

Memo

TO: Montana Housing Lenders and Partners

FROM: Vicki Bauer, Homeownership Program Manager

RE: Program Changes

On Monday April 30th our Board approved the following changes to our program policies:

- Borrowers will no longer be required to contribute \$500/\$1,500 of their own funds when using a Montana Housing loan with an RD guarantee.

PLEASE NOTE: Although RD will allow 100% financing, including closing costs up to the amount of the appraised value, Montana Housing programs will only finance the purchase price of the property plus the upfront premium or guarantee fee, leaving the borrower to pay closing costs from their own funds, gift funds, seller concessions or DPA programs.

- *The Montana Housing hazard insurance policy was updated to read:* Mortgage loans must have coverage in amounts at least equal to the lesser of the full insurable value of the premises or the unpaid principal balance of the Mortgage Loan. For manufactured homes the replacement cost calculator showing the insurance company is providing full replacement coverage for the MH must be provided. **No part of the real property may be excluded from coverage.**

The maximum deductible amount is the greater of \$1,500 or 1% of the dwelling coverage for all perils except wind and hail, which can be the greater of \$2,500 or 1% of the dwelling coverage. Loans on condominium units must meet criteria in MBOH Hazard Insurance Coverage Policy as detailed in the Purchase and Servicing Guide.

- Montana Housing welcomes a new participating lender, Bank of Bridger.

May 4, 2018