

509 First Avenue South, Great Falls, MT 59401 – (406) 761.5861 – [www.nwgf.org](http://www.nwgf.org/)

**Owners in Partnership to Purchase NeighborWorks Great Falls**

**New Homes and Rehabilitations**

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| **Eligibility** | * Borrowers household income must be at or below 80% of the HUD median income guidelines adjusted for household size in Cascade County * Borrower must qualify for a 1st mortgage (FHA/VA/CONV/RD) through a participating lender, consider MBOH set a-set 1st mortgage for rate * Borrowers are required to complete a NeighborWorks approved Homebuyer Education class prior to loan closing as well as a one/one counseling session with a NeighborWorks Certified Housing Counselor * First time homebuyer (has not owned a home in the last 3 years) OR single parent with dependent children OR have a disabled family member * Individuals selling a home to purchase our home will not be able to use OIP funds |
| **Program Summary** | * NeighborWorks Great Falls sells new homes, high school homes, and homes with major rehabilitation * Some homes may include SHOP financing which requires “sweat equity” to be performed. Generally, work is painting and landscaping. This financing is part of the total subsidy. * Earnest money of at least $500.00 is required. |
| **Loan Amount** | * Average loan amount could go up to $50,000 as needed. |
| **Term** | * 30-year |
| **Interest Rate** | * 0% deferred |
| **Ratios** | * Housing ratio 28-32% - Debt to income less than or equal to 41% * ***Loan packages outside of the DTI ratio of 41% cannot be approved. Compensating factors will not be used.*** |
| **Loan to Value** | * CLTV 105% |
| **Borrower Investment** | * Borrowers are required to contribute a minimum of $1,000 of their own funds * Gift fund and HomeStart funds are acceptable sources of borrower funds * For FHA 1st mortgages, borrower is required to invest the 3.5% down payment with their own funds. |
| **Asset Limit** | * Total household liquid assets cannot exceed $15,000.00 and total household assets cannot exceed $100,000.00 |
| **Other** | * A housing quality inspection must be performed on each property (HQS) * Property cannot have been rented in the 90 days before the purchase/sale agreement. * Property built prior to 1978, that has peeling, or chipping paint identified on the HQS Inspection or appraisal, is ineligible for this program * Any repair requirements must be completed prior to closing. * Manufactured homes on a permanent foundation (FHA foundation requirements apply) larger than a singlewide and built after July 1976 |
| **Security** | * Secured by a Deed of Trust * NWGF to be in 2nd lien position * Mortgage is not assumable |
| **Payments** | * The note becomes due and payable upon maturity, or if any of the following occurs prior to the maturity date: 1.) No longer of use as borrower(s) sole residence; 2.) The sale, lease, rental or transfer of the property; 3.) Death of borrower(s); 4.) Upon refinance of the 1st mortgage (unless NW agrees to subordinate); 5.) Upon repayment of 1st mortgage. |

See next page for more information

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This is an important program for first time homebuyers! Please allow the purchase agreement to be flexible with the closing date. Prepare the borrower that the loan must go through an approval process. **Please allow at least 2-3 weeks for processing application and possibly longer when not seamless.**

# Reservation Procedure:

Subsidy to assist in purchasing these homes is a 0% Deferred mortgage **averaging** $50,000.00 to assist with closing costs and gap financing. Borrowers must be qualified for an approved first mortgage with an acceptable Lender. Borrowers are required to have **at least $1,000.00** of their own funds in the deal. Gift funds and Home Start funds are acceptable sources of borrower funds.

**If 1st mortgage is FHA, borrower is required to invest the 3.5% down payment with their own funds.**

**Borrower Requirements**:

1. Borrowers must have completed the NWGF Home Buyer education course (minimum of 8 hours) with counseling. NWGF will work with the buyer to understand the program as well.
2. Must be a first-time home buyer **or** a single parent with dependent child(ren) **or** have a disabled family member
3. Family income (including everyone aged 18 or older who will live in the property, whether they are on the loan or not) must be below 80% of the median income for Cascade County.
4. Borrowers are required to have at least $1,000.00 of their own funds in the deal.
5. Family liquid assets not to exceed $15,000.00 after closing, total family assets not to exceed $100,000.00

**Instructions for 1st mortgage Lender:**

1. The Lender must qualify the Borrower for the highest 1st mortgage loan possible (to reduce the amount of the subsidy required). The Housing Ratio should be **at least 28-29%** and back end ratio should not be over **41%**. To qualify the Borrower, you should use $150/month taxes and $50/month insurance and the monthly mortgage insurance (if applicable) on your loan analysis.
2. The Lender must submit a full, loan package to NWGF, except for the appraisal which is not be ordered until Loan Specialist approves and notifies lender. Fully completed VOE’s must be enclosed for all jobs, for all family members 18 and older who will be living in the property. All other sources of income must be verified and included in the reservation packet.
3. 1st Mortgage Lender submits a package to NWGF. NWGF will review and underwrite the information. It will then be sent to the City of Great Falls for approval to proceed. (This may take up to a week for approval.)
4. Once conditionally approved and we have a copy of the appraisal, it will then be sent to the Housing Authority who performs the HQS (housing quality inspection). (This may take up to a week to be scheduled.) We must have a passing HQS inspection to close.
5. Some of these homes include SHOP financing which requires “sweat equity” to be performed. Generally, the work is painting & landscaping. This financing is part of the total subsidy. **If sweat equity is required, the homebuyer will meet with NWGF to discuss the terms of the sweat equity and sign an agreement. The closing will depend upon the homebuyer and the additional** week needed for the Community Frameworks approval if there is sweat equity needed.

# Closing:

NWGF prepares the closing documents and funds the 2nd mortgage. NWGF will forward documents and check directly to the Title Company. If the full amount of the loan is not needed, the Title Company is to issue a principal reduction to the second mortgage.

**Contacts:**

Purchase Agreement: Katie Batterbee NWGF – 406-761-5861

Loan Processor: Lori Yurko NWMT – 406-604-4549

HOC Director: Rosalie Kiernan NWGF – 406-761-5861

Property and Sweat Equity: Keith Nelson NWGF – 406-761-5861

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