

1/1/2023



## COAL TRUST HOMES PROGRAM (CTHP) PROGRAM HIGHLIGHTS

### Type of Program

- The Montana Legislature passed HB16 during the 2019 session. The bill allows for the use of \$15 million of Coal Trust funds to be invested in loans to projects providing multifamily rental homes. Projects must be subject to property taxes.

### Eligible Applicants

- Applicant can be a for-profit, non-profit, or governmental entity. The property must be held by a Single Asset Entity.

### Types of Projects

- New construction, acquisition and/or rehabilitation of existing multifamily rental homes; and Acquisition of land for multifamily rental homes including land trusts for rental, mobile or manufactured.

### Security

- First Mortgage; may be a loan participation or pari passu.

### Loan-to-Development Cost

- 95% or less of Loan to Development Cost is the maximum loan that can be approved per Montana code.

### Loan-to-Value: (LTV)

- Higher loan amounts compared to appraised replacement cost will be analyzed and may be required to obtain additional guarantees.

### Loan Amounts

- Maximum loan based on loan-to-value as noted above. It is also limited by total funds available currently at \$15 million.

### Loan Term

- 30-year fixed rate maximum but shorter terms are encouraged.

### Reserve Requirements

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

### Loan Rate:

- 1.5625% if targeting 30% or less AMI households.
- 2.5625% if targeting from 31% to 50% AMI households.
- 3.5625% if targeting from 51% to 80% AMI households.
- 5.5625% 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%
    - $5 \times .015625 = .078125$
    - $2 \times .025625 = .05125$
    - $3 \times .035625 = .106875$
    - Total = .23625 Final rate:  $.23625 / 10 = .023625$  (2.3625%)

### Underwriting and Fee Limitations

- Underwriting assumptions and fee limitations will follow the most current Qualified Allocation Plan for Housing Credits.

### MH Fees

- Total of 1% of mortgage loan amount due at application

### Compliance Fees

- Will match current compliance fees for Housing Credits.

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