

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A Component Unit of the State of New Mexico)

Notes to Financial Statements

September 30, 2007 and 2006

- (d) The Authority entered into a JPA with Department of Finance and Administration (DFA) in May 2004. The purpose of the agreement is for DFA to transfer funds to the Authority for administering the Weatherization Assistance Program. The Authority has the primary responsibility for financial and programmatic aspects of the program. The JPA was effective May 4, 2004 and will terminate on June 30, 2008. The estimated amount of the project is \$600,000, all of which is applicable to the Authority. The Authority does not contribute funds to this project. The Authority is responsible for the audit of the funds received under this JPA.
- (e) The Authority entered into a JPA with DFA in July 2006. The purpose of the agreement is for DFA to transfer funds to the Authority for administering the Weatherization Assistance Program. The Authority has the primary responsibility for financial and programmatic aspects of the program. The JPA was effective July 18, 2006 and will terminate on June 30, 2007. The estimated amount of the project is \$800,000, all of which is applicable to the Authority. The Authority does not contribute funds to this project.
- (f) The Authority entered into a JPA with DFA in August 2006. The purpose of the agreement is for DFA to transfer funds to the Authority to renovate, expand, and improve infrastructure for low-income rental housing to be managed by the Albuquerque Mental Health Housing Coalition. The JPA was effective August 4, 2006 and will remain in effect until June 30, 2010. The estimated amount of the project is \$625,000, all of which is applicable to the Authority. The Authority does not contribute funds to this project.

(16) Related-Party Transactions

In July 2003, the Governor of New Mexico appointed the Executive Director of Homewise (formerly Neighborhood Housing Services) to the Authority's board of directors. During fiscal years 2007 and 2006, the Authority awarded federal grants of \$260,000 and \$50,000, respectively, to Homewise.

The Authority purchases various insurance policies from an insurance company that is controlled by the family of the Authority's chair of the board.

(17) Subsequent Event

On November 29, 2007, the Authority issued \$60,000,000 of Single Family Mortgage Program 2007 Series E Bonds. The bonds are to be used to finance certain qualifying mortgage loans under the Single Family Mortgage Program. A portion of the bonds was sold at a premium of \$1,923,000 to fund assistance to borrowers in this bond issue.

(18) Segment Financial Information

The Authority issues separate revenue bonds to finance the single family and multi-family mortgage financing programs. The investors in those bonds rely solely on the revenue generated by the individual activities for repayment. Summary of financial information for each bond indenture is presented on the following pages. Management expects to be able to securitize single family mortgage loans to maturity with no funding requirement necessary from the Authority. The deficits in net assets restricted for debt service are attributable to unrealized losses on securitized mortgage loans.

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Schedule of Findings and Questioned Costs

September 30, 2007

Section II – Financial Statement Findings

No such findings were identified.

Section III – Federal Award Findings and Questioned Costs

No such findings were identified.

Section IV – Other Findings, as required by New Mexico State Statute, Section 12-6-5, NMSA 1978

No such findings were identified.