

**NOTICE OF FUNDS AVAILABILITY  
RE: NEW MEXICO MORTGAGE FINANCE AUTHORITY  
2022 SERIES C (TAX-EXEMPT) FIRSTHome MBS PROGRAM**

**May 24 , 2022**

**Revised 05/16/2022**

The New Mexico Mortgage Finance Authority ("MFA") has funds available under its Single family Mortgage Backed Security program (the "FIRSTHome MBS" Program) to finance the purchase of Mortgage Loans, which are Privately Insured, Federally Insured, or Federally Guaranteed. Except as otherwise defined herein, capitalized terms used in this Notice of Funds Availability shall have the same meanings as the capitalized terms defined in the FIRSTHome Program Compliance Approval/Purchase Commitment ("Commitment"). In the event of a conflict between the provisions of this Notice of Funds Availability and the provisions of the Commitment for a Mortgage Loan, the provisions of the Commitment shall control. The MFA may amend the provisions of this Notice of Funds Availability from time to time.

To participate in the FIRSTHome MBS Program, your institution must have been approved by MFA as a Mortgage Lender, have executed a Homeownership Programs Mortgage Purchase Master Agreement with MFA and been approved by MFA's Contracted Service Provider ("CSP"). MFA approval as a Mortgage Lender is evidenced by the issuance to your institution of MFA's "Notice of Approval". If you have not been approved to participate in the FIRSTHome MBS Program, you may submit an "Application for Approval" to the MFA's Secondary Market Department. Approved Mortgage Lenders may now make loan reservations under the FIRSTHome MBS program.

MFA will finance the purchase of Eligible Mortgage Loans as set forth in the applicable Commitment and the FirstHome Program Documents ("Program Documents"). Funds used to finance the purchase of the Mortgage Loans will be reserved in accordance with the FIRSTHome Reservation and Compliance Procedures, as amended from time to time. MFA's Commitment and the CSP's purchase (or the CSP's purchase for and on behalf of MFA in MFA's name) of each Mortgage Loan will be subject to the execution of an individual Commitment signed by the Mortgage Lender, as amended from time to time and any conditions thereto.

Funds made available will be used to purchase securities, backed by the Eligible Mortgage Loans, and guaranteed by Fannie Mae (FNMA) or Ginnie Mae (GNMA). The purchase of the mortgage-backed securities will be governed by a Mortgage Loan Servicing and Program Support Agreement, as amended, between MFA and the CSP. All Mortgage Lenders will sell the Eligible Mortgage Loans and release their servicing rights to the CSP. (See Sections 9 and 23.)

The terms and conditions applicable to the program are expected to include the following:

## 1. ACQUISITION POOL

MFA will establish an acquisition pool (the "Acquisition Pool") from which it will finance the purchase of Eligible Mortgage Loans.

Up to \$18,360,000 will be available for a period of one year to purchase loans secured by properties located in Targeted Areas. Lenders shall use their best efforts to make loans in Targeted Areas.

## 2. ACCEPTABLE LOAN TYPES

Each Mortgage Loan delivered for purchase must be either Federally Insured (FHA), Privately Insured (Fannie Mae Conventional), or Federally Guaranteed (VA or USDA Rural Development) and must be eligible for pooling as a FNMA or GNMA MBS, as set forth in the applicable guidelines of FNMA or GNMA.

- a. FHA, USDA Rural Development Guaranty, and VA Loans will be included in GNMA MBS. The mortgage loans must be eligible to be Federally Insured or Federally Guaranteed and for inclusion in GNMA pools. Temporary buy downs can be done according to applicable guidelines of FHA, USDA Rural Development and VA.

Borrowers may use MFA's *FIRSTDown* Program for minimum down payment and/or closing cost assistance and/or interest rate buy down in connection with FHA and USDA Rural Development Mortgage Loans. The maximum amount of the *FIRSTDown* Loan cannot exceed \$8,000. Specific uses of the *FIRSTDown* Program are outlined in the *FIRSTDown* Program Policy and subject to requirements of FHA, USDA Rural Development.

