

<b>Program Summary</b>	<b>Product Type</b>	Deferred second mortgage to assist qualified borrowers with down payment and closing costs associated with purchasing a single-family home
	<b>Eligible Lenders</b>	Available only through Montana Housing and/or USDA Rural Development approved lenders with a physical office in the State of Montana
	<b>General Requirements</b>	<ul style="list-style-type: none"> <li>Owner-occupied single-family residences only</li> <li>Borrowers are required to complete a NeighborWorks Montana approved homebuyer education class prior to loan closing</li> </ul>
	<b>Area Restrictions</b>	<ul style="list-style-type: none"> <li>State of Montana</li> <li>Statewide in approved counties and cities (see list below)</li> <li>Additional jurisdictions can be added, ask NWMT staff for details and timing</li> </ul>
<b>Basic Eligibility</b>	<b>Income Limits</b>	<ul style="list-style-type: none"> <li>Total household income must be at or below 80% of the HUD median income guidelines adjusted for family size in the county in which the home is located</li> </ul>
	<b>Credit Score</b>	<ul style="list-style-type: none"> <li>Middle score of 640 unless valid compensating factors</li> <li>If mid-credit score of any borrower is below 640 the following additional items are required: 1. verification of rent (VOR) for minimum of 12 months, 2. credit explanation letter from applicant(s), and 3. letter from loan officer as to why NWMT should grant a credit waiver</li> </ul>
	<b>Qualifications</b>	<ul style="list-style-type: none"> <li>Must be a first-time home buyer defined as not having owned a home in the last 3 years</li> <li>Borrowers who are not first-time home buyers qualify if they are a single parent with dependent children or if there is a household family member with a disability</li> <li>Non-occupying co-borrowers not permitted</li> </ul>
	<b>Purchase Price</b>	Maximum Sales Price is 95% of the median purchase price of the county as defined by HUD (refer to Home Purchase Price Limits document)
<b>Loan Terms</b>	<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>Minimum loan amount \$2,500</li> <li>Maximum loan amount \$50,000</li> <li>Maximum loan amount up to \$65,000 if there is a household member with a disability, home purchase is a manufactured home, or in designated high-cost areas (Flathead County, Carbon County, and the City of Red Lodge)</li> </ul>
	<b>Term</b>	15-years with extension of another 15 years if the borrower still owns and occupies the property as their primary residence at the end of 15 years; note will then mature at 30 years from original note date
	<b>Interest Rate</b>	0.00%
	<b>First Mortgage</b>	<ul style="list-style-type: none"> <li>Borrower must qualify for a 1<sup>st</sup> mortgage (FHA/VA/RD/CONV) through a participating lender</li> <li>If selling to Montana Housing use the set-aside rate</li> <li>First mortgage must be 30-year fixed rate</li> </ul>
	<b>Lien Position</b>	<ul style="list-style-type: none"> <li>Loan secured by a Deed of Trust</li> <li>NWMT must be in 2<sup>nd</sup> lien position unless valid compensating factors</li> </ul>
	<b>CLTV</b>	Total loan to value cannot exceed 105% of the purchase price
	<b>Payment Requirement</b>	N/A
	<b>Occupancy</b>	<ul style="list-style-type: none"> <li>Borrowers must occupy the home as their principal residence for the duration of the loan</li> <li>Loan becomes due and payable upon maturity or if any of the following occurs prior to the maturity date: home is no longer being used as borrower(s) sole residence; home is sold, leased, rented, or transferred; death of borrower(s); or in some cases if the 1<sup>st</sup> mortgage is refinanced (unless NWMT agrees to resubordinate)</li> <li>Mortgage is not assumable</li> </ul>
<b>Ratios</b>	<b>Ratios Guidelines</b>	<ul style="list-style-type: none"> <li>Housing ratio must be at least 28</li> <li>Max back-end ratio 42</li> <li>With valid compensating factors approval may be requested for ratios outside of these guidelines. NWMT must obtain approval from the funder Montana Dept of Commerce.</li> </ul>
	<b>Ratio Calculations</b>	<ul style="list-style-type: none"> <li>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.</li> <li>NWMT follows the debt calculation approach of the first mortgage for items such as medical debt, collections, and student loans</li> </ul>
<b>Assets &amp; Borrower Contribution</b>	<b>Asset Limitations</b>	<ul style="list-style-type: none"> <li>Total household liquid assets cannot exceed \$10,000 (after putting funds in the transaction)</li> <li>Total household assets cannot exceed \$100,000</li> <li>Borrower cannot own any residential rental property</li> </ul>
	<b>Minimum Investment</b>	<ul style="list-style-type: none"> <li>Borrowers are required to contribute 1.00% of the purchase price with a minimum of \$1,000 of their own funds</li> <li>FHA-HOME can loan the 3.5% down payment</li> <li>More than \$1,000 or 1.00% may be needed to comply with liquid asset limitations and/or the 105% CLTV Maximum</li> </ul>
	<b>Matching Funds</b>	<ul style="list-style-type: none"> <li>If first mortgage is not MBOH need 5.00% of the NWMT loan as match</li> <li>Match can include seller paid, sweat equity, gifted funds paid directly to title company, etc.</li> </ul>
	<b>Fees</b>	No fees paid by borrower; all loan fees paid by NWMT
<b>Property Rules</b>	<b>Previous Tenancy</b>	Property cannot have been rented in the last 90 days unless the current tenant is the buyer. Seller will be required to sign an affidavit to this effect.
	<b>Property Quality</b>	<ul style="list-style-type: none"> <li>An environmental review is required and ordered by NWMT</li> <li>A housing quality inspection is required and ordered by NWMT</li> <li>Property built prior to 1978, that has peeling, or chipping paint identified on the HQS Inspection or appraisal, may not be eligible for this program</li> </ul>

