

# UNIFORM APPLICATION FOR MONTANA HOUSING LOAN, GRANT & TAX CREDIT PROGRAMS TABLE OF CONTENTS

<b>SECTION 1 .....</b>	<b>1</b>
<b>INTRODUCTION AND PROGRAM DESCRIPTIONS.....</b>	<b>1</b>
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM .....	3
MONTANA BOARD OF HOUSING .....	5
<i>HOUSING CREDIT PROGRAM .....</i>	<i>5</i>
<i>MULTIFAMILY RISK SHARING PROGRAM.....</i>	<i>7</i>
<i>MULTIFAMILY GENERAL OBLIGATION (G.O.) PROGRAM.....</i>	<i>8</i>
HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM.....	9
<b>USDA RURAL DEVELOPMENT.....</b>	<b>11</b>
HOUSING PRESERVATION GRANTS .....	11
RURAL RENTAL HOUSING 515 PROGRAM .....	12
FARM LABOR HOUSING 514 & 516 PROGRAM .....	13
SECTION 538 - GUARANTEED RURAL RENTAL HOUSING PROGRAM .....	14
<b>SECTION 2 .....</b>	<b>16</b>
<b>UNIFORM APPLICATION .....</b>	<b>16</b>
INSTRUCTIONS .....	16



**We make every effort to ensure that our documents are fully accessible to persons with disabilities. Alternative accessible formats of this document will be provided upon request. Please contact the Montana Department of Commerce at 406-841-2820 or TDD 406-841-2702 or the Montana Relay Service 711.**

## SECTION 1

### INTRODUCTION AND PROGRAM DESCRIPTIONS

This Uniform Application for Montana Housing Loan, Grant and Tax Credit Programs packet contains the common forms and checklists the applicant must submit when seeking financial assistance from any of the funding programs listed below.

The participating programs developed this packet and common forms and checklists to reduce the time, effort and expense incurred when applying to multiple agencies for financial assistance.

The applicant can copy the completed forms and checklists in this packet and submit them to any of the participating programs. Refer to the program descriptions to identify eligible applicants.

The following programs have adopted the application materials contained in this packet:

#### **Montana Department of Commerce**

- Community Development Block Grant (CDBG) Program
- Montana Board of Housing (MBOH)
- Housing Credit Program
- Multifamily Risk Sharing Program
- Multifamily General Obligation (GO) Program
- Montana HOME Investment Partnerships Program (HOME)

#### **U.S. Department of Agriculture - Rural Development**

- Housing Preservation Grants
- Rural Rental Housing 515 Program
- Farm Labor Housing 514 & 516 Program
- Section 538-Guaranteed Rural Rental Housing Program
- Community Facilities Loan and Grant Programs

**Each program has a unique mission and individual program requirements along with different ranking priorities for funds. It is important for the applicant to contact each program to obtain the program-specific application guidelines and any program supplemental information or materials required.**

☞ **Be sure to contact each program for specific application deadlines and guidelines.**

The forms and checklists found in this packet are intended for applicants applying for funding of **housing-related projects**.

It is important that applicants carefully complete the application materials. If the required information is not provided, the application may be rejected or processing delayed while the funding agency contacts the applicant for additional information. If an incomplete application is submitted and the application is being reviewed by a competitive funding program (CDBG, HOME and Tax Credits), ranking points could be reduced and funding jeopardized.

This packet includes:

- Information about each funding program;
- A Checklist of Required Forms;
- The Uniform Application Form for Montana Housing Projects with instructions;
- The Uniform Environmental Checklist

If you need additional copies of this packet, a computer disk with the packet and forms on it, or if you have any questions, contact one of the following programs:

**USDA Rural Development - Rural Housing Service**

PO Box 850  
Bozeman, MT 59771  
Phone: (406) 585-2515 / Fax: (406) 585-2565  
[www.rurdev.usda.gov/mt](http://www.rurdev.usda.gov/mt)

**Montana Department of Commerce - Community Development Block Grant (CDBG)  
Housing and Public Facilities Program**

PO Box 200523  
Helena, MT 59620-0523  
Phone: (406) 841-2791 / Fax: (406) 841-2771  
<http://comdev.mt.gov/Programs/CDBG>

**Montana Department of Commerce - HOME Investment Partnerships Program**

PO Box 200523  
Helena, MT 59620-0523  
Phone: (406) 841-2770 / Fax: (406) 841-2771  
<http://comdev.mt.gov/Programs/HOME>

**Montana Department of Commerce - Montana Board of Housing**

PO Box 200528  
Helena, MT 59620-0528  
Phone: (406) 841-2840 / Fax: (406) 841-2841  
[www.housing.mt.gov](http://www.housing.mt.gov)

**MONTANA DEPARTMENT OF COMMERCE**  
**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**

The **CDBG Housing and Public Facilities Grants Program**, administered by the Community Development Division of the Department of Commerce (MDOC), is a competitive grant program that distributes federal funds received by MDOC from the U.S. Department of Housing and Urban Development (HUD). This program is designed to help communities with populations of less than 50,000 address their most critical housing, public infrastructure and community development needs. CDBG Housing Grants are intended to assist communities in a wide range of activities with the goal of providing decent, safe, and sanitary housing for low- and moderate-income residents at an affordable price. Federal law requires that all CDBG projects must principally benefit low- and moderate-income (LMI) persons.

