child will be anyone under the age of 18 and the definition of an elderly individual is 60 and older.

Describe what household Eligibility basis will be used in the Program

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

A completed application
Income verification
Proof of ownership and or landlord sign off

A current utility bill for gas & electric service

Proof of income may be in the form of:

- Documented verification from income sources
- Current income tax return
- Copies of pay checks or check stubs

Proof of ownership may be in the form of:

- Evidence of mortgage payments
- Property deeds or proof of tax payment

For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement.

Intake staff also reviews the documentation for demographic information such as:

- Proper identification of head of household
- Other household members are identified as applicable for disability or child status
- Proof of disability (Medical documentation is requested to ascertain disability status)

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

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

**Client Appeals Policy**

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

Steps that should be part of Subgrantee’s policy include:

When the agency defers a unit or otherwise denies a client weatherization services, the agency must transmit a formal letter to the client indicating the specific reason(s) for the denial.

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

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

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

If the person reviewing the appeal determines the appeal is granted, the client should be provided a letter stating such and detailing when their home will be weatherized. The letter should include the process that took place to confirm the approval.
Describe the process for ensuring qualified aliens are eligible for weatherization benefits

MFA requires Subgrantees to collect proof of a social security number/Identity for at least one adult living in the residence. If a social security number is not available for the remaining members of the household, we require a Non-Citizen Immigrant Status for all other members of the household. Immigrants are eligible under the current law referenced on the U.S. Department of Health and Human Services website. http://aspe.hhs.gov/hsp/immigration/restrictions-summary.shtml In addition, we require a birthdate be provided. The Subgrantee passes the information through our on-line system which has a secure server where the information is encoded. All data has been redacted after it has been put into our online system. Our online system scrambles the data for protection of the client.

V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

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

In addition, the client must have evidence of mortgage payment, property deed or proof of tax payment to be qualified. For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement.

Describe Reweatherization compliance

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

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

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

Describe what structures are eligible for weatherization

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

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

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

Buildings should be deferred if they have a deficiency in their structure or condition that makes it impractical to weatherize effectively. If the area is known to have redevelopment plans then weatherization will be deferred until development is complete. Health and safety issues requiring more than what is allowed by WPN 11-6 will be deferred.

Describe how Rental Units/Multifamily Buildings will be addressed
Rental Units/Multi-Family Buildings

We have updated our Admin Manual to include a rental plan and procedure that outlines the following four points:

1. Benefits or the services accrue primarily to the low income tenants
2. The tenants have a way to complain if they feel that the rent has increased as a result of these services.
3. The landlords provide a statement notifying tenants of this procedure.
4. Rent and permission of the building owners are always obtained before commencing work.

Our Admin Manual already states that not less than 66 percent (50 percent for duplexes and four-unit buildings, and certain eligible types of large multi-family buildings) of the dwelling units in the building are eligible dwelling units, or will become eligible dwelling units within 180 days.

Single Family Rental Units

Single Family Rental units qualify for weatherization as long as the landlord agrees to the weatherization, commits to a contribution of 20% of the materials being installed in the home and signs a waiver stating that they will not raise the rent on the units for a minimum of 1 year unless those increases are related to matters other than the weatherization work performed.

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

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

- An application must be fully filled out by the client;
- Proof of income must be provided;
- Proof of a lease must be obtained;
- Current copies of the clients gas and electric bills must be obtained;
- Written permission must be obtained from the landlord/agent committing that they are willing and able to pay a 20% of materials contribution to the project prior to commencement of the Weatherization Project;
- The 20% materials contribution will be based on the estimated costs from the NEAT or MHEA audit that is performed;
- Subgrantee must obtain certification from the landlord that the rent of the property will remain the same for at least one year following performance of weatherization work;
- Landlords are not responsible for any additional costs over the written estimate. If the actual (final) materials costs are higher than the estimate, then the Program will pay the difference.
- The Weatherization Subgrantee is responsible for obtaining the required landlord contribution;
- Landlord cash contribution received should be applied to supplement the cost of the Project;
- Subgrantee should report landlord cash contributions on the Statement of Expenditures for the month in which they are received;
- MFA will monitor compliance with this policy only to the extent that the 5% to 10% sample monitoring method MFA employs to verify compliance will include rental Projects weatherized through the Program.

Single family landlord contribution may be waived under the conditions described below. Affordability restrictions may not be waived.

- The Landlord qualifies for the Program under the same guidelines used to qualify homeowners for assistance;
- The home in question has health and safety issues that could cause imminent danger to the individual and/or family living in the unit, and the owner does not have the financial means to address those issues. Proof of health and safety issues must be documented by the lead NM EnergySmart auditor for the NM EnergySmart Agency providing weatherization services. Health and safety issues will be addressed as part of the scope of work;
- The Owner provides documentation that improvements have been made to the property within the previous 12 months, the cost of which is equal to 20% of the cost of materials for the proposed weatherization services.

Multi-Family Rental Units

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

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

The necessary steps that must be taken to ensure proper documentation for weatherizing a single family rental unit include:
Obtain the written permission of the owner or his agent;
Verify that not less than 66 percent (50 percent for duplexes and four-unit buildings, and certain eligible types of large multi-family buildings) of the dwelling units in the building are eligible dwelling units, or will become eligible dwelling units within 180 days;
Ensure that the benefits of weatherization assistance in connection with such rental units including units where the tenants pay for their energy through their rent, will accrue primarily to the low-income tenants residing in such units;
By way of use of the audit, Subgrantee must make certain that no undue or excessive enhancements are made to the units;
Completed applications must be obtained from each of the clients in the rental units; and
Current copies of Gas and Electric bills must be obtained from each of the rental units.

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

Procedures for Owner Contributions are as follows:

- A 20% commitment of the entire weatherization project is required from the Owner prior to commencement of the Weatherization Project. The Owner contribution is based on the estimated costs from the energy audit. For large projects estimated cost for an engineer’s estimate of HVAC costs is added to the energy audit costs;
- Owners are not responsible for any additional costs over the written estimate. If the actual (final) cost of the project is higher than the estimate, then the Program will pay the difference;
- A memorandum of understanding will be executed between the Owner's representative and Subgrantee prior to the commencement of work. The Contract will detail the amount of the Owner contribution and commit the Owner to certify that he/she will maintain rent at the HUD designated “High Home Rent” levels (Affordable Rent) for a period of one year following performance of weatherization work;
- The Subgrantee is responsible for obtaining the required landlord contribution from the contractor. The amount of the contribution must be included in the project outline to MFA prior to project approval;
- Landlord cash contribution received should be applied to supplement the cost of the Project;
- Landlord cash contributions should be reported on the Statement of Expenditures for the month in which they are received;
- MFA will monitor compliance with this policy as needed. This may include monitoring during unit inspections, technical monitoring, programmatic monitoring, desk monitoring, and upon initial project submittal. The method MFA employs to verify compliance will include rental Projects weatherized through the Program.

Describe the deferral Process

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

- Postponement of Weatherization Services: An agency or contractor may postpone weatherization services under the following conditions:
  - Located in an area slated for redevelopment.
  - A dwelling unit is vacant.
  - A dwelling unit is for sale.
  - A dwelling unit is scheduled for demolition.
  - A dwelling proves to be dilapidated or structurally unsound and unsafe. Dilapidated units are classified as those which do not provide decent, safe, and sanitary shelter in their present state and have defects so serious and numerous that the repairs required to revive the structure to standard condition would not be economically feasible.
  - A dwelling unit is deemed by the auditor to pose a threat to the health or safety of the crew or contractor.
  - A mobile home is improperly installed (for example, without adequate supports).
  - A dwelling unit is uninhabitable (for example, a burned-out apartment).
  - A building is affected by mold and mildew and the area affected is too large for the weatherization crew or contractor to remediate.
  - The client is uncooperative with the weatherization agency or its contracted agent, either in demanding that certain work be done, refusing higher priority work which is needed, being abusive to the work crew or contractor, or by being unreasonable in allowing access to the unit. Every attempt should be made to explain the program and the benefits of the work. If this fails, work should be suspended and the MFA should be consulted. In such cases, documentation is required.
  - Obvious discrepancies are found between the information supplied by the client on the application and observed conditions at the time of weatherization. The agency or contractor must resolve these discrepancies before weatherization work can continue.
  - If, at any time prior to the beginning of work (work officially begins when the audit is performed), the agency or contractor determines that the client is no longer eligible, or personnel believe that circumstances may have changed, the unit shall not be weatherized until updated information can be obtained from the client.
  - There are rats, bats, roaches, reptiles or insects present that could cause harm to the crew or other animals or varmints that are not properly contained on the premises.
There are health or safety hazards that must be corrected before weatherization services may begin including, but not limited to:

- The presence of animal feces and/or other excrement,
- Disconnected waste water pipes,
- Hazardous electrical wiring,
- The presence of unsafe levels of mold or mildew, or
- Unvented combustion appliances or actionable levels of ambient carbon monoxide.
- There are illegal drugs or illegal activities occurring on the premises.
- The client or owner is physically or verbally abusive to any personnel.
- The dwelling unit or parts thereof are being remodeled and weatherization work is not coordinated with a housing rehabilitation program.
- The eligible household moves from the dwelling unit where weatherization activities and services are in progress.
- In such a case, the agency or contractor must determine whether to complete the work, and the circumstances must be documented in the client file.
- One or more occupants in a dwelling have been diagnosed with a contagious and life-threatening disease.
- When a person’s health may be at risk and/or the work activities could constitute a health and safety hazard, the occupant at risk will be required to take appropriate action based on the severity of the risk. Failure or the inability to take appropriate actions must result in deferral of the weatherization work.
- In unusual situations not covered above or where other problems of a unique nature exist, MFA should be consulted.

Procedure

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

- The nature and extent of the problem(s) and how the problem(s) relate(s) to the determination not to weatherize the unit;
- Any corrective action required before weatherization services can be initiated;
- A time limit for correcting problems so that weatherization services may be rescheduled;
- The name of the person or entity responsible for correcting the problem(s); and
- The right of appeal.
- All documentation justifying the decision to postpone services must be kept in the client file.

V.1.3 Definition of Children

Definition of children (below age): 19

V.1.4 Approach to Tribal Organizations

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

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

V.2 Selection of Areas to Be Served

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

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

The 2014 US Census American Community Survey was used to compile the data used for the distribution formula. The funding allocations for each county and pueblo are based on the number of households with elderly, young children, disabled and low income occupants, weighted by heating degree days.
DOE, LIHEAP and State funds (if awarded) will be allocated statewide. Utility funds will be allocated to the areas served by the participating utility companies.

V.3 Priorities for Service Delivery

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

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

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

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

V.4 Climatic Conditions

New Mexico is the 5th largest of the 50 United States with a total area of 121,599 square miles (121,365 square miles land and 234 square miles covered by water). Within its boundaries, elevations reach as high as 13,161 feet above sea level (Wheeler Peak in Taos County) and as low as 2,842 feet above sea level (Red Bluff Reservoir in Eddy County). The vast land area, variations in local topography, and elevation disparities cause measurable differences in climate even within each of the (2) identified regions. Likewise, Lawrence-Berkley National Laboratories (LBNL) has identified (3) distinct climactic zones, that are independent of the particular heating-cooling demand associated with the region, but still significantly affect the performance of homes within each zone.

The Department of Energy has defined (3) distinct climate zones that cover parts of New Mexico. These climate zone help approximate the performance of a building within each zone due to the effects of heating-cooling demand, precipitation, and relative humidity.

Due to the variations in climate throughout the state, each energy audit shall be adjusted to most accurately model the climactic conditions of the individual location. Likewise, each energy audit shall indicate the model climate used (either a location included in the DOE-approved auditing software, or the HDD base 65 /CDD base 74 factors).

Heating Degree Day (HDD) and Cooling Degree Day (CDD) data may be found in various sources. A map has been uploaded that describes the different climatic zones that are used in New Mexico. There are 26 different weather station used throughout New Mexico for the energy audit. The heating degree days range from 3900 to 14,000.

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials
The NM EnergySmart Program is committed to full compliance with 10 CFR 440.21(i) and WPN 15-4 for energy audit procedures. All installations are using materials that are listed in Appendix A of 10 CFR 440.

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

- **NM EnergySmart Administrative Manual** [http://www.housingnm.org/community_development/energysmart](http://www.housingnm.org/community_development/energysmart)
  - Re-issued 07/01/2014, updated 04/05/2016
- **NM EnergySmart Technical Standards** [http://www.housingnm.org/community_development/energysmart](http://www.housingnm.org/community_development/energysmart)
  - Re-issued 07/01/2014, updated 04/15/15
- **Field Guide Deck of Cards**
  - Issued 11/21/2014, updated 03/04/2015

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

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

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

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

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

### V.5.2 Energy Audit Procedures

**Audit Procedures and Dates Most Recently Approved by DOE**

<table>
<thead>
<tr>
<th>Single-Family</th>
<th>NEAT, Approved in October 2013.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufactured Housing</td>
<td>MHEA, Approved in October 2013.</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>MFA does not have an approved MF audit. Before working on a multifamily property, MFA works with DOE Project Officers for each MF to determine cost effective, energy efficiency upgrades for eligible units using TREAT or NEAT audits.</td>
</tr>
</tbody>
</table>

**Comments**

We will be submitting for approval the use of TREAT and NEAT as a multi-family auditing software.

This section will detail the minimum required diagnostic testing to be completed on each weatherized home. It is recommended that the energy auditor responsible for the home complete any additional diagnostics necessary to ensure the effectiveness of weatherization measures and the safety of the occupants.

The following diagnostics shall be done prior to the installation of any weatherization measure:

1. Thermal Bypass Assessment

2. Thermal Envelope Assessment
   a. Insulation inspection, location, quantity, and quality
   b. Blower Door air barrier assessment
      i. Leakage from connected or “tuck-under” garage
      ii. Leakage from basement or crawlspace
      iii. Leakage from attic space
      iv. Leakage from any space containing possible contaminant

3. Forced-Air Distribution System Assessment
   a. Visual duct inspection
   b. Dominant Duct leakage test
   c. Pressure Pan Testing
   d. System balance assessment

4. Indoor air-quality assessment
   a. Identify potential contaminant sources
   b. Exhaust fan flow tests
   c. ASHRAE 62.2-2016 Minimum Ventilation

In the event that potentially dangerous friable materials (e.g. Lead-based paint dust, disturbed asbestos, or hazardous organic materials) may become air-borne due to depressurization testing, any testing requiring the use of a blower door may be omitted. Such conditions must be documented including photographs, and included in the unit file. For the purposes of energy auditing and air-sealing specification, the energy auditor may assume an initial envelope leakage rate of up to 200% of the Minimum Ventilation Rate (CFM50) as calculated in accordance with the current air-sealing standard (ASHRAE 62.2-2016).