Borrowers may also use MFA's *HOMENow* Program for minimum down payment and/or closing cost assistance and/or interest rate buy down in connection with FHA and USDA Rural Development Mortgage Loans. The maximum amount of the *HOMENow* Loan cannot exceed the LESSER of 8% of the sales price or \$8,000. Specific uses of the *HOMENow* Program are outlined in the *HOMENow* Program Policy and subject to requirements of FHA, USDA Rural Development

- b. USDA Rural Development Leverage Lending Loans

USDA Rural Development Leverage Lending loans will be included in a FNMA MBS. These loans must qualify under

the FNMA guidelines as well as those of any Private Mortgage Insurer and USDA Rural Development, as applicable. Temporary buy downs are acceptable according to applicable guidelines of USDA Rural Development and FNMA.

Borrowers may use MFA's *FIRSTDown* Program for minimum down payment and/or closing cost assistance and/or interest rate buy down in connection with a USDA Rural Development Leverage Lending Mortgage Loans. The maximum amount of the *FIRSTDown* Loan cannot exceed \$8,000. Specific uses of the *FIRSTDown* Program are outlined in the *FIRSTDown* Program Policy.

Borrowers may also use MFA's *HOMENow* Program for minimum down payment and/or closing cost assistance and/or interest rate buy down in connection with a USDA Rural Development Leverage Lending Mortgage Loans. The maximum amount of the *HOMENow* Loan cannot exceed the LESSER of 8% of the sales price or \$8,000. Specific uses of the *HOMENow* Program are outlined in the *HOMENow* Program Policy.

c. HFA Preferred™

Mortgage loans eligible under the FNMA HFA Preferred™ program will be included in a FNMA MBS. First mortgage loan to value ("LTV") may not exceed 97% and combined loan to value ("CLTV") may not exceed 105%. A \$500 minimum cash investment is required from the borrower's own funds. Manually underwritten mortgage loans have a maximum LTV/CLTV of 97% and 105%, respectively. Additionally, the borrower must have a minimum credit score per DU/LP or 660 manually underwritten by DU only. Pre-purchase homebuyer counseling is required. Available for properties on tribal trust lands with cost-based appraisal (lenders must have terms and conditions for FNMA's Native American Conventional Lending Initiative).

Borrowers may use MFA's *FIRSTDown* Program for minimum down payment and closing cost assistance in conjunction with HFA Preferred™ loans. The maximum amount of the *FIRSTDown* Loan can not to exceed \$8,000. Specific uses of the *FirstDown* Program are outlined in the *FIRSTDown* Program Policy and are subject to requirements of FNMA.

Borrowers may also use MFA's *HOMENow* Program for minimum down payment and closing cost assistance in conjunction with HFA Preferred™ loans. The maximum amount of the *HOMENow* Loan cannot exceed the LESSER

of 8% of the sales price or \$8,000. Specific uses of the HOME/Now Program are outlined in the HOME/Now Program Policy and are subject to requirements of FNMA.

Borrowers may also use a Community Second mortgage loan product that has been approved by MFA for down payment and closing costs. The Community Second must be from a non-profit or local government that is being used to make the home affordable.

### 3. PRODUCT TYPE LIMITS & GEOGRAPHIC SET-ASIDES

The FIRSTHome MBS Program is structured as a “Continuous Lending” program, which means funds are intended (but not guaranteed) to always be available for reservation. Funds will be offered with initial allocation amounts and will be adjusted as additional funds are needed for reservation. Since the FIRSTHome MBS Program is a “Continuous Lending” program, geographic set-asides are not required. Therefore, FIRSTHome MBS Program funds will be offered as a statewide allocation.

The table below indicates the initial amount of funds allocated to the bond issue.

2022 SERIES C FIRSTHome MBS  (STATEWIDE ALLOCATION)	<b>\$91,800,000</b>
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### 4. UNDERWRITING

- a. Mortgage Lenders are responsible for credit and collateral underwriting and for determining whether a loan qualifies for primary mortgage insurance or loan guarantee (FHA, FNMA Conventional, VA or USDA Rural Housing) as well as FNMA or GNMA MBS. Lenders may underwrite the Mortgage Loan via Desktop Underwriter. Mortgage Lenders may also manually underwrite the loan, as determined by the applicable program guidelines.

Non-occupying co-signers are allowed according to applicable guidelines of FHA, FNMA, VA or USDA Rural Housing and MFA.

The CSP will not re-underwrite mortgage loans for *FIRSTHome* MBS eligibility or for compliance with Section 143 of the IRS Tax Code.

