

# New Mexico Mortgage Finance Authority

## Legislative Oversight Meeting

September 2025



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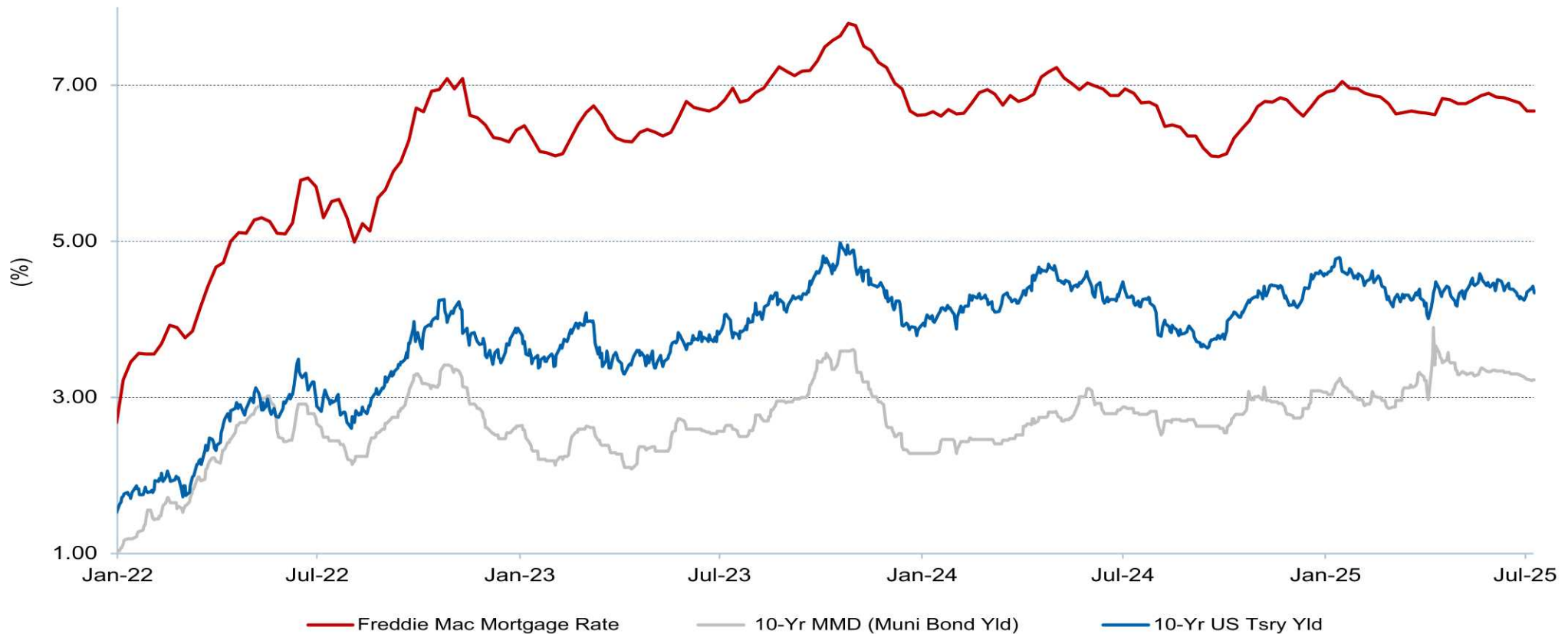
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## HNM's Single Family Mortgage Program Bonds – Highlights

- Tax-exempt bond proceeds are used to make below market rate mortgages to first time home buyers in NM (with income and purchase price limits set by the IRS).
- MFA doesn't take real estate risk. Timely loan repayments are guaranteed by FNMA or GNMA (regardless of borrower delinquency).
- Repayments of the loans repay the bonds. Spread between net mortgage and bond rates is an annuity for MFA over the 30 year life of mortgage.

