

# HomeNow Down Payment Assistance Program Policy

## August 2018

### Program Description:

The HomeNow Down Payment and Closing Cost Assistance Program (the “HomeNow DPA Program”) is designed to assist low-income first-time homebuyers in purchasing a home. The program promotes statewide partnerships among MFA Participating Lenders and non-profit/public housing agencies and will help in offering increased access to homeownership for borrowers in communities that typically have limited access to affordable financing options.

### Eligible Mortgage Lenders:

Mortgage Lenders must be approved by MFA (“Participating Lender”) to originate HomeNow DPA Program loans. MFA maintains a list of Participating Lenders on the MFA website ([www.housingnm.org](http://www.housingnm.org)).

### Eligible HomeNow DPA Program Loans:

HomeNow DPA program loans 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. The HomeNow loan must be made in conjunction with MFA’s First Home, federally insured (*FHA, VA, and USDA Rural Development Guarantee*) or privately insured (*FNMA’s HFA Preferred™*) first mortgage programs.

### Availability of Funds:

HomeNow DPA Program funds are limited and may be reserved on a first come, first served basis in conjunction with a FirstHome program loan. A portion of these funds will be set aside for use in rural communities and economically distressed census tracts. Reservations of funds are made 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)).

### Eligible Borrowers:

The Annual Household Income must not exceed the applicable maximum limit as detailed in the HomeNow Income Limits (Exhibit A). The HomeNow Income Limits are limited to eighty percent (80%) AMI in all areas of the state, adjusted for family size.

- The HomeNow DPA program requires the borrower to be a first-time homebuyer.
- Program is not eligible for any income limit waivers associated with other MFA programs as allowed in Target Area Census tracts, for example.

- 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.

### **Property Eligibility:**

All areas of the state, including Federally Designated Tribal Land, are eligible for the program.

- Properties must be owner-occupied, single family residences.
- Property types eligible for financing under the HomeNow DPA program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Properties financed with the HomeNow DPA program must not exceed the purchase price limits set forth in Exhibit A.

### **Interest Rate and Terms:**

HomeNow program loans are zero percent (0%) interest rate, non-amortizing 10 year maturity loans due on sale, refinance, or transfer of the property. The principal loan balance is forgiven in the eleventh year from the date of the note. If the property is sold within the 10-year affordability period, the new borrower may qualify to receive a loan under the same program and terms. HomeNow loans do not carry a prepayment penalty.

### **Fees:**

Participating Lenders may charge the borrower an origination fee of one hundred dollars (\$100.00) in conjunction with HomeNow DPA loan. Other allowable fees that may be charged in conjunction with this loan program include the recording fees, mortgagee title insurance policy premiums and settlement/closing fees.

MFA, as administrator, may charge additional fees to release the mortgage at time of payoff. No other fees may be charged in conjunction with the HomeNow DPA loan.

### **Maximum Loan Amount:**

HomeNow DPA Program loan amounts are limited to the *lesser* of 8% of the purchase price or \$8,000.

### **Pre-Purchase Housing Counseling:**

Homebuyer counseling is required for all first time homebuyers (FTHB) including co-borrowers. FTHB must complete a homebuyer counseling course through eHomeAmerica or another MFA approved counseling agency. (Certificates from Mortgage Insurance Companies are not acceptable).

Homebuyer counseling is not required for Co-signers.

## **Affordability Period:**

HomeNow DPA Program loans require a minimum affordability period of 10 years. Homebuyers must agree to reside in the property for the duration of the period of affordability, or until there is a sale or other transfer of ownership of the property. Should the homebuyer cease to reside in the home as a principal residence (by vacating, selling or renting the unit) during the period of affordability, then the full amount of the HomeNow DPA loan will be due and payable immediately. MFA, at its discretion, will take legal action to enforce the residency requirement.

## **Loan Closing:**

The Mortgage Loan must close in the Lender's name on MFA's Note and Mortgage. The Lender has the option of using MFA's MERS #1013401. If not, the Lender must prepare an assignment.

- The Note must be endorsed to New Mexico Mortgage Finance Authority it's successors and or assigns.
- The Lender must ensure that the Mortgage Loan meets all applicable program guidelines and has been Compliance Approved by MFA prior to the loan closing.

