



# Economic Transformation, Stabilization, & Workforce Development Advisory Commission

August 12, 2021

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# Montana Homeowner Assistance Fund

- The purpose of the HAF is to mitigate financial hardships associated with the coronavirus pandemic by providing funds to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020, through qualified expenses related to mortgages and housing.
- The HAF consists of \$50 million in federal funding allocated by Congress to the state of Montana through ARPA and appropriated to the state of Montana Department of Commerce through the passage of House Bill 632.
- The ARPA legislation and Treasury established a separate set-aside allocation of HAF for Tribes and Tribal entities, which is not included in the \$50 million allocated to the state of Montana.



# Timeline

- March 11: American Rescue Plan Act of 2021 signed into law
- April 14: Treasury published HAF Guidance
- April 22: Commerce submitted notice of request for funds to Treasury
- April 30: House Bill 632 signed by Governor
- May 4: Commerce received initial 10% of funds from Treasury (\$5M)
- July 21: HAF pilot program presented to Advisory Commission
- Aug. 2: Treasury published updated HAF Guidance
- Aug. 4: Montana Board of Housing Board Meeting – HAF discussion item
- Aug. 12: Draft HAF Plan presented to Advisory Commission
- Aug. 12: Start of 30-day public comment period
- Sept. 8: Advisory Commission meeting – HAF public comment
- Sept. 12: End of 30-day public comment period
- Sept. 14: Montana Housing Board Meeting – HAF agenda item
- Sept. 30: Submit final HAF Plan Treasury



# Homeowner Assistance Fund Plan

To receive funds beyond the 10% payment, Treasury requires states to develop and submit a HAF Plan. HAF Plans must address required topic areas outlined in Treasury guidance, published April 14, 2021, and revised August 2, 2021, including:

- Data-Driven Assessment of Homeowner Needs
- Evidence of Public Participation and Community Engagement
- Program Design (Descriptions; Methods of Targeting HAF Funding; Best Practices and Coordination with Other HAF participants)
- Performance Goals
- Readiness (Staffing and Systems; Contracts and Partnerships; Existing and Pilot Programs)
- Budget



