



## Proposed Loan Policy Changes 2021

1. Throughout the loan policy “Rehab” has been changed to read “Home Repair”
2. **Page #6 C. Under Authority 2<sup>nd</sup> paragraph:**  
Current policy: The loan committee shall have the authority to approve applications for non-conforming or conforming loans up to a per loan limit of \$150,000. Loan requests over \$150,000 must be presented to all members of the board for approval after initial review by the loan committee. **Proposed Change: Increase from \$150,000. to \$200,000 (due to new loan product).**
3. **Page #8 A. Under General Purpose and Mission:**  
Current policy: The Mission of NeighborWorks of Western Vermont (NWWVT) is to strengthen the development of a regional economy by promoting safe, efficient and stable housing, and community projects through education, technical assistance, and financial services in Addison, Bennington and Rutland Counties, Vermont. **Proposed Change:** To include/list the counties of the NEK. (As they are now in our service area).
4. **Page #9 D. Conflict of Interest:**  
Current Policy: Loans to immediate family members of a lending officer by that officer will be prohibited. **Proposed Change:** Loans to immediate family members of a lending officer by that officer will need to be approved by loan committee, executive director, and the board. (We need to have a process in place when we only have one lender on staff to allow everyone the same access/help to our loan products, if in the future we have two lending officers the non-related lender would process that application).
5. **Page #12 J. Underwriting - General:**  
Current Policy: The lender does a preliminary review of the package for compliance and underwriting purposes and will prepare and present the loan request to the committee if necessary. **Proposed Change:** The lender accepts the loan application enters the loan and information onto the LOS (Loan Origination System) does a preliminary review, then the loan package is sent to the processor to request any

additional information, create a loan file, and send it to our underwriter for review. If necessary, the lender will prepare and present the loan request to the loan committee. (This change is proposed as we now have a loan processor and underwriter. It used to be just the lender on staff for the lending department, but we now have a loan processor and underwriter.)

**6. Page #13 A. Efficiency/Unsecured Loans:**

Current Policy: Energy audit typically required unless purchasing a heat pump, new efficient furnace, etc.

**Proposed Change:** An energy audit is not required to obtain an energy loan. It is recommended but is optional to our borrower(s) (This change is due to our energy auditors only service certain counties and our energy loan product is available to all VT. Not all customers want to incur the cost of an energy audit).

**7. Page #14 B. Down Payment Assistance Loans:**

Current Policy: The maximum total loan to value is 100% unless the borrower is using the VHFA Assist purchase mortgage, then the maximum LTV is 105%.

**Proposed Change:** LTV to be increased to 107.5% due to VHFA and Seed allowing now \$7,500. with their assist programs instead of \$5,000.

**8. Page #14 C. Purchase/Home Repair Loan:**

Current Policy: Acquisition & Rehab Loan

Available in CDFI Special Investment Areas

Minimum credit score is 620

Rate is 5.75% fixed for 10 years

Maximum amortization is 20 years

Review by a NWWVT home evaluator is required

Project management is required

Purchase loan between \$30,000 - \$60,000

Rehab loan up to \$40,000

Appraisal is required

First mortgage secured

Closing costs may not be financed

1.5% origination fee

Debt to income not to exceed 45

**Proposed Change:** To change product name from “Acquisition & Rehab” to new loan product name Purchase/Home Repair with changes to terms as follows:

Purchase/Home Repair Loan

Minimum credit score is 620.

Rate is prime plus 2%

Term is 30 years.

Debt to income not to exceed 45%

Project management will be done by the appraiser and staff.

Appraisal and inspections required.

First mortgage secured.

Closing costs are not to be financed.

Underwriting fee \$250.00, documentation fee of \$250.00 and 1.5% origination fee.

Purchase of a primary residence, single family, town house, 1- 4 family, and condominium.

Maximum repair amount \$60,000.

Maximum LTV 100%

**9. Page #14 D. Home Repair Loans:**

Current Policy: This loan is secured by either a first, second or a third lien on the property.

**Proposed Change:** At the discretion of the lender a loan of \$10,000. or less can be made an unsecured loan.

**10. Page #15 D. Home Repair Loans:**

Current Policy: AVM is required when available.

**Proposed Change:** AVM is required when available otherwise property tax bill will be used.

**11. Page #20. Underwriting – Credit Documentation:**

Current Policy: Each applicant's credit history will be thoroughly reviewed by the lender to demonstrate ability and willingness to repay and manage their financial affairs.

**Proposed Change:** Use to state Each applicant's credit history will be thoroughly reviewed by the lender and/or the underwriter to demonstrate ability and willingness to repay and manage their financial affairs. (Now includes lender and/or underwriter).

**12. Page #21 The Credit Report:**

Current Policy: All recent derogatory remarks on the credit report must be explained in writing by the applicant, even if the account has been brought current. Recent is defined as within the past 24 months.

**Proposed Change:** All recent derogatory remarks on the credit report must be explained in writing by the applicant, even if the account has been brought current. Recent is defined as within the past 12 months.

13. **Page #27 C. Mobile Home:**

Current Policy: Rehab loans for mobile homes on owned land will follow standard NWWVT lending procedures. **Proposed Change:** Rehab loans for mobile homes on owned land will follow standard NWWVT lending procedures. **Add** Mobile Homes should not exceed 20 years and older.

Current Policy: Rehab loans for mobile homes on rented land shall not exceed \$5,000 unless the loan can be secured by other means. **Proposed Change:** Add mobile homes should not exceed 20 years and older.

14. **Page #30 Home Repair Process:**

Current Policy: Once a rehab project is closed, all remaining funds in escrow must be applied to the principal balance of the loan.

**Proposed Change:** Once a rehab project is closed, all remaining funds in escrow must be applied to the principal balance of the loan. Add or other projects needed in the home.