

New Mexico Mortgage Finance Authority

Legislative Oversight Meeting

September 26, 2024



Capital
Markets

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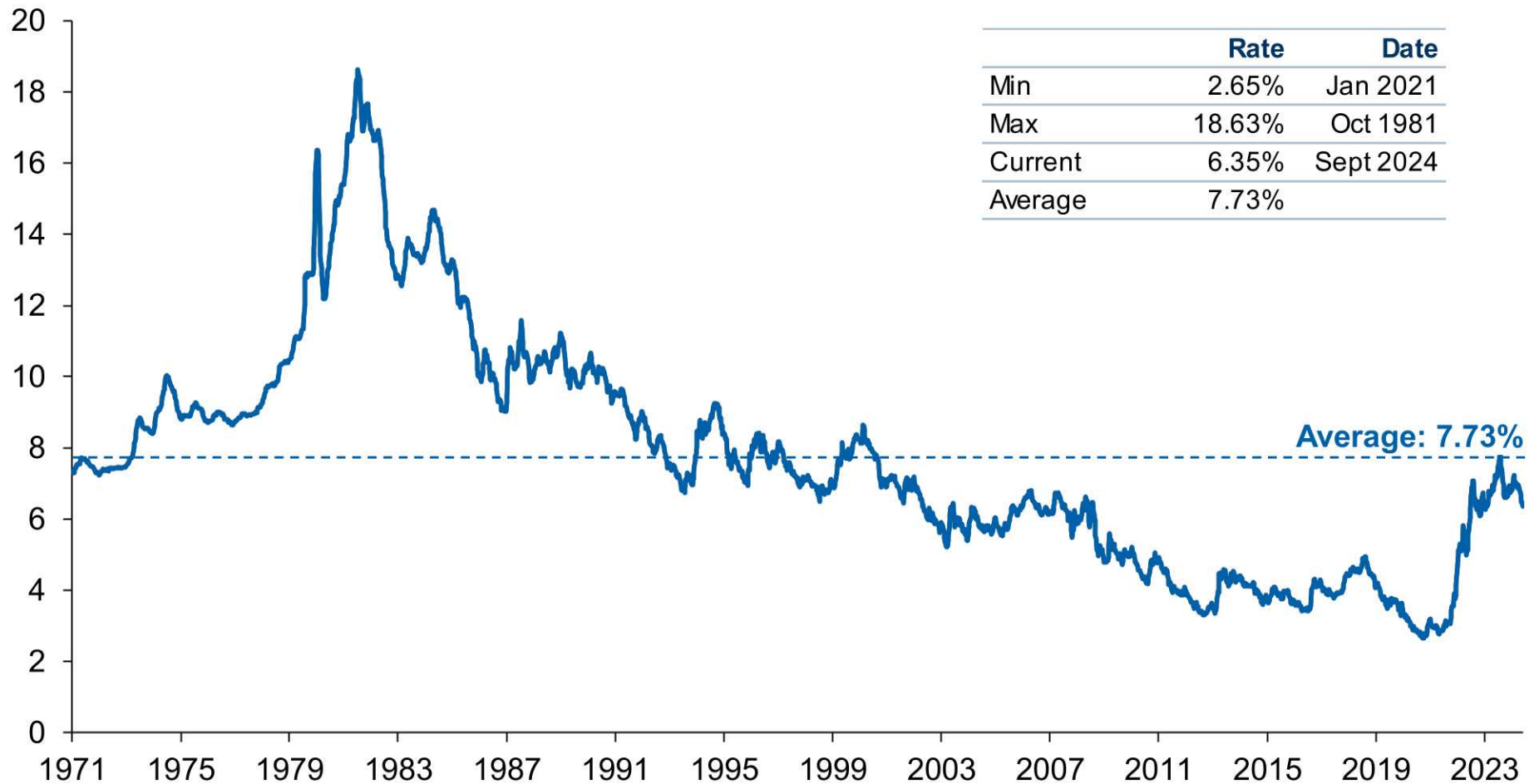
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Historical Mortgage Rates