To ensure eligible occupants of multi-family housing will receive cost effective weatherization services, each weatherized unit will have a computerized energy audit which complies with 10 CFR 440.21(b) completed prior to the installation of any weatherization measures. This energy audit will be included in each unit file. For single-family units, a NEAT audit will be completed. For mobile home units, a MHEA audit will be completed. Multi-family units may be audited using TREAT, or with prior written permission, a NEAT audit may be completed.

Prior to multi-family audit approval, we will stay below the 20% threshold. Our system has been developed to streamline the process of communication between MFA, multi-family owners, Subgrantees, and other necessary parties. Our field assessment methods and modeling audit procedures are being refined and tracked so they can be used for multi-protocol approval in this program year. Until that time, we understand the necessary information required to have projects approved on a case-by-case basis.

V.5.3 Final Inspection

No Subgrantee may report a dwelling as having been weatherized until all weatherization materials identified for installation at said dwelling have been installed and the Subgrantee, or authorized representative, has performed a final inspection(s) of said dwelling, including any mechanical work performed, and certified that the work has been completed in a workmanlike manner and in accordance with the priority determined by the audit procedures required by 10 CFR 440.21. All final inspections will meet the requirements of the standard work specifications and the NM Field Guide.
All Subgrantees' final inspections will continue to be performed by a certified Quality Control Inspector (QCI). As of the time of this application, our Subgrantees all have certified QCI on staff. There are currently plans to expand the number of QCI Inspector in each agency as well as continued Tier 1 education for multi-family QCI for the existing individuals that hold those certifications.

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

1) All weatherization measures installed by agency’s crew(s)

2) All mechanical work performed, including verification of new equipment size and rating

3) All weatherization measures installed by outside contractors

4) CAZ Depressurization Check (BPI Protocol)

5) Post-Retrofit Blower Door Depressurization Test, Zone Pressure Diagnostics (See Energy Audit Section for more detail)
   a. Minimum Ventilation Compliance Verification

6) If Duct-sealing was performed:
   a. Dominant Duct Leakage Check
   b. Pressure Pan Testing
   c. System Balance Testing (maximum 3pa pressurization)

7) If Mechanical Ventilation has been installed, then the inspector shall verify continuous and peak flow output of the unit through Flow Hood Testing. NOTE: For HRV/ERV installations which use the central supply and return ductwork, Flow Hood Tests may be required at all supply and return register locations. All mechanical ventilation must comply with ASHRAE 62.2 2013.

8) Client satisfaction interview and dialogue

9) Visual inspection of all work completed

10) Detailed and thorough file inspection

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

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

Note: The final inspector may perform minor adjustments to previously installed retrofits in order to attain satisfactory inspection results. Such adjustments must not exceed one (1) working hour per unit, and will not be considered a “weatherization retrofit” as noted above.

Once completed, Subgrantees must upload detailed information on each measure installed in the unit, including estimated & actual cost, energy savings and SIR. During the invoicing process, MFA's Green Initiatives Manager reviews the information on the units to determine the accuracy and technical implications of the data.

Disciplinary actions for inadequate inspection processes are outlined in the attached Technical Standards and determined by 100% desk monitoring in addition to the required 5% to 10% field monitoring.

Attached are final inspection forms, final diagnostic testing forms, and technical field monitoring forms.
V.6 Weatherization Analysis of Effectiveness

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

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

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

This system is also used to flag units that need additional monitoring in the form of unit inspection. Any unusual numbers, costs, or circumstances may trigger the inspection. During the unit inspection, the entire client file is compared to the entries for accuracy along with client interview regarding utility bill savings.

During the MFA unit inspection process of completed units, the techniques used to achieve such reductions and the efficacy of installation methods for all measures is observed and any concerns or findings noted.

MFA provides the Subgrantee information on production, energy savings and measures install during monitoring visits and during peer exchange meetings. During these meetings, the System enables the agency with the most production and the most energy savings to attain status relative to their peers. In addition, the data generated by the System, or during Technical Monitoring and Unit Inspections stimulates dialogue between agency management, MFA’s Green Initiatives Manager and the NM Energy$mart Academy Training Academy. Stakeholders can quickly determine the need for additional training. Due to the specific nature of the System’s reporting capability, specific training can be directed at specific auditors, inspectors and/or weatherization crews in order to resolve deficiencies in their skill set.

The first is a monthly report that is sent out to of the energy auditors detailing MMBTU savings, client monetary savings as average and total numbers. This will enable the team to see how they compare with others and the national number of 29.3 MMBTU per home. The second component is the practice of comparing energy auditing estimates with utility bill usage. This helps the team realize how accurate their models are in comparison to actual usage and helps to spawn training where needed.

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

When a Subgrantee has management findings or concerns, the Subgrantee is asked to explain how they will improve. This may entail updating their policies and procedures, closer monitoring by MFA, or Tier 2 training to help the Subgrantee understand how the problem occurred and how to prevent it.

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

Continuous progress and improvement is the goal of the combined training and monitoring programs. Through the Tier 1 training, staff continues to be cross trained and the basics are reviewed to widen the capabilities, in addition to ensuring the existing staff understands the basics of the program on the most fundamental levels. Technical monitoring and regular conversation helps determine Tier 2 training needs or additional Tier 1 needs.

V.7 Health and Safety

See attached Health and Safety Plan.

V.8 Program Management

V.8.1 Overview and Organization
The New Mexico Mortgage Finance Authority (MFA) was created by the New Mexico State Legislature in 1975 as a statewide government "enterprise" to provide financing for affordable housing to medium and low-income persons and receives no money from the state to operate. MFA is governed by a board of seven members. Four members are appointed by the Governor and three members serve by virtue of their state office: the State Attorney General, the Lt. Governor and the New Mexico State Treasurer. The Chairman of the Board is appointed by the Governor. Rules and regulations formulated by the MFA are approved by a Legislative Oversight Committee of the State Legislature. The committee is comprised of eighteen members.

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

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

### Weatherization Program and Support Staff:

Rose Baca-Quesada is the Director of Community Development and she is responsible for the successful implementation of the weatherization program. She provides direction to staff and promotes the weatherization efforts externally. Her oversight includes directing the activities and acceptable performance of the weatherization Subgrantees and ensures that MFA and Subgrantees are in compliance with all regulatory and contractual requirements of the program. She ensures the monitoring of Subgrantees is in compliance with their contracted programs in accordance with regulations outlined in federal/state contractual agreements and MFA’s Compliance Manuals. Ms. Baca-Quesada works with staff in assisting the efforts to build their capacity through training and providing technical assistance on the program development. Ms. Baca-Quesada also oversees the efforts to increase funding for the program.

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

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

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

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

### Controller and Accountants:

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

### Administrative Support:

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

### Managers and Staff:

The Senior Managers and MFA Staff include seven people who will be responsible for the successful implementation of the program. They will provide direction to staff and promote the weatherization efforts externally.

### V.8.2 Administrative Expenditure Limits

Our admin is set at 10% total with MFA receiving 5% and the remaining 5% allocated to our Subgrantees. We will not be requesting additional admin funds as both Central New Mexico Housing Corporation and Southwestern Regional Housing and Community Development Corporation both exceed the $350,000
V.8.3 Monitoring Activities

Monitoring Approach

MFA assists its Subgrantees with their efforts to resolve problems encountered in the administration and operation of the NM Energy$mart Program and to ensure compliance with all applicable Federal and State laws, rules, and regulations. To achieve this goal, Amy Gutierrez, the Program Manager will conduct the programmatic monitoring, and Troy Cucchiara the Green Initiatives Manager will conduct the technical monitoring. $3,310 of the training and technical assistance funds will be used for monitoring purposes.

The primary areas of oversight include:

- General Organization
- Reporting
- Rental Property
- Procurement Procedures for Vehicles, Equipment and Materials
- Current Contract(s) and Budget(s)
- External Audit Procedures
- Fiscal Operations
- Financial Management Controls
- Internal Weatherization Processes
- Technical Operation
- Health and Safety Procedures
- Energy Audit Libraries
- Client Interaction
- Complete In-take Files
- Quality Workmanship
- SWS Compliance

Program staff coordinates all activities and provides clear and concise direction to comply with the applicable standards and regulations. Staff conducts field monitoring of Subgrantee financial activities including financial audits, production and reporting requirements. Program staff also assists Subgrantees to improve operations through training and technical assistance to correct noted problem areas. In addition to the staff that conducts the monitoring, MFA's Accounting Department and Internal Auditor are available when needed to review Subgrantee financial operations.

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

Staff will perform an on-site monitoring visit to SW Regional Housing and Central NM Housing Corporation in the November-December 2017 timeframe.

In addition to the monitoring, MFA staff has developed their own QCI inspection policies. Troy Cucchiara will perform certified QCI reviews of client files and inspect the corresponding homes of 5% to 10%. This will occur on a continual basis to ensure that SWS is being followed, there are no missed opportunities, Health and Safety is best practice possible, and the quality work plan is being managed properly. In the event quality is not up to standards training will be provided immediately to correct the issues.

Quality Control Review of units and files consists of carefully looking at every detail for each file prior to the unit visit. The file should accurately tell the story of the weatherization work that took place at the home.

MFA also requires Subgrantees be audited in accordance with section 10 CFR 440.23(d). For program year 2016/2017, only one of the NM Energy$mart Subgrantees met the 2 CFR 200 threshold amount of $750,000.00.

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

As a follow up to each visit, MFA staff provides the Subgrantee with a written report that describes noncompliance or problem areas and best practices. The report is submitted to the Subgrantee within 30 working days of the visit and the Subgrantee is required to respond within a reasonable period of time to MFA with a Corrective Action Plan as a formal letter that addresses any findings, concerns, and recommendations. This is tracked by an online tracking system that is referred to as Tracker. Follow up communication through phone conversations, email, and necessary onsite visits is continual until the problem is resolved.
The Subgrantee is made aware of the monitoring instrument used for the visits, since it is accountable for implementation of the program in accordance with the standards and procedures.

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

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

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

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

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

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

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

**Credentials**

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

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

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

Troy Cucchiara is the Green Initiatives Manager and QCI for the New Mexico Mortgage Finance Authority and is the technical manager for the NM Energy$mart Program. Troy has been involved with the home retrofit industry for 17 years and has been an integral part of the Weatherization Assistance Program for different agencies since 2006. Troy has earned numerous certifications including Commercial Energy Auditor, Water Specialist IV, CBI Thermographer, Lead Certified Renovator, Lead Dust Sampling Technician, AHERA, OSHA 30, Building Analyst, Building Envelope, and Home Energy Professional Quality Control Inspector, and Multi-Family QCI. Troy has been a BPI Proctor for the Santa Fe Community College. Troy’s technical experience includes energy auditing, home inspections, program management, water treatment design, inventory control, public speaking, staff training, and client education.

**Levels of Agency Performance**

High Performance or Exemplary Agencies

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

**Program operations:**

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

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

**Fiscal:**

No annual program specific audit findings.

No material findings in the agency external audit.

**Technical:**

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

**Production:**

In general an agency’s production is high relative to funding.
U.S. Department of Energy  
WEATHERIZATION ASSISTANCE PROGRAM (WAP)  
STATE PLAN/MASTER FILE WORKSHEET  
(Grant Number: EE0007937, State: NM, Program Year: 2017)

**Qualified staff:**
Agency will receive higher credit for exemplary status with NM EnergySmart Training Academy staff through participation in the NM EnergySmart Training Plan.

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

If the above is met a final visit may be made by an MFA weatherization coordinator for final confirmation of achievement.

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

Well-established systems for program administration and operations, with no more than one finding in the following areas:

Compliance with major program requirements, such as, lead-based paint procedures, cost allocation.

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

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

Has a well-established systems for program administration and operations, with no more than one finding in the following areas:

- Compliance with major program requirements, such as, lead-based paint procedures, cost allocation plan/indirect cost rate, required contractor information.
- No more than one program specific finding in the annual monitoring visit.
- No more than one fiscal specific finding in the annual monitoring visit. Staff is well trained in performance of specific job duties.
- Lack of prudent decision making as to use of program resources.
- Complete scopes of work.
- NM EnergySmart on-line reporting is current and consistent with billing.
- Staff is proficient in its use of the NM EnergySmart on-line payment system.
- Evidence of the NM EnergySmart on-line payment system is used with actual and true pre-post data (including costs).
- Evidence of the NM EnergySmart on-line payment system is used effectively and thoughtfully in determining cost-effective measures.
- Staff and contractors have not demonstrated proficiency in technical applications, including diagnostics.
- Agency has a number of and severity of procedural findings (as related to programs rules, policies and procedures) and health and safety findings from previous monitoring report.
- Agency does not comply with OSHA and MFA safety rules, as applicable.
- The agency does not maintain a professional working relationship with MFA.
- Past corrections were not made and reported in a timely manner.
U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0007937, State: NM, Program Year: 2017)

- Agency does not participate in NM Energy$mart Exchange meetings.
- Agency does not report as outlined in program manual.
- Several "at-risk" elements are found in major categories for an agency.

**At-Risk Agency Performance**

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

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

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

**V.8.4 Training and Technical Assistance Approach and Activities**

**Objective**

Through Tier 1 and Tier 2 training, MFA’s Training and Technical Assistance program will provide the weatherization staff on the Grantee and Subgrantee levels the skills needed on a regular basis to ensure a solid weatherization program with best practices and high quality workmanship.

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

**Tier 1 and Tier 2 Plans, Maintaining Certification**

The majority of training will be occurring in the Tier 1 category as outlined in this plan. The mandatory Tier 1 training serves numerous accomplishments including review of basic JTA material for certified individuals, updates on changes, cross training to increase capacity, and maintaining workforce credentials. Maintaining QCI certification is of particular importance as it enables compliance with 15-4.

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

Tier 2 training is offered throughout the year in the form of ride along field training and as a follow up to Tier 1 training. A portion of Tier 2 Training will be allocated for the use of solar training. This will include learning how to determine whether or not it is cost effective to install solar panels.

**Financial Management Control**

Although MFA allows and encourages Subgrantees to budget for program management training and attend DOE conferences, the Tier 1 training is mandatory and pre-scheduled. Tier 2 training, the remaining budget amount from the required Tier 1 includes prescriptive training resulting from monitoring, financial classes, OMB classes, conferences, and other program management training.

