

# Welcome

## Overview of MFA Programs

Updated 03/2021



# Overview of Programs

## “FIRSTHome” Program

- **First Time Homebuyer Program**
- \$500 borrower contribution (from their own funds)
- Minimum 620 credit score
- Lenders may charge up to .50% Origination Fee to the borrower in addition to the reasonable and customary fees charged. Discount Fee remains at 0.0%.
  - Lender will still be paid a 1.0% fee at the time the loan is purchased by the Contract Service Provider (Idaho Housing and Finance Association [“Idaho Housing”]).
- Homebuyer Counseling Required for all Borrowers
- Government (“FHA, VA, USDA, HUD Section 184”) and Conventional (FNMA “HFA Preferred” only)

# FIRSTHome (continued)

- Income Limits and Acquisition Cost Limits detailed in FIRSTHome Program Policy and on MFA's website at [www.housingnm.org](http://www.housingnm.org)
- **Can be used in conjunction with either "FIRSTDown" or "HOMENow"** or as a stand alone first mortgage for those borrowers who have their own down payment and closing cost funds.
- Must provide documentation for MFA to calculate income, determine property eligibility, first time homebuyer status, etc.
- MFA calculates Household Income
- All income from married couples included in income calculation (even if taking title as "sole and separate" property)
- Must provide VOE, VOR, bank statements, etc.
- First time homebuyer ("bond") Affidavits/Disclosures/Riders must be signed at closing

# FIRSTHome (Targeted Areas)

- Review appraisal or look up address via the geo-code look-up to find out what the census tract is to determine if the property is in a [Targeted Area](#) census tract.

# Targeted Area Census Tracts

Maps located at [www.housingnm.org/targeted-area-census-tracts](http://www.housingnm.org/targeted-area-census-tracts)

<b>Bernalillo County</b>			<b>Luna County</b>	
Census Tract	6.04		Census Tract	2.00
Census Tract	9.01		<b>McKinley County</b>	
Census Tract	9.03		Census Tract	9405
Census Tract	15.00		Census Tract	9440
Census Tract	20.00		Census Tract	9453
Census Tract	47.35		<b>Otero County</b>	
<b>Cibola County</b>			Census Tract	1.00
Census Tract	9548		<b>Sandoval County</b>	
<b>Curry County</b>			Census Tract	9409
Census Tract	1.00		<b>Santa Fe County</b>	
<b>Dona Ana County</b>			Census Tract	13.04
Census Tract	4.01		Census Tract	9800
Census Tract	6.00		<b>Sierra County</b>	
Census Tract	10.00		Census Tract	9623
Census Tract	17.06		<b>Socorro County</b>	
Census Tract	17.07		Census Tract	9400
Census Tract	18.05			
Census Tract	18.06			

# “FIRST*Down*” Program

- **Down Payment and Closing Cost Assistance Second Mortgage Loan**
- Up to \$8,000 (**based on borrower need**)
- Financing options of 10 year, 15 year and 30 year Rates for each term will change every time the *FIRSTHome* rates change
- \$100 origination fee may be charged by the lender
- May be used for **minimum** down payment (**i.e. 3.5% FHA; 3% FNMA HFA Preferred**) and customary closing costs only, no cash back to homebuyer at closing
  - Can't be used to pay off debt
- Combined with *FIRSTHome* Program only

# “HOMENow” Program

- **Down Payment Assistance 2<sup>nd</sup> Mortgage Loan** designed to help lower-income homebuyers.
- **Designed for borrowers with income at or below 80% AMI.** Limits vary according to county and number of persons in household, available on MFA website (if family size of 9 or more contact MFA for income limits)
  - Lenders must use the **Lesser** of the **HOMENow** published income limits.
    - Even if the property is in a Targeted Area census tract
- Acquisition cost limits will vary by county and type of construction (**new** vs. **existing**).
  - Lenders must use the **Lesser** of the **HOMENow or FIRSTHome** published acquisition limits.
    - Even if the property is in a Targeted Area census tract

