

MBOH
Montana Board of Housing

MBOH loans – Made in Montana
that *stay* in Montana

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Sept 2016



<http://housing.mt.gov/HBRegBond>

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Agenda

- ❖ MBOH Bond Program
- ❖ MBOH website
- ❖ Quick Reference Guide

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```
graph TD; A((Privately funded state agency)) --> B((Buy Loans from local lenders)); B --> C((Sell Tax-exempt Bonds)); C --> A;
```

	
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MBOH 101 Sept 2016	PRIMARY PROGRAMS:
	❖ Regular Bond Program
	❖ Score Advantage Down Payment
❖ Mortgage Credit Certificate Program	
http://housing.mt.gov/HBCurrRates	

	
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MBOH 101 Sept 2016	Additional Programs:
	❖ Disabled Accessible Program ❖ 80% Combined Program ❖ Habitat for Humanity ❖ Setaside Program (more later) ❖ Score Advantage Program (more info later) ❖ Veterans' Loan Program ***
	(**through the Montana Board of <i>Investments</i>) Each program has UNIQUE Terms, Conditions, Documents and Checklists!

Investor overlay!

	
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MBOH 101 Sept 2016	Benefits to buyers
	■ Alternative credit allowed ■ No minimum credit score requirements ■ Some manufactured homes ■ Closing cost assistance all Bond loans ■ Liberal income and spending limits ■ Montana-based servicers
	http://housing.mt.gov/HBLimits

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Income

IRS Criteria

- Maximum allowable income set by IRS
- IRS provides formula to calculate
 - All sources - even if NOT used for loan
 - All adults in household
 - Full VOE (verbal not accepted)
- Report this number in
 - Lender OnLine
 - Mortgagor's Affidavit

<http://housing.mt.gov/Portals/93/shared/docs/Homebuyers/ProgramDocuments/InfoRegsProcedures/IncomeDeterDef.pdf>

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Eligible Properties

- Single Family home
- Condominium (25% of project)
- Townhouse
- Manufactured home/land

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Ineligible Properties

- Duplex, Triplex, Quad
- Apartments (Basement Investments)
- Per IRS - excess property (additional lots)
- Business use over 15%

Per IRS - these are investments!

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MBOH 101	2016 Terms and Conditions / Investor Overlays
	<ul style="list-style-type: none">◆ All loans FHA VA RD or HUD-184◆ MBOH pays 1% lender fee◆ Allows lenders to charge up to 1%◆ Possible .75bps Service-release fee
Sept 2016	
http://housing.mt.gov/Portals/93/shared/docs/Homebuyers/ProgramDocuments/InfoRegsProcedures/WHOLELOANTERMSANDCONDITIONS2015.pdf	

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MBOH 101	2016 Terms and Conditions (cont)
	<ul style="list-style-type: none">◆ No minimum credit scores◆ No added fees or higher rates for low scores and/or high LTVs◆ “No-credit” score loans allowed◆ Manufactured homes detitled; post-76◆ NO CASH BACK at closing
Sept 2016	
ALL LOANS MUST MEET FHA / VA / RD / HUD UNDERWRITING	

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MBOH 101	<u>IF</u> MBOH is the Servicer:
	<ul style="list-style-type: none">◆ No interim servicing◆ Collect/remit \$65 Tax Service Fee◆ .75bps SRP paid at mortgage purchase
Sept 2016	
http://housing.mt.gov/Portals/93/shared/docs/Homebuyers/ProgramDocuments/InfoRegsProcedures/WHOLELOANTERMSANDCONDITIONS2015.pdf	

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Down payment requirements

- ~~FHA / HUD 134~~ – current down payment requirements
- VA – can be zero down
- RD – must have \$1500 investment reduced to \$500 if home buyer ed

NO CASH BACK

ALL LOANS MUST MEET FHA / VA / RD / HUD UNDERWRITING

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Hazard/flood insurance

\$1,500 or 1% all-peril deductible based on dwelling coverage

New homes = 35% land-to-value when on well/septic



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Ask new applicants:

Have you taken Home buyer education?

Recommended for all

Required only for high-risk profiles

Credit score below 680

Either ratio above 31% or 41%

All special program loans

MBOH approved provider

<http://www.nwmt.org>

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Application/underwrite
↓
Partner approval (down payment help)
↓
Reserve MBOH funds via Lender On Line
↓
Closing!
↓
Sell loan to MBOH

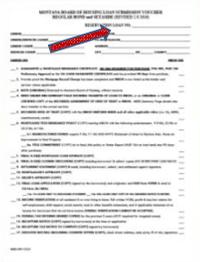
<https://lenderonline.mt.gov/Bin/Display.exe/ShowSection>

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<http://housing.mt.gov/Portals/93/shared/docs/Homebuyers/ProgramDocuments/OriginatorForms/WholesaleSubmissionVoucher.pdf>

