

## NeighborWorks®

PO Box 1025, Great Falls, MT 59403 (406) 761-5861 FAX (406) 403-0273 Toll Free (866) 587-2244 [www.nwmt.org](http://www.nwmt.org)

### 20+ Community Second Program

NeighborWorks® loan programs are intended to create sustainable homeownership opportunities for low and moderate income Montana families through a variety of loan and asset building programs. The programs are governed by a volunteer Board of Directors and are intended to qualify with all applicable 501(c)(3) guidelines. For more information on NW loan programs refer to the Basic Program Guidelines.

#### **Available to Approved Lenders participating in the NWMT Loan Pool**

##### **Program Summary:**

Second mortgage available to assist qualified Borrowers with a "Community Second" mortgage such that their first mortgage can be 80% LTV with no mortgage insurance.

- Single Family home purchases, occupied as a principal residence for the duration of the loan.
- Borrower must qualify for an 80% **conventional** 1<sup>st</sup> mortgage through a participating Lender. Fixed rate, 30 year loans only.
- Loans are available for homes throughout the State of Montana.
- Borrowers Family Income must be **at or below 120%** of the HUD median income guidelines adjusted for family size and for the county the home is located in or **as restricted** by the **first mortgage program guidelines** (e.g. MBOH Conventional, Fannie Mae, Freddie Mac or Lender Portfolio).
- **Second mortgage will be fully underwritten by NeighborWorks**
- **Lender to provide appraisal**

**Minimum Loan Amount:** \$10,000.00    **Maximum Loan Amount:** \$50,000.00

**Term:** 30 year fixed rate

**Interest Rate:** 2% over first mortgage rate

##### **Credit Guidelines:**

- Ratios maximum 29/41 unless valid compensating factors apply
- Credit Scores: 1<sup>st</sup> mortgage approval (copy of conditional approval provided by lender), for NW less than 640 requires NW manager approval with exceptions granted on case-by-case basis
- Alternate Credit: rental history of 12 months plus 2 other forms
- Employment history of 2 years
- Non-occupying co-borrowers not permitted
- Reserves as required by 1<sup>st</sup> mortgage

**Loan to Value:** Total loan to value cannot exceed 105% of the purchase price

**Cash requirement:** Borrowers are required to contribute 1% of the purchase price from their own funds, with a minimum of \$1000. **More than minimum may be required to comply with the 105% CLTV maximum.**

**Asset Limits:** Total family **liquid assets** cannot exceed **\$7500.00** (after putting funds into the transaction) and **total family assets** cannot exceed **\$100,000.00**. **Borrower cannot own any residential rental property.**

**Fees:** There will be a 2% loan underwriting fee, **minimum of \$375.00**, a Title policy fee, Recording fee (currently \$84.00), Title Company closing fee as charged by Title Company, pre-paid interest, wire fee \$25.00 (if outside Great Falls) and e-doc fee if applicable. These fees are financeable so long as the CLTV is within 105%.

**Security:** NeighborWorks' second Mortgage will be secured by a deed of trust filed in the appropriate Clerk & Recorders office. NeighborWorks must be in 2<sup>nd</sup> lien position. 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 as well as a one/one counseling session with a NeighborWorks Certified Housing Counselor, in person or by telephone.**

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