# “HOMENow” (continued)

- Maximum loan amount is based on the **Lesser** of 8.0% of sales price of the home or \$8,000
- May be used for **minimum** down payment (**i.e. 3.5% FHA; 3.0% FNMA HFA Preferred**) and customary closing costs only, no cash back to homebuyer at closing
  - Can't be used to pay off debt
- Non-amortizing (0.0%) – no monthly payments
- Forgiven after the 10<sup>th</sup> anniversary, **provided that the borrower occupies the property and does not refinance, sell, transfer title, rent or otherwise vacate the property during that time**
- Combined with *FIRSTHome* Program only



# “HOMENow” (continued)

- Funds available for METRO and NON-METRO areas on a first-come, first-served basis.
- Funds available upon funding from the Treasury Department.

# “NextHome” Program

- **No First Time Homebuyer Requirement**
- Must be combined with “NEXTDown DPA” loan which is calculated at 3.0% of the final loan amount
- One Income Limit and one Purchase Price limit for the entire state
- \$500 borrower contribution (from own funds)
- Minimum 620 credit score
- Lenders may charge up to .50% Origination Fee to the borrower in addition to the reasonable and customary fees charged. Discount Fee remains at 0.0%.
  - Lender will still be paid a 1.0% fee at the time the loan is purchased by the Contract Service Provider (Idaho Housing).
- Must be primary residence. Homebuyer may own another home provided it is not financed with MFA.

# “NEXTHome” (continued)

- MFA will use the lender’s credit underwriting income from the final Automated Underwriting System (“AUS”) to qualify the borrower for the program
  - MFA will not calculate “program” income separately
  - All credit underwriting income will be used **including** co-signer income
- **Simplified Documentation** Lenders will not need to provide:
  - Paystubs
  - Tax returns
  - Bank statements
  - VOR’s
  - VOE’s
- No “bond loan” closing documentation, even if borrower is a first time homebuyer (i.e. Recapture Notice, Affidavit of Buyer/Seller, Riders)
- Homebuyer counseling is **only** required for first time homebuyers

# “NEXTDown DPA” Program

- Calculated based on 3.0% of the **final** first mortgage loan amount including MIP
- MFA will allow rounding to the nearest dollar amount
  - **(\$.50 or below, round down; \$.51 or above, round up.)**

## Example of Calculation

First mortgage base amount:	\$150,000
Up front MIP (FHA):	<u>2,625</u>
Total or final loan amount:	\$152,625

Here’s how to calculate the NEXTDown second mortgage amount:

$$\text{Final loan amount: } \$152,625 \times 3.0\% = \$4,578.75$$

Rounded to the nearest whole dollar, the loan amount is **\$4,579.00** This is the amount you’ll reserve for the NEXTDown loan. **Must appear on the Note and Mortgage with the zeros after the dollar amount.**

# “NEXTDown DPA” (continued)

- Non-amortizing (0.0%) – no monthly payments
- May be forgiven **after** the 15<sup>th</sup> anniversary **provided** that the borrower does not refinance, sell or transfer title during that time.
- The loan balance is **forgiven 20% each year beginning with the 11<sup>th</sup> anniversary** of the note date until fully forgiven at the 15<sup>th</sup> anniversary.

# Program Options (Not intended for Consumers)

FIRSTHome			NEXTHome
For first-time homebuyers who have not owned a home as their primary residence for at least three years		OR	For first-time <b>AND</b> repeat homebuyers
Income limits based on household size and geographic area Acquisition cost based on geographic area			Has the highest income limit of any MFA program. One income limit and purchase price for the entire state of New Mexico
Repayment term is 30 years, the rate is fixed			Repayment term is 30 years, the rate is fixed
Specific benefits apply when used in a targeted area			
<b>Optional</b> DPA comes from a second mortgage. <b>Choose one of the below or the FIRSTHome can be used as a stand alone first mortgage</b>			<b>Mandatory</b> DPA comes from a second mortgage.
FIRSTDown	HOMENow		NEXTDown
Same Income Limits as First Home	Income Limits are set at 80% or below AMI <ul style="list-style-type: none"> <li>Will vary by county and specific number of household members</li> </ul>		Same Income Limits as NextHome
Loan amount up to \$8,000 (minimum loan amount of \$1,000) – determined based on need – Interest rate is subject to change and is a fully amortizing mortgage	Loan amount is the <b>lesser</b> of 8% of sales price or \$8,000 – Interest rate is 0.00% non-amortizing mortgage. May be forgiven if certain terms and conditions are met		Loan amount equal to 3% of the first mortgage loan amount. May be rounded up or down. Interest rate is 0.00% non-amortizing mortgage. May be forgiven if certain terms and conditions are met
May be used for <b>minimum</b> down payment and closing costs	May be used for <b>minimum</b> down payment and closing costs		May be used to help cover down payment and closing costs