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

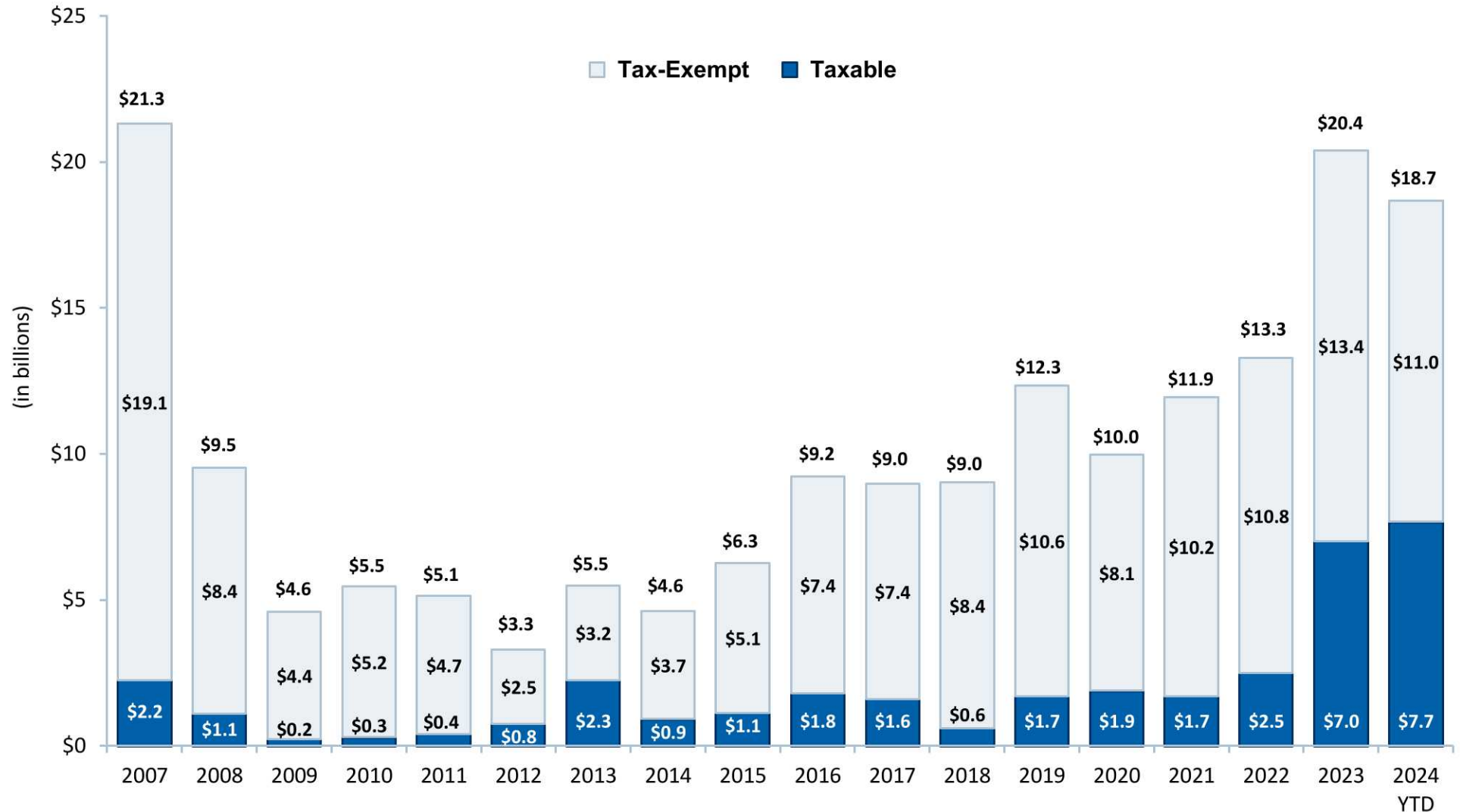
After approximately 20 years of low mortgage rates (Fed intervention), rates started increasing in 2022. During the low rate environment, HFAs relied on downpayment assistance to help first-time borrowers.