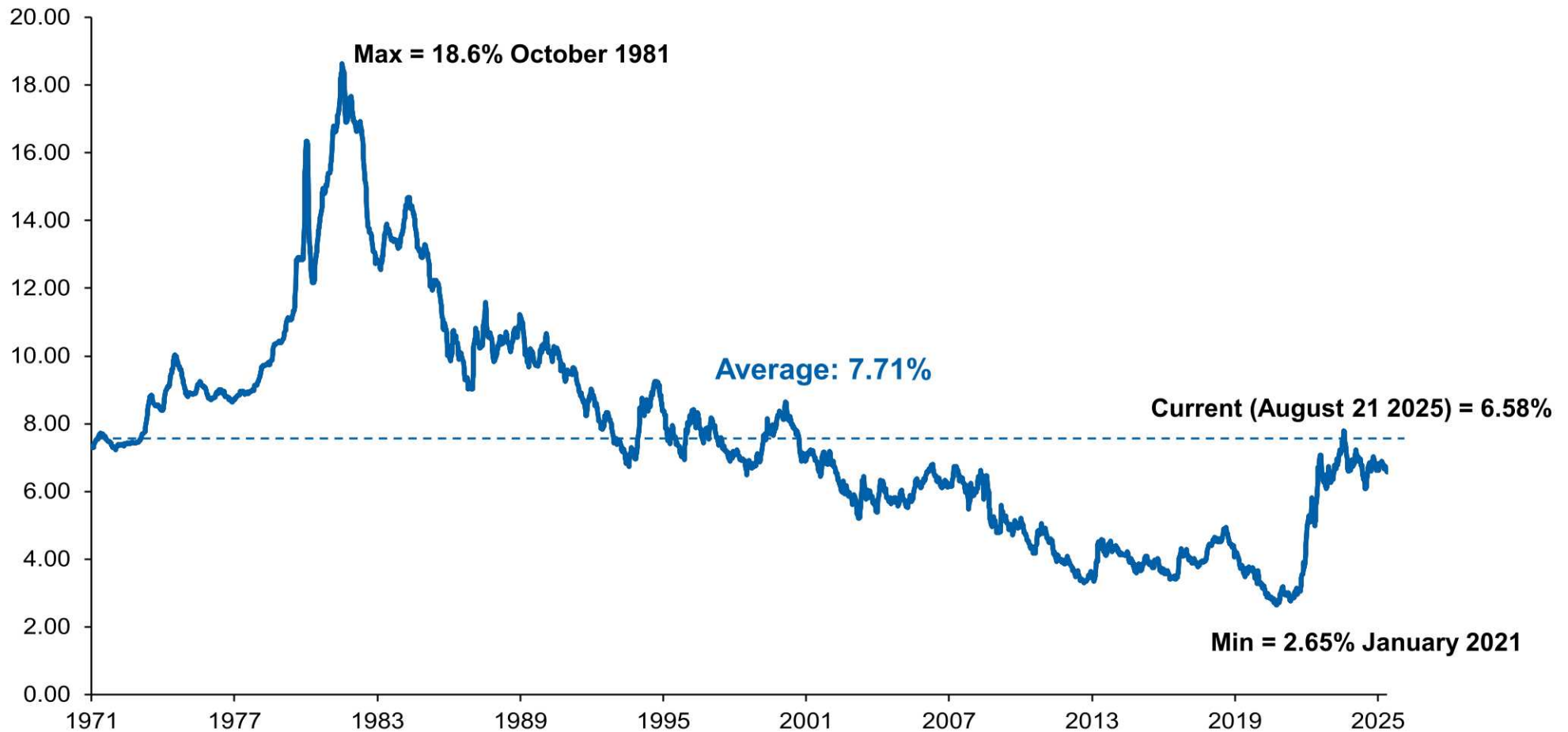


Source: Freddie Mac; Bloomberg

# Historical Mortgage Rates

## Freddie Mac Primary (Conventional, Conforming 30-Yr Fixed Rate) Mortgage Market Survey Since 1971

After approximately 20 years of low mortgage rates (Fed intervention), rates started increasing in 2022. During the low rate environment, HFAs relied on downpayment assistance to help first-time borrowers.

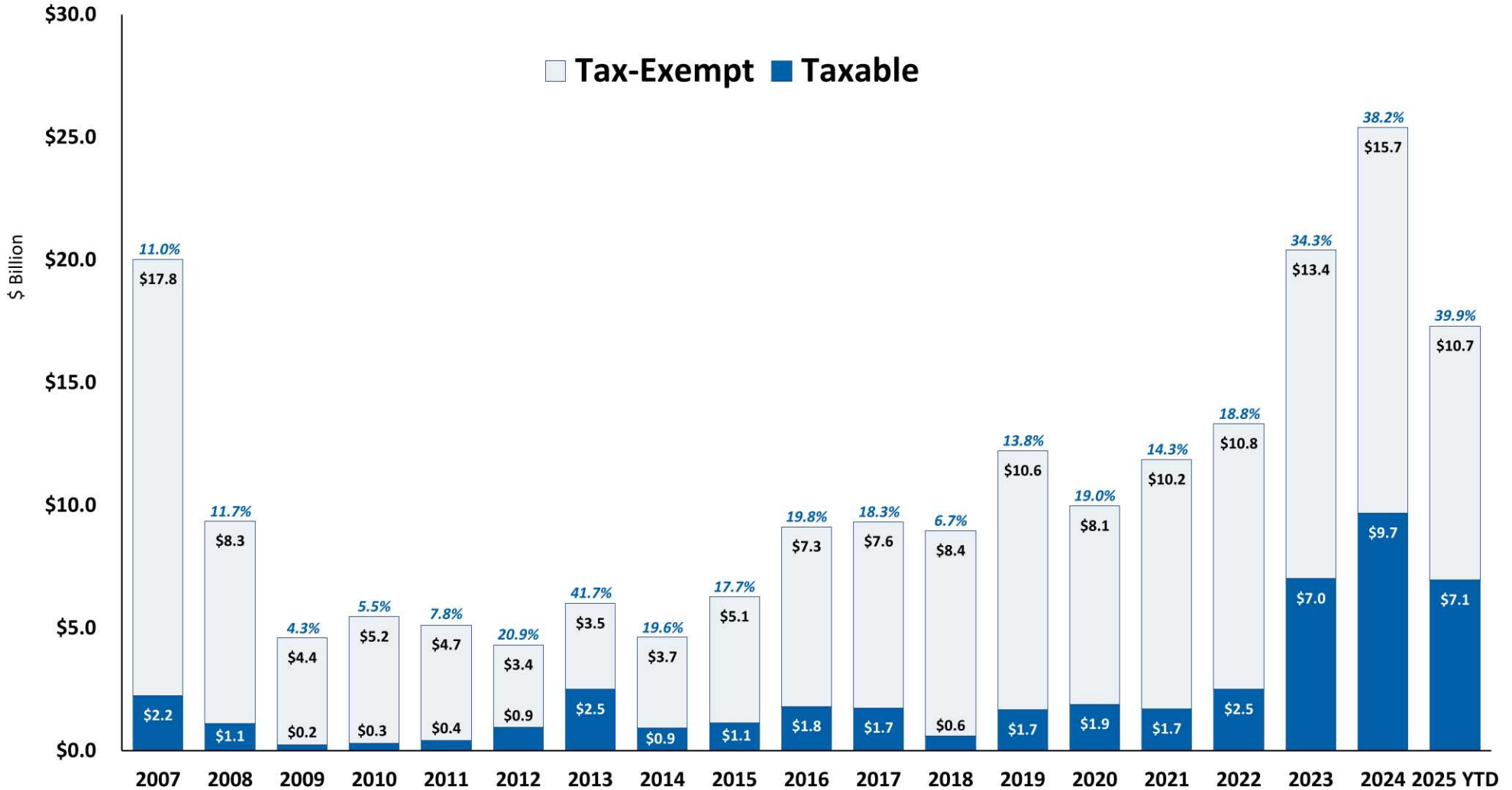


Source: <https://www.freddiemac.com/pmms>



# Single Family Municipal Housing Bond Volume by Tax Status

- HFA single family bond issuance on track to surpass the historical high set in 2024
- YTD 2025: 40% of the total par amount = taxable (shortage of volume cap and to fund non-conforming loans)
- YTD 2025: 71% of HFA single family bond issuances contained taxable bonds

