

MONTANA

BOARD OF INVESTMENTS

Impact Fee Loan Program

Summary of Terms and Conditions

Purpose

The Impact Fee Loan Program will help housing developers pay local government development fees with no interest to eliminate carrying costs of expanding housing opportunities in Montana. There is up to \$15 million available for the program.

Approved Lender

To participate in the Montana Down Payment Assistance Loan Program the Lender needs to be an approved lender with the Montana Board of Investments (BOI). Financial Institutions wishing to become an Approved Lender with the Montana Board of Investments should contact Doug Hill, Director of In-State Loans at dhill@mt.gov.

Loan Structure, Amount and Terms

The Lender will underwrite, originate and service the loan.

Loan proceeds must be to a Montana-based business (borrower) and used to pay impact fees, latecomer fees, or other state/local government imposed administrative fees, (collectively “impact fees”).

Borrower must have an executed development agreement with the local government before funds can be distributed to the governmental entity. The development agreement must include the amount of the impact fees.

The maximum loan amount of up to \$3 million may be used to cover up to 100% of the impact fees.

The BOI will participate in a 0% fixed rate loan in a junior lien position with the lender providing the construction note to the borrower.

The maximum is \$3,000,000. No person or entity may apply for more than \$3,000,000 aggregate. The term is 24 months.

The BOI loan will be a single payment loan due at maturity.

The BOI loan is serviced by the lender and the lender may not charge a servicing fee. The Lender and BOI loans will have the same collateral.

Borrower must be a Montana-based business in good standing with no current outstanding State of Montana obligations.

The BOI loan will not have a prepayment penalty. The Lender must notify the BOI 15 days prior to the payoff. BOI will issue a payoff statement to the Lender.

The BOI may require additional due diligence and research on loans at its sole discretion. All loans are subject to BOI approval.

The following loans are not eligible:

- Loans classified as substandard, doubtful, loss or similar category in Lender's most recent examination report.
- Loans to businesses with classified loans at the Lender, other than the loan offered to the BOI.
- Loans to a borrower, principal owners, directors, or guarantors that has been convicted of a felony.

Use of Proceeds

BOI may purchase loans for impact fees paid after October 11, 2023. Fees paid prior to October 11, 2023, are not eligible.

Refinancing of existing debt held by a lender is not eligible.

The Borrower is not allowed to receive any cash from the BOI loan. All funds must be paid directly to the local government.

How to Apply:

Program Documents

The Reservation Form, Application, and Terms and Conditions are on the BOI website at <https://investmentmt.com/Housing-Programs/Impact-Fee-Loan-Program>.

Loan Reservation

Lender submits the reservation form and pays a .25% reservation fee. The fee is paid through the Lender's ACH account with the BOI. Reservations will be processed in the order in which they are received.

- The .25% fee applies to the BOI loan amount, not the total loan amount.
- Lender must complete all necessary sections of the reservation form and sign and date the form.
- The Department of Revenue (DOR) will review all submitted reservations. The review process will include:
 1. Verifying the Business is physically located in Montana, and
 2. Verifying the Borrower is current on all other state financial obligations, and
 3. Confirming the Borrower is in good standing with the Montana Secretary of State.
- Following a review by the DOR, BOI will determine if the loan is eligible for the funds to be reserved.
- BOI sends the lender confirmation of the reservation specifying the funding amount and the expiration date of the reservation.
- The reservation period is 365 days.
- The reservation fee will be refunded if the loan is funded or denied by the BOI, whichever comes first. Withdrawn or expired reservations will not be refunded.

Application

Lender submits the BOI application and Lender's loan review. Applications will be processed in the order in which they are received. Applications must be received within 6 months of reservation, or the reservation will be considered withdrawn, and the reservation fee will not be refunded.

Approval Process

Each application will be reviewed to verify the information provided in the application.

Commitment

Upon approval of the application, BOI will issue a commitment letter, schedule A & B, and a loan funding certificate, indicating the terms and conditions that the lender must meet for BOI to fund the loan.

The lender has 30 days in which to accept or reject the terms and conditions of the commitment letter. If the Lender accepts it will sign and return the commitment letter. The Borrower must also sign the commitment letter.

The commitment letter has an expiration date. This date is the original expiration date of the reservation form.

The loan must be closed within the commitment period.

Funding

The Lender submits the Schedule A & B with the Loan Funding Certificate via email to impactfeeloanprogram@mt.gov BOI will fund the loan through the Lender's ACH account.

Withdrawing Applications

If the Borrower wishes to withdraw their application, they will be required to inform their Lender. The Lender will notify BOI of the decision to withdraw. Upon notification, the application will be deleted and no longer considered for the program. BOI will notify the Lender when the application has been withdrawn.

Servicing

The lender is responsible for servicing the loan in compliance with the Loan Servicing Agreement entered between the Approved Lender and the BOI.

Lender will need to contact BOI to receive a payoff statement. The Lender will wire BOI the payoff amount.

Taxability

Lenders are responsible for issuing any necessary tax reporting documentation as part of their loan servicing.