

Housing Montana Fund (HMF)

PROGRAM HIGHLIGHTS

Type of Program

- The Montana Legislature established the HMF during the 1999 session. It is a revolving loan fund that is to be used for eligible activities.

Closing Options (both options require principal and interest payments starting at closing)

- Option 1: (preferred)
 - Permanent financing that will close after 3 months of stabilized occupancy (preferred)
- Option 2:
 - Financing will close at site acquisition but before construction or rehabilitation.
 - Narrative demonstrating additional public benefit being added compared to option 1 (in addition to Application narrative described below).
 - Funds not expended at closing will be held in escrow.
 - Independent Construction Monitoring Firm will be agreed to by Montana Housing, Equity Provider and/or Construction Lender.
 - This firm will manage escrow disbursements.
 - Additional security documents will be required.

Eligible Applicants

- Applicants can be state government, local governments, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations,



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regional or statewide nonprofit housing assistance organizations, and for-profit housing developers.

Types of Projects

- Eligible activities defined in [ARM Rule 8.111.503](#) include matching funds, bridge financing, acquisition of existing housing stock, preconstruction technical assistance as described in [90-6-134\(4\)](#), MCA, acquisition of land for housing developments, land banking, and land trusts; and short-term, site-based housing vouchers for needy individuals. An HMF loan may not be made that will supplant existing or available funding for eligible activities.
- Twenty percent of the money in the fund must be disbursed to rural areas based on population.

Application

- A Full Application with all required attachments is required.
 - <https://housing.mt.gov/Multifamily-Development/Housing-Credit/Housing-Credit-Application-and-Process>
- Project will need to show progress through required quarterly update reports.

Security

- Mortgage that may or may not be in first position.

Loan Term

- Maximum 40-year amortizing 30-year term fixed rate loan. Financial feasibility will be used to set amortization period. Shorter terms will generally be required i.e., 10-, 16- or 20-year term.



Loan Rate

- 2% if targeting 30% or less AMI households.
- 3% if targeting from 31% to 50% AMI households.
- 4% if targeting from 51% to 80% AMI households.
- 6% if targeting from 81% to 95% AMI households; and
- Weighted average rate if targeting multiple ranges. Existing projects will use incomes of tenants at application.
 - Example:
 - 10-unit property, 5 units @ 30%, 2 units at 50%, 3 units @ 60%
 - $5 \times .02 = 0.10$
 - $2 \times .03 = 0.06$
 - $3 \times .04 = 0.12$
 - Total = 0.28 Final rate: $0.28 / 10 = 0.028$ (2.8%)

Underwriting and Fee Limitations

- Underwriting assumptions and fee limitations will use the most current Qualified Allocation Plan for Housing Credits as an outline.

MH Fees

- Total of 1% of mortgage loan amount due at closing.

Compliance Fees

- Will match current compliance fees for Housing Credits. Fees will be charged once and not for each funding source if multiple.

<https://commerce.mt.gov/Housing/Developers/Compliance/>



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Contributions

- Contributions, gifts and grants may be deposited into the fund. If you would like to contribute, please send a clearly marked check to Montana Housing.
- Please discuss with your tax professional if this contribution would be an allowable tax deduction.

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