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

Single Family Municipal Housing Bond Volume by Tax Status

- **HFA bond issuance on track to surpass the historical high set in 2007**
- **40% of the total par amount = taxable (lack of volume cap and to fund non-conforming loans)**
- **63% of HFA single family bond issuances contained taxable bonds (first half of 2024)**

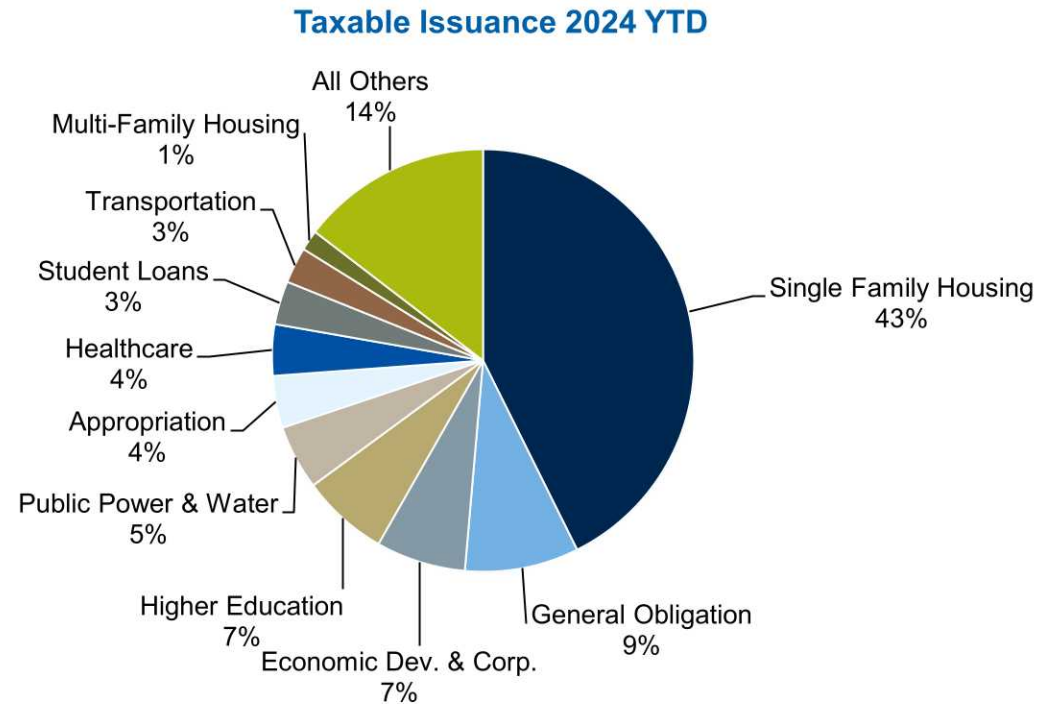


Source: Bloomberg as of September 1, 2024

Taxable Municipal Bond Volume First Half 2024

- **Housing Bonds have comprised 43% of all taxable municipal bond issuance in first half of 2024**
 - shortage of private activity volume cap needed to issue tax-exempt mortgage revenue bonds
 - taxable bonds used to find non first-time homebuyer/income/purchase price restricted loans
- **MFA started issuing taxable bonds in 2024 (shortage of volume cap)**

