

“First Home” Program Policy

August 16, 2017

Program Description:

The First Home Program (“First Home”) is designed to increase homeownership opportunities for low-to-moderate income families and individuals throughout the state of New Mexico. First Home program loans feature a competitive interest rate and can be combined with an MFA funded Down Payment and Closing Cost Assistance (“DPA”) loan. First Home program loans are only available to First-time homebuyers. Qualification/eligibility guidelines vary, based on the size and location of the household. All First Home program loans require pre-purchase homebuyer counseling.

Eligible Mortgage Lenders:

Mortgage Lenders must be approved by MFA (“Participating Lender”) to originate First Home program loans. Only Participating Lenders will be eligible to originate First Home 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 Home program funds are made available on a continuous basis and may be reserved for homebuyers through MFA’s online reservation system, which can be accessed on MFA’s website (www.housingnm.org/lenders_realtors/online-reservations). From time to time, the First Home program guidelines will be published in a Notice of Funds Availability (“NOFA”), which may be found on MFA’s website. (www.housingnm.org/lenders_realtors/program-information)

Mortgage Loan Term:

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

Mortgage Loan Types:

FHA

- 203(b), 203(k) and in accordance with FHA guidelines.

VA

- In accordance with VA guidelines.

USDA-RHS

- In accordance with USDA guidelines.

Fannie Mae: HFA Preferred

- In accordance with FNMA and Primary Mortgage Insurance guidelines.
- HFA Preferred term sheets and program descriptions are available on the MFA website. (www.housingnm.org/lenders_realtors/program-information)

HUD-Section 184

- In accordance with HUD-Section 184 guidelines.

Interest Rate:

First Home program interest rates are set and published each day on MFA’s website. (www.housingnm.org/lenders_realtors/lenders-current-rates)

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%.

Available Down Payment Assistance (“DPA”):

First Home program loans may be combined with the First Down second mortgage program loans. The DPA may be used to finance the minimum down payment, eligible closing costs, and, in some cases, additional down payment assistance on the first mortgage loan. DPA program guidelines can be found on the MFA website (www.housingnm.org/lenders_realtors/program-information).

Fees:

- 0% Origination Fee and 0% discount fee charged to homebuyer.
- Participating Lenders will be paid a 1% origination fee by the Contracted Service Provider at the time of loan purchase.
- Participating Lenders will be paid a 1.50% Service Release Premium by the Contracted Service Provider at the time of loan purchase.
- Participating Lenders may charge additional fees to the borrower (underwriting, document preparation, processing, etc.) as long as such fees are “reasonable and customary”.

Eligible Properties:

- Properties must be owner-occupied, Single family residences.
- Property types eligible for financing under the First Home program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Properties financed through the First Home 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 Home 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 Home 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 Home Program Household 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 Home 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