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 x .015625 = .078125
    - 2 x .025625 = .05125
    - 3 x .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. [https://housing.mt.gov/Multifamily-Development/Qualified-Allocation-Plan](https://housing.mt.gov/Multifamily-Development/Qualified-Allocation-Plan)

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

Compliance Fees
- Will match current compliance fees for Housing Credits. (only listed on fee schedule at this time) [https://housing.mt.gov/Portals/218/Shared/2020QAPFeeSchedule.pdf](https://housing.mt.gov/Portals/218/Shared/2020QAPFeeSchedule.pdf)