- b. Lender must follow maximum LTV guidelines of FHA, FNMA, VA or USDA Rural Housing.
- c. Lender must follow maximum CLTV Guidelines of FHA, FNMA, VA or USDA Rural Housing.
- d. A minimum contribution of \$500 from the borrower's own funds is required and can not be derived from any type of gift, grant or down payment assistance. The Mortgage Lender will be required to provide proof of the borrower's own funds.

## 5. HOMEBUYER COUNSELING

A prospective *FIRSTHome* Loan borrower must be able to demonstrate that he or she has successfully completed a homebuyer counseling course prior to closing the *FIRSTHome* Loan. The course must be one developed by a non-profit or participating partner agency with an established and recognized counseling program in place.

- The agency must be MFA approved providing face to face pre-purchase housing counseling in either a classroom or one-on-one setting and must provide a certificate at completion of the homeownership counseling, or;
- Utilize the eHomeAmerica on-line counseling program which is accessed through the MFA website ([www.housingnm.org](http://www.housingnm.org)).

## 6. MORTGAGE LOAN CLOSING

A Mortgage Lender may not close a Mortgage Loan until the Mortgage Lender receives a Commitment from MFA for such Mortgage Loan. A Commitment may not be issued nor will the CSP or MFA be obligated to purchase a Mortgage Loan that has been closed with terms and conditions that are materially different from that shown on the Commitment. The Commitment must be executed by an Authorized Officer of the Mortgage Lender and a copy of the Agreement sent to the CSP when the closed loan is delivered.

## 7. MORTGAGE STRUCTURE

Each Mortgage Loan must have a 30-year term and amortizing, substantially equal monthly payments of principal and interest (in amounts sufficient to amortize the principal amount of the Mortgage Loan over the term thereof) due on the first day of the calendar month the first payment of which shall commence no later than sixty (60) days following Closing, and a fixed interest rate at the Respective Mortgage Note Rate.

## 8. LOAN DELIVERY

### a. Delivery Dates

No loan purchase schedule will be published. Mortgage Lenders may deliver loans to the CSP as soon as they are ready for purchase. The CSP on behalf of itself or on behalf of MFA will purchase loans on a daily basis.

The Final Mortgage Loan Purchase Date (the final date on which a Mortgage Loan may be purchased by the CSP in satisfaction of the Mortgage Lender's obligations under the Commitment) will be the earlier of:

1. October 31, 2022
2. The date which is sixty (60) days after the date upon which MFA issues the applicable Commitment. Mortgage Loans purchased by the CSP after the sixtieth (60) day will be assessed a late delivery/extension fee at the time of purchase, as described.
3. Mortgage Loans purchased by the CSP up to Seventy-Five (75) days after the applicable Commitment date will be assessed a late delivery/extension fee of 0.1875% of the closed loan amount, or;
4. Mortgage Loans purchased by the CSP up to Ninety (90) days after the applicable Commitment date will be assessed a late delivery/extension fee of 0.375% of the closed loan amount.
5. Mortgage Loans purchased by the CSP Ninety (90) after the applicable Commitment date will be assessed a late delivery/extension fee to be determined, on a case by case basis, by MFA.

b. Closed Loan Delivery Package

Mortgage Lenders must deliver the *FIRSTHome* closed loan package, as described in the Reservation and Compliance Procedures, to the CSP by the dates shown on the Commitment.

c. Final Documents

So that the CSP may certify all MBS pools, Mortgage Lenders must clear all outstanding conditions/exceptions related to final document delivery within 90 days of the purchase of the Mortgage Loan.

9. SERVICING

Mortgage Lenders will sell the eligible Mortgage Loans and release the servicing to MFA's CSP.

a. Servicing Documents

The Mortgage Loans will be collateral for the FNMA and GNMA MBS. Servicing will be performed according to the applicable guidelines of FNMA or GNMA.

b. Servicing Release Fee

MFA's CSP will pay Mortgage Lenders a Servicing Release Fee, determined by MFA, for relinquishing servicing rights of the mortgage loan at the time of loan purchase by the CSP.

