

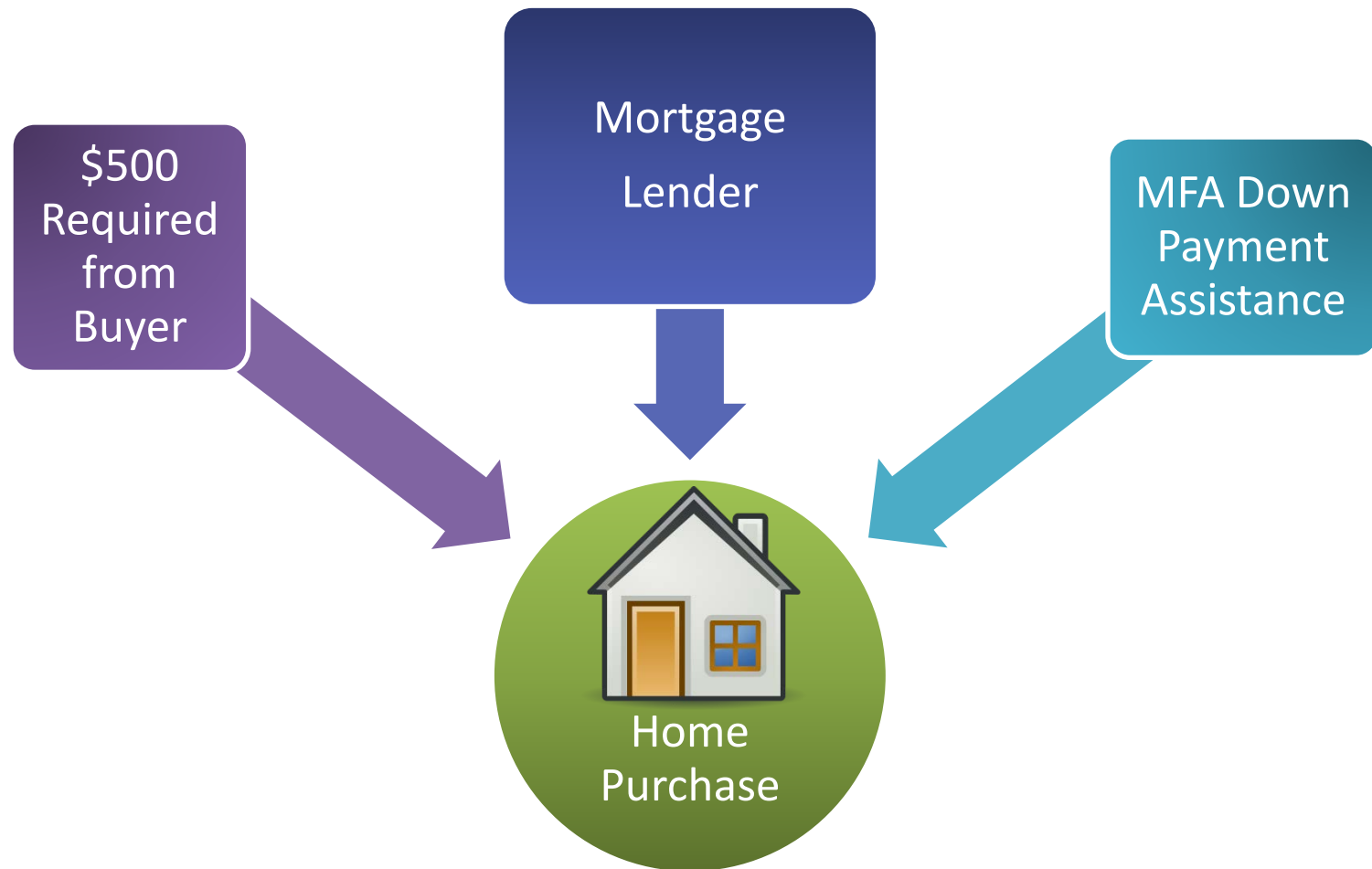
# MFA Single-Family Mortgage Products

Jeff Payne, Senior Director of Homeownership  
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Theresa Laredo-Garcia Director of Servicing

MFA Legislative Oversight Committee  
August 2, 2017



# Home Purchase Financing with MFA



# Single-Family Programs

## First-time Homebuyer Mortgage Loans

- “First Home” Program
  - First time homebuyer requirement
  - Up to 115% Area Median Income allowed, based on family size
  - Single unit, owner occupied properties
  - Pre-Purchase Homebuyer Counseling Required for all first time homebuyers
- “First Down” Program
  - Used in conjunction with “First Home” Program
  - Up to \$8,000 assistance with down payment and closing costs
  - Second mortgage loan
  - 30 year amortization, to provide affordable payment
  - 6.00% interest rate

