



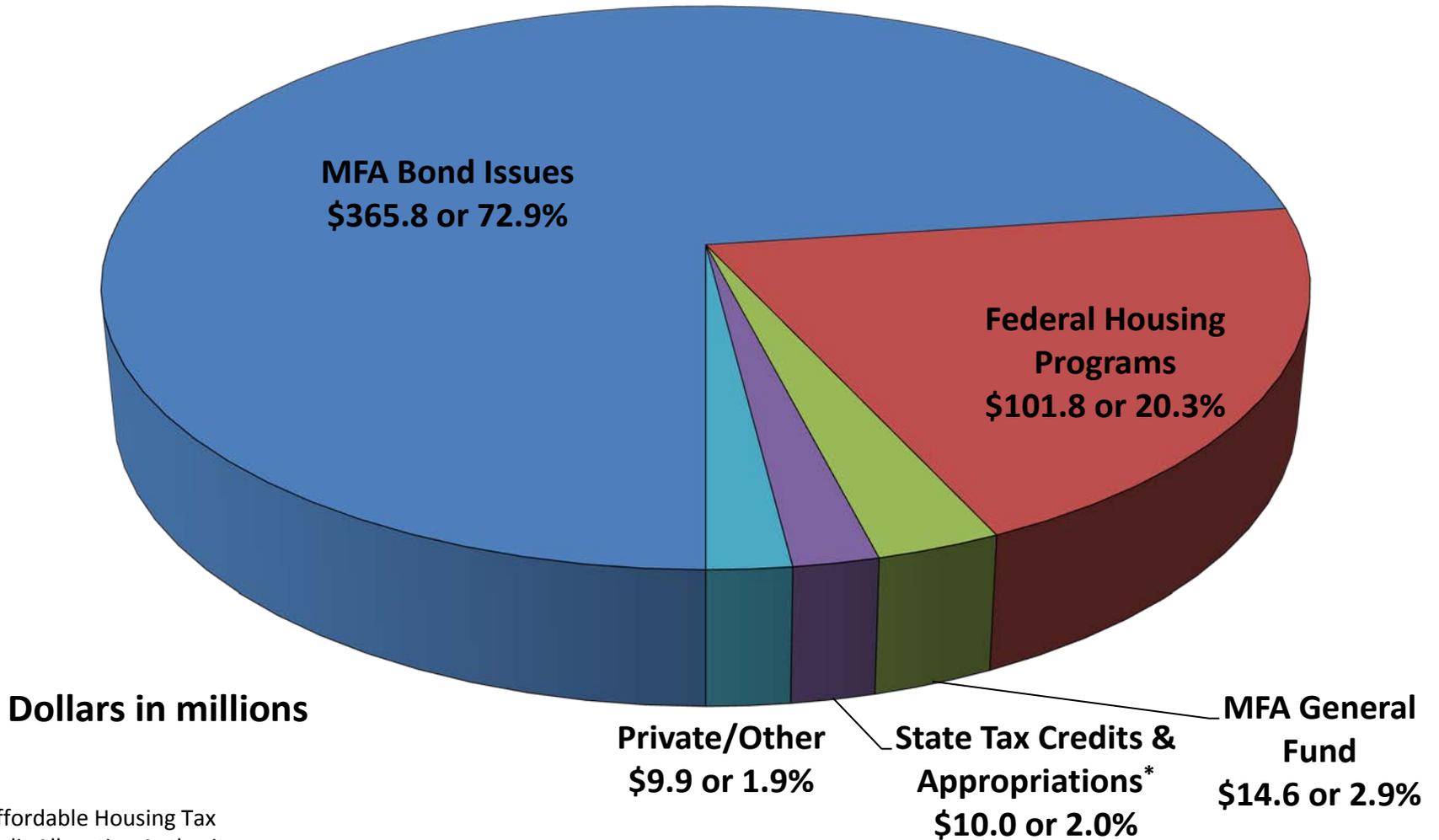
New Mexico Mortgage Finance Authority (MFA) FY2015-2016 Budget Overview

