

The Mortgage Finance Authority Act, Section 58-18-25 NMSA 1978

A. If any member, officer or employee of the authority has an interest, either direct or indirect, in any contract to which the authority or any secondary market facility is or is to be a party or in any mortgage lender requesting a loan from or offering to sell mortgage loans to the authority or any secondary market facility or in any sponsor requesting a project mortgage loan, the interest shall be disclosed to the authority in writing and shall be set forth in the minutes of the authority. The member, officer or employee having the interest shall not participate in any action by the authority or any secondary market facility with respect to the contract, mortgage lender or sponsor.

B. Nothing in this section shall be deemed or construed to limit the right of any member, officer or employee of the authority to:

- (1) acquire an interest in bonds, notes, other obligations, pass-through securities or guarantees of the authority or any secondary market facility; or
- (2) have an interest in any banking institution in which the funds of the authority are or are to be deposited or that is or is to be acting as trustee or paying agent under any trust instrument to which the authority is a party.

C. Any person having a conflict of interest as defined in this section and participating in any transaction involving the conflict of interest or failing to notify the authority of the conflict is guilty of a misdemeanor.

MFA Policies and Procedures Manual

1.2 Code of Conduct

A. Preamble. The MFA, an instrumentality of the state government, exists to serve the citizens of the state of New Mexico. In order to maintain the respect, trust and confidence of the public, all Members, Management and Employees must use the powers and resources of their office only to advance the public interest and not to obtain personal benefits or pursue private interests incompatible with the public interest. Members, Management and Employees shall conduct themselves in a manner that justifies the confidence placed in them by the public, at all times maintaining their integrity and discharging ethically their responsibilities in the course of their association with the MFA.

B. Purpose. The purpose of this Code of Conduct is to provide general guidelines and a minimum standard of conduct for Members, Management and Employees of the MFA and to implement the conflict of interest provisions of the MFA Act (Section 58-18-25 N.M. Stat. Ann. 1978).

C. Definitions. For purpose of this Code of Conduct, the following words and phrases shall have the following meanings:

"Business" means a corporation, partnership, limited partnership, limited liability company, proprietorship, trust, firm, organization or other entity.

"Confidential Information" means information a Member, Management or Employee has obtained or may obtain by virtue of his/her status as a Member, Management or Employee and which is not available to the public.

"Disclosure Statement" means the disclosure statement required by Section D. of this Code

of Conduct.

"Employee" means any person employed by the MFA.

"Employment" means rendering services for compensation as an employee.

¹ Member, Management and Employee are defined in Section C. of MFA's Code of Conduct. These terms are used throughout this manual.

"Family Member" means with respect to each Member, Management and Employee, the Member's, Management's or Employee's spouse, children, mother, father, brothers, sisters, grandparents, mother-in-law, father-in-law, sister-in-law, brother-in law, uncle, aunt, first cousin, or anyone residing in a Member's, Management's or Employee's household.

"Financial Interest(s)" means an interest in a Business as an owner, partner, shareholder, investor, trustee, beneficiary, lender, officer, director, member, employee or consultant.

"Member" means a member, and with respect to an ex-officio Member, his or her proxy, of the Board of Directors of the MFA.

"Management" means the Executive Director, Deputy Director of Programs, Deputy Director of Finance and Administration, and Director of Human Resources employed by the MFA.

"Official Act" means an official decision, resolution, determination, recommendation, approval, disapproval or other action that involves the exercise of discretionary authority.

"Transaction" means any transaction including, but not limited to, any sale, purchase, or exchange of tangible or intangible property or services, any loan, loan commitment or loan guarantee, any sale, purchase, or exchange of mortgage loans, notes or bonds, or any other business arrangement or contract therefore.

D. Disclosure.

1. Annual Disclosure. On or before January 1 of each year, each MFA Member, Management and Employee shall complete and deliver to the MFA a disclosure statement disclosing to the best of his/her knowledge, his/her and his/her Family Members' Financial Interest(s) in any Business engaged or, proposing to engage in any Transaction with the MFA. The disclosure statement shall be in the form of attached Exhibit A ("Disclosure Statement") and shall contain at least the following information:

- a) the name of the Business engaging or proposing to engage in a Transaction with the MFA;
- b) the nature of the Member's, Management's, or Employee's Financial Interest or Family Member's Financial Interest in the Business;
- c) if the Financial Interest in the Business is equity interest, the percentage owned and the approximate value of the Financial Interest; and
- d) if the Transaction is with a Business in which an Employee or Employee's Family Member has a Financial Interest, the approximate value of the Transaction.

Each new Member, Management and Employee shall complete and deliver to the MFA a Disclosure Statement within thirty (30) days of assuming duties as a Member or commencing Employment with the MFA.

2. Updated Disclosures. Each Member, Management and Employee shall update his/her Disclosure Statement within forty-five (45) days of the date that, to the best of his/her knowledge:

- a) he/she or any Family Member acquires a Financial Interest in any Business engaging, or proposing to engage in a Transaction with the MFA;
- b) he/she learns that a Family Member of such Member, Management or Employee, has a Financial Interest in a Business which, is engaging or proposing to engage in a Transaction with MFA; or
- c) he/she learns that a Business in which such Member, Management or Employee (or

Family Member) has a Financial Interest, is engaging or, proposing to engage in a Transaction with the MFA.

