

Helpful Tips for REALTORS®



Is it true that MFA loans only require a “down payment” of \$500?

No, that’s not an accurate way to state it. Because MFA programs are really an “add-on” or “accessory” to a standard loan such as FHA, VA, USDA and HFA Preferred Conventional, we don’t have a say in the actual down payment percentage required for the loan.

While it’s true that MFA’s program guidelines require that the buyer invest at least \$500 of his or her own funds toward the purchase of the home, the actual down payment required is determined by the underlying loan program.

For example, a buyer using an FHA loan is required to make a down payment equal to 3.5 percent of the sales price of the home. MFA has programs that can help cover that requirement; however, we want to make sure that buyers have an initial investment in the purchase, so we require that they contribute at least \$500. In this scenario the balance of the down payment requirement can be financed with our **FIRST^{Down}** program, for example, which is a 30-year, second mortgage of up to \$8,000.

On the other hand, a buyer using USDA’s guaranteed loan program, which provides 100 percent financing, isn’t required by the USDA to have any down payment. However, MFA still requires them to invest at least \$500 of their own funds.

The bottom line is that we must be mindful of the distinction between the actual down payment required and MFA’s required minimum cash investment.

For more information about all of MFA’s homebuyer programs, please call us at 505.843.6881 or go to the lender section of MFA’s website at housingnm.org.



MFA | Housing New Mexico

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QUICK FACTS

MFA requires that buyers invest at least \$500 of their own funds toward the purchase of their home.

The actual down payment percentage required is determined by the underlying loan (FHA, VA, USDA & HFA Preferred Conventional)

Down payment percentage required for:

FHA – 3.5%

VA – 0%

USDA – 0%

HFA Preferred – 3%

We appreciate and value you, our dedicated REALTOR® partners. Thank you for making sure your buyers know about MFA!



EQUAL HOUSING OPPORTUNITY