Gina Hickman, Deputy Director Finance & Administration

**Legislative Oversight Committee
September 17, 2015**

MFA Estimated Funding Sources - 2015

Estimated Total: \$502.1 Million



Dollars in millions

*Affordable Housing Tax Credit Allocating Authority represents \$3.8 million of state funding

Production & Financial Highlights

2006

2007

2008

2009

2010

2011

2012

2013

2014

2015

2006 STRONG STATE SUPPORT:

- 1st Housing Trust Fund Appropriation \$10mm (-2014 \$18.7MM) *Revenue, Production/Assets Managed*
- Affordable Housing Act (-2015 \$42m Local Gov't Contributions) *Production/Assets Managed, Revenue*

2007 SINGLE FAMILY PROGRAM RECORD PRODUCTION:

- Single Family Housing Boom (-2008) *Revenue, Production/Assets Managed*
- Regional Housing Authority (-2015) *Revenue, Assets Managed*

2008 COLLAPSE OF ECONOMY & HOUSING:

- Recession (-2012) *Revenue, Production/Assets Managed, Expense*
- Federal Fiscal Policy holding mortgage and investment interest rates at historical lows (-2015) *Revenue, Production/Assets Managed*
- Housing/Subprime Mortgage Crisis-housing market still showing instability (-2014) *Expense, Production/Assets Managed, Revenue*
- HERA Neighborhood Stabilization Program (-2014) *Revenue, Production/Assets Managed*

2009 FEDERAL STIMULUS:

- ARRA Funds for Weatherization Assistance Program, Tax Credit Assistance Program, Tax Credit Exchange Program, Homelessness Prevention & Rapid Rehousing Program (-2012) *Production/Assets Managed, Revenue*
- Tax Credit Loan Program *Production/Assets Managed, Revenue*
- New Issuance Bond Program (-2011) *Production/Assets Managed, Revenue*

2010 HISTORICAL LOW MORTGAGE RATES:

- High Single Family Prepayment Activity (-2013) *Assets Managed, Revenue*

2011 INNOVATION & NEW RESOURCES:

- Wells Fargo & USDA-Rural Development loan funding for Housing Opportunity Fund *Production/Assets Managed, Revenue*

2012 FEDERAL BUDGET REDUCTIONS:

- High Multi-family loan payoffs *Assets Managed, Revenue*
- HUD HOME funding reductions (-2014, Proposed in 2015) *Production/Assets Managed, Revenue*
- DOE Weatherization Assistance Program funding reductions (-2013) *Production/Assets Managed, Revenue*
- Increase in rental demand (-2015) *Production/Assets Managed, Revenue*
- HUD Section 8 Project Based Contract Administration program scope changes (-2015) *Revenue, Expenses*

2013 INNOVATION & NEW RESOURCES :

- To Be Announced (TBA) Single Family Loan Execution (-2015) *Production, Revenue*

2014 INNOVATION & NEW RESOURCES:

- Decrease in Single Family Prepayment Activity (-2015) *Revenue, Assets Managed*
- Ventana Fund Contribution (-2015) *Expense, Production for NM*
- Small Business Investment Council loan funding for Housing Opportunity Fund (-2015) *Production/Assets Managed, Revenue*