The T and TA funding is closely monitored. Prior to attending a training of any kind, the Subgrantee is required to send an approval request to MFA that includes tuition and all associated costs of the training.
Regular Comprehensive Training, Feedback from DOE Visits

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

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

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

Training Activities

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

MFA works with the Academy to provide weatherization training. The Academy works with MFA and Subgrantees to develop a comprehensive training calendar each year. In addition to specific course modules, the Academy has the capability of providing Tier 2 training and even additional Tier 1 training as needed in order to resolve emergent issues from MFA or DOE monitoring.

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

MFA supported the Academy’s IREC accreditation for all four weatherization training programs: Installer, Crew Chief, Auditor and Quality Control Inspector. The structured training cascade, coupled with testing will provide the opportunity for certification of job categories. Attendance of the following training by the Subgrantee selected staff is mandatory:

Retrofit Installer Technician

The Retrofit Installer Technician training is a 2-part series of courses focused on developing the skills and knowledge of current and potential Weatherization Installers. Before attending the in-person class, all attendees will have completed the 7-10 hour Retrofit Installer on-line class offered by the New Mexico Energy $mart Academy.

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

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

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

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

Crew Leader (Steps 1 through 4)

Crew Leader covers the complete Installer training, OSHA 30, RRP, Lead Safe Weatherization, First aid and CPR, role of the crew chief, effective crew management, inventory, advanced materials and maintenance, codes, adult learning strategies, hands on diagnostics (blower door, worst case depressurization, pressure pan, basic zone pressure diagnostics), reading an audit, developing a work scope, and additional diagnostics as needed.

These courses focus on developing the skills necessary to be an effective Crew Leader. Step 4 offers three days of theory, role-playing, and hands-on field exercises to prepare Crew Leaders for success in crew management, organization, inventory control, safety, understanding work orders, and quality control. In addition, participants will be discussing building codes and the State Standards for installing weatherization measures in New Mexico. Completion of this course qualifies participants for certification as a Crew Leader.

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

Diagnostic tests included:

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

Quality Control Inspector will cover Introduction to weatherization and auditing, health and safety issues specific to weatherization, construction details, introduction to building science, equipment, math basics, blower door and pressure diagnostics, worst case combustion testing/combustion safety, purpose of monitoring and inspecting, interpreting diagnostics, understanding and interpreting the NM technical standards.

Compliance With Mandatory Tier 1 Training
While the Academy maintains a record of trainings attended and credentials obtained, each Subgrantee is responsible for ensuring that staff attend all required trainings for their job classification. MFA encourages Subgrantees to budget for initial training and training sufficient to maintain credentials. MFA monitors the Subgrantees for compliance. If a Subgrantee does not have sufficiently trained staff, including new staff, the agency must develop and implement a training plan sufficient to achieve compliance. In addition to prior class consultation, MFA will monitor training milestones to help support the path toward compliance.

New Employment Training
MFA encourages Subgrantees to hire certified staff from the network however, if that is not possible: MFA does not require Subgrantee staff to have certification prior to hiring. Each Subgrantee is required to have a Training Plan for each job position. Upon hire, the employee is required to complete the on-line training curriculum within the first 90 days of employment. In addition, Subgrantees must have an internal training/shadowing on the job mentoring plan. Each new staff member is responsible to attend and pass all the courses required for their job category within a year of being hired. MFA monitors this requirement and if the employee is not within compliance they will not be allowed to work in the homes until the requirement is completed.

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

Health and Safety
Health and safety is continuously assessed and discussed throughout the year during our monthly technical calls, and unit inspections. Dialogue also takes place on a weekly basis between the field staff and MFA’s technical manager with health and safety questions, comments or issues noticed from monthly reporting or day to day routine assessments. All of this communication can result in Tier 1 or 2 training that can be anything from structured classroom setting to “ride alongs” where the instructor actually accompanies the crew on an actual job site.

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

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

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

The SWS has been thoroughly examined for all client education points. A list of all sections that specifically spell out what needs to be delivered to the clients has
The Administrative Programmatic Manual. The manual will be updated as rules, regulations and policies change. MFA staff encourages the Subgrantees to have been given to the Subgrantees and the Subgrantee utilization of these topics are currently part of what monitoring and unit inspections include.

**Training Needs Assessment Policy**

MFA closely communicates with Subgrantees on a consistent basis. In addition to the 5% to 10% quality control site visit and the annual on-site programmatic and technical monitoring, MFA is able to assess training needs very accurately. This is an on-going process and communicated immediately to the Subgrantees when a training need is determined.

**NM Energy$mart Exchange Meetings**

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

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

**Future Program Requirements**

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

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

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

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

**NM Energy$mart On-Line System**

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

**Weatherization Plus**

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

**State Weatherization Program Manuals**

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

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

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

**Community Education**

MFA will continue advertising our program, conducting education and outreach in communities across New Mexico and participating in low-income/energy efficiency policy groups. MFA participates in the Low-income Energy Efficiency Work Group, a collaboration of organizations interested in low-income energy affordability.
U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0007937, State: NM, Program Year: 2017)

issues. The group seeks to establish a reliable, recurring funding stream for Weatherization and LIHEAP activities. MFA's continued membership ensures that this group advocates for low income energy conservation programs to include weatherization.

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

Grantee Assessment

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

V.9 Energy Crisis and Disaster Plan

Objective: The objective of the New Mexico disaster response plan is to implement response activities that ameliorate the effects of the disaster to affected low-income persons with due consideration to the limited funds available during the program year.

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

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

If at all possible, the Subgrantee should complete the emergency units within the current program year. If it is not possible, however, the state will work with the Subgrantee Agency to assure the work can be completed during the following program year.

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

Criteria include:

1. Households must meet current income guidelines.
2. Priority will be given to elderly person, persons with disabilities, families with children, high residential energy users, and household with high energy burdens.
3. Priority will be determined through the program priority list for the particular disaster area.
4. Homes weatherized after September 30, 1994 can receive additional assistance under “Energy Crisis”.
5. Incidental repairs to an eligible dwelling will be allowed if the repairs are necessary to make the installation of weatherization materials effective.
6. Elimination of health and safety hazards will be allowed when it is necessary before the installation of weatherization materials.
Tab 12
MFA Ad Hoc Investment Committee

MAY 17, 2017

Committee Members

Dennis Burt
Angel Reyes
Steven J. Smith
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – May 8, 2017

FROM: Gina Hickman, Deputy Director of Finance & Administration
       Jeff Payne, Senior Director of Homeownership

DATE: May 17, 2017

SUBJECT: Servicing Expansion Implementation Update

BACKGROUND

In June 2015, the Board approved implementation of a Hybrid Sub-Servicing Model in partnership with Idaho Housing and Finance Association (“IHFA”) for the administration of MFA’s Single Family Mortgage Program loans. The current Servicing Expansion Committee (“Committee) consists of: Yvonne Segovia, Theresa Garcia, Rene Acuna, Anita Racicot, Joseph Navarrete, Robyn Powell, Jeff Payne and Gina Hickman.

The Hybrid Sub-Servicing model developed between MFA and IHFA combines components of both master servicing and sub-servicing. The implementation of this model provides MFA with the opportunity to:

1. Develop and implement internal processes that will support a standard sub-servicing model and progression to self-servicing, if desired, to eliminate MFA’s dependency on third party loan servicers (“Master Servicer”) for administration of MFA’s Single Family Program.

2. Gain ownership and maintain financial control over the Mortgage Servicing Rights (“MSR”). Ownership of the MSR will provide MFA with a long-term revenue stream and support MFA’s strategic plan to develop revenue generating activities.

3. Ensure continuity of service to MFA’s Single Family Program, including homebuyers, participating lenders and related business partners.

4. Provide “high touch” customer service to MFA borrowers.

5. Work in partnership with IHFA, an approved Ginnie Mae and Fannie Mae “seller/servicer”, to acquire the knowledge and experience to activate MFA’s Ginnie Mae and Fannie Mae “seller” approvals.
This model is beneficial to both MFA and IHFA. IHFA understands and supports MFA’s strategic goal to generate long-term servicing revenue and has provided MFA with some training and technical assistance necessary to develop and implement MFA’s in-house servicing operations. IHFA is committed to the partnership because it reduces the capital requirements for purchasing and servicing MFA loans while still providing revenue to IHFA for those services performed on MFA’s behalf. The relationship is designed to be flexible and evolve over time while maintaining a defined slate of services, tangible fee structure, contractual milestones and continuity of the program.

DISCUSSION

The Committee commenced work on implementation of the Hybrid Sub-Servicing model on October 1, 2015. The Committee developed an action plan and to date has completed the following action items to support the implementation of Milestone 1 on June 1, 2016:

- In cooperation with IHFA, conducted a GAP Analysis of the implementation process which was used throughout the implementation phase
- Identified and established MFA’s data requirements including system interfaces, user access, security protocols and reporting formats; staff has developed and implemented an automated download that supports current data needs (warehouse, settlement, etc.)
- Established policies and procedures for MFA’s oversight of IHFA’s sub-servicing functions; sub-servicer monitoring is in place
- Established contracts with Mortgage Electronic Registration System (“MERS”), and developed policies and procedures for maintaining this system which tracks mortgage and servicing rights ownership
- Developed and executed contracts (Lender, Warehouse, IHFA)
- Established a comprehensive “process flow” document outlining all processes for each department that is impacted by the implementation
- Began purchasing the mortgage servicing rights (“MSRs”) related to MFA purchased loans on June 1, 2016 and have developed tracking and valuation systems as required
- Put in place a new cash management process to support the loan warehousing function related to New Mexico loans
- Developed a new mortgage rate setting and profitability review that includes both the cash and servicing income components

Except for a few refinements, Milestone 1 has been successfully implemented.

Recently, the Committee has determined that the original Milestone #2 plan of action was not efficient and could be modified to allow MFA a transition directly to become a full in-house “seller”. Also, after a careful evaluation of the action plan to accomplish this transition, the potential need for changes and/or upgrades to our core technology have been determined to be a priority. Better reporting and elimination of duplicated efforts by staff are needed to keep pace with increasing loan volume and opportunities to innovate and accomplish MFA’s mission. The Committee has determined that a search and evaluation of options to upgrade or replace our core software system for mortgage lending, quality control, and servicing needs to begin immediately. System upgrades or conversions require significant time to evaluate options, test, and implement.
In light of the above developments and time considerations for implementation, the Committee believes that the implementation date of October 1, 2018 is still the goal but adjustments in the timeline may be needed. Many of the action items to implement our servicing expansion will continue to be pursued while the core software system evaluation and possible transition to a new software platform are in process. The software implementation will have an impact on staff’s ability to complete some of the expansion tasks but until next steps regarding software are determined the impact to the timeline is unknown best estimate.

The revised implementation strategy is as follows for the remaining two milestones:

**Milestone #2**
October 1, 2017 through September 30, 2018.

- MFA will obtain approval to participate in an FHLB Loans Held for Sale program that will allow the use of the loans purchased to be used as collateral so that we may fully support IHFA’s warehousing needs for New Mexico loans and maximize interest income related to this function.
- IHFA will continue to serve as a vendor for MFA and will pool and securitize loans.
- MFA will continue to purchase the MSR on the MFA loans purchased and settled by IHFA.
- IHFA will continue to sub-service the loans under MFA’s “servicer” number.
- Staff will begin evaluation of servicing and homeownership technology options and if needed transition to new core software systems.
- Continue the transition of “in-house” seller operations from IHFA to MFA.

**Milestone #3**
October 1, 2018 through September 30, 2020.

- MFA’s in-house “seller” operations will be fully established.
- MFA will directly purchase, warehouse, pool and securitize Single Family Program loans using MFA’s “seller” number.
- MFA will own the MSR through this process.
- IHFA will sub-service the loans under MFA’s “servicer” number.
- During FY2020, MFA would bid sub-servicing through a request for proposal process and award a contract.

Below is an updated Economic Feasibility Study Recap as of March 2017:

<table>
<thead>
<tr>
<th>SERVICING EXPANSION IMPLEMENTATION - PROJECTED SERVICE FEE INCOME</th>
<th>Beginning</th>
<th>Milestone #1</th>
<th>Milestone #2</th>
<th>Milestone #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing &amp; Homeownership Recap</td>
<td>10/1/2015</td>
<td>FY2015</td>
<td>FY2016</td>
<td>FY2017</td>
</tr>
<tr>
<td>Total estimated change in net assets from sub-servicing</td>
<td>(57,058)</td>
<td>(90,501)</td>
<td>(169,648)</td>
<td>1,233,474</td>
</tr>
<tr>
<td>Servicing income (expense)</td>
<td>-</td>
<td>160,744</td>
<td>694,219</td>
<td>820,704</td>
</tr>
<tr>
<td>Homeownership expense</td>
<td>-</td>
<td>(43,200)</td>
<td>(279,955)</td>
<td>(465,892)</td>
</tr>
<tr>
<td>Net int income, loans held for sale</td>
<td>-</td>
<td>1,454,167</td>
<td>1,454,167</td>
<td>1,454,167</td>
</tr>
<tr>
<td>Interest cost, capitalised MSRs</td>
<td>-</td>
<td>(861)</td>
<td>(2,840)</td>
<td>(19,645)</td>
</tr>
<tr>
<td>Estimated change in net assets</td>
<td>(57,058)</td>
<td>1,233,474</td>
<td>1,233,474</td>
<td>1,233,474</td>
</tr>
<tr>
<td>Cumulative</td>
<td>(57,058)</td>
<td>1,124,762</td>
<td>2,439,872</td>
<td>4,091,325</td>
</tr>
<tr>
<td>Year to Year change in annual net assets</td>
<td>5,405</td>
<td>1,285,127</td>
<td>81,636</td>
<td>336,343</td>
</tr>
</tbody>
</table>

*Note: The table above reflects the revised implementation strategy and projected service fee income as of March 2017.*
The updated economic feasibility study\(^1\) continues to demonstrate that the servicing expansion model being implemented is a viable revenue generating activity for MFA. However, costs associated with any system conversions have not been incorporated into the feasibility analysis.

