

**MONTANA BOARD OF HOUSING  
TERMS AND CONDITIONS OF THE  
NEW CONSTRUCTION LOT REFINANCE PROGRAM**

July 29, 2002

(Revised August 27, 2009)

(1) Each Mortgage Loan shall be either insured by FHA under Section 203(b) of the National Housing Act, guaranteed by RD under Title V of the Housing Act of 1949 or guaranteed by the VA under Section 810, Chapter 37 of Title 38, U.S. Code. Loans guaranteed by RD must have a \$1500 personal investment by the borrower.

(2) The fixed rate of interest on the Mortgage Loans shall be the regular bond rate (subject to change at Board's discretion).

(3) The term of the Mortgage Loans shall be 30 years and such Mortgage Loans shall provide for complete amortization by maturity by equal monthly payments of principal and interest.

(4) The Servicer may deduct a monthly servicing fee at the annual rate of three-hundred-seventy-five thousandths of one percent (.375%) of the outstanding principal balance of Mortgage Loan. The servicing fee factor is .075.

(5) The acquisition cost of a Residence being financed by a Mortgage Loan shall include cost of completing the residence, the unpaid cost of the lot, and unpaid SID assessments and must not exceed the limits on Exhibit B.

(6) Except for Mortgage Loans on Residences located in certain targeted areas, the mortgagor shall not have owned a principal residence at any time during the three-year period preceding the date of execution of the Mortgage Loan.

(7) The three-year prior homeownership requirement is not applicable in certain targeted areas. Targeted areas are defined in Section 143 of the Internal Revenue Code of 1986, as amended, to include census tracts with population and income characteristics specified and other areas of chronic economic distress meeting criteria set forth and approved as targeted areas by the Secretaries of the United States Department of Treasury and Department of Housing and Urban Development. The following areas are currently designated by the Board as Targeted Areas.

Blaine County  
Deer Lodge County  
Flathead County  
Hill County

Sanders County  
Silver Bow County  
Choteau Co-Census Tract 9401  
Daniels Co-Census Tract 9402

Mineral County  
Missoula County  
City of Great Falls

Sheridan Co-Census Tract 9402  
Billings - Census Tract 3

(8) The Residence to be financed shall be occupied as the mortgagor's principal residence, and no more than 15% of the total area of the residence may be used in a trade or business.

(9) Refinancing of existing Mortgage Loans for the lot are eligible for purchase by the Board.

(10) Recapture tax provisions may apply but reimbursement policy exists.

(11) A mortgagor can be obligated on only one Montana Board of Housing loan at a time.

(12) All prepayments set aside for this program available to purchase Mortgage Loans will be placed in a pool. Mortgage Lenders may reserve funds in this pool on a loan-by-loan, first-come, first-served basis. An eligible Mortgage Lender desiring to reserve funds must submit (1) the Mortgage Loan Reservation/Confirmation Report (BOH Form 99); (2) a copy of an executed FHA/RD/VA Loan Application or other complete loan application used by the Mortgage Lender; (3) verification of Annual Family Income; (4) a copy of an executed Buy/Sell Agreement. Upon receipt of such documents, the Board may reserve bond proceeds 180 days to acquire Mortgage Loans for new construction. Such period may be extended upon payment of an additional one-quarter of one percent (0.25%) for each 30-day extension, which shall only be paid by the Mortgage Lender. If the Mortgage Loan is not acquired by the Board within this time period, a one-quarter of one percent (0.25%) cancellation fee will be imposed except as provided in Section 15 hereof.

(13) For purposes of applying the federal income requirements, the "Actual Gross Annual Income" of a mortgagor is the mortgagor's annualized gross income. Annualized gross income includes any and all income of the mortgagors and any other person who is expected to both live in the financed Residence and to be secondarily liable on the Mortgage Loan. (Exhibit I to the Mortgage Purchase and Servicing Guide) located at [http://housing.mt.gov/Hous\\_BOH\\_SF\\_IncomeGuide.asp](http://housing.mt.gov/Hous_BOH_SF_IncomeGuide.asp) is meant to help aid Mortgage Lenders in determining income. The maximum family income for all mortgagors in targeted and non-targeted areas, as the case may be, has been established by the Board as set forth in Exhibit A hereto.

