

# MONTANA BOARD OF HOUSING

301 S Park Ave., Room 228 - Helena MT 59601  
(406) 841-2840

## Webinar Information

You may listen or participate from your office or home. You may use the toll free access number listed below.

Registration Link: <https://www1.gotomeeting.com/register/548450856> Phone Number: 1-877-273-4202 Passcode: 7233056

(REGISTER FOR THE MEETING IMMEDIATELY, so that you are not delayed as the meeting starts.)

### Sunday, October 16, 2011:

- I. **12:30 P.M. Strategic Planning Session (lunch provided beginning at 12 noon)**

### Monday, October 17, 2011:

- II. **8:30 A.M. 2012 QUALIFIED ALLOCATION PLAN PUBLIC HEARING**

- III. **CALL REGULAR MEETING TO ORDER – Chairman JP Crowley**

- IV. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**

V. **AGENDA ITEMS**

Minutes

- Approval of Prior Board Meeting Minutes

Homeownership Program (Vicki Bauer and Nancy Leifer)

- Servicer Audit Report
- Bond Issue Update
- Homeownership Program Update
- Set-Aside Update
  - a. Extensions (Lot Refinance, Burns Street, Chippewa Cree HA)

Multifamily Program (Mary Bair)

- 2012 Qualified Allocation Plan Approval
- Additional credit requests – (Two Rivers Apts, Cascade Ridge)
- Multifamily Update
- RAM – Waiver Request (if needed)

Finance Program (Chuck Nemeč)

- Finance Update

Executive Director (Bruce Brensdał)

- Executive Directors Update
  - a. Marketing Update (Penny Cope)
  - b. Miscellaneous
  - c. Board Officer Elections

VI. **Adjournment**

VII. **Board Training (none)**

❖ **All agenda items are subject to Board action after public comment.** We make an effort to ensure that our meetings are held at facilities that are fully accessible to persons with disabilities. Any persons needing reasonable accommodations must notify the Housing Division at 406-841-2840 or TDD 406-841-2702 before the scheduled meeting to allow for arrangements.

### Future Meeting Dates & Locations: (subject to change)

<u>Day , Date</u>	<u>Location</u>	<u>Day , Date</u>	<u>Location</u>
Monday, November 14, 2011	no meeting	Monday, December 12, 2011	no meeting
Monday, January 9, 2012	Helena	Monday, July 9, 2012	??
Monday, February 13, 2012	??	Monday, August 13, 2012	??
Monday, March 12, 2012	??	Monday, September 10, 2012	??
Monday, April 9, 2012	??	Monday, October 15, 2012	Helena
Monday, May 14, 2012	??	Monday, November 12, 2012	Helena
Monday, June 11, 2012	??	Monday, December 10, 2012	no meeting

# MONTANA

Department of Commerce

## MONTANA BOARD OF HOUSING

P.O. Box 200528 • Helena, Montana 59620-0528 • [www.housing.mt.gov](http://www.housing.mt.gov)  
Phone: 406-841-2840 • 1-800-761-6264 • Fax: 406-841-2841 • TDD: 406-841-2702

## **MONTANA BOARD OF HOUSING**

301 S. Park – Room 228 and via Webinar, Helena MT  
October 17, 2011

### **ROLL CALL OF BOARD**

MEMBERS: J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Present)  
Jeff Rupp, Secretary (Present)  
Bob Gauthier (Present)  
Jeanette McKee (Present)  
Sheila Rice (Present)  
Audrey Black Eagle (Excused)

STAFF: Bruce Brensdal, Executive Director  
Chuck Nemecek, Accounting  
Nancy Leifer, Homeownership Program  
Mary Bair, Multifamily Program  
Vicki Bauer, Accounting Program  
Penny Cope, Marketing & Web Specialist  
Paula Loving, Administrative Assistant  
Emy Ingebritson, Multifamily Program  
Charlie Brown, Homeownership Program  
Kellie Guariliga, Multifamily Program

COUNSEL: Greg Gould, Luxan and Murfitt  
John Wagner, Kutak Rock

UNDERWRITERS: Gordon Hoven, Piper Jaffray

OTHERS: Kelly Gill, BlueLine Development  
Tim German, Sparrow Group  
Alex Burkhalter, Sparrow Group  
Tim Howard, HCC  
Jack Jenks, Summit Housing Group  
Don Sterhan, Mountain Plains Equity Group  
Dawn Willey, Benefis Health Systems  
Sue Warren, Benefis Health Systems  
Jared Hawskins, Edward Jones Investments  
Mat Rude, Rocky Mountain Development Council  
Michael O'Niell, AWARE

Mark Aldridge, Legislative Audit Division  
Kris Wilkenson, LFD  
Andrea Davison, homeWORD  
Jerry Patasek, North Missoula Community Development Corp.  
Ursula Russette, Chippewa Cree Housing Authority

### **CALL MEETING TO ORDER**

Chairman JP Crowley called the Montana Board of Housing (MBOH) to Order at 9:05 AM after the 2012 Qualified Allocation Plan Public Hearing. Introductions were made.

### **APPROVAL OF MINUTES**

Betsy Scanlin moved to approve the September 12, 2011 Board minutes, with Bob Gauthier seconding the motion. The Chairman asked for comments. The September 12, 2011 minutes were approved unanimously.

### **MULTIFAMILY PROGRAM**

Mary Bair provided to the Board the 2012 Qualified Allocation Plan (QAP). Bruce Brensdaal provided a history of the 2012 QAP. A complete review of the Plan has been completed by Jeanne Peterson. The 2012 QAP Workshop was held in May 2011. A complete reformat of the Plan was completed for better understanding by Developers. The 2012 QAP was approved and published for Public Comment period. Greg Gould, Board Counsel, confirmed Bruce Brensdaal that all public comments and summaries have been provided to the Board members and the public and therefore, any and all of the public comments may be brought forward in this meeting and discussed to resolution.

Mary Bair brought from public comments the possibility of preference points for projects that include 100% smoke free policies in their projects. Betsy Scanlin stated that since the compliance is mandatory when awarding points for non-smoking units, MBOH should not require the units, however, encouragement of healthy atmosphere should be expressed. Jeff Rupp stated the Board should either require it or leave it to the individual properties to enforce it. Jeanette McKee agreed with Jeff's comments. Bob Gauthier stated that while he supports the Smoke-Free environment, it is not MBOH's responsibility to enforce the Smoke-Free properties.

Mary Bair noted on the Scoring Criteria #9 should not require a written agreement with service provider for units targeted for seniors. This stems from an inadvertently addition of "seniors" to the developmentally disabled written agreement with service providers. Jeanette McKee moved that Scoring Criteria #9 should not require a written agreement with service providers for units targeted for seniors and the line that was inadvertently deleted concerning seniors be added back in. Jeff Rupp seconded the motion. Chairman Crowley asked for comments. The change was approved.

Betsy Scanlin moved to "have developers present their projects to the Board the month after submittal before scoring and ranking is done. After scoring and ranking are completed developers would be available to the Board for questions

but not presentations. Bob Gauthier seconded the motion. Betsy stated the timely information helps serve the Board in making the best decision for Tax Credit dollars. Bob Gauthier stated that this would give the Board the opportunity to discuss the projects with staff prior to the approval process. Jeff Rupp stated that anything that will help communication between the Board, Staff and Developers should be encouraged, however, he wanted it to be defined that this is an informational opportunity only for developers and not for the purpose of comparison to another projects. Discussion was centered on a deadline for all public comment to ensure proper response by Developers. Betsy Scanlin stated that the Board should have a comment public deadline, even if only a week before vote, in order for ample time response. Jeff Rupp stated that if there is a concern or additional information that would help make the best decision, he would like to hear the information. Mat Rude, RMDC, stated that if public comment is limited to a deadline, should a Board member have a question during the approval process, the developers and/or public would not be allowed to respond. Jeff Rupp made note of the motion on the table which is to have developers present their projects to the Board the month after submittal and does not address the public comment deadline. Betsy Scanlin offered a motion amendment to allow developers to respond to public comments. Bob stated that this seems like a type of appeal process to the scoring and if this is the intent, the Board should put more discussion into this process. Sheila Rice called for the question on the motion as originally stated. Jeanette McKee seconded the motion. The original motion to have developers present their projects to the Board the month after submittal before scoring and ranking is done. After scoring and ranking are completed developers would be available to the Board for questions but not presentations was approved unanimously.

Jeff Rupp moved and Bob Gauthier seconded the motion to approve the recommended best practices for tax credits concerning the area of development const limitations by adding the following language to the Development Cost Limitations section of the QAP, currently on the page 7 draft plan under Per-unit Cost/Cost Per Square Foot:

- All applications will be required to provide justification for their development costs. These costs will be analyzed and scrutinized considering the individual characteristics of the project listed above and will be compared to other like projects. If a project is not recommended for funding a basis for such recommendation will be provided.

Even though the cost of some developments may be justifiable and eve in some contexts considered reasonable given their unique characteristics the Board may reject a development recognizing the location or amenities may simply make it cost prohibitive.

Development costs analysis will be done on total development costs, not just those costs eligible for the credit financing. Other funding utilized to bring down the amount of credit that may be needed to finance the project will not be considered as justification for higher costs.

The Board will require sponsors to certify that they have disclosed all of a development's funding sources and uses, as well as its total financing, and will disclose any future changes in funding to the Board.

Chairman Crowley asked for comments. Betsy Scanlin asked if this was in response to the pool project recently reviewed by the Board. Bruce stated the rationale behind this addition to the 2012 QAP is to have a full picture of the total

cost of the projects. JP Crowley stated that NCSHA is addressing the total cost per unit, taking into consideration private funding, grants and tax credits. The motion passed with Betsy Scanlin voting against the motion.

Bob Gauthier discussed geographical distribution within the QAP. Betsy Scanlin stated the market analysis and Developers outline the areas of need for housing. Jeff Rupp stated he is very comfortable with the current process the Board uses to allocations.

Jeff Rupp requested a discussion centering on the underwriting discussion points. Bruce Brensdaal stated staff will underwrite the vacancy rate based on projects. Jeff asked about the increase minimum rehab from \$10,000 per unit to \$25,000. Bruce stated Staff is currently allocating approximately \$6,000 per unit. Bruce recommends the 2013 QAP workshop include all of these underwriting points.

Betsy Scanlin expressed her concern of not addressing each public comment to the 2012 Qualified Allocation Plan, stating the public comments are not carried over to the 2013 workshop. Sheila Rice stated the Board has reviewed and taken into consideration the public comment and listened during the Public Hearing. Based on the Board's approved 2012 QAP changes today, Sheila Rice moved to approve the 2012 Qualified Allocation Plan and Jeanette McKee seconded the motion. Chairman asked for comments. Betsy asked for clarification regarding the remaining public comments that have not been addressed by the Board. Bruce stated several of the comments are in support of the changes that have been incorporated into the QAP and was reviewed by the Board at a previous meeting. Jeanette McKee called for question on the motion on the table. Bob Gauthier seconded the motion. The question was approved unanimously. The 2012 amended Qualified Allocation Plan was approved unanimously.

Mary Bair brought to the Board two additional Tax Credit Projects for consideration. Cascade Ridge Senior Living is requesting additional allocation of annual tax credits in the amount of \$11,723. The final bids for construction costs have increased since the time of original application. Sheila Rice moved to approve the additional \$11,723 to Cascade Ridge Senior Living. Chairman Crowley asked for comments. Betsy Scanlin stated full support for the additional tax credits for a project MBOH awarded earlier this year. The Cascade Ridge Senior Living request for \$11,723 additional tax credit request was approved unanimously.

Kelly Gill, BlueLine Development, requested additional tax credits for the Two Rivers Apartments in the amount of \$17,223. This amount is supported by updated eligible basis and will enable the project to add several quality of life amenities that were not included in the plan. Betsy Scanlin moved to approve the additional tax credits of \$17,223 to the Two Rivers Apartments and Jeanette McKee seconded the motion. The Chairman asked for comments. The additional tax credits were approved unanimously.

### **FINANCE PROGRAM**

Chuck Nemec updated the Board with the MBOH Finances. The 10-year treasury opened Monday at 2.20%. Bruce Brensdaal signed the Bond Purchase Agreement so MBOH is legally committed to the 2011B and 2009C Bond Issuances. As part of the Bond Issuances, MBOH will be refinancing approximately 1,000 loans.

## **HOMEOWNERSHIP PROGRAM**

Nancy Leifer provided the Board with the Bond Issue update. Nancy provided a brief history of the Annual Servicer Audit. The Audit consisted of Community Bank of Ronan and Stockman Bank. Nancy introduced Mark Aldridge, Legislative Audit Division, who provided the results of the Audit. There were two findings.

Nancy Leifer updated the Board on the MBOH reservations. The interest rates have been steady at 3.875%, however, the rate was reduced to 3.75%.

Nancy Leifer reviewed the MBOH Delinquency and Foreclosure Rates. MBOH rates remain lower than Regional and National rates.

Nancy Leifer provided a year-end report on the Mortgage Credit Certificate (MCC) Program. MBOH financed 58 MCC loans, with approximately \$11 million balance for the upcoming year.

Nancy Leifer updated the Board on the new Montana Veterans Loan Program. MBOH has created an online training program for Lenders. This will allow Lenders to learn the requirements of the program, prior to the implementation of the program.

Nancy Leifer provided an update on the Emergency Home Loan Program (EHLP). Due to the strict requirements of the program, as of time of meeting there has been one loan that has qualified for the program. Sheila Rice stated the remaining loans have been moved into the regular Foreclosure and Mitigation Program and are being helped with counseling and negotiations.

Nancy Leifer provided the Board with the Set-aside Program balances. Nancy brought to the Board two Set-aside extensions. Burns Street Commons requested the extension of \$900,000 to December 31, 2013. Jerry Patasek, North Missoula Community Development Corporation, stated the extension would provide access to funds in the future for the remaining unsold units, should interest rates increase. Betsy Scanlin moved to approve the extension of the Burns Street Commons extension and Sheila Rice seconded the motion. Chairman Crowley asked for comments. The extension of \$900,000 of Set-aside funds was approved for Burns Street Commons.

Chippewa Cree Housing Authority (CCHA) requested an extension on the CCHA Malstrom AFB Project to December 31, 2013. CCHA moved 60 homes from Malstrom AFB to the reservation, rehabbed the units and provided them with infrastructure. These units are currently being rented by prospective homebuyers from CCHA. The program has been hampered by the administrative difficulties in the TSR process. Once this process is resolved the program would be able to proceed. Bob Gauthier moved to approve the extension of the Chippewa Cree Housing Authority Malstrom AFB Project to December 31, 2013. Jeanette McKee seconded the motion. The Chairman asked for comments. The extension was approved unanimously.

Nancy Leifer requested the extension of Lot Refinance Set-aside to December 31, 2012. These funds are used to purchase new construction loans for which the borrowers have been financing purchase of the land for more than two years. Restrictions on other bond funds limit financing to 2 years. This is the only way MBOH can finance a loan for new construction where the borrowers have been paying for the land for more than two years. Sheila Rice moved to approve the extension of the Lot Refinance Set-aside to December 31, 2013 and Jeff Rupp seconded the motion. Chairman Crowley asked for comments. The extension was approved unanimously.

The Board thanked Nancy for her years of services for MBOH.

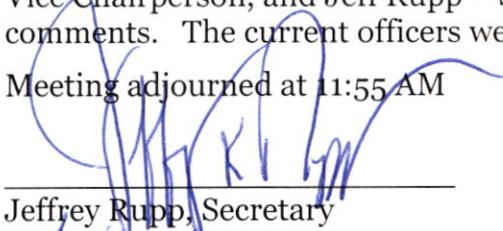
**EXECUTIVE DIRECTOR**

Penny Cope demonstrated the e-learning software MBOH is utilizing for the Lender training of the Montana Veterans Home Loan Program. This software will allow MBOH Staff to provide training to lenders, staff, and potential homeowners. Penny updated the Board on the Montana Homeownership Network - "Now is a Good Time to Buy a House" website link.

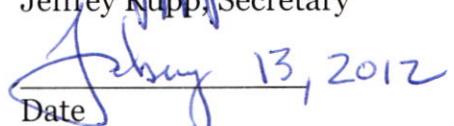
Jeff Rupp noted JP Crowley was elected 2<sup>nd</sup> Vice President of the National Council of State Housing Boards (NCSHB). Jeff Rupp requested MBOH Staff write a letter to Sheila's supervisor, showing the appreciation to Sheila and her staff for all the support NeighborWorks provides to MBOH.