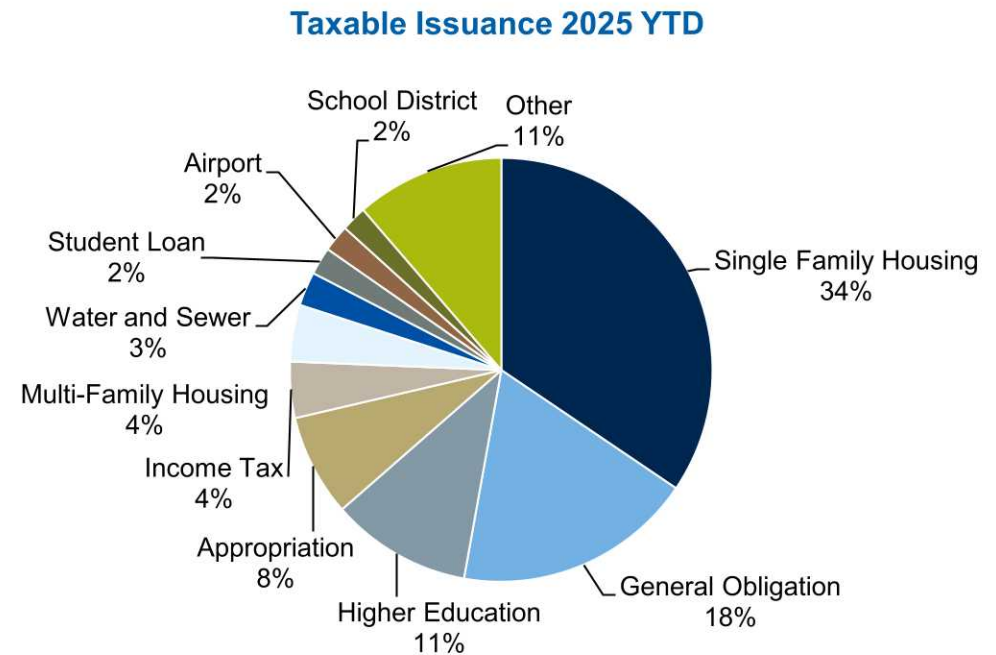


Source: Bloomberg as of August 15, 2025

## Taxable Municipal Bond Volume in 2025 YTD

- Housing Bonds comprised 39% of all taxable municipal bond issuance in 2025 YTD (vs less than 5% of total tax-exempt municipal bond market)
  - Shortage of private activity volume cap needed to issue tax-exempt mortgage revenue bonds
  - To fund non-Mortgage Revenue Bond eligible loans (ex. higher income/purchase price limits)
  
- MFA started issuing taxable bonds in 2024 (shortage of volume cap)
  - 6 series of bonds totaling \$234.5mm (out of \$825mm single family bonds issued) = 28.4%

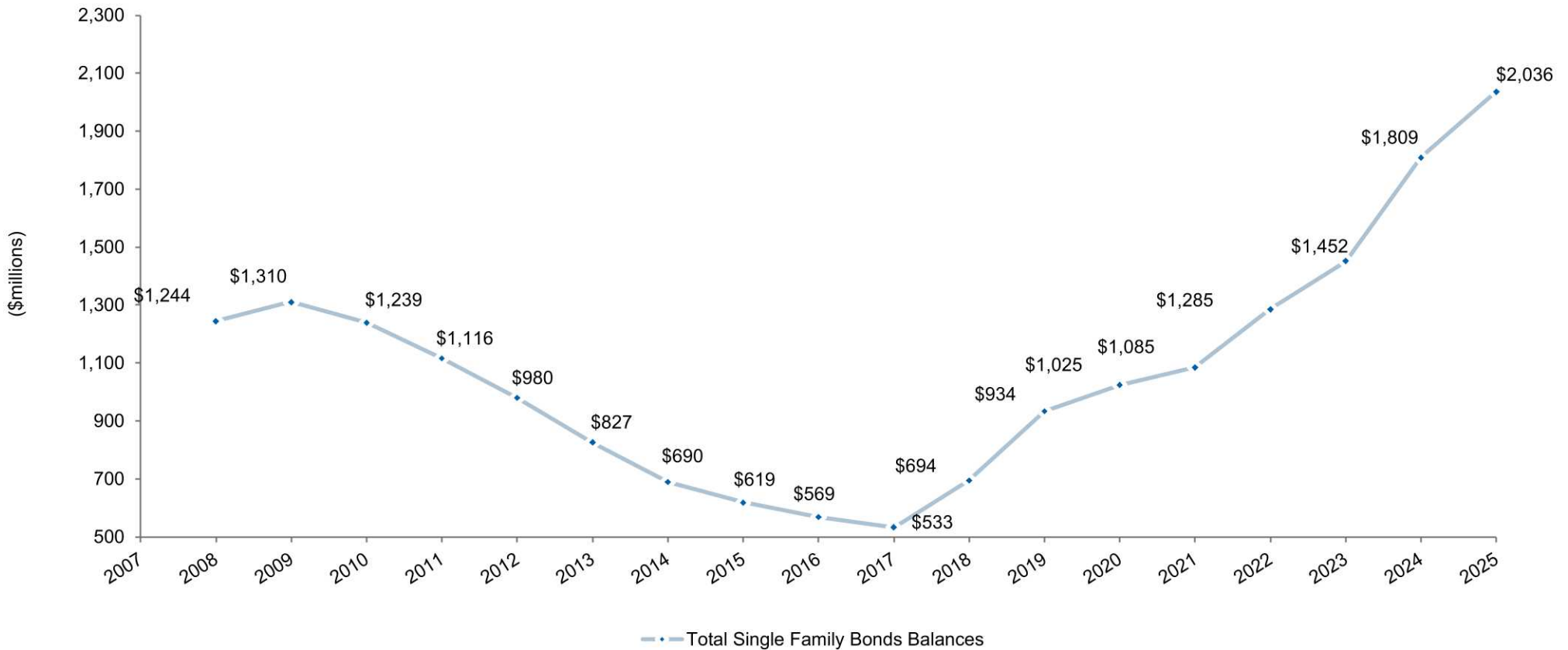
Sector	Issuance 2025 YTD (\$000)
Single Family Housing	7,088,155,000
General Obligation	3,766,590,000
Higher Education	2,214,850,000
Appropriation	1,596,075,000
Income Tax	888,305,000
Multi-Family Housing	886,675,000
Water and Sewer	523,660,000
Student Loan	433,320,000
Airport	432,255,000
School District	395,825,821
Other	2,331,167,160
<b>Total</b>	<b>20,556,877,981</b>