Below is a summary of the transfer of duties/obligations upon completion of the Servicing Implementation:

<table>
<thead>
<tr>
<th>Servicing Implementation Transfer of Duties/Obligations</th>
<th>Current Model Milestone #1 FY2015, FY2016 &amp; FY2017</th>
<th>New Model Milestone #2 FY2018</th>
<th>New Model Milestone #3 FY2019 &amp; FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase loans from originating lender</td>
<td>IHFA</td>
<td>IHFA</td>
<td>MFA</td>
</tr>
<tr>
<td>Loan Quality Control</td>
<td>IHFA</td>
<td>IHFA/MFA</td>
<td>MFA</td>
</tr>
<tr>
<td>Warehouses loans</td>
<td>IHFA/MFA</td>
<td>MFA</td>
<td>MFA</td>
</tr>
<tr>
<td>Pools and Securitizes loans into MBS</td>
<td>IHFA</td>
<td>IHFA</td>
<td>MFA</td>
</tr>
<tr>
<td>Purchase/Own Mortgage Servicing Rights</td>
<td>MFA</td>
<td>MFA</td>
<td>MFA</td>
</tr>
<tr>
<td>Loan Servicing</td>
<td>IHFA</td>
<td>IHFA</td>
<td>IHFA</td>
</tr>
<tr>
<td>Receives servicing income</td>
<td>MFA</td>
<td>MFA</td>
<td>MFA</td>
</tr>
<tr>
<td>Retains risk for representations &amp; warranties</td>
<td>MFA</td>
<td>MFA</td>
<td>MFA</td>
</tr>
<tr>
<td>Cumulative Revenue to MFA</td>
<td>$1.125mm</td>
<td>$2.440mm</td>
<td>$5.838mm</td>
</tr>
<tr>
<td>Utilizes/builds upon “seller/servicer” designation</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**SUMMARY:**

In June 2015, the Board approved implementation of a Hybrid Sub-Servicing Model in partnership with Idaho Housing and Finance Association (“IHFA”) for the administration of MFA’s Single Family Mortgage Program loans. Since approval, the Servicing Implementation Committee (“Committee”) has been working steadily with our business partners, adjusting along the way as necessary to put in place the components required for implementation.

Staff has systematically identified and evaluated the risks associated with implementation of this model which include origination and servicing compliance, regulatory requirements, investor requirements, repurchase requirements and reputational risk. MFA will continue to mitigate these risks through establishment of comprehensive oversight policies and procedures for IHFA’s mortgage origination, quality control and servicing operations. MFA contracts with lending partners include appropriate representations, warranty and buyback provisions as well as a re-certification process to ensure the financial capacity of those lending partners to repurchase loans. In addition, the partnership with IHFA, a sister organization with the same mission and goals as well as significant experience in the mortgage operations business, is the perfect partner for MFA’s endeavor.

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\(^1\) The full economic feasibility study is available upon request.
MFA staff has identified the need to evaluate and potentially upgrade the core origination, quality control, and servicing software as a priority. Through the upgrade of MFA’s core systems, staff could have the potential to benefit from efficiencies created, reduction of duplication and manual efforts and improved reporting that will be accurate and reliable. Consequently, through the implementation of this servicing model, MFA will ensure the ability to provide high quality customer service, be able to take advantage of new technologies in the mortgage industry and generate a profitable new business line with ongoing potential for growth to assist in the support of other MFA mission driven initiatives. Ultimately, MFA will accomplish the goal to develop investor “seller” and servicer capacity and establish in-house mortgage operations virtually eliminating MFA’s risk for reliance on third-party service providers for the administration of MFA’s Single Family Mortgage Program.
Tab 14
This page intentionally left blank. There will be a presentation at the meeting.
Tab 15
<table>
<thead>
<tr>
<th>Department and Program</th>
<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Development - HOME &amp; HTF Rental Loan Programs</td>
<td>Santa Fe Community Living, a project of the Santa Fe Civic Housing Authority</td>
<td>Approve allowing the final draw on each loan to be drawn (HOME in 3/17 &amp; HTF in 4/17) after the 12/19/17 end of the construction period. Maturity dates remain unchanged.</td>
<td>Approved by Deputy Director of Programs in April 2017</td>
</tr>
<tr>
<td>Homeownership Dept. - Single Family Mortgage Program</td>
<td>Acquisition Cost Limits</td>
<td>Revision of the Single Family Program Acquisition Cost Limits to adopt IRS Rev. Proc. 2017-14 (National Average Purchase Prices and Safe Harbors)</td>
<td>Approved by Policy Committee on 4/18/17</td>
</tr>
<tr>
<td>External Auditor</td>
<td>9/30/17 External Audit Contract</td>
<td>Extension of External Audit contract for one year.</td>
<td>Approved by Policy Committee 4/25/17</td>
</tr>
</tbody>
</table>
### Priority 1 - Operational Excellence

#### 1.1 - Maintain prudent stewardship of MFA's financial resources

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Comments</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund cash reserves at minimum level consistent with policy</td>
<td>As of 3/31/17, general fund cash reserves are $73.5k, which is within policy.</td>
<td>On Target</td>
</tr>
<tr>
<td>Unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs (excluding first-time audits)</td>
<td>Unmodified opinion on MFA financial statements was obtained for 9/30/16 with no material weaknesses and was approved by the Board 1/18/17.</td>
<td>Met</td>
</tr>
<tr>
<td>Operating performance and profitability equal to net revenues over total revenues of at least 8.1 percent (based on five-year average)</td>
<td>As of 3/31/17, the operating performance and profitability ratio is 9.1%.</td>
<td>On Target</td>
</tr>
<tr>
<td>Balance sheet strength equal to net asset position over total bonds outstanding of at least 27.1 percent (based on five-year average)</td>
<td>As of 3/31/17, the balance sheet strength ratio is 26.6%.</td>
<td>Caution</td>
</tr>
<tr>
<td>Maintain or improve credit rating</td>
<td>Moody's Investor Services affirmed the Aa3 issuer credit rating for MFA in November. Moody's staff will be presenting a ratings update to the MFA Board in April.</td>
<td>Met</td>
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#### 1.2 - Create a fulfilling work environment to attract and retain quality employees

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<tbody>
<tr>
<td>Conduct, evaluate and compare annual employee satisfaction survey</td>
<td>Completed the annual employee satisfaction survey in October. The employee engagement committee and MFA's policy committee evaluated the results and compared them to prior year. Timing of the Best Places to Work Survey has been changed from October to May. Therefore, the next survey will take place in May 2018 instead of October 2017.</td>
<td>Met</td>
</tr>
<tr>
<td>Develop and implement priority survey recommendations</td>
<td>Random Acts of Kindness was implemented among MFA staff in Q1. Employee engagement committee currently reviewing sick leave pay-out policy, with follow-up anticipated in Q3.</td>
<td>On Target</td>
</tr>
<tr>
<td>Complete implementation of the staff development and capacity work plan</td>
<td>Organization-wide training on Effective Communication took place in October. Through 3/31/17, team leadership training at CNM included Engaging Success (November) and Teaming with Leadership (February). Succession planning consultant engaged in Q2. Executive group and the consultant, HRD, will meet on 5/10/17 to discuss objectives.</td>
<td>On Target</td>
</tr>
<tr>
<td>Realize a net improvement on the employee satisfaction survey</td>
<td>Net improvement on annual employee satisfaction survey was 1.8%, from 82.4% to 84.2%.</td>
<td>Met</td>
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#### 1.3 - Identify and implement technology solutions that improve operational efficiency, data security and customer service

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<tr>
<td>Protect MFA data and systems from threats through semi-annual vulnerability scans</td>
<td>MFA’s external vulnerability scan was completed on 2/11/17. MFA scored a 1.0 security risk (security risk of 1 out of possible 5). Overall risk score is low.</td>
<td>On Target</td>
</tr>
<tr>
<td>Maintain system availability at 99 percent</td>
<td>MFA did not experience any full system outages during Q1 or Q2 and maintained system availability of 100%.</td>
<td>On Target</td>
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#### 1.4 - Maintain standards of excellence and promote innovation in MFA programs

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Priority 1 - Operational Excellence

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

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<tbody>
<tr>
<td>Meet commitments and expenditure requirements for 95 percent of grant funding</td>
<td>As of 3/31/17, 100% of commitments and expenditure requirements have been met.</td>
<td>On Target</td>
</tr>
<tr>
<td>Complete statewide affordable housing assessment and integrate findings into MFA strategic planning</td>
<td>In Q2, reviewed the draft affordable housing needs assessment with Policy Committee and the Strategic Management Committee. Utilized data and maps to guide the 2018-2020 strategic planning process. The assessment will be refined as a final document in Q3 and Q4.</td>
<td>On Target</td>
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1.5 - Manage organizational risks

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<tr>
<td>Continue to implement the work plan to mitigate risk associated with complexities and changes in regulation</td>
<td>Compliance activities this year have focused on development of a FY17 internal audit plan based on MFA’s most recent enterprise risk management assessment, performance of an internal audit to assess the preliminary Compliance Management System strategy, development and implementation of a vendor management policy, development of a process for tracking and reporting loan quality issues, and general support of the servicing expansion initiative. In addition, a regulatory tracking process and reporting document was developed to ensure awareness and compliance with changes in regulations that impact the organization.</td>
<td>On Target</td>
</tr>
<tr>
<td>Continue to implement, train staff and test key components of the emergency management plan</td>
<td>Conducted &quot;Everyday Defense-Home, Work and Neighborhood&quot; training on 3/22/17. Working with a consultant/trainer who will conduct an emergency management response &quot;table top&quot; exercise in Q3 or Q4.</td>
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1.6 - Improve collaboration throughout MFA

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<tr>
<td>Focus collaboration around quarterly all-staff meetings and increased use of the Intranet</td>
<td>Updates to the intranet are complete. All departments have received individual training on the updates and are encouraged to increase their use of the intranet. All-staff meetings have been held monthly, and each meeting includes a department update. Staff is attending a housing trends series, which is designed to increase their knowledge of MFA’s scope of work.</td>
<td>On Target</td>
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Priority 2 - New Resources

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

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<tr>
<td>Outreach to four entities regarding the affordable housing tax credit and/or the Charitable Trust</td>
<td>In Q1, sent customized email encouraging donations to the Charitable Trust to 56 CPAs and financial planners. In Q2, provided in-person outreach to Tierra del Sol housing corporation staff on the tax credit and Charitable Trust and follow-up assistance to Samaritan House in Las Vegas on use of the tax credit.</td>
<td>Met</td>
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2.2 - Expand mission driven fee-for-service activities

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<tr>
<td>Develop and implement processes to purchase MFA’s single family program loans directly from lenders</td>
<td>The Servicing Expansion committee has commenced its work on developing and implementing processes to purchase MFA single family program loans directly from the lenders (Milestone 2).</td>
<td>On Target</td>
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</table>

2.3 - Develop innovative funding streams for NM Energy$mart and other traditional grant funded programs

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### Priority 2 - New Resources

#### 2.3 - Develop innovative funding streams for NM Energy$mart and other traditional grant funded programs

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<tr>
<td>Outreach to three new partners</td>
<td>In Q1, met with El Paso Electric to discuss possible partnership. The company intends to file with the Public Regulation Commission in an effort to approve low income weatherization measures. In Q2, worked with the NM Department of Finance and Administration to start the application process for CDBG funding in the amount of $500,000. If awarded, the NM Energy$mart Program will receive a portion to leverage weatherization activity.</td>
<td>On Target</td>
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#### 2.4 - Generate new resources for affordable housing through state programs, grant and private funding opportunities

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<tr>
<td>Explore one Community Reinvestment Act activity or partnership</td>
<td>MFA has been working with Hilltop Securities on its CRA initiatives. To date we have sold approximately $4.3 mm in mortgage backed securities to CRA investors wanting New Mexico investment credits. MFA is now evaluating implementation of a lending credit CRA initiative and will be participating in a CRA Officer Roundtable sponsored by the FDIC, OCC and Federal Reserve in May 2017.</td>
<td>On Target</td>
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### Priority 3 - Effective Partnerships

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

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<tr>
<td>Provide RHA specialty training to enhance organizational capacity</td>
<td>Specialty training for the regional housing authorities is funded by MFA through state appropriations in accordance with training budgets based on training and operations needs. With the current funds available, the staff of Northern and Western regional housing authorities attended trainings in plumbing, electrical, UPCS, rent and income calculations and rent reasonableness in Q1. In Q2, Eastern regional conducted pre-development work to support the Eunice workforce housing project and Northern regional staff provided operational training to the Grants public housing authority on consolidation.</td>
<td>On Target</td>
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<tr>
<td>Assist RHAs with consolidation or transfers of troubled PHAs</td>
<td>Northern regional housing authority assumed the Grants public housing authority on 1/1/17; the executive director and various staff from Northern regional have traveled extensively to Grants to provide training to new staff.</td>
<td>On Target</td>
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<tr>
<td>Hold two peer exchange meetings annually</td>
<td>The first peer exchange meeting is being scheduled for June 2017. The second peer exchange meeting will be held in conjunction with MFA’s Open House in September.</td>
<td>On Target</td>
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<tbody>
<tr>
<td>Implement one new service or program as capacity and funding allow</td>
<td>Researching whether the HOME rehab program is a viable option at Eastern regional housing authority as the southeastern region of the state does not have this service available.</td>
<td>On Target</td>
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#### 3.2 - Provide quality training and technical assistance to our partners

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<tr>
<td>Assist three local governments in creating, revising and implementing affordable housing plans and ordinances</td>
<td>As of 3/31/17, provided direct support, including conferencing and meetings where needed, with the Affordable Housing Act and Rules, housing plans, ordinances and plan implementation to 11 local governments: the municipalities of Albuquerque, Carlsbad, Eunice, Hobbs, Las Cruces, Los Lunas, Santa Fe and Silver City and the counties of Dona Ana, Harding and Los Alamos.</td>
<td>Met</td>
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5/8/2017
### 3.2 - Provide quality training and technical assistance to our partners

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<tbody>
<tr>
<td>Hold 12 outreach meetings</td>
<td>In Q1, Community Development provided training and technical assistance to four homeless provider agencies. Housing Development and Deputy Director met with Chaves County staff. In Q2, Housing Development met with Homewise and YES Housing regarding potential developments and effective use of loan programs, as well as meeting with the organizers of the Permanent Supportive Housing Toolkit program. Staff also presented loan programs at two conferences. Asset Management met with JL Gray and Monarch to establish quarterly meetings with affordable housing management companies.</td>
<td>On Target</td>
</tr>
<tr>
<td>Facilitate five stakeholder meetings with non-profits, owners/managers, developers and service providers</td>
<td>In Q1, Housing Development held Qualified Allocation Plan training for developers and owners. Approximately 90 people attended. In Q2, Asset Management staff held tax credit training for three tribal housing agencies. Community Development provided a peer exchange meeting to the Emergency Homeless Assistance Program on 2/23/17 - 12 service providers attended. Community Development will provide program training to homeless service providers (Rental Assistance Program, Emergency Homeless Assistance Program and Linkages Program) during Q3.</td>
<td>On Target</td>
</tr>
<tr>
<td>Develop a method to assess MFA program delivery statewide</td>
<td>Community Development has identified the lack of program(s) available within the state, largely due to the absence of qualified service providers in rural areas. The majority of funding and capable service providers are in Bernalillo, Santa Fe, and Dona Ana County. Next steps include analysis of current service providers ability to expand services to rural areas.</td>
<td>On Target</td>
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### 3.3 - Strengthen MFA’s influence on affordable housing policy and funding at the state and federal levels

