HOMEOWNER ASSISTANCE FUND PLAN
SEPTEMBER 28, 2021
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MONTANA’S HOMEOWNER ASSISTANCE FUND PLAN

Introduction

The American Rescue Plan Act of 2021 (ARPA) passed by 117th Congress and signed by the President on March 11, 2021, contains $9.961 billion nationwide for a Homeowner Assistance Fund (HAF). The Montana Homeowner Assistance Fund consists of $50 million in federal funding allocated by Congress to the State of Montana through ARPA, and appropriated to the State of Montana Department of Commerce (Commerce) through the passage of the 2021 Montana Legislature House Bill 632.

Montana’s working families and seniors have endured significant economic hardships stemming from the COVID-19 pandemic - through no fault of their own – and although Montana’s comeback has been swift, many remain at risk of displacement. This funding will help Montana homeowners recover and remain in their homes.

The Montana Board of Housing (Board), administratively attached to the Department of Commerce Housing Division – conducting business and known in the community as Montana Housing -, will administer the HAF program for the State of Montana. The Board was created under the Montana Housing Act of 1975 and is comprised of seven members appointed by the Governor and confirmed by the State Senate. Montana Housing works with community partners across the state to ensure Montana families have access to safe and affordable homes. Montana Housing offers below-market rate mortgages to low- and moderate-income borrowers, services those mortgages in-house, administers federal rental assistance programs, offers financing options for the development of affordable multifamily rental homes, and provides housing information through its agency’s website HOUSING.MT.GOV.

The purpose of the Montana Homeowner Assistance Fund, in accordance with federal legislation and U.S. Department of the Treasury (Treasury) guidance, is to mitigate financial hardships associated with the coronavirus pandemic by providing funds to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020, through qualified expenses related to mortgages and housing. The ARPA legislation and Treasury established a separate set-aside allocation of HAF for Tribes and Tribal entities, which is not included in the $50,000,000 allocated to the State of Montana.

To be eligible to receive the Homeowner Assistance Funds, Montana Housing was required to submit a notice of funds request to Treasury by April 25, 2021. Montana Housing submitted the required request on April 22, 2021 and on May 4, 2021, the state received an initial payment in an amount equal to 10% of the total award ($5,000,000). No more than 50% of the initial $5 million payment may be used for planning, community engagement, needs assessment, and administrative expenses.

To receive funds beyond the 10% payment, Treasury required Montana Housing to develop and submit a HAF Plan. This HAF Plan provides detail under the required topic areas outlined in the most recently available Treasury guidance, published April 14, 2021 and revised August 2, 2021, including:
Data-Driven Assessment of Homeowner Needs
Evidence of Public Participation and Community Engagement
Program Design
  o Descriptions
  o Methods of Targeting HAF Funding
  o Best Practices and Coordination with Other HAF participants
Performance Goals
Readiness
  o Staffing and Systems
  o Contracts and Partnerships
  o Existing and Pilot Programs
Budget

This HAF plan will be revised to align with subsequent Treasury guidance, recommendations from the Advisory Commission established under the 2021 Montana Legislature House Bill 632 Section 11, public comment, Montana Board of Housing Directors, guidance from legal counsel, direction from the State of Montana Executive Branch, budget office, and the State of Montana Division of Banking and Financial Institutions.

Community Engagement & Public Participation

The State of Montana has open meeting laws for public participation in government operations. “The legislature finds and declares that public boards, commissions, councils, and other public agencies in this state exist to aid in the conduct of the people’s business. It is the intent of this part that actions and deliberations of all public agencies shall be conducted openly. The people of the state do not wish to abdicate their sovereignty to the agencies which serve them.” (2-3-201, MCA).

Section 14(3) of Montana HB 632 permits the Economic Transformation, Stabilization, and Workforce Development Advisory Commission the opportunity for input and the ability to make recommendations to the Department of Commerce for the use of the Homeowner Assistance Funds. Commission meetings adhere to the state’s open meeting laws, with meeting dates, agendas and materials made available to the public in advance of the meetings at ARPA.MT.GOV and COMMERCE.MT.GOV/NEWS/PUBLIC-MEETINGS.

Notice of upcoming Commission meetings are distributed to interested parties via GovDelivery notices to Commerce email subscription lists and target partner organization distribution lists. Any member of the public can sign up to receive Commerce updates at COMMERCE.MT.GOV.

Members of the public are also encouraged to attend Commission meetings, either in person at the State Capitol, or remote participation via Zoom. Opportunities to provide verbal comment to the Commission are included prior to Commission action on individual agenda action items, as well as public comment opportunities on any topic under the Commission’s jurisdiction. Written public comment can be submitted at ARPA.MT.GOV, which is gathered and provided to all Commission members.
As indicated in the Timeline section below, Montana Housing presented a Homeowner Assistance Fund Update at the Commission’s July 21, 2021 meeting which included a proposed pilot project to provide financial assistance in the form of a loan to Montana Housing borrowers in formal COVID-19 forbearance and/or with COVID-19 related delinquency. The Commission recommended the Governor to approve this pilot project at the July 21 meeting.

The Montana Board of Housing also holds separate meetings open to the public. Notice of meetings, agendas and meeting materials are publicly available on Montana Housing’s events webpage, and meetings are promoted on Montana Housing’s Facebook account and via GovDelivery notices to partner organization distribution lists.

On August 4, 2021, the Board agenda included the Homeowner Assistance Fund as a discussion item. Public comment was taken at the meeting, with written meeting minutes and audio available here.

As the Housing Finance Agency (HFA) for the State of Montana, Montana Housing has dedicated staff who regularly interact with housing counselor organizations, community development corporations (CDCs), community development financial institutions (CDFIs), mortgage lenders, and loan servicers throughout the state, with topics ranging from delinquencies and forbearances to the lack of affordable housing in the state.

Since the April 14, 2021 HAF Guidance was published, Montana Housing has had discussions with several servicers of loans in the state regarding delinquent loans and loans in forbearance, and the process by which mortgage loans can be reinstated. Staff have engaged with members of Montana Mortgage Bankers Association and the State of Montana Division of Banking and Financial Institutions to discuss a reinstatement program and obtain delinquency statistics from servicers of Montana mortgages.

In addition, staff have regularly participated in calls with the Housing Policy Council, which includes many of the largest servicers in the country, to discuss the most efficient ways to assist homeowners as promptly as feasible. Finally, staff participate in regular (3+ weekly) discussions with other state HFAs and HAF grantees via virtual meetings and calls coordinated by the National Council of State Housing Agencies (NCSHA) to discuss ways to implement consistent programs across the country.

Montana Housing continues to actively engage and seek community and public participation, including, but not limited to, the partners and organizations listed above.

Montana Housing published a draft HAF Plan for public comment on August 12, 2021 following the Commission meeting, for a 30-day public comment period through September 12, 2021. In-person public comment opportunities on the proposed plan was provided during the September 8 Commission meeting, and time allotted during the September 14 Montana Board of Housing meeting, in accordance with state open meeting law requirements. Montana Housing has not received any further public comment on the HAF Plan since the official public comment period closed.

Montana Housing is working to coordinate with Tribes and Tribal entities, in consultation with the Governor’s Office of Indian Affairs, on the administration of HAF programs throughout the State of Montana. Coordinating with Tribes and Tribal entities will be critical to ensuring equitable access to HAF funds for Montana’s Native
American homeowners, who are the largest constituent of non-white homeowners in the state.

**Solicitation of Public Comment**

Members of the public including, but not limited to, homeowners, mortgage servicers, and housing counseling and foreclosure prevention experts, were asked to comment on any aspect of the draft HAF Plan. The state solicited specific public comment in the following areas:

- Proposed loan terms
- Use of funds for counseling or educational efforts by housing counseling agencies approved by HUD, or legal services related to foreclosure prevention
- Use of funds for payment assistance for delinquent property taxes to prevent homeowner tax foreclosures
- Methods to target use of funds to homeowners with incomes equal to or less than 100% of median income, and prioritization of assistance to Socially Disadvantaged Individuals

**Timeline**

- July 21, 2021: [Homeowner Assistance Fund Update](#) for Montana Board of Housing pilot program presented to Advisory Commission.
- August 4, 2021: Montana Board of Housing Board Meeting
- August 12, 2021: Draft HAF Plan presented at Advisory Commission
- August 12, 2021: Draft HAF Plan released for public comment
- September 12, 2021: End of 30-day public comment period
- September 14, 2021: Montana Housing Board Meeting
- September 28, 2021: HAF Plan submitted to Treasury
- November 18, 2021: Treasury feedback received
- December 15, 2021: Final HAF Plan submitted to Treasury
- January 5, 2022: Call with Treasury to answer follow-up questions

**Definitions**

**100% of the Area Median Income:** A household means two times the income limit for very low income families, for the relevant household size, as published by the Department of Housing and Urban Development (HUD) in accordance with 42 U.S.C. 1437a(b)(2) for purposes of the HAF. When determining Area Median Income with respect to tribal members, tribal governments, and TDHEs, these individuals may rely on the methodology authorized by HUD for the Indian Housing Block Grant Program as it pertains to households residing in an Indian area comprising multiple counties (see HUD Office of Native American Programs, Program Guidance No. 2021-01, June 22, 2021).

**100% of the US Area Median Income:** The median income of the United States, as published by HUD for purposes of the HAF.