# Single-Family Programs (cont.)

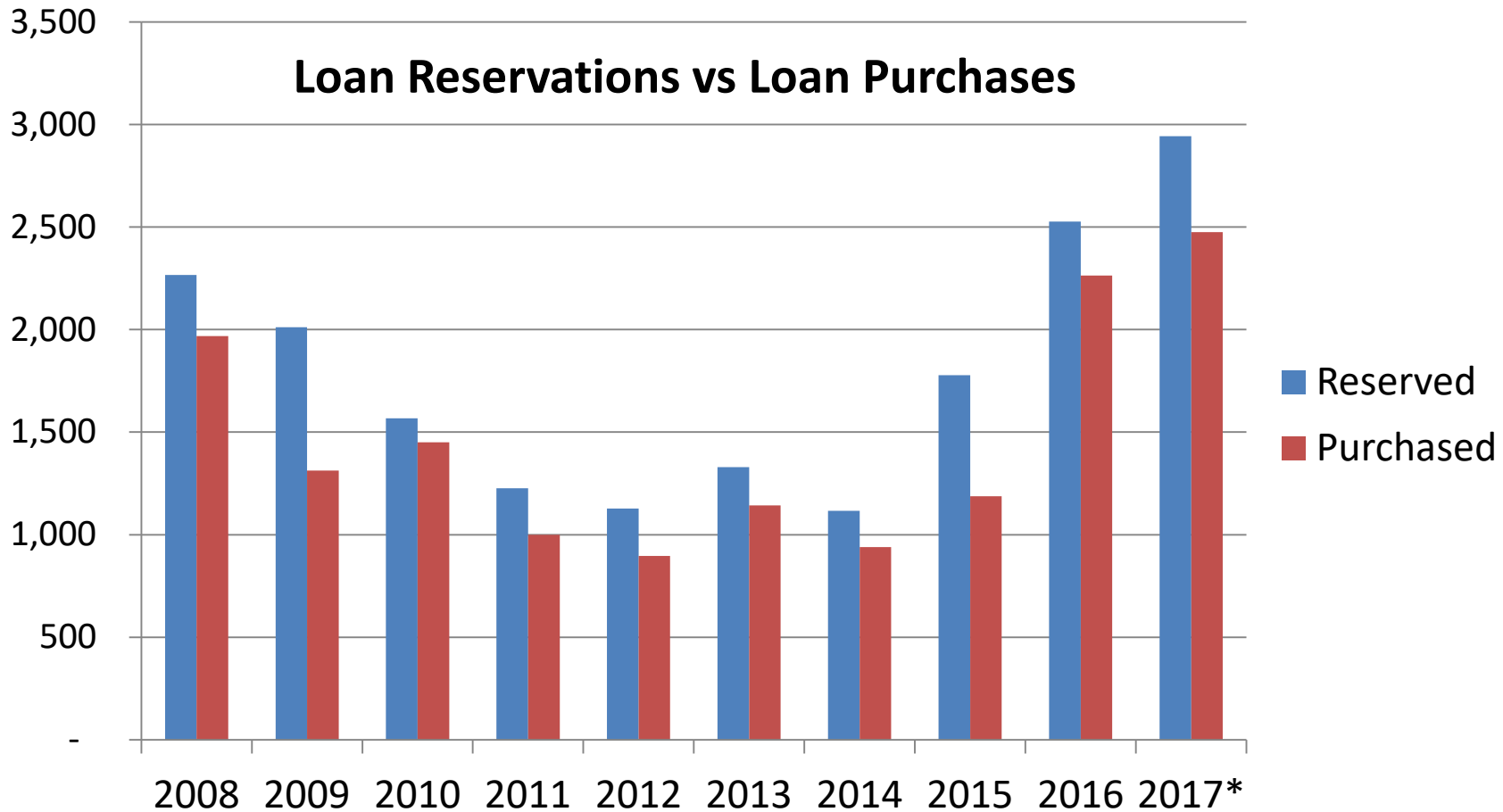
## Another Down Payment Assistance Option

- “Next Home” Loan Program
  - Non-first time homebuyer allowed
  - Favorable household income limits
  - Requires 3% down payment
  - Single unit, owner occupied properties
- “Next Home” Grant
  - Used in conjunction with “Next Home” program
  - 3.0% of the sales price grant for down payment assistance
  - No repayment of the grant required
  - Provides instant equity to the homebuyer



# Loan Activity Trend

## FY 2008 through FY 2017 (\*projected)

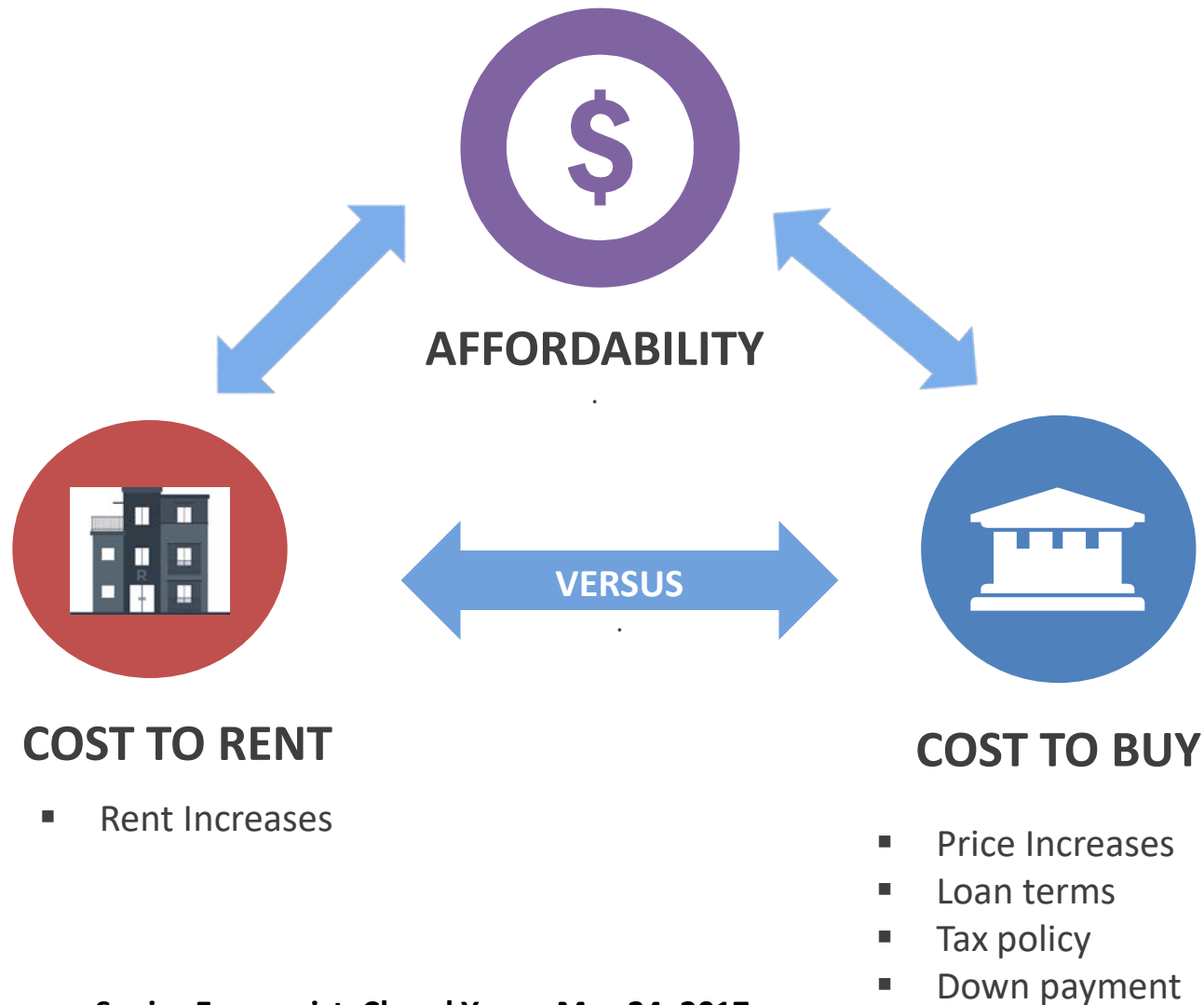


# Homebuyer Demographics

## MFA Homebuyer Characteristics

- 57% of MFA homebuyers are single parent households
- 36% of MFA homebuyers are minority households
- Average age of MFA homebuyer is 36
- Average MFA first mortgage loan amount is \$144,608
- Average purchase price is \$147,713
- Average credit score of 685

