

MFA loan help boon to buyers

Secured home mortgages surge in spite of tightening inventory

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The New Mexico Finance Authority is helping more New Mexicans secure home mortgages, including down-payment assistance, even as the inventory of affordable homes tightens in many Albuquerque ZIP codes.

In terms of dollar volume, the MFA is on track to close \$353.6 million in loans for the current fiscal year, a 16.5 percent increase over the previous year statewide, according to Jeff Payne, senior director of homeownership.

He said the spike in MFA activity can be attributed to several factors: young people, including many single women, eager to get on the first rung of the homeownership ladder; continued low interest rates; and the finance authority's assistance with down payments.

Payne said of the 2,475 homes he forecasts will be purchased in fiscal year 2017, 93 percent of the borrowers will be first-timers. The agency operates on a fiscal year ending Sept. 30.

The homes have to be owner-occupied and not used for income generation, and all homebuyers must take part in pre-purchase counseling.

Servicing a demographic of low- and moderate-income borrowers, MFA-eligible buyers want to get into the market while there are still "moderately priced" residences available, Payne said. In the Albuquerque metro area, MFA's sales price limit for a home is \$253,000; limits are higher in places like Santa Fe and Taos, said Payne. The average purchase price in Albuquerque is \$147,000; that figure was \$125,000 three years ago.

In the Albuquerque metro area, where more than half of the MFA loans are transacted, the current income limit for a two-person household is \$61,600.

Real estate agents and lenders are "very knowledgeable" about the MFA program. "We view them as our partners," said Payne about the sales and financing communities bringing homebuyers into the program and qualifying them for loans.

In 1975, state lawmakers created the New Mexico Mortgage Finance Authority to distribute low-interest-rate mortgage money to low- and moderate-income families throughout the state. Money was generated through the sale of tax-exempt mortgage revenue bonds. Through the 1980s and early '90s, MFA steadily expanded its financing portfolio from mortgage loans to include down-payment assistance, rental housing construction and in-house loan servicing.

Payne said most of the borrowers are able to secure a loan backed by the Federal Housing Administration and finance the 3 percent down payment as a second mortgage but at a higher interest rate.

Due to inventory/supply and increased price appreciation, a good portion of the loans made in the current sales year have been concentrated in several southwest Albuquerque neighborhoods, according to Payne.

