MONTANA BOARD OF HOUSING
Comfort Inn
1918 N Merrill Ave.
Glendive, MT 59330
June 6, 2007

ROLL CALL OF BOARD

MEMBERS:	J.P. Crowley, Chairman (Present)
	Betsy Scanlin, Vice Chairman (Present)
	Susan Moyer, Secretary (Present)
	Audrey Black Eagle (Present)
	Bob Gauthier (Present)
	Jeanette McKee (Present)
	Jeff Rupp (Excused)
STAFF:	Bruce Brensdal, Executive Director
	Penny Cope, Marketing & Web Specialist
	Mat Rude, Multifamily Program Manager
	Gerald Watne, Multifamily Program Officer
	Chuck Nemec, Accounting & Finance Manager
	Nancy Leifer, Homeownership Program Manager
	Diana Hall, Administrative Assistant
COUNSEL:	Pat Melby, Luxan and Murfitt
OTHERS:	Alan Hans, Piper Jaffray
	Karl Zwick, GK Baum
	Iva Granger, Fort Peck Housing Authority
	Emily Boyle, KXAN
	Melissa Hartman, Miles City Housing Authority
	Gloria Glaser, AWARE/MT Home Choice Coalition
	Connie Smith, Action for Eastern Montana
	John Fredericks, Fort Peck Housing Authority
	David Bland, Travois, Inc.
	Gene Buxcel, Dawson County Economic Development Council
	Rachael Baker, Wells Fargo Home Mortgage

CALL MEETING TO ORDER

Chairman, J. P. Crowley, called the meeting to order at 8:30 a.m.

INTRODUCTIONS AND PUBLIC COMMENTS

J. P. Crowley asked the Board, staff, and guests to introduce themselves and asked for any public comments. Melissa Hartman said the housing market is tight in Miles City. She updated the Board on the Old Holy Rosary project, which is now called The Cornerstone. It has 21 apartment units that should be completed in September. Many partners have contributed to the success of the project. Gene Buxcel reported on the Makoshika Estates next to the Senior Center. They thanked the Board for the tax credit award and are looking for sources for gap funding.

APPROVAL OF MINUTES

Susan Moyer moved to approve the May 7th meeting minutes as corrected. Betsy Scanlin seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

MULTIFAMILY PROGRAM

Mat Rude said the Board received information for reconsideration of the Fort Peck Housing Authority's Appeal of Tax Credit Allocation. J P directed representatives from the project to give their comments and then he would accept a motion from the Board. David Bland, Eva Granger, and John Fredericks, an attorney, represented the Fort Peck Housing Authority.

John Fredericks, an attorney for the Fort Peck Housing Authority (FPHA), said they believe their application was improperly scored and if it had been properly scored, they would have received full funding instead of the half funding that the Housing Authority received at the April meeting. He summarized their position, which was stated in his letter to Chairman Crowley dated May 4th. The last thing FPHA asked for in their appeal letter is for the state housing to award forward allocation of credits in the event that the housing agency determines that there was an error in the scoring application, so that they don't take points away from other applicants that have already been awarded points. They are asking for that as an alternative to rescoring their application. JP asked for any more comments from the audience. Betsy Scanlin moved to reconsider the scoring of the application, to open the discussion. Susan Moyer seconded the motion. Pat Melby clarified that the Board has made an allocation in its April meeting, so even if the Board took action to add these points, then there would have to be additional action to change the allocation.

Bob Gauthier addressed the implication that Indian Housing Authority tax credits were the problem. Bob pointed out that in the last 7 years, the tribes in Montana have received approximately 20% of the Board's allocations. John Frederick replied that there were two Indian applicants in the most recent round and one was not funded and the other only received partial funding and he was not referring to the other work the Board has done on reservations.

JP Crowley asked for comments from the Board. Betsy Scanlin reiterated that they are trying to improve the QAP process because they want it to be something that you can rely on and that is not confusing and it's gotten better every year. Applications are compared with the other applications and she has a great deal of faith in staff's ability to do that. Betsy would be happy to reconsider this project next year. She's not sure we can have further discussion on forward allocation because we're not able to compare it with other projects in the next round of allocations, and that would not be appropriate at this point. David Bland responded that under the current QAP, they cannot apply

next year for the additional credits to get the other half of this project and he hoped the Board would vote to waive the requirement. Pat said that, we need to take a look at the specific language, because we're not talking about a new project, we're talking about a project that met the threshold this year. Bob Gauthier asked if a one month delay would be a problem to clarify this issue. David responded that it wouldn't be a problem. John responded we are here today because we want our application scored properly. If you are going to deny us those points, go ahead and do that and consider the alternative. Betsy said she wanted to table that motion. Susan Moyer seconded it. The Chairman asked for any other comments. The motion passed.

David Bland said there is another issue with respect to the current allocation and even though they were only granted 2 points out of green design, staff said the land use restriction agreement will hold them to all the items, even though we did not receive points on the application and the Land Use Restrictive Agreement (LURA) is due this month. Gerald Watne responded that the restricted covenants were sent to all the other projects that received tax credits, some of which did not receive more than 2 points for green and energy. They have signed it, they have returned it and they have had it recorded. Bruce said we had to be consistent with all the other projects. JP pointed out each application is allocated a certain amount of dollars and they are all being held to what they represented in their applications.