**Components of Montana's CDBG Program:** A wide variety of community development projects are eligible for funding during each calendar year's competitions in CDBG's four grant categories:

- **CDBG Planning Grants** – (from the Housing and Public Facilities portion of CDBG) – Federal Fiscal Year (FFY) applications are due **September each year**.
- **CDBG Public Facilities Grants** – Applications are due **March each year**.
- **CDBG Housing and Neighborhood Renewal Grants** – Applications are due **March each year**.
- **CDBG Economic Development (ED) Grants and Loans** – Visit the following website to apply for funding for economic development projects or planning funds related to an economic development study: <http://comdev.mt.gov/Programs/CDBG>. Under the Montana Department of Commerce, Business Resources Division, CDBG-ED is designed to stimulate economic development activity by assisting Montana's private sector to create or retain jobs for low and moderate-income persons. CDBG ED funding is available on an open cycle basis with applications accepted on a continuous basis as long as funding is available for the program year. Contact Karyl Tobel, Section Manager, Commerce Loan Fund, at 841-2733, or by email at [karylt@mt.gov](mailto:karylt@mt.gov) for more information.

**CDBG Requires Benefit to Low- and Moderate-Income (LMI) persons:** For CDBG Housing projects, an applicant must document that the grantee will use a minimum of 51% of the non-administrative funds requested for a project for activities clearly designed to meet the identified needs of LMI residents. In order for a project to receive credit as benefiting LMI persons, HUD regulations require that housing units assisted with CDBG funds must be occupied by low- and moderate-income persons.

**Eligible Applicants:** Eligible applicants for CDBG grants are limited to general-purpose local governments:

- Towns and cities under 50,000 population
- Counties
- Local governments can apply on behalf of nonprofit or for-profit organizations or special-purpose governmental agencies. The local government receiving the grant assumes ultimate responsibility for administration of funds and compliance with all federal and state requirements.

**Eligible Activities:** Eligible activities for CDBG Housing Grant applications:

- Acquiring, clearing, or rehabilitating sites or structures for use or for resale for new housing.
- Converting existing nonresidential structures for residential use.
- Demolition of vacant, deteriorated housing units with the intent of making the site available for new housing construction;
- Financing or subsidizing the construction of new permanent, residential units (including assisted living facilities) when a local nonprofit organization sponsors the project.
- Weatherization and energy conservation activities: Increasing the energy efficiency of housing units through installation of storm windows and doors, insulation, replacement of heating equipment, or other weatherization improvements.
- Rehabilitating substandard housing.
- Homebuyer assistance for low and moderate-income persons.
- Providing site improvements or public facilities to publicly owned land or land owned by a nonprofit organization to be used or sold for new housing.

**Application Conditions for Previous CDBG Award Recipients:** To be eligible to apply for a CDBG housing grant, a previous recipient of any CDBG award must:

- Be in compliance with the project implementation schedule in its CDBG contract with MDOC for any current grant awarded in the Public Facilities or Housing and Neighborhood Renewal categories;
- Not have any unresolved audit or monitoring findings related to any previous CDBG grant award; and
- Have met all additional conditions for eligibility that are relevant to applications (such as adequate spend-down of grant funds, submission of required project completion reports, scheduling of required audits, and reaching final or conditional closeout status). These additional conditions are described and explained in the **Montana Community Development Block Grant (CDBG) Program Application Guidelines for Housing and Neighborhood Renewal Projects**.

**Grant Ceiling:** The grant ceiling for CDBG Housing and Neighborhood Renewal projects is \$450,000.

**Application Process:** Two basic application requirements documents must be reviewed and followed to create a complete CDBG Housing Grant application. It is important for potential applicants to obtain *both* of the following publications from the Montana CDBG program in order to be aware of all requirements for CDBG housing grant applications:

- 1) **Montana Community Development Block Grant (CDBG) Program Application Guidelines for Housing and Neighborhood Renewal Projects**. This document contains instructions, requirements, and procedures and the format for CDBG Housing grant applications and provides specific, detailed information about CDBG housing program policies.
- 2) **The Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs**. This is a common application form used for all Montana housing grant and loan programs. It must be completed and submitted to CDBG as one portion of the CDBG-specific housing grant application.

Potential applicants are encouraged to contact the Montana CDBG Housing Program staff (406) 841-2791 for assistance concerning grant applications. You can also find information about these topics at **<http://comdev.mt.gov/Programs/CDBG>**

**MONTANA DEPARTMENT OF COMMERCE**  
**MONTANA BOARD OF HOUSING**  
**HOUSING CREDIT PROGRAM**

The low income housing tax credit( in Montana referred to as the Housing Credit) is available under Section 42 of the Internal Revenue Code of 1986. The credit is a federal income tax credit for owners of qualifying rental housing, which meets certain low-income occupancy and rent limitation requirements. The credit is taken as a reduction in participants' tax liability over a 10-year period. The credit can also be sold to investors to act as a financing source.