**150% of the Area Median Income:** A household means three times the income limit for very low income families, for the relevant household size, as published by HUD in
accordance with 42 U.S.C. 1437a(b)(2) for purposes of the HAF. When determining Area Median Income with respect to tribal members, tribal governments, and TDHEs, these individuals may rely on the methodology authorized by HUD for the Indian Housing Block Grant Program as it pertains to households residing in an Indian area comprising multiple counties (see HUD Office of Native American Programs, Program Guidance No. 2021-01, June 22, 2021).

**Conforming Loan Limit:** The applicable limitation governing the maximum original principal obligation of a mortgage secured by a single-family residence, a mortgage secured by a 2-family residence, a mortgage secured by a 3-family residence, or a mortgage secured by a 4-family residence, as determined and adjusted annually under section 302(b)(2) of the Federal National Mortgage Association Charter Act and section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)).

The Conforming Loan Limits for Montana for the last 13 years were:

- 2022 $647,200
- 2021 $548,000
- 2020 $510,400
- 2019 $484,350
- 2018 $453,100
- 2017 $424,100
- 2008 – 2016 $417,000

**Dwelling:** Any building, structure, or portion thereof which is occupied as, or designed or intended for occupancy as, a residence by one or more individuals.

**Eligible Entity:** (1) a State, (2) the Department of Hawaiian Home Lands, (3) each Indian tribe (or, if applicable, the tribally designated housing entity of an Indian tribe) that was eligible for a grant under Title I of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4111 et seq.) for fiscal year 2020, and (4) any Indian tribe that opted out of receiving a grant allocation under the Native American Housing Block Grants program formula in fiscal year 2020.

**Financial Hardship:** A material reduction in income, or material increase in living expenses, associated with the coronavirus pandemic that has created or increased a risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner.

**HAF Participant:** An eligible entity that receives funds from the HAF.

**Increase in living expenses:** Increase in out-of-pocket household expenses such as, medical expenses, inadequate medical insurance, increase in household size, or costs to reconnect utility services, directly related to the coronavirus pandemic after January 21, 2020.

**Loss or Reduction of Income:** Temporary or permanent loss of earned income documented after January 21, 2020.
**Mortgage:** Any credit transaction (1) that is secured by a mortgage, deed of trust, or other consensual security interest on a principal residence of a borrower that is (a) a one- to four-unit dwelling, or (b) a residential real property that includes a one- to four-unit dwelling; and (2) the unpaid principal balance of which was, at the time of origination, not more than the Conforming Loan Limit. For purposes of this definition, the Conforming Loan Limit means the applicable limitation governing the maximum original principal obligation of a mortgage secured by a single-family residence, a mortgage secured by a two-family residence, a mortgage secured by a three-family residence, or a mortgage secured by a four-family residence as determined and adjusted annually under section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)) and section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)). A reverse mortgage, a loan secured by a manufactured home, or a contract for deed (also known as a land contract) may fall within this definition if it satisfies the criteria in this paragraph, in accordance with applicable state law.

**Qualified Expenses:** As outlined within the April 14, 2021 Treasury HAF Guidance, revised August 2, 2021:

“HAF participants may use funding from the HAF only for the following types of qualified expenses that are for the purpose of preventing homeowner mortgage delinquencies, homeowner mortgage defaults, homeowner mortgage foreclosures, homeowner loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship:

1) mortgage payment assistance;
2) financial assistance to allow a homeowner to reinstate a mortgage or to pay other housing-related costs related to a period of forbearance, delinquency, or default;
3) mortgage principal reduction, including with respect to a second mortgage provided by a nonprofit or government entity;
4) facilitating mortgage interest rate reductions;
5) payment assistance for:
   a. homeowner’s utilities, including electric, gas, home energy (including firewood and home heating oil), water, and wastewater;
   b. homeowner’s internet service, including broadband internet access service, as defined in 47 CFR 8.1(b) (or any successor regulation);
   c. homeowner’s insurance, flood insurance, and mortgage insurance;
   d. homeowner’s association fees or liens, condominium association fees, or common charges, and similar costs payable under a unit occupancy agreement by a resident member/shareholder in a cooperative housing development; and
   e. down payment assistance loans provided by nonprofit or government entities;
6) payment assistance for delinquent property taxes to prevent homeowner tax foreclosures;
7) measures to prevent homeowner displacement, such as home repairs to maintain the habitability of a home, including the reasonable addition of
habitable space to alleviate overcrowding, or assistance to enable households to receive clear title to their properties;

8) counseling or educational efforts by housing counseling agencies approved by HUD or a tribal government, or legal services, targeted to households eligible to be served with funding from the HAF related to foreclosure prevention or displacement, in an aggregate amount up to 5% of the funding from the HAF received by the HAF participant;

9) reimbursement of funds expended by a state, local government, or entity described in clause (3) or (4) of the definition above of “eligible entity” during the period beginning on January 21, 2020, and ending on the date that the first funds are disbursed by the HAF participant under the HAF, for a qualified expense (other than any qualified expense paid directly or indirectly by another federal funding source, or any qualified expenses described in clauses (6), (7), (8), or (10) of this definition); and

10) Planning, community engagement, needs assessment, and administrative expenses related to the HAF participant’s disbursement of HAF funds for qualified expenses, in an aggregate amount not to exceed 15% of the funding from the HAF received by the HAF participant.

Arrearages of qualified expenses are eligible for purposes of HAF regardless of the date they were incurred, including if they arose before January 2020. Funding from the HAF may not be used for any use other than those provided for in this section. To the extent that HAF participants use HAF funds to supplement other loss-mitigation efforts, Treasury encourages participants to avoid using HAF funds in a manner that replaces other loss-mitigation resources that would otherwise be available. The HAF Plan (described below) will enable HAF participants to indicate whether they are requesting reimbursements under clause (9) above."

Montana does not intend to use HAF for all eligible uses provided in Treasury guidance. See Use of Funds section below for details.

**Socially Disadvantaged Individuals:** Those whose ability to purchase or own a home has been impaired due to diminished access to credit on reasonable terms as compared to others in comparable economic circumstances, based on disparities in homeownership rates in the HAF participant’s jurisdiction, as documented by the U.S. Census. The impairment must stem from circumstances beyond their control. Indicators of impairment under this definition may include being a (1) member of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society, (2) resident of a majority-minority Census tract; (3) individual with limited English proficiency; (4) resident of a U.S. territory, Indian reservation, or Hawaiian Home Land, or (5) individual who lives in a persistent-poverty county, meaning any county that has had 20% or more of its population living in poverty over the past 30 years as measured by the three most recent decennial censuses. In addition, an individual may be determined to be a Socially Disadvantaged Individual in accordance with a process developed by a HAF participant for determining whether a homeowner is a socially disadvantaged individual in accordance with applicable law, which may reasonably rely on self-attestations.
State: Any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

NEEDS ASSESSMENT

Introduction

Montana Housing collaborated with the State of Montana Department of Commerce Research and Information Services Bureau, which includes the State of Montana’s Census and Economic Information Center (CEIC), for the data-driven assessment of homeowner needs. The CEIC provides reliable data, analysis, mapping, and other resources critical to demographic and economic assessment in the State of Montana. The State Division of Banking and Financial Institutions, responsible for protecting Montana citizens by regulating state-chartered and licensed financial institutions under its supervision, also contributed servicing data from non-depository mortgage companies operating in the state.

COVID-19 & Montana Mortgage Delinquencies

The COVID-19 pandemic contributed to economic hardships for homeowners across Montana, although less so than other states. Montana Housing assessed data from a variety of sources, including the Federal Reserve Bank of Atlanta’s Mortgage Analytics and Performance Dashboard, and other State-By-State Ranking Reports released by Black Knight Financial Technology Solutions, LLC. Both data sources are proprietary, so exact rates cannot be released. However, Black Knight’s First Look at June 2021 Mortgage Data released July 22, 2021 reflects Montana in the bottom 5 of states by non-current percentage at 3.09%.1

A survey of non-depository mortgage companies in the state revealed that 1,338 loans, accounting for $197,116,619 in unpaid principal loan balances, were more than 90 days delinquent at the end of 2021Q1, an increase of nearly 2% from 2020 Q1. Among USDA loans in the state, over 300 loans are 90 + days delinquent, nearly 5% of all USDA loans. Among Federal Housing Administration loans in the state, 1,546 are 90 + days delinquent, representing over 8% of all FHA loans.2

Within the Montana Board of Housing’s own portfolio, 290 loans were 60 or more days delinquent as of June 30, 2021, a nearly 70% increase from 171 loans in June of 2020. Also as of June 30, 2021, we had 211 loans in COVID-19 formal forbearance. This represents 4.18% of the total mortgage servicing portfolio. Loans in COVID19 formal forbearance include 136 FHA, 20 USDA-RD, 19 VA loans, and other mortgage revenue bond (MRB) loans. Average loan balance is $135K. The total estimated amount needed to bring the portfolio current, including estimated payments for partial claims, is $2.514M.

Eligible Homeowners & Socially Disadvantaged Individuals

Nationally, homeowners earning less than $72,000 were twice as likely to be behind

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1 Black Knight’s First Look at June 2021 Mortgage Data – Black Knight, Inc. (blackknightinc.com)
2 Data to Support HAF Plans for Montana Prepared June 11, 2021 by U.S. Department of the Treasury
on mortgage payments than those earning more than $75,000. According to the latest Census data\(^3\), Montana has almost 163,000 household’s that earn less than $75,000, approximately 54% of all homeowners. In 13 counties, the share of homeowners earning less than 100% AMI was 75% or greater, suggesting a high concentration of eligible homeowners.

