

MFA GENERAL FUND RESERVES

MFA is a self-supporting entity; MFA does not receive any state funding for operations. In order to maintain financial strength, carry out the mission and protect the organization, MFA must appropriately manage resources and anticipate financial needs in both the short-term and long-term. MFA's reserve management practices consider the following in the evaluation of appropriate reserve levels:

- Support operations including cash levels to generate interest income through investment insecurities, purchase of mortgage servicing rights and loan warehousing
- Maintenance of healthy issuer credit rating to assist in maintaining a strong investor pool, the lowest cost of funds available and lender approval for the FHA/HFA Risk Sharing Program; This rating provides an assessment of MFA's creditworthiness
- Provide the authority ongoing viability in an uncertain revenue environment due to market volatility, low investment rates and the changing state of federal housing programs
- Ability to cover unanticipated expenditures
- Ability to carry costs associated with bond financed programs
- Provide appropriate reserves for potential loan losses and other contingent liabilities
- Ensure ability to meet long-term oversight and monitoring of housing program assets
- Strike the optimal balance between carrying out mission versus maintenance of reserve levels; for MFA the mission component is accomplished by funding our own revolving loan fund, the Housing Opportunity Fund (HOF). Available reserves/resources are transferred from the General Fund to the HOF to expand housing affordability through the development of specialized loan products. To date MFA has allocated over \$85 in reserves to these HOF programs. HOF programs:
 1. Mortgage Booster-Down payment assistance for first-time, low/moderate income homebuyers
 2. Primero Investment Fund-Loans to meet financial needs of affordable housing development initiatives
 3. Access Loans-Streamlined Risk Sharing (HUD) construction and permanent loans for small scale affordable rental housing projects
 4. Partners Program-First mortgages through non-profit housing providers (primarily Habitat for Humanity affiliates)
 5. HERO-First and second mortgage program for teachers, first responders, nurses and active members of the military (Inactive effective 9/19/2007)

All of the HOF initiatives serve low/moderate income households and/or special needs groups.

SUMMARY OF FUND BALANCES AS OF 9/30/15

Fund Balance:

Bond Indentures (restricted)	\$37.2	15.1%
Fiduciary Funds (restricted)	26.7	10.8%
Housing Opportunity Fund (allocated)	85.0	34.5%
Cumulative GASB 31 FMV Adjustments (acct. entry-not cash)	43.2	17.6%
Invested in Capital Assets	1.0	0.4%

Operating Fund Liquidity:

Liquidity and Capital Requirements (S&P)	14.8	6.0%
FHA Risk Share Reserve	11.4	4.6%
Net Funds Available for Budget, Contingencies & Programs	26.8	10.9%
TOTAL AUDITED 9/30/15 FUND BALANCE	\$246.1	100.0%