

**Neighborhood Housing Services, Inc. dba NeighborWorks® Great Falls**

509 1<sup>st</sup> Avenue South, Great Falls, MT 59401

(406) 761-5861 FAX (406) 216-3850

## **Home Improvement Guidelines**

This program is directed to help families within the city limits of Great Falls and Cascade County with needed home improvements. The home must be an owner-occupied primary residence.

### **Loan Terms:**

- Must be current, no lates in the last 12 months.
- Maximum loan amount based on need and affordability.
- Interest rate is based on a credit score of 640 and above 8%; if below 640, 12%, if below 580, will need committee approval.
- Maximum term is 180 months.
- Loans will be secured by the property.
- Must be put into 1<sup>st</sup> or 2<sup>nd</sup> position.

### **Basic Qualifications:**

- Homeowner must live in the home.
- Property must be in the City of Great Falls or Cascade County.
- Max TLTV=115%. Value of the property will be determined using a CMA. The amount of the bid for the improvements can be added to the cadastral value in determining the TLTV.
- If TLTV is greater than 115% the loan must be approved by the loan committee.
- Level of rehab will be based on the value of the home, loan payment capacity of the homeowner, and condition of the structure.

### **Fees:**

- Loan Processing Fee \$375.00
- Recording approx. (actual will be charged) \$72.00.
- Initial Title fee \$125 (if we are in 1<sup>st</sup> position, full title policy would be higher).
- Closing fee (actual will be charged) 150.00.
- Credit Report (actual will be charged) \$50.00.
- Valuation document as needed (fee could apply)
- If NWGF is in the first position, we may require an escrow account for taxes and insurance.
- An initial down payment will be required in the amount of \$200.00
- There will be a contingency fee of 10% of total bids with a minimum fee of \$100.
- All fees are estimates.

## **Documentation Required:**

- Most recent 2 months of pay stubs for anyone on the loan.
- Most recent W-2's.
- Most Recent 30-Day statements for all bank accounts listed as assets.
- Documentation for any other income e.g., child support, social security, pensions etc.
- Current Credit Report: NW will pull a credit report.
- Budget showing monthly income and expenses.
- Any other documents to approve the loan.
- Photograph Release for Before and After pictures.

## **Ratios:**

- Back-end ratio of 45% or below can be approved by staff.
- Back-end ratio of 45-50% needs manager approval.
- Back-end ratio greater than 50% needs approval by the loan committee.

## **Use of Funds:**

Loan funds may be used for any home improvement that is the residence of the borrower. Delinquent taxes may be paid with these funds if combined with other funds to repair the home.

Loan funds may be available for 80% or below at an interest rate of 4% for emergencies or safety issues. This will be on a case-by-case basis.

## **PROCESS:**

The intake form will be sent to the applicant for completion. 2-3 bids for home improvement work and income documentation are requested to come in with the intake form. Bidders should be licensed and insured, and NW will require documentation before payment to the contractor can be made.

Mortgage Loan Officer and Construction manager will work with the client to see if the loan is financially and construction-wise feasible.

If the Mortgage Loan Officer and Construction manager deem the project feasible and the loan fits into the guidelines, the HOC manager will approve the loan, and the loan package will be passed on to the loan department for processing.

## **Loan Disbursement:**

- Loan will close at NeighborWorks Great Falls.
- 3 day right of rescission will be observed and no funds can be disbursed until the 3 days have passed
- Funds will be held in a construction escrow account by NWGF.
- NWGF must have proof of liability insurance, workman's compensation insurance,
- contractor registration, GF City license, and W-9 form completed before a check will be released.

- Funds will be released to the contractor upon receipt of the invoice and inspection by the construction manager to ensure work was completed satisfactorily.
- Contractors will sign a lien waiver when work is completed.
- Check will be made payable to the contractor and client. Endorsement by the client gives NWGF permission to release funds to the contractor.

**Unused funds:**

When the job is complete, if there is a remaining balance in the escrow account, the funds will be applied to the client's principal balance.

Any deviation from these guidelines must be approved by the Loan Committee

Revised Jan 2023