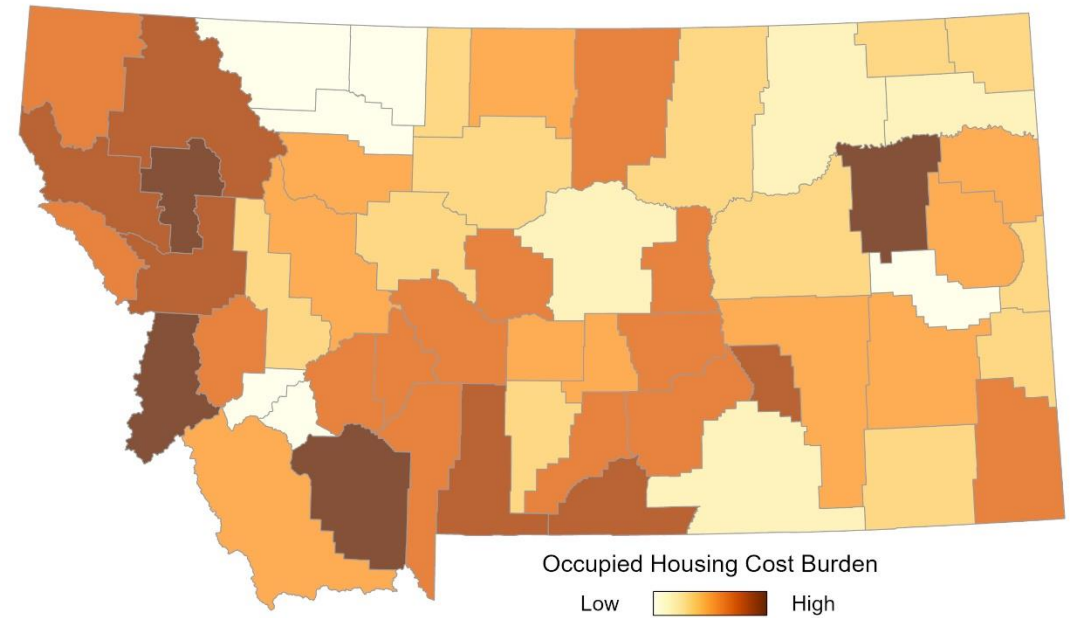
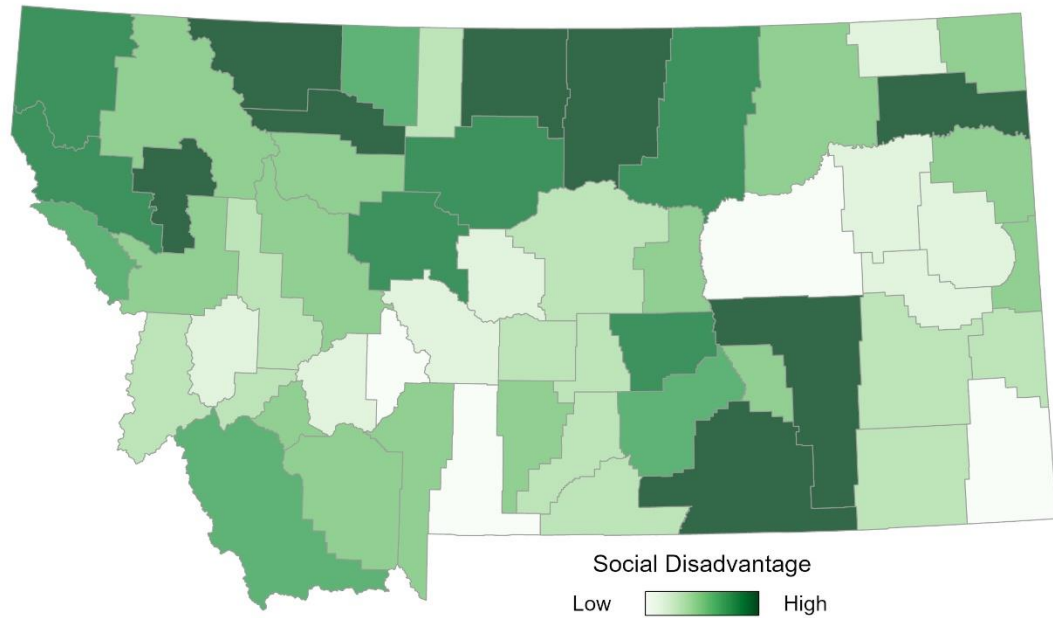
# Needs Assessment

Collaboration with Montana Department of Commerce Census and Economic Information Center (CEIC) and contributions from State Division of Banking and Financial Institutions.

