

Down Payment Advantage

Down Payment Assistance Grant Program Guidelines

December 6, 2022

Program Description:

The Down Payment Advantage, Down Payment and Closing Cost Assistance Program (the “*Grant*”) is designed to assist low-income first-time homebuyers in purchasing a home. The *Grant* 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. The *Grant* can be combined with MFA’s FirstDown and HomeNow Down Payment Assistance Programs.

Eligible Mortgage Lenders:

Mortgage Lenders must be approved by MFA (“Participating Lender”) to originate the *Down Payment Advantage Grant* Program loans. MFA maintains a list of Participating Lenders on the MFA website (www.housingnm.org).

Availability of Funds:

The Down Payment Advantage Grant program funds are limited and may be reserved on a first come, first served basis in conjunction with a FirstHome Program loan through an MFA approved participating lender. 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). Program funds are exclusively available to borrower(s) whose household income as calculated by MFA is at or below 80 percent of Area Median Income (AMI).

Eligible Borrowers:

- The *Grant* requires the borrower to be a first-time homebuyer. Unless the borrower(s) are eligible under the Veteran’s Administration waiver or if the property is located within a Targeted Area.
- The *Grant* is not eligible for any income limit waivers associated with other MFA programs as allowed in Target Area Census tracts, for example.
- Minimum credit score of 620.
- Homebuyers must occupy the property within 60 days of closing.
- Borrower must meet all other program eligibility requirements.

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 *Grant* Program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Properties financed with the *Grant* Program must not exceed the **lesser** of the purchase price limits set forth in Exhibit A of the HomeNow Program Policy or the acquisition cost limits set forth in Exhibit A of the FirstHome Program Policy.

Down Payment Assistance Grant Terms:

The Down Payment Advantage Grant may be used to finance the minimum down payment, closing costs (including pre-paid items), and, in some cases, additional down payment on the first mortgage loan.

- The *Grant* provides \$25,000 to each eligible household. The Grant is only available to eligible borrowers that obtain a FirstHome loan through MFA.
- The *Grant* is not required to be repaid.
- Homebuyer counseling is required for all first-time homebuyers (“FTHB”) including co-borrowers. FTHB must complete a homebuyer counseling course through eHome America or another HUD approved housing counseling agency. (Certificates from Mortgage Insurance Companies are not acceptable).
- Borrowers must use the full \$25,000 grant within the purchase transaction. Excess funds can be used as additional down payment on the first mortgage if needed.
- Borrowers may not receive any grant funds as cash back at closing. Grant funds count toward the maximum amount of \$35,000 allowed by MFA funding sources toward down payment and closing costs.

Income and Purchase Price Limits

The following scenarios represent how program income and purchase price limits apply.

- If the *Grant* is only combined with a *FirstHome* Loan, solely or with a *FirstDown* DPA loan. The income and purchase price ***must not exceed the lesser*** of the income and purchase price limits set forth in Exhibit A of the HomeNow Program Policy or the *FirstHome* Program Policy.
- If the *Grant* is combined with a *FirstHome* and a HomeNow DPA loan. Income and purchase price ***must not exceed the lesser*** of the income and purchase price limits set forth in Exhibit A of the HomeNow Program Policy or the *FirstHome* Program Policy.

Loan Closing and Funding:

The Participating Lender will provide funds in the sum of \$25,000 to close the loan. MFA's Contract Service Provider will reimburse the lender at the time of purchase.

The Participating Lender ***must*** submit the "Down Payment Advantage Grant Reservation/Lock Commitment" with the purchase file to get reimbursed.

MFA's Contract Service Provider will review delivered loans within 10 business days.