Based on the upcoming Governor election and uncertainty, Jeff Rupp nominated Jeanette McKee as Chairperson, Bob Gauthier as Vice Chairperson, and Sheila Rice as Secretary as Board Officers starting January 2012. Jeanette McKee stated she appreciated the nomination, however, would be willing to consider a change in leadership in 2013. Bob Gauthier stated that with JP's new election to NCSHB and the uncertainty of the legislative makeup, stability is important. Betsy Scanlin moved to maintain the current officers: JP Crowley – Chairman, Betsy Scanlin – Vice Chairperson, and Jeff Rupp – Secretary. Chairman Crowley asked for comments. The current officers were approved

Meeting adjourned at 11:55 AM

  
\_\_\_\_\_  
Jeffrey Rupp, Secretary

Date

  
February 13, 2012

# MONTANA BOARD OF HOUSING

(406) 841-2840

## **Meeting Location:**

Holiday Inn Downtown – Ballroom  
22 North Last Chance Gulch  
Helena MT 59601  
406.443-2200

### **Monday, September 12, 2011:**

- I. **8:30 A.M. CALL REGULAR MEETING TO ORDER – Chairman JP Crowley**
- II. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**
- III. **AGENDA ITEMS**
  - Minutes
    - Approval of Prior Board Meeting Minutes
  - Multifamily Program (Gerald Watne)
    - Multifamily Update
    - RAM – Waiver Request (if needed)
  - Finance Program (Chuck Nemece)
    - Finance Update
  - Homeownership Program (Nancy Leifer)
    - Bond Issue Update
      - a. Amendment to Bond Resolution No. 11-0822-S3
    - Homeownership Program Update
      - a. Sterling Bank Authorized Lender Approval
    - Set-Aside Update
  - Executive Director (Bruce Brensdal)
    - Executive Directors Update
      - a. Marketing Update (Penny Cope)
      - b. Miscellaneous
- IV. **Adjournment**
- V. **Board Training** (Financial: Lunch will be provided)

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### **Future Meeting Dates & Locations: (subject to change)**

<b>Day , Date</b>	<b>Location</b>	<b>Day , Date</b>	<b>Location</b>
Monday, October 17, 2011	Helena	Monday, November 14, 2011	Helena
		Monday, December 12, 2011	no meeting
Monday, January 9, 2012	Helena	Monday, July 9, 2012	??
Monday, February 13, 2012	??	Monday, August 13, 2012	??
Monday, March 12, 2012	??	Monday, September 10, 2012	??
Monday, April 9, 2012	??	Monday, October 15, 2012	Helena
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Monday, June 11, 2012	??	Monday, December 10, 2012	no meeting

# MONTANA

Department of Commerce

## MONTANA BOARD OF HOUSING

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## **MONTANA BOARD OF HOUSING**

301 S. Park – Room 228 and via Webinar, Helena MT  
September 12, 2011

### **ROLL CALL OF BOARD**

MEMBERS: J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Present)  
Jeff Rupp, Secretary (Present)  
Bob Gauthier (Excused)  
Jeanette McKee (Excused)  
Sheila Rice (Present)  
Audrey Black Eagle (Excused)

STAFF: Bruce Brensdaal, Executive Director  
Chuck Nemecek, Accounting  
Nancy Leifer, Homeownership Program  
Mary Bair, Multifamily Program  
Penny Cope, Marketing & Web Specialist  
Paula Loving, Administrative Assistant  
Emy Ingebritson, Multifamily Program  
Charlie Brown, Homeownership Program  
Vicki Bauer, Accounting Program

COUNSEL: Greg Gould, Luxan and Murfitt

UNDERWRITERS: Peter Noldon, RBC Capital Markets  
Gordon Hoven, Piper Jaffray

OTHERS: Chris Koppang, Sterling Savings Bank

### **CALL MEETING TO ORDER**

Chairman JP Crowley called the Montana Board of Housing (MBOH) to Order at 8:38 AM. Introductions were made.

### **APPROVAL OF MINUTES**

Betsy Scanlin moved to approve the August 22, 2011 Board minutes, with Sheila Rice seconding the motion. The Chairman asked for comments. It was noted that Betsy Scanlin was not in attendance at the August meeting. The amended August 22, 2011 minutes were approved unanimously.

### **MULTIFAMILY PROGRAM**

Mary Bair updated the Board with the Multifamily Program. There were three ribbon cutting ceremonies this last month; Superior Commons in Superior, Whitetail Run in Billings, and Lolo Vista in Lolo. Betsy requested the Board be informed of Grand Openings or celebrations in the member's area so the potential of attendance can be done.

Mary Bair presented a Reverse Annuity Mortgage (RAM) exception. The applicant is from Missoula. The exception was for a lump sum of \$76,000.00 (\$46,000 to pay off the current mortgage and \$30,000 for home repairs) Betsy Scanlin moved to approve the RAM exception and Sheila Rice seconded the motion. The Chairman asked for comments. The RAM exception was approved unanimously.

### **FINANCE PROGRAM**

Chuck Nemec updated the Board with the MBOH Finances. The 10-year treasury opened Monday at 1.93%, continuing a downward trend in Treasury interest rates. The rate affects the Board in two ways; the Board's 3.875 %single family program mortgage rate is less attractive to borrowers than other Montana mortgage market loan rates and interest rates on investments decline.

Chuck introduced Peter Nolden, RBC Capital Markets, who discussed the 2011A / 2009C bond issue. Peter explained the 2011A / 2009C bond issue proceeds will be a combination of new money for mortgage loan purchase and a refunding of current bond issues. Depending on where the market bonds price, the new issue will create an interest rate subsidy that could be used for future issues. Since the amount of the bond issue is not yet fixed, the finance team is requesting the following amendment to the original bond resolution. Sheila Rice moved to approve the Resolution No 11-0912-S4:

Amending Resolution No. 11-0822-S3 to increase the authorized principal amount of Single Family Homeownership bonds 2011 Series B to \$80,000,000 and to permit the proceeds thereof to also be used to refund outstanding bonds.

Jeff Rupp seconded the motion. Chairman asked for comments. Jeff stated the interest rate is not the issue. The market value of the housing marketing is the issue. The Resolution No 11-0912-S4 passed unanimously.

### **HOMEOWNERSHIP PROGRAM**

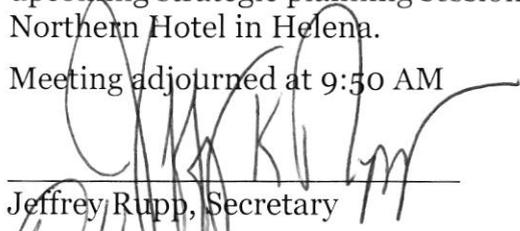
Nancy Leifer provided the Board with the Bond Issue update. Nancy introduced Chris Koppang from Sterling Savings Bank. Sterling Savings Bank has submitted an application to become a participating lender for MBOH loans. Chris provided a brief history of Sterling Savings Bank. There are three locations within Montana; Missoula, Bozeman and Livingston. Jeff Rupp moved to approve Sterling Savings Bank as a participating lender and Betsy Scanlin seconded the motion. Chairman Crowley asked for comments. Jeff stated Sterling Savings Bank has been a positive influence within the Bozeman community. Sterling Savings Bank was approved unanimously to become a MBOH participating lender.

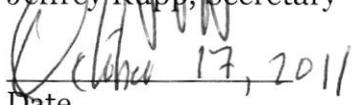
Nancy provided an update on the Delinquency and Foreclosure rates of the MBOH loan portfolio. Nancy provided an update on the EHLP. Nancy reported MBOH staff provided lender training recently. The goal of these trainings is to educate the lenders of the ease of utilizing MBOH funds.

**EXECUTIVE DIRECTOR**

Penny Cope updated the Board on the status of the “Now is a Good Time to Buy a House” marketing campaign. This project will provide a central website where First-Time Homebuyers from across the state can find information about loans, down payment assistance, lenders, real estate professionals, homebuyer education, etc. The network will strive to be the trusted source of information for homebuyers, hopefully averting costly mistakes as well as, leading more consumers to our MBOH loans. The printed marketing pieces are ready to send out to partners across the state. Penny is working on the last few partner stickers which customize the marketing at the local level for first-time homebuyers. The Montana Homeownership Network website is ready to go live and will be accessible from the homepages of both NWMT and the Housing Division websites. Sheila Rice voiced her appreciation to Penny for her work on the marketing pieces and the website. Bruce Brensdaal informed the Board of the upcoming strategic planning session scheduled for October 16, 2011 at the Great Northern Hotel in Helena.

Meeting adjourned at 9:50 AM

  
\_\_\_\_\_  
Jeffrey Rupp, Secretary

  
\_\_\_\_\_  
Date

# MONTANA BOARD OF HOUSING

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**(REGISTER FOR THE MEETING IMMEDIATELY, so that you are not delayed as the meeting starts.)**

### Monday, August 22, 2011:

- I. **8:30 A.M. CALL REGULAR MEETING TO ORDER – Chairman JP Crowley**
- II. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**

### III. **AGENDA ITEMS**

#### Minutes

- Approval of Prior Board Meeting Minutes

#### Multifamily Program (Gerald Watne)

- Multifamily Update
- 2011 Tax Credit Second Round
- 2012 Qualified Allocation Plan Release for Public Comment
- RAM – Waiver Request (if needed)

#### Finance Program (Chuck Nemeec)

- Finance Update
- Investment Policy Change: Investment Contract rating requirement

#### Homeownership Program (Nancy Leifer)

- Bond Issue Update
  - a. Bond Resolution 2011 Series B
- Homeownership Program Update
  - a. Administrative Rules final – Montana Veterans Loan Program
- Set-Aside Update

#### Executive Director (Bruce Brensda)

- Executive Directors Update
  - a. Marketing Update (Penny Cope)
  - b. Miscellaneous
  - c. Executive Session: Private Request for Information
- Future Meeting Dates & Locations: (subject to change)

Day , Date	Location	Day , Date	Location
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Monday, May 14, 2012	??	Monday, November 12, 2012	Helena
Monday, June 11, 2012	??	Monday, December 10, 2012	no meeting

### IV. **Adjournment**

### V. **Board Training** (no training scheduled)

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**MONTANA BOARD OF HOUSING**  
301 S. Park – Room 228 and via Webinar, Helena MT  
August 22, 2011

### **ROLL CALL OF BOARD**

**MEMBERS:** J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Excused)  
Jeff Rupp, Secretary (Present via Webinar)  
Bob Gauthier (Present)  
Jeanette McKee (Present)  
Sheila Rice (Present)  
Audrey Black Eagle (Excused)

**STAFF:** Bruce Brensdal, Executive Director  
Chuck Nemecek, Accounting Program  
Nancy Leifer, Homeownership Program  
Gerald Watne, Multifamily Program  
Penny Cope, Marketing & Web Specialist  
Paula Loving, Administrative Assistant  
Mary Bair, Multifamily Program  
Kellie Guariglia, Multifamily Program  
Emy Ingebritson, Multifamily Program  
Jeannene Maas, Homeownership Program  
Charlie Brown, Homeownership Program  
Craig Woods, Accounting Program  
Vicki Bauer, Accounting Program

**COUNSEL:** Greg Gould, Luxan and Murfitt

**UNDERWRITERS:** Sandy Shupe, Wells Fargo

**OTHERS:** Nate Richmond, BlueLine Development  
Kelly Gill, BlueLine Development  
Jim Morton, Human Resource Council District XI  
Alex Burkhalter, Sparrow Group  
Tim Howard, HCC  
Mat Rude, Rocky Mountain Development Council  
Gene Leuwer, Rocky Mountain Development Council  
Heather McMilin, homeWORD  
George Bailey, Mineral Community Hospital  
Leila Edmonds, NeighborWorks America  
Delaney Edmonds

### **CALL MEETING TO ORDER**

Chairman JP Crowley called the Montana Board of Housing (MBOH) to Order at 8:33 AM. Introductions were made. Penny Cope reviewed the webinar procedures and microphone usage for the meeting. Chairman Crowley asked for any public comment on any matter not on the agenda. Sheila Rice introduced Leila Edmonds, Development Director for NeighborWorks America. Leila expressed her appreciation at being able to see the challenges facing Montana, and provided a brief overview of NeighborWorks America's visions for assisting rural areas in the future. Sheila Rice updated the Board on the happenings of NeighborWorks – Great Falls.

### **APPROVAL OF MINUTES**

Bob Gauthier moved to approve the July 25, 2011 Board minutes and the July 29, 2011 Teleconference Board minutes, with Jeanette McKee seconding the motions. The Chairman asked for comments. The July 25, 2011 and July 29, 2011 Board minutes passed unanimously.

### **MULTIFAMILY PROGRAM**

Gerald Watne updated the Board with the Multifamily Program. Gerald provided the status report of the 2009 ARRA funds. Ouellette Place and Big Boulder still have allocations to be disbursed. These funds must be disbursed by December 31, 2011. The compliance training will be in Helena, Kalispell, and Billings in September.

Gerald Watne presented the 2011 2<sup>nd</sup> round Tax Credit applications. Two Rivers Place was the only applicant to apply and is requesting \$118,913 in Tax Credits. Mary Bair provided an overview of the project. The developer is BlueLine Development LLC., which has developed several properties in Montana and Wyoming, all in good standing. Nate Richmond, BlueLine Development LLC., provided the Board with the overall community dynamics and support. Jim Morton, HRC XI, informed the Board of the housing need in Mineral County. George Bailey, Mineral County Hospital, agreed with Mr. Morton's comments about affordable housing in the area of St. Regis and Superior. The multi-family project is a new construction located in St. Regis. George commended the Board on providing Webinar meetings. It allows individuals to attend the meeting without traveling. The eight units consists two 1-bedroom units at 50% (AMI), two 2-bedrooms AT 50%, two 3-bedroom units at 50% and two 3-bedroom in units at 60%. Jeanette McKee moved to approve Two Rivers Place for \$118,913 Tax Credits with Bob Gauthier seconding the motion. Chairman Crowley asked for comments. Two Rivers Place Tax Credit project was approved for \$118,913 unanimously. Gerald informed the Board that with the approval of this project, 200 Tax Credit projects have been approved by Montana Board of Housing.

Gerald Watne provided the 2012 Qualified Allocation Plan for Board review and approval for the public comment period. Gerald reviewed the major changes affecting the Board's process. Sheila Rice moved to approve the 2012 Qualified Allocation Plan to be placed on the website for public comment with all written comments due to staff by end of business October 7, 2011 and a public to be held on October 17, 2011. Jeanette McKee seconded the motion. The Chairman asked

for comments. The 2012 Qualified Allocation Plan for public comment was approved unanimously.

Gerald Watne informed the Board of no Reverse Annuity Mortgage requests. The Board thanked Gerald Watne for his dedication to the Montana Board of Housing. The August 2011 meeting will be Gerald's last Board meeting before his retirement in October. Gerald stated MBOH has 6,170 low income units in Montana with the 200 projects. Under Gerald's management, MBOH implemented the HERA and ARRA programs and without these programs, projects like Superior Commons and Whitetail Run would not be awarded. Gerald wanted to thank the Board for being his "family" during his MBOH tenure.

### **FINANCE PROGRAM**

Chuck Nemec updated the Board with the MBOH Finances. A draft MBOH Financial Statements has been completed. For the first time in MBOH history, the statements reflect an operating loss. There will be training in September to update the Board on the MBOH Financial statements.

Chuck Nemec provided the Board with the Investment Policy Change: Investment Contract rating requirement. Chuck reviewed the policy changes of Section VI, Subsection D 2-3 – Investment Securities:

2. The agreement is with (i) a financial institution as described under part C above (and including the subsidiary of a foreign bank) organized under the laws of the United States of America or any state thereof and subject to supervision by the appropriate authorities of either the United States of America or the state under which whose laws it is organized, or (ii) a financial institution (i.e. banks, insurance companies, etc.) organized under the laws of the United States of America or any state thereof and either (a) whose unsecured obligations are rated in either of the two highest rating categories by ~~Standard & Poor's and Moody's Investors Services~~ the agency or agencies rating the indenture or (b) whose obligations under such agreement are unconditionally guaranteed by such a financial institution which is rated as provided in 2(ii)(a).
3. In no case shall the investment result in a reduction of the ratings by ~~Standard & Poor's Rating Services or by Moody's Investors Services~~ the agency or agencies rating on the applicable bond series; and

The policy reflects the indentures and rating requirements active at the time the policy was created. The new indenture, Single Family XI, is only rated by Moody's and future bonds may only need one Security rating so the investment policy should be consistent with the indenture rating requirements. Sheila Rice moved to approve the changes to the Investment Policy and Bob Gauthier seconded the motion. Chairman Crowley asked for comments. The Investment Contract rating requirement change to the Investment Policy was approved unanimously.

Treasury 10-year interest rate rates have declined during August starting with 2.77% on August 1, compared to 2.10% today (August 22). On August 10, Bruce locked the rate of 2.17% for the New Issue Bond Program (NIBP) conversion of 2009 Convertible Option Bonds. However, the rate closed on August 19 at 2.07%. The Board may relock at the lower rate to reduce the cost of funds for the 2011B / 2009C bond issue.

**HOMEOWNERSHIP PROGRAM**

Nancy Leifer provided the Board with the Bond Issue update. Nancy presented to the Board Resolution No. 11-0822-S3. This resolution would:

Approve the issuance and delivery of, and authorize the determination of certain terms of, a maximum of \$35,000,000 of Single Family Homeownership Bonds 2011 Series B to make funds available to purchase loans and approve the sale thereof pursuant to a purchase contract; approve the release of proceeds of, and the conversion of the interest rate on, a portion of single family Homeownership Bonds to be designated as 2009 Series C in an aggregate principal amount not to exceed \$50,000,000; approve the form of the related supplemental trust indentures, official statement, continue disclosure agreement and other documents, and authorize the execution thereof; and provide for other matters properly relating thereto.

Sheila Rice moved to approve Resolution No 11-0822-S3 and Jeanette McKee seconded the motion. Chairman Crowley asked for comments. Resolution No. 11-0822-S3 was approved unanimously.

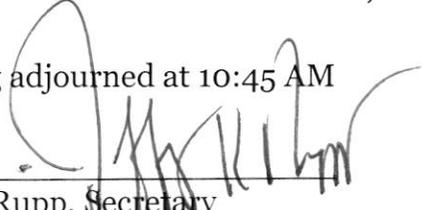
Nancy Leifer provided the Board with the Homeownership Program Update. Nancy updated the Board on the REO Status Report. Nancy informed the Board the Emergency Housing Loan Program (EHLP) within Montana received 400 pre-applications statewide. Montana had an outstanding marketing outreach in order to reach so many borrowers in such a short time. As a result, Montana will be able to provide assistance to all borrowers who complete the entire EHLP process and meet program regulations, not just the 118 slots originally approved.

Nancy introduced Senator Cliff Larson who was the sponsor of Senate Bill 326 to create the Montana Veterans Loan Program. Senator Larson thanked MBOH for endorsement and dedication to make this Program to become a reality. Nancy and Senator Larson presented to the Board the Final Administrative Rules for the Montana Veterans Loan Program. Bob Gauthier moved to approve the Montana Veterans Home Loan Program Administrative Rules. Sheila Rice seconded the motion. Chairman Crowley asked for comments. The Montana Veterans Home Loan Program Administrative Rules were approved unanimously.

**EXECUTIVE DIRECTOR**

Bruce BrensdaI informed the Board of the upcoming training sessions. In September, Staff will provide training on the Financial Statements with Peter Nolden in attendance. In October, Board and Staff will have a strategic planning session.

