

Multifamily Loan Programs

Program Guidelines

Programs

- a. **GO Housing – HMF** (Growth & Opportunity Housing Trust – Housing Montana Fund) was established during the 2025 session. The Montana Housing Trust in the Montana Growth and Opportunity Trust permanent fund is held at the Montana Department of Revenue and is funded by scheduled transfers from the capital developments long-range building program, general fund, and annual transfers of volatile revenues. This is a revolving loan fund.

- MCAs: tbd ; ARMs: 8.111.501 to 507
- Is 1st lien position required? NO
- Is project required to pay property taxes? NO
- Is the project limited to multifamily rental? NO
- Is development or preservation of mobile home parks allowed?
YES

- b. **GO Housing – MFHP** (Growth & Opportunity Housing Trust – Multifamily Homes Program) was established during the 2025 session. The Montana Housing Trust, in the Montana Growth and Opportunity Trust permanent fund is held by the Montana Department of Revenue. This program includes \$65 million established under the original Coal Trust Multifamily Homes program. This is a revolving loan fund.

- MCAs: tbd ; ARMs: 8.111.801 to 807
- Is 1st lien position required? YES

- Is project required to pay property taxes? YES (except those located on tribal lands)
- Is the project limited to multifamily rental? YES
- Is development or preservation of mobile home parks allowed?
YES

c. **MBOH – HMF** (Montana Board of Housing – Housing Montana Fund) was established during the 1999 session. Funding for MBOH-HMF is held by the Montana Board of Housing. This program is not funded annually and is a revolving loan fund.

- MCAs: [Title 90 Chapter 6 Part 1](#); ARMs: [8.111.501 to 507](#)
- Is 1st lien position required? NO
- Is project required to pay property taxes? NO
- Is the project limited to multifamily rental? NO
- Is development or preservation of mobile home parks allowed?
YES

d. **MBOH – MF** (Montana Board of Housing – Multifamily Loan Program) was established by the Montana Board of Housing and is funded by existing indentures of the Board. This program is not funded annually and is a revolving loan fund.

- MCAs: none; ARMs: none
- Is 1st lien position required? NO
- Is project required to pay property taxes? NO
- Is the project limited to multifamily rental? YES (restricted to only new construction or acquisition rehabilitation.)
- Is development or preservation of mobile home parks allowed?
NO

Definitions

- e. "Median income" means median income as determined by the U.S. Department of Housing and Urban Development, with adjustments for smaller or larger families.
- f. "Low-income" means households whose incomes do not exceed 80% of the median income in the area as determined by the U.S. Department of Housing and Urban Development with adjustments for smaller and larger families.
- g. "Moderate-income" means households whose incomes are between 81% and 95% of the median income for the area as determined by the U.S. Department of Housing and Urban Development with adjustments for smaller and larger families.
- h. "Rural area" or "Small municipality" means any area or municipality within the state that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, Missoula, or any municipality which, as of the date of Application, has a population greater than any of the seven cities listed above.
- i. "Multifamily rental housing project" means a project that is two or more rental units.
- j. "Mobile home parks" as defined in 70-33-103, MCA means a trailer court as defined in 50-52-101 (7)(a) "Trailer court" means a parcel of land upon which two or more spaces are available to the public and designated for occupancy by trailers or mobile homes for use as residences.
- k. "Total development cost" means all costs shown in the application on the Uses of Funds less project reserves.

Eligible Applicants (all loan programs)

Applicants can be state government, local governments, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, and for-profit housing developers.

Eligible Activities

Loans can be made for the following purposes:

1. **Eligible Activity 1:** New construction of housing for low-income or moderate-income households; acquisition of existing housing stock for the purpose of preservation of or conversion to housing for low-income or moderate-income households.
 - Provide for amortization through substantially equal monthly payments of principal and interest.
 - Have an amortization period not to exceed 40 years and a term not to exceed 30 years as approved by the Board based on the loan amount, other funding sources and obligations, and other relevant factors.
 - If a project is for homeownership, a short-term loan would be done during construction, as described below, and the terms of the loan would be considered based on the needs of the project. These loans will be made as interest only.
 - Bear interest at an annual rate as approved by the Board. This rate includes all administrative and servicing fees.
 - 3.25% (approved at 12/8/2025 meeting)
 - Will not exceed 95% of total development cost.

