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AN ACT

RELATING TO HOUSING; CREATING THE NEW HOMES FOR NEW MEXICO PROGRAM; PROVIDING FOR PROGRAM ADMINISTRATION BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY; PROVIDING LOANS TO ELIGIBLE HOME BUYERS; PROVIDING FOR REPAYMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Affordable Housing Act is enacted to read:

"NEW HOMES FOR NEW MEXICO PROGRAM CREATED--PROGRAM REQUIREMENTS--REPAYMENT.--

A. As used in this section:

(1) "eligible builder" means a residential home builder that meets eligibility criteria for participation in the program;

(2) "eligible buyer" means a person seeking to purchase residential property that meets eligibility criteria for participation in the program;

(3) "high-cost county" means Los Alamos, Santa Fe or Taos county;

(4) "program" means the new homes for New Mexico program; and

(5) "starter home" means a home built by an eligible builder to be purchased by an eligible buyer that meets eligibility criteria established by rules promulgated

1 pursuant to this section.

2 B. The "new homes for New Mexico program" is  
3 created in the authority to provide loans for eligible buyers  
4 to purchase starter homes from eligible builders. The  
5 authority shall promulgate rules to carry out the provisions  
6 of this section.

7 C. The authority shall create an account for any  
8 money designated for the program. Loans for the program  
9 shall be provided from the account, and the account may  
10 consist of subaccounts as the authority deems necessary.  
11 Money from repayment of a loan granted pursuant to this  
12 section shall be deposited into the account and provided to  
13 future eligible buyers.

14 D. The authority may grant a loan to an eligible  
15 buyer to purchase a starter home from an eligible builder;  
16 provided that the eligible buyer:

17 (1) has not owned a home prior to acceptance  
18 into the program;

19 (2) earns a current annual income that is  
20 below one hundred twenty percent of the area median income in  
21 the county in which the starter home being purchased will be  
22 located, for a family of four, as determined by the United  
23 States department of housing and urban development; and

24 (3) resides in the starter home as the  
25 eligible buyer's primary residence.

1           E. The authority shall solicit competitive  
2 proposals to participate in the program. A competitive  
3 proposal submitted pursuant to this subsection shall include:

4                   (1) the number of homes the builder proposes  
5 to build;

6                   (2) the projected price of each home;

7                   (3) marketing and sales strategies; and

8                   (4) a time line for completing the homes.

9           F. The authority shall promulgate rules to provide  
10 for:

11                   (1) administration of the program;

12                   (2) criteria for applications;

13                   (3) eligibility criteria for eligible  
14 builders and eligible buyers;

15                   (4) criteria for starter homes built by  
16 eligible builders;

17                   (5) criteria for loan disbursement and  
18 repayment;

19                   (6) procedures to connect eligible buyers  
20 and eligible builders; and

21                   (7) periodic verification that the starter  
22 home purchased pursuant to this section remains the eligible  
23 buyer's primary residence.

24           G. Applications for loans to purchase starter  
25 homes pursuant to this section shall be submitted to the

1 authority on forms provided by the authority and shall  
2 include:

3 (1) documentation that the applicant earns a  
4 current annual income that is below one hundred twenty  
5 percent of the area median income in the county in which the  
6 starter home being purchased will be located, for a family of  
7 four, as determined by the United States department of  
8 housing and urban development; and

9 (2) other documentation required by the  
10 authority in rules promulgated pursuant to this section.

11 H. Loans granted pursuant to this section shall:

12 (1) not exceed fifty thousand dollars  
13 (\$50,000) per household for a starter home located outside  
14 the jurisdictional boundaries of a high-cost county or  
15 seventy-five thousand dollars (\$75,000) per household for a  
16 starter home within the jurisdictional boundaries of a high-  
17 cost county;

18 (2) bear an annual interest rate of zero  
19 percent; and

20 (3) be repaid upon:

21 (a) the sale of the property purchased  
22 with a loan granted pursuant to this section; or

23 (b) the failure of the eligible buyer  
24 to occupy the property purchased with a loan granted pursuant  
25 to this section as the eligible buyer's principal residence.

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I. An eligible builder shall:

- (1) not build a starter home that exceeds one thousand eight hundred square feet;
- (2) not build a starter home on a lot that exceeds five thousand square feet;
- (3) complete construction on a starter home within three years of program selection; and
- (4) build starter homes that are affordable to an eligible buyer."