The Montana Board of Housing (MBOH) allocates the housing credit for housing located in Montana. An owner must first obtain a credit allocation from the MBOH before claiming the housing credit. The amount of housing credit, which may be allocated annually for housing within Montana, is found in the Housing web site under the housing credit information, or by contacting the Multifamily Program staff.

**Eligible Applicants:**

- Governmental Entities
- Nonprofit Entities
- For-Profit Developers

**Eligible Projects:**

- Residential rental buildings available to the general public including:
- New construction
- Substantial rehabilitation of an existing project
- Acquisition with substantial rehabilitation

**Non-qualifying Properties:**

- 4 units or less occupied by owner or relative
- Nursing Home or Life Care
- Retirement Homes with significant services
- Dormitories or Trailer Parks

**Funding Requirements:** Ten percent (10%) of the credit available is set aside for projects involving qualified nonprofit organizations. Twenty percent (20%) of the state's available annual credit allocation is set-aside for small rural projects. For purposes of this set-aside, a small rural project is a project: (1) for which the submitted tax credit application requests tax credits in an amount up to but no more than 10% of the state's available annual credit allocation, and (2) proposed to be developed and constructed in a location that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell or Missoula. The remaining credits are allocated in the general pool. Twenty-five percent (25%) of the total annual credit allowance will be the maximum credit allocated to any one development or developer annually.

Federal law mandates that, although a proposed development may be technically eligible for a credit amount, the state housing credit agency (MBOH) may not allocate more credit than is necessary for the financial feasibility of the development and its viability as a qualified low-income housing project throughout the compliance period.

**Application Process:** Two competitive application rounds may be held each year to award the credits. Please check the current QAP for submission deadlines for each round. Complete applications will be ranked according to the Development Evaluation Criteria of the program and reviewed for completeness and soundness of the development. The chief executive officer and other community officials of the local jurisdiction of the development will be notified and given an opportunity to comment on the development. Based on the project reviews and public comments, the Board will award credits to successful applicants.

The Qualified Allocation Plan provides specific information about the program and all of its requirements. It is important that potential applicants obtain the current publication in order to be aware of these requirements. You can find the newest QAP here:

<http://housing.mt.gov/MFQAP>



**MONTANA DEPARTMENT OF COMMERCE**  
**MONTANA BOARD OF HOUSING**  
**MULTIFAMILY RISK SHARING PROGRAM**

The Risk Sharing Program is a source of permanent mortgage financing for affordable rental housing which meets certain low-income occupancy and rent limitation requirements. This program works in partnership with the Department of Housing and Urban Development (HUD), whereby HUD provides mortgage loan insurance and the Board provides mortgage underwriting and loan management as well as financing, and the two entities share the risk of loss from a project default.

Montana Board of Housing (MBOH) is authorized to make loans to multifamily housing sponsors by state law. MBOH received final approval to participate in the Risk Sharing Program with HUD on June 13, 1994.

The Board provides 30 year fixed rate mortgages for low-income rental housing that meet underwriting eligibility and receive approval of HUD mortgage insurance. The mortgage rate will be determined according to current market conditions when the loan is funded.

**Eligible Applicants:**

- Governmental Entities
- Nonprofit Entities
- For-Profit Developers

**Eligible Projects:** Residential rental buildings available to the general public of 5 or more units are eligible. This includes:

- New construction
- Acquisition with substantial rehabilitation

**Non-qualifying Properties:** Projects under construction, hotels, dormitories, transient housing, rooming houses, military impact areas as determined by HUD, retirement service centers with kitchen and dining facilities or luxury accommodations, nursing homes, intermediate care facilities (licensed as medical facilities) or trailer parks.

**Funding Requirements:** The Board intends to finance projects through the issuance of tax-exempt bonds or through funds within existing indentures.

**Application Process:** Proposals will first be submitted for Preliminary Feasibility Approval, (required for all projects) and provide an evaluation of projects on a preliminary basis. Requests for Preliminary Feasibility Approval will be accepted on a first-come/first-serve basis by MBOH not later than the 15<sup>th</sup> of each month, and will be presented to the board at the next board meeting. Once MBOH staff and Board approve the project through a Preliminary Feasibility Approval letter, the sponsor will be invited to submit the information required for Commitment processing.

**The Risk Sharing Program Guidelines provide specific information about the program and all of its requirements. It is important that potential applicants obtain this publication in order to be aware of these requirements.**

**MONTANA DEPARTMENT OF COMMERCE**  
**MONTANA BOARD OF HOUSING**

**MULTIFAMILY GENERAL OBLIGATION (G.O.) PROGRAM**

The General Obligation (G.O.) Program is a source of permanent mortgage financing for affordable rental housing which meets certain low-income occupancy and rent limitation requirements. The Board provides mortgage underwriting and loan management as well as financing. Montana Board of Housing (MBOH) obtained a General Obligation (G.O.) rating of A2 from Moody's Investors Service in April 1997. With this rating, the Board is able to issue tax-exempt bonds to finance projects that do not have mortgage insurance. These projects will typically have multiple sources of funding which have very low loan to value ratios and little risk of loss in the event of loan default. The Board will provide fixed rate mortgages for low-income rental housing that meet underwriting eligibility established by the Board. The mortgage rate will be determined according to current market conditions when the loan is funded.

