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MULTIFAMILY LOAN PROGRAM PROGRAM HIGHLIGHTS

Type of Program:

- Permanent financing for multifamily rental homes. Loans may be insured or noninsured depending on security of asset.

Eligible Applicants:

- For-profit, non-profit, and governmental entities as Single Asset Mortgagors.

Types of Projects:

- Residential rental homes that may be new construction and acquisition with substantial rehabilitation with complete living units. Preservation projects will be prioritized.

Security:

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

Loan-to-Value:

- Loan amount will be less than 75% of appraised replacement cost/value and may be reduced depending on security of the asset. If an insured loan it can be above 75%.

Loan Amounts:

- Maximum loan based on security of the asset but will generally not exceed \$1,500,000.

Debt Service Coverage:

- Minimum of 1.15 to 1.

Loan Term:

- 30-year fixed rate max but will consider other variations.

Affordability Term

- A minimum of a 15-year affordability period enforced through a regulatory agreement recorded against the land and may include prepayment penalties if needed.

Reserve Requirements:

- Escrows established for property taxes and hazard insurance, and replacement reserve.

Loan Servicing

- The loan will be serviced by Montana Housing including escrow and reserve requirements. Servicing fee will be absorbed by loan rate charged below.

Loan Rate: (will generally follow Housing Montana Fund rates but exceptions may be considered)

- 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%
- $5 \times .02 = .10$
- $2 \times .03 = .06$
- $3 \times .04 = .12$
- Total = .28 Final rate: $.28 / 10 = .028$ (2.8%)

Underwriting and Project Fee Limitations:

- Underwriting assumptions and fee limitations will follow Housing Credits.

MH Loan Fees:

- Total of 1% of mortgage loan amount, including origination fees.

Mortgage Insurance Premium:

- Depends on the type of MIP being used.

Compliance Fees:

- Will match current compliance fees for Housing Credits.