3. Special Disclosures. In addition to the disclosures required pursuant to paragraph D.1 and D.2 above, each Member, Management and Employee shall disclose, prior to any Official Act by the Board on such Transaction, his/her and any Family Members' Financial Interest in any Business proposing to engage in a Transaction with the MFA **and** any proposed Bond or Loan Transaction with MFA. Such disclosure shall be set forth in the minutes of the meeting of Members at which such Transaction is considered.

E. Gifts. No Member, Management or Employee may, directly or indirectly, solicit or accept any money or other thing of value that is conditioned upon or given in exchange for performing or promising to perform an Official Act, which may influence the manner in which he/she performs an Official Act or which may create the appearance that it influenced him/her in the performance of an Official Act.

F. Conflict of Interest Transactions.

1. Prohibited Transactions - Members, Management and Employees.

a) Official Act. No Member, Management or Employee shall take any Official Act which may directly or indirectly benefit his/her or a Family Member's financial position or personal interests.

b) Confidential Information. No Member, Management or Employee shall utilize Confidential Information to benefit his/her or a Family Member's financial position. Members, Management and Employees shall safeguard all information that is of a confidential or proprietary nature, and shall not disclose such information, except as otherwise authorized. The Confidentiality Agreement in the form of Exhibit B shall be signed and kept on file.

c) Members Transactions. No Business in which a Member, Management or Employee (or Family Member thereof) has a Financial Interest shall engage in a Transaction with the MFA unless the Member, Management or Employee has disclosed his/her or his/her Family Member's Financial Interest in the Business to the MFA in the manner provided in Section D prior to engaging in the Transaction **and**, with respect to all Transactions of Members and Management, and Employees' Transactions in excess of \$10,000, the Transaction is approved by a disinterested majority of all the MFA Members. Transactions of Employees of \$10,000 or less may be approved by the Executive Director provided a Special Disclosure in the manner provided in Subsection D.3 above is made to the Board and is recorded in the minutes of the meeting in which it is made.

2. Transactions Involving Third Parties. The MFA shall not enter into any Transaction with a Member or Management for a period of one (1) year after the Member or Management ceases to be a Member or Management of the MFA, except with prior approval of a disinterested majority of all the MFA Members.

3. Other Employment. Members, Management and Employees shall not engage in or accept employment or render services for other persons when that employment or service is incompatible with or may affect the discharge of their official duties or when that employment may tend to impair their independence of judgment or action in the performance of their official duties. The Executive Director must approve all outside employment by an Employee prior to his/her accepting outside employment. The Board must approve all outside employment by the Executive Director prior to his/her accepting outside employment.

4. Exceptions. Nothing in this Code of Conduct shall be deemed or construed to limit the

right of any Member, Management or Employee of the MFA to:

- a) acquire or purchase any interest in bonds or notes of the MFA;
- b) have a Financial Interest in, or do business with, any banking institution in which MFA funds are or are to be deposited or which is or is to be acting as trustee or paying agent under any trust indenture to which the MFA is a party; or
- c) accept a contract of Employment with the MFA.

G. Political Activities. A Member, Management or Employee shall not, through his or her position at the MFA:

- 1. directly or indirectly coerce, command, advise, solicit or attempt to coerce, command, advise or solicit anyone to pay, lend or contribute money or other thing(s) of value to a party, committee, organization, agency or person for political purposes; or
- 2. use MFA funds, resources or time for any political candidate or purpose.

H. Sanctions and Penalties. Violation of any part of this Code of Conduct may subject the violator to disciplinary action up to and including termination of employment and to such other penalties as may be provided by law.

Amended & Restated Bylaws of New Mexico Mortgage Finance Authority (MFA)

Article XI - Conflicts of Interest

11.1 Disclosure; Non-participation.

(a) If any Member, officer or employee of the Authority believes or has reason to believe that he or she has an interest, either direct or indirect, in any contract to which the Authority is, or is to be, a party or in any mortgage lender requesting a loan from, or offering to sell mortgage loans to, the Authority, or in any sponsor requesting a project loan, or in any company contracting or proposing to contract with the Authority, and such Member, officer or employee believes or has reason to believe that such interest may be affected by his or her official act, then the nature and extent of such interest shall be disclosed to the Authority in writing and shall be set forth in the minutes of the Authority. The Member, officer or employee having such interest shall not participate in any action by the Authority with respect to such contract, mortgage lender or sponsor.

(b) Nothing in this Section 11.1 shall limit the right of any Member, officer or employee of the Authority to (1) acquire an interest in any Bonds or Notes of the Authority or (2) have an interest in or any financial or business relationship with any banking institution in which moneys of the Authority are, or are to be, deposited or which is, or is to be, acting as trustee or paying agent under any resolution or trust indenture to which the Authority is a party.