**Eligible Projects.** Residential rental buildings available to the general public, including:

- New construction
- Acquisition with substantial rehabilitation

**Non-qualifying Properties:** Hotels, dormitories, transient housing, rooming houses, retirement service centers with kitchen and dining facilities or luxury accommodations, nursing homes, intermediate care facilities (licensed as medical facilities) or trailer parks.

**Eligible Applicants**

- Governmental Entities
- Nonprofit Entities
- For-Profit Developers

**Funding Requirements:** The Board intends to finance projects through the issuance of tax-exempt bonds or through funds within existing indentures.

**Application Process:** Proposals will first be submitted for Preliminary Feasibility Approval, which will be required for all projects, and which will provide an evaluation of projects on a preliminary basis. Requests for Preliminary Feasibility Approval will be accepted on a first-come/first-serve basis by MBOH not later than the 15<sup>th</sup> of each month, and will be presented to the board at the following meeting. Once MBOH staff and Board approve the project through a Preliminary Feasibility Approval letter, the sponsor will be invited to submit the information required for Commitment processing.

**The General Obligation (G.O.) Program Guidelines provide specific information about the program and all of its requirements. It is important that potential applicants obtain this publication in order to be aware of these requirements.**

## MONTANA DEPARTMENT OF COMMERCE

### HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM

The HOME Program is a federal block grant program directed by the U.S. Department of Housing and Urban Development and administered in Montana by the Montana Department of Commerce. The primary purpose of the HOME Program is to expand the supply of decent and affordable housing for low-and very-low income Montanans (at or below 80% of Area Median Income).

#### Eligible Applicants:

- Local governments (Cities, Towns, and Counties)
- Community Housing Development Organizations (CHDOs). CHDOs are nonprofit housing organizations certified by the Montana HOME Program
- Public Housing Authorities (PHAs)
- Eligible applicants may sponsor a HOME application on behalf of ineligible entities

#### Noncompetitive Projects:

##### ➤ Single-Family Noncompetitive Program (SFNP) for Homebuyer Assistance and Homeowner Rehabilitation Activities:

The HOME Program allocates approximately 25% of its annual allocation to this noncompetitive program. The funds are allocated to four districts of counties by using a formula based on county population, age of housing, and a factor reflecting the commitment of the prior two years' funds in the district. Funds are reserved for use in each district for 6 months, which begins once MDOC receives its annual allocation from HUD or until January 1, whichever comes first. Once an entity is qualified, it can access the funds reserved for the district in which it operates on a first-come first-serve basis. At the end of the 6-month period or on January 1, uncommitted funds will become available to any qualified entity on a statewide, first-come first-serve basis for an additional six months. At the end of the six-month period, any uncommitted funds are reallocated to the next competitive grant application pool. To access Single-Family funds, eligible entities must complete a Qualification Package (available on the HOME Program website listed below).

#### Competitive Applications:

##### ➤ Eligible Activities:

- New Construction, Acquisition and/or Rehabilitation of Rental Property
- Projects involving the development of new housing for homeownership
- Homeowner Rehabilitation Projects (cannot access SFNP for same project)

##### ➤ Funding Requirements:

- Up to \$750,000 may be requested, subject to per-unit subsidy limits
- Minimum HOME investment per housing unit is \$1,000
- Required 5% match from non-federal sources
- An additional amount may be requested for soft costs (total grant amount may not exceed \$750,000).

➤ Application Deadline:

Applications must be received at the MDOC office in Helena by 5:00 PM or be postmarked on or before midnight on the second Friday in February.

➤ Application Process:

The HOME Program Guidelines provide information on program-specific requirements not included in the Uniform Application. It is important that applicants address the requirements found in the current year HOME Program Guidelines. Guidelines are available by request or on the HOME Program website: <http://comdev.mt.gov/Programs/HOME>

Instructions for completing Section D HOME Unit Rents tab of the Uniform Application are available at Exhibit 5 of the HOME Application Guidelines available at:

<http://housing.mt.gov/HM/hmguidelines.mcp>

HOME staff is available throughout the year to provide program-specific guidance to potential applicants. Applicants are highly encouraged to contact the Montana HOME Program early for assistance in identifying eligible projects. Contact the HOME Program at 406-841-2770

## USDA RURAL DEVELOPMENT HOUSING PRESERVATION GRANTS

Housing Preservation Grants (HPG) are partnered with Housing Authorities and/or public bodies for the purpose of rehabilitating single family dwelling units or multi-family housing units which are occupied by very low to low income rural persons.

**Eligible Applicants:** Eligible applicants include public bodies or public or private nonprofit corporations, including Indian Tribes. The applicant must have experience in administering low-income housing developments, be legally obligated to administer HPG funds, and have adequate resources to carry on other programs to which they are committed without jeopardizing the HPG Project. When an identity of interest exists between a nonprofit entity and the owner of a dwelling, the property is not eligible for assistance. Individual homeowners can receive HPG assistance providing they meet the following requirements:

- Income determined to be very low or low.
- Provide proof of ownership of the dwelling.

