“NextDown” Program Policy

May 20, 2019

Program Summary:

The NextDown program (“NextDown”) is a second mortgage loan that provides Down Payment and Closing Cost Assistance (“DPA”) for the purchase of a primary residence. NextDown must be combined with a NextHome first mortgage loan. Qualification/eligibility guidelines are uniform throughout the state of New Mexico and do not vary by location.

Eligible Mortgage Lenders:

Mortgage Lenders must be approved by MFA (“Participating Lender”) to originate NextDown program loans. Only Participating Lenders will be eligible to originate NextDown 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:

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

NextDown Fund Use:

NextDown is available to homebuyers who obtain first mortgage loan financing through the NextHome program. NextDown may only be used to finance the minimum down payment and/or 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:

NextDown is a 15-year, fixed term, non-amortizing, second mortgage requiring no monthly payments. NextDown loans do not carry a prepayment penalty. Payment of the outstanding loan balance is required upon sale, transfer or refinance. The loan balance is forgiven 20% each year beginning with the eleventh anniversary of the note date until fully forgiven at the 15th year anniversary.
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 NextDown program interest rate is zero percent (0.000%).

Maximum Loan Amount:

The maximum NextDown loan amount is up to the full three percent (3.00%) of the Next Home final loan balance.

Fees:

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

Other allowable fees that may be charged in conjunction with a NextDown loan including 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 NextDown loan.

Eligible Properties:

- Properties must be owner-occupied and specified as a Single family residence by the appraiser.
- Property types eligible for financing under the NextDown program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Properties financed with the NextDown program must not exceed the Acquisition Cost limits set forth in Exhibit A.

1 As of November 1, 2018 MFA only offers the 3% DPA option with the NextDown Program
**Borrower Eligibility:**

- The NextDown program **does not** require the borrower to be a first-time homebuyer.
- Household Income Limits as specified in Exhibit A.
- Minimum credit score of 620.
- Homebuyers must occupy the property within 60 days of closing.

**Homebuyer Counseling:**

- Required for First-time Homebuyers, only.
- 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

*NextDown* Program Income Limits

<table>
<thead>
<tr>
<th>Area</th>
<th>Household Income Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>All areas of the State</td>
<td>$91,000</td>
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*NextDown* Program Acquisition Cost Limits

<table>
<thead>
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<th>Area</th>
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</thead>
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