Meeting adjourned at 10:45 AM

  
\_\_\_\_\_  
Jeffrey Rupp, Secretary

\_\_\_\_\_  
Date

September 12, 2011

## **MONTANA BOARD OF HOUSING**

Conference Call Meeting only.

### **Conference Call Information**

**Phone Number:** 877.273.4202    **Passcode:** 7233056#

If you have any problems connecting call us at (406) 841-2840

### **Friday, July 29, 2011:**

- I. **8:30 A.M. CALL REGULAR MEETING TO ORDER** – Chairman JP Crowley
- II. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**
- III. **AGENDA ITEMS**  
Multifamily Program (Gerald Watne)
  - Fort Peck Housing Authority Tax Credit Modification Request
- IV. **Adjournment**
  - ❖ **All agenda items are subject to Board action after public comment.**

We make an effort to ensure that our meetings are held at facilities that are fully accessible to persons with disabilities. Any persons needing reasonable accommodations must notify the Housing Division at 406-841-2840 or TDD 406-841-2702 before the scheduled meeting to allow for arrangements.

# MONTANA

Department of Commerce

## MONTANA BOARD OF HOUSING

P.O. Box 200528 \* Helena, Montana 59620-0528 \* www.housing.mt.gov  
Phone: 406-841-2840 \* 1-800-761-6264 \* Fax: 406-841-2841 \* TDD: 406-841-2702

## MONTANA BOARD OF HOUSING

Via Teleconference, Helena MT

July 29, 2011

### ROLL CALL OF BOARD

MEMBERS: J.P. Crowley, Chairman (Present via phone)  
Betsy Scanlin, Vice Chairman (Present via phone)  
Jeff Rupp, Secretary (Present via phone)  
Bob Gauthier (Present via phone)  
Jeanette McKee (Present via phone)  
Sheila Rice (Excused)  
Audrey Black Eagle (Present via phone)

STAFF: Bruce Brensdal, Executive Director  
Chuck Nemec, Accounting  
Gerald Watne, Multifamily Program  
Paula Loving, Administrative Assistant  
Mary Bair, Multifamily Program  
Vicki Bauer, Accounting

COUNSEL: Greg Gould, Luxan and Murfitt  
John Wagner, Kutak Rock

UNDERWRITERS:

OTHERS: Iva Grainger, Fort Peck Housing Authority  
Wayne Weeks, Fort Peck Housing Authority  
Robin Bighorn, Fort Peck Housing Authority  
Angela Cristi  
Sandy Shupe, Wells Fargo  
Greg Dunfield, GMD Development  
Heather McMilin, homeWORD  
Mary Bonseck, Edward Jones  
Ashley Bland, Travois  
David Bland, Travois  
Elizabeth Bland Glynn, Travois  
Brian Schular, Travois

## **CALL MEETING TO ORDER**

Chairman JP Crowley called to Order at 8:36 AM. Introductions were made. Bruce Brensdal reviewed the teleconference procedures for the meeting.

## **MULTIFAMILY PROGRAM**

Betsy Scanlin moved to remove the Fort Peck Housing Authority (FPHA) community pool modification motion from being tabled and Jeanette McKee seconded the motion. A roll call was taken and was approved unanimously.

Gerald Watne reviewed the tabled motion from the June 13, 2011 meeting regarding Board with the Fort Peck Housing Authority (FPHA) Tax Credit Modification Request. Fort Peck Homes II was allocated 24 units instead of 22 units and a community pool for the 2011 Tax Credit Allocation with the option to bring forth within sixty days a modification request. FPHA requested 22 units and a community pool. Staff's recommendation was to keep the original allocation of 24 units for the Fort Peck Homes II for two reasons: 1) the project is a scattered site and programmatically this does not work well as compared to a single site project; 2) the project will be eventually homeownership, leaving compliance on only the community pool. Paula Loving reviewed the motion made on June 13, 2011 - Bob Gauthier moved to approve the community pool for FPHA and reducing the approved 24 units to 22 units and Betsy Scanlin seconded the motion. Chairman Crowley asked for Board discussion.

JP Crowley provided an overview of the meeting with the Governor's office regarding the community pool. JP Crowley, Jeff Rupp, Bob Gauthier, Bruce Brensdal met with Dore Schwinden (Director of Commerce) and Sara Elliot, Sheena Wilson from the Governor's office. The Governor's office conveyed that they were acting as advisory forum and their advice was not to approve the community pool. In his opinion, Bob stated the Governor's office had previous discussion prior to the meeting and had formed their decision prior to the meeting with the overall goal being providing Montana with affordable housing. Jeff stated that the Governor's office stated quite clearly that the Board was an independent Board and the Governor's office was responding to the meeting request for guidance. Robin Bighorn (FPHA) stated the motion was made and then tabled after MBOH Staff requested the Board talk to the Governor's office for advice. JP reconfirmed that the Governor's office stated the Board is an independent body and has full confidence in making the appropriate decisions. Bruce Brensdal stated that MBOH Staff's recommendation was based on the Administration guidance with recent stimulus funds and the overwhelming concentration on economic development.

Betsy Scanlin inquired about Indian Economic Programs. Bob stated this program is a State program designed for economic development. Betsy questioned whether there were any Indian programs which concentrate on health issues. Bob stated that most of these programs have not been grown throughout the years and most programs are designated for physical health issues. Dr. Bighorn stated that the communities are committed to participate in the development and maintenance of the community pool. Jeanette McKee inquired

if there was anything said at the Governor's office that would change the Staff's recommendation. Bruce stated no and that Staff has done due diligence and the few compliance issues have been resolved. Betsy stated that she is concerned that there is no direct evidence of community support. The fact that the communities have not been able to maintain the current pool raises greater concern. Bob asked FPHA to respond on the history of the existing pool. Iva Grainger stated the tribal pool is an outside pool that was damaged due to the draining of the pool when the pool was not designed for drainage of water. Angela Cristi questioned whether there is anything in the Qualified Allocation Plan (QAP) to evaluate a community facility. Bruce stated there is not anything specifically in the QAP.

Betsy Scanlin asked for specifics of the community facility. Iva Grainger said the main purpose is for a pool and currently does not have other community features. Ashley Bland, Travois, verified that the preliminary plans are being created with a pool, with locker rooms and office space.

Jeff Rupp stated that he was not going to concentrate on the swimming pool, but he was going to concentrate on the main goal of the Board of housing which is to produce and build the most affordable housing in the state of Montana.

Bob Gauthier stated that he appreciated Staff's work on this project. Bob stated that Angela's comments about the QAP not defining the community facilities and that the Board should look at incorporating these requirements in QAP. Bob stated the Board needs to take into consideration that Fort Peck Housing Authority has legally requested the use of Tax Credit Program how they deem in the best interest of the community. In order to have quality housing, you need to have quality communities.

Jeanette McKee stated in her interpretation of Board policy, this issue is outside of the Board's scope of the housing.

Audrey Black Eagle stated she has mixed feelings because the mission of the Board is affordable housing; however, the government to government relationships need to take into consideration the tribal needs.

David Bland, Travois, stated that it has been policy recognized from years of experience, when ignoring the non-shelter needs of housing, the housing programs tend to be less successful than those housing programs that do include the non-shelter needs, creating community. While FPHA is sacrificing two housing units, the tribe believes the additional community facility will create pride in the community.

Elizabeth Bland, Travois, stated the Montana Board of Housing has awarded a community pool previously in Missoula. Bruce Brensdaal stated the pool was not included in basis. It was funded separately and not funded by Tax Credit dollars

Dr. Bighorn stated the children are the tribe's main resources. Two units will not make that big of a difference. There will be other projects in the future. The community pool will allow for government to government relationships to grow.

Betsy Scanlin stated that this amenity is about 10% of the project. Bruce stated that this facility is the most considerable that the Board has reviewed. Betsy stated this facility is a significantly expansive facility with long term maintenance. There is a track record of previous inability to maintain this type of facility. There is no direct financial documentation for this facility and there is a tremendous need for housing in this area. Nevertheless, Betsy stated that she is going to support the community pool because FPHA has determined the facility is the need for this community. Betsy stated it is FPHA is expected to maintain the pool regardless of the future changes in the community. Betsy stated the QAP should be reviewed to determine the amount of a project should be delegated to a community facility.

Audrey Black Eagle stated she agrees with Betsy's comments and is in favor of the approval of a community pool.

JP Crowley stated that while there is no doubt the community needs the pool, however, MBOH is charged with building affordable housing. There has not been any statement showing that two housing units do not make a difference in Poplar. On a personal note, JP was sued two years ago because MBOH was not providing all the housing it could on Indian Lands. It would be very inconsistent for JP to say that two housing units do not count and for the two families who would miss out on the housing; these two units count a lot. JP stated he is committed to helping find other avenues to help fund the community pool, but he cannot in good conscience fund it by taking eliminating two housing units. A roll call vote was taken:

Jeff Rupp – N

Betsy Scanlin – Y

Jeanette McKee – N

Bob Gauthier Y

Audrey Black Eagle –Y

JP Crowley – N

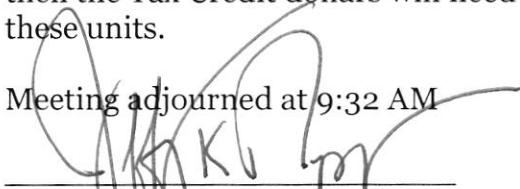
Betsy Scanlin asked if the Chairman only votes in cases of a tie. Greg Gould, Board Counsel, stated the Chairman is a voting member on all motions. The vote does not pass due to the lack of majority.

Brian Schular, Travois, stated the Needs and Assessment of the original application stated the 22 units and not 24 units, so the original need is being met. JP Crowley stated the Board had approved the 24 units in a prior meeting and the modification was to reduce the number of units.

David Bland stated there are not 24 lots available for the project. Bruce Brensdaal stated the original application was for 22 units and the community pool. The Board approved 24 units to award the requested Tax Credits in original

application. FPHA submitted a modification request to reduce the 24 units to 22 units and a community pool. Bruce stated that if FPHA cannot utilize the 2 units, then the Tax Credit dollars will need to be adjusted and returned to MBOH for these units.

Meeting adjourned at 9:32 AM

  
\_\_\_\_\_  
Jeffrey Rupp, Secretary

Date

 September 12, 2011

# MONTANA BOARD OF HOUSING

GoToWebinar Meeting only.

## Webinar Information

You may listen and participate from your office or home. You may use the toll free access number listed below.

**Registration Link:** <https://www1.gotomeeting.com/register/149052608> **Phone Number:** 866.516.5393 **Passcode:** 11705580#

**(REGISTER FOR THE MEETING IMMEDIATELY, so that you are not delayed as the meeting starts.)**

If you are unable to join us on your own computer, a public webinar site will be available  
at 301 S Park Ave., Room 228 - Helena MT 59601

If you have any problems connecting call us at (406) 841-2840

### Monday, July 25, 2011:

- I. **8:30 A.M. CALL REGULAR MEETING TO ORDER – Chairman JP Crowley**
- II. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**
- III. **AGENDA ITEMS**

#### Minutes

- Approval of Prior Board Meeting Minutes

#### Finance Program (Chuck Nemeč)

- Finance Update

#### Homeownership Program (Nancy Leifer)

- Homeownership Program Update
  - Income and Purchase Price Limits
- Set-Aside Update
  - Flood Assistance Loan Program

#### Multifamily Program (Gerald Watne)

- Multifamily Update
- Buffalo Court update
- Lolo Vista Additional Credit Request
- Blackfeet Housing request
- RAM – Waiver Request (if needed)
- Proposed 2012 Qualified Allocation Plan Presentation
  - Click to view the QAP:

<http://housing.mt.gov/content/About/MBOH/docs/BoardPackets/2012qapProposed.pdf>

#### Executive Director (Bruce Brensdał)

- Executive Directors Update
  - a. Marketing Update (Penny Cope)
  - b. Miscellaneous
- Future Meeting Dates & Locations: (subject to change)

Day , Date	Location	Day , Date	Location
Monday, August 22, 2011	Helena	Monday, November 14, 2011	Helena
Monday, September 12, 2011	??	Monday, December 12, 2011	no meeting
Monday, October 17, 2011	Helena		
Monday, January 9, 2012	Helena	Monday, July 9, 2012	??
Monday, February 13, 2012	??	Monday, August 13, 2012	??
Monday, March 12, 2012	??	Monday, September 10, 2012	??
Monday, April 9, 2012	??	Monday, October 15, 2012	Helena
Monday, May 14, 2012	??	Monday, November 12, 2012	Helena
Monday, June 11, 2012	??	Monday, December 10, 2012	no meeting

#### IV. **Adjournment**

#### V. **Board Training (none)**

- ❖ **All agenda items are subject to Board action after public comment.**

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# MONTANA

Department of Commerce

## MONTANA BOARD OF HOUSING

P.O. Box 200528 \* Helena, Montana 59620-0528 \* www.housing.mt.gov  
Phone: 406-841-2840 \* 1-800-761-6264 \* Fax: 406-841-2841 \* TDD: 406-841-2702

## **MONTANA BOARD OF HOUSING**

301 S. Park – Room 228 and via Webinar, Helena MT  
July 25, 2011

### **ROLL CALL OF BOARD**

MEMBERS: J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Present via Webinar)  
Jeff Rupp, Secretary (Present via Webinar)  
Bob Gauthier (Present via Webinar)  
Jeanette McKee (Present via Webinar)  
Sheila Rice (Present via Webinar)  
Audrey Black Eagle (Excused via Webinar)

STAFF: Bruce Brensdaal, Executive Director  
Gerald Watne, Multifamily Program  
Chuck Nemec, Accounting  
Nancy Leifer, Homeownership Program  
Penny Cope, Marketing & Web Specialist  
Paula Loving, Administrative Assistant  
Charlie Brown, Homeownership Program  
Jeannene Maas, Homeownership Program

COUNSEL: Greg Gould, Luxan and Murfitt  
John Wagner, Kutak Rock

TRUSTEE: Sandy Shupe, Wells Fargo

UNDERWRITERS: Gordon Hoven, Piper Jaffray

OTHERS: Michael O'Neil, AWARE Inc.  
Elizabeth Andrews  
Heather McMilin, homeWORD  
Patrick Klier, Summit ILC  
Alex Burkhalter, Sparrow Group  
Nate Richmond, Summit ILC  
Jack Jenks, Summit ILC

### **CALL MEETING TO ORDER**

Chairman JP Crowley called to Order at 9:30 AM. It was noted that Jeannette McKee was in attendance, however, due to complications with the Webinar she

was unable to communicate via phone. Introductions were made. The Chairman reviewed the webinar procedures and microphone usage for the meeting. Chairman Crowley asked for any public comment on any matter not on the agenda.

### **APPROVAL OF MINUTES**

Bob Gauthier moved to approve the June 13, 2011 Board minutes, and Jeanette McKee seconded the motion. The Chairman asked for comments. Paula Loving noted that Audrey Black Eagle was in attendance via Webinar. The June 13, 2011 amended Board minutes were passed unanimously.

### **MULTIFAMILY PROGRAM**

Gerald Watne updated the Board with the Multifamily Program. Gerald reviewed that ARRA status. The balance of the outstanding funds needs to be spent by December 31, 2011. Gerald provided the Board with the Low Income Housing Tax Credit (LIHTC) flow process for the Board understanding of the reservations. The Tax Credit Compliance training will be held this September in Helena, Kalispell and Billings.

Gerald Watne provided the Board with an update on Buffalo Court. Gerald summarized the letter from Board Counsel, Greg Gould. Greg's letter dated June 24, 2011 was in response to Bruce Brensdaal's request for legal opinion regarding the authority of MBOH to provide an additional amount of available Low Income Housing Tax Credits, without preceding formally through an announced round to receive Tax Credits. Through fact finding and analysis, Board Counsel concluded while the MBOH Qualified Allocation Plan (QAP) does not explicitly address the scenario of the Buffalo Court award of additional Tax Credits, the QAP and other applicable laws authorize an adjustment to increase a project's Tax Credit allocation amount. Board Counsel recommended the Staff complete a review and analysis of Buffalo Court's documentation and obtain any additional documentation necessary to determine whether the addition credits request is in fact necessary to assure the feasibility and long-term viability of the project. This analysis was done and the Board was informed the project does need the additional credit to make the project feasible. Further, Board Counsel recommended the Board include in the QAP for the next calendar year language to specifically address such adjustments, and the processes and rules for submission and consideration of such requests like the Buffalo Court project.

Gerald Watne brought to the Board for review a request for the 2<sup>nd</sup> round of 2011 Tax Credits Allocation. The request was from Summit Housing Group, Inc. for \$15,000 in annual Tax Credits for the Lolo Vista Apartments, currently under construction in Lolo. Staff reviewed the submitted documentation and concluded the project's need for an additional \$96,000 due to deferred developer fees. The project has encountered several challenges that necessitate the need for additional equity financing. Betsy Scanlin moved to approve the additional allocation of 2011 Tax Credits for Lolo Vista Apartments in the amount of \$15,000. Bob Gauthier seconded the motion. Chairman Crowley asked for comments. Sheila Rice inquired about the total dollar balance of 2011 Tax Credits. Gerald stated approximately \$172,000. Betsy Scanlin stated the utilization of these Tax

Credits is essential, especially for shovel ready projects and that have completed a competitive process and the additional need is there. A roll call vote was taken:

Jeff Rupp –  
Betsy Scanlin –Y  
Jeanette McKee –  
Sheila Rice – Y  
Bob Gauthier –Y  
JP Crowley – Y

Lolo Vista Apartments request for \$15,000 2011 Tax Credits was approved unanimously.

Gerald Watne brought to the Board a request from The Blackfeet Housing Authority for the South FlatIron project. South FlatIron requested the reclassification of 20 units to eventual Homeownership. Blackfeet Housing Authority understanding of the project is these units were meant to be homebuyer and not a rental. In the May 20, 2011 letter, Gerald has communicated that consideration of the reclassification of South FlatIron will be brought to the Board once Blackfeet Housing Authority provides a plan for the conversion from rental to homeownership. As of the time of this Board meeting, no plan has been submitted by the Housing Authority. Sheila Rice inquired on precedence on this type of request. Gerald stated that the Board has not approved this previously. Bob Gauthier stated changes in the QAP allow for this, however, the Board will need to insure the success of homeownership into consideration. No action was taken by the Board.

