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The City's Community Development Division programs are open to all eligible persons, regardless of race, color, national origin, disability, familial status, sex, religion, creed, marital status or age.

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FIRST TIME HOME BUYER LOAN PROGRAM

billingsmt.gov/homebuyer



Program Information

The City of Billings offers a loan program that provides financial assistance to income eligible households to assist them in qualifying for traditional housing financing programs to purchase their first home. The First Time Home Buyer program is designed to close an affordability gap for many limited income households currently unable to purchase their first home without assistance.

Program Funding

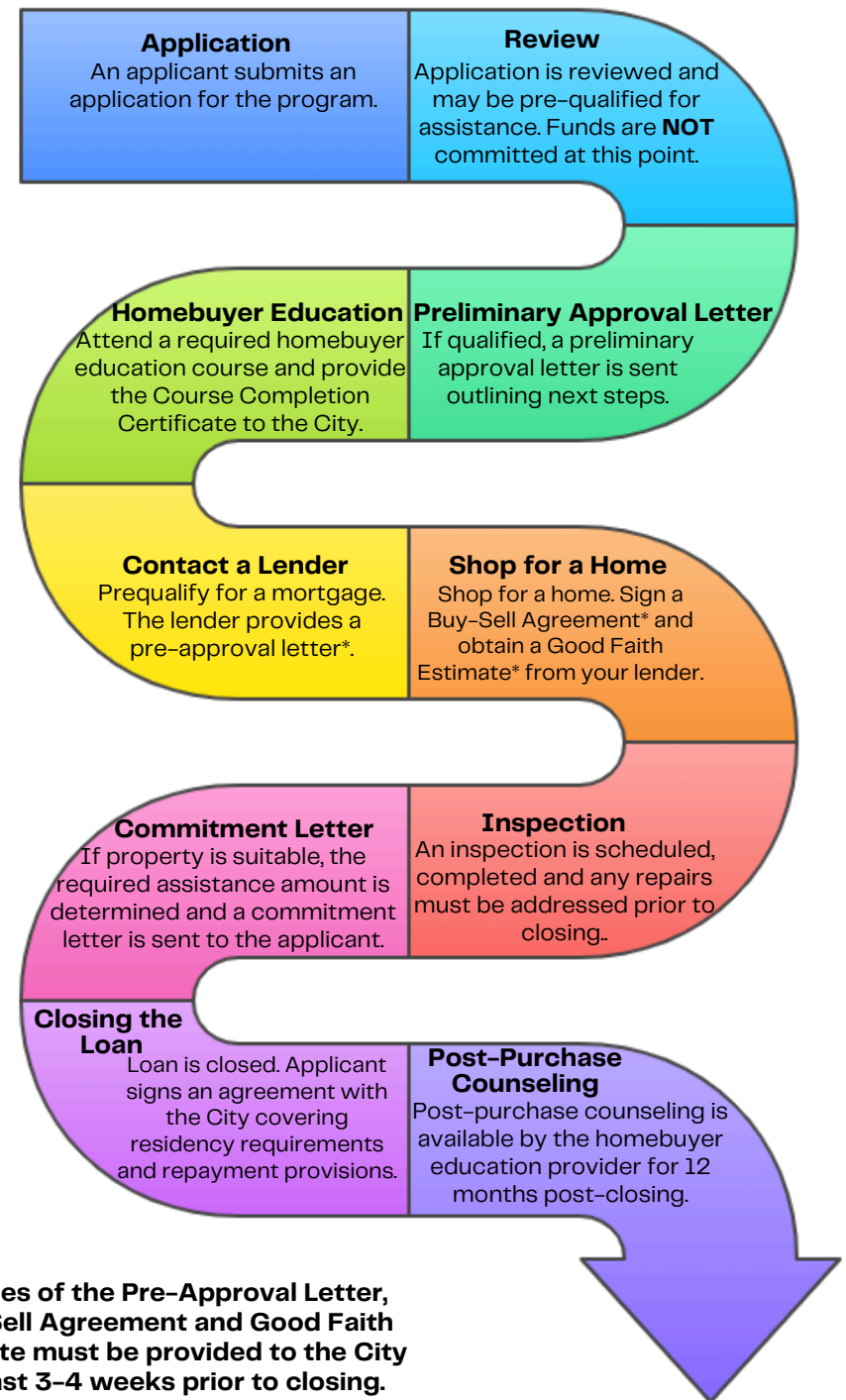
Funding is available as of **July 1, 2025** and is allocated on a first-come, first-served basis until funding runs out. Funding for this program is provided by the U.S. Department of Housing and Urban Development (HUD) through the HOME Investment Partnerships program (HOME) and the Community Development Block Grant program (CDBG). The funding sources have different requirements:

