

HOUSE BILL NO. 260

INTRODUCED BY S. WEBBER

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE VETERAN HOME LOAN PROGRAM; PROVIDING FOR A VETERAN MEMBER AND A MEMBER FAMILIAR WITH INDIAN HOUSING ISSUES ON THE BOARD OF HOUSING; CREATING INCENTIVES FOR LENDERS TO VETERANS LIVING ON INDIAN RESERVATIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 2-15-1814 AND 90-6-605, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-15-1814, MCA, is amended to read:

"2-15-1814. Board of housing -- allocation -- composition -- quasi-judicial. (1) There is a board of housing.

(2) The board consists of seven members appointed by the governor as provided in 2-15-124. The members must be informed and experienced in housing, economics, or finance. At least one member must meet the definition of "eligible veteran" in 90-6-602, and one member must be familiar with housing on Indian reservations in Montana.

(3) The board shall elect a presiding officer and other necessary officers.

(4) The board is designated as a quasi-judicial board for purposes of 2-15-124.

(5) The board is allocated to the department of commerce for administrative purposes only as provided in 2-15-121.

(6) In compliance with the state pay plan, the department shall provide all staff and services to the board that are determined by the board in conjunction with the department to be necessary for the purposes of carrying out the board's programs. The department shall assess the board for reasonable costs.

(7) A member of the board may not be considered to have a conflict of interest under the provisions of 2-2-201 merely because the member is a stockholder, officer, or employee of a lending institution that may participate in the board's programs."

Section 2. Section 90-6-605, MCA, is amended to read:



1 **"90-6-605. Rules to be adopted by board.** (1) The board shall adopt rules pursuant to the Montana
2 Administrative Procedure Act necessary for administration of the program, including rules:

3 (a) specifying which financial institutions may be participating financial institutions; At least one of the
4 participating financial institutions must be an approved lender for the loan program operated by the United States
5 department of housing and urban development under section 184 of Public Law 102-550 or the Native American
6 direct loan program operated by the United States department of veterans affairs.

7 (b) specifying underwriting criteria for a program loan, such as minimum down payment, credit score,
8 ratios of housing expense and of all reoccurring debt as a percentage of income of the borrower, and exceptions
9 to those criteria; The rules must include permission for manual underwriting, exceptions for underwriting if
10 allowed under section 184 of Public Law 102-550, and alternatives to using a credit score as allowed under
11 section 184 of Public Law 102-550. Among exceptions to the criteria must be the recognition that a home loan
12 that qualifies under the section 184 of Public Law 102-550 or the Native American direct loan program of the
13 United States department of veterans affairs also qualifies for a loan under the veterans' home loan mortgage
14 program, regardless of whether the loan is on what is known as fee land or trust land within the exterior
15 boundaries of an Indian reservation.

16 (c) specifying the statewide allowable purchase price of a home for the purposes of the program; The
17 board shall set separate purchase prices for site-built homes, modular homes, and manufactured homes as
18 defined in 15-24-201. To be eligible for a veteran home loan, the proposed modular or manufactured home must
19 be placed on a permanent foundation.

20 (d) specifying the security required for a mortgage loan financed by the program;

21 (e) providing the legislative auditor with access to records of participating financial institutions regarding
22 loans made pursuant to this part;

23 (f) governing the loan application process;

24 (g) specifying the maximum servicing fees and origination fee that may be charged by a participating
25 financial institution; and. A participating financial institution that assists veterans seeking to buy houses under this
26 program within the exterior boundaries of an Indian reservation may receive a preferential servicing fee above
27 the maximum, as specified by rule.

28 (h) other loan conditions determined to be necessary by the board.

29 (2) The board may adopt rules pursuant to the Montana Administrative Procedure Act changing any of
30 the following provisions if the board determines a change is necessary to carry out the purposes of the program:

- 1 (a) the definition of ~~eligible veteran~~ "eligible veteran" in 90-6-602;
- 2 (b) the security for a loan provided for in 90-6-604; and
- 3 (c) the requirements for minimum participation for the eligible veteran provided for in 90-6-604."

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5 **NEW SECTION. Section 3. Notification to tribal governments.** The secretary of state shall send a
6 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
7 Chippewa tribe.

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9 **NEW SECTION. Section 4. Effective date -- applicability.** [This act] is effective July 1, 2017, and
10 [section 1] applies to the earliest vacancy or expired term on the board, whichever occurs first, subject to the
11 governor's discretion as to whether to appoint the veteran first or the tribal member first.

12 - END -