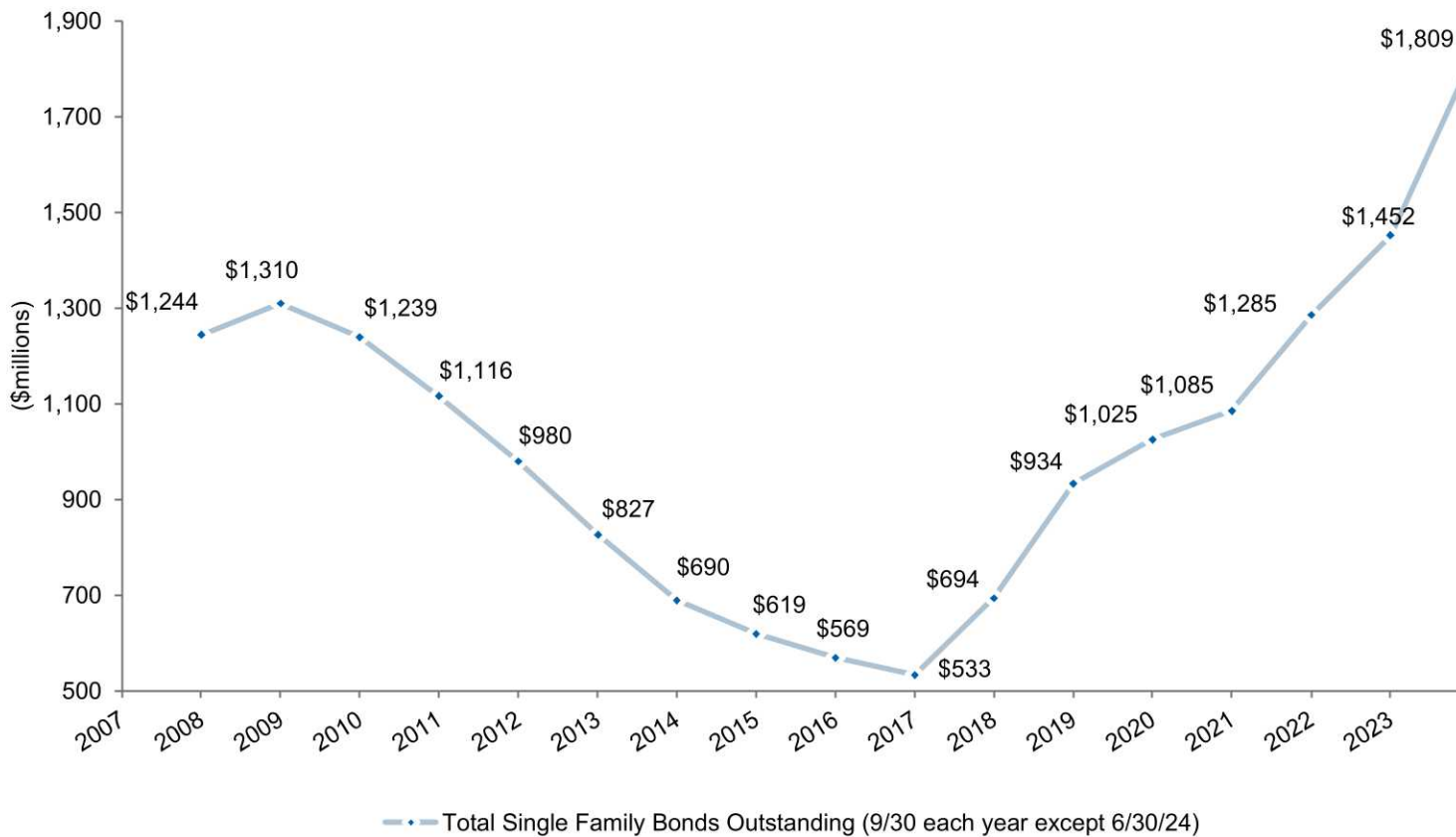
Sector	Taxable Issuance 2024 YTD (\$000)
Single Family Housing	\$5,508,230
General Obligation	1,132,380
Economic Dev. & Corp.	881,380
Higher Education	863,970
Public Power & Water	637,540
Appropriation	516,920
Healthcare	503,710
Student Loans	428,510
Transportation	356,420
Multi-Family Housing	202,330
All Others	1,886,180
Total	12,917,570



NMMFA Historical Single Family Bond Balances

MFA's bond balance has grown from \$533 million in 2017 to \$1.8 billion as of 6/20/24

