



20+ Community Second Program

NeighborWorks® loan products are intended to create sustainable homeownership opportunities for low- and moderate-income Montana families through a variety of loan products and knowledge building programs. The products 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 products refer to the Basic Program Guidelines.

This product is available to Approved Lenders participating in the NWMT Loan Pool

Product 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** 1st 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

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: 1st mortgage approval (copy of conditional approval provided by lender), for NWMT less than 640 requires NWMT 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 1st 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 \$1,000. **More than minimum may be required to comply with the 105% CLTV maximum.**

Asset Limits: Total family **liquid assets** cannot exceed **\$7,500** (after putting funds into the transaction) and **total family assets** cannot exceed **\$100,000**. **Borrower cannot own any residential rental property.**

Fees: There will be a 2% loan underwriting fee, **minimum of \$375**, a Title policy fee, Recording fee (currently \$84), Title Company closing fee as charged by Title Company, pre-paid interest, wire fee \$25 (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 2nd 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 (in-person or by NWMT online education options) prior to loan closing, as well as a one-on-one counseling session with a NeighborWorks Certified Housing Counselor, in person or by telephone.**
- ***Loan packages must be sent to the NWMT office in Great Falls using our reservation checklist.***
- ***Allow 2 weeks processing time.***

10.2018

20+ Community Second Product Participating Lenders