Rental properties and tenants are considered eligible if they meet the following requirements:

- Owners of rental properties must provide proof of ownership.
- In order for a unit within a rental property to be assisted with HPG funds the following requirements must be met:
  - The tenant must have income that meets the very low or low-income definition.
  - The tenant must be the intended occupant of the unit.
  - When an identity of interest exists between a nonprofit entity and the owner of a dwelling, the property is not eligible for assistance.

**Eligible project** purposes include:

- Installation or repair of sanitary water and waste systems;
- Energy conservation: insulation, windows, and doors;
- Repair or replacement of heating systems;
- Electrical wiring;
- Repair of structural supports and foundations;
- Repair or replacement of roofs;
- Replacement of severely deteriorated siding or porches;
- Alterations to provide accessibility for disabled people;
- Repair of National Register of Historic Places;
- Repairs to manufactured housing;
- Additions to dwellings to alleviate overcrowding or to remove health hazards;
- Replacement housing (existing, individual owner occupied only). If the cost of such repairs is not economically feasible or practical, then the grantee may consider replacing the existing housing with replacement housing.

**Application Process:** The exact dates in which applications can be received are outlined in the Notification of Fund Availability (NOFA) when it is published in the Federal Register. Applications may be submitted to any Montana Rural Development Local Office or the State Office.

## USDA RURAL DEVELOPMENT RURAL RENTAL HOUSING 515 PROGRAM

The basic objective of the Rural Rental Housing program is to provide eligible low and very low-income persons with economically designed and constructed rental facilities suited to their living requirements.

**Eligible Applicants:** To receive assistance through the 515 program, applicants must meet the following criteria:

- Must have the ability and experience to operate and manage a rental housing project successfully.
- May be individuals, trusts, associations, partnerships, limited partnerships, state or local public agencies, cooperatives, and nonprofit corporations.

**Eligible Projects:** Applications will be invited from designated places only. The designated place list is reviewed and updated each fiscal year. Eligible loan purposes include:

- Construction of new multi-family housing units including:
  - Purchase and improve land
  - Provide streets, water and waste disposal systems
  - Supply appropriate recreation and service facilities
  - Install laundry facilities and equipment
  - Landscaping
- Purchase and rehabilitate existing dwellings where:
  - Rehabilitation work is moderate to substantial.
  - The structure must be physically and structurally sound enough to afford maximum safety.
  - Create a suitable and appealing living environment and be substantially equivalent to new construction in quality and livability.

**Funding Considerations:** The amortization period of each loan will not exceed the economic life of the security. The payment period will not exceed 30 years from the date of the note; however, if necessary to ensure affordability, the loan may be amortized for a period not to exceed 50 years.

**Loan limits:**

- Nonprofits - 102% (100% of the value of the security, plus 2% initial operating capital).
- Limited Profits - 97% of security value.
- Limited Profits with Tax Credits - 95% of security value.

**Interest rate:** Market rate reduced to 1%. The payment is based on 1% plus tenant contribution in excess of basic rent.

**Application Process:** Applications may be submitted during a 90-day period, typically starting in December each year. The exact dates in which applications can be received are outlined in the Notification of Fund Availability (NOFA) when it is published in the Federal Register. Applications must include all information, materials, forms, and exhibits required by 7 CFR, part 1944, subpart E. Applications should be submitted to the state office.

## USDA RURAL DEVELOPMENT FARM LABOR HOUSING 514 & 516 PROGRAM

The Farm Labor Housing program provides loans and grants to finance construction of on and off-site housing for farm laborers and their families.

**Eligible Applicants:** To be eligible for assistance through the Farm Labor Housing program, the applicant must meet the following requirements:

- Be a farm worker
- Family farm partnership
- Family farm corporation
- Association of farmers whose farming operations demonstrate a need for farm labor housing, or an organization which will own the housing and operate it on a nonprofit basis
- Nonprofit limited partnership in which the general partner is a nonprofit entity.

**Funding:** Loans are subsidized to borrowers at a one-percent interest rate. The program also has tenant subsidies available to reduce the amount of rent a tenant must pay.

**Loan Limits:**

- If receiving any benefits from tax-credits, the amount will be limited to no more than 95% of the total development cost or 95% of the security value, whichever is lower.
- For applicants without tax credits, nonprofit entities, or state or local public agencies, the amount of the RHS loan will be limited to the total development cost or the security value, whichever is less, plus the 2% initial operating capital.
- For all other applicants, the amount of the RHS loan will be limited to no more than 97% of the development cost or the security value, whichever is less.

**Grant Limits:**

- Maximum amount of the grant may not exceed the lesser of 90% of the total development cost; or
- That portion of the total cash development cost which exceeds the sum of any amount the applicant can provide from its own resources plus the amount of a loan which the applicant will be able to repay, with interest, from income from rentals which low-income farm worker families can be reasonably expected to pay.

**Application Process:** Applications may be submitted during a Notification of Funding Availability (NOFA). Applications are to be submitted to the Montana Rural Development State Office.