# Home Rental vs Purchase Decision



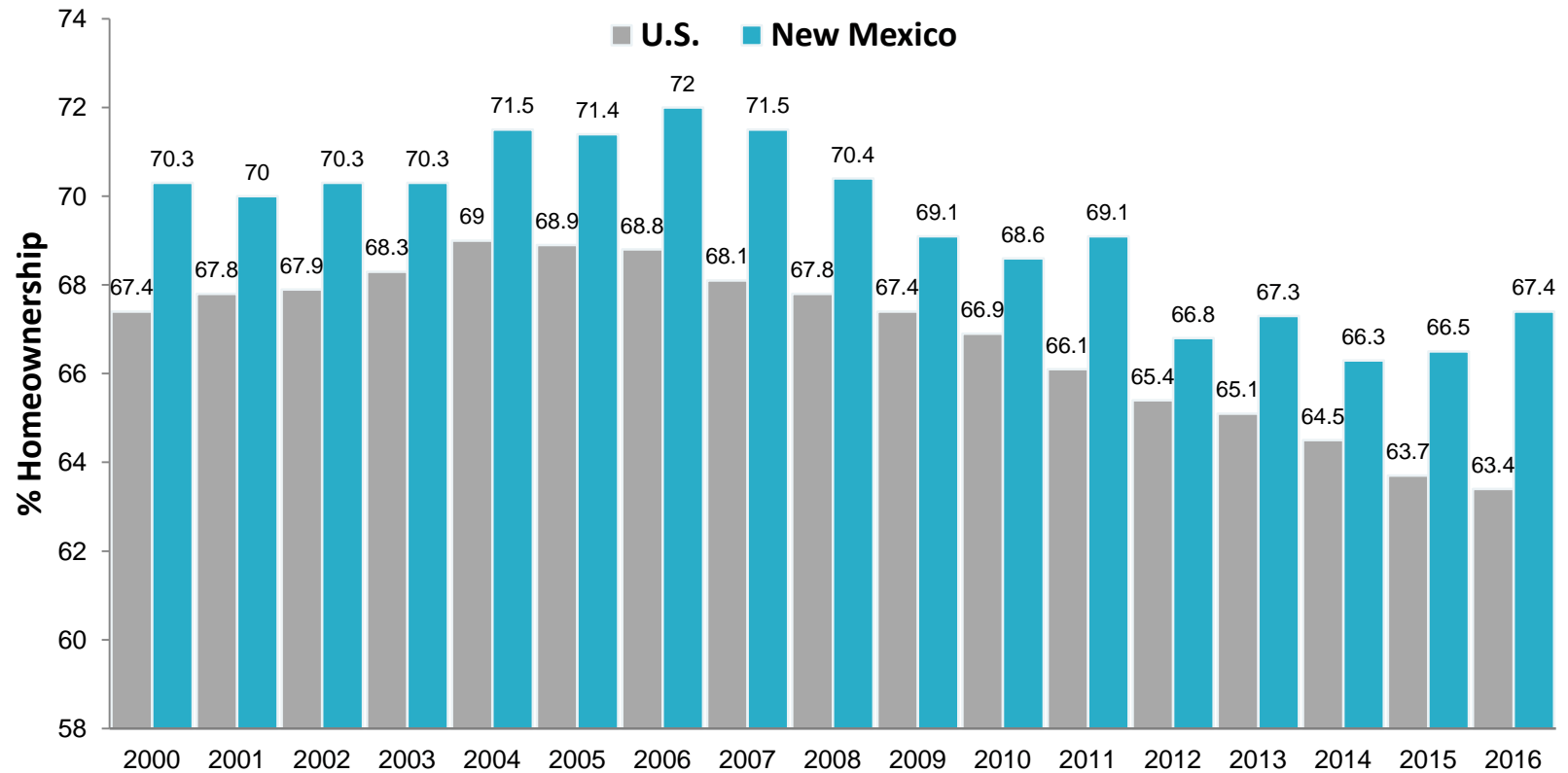


# Typical Household Payment Affordability

Metro Area	All Households	Renter Households	Median Home Price	Median Payment	Median Household Income
Santa Fe	47%	23%	\$290,800	\$1,780	\$55,680
Albuquerque	61%	41%	\$180,600	\$1,110	\$48,940
Farmington	60%	47%	\$171,400	\$1,050	\$46,610
Las Cruces	60%	42%	\$144,500	\$ 880	\$39,900



