

## OVERVIEW OF PROGRAMS FOR PURCHASERS

**Loans closing after 8/31/11 in conjunction with an FHA 1<sup>st</sup> Mortgage will no longer be able to cover the FHA required 3.5% down payment. NW can still cover closing costs and additional gap or down payment financing AFTER the 3.5% has been provided by Borrower. THE EXCEPTION to this is the CITY OF GREAT FALLS 0% Deferred Mortgage where we can cover the 3.5% down payment required by FHA.**

*NeighborWorks® (NW) has a variety of second mortgage products available to assist qualified Borrowers with their closing costs (and down payment on certain loans) associated with purchasing a home. 0% Deferred Programs are county specific and you must check with NWGF to see if funds are available.*

### **Basic guidelines for all programs:**

Borrowers must occupy the property as their principal residence for the life of the loan

Borrowers are required to have a **minimum of \$1,000.00** of own funds in transaction (it may be higher to comply with 105% CLTV maximum)

Homebuyer education by an **NW Approved** educator must be completed prior to loan closing

Liquid assets not to exceed **\$5,000** & Total family assets not to exceed **\$70,000**

**Income is for all occupants of the home aged 18 and over. All forms of income must be documented. Fully completed VOE's are required for all jobs, Social Security Award Letters, child support verifications and divorce decrees. If the Borrower is self-employed 2 full years of Federal tax returns and a year to date P & L is required.**

**Generally Non-Occupant Co-Borrowers will not be allowed as the occupant borrower needs to be able to afford their own housing and monthly liability payments.**

**A tenant cannot be displaced if buyer wants to use NW funds to purchase a property, therefore certification that the property has not been rented in the last 90 days will be required.**

### **A. Programs for families whose income is below 80% median income:**

**\*\* City of Great Falls 0% Deferred Appreciation Share, State HOME 0% Deferred and TANF (TANF Program has its own income guidelines) (Statewide Low to Moderate Program may be applicable if qualifications below have been met)**

**\*\* Although this program does not carry an interest rate there is an appreciation share requirement, which means the borrower will be required to repay the original loan from NW, plus a share in the net equity gained at sale, or when they vacate property or refinance the 1<sup>st</sup> mortgage, at the same percentage that NW participated in the purchase of the property.**

### **To qualify for Programs below 80% median income, Borrowers must be:**

1<sup>st</sup> time homebuyers (not owned within the last 3 years) **OR** Single parent with dependent child(ren) **OR** Disabled family member

**For the TANF Program there must be a child living in the property**

### **CITY OF GREAT FALLS \*\*0% DEFERRED APPRECIATION SHARE 2nd Mortgage:**

0% Deferred Appreciation Share 2<sup>nd</sup> mortgage funds are available for properties located in the City Limits of Great Falls. The 2<sup>nd</sup> mortgage becomes due if the borrower no longer occupies the property as their principal residence, sells or transfers the title, upon their death, when they repay the original first mortgage or if none of these occur, then the loan amount plus a share of appreciation will be due and payable 30 years from the date of the loan. **There is also an Appreciation Share requirement, where the Borrower will share with NW a percentage of the net gain on the sale or refinance of the property. See program guidelines for details.** Borrowers must use **at least 29%** of their gross income for housing. The maximum 2<sup>nd</sup> mortgage amount is **\$15,000.00**. There is a Home Inspection process required for this program. A Housing Quality Standards Inspection (HQS) is also required. The property being purchased cannot have been rented in the last 90 days. If the property was built prior to 1978 and peeling or chipping paint is identified on the home inspection or appraisal, then full lead based paint abatement process will have to be followed. This Program is currently funded, but check with the NW office for availability and additional restrictions. *These funds are intended for families "in need" who could not qualify without 0% funds. Also the family size in relation to property being purchased may be a factor.*

**STATE HOME 0% DEFERRED 2<sup>nd</sup> Mortgage Program:** *Not all Counties have been approved for this program... Call 406-761-5861 and ask for a Loan Specialist to check if available in your area before sending in a reservation*

