



New Homes for New Mexico

FAQs

Q. What is the general description of this program?

A. New Homes for New Mexico provides a substantial sum of down payment and closing cost assistance to first-time homebuyers who are purchasing an eligible newly-constructed starter home from an approved participating builder and using either *FirstHome* or *HomeForward*.

Q. How will I know if my borrower is purchasing an eligible starter home from an approved participating builder?

A. The builder will refer the homebuyer to their preferred Housing New Mexico-approved lender. The builder and lender will communicate directly with one another regarding the specific property and the homebuyer's potential eligibility for this program.

Q. How much assistance is provided?

A. In most cases, it is \$50,000; however, in the high-cost counties of Los Alamos, Santa Fe and Taos, the assistance is \$75,000.

Q. What are the allowable uses for these funds?

A. These funds may be used to pay down payment and closing costs.

Q. Can these funds be used to pay off a borrower's debt to help them qualify?

A. No. The funds can only be used to pay down payment and closing costs.

Q. If a borrower is represented by a real estate agent, can these funds be used to pay the commission?

A. If the commission is considered a borrower's closing cost, then yes.

Q. Is this assistance in the form of a loan or a grant?

A. The assistance comes in the form of a non-amortizing, zero-percent interest *loan*. The loan is repaid when the buyer sells the home or ceases to occupy it as their primary residence.

Q. Who advances the funds at closing?

A. The Housing New Mexico-approved lender will be expected to fund this down payment assistance (DPA) loan just as they do currently with every other DPA loan their borrowers utilize.

Q. How can the lender be assured of being reimbursed for these funds once the loan is closed?

A. At the time of compliance approval, the lender will receive a Purchase Commitment for the first mortgage as well as a DPA Purchase Commitment for the New Homes for New Mexico DPA loan. When the closed loan is purchased the lender will be reimbursed by Housing New Mexico for the first and DPA loans.

Q. Are lenders allowed to charge an origination fee on the New Homes for New Mexico DPA loan?

A. Lenders are allowed to charge an origination fee of up to \$500.

Q. If a loan is later found to be ineligible for some reason and a repurchase request is issued; will the lender have to buy back both the first and DPA second loan?

A. Yes.

Q. What are the required specifications for the home itself?

A. Eligible starter homes must be a maximum of 1,800 square feet on a lot consisting of no more than 5,000 square feet. Proposed homes must be site-built, newly constructed, fee-simple attached or detached, single-family residences which have never been occupied and have a certificate of occupancy (CO) that is no older than twelve months at the time of closing.

Q. If my borrower chooses to build his own home can he still receive this assistance?

A. No. This program is limited to first-time homebuyers who are purchasing an eligible starter home from an approved participating builder.

Q. Are newly-built modular and manufactured homes eligible for this program?

A. No. Eligible homes must be site-built and comply with other specifications, which are outlined in the program policy.

Q. How does a homebuyer apply for this assistance?

A. The homebuyer does not apply for the assistance but may be eligible for it if they purchase a starter home from an approved participating builder and obtain a *FirstHome* or *HomeForward* loan through a Housing New Mexico- approved lender.

Q. Are there income and purchase price limits for this program?

A. Yes. The homebuyer must be within the *FirstHome* or *HomeForward* program limits, not to exceed the New Homes for New Mexico limit of 120% AMI for a household size of four.

Q. How does a builder apply for the funding?

A. An interested builder should review the Notice of Funding Availability (NOFA) and follow the application instructions which are posted on our website. Information can be found here:

<https://housingnm.org/funding-opportunities/rfps-rfq/new-homes-for-new-mexico-notice-of-funding-availability>

Q. What is the definition of a first-time homebuyer for this program?

A. A first-time homebuyer is someone who hasn't owned and occupied a home as their primary residence at any time during the last three years.

Q. Do the first-time homebuyer waivers such as those for targeted area properties and honorably discharged U.S. Military veterans apply to this program?

A. No. This program is exclusively for those who meet the definition of a first-time homebuyer without a waiver.

Q. Can a borrower add on any of Housing New Mexico's other down payment assistance programs or take advantage of the *NewHome* Rate Advantage buydown program?

A. No. Borrowers utilizing New Homes for New Mexico may not add any other assistance programs.