

Neighborhood Housing Services, Inc of Great Falls  
**dba NeighborWorks® Great Falls (NWGF)**  
509 1<sup>st</sup> Avenue South, Great Falls, MT 59401  
406-761-5861 FAX 406-761-5852 www.nwgf.com

## NWGF

### Owners In Partnership New Homes and NWGF Rehabilitations

NWGF offers new homes, high school homes, and homes with major rehabilitation to low-to moderate income buyers who have completed the full homebuyer education course and have been pre-approved for a first mortgage.

NWGF has 0% Deferred Appreciation Share Subordinate mortgages averaging \$50,000.00 to assist qualified Borrowers with their closing costs and gap financing requirements. 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. **If the 1<sup>st</sup> Mortgage is an FHA mortgage, Borrower will need to contribute the FHA required 3.5% down payment from their own funds, through an approved gift source, an IDA (Individual Development Account) or Homestart Match.**

Most of the homes for sale will have SHOP financing available, which requires the borrowers and their volunteers to perform “sweat equity” to obtain this funding. Generally the work is painting & landscaping. The **SHOP loan is part of the \$50,000.00** quoted above.

Applicants should submit a short (1 page maximum) narrative describing their circumstances and interest in the home. They will work with the NWGF Homeownership Planner to determine if they are eligible to submit an offer on the home. Applicant selection is based on need, income level, the amount of subsidy needed, family size, and overall suitability of the family for the home. After they have completed the Homeownership planning, they will choose a realtor, who has agreed to participate in this NWGF program, to write a buy-sell agreement for the home. Earnest money in the amount of at least \$500.00 is required on all offers (unless Borrower is an IDA participant then no earnest money is required at signing). The actual closing date will depend on completion date of the construction, and completion of the “sweat equity” work.

#### **Borrower Requirements:**

1. Borrowers must have completed the NWGF approved Home Buyer education course (minimum of 8 hours).
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: (**effective 4/14/17**)

1 person	<b>\$33,920</b>	5 persons	<b>\$52,320</b>
2 persons	<b>\$38,720</b>	6 persons	<b>\$56,160</b>
3 persons	<b>\$43,600</b>	7 persons	<b>\$60,080</b>
4 persons	<b>\$48,400</b>	8 persons	<b>\$63,920</b>

4. Borrowers are required to have at least \$1,000.00 of their own funds in the deal (if 1<sup>st</sup> mortgage is an FHA then they must contribute the 3.5% FHA required down payment),
5. Family liquid assets not to exceed \$5,000.00 and total family assets not to exceed \$70,000.00

#### **Instructions for 1<sup>st</sup> mortgage Lender :**

1. The Lender must qualify the Borrower for the highest 1<sup>st</sup> mortgage loan possible (to reduce the amount of the subsidy required) using ratios not to exceed 29/41. The Housing Ratio should be **at least 29%** and back end ratio should not be over 41%. To qualify the Borrower you should use \$100/mo taxes and \$50/mo 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 must not be ordered until the Loan Specialist authorizes it.**

#### **Deferred 2<sup>nd</sup> Mortgage(s):**

The 2<sup>nd</sup> Mortgage does not accrue interest or have monthly payments but is due and payable under the following conditions:

1. Cessation of use as borrowers principal residence
2. The sale, lease, rental or transfer of the property
3. Death of Borrowers
4. Upon refinance of the 1<sup>st</sup> mortgage (unless NWGF agrees to subordinate)
5. Upon repayment of the 1<sup>st</sup> mortgage
6. If none of the above occurs, then the loan amount plus a share of the appreciation will be due and payable 30 years from the date of the loan.

#### **Appreciation Share Provision:**

Although this program does not carry an interest rate, there is an appreciation share requirement, which means the Borrower will be required to repay the original loan from NeighborWorks plus a share in the net equity gained at sale, when they vacate the property or refinance the 1<sup>st</sup> mortgage, at the same percentage that NW participated in the purchase of the property.

The percentage of the share of appreciation will be at the ratio of the NWGF deferred mortgage divided by the original sales price. This percentage will be applied to the net appreciation, which is defined as the appraised value at the time of the sale and/or payoff of the 1<sup>st</sup> mortgage less the original sales price, less "reasonable costs of improvements" (with acceptable documentation) less closing costs, less Borrowers original investment when property was purchased.