# HNM Historical Single Family Bond Balances

**Housing New Mexico’s bond balance has grown from \$533 million in 2017 to over \$2.0 billion as of 6/30/25**

- Borrowing rates effective (relative to market mortgage rates)
- Increased production levels (especially with downpayment assistance)
- Larger loan sizes (\$106,797 in 2014 vs. \$242,237 in 2025)
- Slower prepayments of existing loans (less refinancing) during higher rate environment



Source: HNM Audited Financial Statements (2008 to 2024) and 2025 Disclosure Statements



# HNM's Single Family Mortgage Program Class Bonds – 2025 Series E and F



- \$100mm Series E and F priced July 31 (closed August 27)
- Made available \$102mm of bond proceeds to make new mortgages
- Bond Yields:
  - \$60mm tax-exempt bond yield = 4.732%
  - \$40mm taxable bond yield = 5.714%
  - Aggregate bond yield = 5.126%

## SOURCES OF FUNDS

2025E (Tax-Exempt) Bond Principal	\$60,000,000
2025F (Taxable) Bond Principal	40,000,000
2025EF Net Bond Premium	2,381,340
Authority Contribution	3,538,660
<b>TOTAL</b>	<b>105,920,000</b>

## USES OF FUNDS

2025 Series EF Acquisition Account	\$102,000,000
Negative Arbitrage Account	3,000,000
2025 Series EF Revenue Fund	10,000
Cost of Issuance	910,000
<b>TOTAL</b>	<b>105,920,000</b>

NEW ISSUE – BOOK-ENTRY ONLY

Rating for Offered Bonds: Moody's: "Aa1"  
(See "RATING" herein)

*This Official Statement has been prepared on behalf of the New Mexico Mortgage Finance Authority, dba Housing New Mexico ("Housing New Mexico") to provide information on the Offered Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Offered Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.*



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**\$100,000,000**  
**Single Family Mortgage Program Class I Bonds**  
**\$60,000,000**                      **\$40,000,000**  
**2025 Series E**                      **2025 Series F**  
**(Tax-Exempt) (Non-AMT)**              **(Federally Taxable)**

**Dated: Date of Delivery**

**Due: As shown on inside cover**

*Purpose of the Offered Bonds*

The proceeds of the Offered Bonds, together with any moneys made available upon the issuance of the Offered Bonds and other available funds, will be made available for use by the Trustee, on behalf of Housing New Mexico, to (a) purchase: (i) mortgage loan pass through certificates guaranteed as to timely payment of principal and interest by GNMA, (ii) mortgage loan pass through certificates issued and guaranteed as to timely payment of principal and interest by Fannie Mae and/or (iii) mortgage loan pass through certificates issued and guaranteed as to timely payment of principal and interest by Freddie Mac, (b) make deposits to certain funds and accounts under the Indenture and (c) pay certain costs of issuing the Offered Bonds. See "FINANCING PLAN" herein.

*Tax Matters*

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2025 Series E Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2025 Series E Bonds may affect the federal alternative minimum tax imposed on certain corporations. Interest on the 2025 Series F Bonds is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that, under existing laws of the State of New Mexico, the Offered Bonds and the income therefrom are free from State taxation except for estate or gift taxes and taxes on transfers. See "TAX MATTERS" herein.

*Redemption*

The Offered Bonds are subject to redemption prior to their respective stated maturities at the times, under the conditions, and at the prices set forth herein. See "DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions" herein.

*Security*

The General Indenture provides that Bonds (defined herein) and Auxiliary Obligations (defined herein) be designated a priority class, with Class I being the highest priority and the priority order decreasing as the Roman numerals increase. Bonds and Auxiliary Obligations of each Class issued under the General Indenture are equally and ratably secured by the pledges and covenants contained therein with other Bonds and Auxiliary Obligations of the same Class. The Offered Bonds are being issued as Class I Bonds under the General Indenture. All Bonds issued under the General Indenture to date have been issued as Class I Bonds. The General Indenture, the 2025 Series EF Indenture, and all supplemental indentures, including supplemental indentures providing for the issuance or remarketing of any Bonds, are referred to herein collectively as the "Indenture". The Offered Bonds are special obligations of Housing New Mexico, payable solely from and secured solely by the pledge pursuant to the Indenture of the revenues and assets derived from the proceeds of the Bonds, including the Mortgage Certificates and the moneys and securities held in the Funds and Accounts created by the Indenture (other than the Rebate Account and amounts deposited therein). In no event shall the Offered Bonds constitute an obligation or liability (either general or special) of the State of New Mexico or any political subdivision thereof or constitute or give rise to a pecuniary liability of the State of New Mexico or any political subdivision thereof. Housing New Mexico has no taxing power and has no power to pledge the general credit or taxing power of the State of New Mexico or any political subdivision thereof. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. The Offered Bonds are not a debt of the United States of America, or any agency thereof, including GNMA, Fannie Mae or Freddie Mac. The obligations of Fannie Mae and Freddie Mac, including their obligations under the Mortgage Certificates, are not backed by the full faith and credit of the United States of America.

*Interest Payment Dates*

March 1 and September 1, and at maturity, commencing March 1, 2026.

*Interest Rates*

As set forth on the inside cover hereof.

*Denominations*

The Offered Bonds will be issued in denominations of \$5,000 each, or any integral multiple thereof.

*Delivery Date*

August 27, 2025

*Bond Counsel*

Kutak Rock LLP, Omaha, Nebraska

*Underwriters' Counsel*

Orrick, Herrington & Sutcliffe LLP, San Francisco, California

*Counsel to Housing New Mexico*

Stelzner, Winter, Warburton, Flores & Dawes, P.A., Albuquerque, New Mexico

*Trustee*

Zions Bancorporation, National Association, Denver, Colorado

*Book-Entry-Only System*

The Depository Trust Company. See "APPENDIX F – BOOK ENTRY SYSTEM" attached hereto.

