

NOTICE OF FUNDS AVAILABILITY
RE: NEW MEXICO MORTGAGE FINANCE AUTHORITY
HERO FIRST (TAXABLE) MBS PROGRAM SERIES 2008D
September 15, 2008

The New Mexico Mortgage Finance Authority ("MFA") issued and delivered the above-captioned bonds (the "Bonds") to make funds available under its single family mortgage backed securities program (the "MBS" Program) to finance the purchase of \$3,000,000 principal amount of Mortgage Loans, which are Privately Insured. Except as otherwise defined herein, capitalized terms used in this Notice of Funds Availability shall have the same meanings as the capitalized terms defined in the Master MBS Agreement. In the event of a conflict between the provisions of this Notice of Funds Availability and the provisions of the MBS Compliance Agreement for a Mortgage Loan, the provisions of the MBS Compliance Agreement shall control. The MFA may amend the provisions of this Notice of Funds Availability from time to time.

To participate in the HERO First MBS Program, your institution must have been approved by MFA as an Eligible Mortgage Lender under the MBS Program; have executed a Homeownership Programs Master Agreement with MFA and ship to Charter Bank or US Bank, N.A. ("Master Servicer's") for file review. MFA approval as an Eligible Mortgage Lender is evidenced by the issuance to your institution of MFA's "Notice of Approval". If you have not been approved to participate in the MBS Program, you may submit an "Application for Approval" to the MFA Homeownership Department. Approved Mortgage Lenders may now begin taking loan applications under this issue.

MFA will finance the purchase of Eligible Mortgage Loans as set forth in the applicable MBS Compliance Agreement and the HERO First MBS Program Documents. Funds used to finance the purchase of the Mortgage Loans will be reserved in accordance with the MBS Reservation Procedures, as amended from time to time. MFA's Commitment and the Master Servicer's purchase of each Mortgage Loan will be subject to the execution of an individual MBS Compliance Agreement signed by the Mortgage Lender and the Master Servicer, as amended from time to time and any conditions thereto.

Funds to be made available by the issuance of the Bonds will be used to purchase securities, backed by the Mortgage Loans, and guaranteed by Fannie Mae (FNMA). The purchase of the mortgage-backed securities will be governed by a Master Mortgage Pooling and Servicing Agreement between MFA and the Master Servicer. All Mortgage Lenders will sell the Mortgage Loans and release their servicing rights to one of MFA's Master Servicer's, Countrywide Bank, FSB. or CitiMortgage, Inc.

The terms and conditions applicable to the program are expected to include the following:

1. ACQUISITION POOL

MFA will establish an acquisition pool of approximately \$3,000,000 (the "Acquisition Pool") from which it will finance the purchase of Mortgage Loans.

2. ACCEPTABLE LOAN TYPES

Each Mortgage Loan delivered for purchase must be Privately Insured (conventional):

- a. Loans must be underwritten under the guidelines of the FNMA MyCommunityMortgage™.

Borrowers may only use MFA's HERO DPA Program for down payment and closing cost assistance in connection with the HERO First MBS Program for Non-First Time Home Buyers or First Time Home Buyers over the MortgageSaver income limits. The MortgageSaver Program will be used for First Time Home Buyers within the income limits in conjunction with the Mortgage Booster DPA Program. The maximum amount of the HERO DPA Loan will be 8% of the sales price of the home (pre-pays are eligible to be included in the loan amount). The maximum combined loan-to-value ratio under the HERO First/HERO DPA Program is 100%/103%/105%, depending on corresponding MI coverage guidelines.

- b. Mortgage Insurance

Lender may choose any mortgage insurance company eligible under the MyCommunityMortgage™ requirements.

- c. MyCommunityMortgage™ -Targeted Occupation Definitions

At least one borrower must qualify under one of the following options; teacher, safety worker, health care worker or a member of the United States Armed Forces. Following are the definitions:

Teacher – One of the borrowers must be an employee of an accredited or state recognized private or public school; a certified teacher or administrator in an education agency; or an employee of a post-secondary level educational institution.

Safety Worker – One of the borrowers must be an employee of a law enforcement agency or fire department administered by an agency or subdivision of a state or local government; or a sworn law enforcement officer responsible for crime prevention and detection, law enforcement, or criminal incarceration; or a sworn member of a fire department involved in the fire suppression or prevention, emergency medical response, hazardous materials response, or management or response to terrorism.

Health Care Worker – One of the borrowers must be a certified, accredited, or licensed health care worker who is a medical resident or fellow; a nurse, nursing assistant, pharmacist, pharmacy technician, physician's assistant, or medical technician, technologist, or therapist.

Member of Armed Forces – One of the borrowers must be a current member of the United States Armed Forces (Active or Reserve).

