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| Program Summary | Product Type | Amortizing second mortgage to assist qualified borrowers with a “Community Second” mortgage so their first mortgage can be 80% LTV, thus eliminating mortgage insurance |
| | Eligible Lenders | Available only through lenders invested in the NWMT loan pool |
| | General Requirements | <ul style="list-style-type: none"> Owner-occupied single-family residences only Borrowers are required to complete a NeighborWorks Montana approved homebuyer education class and a one-on-one counseling session specific to 20+ prior to loan closing |
| | Area Restrictions | <ul style="list-style-type: none"> State of Montana Statewide except Cascade County which is served by NeighborWorks Great Falls products |
| Basic Eligibility | Income Limits | <ul style="list-style-type: none"> Total household income must be at or below 150% of the HUD median income guidelines adjusted for family size in the county in which the home is located |
| | Credit Score | <ul style="list-style-type: none"> Middle score of 640 unless valid compensating factors If mid-credit score of any borrower is below 640 the following additional items are required: <ol style="list-style-type: none"> verification of rent (VOR) for minimum of 12 months, credit explanation letter from applicant(s), and letter from loan officer as to why NWMT should grant a credit waiver |
| | Qualifications | <ul style="list-style-type: none"> Do not have to be a first-time homebuyer Non-occupying co-borrowers not permitted |
| | Purchase Price | Limits only as defined by first mortgage loan |
| Loan Terms | Loan Amount | Minimum loan amount \$10,000 Maximum limited only as determined by meeting all loan guidelines |
| | Term | 30-year |
| | Interest Rate | 2.00% over first mortgage rate |
| | First Mortgage | <ul style="list-style-type: none"> Borrower must qualify for an 80% CONV or MBOH/CONV 1st mortgage through a lender invested in the NWMT loan pool First mortgage must be 30-year fixed rate Must receive “Approved/Eligible” underwriting finding |
| | Lien Position | <ul style="list-style-type: none"> Loan secured by a Deed of Trust NWMT must be in 2nd lien position unless valid compensating factors |
| | CLTV | Total loan to value cannot exceed 105% of the purchase price |
| | Payment Requirement | <ul style="list-style-type: none"> ACH payments to NWMT are required Payments can be set to be made on the 1st, 5th, 10th, or 15th of the month |
| | Occupancy | <ul style="list-style-type: none"> Borrowers must occupy the home as their principal residence for the duration of the loan Loan becomes due if home is sold, borrowers no longer occupy the property as their primary residence, upon death, or in some cases if the 1st mortgage is refinanced Mortgage is not assumable |
| Ratios | Ratios Guidelines | Max 32/42 unless valid compensating factors |
| | Ratio Calculations | <ul style="list-style-type: none"> Compensating factors for ratios outside of stated maximums include stable employment, good credit, low payment shock (mortgage payment similar to existing rental payment), low overall debt, etc. NWMT follows the debt calculation approach of the first mortgage for items such as medical debt, collections, and student loans |
| Assets & Borrower Contribution | Asset Limitations | <ul style="list-style-type: none"> Total household liquid assets cannot exceed \$15,000 (after putting funds in the transaction) Total household assets cannot exceed \$100,000 Borrower cannot own any residential rental property |
| | Minimum Investment | <ul style="list-style-type: none"> Borrowers are required to contribute 1.00% of the purchase price with a minimum of \$1,000 of their own funds More than \$1,000 or 1.00% may be needed to comply with liquid asset limitations and/or the 105% CLTV Maximum |
| | Matching Funds | None required |
| | Fees | <ul style="list-style-type: none"> Loan origination fee of 2.00% of NWMT loan, minimum of \$400 Approx. \$425 in other loan fees (i.e. pre-paid interest, title/closing fees, and recording) Fees may be financed into the NWMT loan up to the maximum loan amount and CLTV |
| Property Rules | Previous Tenancy | If property was a rental require proof that tenant was given proper notice for end of lease |
| | Property Quality | NWMT allows holdbacks at closing for repairs |