

Statewide Low & Moderate Amortizing Second Mortgage Program

Program Summary:

Second mortgage available to assist qualified Borrowers with their closing costs and sometimes down payment associated with purchasing a single family home. **If the 1st mortgage is an FHA loan Borrower must provide the 3.50% required FHA down payment before NW can assist with closing costs and gap or additional down payment financing.** Borrowers are required to occupy the home as their principal residence for the duration of the loan. Borrower must qualify for a 1st mortgage (FHA/VA/CONV/RD) through a participating Lender. Loans are available for homes throughout the State of Montana.

Borrowers Income must be **at or below 125%** of the HUD median income guidelines adjusted for family size and for the county the home is located in. **For FHA 1st Mortgages the maximum Borrowers Family Income is 115% of the County Median.**

Minimum Loan Amount: \$1,500.00 **Maximum Loan Amount:** \$10,000.00

Term: Max 30 years for Borrowers <80% median income
Max 15 years for Borrowers >80% median income

Interest Rate: *Varies according to Borrowers income*

**** Interest Rate as of 7/1/11 (rates subject to change quarterly (next change due 10/1/11) – check web site):**

Borrowers Income	Interest Rate	Term
<50% AMI	2.00%	(max 30 year term)
51% - 65%	4.00%	(max 30 year term)
66% - 80%	6.25%	(max 30 year term)
81% - 125%	7.25%	(max 15 year term)

Where Borrowers 1st Mortgage is an FHA Loan the Maximum income is 115%

Ratios: Maximum 29/41 unless valid compensating factors apply.

Loan to Value: Total loan to value cannot exceed 105% of the purchase price unless valid compensating factor apply

Cash requirement: Borrowers are required to contribute a **minimum of \$1,000.00** of their own funds. **More than \$1,000 may be needed to comply with the 105% CLTV maximum.**

Total family **liquid assets** cannot exceed **\$5,000.00** and **total family assets** cannot exceed **\$70,000.00**.

Fees: There will be a \$375.00 loan underwriting fee, a Title policy fee (estimated at \$50.00), Recording of \$84.00, Title Company closing fee (as charged by Title Company estimated at \$50.00 - \$75.00), pre-paid interest, courier fee \$8.65 (if outside Great Falls) and e-doc fee if applicable.

Security: Second Mortgages will be secured by a deed of trust. NeighborWorks will need to be in 2nd lien position (unless valid compensating factors apply). The second mortgage is not assumable.

Payments: Mandatory ACH payments are required

Borrowers are required to complete a NeighborWorks® approved Homebuyer Education class prior to loan closing.

Loan packages must be sent to the NW office in Great Falls using our reservation checklist. Allow 1 ½ – 2weeks processing time.