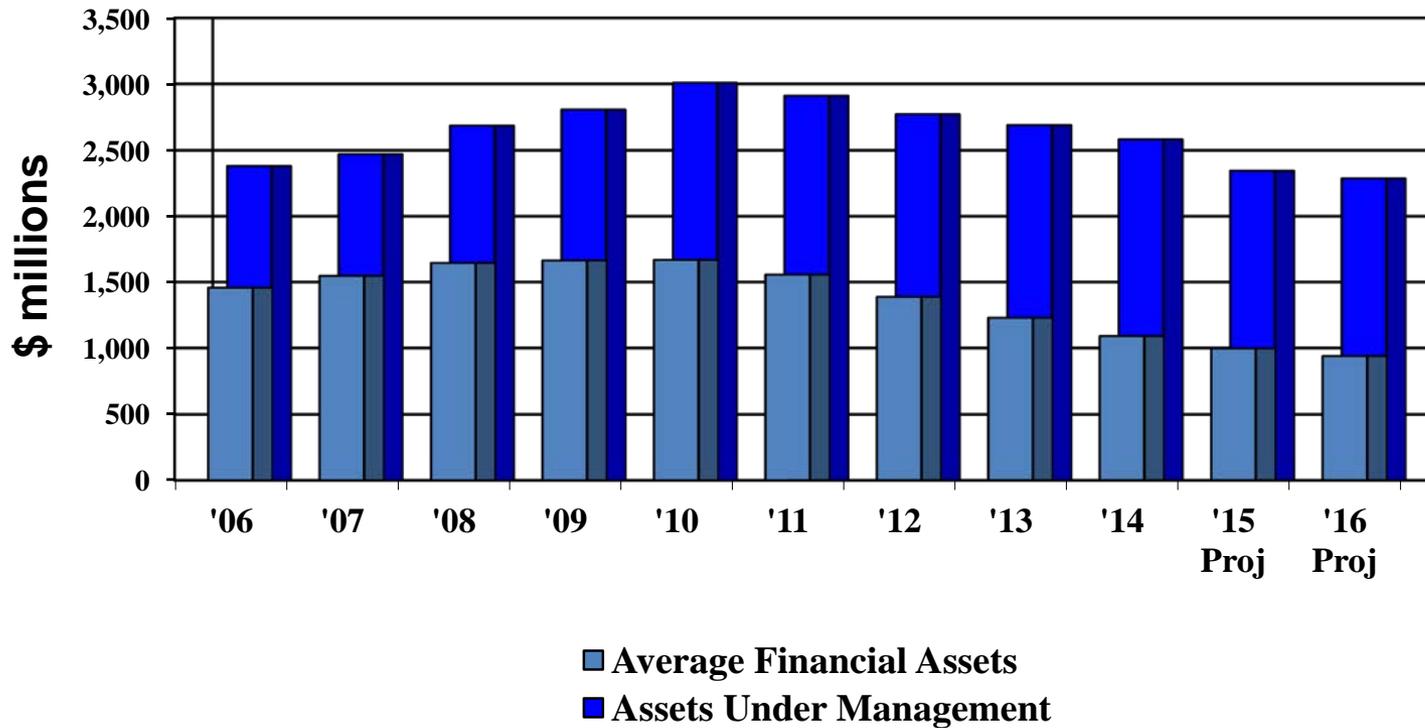
2015 STABILIZED HOUSING MARKET & ECONOMY

- Highest Single Family Production since 2009 *Revenue, Production/Assets Managed*
- 40th Anniversary Celebration

