

Memo

TO: Participating Lenders

FROM: Vicki Bauer, Homeownership Program Manager

RE: Important program changes and updates – please read carefully

Hello lenders, it has been a busy summer and we have a lot to share.

We want to remind lenders that while Montana Housing is the new public-facing brand incorporating the programs of the Montana Board of Housing, Section 8, and the Housing Division under one umbrella, **Montana Board of Housing** is our legal name. When endorsing notes, preparing assignments and transferring mortgage and hazard insurance to us, **Montana Board of Housing** should be used.

At the September 11, 2018 meeting, the Board approved an increase in the amount of fees that can be charged when using Montana Housing programs. Effective immediately, lenders can charge an origination fee up to 1.75% of the loan amount to the borrower and lender fees such as an application fee, administrative fee, underwriting fee, processing fee and document preparation fee shall be reasonable and shall not exceed the usual costs incurred by a person acquiring like property where financing is not being provided through the Board. This is a change from the 1% allowed origination fee and \$500 ceiling on lender fees. Montana Housing will still purchase the loans at 101% and provide the .75% SRP (when applicable).

We have been notified by our tax service provider that effective November 1, 2018 our tax service fee will be increased to \$66.95. This will affect loans that close November 1st or later. We want to give you plenty of upfront notice for proper disclosure.

Our cosigner definition/policy has been updated to the following: *“Cosigner”* shall mean a person(s) secondarily liable for repayment of the borrowed funds. The cosigner will be a non-occupant cosigner and will not be on title to the residence. **The cosigner will be allowed for credit purposes only, meaning the occupying borrower has the income to qualify per the insurer’s DTI requirements but does not have adequate credit to qualify.** While the cosigner does not hold an ownership interest in the residence, it is still liable for repaying the obligation and must sign all loan documents except for the Trust Indenture and the Board Affidavits. A transfer of title to the cosigner after loan closing is a violation of the Board’s program requirements and is not allowed.

September 12, 2018

Montana Housing will be removing the cutoff dates from the purchase process. After today (which is a cutoff date), purchase packages will be reviewed on a first come first serve basis and we will complete the initial review of the file within 15 days of the date of receipt. The current 2-week purchase schedule of every other Monday will remain in effect.

Purchase Packages will be delivered via Edocs and must contain the documents in the order listed on applicable Loan Submission Voucher Form found on Lender On-line.

Any exceptions found in the initial review of the package must be cleared and the loan be purchased within 45 days of the closing date. If the Mortgage Lender fails to deliver loans and clear all exceptions within these deadlines, the following penalties will apply. The purchase price will be reduced by one-half of one percent (0.50%) of the loan amount for each 30-day period beyond the applicable deadline.

The more complete the package when it is submitted, the sooner the purchase can take place.

Final documents should be submitted electronically through Lender-On-Line unless they're required original "wet" documents including the Deed of Trust and the Assignments. Please do not mail other final documents such as final title policies.

Rates remain at 4% for the regular bond program, 4.25% for the MBOH Plus Program and stepped rates for the Score Advantage Program depending upon credit score. (all rates subject to change.)

Funding in the Veterans Home Loan Program remains fully allocated. We are receiving repayment of these loans and we will be sending updates as funds become available.

We hope you and your families had a wonderful Summer. Thank you so much for making it a productive one for Montana Housing and the borrowers of Montana! If you have any questions, please don't hesitate to give us a call or email.

September 12, 2018