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<tbody>
<tr>
<td>Develop state legislative agenda and lobby for appropriations and policy</td>
<td>MFA’s 2017 legislative agenda was endorsed by the MFA Legislative Oversight Committee in November and included appropriation requests for Affordable Housing Act Oversight ($250,000, sponsor Senator Stuart Ingle) and Regional Housing Authority Oversight ($300,000, sponsor Senator Mary Kay Papen). MFA also requested $5 million for the NM Housing Trust Fund and $2 million for NM Energy$mart through the Infrastructure Capital Improvement Plan (ICIP) process. None of these appropriations or capital outlay requests were approved in the 2017 Legislative Session. A $177,000 line item for the regional housing authorities in house bill 2 was vetoed by the Governor. A special session is expected to renegotiate the state budget.</td>
<td>On Target</td>
</tr>
<tr>
<td>Develop federal policy priorities and communicate them to NM’s congressional delegation</td>
<td>Federal priorities were presented to the NM Congressional Delegation during member meetings held in March, in conjunction with the NCSHA Legislative Conference. Priorities include: protecting housing bonds and the housing credit in tax reform, expanding and improving the low income housing tax credit program, maintaining funding for key affordable housing programs including HOME and the Weatherization Assistance Program, and maintaining a federal backstop in housing finance reform. Senators Udall and Heinrich and Reps. Lujan and Lujan Grisham signed a Dear Colleague letter in support of the HOME program.</td>
<td>On Target</td>
</tr>
</tbody>
</table>
### Priority 3 - Effective Partnerships

#### 3.3 - Strengthen MFA’s influence on affordable housing policy and funding at the state and federal levels

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<tbody>
<tr>
<td>Undertake year-round outreach with state and federal officials</td>
<td>In Q1, MFA management and staff worked with the Legislative Finance Committee (LFC) to retain a budget line item for regional housing authority oversight. In Q2, staff worked closely with LFC and Senators Papen and Ingle on MFA appropriations and capital outlay requests during the legislative session. Outreach to the NM Congressional Delegation is ongoing as Congress works on FY 2017 and 2018 appropriations bills.</td>
<td>On Target</td>
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#### 3.4 - Increase visibility and public awareness of MFA

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<tr>
<td>Develop and update MFA materials including brochures and annual report</td>
<td>Annual report and Housing Services Directory were produced and distributed to partners and stakeholders. Factsheets were updated to reflect new income limits. The redesigned all-program brochure will be printed in May.</td>
<td>On Target</td>
</tr>
<tr>
<td>Organize public events and outreach</td>
<td>In Q1, created new print ad which ran in the Book of Lists. Sponsored Coldwell Bankers’ Legacy Day; had a booth at the event. Sponsored and attended the Supportive Housing Coalition's 25th anniversary celebration. Created and hosted housing breakout sessions at the NM Infrastructure Finance Conference. Attended groundbreaking at Santo Domingo. In Q2, sponsored and attended NAHRO conference; had a booth at the event. Sponsoring GAAR golf tournament and the New Mexico Bankers Association conference, both in June.</td>
<td>On Target</td>
</tr>
<tr>
<td>Plan and execute the 2017 Open House</td>
<td>In Q1, set date for 2017 MFA Open House and developed a plan to incorporate new branding images and annual report theme. Currently forming committee and will begin planning meetings in May.</td>
<td>On Target</td>
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### Priority 4 - Expanded Homeownership Opportunities

#### 4.1 - Utilize best financing executions for MFA’s homeownership program

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<tbody>
<tr>
<td>Average internal rate of return on traditional single family bond programs equal to or greater than 14 percent</td>
<td>The average internal rate of return on traditional single family bond program is 19.22% which is 5.22% above the benchmark.</td>
<td>Met</td>
</tr>
<tr>
<td>Average internal rate of return on pass through single family bond programs equal to or greater than 100 percent</td>
<td>The average internal rate of return on pass through single family bond programs is 201.61% which is 101.61% above the benchmark.</td>
<td>Met</td>
</tr>
<tr>
<td>Mortgage rates no more than 25 basis points above traditional market</td>
<td>As of 3/31/17, MFA’s weighted average mortgage rate is 25 basis points above local average mortgage rates and 11 basis points below the combined local average mortgage rates and the surrounding state mortgage rates.</td>
<td>On Target</td>
</tr>
<tr>
<td>Spread for bond issues of 1.1 percent to 1.125 percent</td>
<td>2016 Series C closed on 11/23/16 with a spread of 1.122%. No bond issues were closed in Q2 of FY 2017.</td>
<td>On Target</td>
</tr>
<tr>
<td>Administrative fees of at least 18 basis points on all bond issues</td>
<td>2016 Series C closed on 11/23/16 with an administrative fee of .25%. No bond issues were closed in Q2 of FY 2017.</td>
<td>On Target</td>
</tr>
<tr>
<td>Profitability of 1.15 percent on TBA executions</td>
<td>As of 3/31/17, the weighted average profitability is 2.04%.</td>
<td>On Target</td>
</tr>
<tr>
<td>Maintain servicing income threshold at an average of 0.358 percent of the purchased portfolio</td>
<td>As of 3/31/17, the servicing income threshold has averaged .397 percent for loans purchased in this fiscal year.</td>
<td>On Target</td>
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#### 4.2 - Implement innovations in single family mortgage products and servicing to address customer needs and make MFA more competitive

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<tbody>
<tr>
<td>Provide mortgage financing to 1,850 homebuyers</td>
<td>As of 3/31/17, 1,193 loans were funded.</td>
<td>On Target</td>
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</table>
## Priority 4 - Expanded Homeownership Opportunities

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

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<tbody>
<tr>
<td>Maintain MFA single family market share at 35 percent or greater</td>
<td>As of 3/31/17, MFA's single-family market share is 65.46%</td>
<td>On Target</td>
</tr>
<tr>
<td>Maintain loan defaults, workouts and foreclosures to MFA below 3.25 percent</td>
<td>As of 3/31/17, MFA's loan default, workout and foreclosure losses rate was .41 percent.</td>
<td>On Target</td>
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### 4.3 - Increase awareness and use of MFA mortgage products through marketing and REALTOR®/lender outreach

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<tr>
<td>Create and employ marketing for specific groups of potential homebuyers and engage in outreach to lenders and REALTORS who work with those groups</td>
<td>First advertorial ran in the Albuquerque Journal in April promoting MFA's homebuyer programs. Digital ads ran on the Journal's website throughout the month. MFA digital ads were placed in the mortgage lenders' section of the Albuquerque Business First online Book of Lists; ads will run for a year. Lender and REALTOR giveaways procured with input from homeownership staff.</td>
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### 4.4 - Expand MFA's presence in housing and credit counseling

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<tbody>
<tr>
<td>Provide homebuyer counseling to 1,850 homebuyers</td>
<td>As of 03/31/17, 1,421 homebuyers received counseling.</td>
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## Priority 5 - Expanded Rental Opportunities

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

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<tr>
<td>Continue to refine underwriting methodology and implement new guidelines for housing partners</td>
<td>Work continues refining the underwriting model to incorporate loans. Preliminary discussions underway regarding appropriate operating expense parameters through risk analysis. Coordinated staff training on appraisals in Q3 to better understand project costs.</td>
</tr>
<tr>
<td>Complete comprehensive analysis of the Qualified Allocation Plan with emphasis on cost containment</td>
<td>Qualified Allocation Plan has been revised, approved by MFA board and signed by the Governor. Revisions included efficient use of tax credits, separating new construction from rehab projects, and removing requirements for &quot;green&quot; certifications which all contribute to cost.</td>
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### 5.2 - Preserve existing properties through proactive oversight of MFA’s portfolio and collaboration with property owners and managers

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<tr>
<td>Yield a collection rate of 95 percent or greater for compliance monitoring and fees</td>
<td>In Q2, staff sent out invoices and past due notices; 87% of the compliance fees have been collected.</td>
</tr>
<tr>
<td>Continue to evaluate Housing Development Software modules and expand staff evaluation of new modules for PBCA and Section 811</td>
<td>In Q2, staff attended a Housing Development Software (HDS) workshop to learn about new modules and automation. Staff identified the current modules MFA pays for and will determine how much each module is used. Staff received a report from HDS that outlines all modules offered, along with a brief description and pricing. Staff will work to bring HDS representatives to MFA for a presentation in Q3.</td>
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<tr>
<td>Research potential strategies to mitigate loss of affordable units due to qualified contracts</td>
<td>Researched opportunities to modify extended use terms. Working on proactive measures to identify troubled properties.</td>
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### 5.3 - Evaluate and utilize new resources to address increased demand for rental housing

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<tr>
<td>Continue to monitor for potential multifamily funding sources including evaluation of new bond structures</td>
<td>Discussions continue on pass-through and Tax Exempt Mortgage-backed Securities (TEMS) multifamily bond structures. In Q2, staff attended training with CSG and Jefferies regarding 4% bond structures.</td>
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### 5.4 - Continue to serve as New Mexico’s Project-Based Contract Administrator for HUD Section 8

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5/8/2017
### Priority 5 - Expanded Rental Opportunities

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

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<tr>
<td>Continue to earn 100 percent base fees for PBCA contract</td>
<td>In Q1 and Q2, staff continued to earn 100% of base fees. Staff has participated in dialogue with other agencies of the Southwest Region to be a part of a joint partnership should HUD's procurement require a regional contract. Through this process, MFA has continued to show interest as the lead organization of the collaborative.</td>
<td>On Target</td>
</tr>
<tr>
<td>Conduct Management and Occupancy Reviews in accordance with HUD-approved work plan</td>
<td>In Q1, completed audits and reports for 13 Management and Occupancy Reviews (MORs) and responded to a Request for Information and market analysis study initiated by HUD. In Q2, MFA completed the phase I work plan that included 9 MORs. Reports were completed and sent to the owner within the 30 day requirement and appropriately sent to HUD as required. All Monitoring Analysts received their MOR training and certificates, placing MFA in a good position to complete required MORs.</td>
<td>On Target</td>
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Tab 16
March 8 – May 9, 2017

MEDIA COVERAGE

March
Federal Home Loan Bank $378,000 AHP Grant Helps Redefine Affordable Housing in Downtown ABQ

3-8 Las Vegas Optic Samaritan House in peril

3-12 Las Cruces Sun-News NM MFA sets a mortgage lending record

3-19 Hobbs News-Sun City of Hobbs aims for more housing to help seniors

3-31 Albuquerque Journal Down Payment Assistance Available for homebuyers

4-23 Las Cruces Sun-News MFA offers lucrative financing options for targeted census areas

PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

April Realtor Tips How does MFA calculate borrower income for purposes of program eligibility?

3-10 Lender memo 17-05 March 2017 webinar training schedule

3-14 Housing development Focus group meeting for National Housing Trust Fund NOFA

3-27 Lender memo 17-06 MFA fair lending policy update

3-30 Housing development Support for HOME program
<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Title/Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-18</td>
<td>Tribal homeownership</td>
<td>April coalition meeting</td>
</tr>
<tr>
<td>4-20</td>
<td>Lender memo 17-07</td>
<td>Revised acquisition limits</td>
</tr>
<tr>
<td>4-18</td>
<td>Tribal homeownership</td>
<td>April coalition meeting</td>
</tr>
<tr>
<td>4-28</td>
<td>Tribal homeownership</td>
<td>Coalition meeting minutes</td>
</tr>
<tr>
<td>5-4</td>
<td>Tribal homeownership</td>
<td>Grant funding from Enterprise</td>
</tr>
<tr>
<td>5-8</td>
<td>Lender memo 17-08</td>
<td>May 2017 webinar training schedule</td>
</tr>
</tbody>
</table>
Affordable Housing Program (AHP)

Each year, FHLB Dallas returns 10 percent of its profits, in the form of Affordable Housing Program (AHP) grants, to the communities served by its member institutions. AHP grants are available through FHLB Dallas members to assist in the development of affordable, owner-occupied and rental housing for very low- to moderate-income households primarily located across its five-state District of Arkansas, Louisiana, Mississippi, New Mexico and Texas. In 2016, the Bank awarded $72.8 million in AHP grants to 27 projects, which will result in the creation or rehabilitation of 1,499 housing units primarily within its five-state District. Please visit fhlb.com/ahp for the complete list of the 2016 AHP awards. The 2017 AHP Competitive Application Round is open from April 3 – May 18, 2017. The level of funds for the 2017 AHP will be announced later in the first quarter.

$378,000 AHP Grant Helps Redefine Affordable Housing in Downtown Albuquerque

Once known as a thriving mecca of commerce and activity, downtown Albuquerque mirrored the economic growth of many American cities in the mid- to late 20th century. However, as Albuquerque residents began moving to the suburbs, the once-thriving downtown core struggled to keep residents, and commercial development slowed almost to a halt.

Today, downtown Albuquerque appears to be reclaiming some of its former glory as a community-wide effort to revitalize the area is underway.

Part of that revitalization effort is the construction of the Imperial Building, a 74-unit, five-level, mixed-use apartment community in the heart of downtown Albuquerque. Thanks in part to a $378,000 Affordable Housing Program (AHP) grant from FHLB Dallas and Wells Fargo, the Imperial Building opened its doors to Albuquerque families in May 2016. The grant was awarded to project developer YES Housing in 2014, and provided gap funding to aid in the construction of the apartment community. Featuring underground parking for residents and a rooftop garden, the Imperial Building is anchored by a 10,000-square-foot grocery store, the area’s first grocery store in decades.

“It’s going to improve the lives of New Mexicans in so many ways,” said U.S. Representative Michelle Lujan Grisham (D-NM) at a grand opening event celebrating the completion of the $19 million project. “This is what happens when everyone comes together, including our banking partners.”

“This mixed-use building is one of the great catalysts for downtown,” Albuquerque Mayor Richard Berry said. “The grand opening of the Imperial Building is a testament to the great things that happen when the private and public sectors come together on a project such as this one.”

“This is what happens when everyone comes together, including our banking partners.”

— U.S. Representative Michelle Lujan Grisham, D—New Mexico

Additional funding for the project was provided by the city of Albuquerque, the New Mexico Mortgage Finance Authority and the MFA Primero Loan Program.

“There is no other place in the entire state of New Mexico like the Imperial Building,” said Jay Czar, executive director of the New Mexico Mortgage Finance Authority.