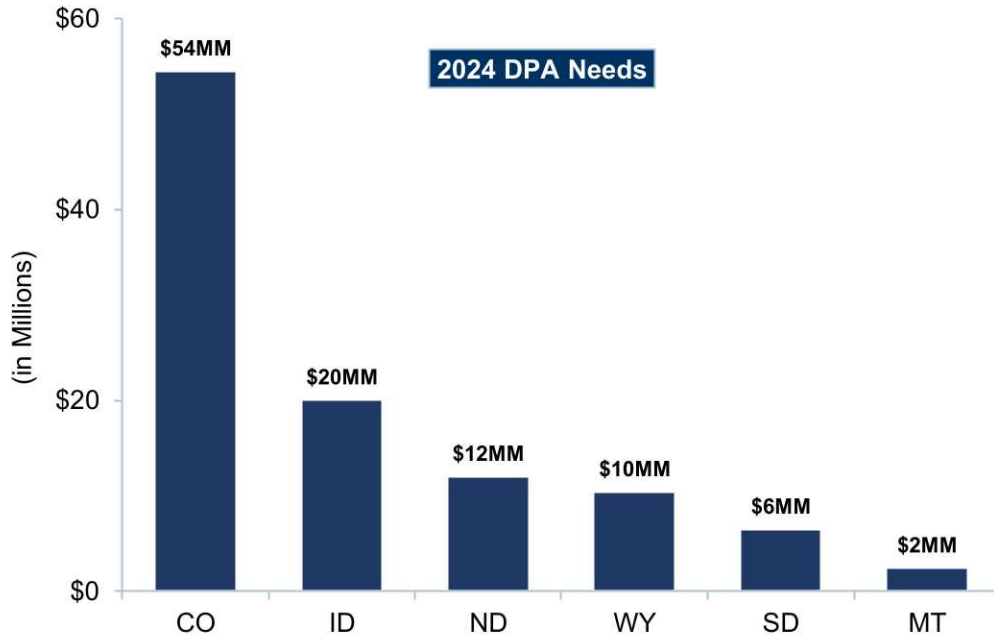
- Tax-exempt bonds effective (relative to mortgage rates)
- Increased production levels
- Larger loan sizes (\$106,797 in 2014 vs. \$223,367 in 2024)
- Slower prepayments of existing loans (less refinancing) during higher rate environment



MFA SF Bonds (\$MM)	
Year	Balance
2008	\$1,244
2009	\$1,310
2010	\$1,239
2011	\$1,116
2012	\$980
2013	\$827
2014	\$690
2015	\$619
2016	\$569
2017	\$533
2018	\$694
2019	\$934
2020	\$1,025
2021	\$1,085
2022	\$1,285
2023	\$1,452
2024	\$1,809

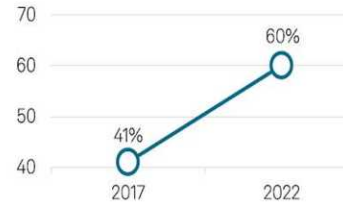
Source: NMMFA Audited Financial Statements (2008 to 2023) and 6/30/24 Disclosure Statements

Downpayment assistance is a key driver of production



HFAs' increasing use of DPA products is unlikely to abate

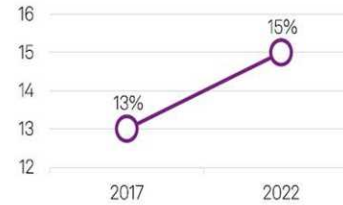
Percentage of agencies offering some form of DPA to more than 90% of homebuyers



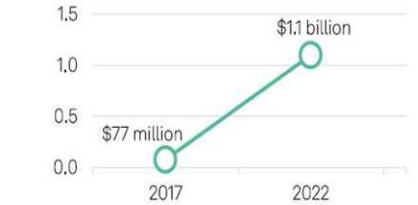
The average DPA provided per borrower



Average DPA provided over borrower income of an HFA borrower's income



Total amount of DPA provided by HFAs



DPA--Down payment assistance. HFA--Housing finance agency. Source: S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

