

# **FirstDown Plus Down Payment Assistance Program Policy**

**Released November 15, 2023**

**Reviewed June 17, 2024**

## **Program Description:**

The FirstDown Plus Down Payment Assistance Program (the “FirstDown Plus 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 FirstDown Plus Down Payment Assistance (DPA) Program loans. MFA maintains a list of Participating Lenders on the MFA website ([www.housingnm.org](http://www.housingnm.org)).

## **Eligible FirstDown Plus DPA Program Loans:**

FirstDown Plus DPA Program loans may only be used toward financing the **down payment. Utilizing program funds to cover closing costs is strictly prohibited.** The FirstDown Plus Program loan must be made in conjunction with MFA’s FirstHome, federally insured (*FHA, VA, and USDA Rural Development Guarantee, HUD 184*) or privately insured (*FNMA’s HFA Preferred™ or Freddie Mac’s HFA Advantage®*) first mortgage programs. FirstDown Plus may be combined with another MFA first time homebuyer DPA program, unless otherwise specified or restricted.

## **Availability of Funds:**

FirstDown Plus DPA 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. A portion of these funds may be set aside by MFA for use in rural communities and economically distressed census tracts. Refer to current program requirements which are available on MFA’s website. 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)). Program funds are exclusively available to borrower(s) who obtain a FirstHome mortgage loan through an approved participating lender.

## **Eligible Borrowers:**

The Annual Household Income will be established in accordance with the MFA’s Rules and Regulations. These limits may change from time to time. Current program requirements are published in the program guidelines, which are available on MFA’s website.

- Household Income Limits, as specified in the MFA Rules and Regulations, may be adjusted from time to time by MFA as allowed in the MFA Rules and Regulations. Refer to current program requirements which are available on MFA’s website.

- The *FirstDown Plus* DPA Program requires the borrower to be a first-time homebuyer.
- The *FirstDown Plus* DPA Program is eligible for any income limit waivers associated with other MFA programs such as allowed in Target Area Census tracts.
- Borrower(s) must meet all other eligibility requirements set forth in the *FirstHome* program policy.

## **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 *FirstDown Plus* DPA Program include Single family detached properties, townhomes, condominiums, homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Requirements such as income, purchase price limits and other program requirements are outlined in the “Program Guide”. The Program Guide is accessible on MFA’s website ([www.housingnm.org](http://www.housingnm.org)).

## **Interest Rate and Terms:**

Interest rates and loan terms are subject to the funding source requirements. In general interest rates and loan terms will range from zero percent (0%) to a market plus established margin. The mortgage loan terms may also vary from a 10- or 15- year non amortizing to a 10- or 15-year Amortizing loan. Additionally, the loan may or may not incorporate a forgiveness feature. The *FirstDown Plus* loans do not carry a prepayment penalty.

The Program Guidelines provide all pertinent information including pricing and loan terms. Program requirements and loan terms subject to change depending on funding source.

## **Fees:**

Participating Lenders may charge the borrower an origination fee not to exceed five hundred dollars (\$500.00) in conjunction with *FirstDown Plus* DPA Program loans. Other allowable fees that may be charged in conjunction with this loan program include the recording fees, 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 *FirstDown Plus* DPA Program loan other than those previously mentioned.

## **Maximum Loan Amount:**

*FirstDown Plus* DPA Program loan amounts are published in the program guide as they may change from time to time. In no case will the loan amount exceed \$15,000. Program Guidelines are available on the MFA's website.

When combined with other MFA administered funds, the maximum DPA assistance for each home purchase may not exceed \$35,000.

### **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 HUD approved housing counseling agency. (Certificates from Mortgage Insurance Companies are not acceptable).

### **Affordability Period:**

*FirstDown Plus* DPA Program loans may require a minimum affordability period as required by the programs funding source. 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 *FirstDown Plus* DPA Program loan will be due and payable immediately. Refer to current program requirements which are available on MFA's website.

### **Loan Closing:**

The *FirstDown Plus* Mortgage Loan must close in the Lender's name on MFA's *FirstDown Plus* DPA Program Note and Mortgage. The Lender must use MFA's MERS #1013401 to assign the mortgage to MFA via MERS.

The Note must be endorsed to New Mexico Mortgage Finance Authority it's successors and or assigns.

- The Lender must ensure that the *FirstDown Plus* DPA Program loan meets all applicable program guidelines and has been Compliance Approved by MFA prior to the loan closing.

The *FirstDown Plus* DPA Program loan must be closed according to the terms specified in the Compliance Approval/Purchase Commitment ("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:**

*FirstDown Plus* 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 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 *FirstDown Plus* DPA Program Loan is found to be ineligible MFA will not be obligated to authorize the purchase of the loan.

**Servicing:**

MFA will service all *FirstDown Plus* DPA Program loans.