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Closing glitches



Hazard : Must name MBOH
PO Box 200550, Helena, MT

No Interim Servicing

Lender charges exceed 1%

Docs not filled in/signed

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Submission glitches

30 days to submit (suggest 20)

Incomplete/missing docs

Trust Indenture not original / or recorded

Check for escrows missing

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Lender OnLine

ALL loan files submitted electronically!

EXCEPTIONS:
Original Note
Assignment (if not MERS)
Checks for escrows & tax service fee (if MBOH is servicer)
Recorded Trust Indenture (trailing doc)

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<https://lenderonline.mt.gov/Bin/Display.exe/ShowSection>

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Lender OnLine

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<http://housing.mt.gov/Portals/93/shared/docs/Homebuyers/How%20to%20add%20docs%20in%20LOL.pdf>

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Highlights of Score Advantage program

1. Lender training required to participate
2. Two loans, ***both sold to MBOH***
3. Second loan max 5% or \$6500
4. Both loans ***amortize***
5. Interest rates **BOTH** loans based on credit score
 - o ***higher*** scores receive ***lower rate***

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SCORE ADVANTAGE
Down Payment Assistance
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Score Advantage Program

	First loan	Second loan
Mortgage rate	3.5% - 4.25% based on credit score	
Mortgage term	30 year - fixed rate	15 year - fixed rate
Loan Amount	Per underwriting	up to 5% (Max \$6500) for down / closing costs
Mortgage Insurance	FHA/VA/RD	None
Title Insurance	Extended Coverage w/ endorsements	None
Documents	Trust Indenture with Uniform Rider	Subordinate Note and Subordinate Trust Indenture from MBOH web site
Note & Trust Indenture payable to	Lender	Lender
Transfer to MBOH	MERS or by Assignment	Assignment only
Lender fees	1% paid by MBOH; 75bps SRP 1% paid by buyer/seller	Lenders charge \$175.00
Borrower investment		minimum \$1,000

Both loans have the same interest rate

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SCORE ADVANTAGE
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Mortgage Credit Certificates



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<http://housing.mt.gov/HBMCC>

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Benefits

1. 20% mortgage interest paid per year converts to dollar-for-dollar Federal income tax credit
2. Increase take-home pay
3. Valid for life of loan if owner-occupied

****All for a one-time \$500 fee****

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Example

- ❖ \$150,000 at 4% = \$6,000 interest (20% = \$1,200)
- ❖ Amend W-4 = increase take-home pay \$100/mo
- ❖ Valid for life of loan
- ❖ Any loan type, any term (except MBOH)
- ❖ Unused credit carry-forward up to 3 years



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What the lender does . . .

- Reserve loan with Lender on Line
- Close loan (using MCC docs)
- Submit package to MBOH for certificate



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Setaside Program

Lower interest rates for borrowers receiving:

- ~ NeighborWorks Home Deferred 2nd (code 111)
- ~ Bozeman District IX (HOME Funds) (code 275)
- ~ Missoula Combined HRDC XI (HOME Funds) (code 309)
- ~ Home\$tart / Home\$tart Plus (code 571)
<http://www.fhldm.com/affordable-housing-products/down-payment-products/hometart-and-hometart-plus/>
- ~ Dream Makers Grant (code 572)
http://www.pentagonfoundation.org/site/PageServer?pagename=dream_index
- ~ Lot Refinance (code 575)
- ~ Loan with a HUD-184 Guarantee (code 950)

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80% Combined program
Alternative to the cost of FHA loan

- 80% uninsured MBOH loan
- 20% from non-profit partner, i.e.
 - NeighborWorks Montana
 - HRDC

End result? Affordability

<http://housing.mt.gov/HR80Combined>

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Highlights of 80% Combined program

- 640 minimum credit score
- 29/41 ratios
- Mortgage rate posted to website
- Minimum \$1000 from borrower
- All property meets FHA standards
- Single-wide manufactured ineligible
- MBOH buys loan at par

<http://housing.mt.gov/HR80Combined>

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Veterans Loan Program
www.housing.mt.gov



Offered in partnership with the **Montana Board of Investments**

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Things you ALWAYS NEED TO KNOW

What Program is this?

What Submission Voucher?

Where are my documents?

Where do I get answers?

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