# **Process and Flow of Loan File/Documents**

# Process and Flow of Loan File

- Loan Reservation via PowerLender (choose first mortgage loan product and the appropriate second mortgage loan product that may be combined with the first mortgage)
- Reservation/Lock Commitments are printed via the PowerLender Portal for each loan reserved
- MFA Compliance Addendum is printed via the PowerLender Portal (based on first mortgage program)
- Compliance File Checklist is printed via the PowerLender Portal
- Compliance File is uploaded electronically to VirPackk
- MFA staff will review the file for compliance with the guidelines of the program **(File review turn times are: up to 3 days from the day the file is received)**



# Process and Flow of Loan File (continued)

- If file is suspended Lender will print Suspense Conditions via PowerLender Portal
- Conditions are submitted via VirPack
- MFA staff will review Compliance Conditions (**review turn times are 1 business day if there are 1 – 4 conditions; 2 business days if there are 5 or more conditions**)
- Compliance Approval/Loan Purchase Commitment/DPA Funding Commitment for second mortgage are printed via the PowerLender Portal (forms are available to print only after Compliance Approval)
- FTHB Bond (FIRSTHome) Loan Documents are printed via the PowerLender Portal (i.e. Affidavit of Seller, Affidavit of Purchaser, Notice of Potential Recapture, Tax Exempt Financing Rider or VA Rider) (**forms are available to print only after Compliance Approval**)

# Process and Flow of Loan File (Continued)

## Forms will be populated with individual loan information

- Loan number (First and Second Mortgage numbers will have to be completed manually on the MFA Compliance Addendum)
- Loan Amount
- Borrower/Co-Borrower name
- Property address

## Sample Forms are available on MFA's website

- [www.housingnm.org](http://www.housingnm.org)

# **Compliance Approval Process**

# Compliance Approval Process

- Lender receives Compliance Approval status e-mail from MFA
- After Compliance Approval
  - Lender will print a “Compliance Approval/Loan Purchase Commitment” for each first mortgage and DPA second mortgage loan
  - Lender will also print a “DPA Funding Commitment” for DPA loan
- If the amounts of the first and or second mortgages change after Compliance Approval, lender is required to request from MFA via the singlefamily e-mail that PowerLender be updated. Once the change has been made lender must submit updated documents to receive a revised Compliance Approval. **Review turn time for re-submit is 1 business day.**

# Compliance Approval Forms

## “Compliance Approval/Loan Purchase Commitment”

- MFA’s commitment to purchase the loan from the Lender
- Details the terms and conditions by which the Contract Service Provider (Idaho Housing and Finance Association [“Idaho Housing”]) will purchase the loan
- Loan that is delivered to Idaho Housing must match the terms and conditions of the “Compliance Approval/Loan Purchase Commitment”
- *It is the Lender’s responsibility to ensure that the “**Compliance Approval/Loan Purchase Commitment**” and **DPA Funding Commitment** are accurate prior to loan closing. MFA will only purchase/reimburse for the amount listed on these Commitments.*

# Compliance Approval Forms (continued)

## “DPA Funding Commitment”

- Lender prints for DPA second mortgage loans
- MFA’s commitment to purchase the DPA loan from the Lender
- Includes information required by FHA/FNMA regarding DPA secondary financing, source of DPA funds, commitment of DPA funds from MFA