Socially disadvantaged individuals are those that have been subject to racial or ethnic prejudice or cultural bias because of their identity as a member of a group. To understand the geographic concentrations of socially disadvantaged individuals, the CEIC used demographic data from the American Community Survey as well as the Center for Disease Control's (CDC) Social Vulnerability Index.

Of Montana’s over 311,000 owner occupied housing units, the majority (93%) of owners are White (not Hispanic or Latino) and 88% are White-only and of no other race. Montana has an estimated 36,740 non-White homeowners. Of the 56 counties in the state, eight have a share of non-White homeowners higher than the 12% state average. In seven counties, half of all homeowners are non-White. These include Big Horn (49%), Blaine (35%), Glacier (58%), Hill (13%), Lake (18%), Petroleum (16%), Roosevelt (43%), and Rosebud (23%).

**Table 1. Homeowners by Race/Ethnicity (Source: ACS 2015 – 2019)**

The CDC’s Social Vulnerability Index ranks counties and census tracts on 15 social factors including unemployment, minority status, disability, and others that impact a community’s ability to prevent human suffering or financial loss in the event of a disaster\(^4\). The ten counties in Montana with the highest levels of social vulnerability in 2018 (the most recent year available) were Pondera, Glacier, Blaine, Big Horn, Roosevelt, Hill, Lake, Rosebud, Silver Bow, and Mineral. At the census tract level, Montana has 271 Census tracts across 56 counties. In six counties (Big Horn, Blaine, Glacier, Lake, Roosevelt, and Wheatland) more than half of the census tracts are rated as highly vulnerable.

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Owner-Occupied Households</th>
<th>Home Ownership Rate</th>
<th>Share of Homeowners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>311,749</td>
<td>69%</td>
<td>100%</td>
</tr>
<tr>
<td>White Alone</td>
<td>399,840</td>
<td>71%</td>
<td>94%</td>
</tr>
<tr>
<td>Black or African American Alone</td>
<td>1,406</td>
<td>20%</td>
<td>0.1%</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>21,234</td>
<td>48%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Asian Alone</td>
<td>2,918</td>
<td>53%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Native Hawaiian and Other Pacific</td>
<td>38</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Some other race</td>
<td>2,165</td>
<td>53%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>10,050</td>
<td>51%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

\(^3\) U.S. Census Bureau American Community Survey 2019 1 year

\(^4\) [https://svi.cdc.gov/map.html](https://svi.cdc.gov/map.html)
Housing Costs for Homeowners with Mortgages

As mentioned above, COVID-19 has had a significant impact to homeowners and the stability of the lending market. But, even before COVID-19, in many Montana Counties, monthly housing costs including mortgages were more than 35% of household Income. The impacts of COVID-19 on the ability for households to meet housing expenses increased the risk to those counties that were already higher than 35% of household income pre-pandemic. Of particular concern are those 13 counties where more than 30% of mortgage housing units have monthly costs that are higher than 35% of household income.

Table 2. Count of Counties Based on Percentage of Units Where the Monthly Housing Costs Exceeds 35% of Household Income (Source: ACS 2015 – 2019)

<table>
<thead>
<tr>
<th>% of Owner-Occupied Housing within County Where Monthly Costs &gt;35% of Household Income</th>
<th># of Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 30% of Occupied Housing Units with Mortgages have Monthly Housing Costs &gt;35%</td>
<td>13</td>
</tr>
<tr>
<td>20 to 30% of Occupied Housing Units with Mortgages have Monthly Housing Costs &gt;35%</td>
<td>25</td>
</tr>
<tr>
<td>Less than 20% of Occupied Housing Units with Mortgages have Monthly Housing Costs &gt;35%</td>
<td>18</td>
</tr>
</tbody>
</table>

Economic Distress

Overall, Montana’s recovery from peak COVID-19 pandemic impacts has been positive. Montana has had more job openings since February 2020⁵ than any other state, and currently ranks #9⁶ among states for best performance in terms of job growth through the COVID-19 recession. Montana needs around 10,000 jobs (489,000 in January 2020 to 479,000 May 2021) to reach pre-COVID employment levels. As of preliminary numbers for June 2021, the unemployment rate has remained higher than before the pandemic in 20 Montana Counties, and two counties (Richland and Big Horn) were still at least 2% higher than in February 2020. Counties, especially those with recreation and tourism-based economies, were especially hard hit with some counties experiencing double-digit unemployment in April 2020.

Figure 1. Unemployment Trend

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⁵ Presentation to ARPA Commission by Patrick Barkey, BBER
⁶ www.lmi.mt.gov/home/job-tracking
More than 44,000 Montanans lost their jobs during the pandemic, with the majority of losses in industries like leisure and accommodations paying lower than average wages—tourism, food services, and retail—disproportionately impacting vulnerable households more likely to experience prolonged periods of unemployment, and financial distress. In April 2020 the unemployment rate tripled from 3.8% to 11.9%, as businesses, schools, and childcare providers closed to help slow the spread of the virus. Over the course of one month, nearly 44,000 Montanans found themselves suddenly out of work, which translates to 8% of the state’s workforce.  

Between April 2020 and June 2021, unemployment decreased from 11.9% to 3.7% back to pre-pandemic levels.

Methodology for Identifying Geographic Areas

Based on similar methods used in other states, CEIS created a priority index for identifying communities of social disadvantage with high levels of housing and economic distress caused by the pandemic. The index aims to incorporate as close to real-time information as available on the impacts of COVID-19 on job loss and mortgage payments. To satisfy the statutory requirements, and promote a racially equitable recovery, the index more heavily weights indicators of social disadvantage which include percentile rank of social vulnerability, and non-White share of homeowners.

Table 2. Indicator Weights

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Weight within subindex</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Disadvantage</td>
<td></td>
<td>0.4</td>
</tr>
<tr>
<td>Percentile rank of social vulnerability</td>
<td>0.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Non-white share of homeowners</td>
<td>0.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Housing Cost Burden</td>
<td></td>
<td>0.3</td>
</tr>
<tr>
<td>Monthly Costs</td>
<td>0.5</td>
<td>0.06</td>
</tr>
<tr>
<td>Monthly Costs as % of Household Income</td>
<td>0.5</td>
<td>0.06</td>
</tr>
</tbody>
</table>


Economic Distress

<table>
<thead>
<tr>
<th></th>
<th>0.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate (6/2020)</td>
<td>0.5          0.1</td>
</tr>
<tr>
<td>Difference in start to peak unemployment rate</td>
<td>0.5          0.1</td>
</tr>
</tbody>
</table>

For each county in Montana, the CEIS generated its percentile rank among all counties for 1) the six individual measures, 2) the three sub-indices and 3) its overall position. For the sub-indices, we summed the percentiles for the measures comprising each sub index. For overall county rankings, we summed the sums for each sub index using weights, ordered the counties and then calculated percentile rankings. Percentile rankings range from 0 to 1, with higher values indicating greater housing cost burden, economic distress, and social disadvantage.

The following table provides the ranking results for each of the three indicators, (Housing Cost Burden, Economic Distress, Social Disadvantage) and the Overall Rank of Montana counties.

Table 3. Ranking of Montana Counties for Each Indicator and Overall

<table>
<thead>
<tr>
<th>Rank</th>
<th>Social Disadvantage</th>
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Figure 2. Map of MT Counties by Percentile Rank of Social Disadvantage

Figure 3. Map of MT Counties by Percentile Rank of Housing Cost Burden
Figure 4. Map of MT Counties by Percentile Rank of Economic Distress

Figure 5. Map of MT Counties by Priority for Outreach
Conclusion

To identify counties that will be prioritized for outreach, Montana Housing defined target geographic areas as any county that is in the 75th percentile, or higher, in overall rank, or in any of the three sub-indices. There was significant overlap in the counties represented in the top 25 of the sub-indices and in the overall ranking. Montana Housing is proposing to target marketing and outreach efforts to the top 10 counties in overall ranking, and the top 3 counties in each category (social disadvantaged, housing cost burden and economic distress). This would include 24 counties in total (Big Horn, Blaine, Carbon, Cascade, Chouteau, Dawson, Flathead, Glacier, Hill, Lake, Madison, McCona, Missoula, Musselshell, Park, Phillips, Pondera, Ravalli, Richland, Rosebud, Roosevelt, Sanders, Treasure, and Wheatland).

PROGRAM DESIGN

Montana Housing’s HAF program will mitigate financial hardships associated with the coronavirus pandemic by providing funds to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020, through qualified expenses related to mortgages and housing.

As outlined in the July 23, 2021 Biden Administration Fact Sheet, “these funds can be used for assistance with mortgage payments, homeowner’s insurance, utility payments, and other specified purposes – and homeowners can access these funds in addition to the payment reduction options” provided by federal agencies, including the COVID-19 Recovery Standalone Partial Claim and COVID-19 Recovery Modification, offered by the Federal Housing Administration (FHA) under the U.S. Department of Housing and Urban Development (HUD) for borrowers with FHA insured mortgages, and similar options offered by USDA (COVID-19 Special Relief Measure), the Veterans’ Administration (COVID-19 Refund Modification), and the Federal Housing Finance Agency (FHFA) payment reduction and loan modification options for Government Sponsored Enterprise (Fannie Mae and Freddie Mac) mortgages.