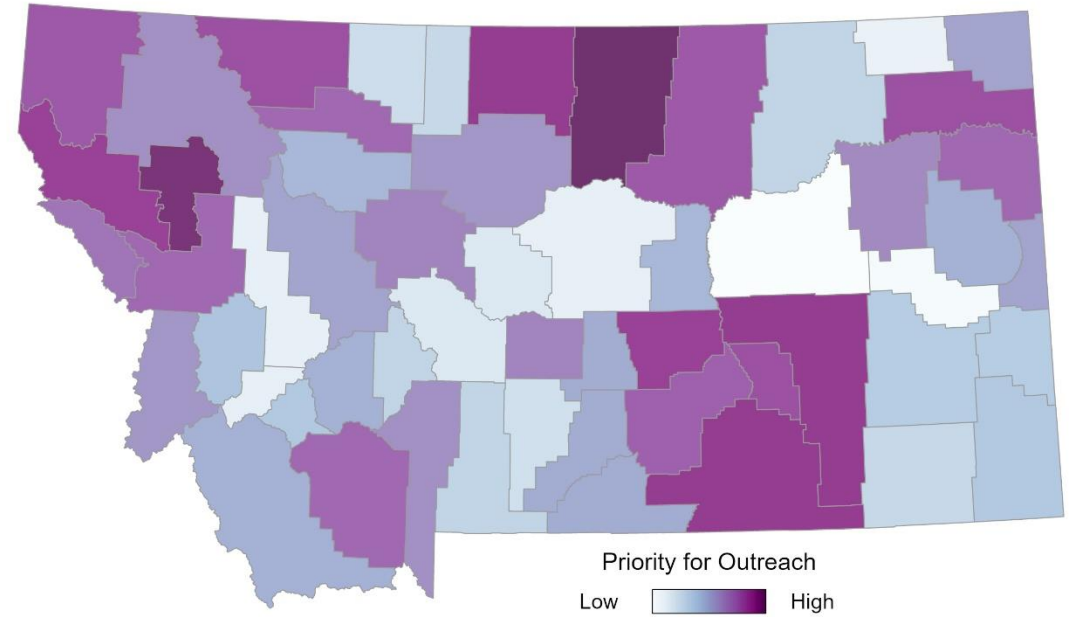
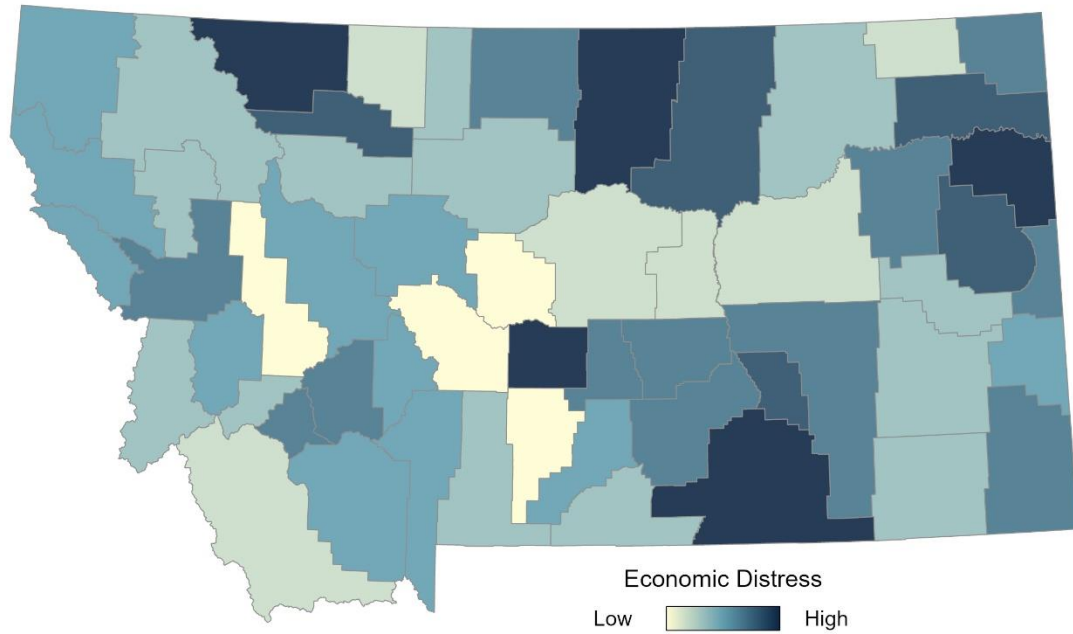
- COVID-19 & Montana Mortgage Delinquencies
- Eligible Homeowners & Socially Disadvantaged Individuals
- Housing Costs for Homeowners with Mortgages
- Economic Distress
- Methodology for Identifying Geographic Areas
- Conclusion