- At least 75% of the project units or lots must be targeted to residents at or below 95% of area median income. Note that homeownership project sales prices will be affordable to income-targeted households.
- Financial feasibility will be used to set amortization period.
- Shorter loan terms will generally be 16- or 20-year terms.
- The property owner must execute and record a land use restriction agreement provided by MBOH as the regulatory agreement running with the land that will include the following:
 - Income targeting;
 - Maximum rent/sale price requirements and restrictions.
 - Related transfer, compliance, and enforcement restrictions
 - A term of the longer of thirty years or the duration of the loan obligation. This would apply to both multifamily and single family units.
- Loans will either:
 - Provide permanent financing, with loan closing and disbursement occurring after completion of construction and three months of stabilized occupancy (90% for 3 months); or
 - Provide financing prior to completion of construction, when the board determines additional public benefit such as but not limited to:
 - Allowing project financial feasibility.
 - Facilitating bridge financing during the construction phase.
 - Providing an increased number of affordable housing units.
 - The Board may require additional security, risk management measures, and other loan terms. Examples of such conditions include additional collateral, third-party construction, and disbursement monitoring obtained or

provided and paid for by the borrower, investor, or other lender.

- Funds will be disbursed at closing and will be held in escrow with a disbursement agent. Escrow funds are allowed to be invested in low-risk investments to minimize negative arbitrage. The disbursement agent will manage draws through an approved disbursement agreement.
- If a loan will be paid off after construction is complete, the loan will be structured as interest only until payoff.

2. Eligible Activity 2: Bridge financing necessary to make development of housing for low-income or moderate-income households feasible. This includes acquisition of land for housing developments, land banking, and land trusts.

These loans will:

- Have a short term loan;
- Have affordability restrictions, limitations on resale for use other than as low- or moderate-income affordable housing, and provide for recapture of the interest savings an applicant received by borrowing from the program rather than at conventional market rates;
- Comply with loan-to-value and other required loan provisions as approved by the Board;
- Be interest only and have a term not to exceed 3 years as approved by the board based on the loan amount, other funding sources and obligations, and other relevant factors;
- And bear interest at an annual rate as approved by the Board. This rate includes all administrative and servicing fees.
 - 4.25% (approved at 12/8/2025 meeting)
- Will not exceed 50% of land value if a land deal. Land value will be the lower of appraised value or purchase price.

3. **Eligible Activity 3:** Preconstruction technical assistance as described in [90-6-134\(4\)](#), MCA, for housing for low-income and moderate-income households in Rural areas and Small municipalities or short-term, site-based housing vouchers for needy individuals.
- Shall be subject to terms and conditions, as approved by the Board, which shall ensure a reasonable likelihood of repayment.

General Program Parameters (all Eligible Activities):

- Generally, the minimum and maximum loans that will be considered will be between \$250,000 and \$5,000,000.
- Loans may not be made that will replace existing or available funding for eligible activities.
- The general public use rule for tax credits will be followed.
- All loans will be hard debt and Debt Service Coverage Ratio requirements will follow the current Qualified Allocation Plan.
- Twenty percent of the money in any fund must be disbursed to Rural areas or Small municipalities based on population.
- Loans will be made to a single asset entity that holds the project.
- Mortgage must be secured by a lien perfected by a trust indenture against the real property benefited by the loan.
- Loan will be subject to a late fee of 4% of the monthly payment due for each monthly payment that is not made within 15 days of its due date.
- Applicants must demonstrate project development progress through submission of quarterly progress reports from the time of preliminary loan application approval through loan closing and construction.
- If progress is not demonstrated as determined by the Board, a loan commitment can be revoked.

Application Process

- A Pre-Application followed by a Full Application with all required attachments will be submitted on the Board's application platform.
- All required items for either application type are listed on the Board's application platform checklists.
- To request access to our application platform, please submit a Pre-Qualification form at the URL below; access will be granted by Board staff to the relevant checklist:
 - <https://commerce.mt.gov/Housing/Developers/Housing-Credit/Housing-Credit-Application-and-Process>
- A Pre-Application will be submitted, and the Board will issue any loan commitments based on this information.
- If approved, a Full-Application must be submitted with all required attachments within 90 days of loan commitment date.
- If a Full-Application has already been submitted, only the following is required:
 - Updated narrative addressing all items listed in the narrative section below.
 - Updated Proforma with revised structure.
- At the time the application is submitted, the applicant must also submit a written narrative including:
 - A description of the efforts made by the applicant to coordinate the loan with other housing assistance programs administered by the board, the federal government, state agencies, tribal government, local public housing authorities, local governments, and private entities;
 - An explanation of how the loan will not replace existing or available funding for the project;
 - A detailed description of the public benefit obtained from program funding, this includes what will be provided because of the loan being requested.;