3. GEOGRAPHIC SET-ASIDES

\$3,000,000.00 will be made available from MFA's taxable MBS program to be used to finance the HERO First MBS Program. The table below indicates the amount of funds allocated:

	HERO First
Statewide	\$3,000,000.00

4. UNDERWRITING

- a. Mortgage Lenders are responsible for credit and collateral underwriting and for determining whether a loan qualifies under the FNMA MyCommunityMortgage™ guidelines. Lenders may run the loan through DU or manually underwrite the loan. **Temporary buydowns and non-occupying co-signers are allowed according to applicable guidelines of MFA/FNMA Affinity agreement.**

The Master Servicer will not re-underwrite the loans for eligibility but will provide pre-purchase and post-purchase review for compliance with MFA guidelines.

- b. Maximum 100% LTV (105% CLTV) mortgage with flexible credit guidelines. **The minimum contribution of \$500 (from the borrower's own funds) with remainder from flexible sources (gift, grant, Community Seconds®, borrower funds).**

5. COMPLIANCE FILE REVIEW

Compliance packages for all HERO First MBS Program mortgage loans with HERO Down Payment Assistance Loans or HERO First MBS Program mortgage loans without assistance are due to the Master Servicer within 45 days from Reservation):

6. LOAN RESERVATION

All loans must be reserved via MFA's On-Line Reservation System found on MFA's website: www.housingnm.org. Lender may then print the HERO MBS Compliance Agreement upon submitting the reservation.

The Reservation may not be transferred to any other buyer, but in cases where a loan is denied, a Mortgage Lender may, with MFA's written approval, transfer the Reservation to a new Mortgage Lender for the same property.

In the case where a buyer were to switch properties (for reasons determined by inspections, etc.) the Reservation may be switched to the new property with prior approval from MFA. However, the delivery dates will remain the same.

7. LOAN CLOSING

A Mortgage Lender may not close a Mortgage Loan until the Mortgage Lender receives a compliance approval letter for such Mortgage Loan. A Commitment may not be issued nor will MFA be obligated to purchase a Mortgage Loan that has been closed in an amount that is materially different from that shown on the MBS Compliance Agreement.

8. MORTGAGE STRUCTURE

Each Mortgage Loan must have a 30-year term and amortizing, substantially equal monthly payments of principal and interest (in amounts sufficient to amortize the principal amount of the Mortgage Loan over the term thereof) due on the first day of the calendar month the first payment of which shall commence no later than sixty (60) days following Closing, and a fixed interest rate at the Respective Mortgage Note Rate.

HERO First MBS Program loans may have a HERO DPA loan attached or if borrower qualifies without the assistance may be reserved as a stand alone first mortgage.

9. LOAN DELIVERY

a. Delivery Dates

No loan purchase schedule will be published. Mortgage Lenders may deliver loans as soon as they are ready to be shipped. The Master Servicer will purchase loans on a daily basis during the origination period.

The Final Mortgage Loan Delivery Date (the final date on which a Mortgage Loan may be delivered for sale to the Master Servicer in satisfaction of the Mortgage Lender's obligations under a HERO MBS Compliance Agreement) will be the earlier of:

1. May 1, 2009
2. The date which is seventy-five (75) days after the date upon which MFA issues the applicable MBS Compliance Agreement. Purchase files delivered after the seventy-fifth (75) day will receive a reduction in new wire at the time of purchase, as per the Fee Schedule dated June 28, 2002. A two-week extension from the 45/75 days is available for a no fee.

b. MBS Delivery Package

Mortgage Lenders must deliver the MBS Delivery Packages, as described in the MBS Reservation Procedures, to the Master Servicer by the dates shown on the MBS Compliance Agreement or Extension Notice.

c. Final Documents

So that the Master Servicer may certify all MBS pools, Mortgage Lenders must clear all outstanding exceptions within 120 days of purchase of the Mortgage Loan.

- d. An additional Down Payment Assistance Loan file must be delivered to MFA for Loans made under the HERO DPA Program.

10. SERVICING

Mortgage Lenders will sell HERO First MBS Program Mortgage Loans with respective HERO DPA Loans to the Master Servicer and will release the servicing to the Master Servicer.

a. Servicing Documents

The Mortgage Loans will be collateral for a Fannie Mae MBS. Servicing will be performed according to the applicable guidelines of Fannie Mae.

b. Servicing Rights Fee

The Master Servicer's will pay MFA a Servicing Rights Fee as consideration for MFA directing Mortgage Lenders to sell Mortgage Loans, servicing released, to Master Servicers in accordance with the terms of the Master Mortgage Pooling and Servicing Agreement between MFA and Master Servicers.

c. Servicing Release Premium

The Master Servicer's will pay Mortgage Lenders a Servicing Release Premium, determined by MFA, for releasing servicing to the Master Servicers at the time of loan purchase by the Master Servicers.

The compensation paid will be based on the outstanding principal balance of the mortgage loans as follows:

Charter Bank will pay a Servicing Release Premium of the higher of \$750 or one and sixty-seven hundredths percent (1.67%) of the outstanding principal balance of eligible conventional loans.

US Bank, N.A. will pay a Servicing Release Premium of higher of \$750 or one and sixty-nine hundredths percent (1.69%) of the outstanding principal balance of eligible conventional loans.