# Social Disadvantage / Housing Cost Burden



# Economic Distress / Priority for Outreach



# Ranking of Montana Counties

Rank	Social Disadvantage	Housing Cost Burden	Economic Distress	Overall Rank
1	Big Horn	Lake	Big Horn	Blaine
2	Blaine	Madison	Blaine	Lake
3	Glacier	McCone	Glacier	Big Horn
4	Hill	Ravalli	Richland	Hill
5	Lake	Carbon	Wheatland	Rosebud
6	Pondera	Flathead	Dawson	Sanders
7	Roosevelt	Missoula	Phillips	Musselshell
8	Rosebud	Park	Pondera	Glacier
9	Cascade	Sanders	Roosevelt	Roosevelt
10	Chouteau	Treasure	Treasure	Treasure





# Program Design – Use of Funds

## Loan Terms:

- Deferred payments for the life of the first mortgage
- Payments due in full when the first mortgage ends (repayment, refinance, transfer, sale)
- Repayment is subject to review and Montana Housing may, based on homebuyer situation and needs at the time of repayment, require payment in full or establish a payment plan.
- 0% Interest Rate
- Note and Deed of Trust, recorded as last in line lien on the property

## Grant Terms:

To ensure maximum flexibility to meet evolving homeowner needs, funds may be considered for the following:

- Delinquent property taxes to prevent homeowner tax foreclosures
- Homeowner Association due, Condo Association fees, and/or mobile home lot rent that can jeopardize homeownership if left unpaid
- Insurance and taxes outside of escrow



# Program Design – Maximum Assistance

- \$25,000 maximum loan per household, as needed to prevent homeowner displacement or foreclosure (includes principal, escrowed taxes and insurance and all required fees required to reinstate loan)

AND / OR

- \$5,000 maximum financial assistance in form of a grant to prevent property tax foreclosure or remove or prevent creation of other liens (HOA, COA, lot rent etc.) that would place homeowner at imminent risk of displacement (within 90-days)



# Program Design – Eligible Homeowners

- Borrower or co-borrower on the **Mortgage** (co-owners are not permitted to separately apply).
- Primary residence, owner-occupied homes located within the state of Montana.
- **Qualified Expenses** must be related to current primary residence, owner-occupied home.
- Must attest to experiencing a **Financial Hardship** after January 21, 2020. Attestation must describe the nature of the financial hardship, e.g., job loss, reduction in income, or increased costs due to healthcare or the need to care for a family member.
- Must have combined household income equal to or less than **150% area median income**. Homeowners can check their income eligibility using our online tool available at [ARPA.MT.GOV/HOUSING](https://arpa.mt.gov/housing).
- If applicable, unpaid principal balance of the homeowner's first mortgage was, at the time of origination, not greater than the **Conforming Loan Limit** in effect at time of origination.
- HAF assistance may not duplicate other local, state, or federal mortgage assistance received by the household since March 1, 2020.



# Program Design – Eligible Property Types

- Single-family (attached or detached) properties
- Condominium units
- 1- to 4-unit properties where the homeowner is living in one of the units as their primary residence (EXCLUSION: no duplication of funds for homeowners of a 1- to 4- unit property that have received payments on behalf of tenants from the Montana Emergency Rental Assistance Program)
- Manufactured homes permanently affixed to real property and taxed as real estate
- Mobile homes not permanently affixed to real property
- Structure must be owned by a “natural person” (i.e., LLP, LP or LLC do not qualify)
- Homeowners who have transferred their ownership right into non-incorporated, Living Trusts are eligible

Vacant or abandoned properties, second homes, and investment properties are not eligible.



# Performance Goals

- The speed by which an applicant receives assistance through the program, from receipt of full application to disbursement of funds.
- The number and percentage of applicants that receive assistance through the program (versus the number and percentage denied assistance).
- The number of households served and the dollar amount of HAF assistance provided for mortgage loans in Government Loan and Affordable Housing Portfolios.
- The percentage of funds awarded to **Socially Disadvantaged** homeowners.
- Effectiveness at serving households at or below 100% AMI, 80% AMI, and 50% AMI, respectively.



FOR MORE INFORMATION



## MONTANA HOUSING

Montana Department of Commerce

[HOUSING.MT.GOV](http://HOUSING.MT.GOV)

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