



MEMO

TO: Participating Lenders
FROM: MFA Homeownership Department
DATE: April 29, 2020
RE: Memo No. 2020-10

Loan Purchasing Process Update

In this challenging time, MFA values you, our mortgage lending partners more than ever. Despite the rapidly changing lending environment, you continue to stand with us in our shared commitment to help New Mexico families realize the dream of homeownership.

To the extent we can, MFA is doing everything possible to approve and purchase loans as quickly and efficiently as possible. To that end, MFA worked with its sub-servicer, Idaho Housing Finance Agency, to require only the purchase conditions that jeopardize salability or insurability at the time of the loan purchase. Other conditions may be cleared after loan purchase. **However, to facilitate a quick purchase, it is imperative that participating lenders deliver a complete, clean, and properly stacked loan file.**

MFA requires and expects participating lenders to continue to originate, underwrite and provide the initial servicing of mortgage loans that will be submitted to MFA for purchase according to the New Mexico Mortgage Finance Authority Single-Family Homeownership Programs Mortgage Purchase Master Agreement (Master Agreement) and First Addendum. Legal and regulatory requirements must be met along with the requirements of insurers, guarantors, Fannie Mae and Freddie Mac.

All loans must follow current and applicable underwriting guidelines including the requirement to re-verify employment at or near the time of closing. In addition, MFA will now require borrowers to acknowledge in writing at closing that they are currently employed, have not been notified of pending layoffs or reduction in hours or pay. This written acknowledgement by the borrower at closing must be provided at the time a mortgage loan is delivered for purchase and is effective with closings beginning May 11, 2020.

As recently announced, loans in forbearance delivered to Fannie Mae will be assessed loan level pricing adjusters in the amount of 5 percent for first time homebuyers and 7 percent for non-first-time homebuyers. MFA will continue purchasing these loans without passing on these additional fees to the lender for loans originated in March through May 2020.

As you know, IHFA acts as MFA's sub-servicer as well as our contract service provider to purchase loans. MFA provides the funds for loan purchases to IHFA through our own resources and lines of credit. We are not solely reliant on loan securitization for our loan purchases.

We believe that following these steps will allow the loans we purchase to be securitized successfully. Both MFA and IHFA will put forth best efforts to approve and purchase loans in an expeditious manner.

While no other changes or updates to our single family mortgage programs are contemplated at this time, we are constantly monitoring changing market conditions and will communicate via lender memos any changes.

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