

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 406-762-5852 or 406-216-3850

## 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. The sales price of the individual properties will be listed on the letter sent to the applicants. Homes are usually offered twice a year.

NWGF has 0% Deferred Appreciation Share Subordinate mortgages averaging \$40,000.00 to assist qualified Borrowers with their down payment and closing cost requirements. Borrowers must be qualified for a first mortgage (FHA / VA) using the NWGF/MBOH setaside at 5.50%, **or if rates are lower, regular FHA or VA financing is allowed.** Borrowers are required to have **at least \$1,000.00** of their own funds in the deal.

There may **also** be SHOP financing available with the properties for sale. These loans have a “sweat equity” requirement from the Borrowers for a maximum SHOP 0% deferred appreciation share mortgage of \$15,000.00.

Applicants should submit a short (1 page maximum) narrative describing their circumstances and interest in the homes, listing their top three housing preferences. The narrative will be one of the factors used by the selection committee in making their decision.

After applicants have been selected for a home, 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 \$500.00 is required on all offers (unless Borrower is a Weed & Seed IDA participant then no earnest money is required at signing) and must be submitted with the buy-sell. Actual closing dates vary, according to completion date of the construction, and completion of the “sweat equity” projects.

**AFTER THE INITIAL SELECTION**, if houses remain unsold they will be offered on a 1<sup>st</sup> come 1<sup>st</sup> served basis to qualifying borrowers.

#### **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 (for 2009):

1 person	<b>\$31,300</b>	5 persons	<b>\$48,300</b>
2 persons	<b>\$35,800</b>	6 persons	<b>\$51,900</b>
3 persons	<b>\$40,250</b>	7 persons	<b>\$55,450</b>
4 persons	<b>\$44,700</b>	8 persons	<b>\$59,050</b>

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 \$5,000.00 and total family assets not to exceed \$70,000.00

#### **Basic Qualifications:**

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%** unless the back end ratio will not allow for this. Higher ratios may be considered if valid compensating factors are provided. (Please use \$100/mo taxes and \$50/mo insurance on loan analysis so files are uniform)
2. The Lender must submit a full, loan package to NWGF (except for buy-sell, Title Commitment and appraisal).
3. A selection committee comprised of community volunteers who are not employed by NWGF will meet to determine who is awarded the houses. The applicants are anonymous to the committee members.
4. The selection is based primarily on need, income levels, the amount of subsidy available, family size, and overall suitability of the family for the home.

#### **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, 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 2<sup>nd</sup> mortgage subsidy mortgages have an appreciation share requirement. Upon sale and/or payoff of the 1<sup>st</sup> mortgage there will be a share of appreciation between the Borrower and NWGF. 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 "qualified home improvements" (with acceptable documentation) less closing costs, less Borrowers original investment when property was purchased.