(14) The Board will purchase Mortgage Loans at up to one hundred two percent (102%) of the face amount of the Mortgage Loan. The Mortgage Lender may charge an origination fee of one percent (1%) of the face amount of the Mortgage Loan to be paid by MBOH at purchase. The Mortgage Lender may charge a discount fee of one percent (1%) of the principal amount of the Mortgage Loan to be paid by MBOH at purchase.

(15) In case of a cancelled reservation, the one-quarter of one percent (.25%) cancellation fee will be charged except in the case of the property not supporting the loan application. Mortgage Lenders need to qualify mortgagors before submitting a reservation request, to avoid a cancellation fee.

(16) If a Mortgagor cancels a commitment or reservation for a Mortgage Loan under any other program of the Board, said Mortgagor will not be allowed to participate in the Board's New Construction Lot Refinance Program.

(17) Mortgage Loans shall be tendered for sale to the Board within 45 days following execution of the note by the mortgagor. If the Mortgage Lender fails to deliver such loans within 45 days after origination, the purchase price will be reduced by one-half of one percent (0.50%) for each 30 days the loan is not delivered. To determine the accrued interest for purchase and interest on monthly mortgage payments, multiply the number of accrual days by the outstanding principal balance, and divide by the 360 day factor (for 6%) 6000. To determine the accrued interest for payoff, multiply the number of accrual days by the outstanding principal balance, and divide by the 365 day factor (for 6%) 6093.33.

---

---

(18) Mortgage Lenders will be required to provide the Board with information regarding Mortgage Loans when requested by the Board to comply with the requirements of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

**EXHIBIT A**

**Maximum Income Limits As Of April 4, 2007**

Area \_\_\_\_\_ Small\*\* / Large\*\*\*  
**PROGRAM ELIGIBILITY (Same As Recapture Limits)**

---

---

|                                 |               |          |               |
|---------------------------------|---------------|----------|---------------|
| Billings/Yellowstone            | \$54,900      | /        | \$63,135      |
| (Census Tract 3)*               | 65,880        | /        | 76,860        |
| Blaine*                         | 60,840        | /        | 70,980        |
| Choteau Co-Census 9401*         | 60,840        | /        | 70,980        |
| Daniels Co-Census 9402*         | 57,000        | /        | 66,500        |
| City of Great Falls*            | 60,840        | /        | 70,980        |
| Deer Lodge County*              | 60,840        | /        | 70,980        |
| Flathead County*                | 60,840        | /        | 70,980        |
| Gallatin County                 | 58,400        | /        | 67,160        |
| Hill County*                    | 60,840        | /        | 70,980        |
| Jefferson County                | 60,000        | /        | 69,000        |
| Lewis & Clark County            | 58,400        | /        | 67,160        |
| Mineral County*                 | 60,840        | /        | 70,980        |
| Missoula County*                | 65,400        | /        | 76,300        |
| Rosebud County                  | 51,700        | /        | 59,455        |
| Sheridan Co-Census 9402*        | 60,540        | /        | 70,980        |
| Sanders County*                 | 60,840        | /        | 70,980        |
| Silver Bow County*              | 60,840        | /        | 70,980        |
| Stillwater County               | 56,300        | /        | 64,745        |
| Sweet Grass                     | 52,600        | /        | 60,490        |
| <u>Other Counties and Areas</u> | <u>50,700</u> | <u>/</u> | <u>58,305</u> |

\*Targeted Areas

\*\*Small household is defined as two persons or less

\*\*\*Large household is defined as three persons or more

# EXHIBIT B

Maximum Purchase Price Limits (05/07/07)

| <u>Area</u>                  | <u>Maximum Cost for:<br/>Existing</u> | <u>Maximum Mortgage for<br/>New Construction</u> | <u>Existing</u> |
|------------------------------|---------------------------------------|--|-----------------|
| <u>Statewide FHA</u>         | \$237,031                             | \$237,031  | \$200,160       |
| <u>Statewide RD &amp; VA</u> | \$237,031                             | \$237,031  | \$237,031       |