

# Montana Housing (MH) Multifamily Loan Program Process

These processes will be updated and can change from time to time as our programs are refined. Please make sure you use the most current version posted on the website.

If a project has already submitted items for Housing Credits or another program they do not need to be resubmitted, only additional items need to be submitted for a loan request. If an item is requested but does not seem to be needed for the type of loan being requested contact staff for direction.

The highlights list rates, fees etc. for all programs.

## LOAN ELIGIBILITY PROCESS

(Inducement Resolution Memo Request)

Requests to see if a project is eligible for a loan program or if requesting an Inducement Resolution Memo must be submitted on the same form and include the same items required for a Letter of Intent (LOI) for Housing Credits. The submission process and requirements can be found on the Montana Housing website.

Letters of Intent for multifamily loan programs or inducement resolution are accepted at any time. After staff review and approval, a letter or memo will be provided indicating if the project qualifies for a loan and if needed the estimated rate and terms based on the information submitted. Montana Housing will not consider the letter a commitment until a full application is submitted, reviewed, and approved by the Board.



### Mini and Full Market Study Requirements

- If the project does not have Housing Credits and is an existing project, market study requirements may be modified based on specifics of the project, if approved by staff.

## LOAN COMMITMENT PROCESS

Requests for a Loan Commitment must be submitted on the same form and include the same items required for a Full Application (FA) for Housing Credits, as applicable and subject to any applicable exceptions stated below. The submission process and requirements can be found on the Montana Housing website. The items required as part of the FA process can be found in the Uniform Application on the Threshold tab.

Full Applications for multifamily loan programs are accepted at any time. Substantially complete applications must be submitted at least 6 weeks before a Board meeting to be eligible to be on the agenda.

After staff review, the project information will be presented to the Board with proposed rate and terms. If approved, a Commitment letter will be provided indicating the firm commitment with rate and terms.

Possible exceptions or additions to Full Application requirements:

- The mortgage must be on real estate held in fee simple. A lease may also be allowed at MH discretion that has a term at least 10 years beyond the end of the mortgage term.
- The mortgagor must be a single purpose entity. Substitution of mortgagor or sponsor will be cause for delays in processing.
- Commitment Letter
  - This will not be required if the loan being requested is the primary loan.

**Montana Department of Commerce | Montana Board of Housing**

[commerce.mt.gov](http://commerce.mt.gov) | [montanarelay.mt.gov](http://montanarelay.mt.gov) (711)

P.O. Box 200528 | Helena, MT 59620-0528 | Phone: 406-841-2840 | Fax: 406-841-2841



- Full Market Study
  - Required unless requirement is modified at LOI
- CMA/Appraisal
  - In addition to FA thresholds, must be an appraisal, must include replacement cost, must be completed within the last year, and must list Montana Housing as an authorized user.
  - Appraisal must follow MH posted requirements.
- The most recent audited financial statement of the sponsor.
  - Personal financial statement and net worth statement of an individual, and any other known principals or associates involved in the project may be requested but is not always required.
- Any information needed to obtain any proposed mortgage insurance. This may include previous participation forms, environmental reviews, etc.
- Information/authorization sufficient for MH to order a credit report if needed.
- Phase I environmental (additional environmental assessment may be required based upon Phase I results).

## **LOAN CLOSING**

### **Construction Loan Closing**

Requests for Loan Closing will be allowed with the information submitted for Commitment with any updates and additional requirements being provided as requested.



**Conversion to Permanent or Permanent Loan Closing**

A request for Loan Closing will use the same process as the 8609 submission for Housing Credits. This process and documents that will be used can be found on the Montana Housing website.

Possible exceptions or additions to Loan Closing requirements:

- **Mortgagor Certifications**
  - The mortgagor certifies that the property is free from all liens other than the lien of the insured mortgage, unless specifically approved by MH.
  - The mortgagor certifies that all contractual obligations in connection with the mortgage transaction are paid, unless specifically approved by MH and of lesser priority than the insured mortgage.

**All Loan Closings**

- The sponsor and mortgagor shall be the sponsor and mortgagor approved in the feasibility and commitment stages and firm approval process. Substitution of mortgagors (or principal partners, etc. of mortgagor) will not be allowed unless the MH is able to perform due diligence and approve the change.
- MH must receive an ALTA extended coverage lender title commitment satisfactory to MH that ensures title is vested in mortgagor and insuring the required priority of the mortgage, subject only to such exceptions as are acceptable to MH.
- A certified ALTA survey should also be included.
- **Escrow requirements for insurance, property tax, and replacement reserves**
  - Monthly payments will be collected and escrowed for:



- Insurance
- Property tax
- Replacement reserves will be collected and escrowed each month.
- Requirements for escrow can be adjusted depending on the type of loan and if another loan is already collecting or managing the payment.
- Analysis will be conducted annually with a 2-month buffer being held.

Additional details and requirements regarding title commitment, insurance and other items above can be found in the checklist.

This process description is intended as a convenient reference only. All MH Multifamily loans and loan approvals are subject to applicable federal, state and local laws, rules, guidance and program requirements.

Updated December 2024