	Colorado	Idaho	South Dakota	North Dakota	Wyoming	Montana
2023 SF Issuance	\$1,433,000,000	\$600,150,000	\$577,000,000	\$440,000,000	\$233,505,000	\$127,000,000
Aggregate DPA Portfolio	\$399,000,000	\$80,000,000	\$42,267,504	\$23,000,000	\$30,839,758	\$8,223,425
DPA Needed 2024	\$54,432,000	\$20,000,000	\$6,414,282	\$12,000,000	\$10,370,000	\$2,400,000
Avg DPA Per Loan	\$14,536	Varies	\$6,453	\$6,945	\$11,400	\$10,560
Avg Loan Size	\$363,394	\$330,000	\$219,666	\$198,726	\$231,000	\$264,830
DPA Percentage	4.0%	Varies	2.9%	3.5%	4.9%	4.0%
DPA Source	<ul style="list-style-type: none"> • Bonds • TBA • Reserves 	<ul style="list-style-type: none"> • Reserves 	<ul style="list-style-type: none"> • Reserves 	<ul style="list-style-type: none"> • Bonds 	<ul style="list-style-type: none"> • Bonds 	<ul style="list-style-type: none"> • Bonds • Reserves

Source: RBCCM Internal Tracking and HFA client survey

NMMFA 2024 Series EF Bond Sale (July 16, 2023)

- **Tax-Exempt Bond Yield @ 4.34% and Taxable Bond Yield @ 5.60%**
- **MFA Mortgage Rate 6.25% at time of pricing (currently 5.75%)**

Orders and Allotments by Purchaser (\$000):

Series E \$105mm Tax-Exempt

Investor	Order Type	Orders	Allotments
Brown Brothers	Institutional	\$36,400	\$7,300
Whitehaven Asset Mgmt	Institutional	36,400	7,000
Mackay Shields Financial Corp	Institutional	36,400	-
Vanguard	Institutional	36,400	8,500
Seattle Northwest Asset Mgmt	Institutional	36,400	6,500
PNC Bank, N.A.	Institutional	36,400	6,500
Wells Fargo Bank Trust	Institutional	22,100	14,010
Nuveen Advisory Corp	Institutional	17,405	7,805
Standish, Ayer & Wood Inc.	Institutional	15,000	11,500
Edward D. Jones	Institutional	4,385	2,385
Thornburg Investment Mgmt	Institutional	4,000	2,500
Tolleson Private Wealth Mgmt	Institutional	2,740	1,770
Franklin Municipal	Institutional	2,330	700
Gulfstream Partners	Institutional	2,000	750
Hazoor Partners	Institutional	2,000	750
First Tennessee	Institutional	1,000	700
Johnson Bank	Institutional	750	200
Northwestern Mutual Life	Institutional	600	600
Rockefeller And Co	Institutional	365	365
Smith Shellnut Wilson	Institutional	200	100
Total Institutional	76%	\$293,275	\$79,935
Total Retail	19%	\$25,410	\$20,405
Total Member	4%	\$33,670	\$4,660
Grand Total		\$352,355	\$105,000

Data Source: S&P Global Ipreo

Series F \$45mm Taxable

Investor	Order Type	Orders	Allotments
City of Chicago, Illinois	Institutional	\$21,460	\$8,195
Metlife Investments	Institutional	16,505	6,760
Schroder Investment Mgmt	Institutional	15,600	14,600
Spring Lake Asset Management	Institutional	9,610	3,000
Southern Farm Bureau Life Insurance	Institutional	4,955	1,550
Federated Mutual Insurance Co	Institutional	4,955	1,555
Smith Shellnut Wilson	Institutional	3,875	1,250
Allspring Global Investments	Institutional	3,575	1,575
Enterprise Portfolio Holdings	Institutional	2,500	650
Cherokee Insurance Company	Institutional	2,000	1,000
Belle Haven Investments	Institutional	1,750	1,555
Charles Schwab Investment	Institutional	1,010	985
Savings Bank Life Insurance Co	Institutional	1,000	300
Edward D. Jones	Institutional	735	250
Aon	Institutional	600	350
Wauwatosa Investments	Institutional	570	570
Wise Investments	Institutional	415	340
Hightower Securities	Institutional	395	195
Multi Bank Securities Inc.	Institutional	265	-
Cypress Capital Partners	Institutional	50	50
Total Institutional	99%	\$91,825	\$44,730
Total Retail	0%	\$0	\$0
Total Member	1%	\$19,270	\$270
Grand Total		\$111,095	\$45,000