Mat reported that the Board made a motion to have staff work with the Garden District folks toward a loan, which staff would have done without the Board motion. The loan request was for $117,000 from the Housing Montana Fund and the interest rate will be 3.27%, which is set by administrative rules on the AMI that is being targeted. Susan Moyer moved to have staff go ahead with the loan for Garden District. Jeanette McKee seconded the motion. The Chairman asked for public comment. Betsy said she understood they will return next year and she is not comfortable giving them the loan for 30 years. Susan amended the motion to include the loan being for a term of two years but being amortized for 30 years. Jeanette supported the amendment. The motion passed.

FINANCE PROGRAM

Chuck Nemec reported the bondholders were paid $70 million on June 1st. Some was regular debt service maturity. There was an economic refunding of 10-year-old 1997A for $36 million. The replacement refunding, using prepaid for the six months was $27 million. Chuck introduced Al Hans, from Piper Jaffrey, who gave an update on market conditions and trends with other Housing Finance Agencies (HFA). The financial environment is favorable for HFA and they are the product of choice. Bonding authority is the biggest challenge and some HFA's are using taxable bonds.

HOMEOWNERSHIP PROGRAM

Nancy Leifer said currently there is a heavy loan demand and we are ahead of normal. Rates are at 6⅜ statewide and the Montana Board of Housing (MBOH) rate is at 5¾ and is within the appropriate spread. Raising the rate ¼% would raise the borrowers payment approximately $40 per month. The average loan amount is $126,000 but the mortgage market is softening. Future bond issues to get through the end of the year will be discussed at the July meeting.

The training program is going well and the Go To Meeting classes are popular. Nancy will be visiting with lenders to talk about the purchase process, the MBS product, and what works and what

doesn't with our programs. Delinquency rates for MBOH are low. Nancy announced that the Homeownership Program is fully staffed with the hiring of Brandon Whitaker.

Statistics on urban versus rural distribution of loans show that urban areas have about 70% of the loans for approximately 40-45% of the population. The setaside program has 65% of the loans going to urban areas for approximately 40-45 % of the population. Betsy encouraged sending teams to stressed communities in the more rural areas of the state.

The Setaside Program reaches out to those don't qualify for the regular bond first time homebuyer requirements. Historically, MBOH has received proposals from entities for the program. Eight percent of the loan volume is being used for setasides loans and the goal is to use 10%. Pre-Ullman funds have built up for use in setaside loans, so there will not be a set-aside percentage of the next bond issue. Bruce explained volume cap activity. He said a Senator's office asked what they could do for us and the Board encouraged him to respond with a letter asking to increase the volume cap and also tax credits.

MBOH is exploring doing a Mortgage Backed Security (MBS) Program with Fannie Mae. The MyMontanaMortgage Program (MMM) was a pilot program set up in 2005 to target Native Americans, people with ADA disabilities, Section 8 homeownership clients, and essential employees. Staff proposed adding $1.5 million from the 2004 C debt reserve to purchases loans from the MMM Program and change the income limits to target these groups of people who are at 80% or below of median income, with loan funds at a rate of 5.5% until a full MBS program is established. Betsy Scanlin moved to allocate $1.5 million from the 2004 C debt service to purchase MBS's from the MMM Program and to change the program criteria to 80% or below of median income limits at 5.5%. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

The Clark Fork Commons project is fully purchased and will be discontinued. The Burn Street Commons project will be rolled into the down payment set-aside pool.

EXECUTIVE DIRECTOR

Bruce Brensdal gave an update on the status of Legislative, which went into special session. There was no money put in the Housing Montana fund. The budget did include a line item of $3 million for the mobile home initiative. A line item of $300,000 was approved. There is a FTE allowed, possibly for a person to gather data.

The letter from Pat Melby discusses Ex Parte Communications for the Board to review. The Board encouraged having any communications circulated through staff to other Board members for disclosure. Pat said communications would still need to be brought up in public hearings what was received so that anyone can respond to it.

The Housing Division Highlights show the monthly accomplishments of the Housing Division. Jeanette liked the "Did You Know" line for advertising. Penny Cope said a couple of the Offices on Aging will distribute the Reverse Annuity Mortgage (RAM) brochures with home delivered meals and will also display them in the Senior Center. The Glendive area will distribute them to 17 counties in the eastern part of the state. Pat suggested having public notices of meeting broadcast on radio stations. Susan will help Penny identify areas for branding and marketing.

The next meeting is scheduled for July 9th in Billings. Future meetings are tentatively scheduled for August 6th in Kalispell, September 10th in Lewistown, October 15th in Shelby, and November 19th via Met-Net Video Conference in Helena.

Bob said he would like to discuss the absence of technical assistance for small communities and reservation. There is apparently a disadvantage of not having people to write the grants and stay on top of the resources that might be available to help them with whatever challenge they may have. He encouraged some capacity through this agency that could go on site and suggest a process with an emphasis on the products that we might have available. Bruce said that should come through the Housing Coordinating Team.

The meeting adjourned at 11:25 a.m.

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Susan Moyer, Secretary

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Date