

# Montana Board of Housing Reverse Annuity Mortgage Program



# Mission

The Montana Board of Housing Reverse Annuity Mortgage Loan provides financial flexibility to Montana's lower income seniors by allowing them to use the equity in their home as a source of income. Seniors are empowered to live in their homes for as long as they wish.



# RAM Loan Criteria

- Available to Montana seniors aged 68 or older
- Homeowners access up to 80% of their home's equity
- Home must be located in Montana
- Home is unencumbered by a mortgage or lien
- Interest rate is fixed for the life of the loan (maximum 5%)
- Option to take a partial lump sum of \$10,000 at closing
- Receive monthly payments over a 10-year term



# RAM Loan Criteria

- Interest accrues as principal paid out over 120 months
- Obligation to repay loan is deferred until last borrower permanently vacates the home
- The home is then sold to repay the RAM loan
- Home must continue to be in good repair
- Property taxes and hazard insurance must be current

# Pros and Cons

## Pros:

- Allows low-income seniors use of investment income from their home to act as additional income every month.
- Allows seniors to remain in their home and meet their monetary needs.
- Allows seniors to retain ownership of their property.

## Cons:

- Some seniors may outlive the life of the loan exhausting the equity of their home, leaving few other options for additional income.



# Things to Know About RAM Payments:

- Payments are NOT considered income
- Payments are NOT IRS reportable income
- Payments DO NOT affect:
  - ▶ Social Security
  - ▶ Supplemental Security Income
  - ▶ Medicaid
  - ▶ Medicare
  - ▶ Other assistance programs

# Qualifying Criteria

Age: Must be 68 years of age or older at the time of closing

- ▶ All household members

Income: Must meet current income limits

- |                          |          |
|--------------------------|----------|
| ▶ One-person household   | \$30,120 |
| ▶ Two-person household   | \$40,880 |
| ▶ Three-person household | \$51,640 |

Property: Located in Montana

- ▶ Meets FHA appraisal requirements
- ▶ Unencumbered by a mortgage, lien or pledge

**Note:** This excludes mobile and manufactured homes.



# Qualifying Criteria

MBOH must be the first position lien holder

- ▶ Additional liens not allowed
- ▶ Minimum loan \$15,000; maximum loan \$250,000
- ▶ Loan amount is 80% of the FHA's property determination
- ▶ Lump sum of \$10,000 or less may be an option at closing
- ▶ Exceptions considered on a case-by-case situation
- ▶ Must meet with a RAM counselor and complete all paperwork

**To contact the Board:** [commerce.mt.gov/Contact/](https://commerce.mt.gov/Contact/)



# Exceptions?

- **Are there any age exceptions?**

No, but an application can be started at age 67 if the applicant will be 68 at closing.

- **Are there any income eligibility exceptions?**

Some ongoing medical expenses may be used to reduce borrower income if over the posted limits.

- **Are there any lump sum exceptions?**

Lump sums over \$10,000 may be considered by the Board for an exception in certain situations. There is no guarantee, and it may increase processing time.



# A Counselor's Role

- ✓ Inform Montana seniors and family members (if involved) about RAM Program
- ✓ Assist with the application process including filling out paperwork
- ✓ Collect application from potential borrower and forward to the Board
- ✓ Be liaison between borrower and MT Housing staff during processing
- ✓ Adhere to rules of confidentiality of information received in loan process
- ✓ Inform seniors about Property Tax Assistance, if needed
  - Based on income and must apply by April 15




# Application Timeline

This loan process can take up to 6-12 weeks:

1. Potential borrower(s) meets with RAM counselor
2. Counselor and potential borrower(s) fill out paperwork
3. RAM counselor submits paperwork to MBOH staff
4. Application is reviewed by MBOH staff
5. Approval letter will be sent if all is acceptable
6. Applicant must reply to approval for the loan to proceed

# Application Timeline

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13. A title company is contacted for a commitment policy
  14. If title search is approved, an appraisal is ordered
  15. Appraisal is reviewed by MBOH staff
  16. Letter sent to the applicant based on appraisal review
  17. Insurance policy information requested from borrower(s)
  18. Closing with title company scheduled and performed
  19. Congratulations letter sent to borrower(s)

# RAM Packet Documents

- Counselor Verification Certificate
- Reverse Annuity Mortgage Application Packet Checklist
- Instructions for Completing Reverse Annuity Mortgage Loan Application
- Application for Reverse Annuity Mortgage Loan
- Medical Worksheet

# Medical Worksheet

Only necessary if needed to lower income

- Must be **reoccurring** and **verifiable** medical expenses
- Medical receipts showing expenses; applicant must provide either:
  - ✓ Monthly receipts = Three receipts for three months of statements
  - ✓ Quarterly receipts = Three receipts = One year of statements
- Receipts accepted:
  - ✓ Statements or bills from the provider (ongoing)
  - ✓ Receipts from the pharmacy (ongoing)
- Bank statements can be used for proof of payment if receipts aren't available

# Website

[commerce.mt.gov/Housing/Homeownership/Reverse-  
Annuity-Mortgages](http://commerce.mt.gov/Housing/Homeownership/Reverse-Annuity-Mortgages)



What you can find on our webpage:

- ✓ Program information
- ✓ Current income limits
- ✓ Printable fact sheet
- ✓ Other resources
- ✓ Contact staff for more information

# Montana Board of Housing Contacts

Julie Hope, Program Specialist

406-841-2851

[jhope@mt.gov](mailto:jhope@mt.gov)

Jessica Michel, Program Manager

406-841-2840

[jessica.michel@mt.gov](mailto:jessica.michel@mt.gov)







Thank you for your time!