Syndicate Order and Allotments by Firm – 2024 Series E and F

\$105mm Series E Tax-Exempt (\$000)

Underwriter	Institutional		Retail		Member/Inventory		Total	
	Order	Allotment	Order	Allotment	Order	Allotment	Order	Allotment
Manager								
RBC Capital Markets	\$293,275	\$79,935	\$10,795	\$8,535	-	-	\$304,070	\$88,470
Raymond James	-	-	4,980	3,485	20,500	-	25,480	3,485
Selling Group								
D.A. Davidson	-	-	500	500	11,255	2,745	11,755	3,245
Drexel Hamilton	-	-	-	-	-	-	-	-
Fidelity	-	-	9,085	7,835	1,915	1,915	11,000	9,750
HilltopSecurities	-	-	50	50	-	-	50	50
Jefferies	-	-	-	-	-	-	-	-
Total	293,275	79,935	25,410	20,405	33,670	4,660	352,355	105,000

\$45mm Series F Taxable (\$000)

Underwriter	Institutional		Retail		Member/Inventory		Total	
	Order	Allotment	Order	Allotment	Order	Allotment	Order	Allotment
Manager								
RBC Capital Markets	\$91,725	\$44,630	\$0	\$0	\$270	\$270	\$91,995	\$44,900
Raymond James	100	100	-	-	19,000	-	19,100	100
Total	91,825	44,730	-	-	19,270	270	111,095	45,000

Who Issued Bonds in New Mexico in 2024 YTD (as of 09/01/2024)

New Mexico Bond Issuance 2024 YTD

Date	Issuer	Par (\$000)
08/06/2024	Fort Sumner Municipal School District No 20	1,945
07/16/2024	New Mexico Mortgage Finance Authority	150,000
06/27/2024	City of Rio Rancho NM	16,000
06/25/2024	City of Albuquerque NM Gross Receipts Tax Revenue	19,835
06/13/2024	Aspire Public Improvement District	7,650
06/11/2024	New Mexico Finance Authority	117,485
06/06/2024	Village of Corrales NM	2,400
05/10/2024	Santa Fe Public School District	28,000
05/09/2024	Santa Fe Public School District	11,000
04/25/2024	Loving Municipal School District No 10	5,980
04/23/2024	Southern Sandoval County Arroyo Flood Control Authority	6,000
04/23/2024	Albuquerque Municipal School District No 12	80,000
04/23/2024	Hobbs School District No 16	9,325
04/18/2024	City of Albuquerque NM	111,850
04/17/2024	New Mexico Finance Authority Public Project Revolving Fund	49,890
04/17/2024	Santa Fe Community College District	13,000
04/16/2024	New Mexico Mortgage Finance Authority	125,000
04/02/2024	City of Sunland Park NM	3,500
03/14/2024	City of Las Cruces NM	6,000
02/28/2024	County of Bernalillo NM	21,115
02/21/2024	Trails Public Improvement District	6,815
02/13/2024	Los Alamos Public School District	20,000
01/24/2024	New Mexico Mortgage Finance Authority	120,000
01/23/2024	Bernalillo Municipal School District No 1	4,155
01/17/2024	Ruidoso Municipal School District No 3	6,000
Total		942,945

Annual Bond Issuances in New Mexico

Year	Par (\$000)	# of Issues
2024 YTD	942,950	25
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