Imperial Building resident Ron “RC” Casias, a former on-air radio personality and founder, president and chairman of the Silver Baretas Downtown Neighborhood Association, now pays less for more space.

“When I fell into health setbacks, I was blessed that programs like this existed because they helped people like me,” he said. “YES Housing, Wells Fargo and FHLB Dallas are redefining affordable housing with projects like the Imperial Building. Plus, I have a view of the beautiful Sandia Mountains.”

Albuquerque, continued on page 5
HELP Grant Provides Blueprint for Success for Houston Project Manager

When Wendy Mendez was in graduate school, the idea of owning her own home seemed next to impossible, said the now-31-year-old, who had moved to the Houston area from New York to pursue a career in project management. Ms. Mendez worked full-time while attending school to obtain an MBA, and her one-bedroom apartment served as her home, study hall, work space and gallery where she displayed her architecture projects from school.

"Being a full-time student and full-time employee can be challenging, having to pay everything yourself," said Ms. Mendez. "I always wanted a home to call my own, but didn't think it was possible until I paid off all my student loans."

Ms. Mendez learned about the Homebuyer Equity Leverage Partnership (HELP) grant, offered by FHLB Dallas through its member institutions. She qualified for a $7,000 HELP grant from FHLB Dallas and Whitney Bank, which she used for a down payment on a three-bedroom, two-bathroom home.

HELP grants assist income-qualified, first-time homebuyers with down payments and closing costs on newly constructed or existing homes.

"Many HELP grant recipients work so hard to get to where they are," said Whitney Bank Officer and Community Loan Originator Veronica Martinez. "Whitney Bank is proud to offer this program, which helps get people like Ms. Mendez across the finish line."

HELP is a powerful community investment tool for FHLB Dallas members, according to Greg Hetrick, first vice president and director of Community Investment at FHLB Dallas.

"While first-time, income-qualified homebuyers may qualify for the monthly payments, they often require financial assistance with getting into their homes," said Mr. Hetrick. "HELP gives would-be homeowners the extra boost they need for a down payment or closing costs."

Ms. Mendez said owning a home has changed her life.

"I feel a lot more independent and it just feels good to own something and call it your home," she said.

Since the program's inception in 2002, HELP grants totaling more than $16.3 million have assisted more than 3,150 families. FHLB Dallas has made available $1 million in HELP funds for 2017. To learn more about HELP, visit Fhlb.com/help or call 800.392.2944.

A $7,000 HELP grant enabled Houston project manager Wendy Mendez to purchase her first home.
Shelter in trouble
Samaritan House in peril

By Gwen Albers
For the Optic

Joseph Untalan recently found himself without a job. Without a home. And with a severely frost-bitten foot after sleeping on the street on a 10-degree December night.

Things changed for Untalan after moving into the Casa de Samaritan (also known as Samaritan House) homeless shelter in Las Vegas, where he is also paid minimum wage to work as a caregiver 28 hours a week.

"Without the shelter, I may have died from hypothermia," the 31-year-old Las Vegas man said last week.

Untalan, however, faces homelessness again. The state has ordered that repairs be made to the shelter at 716 Grand Ave. for the Samaritan House to continue receiving $18,000 annually in federal funds, said George Lyon.

Lyon is the executive director of the non-profit that has helped homeless families in Las Vegas for 40 years, including operating the shelter at its current location for the past seven years.

See SAMARITAN, Page 2

Samaritan
From Page 1

"We really need to find another building," Lyon said. "We don't want to risk (losing) the funding."

The non-profit cannot afford to buy a home, but could rent, Lyon said. In addition, there are federal and state tax incentives for anyone who donates space.

"The only real option is to find some place else," he said. "We have found properties, but the owners do not want to cut them loose. We entered an oral agreement with one property owner, and when we came back around, the owner got cold feet."

In 2016, the Samaritan House provided 91 separate people with 879 bed-nights, not including people put up in motels. It also provided 2,800 meals.

The City of Las Vegas and San Miguel County each give $15,000 annually to the Samaritan House, which has a $141,072 shelter operating budget for 2017.

The shelter, which serves San Miguel, Mora and Guadalupe counties, sleeps up to 10 and is open daily from October through April. During the warmer months, the shelter is used only for emergencies.

Jackie Garrity, program manager for the New Mexico Mortgage Finance Authority, inspected the shelter on Feb. 16. The agency she works for distributes federal funds to the Samaritan House.

In an e-mail to Lyon, Garrity indicated shelter repairs would be required for the Samaritan House to be considered for funding for 2017-18. She also said the lack of support from the shelter owner regarding repairs is particularly concerning because the lease is very vague and doesn't address the responsibilities of the owner to provide for repairs.

Isidoro Hernandez, deputy director of programs with the New Mexico Mortgage Finance Authority, said Monday there are 10 to 12 minimum standards that the U.S. Department of Housing and Urban Development requires. He could not share issues with the Casa de Samaritan until Garrity completes her report — normally a three- to four-week process.

"We'll say 'these are some of the concerns or findings we have' and will give a certain time to respond and make corrections," Hernandez said. "We really value the Samaritan House and the work they do. They are running a great program. The facility just needs some maintenance and upkeep."

The back exterior wall is deteriorating, Lyon said.

"The outside is not water-proof," he added. "The upstairs is unusable. (The shelter) has some cracking in the lower level and the floors are worn out. It's just a mess."

A contractor provided a $20,000 estimate to "make it liv-
able.” The owner does not want to make the repairs, Lyon said.

Owner Lindsey Cavazos of Albuquerque rents the building to the Samaritan House for $850 a month and said she agrees the building needs some costly work.

“Theyir lease expired a couple of years ago and (they pay rent) month to month,” Cavazos said. “I asked to secure a longer term lease before I made the investment, but they didn’t want to sign one.”

Augustin Valencia, a board member for the Samaritan House, said they have been looking for a new location for more than four years.

“I think an obstacle for most people is they find out there’s reluctance in the neighborhood (to have a shelter), but people have to have a place to live and a place to eat,” Valencia said.

“People get down at times and they struggle,” added Josh Haines, a resident assistant at the shelter. “It can happen to anyone.”

The shelter has a first-floor bedroom and a living room converted into sleeping space that has eight single mattresses on the floor. There is also a kitchen, common area and an office.

The Samaritan House offers related programs, including Housing First. It is a homeless assistance approach that prioritizes providing people experiencing homelessness with permanent housing as quickly as possible and then providing voluntary supportive services as needed.

“The idea is that despite one’s disability — an addict or alcoholic — the federal government wants them off the street and into housing and to work on their problems,” Lyon said. “The shelter is vital to that process.”

Anyone who has suggestions for another location is asked to reach Lyon at samaritanhouseinc@hotmail.com.
Benjamin Gomez, foreground, and Mike Boldman gather in one of two sleeping rooms at the Casa de Samaritan. Funding issues are threatening the shelter’s existing location.
Joseph Untalan, 31, washes dishes at the Casa de Samaritan, where he has lived for two months. He also works at the shelter. Without repairs, the shelter could lose $20,000 in federal funds for 2017-18.

Gwen Albers
For the Optic
Real estate connection

NM MFA sets a mortgage lending record

GARY SANDLER

LAS CRUCES - The New Mexico Mortgage Finance Authority served more first-time and non-first-time home buyers in FY 2016 than in any other year on record, according to MFA homeownership representative Teri Baca. MFA was created by the state legislature in 1975 and has provided mortgage loans and down payment assistance to more than 50,000 low and moderate-income home buyers throughout the state.

In addition to making $316 million in low-interest mortgage loans to 2,291 home buyers in 2016, MFA also provided $12 million in down payment and closing cost assistance to 2,233 of those purchasers. Just over $28 million in loans were made to the 220 buyers who purchased in Dona Ana County, with an average loan amount of $127,661.

MFA offers programs for both first-time and non-first-time buyers. The organization's FIRST Home program is available to first-time buyers with low-to-moderate income. A first-time buyer is defined as a buyer who has never owned a home or owns a home in which they have not lived during the past three years. FIRST Home can be used in conjunction with MFA's down payment assistance second-mortgage loan program, FIRSTDown, which lowers the amount of cash buyers have to bring to the table at closing. MFA requires that buyers invest a minimum of $500 of their own funds when purchasing.

For example, a first-time buyer, purchasing a home costing $150,000 and who chooses to finance using an MFA-FHA mortgage, would typically need a down payment of 3.5 percent of the purchase price ($5,250), plus closing costs of around $3,000, for a total of $8,250 to swing the deal. MFA's FIRST Down assistance is a 2nd mortgage program designed to bridge the gap between the $8,250 and MFA's minimum cash requirement of $500. In this case, the $7,750 required to bridge the gap would be repaid at the rate of $6.00 per month for every $1,000 borrowed, adding just $46.50 per month to the normal mortgage payment.

The NEXT Home program is designed to assist current homeowners who want to move up, as well as first-time buyers who exceed the FIRST Home income limits. According to Baca, the NEXT Home program allows move-up buyers with annual incomes up to $90,000 to buy a home with a sales price of up to $350,000 anywhere in New Mexico.

“If a buyer would prefer to retain the majority of proceeds from the sale of their existing home rather than using them towards their next purchase they may, since the required minimum investment from the borrower's own funds is only $500,” Baca said.

Current homeowners who desire to convert their existing homes into rental properties, rather than sell them, are also eligible to purchase a replacement property under the NEXT Home program. NEXT Home is a combination first-mortgage loan and down payment assistance grant. The grant, equal to 3 percent of the loan amount, does not have to be repaid and may be applied to down payment, closing costs, and reserves for taxes and insurance.

The FIRST Home/FIRST Down and NEXT Home programs may be used to finance single-family residences, which include detached site-built homes, townhomes, approved condominiums and permanently attached doublewide manufactured homes. Buyers must invest at least $500 of their own funds, none of which can be derived from a gift or loan. MFA requires a minimum credit score of 620, however in some cases, a borrower with no credit score may still be able to qualify by using alternative credit.

VA and USDA Rural Housing loans both require zero down payment, whereas FHA requires 3.5 percent down and HFA Preferred (conventional) requires 3 percent down. MFA's goal is to keep interest rates as competitive as possible in order to enhance affordability. In the case of zero-down loans, MFA's second mortgage or grant can...
be utilized to pay all but $500 of the required closing costs.

Household income limits for first-timers purchasing in the Las Cruces Metropolitan Statistical Area, which includes all of Doña Ana County, are currently set at $59,453 for one or two people and $68,371 for three or more. The total sales price of the home may not exceed $255,574. As with all MFA programs, down payment assistance loans and grants can only be used for the purchase of a home which will be owner-occupied. Funds cannot be used to refinance an existing loan or purchase a rental property.

These terrific benefits are as real as they come and only accessible through MFA approved lenders, a list of which is available at http://www.housingnm.org/homebuyers/find-a-participating-lender. Not all lenders carry the full lineup of MFA products or charge the same fees so it pays to shop around before making your final selection.

Gary Sandler is the owner of Gary Sandler Inc., Realtors in Las Cruces and can be reached at 575-642-2292 or Gary@GarySandler.com
City of Hobbs aims for more housing to help seniors

LEVI HILL
NEWS-SUN

The City of Hobbs is efforting to solve one of the largest ongoing issues in the area: senior housing.

The Hobbs City Commission recently approved two resolutions 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 or being constructed using federal tax credits including the 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 Grimes and Berry.

YES housing is proposing to build a 56-unit multi-story senior housing facility that would serve seniors 55 years and older with incomes under $30,000 a year. The complex will feature one and two-bedroom units with rents running the range of $450-$675 per month for one-bedroom units and $540-$800 for two-bedroom units. Utility rates averaging $80 per month would be subtracted from those numbers.

Robin Pelton, asset project manager for Chelsea Investment Corporation said their project is slated to be built at the site of the recently vacated Boys and Girls Club at 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
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.

The Chelsea project received support from boys and girls club director Mike Clampitt, who said it would be a good use of the site. “Their proposal is ideal for continuing the public use of that building,” he said.

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.

BELOW: This artist rendering shows the proposed 56-unit senior housing project YES Housing is seeking tax credits to build at the corner of Grimes and Berry.
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.
Longtime business new to Las Cruces aims to have a positive impact

New to Las Cruces in 2016, Cherry Creek Mortgage Company’s first branch office was opened in Denver, Colorado in 1987. Its goal is to provide the dream of homeownership, as well as create a long-lasting positive impact on their clients.

“I started with Cherry Creek Mortgage Company on June 1, 2016,” said Marcos Montes, branch manager of Cherry Creek Mortgage Company. “Although my team and I are fairly new with the company, we all have a long history in Las Cruces.”

Montes said that the mission statement of Cherry Creek Mortgage Company is what originally sparked his interest in leading the new branch.

“The mission statement talks about how we aspire to positively impact the lives of those individuals who come in contact with our organization,” Montes said. “We work with many people who are making one of the most important purchases of their lives, so it’s vitally important for us not to lose sight of that.

“Homeownership, and the mortgage for owning a home, is a big responsibility for someone to take on, so it’s equally important for me to have a team of mortgage loan originators that share that same mission. I feel that I have assembled a team who believes in that. Each one of my loan originators has a different personality, so they appeal to a large audience of borrowers.”

Montes said all the team members are committed to helping buyers achieve the American Dream with practical solutions. It originates many types of loans, including First Time Homebuyer loans through the New Mexico Mortgage Finance Authority, which aids customers with down payments and closing costs, typically the largest burden for first-time home buyers. It handles Veterans Affairs loans for qualified veterans, renovation loans and reverse mortgages for both purchase or refinance transactions.

Montes knows that flexibility of the Cherry Creek branch is also key to helping those reach for their dreams, especially when it comes to their time.

“We try to make the application process as convenient as possible, so many of our documents can be e-signed at a place or time most convenient to our borrowers,” Montes said. “Many of our borrowers are working people with families, so aside from offering the convenience of e-Sign, we also meet with people after hours or during the weekends, by appointment.”

Las Cruces Bulletin

AT A GLANCE

Cherry Creek Mortgage Company

Year founded
2016

Primary product or service
Mortgage lending

Top local executive
Marcos Montes, branch manager

Physical address
840 N. Telshor Blvd., Suite E

Phone
575-386-5870

Website
www.cherrycreekmortgage.com/las-cruces

Las Cruces Bulletin
Longtime business new to Las Cruces aims to have a positive impact

From left to right: Terry Melon, CMMLP Mary T. Vigil-Tarazoff, Donice Barner, Priscilla Lara, Denise Schulz and Branch Manager Marcos Montes.