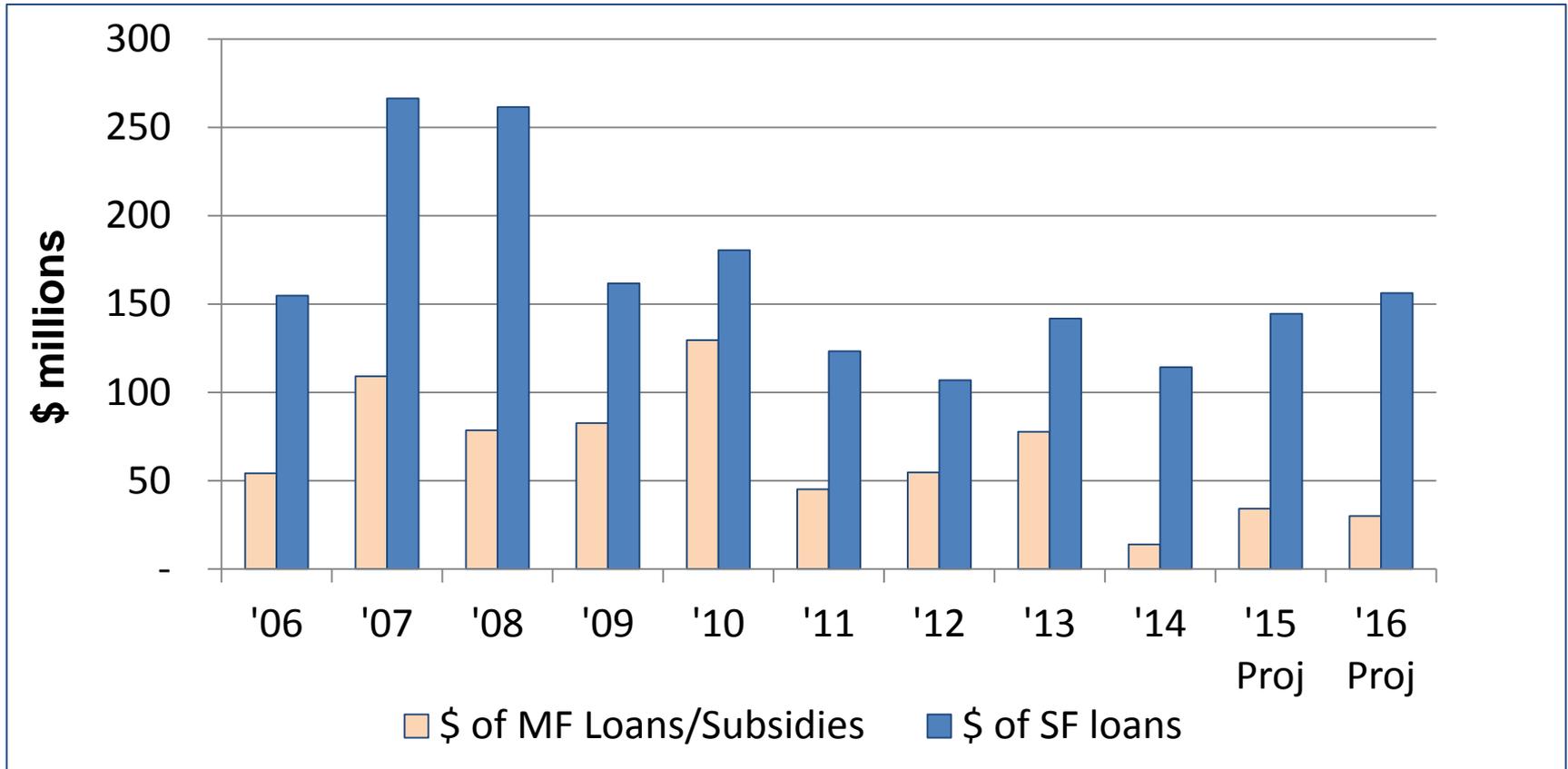
IMPACT LEGEND:

