

**WHAT TYPES OF FIXED MORTGAGES ARE APPROVED?**

- Loan amount may not exceed 100% of the sales price of the unit (100% LTV maximum)
- Interest rate may not be greater than the Montana Board of Housing rate plus 1.5%
- The loan must amortize over a 360 month period
- Interest only loans are not allowed
- Fixed rate loans may have terms ranging from 15-30 years

**ARE ADJUSTABLE RATE MORTGAGES (ARMS) ALLOWED WITH THE WORKFORCE HOUSING PROGRAM?**

Yes, ARMs are allowed if the following requirements are met:

- ARMs must amortize over 360 months
- Initial fixed rate period of no less than five years
- At least one year between adjustments
- Rate may increase by no more than 2% each adjustment
- Cap of 6% on total increases

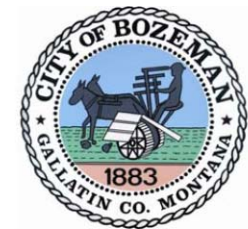
NOTE: Future loans may change in accordance with Federal and State lending laws and regulations

**FOR MORE INFORMATION CONTACT THE  
WORKFORCE HOUSING PROGRAM  
ADMINISTRATOR AT (406) 582-2260  
OR VISIT THE WEBSITE AT  
[WWW.BOZEMAN.NET](http://WWW.BOZEMAN.NET)**



**CITY OF BOZEMAN  
WORKFORCE HOUSING PROGRAM  
P.O. Box 1230 20 EAST OLIVE  
STREET BOZEMAN, MT 59771**

**HOW DOES THE  
CITY OF BOZEMAN  
WORKFORCE  
HOUSING PROGRAM  
AFFECT LENDING  
INSTITUTIONS?**



Increasingly home ownership has become more difficult for the average family to afford. To help with this housing problem the City of Bozeman approved Workforce Housing Ordinance #1710, the result of years of coordination with developers, builders, local citizens, community groups, and governmental organizations.

**WHICH DEVELOPMENTS ARE**

Effective July 1, 2007 any site plan:

- 5 acres or more
- 10 residential lots or more
- Multiple developments by the same applicant adding up to 5 or 10 lots aggregate within a 12 month period

Will be evaluated during the development review process to determine eligibility

**WHO IS QUALIFIED TO PURCHASE A WORKFORCE HOUSING UNIT (WHU)?**

All applicants to this program must be residents of Gallatin County, or employed in Gallatin County or demonstrate that they are moving to Gallatin County for a specific job at time of application. Applicants must earn less than the current income limits for the program and have the ability to secure a mortgage meeting the program requirements to purchase a WHU. Applicants must attend and complete special training and counseling conducted by the non-profit Human Resources Development Council (HRDC).

**WHAT ARE THE INCOME LIMITS FOR THE PROGRAM?**

Income limits are determined by the U.S. Department of Housing and Urban Development (HUD) and are updated annually effective July 1. Currently, households may not earn more than the amounts as follows:

Household Size	Maximum Gross Annual Income - 2008
1 – 4 persons	\$70,100
5	\$75,660
6	\$81,240
7	\$86,880

**WHAT ARE THE ANTI-DEFAULT MEASURES AND MORTGAGE REQUIREMENTS FOR APPLICANTS?**

The City of Bozeman requires that mortgages on WHUs meet certain requirements designed to reduce the risk of default. In the event of default and foreclosure, the lender has the right to



remove the WFU deed restrictions if the City of Bozeman does not intervene to prevent foreclosure through purchase of the property. To further minimize instances of default, the City requires all participants to complete a HUD-certified homeownership education course before purchasing and have already met most requirements needed to enter the home lending market.

The City of Bozeman considers the applicant’s mortgage to be affordable if their debt to income ratio does not exceed 41%. This includes the proposed monthly PITI, HOA dues, mortgage insurance, flood insurance and all other monthly debt payments. The City will allow a debt to income ratio of up to 45% if all three of the qualifying criteria listed below are met:

- Median credit score of 700 or greater, and;
- Payment shock must not exceed 10% of the buyers current monthly rent payment, and;
- Buyer will have 3 months PITI and HOA dues reserves in the bank after closing.