

NEW MEXICO MORTGAGE FINANCE AUTHORITY

MORTGAGE BOOSTER DOWN PAYMENT AND CLOSING COST ASSISTANCE PROGRAM

(“Mortgage Booster Program”)

NOTICE OF AVAILABILITY OF FUNDS-2011 C BOND ISSUE

December 5, 2011

The New Mexico Mortgage Finance Authority (“MFA”) currently has funds available under its Mortgage Booster Down Payment and Closing Cost Assistance Program (the “Mortgage Booster Program”). To participate in the Mortgage Booster Program, your institution must have been approved by MFA as a Participating Mortgage Lender and have executed a Homeownership Program Master Agreement. MFA approval as a Participating 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 mortgage-backed security (MBS) or Mortgage Booster Programs you may submit an “Application for Approval” to MFA’s Homeownership Department. Other Participating Lenders include Rural Housing Services.

Funds available to purchase loans for down payment and closing cost assistance (“Mortgage Booster Loans”) will be reserved as described in MFA’s Reservation Procedures. Participating Lenders may begin making reservation requests upon receipt of this Mortgage Booster Down Payment and Closing Cost Assistance Program Notice of Availability of Funds (“Notice”).

The MFA’s purchase of Mortgage Booster Loans is subject to the execution of a Mortgage Purchase Agreement for each Mortgage Booster loan. Each Mortgage Booster Loan delivered to MFA for purchase must conform to all of the applicable terms and conditions of the related Mortgage Booster Mortgage Purchase Agreement.

The terms, conditions and descriptions applicable to Mortgage Booster Loans to be purchased by the MFA are as follows:

- 1. Eligible Mortgage Booster Loans** MFA’s Mortgage Booster program is available only to borrowers who obtain financing through MFA’s MBS Program (*i.e.*, MortgageSaver or MortgageSaver Zero) and may only be used to finance the *minimum* down payment and eligible closing costs in conjunction with a federally (FHA, and USDA Rural Housing–Guarantee or Leverage coverage) or privately insured mortgage loan (FNMA, unless the Participating Lender is USDA Rural Housing). Eligible closing costs are buyer-paid closing costs including mortgage insurance premiums and pre-paid interest, taxes, insurance, and pre-paid mortgage insurance, if applicable.
- 2. Eligible Borrowers** To become eligible for a Mortgage Booster Loan the Current Annual Household Income of the borrower must be below the applicable income limit identified in Exhibit A as Mortgage Booster Program Income Limits.

- 3. Property Eligibility** The purchase price of the home cannot exceed the Mortgage Booster Program Purchase Price Limits listed in Exhibit A.
- Properties located in Native American Trust Lands are eligible to use the program.
- 4. Interest Rate and Terms** **The interest rate for the Mortgage Booster Program will be 6.00%**
- The term of a Mortgage Booster Loan is thirty (30) years, paid in equal monthly installments of principal and interest. Mortgage Booster Loans do not carry a prepayment penalty.
- 5. Maximum Loan Amount and CLTV** The maximum amount for a Mortgage Booster Loan is \$8,000. The maximum combined loan-to-value ratio (CLTV) under the Mortgage Booster program is 105%. Although, Participating Lenders must follow the applicable loan program guidelines as they relate to LTV/CLTV.
- 6. Fees** The Participating Lender may charge an **origination fee equal to one hundred dollars (\$100.00)** at closing.
- Other allowable charges include the actual cost related to recording fees for the second mortgage, actual premiums for the mortgagee policy of title insurance for the second mortgage and actual daily interest charges.
- No other fees may be charged in conjunction with the Mortgage Booster loan.**
- 7. Purchase Price** MFA will purchase Mortgage Booster Loans at a purchase price of one hundred percent (100%) of the outstanding principal balance of the Mortgage Booster Loans (plus accrued interest thereon, if any).
- 8. Delivery** Each Mortgage Booster Loan shall be delivered to MFA for purchase when the first mortgage loan delivery package is sent to the Master Servicer. A package must be delivered to the MFA per the MFA delivery checklist.
- ALL MORTGAGE BOOSTER LOANS MUST BE REVIEWED FOR COMPLIANCE PRIOR TO CLOSING.**
- 9. Reservation of Funds** Eligible Lenders shall reserve funds in accordance with MFA's Reservation Procedures via the on-line reservation system at www.housingnm.org.
- 10. Counseling** A prospective Mortgage Booster Loan borrower must be able to demonstrate that he or she has successfully completed a homebuyer counseling course prior to the closing of the Mortgage Booster Loan.

The course must be one developed by a non-profit or participating partner agency with an established and recognized counseling program in place. The agency must be acceptable to FNMA, a private mortgage insurance provider, or MFA, and must provide a certificate at completion of the homeownership counseling. This requirement applies to all Mortgage Booster Loans regardless of the underlying first mortgage loan type.

If a qualified housing counseling agency is not participating in the area, MFA will suggest alternative homebuyer counseling solutions.

- 11. Mortgage Booster Loan Closing** Mortgage Lenders may only close a Mortgage Booster loan upon receipt of a copy of a compliance approval letter for such Mortgage Loan. The compliance approval letter will be issued by MFA. If a Mortgage Booster Loan is closed in an amount inconsistent with the loan amount set forth in the executed Mortgage Booster Mortgage Purchase Agreement, MFA will be under no obligation to purchase the Mortgage Booster Loan.
- 12. Servicing** MFA will service Mortgage Booster Loans that are originated in conjunction with the MortgageSaver or MortgageSaver Zero Loans.
- 13. Repurchase** If the Mortgage Lender is required to repurchase the first mortgage loan under MFA's Homeownership Programs Master Agreement and corresponding agreements into which it has entered with MFA's Master Servicers, the Participating Lender shall repurchase the associated Mortgage Booster Loan as well. Repurchase requirements may be found in MFA's Single Family Mortgage Program Notice of Availability of Funds (NOFA) and Homeownership Programs Master Agreement.
- 14. Mortgage Insurance** It is the responsibility of the originating lender to determine the amount and type on MI coverage allowed with the MortgageSaver loan program and corresponding Mortgage Insurance Company guidelines.

MFA may amend the provisions of this Notice from time to time.

EXHIBIT A

Mortgage Booster Program Income Limits

Area	Income Limit	
	Small Household Size (1 or 2 persons)	Large Household Size (3 or more persons)
Albuquerque MSA (Bernalillo, Sandoval, Torrance and Valencia Counties)	\$61,000	\$70,150
Santa Fe MSA and Los Alamos County	\$67,800	\$77,970
Farmington MSA	\$56,200	\$64,630
All other areas of the state	\$53,800	\$61,870

Mortgage Booster Program Acquisition Cost Limits

Area	Acquisition Cost Limit
Los Alamos County	\$342,585
Santa Fe County	\$384,750
San Juan County	\$253,125
All Other Counties	\$243,945