



## Missoula County-Trust Montana Home Buyer Choice Program Criteria

The Missoula County-Trust Montana Home Buyer Choice Program is a community land trust (CLT) program that provides homebuyer assistance to income-eligible Missoula County households. In this program, the buyer purchases only the home and program funds are used to pay down the total cost. At closing, the land is transferred to Trust Montana. Trust Montana then holds the land under the home in perpetuity which keeps the homeowner's mortgage costs low.

Community land trust home ownership is a form of shared equity ownership. A resale formula is used to decide the price of the home at resale. The formula is designed to allow home owners to earn some equity while also ensuring affordability for the next buyer of the home. Community land trust home ownership provides equity-building opportunities to households that would otherwise be renting.

### Check the chart below to see if you qualify for the Program (HUD income limits are current as of May 3, 2021):

Household annual income cannot exceed the maximum amount below. The maximums are based on household size and represent 80% of the area median income.

# People in household	Total income of those over 18 years of age
1	less than \$42,150
2	less than \$48,150
3	less than \$54,150
4	less than \$60,150
5	less than \$65,000
6	less than \$69,800
7	less than \$74,600
8	less than \$79,400

Please visit [www.trustmontana.org](http://www.trustmontana.org) for more information about the community land trust model.

## Program Criteria

- Applicants must earn below 80% Area Median Income (AMI) for Missoula County at the time of application (see table on previous page). Homeowners do not have to continue to qualify or provide any information about their income after moving into their home.
- In order to qualify for the program, an applicant must have a prequalification letter for a mortgage from a bank, credit union, mortgage company, or Community Development Financial Institution (CDFI). The applicant cannot have a cosigner.
- In no case can the purchase price of the home exceed the Montana Department of Commerce HOME Program limit for Missoula County, as determined annually by the U.S. Department of Housing and Urban Development. Currently, that limit is \$304,000 (as of May 2021).
- The amount of funding available is limited and the award determinations are based on a lottery. Funds are not committed to winning applicants until they enter into a Buyer Agreement with Trust Montana. Funds will be disbursed at closing
- The maximum homebuyer assistance per household is \$80,000 and the amount of the program funds will depend on the household's need for assistance, terms of the first mortgage, and the household's existing debt.
- Applicants must not own any other real estate.
- Homes purchased with Missoula County-Trust Montana Homebuyer's Choice Program assistance must be vacant, occupied by the owner/seller or occupied by the purchaser at the time of the purchase. Renters cannot be evicted to allow for the sale. Assistance will not be provided to purchase a home occupied by renters/tenants who are not the buyers.
- The land under the home is deeded to Trust Montana's land-holding entity, Affordable Land, LLC, at closing. The home buyer must agree to deed the land to Affordable Land, LLC at the closing to receive the funds.
- Program funds will be disbursed at closing and can be used for closing costs, down payment, or to reduce the first mortgage to ensure affordable monthly housing costs.
- The home must be located in Missoula County, including within city-limits.
- The home cannot be located in the floodplain. See floodplain maps at <https://msc.fema.gov/portal/home>.

- Applicants must contribute sufficient funds for the earnest money. Earnest money is the amount paid as the homebuyer and seller sign the buy/sell agreement to show that the buyer has a good faith interest in purchasing the home. A typical amount for the current market is \$1,000. However, every sale is unique, and a homebuyer will have to consult with their real estate agent to determine an appropriate amount. Earnest money deposits can be recovered in certain circumstances, again please consult with a real estate agent for more details.
- Any property purchased with program funds must pass a Housing Quality Standards (HQS) Inspection and an Environmental Site Assessment (ESA) before closing can be scheduled. Missoula County will conduct the ESA at no charge. Trust Montana will assist the pre-qualified buyer in scheduling these inspections and will cover the cost of the HQS inspection.
- Applicants must be approved by the state funding agency before a buy/sell can be signed. Homes must be approved by the state funding agency before closing. TM will coordinate with the agency for their reviews. Trust Montana cannot approve an applicant until the state approves all the application materials.
- Buyers must be prequalified for a loan, with their potential percentage of housing costs (front-end ratio) between 28% and 32% of household income; and a total debt cost (back-end ratio) under 40%
- As a condition of accepting the funding, the home buyer must sign a ground lease and must review the ground lease with an attorney before closing. Trust Montana will connect home buyers with a list of volunteer attorneys.

**The ground lease includes restrictions to ensure permanent affordability of the home, including:**

- The home owner must not sell the home for more than the maximum resale price as calculated by the resale formula, and can only sell to an income-qualified buyer that has been approved by Trust Montana.
- If a home owner wants to refinance at any point, they can only do so with approval from Trust Montana. Home owners in the program cannot borrow more than 80% of their home's maximum resale value as calculated at the time of refinance.
- The home must be the home owner's primary residence; it may not be used as a short-term or long-term rental. Roommates are allowed. The home is inheritable.
- The homeowner must obtain property insurance that lists Trust Montana, its landholding entity Affordable Land, LLC and Missoula County as additional insured.
- The home owner must maintain the home in good repair and refrain from partaking in illegal activity in the home or on the land.
- The home owner must pay a monthly lease fee of \$40 to Affordable Land, LLC instead of paying for the land.

***If you have any questions please contact  
Trust Montana's Stewardship Coordinator: Bill Henry  
at [bill@trustmontana.org](mailto:bill@trustmontana.org) or (406) 201 – 9178***