



# MBOH loans - Made in Montana that *stay* in Montana

## Lender tasks:

- ~ take applications
- ~ review credit
- ~ close / fund loans
- ~ Sell loans to secondary market investors

## What is MBOH?

- ~ Montana-based investor
- ~ Agency of state government
- ~ Programs are self-funded

[www.housing.mt.gov](http://www.housing.mt.gov)



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## Features of MBOH loan programs

- ✓ Low, fixed rates of interest
- ✓ No prepayment penalties
- ✓ MBOH pays some closing costs
- ✓ Loans serviced in-state

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## Qualification criteria set by IRS

- ✓ Income limits based on family size and location
  - ~ Up to 140% area median income
- ✓ Purchase price limits based on location
- ✓ No prior ownership for three years - 'first-time'
  - Exceptions exist for:
    - Prior ownership of a mobile home
    - Purchasing in 'targeted areas'
    - Some Veterans
- ✓ Purchase-money mortgages (no refinances)



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## Qualification criteria set by IRS (continued)

### ✓ Residence requirement

- ~ Owner-occupied
- ~ One dwelling unit only (no duplex, tri-plex, or quad)
- ~ Single parcel of land, with no excess property
- ~ Any business use of home limited to 15% of area

### ✓ Potential for recapture tax to IRS --- ONLY IF:

- ~ Sell in first nine years; and
- ~ Substantial net profit on sale; AND
- ~ Significant increase in income



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## Criteria set by MBOH

- ✓ All loans FHA / VA / RD / HUD
- ✓ RD buyers contribute \$1500 towards purchase  
Reduced to \$500 if home buyer ed is taken
- ✓ Hazard insurance deductible \$1,000 or 1%
- ✓ Manufactured homes
  - Post-1976
  - De-titled
  - Permanent Foundation



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Special Programs = Additional Criteria

## Score Advantage:

✓ Two loans - both are amortizing

First loan (insured) is 30 years

Second loan (uninsured) is 15 years

✓ Second loan up to 5% purchase price (Max \$6500)

✓ Interest rates on both based on credit score

Highest mid-credit score is used

Higher scores mean lower rates!

Rate fixed for full term of loan





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Special Programs = Additional Criteria

## Score Advantage:

- ✓ Lenders sell both loans to MBOH
  - Lender training required
  - Separate lender list
  - Lender compensation on first loan same as Regular Bond
  - Lenders allowed to charge \$175 to borrower on second loan
- ✓ Home buyer ed required for all
- ✓ Borrower minimum contribution \$1,000



# \*Home Ownership Team

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