The Fact Sheet explicitly indicates that homeowners can assess HAF funds “in addition to the payment reduction options” of federal agencies, “and they will be integrated in the payment reduction options… - providing additional payment reduction to borrowers who need it and to borrowers who mortgages are not backed by federal agencies.” Thus, it is critically important that eligible Montana homeowners with federally-backed home loans first engage with their mortgage servicers directly to assess their eligibility for programs offered by federal agencies. Our Needs Assessment suggests that, for many Montana homeowners, mitigating their financial hardship and preventing displacement may be achieved through a partial claim or pursuing other options available from federal agencies.

Homebuyer Counseling and Legal services

Montana has a robust housing counseling network that is administered by NeighborWorks Montana (NWMT), and includes local provider partners of homebuyer education and counseling that span the entire state and all seven Indian reservations.
NWMT recently applied for and received funding through the Housing Stability Counseling Program (HSCP) via NeighborWorks America. The funds are to be used for housing counseling and will provide direct assistance to households facing housing instability. Funds will also support housing counselor education, outreach, training, and operational oversight.

Under this new HSCP funding, NWMT is building the capacity to ask clients seeking counseling to complete a NWMT assessment survey so their counseling needs can be evaluated. The assessment is an important first step, as it will help determine if there is a crisis that needs immediate mitigation through the Emergency Rental Assistance Program, the Homeowner Assistance Fund, or Montana Legal Services Association. Clients interested in home purchase services, and those who do not believe they are facing housing instability, will work directly with their local counseling organization on the services relevant to them. The NeighborWorks America HSCP funding is only available until February 2023.

We propose use of HAF funding to extend and support the network in its counseling efforts until September 2025, which will provide additional stability for the network, its partners, and employed counselors.

In preliminary conversations with the Montana Legal Services Association (MLSA), we have discussed adding legal services for Montanans facing foreclosure to the existing Montana Eviction Intervention Project (MEIP) program. MLSA would hire attorneys and legal assistants to represent Montanans to advise them on their legal rights in foreclosure proceedings, provide legal representation in court or administrative proceedings when appropriate, and help clients work with banks and creditors to stay housed, or access other housing supports.

Montana HAF Program

Eligible Households may receive assistance for:

- **Mortgage Loan Reinstatement Program**: Maximum of $25,000 in the form of a loan, to allow the homeowner to reinstate their mortgage and bring it current, in order to resume making monthly payments. Eligible homeowners will be directed to work with their mortgage servicer first to determine eligibility for other assistance options available from federal agencies. Funds will be paid directly to the servicer.

- **Lien Prevention Program**: Maximum of $5,000 in the form of a grant, to prevent property tax foreclosure or remove, or prevent, creation of other liens (HOA, COA, lot rent etc.) that would place homeowners at imminent risk of displacement. Funds will be paid directly to the third party to whom they are due.

- **Utility Payment Assistance**: Maximum of $300 per month in the form of a grant, to pay past due utilities dating back to April 2020, and not more than 3 months of future utility payments. Future months of utilities assistance will be determined by using the average of the two most current past due monthly bills. Must be past due on utility payments and qualify for Mortgage Loan Reinstatement or Lien Prevention Program to be eligible. Funds will be paid directly to the utility provider.
- **Internet/Broadband Payment Assistance**: Maximum of $50 per month, in the form of a grant, to pay past due internet service dating back to April 2020, and not more than 3 months of future internet payments. Must be past due on internet service payments and qualify for Mortgage Loan Reinstatement or Lien Prevention Program to be eligible. Funds will be paid directly to the household.

For the purposes of determining income eligibility, Montana will use HUD's definition of "annual income" in 24 CFR 5.609, or use adjusted gross income as defined for purposes of reporting on Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes. We are committed to avoiding unnecessary barriers in our HAF program and believe requesting income documentation in the form of IRS Tax Returns or two months most recent source documentation, as well as exceptions such as self-attestation for zero income status, is a low barrier approach. Homeowners were required to provide income documentation to qualify for their initial loan, and their respective mortgage servicers will likely also require income documentation for any loss mitigation options, including a HAF reinstatement loan.

The applicant must self-attest to experiencing a financial hardship relating to Covid-19 after January 21, 2020. The attestation must describe the nature of the financial hardship, e.g., job loss, reduction in income, or increased costs due to healthcare, or the need to care for a family member. It is our presumption, based on Treasury ERA guidance and flexibility, for ERA applicants to self-attest to a financial hardship due directly, or indirectly, to COVID-19, that Treasury will also permit applicants in the HAF program to self-attest to this criterion.

Based on experience within our own portfolio, borrowers who requested a forbearance are, on average, 8 months behind on payments. Many of those borrowers have been able to resume making their monthly payment, they are just having a hard time making up the delinquency. For the Montana HAF reinstatement loan program, we estimate an average $2,000 monthly mortgage payment with average 12 month delinquency, rounded to $25,000. These assumptions are derived from our experience in the single-family homeowner industry – both origination and servicing - Montana home purchase prices, underwriting standards, and the HAF program income eligibility restrictions. We believe this is a reasonable estimate of the average mortgage payment for HAF eligible borrowers in our state and should be an adequate amount to cover the delinquent amounts, even in higher cost areas.

Fannie Mae, Freddie Mac, FHA, USDA-RD, and VA all have loss mitigation options available for borrowers. These options include:

- A payment plan or making a higher monthly mortgage payment than the regular payment until the default is made up
- Payment deferral which puts missed monthly payments into a payment due at the sale or refinance of the mortgage, or at the end of the loan
- Loan modification which extends the number of years the borrower has to repay the loan, and possibly lowers the interest rate, both of which result in a lower monthly payment

All these options equate to the borrower paying back the full amount they originally borrowed to purchase the home rather than having a portion of the loan paid back on their behalf through a grant.
Our program application includes the following yes/no statements about whether the borrower is in imminent risk of displacement, which would result in a prioritization:
- My household has received a foreclosure notice.
- My household has received a utility shut-off notice.
- My household has received an internet shut-off notice.

Our program will require that the borrower be reviewed by their servicer for other loss mitigation options prior to being approved for the HAF Program. Through those other options, the borrower may be able to take advantage of principal reductions, interest rate reduction, or term extensions that could result in a lower monthly payment. Our proposed reinstatement program would not result in changes to the borrower’s monthly payment amount; the borrower will attest that they are able to continue making the payment that they were qualified for when they purchased their home.

The borrower will be asked questions in the application about the loss mitigation work out plan they have in place with their servicer. They will be asked to provide a copy of a ‘No Help’ letter or documentation of a repayment plan. Their inability to provide those items will not disqualify them from the Reinstatement Program; we will work with their servicer to confirm other loss mitigation options have been explored.

In any instance of payoff of the HAF program loan, if there has been a decrease in the value of the property, and if by paying back the HAF loan the borrower would be in a negative equity position, writing off the HAF loan may be an option. Where there is insufficient net proceeds to cover the entire loan balance, we will accept the available net proceeds as payment in full, and release our lien with no further obligation to the borrower. Having the option to write off the HAF loan will help ensure the HAF loan will not be burdensome to eligible homeowners.

To provide for the maximum level of flexibility to adapt to changing homeowner needs as the COVID-19 pandemic evolves over the coming months and years, we intend to permit a broad menu of eligible uses within our primary goal, to prevent homeowner displacement. There may be less obvious needs, such as seniors on fixed incomes struggling to pay property taxes, and becoming at risk of displacement from homes they diligently paid off over several decades, due to increased medical or other expenses.

**Use of Funds**

Direct financial assistance to eligible homeowners will be provided in the form of a loan, prioritized first to allow the homeowner to reinstate their mortgage or pay other housing-related costs related to a period of forbearance, delinquency, or default. Eligible homeowners will be directed to work with their mortgage servicer first to ascertain eligibility for other assistance options available from federal agencies, as outlined above.

**Loan Terms:**
- Deferred payments for the life of the first mortgage;
- Payments due in full when the first mortgage ends (repayment, refinance, transfer, sale);
- Repayment is subject to review and Montana Housing may, based on homebuyer situation and needs at the time of repayment, require payment in full or establish a payment plan. Writing off the HAF loan may be an option in the event the value of the property decreases, and if by paying back the HAF loan the borrower would be in a negative equity position.
- 0% Interest Rate;
- Required documentation will include Note and Mortgage Document, recorded as last in line lien on the property.

Grant Terms:
To ensure maximum flexibility to meet evolving homeowner needs, funds may be considered for the following:
- Delinquent property taxes to prevent homeowner tax foreclosures
- Homeowner Association dues, Condo Association fees, and/or mobile home lot rent that can jeopardize homeownership if left unpaid
- Insurance and taxes outside of escrow

Montana Housing will prioritize reinstatement of the home loan first, with the flexibility to provide other assistance as needed to remove, or prevent, the creation of a lien which would place the homeowner at risk of displacement.

To align the HAF program with assistance currently available to eligible Montana renters under the Emergency Rental Assistance (ERA) program, the HAF Plan also proposes use of funds for:
- Utilities, past due utilities, and home energy costs (i.e., electricity, gas etc.)
- Internet service and past due internet service

Eligible Homeowners
To be eligible for the HAF program, Montana homeowners must meet the following requirements:
- Must be listed as a borrower or co-borrower on the Mortgage (co-owners are not permitted to separately apply);
- Eligible property type is primary residence, owner-occupied homes located within the State of Montana (see further criteria under General Property Types below);
- The Qualified Expenses must be related to current primary residence, owner-occupied home;
- Must attest to experiencing a Financial Hardship after January 21, 2020. The attestation must describe the nature of the financial hardship, e.g., job loss, reduction in income, or increased costs due to healthcare or the need to care for a family member;
- Must have combined household income equal to, or less than, 150% Area Median Income, as published by Montana Housing based on household size (assistance will further be prioritized to meet targeting requirements).