Gerald Watne informed the Board of a Reverse Annuity Mortgage (RAM) exception request. The request is from a single woman, age 79, in Anaconda who would like to pay off her current mortgage. The request is for a cash advance in the amount of \$40,000. Sheila Rice moved to approve the \$40,000 cash advance RAM exception and Betsy Scanlin seconded the motion. Chairman Crowley asked for comments. A roll call vote was taken:

Jeff Rupp –  
Betsy Scanlin – Y  
Jeanette McKee –  
Sheila Rice – Y  
Bob Gauthier – Y  
JP Crowley – Y

The RAM exception was approved unanimously.

Gerald Watne and Mary Bair presented the proposed 2012 Qualified Allocation Plan (QAP). In May, the Multifamily Program held the annual QAP workshop. As a result of the meeting and comments, Staff has reformatted the flow of the QAP for better understanding. The process for the approval of the 2012 QAP will include Board's approval for public comment, a public hearing, and a Board vote on the 2012 QAP to be submitted to the Governor's office for approval.

### **FINANCE PROGRAM**

Chuck Nemec updated the Board with the MBOH Finances. Standard & Poor's released a nationwide report, titled "U.S. Housing Finance Agencies' (HFA) Single-Family Bond Program Loan Performance Improves In

First Quarter". The report notes that single-family loan delinquencies declined by almost 1% and the gap between HFA bond program delinquency and that of comparable state loans narrowed considerably as delinquency rates improved. The report places MBOH delinquency rates in the middle of the range of delinquency rates for other states' HFA's.

Other news, MBOH closed the books Fiscal Year 2011. The next couple of months, Staff will be creating financial statements and reporting to the board.

### **HOMEOWNERSHIP PROGRAM**

Nancy Leifer provided the Homeownership update. Nancy reviewed Reservation and Purchases within the first six months of the year. The Board's interest rate continues to remain at 4.75%, which is higher than the regular rate. Nancy updated the Board on the Delinquency and Foreclosure rates. The foreclosure rates peaked in January and the number Foreclosures continue to decline. Nancy briefly overviewed the Montana Veterans Home Loan Program Draft rules are on the Secretary of State's website. There will be a public meeting on August 9, 2011, with all comments due August 11, 2011 at 5:00 p.m. The EHL program deadline was July 22, 2011, MBOH has closed its pre-screening; however, the Homeownership Preservation Foundation still has pre-screening until July 27, 2011. MBOH received the Foreclosure Counseling round 5. Nancy stated that AWARE provided financial information; however, they have withdrawn the request due to securing better rates.

Nancy Leifer updated the Board on the Set-aside programs. Under the Set-aside program, Nancy introduced the proposed Loan Program for Flood Victim program. This program was developed to complement President Obama's approval of federal disaster assistance to 31 eastern Montana counties and the Crow, Fort Belknap, Northern Cheyenne and Rocky Boy's Reservations. The Declaration allows access by flood-affected homeowners to FHA's special disaster insurance programs under 203(h) and 203(k) programs. These programs allow for 100% financing, exclusion of existing mortgage payments on the affected home for financing purchase of a new home, are designed to allow the borrower to finance repairs to the home as part of a refinanced loan. These borrowers would not be required to complete Homebuyer education. Staff recommended creating a special Set-aside program using \$3 million of pre-Ullman funds at 5.5% interest rate for borrowers who may not be able to find secondary market financing for these loans. The program would expire as of December 31, 2012. Bob Gauthier moved to approve the creation of the Flood Disaster Home Loan Program Set-aside. Betsy Scanlin seconded the motion. Chairman Crowley asked for comments. Bob Gauthier asked if the \$3 million would be enough. Nancy said if funds get exhausted, additional funds could be approved by the Board. A roll call vote was taken:

Jeff Rupp –  
Betsy Scanlin – Y  
Jeanette McKee –

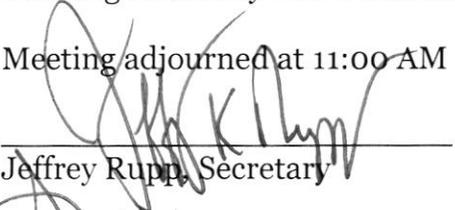
Sheila Rice – Y  
Bob Gauthier – Y  
JP Crowley – Y

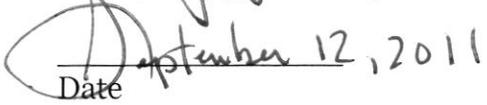
The Flood Disaster Home Loan Program was approved unanimously.

**EXECUTIVE DIRECTOR**

Bruce BrensdaI updated the Board on the possibility of MBOH's servicing of its own loan. MBOH is moving to developing the capacity of the portfolio. MBOH has received preliminary approval from the Budget office. The agenda now has the 2012 meeting dates. Bob Gauthier, Jeff Rupp, JP Crowley and staff will meet with the Governor's office on Thursday, July 28<sup>th</sup>. There will be a teleconference on Friday, July 29, 2011 for the decision of the pending motion on the Fort Peck Housing Authority Tax Credit Allocation modification.

Meeting adjourned at 11:00 AM

  
\_\_\_\_\_  
Jeffrey Rupp, Secretary

  
\_\_\_\_\_  
Date

September 12, 2011

# MONTANA BOARD OF HOUSING

301 S Park Ave., Room 228 - Helena MT 59601  
(406) 841-2840

## Webinar Information

You may listen or participate from your office or home. You may use the toll free access number listed below.

**Registration Link:** <https://www1.gotomeeting.com/register/338020528> **Phone Number:** 866.516.5393 **Passcode:** 11705580

(REGISTER FOR THE MEETING IMMEDIATELY, so that you are not delayed as the meeting starts.)

### Monday, June 13, 2011:

- I. **8:30 A.M. CALL REGULAR MEETING TO ORDER – Chairman JP Crowley**
- II. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**
- III. **AGENDA ITEMS (REVISED to include Madison Apt Request)**

#### Minutes

- Approval of Prior Board Meeting Minutes

#### Multifamily Program (Gerald Watne)

- Multifamily Update
- 2011 Request for Second Round
- Fort Peck Housing Authority Tax Credit Modification Request
- Madison Apartment West Yellowstone MT Request
- RAM – Waiver Request (if needed)

#### Finance Program (Chuck Nemecek)

- Quarterly and Investment Reports
- Investment Policy Review
- Finance Update

#### Homeownership Program (Nancy Leifer)

- Bond Issue Update
- Homeownership Program Update
  - a. Administrative Rules final – Board Notice and Participating Lender Requirements
  - b. Administrative Rules draft - Montana Veterans Loan Program
  - c. Income and Purchase Price Limits
- Set-Aside Update
  - a. Eaton Street
  - b. AWARE Excellence Program
  - c. Disabled Access Affordable Housing Program
  - d. Habitat for Humanity
  - e. HUD 184 Program

#### Executive Director (Bruce Brensda)

- Executive Directors Update
  - a. Marketing Update (Penny Cope)
  - b. Miscellaneous
  - c. Executive Session: Private Request for Information
- Future Meeting Dates & Locations: (subject to change)

<u>Day , Date</u>	<u>Location</u>	<u>Day , Date</u>	<u>Location</u>
Monday, July 11, 2011	webinar	Monday, October 17, 2011	Helena
Monday, August 8, 2011	??	Monday, November 14, 2011	Helena
Monday, September 12, 2011	??	Monday, December 12, 2011	no meeting

- IV. **Adjournment**
- V. **Board Training** (no training scheduled)

❖ **All agenda items are subject to Board action after public comment.** We make an effort to ensure that our meetings are held at facilities that are fully accessible to persons with disabilities. Any persons needing reasonable accommodations must notify the Housing Division at 406-841-2840 or TDD 406-841-2702 before the scheduled meeting to allow for arrangements.

# MONTANA

Department of Commerce

## MONTANA BOARD OF HOUSING

P.O. Box 200528 \* Helena, Montana 59620-0528 \* www.housing.mt.gov  
Phone: 406-841-2840 \* 1-800-761-6264 \* Fax: 406-841-2841 \* TDD: 406-841-2702

## MONTANA BOARD OF HOUSING

301 S. Park – Room 228 and via Webinar, Helena MT  
June 13, 2011

### ROLL CALL OF BOARD

**MEMBERS:** J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Present)  
Jeff Rupp, Secretary (Present)  
Bob Gauthier (Present via Webinar)  
Jeanette McKee (Present)  
Sheila Rice (Present)  
Audrey Black Eagle (Present via Webinar)

**STAFF:** Bruce Brensdaal, Executive Director  
Chuck Nemeck, Accounting  
Nancy Leifer, Homeownership Program  
Penny Cope, Marketing & Web Specialist  
Paula Loving, Administrative Assistant  
Charlie Brown, Homeownership Program  
Jeannene Mass, Homeownership Program

**COUNSEL:** Greg Gould, Luxan and Murfitt  
John Wagner, Kutak Rock

**TRUSTEE:** Sandy Shupe, Wells Fargo

**UNDERWRITERS:** Gordon Hoven, Piper Jaffray

**OTHERS:** Iva Granger, Fort Peck Housing Authority  
Dean Bierke, Diamond Construction  
Richard Saravalli, AWARE  
Darren Larson  
Thomas Tran, Stifel Nicolaus  
Heather McMilin, homeWORD  
Jo Ann Eder, Habitat for Humanity – Red Lodge  
Lynette Coleman, Habitat for Humanity – Carbon City  
Judith Gregory, Habitat for Humanity – Carbon City  
Dixie McCampbell, Habitat for Humanity – Red Lodge  
Patty Kent, Western Montana Mental Health Center  
Tom Thompson, Summit, ILC  
Robin Bighorn, Fort Peck Housing Authority

Karen Thomas, District IV Buffalo Court  
Beki Brandborg,  
Alex Burkhalter, Sparrow Group  
Steve Grover, Grover Development Group  
Susan McCord, Habitat for Humanity – Great Falls  
Melony Bruken, Habitat for Humanity – Helena  
Herb Kulow, Board of Investments  
Jeff Downhar, Mosaic Architecture – Buffalo Court  
Gene Leuwer, RMDC – Buffalo Court  
Don Sterhan, Mountain Plains Equity Group  
Jack Jenks, Summit Housing Group

### **CALL MEETING TO ORDER**

Chairman JP Crowley called to Order at 8:33 AM. Introductions were made. The Chairman reviewed the webinar procedures and microphone usage for the meeting. Chairman Crowley asked for any public comment on any matter not on the agenda.

### **APPROVAL OF MINUTES**

Jeff Rupp moved to approve both the April 11, 2011 Board minutes and the April 28, 2011 Board Teleconference minutes, and Jeanette McKee seconded the motion. The Chairman asked for comments. Betsy Scanlin asked for clarification on the dollar amount of the bond issue. The April 11, 2011 Board minutes and the April 28, 2011 Board Teleconference minutes were passed unanimously.

### **MULTIFAMILY PROGRAM**

Bruce Brensdaal updated the Board with the Multifamily Program. Bruce reviewed the status report of the 2009 ARRA funds.

Bruce Brensdaal brought to the Board the 2011 Low Income Housing Tax Credit (LIHTC) 2<sup>nd</sup> round applications. Aspen Place returned \$214,747 of 2010 credits as of May 2, 2011. The 2011 Tax Credits balance became \$228,913, including the \$13,572 remaining from the 1<sup>st</sup> round of 2011. Sparrow Group submitted a request for a 2<sup>nd</sup> round to allocate the remaining funds. HRDC IV in Havre requested additional credits for Buffalo Court. Gene Leuwer, Rocky Mountain Development Council representing Buffalo Court in Havre, provided background for the immediate need of Tax Credits in 2011. Gene presented letters of support for the project. Gene stated the project cost increased in part due to the requirement of a larger water line. Sheila Rice excused herself from this discussion and any voting citing a conflict of interest. Betsy Scanlin asked how the project would be affected by delaying an award in August 2011 in order for applicant submittal timeline of a 2<sup>nd</sup> round. Gene stated there are two major issues with the delay; construction in the winter months and the security of the current bid. Dean Bierke, Diamond Construction, informed the Board the delay of a couple of months would increase the cost of this project. This project would employ 10 -30 people immediately. This project is shovel ready. Don Sternhan, Mountain Plains Equity Group MPEG, confirmed the commitment of MPEG and the security of the tax credits. Don spoke about the difficulties of developing affordable housing in the smaller communities within

Montana. The dedication of all of the entities is to make this project ready to move forward. Don stated that if there is a 2<sup>nd</sup> round of Tax Credits, this project would apply, however, the delays would increase the costs further and allocating the Tax Credits to the project now would allow the work to start immediately and remain in good shape.

Alex Burkhalter from Sparrow Group and Steve Grover from Grover Development Group provided background on a project in Missoula. Steve Grover stated this project would be a new construction of a small mental health group home in affiliation with Winds of Change. Alex Burkhalter expressed the immediate need for Tax Credits, however, since MBOH recommends a 2<sup>nd</sup> round for Tax Credits, he encouraged the competitive process. Alex stated that Sparrow Group applied for Tax Credits for Aspen Place, however, since they did not receive the Tax Credits, the only solution was to return the partial awarded Tax Credits for Aspen Place. Betsy Scanlin asked if the Board had ever seen specifics on this project before. Alex Burkhalter stated that this is a completely new project. Betsy asked if this project is shovel ready. Steve Grover stated the plans are ready and the project is shovel ready.

Bruce Brensdaal stated that the Qualified Allocation Plan (QAP) does not authorize the Board's ability to approve an application without a competitive process, and therefore, staff's recommendation is to have a 2<sup>nd</sup> round of Tax Credits. Bruce stated that if the Board would like to include this into the QAP, it would have to be written and approved. Jeff Rupp stated he struggles with the process when a project has been awarded tax credits through a competitive process and it is in need of more financing. Jeanette McKee agreed with Jeff's comments and referred to Greg Gould, Luxan and Murfitt, for the legality of the process. Greg Gould stated that Buffalo Court, while it has submitted an application and been approved for a prior year's tax credits, they did not submit an application for the 2011 Tax Credit funds. Jeff stated that Buffalo Court had completed a competitive process. Betsy Scanlin raised the question on the increased cost per unit and referred to the Developer for their expertise of these unit costs. Betsy stated she agreed with both Jeanette and Jeff and the need to award a project to avoid further costs and construction delays. Betsy Scanlin moved to approve the Buffalo Court for an additional \$100,000 from the remaining 2011 Tax Credits and Jeanette McKee seconded the motion.

The Chairman asked for comments. Jeanette added a comment that it was the City of Havre and the requirement of the larger water line which increased the cost and delay. Bob Gauthier expressed his support on the moving forward with the Buffalo Court as long as it is legal. Jeanette stated the Board was presented with an existing project that was awarded Tax Credits through a competitive process and outside of the project's control the costs increased. Betsy stated remaining Tax Credits would allow for funding the Buffalo Court project and a 2<sup>nd</sup> round of Tax Credits. JP Crowley stated that had Sparrow Group not returned tax credits, Buffalo Court would have had to go forth with their original allocation or return their Tax Credits and a 2<sup>nd</sup> Round would have occurred. JP stated while the remaining Tax Credits fits into the needs of Buffalo Court's request is coincidental but from what the QAP states, the Board cannot do this. The request amount is above what Buffalo Court initially requested and thus warrants a 2<sup>nd</sup> round of Tax Credit Allocation.

Chairman Crowley called for a roll call vote:

Jeff Rupp – Yes

Betsy Scanlin – Yes

Jeanette McKee – Yes

Sheila Rice - Abstained

Bob Gauthier – Yes

Audrey Black Eagle – Yes

JP Crowley – No

Motion passes.

Betsy Scanlin moved to go out for a 2<sup>nd</sup> Round of Tax Credits with a timeframe of 30 days to submit applications and additional 30 days for Board Approval. Sheila Rice seconded the motion. Chairman Crowley asked for comments. Alex Burkhalter stated that his project is not able to utilize the remaining funds so they would not be submitting an application. Betsy stated that maybe an existing allocated project would be able to utilize these Tax Credits.

Steve Grover stated that while he may have a potential conflict of interest because he was hoping for a chance to compete for Tax Credits, his concern from a public standpoint is how would the Buffalo Court's increased cost per unit ranked competitively within the initial application. He referred to Betsy's concern voiced earlier regarding the increased cost per unit. Steve stated that as a member of the tax-paying public, he did not like the process he had just seen. He thought this was a competitive process. Betsy Scanlin asked if Sparrow Group had a project for the Board to review today. Steve Grover stated he admitted his conflict and had put that aside. Steve said his comments were as the general public and listened to how the Board's Tax Credit Process worked today and it was completely different of how he thought the Tax Credit Process worked. Betsy Scanlin stated that these programs are designed to serve low income families and the process does take time and to vet Sparrow Group's proposal as with all other projects would take time. Steve Grover asked if the Board had compared Buffalo Court's increased unit cost against the other projects that submitted applications at the initial awarding which did not get awarded to see how the new cost structure would have vetted against these projects. Steve stated this is the due-process of the Tax Credit Process and the Board's Legal Counsel and Staff has advised against the non competitive process in the approval of the additional credits to Buffalo Court. Chairman Crowley stated the context has moved away from the current motion on the table and called for a roll call vote:

Jeff Rupp – Yes

Betsy Scanlin – Yes

Jeanette McKee – Yes

Sheila Rice - Yes

Bob Gauthier – Yes

Audrey Black Eagle – Yes

JP Crowley – Yes

The 2<sup>nd</sup> round of Tax Credits for 2011 was approved unanimously. Staff will post the availability of funds for all potential applicants with a closing date of at least July 15, 2011. Staff would anticipate presentation to the Board at the August 2011 Board meeting.