The servicing release compensation may be changed by MFA from time to time by amendment to this Notice of Funds Availability.

d. Servicing Transfer

The Mortgage Loan will be purchased and serviced by the Master Servicer of choice. This means that the Mortgage Note will be endorsed, and the Mortgage assigned to the Master Servicer. At the time of Mortgage Loan purchase by the Master Servicer, the Mortgage Lender will transfer all servicing rights to:

Charter Bank
5200 Eubank Blvd. NE
Albuquerque, NM 87102
Attn: David Jansen, Senior Vice President

Or

US Bank Home Mortgage-MRBP Division
17500 Rockside Rd
Bedford, OH 44146
Attn: Trish Storm, Vice President

The Mortgage Lender is responsible for (i) transferring all escrow balances held to the Master Servicer (ii) for notifying the borrower of the transfer with a "goodbye" letter which meets the requirements of RESPA and all other applicable regulations, and (iii) for transferring to the Master Servicer any applicable insurance policies and guarantees. (See Section 15)

12. MORTGAGE NOTE RATE

The Mortgage Note Rate for the HERO First Program Loans will be **6.00%** per annum (fixed rate). The MFA may change the mortgage note rate by amending the provisions of this Notice of Funds Availability from time to time.

13. DISCOUNT FEE

Mortgage Lenders will charge a discount fee of one percent (1%) of the Mortgage Loan Amount set forth in the HERO First Program MBS Compliance Agreement less any amounts previously charged to either the mortgagor or the seller of the mortgaged property as the Reservation Fee.

14. ORIGINATION FEE

Mortgage Lenders will charge an origination fee of up to one percent (1%) of the Mortgage Loan Amount set forth in the Mortgage Purchase Agreement less any amounts previously charged to either the mortgagor or the seller of the mortgaged property as the Reservation Fee.

15. PURCHASE PRICE, OTHER FEES & WIRE AMOUNT

The Master Servicer will purchase the loan from the Mortgage Lender by wiring the funds to the Mortgage Lender's account. The purchase price of HERO First MBS Program loans will be the sum of ninety-nine percent (99%), less any delivery fees and/or late fees of the outstanding principal balance of the Mortgage Loan as of the date of purchase, (ii) the servicing release premium (as described in Section 8.c. above), (iii) accrued interest to the date of purchase minus (iv) any fees. The amount of the wire will be the purchase price less any amounts held in escrow (including additional amounts necessary to make up for any escrow shortage).

16. INCOME LIMITS

The borrower's Current Annual Household Income must not exceed the Income Limits set forth in Exhibit A.

17. ACQUISITION COST LIMITS

The Acquisition Cost of Residential Housing to be financed with the Mortgage Loan must not exceed the Acquisition Cost Limits set forth in Exhibit A.

18. RESIDENTIAL HOUSING

The Mortgage Loan must be for the purchase of Single Family Residential Housing.

19. FIRST-TIME BUYER/NON FIRST-TIME BUYER

If a borrower is a first-time home buyer, a member of the Targeted Occupation as defined in Section 2(c) and is over income for the MortgageSaver Program, the loan may be reserved under the HERO First MBS Program.

There are no First-Time homebuyer requirements under this Program. However, the borrower can not be in title to any other property at the time of purchase.

20. RECAPTURE

There are no "Recapture" requirements under this Program.

21. TAX EXEMPT RIDER/VA RIDER

The funding source for the HERO First MBS Program is taxable bonds; therefore the Tax Exempt Financing Rider and VA Rider are not required.

22. RESERVATION REQUEST

All Reservations must be made via MFA's on-line reservation system found on MFA's website: www.housingnm.org.

23. AFFIDAVITS

The funding source for the HERO First MBS Program is taxable bonds; therefore the Affidavits of Purchaser and Seller are not required.

24. ASSIGNMENT OF MORTGAGE

MFA will not issue a form of assignment to be used in connection with Mortgage Loans in this issue. Mortgage Loans must be assigned to the Master Servicer of the mortgage loan.

25. REPURCHASE

HERO First MBS Program Loans and any Down Payment Assistance loans made in conjunction with HERO First MBS Program Loans that are subsequently deemed to be ineligible and cannot be pooled into a FNMA MBS or funded under the second mortgage program will be repurchased at MFA's and the Master Servicer's sole discretion.

Exhibit A

1. **INCOME LIMITS** The current annual household income of the borrower(s) may not exceed the applicable Income Limit described below:

Geographic Areas	Income Limits 1 or More Person Household
Albuquerque MSA (Bernalillo, Sandoval, and Valencia Counties)	\$78,260
Santa Fe MSA (Santa Fe and Los Alamos Counties)	\$79,800
All other areas of the state	\$65,240

The Income Limits described above are subject to change and may be amended by MFA.

2. ACQUISITION COST LIMITS

The Acquisition Cost of the Residence financed with a Mortgage Loan may not exceed the applicable Acquisition Cost Limit described below:

Area	Acquisition Cost Limit
Los Alamos County	\$286,875
Santa Fe County	\$343,799
All other areas of the State	\$237,031

The Acquisition Cost Limits described above are subject to change and may be amended by MFA.