

Memo

TO: Participating Lenders

FROM: Vicki Bauer, Homeownership Program Manager

RE: Program Changes and New Submission Voucher

MBOH strives to keep our programs current and we revise compliance requirements as needed. This includes removing obstacles to utilizing our program whenever we can.

Three program changes have been made and are included in our new Loan Submission Voucher which is attached for immediate use – these pertain to all programs offered:

1. With wind and hail storms in eastern Montana over the past two years, some insurance companies have imposed new minimum deductibles for wind and hail coverage. Our Board met and approved a change to the deductible requirements for our programs. **The new maximum hazard and flood insurance deductible amount is the greater of \$1,500 or 1% of the face amount of the policy, for all perils.**
2. The **face to face requirement for our programs has been removed.** As technology changes, we realize it is no longer necessary for borrowers to meet with lenders to apply for a loan. The face to face was in place to ensure the lender's due diligence for explaining complicated federal requirements of MBOH programs to applicants, such as owner occupancy and recapture tax. **Due diligence is still required.**
3. We now require proof of the **Mortgage Record Change** showing MBOH is the holder and servicer (where applicable). A large number of our loans have not been properly transferred to the Board so we're forced to add this requirement back to our submission voucher.

Loans closing in 2016 in Non-targeted areas: Lenders are required to collect signed copies of 2015 federal income taxes for loans closed in 2016, where the property is located in a non-targeted area. This language is spelled out in the Mortgagor's Affidavit as follows:

If the Mortgage Loan is closed between January 1 and April 15 of this calendar year, I (we) understand that a complete copy of my (our) federal income tax return for the previous year must be provided to Montana Board of Housing through the Participant as soon as reasonably possible, or by April 15, whichever is earlier.

Please contact us if you have any questions or concerns.

Thank you for all you do to help us put Montanans into their own homes. Remember our regular bond program rate is still at **3.25%!!**

February 9, 2016