

Frequently Asked Questions

Montana Veterans' Home Loan Program

Can a loan under this program also use a Mortgage Credit Certificate (MCC)?

Answer: Yes. These Veteran Program loans are funded with Coal Tax dollars, not bond funds. Only loans purchased with tax-exempt bond funds are restricted from having MCCs.

Does a home inspection count as part of the minimum \$2,500 the borrower must invest into the transaction?

****UPDATED ANSWER 12/28/2011**:** No. The veteran's \$2,500 cash investment must be applied to the loan amount.

Do veterans have to use a VA loan guarantee for this program? What about those who don't qualify for VA loan guarantees?

Answer: Any borrower in the program is free to use the FHA, VA, or HUD 184 programs for the mortgage insurance on a loan. There is no requirement that the borrower use a guarantee from the Veteran's Administration.

Do you have to be a resident of Montana to use this program?

Answer: Yes. Documentation of the Montana residency requirement is required at loan reservation. Residency for initial qualification for the Program requires a copy of a filed Montana tax return showing full year of residence in Montana. If the borrower doesn't have a Montana Tax return showing a full year of residence in Montana, additional documentation of residency will be required, such as a copy of a current Montana driver's license and a copy of a current Montana vehicle registration.

Can the Program be used to refinance undeveloped land when the land is part of the take-out financing on construction of a new home?

Answer: Yes. Refinancing of land as part of construction of a new home is permissible.

Can the Program be used to finance condos?

Answer: No. The Montana Veteran's Program is designed to purchase single family residences that have full ownership of the land they sit on.

Are Co-signers allowed in this program?

Answer: No. Co-signers do not meet the definition of "eligible applicant"

What is the maximum loan amount under this program?

Answer: The maximum loan amount is the lesser of the purchase price or the appraised value of the property, further reduced by the veteran's \$2,500 cash investment.

Our lending institution participates in MERS. Is that allowable in the Veterans Program?

Answer: No. The Veterans Program loans are sold to the Montana Board of Investments, which does not participate in MERS. All loans must be assigned to the Montana Board of Investments via recorded Assignments with the County Clerk and Recorder.

Can the borrower utilize gift funds for their investment in the property?

Answer: Yes. However, the borrower's investment must be demonstrated when lenders request a commitment of funds for a loan.

How much compensation will lenders earn on these loans?

Answer: As stated in the Terms and Conditions, lenders are allowed to charge up to 2% origination fee to either the borrower or seller. This sum may be further limited, given criteria of either FHA, VA, or HUD-184. Montana Board of Investments purchases the loans at 100%, and does not provide additional lender compensation. Montana Board of Housing pays .75% service-release premium.

What limits are placed on underwriting? Will a loan receiving "refer/eligible" in DU be allowed?

Answer: No. The Montana Veterans' Home Loan Program is funded by the permanent coal tax trust fund. The Montana Board of Investments is required by statute to invest funds in accordance with prudent expert principles. All loans must receive "approve/eligible" or other similarly high response from automated underwriting; no manual underwriting or underwriting exceptions are allowed.

Is a Veteran still eligible if their spouse is not a first-time buyer?

Answer: Yes, upon verification that the Veteran/applicant is not on title to the prior home.

Do grant funds or Down Payment Assistance funds count towards the borrower's investment?

Answer: No. However, funds the borrower actually contributes are counted. For example, if the borrower provides \$1,666.67 to obtain \$5,000 in down payment assistance under the Home\$tart Program, \$1,666.67 is used towards the \$2,500 investment.

Are loans on manufactured homes allowed under this program?

Answer: Yes. Loans on manufactured homes that meet the following are eligible: double-wide or larger; 1976 or newer; and the foundation must be certified by a qualified architect or engineer as meeting FHA requirements, even if a VA-guaranteed loan is placed on the home.