Homeowners can check their income eligibility using our online tool available at ARPA.MT.GOV/HOUSING:
▪ If applicable, the unpaid principal balance of the homeowner’s first mortgage was, at the time of origination, not greater than the **Conforming Loan Limit** in effect at time of origination;

▪ HAF assistance may not duplicate other local, state, or federal mortgage assistance received by the household since March 1, 2020.

Homeowners must affirm that they reasonably believe, based on the reinstatement and the homeowner’s current financial circumstances, that they will be able to continue making mortgage loan payments, and avoid displacement. Homeowners for whom reinstatement will not be a long-term solution (will not be able to resume regularly scheduled payments, even with assistance through this HAF program), will not be eligible for reinstatement, and will be referred to their mortgage servicer to explore other loss mitigation options.

**Income Determinations**

For the purposes of determining income eligibility, Montana Housing will use HUD’s definition of “annual income” in 24 CFR 5.609 or use adjusted gross income as defined for purposes of reporting on Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.

**Income Verification Requirements**

Montana Housing will require the following documents for income verification for program eligibility:

1. Most current 2020 or 2021 IRS Tax Returns 1040.
2. Current source documentation such as paystubs, W-2s or other wage statements, depository institution statements demonstrating regular income, or an attestation from an employer. Applicants can provide two most current paystubs with year-to-date to satisfy this requirement.
3. The household may provide a written self-attestation as to household income for zero income status.

Waivers or exceptions may be provided to documentation requirements as reasonably necessary to accommodate extenuating circumstances, such as disabilities, practical challenges related to the pandemic, or a lack of technological access by homeowners.

**Eligible Property Types**

To be eligible for HAF assistance, the property must be in the State of Montana and be owner-occupied as the primary residence. In the case of a land contract or contract for deed, the property must be occupied by the documented buyer. The following property types are eligible:

▪ Single-family (attached or detached) properties;
▪ Condominium units;
▪ 1- to 4-unit properties where the homeowner is living in one of the units as their primary residence (EXCLUSION: homeowners of a 1-4 unit property that have received payments on behalf of tenants from the Montana Emergency Rental
Assistance Program are ineligible to receive assistance through the HAF Program;
- Manufactured homes permanently affixed to real property and taxed as real estate;
- Mobile homes not permanently affixed to real property;
- Structure must be owned by a “natural person” (i.e., LLP, LP or LLC do not qualify);
- Homeowners who have transferred their ownership right into non-incorporated, Living Trusts are eligible.

Vacant or abandoned properties, second homes, and investment properties are not eligible.

Eligibility of contracts for deed or land contracts will be determined on a case-by-case basis. Our review will determine who is the deed holder and whether there is a right-to-encumber option on the deed. For land contracts, we will determine whether there is a home (mobile home) on the property where the borrower could be displaced if payment is not made.

Occupancy will be determined based on a self-certification and additional documentation to be provided by the homeowner, which may include a utility bill, property tax bill, tax return, deed, or any government issued document that includes name and address.

No single property may receive more than the Maximum Assistance per household noted below.

**Maximum Assistance**

- $25,000 maximum loan per household, as needed to prevent homeowner displacement or foreclosure (includes principal, escrowed taxes and insurance, and all required fees required to reinstate loan). See Loan Terms outlined under Use of Funds above.

AND / OR

- $5,000 maximum financial assistance in the form of a grant to prevent property tax foreclosure, or remove or prevent creation of other liens (HOA, COA, lot rent etc.) that would place homeowner at imminent risk of displacement (within 90-days).

In addition, the HAF Plan proposes use of funds for utility assistance and internet service but will coordinate and leverage assistance available under other federal programs (i.e., Low Income Energy Assistance and the Emergency Broadband Benefit Program). Some distressed homeowners may be over-income for LIEAP and at risk of utility shut-off. Assisting this subset of homeowners with utility assistance, as part of a broader HAF application, may be warranted.

- Up to $300/month per household for past due and future utility assistance, dating back to April 2020 and not more than 3 months of future payments, in the form of a grant. The program will establish a $1,000 maximum utility assistance
for each qualified household, with prioritization of funds to prevent utility shut-off or restore utilities.

- Flat $50/month per household for internet services and for not more than 3 months of future payments ($150 maximum internet assistance for each qualified household), in the form of a grant.

Application & Intake Process

The application and intake process will be designed and operated in a manner to avoid barriers to equitable access, and to allow for maximum flexibility. Homeowners will be able to apply through a mobile friendly online portal, similar to our Emergency Rental Assistance online system that supports easy upload of supporting documentation. Applications will be reviewed for eligibility by HAF program staff and approved by an upper-level reviewer. The application includes questions to identify immediate threats to housing stability (foreclosure notice, utility and internet shut-off notices). Applications reporting receipt of any of these notices, will be prioritized for expedited review.

See Staffing & Systems section below for further detail.

Payment Process

Payments will be processed through the HAF application system with disbursements made directly to the third party. The application system will include a payment file interface with the state’s accounting system, a method used with the 2020 CARES Act and current ERA programs, which allows for payment by electronic fund transfer or check (based on preference elected by the third-party payee). Data fields including payment advice will be provided to the payee, including data needed to ensure proper application of funds (i.e., borrower name, account number, and borrower home address).

Montana Housing is also participating in discussions with other states about a Common Data File (CDF) that may be used with mortgage services for validation of loan information and communicating payment details. Although Montana Housing was not an administrating agency of Hardest Hit Funds (HHF), we understand a CDF file was a component of that program. Montana Housing staff established relationships with nearly 70 different local, regional, and national mortgage services during our administration of the 2020 CARES Act program; these contacts were frequently servicing staff with HHF program experience. We intend to leverage these relationships for administration of the HAF program.

Grant assistance, to the extent feasible, will be paid directly to the county in which property taxes are due, or to the HOA, COA or lot rent payee to which they are due. In the event a payee is unresponsive or uncooperative after multiple, documented outreach attempts by mail, email, and/or phone, Montana Housing may consider issuing payment directly to the homeowner. These scenarios will be considered by the HAF leadership team on a case-by-case basis, subject to Treasury guidance on outreach attempts similar to those provided for the ERA program.
Other Available Sources of Assistance

Montana homeowners may also be eligible for the following programs:

- The Consumer Finance Protection Agency has a comprehensive list of COVID-19 Mortgage Forbearance programs, and provides a 5 minute Repayment Options video on their website
- Housing Counseling Programs provided by NeighborWorks Montana’s network of HUD-approved housing counseling agencies
- Low Income Energy Assistance Program (LIEAP)
- Weatherization and Energy Education Program

LEGAL CERTIFICATION

The Montana Department of Commerce Office of Legal Affairs certifies that the above eligible uses and entities comply with the American Rescue Plan Act.

METHODS OF TARGETING

The American Rescue Plan Act and Treasury guidance require that not less than 60% of amounts made available to each HAF participant must be used for qualified expenses that assist homeowners having incomes equal to or less than 100% of the Area Median Income, or equal to or less than 100% of the median income for the United States, whichever is greater. The remaining amount of funds shall be prioritized for eligible Socially Disadvantaged Eligible Homeowners with incomes equal to or less than 150% Area Median Income, and any remaining funds after prioritization will be made available for other eligible homeowners.

Montana Housing intends to proactively market the HAF program in Montana counties with higher overall ranking in Economic Distress, Social Disadvantage, and Housing Cost Burden indicators identified in Table 3.

Submitted applications will be assessed regularly on the following factors:

- Households with incomes at or below 100% of median income
- Households with incomes at or below 150% of median income
- Percent (distribution) of applications by county, in comparison with county overall ranking in Table 3
- Applications received from Socially Disadvantaged Homeowners

To ensure the minimum targeting is achieved, applications will be assessed according to the factors above on a monthly basis for at least the initial six months of the program. If monthly assessment validates minimum targeting requirements, these assessments may be conducted every 60 or 90 days. In the event distribution of funds is not meeting minimum targeting, Montana Housing will execute immediate programmatic changes, and conduct further targeting efforts. These strategies may include:

- Maintain open application portal for households with incomes at or below 100% of median income only.
▪ Increase media buy and marketing efforts in counties with higher concentrations of homeowners with incomes at or below 100% of median income.
▪ Engage local partners serving Socially Disadvantaged Homeowners in direct client outreach.
▪ Convene stakeholder groups including, but not limited to, mortgage servicers, housing counselors, and Tribes and Tribal Entities, to develop and deploy customized outreach efforts.

MARKETING & OUTREACH

The State of Montana has engaged a marketing firm to ensure public awareness for a variety of ARPA programs. Montana Housing is collaborating with leads from other state agencies and the budget office on the marketing scope; the contract draft is complete and under review, and will incorporate a range of marketing strategies including TV, radio, and social media advertising buys.

Outreach and marketing will include a designated webpage on the State of Montana ARPA website (ARPA.MT.GOV) and Montana Housing website (HOUSING.MT.GOV), email listserv, social media, press releases, digital and print advertising, and through partner organizations including lenders, servicers, REALTORS®, counseling agencies and other nonprofits serving the public throughout the state. Montana Housing will specifically target zip codes and areas that are low-income and or socially disadvantaged.

