

*Neighborhood Housing Services, Inc.*  
**dba NeighborWorks® Great Falls**  
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**CITY OF GREAT FALLS–Neighborhood Stabilization Program (NSP) Deferred 2<sup>nd</sup> Mortgage**

This program is directed toward families to assist with mortgage buy down, down payment and closing costs up to 50% of the sales price associated with purchasing a single-family dwelling through the NSP program. **These funds are intended for those with a demonstrated “need”, not just a means to lower their monthly housing payment.** The second mortgage can be in conjunction with an approved FHA, VA or Conventional first mortgage. The housing ratio on the first mortgage must be **at least 29%** (unless there are exceptional circumstances) and the total ratio **should not exceed 41%**, unless valid compensating factors are presented and approved by NWGF’s high ratio approval procedure. The mortgage does not accrue interest or have monthly repayments (until #5 below), but is due and payable under the following conditions:

1. Cessation of use as borrower’s sole 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 Requirement:**

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, or 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 amount of the NWGF Deferred Mortgage divided by the original purchase price. This ratio will then be applied to the net appreciation, which is defined as the appraised value at time of the payoff of the 1<sup>st</sup> mortgage, less the original sales price, less any “qualified home improvements” (with acceptable documentation), less closings costs, less the borrowers original investment when property was purchased.

**Basic Qualifications:**

1. Homebuyer to be either a first time homebuyer; **or** single parent with dependent children **or** disabled family member.
2. Residence to be financed shall be occupied as the Borrowers **principal residence** for the life of the loan.
3. Homes available for sale under this program will be designated with income limitations of below 50% AMI (Maximum Gross Area Median Family Income from all sources ) or below 120% AMI depending on the individual home, however FHA financing may only be used for incomes below 115% of AMI. Property must be in the **City of Great Falls**
4. Property must have been purchased by NWGF through the NSP program. .

5. The maximum **loan amount** is the current FHA single family maximum for City of Great Falls. The maximum sales price is the current FHA single family maximum for City of Great Falls.
6. The funder requires a HQS (housing quality standards) Inspection to be completed. NWGF, as the seller, will complete required repairs in order to use NSP funds. Repair items must be completed prior to closing, and city permits may be required for some repairs (e.g. electrical, plumbing, gas).
7. Total family **liquid assets** not to exceed **\$5,000.00** and **total family assets** not to exceed **\$70,000.00**.
8. Borrower must contribute a **minimum of \$1,000.00** of own funds into the transaction.
9. The buyer must have completed full Homebuyer Education provided by an NWGF approved provider.
10. There will be a loan packaging fee of \$375.00, Title insurance, recording, closing fee and HQS inspection fee of \$45.00. If lead based paint abatement process is triggered, then clearance testing fees will apply (can be as much as \$250-\$300)

**Reservation Procedure:**

1. Lender will forward a reservation checklist with all applicable documents to the NWGF office. **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.
2. Loan Processor will check income and other program guidelines, and co-ordinate HQS inspection with the Lender. Once Home Inspection Process, HQS and appraisal have been examined and approved, if all program guidelines have been met the confirmation of approval (reservation letter) will be faxed to Lender.
3. Please allow at least 2 weeks for processing application.

**Closing:**

NWGF prepares the closing documents and funds the 2<sup>nd</sup> 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.

**06/10**