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- When applicable, construction phase funding compared to funding from other existing and available funding sources with substantially similar terms and conditions; and
- For mobile home park projects, documentation of lot rents for comparable mobile home parks in the market area and an explanation demonstrating that proposed lot rents will be reasonable and affordable for prospective residents.
- The Board will review the following criteria when considering loan approval:
 - The applicant's experience in managing or developing housing for Low- and/or Moderate-income households;
 - The percentage of the units in the project that will be available for Low- and/or Moderate-income households;
 - The need for Low- and Moderate-income housing in the community where the project is located;
 - The priority of the Board's proposed lien in relation to the amount of the loan; and
 - The priority of the liens and the amount of the loans of the other lenders on the project.
 - Project location;
 - The loan size and whether it maximizes the geographical distribution of the loan program; and
 - The use of other funds to leverage the use of the Board's funds.
 - The following categories will also be used as consideration for funding:
 - Income Levels Targeted
 - Project Efficiency
 - Location Considerations
 - Geographic Distribution
 - Community Contributions

- Board staff reserves the right, in consultation with the project, to move projects to a different program than requested to best utilize available funds.

Underwriting and Fee Limitations

Underwriting assumptions and fee limitations will use the most current Qualified Allocation Plan for Housing Credits as a guide.

Fees

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

Compliance Fees

Compliance fees will match current compliance fees for Housing Credits. Fees will be charged once and not for each funding source, if there are multiple.

Loan Servicing

All loans will be serviced by Montana Board of Housing. As a part of loan closing escrow and replacement reserve accounts will be established with US Bank and collected monthly along with your principal and interest payments. This is an automatic ACH that is executed a couple of days before the 1st of month. The following will be collected:

- A monthly amount will be calculated for each item below, but there may be an upfront collection at closing if it is needed to pay the next bill.
- Property Taxes (includes Payment in Lieu)
 - MBOH will pay in November and May every year on behalf of the project.
 - The most recent property tax statements will be used to estimate.
- Hazard insurance

- MBOH will prepay annually on behalf of the project. If the project is currently paying insurance monthly or quarterly it will need to be converted to annual payments.
 - The policy should meet our General Insurance Coverage Requirements that can be found on our [website](#) or in the Loan Agreement attachment.
 - MBOH will be listed as loss payee on the declaration page.
- Replacement Reserves
 - The annual amount will be determined by the greater of the amount in the application or what the partnership agreement requires.
 - There is a 3% annual escalator to this amount.
- 2-month Buffer
 - A 2-month buffer will be collected at closing to help cover any shortages.
 - This includes monthly amounts collected for Property Taxes, Insurance and Replacement Reserves.
- If another independent lender is collecting escrow, the board staff may allow this exception.

Initial One-time Competitive Funding Round and Timeline

Dec. 2025	Start accepting Pre-Qualification Forms
Jan. 2026	Individual project Pre-Application meetings scheduled
Feb. 2026	Application workshop Grant access to Application Checklists
April 13, 2026	Pre-Application deadline
June 8, 2026	Loan commitment award at Board meeting

- After this initial competitive round, the Board anticipates moving to an open funding process, subject to the availability of funds.
- Pre-Qualification Forms can be submitted after December 11, 2025 (required for all loan applications).

- Submission of the Pre-Qualification Forms serve as the applicant's request to access the Board's application platform for Pre-Application submissions, and Full Application submissions, if selected.
- The Pre-Qualification Forms are available here:
 - <https://commerce.mt.gov/Housing/Developers/Housing-Credit/Housing-Credit-Application-and-Process>
- Pre-Application meetings for each project will be scheduled in January 2026.
- Access to the Pre-Application and Full-Application system will be given starting in February 2026.
- Application Workshop will be held early February 2026.
- Pre-Application Deadline: Monday, April 13, 2026 by 5:00 pm MDT.
- Pre-Applications will be considered at the June 8, 2026 Board meeting.
- All Pre-Application approvals will be contingent on submission of a Full-Application that meets all underwriting criteria and cashflows.
 - Full Application Deadline: If selected, Full Applications will be due no later than Wednesday, September 30, 2026 by 5:00 pm MDT.
- If a project has already submitted a Full Application:
 - A Pre-Qualification Form must still be submitted.
 - Board staff will grant the applicant access to the application platform and the applicant must then provide:
 - Updated narrative addressing all items listed above that are needed for an application.
 - Updated Proforma with revised structure.
- MBOH expects to approve projects so long as funds remain available.
- Once all available funding is committed, remaining projects will be listed in priority order to be funded if a project is not able to move forward with their loan.