The compensation paid will be based on the outstanding principal balance of the mortgage loans as follows:

**Idaho Housing and Finance Association will pay a Servicing Release Fee of one and fifty hundredths percent (1.50%) of the outstanding principal balance, or a minimum of \$750 of eligible First Home MBS Program loans.**

The Servicing Release Fee compensation may be changed by MFA from time to time by amendment to this Notice of Funds Availability.

c. Servicing Transfer

The Mortgage Loan will be purchased by CSP, or CSP on behalf of MFA, and serviced by the CSP. This means that the Mortgage Note will be endorsed, and the Mortgage assigned, to the CSP at the time of Mortgage Loan purchase by the CSP. The transfer of servicing rights will be made to:

Idaho Housing and Finance Association, Its successors and or assigns  
P.O. Box 7899  
Boise, Idaho 83707-18909  
Attn: Susan Semba Vice President,  
Homeownership Lending

The Mortgage Lender is responsible for (i) transferring all escrow balances held to the CSP (ii) for notifying the borrower of the transfer with a "goodbye" letter which meets the requirements of TRID and all other applicable regulations, and (iii) for transferring to the CSP any applicable insurance policies and guarantees. (See Section 14.)

10. MORTGAGE NOTE RATE

The Mortgage Note Rate for the *FIRSTHome* MBS Program loans will vary based on market conditions.

11. TAX CODE COMPLIANCE REVIEW

A Tax Code Compliance Review is required on all Mortgage Loans, prior to closing. MFA will conduct a pre-closing Compliance Review on all Mortgage Loans and will issue a Commitment for all Mortgage Loans. The Compliance Review will involve compliance with the *FIRSTHome* MBS Program guidelines, including, but not limited to Household Income, Acquisition Cost, and prior homeownership. Mortgage Lenders must have proof of the Commitment in the Mortgage Loan file prior to loan purchase by the CSP. A Commitment may be transferred to another property, with MFA's approval.

12. PURCHASE PRICE, OTHER FEES & WIRE AMOUNT

The CSP, or CSP on behalf of MFA, will purchase the loan from the Mortgage Lender, via funds wire, to the applicable Mortgage Lender's account. The purchase price of the **FIRSTHome loans will be the sum of one hundred and one percent (101%)**, (i) less any applicable late delivery/extension fees as of the date of purchase, (ii) plus the servicing release fee (as described in Section 9c. above), (iii) plus accrued interest to the date of purchase minus



(iv) any fees. The amount of the wire will be the purchase price less any amounts held in escrow (including additional amounts necessary to make up for any escrow shortage).

13. INCOME LIMITS

The borrower's current Annual Household Income must not exceed the Household Income Limits set forth in Exhibit A.

14. ACQUISITION COST LIMITS

The Acquisition Cost of Residential Housing to be financed with the Mortgage Loan must not exceed the Acquisition Cost Limits set forth in Exhibit A.

15. TARGETED AREAS

The census tracts within the state that qualify as Targeted Areas are set forth in Exhibit A.

16. RESIDENTIAL HOUSING

The Mortgage Loan must be for the purchase of Single Family Residential Housing.

Residence has one (1) kitchen and no rental units.

17. FIRST-TIME BUYER

The Borrower must not have owned a home as a primary residence in the last three years prior to loan closing unless: a) the property to be acquired is located in a Targeted Area as described in Exhibit A of this Notice of Funds Availability, b) the loan is a Qualified Rehabilitation Loan or c) the property is located on an Indian reservation and the Mortgage Loan is a FHA Section 248 or a HUD Section 184 loan (limited availability of funds). For purposes of qualifying for the Mortgage Loan, the borrower may use a Non-Occupant Co-Signer. The Non-Occupant Co-Signer will be liable for the Mortgage Loan debt (must sign the Note) but will not have a real estate interest in the property being financed.

18. RECAPTURE

The "Recapture" provisions contained in Section 143(m) of the Code applies to Mortgage Loans purchased under this issue.

19. TAX EXEMPT/VA RIDER

The MFA VA Rider must be recorded with the mortgage for all VA loans in addition to the standard VA Rider. The Tax-Exempt Financing Rider is required for all other types of loans.

20. RESERVATION REQUEST

All Reservations must be made via MFA's on-line reservation system found on MFA's website: [www.housingnm.org](http://www.housingnm.org)

21. LOAN CANCELLATION

A loan reservation may be cancelled at any time without penalty.

A new reservation/rate lock will not be allowed until 60 days after the previous loan reservation/rate lock cancellation.

22. ASSIGNMENT OF MORTGAGE

MFA will not issue a form of assignment to be used in connection with Mortgage Loans in this issue. Mortgage Loans must be assigned to The CSP of the mortgage loan via MERS.

