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FISCAL IMPACT REPORT

SPONSOR Padilla ORIGINAL DATE 1/22/2020
LAST UPDATED _____ HB _____
SHORT TITLE Education Program for First-Time Homebuyers SB 22
ANALYST Hawker

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority

SUMMARY

Synopsis of Bill

Senate Bill 22 appropriates \$500 thousand from the general fund to the Department of Finance Administration for the New Mexico Mortgage Finance Authority (MFA) to expense in fiscal years 2021 through 2023 to create and implement a statewide pre-purchase education program for first-time homebuyers. MFA may use up to 10 percent of the appropriation for administrative purposes.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2023 shall revert to the general fund.

SIGNIFICANT ISSUES

MFA is a governmental instrumentality created in 1975 to assist with financing the acquisition, construction, rehabilitation and improvement of residential housing for New Mexico low- and moderate-income families. MFA is designated as the state government's housing agency, administering state and federal housing programs. MFA provides tools for quality affordable

homes statewide, often described as modern, beautiful, sustainable, and energy efficient to create strong stable neighborhoods where children grow and families thrive.

MFA requires pre-purchase homebuyer education for all MFA loans. According to MFA, pre-purchasing homebuyer counseling significantly reduces the rate of delinquencies and foreclosures. MFA states pre-purchase homebuyer education is not required by other mortgage lenders unless they are using MFA mortgage products. The appropriation would provide funding for MFA to create and implement a first-time homebuyer pre-purchase education program that could be used by all lenders in New Mexico. Up to \$50 thousand of the appropriation in SB22 can be used by MFA for administrative costs.

VKH/al