Available Funds as of 11/18/2025

GO Housing-HMF	\$22,000,000
GO Housing-MFHP	\$13,181,315
MBOH-MFLP	\$2,924,4515
MBOH-HMF	\$1,625,107
Total:	\$39,730,937

Available funding is subject to change. Please contact MBOH Multifamily program staff at dochdmf@mt.gov to inquire about available funds for each program.

Frequently Asked Questions

1. Can existing community land trusts (CLTs) use loan funds to provide affordable housing?
 - Loan funds in either HMF programs could be used.
 - If acquiring land for future development, Eligible Activity 2 could be used to purchase the land using a short-term loan.
 - If trust property has been developed, Eligible Activity 1 could be used for a long-term loan on the land while the homeowner would have separate financing the structure using existing homebuyer programs.
 - Under either scenario, the project would need to meet income targeting requirements and be able to support debt repayment.
2. If acquiring an existing multifamily project or single-family units, is rehabilitation required?
 - It is not required if a capital needs assessment does not identify any deficiencies.
 - If deficiencies are identified, they will be required to be addressed.

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3. Can loan funds be used for mortgages to homebuyers?
 - o No, homebuyers will need to use single family programs to purchase their home.
4. Can loan funds be used to develop and construct single family homes that will be sold to families?
 - l. Both HMF program funds can be used for this purpose.
 - m. Projects constructing homes for sale will be required to use a Habitat, CLT or similar organization to manage future affordability restrictions.
 - n. A plan must be submitted by the applicant outlining how current and future sales restrictions will be handled.
 - o. Example:
 - Property is sold and used as principal, owner-occupied residence.
 - Homebuyers must be an eligible household with annual gross income at or below proposed income targeting (i.e., 75% to moderate income not to exceed 95% AMI).
 - 24 CFR Part 5 will be used to qualify income of homebuyers, consistent with the Board's other single-family programs and Commerce's HOME program. Applicants can refer to the Board's Income Determination Guide available here:
https://commerce.mt.gov/_shared/housing/Homeownership/docs/IncomeDeterDef.pdf
 - Purchase prices must be affordable to a reasonable range of income qualified eligible households (i.e., if targeting Moderate-income at 95%, reasonable range may be 80-95% AMI; if targeting Low-income at 80%, reasonable range may be 50-80% AMI).
 - Original homeowners at time of sale will be limited to up to 3% annual appreciation. Consideration for capital improvements made

to the home by the original homeowner may be considered if third party documentation evidencing substantial repairs or replacements (i.e., roof, HVAC, electrical, plumbing etc.) are provided.

5. There appears to be some loan funds available for predevelopment work. Are you anticipating monthly payments on predevelopment work? Typically, these kinds of funds are a bridge loan until financing takes them out with no payments simply capitalized interest.
 - p. If by “predevelopment loans” you mean bridge financing under eligibility 2, we do not anticipate doing many of these types of loans
 - q. We would at a minimum require a lien against the property being developed and restrictive covenants being recorded.
 - r. We would at minimum, require interest only monthly payments.
 - s. We would also require a guarantee of repayment if the project did not materialize.
6. Will a funding commitment be required for the project before predevelopment loans are made. In other words, how early are you willing to get into a project? Will a first lien priority be required?
 - t. If by “predevelopment loans” you mean bridge financing under eligibility 2, we will not necessarily require a funding commitment or first lien but the above listed requirements would be included.
7. For the GO Housing HMF – is there a minimum DSCR for funds, presuming 2nd lien position?
 - u. All loans will be hard debt and Debt Service Coverage Ratio requirements will follow the current Qualified Allocation Plan.

8. Do any loan programs trigger prevailing wage or other requirements during construction?

v. No, these programs do not trigger any of the standard federal requirements like prevailing wage.

9. What type of closing fees will be assessed?

w. The 1% closing fee mentioned above will be assessed but the project will also be responsible for all other closing fees like title insurance etc.

10. Will the board use a scoring process when making funding decisions?

x. No, they will use a process similar to our tax credit awards where they consider and talk about the items listed above and how a project meets them.

11. Will there be more competitive funding rounds if additional funds are added to the program?

y. We do not expect additional funds of any significant amount in this biennium but if there are funds approved in the next legislative session we will reassess how to handle this.

12. Can funds be used for infrastructure like water, sewer and roads?

z. Yes, infrastructure can be financed so long it is part of an affordable housing development's project budget.

aa. If the only activity is financing infrastructure, it would not be eligible.

bb. Developers seeking funds specific to the infrastructure for new housing growth may also consider available programs at the [Montana Board of Investments](#).