

“NextHome” Program Policy

May 20, 2019

Program Description:

The *NextHome* Program (“*NextHome*”) is designed to increase homeownership opportunities for low-to-moderate income families and individuals throughout the state of New Mexico. *NextHome* is a combination first mortgage (purchase) loan and Down Payment and Closing Cost Assistance (“DPA”) second mortgage which features simplified qualification/eligibility guidelines as well as reduced documentation requirements. There is no First-time homebuyer requirement for the *NextHome* program.

Eligible Mortgage Lenders:

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

Availability of Funds:

NextHome 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).

First Mortgage Loan Term:

30 year, fixed term with full amortization, paid in equal monthly installments of principal and interest. *NextHome* 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).

HUD-Section 184

- In accordance with HUD-Section 184 guidelines.

Interest Rate:

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

Reservation/Extension/Late Fee:

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%.

Down Payment Assistance Second Mortgage:

The *NextHome* program loans are used in conjunction with the NextDown second mortgage program loans. The DPA is used, in addition to the borrower's own funds, to finance the minimum down payment, eligible closing costs (including pre-paid items), and, in some cases, additional down payment on the first mortgage loan. NextDown 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 and specified as a Single family residence by the appraiser.
- Property types eligible for financing under the *NextHome* program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Acquisition Cost Limits as specified in Exhibit A.

Borrower Eligibility:

- There is no First-time homebuyer requirement under the *NextHome* program.
- Household Income Limits as specified 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 DPA.
- 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

***NextHome* Program Household Income Limits**

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

Next Home Program Acquisition Cost Limits

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