# Closing First and Second Loans

- **Close First and Second Mortgages in Lender's Name**
  - Close **First Mortgages** on standard Mortgage forms depending on investor
  - Close **FIRSTDown** Mortgages on FNMA Standard Note and Mortgage
    - **Do not use a Deed of Trust for either the first mortgage or the First Down mortgage**
  - Close **HomeNow** and **NextDown** Mortgages on Notes and Mortgages available from the PowerLender Portal
- **FIRSTHome** Program Loans will need the Bond Documents executed
- **NEXTHome** Program Loans do not have any Bond Documents executed
- **Second Mortgages are required** to have the HUD Rider executed and recorded with the mortgage if the First Mortgage is an **FHA** loan.

# Loan Delivery and Purchase Process

## *Idaho Housing*

### **Closed Loan delivered to Idaho Housing for Purchase**

- Closed Loan delivery checklists for Idaho Housing
- Closed First and DPA Second Loan file(s) delivered to Idaho Housing
- Delivery of original First mortgage Note

***Two separate uploads are requested: both first and second loan files are uploaded to the Idaho Housing's first mortgage loan number***

### **Closed Loan Review**

- Purchase pending conditions for first mortgage (*FIRSTHome* and *NEXTHome*) and DPA second mortgages *FIRSTDown*, *HOMENow* and *NEXTDown* (Conditions for first and DPA second mortgages will be issued at the same time)

### **Pre-Purchase Conditions**

- Conditions uploaded to Idaho Housing's system (Lender Connection), reviewed and cleared

### **First Mortgage Loan Purchase/Second Mortgage Loan Reimbursement**

- Reimbursement provided by Idaho Housing
- Separate purchase advice for each loan via Lender Connection
- One wire for both



# **Down Payment Assistance (“DPA”) Second Mortgage Funding Process**

# DPA Second Mortgage Funding Process

- **ALL** DPA seconds are funded by the Lender at closing
  - **MUST** be closed with a loan amount in whole dollar amounts
  - **MUST** show the zeros after the loan amount (example: \$8,000.00)
  - **Note: ALL** first and second loans **MUST** be assigned/transferred in MERS using MFA's MERS ORG. ID number 1013401.

# Goodbye Letter – Idaho Housing

- The Lender will provide a “goodbye letter” to homebuyer on the first mortgage loans when the loan is assigned/ transferred
- Payment and Correspondence address for first mortgages:
  - [HomeLoanServ](#), P.O. Box 7541, Boise, Idaho 83707
- Insurance Address for first mortgages:
  - [HomeLoanServ](#), P.O. Box 7899, Boise, Idaho 83707
- Idaho Housing phone numbers for borrowers:
  - Toll Free 1.800.526.7145

# Goodbye Letter - MFA

- The Lender will provide a “goodbye letter” to homebuyer on DPA second mortgage loans when the loan is assigned/transferred
- Payment Address for second Mortgages (Lock Box):
  - **MFA**, P.O. Box 912727, Denver, Colorado 80291-2727
- Correspondence Address for second Mortgages:
  - **MFA**, 344 4<sup>th</sup> Street SW, Albuquerque, NM 87102
- MFA Phone numbers for borrowers:
  - 505.843.6880 or Toll Free (within the state of NM) 1.800.444.6880

# Welcome Letter

- Idaho Housing (HomeLoanServ) will provide a “welcome letter” to the homebuyer on the first mortgage loans and will service the loans
- MFA will provide a “welcome letter” to the homebuyer on the DPA second mortgage loans and will service the loans

# Mortgagee Clause

- Mortgagee Clause for New Mexico Mortgage Finance Authority (MFA)

New Mexico Mortgage Finance Authority, ISAOA/ATIMA  
344 4<sup>th</sup> Street SW  
Albuquerque, New Mexico 87102  
Phone: 505-843-6880

- Mortgagee Clause for Idaho Housing and Finance Association (HomeLoanServ)

- **Note: NEW Mortgagee Clause effective immediately**

HomeLoanServ, ISAOA/ATIMA  
P.O. Box 818007  
Cleveland, OH 44181  
Fax: 888-218-9257  
E-mail: insdocs8263@oscis.com

