Helping Hand Program
Down Payment and Closing Cost Assistance
For People with Disabilities
Program Description
September 2014

Program Summary:

The Helping Hand Program is designed to assist first-time homebuyers with at least one person in the household that has a disability, which meets the ADA definition, in the purchase of a home. The program also promotes statewide partnerships among MFA Mortgage Lenders and non-profit/public housing agencies, which will increase the statewide lending capacity. The program will help in offering increased access to homeownership for borrowers in communities that typically have not had access to secondary market financing options.

Assistance Types:

Helping Hand provides down payment and closing cost assistance in the form of a second mortgage. Helping Hand is a zero percent (0%) interest rate, non-amortizing loan due on sale, refinance, or transfer of the property. Helping Hand may be applied toward the down payment, closing costs, temporary interest rate buydowns and to reduce the principal balance of the loan (additional down payment). Helping Hand loans may be applied towards pre-paid items.

Loan Amount:

The Helping Hand loan amount is 8,000. The Helping Hand Program has been structured to provide a loan amount of $8,000 no matter what the sales price, unlike the Payment$aver Program, in order to provide the targeted borrower with the maximum assistance.

Helping Hand may not be used in conjunction with the Mortgage$aver Plus, other MFA-funded second mortgage programs or any other HOME funded mortgage product. See the following section for specific program information.

First Mortgage Loan Types Available:

The Helping Hand Program may be used with a variety of Mortgage$aver loan types, including USDA Rural Development guarantee, direct, and leveraged loans; FHA, VA and Fannie Mae’s (“FNMA”) My Community™, HFA Preferred™ suite of products and Fannie Mae’s HomeChoice Program. Each loan type has different underwriting guidelines; please refer to the appropriate loan type for their general qualifying guidelines and requirements.

Borrower Eligibility:

The program is targeted toward households earning 80% or less than the area median income adjusted for family size, and depending on the county in which the borrower wishes to purchase a home.

Borrower(s) must complete face-to-face pre-purchase counseling with Independent Living Resource Center (ILRC) or another MFA approved non-profit or housing counseling agency prior to the lender submitting a compliance package to MFA.
Because Helping Hand is funded using federal HOME funds, beneficiaries who do not sell, refinance or transfer the property must utilize it as their principal residence for at least five years.

**Property Eligibility:**

The purchase price of the home cannot exceed the lesser of the Helping Hand Purchase Price Limits listed in Exhibit A of the *Helping Hand NOFA* or the Purchase Price Limits listed in Exhibit A of the *Mortgage$aver MBS NOFA*. Properties located Statewide and on Native American Trust Lands are eligible for the program.

**Eligible Helping Hand Loans:**

MFA’s Helping Hand loans are available *only* to borrowers who are obtaining financing using Mortgage$aver or Mortgage$aver Zero in conjunction with FNMA HomeChoice, FNMA My Community™, FNMA HFA Preferred™, VA or FHA loan programs and meet the ADA definition of disabled. The program may be used to finance down payment, closing costs, and pre-paids in conjunction with a Federally Insured (FHA) or a Privately Insured Mortgage Loan (FNMA).

**Housing Quality Standards Inspections:**

The use of HOME funds in the Helping Hand Program requires that existing housing be inspected according to HUD’s Housing Quality Standards (HQS). Somewhat different from an appraisal, the standards ensure that the house meets HUD’s sanitary, safety and privacy standards. To expedite the inspection process, the MFA has contracted with several inspectors across the state to conduct the inspections – *See HQS Inspectors table*. The inspection must be completed prior to sending the compliance package to MFA. MFA will pay the inspector directly for the inspection upon funding and the completion of MFA’s Quality Control Review of the loan. The inspector will send the original of the completed inspection and Request for Reimbursement to the Mortgage Lender to be included in the compliance package. Should the unit fail inspection; the seller/buyer will need to make required repairs and a re-inspection will need to be ordered. The original re-inspection form and Request for Reimbursement must be sent to the Mortgage Lender and be included in the compliance package, the fee for the re-inspection will also be paid by the MFA upon funding and the completion of MFA’s Quality Control Review of the loan. *The HQS inspection is waived if the housing was built after January 1, 1978 and an FHA appraisal is provided and documented as such.*