CHERRY CREEK MORTGAGE COMPANY
OWNING A HOME MAKES GOOD FINANCIAL SENSE

It’s no secret that owning a home helps families achieve financial security. Homeowners automatically accumulate savings as they pay down the principal on their mortgage and build a valuable investment as the home increases in value. With interest rates still near an historical low and rental demand at an all-time high, many new homebuyers are also thrilled to discover that it’s cheaper to buy than to rent.

OBSTACLES TO HOMEOWNERSHIP

So why doesn’t everyone own a home? Lack of a down payment is a primary reason. Saving 3 to 5 percent of a home’s purchase price can take a long time, and not everyone has a friend or family member who can step up to help.

For many, renting seems like the only option — but that is not the case.

DOWN PAYMENT ASSISTANCE IS AVAILABLE

First-time homebuyers in the Albuquerque area who earn less than $61,600 per year may qualify for down payment and closing cost assistance from the New Mexico Mortgage Finance Authority – MFA. The program is available throughout the state, but income requirements vary by location and family size. There is also assistance available for current homeowners earning less than $90,000 who are ready to purchase their next home.

Qualifying buyers must contribute at least $500 from their own funds. MFA requires a minimum credit score of 620 and may accept alternative credit qualification for homebuyers with no credit score. All first-time homebuyers receive pre-purchase homebuyer counseling through MFA’s online program or a HUD-approved counseling agency.

GET STARTED

There is nothing like the security and comfort of owning your own home. MFA’s down payment and closing cost assistance could be just the help you need to make homeownership a reality.

To get started, go to housingnm.org, select the “Homebuyers” section and find an MFA-approved lender near you. The lender will determine if you qualify for down payment assistance, help you apply and will walk you through the home buying process.
Real estate connection

MFA offers lucrative financing options for targeted census areas

GARY SANDLER

LAS CRUCES - The New Mexico Mortgage Finance Authority is best known for providing mortgages and down payment assistance to first-time buyers. They do much more than that, however. In addition to also providing tax credits and other financing for the development of affordable rental housing, they likewise offer special financing for buyers who purchase homes in economically distressed neighborhoods. Those neighborhoods are formally known as Targeted Area Census Tracts.

“Targeted areas are those in which at least 70 percent of households earn no more than 80 percent of the statewide median income”, according to Teri Baca, homeownership representative for MFA. In New Mexico, the U.S Census Bureau has identified 25 such tracts in eleven counties. Doña Ana County leads the pack with seven.

The program is designed to incentivize first-time and repeat buyers to purchase homes located in economically challenged areas, which is known to increase pride of ownership and help stabilize and/or raise home values.

So, what sort of incentives does MFA offer to entice buyers to purchase in these areas? First and foremost, buyers don’t have to be first-timers. Current and past homeowners are both eligible as long as they meet the basic MFA qualifications and occupy the home as their primary residence. Loan types include conventional, FHA, VA and USDA, all of which are offered at the lowest rate MFA charged during the preceding twelve months.

Borrowers may also be eligible to receive down payment and closing cost assistance in the form of a grant or low interest-rate second mortgage. In addition, higher-than-normal household income limits range from $67,200 annually for a one-person household to $78,400 for families of three, or more. Homes valued at $312,368 and below are eligible for financing.

The seven areas targeted for incentives in Doña Ana County include Las Cruces, Anthony, Sunland Park and various surrounding areas. The accompanying maps outline the two targeted areas located in Las Cruces, which are generally bounded by Mesilla Street on the west, Solano Drive on the east, N. Main Street on the north and Idaho Avenue on the south.

This terrific program provides homebuyers with the opportunity to purchase a home in an up and coming area, while utilizing low down payment and below market, fixed rate financing in the process. Sounds like a win-win to me.

For more information, visit http://www.housingnm.org/homebuyers/targeted-area-census-tracts or contact your favorite Realtor.

See you at closing.

Gary Sandler is a full-time Realtor and owner of Gary Sandler Inc., Realtors in Las Cruces. He can be reached at 575-642-2292 or Gary@GarySandler.com.

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MFA offers lucrative financing options for targeted census areas

GARY SANDLER

43.55 column inches

Las Cruces, NM Circulation: 28086
Helpful Tips for REALTORS

**TOPIC:**
How does MFA calculate borrower income for purposes of program eligibility?

The rules for calculating income are different for each of our two programs.

**Next Home**

For the *Next Home* program, MFA counts only the *qualifying* income that the lender’s own underwriter reports. If that figure is under $90,000 then the borrower meets our guideline. It’s that simple!

Qualifying income may or may not include such items as overtime and bonuses. For example, if a borrower receives a base salary plus occasional overtime, the underwriter must determine whether the overtime earnings are likely to continue. If not, then they may use only the base salary to qualify the borrower. In that case, MFA will only consider the base salary as well. MFA does not calculate income for borrowers using Next Home; that’s up to the lender.

**First Home/First Down:**

For our *First Home and First Down* programs the rules are very different, in that all income must be counted.

Lenders are required to consider actual year-to-date earnings *including* overtime, bonuses, commissions and all other pay or income categories. For example, if a lender is unable to use the overtime pay as part of the qualifying income, it still must be counted for the purpose of MFA program eligibility.

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MFA’s income calculation guidelines vary depending upon the program.

*Next Home* only counts the borrower’s qualifying income.

Qualifying income may or may not include overtime, bonuses or commissions.

*First Home/First Down* programs require that ALL income, including overtime, bonuses, etc. be counted.

A borrower who doesn’t qualify for *First Home* may qualify for *Next Home*!

If you have questions or would like more information, please call an MFA Homeownership Representative at 505.843.6881.
As part of MFA’s pre-closing compliance review, we will examine all income documentation and confirm the lender’s calculation. The borrower must be under the limit for their respective area of the state in order to qualify for assistance.

In the event a married borrower wishes to do a sole and separate transaction, the lender MUST count the income of the non-purchasing spouse even though their income is not used for qualifying purposes. If the combined income is under the applicable limit, then they qualify.

Click here to link to our factsheets for more information and all current income limits: [http://www.housingnm.org/lenders_realtors/fact-sheets1](http://www.housingnm.org/lenders_realtors/fact-sheets1)

We hope that this information will allow you to help more potential homebuyers realize the American dream!

*We appreciate and value YOU, our dedicated Realtor partners. Thank you for making sure that your buyers know about MFA programs!*
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: March 10, 2017

RE: Memo No. 17-05

**March 2017 Webinar Training Schedule**

- *MFA Single Family and DPA programs regular monthly training*

MFA is hosting its regular webinar training for the MFA Single Family and Down Payment Assistance Programs (DPA).

This training is **designed** for staff whose duties involve originating, processing, closing and shipping MFA loans. This technical training provides Participating Lenders with the information needed to efficiently originate, fund and deliver loans under the current programs guidelines.

**Single Family and DPA Programs Webinar Training Date:**

- **Wednesday, March 15, 2017** 10:30 am-12:00 pm MDT

**To Participate:**

Register via the MFA Lender Training link [http://www.housingnm.org/lender-training](http://www.housingnm.org/lender-training).
In order for MFA to e-mail registered individuals the training materials and to track attendance, please register no later than 5:00 PM MDT on the business day prior to the training.

Below is the call in number, access code and link for the webinar. Please sign in at least five minutes before the scheduled webinar time to accommodate any software requirements.

Conference Dial-in Number: (415) 655-0002

Participant Access Code: 806 656 355

https://housingnm.webex.com/join/aracicot

When signing into the webinar please sign in with your name and do not choose an automatic setting that will show as “caller #”. MFA uses this information to track attendance.

Thank you for participating in MFA’s program. Should you have any questions, please contact an MFA Homeownership Representative.
MFA’s Housing Development Department is convening a focus group meeting to collect input on its draft Notice of Funding Availability (NOFA) for the National Housing Trust Fund (NHTF.) NHTF is a new source of federal funds for the development of housing targeted to households earning no more than 30 percent of Area Median Income.

The meeting will be held on Wednesday, April 12, 2017, from 1:00 PM to 2:30 PM at MFA. If you or someone else from your organization is interested in participating, please e-mail Sabrina Su at ssu@housingnm.org by 5 PM MDT on Friday, March 24, 2017. MFA will select participants from among the respondents, with the goal of ensuring that the number of participants is manageable and that the group includes representation from developers, management agents, service providers and advocates. Respondents will be notified via e-mail by 5 PM MDT on Friday, March 31, 2017 whether or not they have been selected to participate. A draft NOFA will be e-mailed to all participants prior to the meeting.

If you have any questions, please contact Sabrina Su at 505-767-2249 or at the e-mail address above.

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Albuquerque, NM 87102

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TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: March 27, 2017

RE: Memo No. 17-06

MFA Fair Lending Policy Update

MFA has updated its Fair Lending Policy. All lenders and staff whose responsibilities involve MFA programs are encouraged to review the updated policy.

The policy is available for review on MFA's website in the Lender and Realtor Section under Lender Forms, Manuals and Polices, Additional Polices, CFPB Dodd Frank Regulation Polices. Alternatively, simply click on the URL below.

www.housingnm.org/CFPBPolicy

MFA expects that all lenders abide by all Fair Lending and Fair Housing laws in order to participate in all MFA programs.

Thank you for participating in MFA's program. Should you have any questions, please contact a MFA Homeownership Representative.
MFA appreciates your support of HUD's HOME program which funds owner-occupied rehabilitation and gap financing for housing development across New Mexico. MFA's allocation of HOME funds serves the rural areas of the state and has been cut by 57 percent since 2010. Below, please consider signing the HOME Coalition's national sign-on letter to retain HOME and to provide a small increase in funding for FY 2018. We appreciate your support!

**HOME Coalition National Sign-On Letter:** The HOME Coalition is leading a national sign-on letter for state and local organizations, businesses and other stakeholders to send House and Senate Appropriations THUD Subcommittee leaders urging Congress to reject the Administration's proposal to eliminate HOME and restore its funding to at least $1.2 billion in FY 2018. Please sign on here by March 31. Right now, there are just 750 signatures compared to roughly twice that amount last year. Please sign on here by March 31. Please also share the letter with your networks so that other stakeholders in your state can sign the letter in support of HOME.

Sincerely,
Monica Abeita
Policy Director

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Albuquerque, NM 87102

Add us to your address book
Reminder: NM Tribal Homeownership Coalition April Meeting

When: April 27, 2017

Where: Pueblo of Acoma Housing Authority, 6A Sunrise Road, 6A Sky City School Rd, Acoma Pueblo, NM 87034 (map) https://www.google.com/maps/place/Pueblo+of+Acoma+Housing+Authority/@35.0400447,-107.6198476,17z/data=!4m5!3m4!1s0x8723be86d6b08f05:0x17fe89b05b812353!107.6198476,17z/data=!4m5!3m4!1s0x8723be86d6b08f05:0x17fe89b05b812353!8m2!3d35.0398734!4d-107.618249

Time: 2PM to 4PM

Agenda:

- Welcome
- Introductions
- Marvin Ginn, Native Community Finance, NCF Certified as USDA Intermediary
- Floyd Tortalita, Pueblo of Acoma Housing Authority, PAHA LIHTC #1
- Coalition updates

Sharlynn Rosales
NM MFA, (505) 767-2282
Memorandum

TO: Participating Lenders
FROM: Rene Acuña
       Director of Homeownership
DATE: April 20, 2017
RE: Memo No. 17-07

- Revised Acquisition Cost Limits
  - First Home/First Down Programs
  - Next Home Program

Effective for loan reservations on April 26, 2017, MFA is revising the Acquisition Cost Limits for the First Home and Next Home programs as well as the First Down program. The Income Limits will be revised at a later date.

The revised Acquisition Cost Limits for all programs are as follows:

<table>
<thead>
<tr>
<th>Geographic Area</th>
<th>Acquisition Cost Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Fe County</td>
<td>$338,824</td>
</tr>
<tr>
<td>Los Alamos County</td>
<td>$350,471</td>
</tr>
<tr>
<td>Taos County</td>
<td>$263,647</td>
</tr>
<tr>
<td>All other Areas of the State</td>
<td>$253,809</td>
</tr>
<tr>
<td>All Targeted Area Census Tracts within the State</td>
<td>$310,211</td>
</tr>
<tr>
<td>Geographic Area</td>
<td>Acquisition Cost Limit</td>
</tr>
<tr>
<td>-------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>All Areas of the State</td>
<td>$340,000</td>
</tr>
</tbody>
</table>

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

Thank you for participating in MFA’s single family program.
NM Tribal Homeownership Coalition Meeting Minutes

April 27, 2017 2 PM to 4 PM

- Welcome
- Introductions
- Marvin Ginn, Native Community Finance. NCF Certified as USDA Intermediary.
  - Native Community Finance was recently approved to become USDA’s newest Section 502 “intermediary,” or packager. They are USDA’s first native CDFI to be approved. So far only eight loans have been approved on tribal trust lands in the nation and NCF is hoping to be instrumental in establishing more home loans utilizing USDA Rural Development’s Direct Home Loan Program. Marvin and the NCF staff will be reaching out to each Tribal Designated Housing Authority to go over their process and start getting clients. Marvin hopes this program will overlap into Arizona in the future. [https://www.rd.usda.gov/newsroom/news-release/first-native-home-loan-intermediary-announced](https://www.rd.usda.gov/newsroom/news-release/first-native-home-loan-intermediary-announced)
- Lisa Nichols, Tierra Del Sol Housing Corporation. Housing foreclosure prevention/alternatives
  - Based in Albuquerque, NM, Lisa offers her expertise to families that are facing foreclosure on their home. As families are faced with different challenges and can no longer to make monthly payments, getting in contact with a housing counselor is the first step. Lisa briefly touched on the following key points of foreclosure prevention and alternatives.
    - Keep in communication with lender.
    - Loan modifications through lowering payments or lowering interest rates.
    - Job loss can result in a forbearance, in which no payments are required for 3–6 months however that lump sum will need to be repaid in the future.
- Repayment plan
- Sell house, bank arrangements
- Deed in lieu of foreclosure