Bruce Brensdaal provided the Board with the Fort Peck Housing Authority (FPHA) Tax Credit Modification Request. Fort Peck Homes II was allocated 24 units instead of 22 units and a community pool for the 2011 Tax Credit Allocation with the option to bring forth within sixty days a modification request. FPHA requested 22 units and a community pool. Staff's recommendation was to keep the original allocation of 24 units for the Fort Peck Homes II for two reasons: 1) the project is a scattered site and programmatically this does not work well as compared to a single site project; 2) the project will be eventually homeownership, leaving compliance on only the pool. Bruce stated that Governor Schweitzer's administration has given direct policy on utilizing funds for the direct purpose and has demonstrated this policy through ARRA funding cycles.

Robin BigHorn, Executive Director FPHA, provided a review of the need of the community pool, stating the scattered site is not an issue as the towns are close in proximity. Mr. BigHorn stated ARRA does not have anything to do with Tax Credits. The pool would not be used just for swimming. The pool would be an avenue to show the community there is a better life. Iva Grainger, FPHA, stated that Tax Credits are under the IRS ruling and IRS ruling does not prohibit the funding of these types of projects. FPHA provided the Board with a letter outlining the need for the pool. Sheila Rice asked for clarification on the money available for building the pool outside of the Tax Credits. Iva Grainger stated the cost of the pool was not complete at time of application. Sheila Rice questioned that according the financial information provided; there is enough funding for 24 Tax Credits units with Tax Credits and the pool without Tax Credits. Bob Gauthier stated that had this pool been a community facility, the discussion would not be so in depth. The Board does not question the minutia of these community facilities; however, because it is a pool, the Board is getting caught up on the details. Bob Gauthier moved to approve the community pool for FPHA and reducing the approved 24 units to 22 units and Betsy Scanlin seconded the motion. Chairman Crowley asked for comments. Betsy stated that the discussion for the pool is based on a major concern of the longevity of the ongoing costs of pool maintenance. Betsy Scanlin stated that she took exception to the letter dated June 9, 2011 in regards to Board's transparency as noted from a recent lawsuit involving MBOH. Betsy stated if FPHA needs the pool, then concentrate on providing the details to support the need. Bruce Brensdaal advised the Board of his discussion with Commerce Director Dore Schwinden, who urged the Board to discuss their potential award of the pool with the Governor's Administration prior to voting to ensure conduciveness to the Administration's policy. Bruce further stated that the Board has every right to vote without this discussion, but recommended the discussion prior to the vote. Jeanette McKee stated she cannot support funding that is not housing. Jeff Rupp stated that through his experience that the maintenance of pools is very costly and the supporting financial documentation provided does not appear to be adequate based on his experience. Jeff also stated that he has a concern about the Governor's input. Betsy Scanlin moved to table the current motion for

two weeks or until Board members have had discussion with Governor's office and Jeff Rupp seconded the motion. Chairman Crowley asked for comments and then a roll call vote was taken:

Jeff Rupp – Yes

Betsy Scanlin – Yes

Jeanette McKee – Yes

Sheila Rice - Yes

Bob Gauthier – Yes

Audrey Black Eagle – (Not available)

JP Crowley – Yes

Motion to table the current motion for two weeks or until Board members have had discussion with Governor's office was approved unanimously.

Bruce Brensdal provided a history of the Madison Apartments in West Yellowstone. The project is in its 14<sup>th</sup> year of compliance. On behalf of Farmhouse Partners – West L.P, Dab Dabney requested the Opt-Out marketing process from a one-year period to 30 days. After discussion with Kutak Rock, Staff's recommendation was to allow the reduction of the timeline from one year to 30 days to would allow the sale of the property at a reduced price. Otherwise, the property will be forced into foreclosure. Jeanette McKee moved to approve the Opt-Out of the one year to 30 days on the condition that this is a one-time approval and does not set any precedence for future policy. Jeff Rupp seconded the motion. Chairman asked for comments. Sheila Rice inquired as to where the one-year rule is stated. John Wagner stated it is in the Federal Regulations, and while the Board has the authority to reduce the timeframe, the project would still have low income requirements after the sale. Betsy asked what, if any, sanctions would be for the developer. John Wagner stated there is only risk to the buyer if they chose to not fulfill the requirements and a possible recapture tax. Dab Dabney inquired about the Board's perception of the West Yellowstone's history be a negative reflection on any future applications. Bruce stated that Staff would look at the steps taken by Farmhouse Partners in their attempts to maintain the Madison Apartments. Betsy Scanlin called for a vote. A roll call vote was taken:

Jeff Rupp – Yes

Betsy Scanlin – Yes

Jeanette McKee – Yes

Sheila Rice - Yes

Bob Gauthier – Yes

Audrey Black Eagle – (Not available)

JP Crowley – Yes

The motion was approved unanimously.

Bruce Brensdal informed the Board that the appraisal on the RAM exception approved at the last Board meeting reflected some issues; however, the son painted the house and the Appraiser, personally made arrangements to have the roof fixed at no cost to the owner.

### **FINANCE PROGRAM**

Chuck Nemec updated the Board with the MBOH Finances. MBOH closed the 2011A/ 2009B Bond issue on May 26, 2011. Greg Gould, JP Crowley and Chuck

attended the closing in Denver. The issue was structured so that there was a premium to help replenish the special reserve for the 1% Lender Fee. Jeannette McKee moved to continue to offer the 1% Lender Fee reduction through December 31, 2011. Jeff Rupp seconded the motion. Vice-Chairperson Scanlin asked for comments. The motion was passed unanimously.

Chuck Nemecek informed the Board that MBOH received notice from Moody's that Moody's downgraded Genworth's ratings. MBOH has approximately \$41 million in Genworth backed loans. The Board will receive no loss coverage credit for these loans due to the rating drop. Fortunately, MBOH's Single Family I has enough parity to cover for our ratings.

Chuck Nemecek reviewed the Diversification and Average Yield Investment Report. The report shows the portfolio is adequately diversified into investments allowed by Board policy. Chuck reminded the board the NIBP Escrowed bond proceeds are required to be invested in U.S. Treasury paper with less than a 28 day maturity.

Chuck Nemecek provided a review of the March 31, 2011 Quarterly Reports. Single Family I average mortgage rate is 5.80% which compares to the debt service load of 5.16%. The Foreclosure gain/loss is approximately \$57,000. Single Family II average mortgage rate is 5.50% which compares to the debt service load of 4.92. The Foreclosure gain/loss is \$256,000. Single Family XI average mortgage rate is 4.76%. As of May 26, 2011, the Federal Home Loan Bank program advances have been paid off.

Annual Investment Policy board review: Staff briefly discussed the policy and recommends no change to the existing Investment Policy. Board accepted the recommendation.

#### **HOMEOWNERSHIP PROGRAM**

Nancy Leifer brought to the Board the set aside requests. Staff requests allocation in the amount of \$850,000 for FY 2012 for Habitat for Humanity. The interest on Board loans will be 2%. Melanie Bruhn, Habitat for Humanity liaison with MBOH, provided a summary of the fiscal year 2011. There are funds remaining for the program year because the downturn in the economy.. Habitat for Humanity has been finding that the individuals who are eligible for their program have been unable to meet the financial qualifications for the program. Sheila Rice moved to approve the set aside for Habitat for Humanity and Jeannette McKee seconded the motion. Chairman Crowley asked for comments. Sheila asked about the amount of the funding. Susan McCord stated that there have been many turnovers in their affiliates thus resulting in the lower usage as well. MBOH will be providing webinars and trainings to encourage the new affiliates. Betsy stated the Board is very grateful to Habitat for Humanity for their work within the communities. The motion passed unanimously.

Nancy Leifer requested to extend time period for the Disable Access Affordable Housing Program (DAAPH). Richard Saravalli of AWARE requested the Board

to continue this program. Darrin Larson stated this program is a great asset to those disabled individuals who are on fixed income. Jeff Rupp moved to approve the extension of the remaining \$983,060 for the DAAPH program through FY 2012. Sheila Rice seconded the motion. Chairman Crowley asked for comments. Betsy Scanlin recused as a conflict of interest. Motion passed unanimously.

Nancy Leifer requested to extend the allocation of \$1,194,593 of pre-Ullman funds to the HUD 184 Set-aside through FY2012. Betsy Scanlin moved to approve the extension, Jeanette McKee seconded the motion. The HUD 184 Set-aside program extension was approved unanimously.

Nancy Leifer brought the Western Montana Mental Health Center Eaton Set-Aside request for \$1 million of pre-Ullman funds at 5.5%, through December 31, 2014. These loans would only be available for units that meet the less than 80% loan to value ratio. Patty Kent, Western Montana Mental Health Center, provided a history of the project. Sheila Rice moved to approve the Western Montana Mental Health Center Eaton Street Set-aside for \$1 million of pre-Ullman funds at 5.5% through December 31, 2014 for eligible borrowers with no requirement for mortgage insurance, subject to the loan to value on the property being below 80% based on purchase price. Betsy Scanlin seconded the motion. Chairman Crowley asked for comments. Jeff Rupp stated this project is working perfectly on maintaining projects as affordable units for several cycles. The motion was approved unanimously.

Nancy Leifer informed Board of the initial conception of partnering with AWARE to finance six homes and that more information will follow in July meeting.

Nancy Leifer provided a Homeownership update. Nancy reviewed the Administrative Rules regarding notice of MBOH meetings and requirements of participating lenders. The draft rules were posted and no comments were received. Sheila Rice moved to approve the adoption of the amended Administrative Rules regarding notice of MBOH meetings and requirement for participating lenders (See Attachment I). Jeff Rupp seconded the motion. Chairman Crowley asked for comments. The motion passed unanimously.

Nancy Leifer requested the authorization of publication of the draft rules of the newly created Veterans Home Loan Program for public comment and public hearing under the procedures of the Secretary of State. The draft rules implement the program under a new bill passed by the 2011 Montana legislature and signed by the Governor. (See Attachment II) Betsy Scanlin moved to authorize the publication of the draft rules for public comment and public hearing under the procedures. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. The motion was approved unanimously.

Nancy Leifer briefed the Board on the 2011 Income limits which were released just before Board packets were sent for this meeting. Subsequent to mailing of the Board packets, staff learned that all of the counties in Montana qualified as "high cost" areas which require a different calculation from that used for the Board packets. John Wager's office is in the process of calculating these income

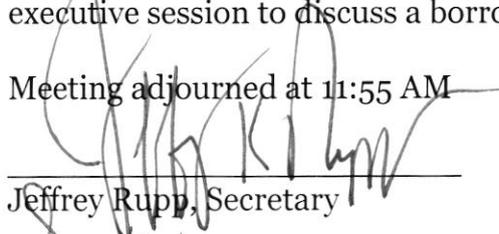
limits and should have them to the MBOH staff within the next few weeks. Recently, it has been the Board's practice to approve the highest income limits allowed, and to approve the highest purchase price limits allowed. Leifer requested that the Board give staff the authority to use whichever set of income limits was higher, either those from 2010 or the new ones from 2011. Betsy Scanlin moved to approve the adoption of the higher income limits and purchase price limits and leave it to staff to identify which are the higher income limits. (See Attachment III – yellow shading is purchase price limits). Jeff seconded. Chairman Crowley asked for comments. Motion approved unanimously.

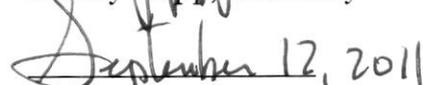
Nancy updated the Board on the award of grant funds. MBHO received an award of funds through round five of National Foreclosure and Mitigation Counseling. These funds will be used to pay for foreclosure counseling from January of 2011 through to December 31, or as long as they last. MBOH has also submitted an application for the new Emergency Home Loan Program (EHL). EHL would provide eligible delinquent borrowers financial help in the amount up to \$50,000. These funds would be used to bring the loan current and help subsidize with future payments for the next 24 months. The deadline for borrowers to apply will be July 22, 2011. NeighborWorks Montana and Rural Dynamics will be administering this program. MBOH will provide information to its delinquent borrowers.

#### **EXECUTIVE DIRECTOR**

Bruce Brensdal requested the August meeting be changed from August 8, 2011 to August 22, 2011 and a webinar on July 25, 2011. Bob Gauthier, Jeff Rupp and JP Crowley will meet with the Governor's Administration. Bruce requested an executive session to discuss a borrower's individual information.

Meeting adjourned at 11:55 AM

  
\_\_\_\_\_  
Jeffrey Rupp, Secretary

  
\_\_\_\_\_  
Date

## ATTACHMENT I

### 8.111.101 ORGANIZATIONAL RULE

(1) remains the same.

(2) The department of commerce provides all necessary staff and services to the board. The board is part of the department's housing division.

(3) ~~Inquiries~~ Specific or general inquiries regarding the board or the housing division may be addressed to the housing division administrator of the department of commerce who is also the chairman executive director of the board of housing and/or the chairman of the board, 2004 Eleventh Avenue, Helena, Montana, 59620. Specific or general inquiries regarding the board and the division may be addressed to the division administrator of the Department of Commerce.d

(4) remains the same

AUTH: 2-4-201

IMP: 2-4-201

### 8.111.202 MEETINGS OF THE BOARD

(1) All meetings of the board are open to the public pursuant to 90-6-105, MCA. Notice of the board's regular meetings shall be given by:

(a) posting a statement of the time, ~~and place~~ and agenda of the meeting on the state's electronic bulletin board ~~a bulletin board at the entrance to the board's offices; and~~

(b) mailing ~~or the said notice to a newspaper of general circulation in Helena, Montana, and~~

~~(c) mailing said emailing notice to any interested parties who have notified the board in writing.~~

(2) Notice of the board's special or emergency meetings and notice of committee meetings shall be given by posting a statement of the time, place and nature of the meeting on a the state's electronic bulletin board ~~at the entrance to the board's offices.~~

(3) In the case of matters determined by the board to be of significant interest to the public, notice shall be given ~~by any of the means in (1) above, and by any additional appropriate means of notice, given adequate and appropriate notice in accordance with 2-3-101 through 2-3-114, MCA~~ sufficiently prior to a final decision to permit public comment on the matter.

AUTH: 2-3-103 and 90-6-104

IMP: 2-3-103 and 90-6-105

### 8.111.305 APPROVED LENDERS

(1) through (2)(b) remain the same.

(c) evidence of errors and omissions insurance and fidelity insurance, each

## ATTACHMENT I

of which must be in ~~the~~an amount currently required by the FHA but not less than \$300,000;

(2)(d) through (4)(b) remain the same.

(c) an updated list of the personnel required under (2)(b); ~~and~~

(d) an updated list of the offices required under (2)(f); ~~and~~

(e) evidence of continuing compliance with subsection (2)(c).

(5) through (6) remain the same.

AUTH: 90-6-104 and 90-6-106

IMP: 90-6-104, 90-6-106 and 90-6-108

### **8.111.305A APPROVED LOAN SERVICERS**

(1) through (2)(d) remain the same.

(e) evidence of errors and omissions insurance and fidelity insurance, each of which must be in ~~the~~an amount ~~required by the FHA~~ but not less than \$300,000;

(2)(f) through (5)(c) remain the same.

(d) an updated list of the personnel required under (2)(d); ~~and~~

(e) evidence demonstrating that the servicer has internal controls providing for security of board funds and confidentiality of information related to board mortgagors, which evidence can be the servicer's most recent Statement of Auditing Standard 70 Report, equivalent regulatory agency report, or an equivalent report from an outside auditor; ~~and~~

(f) evidence of continuing compliance with subsection (2)(e).

(6) through (8) remain the same.

AUTH: 90-6-104 and 90-6-106

IMP: 90-6-104, 90-6-106 and 90-6-108

## ATTACHMENT II

### NOTICE OF PUBLIC HEARING ON PROPOSED ADOPTION

In the matter of the adoption of NEW RULES I through VII, regarding the Montana Veteran's Home Loan Program

**[RULE I] PURPOSE AND OBJECTIVE.** (1) These rules are adopted to implement the Montana Veterans' Home Loan Act, Title 90, chapter 6, sections [1 through 6], MCA. These rules provide explanation and guidance to loan applicants and participating lenders and servicers.

AUTH: Ch. 349, L. 201, Section 5, Eff. 7/1/11; 90-6-104 and 90-6-106,  
MCA

IMP: Ch. 349, L. 201, Sections 1 through 5, Eff. 7/1/11

**[RULE II] DEFINITIONS.** As used in these rules, the following words and phrases have the following meanings:

(1) "Act" means the Montana Veterans' Home Loan Act, Title 90, chapter 6, sections [1 through 6], MCA.

(2) "Board" means the Montana Board of Housing established under 2-15-1814, MCA.

(3) "Deceased eligible veteran" means an eligible veteran who was killed in the line of duty while in military service.

(4) "Eligible veteran" means an individual who is in military service or has been in military service and was discharged under honorable conditions.

(5) "First time home buyer" means an individual who has not previously owned an interest in real property occupied by the individual as their primary residence. An applicant must provide proof of first time home buyer status satisfactory to the board.

(6) "Guide" means the board's Mortgage Purchase and Servicing Guide referenced in ARM 8.111.305.

(7) "Honorable conditions" means a discharge or separation from service characterized by the applicable military authority as under honorable conditions. The term includes honorable discharge and general discharge, but does not include a dishonorable discharge or other administrative discharge characterized by military regulation as other than honorable.

(8) "Montana Resident" means an individual who has established and maintains a permanent place of abode within the state of Montana and has not established residence elsewhere although the individual may be temporarily absent

## ATTACHMENT II

from the state. An applicant must provide proof of Montana residence satisfactory to the board.

(9) "Program" means the Montana Veterans' Home Loan Program established by the Act and administered by the board pursuant to these rules.

(10) "Property" means the residential real property purchased or to be purchased with a veteran's loan.

(11) "Military Service" means:

(a) Membership in the Montana National Guard;

(b) Membership in the federal reserve forces of the armed forces of the United States pursuant to Title 10 of the U.S. Code; or

(c) Service on Federal active duty pursuant to Title 10 of the U.S. Code.

(12) "Veteran's loan" means a mortgage loan made pursuant to the Act and these rules.