## USDA RURAL DEVELOPMENT

### SECTION 538 - GUARANTEED RURAL RENTAL HOUSING PROGRAM

This program is intended to reach the needs of rural America not being served with the section 515 Direct Rural Rental Housing Program - mainly rural residents with low to moderate incomes.

**Eligible Applicants:** Eligible applicants include nonprofit corporations, public bodies, and for-profit organizations.

Eligible lenders are those currently approved and considered eligible by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank members, or the Department of Housing and Urban Development for guaranteed loan programs supporting multifamily housing.

State Housing Finance Agencies (HFAs) are also considered eligible lenders provided they demonstrate they have the ability to underwrite, originate, process, close, service, manage, and dispose of multifamily housing loans in a prudent manner. Other lenders have the opportunity to enter into a correspondent bank relationship with approved lenders in order to participate in the program.

Eligible tenants include very low-, low- and moderate-income (up to 115% of median) households. Rents must average 30% of median income for the area served, adjusted for family size. Mixed income projects are encouraged.

**Eligible Projects:** New or existing with rehabilitation. The focus will be on the creation of new units, not refinancing. Rehabilitation must be classified as moderate or substantial. Eligible areas in Montana include any area that shows a need and demand except Billings, Bozeman, Great Falls, Helena, and Missoula.

**Funding Considerations:** Eligible loan amounts are determined as follows:

- Nonprofit corporations, public bodies - up to 97% of value or development cost whichever is lower.
- For-profit owners - up to 90% of value or development cost, whichever is lower.

Section 538 loans have a maximum term of 40 years.

Rates of guaranteed loans must be fixed and are negotiated between lender and borrower.

The guarantee amount will be limited to 90%. The guarantee covers unpaid principal, interest, and other allowable fees.

A first lien position is required.

Guarantee loans also have preservation requirements. Loans must remain affordable to eligible households for the term of the loan, unless the project is determined to be no longer needed or the lender acquires title to the property through foreclosure or deed-in-lieu of foreclosure. This requirement is statutory.



**Application Process:** Upon approval of the fiscal year budget, Rural Development will issue an annual Notice of Funds Availability (NOFA). The notice will set forth the deadlines for application, the interest rate, and other requirements for the program, including additional guidance on the criteria for selection of loan guarantees.

## SECTION 2

### UNIFORM APPLICATION INSTRUCTIONS

The following instructions are to be used in completing the Uniform Application Form for Montana Housing Projects. Unless otherwise specified, fill in all blanks (if the question is not applicable, type NA or use a zero in the appropriate space). Please note: this application form was developed using spreadsheet software and automatically calculates totals, etc.

#### **SECTION A -- APPLICANT INFORMATION**

1. **Applicant Information:** Type in the official name of the applicant and the name of applicant's chief official or executive director; identify the type of entity applying e.g., city, town, county, community housing development organization (CHDO), nonprofit, for-profit); enter Data Universal Numbering System (DUNS) number (if applicable)\*; and other contact information; list the application contact person (the person who is most familiar with and responsible for the information contained in the application and who should be contacted with any questions regarding the application) including their telephone and fax numbers and e-mail address.
2. **Developer/Sponsor:** Enter the complete name of the project developer/sponsor; enter the type of entity (i.e. city, town, county, nonprofit corporation, for-profit corporation, community housing development organization), mailing address, telephone and fax numbers; and the name of a contact person, including their telephone and fax numbers and e-mail address.
3. **Owner:** Enter the official name and type of entity that will ultimately own the project, mailing address, telephone and fax; and the contact person including their telephone and fax numbers and e-mail address.
4. **Development Team:** List other individuals or entities that are part of the development team and their email / phone numbers. Type 'NA' (not applicable) in the box if the professional(s) listed is not involved with the development of this project.
5. **Development Team and/or Ownership Identity of Interest:** Place an "X" in the box that answers the question as to whether any members of the development team have a direct or indirect, financial or other type of interest with any of the other project team members. Mark either the 'Yes' or 'No' box. If you answer "YES", explain the relationship on the lines provided. Identities of interest are defined as a financial, familial, or business relationship that permits less than arms-length transactions. Such relationships include, but are not limited to, existence of a reimbursement program or exchange, common financial interests, common officers, directors, or stockholders, or family relationships between officers, directors, or stockholders.

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\* As of October 1, 2003, all federal grant recipients are required to have a DUNS number. This applies to those who submit applications for USDA Rural Development programs. Those who wish to acquire a DUNS number should visit the Dun and Bradstreet website:  
[http://dunandbradstreet.com/US/duns\\_update/index.html](http://dunandbradstreet.com/US/duns_update/index.html)

## **SECTION B -- PROJECT INFORMATION**

### **Part I: Project Identification**

This box identifies project and the primary project contact information only. The primary project contact is the person that can be contacted who is capable of answering questions concerning the project.

### **Part II: Chief Elected Official**

Enter the appropriate information for the Chief Elected Official for the political jurisdiction in which the project will be located, or the chief official of the entity applying.

### **Part III: Project Description**

Enter a brief summary of the proposed project. This should be no more than two or three paragraphs in length and should include all key components of the project. All applicants must provide this.