Lisa can be reached at (505)595-5294 or lisan@tdshc.org

- Floyd Tortalita, Pueblo of Acoma Housing Authority. PAHA LIHTC #1 [https://gallery.mailchimp.com/8b44122bf98f8be6ae13440/files/ff0ce278-0837-406d-9e81-31bc29072ae/PAHA_LIHTC_1_page_1.pdf](https://gallery.mailchimp.com/8b44122bf98f8be6ae13440/files/ff0ce278-0837-406d-9e81-31bc29072ae/PAHA_LIHTC_1_page_1.pdf) [https://gallery.mailchimp.com/8b44122bf98f8be6ae13440/files/a9669f12-4b99-431e-9ecc-e19c079e6f70/PAHA_LIHTC_1_page_2.pdf](https://gallery.mailchimp.com/8b44122bf98f8be6ae13440/files/a9669f12-4b99-431e-9ecc-e19c079e6f70/PAHA_LIHTC_1_page_2.pdf) [https://gallery.mailchimp.com/8b44122bf98f8be6ae13440/files/61f53c5d-bbec-4f6a-ab18-a0f09ecea55c/PAHA_LIHTC_1.pdf](https://gallery.mailchimp.com/8b44122bf98f8be6ae13440/files/61f53c5d-bbec-4f6a-ab18-a0f09ecea55c/PAHA_LIHTC_1.pdf)
  - PAHA and Pavilion Construction are currently working on two projects in the Pueblo of Acoma.
    - The first is PAHA LIHTC #1. Simply starting as an idea sketched on a napkin four years ago, PAHA LIHTC #1 has since then cautiously planned to become a tangible, successful reality today. With the help from Travois and Pavilion Construction, PAHA LIHTC #1 is currently being constructed and is set to be complete early 2018. This project consists of 30 rental units divided into three buildings, a community building and an outdoor recreation area. Targeted households include 23 units for 50% AMI and 7 units for 60% AMI. Rents will be restricted to 3 units at 30% AMI, 20 units at 50% AMI, and 7 units at 60% AMI. PAHA utilized LIHTC funds from the New Mexico Mortgage Finance Authority and successfully leveraged funds itself for an overall project cost of $8,938,412.
      - The main challenge this project has faced is the fluctuations in the tax credit’s equity pricing which dropped following the presidential election. Luckily it rose again and PAHA was able to receive $.94 per credit.
      - Architectural aesthetics was an opportunity to have the building fit within the surrounding community. This means reverting back to creating communal/intergenerational spaces and ensuring that space within the homes are the center for cultural learning and contributes to the overall community.
      - Residential lease holds are still a new concept to traditional tribal government and in some cases the monetary value of homes does not translate well with some tribal members today.
    - Overall, PAHA would like to expand in the future, not only by creating PAHA LIHTC #2 but establishing itself as a place where families can go to for a variety of housing services.
    - An overview of the construction process thus far was giving and although they have hit some speed bumps progress is being made and the project is schedule.
• The second project is utilizing NAHASDA money to upgrade a water system to support the additional housing in the area. This project will be completed in August of 2017.

• Other Announcements
  o ONAP Asset Building: A Pathway to Economic Self-Determination III will be held at Isleta Casino and Resort on May 10th and 11th.
  o Upcoming speakers and topics include: (June) VA with Native American Direct Loan program, (July) Ed Rosenthal speaking about transitioning LIHTC rental units into homeownership units. If you have any requests for topics or speakers please let me know.
  o Zuni Mainstreet Festival on May 6th from 9AM-6PM.

There will be no coalition meeting in May. We hope to see everyone at the ONAP conference!

Sharlynn Rosales
NM MFA (505)767-2282
HUD Section 4 Capacity Building Grants – NOW AVAILABLE

ENTERPRISE COMMUNITY PARTNERS

Request for Letters of Interest

As part of our ongoing commitment to develop and preserve affordable housing and sustainable communities, Enterprise released a Request for Letters of Interest (LOI) for pass-through grant funding on Monday, May 1, 2017.

Funding is made available through the U.S. Department of Housing and Urban Development’s Section 4 grant program. The purpose of this grant funding is to support and improve the capacity and production of community housing development organizations (CHDOs), community development corporations (CDCs), and organizations serving Native American Populations with a defined mission that includes affordable housing including Tribes, Tribally Designated Housing Entities (TDHEs) or Tribal Housing Authorities (THAs).

This will be a two-step application process consisting of a RLOI and Full Application phase. Successful applicants will be invited to submit a Full Application for grant funding.

All application instructions and forms are available online at http://www.enterprisecommunity.com/financing-and-development/grants.

All LOI responses will be due by Wednesday, May 31, 2017 by 8:00 pm Eastern Daylight Time. Late submissions will not be accepted. Invitations to submit a Full Application are expected to be issued in early July 2017. Awards are expected to be announced in mid-September 2017.
Please carefully review the program areas and specifications, organizational eligibility criteria, geographic priorities and all other requirements before applying.

Enterprise will host a web-based applicant question and answer session on the date shown below to review the requirements for this RLOI request. This session will be recorded and posted on Enterprise’s website for those unable to participate. To sign up, click the link below.

<table>
<thead>
<tr>
<th>Date and Time</th>
<th>Webinar Link</th>
</tr>
</thead>
</table>

**Enterprise will also be hosting a webinar specifically for Rural and Native American applicants:**

**Enterprise Community Partners 2017 Request for Letters of Interest: Rural and Native American**

Thursday, May 11, 2017 from 3:00 PM to 4:00 PM (EDT)

**About the session:**

As part of our ongoing commitment to develop and preserve affordable housing and sustainable communities, Enterprise is releasing a Request for Letters of Interest (RLOI) for pass-through grant funding on Monday, May 1, 2017. Funding is made available through the U.S. Department of Housing and Urban Development’s Section 4 grant program. Enterprise staff will provide an overview of the 2017 Section 4 Request for Letters of Interest application and submission process. The purpose of this grant funding is to support and improve the capacity and production of community housing development organizations (CHDOs), community development corporations (CDCs) and organizations serving Native American Populations with a defined mission that includes affordable housing including Tribes, Tribally Designated Housing Entities (TDHEs) or Tribal Housing Authorities (THAs). This will be a two-step application process consisting of a RLOI and Full Application phase. Successful applicants will be invited to submit a Full Application for grant funding. Enterprise staff will be available to answer general questions about the Request for Letters and program areas.

To Register for the webinar, sign up [here](https://enterprisecommunity.webex.com/enterprisecommunity/onstage/g.php?MTID=e1c56ab9765ad11b65e9a79f1b81b6827) or click here.
To **LISTEN ONLY** to the Call:

- Dial 1-866-469-3239
- Enter Access Code 626-755-721

**Note:** If you only call in, and do not sign in to view the webinar, you may not submit any questions during Q & A.

Sarah E. Torsell
Program Director, National Initiatives
Enterprise Community Partners, Inc.
614.228.8059 or 614.484.5161

[Facebook](#) | [LinkedIn](#) | [Twitter](#) | [YouTube](#) | [Our Blog, Housing Horizon](#)

[Invest with Us](#) | [Donate to Enterprise Community Partners, Inc.](#)
TO: Participating Lenders

FROM: Rene Acuna, Director of Homeownership

DATE: May 8, 2017

RE: Memo No. 17-08

May 2017 Webinar Training Schedule

- MFA single family and DPA programs regular monthly training

MFA is hosting its regular webinar training for the MFA single family and down payment assistance programs (DPA).

This training is designed for staff whose duties involve originating, processing, closing and shipping MFA loans. This technical training provides participating lenders with the information needed to efficiently originate, fund and deliver loans under the current programs guidelines.

Single Family and DPA Programs Webinar Training Date:

- Thursday, May 11, 2017  10:30 am-12:00 pm MDT
To Participate:

Register via the MFA lender training link [http://www.housingnm.org/lender-training].

In order for MFA to e-mail registered individuals the training materials and to track attendance, please register no later than 5 p.m. MDT on the business day prior to the training.

Below is the call in number, access code and link for the webinar. Please sign in at least five minutes before the scheduled webinar time to accommodate any software requirements.

Conference Dial-in Number: (415) 655-0002

Participant Access Code: 806 656 355

[https://housingnm.webex.com/join/aracicot](https://housingnm.webex.com/join/aracicot)

When signing into the webinar please sign in with your name and do not choose an automatic setting that will show as “caller #”. MFA uses this information to track attendance.

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

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Tab 17
# Quarterly Report to the MFA Board of Directors

**Q2 FY2017**

## Production Statistics

<table>
<thead>
<tr>
<th></th>
<th>Current Quarter</th>
<th>Same Quarter Last Year</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Homeownership</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of loans reserved</td>
<td>736</td>
<td>557</td>
<td>1,359</td>
</tr>
<tr>
<td>Amount of loans reserved</td>
<td>$107,358,465</td>
<td>$77,075,010</td>
<td>$194,225,254</td>
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<tr>
<td>Number of loans purchased</td>
<td>616</td>
<td>470</td>
<td>1,193</td>
</tr>
<tr>
<td>Amount of loans purchased</td>
<td>$88,299,805</td>
<td>$63,215,459</td>
<td>$168,922,695</td>
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<tr>
<td>Number of homebuyers counseled</td>
<td>729</td>
<td>585</td>
<td>1,421</td>
</tr>
<tr>
<td>Number of lenders/REALTORS contacted</td>
<td>1,355</td>
<td>1,704</td>
<td>2,830</td>
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<tr>
<td><strong>Housing Development</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Amount of MF loans/grants</td>
<td>$400,000</td>
<td>$1,200,000</td>
<td>$6,118,193</td>
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<tr>
<td>Amount of SF loans/grants</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Amount of TC: LIHTC (MF) &amp; State (MF &amp; SF)</td>
<td>$852,888</td>
<td>$15,000</td>
<td>$5,710,947</td>
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<tr>
<td>Number of MF units</td>
<td>306</td>
<td>112</td>
<td>644</td>
</tr>
<tr>
<td>Number of SF units</td>
<td>0</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td><strong>Housing Rehab &amp; Weatherization</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Amount of rehab expenditures</td>
<td>$575,288</td>
<td>$874,893</td>
<td>$1,067,361</td>
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<tr>
<td>Number of units rehabilitated</td>
<td>8</td>
<td>12</td>
<td>22</td>
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<tr>
<td>Amount of NM EnergySmart expenditures</td>
<td>$1,559,835</td>
<td>$1,540,730</td>
<td>$2,520,350</td>
</tr>
<tr>
<td>Number of units weatherized</td>
<td>405</td>
<td>577</td>
<td>639</td>
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<tr>
<td><strong>Homeless Programs</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Amount of shelter service expenditures</td>
<td>$381,454</td>
<td>$328,083</td>
<td>$801,430</td>
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<tr>
<td>Number of persons housed</td>
<td>1,741</td>
<td>1,444</td>
<td>3,606</td>
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<tr>
<td>Amount of rental assistance</td>
<td>$725,863</td>
<td>$665,481</td>
<td>$1,421,128</td>
</tr>
<tr>
<td>Number of households assisted</td>
<td>467</td>
<td>330</td>
<td>697</td>
</tr>
</tbody>
</table>

---

**The need for MFA mortgage products:**

MFA borrowers have an average annual income of $47,849 and purchase homes with an average price of $141,300. 26 percent are single-parent households; 39 percent are minorities.

MFA targets below market mortgage rates, and all first-time homebuyers receive pre-purchase counseling. MFA provides down payment assistance to 98 percent of its borrowers. Without these programs, many borrowers could not buy a home.

---

**The need for housing development:**

Only 4.2 percent of New Mexico’s housing units are located in apartment complexes of 20 units or more. Many of these are old and in poor condition.

50 percent of renters are cost-burdened, about half pay between 30 percent and 49 percent of their income on rent; the other half pay more than 50 percent.

---

**The need for housing rehabilitation and weatherization:**

New Mexico has aging housing stock. 46 percent of its homes were built before 1980; only 19 percent were built after 2000.

Many low-income homeowners are at risk because of health and safety hazards in their homes and pay high utility bills because they cannot afford to make energy-efficiency improvements.

---

**The need for homeless programs:**

The New Mexico Coalition to End Homelessness estimates that 17,000 New Mexicans experience homelessness in a year. In 2016, 14,000 homeless New Mexicans sought assistance at HUD-funded agencies.

Emergency assistance with rent and utilities can help people at risk of
## Quarterly Report to the MFA Board of Directors
### Q2 FY2017

### Servicing

<table>
<thead>
<tr>
<th></th>
<th>Current Quarter</th>
<th>Same Quarter Last Year</th>
<th>Target Rate</th>
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<tbody>
<tr>
<td>First Mortgage delinquency rate</td>
<td>2.66</td>
<td>1.39</td>
<td></td>
</tr>
<tr>
<td>Partners Program delinquency rate</td>
<td>10.58</td>
<td>9.28</td>
<td></td>
</tr>
<tr>
<td>DPA loan delinquency rate</td>
<td>11.39</td>
<td>14.24</td>
<td></td>
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<tr>
<td>Multifamily loan delinquency rate</td>
<td>5.81</td>
<td>9.88</td>
<td></td>
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<tr>
<td>Combined delinquency rate</td>
<td>11.01</td>
<td>12.61</td>
<td>10.24</td>
</tr>
<tr>
<td>Default rate (writeoffs/foreclosure losses)</td>
<td>0.41</td>
<td>0.80</td>
<td>3.25</td>
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<tr>
<td>Master Servicing MBS delinquency rate</td>
<td>4.81</td>
<td>4.62</td>
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</table>

### Monitoring

<table>
<thead>
<tr>
<th></th>
<th>Current Quarter</th>
<th>Year to Date</th>
<th>Fiscal Year Monitoring Required</th>
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</thead>
<tbody>
<tr>
<td><strong>Asset Management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of properties monitored</td>
<td>15</td>
<td>94</td>
<td>176</td>
</tr>
<tr>
<td>Number of units inspected</td>
<td>213</td>
<td>921</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of PBCA activities</td>
<td>300</td>
<td>606</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Community Development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of contracts monitored</td>
<td>33</td>
<td>42</td>
<td>81</td>
</tr>
</tbody>
</table>

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MFA’s Servicing Department:

Provides servicing for approximately 9,000 loans with a principal balance of almost $360 million.

Many of the loans MFA services are for internal programs that target higher risk borrowers. MFA’s Mortgage-Backed Securities (MBS) portfolio is serviced by master servicers. Delinquency rates in this portfolio can be benchmarked to Mortgage Banker Association FHA averages - 8.60 percent in New Mexico and 9.02 percent in the U.S. for Quarter 4 2016.

MFA’s Asset Management Department:

Monitors 262 properties and 17,097 units of housing financed by MFA, providing unit inspections and review of records and finances on a regular basis. Asset Management also supports 88 properties and 5,257 units under MFA’s HUD Project Based Contract Administrator (PBCA) contract.

MFA’s Community Development Department:

Manages nine programs with 13 different funding sources and approximately 65 partners across the state. Our partners deliver housing to more than 10,000 individuals and receive approximately $10 million in funding. Monitoring is performed on a regular basis to ensure program compliance.