AUTH: Ch. 349, L. 201, Section 5, Eff. 7/1/11; 90-6-104 and 90-6-106,  
MCA

IMP: Ch. 349, L. 201, Sections 1 and 2, Eff. 7/1/11

**[RULE III] APPLICANT ELIGIBILITY REQUIREMENTS.** (1) To qualify for a veteran's loan, an applicant must:

(a) be a Montana resident;

(b) be an eligible veteran or a deceased eligible veteran's surviving spouse who is not and has not remarried since the death of the deceased eligible veteran;

(c) be a first time home buyer; and

(d) have successfully completed a homebuyer education class approved by the board.

(2) There is no income limit for veteran's loan eligibility

AUTH: Ch. 349, L. 201, Section 5, Eff. 7/1/11; 90-6-104 and 90-6-106,  
MCA

IMP: Ch. 349, L. 201, Sections 2, 3 and 4, Eff. 7/1/11

**[RULE IV] APPLICATION PROCEDURES.** (1) Application for a veteran's loan must be made using the same process established by the board for regular bond program loans, as specified in the Guide.

(2) In addition to other documents required by the Guide, the application materials submitted to the participating lender must include:

(a) a completed application on an application form approved by the board;  
and

(b) satisfactory proof of eligibility under [Rule III].

## ATTACHMENT II

(3) Additional information and forms for the program may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site [www.housing.mt.gov](http://www.housing.mt.gov). Such additional information and forms include but are limited to requirements for satisfactory proof of eligibility, requirements for satisfactory proof of Montana residence and first-time home buyer status, board-approved homebuyer education classes, participating lender information, lender reservation and purchase forms, current statewide allowable purchase price, and current program interest rates.

AUTH: Ch. 349, L. 201, Section 5, Eff. 7/1/11; 90-6-104 and 90-6-106,  
MCA

IMP: Ch. 349, L. 201, Sections 3 and 5, Eff. 7/1/11

**[RULE V] LENDER AND SERVICER REQUIREMENTS AND LIMITS.** (1) The program will be governed by and subject to the Act and these rules.

(2) Veteran's loans shall be originated and serviced using the processes established for the board's regular bond program loans, as specified in the Guide, subject to the following:

(a) where the provisions of the Guide are inconsistent with the Act or these rules, the provisions of the Act or these rules shall govern;

(b) terms defined in the Act or these rules shall have the meaning provided in the Act or these rules where used in the Guide; and

(c) the sections of the guide pertaining to requirements of the Internal Revenue Service and the bond indentures (currently sections 2.01(a), 2.04(a)(i) and (ii), 2.05, 2.05.1, 2.06, 2.11 and 2.12) shall not apply for purposes of the veteran's loan program.

(3) To participate as a lender under the veteran's loan program, a lender must be a board-approved participating lender under the requirements of ARM 8.111.305. The lender must comply with the applicable provisions of the Guide.

(4) A single lender may reserve or originate no more than ten (10) veteran's loans until at least a total of \$10 million in loans has been originated by all lenders under the veteran's loan program. The board may waive the 10-loan limit where necessary to provide an opportunity for an eligible applicant to obtain a loan where the loan is not otherwise available to the applicant from another participating lender. Once a total of \$10 million in loans has been originated by all lenders under the veteran's loan program, the 10-loan limit shall no longer apply to any lender.

## ATTACHMENT II

(5) Veteran's loans will be serviced by the board or its designee. Servicing fees shall be 0.375% per annum. A servicing release premium will be paid by the board to the lender.

(6) Lenders must provide the board and the legislative auditor access to all records and documents related to veteran's program loans.

AUTH: Ch. 349, L. 201, Sections 4 and 5, Eff. 7/1/11; 90-6-104 and 90-6-106, MCA

IMP: Ch. 349, L. 201, Sections 2, 3, 4 and 5, Eff. 7/1/11

**RULE VII] QUALIFYING PROPERTY.** (1) The property to be purchased with a veteran's loan must be:

- (a) located in the state of Montana;
- (b) actually occupied by the borrower as the borrower's primary residence;
- (c) if manufactured housing, de-titled and fixed to a permanent foundation.

AUTH: Ch. 349, L. 201, Section 5, Eff. 7/1/11; 90-6-104 and 90-6-106, MCA

IMP: Ch. 349, L. 201, Sections 2 and 5, Eff. 7/1/11

**RULE VII] LOAN TERMS AND CONDITIONS.** (1) The purchase price for the property, as agreed upon in a written buy-sell agreement, may not exceed 95% of the value of the statewide allowable purchase price determined by the board.

(2) The borrower must contribute a minimum of \$2,500 of the borrower's own funds toward the down payment for the purchase of the property or the closing costs of the loan, with no cash back to the borrower at closing.

(3) The lender may charge and collect lender fees not exceeding the amount allowable under the board's regular bond program. No points may be charged. All fees must be paid by the borrower or seller and will not be paid or financed by the board.

(4) Loans must meet FHA, VA, RD, or HUD 184 underwriting standards as specified by the board and must be guaranteed by FHA, VA, RD, or HUD 184.

(5) Loans will be 30-year, fixed rate loans.

(6) Loan interest rates will be one percent (1%) below the lower of the Federal National Mortgage Association's 60-day delivery rate or the board's regular bond home loan mortgage program. The interest rate will be posted on the board's website and updated every two weeks.

(7) Loans must be documented with a standard promissory note used by FHA, Fannie Mae or Freddie Mac, secured by a first priority trust indenture under

## ATTACHMENT II

the Montana Small Tract Financing Act, Title 71, chapter 1, part 3, MCA, and covered by a lender's policy of title insurance.

(8) The loan agreement must provide that taxes and insurance payments will be escrowed, including hazard and mortgage insurance. Hazard insurance must meet the standards specified in the Guide and the Terms and Conditions specified in the lender's contract with the board.

(9) The loan documents shall provide that, in the event the borrower ceases to occupy the property as the borrower's primary residence, the loan interest rate shall increase by 1% per annum six (6) months after such event and, at the option of the board, the entire loan indebtedness shall become immediately due and payable 12 months after such event.

(a) The board or its designee may require the borrower to periodically verify continued occupancy of the property as a primary residence, and failure to comply with such verification requests shall constitute a default under the loan, except for good cause shown.

(b) Upon written request of the borrower, the board in its sole discretion may extend or decline to extend the 12-month repayment period based upon the borrower's inability to sell the property despite good faith efforts, considering the following factors:

- (i) prompt and continuing listing of the property for sale;
- (ii) reasonableness of the listing price and other offering terms;
- (iii) any offers the borrower has received and refused;
- (iv) market conditions;
- (v) preservation of the loan collateral; and
- (vi) any other factors deemed relevant by the board.

AUTH: Ch. 349, L. 201, Section 5, Eff. 7/1/11; 90-6-104 and 90-6-106,  
MCA

IMP: Ch. 349, L. 201, Sections 2, 3, 4 and 5, Eff. 7/1/11

**REASONABLE NECESSITY STATEMENT:** The 2011 Montana Legislature enacted Senate Bill 326, Chapter 349, L. 2011 (the "Act"), creating the Montana Veterans' Home Loan Mortgage Program with money from the Permanent Coal Tax Trust Fund to be administered by the Board of Housing. The Act requires the Board to adopt administrative rules necessary for the administration of the program and to address specified areas of the program. The Act is effective July 1, 2011.

## ATTACHMENT II

The Board administers various existing loan programs. Although the Act creates a new loan program to be administered by the Board, some aspects of the new program can be handled in the same manner as other existing programs.

New Rule I is reasonably necessary to identify and state that the purpose of the proposed new rules is to implement the program and provide explanation and guidance to loan applicants, and participating lenders and servicers.

New Rule II is reasonably necessary to specify the definitions of terms used in the proposed rules. The proposed definitions are consistent with and implement the terms and definitions of the Act.

New Rule III is reasonably necessary to specify the eligibility requirements for veterans' loan applicants. To comply with the authorization of the Act, applicant eligibility requires that an applicant meet the particular eligibility requirements stated in proposed Rule III.

New Rule IV is reasonably necessary to specify the loan application procedures and requirements, and to specify where and how program information and forms may be obtained. Section 5 of the Act requires that the Board adopt rules specifying the loan application process. The Board proposes to adopt the application process specified in the Board's existing Mortgage Purchase and Servicing Guide, because this process is already established, loan originators are familiar with this process, and it would be an unwarranted use of resources to establish a new and separate process.

New Rule V is reasonably necessary to specify the requirements to qualify and participate in the program as a loan originator or servicer. Section 5 of the Act requires that the Board adopt rules specifying what financial institutions may participate in the program, specifying the maximum servicing fees that may be charged by lenders, and providing the legislative auditor with access to program loan records. The Board proposes to adopt the lender participation requirements already established in the Board's administrative rules for its existing loan programs. The Board chose these requirements because the requirements and processes for approving and reapproving lenders are already established, lenders are familiar with these requirement and processes, and it would be an unwarranted use of resources to establish new and separate requirements and processes.

New Rule V is also reasonably necessary to specify the process and requirements for originating and servicing loans. Again, the Board proposes to adopt processes

## ATTACHMENT II

and requirements specified in the Board's existing Mortgage Purchase and Servicing Guide, because these processes and requirements are already established, loan originators are familiar with these processes and requirements, and it would be an unwarranted use of resources to establish new and separate processes and requirements.

The Board proposes in Rule V to adopt a servicing fee amount of 0.375% per annum, which the Board has determined is necessary to cover servicing costs for program loans. It is also necessary to provide for payment of a servicing release premium to originating lenders, because without such payment, lenders will not be willing to originate program loans for which they would lose the valuable servicing rights.

Section 4(6) of the Act requires that the Board adopt rules specifying the maximum amount of mortgage loans that any one lender may make under the program, in order to allow small lenders to participate equitably in the program along with large lenders. The Board proposes in Rule V that each lender may make no more than ten (10) loans until at least \$10 million of the total available \$15 million in funding is exhausted. Given the number of lenders in Montana likely to participate, the Board believes that this limit will permit all interested lenders an equitable opportunity to originate program loans. The Board also has determined, however, that it is necessary to provide for an exception to these limits in the event that a loan would not otherwise be available to an applicant, for example, where the only lender servicing a geographical area had exhausted its 10-loan limit.

New Rule VI is reasonably necessary to specify requirements for the property that is to be purchased with a program loan. Section 5 of the Act requires that the Board adopt rules specifying other loan conditions determined to be necessary by the Board. The Act requires that property be located within the state of Montana, and that the property be used for residential purposes. The proposed rule is necessary to specify and implement these requirements. The Act requires that the residential use requirement must specify that the property must be actually occupied as the borrower's primary residence. Otherwise, this might be construed to permit occasional residential occupation as a second home. The Board has determined it is necessary to specify that manufactured housing must be de-titled and affixed to a permanent foundation, to guarantee that property financed in the program qualifies as real property and is therefore eligible loan security.

New Rule VII is reasonably necessary to specify the required terms and conditions of program loans. Section 5 of the Act requires that the Board adopt rules

## ATTACHMENT II

specifying underwriting criteria for program loans, the statewide allowable purchase price of a home for the purposes of the program, the security required for a mortgage loan financed by the program, and the maximum origination fees that may be charged by participating financial institutions. Proposed Rule VII specifies these items and other loan terms and conditions.

The proposed rule would establish the maximum purchase prices, which is based upon the value of the statewide allowable purchase price, continuously maintained and updated by the Board, and the borrower's required minimum contribution of \$2,500 toward the down payment or closing costs for the loan. The Board proposes to limit lender fees to those amounts allowable under the Board's regular bond loan program, to prohibit charging for points, and to specify for clarity that none of the permissible lender fees will be paid or financed by the Board.

The Board proposes that loans will be required to meet FHA, VA, RD, or HUD 184 underwriting guidelines, because loans must be guaranteed by one of these federal programs. This is necessary to reasonably assure the security of permanent coal tax trust funds which are being used to facilitate program loans. The rule is necessary to specify the loan term, the interest rates upon which program interest rates will be based, the form and priority of loan documents and security required, and escrowing of tax and insurance payments. These proposed rules are necessary to assure that loans are made and secured in accordance with the requirements of the Act and in a manner reasonably assuring repayment of the permanent coal tax trust funds being used to facilitate program loans.

The rule is also necessary to provide a mechanism for enforcement of the primary residence requirement. Borrowers may periodically cease to occupy the property as their primary residence for a variety of reasons, for example, relocating for employment purposes or as a result of being reassigned to a different military duty location. The proposed rule is necessary to allow for a period of transition and an opportunity for the borrower to sell the residence and repay the loan. The proposed rule provides an incentive for sale within the first six (6) months after ceasing to occupy the property as a primary residence, by providing that the loan interest rate will increase by 1% after 6 months. The Board would have discretion to declare the loan due and payable after one year, but would retain discretion to consider requests to extend the 12-month repayment requirement based upon consideration of the stated factors, where the borrower has been unable to sell the property despite good faith efforts to do so. The Board considered an automatic loan due date, but believes that it would be inconsistent with the program purposes and would preclude the Board from considering hardship circumstances.

## ATTACHMENT II

Section 5(2) of the Act also allows the Board to changes certain requirements of the Act regarding the definition of eligible veteran, loan security and minimum borrower participation if determined necessary by the Board for program purposes. The Board has not determined that such changes are necessary for the initial implementation of the program. The Board may consider such rules in the future as deemed necessary based upon experience with the program.

**ATTACHMENT III**

	HUD 2010 income limits		SAFE HARBOR 2011 Purchase Price Limits		FHA Max loan amt	\$ (under) \$ + over FHA limit
	Small Household	Large Household				
BILLINGS/YELLOWSTONE	\$ 73,716	\$ 84,774	\$ 265,443	\$ 291,250	\$ (25,807)	
* Census Tract 3	\$ 75,600	\$ 88,200	\$ 324,431	\$ 291,250	\$ 33,181	
BEAVERHEAD	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
BIG HORN	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
* BLAINE	\$ 67,440	\$ 78,680	\$ 301,929	\$ 271,050	\$ 30,879	
BROADWATER	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
CARBON	\$ 73,716	\$ 84,774	\$ 265,443	\$ 291,250	\$ (25,807)	
CARTER	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
CASCADE	\$ 66,120	\$ 77,140	\$ 247,033	\$ 271,050	\$ (24,017)	
* GREAT FALLS	\$ 67,440	\$ 78,680	\$ 301,929	\$ 271,050	\$ 30,879	
CHOUTEAU	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
* Chouteau-Census Tract 9401	\$ 67,440	\$ 78,680	\$ 301,929	\$ 271,050	\$ 30,879	
CUSTER	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
DANIELS	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
* Daniels-Census Tract 9402	\$ 67,440	\$ 78,680	\$ 301,929	\$ 271,050	\$ 30,879	
DAWSON	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
* DEER LODGE	\$ 67,440	\$ 78,680	\$ 301,929	\$ 271,050	\$ 30,879	
FALLON	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
FERGUS	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
* FLATHEAD	\$ 67,440	\$ 78,680	\$ 335,625	\$ 301,300	\$ 34,325	
GALLATIN	\$ 79,440	\$ 92,680	\$ 352,025	\$ 386,250	\$ (34,225)	
GARFIELD	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
GLACIER	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
GOLDEN VALLEY	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
GRANITE	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
* HILL	\$ 67,440	\$ 78,680	\$ 301,929	\$ 271,050	\$ 30,879	
JEFFERSON	\$ 81,480	\$ 95,060	\$ 311,013	\$ 341,250	\$ (30,237)	
JUDITH BASIN	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
LAKE	\$ 65,040	\$ 75,880	\$ 274,557	\$ 301,250	\$ (26,693)	
LEWIS & CLARK	\$ 78,720	\$ 91,840	\$ 311,013	\$ 341,250	\$ (30,237)	
LIBERTY	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
LINCOLN	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
McCONE	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
MADISON	\$ 65,040	\$ 75,880	\$ 256,784	\$ 281,750	\$ (24,966)	
MEAGHER	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
* MINERAL	\$ 67,440	\$ 78,680	\$ 301,929	\$ 271,050	\$ 30,879	
* MISSOULA	\$ 73,680	\$ 85,960	\$ 324,431	\$ 291,250	\$ 33,181	
MUSSELSHELL	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
PARK	\$ 67,560	\$ 78,820	\$ 247,033	\$ 271,050	\$ (24,017)	
PETROLEUM	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
PHILLIPS	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
PONDERA	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
POWDER RIVER	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
POWELL	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
PRAIRIE	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
RAVALLI	\$ 65,040	\$ 75,880	\$ 276,836	\$ 303,750	\$ (26,915)	
RICHLAND	\$ 65,640	\$ 76,580	\$ 247,033	\$ 271,050	\$ (24,017)	
ROOSEVELT	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
ROSEBUD	\$ 68,750	\$ 79,062	\$ 247,033	\$ 271,050	\$ (24,017)	
* SANDERS	\$ 67,440	\$ 78,680	\$ 301,929	\$ 271,050	\$ 30,879	
SHERIDAN	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
* Sheridan-Census Tract 9402	\$ 67,440	\$ 78,680	\$ 301,929	\$ 271,050	\$ 30,879	
* SILVER BOW	\$ 67,440	\$ 78,680	\$ 301,929	\$ 271,050	\$ 30,879	
STILLWATER	\$ 67,770	\$ 77,935	\$ 247,033	\$ 271,050	\$ (24,017)	
SWEET GRASS	\$ 65,040	\$ 75,880	\$ 315,570	\$ 346,250	\$ (30,680)	
TETON	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
TOOLE	\$ 66,000	\$ 77,000	\$ 247,033	\$ 271,050	\$ (24,017)	
TREASURE	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
VALLEY	\$ 65,160	\$ 76,020	\$ 247,033	\$ 271,050	\$ (24,017)	
WHEATLAND	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
WIBAUX	\$ 65,040	\$ 75,880	\$ 247,033	\$ 271,050	\$ (24,017)	
MONTANA	\$ 57,200	\$ 65,780	\$ 247,033	\$ 271,050	\$ (24,017)	

\* Targeted areas

# MONTANA BOARD OF HOUSING

Teleconference Meeting only.

