

## Montana Housing Infrastructure Revolving Bond Program

Borrowers are "eligible government units" as defined in Section 17-5-1604, MCA.

- Co-purchaser is the entity that will hold 50% or more of the Borrower bond or other security used to finance this project.
- Eligible projects are expanding or extending water, wastewater, storm water, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development.
- Fixed or variable-rate financing up to 20 years.
- Bonds or other securities purchased are made on a first come first serve basis.
- Maximum BOI participation is up to fifty percent (50%) of the bond or other security issued.
- Program interest rate is up to twenty-five percent (25%) of the Co-purchaser's rate and is exclusive of any fees. BOI may reduce the interest rate for long-term affordability focused projects as designated by the Borrower.
- Borrower must demonstrate that:
  - The infrastructure project will provide for residential development at a minimum gross density of 10 units for each acre; and
  - Made findings that the infrastructure funded in part by a security provides for provisions to preserve long-term affordability of the housing that runs with the property for the term of the security.

### Application Process

- Co-purchaser or Borrower representative completes and submits the Application form.
- BOI completes a full underwriting credit review.

<https://investmentmt.com/Housing-Programs/Montana-Housing-Infrastructure-Revolving-Bond-Program>

POLICY NUMBER: 70.751

EFFECTIVE DATE: June 22, 2023

TITLE: Montana Housing Infrastructure  
Revolving Bond Program

SUPERSEDES: New

BOARD ADOPTION: June 22, 2023

REVIEWED: June 22, 2023

## I. Montana Housing Infrastructure Revolving Bond Program (Program)

## A. General Parameters

1. Bonds or other securities purchased under the Program (Security) are made on a first come, first served basis and held as a Separately Managed Account (SMA).
2. Borrowers are “eligible government units” as defined in Section 17-5-1604, MCA.
3. Eligible projects are expanding or extending water, wastewater, storm water, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development.
4. The Board may purchase up to fifty percent (50%) of a Security issued by a Borrower per project and in accordance with state law.
5. Program interest rate is up to twenty-five percent (25%) of the Lender’s loan rate and is exclusive of any fees. To provide for preservation of long-term affordability that runs with the property for the term of the Security, the Board may reduce the interest rate for long-term affordability focused projects as designated by the Borrower.
6. Loan term may not exceed twenty (20) years.
7. Borrowers are required to use bond counsel at their expense to prepare the documents and provide an opinion. The bond counsel must be nationally recognized and in good standing in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds. In its discretion, the Board may require that counsel to the Board review the transaction at the expense of the Borrower.
8. Execution of original documents may be by manual signature or electronic signature.
9. Delegated approval authority is subject to Loan Committee Charter, Policy 10.163.
10. Securities previously approved by the Board may be increased by the Executive Director by an amount up to ten percent (10%) of the original approved security amount.
11. Upon security approval, the Board will issue a commitment letter to the Borrower and the Co-purchaser explaining the conditions under which it will purchase the Security.
12. At least three (3) weeks prior to accessing the funds, the Co-purchaser and the Borrower must coordinate the closing with the Board.
13. The Board may impose such terms and conditions on the purchase of a Security as it deems reasonable and in the best interests of the Program.
14. Borrower must waive or offset all impact fees for the applicable developer or the amount of impact fees up to the amount of the Security, whichever is less.
15. All statutory requirements for the issuance of the Security must be met prior to issuing the Security and available for review as part of the issuance process.
16. The Borrower must demonstrate that:
  - a) The infrastructure project will provide for residential development at a minimum gross density of 10 units for each acre; and
  - b) Made findings that the infrastructure funded in part by a security provides for provisions to preserve long-term affordability of the housing that runs with the property for the term of

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the security.

B. Default

1. If the Co-purchaser applies a default interest rate to a participated Security, the Board interest rate will also be increased to that default interest rate and remain effective for the same period of time as for the Co-purchaser.

Authority: Montana Constitution, Art. VIII, Section 13  
Section 2-15-1808, MCA  
Title 17, chapter 5, part 16, MCA  
Chapter 774, Laws of 2023 (House Bill No. 819)

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