	<b>Property Quality Cont.</b>	<ul style="list-style-type: none"> <li>• Any repair requirements must be completed prior to closing unless clear justification for holdbacks due to timing or weather</li> <li>• Manufactured homes on a permanent foundation (FHA foundation requirements apply) with utility hookups are eligible. Homes must meet the Manufactured Home Construction and Safety Standards as well as state and local codes. Homes must be located on land owned by the occupant owner or have a lease that is at least as long at the period of affordability for the loan.</li> <li>• Additional manufactured home inspection is required and ordered by NWMT</li> <li>• New construction is acceptable, but other requirements apply (talk with loan specialist)</li> </ul>
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*\*\* It is important that all parties of the transaction are aware of the longer time frame on these loans. We suggest that you allow at least 4 weeks processing time on the loans due to the contracted inspections that must be performed. \*\**

**Eligible Counties and Cities:**

Counties: Anaconda-Deer Lodge, Beaverhead, Broadwater, Butte-Silver Bow, Carbon, Deer Lodge, Fergus, Flathead, Glacier, Hill, Jefferson, Lake, Lewis & Clark, Lincoln, Madison, Pondera, Roosevelt, Rosebud, Stillwater, Valley, and Yellowstone.

Cities: Baker, Big Timber, Choteau, Columbia Falls, Columbus, Conrad, Ennis, Eureka, Glasgow, Havre, Helena, Kalispell, Laurel, Lewistown, Libby, Lima, Lincoln, Miles City, Polson, Red Lodge, Shelby, Thompson Falls, Whitefish, and Wolf Point.

NOTE: If the "City/Town is incorporated, NWMT must have City/Town approval. If City/Town is not incorporated, NWMT must have County approval. See [mtcounties.org/counties/cities-towns-communities/](http://mtcounties.org/counties/cities-towns-communities/) for more information.

**Not available through NWMT in the following areas which administer their own 0% Deferred HOME programs:**

Counties: County of Cascade (served by NeighborWorks Great Falls), Counties of Gallatin, Park and Meagher (served by Bozeman HRDC); and Counties of Missoula, Mineral and Ravalli (served by Missoula HRC).

Cities: City of Billings (served by City of Billings), City of Great Falls (served by NeighborWorks Great Falls) and City of Missoula (served by Missoula HRC).

Last updated: 8.17.23

Together we strengthen our communities by providing education and financing that gives every Montanan the opportunity to live in a home where they can thrive.