

# **“NEXTDown” Program Policy**

**May 24, 2021**

## **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](http://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](http://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 15<sup>th</sup> 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](http://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%.
- Freddie Mac HFA Advantage: 97%/105%

**Interest Rate:**

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

**Loan Amount:**

The NEXTDown loan amount 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.

**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 Purchase Price limit set forth in Exhibit A.

**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.
- eHomeAmerica Online pre-purchase homebuyer counseling or face to face/group pre-purchase homebuyer counseling provided through a HUD approved Housing Counseling agency.

**Exhibit A**

**NEX<sup>T</sup>Down Program Income Limits**  
Effective May 24, 2021

<b>County</b>	<b>Household Income Limit</b>
<b>All Other Areas and Counties of the State</b>	<b>\$95,000</b>

**NEX<sup>T</sup>Down Program Purchase Price Limits**  
Effective May 24, 2021

<b>County</b>	<b>Purchase Price Limit</b>
<b>All Other Areas and Counties of the State</b>	<b>\$346,600</b>