Phone Number: 866.305.1457      Pass code: 4458354#

301 S Park Ave., Room 228 - Helena MT 59601  
If you have any problems connecting call us at (406) 841-2840

**Thursday, April 28, 2011:**

- I. **9:00 A.M. MDT CALL MEETING TO ORDER – Chairman JP Crowley**
- II. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**
- III. **AGENDA ITEMS**

Finance Program (Chuck Nemeč)

- 2011 Series A Single Family Mortgage Bonds
  - a. \$41,000,000 Issue
  - b. Pricing on Tuesday and Wednesday

Multifamily Program (Gerald Watne)

- Bond Inducement Resolution
  - a. GMD Development – Scattered Site Project

- IV. **Adjournment**

❖ **All agenda items are subject to Board action after public comment.**

We make an effort to ensure that our meetings are held at facilities that are fully accessible to persons with disabilities. Any persons needing reasonable accommodations must notify the Housing Division at 406-841-2840 or TDD 406-841-2702 before the scheduled meeting to allow for arrangements.

# MONTANA

*Department of Commerce*

## MONTANA BOARD OF HOUSING

P.O. Box 200528 \* Helena, Montana 59620-0528 \* [www.housing.mt.gov](http://www.housing.mt.gov)  
Phone: 406-841-2840 \* 1-800-761-6264 \* Fax: 406-841-2841 \* TDD: 406-841-2702

## **MONTANA BOARD OF HOUSING**

Via Teleconference, Helena MT

April 28, 2011

### **ROLL CALL OF BOARD**

MEMBERS: J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Present)  
Jeff Rupp, Secretary (Present)  
Bob Gauthier (Present)  
Jeanette McKee (Present)  
Sheila Rice (Excused)  
Audrey Black Eagle (Excused)

STAFF: Bruce Brensdal, Executive Director  
Chuck Nemecek, Accounting  
Nancy Leifer, Homeownership Program  
Gerald Watne, Multifamily Program  
Paula Loving, Administrative Assistant  
Mary Bair, Multifamily Program  
Vicki Bauer, Accounting

COUNSEL: Greg Gould, Luxan and Murfitt  
John Wagner, Kutak Rock

UNDERWRITERS: Gordon Hoven, Piper Jaffray  
Peter Nolden, RBC Capital  
Mina Choo, RBC Capital

OTHERS: Sandy Shupe, Wells Fargo  
Greg Dunfield, GMD Development  
Heather McMilin, homeWORD  
Mary Bonseck, Edward Jones

### **CALL MEETING TO ORDER**

Chairman JP Crowley called to Order at 9:15 AM. Introductions were made. Bruce Brensdal reviewed the webinar procedures for the meeting.

**FINANCE PROGRAM**

Attending Board members, staff and underwriters discussed the 2011A/2009B bond pricing that occurred on Tuesday and Wednesday (26<sup>th</sup> & 27<sup>th</sup>). Peter Nolden, RBC Capital and lead underwriter, stated the bond pricing was successful and explained bond series structure: long bonds (60% of the issue) will be held by the U.S. Treasury and the remaining 40% were sold on the market to retail investors except for the Planned Amortization Class (PAC) bonds purchased by an institutional investor. Peter continued by reviewing the individual serial and term bond pricing and yields. Mina Choo, RBC, reviewed the Board's yield spread between cost of funds and mortgages and explained the Board was very fortunate because the spread was 1.123 %, remarkably close to the 1.125% IRS limit. The bond issue will close May 26, 2011 in Denver Colorado.

**MULTIFAMILY PROGRAM**

Gerald Watne updated the Board with the Multifamily Program. Gerald brought to the Board a request from GMD Development for a conduit bond proposal for 11.5 million for the acquisition and, rehabilitation of a five-location project, including 220 units.

Greg Dunfield, GMD Development, provided a history of the project. The projects would include separate projects in five cities: Great Falls, Malta, Butte, Cut Bank and Havre. The preliminary approval resolution would allow them to capture costs. Gerald stated that this does not approve the projects, it only allows for GMD Development to move forward in developing financing for a multifamily project. The final approval of the issuance of the bonds can only be authorized by subsequent Board action.

Bob Gauthier moved to approve Resolution 11-1104-MF1 granting preliminary approval to the issuance of its Multifamily housing revenue bonds in the amount of \$11,500,000 to finance a Multifamily housing project. Jeanette McKee seconded the motion. A roll call vote was taken and the motion was approved unanimously.

Meeting adjourned at 9:32 AM

\_\_\_\_\_  
Jeffrey Rupp, Secretary

\_\_\_\_\_  
Date

# MONTANA BOARD OF HOUSING

301 S Park Ave., Room 228 - Helena MT 59601  
(406) 841-2840

## Webinar Information

You may listen or participate from your office or home. You may use the toll free access number listed below.

Registration Link: <https://www1.gotomeeting.com/register/124021513> Phone Number: 866.516.5393 Passcode: 11705580#

(REGISTER FOR THE MEETING IMMEDIATELY, so that you are not delayed as the meeting starts.)

### Monday, April 11, 2011:

- I. **8:30 A.M. CALL REGULAR MEETING TO ORDER – Chairman JP Crowley**  
II. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**

### III. **AGENDA ITEMS**

#### Minutes

- Approval of Prior Board Meeting Minutes

#### Finance Program (Chuck Nemec)

- Finance Update

#### Homeownership Program (Nancy Leifer)

- Bond Issue Update
- New Bond Issue / Resolution Approval
- Homeownership Program Update
  - a. Approve Servicer audits for 2011
- Set-Aside Update

#### Multifamily Program (Gerald Watne)

- Multifamily Update
- 2011 Tax Credit Allocations
- RAM – Waiver Request (if needed)

#### Executive Director (Bruce Brensda)

- Executive Directors Update
  - a. Marketing Update (Penny Cope)
  - b. Miscellaneous
- Future Meeting Dates & Locations: (subject to change)

<u>Day , Date</u>	<u>Location</u>	<u>Day , Date</u>	<u>Location</u>
Monday, May 9, 2011	web / no mtg	Monday, September 12, 2011	??
Monday, June 13, 2011	Helena	Monday, October 17, 2011	Helena
Monday, July 11, 2011	web / no mtg	Monday, November 14, 2011	Helena
Monday, August 8, 2011	??	Monday, December 12, 2011	no meeting

### IV. **Adjournment**

### V. **Board Training** (no training scheduled)

❖ **All agenda items are subject to Board action after public comment.**

We make an effort to ensure that our meetings are held at facilities that are fully accessible to persons with disabilities. Any persons needing reasonable accommodations must notify the Housing Division at 406-841-2840 or TDD 406-841-2702 before the scheduled meeting to allow for arrangements.

# MONTANA

*Department of Commerce*

## MONTANA BOARD OF HOUSING

P.O. Box 200528 \* Helena, Montana 59620-0528 \* [www.housing.mt.gov](http://www.housing.mt.gov)  
Phone: 406-841-2840 \* 1-800-761-6264 \* Fax: 406-841-2841 \* TDD: 406-841-2702

## **MONTANA BOARD OF HOUSING**

301 S. Park – Room 228 and via Webinar, Helena MT  
April 11, 2011

### **ROLL CALL OF BOARD**

MEMBERS: J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Present)  
Jeff Rupp, Secretary (Present)  
Bob Gauthier (Present)  
Jeanette McKee (Present)  
Sheila Rice (Present via Webinar)  
Audrey Black Eagle (Excused)

STAFF: Bruce Brensdaal, Executive Director  
Chuck Nemecek, Accounting  
Nancy Leifer, Homeownership Program  
Gerald Watne, Multifamily Program  
Penny Cope, Marketing & Web Specialist  
Paula Loving, Administrative Assistant  
Mary Bair, Multifamily Program  
Judy Tice, Multifamily Program  
Kellie Lynch, Multifamily Program  
Emy Ingebritson, Multifamily Program  
Jeannene Maas, Homeownership Program  
Doug Jensen, Homeownership Program  
Charlie Brown, Homeownership Program

COUNSEL: Greg Gould, Luxan and Murfitt  
Jeffrey Glovan, Luxan and Murfitt  
John Wagner, Kutak Rock

TRUSTEE: Sandy Shupe, Wells Fargo

UNDERWRITERS: Gordon Hoven, Piper Jaffray

OTHERS:

Nate Richmond, Summit Housing Group  
Alex Burkhalter, Sparrow Group  
Iva Granger, Fort Peck Housing Authority  
Scott Kieper, Summit Housing Group  
Jack Jenks, Summit Housing Group  
Tim German, Sparrow Group  
David Bland, Travois Inc. /Fort Peck Housing Authority  
Kathryn Braund, Eagles Manor  
John Hochvar, Eagles Manor  
Lorraine Brannon, Eagles Manor  
Judy Lindquist, Eagles Manor  
Erin Koppi, Eagles Manor  
Steve Inman, Tamarack Property Mgt. Co. / Eagles Manor  
Josh Koser, Missoula Housing Authority  
Lori Davidson, Missoula Housing Authority  
Cort Allen, Treadstone  
Gene Leuwer, Rocky Mountain Development Council  
Gail Bruise Zimmer, Rocky Mountain Development Council  
Galen Amy, Rocky Mountain Development Council  
Jeff Miller, Rocky Mountain Development Council  
Don Sterhan, Mountain Plains Equity Group  
Frank Soltys, Benefis Health System  
Jared Hawskins, Edward Jones Investments  
Scott Fitzpatrick, Mountain Plains Equity Group  
Tarie Beck, Mountain Plains Equity Group  
Heather McMilin, homeWORD  
Maureen Rude, NeighborWorks  
Tim Furey, House Representative/ Opportunity Resources  
Sam Long, Summit Management Group  
Jim Edgcomb, Department of Commerce  
Patrick Klier, Summit Management Group  
Franklin Hess  
Mat Rude, Rocky Mountain Development Council  
Harlen Wells, Summit Management Group

**CALL MEETING TO ORDER**

Chairman JP Crowley called to Order at 8:30 AM. Introductions were made. Bruce Brensdaal reviewed the webinar procedures and microphone usage for the meeting. Chairman Crowley asked for any public comment on any matter not on the agenda.

**APPROVAL OF MINUTES**

Jeff Rupp moved to approve the March 14, 2011 Board minutes, with Bob Gauthier seconded the motion. The Chairman asked for comments. The March 14, 2011 Board minutes were passed unanimously.

## **FINANCE PROGRAM**

Chuck Nemec updated the Board with the MBOH Finances. The 10-year Treasury interest rate is at 3.57, compared to 3.37% reported at the March 14 Board meeting. This increase if it holds or continues may increase the cost of funds for Board's May bond issuance. On April 5, 2011, MBOH received a letter from the Department of the Treasury – Internal Revenue Service stating their completion of examination of the 2003 Series C Single Family Program Bonds. The result of the examination is there is no change to the position that interest received by 2003 C bondholders is excludable from gross income under section 103 of the Internal Revenue Code.

## **HOMEOWNERSHIP PROGRAM**

Nancy Leifer provided the Board with the Bond Issue update. Nancy reviewed the NIBP. MBOH is preparing for a bond issuance. Nancy stated there is \$40 million of purchased, reserved or commitment loans. Betsy asked why we would issue only \$40 million since we have secured the amount at present. Bruce stated it is due to the negative arbitrage.

Nancy Leifer presented to the Board Resolution No. 11-0411-S2. This resolution would be: approving the issuance and delivery of a maximum of \$20 million of Single Family Homeownership Bonds 2011 Series A to make funds available to purchase loans and approving the sale thereof pursuant to a purchase contract; approving the release of proceeds of and the conversion of the interest rate on, a portion of Single Family Homeownership Bonds to be designated as 2009 Series B in an aggregate principal amount not to exceed \$30 million. Jeanette McKee moved to approve the Resolution No. 11-0411-S2 and Bob Gauthier seconded the motion. Chairman Crowley asked for comments. Resolution 11-0411-S2 was approved unanimously.

Nancy Leifer provided the Board with the Homeownership Program update. Nancy brought to the Board the Staff's recommendations of the lenders to participate in the 2011 Servicer Audits and provided a brief overview of the Lender audit process. These recommendations would allow the Legislative Auditors to perform an extensive servicer audit of Stockman Bank, Community Bank of Glasgow, and Community Bank of Polson, and in addition, audit borrower access to their account information at First Interstate Bank offices in Miles City and Polson. Betsy Scanlin requested for clarification on why Staff is auditing Lenders with low foreclosure rates and not lenders with high foreclosure rates. Nancy stated this audit determines whether the Lender is following routine servicing procedures set by MBOH and does not look at foreclosure practices. Jeff asked why Pioneer Savings was not selected as they were last audited in 2007. Nancy noted that MBOH staff monitors servicers every month and from this contact determined that Community Bank Glendive and Community Bank Polson had more difficulties than Pioneer Federal and therefore would be more appropriate choices. Jeanette McKee moved to approve Staff's recommendations for the 2011 Servicer Audits. Jeff Rupp seconded the motion. The Chairman asked for comments. The above mentioned lenders were approved unanimously for the 2011 Servicer Audits.

## MULTIFAMILY PROGRAM

Gerald Watne updated the Board with the Multifamily Program. Gerald provided the status report of the 2009 ARRA funds. There are three projects remaining with funds to be allocated. Rural Development (RD) has approved MBOH for providing 538 RD loans.

Gerald Watne provided to the Board the 2011 Low Income Housing Tax Credit (LIHTC) applications received. Staff has completed the analysis of the applications and submitted to the Board for their consideration. Initially, eight applications were received with one application from Element 54 from Kalispell withdrawing. Of the seven remaining applications, six met threshold. Gerald and Mary Bair visited the applicant sites. Mary Bair, provided an overview of all the applications, including pictures of the proposed sites. Chairman Crowley introduced each of the applicants who provided a brief overview.

Scott Keiper, representing Summit Housing Group, presented **Hyalite Apartments**, which is a new construction in Bozeman. Bozeman is a very diverse community with the University and Hospital. Summit Housing Group is requesting \$616,250 in tax credits for a 42 unit family project with two and three bedrooms and one manager's unit. The site is located near schools and shopping. An overview of the Market Study for Hyalite Apartments was given. Sheila Rice inquired on how capture rate is calculated. Scott stated it is the number of units divided by the number of individuals eligible for the units. Betsy asked for clarification on how the vacancy rate is determined with the concern of the 15% vacancy rate in Bozeman. Jeanette brought forth the letter by William Dabney III, who stated *"Due to weaknesses in the local economy, apartment rents for the Bozeman and Belgrade rental markets have been reduced to an affordable level. Safe, decent and affordable rental housing is widely available in Bozeman and Belgrade. Most existing rental properties are struggling, because lower income individuals and families are struggling."* Scott stated the Market Study was a completely thorough and supports this application. Jeanette asked Jeff Rupp for his thoughts on the letter. Jeff Rupp stated that he did not disagree with Mr. Dabney's opinion.

Frank Soltys, representing Benefis Health System, presented **Cascade Ridge Senior Living**, which is a new construction in Great Falls. The project is requesting \$604,537 in tax credits for 39 one and two bedroom units with one manager's unit. The project would target moderate to low income elderly.

Steve Inman from Tamarack Properties, representing Menola Land Company, presented **Eagles Manor Apartments**, which is a rehabilitation project in Great Falls. This elderly project is requesting \$514,416 in tax credits for rehabilitation of 129 efficiency and one bedroom apartments. Steve provided a history of the Eagles Manor Apartments. While, the application failed to meet threshold by one point, Tamarack and Mountain Plains Equity Group requests MBOH to consider the need for this rehabilitation. Kathryn Braund, a resident of Eagles Manor, shared her experience living at Eagles. The building is very sound proof and beautifully constructed. John Hochvar has lived at Eagles Manor for

ten years. He loves his sixth floor home. Lorraine Brannon states the Eagles Manor is a family. Eagles Manor needs some repair to help with the safety of the residents. Lorraine asked where they would go without help. Sheila Rice asked for clarification on Market Study and how it reflects a fully occupied existing project. Gerald stated a Market Study was completed for this project; however, it did not address elderly housing in the community, compare this project to other elderly housing in the community, and in general, did not support the project. Mary stated the Market Study analyst did not break down the Study to elderly population. Jeff Rupp asked for clarification on scoring on the Project Characteristics portion. Gerald stated that application did not adequately address the energy and green building material standards.

Gene Leuwer, representing Rocky Mountain Development Council, presented **River Rock Residence**, which is a new construction in Helena. This is the only not-for-profit application, which is requesting \$515,250 in tax credits for 33 elderly one and two bedroom units. The Market Study supports immediate need for elderly. This project is located close to two other tax credit elderly projects. 50% of the units will be handicap accessible and the other 50% will meet visitability for handicap. Jeff Rupp asked what types of services would be available. Gene stated there would be a community center within the unit. In addition, Rocky Mountain Development Council is a Senior Living and Aging Services provider. The individuals utilizing these units would be younger than those served in the Eagles Manor and Cascade Ridge in Great Falls

Lori Davison, representing Missoula Housing Authority, presented **The Palace Apartments**, which is an acquisition and rehabilitation in Missoula. This building consists of 60-efficiency one and two bedroom units. This existing LIHTC project in need of rehabilitation is requesting \$525,000 in tax credits. This project was submitted in 2010 but was withdrawn prior to scoring in order to work on the energy efficient measures because through previous projects, energy efficiency has proven to be very cost effective. This project has been awarded HOME funds and City of Missoula funds; however, these are contingent on Tax Credit funding. Tim Furey, House District Representative and Opportunities Resources, provided support for The Palace Apartments.