# NM and U.S. Homeownership Rates 2000-2016

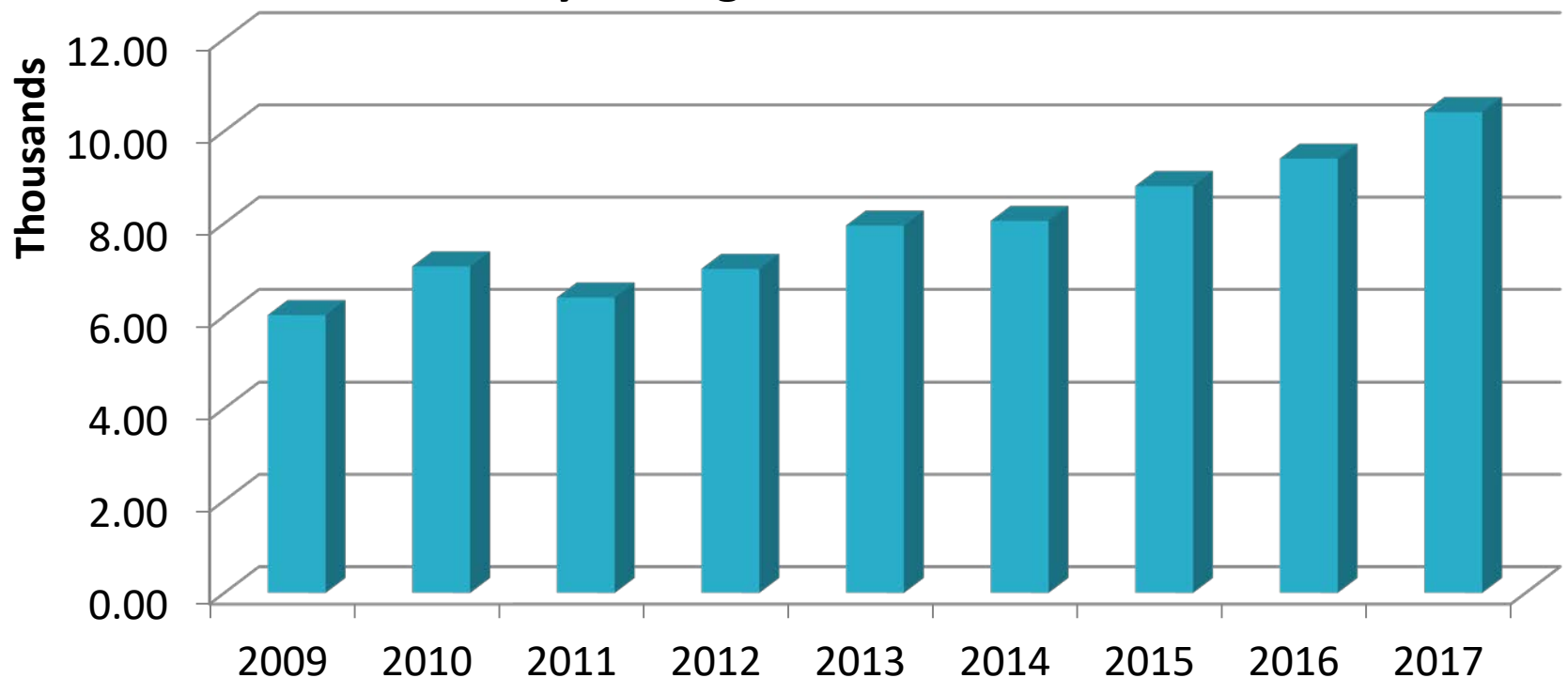


Source: Federal Reserve Bank of St. Louis

# New Mexico Market Trends

“We’re still hearing reports of low inventory in many areas from our members. Rising prices and limited supply, while good for sellers, make it tough for everyone looking to purchase a home. Student debt and economic conditions in general continue to hinder many potential buyers. Recent changes to Fannie Mae rules easing their debt-to-income requirements should open lending to more potential buyers.” Victoria Murphy, RANM 2017 President