Red : Negative Impact
Green: Positive Impact

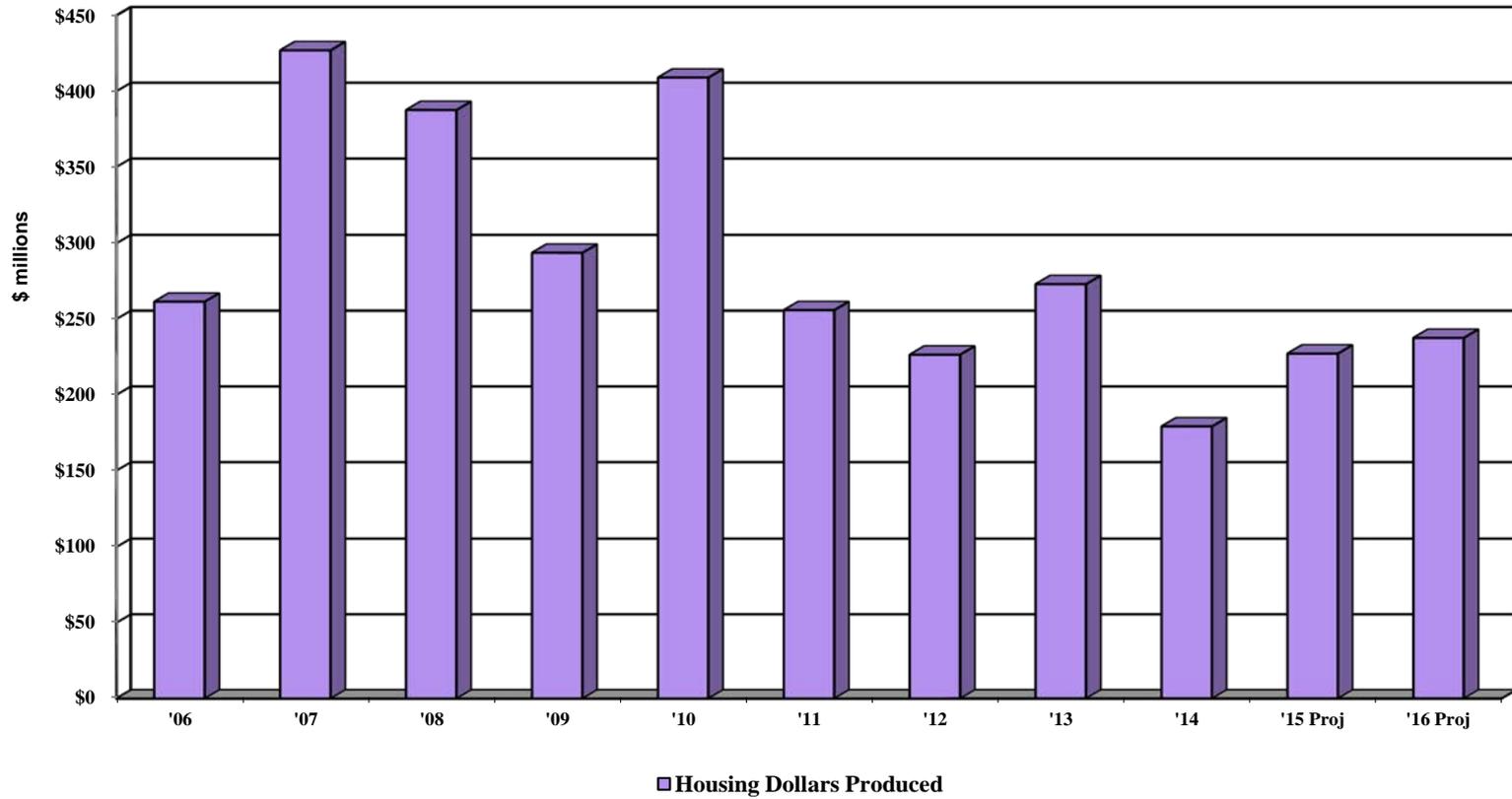
Assets Managed: Average Financial Assets vs. Average Assets Under Management FY 2006-2016



Production Data: Multi-Family Loans/Subsidies vs. Single Family 1st Mtg. Loans Purchased FY 2006-2016



MFA Total Housing Dollars Produced FY 2006-2016



Relationship of MFA Financials

MFA Consolidated Financials

(Single Family, Rental, General Fund, Housing Programs, Fiduciary Trusts)

