

MONTANA

BOARD OF INVESTMENTS

POLICY NUMBER: 70.750

EFFECTIVE DATE: June 4, 2025

TITLE: Montana Housing Infrastructure
Revolving Loan Fund Account

SUPERSEDES: NEW

BOARD ADOPTION: June 4, 2025

REVIEWED: June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Montana Housing Infrastructure Revolving Fund under the guidance of the Board.
- B. The Montana Housing Infrastructure Revolving Loan Fund was established in 2023 to "increase home ownership and provide more long-term rental opportunity; increase housing supply and offer diverse housing types to meet the needs of population growth; and to create partnerships between the state, local governments, private sector developers, and applicants for residential development to finance necessary infrastructure for housing."
- C. The board will have full discretion to manage the Montana Housing Infrastructure Revolving Fund in a way that is consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

II. Objective

- A. Within the parameters established in this policy, meet the statutory objectives of increasing homeownership, providing more long-term rental opportunities, increasing housing supply, and attaining sufficient total return for all investments.

III. Montana Housing Infrastructure Revolving Fund

A. General Parameters

- 1. The program is funded by two allocations from the state general fund:
 - a) \$106 million in the fiscal year beginning July 1, 2023; and
 - b) \$50 million in the fiscal year beginning July 1, 2025
- 2. The Board does not lend directly to businesses and only participates with Approved Lenders in loans to Montana entities.
- 3. Approved Lenders originate all loans and submit loan applications and loan reservation forms.
- 4. The term Borrower means the Borrower applying for a loan from the Lender.

B. Permitted Use of Funds

- 1. STIP;
- 2. United States Treasury Securities; and
- 3. Up to \$106 million may be used for projects meeting a minimum gross density of ten units per acre, which shall be invested in:

Adopted: June 4, 2025

Revised: NEW

Reviewed: June 4, 2025

- a) Loans and securities to local governments or residential developers for infrastructure or the demolition thereof, and pursuant to Policies 70.751 and 70.752; and
 - b) Fully collateralized, interest-bearing Demand Deposit Accounts at Montana-domiciled banks and credit unions linked to projects containing provisions for affordability as determined in Policies 70.751 and 70.752.
- 4. Up to \$50 million may be used for projects meeting a minimum gross density of three units per acre, which shall be invested in:
 - a) Loans and securities to local governments or residential developers for infrastructure or the demolition thereof pursuant to Policies 70.751 and 70.752; and
 - b) Fully collateralized, interest-bearing Demand Deposit Accounts at Montana-domiciled banks and credit unions linked to projects containing provisions for affordability as determined in Policies 70.751 and 70.752.
- 5. Interest and income from (1) and (2) above may be used for:
 - a) Loans and securities to local governments or residential developers for infrastructure or the demolition thereof pursuant to Policy 70.751 and 70.752;
 - b) Fully collateralized, interest-bearing Demand Deposit Accounts at Montana-domiciled banks and credit unions linked to projects containing provisions for affordability as determined in Policies 70.751 and 70.752; and
 - c) Loans to residential owners in partnership with approved lenders for mobile home parks or other multifamily housing.
- 6. Bond guarantees are a loan to the issuer in an amount equal to the bond's reserve fund deficiency, not to exceed \$10 million per bond in lieu of a pledge of the issuer's revolving loan fund and may be provided as follows:
 - a) Up to \$70.3 million if a project has a minimum gross density of ten units per acre and provides provisions of affordability as determined in Policies 70.751 and 70.752; or
 - b) Up to \$33.3 million if a project has a minimum gross density of three units per acre.

Authority: Montana Code Annotated, Art. VIII, Section 13
 Montana Constitution, Article IX, Section 5
 Section 2-15-1808, MCA
 Section 17-1-113, MCA
 Sections 17-6-201 through 17-6-205, MCA
 Section 17-6-308, MCA
 Sections 17-6-801 through 17-6-805, MCA
 House Bill No. 505 (2025)