## January through June Home Sales

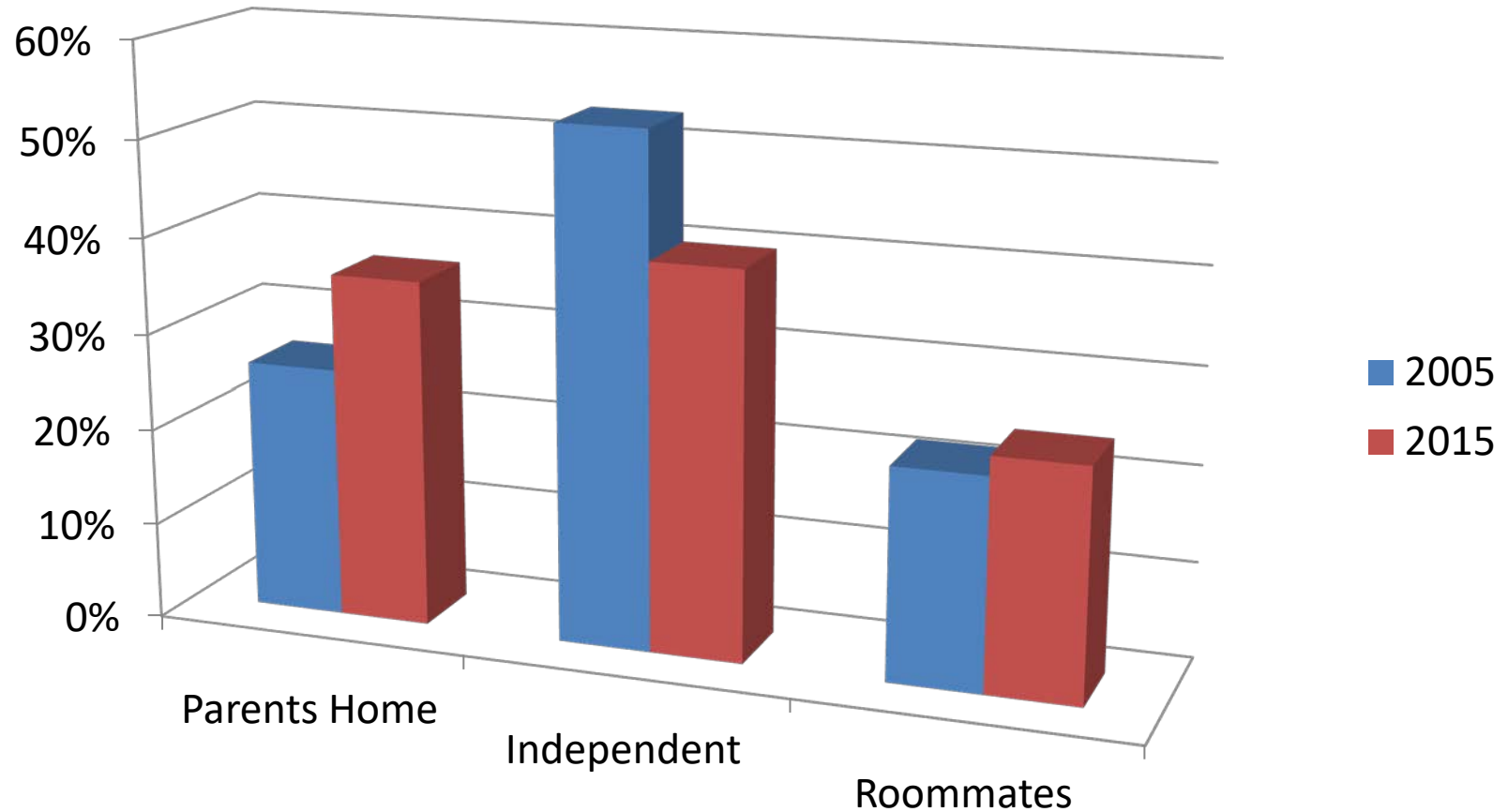




# First-time Homebuyers, Leading the Housing Recovery

- ❑ “Between 1994 and 2016 first-time homebuyers accounted for 45% of the purchase mortgages originated.”\*
- ❑ “First-time homebuyers have led the housing recovery, contributing 85 % of the growth in the past two years.”\*
- ❑ “Rising first-time homebuyers in the housing market drain housing inventory and the supply of homes for sale much faster than a similar increase in repeat homebuyers.”\*
- ❑ “First-time homebuyers who purchased in 2015 and later will likely accumulate sufficient home equity over the next five to ten years to fuel the next wave of repeat homebuyers.”\*

# New Mexico Young Adults Age 18 to 34 Living Arrangements\*



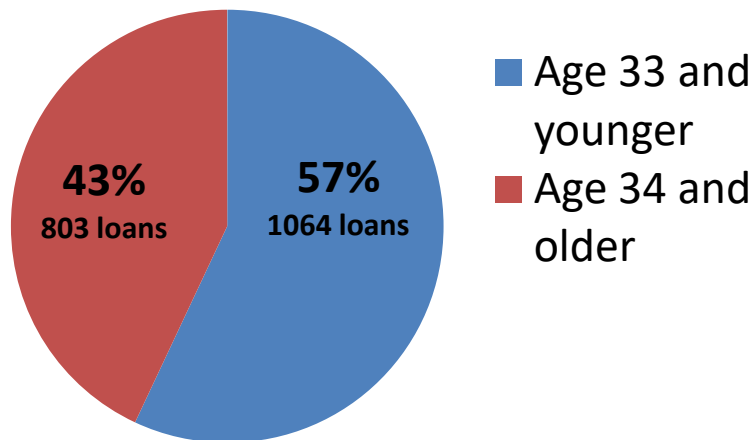
# Serving the Needs of Younger Homebuyers

## MFA First-Time Homebuyer Loans to Millennials

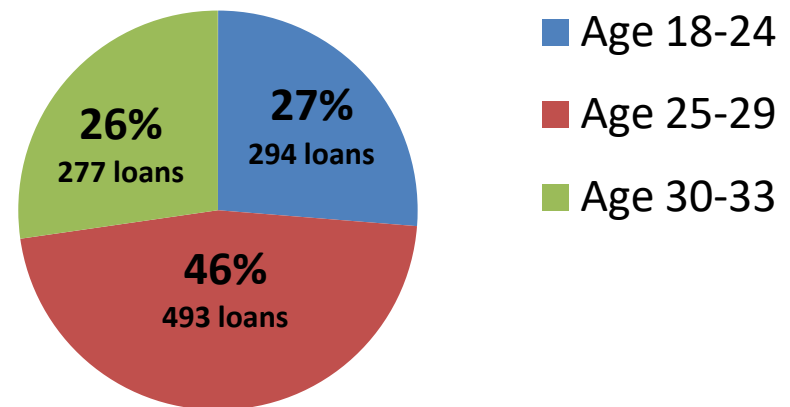
FY YTD June 30, 2017

- Millennials account for 14.2% of the population in New Mexico\*
- First-time homebuyer loans made by MFA in FY 2017:
  - 57% were made to borrowers 33 years of age or younger.

