



News from NeighborWorks Montana's Lending Department

Online Education Options

We know it is vital for our customers to educate themselves before making one of the biggest purchases most of us will ever make. An in-person class is still the best option because it allows them to hear directly from home buying professionals, ask questions, and be in class with other people who are also working toward successful homeownership. However, we also know that locations, work schedules, disabilities and child care needs can make an in-person class hard to attend.

NWMT and our partner network have now added the Framework course as an option, in addition to eHome America. Please encourage your clients to visit our website to find out more about your education options, and to choose the course that's right for them. Please direct them to www.nwmt.org/homeownership for more details.

**WHAT IS A
COMPENSATING
FACTOR &
WHEN DO YOU
USE THEM?**



NeighborWorks loan products have guidelines for the Housing and DTI ratios of 29/41%. HOME is the only loan product that requires the housing ratio to be at least 29%, so that the borrower is not over-subsidized in purchasing a home. All loan programs have a maximum housing ratio of 32%. DTI ratios have a guideline of 41%. NWMT lenders are able to approve up to 42%.

Does your loan file have ratios that exceed NeighborWorks guidelines?

We understand that life happens fast and with that in mind we do have a few factors that can be taken into consideration. When sending in your file with ratios exceeding the guidelines, include a request for waiver of ratio, including any compensating factors used to justify the approval.

Compensating factors may include, but not limited to:

- **Housing Expense Payments** - The borrower has successfully demonstrated the ability to pay housing expenses greater than or equal to the proposed housing expenses for the new mortgage over the past 12-24 months.
- **Down Payment** - The borrower makes a large down payment of 10% or higher toward the purchase of the property.
- **Accumulated Savings** - The borrower has demonstrated an ability to accumulate savings, and a conservative attitude toward using credit.
- **Previous Credit History** - A borrower's previous credit history show that he/she has the ability to devote a greater portion of income to housing expenses.
- **Compensation or Income Not Reflected in Effective Income** - The borrower receives documented compensation that is not reflected in effective income, but directly affects his/her ability to pay the mortgage. This type of income includes food stamps and similar public benefits.
- **Minimal Housing Expense Increase** - There is only a minimal increase in the borrower's housing expense.
- **Substantial Cash Reserves** - The borrower has documented cash reserves after closing.
- **Substantial Non-Taxable Income** - The borrower has substantial non-taxable income. (Note that this only applies if no adjustment was previously made when computing ratios.)
- **Potential for Increased Earnings** - The borrower has a potential for increased earnings as indicated by job training or education in his/her profession.
- **Primary Wage-Earner Relocation** - The home is being purchased because the primary wage-earner is relocating, and the secondary wage-earner has an established employment history, is expected to return to work and has reasonable prospects for securing employment in a similar occupation in the new area. (Note that the underwriter

must document the availability of the potential employment.)

Neighborworks Montana Homebuyer Education Across Montana SEPTEMBER 2018

Statewide Partner	Contact	HBE Dates
The Home Center - Billings	406.206.2717	September 15 September 29
HomeOwnership Center - Bozeman	406.585.4895	September 15 September 24-25
Blackfeet Housing - Browning	406.338.5031	Call for information
Headwaters RC&D - Butte	406.533.6781	September 16 September 25-26
NeighborWorks - Great Falls	406.761.5861	September 22
Bitter Root RC&D - Hamilton	406.363.5450	September 15
HRDC 4 - Havre	406.265.6743	September 10-11
RMDC - Helena	406.442.1236	September 22
CAPNM - Kalispell	406.758.5420	September 8 September 18
N. Cheyenne Housing - Lame Deer	406.477.6419	September 27
Snowy Mountain Devel. - Lewistown	406.535.2591	September 10-11
Homeward - Missoula	406.532.4663	September 15
Salish Kootenai Housing - Pablo	406.675.4491	September 21
Great Northern Devel. - Wolf Point	406.653.2590	September 14



Don't see a class in your area? Please call us at 1.866.587.2244 or visit nwmt.org/homeownership to find out more about our online course (phone counseling will be required to receive certificate).

As always, we are here if you have questions or need more information. Please feel free to contact us:

Lori Yurko, Loan Specialist:

406.216.3514
lyurko@nwmt.org

Kandice Ehler, Loan Specialist:
406.216.3502
kehler@nwmt.org

Pat Hilgendorf, Department Manager
406.216.3510
philgendorf@nwmt.org