The Mortgage Loan must be closed according to the terms specified in the Approval Commitment and the Closed Loan File delivered to the Contract Service Provider prior to the Final Mortgage Loan Purchase Date as specified on the Commitment. The Closed Loan Checklist outlines the documents that must be submitted by the Lender. Failure by the Lender to submit the required documentation prior to the purchase expiration date may result in MFA's determination that the loan is not eligible for the program or MFA will charge a fee to the Lender for an extension or the loan may be purchased from the Lender on a worst case, Mark-to-Market basis. In these cases, MFA will not be obligated to authorize the Contract Service Provider to purchase the loan.

## **Funding:**

HomeNow DPA Program loans must be delivered to and purchased by the Contract Service Provider via Lender Connection prior to the Final Mortgage Loan Purchase Date as specified on the Approval Commitment. The Closed Loan Checklist outlines the documents that must be submitted by the Lender. In addition, if at the time the Closed Loan File is reviewed and the Mortgage Loan is found to be ineligible MFA will not be obligated to authorize the purchase of the loan.

## **Servicing:**

MFA will service all HomeNow DPA Program loans.

## EXHIBIT A

### HomeNow Income Limits (80% AMI)

Program income eligibility is based on either HUD's HOME published income and purchase price program guidelines or MFA's Amended New Mexico Annual Action Plan limits. The HomeNow program is reserved for families falling in the 80 percent or less area median income (AMI) for the respective county as published annually for the HOME program. HUD publishes the HOME income guidelines annually between May and June. The limits below reflect 2018 figures.

Persons in Family	1	2	3	4	5	6	7	8
Bernalillo, Sandoval, Torrance, Valencia	\$36,400	\$41,600	\$46,800	\$52,000	\$56,200	\$60,350	\$64,500	\$68,650
Curry	\$30,100	\$34,400	\$38,700	\$42,950	\$46,400	\$49,850	\$53,300	\$56,700
De Baca	\$31,650	\$36,200	\$40,700	\$45,200	\$48,850	\$52,450	\$56,050	\$59,700
Eddy	\$38,400	\$43,850	\$49,350	\$54,800	\$59,200	\$63,600	\$68,000	\$72,350
Lea	\$37,450	\$42,800	\$48,150	\$53,500	\$57,800	\$62,100	\$66,350	\$70,650
Los Alamos	\$50,350	\$57,550	\$64,750	\$71,900	\$77,700	\$83,450	\$89,200	\$94,950
San Juan	\$33,700	\$38,500	\$43,300	\$48,100	\$51,950	\$55,800	\$59,650	\$63,500
Santa Fe	\$38,850	\$44,400	\$49,950	\$55,450	\$59,900	\$64,350	\$68,800	\$73,200
All Others	\$30,100	\$34,400	\$38,700	\$42,950	\$46,400	\$49,850	\$53,300	\$56,700

***\* In cases where the household exceeds eight persons, please contact MFA, for income figure***

## Purchase Price Limits

<b>County</b>	<b>Existing Home</b>	<b>New Home</b>
Bernalillo County	\$192,850	\$254,144
Catron County	\$154,000	\$228,000
Chaves County	\$147,000	\$228,000
Cibola County	\$147,000	\$228,000
Colfax County	\$202,000	\$228,000
Curry County	\$147,000	\$228,000
De Baca County	\$147,000	\$228,000
Dona Ana County	\$156,750	\$228,000
Eddy County	\$162,000	\$228,000
Grant County	\$157,000	\$228,000
Guadalupe County	\$147,000	\$228,000
Harding County	\$147,000	\$228,000
Hidalgo County	\$147,000	\$228,000
Lea County	\$165,000	\$228,000
Lincoln County	\$185,000	\$228,000
Los Alamos County	\$272,650	\$329,446
Luna County	\$147,000	\$228,000
McKinley County	\$151,000	\$228,000
Mora County	\$182,000	\$228,000
Otero County	\$147,000	\$228,000
Quay County	\$147,000	\$228,000
Rio Arriba County	\$153,000	\$228,000
Roosevelt County	\$147,000	\$228,000
San Juan County	\$176,000	\$228,000
San Miguel County	\$199,500	\$228,000
Sandoval County	\$185,250	\$278,350
Santa Fe County	\$322,525	\$379,905
Sierra County	\$147,000	\$228,000
Socorro County	\$147,000	\$228,000
Taos County	\$308,750	\$261,000
Torrance County	\$166,000	\$228,000
Union County	\$147,000	\$228,000
Valencia County	\$166,000	\$228,000

As of 7/24/18