Total assets

Earning assets

Excess Revenues/Net income

Net position/Retained earnings

MFA General Fund/Housing Programs

Cash & securities

Loans

PP&E

Housing Opportunity

Fund

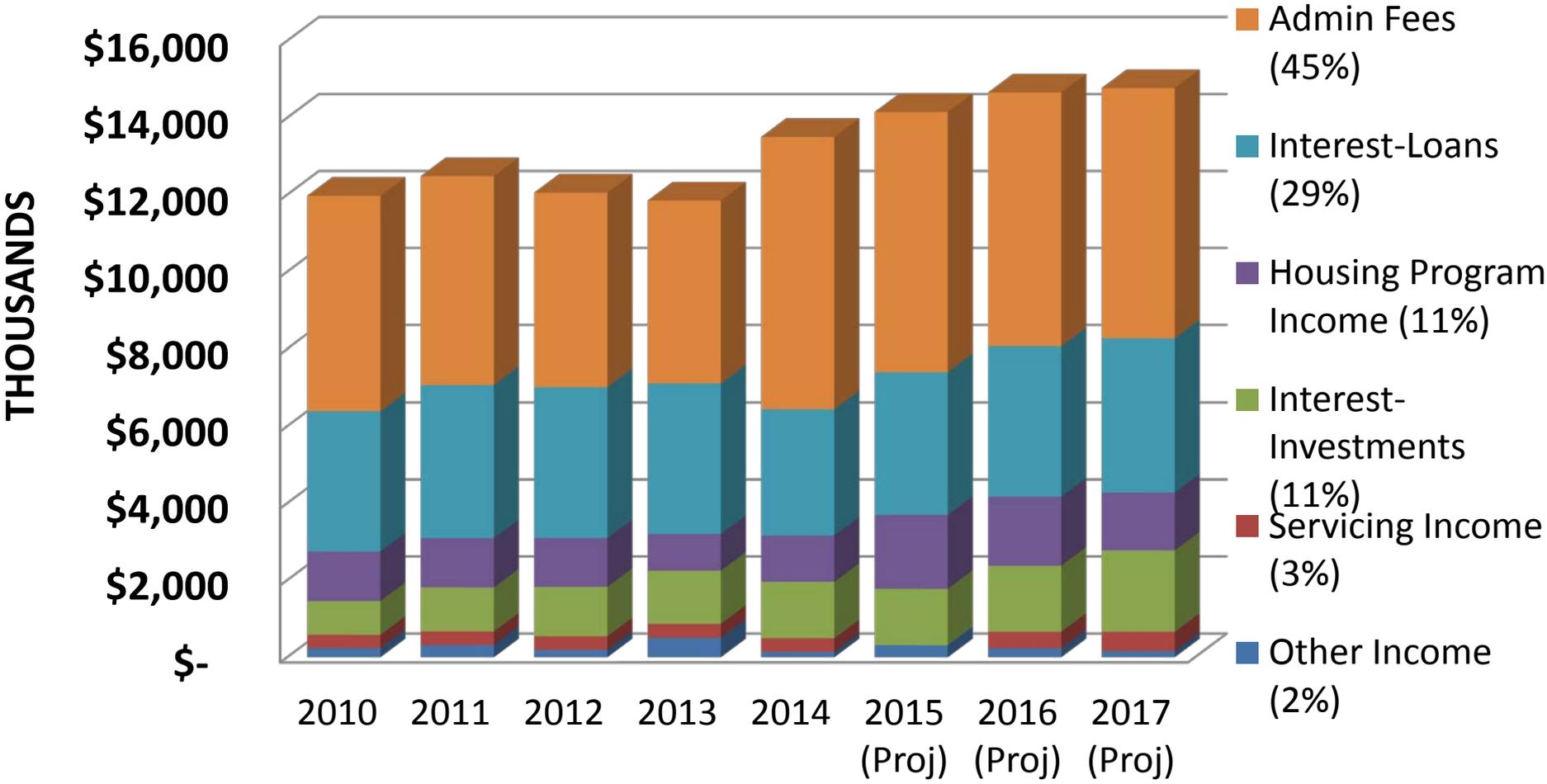
Down payment assistance

First mortgage products

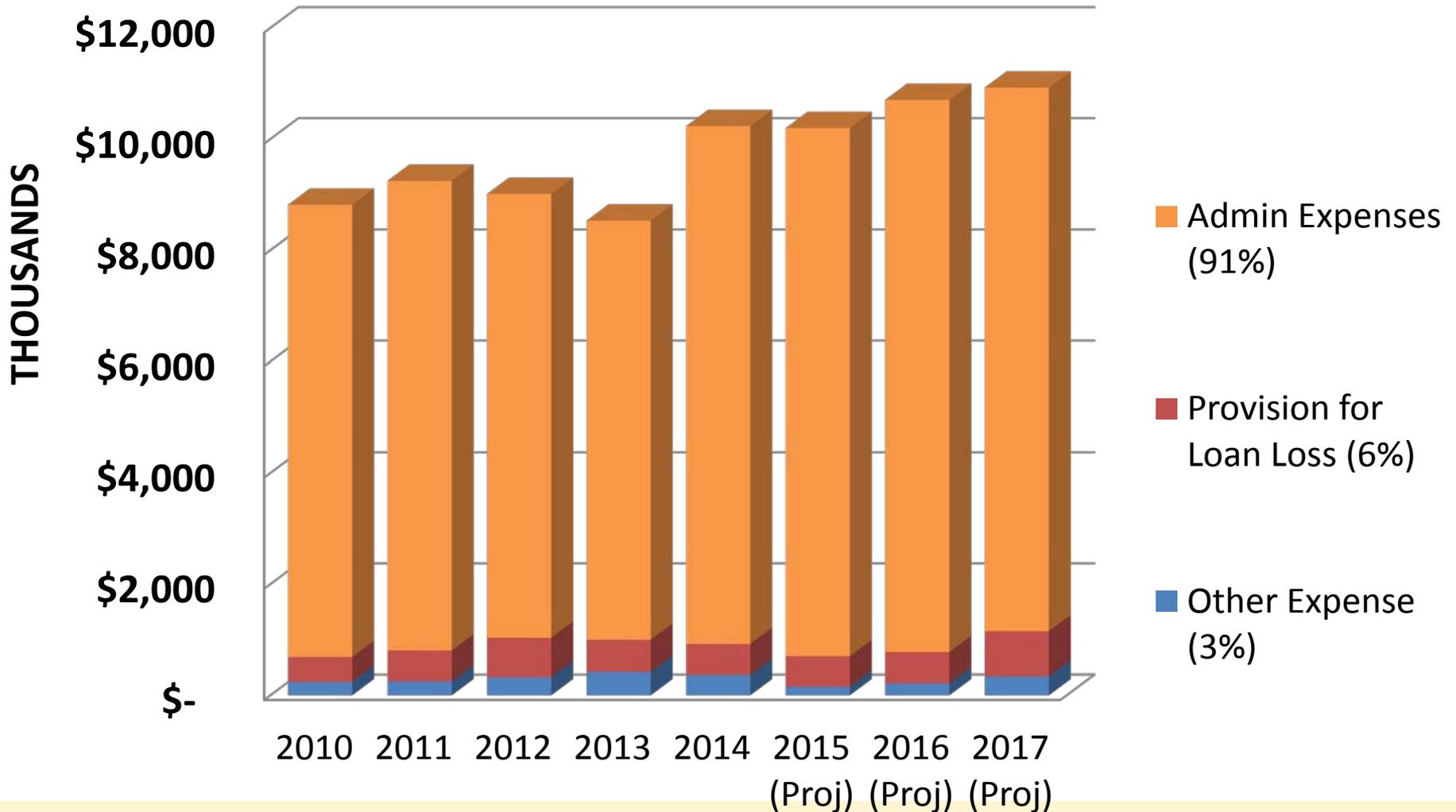
Pre-development loan products

Permanent financing

MFA Operating Fund Revenue Analysis 2010-2017 (Projected)



MFA Operating Fund Expenditure Summary 2010-2017 (Projected)



Detailed Administrative Expense Breakout

MFA Operating Fund (Projected FY15)

<u>Expenditure Category</u>	<u>% of Total Expenses</u>
• Compensation	59%
• Travel & Public Information	4%
• Office Expenses	7%
• Other Operating Expenses	13%
✓ Primarily Contractual Services	
• Non-Operating Expenses	17%
✓ Training & Technical Assistance, Program Development, Capacity Building	

FY16 Operating Fund Budget Summary

MFA's operating fund budget for FY 2015-2016 was approved by the MFA Board of Directors Sept. 16, 2015. Revenue is projected at \$14,656,000, an increase of \$113,000 or 1% over projected 9/30/15 actual and an increase of \$1,712,000 or 13% over prior year budget. The expense budget is projected at \$12,070,000, an increase of \$1,872,000 or 18% over 9/30/15 projected actual and an increase of \$1,420,000 or 13% over prior year budget. The FY 2015-2016 budgeted excess revenue over expenses is \$2,587,000.

Summary of FY16 Significant Budget Variances from FY15

- Capacity Building/Ventana Fund
- Provision for Loan Losses
- Expansion of Mortgage Operations
- 1.5 new FTE-Salary and benefits (Compliance Officer/Management Trainee)
- 2.75% merit pay increase and all related payroll taxes/benefits
- 7% increase in benefit costs
- Building Bond/Interest Expense
- Building repairs
- Contractual Services