0% Deferred 2<sup>nd</sup> mortgage funds are available throughout the State of Montana *except for Treasure County and also can never be used in the cities of Great Falls, Missoula or Billings or any other area that has their own HOME program funds.* The 2<sup>nd</sup> mortgage becomes due if the borrower no longer occupies the property as their principal residence, sells or transfers the title, upon their death or when they repay the original first mortgage, or 15 years after the date of the loan. If Borrower still occupies the home and none of aforementioned have occurred, the lender is obligated to extend the loan for a further 15 year term with same terms as original note. The Borrower **must use at least 29%** of their gross family income for housing. The maximum 2<sup>nd</sup> mortgage is **\$25,000.00** (exceptions up to \$40,000.00 may be available for disabled applicants or in some high cost areas on a case by case basis, which must be approved by NW prior to loan submission). The property **cannot have been rented in the last 90 days.** If the property was built **prior to 1978 and peeling or chipping paint is identified the property will not qualify for this program.** An Environmental Inspection and a Housing Quality Standards Inspection (HQS), to be ordered by NW, are required, and if any repairs are required, they must be completed prior to closing.

**NWGF/NWMT/MBOH 1<sup>st</sup> Mortgage Setaside:**

NW has a 1<sup>st</sup> mortgage setaside at MBOH which can be used with some of our 2<sup>nd</sup> mortgage programs for qualified Borrowers whose income is below 80% of median. Check the MBOH website for the current interest rate.

**TANF (Temporary Aid For Needy Families):**

An Amortized second mortgage for families who are at or below **200% of the poverty level for the State of Montana.** *There must be at least one child in the family.* The subordinate mortgage is in conjunction with an approved MBOH or RD 1<sup>st</sup> mortgage. Minimum amount is **\$3,000.00**, maximum **\$7,500.00\*** amortized @ **2.50%** for **30 or 15 years.** The loan has to be approved by the MBOH so extra approval time is required. \* In cases of genuine need the maximum loan amount can be **\$20,000.00.** *There are limited funds available so check with NW to make sure program is funded before sending in a reservation.*

**B. Programs for Borrowers whose income is above 80% median or Borrowers who have owned a home in the last 3 years:**

Statewide Low to Moderate Income, EQ2 (formerly Participating Bond Pool)

For Borrowers who are using FHA financing they must pay their 3.5% FHA required down payment before NW can assist with a 2<sup>nd</sup> mortgage for closing costs or gap or additional down payment financing. ALSO for FHA 1<sup>st</sup> mortgages the maximum family income is limited to 115% of median

**STATEWIDE LOW TO MODERATE INCOME AMORTIZING SUBORDINATE MORTGAGE:**

An Amortizing second mortgage up to a maximum of \$10,000.00. The interest rate varies according to the Borrowers total family income, and is subject to change quarterly, so check our website for the current rates. Borrowers with income <80% of adjusted median **maximum term is 30 years**, and for Borrowers whose income is >80% of adjusted median, the **maximum term is 15 years.** **Maximum income for Borrowers is 115% of median if using an FHA 1<sup>st</sup> mortgage or 125% if using Conventional, Rural Development or VA.**

**EQ2 PROGRAM (formerly Participating Bond Pool Program):**

*Available to EQ2 Participants (Currently American Federal Savings Bank, First Interstate Bank, Glacier Bancorp, Mountain West Bank, Stockman Bank, US Bank & Wells Fargo)*

An Amortizing second mortgage up to a maximum of \$10,000.00. The interest rate varies according to the Borrowers total family income, and is subject to change quarterly, so please check our website for the current rates. Borrowers with income <80% of adjusted median **maximum term is 30 years**, and for Borrowers whose income is >80% of adjusted median, the **maximum term is 15 years.** **Maximum income for Borrowers is 115% of median if using an FHA 1<sup>st</sup> mortgage or 125% if using Conventional, Rural Development or VA.**

SEE SPECIFIC PROGRAM GUIDELINES FOR ADDITIONAL QUALIFICATIONS AND LOAN FEES.

All loan reservation packages must be sent to the NW office in Great Falls using the reservation checklist.

Please allow 1½ -2 weeks for the loan to be reviewed. **NW is subject to all the changes in the RESPA and TIL laws.**