### All MFA Loans, 2016 -17

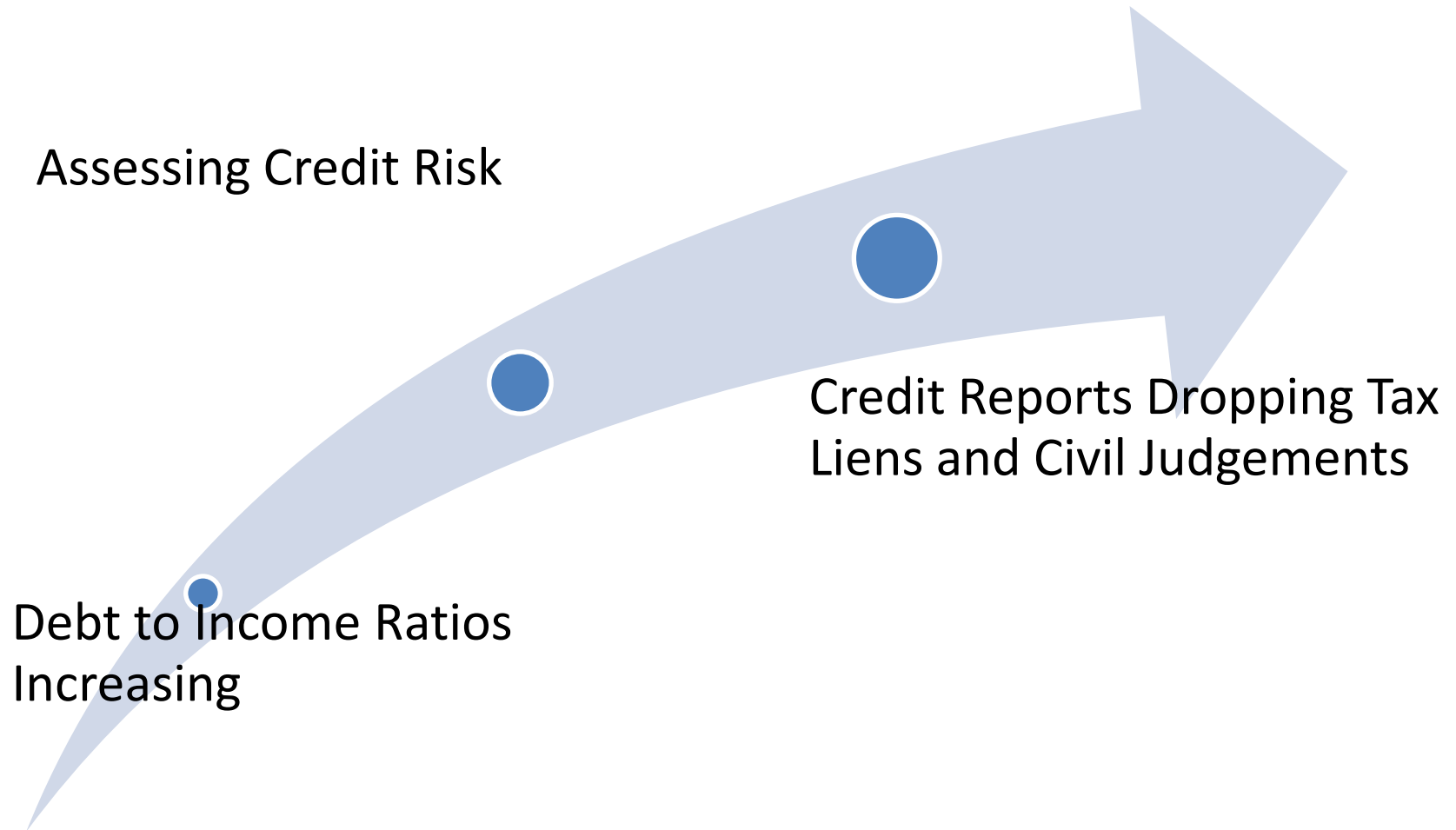


### MFA Loans to Millennials, 2016-17



# Changes in Mortgage Financing

Increasing Percentage of Qualified Borrowers?