### **Part IV: Legal Description**

Provide a legal description of the property. Attach, as documentation, maps that show the site location and the surrounding area. Also, indicate the total acreage of the project site to the nearest tenth of an acre.

### **Part V: Site Control Status**

Check the appropriate box. Attach, as documentation, a copy of proof of ownership, option, purchase contract, or long-term lease agreement.

### **Part VI: Zoning Status**

Provide information on any zoning ordinances and restrictive covenants, which apply to the project site. Identify the status of the site regarding local zoning (e.g., site is already zoned, variance(s) required, approval process, time to completion), and attach, as documentation, a letter of proof.

### **Part VII: Utilities**

Provide information on utilities which are either on-site or will be needed to support the proposed housing project. Examples of utilities include, but may not be limited to the following: water, sewer, natural gas, electricity, telephone, TV cable, streets, curbs, gutter, sidewalks, street lighting, and storm drainage. Attach, as documentation, letters of verification from independent sources. If required utilities are not currently available, attach a written explanation of how and when they will be available.

### **Part VIII: Project Classification, Type, Activity and Anticipated Funding Sources**

Place an "X" in all boxes that apply to the proposed project in the Classification, Type of Project, Project Activity and Funding Sources sections. It is possible that more than one box may be checked in each of these sections if the project involves more than one housing activity.

**NOTE:** The single-family classification includes single-family homes, duplexes, triplexes and four-plexes. The multi-family classification includes apartment buildings with 5 or more units.

### **Part IX: Type of Units**

Enter the number of housing units in the proposed project for each type of unit. Examples of various types of housing units include Single Family Homes, Apartments, Single Room Occupancy (SRO), shelter facility (dormitory, SRO, apartments, or a combination).

### **Part X: Project Uses**

Enter the total number of buildings in the box provided. Enter the square footage and the number of units relevant to the categories provided. The low-income percentage for square footage and number of units is calculated by using the following formula:

$$\text{Percentage} = \frac{\text{Low Income Units}}{\text{Low Income Units} + \text{Market Units} + \text{Commercial Space}}$$

### **Part XI: Project Beneficiaries**

Enter the number of housing units, which will serve the indicated percentage of area median income levels.

### **Part XII: Unit Accessibility**

This section gives a picture of the project as it relates to accessibility. Each unit of the project will be listed under only one category. Also mark the accessibility standard the project will need to meet as prescribed by the funding programs.

Accessible: Meets the seven technical requirements based on the Fair Housing Act

1. Accessible Entrance on an Accessible Route
2. Accessible Public and Common-Use Areas
3. Usable Doors
4. Accessible Routes Into and Through the Dwelling Unit
5. Accessible Light Switches, Electrical Outlets, and Environmental Controls
6. Reinforced Walls in Bathroom
7. Usable Kitchens and Bathrooms

Adaptable: Meets Accessible AND

An adaptable dwelling unit is one where common access features (Accessible) are fixed while others are adjustable and all are installed during initial construction. The adaptable features allow adjustments to meet individual tenant's needs where they have a disability, are older, or have no disability but are just a little taller or shorter than "average".

**NOTE:** *In Parts IX, X, XI and XII the "Totals" for number of units must match.*

### **Part XIII: Rental Assistance**

Indicate whether the project will involve project-based rental assistance. If yes, specify: (1) the assistance program; (2) number of units being assisted.

### **Part XIV: Implementation Schedule**

Indicate in the first column ("Anticipated Completion") the month and year you anticipate each of the listed events to occur. If the event has already occurred, enter the month and year of completion in the second column ("Actual Completion").

***IMPORTANT: Verify with funding sources when a Project Start-up or Activity may begin. Programs may have restrictions or requirements that must be met before an activity is started.***

**NOTE:** Enter only actual completion dates in the second column. Do not place NA in the second column if the event has not occurred. Under grant commitments, list the grants applied for and/or awarded as applicable.

## **SECTION C -- FINANCIAL INFORMATION**

### **Part I: Sources of Funds Statement**

The "Sources of Funds Statement" lists all sources of funding including grant administration sources for the project (including awarded and anticipated sources of funds). If applying for Housing Credits, please list equity amount on Line 26.

Complete all information requested for each source of funding. If the information requested does not pertain to a given source, please indicate so by entering a "NA" for not applicable (i.e., a grant will not have a rate, loan term, amortization period or annual debt service).

If using other than a 360 day, monthly payment amortization for debt service, please explain how the debt service is calculated as a footnote at the bottom of the page, Section C – Financial Part I- Sources of funds Narrative, or as an attachment.

Attach, as documentation, copies of all funding commitment letters.

List all donated, contributed and matching funds that are not included in the sources above. Even if these items do not qualify to meet the matching requirements of a funding program, please list them to get a sense of all resources being provided to a project.

**NOTE:** The "Total Sources" of funds in this section must match the "Grand Total Project Costs" in Part II - Uses of Funds.

### **Part II: Uses of Funds**

The "Uses of Funds" lists the break out of the projected costs necessary to complete the project.