- HOME requires a minimum \$1,000 investment from the applicant towards the purchase of the property.
- CDBG requires up to 50% of the required down payment from applicant, which can be \$2,500 or more.
- Both CDBG and HOME may be used to pay for 100% of reasonable closing costs normally associated with the purchase of a home. CDBG may be used to subsidize mortgage principal amounts for income eligible homebuyers.
- Due to the difference in required homebuyer investment, the Program Coordinator will prioritize households under 60% of the area median income for HOME funding use. Households with incomes from 61% to 80% of the area median income will be prioritized for CDBG program use.

Loan Assistance

- **Assistance is provided in the form of a non-forgivable loan** secured with a Promissory Note, Deed Restriction and Trust Indenture.
- No interest accrues on the loan. Therefore, a household borrowing \$10,000 will only repay \$10,000.
- The City does not charge fees to the household for obtaining this loan.
- There are no monthly payments due on this loan.
- **This loan must be repaid in full if the homeowner sells the property, the title is transferred, the mortgage is refinanced, or the homebuyer no longer occupies the home.**
- If you refinance the home, you must first repay the City in full. The City does not subordinate First Time Home Buyer Loans.

Program Process



Return to the Community Development Office

- Completed and signed application
 - Include dollar amounts / account information in the assets and liabilities section
 - Include information for ALL household members
- Homebuyer Education Course Completion Certificate (good for 3 years)
- Most recent Federal Tax Return
- All associated W-2 Forms
- Pay stubs (past two months)
- Buy-Sell Agreement at least 3-4 week prior to closing
- Good Faith Estimate at least 3-4 week prior to closing
- Appraisal

Frequently Asked Questions

I applied for the program last year; do I need to apply for the program again? Applications remain active for six months. After that time you need to fill out a new application and provide updated tax returns and W-2's. Please also include pay stubs from the past two months.

How long do I have to find a home? Once I'm approved, the City holds the funds for me, correct? No. Funds are not committed until the City receives a copy of the **Buy-Sell Agreement** and a **Loan Estimate** from an applicant who has received preliminary approval. At that time, staff issues a final approval letter that authorizes the lender to proceed; this commits the funds. Funds are committed on a first-come, first-served basis after allocation, which occurs each July 1st. In recent years, funds have been expended by November. Talk to your lender, check our website at billingsmt.gov/homebuyer or call our office, regarding the funding status before making an offer to purchase. Good communication can help avoid a major disappointment.

Do I have to pay the loan back to the City? Yes. City funds are provided as a deferred loan. You will sign a Trust Indenture, Deed Restriction, and Promissory Note agreeing to the loan terms and conditions. If you sell the home, rent it, refinance your first mortgage, or no longer use the home as your primary residence, full repayment of the loan is required. If you pay back the loan, you only pay the amount that was loaned.

Do I have to maintain home repairs? Yes. Agreements signed at loan closing state the homebuyer will maintain the home in good repair consistent with local laws and regulations and the home must be continuously insured.

Eligible Applicants

- Applicants are required to bring a personal, financial investment to the purchase of the home. The amount of required applicant investment ranges from a minimum \$1,000 to approximately \$2,500.
- Applicants must not have owned a home in the past 3 years.
- Primary applicant must be 18 years old or older and have the minimum income necessary to qualify for a loan from a lender, given the amount of assistance available under the program.
- Households (or individuals) must not have liquid assets (cash, checking or savings account, stocks, bonds, mutual funds) exceeding \$15,000. Vehicles are not considered liquid assets.
- Households (or individuals) with an annual income of less than or equal to 80% of the Area Median Income, as established by HUD.

Household Size	Income Limit Up to \$15,000 Loan	Income Limit Up to \$10,000 Loan
1	\$40,800	\$54,400
2	\$46,620	\$62,200
3	\$52,440	\$69,950
4	\$58,260	\$77,700
5	\$62,940	\$83,950
6	\$67,620	\$90,150
7	\$72,300	\$96,350
8+	\$76,920	\$102,600

- Income is based on Gross Income as determined by your most recent tax return and is projected out from current earnings for the next 12 months
- Applicants may only pay up to 42% of their gross income for a housing payment, including principal, insurance, taxes and interest (PITI).
- Applicants must intend to use the purchased property as their principal residence and must live in the property year-round. **Applicants may not utilize this program to purchase homes they intend to rent or sublet in the future or to utilize as a second home.**
- Preference will be provided to applicants with large families consisting of five or more individuals or households that include a disabled individual.