Our staff has experience with both earned and paid media, including a separate marketing firm contract executed for the Emergency Rental Assistance program that was deployed for the first three months (April to June 30, 2021) to raise awareness and target rural markets. Department of Commerce staff provided census data on renter populations and incomes to the marketing firm to further inform media buys. In partnership with the State Department of Public Health and Human Services, program mailers were sent to all households serving SNAP and TANF benefits. Northwestern Energy included program mailers to all Montana customers in partnership with the state (free of charge).

Montana Housing also has experience marketing emergency housing assistance funds to homeowners as part of our administration of the 2020 CARES Act Emergency Housing Assistance program. Several large regional and national banks supported marketing efforts with mailers to borrower, signage in Montana offices, and sharing of program information with mortgage servicing staff conducting outreach and delinquency calls to borrowers. As distressed homeowners are at increased risk of scams, messaging can proactively include PSAs on ways consumers can take steps to prevent falling victim to scams.

Targeted Outreach

As noted in the Needs Assessment conclusion on page 19, we are proposing to target marketing and outreach efforts to the top 10 counties in overall ranking, and the top 3 counties in each category (social disadvantaged, housing cost burden and economic distress).
This would include 24 counties in total (Big Horn, Blaine, Carbon, Cascade, Chouteau, Dawson, Flathead, Glacier, Hill, Lake, Madison, McCon, Missoula, Musselshell, Park, Phillips, Pondera, Ravalli, Richland, Rosebud, Roosevelt, Sanders, Treasure, and Wheatland).

Through our coordination with the NeighborWorks Montana Homeownership Counseling Network, we understand that in fiscal year 2020, 2.1% of their clients were Limited English Proficiency. In fiscal year 2021, this decreased to 1.5% of clients. Per census data, less than 0.2 of 1% of Montana residents do not speak English. In addition, 0.4 of 1% are considered to “not be proficient” at speaking English. NeighborWorks Montana has not received a single request for translation services in the last few years however, they do have a process for connecting clients with translation services upon request, including a referral form.

This is similar to our experience with administration of the Montana Emergency Rental Assistance program, which, to-date, has received one request for translation services. We will accommodate all requests and are aware of a variety of resources to connect HAF applicants with interpretation services, such as:

- Montana Department of Transportation list of local interpreters, available [here](#).
- Montana State University Extension program - Modern Language & Literatures Tutors and Translators [website](#).
- Montana Language Services helps people connect and access interpretation services [online](#).

These are all resources available to NeighborWorks Montana housing counselors and can be leveraged by the State of Montana to support borrowers applying for the HAF program.

We will partner with the Tribal housing authorities on the seven Indian Reservations located in the state to ensure they are aware of the statewide HAF program, particularly if they did not apply of their own allocation of funds. We will also work with the Council on Aging to ensure Montana seniors are informed about the HAF program, as well as the state Department of Public Health and Human Services Aging and Disability Resource Center.

Montana Housing will, at least quarterly, review its outreach and marketing efforts, in conjunction with its performance goals, to ensure that outreach and marketing efforts are effectively reaching target homeowners. Adjustments to the outreach and marketing plan will be made accordingly.

**PERFORMANCE GOALS**

The following three metrics will serve as the best indicators of the success of our program:

- Number of households assisted (align with Data Element #1: The total number of unique Homeowners that received HAF assistance of any kind).
▪ Number of foreclosures prevented (align with Data Element #5: The number of Delinquencies that were resolved with monetary HAF assistance).
▪ Number of utility shutoffs prevented (align with Data Element 7b: The number of Homeowners whose mortgage, insurance, taxes, utilities, or other qualified expenses related to housing were fully or partially paid, disaggregated by Payment Assistance Utilities).

Montana Housing will also measure operational performance by evaluating the following:
▪ The speed by which an applicant receives assistance through the program, from receipt of full application to disbursement of funds (or denial of application, if applicable). Note that submission of documentation does not constitute a full application until all required documentation has been received. If the submitted documentation does not constitute a full application, three attempts over 14 calendar days will be made via email and phone to contact the borrower.
▪ The number and percentage of applicants that receive assistance through the program (versus the number and percentage denied assistance);
▪ The percentage of funds awarded to socially disadvantaged homeowners.
▪ Effectiveness at serving households at or below 100% AMI, 80% AMI, and 50% AMI, respectively.

COORDINATION WITH OTHER HAF PARTICIPANTS

Treasury is undertaking a Tribal consultation process for the allocation of Homeowner Assistance Funds to Tribes and Tribal entities. Montana is home to eight Tribal Nations and seven Tribal Housing Authorities:

▪ Blackfeet Nation of the Blackfeet Reservation
  o Blackfeet Housing Authority
▪ Chippewa-Cree Tribe of the Rocky Boy’s Reservation
  o Chippewa-Cree Housing Authority
▪ Confederated Salish & Kootenai Tribes of the Flathead Reservation
  o Salish & Kootenai Housing Authority
▪ Crow Nation of the Crow Reservation
  o Apsaalooke Tribal Housing Authority
▪ Nakoda and Aaniiih Nations of the Fort Belknap Indian Community
  o Fort Belknap Housing Authority
▪ Little Shell Tribe of Chippewa Indians of Montana, a state and now federally-recognized Tribe of Ojibwe people in Montana
▪ Northern Cheyenne Tribe of the Northern Cheyenne Reservation
  o Northern Cheyenne Housing Authority
▪ Assiniboine and Sioux Tribes of the Fort Peck Reservation
  o Fort Peck Housing Authority

Montana Housing will coordinate with Tribes and Tribal entities, in consultation with the Governor’s Office of Indian Affairs, on the administration of HAF programs throughout the State of Montana. Coordinating with Tribes and Tribal entities will be critical to
ensuring equitable access to HAF funds for Montana’s Native American homeowners, who are the largest constituent of non-White homeowners in the state.

Please refer to Contracts and Partnerships and Existing and Pilot Programs section for further details on best practices and Montana Housing’s effective implementation of related programs.

READINESS TO IMPLEMENT

Staffing & Systems

Montana Housing’s HAF leadership team include the following permanent agency staff:

- Executive Director / Housing Division Administrator
- Finance & Accounting Manager
- Homeownership Program Manager
- Mortgage Servicing Program Manager
- Homeownership Program Supervisor
- Homeownership Program Specialist
- Quality Control Specialist
- HAF Program Supervisor
- HAF Application Reviewer (Loan Specialist)

The following new positions have been filled and staff were onboarded in mid-November.

**Homeowner Assistance Fund Program Supervisor**

The HAF supervisor will be responsible for ensuring compliance to US Department of Treasury and Montana Housing requirements for the Homeowner Assistance Program. Duties include pilot program design and launch; community outreach and public engagement; creating and updating HAF process documents; assessing use of technology for required data collection and operational performance; staff training; responding to internal and external customer inquiries; facilitating HAF team calls; participating in collaborate industry calls and workgroups; and, making recommendations to the Division Administrator and Program Managers of process improvements.

This position will initially supervise the two staff below, and may supervise additional staff as the HAF program shifts to the broader statewide program. The HAF supervisor will be a key team lead with software design, testing, and implementation.

**Loan Specialist (Foreclosure prevention expertise)**

This position will gather, analyze, and run reports for loans in COVID-19 formal forbearance and delinquency; assess loan and borrower for HAF program eligibility; review financial and economic feasibility of loans; review, interpret and monitor compliance and insurance guidelines, laws, and regulations for loans; coordinate and maintain training of loan activities; may process collection of non-performing loans; may assess risks of loans and monitor award of HAF funds and
repayment of loans. This position will also review, reconcile, and resolve anomalies and discrepancies in loan activity and may conduct underwriting services.

Recruitment for the position below is underway:

**Accounting & Compliance Specialist**

This position will be responsible for conducting verification checks of payee information to ensure accurate payment processing. Prepares manual warrant requests, reconciles payments through the State's Accounting System, and the software application. This position will also be responsible for monthly quality assurance reviews to ensure that applications are processed according to the eligibility requirements set by the U.S. Department of Treasury and Montana Housing.

As the statewide program is developed, additional temporary staff will be recruited for program administration, including duties such as application processing, telephonic and electronic technical assistance, and coordination with mortgage servicers. Under our ERA program, twenty-five (25) temporary staff were employed as state workers with benefits as application reviewers, lead reviewers, and accounting/compliance technicians. Montana Housing has experience under both the CARES Act and ERA programs in on-boarding and training larger numbers of new staff.

Contracts with third party vendors may also be considered for some aspects of program administration, in accordance with Treasury grantee award terms and all applicable regulations.

The Montana State Information Technology Services Division (SITSD) has identified, vetted, and approved software for state agencies, including Montana Housing, to leverage for administration of ARPA programs. These include ServiceNow, Submittable, and Amplifund. Montana Housing used Submittable for administration of the 2020 Cares Act Emergency Housing Assistance program, which served both renters and homeowners. For administration of the 2021 ERA program, Montana Housing selected ServiceNow and worked with a vendor to develop a custom application portal that can be accessed by renters, landlords, and technical assistance network staff.

There are many aspects of the ServiceNow ERA application that can be lifted and modified for the HAF program. Given ServiceNow is an existing enterprise solution for the state, Montana Housing can prevent delays due to length procurement processes. Montana Housing staff participate in weekly NCSHA HAF calls, including discussions focused on developing a shared data file for HAF administration with mortgage servicers. These conversations are on-going, and we intend to align with best practices adopted by other states to ease administration, and enhance coordination with large regional and national mortgage servicers.