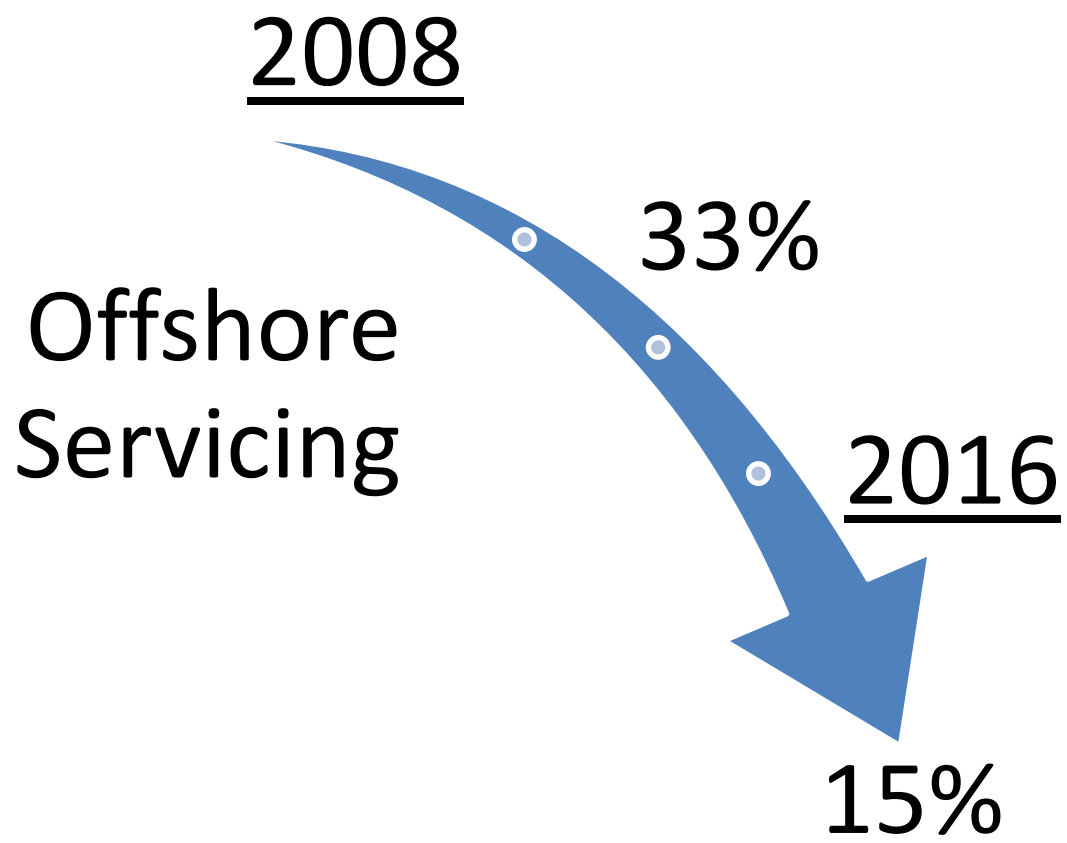




# Trends in “Offshore” Mortgage Servicing

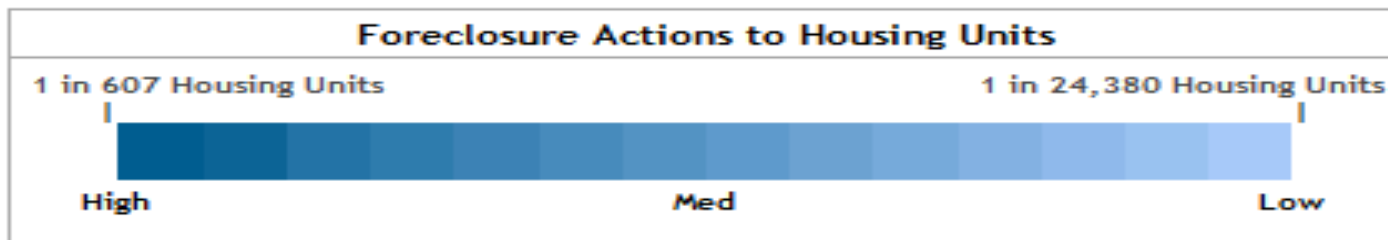
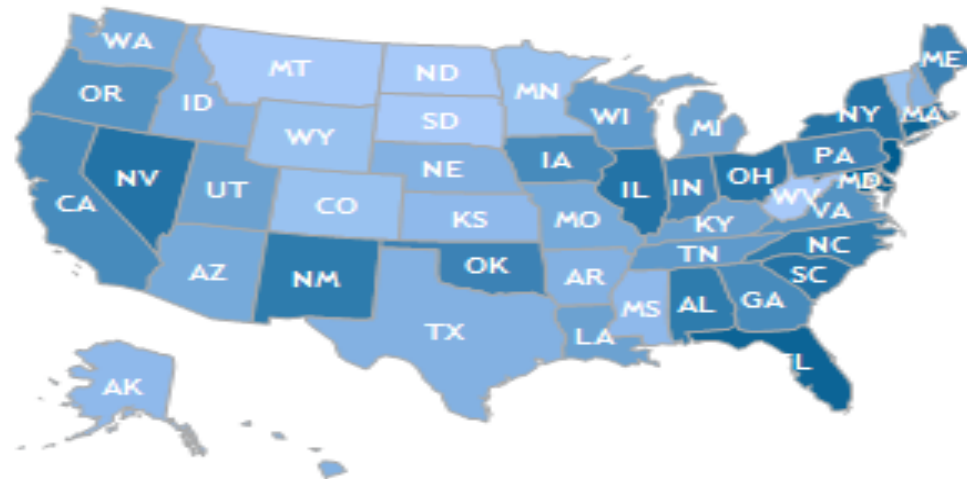
“Companies are starting to quantify the impact of dissatisfied customers, more errors, more time (even if at a lower cost/hour), turnover, etc.”

Harry Moser, The Reshoring Initiative



# National Foreclosures Rates

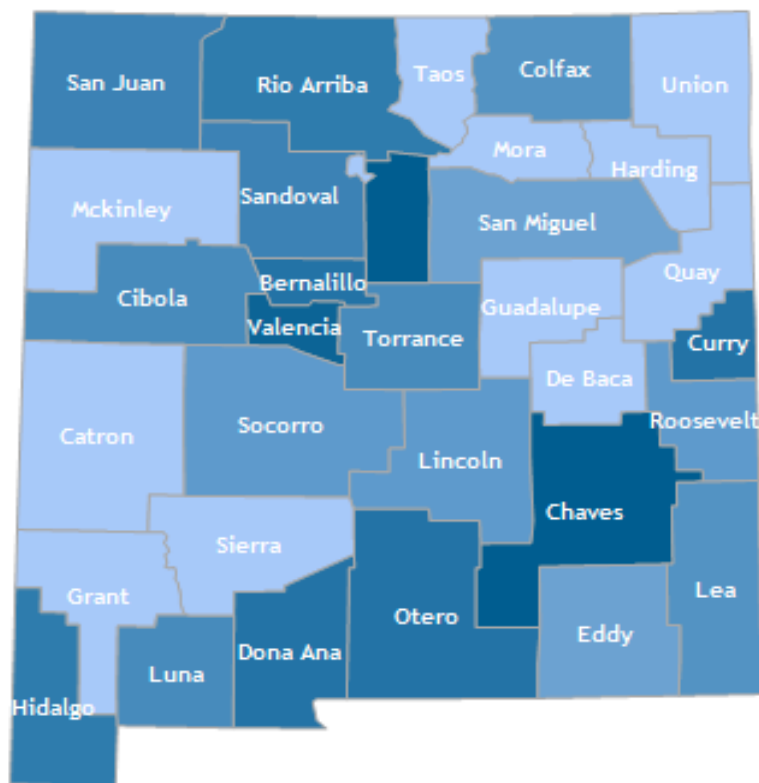
NM one in every 1,668 Households





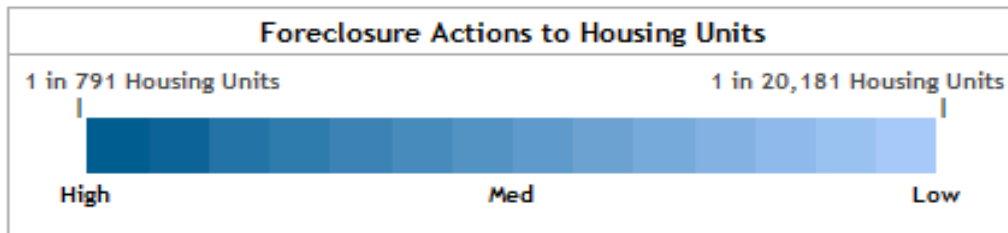
# New Mexico Counties Foreclosures Rates