23. REPURCHASE

FIRSTHome Loans and any down payment assistance loans made in conjunction with FIRSTHome Loans that are subsequently deemed to be ineligible and cannot be pooled into a FNMA or GNMA MBS must be repurchased by the Mortgage Lender at the sole discretion of MFA and/or the it's CSP.

## Exhibit A

1. **FIRST Home PROGRAM HOUSEHOLD INCOME LIMITS**

The current annual household income of the borrower(s) may not exceed the applicable Income Limit described below:

Effective 05/16/2022

Non-Targeted Areas	1-2 Person Household	3+ Person Household
Albuquerque MSA (Bernalillo, Sandoval, Tarrant, and Valencia)	\$79,750	\$91,713
Las Cruces MSA (Dona Ana)	\$73,200	\$85,400
Farmington MSA (San Juan)	\$76,560	\$89,320
Santa Fe MSA (Santa Fe)	\$89,411	\$102,823
Catron	\$73,200	\$85,400
Chaves	\$73,200	\$85,400
Cibola	\$73,200	\$85,400
Colfax	\$73,200	\$85,400
Curry	\$73,200	\$85,400
De Baca	\$77,280	\$90,160
Eddy	\$81,500	\$93,725
Grant	\$73,920	\$86,240
Guadalupe	\$73,200	\$85,400
Harding	\$73,200	\$85,400
Hidalgo	\$73,200	\$85,400
Lea	\$81,070	\$93,231
Lincoln	\$79,560	\$92,820
Los Alamos	\$142,900	\$164,335
Luna	\$73,200	\$85,400
McKinley	\$73,200	\$85,400
Mora	\$73,200	\$85,400
Otero	\$73,200	\$85,400
Quay	\$73,200	\$85,400
Rio Arriba	\$73,200	\$85,400
Roosevelt	\$74,280	\$86,660
San Miguel	\$73,200	\$85,400
Sierra	\$73,200	\$85,400
Socorro	\$73,200	\$85,400
Taos	\$73,200	\$85,400
Union	\$74,160	\$86,520

<b>Targeted Area</b>	<b>1-2 Person Household</b>	<b>3+ Person Household</b>
Albuquerque MSA (Bernalillo, Sandoval, Torrance and Valencia Counties)	\$90,600	\$105,700
Eddy County	\$97,800	\$114,100
Lea County	\$82,680	\$96,460
Los Alamos County	\$171,480	\$200,060
Santa Fe MSA census tract	\$96,720	\$112,840
All other census tracts	\$82,440	\$96,180

For a list of Targeted Areas, see Section 3 of this exhibit. The Income Limits described above are subject to change and may be amended by MFA.

**2. FIRSTHome PROGRAM ACQUISITION COST LIMITS**

The Acquisition Cost of the Residence financed with a Mortgage Loan may not exceed the applicable Acquisition Cost Limit described below:

**NON-TARGETED AREAS**

<b>Geographic Area</b>	<b>Acquisition Cost Limit</b>
Los Alamos County	\$440,480
Santa Fe County	\$388,884
Taos County	\$351,620
All other areas of the State	\$349,526

**TARGETED AREAS**

<b>Geographic Area</b>	<b>Acquisition Cost Limit</b>
Los Alamos County	\$538,364
Santa Fe County	\$475,302
Taos County	\$429,757
All areas of the State	\$427,198

For a list of Targeted Areas, see Section 3 of this Exhibit. The Acquisition Cost Limits described above are subject to change and may be amended by MFA.

**3. TARGETED AREAS**

The following is a list of New Mexico Census Tracts that qualify as Targeted Areas. Geographic maps are available on MFA's web site at [http://www.housingnm.org/lenders\\_realtors/targeted-area-census-tracts](http://www.housingnm.org/lenders_realtors/targeted-area-census-tracts).

<b>County</b>	<b>Census Tract(s)</b>
Bernalillo	6.04, 9.01, 9.03, 15.00, 20.00 47.35
Cibola	9458
Curry	1.00
Doña Ana	4.01, 6.00, 10.00, 17.06, 17.07, 18.05, 18.06
Luna	2.00
McKinley	9405, 9440, 9453
Otero	1.00
Sandoval	9409
Santa Fe	13.04, 9800

Sierra County	9623
Socorro	9400