**RBC Capital Markets**

**Raymond James**

Dated: July 31, 2025



# NMMFA 2025 Series EF Bond Sale (July 31, 2025)

## Orders and Allotments by Investor (\$000):

### Series E \$60mm Tax-Exempt

Investor	Order Type	Orders	Allotments
Guggenheim Partners	Institutional	\$29,380	\$4,680
Loews/CNA Holding	Institutional	29,380	4,725
PNC Bank	Institutional	29,380	4,725
Federated Mutual Insurance Com	Institutional	22,400	3,450
General Reinsurance	Institutional	22,400	3,375
Brown Brothers	Institutional	18,000	16,500
Thornburg Investment Manageme	Institutional	6,980	1,000
CITBA Investments	Institutional	1,665	615
Buckhead Capital Management LI	Institutional	1,500	1,500
Diversified Trust	Institutional	750	560
Valeo Financial Advisors	Institutional	650	450
Northern Trust	Institutional	430	215
Cumberland Advisors	Institutional	400	200
Other	Institutional	6,250	620
<b>Total Institutional</b>	<b>71%</b>	<b>\$169,565</b>	<b>\$42,615</b>
<b>Total New Mexico Retail</b>	<b>12%</b>	<b>\$1,680</b>	<b>\$6,995</b>
<b>Total National Retail</b>	<b>14%</b>	<b>\$19,800</b>	<b>\$8,230</b>
<b>Unsold Balance</b>	<b>4%</b>	<b>-</b>	<b>\$2,160</b>
<b>Grand Total*</b>		<b>\$191,045</b>	<b>\$60,000</b>

### Series F \$40mm Taxable

Investor	Order Type	Orders	Allotments
Spring Lake Asset Management	Institutional	\$22,650	\$6,715
Nuveen	Institutional	20,530	6,000
General Reinsurance	Institutional	19,500	1,500
Americo	Institutional	15,955	3,435
Loews/CNA Holding	Institutional	15,955	4,000
Amica Mutual Insurance Company	Institutional	12,000	-
Federal Home Loan Mortgage Corp	Institutional	12,000	-
Schroder Investment Management	Institutional	12,000	5,350
Smith Shellnut Wilson	Institutional	10,000	4,400
Buckhead Capital Management	Institutional	5,000	2,250
Charles Schwab	Institutional	2,985	1,225
Auto Owners Group	Institutional	2,310	2,280
Savings Bank Life Insurance of Mass	Institutional	2,000	1,000
Sisung Investment Management	Institutional	1,365	315
CITBA Investments	Institutional	1,190	300
Ehlers Investment Partners	Institutional	1,155	100
ASB Capital Management	Institutional	1,070	345
State Bank of Cross Plains	Institutional	850	-
Hightower Securities	Institutional	670	210
Calamos Advisors	Institutional	625	100
Asset Preservation	Institutional	275	125
Wise Investments	Institutional	245	145
Cypress Capital Partners	Institutional	100	50
Other	Institutional	955	155
<b>Total Institutional</b>	<b>100%</b>	<b>\$161,385</b>	<b>\$40,000</b>
<b>Total Retail</b>	<b>0%</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total*</b>		<b>\$161,385</b>	<b>\$40,000</b>

Source: S&P Global Ipreo; \*Does not include member orders

# Who Issued Bonds in New Mexico in 2025 YTD (as of 08/15/2025)

## New Mexico Bond Issuance 2025 YTD

Date	Issuer	Par (\$000)
08/28/2025	Hobbs School District No 16	19,335
08/27/2025	New Mexico Mortgage Finance Authority	100,000
08/21/2025	City of Santa Fe NM	24,315
08/19/2025	Albuquerque Municipal School District No 12	46,220
07/09/2025	West Las Vegas Schools	2,000
07/01/2025	County of Santa Fe NM	21,025
06/26/2025	State of New Mexico Severance Tax Permanent Fund	235,100
06/20/2025	State of New Mexico	210,960
06/12/2025	City of Albuquerque NM	65,150
06/04/2025	Roswell Independent School District	9,000
05/29/2025	Loving Municipal School District No 10	3,980
05/29/2025	New Mexico Mortgage Finance Authority	140,000
05/22/2025	Central New Mexico Community College	56,500
05/21/2025	Albuquerque Municipal School District No 12	50,000
05/19/2025	New Mexico Finance Authority Public Project Revolving Fund	42,685
05/15/2025	Southern Sandoval County Arroyo Flood Control Authority	7,000
05/13/2025	City of Rio Rancho NM Gross Receipts Tax Revenue	30,540
04/30/2025	Estancia Municipal School District No 7	3,735
04/24/2025	Univ of New Mexico Valencia County Comm College District	7,500
03/20/2025	Albuquerque Metropolitan Arroyo Flood Control Authority	12,500
03/20/2025	New Mexico Municipal Energy Acquisition Authority	781,700
03/11/2025	County of Bernalillo NM	31,630
02/26/2025	New Mexico Mortgage Finance Authority	120,000
02/25/2025	New Mexico Finance Authority Public Project Revolving Fund	99,210
02/20/2025	City of Las Cruces NM Gross Receipts Tax Revenue	18,255
<b>Total</b>		<b>2,138,340</b>

## Annual Bond Issuances in New Mexico

Year	Par (\$000)	# of Issues
2025 YTD	2,138,340	25
2024	1,264,440	39
2023	1,378,250	33
2022	1,676,320	34
2021	1,966,510	34
2020	1,258,340	39
2019	2,120,830	42
2018	1,674,010	42
2017	1,687,920	42
2016	1,869,000	58
2015	2,027,280	70
2014	2,291,700	68
2013	1,550,430	70

# FINANCING TRENDS AMONG HFAS



September 2025



# HFA Trends and Challenges

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## 1. Continued high mortgage loan rates, but coming down

- Borrower's ability to qualify for a loan is significantly challenged

## 2. House price appreciation has reduced supply of affordable housing stock

- Homeownership remains in high demand
- House price appreciation has reduced house supply nationally, challenging state HFA loan production

## 3. Lower loan rates to first-time homebuyers, but less benefit currently

### HNM's FHA First Home loan rates:

- 24 months ago: 6.00% rate  
(1.00%+ lower than other rate comps)
- 12 months ago: 5.75% rate  
(0.25% - 0.50% lower than other rate comps)
- 2 weeks ago: 6.125% rate  
(0.125% lower than other rate comps)

## 4. Private activity volume cap is in higher demand

- In 2025, New Mexico is limited to \$388 million in volume cap
- Increased multifamily bonds activity
- Cap is also used when funding single family loans with tax-exempt bonds
  - HNM utilizes techniques to preserve its use of volume cap

# HNM Resources for Funding Affordable Loans

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## 1. Issuing tax-exempt bonds

- Historically provides a lower cost of funds to HFAs
- Investors bid aggressively for HNM bonds; excellent reputation, redemption mgmt.

