

“FirstHome” Program Policy

September 16, 2019

Updated 4/20/2020 with new Income and Acquisition Cost Limits

Program Description:

The *FirstHome* Program (“*FirstHome*”) is designed to increase homeownership opportunities for low-to-moderate income families and individuals throughout the state of New Mexico. *FirstHome* program loans feature a competitive interest rate and can be combined with an MFA funded Down Payment and Closing Cost Assistance (“DPA”) loan. *FirstHome* program loans are only available to First-time homebuyers. Qualification/eligibility guidelines vary, based on the size and location of the household. All *FirstHome* program loans require pre-purchase homebuyer counseling.

Eligible Mortgage Lenders:

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

Availability of Funds:

FirstHome program funds are made available on a continuous basis and may be reserved for homebuyers through MFA’s online reservation system, which can be accessed on MFA’s website (www.housingnm.org/lenders_realtors/online-reservations). From time to time, the *FirstHome* program guidelines will be published in a Notice of Funds Availability (“NOFA”), which may be found on MFA’s website. (www.housingnm.org/lenders_realtors/program-information).

Mortgage Loan Term:

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

Mortgage Loan Types:

FHA

- 203(b), 203(k) and in accordance with FHA guidelines.

VA

- In accordance with VA guidelines.

USDA-RHS

- In accordance with USDA guidelines.

Fannie Mae: HFA Preferred

- In accordance with FNMA and Primary Mortgage Insurance guidelines.
- HFA Preferred term sheets and program descriptions are available on the MFA website. (www.housingnm.org/lenders_realtors/program-information).

Freddie Mac: HFA Advantage

- In accordance with Freddie Mac and Primary Mortgage Insurance guidelines.
- HFA Advantage term sheets and program descriptions are available on the MFA website. (www.housingnm.org/lenders_realtors/program-information).

HUD-Section 184

- In accordance with HUD-Section 184 guidelines.

Interest Rate:

FirstHome program interest rates are set and published each day on MFA's website. (www.housingnm.org/lenders_realtors/lenders-current-rates).

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).

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%.
- Freddie Mac HFA Advantage: 97%/105%

Available Down Payment Assistance ("DPA"):

FirstHome program loans may be combined with the *FirstDown* or *HomeNow* second mortgage program loans. The DPA may be used to finance the minimum down payment, eligible closing costs, and, in some cases, additional down payment assistance on the first mortgage loan. DPA

program guidelines can be found on the MFA website. (www.housingnm.org/lenders_realtors/program-information).

Fees:

- Participating lenders may charge an Origination Fee of no more than .5% to the borrower. No discount fee may be charged to the borrower.
- Participating Lenders will be paid a 1% origination fee by the Contracted Service Provider at the time of loan purchase.
- Participating Lenders will be paid a 1.50% Service Release Premium by the Contracted Service Provider at the time of loan purchase.
- Participating Lenders may charge additional fees to the borrower (underwriting, document preparation, processing, etc.) as long as such fees are “reasonable and customary”.

Eligible Properties:

- Properties must be owner-occupied, single family residences.
- Property types eligible for financing under the *FirstHome* program include single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Properties financed through the *FirstHome* 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 *FirstHome* 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).

Borrower Eligibility:

- The FirstHome program requires the borrower(s) to be a First-time homebuyer unless the Homebuyer is purchasing a property in a Targeted Area census tract. Borrower(s) must meet current household income and acquisition limits for compliance with Mortgage Revenue Bond requirements as established by HUD. MFA staff updates these limits annually as mandated by HUD after the limits are validated by MFA’s Bond Counsel. Please refer to Exhibit A for current limits.
- 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 borrower's 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 *FirstHome* program loans, including the borrower and co-borrower.
- eHome America Online pre-purchase homebuyer counseling or face to face/group pre-purchase homebuyer counseling provided through a HUD approved Housing Counseling agency.

Program Guideline Limits:

- This policy establishes minimums and maximum limits for the identified program. From time to time staff may impose overlays to operate within the band of the above established minimums and maximums. This allows management the flexibility to comply with regulatory changes as they arise or to mitigate risk.

Exhibit A

***FirstHome* Program Household Income Limits**

Non-Targeted Areas	1-to-2-Person Household	3-or-More-Person Household
Albuquerque MSA (Bernalillo, Sandoval, Tarrant and Valencia Counties)	\$69,499	\$79,924
Farmington MSA (San Juan County)	\$70,759	\$81,373
Santa Fe MSA	\$80,398	\$92,458
Catron County	\$66,240	\$77,280
Chaves County	\$68,400	\$79,800
Eddy County	\$70,700	\$81,305
Lea County	\$70,459	\$81,028
Lincoln County	\$70,800	\$82,247
Los Alamos County	\$125,600	\$144,440
Otero County	\$68,640	\$80,080
Union County	\$69,840	\$81,480
All Other Areas and Counties of the State	\$65,880	\$76,860
Targeted Areas	1-to-2-Person Household	3-or-More-Person Household
Albuquerque MSA (Bernalillo, Sandoval, Tarrant and Valencia Counties)	\$82,920	\$96,740
Santa Fe MSA	\$91,200	\$106,400
All Other Counties of the State	\$74,280	\$86,660

Exhibit A (cont.)

FirstHome Program Acquisition Cost Limits

Geographic Area	Acquisition Cost Limits
Santa Fe County	\$338,015
Los Alamos County	\$382,947
All Other Areas of the State	\$294,601

Targeted Area Census Tracts	
Santa Fe County	\$413,129
All Other Areas of the State	\$360,067