F I S C A L I M P A C T R E P O R T

SPONSOR Gonzales **ORIGINAL DATE** 01/23/14 **LAST UPDATED** ______ **HB** 72

SHORT TITLE MFA Shared Renewable Energy Special Mortgages **SB** ______

ANALYST Geisler

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		.01, indeterminate			Recurring	MFA funds

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

House Bill 72 would change the Mortgage Finance Authority Act (58-18-1 NMSA 1978) to require MFA to provide "special-access mortgage packages" that enable low-income households to finance access to shared renewable energy facilities.

FISCAL IMPLICATIONS

The bill does not include an appropriation. MFA notes that an appropriation would likely be needed to provide the product envisioned by the bill and that an alternative approach would be necessary.

SIGNIFICANT ISSUES

Although the concept of households connecting into shared renewable energy facilities such as solar panel arrays is becoming more popular, the MFA notes that it is not possible for MFA to make loans to access shared renewable energy facilities through its current mortgage programs. This is because MFA single-family first mortgage loans are underwritten to secondary market guidelines (Fannie Mae; FHA-Federal Housing Administration; VA-Veterans Affairs; RHS-

Rural Housing Services), which only allow financing of real estate. Some loan programs (203k, FHA Energy Efficient Mortgages) allow financing of improvements to the property, but those improvements are attached to the property and would not include participation in a shared renewable energy facility. In addition, loans that would be used to finance/fund participation in a shared renewable energy facility would not be eligible for inclusion in a mortgage backed security (MBS), which is a requirement for the mortgage loans financed through MFA. The participation would be most similar to homeowner association dues, which are not financed through a first mortgage loan, but are paid directly by the homebuyer as a closing cost.

Instead of mortgage products, MFA does have other programs that could be expanded to provide this type of financing. This could be done programmatically and would not require a change to the Mortgage Financing Authority Act. However, because MFA is an instrumentality of the state of New Mexico and receives no operating funds from the state, an appropriation would be needed to offset the operating costs associated with the program.

TECHNICAL ISSUES

MFA notes that it is not necessary to amend the Mortgage Finance Authority Act to accomplish the intent of HB 72.

GG/ds