## 2. Packaging loans into MBS and selling the loans

- Selling MBS via the To-Be Announced (TBA) market through 3<sup>rd</sup> party administrator
- Investors pay more for HNM loans than generic loans, allowing HNM to offer lower loan rates than it could otherwise

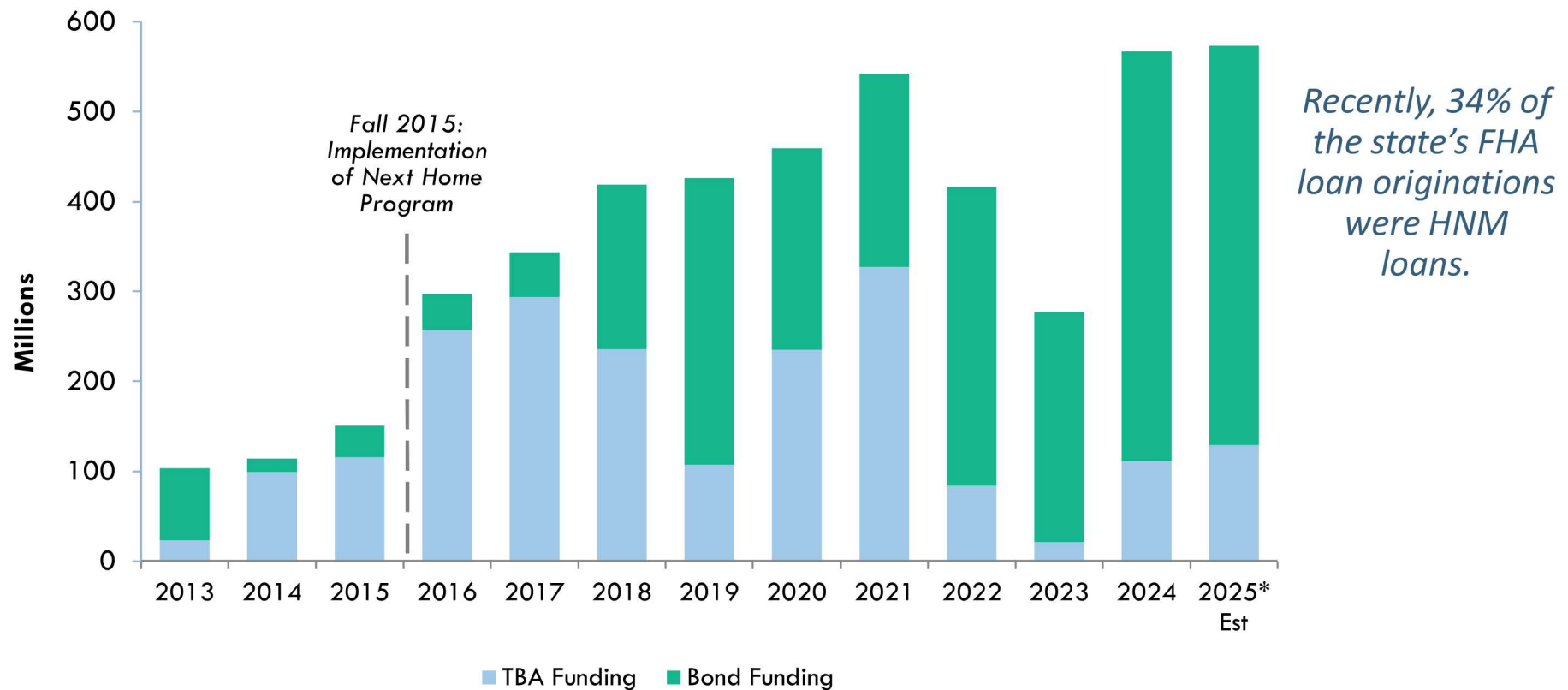
## 3. Downpayment assistance (DPA) to eligible borrowers using its Housing Opportunity Fund (HOF)

- Funds for downpayment is often the biggest obstacle for first-time homebuyers
- Using HOF funds, HNM has funded approximately \$90 million of DPA second mortgages the last 7 years

# HNM Production Growth and Shift

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- **FY13 – FY21:** Stable increase in annual production
- **FY22 - FY23:** Production declined due to rising home prices, rates, and Next Home pause
- **FY24 - FY25:** Strong increase in production with HNM providing rate benefit, and down-payment assistance



\* Based on MBS settled or purchased each fiscal year.

