

“First Down” Program Policy

August 16, 2017

Program Summary:

The First Down program (“First Down”) is a second mortgage loan that provides Down Payment and Closing Cost Assistance (“DPA”) for First-time homebuyers. First Down can be combined with a First Home first mortgage loan. Qualification/eligibility guidelines vary, based on the size and location of the household.

Eligible Mortgage Lenders:

Mortgage Lenders must be approved by MFA (“Participating Lender”) to originate First Down program loans. Only Participating Lenders will be eligible to originate First Down program loans. A list of eligible Participating Lenders is published on the MFA website. (www.housingnm.org/homebuyers/find-a-participating-lender)

Availability of Funds:

First Down program funds are made available on a continuous basis and may be reserved in conjunction with a First Home program loan through MFA’s online reservation system, which can be accessed on MFA’s website (www.housingnm.org/lenders_realtors/online-reservations).

First Down Fund Use:

First Down is available to homebuyers who obtain first mortgage loan financing through the First Home program. First Down may only be used to finance the minimum down payment and eligible closing costs. Eligible closing costs may include, but are not restricted to “reasonable and customary” lender fees (underwriting, document preparation, processing, etc.), mortgage insurance premiums, pre-paid interest, property taxes, homeowners/flood insurance, title insurance policies/premiums, appraisals and home inspections, if applicable.

Mortgage Loan Term:

30 year, fixed term with full amortization, paid in equal monthly installments of principal and interest. First Down loans do not carry a prepayment penalty.

Reservation/Extensions/Late fees:

Loan reservation, loan extension and late fee guidelines can be found on MFA’s website. (www.housingnm.org/lenders_realtors/online-reservations)

Maximum Loan to Value (“LTV”) and Combined Loan to Value (“CLTV”)

- FHA/VA/USDA-RHS: as determined within the underwriting/insurance eligibility criteria for each loan type.
- Fannie Mae HFA Preferred: 97%/105%.

Interest Rate:

The First Down program interest rate is six percent **(6.000%)**.

Maximum Loan Amount:

The maximum First Down loan amount is \$8,000.

Fees:

Participating Lenders may charge the borrower an origination fee of one hundred dollars (\$100.00) in conjunction with a First Down loan.

Other allowable fees that may be charges in conjunction with a First Down loan include the recording fees mortgagee title insurance policy premiums, settlement/closing fees and daily interest charges. No other fees may be charged in conjunction with the First Down loan.

Eligible Properties:

- Properties must be owner-occupied, Single family residences.
- Property types eligible for financing under the First Down program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Properties financed with the First Down program must not exceed the Acquisition Cost limits set forth in Exhibit A.
- Properties located in specific census tracts (“Targeted Areas”) are eligible for increased Acquisition Cost Limits. Properties financed through the First Down program in Targeted Area census tracts must not exceed the Targeted Area Acquisition Cost limits set forth in Exhibit A. Targeted Area census tracts are identified on MFA’s website. (www.housingnm.org/lenders_realtors/targeted-area-census-tracts)

Borrower Eligibility:

- The First Down program requires the borrower to be a first-time homebuyer.

- Homebuyers purchasing properties in Targeted Area census tracts are not required to be a first-time homebuyer.
- Homebuyers purchasing a home in a Targeted Area census tract must not exceed the Targeted Area Household Income Limits set forth in Exhibit A.
- Homebuyers purchasing a home in a non-Targeted Area census tract must not exceed the non-Targeted Area Household Income Limits set forth in Exhibit A.
- Borrower contribution of at least \$500, which must be the borrowers own funds and cannot be derived from any type of gift, grant or down payment assistance.
- Minimum credit score of 620.
- Homebuyers must occupy the property within 60 days of closing.

Homebuyer Counseling:

- Required for all First Home program loans, including the borrower and co-borrower.
- eHome America Online pre-purchase homebuyer counseling or face to face/group pre-purchase homebuyer counseling provided through a HUD approved Housing Counseling agency.

Exhibit A

First Down Program Income Limits

Non Targeted Areas	1-to-2-Person Household	3-or-More-Person Household
Albuquerque MSA (Bernalillo, Sandoval, Tarrant and Valencia Counties)	\$61,900	\$71,185
Santa Fe MSA	\$74,640	\$87,080
Los Alamos County	\$108,800	\$125,120
Farmington MSA	\$58,800	\$67,620
Curry and De Baca Counties	\$58,616	\$67,408
All other areas	\$58,996	\$67,845

Targeted Areas	1-to-2-Person Household	3-or-More-Person Household
Bernalillo and Sandoval County census tracts	\$74,280	\$86,660
Santa Fe MSA census tract	\$74,640	\$87,080
All other census tracts	\$67,680	\$78,960

Exhibit A (cont.)

First Down Program Acquisition Cost Limits

Geographic Area	Acquisition Cost Limits
Santa Fe County	\$338,824
Los Alamos County	\$350,471
Taos County	\$263,647
All other Areas of The State	\$253.809
All Targeted Census Tracts Within the State	\$310,211