At the top of the form, in the columns provided, type in the funding sources if they are not already listed. (This must match the funding sources listed in Part I - "Sources of Funds Statement" of this section.) You then will indicate which source of funding will pay for each cost. Please verify that if a program is paying for a cost, it is an eligible cost under that program.

Eleven categories segregate the types of costs projected for this project. Each cost must be broken out into the individual line items within each category. Although these costs are only projected at this time, provide as much detail as the line items listed on this schedule. If a cost is not applicable to the project, leave that line blank.

Some funding sources have limits on what can be paid for with their monies. Please contact or refer to each funding sources rules for those limitations.

**NOTE:** The "Total Uses" of funds in this section must match the "Total Sources" in Part I - Sources of Funds Statement.

### **Part III: Utility Allowance Information**

**NOTE:** This section must be completed for all rental projects but does not need to be completed for other types of housing projects.

Calculate the “Utility Allowance Information” on this sheet. This form will assist you in calculating the utility allowance deduction for rental properties. Please note, you must use an acceptable source for the utility allowances, such as a Section 8 Utility Chart or a Public Housing Authority Utility Chart or Rural Development Approved Utility Allowance for the area in which the project is located.

The type of utility and who pays that utility (the first two columns) must be completed for all projects. If a utility is not offered in the project (i.e., Air Conditioning) enter ‘NA’ for not applicable. All utilities that will be tenant paid must list an allowance for each bedroom size offered in the project. Each bedroom size column then will total your utility allowance deduction for that particular bedroom size. This total then can be used in Part IV “Rent and Forecasted Income” schedule in column “d”. If the owner pays all utilities, your deduction is zero (0) in column “d”.

At the bottom of this form, list the source of utility (e.g., PHA, Section 8, RD, etc.) and the effective date of the utility allowance. Please attach, as documentation, the source of your allowance. To determine if a utility allowance source is acceptable for a particular program, you will need to contact that program.

### **Part IV: Rent and Forecasted Income**

**NOTE:** This section must be completed for all rental projects but does not need to be completed for other types of housing projects.

This form calculates the total annual income, which is available to pay expenses and debt service of the project. A separate line must be completed for each type of unit that is targeting a different median income or has different rent levels. Include the following in each column:

Column “a” -- lists the number of bedrooms

Column “b” -- list the number of units

Column “c”\* -- list the gross or contract rent that is being offered for the unit type. If gross rent is being listed it should be the maximum or less rent allowed for the median income being targeted. Rent with projects based subsidy should list the full contract rent.

Column “d” -- list the utility allowance from Part III - “Utility Allowance Information” for the type of unit being addressed; if owner pays all utilities or contract rent is being listed enter “0”

Column “e”\* -- will automatically calculate but should be the total amount of cash being received by the project for this particular unit type.

Column “f” -- will automatically calculate. It will multiply columns (b\*e) to show the total monthly rent being received for this unit type.

Column “g” -- lists the maximum area median income that is served with the type of unit listed. This column may range from 0% AMI to market rate units. This targeting must match the targeting listed in Section A - Part XI “Project Beneficiaries”.

Column “h” -- list the average square footage for the type of unit being addressed. If you were to multiply this column by the number of units in column “b” and total all the lines, you should match the square footage of the units listed in Section A - Part X.

- Line "i" -- will automatically calculate the gross monthly rental income for all unit types.
- Line "j" -- list the vacancy percentage that will be used to project income.
- Line "k" -- will automatically calculate the vacancy factor.
- Line "l" -- list other project income and explain the source.
- Line "m" -- will automatically calculate the monthly income.
- Line "n" -- will automatically calculate the yearly income.
- Line "o" -- list the percentage that will be used to forecast increase in income for the next year's pro-forma.

**Part V: Annual Operating Expenses**

Enter the "Annual Operating Expenses" in the related line items provided on this sheet. These are the estimated expenses needed to operate the project for one year.

Enter the projected annual percentage increase in operating expenses. This percentage is used to project the project's expenses over a 15-year period. This rate should reflect projected local operating costs.

**Part VI: 15 & 20 Year Operating Pro-forma**

Use the information from Part IV - Rent and Forecasted Information and from Part V: Annual Operating Expenses, to complete the "15-Year Operating Pro-forma". This form projects the operations of the project over 15 years for Housing Credits. This form projects the operations of the project over the 20 years for HOME.

The formulas are as follows:

Net Income Avail. for Debt Service = Rent – Oper. Exp. - Replacement Reserves

Net Cash Flow = Net Income Avail for Debt Service - Debt Service

Debt Coverage Ratio = Net Income Avail. for Debt Service / Debt Service

### **Section 3: Other Program Required Documents**

#### **Tax Credit Supplement: (only need to be completed if applying for Tax Credits)**

Sec A - General Project Information

Sec B – Tax Credit Calculation

Sec C – Cost Limitations and Requirements

Please visit <http://housing.mt.gov/UniformApplication#Multifamily-Loan-Program-Supplement-462> for instructions

#### **HOME forms: (only need to be completed if applying for HOME funds)**

Sec D – HOME Allocation

Sec D – HOME Unit Rents

#### **Exhibits:**

Information Release form

Market Analyst signed statement

Application; Indemnification; Certification

HC Sponsor Certification