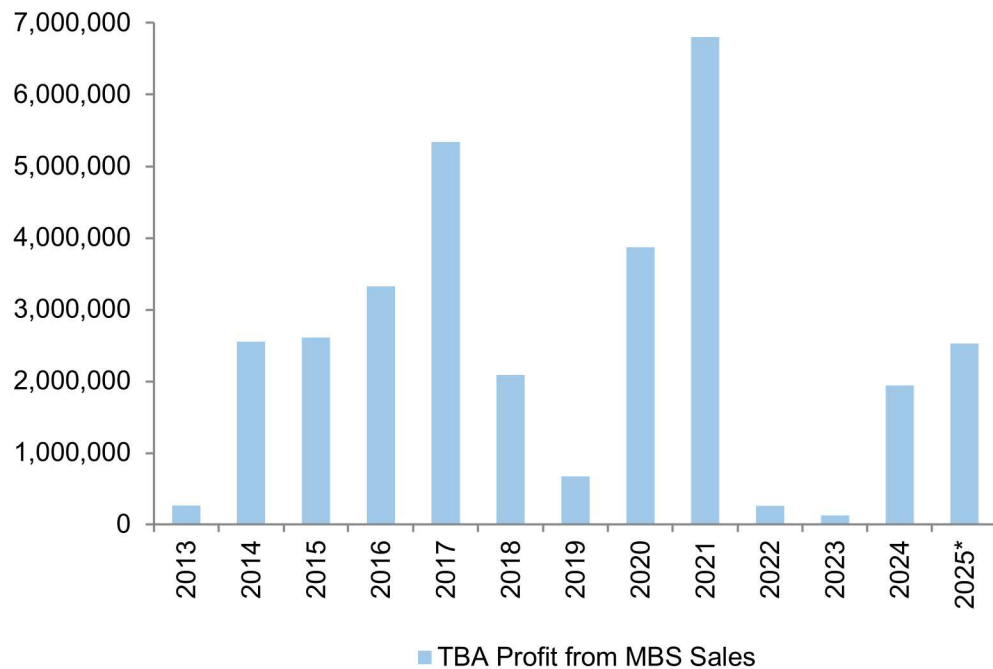
\*\* FY2025 YTD actual production is shown through July 2025, and projected production is shown for subsequent months.



# HNM Has Generated a Mix of Revenue Streams

*HNM has generated both immediate revenue from TBA...*

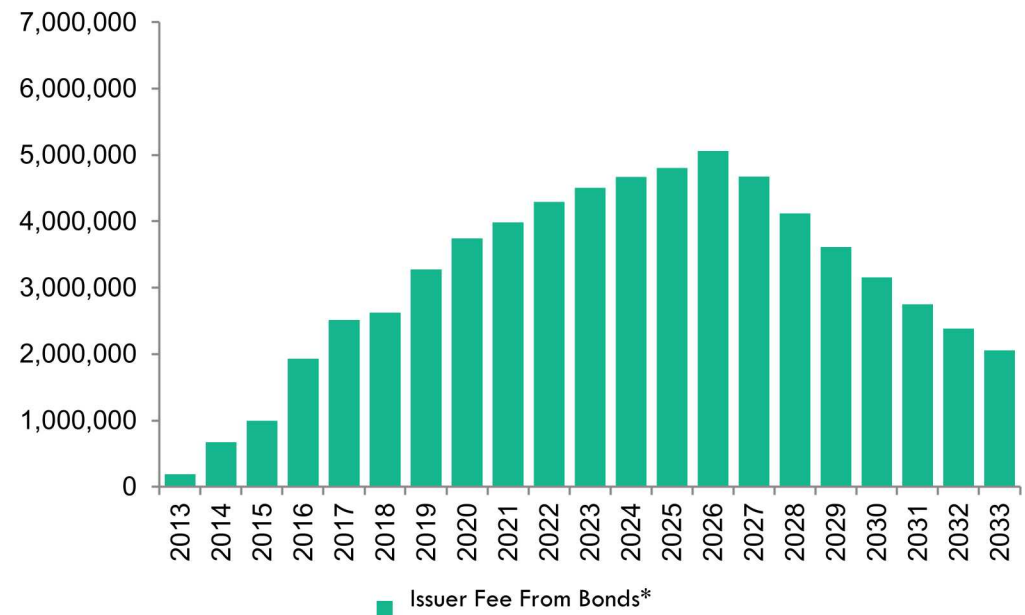
**Single Family TBA Revenue:  
Production FY 2013 - FY 2025\***



\* Based on actual loan production through July 31, 2025 and projected production for subsequent months. FY 2024 & onwards data reflects new profitability methodology.

*...as well as long-term revenue streams from bonds.*

**Single Family Forecasted Bond Revenue:  
New Production and Refundings during  
FY 2013 - FY 2025\***



\* Issuer fee run at 150% PSA

# Actively Monitoring Interest Rates is Crucial

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## CSG and HNM Actively Monitor and Review:

- Market mortgage rates in relation to HNM's rates on a daily basis
- Municipal bond market rates and costs of funds across difference financing options on a weekly basis
- TBA Sale Market MBS prices daily
- HNM programmatic goals including attractive rates and downpayment assistance to New Mexicans

TBA 15:22

Actions Settings Fixed Income Trading

TBA30 TBA15 MBS Swaps Butterflies

	FN30	FN15	GD30	GD15	GN30	GN15	GNII		
	3.0				3.5		4.0		
Oct	94-12 / 13	1 - 1 - 10+			97-08 / 09	1 - 2 - 10	99-30+ / 31+	1 - 1 - 09	
Nov	94-09+ / 10+	1 - 2 - 10			97-04+ / 05+	1 - 1 - 10+	99-26+ / 27+	1 - 1 - 09	
Dec	94-06+ / 07+	1 - 2 - 10			97-01+ / 02+	1 - 1 - 10	99-22 / 23	1 - 1 - 09	
Oct/Nov	03 / 03%	1 - 1 + 00%			03% / 03%	2 - 1 + 00%	04 / 04%	1 - 1 - 00%	
Nov/Dec	03% / 03%	1 - 1 + 00%			03+ / 03%	1 - 1 + 00%	04% / 04+	1 - 1 - --	
	4.5				5.0		5.5		
Oct	102-11 / 12	1 - 1 - 07			104-11+ / 12+	1 - 1 - 05	106-00+ / 01+	1 - 1 - 07	
Nov	102-06+ / 07+	1 - 1 - 07			104-07 / 08	1 - 1 - 05+	105-29 / 30	1 - 1 - 08	
Dec	102-01+ / 02+	1 - 1 - 07+			104-01+ / 02+	1 - 1 - 06+	105-23+ / 24+	1 - 1 - 11+	
Oct/Nov	04% / 04%	1 - 1 --			04% / 04%	1 - 1 + 00+	03% / 03+	1 - 1 + 00%	
Nov/Dec	04% / 05	1 - 1 + 00%			05% / 05%	1 - 1 + 00%	05+ / 05%	1 - 1 + 03+	
Benchmarks		Roll Analysis-		Oct/Nov		Rte		0	
Treas 2Y	99-23+ / 23%	2.889 / 885	- 01	Cpn	PSA	Drp	B/E Drp	B/E Rte	B/E PSA
Treas 3Y	99-10% / 11	2.988 / 985	- 02	3.00	102.00	3.000	9.449	2.316	
Treas 5Y	99-03 / 03%	3.073 / 071	- 03%	3.50	117.00	3.250	10.280	2.454	
Treas 7Y	98-29 / 29+	3.176 / 173	- 08	4.00	161.00	4.000	11.408	2.515	
Treas 10Y	97-00+ / 01	3.231 / 229	- 11	4.50	235.00	4.625	12.532	2.620	5322.485
Treas 30Y	92-15+ / 16	3.403 / 402	- 31	5.00	251.00	4.625	13.747	2.965	4728.101