**Reporting & Compliance**

Montana Housing will ensure HAF compliance and reporting requirements established by Treasury are achieved. As Treasury releases additional guidance for HAF reporting of financial data, targeting data, and other information as required, Montana Housing
will implement this reporting framework. Montana Housing will utilize a combination of the selected online application platform and any external vendors or partners (i.e., housing counseling and/or civil legal aid) to capture required data elements that may be identified for Treasury’s quarterly reporting and annual program report.

For the duration of HAF program administration, Montana Housing will perform internal quality assurance reviews to monitor for compliance with HAF eligibility criteria, including samples of both approved and rejected, or withdrawn, applications. Findings will be reported to the HAF Program Supervisor for corrective action. Fraud prevention and detection strategies such as segregation of duties, delegation of authority, system access controls, suspected fraud reporting tools for the public, internal document examinations in performance reviews, and reconciliations will be integrated into the business processes to ensure program integrity, and avoid improper payments of HAF funds.

Contracts & Partnerships

Technical Assistance Network

To ensure equitable access to both the 2020 CARES Act Emergency Housing Assistance program and the 2021 Montana Emergency Rental Assistance program, Montana Housing partnered with NeighborWorks Montana to coordinate a Technical Assistance Network of partner organizations throughout the state to provide telephonic assistance to help Montanans submit their online application. The number of partner organizations joining the network has fluctuated (ranging between 11 and 18 organizations), but the network can support any Montanan, irrespective of their physical location. Partner organizations include Human Resource Development Councils (HRDCs), local Public Housing Authorities, food banks, and other non-profit service providing agencies.

As the state re-opened after peak COVID-19 conditions, several partner organizations also began providing in-person assistance via appointment and drop-in hours. An online scheduler tool is available to this network and Montana Housing staff, who can schedule appointments for 1:1 assistance over the phone. Applicants can also request a paper application be mailed, with completed paper applications returned to the partner organization to upload to the online application portal.

For the first three months of the Emergency Rental Assistance program (April 5 to June 30, 2021) the network assisted 2,896 Montanans (renters and landlords) with the ERA application. The network also amplifies marketing and outreach efforts with partner organizations including the ERA program on their agency websites, in social media posts, and through direct outreach to their client base via phone calls, emails, and mailings.

Considerable efforts were made to ensure the online application process was as simple as possible, but some Montanans lack access to a computer or internet, or may otherwise have challenges navigating an online process. Thus, establishing and
maintaining this Technical Assistance Network has been a key component to ensure ERA program funds are reaching Montanans most in need.

Montana Eviction Intervention Project

Montana Housing, with the Department of Commerce, has been partnering with the Montana Legal Services Association (MLSA) on the Montana Eviction Intervention Project (MEIP) since October 2020. The goal of this program is to support increased civil legal aid assistance to Montanans facing pandemic-related evictions. This project, funded with 2020 CARES Act Coronavirus Relief Funds, is on-going through September 2021. Conversations are already underway to extend MEIP and to explore the addition of a civil legal aid program for distressed homeowners facing possible foreclosure. The program supports 20 MEIP attorneys taking full representation cases throughout the state, with an additional five MEIP attorneys providing telephonic advice appointments. The Montana Legal Services Association staff support includes a Disaster Legal Service Program Coordinator, responsible for day-to-day management of the program, MLSA’s Director of Pro Bono, two AmeriCorps members handling housing intakes, support from a paralegal from MLSA’s Tribal Law Practice Group, MLSA’s Housing Law Attorney, and Director of Advocacy.

For the most recent quarterly reporting period for activities July 1 to September 30, 2021, there were 311 active MEIP cases assisting 440 adults and 322 children. Self-reported client demographics include:

- 32 Native American Clients (10%)
- 27 Veterans or Active Duty (9%)
- 65 Survivors of Domestic Violence (20%)
- Gender: 211 women (68%); 96 men (30%); 4 prefer to self-describe
- 45 years old (average)
- 65 clients reported having no income
- Average annual income of those reporting income: $19,297

The demographics of clients served suggest the program’s outreach and recruitment efforts are reaching key populations who may have been disproportionally impacted by the COVID-19 pandemic. The MEIP Coordinator and three MLSA staff conducted on-the-ground outreach during an extensive trip in June 2021 including the towns of Helena, Havre, Sidney, Miles City, Billings, White Sulphur, and many other stops. Three new attorneys were added to the program in the second quarter of 2021.

In preliminary conversations with the Montana Legal Services Association (MLSA), we have discussed adding legal services for Montanans facing foreclosure to the existing Montana Eviction Intervention Project (MEIP) program. MLSA would hire attorneys and legal assistants to represent Montanans to advise them on their legal rights in foreclosure proceedings, provide legal representation in court or administrative proceedings when appropriate, and help clients work with banks and creditors to stay housed, or access other housing supports.

Homebuyer Education & Homeowner Counseling
Montana Housing has administered the above Homeownership Program since 1977, assisting low- and moderate-income Montanans purchase a home by providing funds to purchase eligible mortgages from local participating lenders. Primarily, this program works with first time homebuyers who may lack knowledge of the home purchasing process. Montana Housing began supporting homebuyer education (HBE) to educate potential homebuyers and help create sustainable homeownership. The benefit of HBE has been well documented over the years, and graduates are far less likely to be delinquent or default on their mortgage.

In the 1990’s, Montana Housing partnered with Neighborhood Housing Services of Great Falls (NHSGF) to explore the possibility of providing quality standardized education and other homeownership services on a statewide basis. In 1998, the Montana Homeownership Network, Inc. d/b/a NeighborWorks Montana (NWMT) was created to fill this need. NWMT provides and coordinates subsidized training in Montana for network staff to become nationally certified in homebuyer education and counseling. In a state the size of Montana, this network organization has proven to be an effective business model and has been recognized nationally for its innovation in serving a statewide, rural population. Working through NWMT guarantees that all support from Montana Housing goes to programs offered by nationally certified educators and counselors.

During the Great Recession, this network was leveraged for foreclosure counseling, including a referral partnership with Montana Legal Services Association and the Montana Attorney General’s Office. NWMT is currently pursuing additional housing counseling funds made available to NeighborWorks America under ARPA Section 3204. Montana Housing is in conversation with both NWMT and MLSA on foreclosure counseling and civil legal aid, as potential components of the statewide HAF program.

NWMT recently applied for, and received, funding through the Housing Stability Counseling Program (HSCP) via NeighborWorks America. These funds are to be used for housing counseling and will provide direct assistance to households facing housing instability. Funds will also support housing counselor education, outreach, training, and operational oversight.

Under this new HSCP funding, NWMT is building the capacity to ask clients seeking counseling to complete a NWMT assessment survey, so their counseling needs can be evaluated. The assessment is an important first step, as it will help determine if there is a crisis that needs immediate mitigation through the Emergency Rental Assistance Program, the Homeowner Assistance Fund, or Montana Legal Services Association. Clients interested in home purchase services, and those who do not believe they are facing housing instability, will work directly with their local counseling organization on the services relevant to them.

The NeighborWorks America HSCP funding is only available until February 2023. We propose use of HAF funding to extend and support the network in its counseling efforts until September 2025, which will provide additional stability for the network, its partners, and employed counselors.

**Existing & Pilot Programs**
Montana Emergency Rental Assistance

The Consolidated Appropriations Act (CAA) passed in December 2020 included $200 million to the State of Montana for Emergency Rental Assistance, which was allocated to the Department of Commerce under Montana HB 3 and HB 630. CAA ERA funds are known as ERA1. In addition, the American Rescue Plan Act of 2021 included an additional $152.4 million in Emergency Rental Assistance for the State of Montana, which was allocated to the Department of Commerce under HB 632. The ARPA ERA funds are known as ERA2.

Montana Housing launched the Montana Emergency Rental Assistance Program (ERA1) on April 5, 2021 and is the statewide administrator of ERA funds. Application of lessons learned from the administration of the 2020 CARES Act Emergency Housing Assistance program (also by Montana Housing) has resulted in operational improvements, including swifter application processing times. Over the first three months of the program, more funds were awarded ($13 million) than approximately eight months of the 2020 program ($8.4 million). The average assistance per household also increased from $3,392 to $5,623.

Application Processing April 5 to July 25, 2021

<table>
<thead>
<tr>
<th># of Applications</th>
<th>Percent</th>
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</thead>
<tbody>
<tr>
<td>Total Submitted</td>
<td>4,131</td>
</tr>
<tr>
<td>Total Approved / Paid</td>
<td>2,326</td>
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<tr>
<td>Total Under Review</td>
<td>912</td>
</tr>
<tr>
<td>Total Ineligible / Duplicate</td>
<td>893</td>
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*Application Data as of July 25, 2021

2020 – 2021 COVID19 Emergency Housing Assistance Programs

<table>
<thead>
<tr>
<th></th>
<th>2021 ERA1 Program (April 5 to July 25 - 16 weeks)</th>
<th>2020 CARES Program (May 7 to Dec 31 - 34 weeks)</th>
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<tbody>
<tr>
<td>Total Funds Awarded</td>
<td>$13,079,451</td>
<td>$8,423,345</td>
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<tr>
<td>Total HH Assisted</td>
<td>2,326</td>
<td>2,483</td>
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<tr>
<td>Avg Assistance per HH</td>
<td>$5,623</td>
<td>$3,392</td>
</tr>
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</table>

The program is available for Montanans who have experienced a financial hardship as a direct or indirect result of the COVID-19 pandemic and are at risk of housing instability. Eligible renters can receive a monthly maximum amount of $2,200 for past due and future rent payments, up to $300 per month for past due and future utilities including gas and electric, and $50 per month for internet. Households can receive assistance for rent and utility bills dating back to April 1, 2020. Payments are made directly to landlord and utility providers, with some exceptions in cases where the landlord or utility provider is unresponsive after outreach attempts required by Treasury guidance.