# Conventional Loans

## Mortgage Insurance Certificate

- Make sure that the certificate is **ACTIVATED** with the mortgage insurance agency when the file is delivered to Idaho Housing (HomeLoanServ) for purchase review
- The certificate should **NOT** be transferred to Idaho Housing (HomeLoanServ) prior to the loan purchase
- Idaho **WILL** transfer the certificate into their name after the loan has been purchased
  - If the certificate is transferred by the lender to Idaho Housing (HomeLoanServ) prior to the loan purchase there are problems with non payment of the mortgage insurance and the insurance gets cancelled.

**\*\* More is not better 😊 \*\***

# Note and Trailing Document Delivery

**Original 1<sup>st</sup> Mortgage Note, Original recorded mortgage (including riders), Original recorded Assignment (if applicable), Final Title Policy and Insurance Certificate (if applicable) sent to Idaho Housing and Finance Association.**

**Final documents are due NO LATER than 90 days from the purchase date**

***The Final Title Policy and Insurance Certificate may be uploaded to Lender Connection.***

Idaho Housing and Finance Association  
Attn: Document Center  
565 W. Myrtle St.  
Boise, ID 83702

**Original 2<sup>nd</sup> Mortgage Note and Original recorded mortgage sent to New Mexico MFA**

New Mexico Mortgage Finance Authority  
Attn: Homeownership Department  
344 4<sup>th</sup> Street SW  
Albuquerque, NM 87102

***\*\*Please write 1<sup>st</sup> Mortgage loan number (Idaho Housing) on the top of the 1<sup>st</sup> Mortgage documents\*\****

***\*\*Please write 2<sup>nd</sup> Mortgage loan number (MFA) on the top of the 2<sup>nd</sup> Mortgage documents\*\****



# Pre & Post Closing Instructions

Refer to Lender Memos 2020-23, 2020-25 and 2021-03  
for closing instructions.

# MERS Procedures

Refer to Lender Memos 2020-23 and 2020-25 for MERS Procedures.

# Loans Purchased within 15 days of First Payment Due Date

First payment (and subsequent payments) will be netted out of purchase amount of the First Mortgage purchase

- Purchase Statement will account for escrow amount
- Lender retains entire PITI

First payment (and subsequent payments) will be netted out of purchase amount of the Second Mortgage purchase

***\*\*\* Lender is responsible for ensuring all applicable program policies, guidelines, rules, regulations, processes and procedures are followed \*\*\****

# Contact Information

## Idaho Housing and Finance Association

- Rita Aafedt, Loan Acquisition Supervisor  
RitaA@IHFA.org  
208-424-7048
- Mark Suderman, Director of Loan Acquisition and Shipping  
MarkS@IHFA.org  
208-331-4870

# Contact Information

## New Mexico Mortgage Finance Authority

- Rene Acuna, Director of Homeownership  
racuna@housingnm.org, 505-767-2222
- Anita Rehm, Assistant Director of Homeownership  
arehm@housingnm.org, 505-767-2230
- Cynthia Marquez, Compliance Specialist  
cmarquez@housingnm.org, 505-767-2238
- Lisa Romero, Compliance Specialist  
lromero@housingnm.org, 505-767-2208

# Contact Information

## New Mexico Mortgage Finance Authority (Cont.)

- Melissa Cabrera, Lending Specialist  
mcabrera@housingnm.org, 505-767-2223
- Shawn Rasmussen, Lending Specialist  
srasmussen@housingnm.org, 505-767-2259
- Barbara Tashkandy, Lending Coordinator  
btashkandy@housingnm.org, 505-767-2261
- Laura Fuller, Lending Coordinator  
lfuller@housingnm.org, 505-767-2262

# Contact Information

## New Mexico Mortgage Finance Authority (Cont.)

- Eunice Duran, Homeownership Representative  
eduran@housingnm.org, 505-239-1301 (cell)
- Teri Baca, Homeownership Representative  
tbaca@housingnm.org, 505-238-7375 (cell)

# Questions?