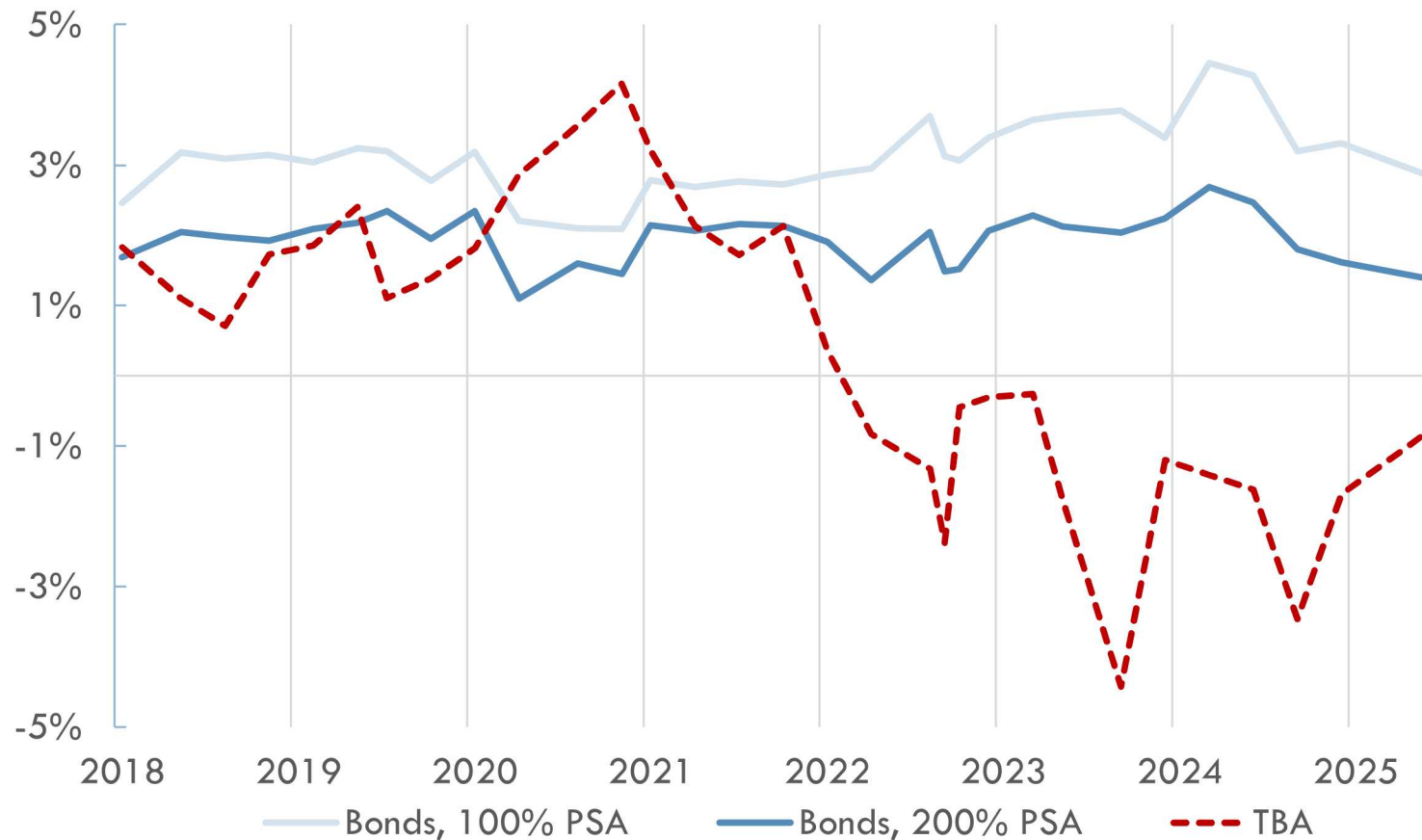
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# Relative Profitability of Bonds versus TBA

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## Historical Net Present Value of Bonds and TBA





# HNM as viewed by Rating Agencies

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## HNM's Issuer Credit Rating was affirmed by Moody's Investors Service ("Moody's") in June 2020 with a "Aa3" / Stable rating

Strengths noted by Moody's included:

- High asset-to-debt ratio
- High quality of HNM's asset portfolio
- Low risk debt profile (no variable rate debt)
- Well-established risk management policies
- Sound oversight and management

Credit challenges:

- Lower profitability compared to Aa3 rating category peers; profitability improved in 2025

## 2023 Moody's Update to Credit Analysis on Single Family Indenture (2005) "Aa1" / Stable\*:

- "Strong credit quality, strong asset-to-debt ratio, satisfactory liquidity resources, capable and active management team"

HNM Current Ratings		
	<u>S&amp;P</u>	<u>Moody's</u>
Issuer Credit Rating	AA-	Aa3
2005 Indenture	AA+	Aa1*
2009 Indenture	AA+	--

\* Bonds beginning 2015A and after.

Rating Definitions		
Moody's	S&P	Fitch
Aaa	AAA	AAA
Aa	AA	AA
A	A	A
Baa	BBB	BBB
Ba	BB	BB
B	B	B
C	D	D
1,2,3	+/-	+/-

# Challenges and Opportunities

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## Challenges:

- Affordable housing supply
- Costs to develop new units and affordable homes is high
- Overall market, inflation and interest rate environment is volatile
- Private activity volume cap is in greater demand
- Evolving regulatory environment

## Opportunities:

- Continued growth as leader in New Mexico mortgage market
- Ability to offer competitive loan rates by issuing bonds
- Well positioned financially to continue its mission