NM one in every 1,668 Households

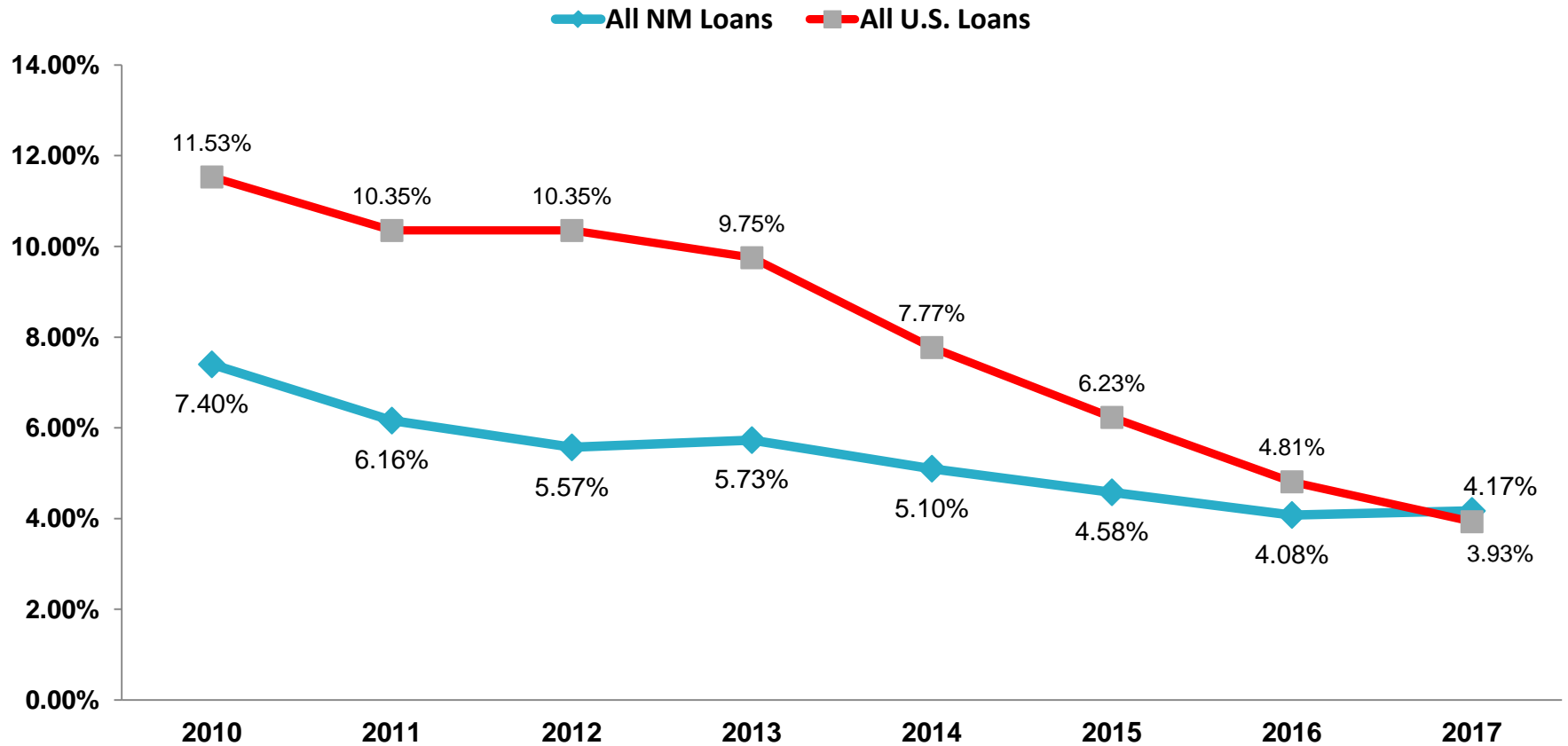


## Highest Foreclosure Rates

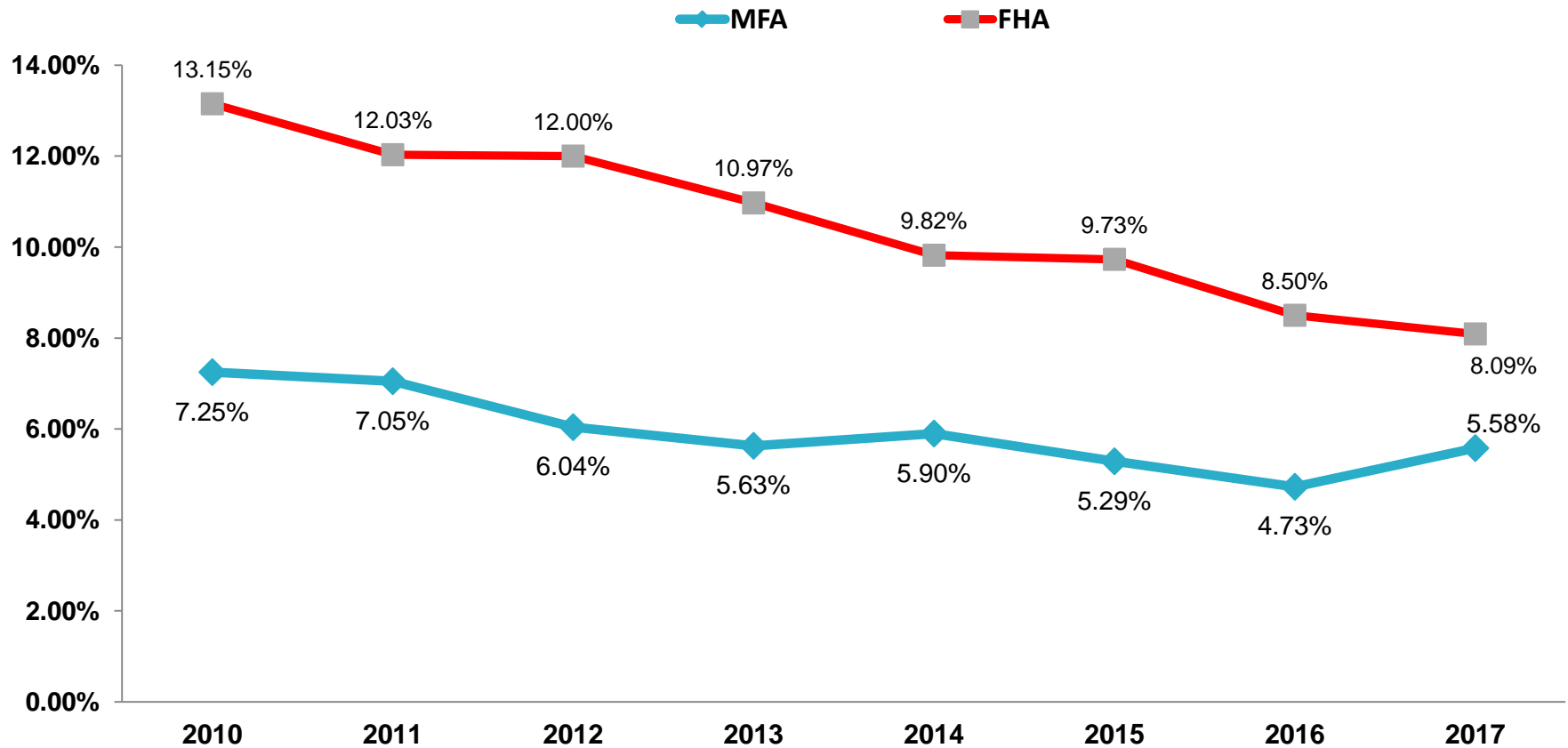
- [Santa Fe](#)
- 1 in every 791
- [Chaves](#)
- 1 in every 987
- [Valencia](#)
- 1 in every 1111
- [Bernalillo](#)
- 1 in every 1218
- [Dona Ana](#)
- 1 in every 1243



# National vs NM Delinquency Trends



# MFA Delinquency Trends



# MFA's Vision

All New Mexicans will have quality affordable housing opportunities.