Eligible Property

- Must be located within the Billings city limits.
- Must be a residentially zoned, single-family residence.
- The home must have permanent FHA foundation and the appraised value of the home must be equal to or greater than the purchase price.
- Property value must be supported by a certified appraisal.
- The house must be suitable for the size of the household purchasing the house.
- The property cannot be assisted through this program if the house is rented to a tenant the time of listing or sale.
- The current maximum purchase price for an existing home is \$356,000, which is 95% of the current median sales price of homes in the area, as determined by HUD.
- All homes must meet property standards at the time of initial occupancy.
- **Homes built prior to 1978 with chipping / peeling paint are not eligible for the program.** Please take the time to read thoroughly the Lead-Based Paint information provided with the application materials.

Before you apply...

Are you prepared for the responsibilities of homeownership?

- **Are you prepared to stay put?**
 - Home ownership is a long-term investment.
 - When you own a home, it is more difficult to sell your home than it is to give a landlord notice that you are moving.
- **Are you prepared to maintain a home?**
 - Replacement of appliances, yard work, doing repairs, etc.
 - What would happen if your furnace suddenly stopped working?
 - When you own a home, you are responsible for all necessary repairs.
 - It is very important to make sure you're saving money because repairs can be expensive and are often unexpected.
- **Are you prepared to create a budget and stick with it?**
 - Are you prepared to pay your mortgage payment first?
 - Nothing will ruin your credit score like making late house payments.
 - You'll also be paying utilities, heat, property taxes, repairs, insurance etc.
- **Are you aware that your home may depreciate in value?**
 - The home may depreciate due to the following:
 - Deterioration of the home.
 - Economic hardship – since less people will be buying homes during a recession, the value of homes may go down because there is less demand.
 - High interest rates – when interest rates are high, people can't afford to pay as much for homes because borrowing money costs more.
 - Excess supply – when there are a lot of homes for sale, sellers will often lower the price of the home so their price is competitive.

Homebuyer Education Course



Applicants must attend an approved homebuyer education class prior to closing on a home. Certificates of completion must be submitted to the Community Development Office (good for 3 years). To register for a Homebuyer Education Class, please call The Home Center at (406) 247-4732 or register online at thehomecenter.org/home-buyers.

The following may be used in addition to the City's assistance loan:

- **Home\$tart:** Home\$tart and Home\$tart Plus promote homeownership by helping homebuyers earning up to 80% of area median income, adjusted for family size, purchase a home. The program assists Home\$tart or Home\$tart Plus eligible households, who, but for the receipt of Home\$tart Program subsidy, would not be able to afford to purchase or rehabilitate a home. The Home\$tart Program provides a maximum grant of \$7,500. The Home\$tart Plus Program provides homebuyers currently receiving public housing assistance with a maximum grant of \$10,000. Home\$tart and Home\$tart Plus grants may be used for downpayments, closing costs, or rehabilitation of an owner-occupied housing unit—including a condominium or cooperative housing unit—to be used as the homebuyer's primary residence. Grants may be used in combination with funds from other sources.
- **Montana Homeownership Network, Inc:** Loan programs are available from this organization for down payment and closing cost assistance. Interest rates can be as low as 1% interest on a \$20,000 loan. Equity share loans provide 0% deferred interest loans that do not have to be paid back on a monthly basis, but are repaid when the home is sold, is no longer the principal residence or when the first mortgage is refinanced. Please call 406-604-4540 for additional information or visit www.nwmt.org.
- **Montana Board of Housing (MBOH):** Low interest financing for first mortgages may be available through MBOH. The interest rate for this program is typically lower than the market rate. There are no origination fees, discount points or reservation fees charged for this loan. Financing is available through MBOH approved lenders. Please contact your lender for more information.

Housing Counseling & Rental Assistance

District VII HRDC
7 North 31st St.
(406) 247-4732

HomeFront (Housing
Authority of Billings)
2415 1st Ave. North
(406) 245-6391

Budget Counseling & Debt Repayment

Consumer Credit
Counseling Service
71 25th St. West
(406) 656-4370

Consumer Financial
Counseling of MT, Inc.
1620 Alderson Ave., #28
(406) 252-1020