

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**

**“TAX CREDIT LOAN” DOWN PAYMENT AND CLOSING COST ASSISTANCE  
PROGRAM  
(“Tax Credit Loan Program”)**

**NOTICE OF AVAILABILITY OF FUNDS-2010 A BOND ISSUE**

**April 26, 2010**

The New Mexico Mortgage Finance Authority (“MFA”) currently has funds available under its Tax Credit Loan Down Payment and Closing Cost Assistance Program (the “Tax Credit Loan Program”).

To participate in the Tax Credit Loan Program, your institution must have been approved by MFA as an Eligible Mortgage Lender and have executed a Homeownership Programs Master Agreement with MFA. 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 mortgage-backed security (MBS) or Tax Credit Loan Programs you may submit an “Application for Approval” to MFA’s Homeownership Department. Other Eligible Lenders include Rural Housing Services.

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

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

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

- 1. Eligible Loans** MFA’s Tax Credit Loan 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 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 (unless the Eligible 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 Tax Credit Loan the Current Annual Household Income of the borrower must be below the applicable income limit identified in Exhibit A as Tax Credit Loan Program Income Limits.

- 3. Property Eligibility** The purchase price of the home cannot exceed the Tax Credit Loan Program Purchase Price Limits listed in Exhibit A.
- Properties located on Native American Trust Lands are eligible to use the program.
- 4. Interest Rate and Terms**
- The interest rate for the Tax Credit Loan Program will be 6.00%**
- The term of a Tax Credit Loan is as follows: The second mortgage will provide the borrower with deferred principal and interest payments through June 30, 2011, provided the loan is paid in full. In the event that the loan is not paid in full by June 30, 2011, interest will be accrued from the date of loan closing and the Tax Credit Loan will require monthly principal and interest payments sufficient to amortize the loan throughout the remaining term of the loan. The loan is due and payable on July 1, 2041, if not sooner paid. Tax Credit Loan Program loans do not carry a prepayment penalty.
- 5. Maximum Loan Amount and CLTV** The maximum amount for a Tax Credit Loan is the lesser of 8% of the sales price of the home or \$6,500.00. The maximum combined loan-to-value ratio (CLTV) under the Tax Credit Loan Program is 105%.
- Although, Participating Lenders must follow the applicable loan program guidelines as they relate to LTV/CLTV.
- 6. Fees** A fee, equal to two hundred dollars (\$200.00), will be charged by the Mortgage Lender to the mortgagor or the seller of the mortgaged property at closing which will be passed on to MFA at the time of purchase. MFA will deduct the \$200.00 fee from the wire when the loan is purchased from the lender.
- 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 a Tax Credit Loan.**
- 7. Purchase Price** MFA will purchase the Tax Credit Loans at a purchase price of one hundred percent (100%) of the outstanding principal balance of the Tax Credit Loans (plus accrued interest thereon, if any). MFA shall deduct their two hundred dollars (\$200.00) fee from the wire sent to the lender at the time of purchase.

- 8. Delivery** Each Tax Credit 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 TAX CREDIT 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](http://www.housingnm.org).
- 10. Counseling** A prospective Tax Credit Loan borrower must demonstrate that they have successfully completed a homebuyer counseling course prior to the closing of the Tax Credit 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 Tax Credit 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. Loan Closing** Mortgage Lenders may only close a Tax Credit 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 Tax Credit Loan is closed in an amount inconsistent with the loan amount set forth in the executed Tax Credit Loan Program Mortgage Purchase Agreement, MFA will be under no obligation to purchase the Tax Credit Loan.
- 12. Servicing** MFA will service Tax Credit 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 Lender shall repurchase the associated Tax Credit 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 of 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

### Tax Credit Loan 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)	\$55,900	\$64,285
Santa Fe and Los Alamos Counties	\$57,000	\$65,550
All other areas of the state	\$46,600	\$53,590

### Tax Credit Loan Program Acquisition Cost Limits

Area	Acquisition Cost Limit
Los Alamos County	\$286,875
Santa Fe County	\$343,799
All Other Counties	\$237,031