The Montana Emergency Rental Assistance program uses a custom online application on the ServiceNow platform. The application can be initiated by the renter or landlord, and applicants can get assistance filling out the application (see details under “Technical Assistance Network). We partnered with our Department of Public Health
and Human Services for best practices in payments to utility providers, based on their expertise with the Low Income Energy Assistance Program (LIEAP).

A team of twenty-five (25) application processors were employed as modified / temporary state employees. All application processors were provided with state hardware and equipment to support effective and efficient remote work and receive State of Montana benefits. As of December 14, 2021, the ERA program has awarded over $25 million to assist over 4,500 Montana families maintain stable housing.

Montana Housing plans to use similar processes and operational procedures, modified as necessary to adapt to the specific needs and requirements of HAF, to administer the HAF program.

Homeownership & Mortgage Servicing Programs

Montana Housing’s single-family program includes all homeownership loan programs funded under tax-exempt Mortgage Revenue Bonds (MRB) issued by the Montana Board of Housing, the Montana Veterans’ Home Loan Program, and Mortgage Credit Certification Program (MCC). To qualify for our programs, borrowers must meet annual gross income limits, purchase price limits, reside in the home as their primary residence, and be a first-time homebuyer (with some exceptions).

Montana residents serving, or who have served, in the military through the federal armed services and the Montana National Guard are eligible for the Veterans’ Home Loan Program.

Average borrower statistics:

- household income $58,823;
- 3-person household size;
- 36 years old.

In 2020, Montana Housing funded 861 loans for Montana homebuyers including targeted support to 591 Montanans through our set-aside, special programs, and down payment assistance loans. To date, our single-family homeownership program has supported Montanans with over 5,600 affordable home loans.

Montana Housing also services our loans in-house, providing personable, professional, and local mortgage loan servicing to Montana homeowners with loans funded and purchased under our single-family program. Our mission-focused servicing staff specialize in supporting and educating first time homebuyers. We maintain a Tier 1 – Grade A rating with HUD’s National Servicing Center. As a direct mortgage servicer, Montana Housing staff are versed in applicable statues and regulations, including:

- Interagency Guidelines for Real Estate Lending Policies (112 CFR 208), including CFPB, FHA, USDA (RD), VA, HUD184, GENWORTH, and MGIC;
- Fair Debt Collection Practices Act (15 USC 1601, Sec. 801-818);
- Housing and Urban Development Act of 1965;
- Homeownership Counseling Requirements;
- Homeowners Protection Act;
- National Flood Insurance Program INFIP;
- Service Member Civil Relief Act (SCRA) (50 USC 501);
- Servicing Rules as Set Forth in the Real Estate Settlement Procedures Act (RESPA or Regulation X) and the Truth-in-Lending Act (TILA or Regulation Z);
- Federal Trade Commission Act (FTC Act, 15 USC 45(a) Section 5; and
- UDAAP-Unfair, Deceptive, or Abusive Acts or Practices.

As of June 30, 2021, our total portfolio consisted of 5,045 loans, with principal balance of $483,877,634 and $3,797,936 in escrow. Also as of June 30, 2021, we had 211 loans in COVID19 formal forbearance. This represents 4.18% of the total mortgage servicing portfolio. Loans in COVID19 formal forbearance include 136 FHA, 20 USDA-RD, 19 VA loans, and other mortgage revenue bond (MRB) loans. Average loan balance is $135K. The total estimated amount needed to bring the portfolio current, including estimated payments for partial claims, is $2.514M.

**Pilot Program**

In accordance with Treasury guidance to use initial payments to create or fund pilot programs to serve targeted populations, and to focus on programs that are most likely to deliver resources most quickly to targeted populations, such as mortgage reinstatement programs (HAF Guidance, April 14, 2021, Page 6), Montana Housing is implementing a HAF pilot program that will be a smaller scale version of the proposed statewide mortgage reinstatement program. This pilot program would be offered to qualifying homeowners in the Montana Housing mortgage servicing portfolio.

Pilot program parameters for a HAF mortgage workout loan / reinstatement program include:

- Homeowner must qualify as an eligible household under ARPA Section 3206 requirements and subsequent Treasury guidance.
- Eligible property type is primary residence, owner-occupied homes located within the State of Montana only;
- Eligible uses for HAF funds will be financial assistance in form of a loan, to allow a homeowner to reinstate their mortgage or pay other housing-related costs related to a period of forbearance, delinquency, or default;
- Maximum $25,000 loan per HAF eligible household;
- Deferred payments for the life of the first mortgage;
- Payments due in full when the first mortgage ends (repayment, refinance, transfer, sale);\(^9\)
- Repayment is subject to review and Montana Housing may, based on homebuyer situation and needs at the time of repayment, require payment in full or establish a payment plan;
- 0% Interest Rate;

\(^9\) This has been updated from original loan terms indicated on July 15, 2021 Homeowner Assistance Fund *UPDATE provided the Advisory Commission which included “Loan term is ten (10) years at 0% interest, payable in full upon maturity or other triggering action (i.e., sale, refinance, or payoff of primary loan).”
- Required documentation will include a Note and Deed of Trust, recorded as last in line lien on the property.

This pilot program also aligns with Treasury guidance encouraging HAF grantees to prioritize assistance to homeowners who have FHA, VA, or USDA-RD mortgages, and homeowners who have mortgages made with the proceeds of MRBs or other mortgage programs that target low- and moderate-income borrowers (HAF Guidance, April 14, 2021, Page 7).

Montana House Bill 632, which allocates $50 million under ARPA Section 3206 for the Homeowner Assistance Funds to the State of Montana, also established an Economic Transformation, Stabilization, and Workforce Development Advisory Commission. Section 14(3) of HB 632 permits the Commission the opportunity for input and the ability to make recommendations to the Department of Commerce for the use of HAF funds. The pilot program above was presented to the Commission on July 21, 2021. The Commission recommended to the Executive branch that Montana Housing undertake the tentative HAF pilot program outlined above. These program parameters may be updated based on activities under way (i.e., needs assessment, community engagement, Commission recommendations, further Treasury guidance, direction from the division of banking and financial institutions, legal counsel, state budget office and executive branch, and public comment received).

The pilot program launched in January 2022, with the first tranche of applications to potentially eligible Montana Board of Housing borrowers released January 3, 2022, and a second tranche of applications released January 12, 2022. Completed applications are now being received and reviewed by the Montana Housing Homeowner Assistance Fund team members.

**BUDGET**

The total HAF allocation for the State of Montana is $50 million. In addition to the $5 million initial payment received, an addition $45 million is anticipated to be allocated from Treasury, pending review and approval of the final HAF Plan. The budget below incorporates the initial pilot program budget ($5 million) as well as the broader statewide program budget.

The pilot program budget includes the three new FTEs identified above, who will be leveraged for design and launch of the proposed statewide HAF program. Additional modified/temporary employees will be added as needed based on final program design and operational needs.

<table>
<thead>
<tr>
<th></th>
<th>FY 2022 – FY 2026</th>
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</thead>
<tbody>
<tr>
<td><strong>Total Personal Services:</strong></td>
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<tr>
<td>Operating Expenses:</td>
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<td>Indirect Admin cost</td>
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<td>Document prep fees (recording/title)</td>
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<tr>
<td>Servicing for life of loans</td>
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<tr>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Document retention fees per year</td>
<td>15,000</td>
</tr>
<tr>
<td>Communications, marketing</td>
<td>541,357</td>
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<tr>
<td>Software system ServiceNow</td>
<td>375,000</td>
</tr>
<tr>
<td>Office Package ($1,600 per FTE)</td>
<td>20,800</td>
</tr>
<tr>
<td>Computer package ($1,200 per FTE)</td>
<td>15,600</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>8,590</td>
</tr>
<tr>
<td>Postage</td>
<td>29,390</td>
</tr>
<tr>
<td><strong>Total Admin Operating Expenses:</strong></td>
<td><strong>7,487,500</strong></td>
</tr>
<tr>
<td><strong>HAF Financial Assistance:</strong></td>
<td></td>
</tr>
<tr>
<td>Loans ($25K for 1,100 borrowers)</td>
<td>27,500,000</td>
</tr>
<tr>
<td>Grants ($5K for 1,650 borrowers)</td>
<td>8,250,000</td>
</tr>
<tr>
<td>$5,500,000 property taxes</td>
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</tr>
<tr>
<td>$1,375,000 HOA fees</td>
<td></td>
</tr>
<tr>
<td>$1,375,000 Insurance</td>
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</tr>
<tr>
<td>Utilities</td>
<td>3,875,000</td>
</tr>
<tr>
<td>Internet</td>
<td>387,500</td>
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<tr>
<td><strong>Loans and Grants total</strong></td>
<td><strong>40,012,500</strong></td>
</tr>
<tr>
<td>5% for counseling/legal services</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Counseling ($1,125,000)</td>
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<tr>
<td>Legal Services ($1,125,000)</td>
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</tr>
<tr>
<td><strong>Total Program:</strong></td>
<td><strong>50,000,000</strong></td>
</tr>
</tbody>
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