

“NextDown” Program Policy

May 20, 2019

Program Summary:

The *NextDown* program (“*NextDown*”) is a second mortgage loan that provides Down Payment and Closing Cost Assistance (“DPA”) for the purchase of a primary residence. *NextDown* must be combined with a *NextHome* first mortgage loan. Qualification/eligibility guidelines are uniform throughout the state of New Mexico and do not vary by location.

Eligible Mortgage Lenders:

Mortgage Lenders must be approved by MFA (“Participating Lender”) to originate *NextDown* program loans. Only Participating Lenders will be eligible to originate *NextDown* 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:

NextDown program funds are made available on a continuous basis and must be reserved in conjunction with a *NextHome* program loan through MFA’s online reservation system, which can be accessed on MFA’s website (www.housingnm.org/lenders_realtors/online-reservations).

NextDown Fund Use:

NextDown is available to homebuyers who obtain first mortgage loan financing through the *NextHome* program. *NextDown* may only be used to finance the minimum down payment and/or 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:

NextDown is a 15-year, fixed term, non-amortizing, second mortgage requiring no monthly payments. *NextDown* loans do not carry a prepayment penalty. Payment of the outstanding loan balance is required upon sale, transfer or refinance. The loan balance is forgiven 20% each year beginning with the eleventh anniversary of the note date until fully forgiven at the 15th year anniversary.

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%.

Interest Rate:

The *NextDown* program interest rate is zero percent (**0.000%**).

Maximum Loan Amount¹:

The maximum *NextDown* loan amount is up to the full three percent (3.00%) of the Next Home final loan balance.

Fees:

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

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

Eligible Properties:

- Properties must be owner-occupied and specified as a Single family residence by the appraiser.
- Property types eligible for financing under the *NextDown* program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Properties financed with the *NextDown* program must not exceed the Acquisition Cost limits set forth in Exhibit A.

¹ As of November 1, 2018 MFA only offers the 3% DPA option with the NextDown Program

Borrower Eligibility:

- The *NextDown* program **does not** require the borrower to be a first-time homebuyer.
- Household Income Limits as specified in Exhibit A.
- Minimum credit score of 620.
- Homebuyers must occupy the property within 60 days of closing.

Homebuyer Counseling:

- Required for First-time Homebuyers, only.
- 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

***NextDown* Program Income Limits**

Area	Household Income Limit
All areas of the State	\$91,000

***NextDown* Program Acquisition Cost Limits**

Area	Acquisition Cost Limit
All areas of the state	\$340,000