

# **“FirstDown” Program Policy**

**May 20, 2019**

## **Program Summary:**

The *FirstDown* program (“*FirstDown*”) is a second mortgage loan that provides Down Payment and Closing Cost Assistance (“DPA”) for First-time homebuyers. *FirstDown* can be combined with a First Home first mortgage loan. Qualification/eligibility guidelines vary, based on the size and location of the household.

## **Eligible Mortgage Lenders:**

Mortgage Lenders must be approved by MFA (“Participating Lender”) to originate *FirstDown* program loans. Only Participating Lenders will be eligible to originate *FirstDown* program loans. A list of eligible Participating Lenders is published on the MFA website. ([www.housingnm.org/homebuyers/find-a-participating-lender](http://www.housingnm.org/homebuyers/find-a-participating-lender)).

## **Availability of Funds:**

*FirstDown* program funds are made available on a continuous basis and may be reserved in conjunction with a First Home program loan through MFA’s online reservation system, which can be accessed on MFA’s website ([www.housingnm.org/lenders\\_realtors/online-reservations](http://www.housingnm.org/lenders_realtors/online-reservations)).

## **FirstDown Fund Use:**

*FirstDown* is available to homebuyers who obtain first mortgage loan financing through the First Home program. *FirstDown* may only be used to finance the minimum down payment and 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:**

30 year, fixed term with full amortization, paid in equal monthly installments of principal and interest. *FirstDown* loans do not carry a prepayment penalty.

## **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](http://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 *FirstDown* program interest rate is six percent (**6.000%**).

### **Maximum Loan Amount:**

The maximum *FirstDown* loan amount is \$8,000.

### **Fees:**

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

Other allowable fees that may be charged in conjunction with a *FirstDown* 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 *FirstDown* loan.

### **Eligible Properties:**

- Properties must be owner-occupied, Single family residences.
- Property types eligible for financing under the *FirstDown* program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Properties financed with the *FirstDown* program must not exceed the Acquisition Cost limits set forth in Exhibit A.
- Properties located in specific census tracts (“Targeted Areas”) are eligible for increased Acquisition Cost Limits. Properties financed through the *FirstDown* program in Targeted Area census tracts must not exceed the Targeted Area Acquisition Cost limits set forth in Exhibit A. Targeted Area census tracts are identified on MFA’s website. ([www.housingnm.org/lenders\\_realtors/targeted-area-census-tracts](http://www.housingnm.org/lenders_realtors/targeted-area-census-tracts)).

### **Borrower Eligibility:**

- The *FirstDown* program requires the borrower to be a first-time homebuyer.

- Homebuyers purchasing properties in Targeted Area census tracts are not required to be a first-time homebuyer.
- Homebuyers purchasing a home in a Targeted Area census tract must not exceed the Targeted Area Household Income Limits set forth in Exhibit A.
- Homebuyers purchasing a home in a non-Targeted Area census tract must not exceed the non-Targeted Area Household Income Limits set forth in Exhibit A.
- Borrower contribution of at least \$500, which must be the borrowers own funds and cannot be derived from any type of gift, grant or down payment assistance.
- Minimum credit score of 620.
- Homebuyers must occupy the property within 60 days of closing.

**Homebuyer Counseling:**

- Required for all First Home program loans, including the borrower and co-borrower(s).
- 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**

### ***FirstDown* Program Income Limits**

<b>Non Targeted Areas</b>	<b>1-to-2-Person Household</b>	<b>3-or-More-Person Household</b>
Albuquerque MSA (Bernalillo, Sandoval, Torrance and Valencia Counties)	<b>\$66,624</b>	<b>\$76,618</b>
Santa Fe MSA	<b>\$78,596</b>	<b>\$90,386</b>
Los Alamos County	<b>\$135,500</b>	<b>\$155,825</b>
Farmington MSA (San Juan County)	<b>\$67,800</b>	<b>\$77,970</b>
Catron and Curry Counties	<b>\$61,440</b>	<b>\$71,680</b>
Chaves and Harding Counties	<b>\$62,760</b>	<b>\$73,220</b>
Eddy County	<b>\$72,700</b>	<b>\$83,605</b>
Las Cruces MSA (Dona Ana County)	<b>\$60,960</b>	<b>\$71,121</b>
Lea County	<b>\$66,584</b>	<b>\$76,572</b>
Lincoln, Grant and De Baca Counties	<b>\$63,600</b>	<b>\$74,200</b>
Otero County	<b>\$68,204</b>	<b>\$78,435</b>
Union County	<b>\$64,800</b>	<b>\$75,600</b>
All other areas	<b>\$60,400</b>	<b>\$69,460</b>

## Exhibit A (cont.)

<b>Targeted Areas</b>	<b>1-to-2-Person Household</b>	<b>3-or-More-Person Household</b>
Albuquerque MSA (Bernalillo, Sandoval, Tarrant and Valencia Counties)	<b>\$78,000</b>	<b>\$91,980</b>
Santa Fe MSA census tract	<b>\$87,840</b>	<b>\$102,480</b>
All other census tracts	<b>\$72,480</b>	<b>\$84,560</b>

### ***FirstDown* Program Acquisition Cost Limits**

<b>Geographic Area</b>	<b>Acquisition Cost Limits</b>
Santa Fe County	<b>\$331,205</b>
Los Alamos County	<b>\$369,501</b>
All other Areas of The State	<b>\$283,389</b>
<b>Targeted Area Census Tracts</b>	
Santa Fe County Targeted Area Census Tracts	<b>\$404,807</b>
All Targeted Census Tracts Within the State	<b>\$346,315</b>