**Housing Quality Standards/Visual Lead Based Paint Inspections:**

The use of HOME funds in the Helping Hand Program requires that existing housing that was built *prior to January 1, 1978, no matter what loan type*, be inspected according to HUD’s Housing Quality Standards (HQS). Somewhat different from an appraisal, the standards ensure that the house meets HUD’s sanitary, safety and privacy standards. The inspector will perform the HQS inspection along with a Lead Based Paint visual inspection. To expedite the inspection process, the MFA has contracted with several inspectors across the state to conduct the inspections – *See HQS Inspectors table*. The inspector will send the original of the completed inspection and Request for Reimbursement to the Mortgage Lender to be included in the compliance package. Should the unit fail inspection; the seller/buyer will need to make required repairs and a re-inspection will need to be ordered. The original re-inspection form and Request for Reimbursement must be sent to the Mortgage Lender and be included in the compliance package, the fee for the re-inspection will also be paid by the MFA upon funding and the completion of MFA’s Quality Control Review of the loan.
Mortgage Lenders & Non-Profits:

Helping Hand may be accessed through a lender working in partnership with Independent Living Resource Center (ILRC), a non-profit agency that provides pre-purchase homebuyer counseling tailored to households in which one or more members has a disability or another MFA approved non-profit or public housing agency partner that provides pre-purchase homebuyer counseling. If a non-profit or public housing agency is not participating in the area, MFA will suggest alternative homebuyer counseling solutions.

Mortgage Lenders:  All MFA Mortgage Lenders, including USDA Rural Development will be eligible to participate. Mortgage Lenders must have an executed Homeownership Programs Master Agreement with MFA and been approved by the MFA Master Servicer.

Non-Profit/Public Housing Agency Partners: Non-profits and public housing agencies that provide pre-purchase counseling under the Helping Hand Program have an on-going and established homeownership counseling program.

Roles of Mortgage Lenders and Non-Profits/Public Housing Agencies:

Mortgage Lenders and other originators will originate, process, underwrite, close and ship the MortgageSaver first mortgage loans to MFA’s designated Master Servicer and Helping Hand loans to MFA. The lenders/originators will also be responsible for contacting the non-profit/public housing agency with whom they plan to partner to coordinate the completion and documentation of the pre-purchase homebuyer counseling and ordering the HQS Inspection, if applicable. Lenders/originators will also be responsible for completing the MFA HOME Fund Use Form.

Independent Living Resource Center (ILRC) or the MFA approved non-profit/public housing agency will provide pre-purchase counseling and complete the Homeownership Counseling Certificate of Completion.

Fees:

MFA will pay an administrative fee of up to $500 to the participating partner. Additional fees for HQS and/or Visual Lead-Based Paint inspections will be paid by MFA on a per inspection basis.

The administrative fee and the HQS/Lead-Based Paint inspections fee(s) will be paid to the participating partner after loan funding and the completion of MFA’s Quality Control Review of the loan.

Funding of Program:

Lenders will fund the first mortgage at the time of closing and send a wire request to MFA 48 hours in advance of loan closing for the Helping Hand loan. Lenders will be reimbursed for the first mortgage loan and SRP within 24 hours of loan purchase.

The lender will receive funding for the first mortgage loan from MFA’s Master Servicer and the Helping Hand loan from MFA. The Master Servicer and MFA will fund loans on a daily basis.

The MFA will fund the Helping Hand loans at a price of one hundred percent (100%) of the outstanding principal balance of the Helping Hand loan.

Additional Documentation:
Because MFA funds Helping Hand with federal HOME funds, it must ask that lenders/originators and their non-profit/public housing agency partners provide the following documentation:

1. Homeownership Counseling Certificate of Completion - *(completed by non-profit/public housing agency)*;

2. Copy of most recent 2 monthly bank statements **OR** 1 printout from bank showing average balance over the last 2 months **OR** a written statement from bank indicating that borrower does not have a 2 month history but has X months history with them and average balance over X months.

3. If costs are incurred by the borrower(s) in obtaining the above necessary documents, those costs must be documented prior to compliance approval and documents to be included in the compliance submission package. The costs must be reimbursed to the borrower by the lender at time of closing. MFA will reimburse the lender at the time the loan is funded.

4. Original Preliminary/Final signed HOME Fund Use Form *(completed by lender)*;

5. Original signed Eminent Domain Form *(completed by the lender, signed by the seller at closing)*;

6. Original signed Relocation Form *(completed by the lender, signed by the seller at closing)*;

7. Original signed Buyer Disclosure *(completed by the lender, signed by the borrower at closing)*; and

8. Original completed Certification of Assets Form.

**Program Reservation:**

Funds available to fund loans for down payment and closing cost assistance (“Helping Hand Loans”) will be reserved as described in the MFA’s Reservation and Compliance Procedures. Lenders may begin making reservation requests upon receipt of the Notice of Funds Availability via MFA’s on-line reservation system available at MFA’s web site www.housingnm.org. For more information, please call MFA at (505) 843-6880 or (800) 444-6880.

**Servicing:**

MFA will service all Helping Hand loans.