

Program Summary	Product Type	Amortizing subordinate mortgage to assist qualified borrowers with down payment and closing costs associated with purchasing a single-family home
	Eligible Lenders	Available only through Montana Housing and/or USDA Rural Development approved lenders with a physical office in the State of Montana
	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 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
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 For FHA 1st mortgages, the maximum household income is 115% AMI
	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 \$2,500 Maximum loan amount \$20,000
	Term	30-year
	Interest Rate	1.00% below first mortgage rate not to go below 2.00%
	First Mortgage	<ul style="list-style-type: none"> Borrower must qualify for a 1st mortgage (FHA/VA/RD/CONV) through an eligible lender First mortgage must be 30-year fixed rate
	Lien Position	<ul style="list-style-type: none"> Loan secured by a Deed of Trust NWMT subordinate to 1st mortgage (prefer 2nd position but will consider lower positions)
	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 sole 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 a minimum of \$1,000 of their own funds FHA Borrower must contribute the 3.5% required down payment More than \$1,000 may be needed to comply with liquid asset limitations and/or 105% CLTV
	Matching Funds	None required
	Fees	<ul style="list-style-type: none"> Loan origination fee of \$425 Approx. \$425 in other loan fees (i.e. pre-paid interest, title/closing fees, and recording) Fees are 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

Last updated 11/9/2023

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.