

Neighborhood Housing Services, Inc. Great Falls
dba NeighborWorks® Great Falls
Montana HomeOwnership Network dba NeighborWorks® Montana
509 1st Avenue South, Great Falls, MT 59401
406-761-5861 1-866-587-2244 FAX 406-403-0273

TANF GUIDELINES
(Temporary Aid for Needy Families)

This program is directed toward low-income families whose income is up to 200% of the State of Montana poverty level. It is a second mortgage to assist with down payment and closing costs associated with purchasing a single-family dwelling. **If the first mortgage is an FHA loan the Borrower must provide the 3.50% required down payment before NW can assist with closing costs and gap or additional down payment financing.**

Client Requirements

- Must have at least **one child** under 18 living in the household with legal relationship
- 1st time homebuyer or single with dependent children
- Income must be no more than 200% of poverty level (see income guidelines)
- One adult from household must attend NW approved Homebuyer Education.
- May not be eligible if already receiving TANF cash assistance
- Borrower must contribute a minimum of **\$1,000.00** of own funds into the transaction

Loan Requirements

- Specific TANF loan application must be completed by client (in addition to Lenders 1003)
- **Minimum \$3,000 and Maximum \$7,500***
- ***(Maximum loan can be increased to \$20,000 where genuine need exists)**
- Terms are 2.5% for maximum 30 years or not to exceed the term of the 1st mortgage (term could be shortened at the discretion of NW)
- May be used with MBOH or RD 1st mortgages
- NW requires the loan application 4 weeks prior to closing
- Ratios should be no more than 29/41 (unless Lender can provide valid compensating factors)
- **Loan payment must be made to NW by ACH**
- Asset limitation is \$5,000 liquid and \$70,000 total
- The home must be occupied by the borrower as their principal residence

- Loan Packaging Fee of \$375.00, pre-paid interest, Recording, Title Insurance and Closing fee as charged by the Title Company. Courier fees and e-doc fees may also be charged.

Property Requirements

- Purchase price cannot exceed maximum FHA requirements for that county
- Property must meet minimum property standards
- On properties built prior to 1978, if peeling or chipping paint is identified, then property may not be eligible.
- Funds cannot be used to build a house, but may be used to purchase a new house
- May be used statewide

Closing

NW will prepare the closing documents and fund the 2nd mortgage. NW will forward the documents and check directly to the Closing Agent. If the full amount of the loan is not needed, then the Closing Agent is to issue a principal reduction to the 2nd mortgage.

INCOME GUIDELINES FOR TANF FUNDS

| | | | | | | | |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Family Size | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Monthly Income | 2,706 | 3,403 | 4,100 | 4,796 | 5,493 | 6,190 | 6,886 |
| Annual | 32,480 | 40,840 | 49,200 | 57,560 | 65,920 | 74,280 | 82,640 |

Check with NW for availability of funds

Revised **2/17**