David Bland from Travois Inc., and Iva Granger, representing Fort Peck Housing Authority, presented **Fort Peck Homes II**, which is a new construction with eventual home ownership projects. Fort Peck Housing Authority is requesting \$614,401 in tax credits for 22 three and four bedroom homes in various locations in Poplar and Wolf Point and a community pool. Each home would be built on vacant or blighted sites, which would be cleared prior to construction and not as part of this application. Jeff Rupp asked for the time line for the homeownership. David stated the homeownership option would be in fifteen years. Jeff Rupp asked about the experience of operating a pool. David stated there is history of other Indian reservations with great success. Betsy Scanlin requested clarification on the community facility. David stated the current application only includes the pool, however, space is available and the goal is to expand community facilities. Sheila Rice asked if energy efficiency measures are being

implemented into the pool. David stated the pool has not been planned out but energy efficiency will be considered.

Tim German, representing Sparrow Group, presented **Aspen Place**, which is a new construction in Missoula. Sparrow Group is requesting \$421,743 in tax credits for 36 elderly one and two bedroom units. Partial Tax Credits were awarded in 2010 and the application is requesting the remaining Tax Credits to complete the project. The Market Study supports the demand for elderly housing. Bob Gauthier asked if there was any implied guarantee of future Tax Credits upon awarding of the 2010 Tax Credits. Gerald Watne stated only the anticipation of Tax Credits was the potential of Exchange funds being allocated again in 2010. Bob asked what would have happened to last year's Tax Credits if they were not awarded last year. Gerald Watne stated they would be carried forward to be allocated the next year.

Gerald Watne presented staff's recommendation for the 2011 Low Income Tax Credit Allocations to the Board:

<u>Project</u>	<u>Amount</u>	<u>Balance</u>
River Rock Apartments – Non Profit set-aside	\$616,250	\$1,848,750
Fort Peck Housing II – No pool, 2 additional homes	\$614,401	\$1,234,349
Cascade Ridge -	\$604,527	\$629,822
Board funds one of the following to support geographical distribution of Tax Credits:		
Aspen Place	\$401,503	\$228,319
OR		
The Palace Apartments	\$575,000	\$54,822
Remaining tax credits not awarded would be carried forward for 2012 with no second round for 2011.		

Jeff Rupp moved the motion to approve the River Rock Residence application in the amount of \$616,250, based on the requirement of 10% of funds must go to Non-profit, if applicable. Betsy Scanlin seconded the motion. Chairman Crowley asked for comments. Sheila Rice asked for clarifications on the definition of not-for-profit. Bruce Brensdal clarified that an organization must have a 501(c)(3). A roll call vote was taken and the River Rock Residence application was approved unanimously.

Jeff Rupp asked for clarifications on the 2011 Qualified Allocation Plan (QAP) in accordance to rehabilitation. Bruce Brensdal stated the QAP does not require funding but encourages the Board to consider the preservation of affordable housing.

Bob Gauthier moved to approve to allocate \$614,401 to the Fort Peck Housing II application which includes 22 units and a community pool. Jeff Rupp seconded the motion. Bob Gauthier stated the area is in desperate need of a sense of community; however, with the lack of plan development for the pool, and justification for ongoing operation, this causes great concern. Bob Gauthier inquired about the legality reserving the funds for the pool for a period of time to

allow the development of the pool plans with the contingency of the Tax Credits to be utilized for two additional units if the pool is not feasible. Greg Gould, Luxan and Murfitt, stated this is within the Board's authority. Jeanette McKee voiced her concern of whether Tax Credits are designed to build this type of facility (i.e., a swimming pool). Betsy Scanlin moved to amend the current motion to approve the application for 24 rather than 22 units and without the pool in the amount of \$614,401, with the provision to allow Fort Peck Housing Authority 60 days to present to the Board for approval a proposal to modify the award to include community facilities, such as a pool or other community support facility. The Chairman asked for comment. A roll call vote was taken and the motion to amend the original motion was approved unanimously.

Chairman Crowley asked for comment on the amended original motion. A roll call vote was taken was the motion approved unanimously to allocate \$614,401 to the Fort Peck Housing II application to construct 24 units, with the provision to allow Fort Peck Housing Authority 60 days to present options to the Board for approval, a portion of the allocation to be used for community facilities.

Sheila Rice moved to approve Eagles Manor Apartments and Cascade Ridge Senior Living in Great Falls. Bob Gauthier seconded the motion. Bob asked for clarification on the legality of approving an application that did not meet the threshold. Greg Gould stated that the QAP requires an application to meet threshold in order to be considered for funding and the only way to consider Eagles Manor would be to review staff's scoring of the application. Bob Gauthier and Sheila Rice withdrew their motion. Jeff Rupp expressed his concerns of scoring one application against other applications as mentioned earlier in the meeting and states that each application should be scored on its own merits. Bob Gauthier stated that the criteria integrity must be maintained and all applicants need to understand the criteria when developing the application. Betsy Scanlin stated that while the Eagles Manor project has great potential, the project did not score high, regardless of meeting the threshold.

Sheila Rice moved to approve Cascade Ridge Senior Living and Bob Gauthier seconded the motion. Chairman Crowley asked for comment. Jeff Rupp stated he whole heartedly supports this stellar project which defines MBOH's goals for affordable housing. A roll call vote was taken and Cascade Ridge Senior Living was approved for \$604,527 in Tax Credits.

Betsy Scanlin moved to approve The Palace Apartments for Tax Credits in the amount of \$525,000 plus an additional \$50,000 Tax Credits as recommended by Staff. Jeanette McKee seconded the motion.. Betsy's rationale is to preserve the existing affordable housing. Jeanette stated she supports the motion mainly because of the partnerships within the community for this project. Jeff Rupp stated his concern on providing Tax Credits for a second time and the property has not proved the ability to sustain the viability of the project. Jeanette asked Lori Davison to explain how the additional \$50,000 Tax Credits would help with the project. Lori stated the extra Tax Credits would allow for the rehabilitation to make larger units. Jeanette McKee moved to amend the original motion to

allocate \$616,250 Tax Credits, which is the maximum allowable amount of credits, based upon Lori Davison's explanation regarding how additional tax credit funds would benefit the project and the overall merits of this project as presented in the application. If the project is to be funded, the additional funds should be allocated to achieve the best result. Betsy Scanlin seconded the motion. Chairman Crowley asked for comment. A roll call vote was taken and the motion to amend was approved unanimously.

The Chairman asked for comment on the amended original motion. Jeff Rupp stated his concern over changing the application request and believes MBOH made a commitment to another developer last year by allocating Tax Credits to partially fund a project. A roll call vote was taken:

Betsy Scanlin – YES

Jeff Rupp – NO

Jeanette McKee – YES

Bob Gauthier – YES

Audrey Black Eagle – not present at vote

Sheila Rice – YES

JP Crowley – YES

The motion to allocate \$616,250 Tax Credits to The Palace Apartments in Missoula was approved.

Jeanette McKee moved to carry over the remaining Tax Credit allocations in the amount of \$13,572 to 2012. Bob Gauthier seconded the motion. Chairman Crowley asked for comment. The motion was passed unanimously.

Chairman Crowley thanked the Developers for submitting such good applications and encouraged those who did not receive funding to reapply in 2012. The Board commented on the quality of the applications and thanked the Staff for their work.

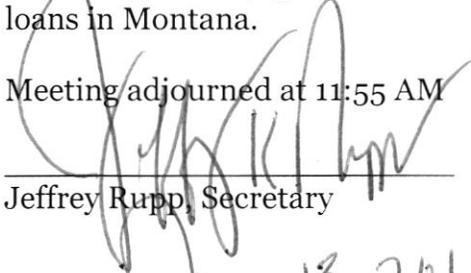
Gerald Watne brought a Reverse Annuity Mortgage (RAM) exception request to the Board. The request is from a widowed woman in Great Falls would be requesting an exception on the lump sum limit of \$10,000. She has fallen behind in her mortgage due to her limited income and would like to pay off the outstanding mortgage balance of 13,889.54 as of February 18, 2011 and to receive monthly payments. Betsy Scanlin moved to approve the exception on the lump sum limit of \$10,000 and approve the cash advance for this individual of \$14,000. Bob Gauthier seconded the motion. Chairman Crowley asked for comment. The RAM exception was approved unanimously.

#### **EXECUTIVE DIRECTOR**

Bruce Brensdaal recognized Lucy Brown's letter to the Multifamily Staff in her recent monitoring. Bruce asked for a Board volunteer and Betsy Scanlin will attend the Mountain Plains Regional Summit in Nebraska, along with Penny Cope. Bruce informed the Board of two possible trainings: NCSHB Annual Meeting late summer and the NCSHA Annual Conference this fall. Chairman

Crowley was the only member available to attend and only the NCSHA Annual Conference this fall. Bruce updated the Board on Legislative session. There is one bill that will directly affect the Board and that is SB326 that would authorize the Board to use \$15 million of coal severance trust monies to provide Veterans loans in Montana.

Meeting adjourned at 11:55 AM

  
\_\_\_\_\_  
Jeffrey Rupp, Secretary

Date

*June 13, 2011*

# MONTANA BOARD OF HOUSING

GoToWebinar Meeting only.

Registration Link: <https://www1.gotomeeting.com/register/527427425>

Phone Number: 866.516.5393 Passcode: 11705580#

## **REGISTER FOR THE MEETING IMMEDIATELY**

(If registered you will be able to directly connect to the meeting when it starts)

If you are unable to join us on your own computer a public webinar site will be at 301 S Park Ave., Room 228 - Helena MT 59601  
If you have any problems connecting call us at (406) 841-2840

### **Monday, March 14, 2011:**

- I. **8:30 A.M. CALL REGULAR MEETING TO ORDER – Chairman JP Crowley**
- II. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**

### III. **AGENDA ITEMS**

#### Minutes

- Approval of Prior Board Meeting Minutes

#### Multifamily Program (Gerald Watne)

- Multifamily Update
- RAM – Waiver Request (if needed)

#### Finance Program (Chuck Nemec)

- Finance Update
- Quarterly & Investment Reports

#### Homeownership Program (Nancy Leifer)

- Bond Issue Update
- Homeownership Program Update
  - a. Rural Development 502 Guarantee Program
- Set-Aside Update

#### Executive Director (Bruce Brensda)

- Executive Directors Update
  - a. Marketing Update (Penny Cope)
  - b. Miscellaneous
- Future Meeting Dates & Locations: (subject to change)

<u>Day , Date</u>	<u>Location</u>	<u>Day , Date</u>	<u>Location</u>
Monday, April 11, 2011	Helena	Monday, August 8, 2011	??
Monday, May 9, 2011	??	Monday, September 12, 2011	??
Monday, June 13, 2011	??	Monday, October 17, 2011	Helena
Monday, July 11, 2011	??	Monday, November 14, 2011	Helena
		Monday, December 12, 2011	no meeting

### IV. **Adjournment**

### V. **Board Training** (HUD Training: Title VIII, The Fair Housing Act - Construction and Design)

### ❖ **All agenda items are subject to Board action after public comment.**

We make an effort to ensure that our meetings are held at facilities that are fully accessible to persons with disabilities. Any persons needing reasonable accommodations must notify the Housing Division at 406-841-2840 or TDD 406-841-2702 before the scheduled meeting to allow for arrangements.

# MONTANA

*Department of Commerce*

## MONTANA BOARD OF HOUSING

P.O. Box 200528 \* Helena, Montana 59620-0528 \* [www.housing.mt.gov](http://www.housing.mt.gov)  
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## MONTANA BOARD OF HOUSING

301 S. Park – Room 228 and via Webinar, Helena MT  
March 14, 2011

### ROLL CALL OF BOARD

MEMBERS: J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Present via Webinar)  
Jeff Rupp, Secretary (Present via Webinar)  
Bob Gauthier (Excused)  
Jeanette McKee (Present via Webinar)  
Sheila Rice (Present via Webinar)  
Audrey Black Eagle (Present via Webinar)

STAFF: Bruce Brensdal, Executive Director  
Chuck Nemec, Accounting  
Nancy Leifer, Homeownership Program  
Gerald Watne, Multifamily Program  
Penny Cope, Marketing & Web Specialist  
Paula Loving, Administrative Assistant  
Jeannene Maas, Homeownership Program  
Doug Jensen, Homeownership Program  
Mary Bair, Multifamily Program  
Charlie Brown, Homeownership Program  
Kellie Lynch, Multifamily Program  
Judy Tice, Multifamily Program  
Amy Ingebritson, Multifamily Program

COUNSEL: Greg Gould, Luxan and Murfitt

UNDERWRITERS: Gordon Hoven, Piper Jaffray

OTHERS: Maria Jackson, Department of Commerce  
Adam Gill, Department of Commerce  
Richard Knatterud, Department of Commerce  
Kathy Brenden, Department of Commerce  
Jim Edgcomb, Department of Commerce  
Patrick Klier, Summit Management Group  
Leslie Edgcomb, Department of Commerce  
Tim Morgan, Mountain Plains Equity Group  
Debrah Chorlton, Rural Development

Jennifer Olson, Department of Commerce  
Warren Karberg, HUD  
Evy Meininger, HUD  
Delores Conde, HUD  
Valerie Short, Department of Commerce  
Keenan Whitt, homeWORD  
Debra Demarias, Department of Commerce  
Lisa Huff, Department of Commerce  
Jan Niemeyer, Lake County Community Housing  
Tarie Beck, Mountain Plains Equity Group  
Kali Wicks, Department of Commerce  
Mat Rude, Rocky Mountain Development Council  
Jeff Miller, Rocky Mountain Development Council

### **CALL MEETING TO ORDER**

Chairman JP Crowley called to Order at 8:35 AM. Chairman Crowley asked for any public comment on any matter not on the agenda.

### **APPROVAL OF MINUTES**

Jeff Rupp moved to approve the February 7, 2011 Board minutes, with Jeanette McKee seconding the motions. The Chairman asked for comments. Roll Call vote was taken and the February 7, 2011 Board minutes passed unanimously.

### **MULTIFAMILY PROGRAM**

Gerald Watne updated the Board with the Multifamily Program. Gerald provided a Status Report on the 2009 ARRA Allocations, with less than \$2 million left to be allocated.

Gerald provided the Board with a brief review of the 2011 Low Income Housing Tax Credit Applications received. While there were eight applications received, one application from Kalispell has withdrawn and will resubmit an application in 2012. The Board will receive the applications for review and Staff will bring recommendations to the Board at the April 2011 meeting. Jeff Rupp requested a brief summary of the applicants' meeting minimum threshold guidelines. Gerald and Penny Cope stated the information was on the Housing Division's website for review. Gerald requested Board members to contact him for further information.

### **FINANCE PROGRAM**

Chuck Nemecek updated the Board with the MBOH Finances. The 10-year Treasury Bond interest rate is 3.37%, which makes MBOH's rate once again non-competitive. This is most likely driven by the earthquake in Japan and other world events.

Chuck reviewed the Investment Report - Diversification and Average Yield as of December 30, 2010 explaining investment types and interest returns.

Chuck updated the Board on the December Quarterly Indenture Reports for the Single Family I Bond Program, Single Family II Bond Program and Single Family  
Page 2 of 3

XI Bond Program by reviewing income/loss amounts; average coupon of outstanding bonds; and average rate of mortgage portfolios. Single Family I Bond Program had a cumulative foreclosure loss of \$6,000 due to a VA foreclosure; however, since MBOH will pay the loss, it will not affect Bond holders.

### **HOMEOWNERSHIP PROGRAM**

Nancy Leifer provided the Board with the Homeownership Program Update. Staff provided outreach to lenders and received positive feedback from the approximately 100 lenders participating in training. Nancy reviewed the Delinquency and Foreclosure rates, stating MBOH is doing better than Montana as a whole.

Nancy provided a brief history of the Rural Development (RD) 502 loan guarantee program which MBOH participates in. The RD 502 program is available in non-urban areas of Montana and with recent changes in FHA audit requirements; RD guarantees are the only broadly applicable loan product available to some of MBOH's small lenders. RD allows the homebuyer to finance the guarantee fee, along with closing costs as part of the loan. Since Lenders and rating agencies calculate the loan to value (LTV) of a mortgage by using the purchase price, the RD loan typically exceeds 100% LTV. The Treasury Department and rating agencies have started to look unfavorably on LTVs exceeding 100%.

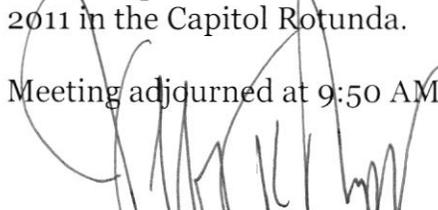
MBOH is the process of changing the requirements for cash from the borrower to 1% of the loan amount as opposed to \$1,500.00. In addition; MBOH provides the lender 1% in closing costs, which would bring the typical RD LTV closer to 100%, addressing the rating agencies concerns.

Nancy introduced Deborah Chorlton, Rural Development, who provided an overview of how the Rural Development delinquency process works. Nancy confirmed that the foreclosure rate of Rural Development loans is lower than the other MBOH programs.

### **EXECUTIVE DIRECTOR**

Bruce BrensdaI stated Jeff Rupp attended the 2011 Legislative Conference in Washington DC. Jeff provided an overview of the main topics of the Conference. Penny Cope reminded the Board that Housing Day was scheduled for March 17, 2011 in the Capitol Rotunda.

Meeting adjourned at 9:50 AM

  
\_\_\_\_\_  
Jeffrey Rupp, Secretary

  
\_\_\_\_\_  
Date

# MONTANA BOARD OF HOUSING

301 S Park Ave., Room 228 - Helena MT 59601  
(406) 841-2840

You may listen or participate from your office or home via GoToWebinar. You will be provided a toll free access number.

**Register for webinar at:** <https://www1.gotomeeting.com/register/299095377>

## Monday, February 7, 2011:

- I. **8:30 A.M. CALL REGULAR MEETING TO ORDER – Chairman JP Crowley**
- II. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**
- III. **AGENDA ITEMS**
  - Minutes
    - Approval of Prior Board Meeting Minutes
  - Presentation on “Down payment Resource” program for Multiple Listing Services
  - Multifamily Program (Gerald Watne)
    - Multifamily Update
    - RAM - Waiver Request (if needed)
  - Finance Program (Chuck Nemeč)
    - Finance Update
  - Homeownership Program (Nancy Leifer)
    - Bond Issue Update
    - Homeownership Program Update
      - a. Allocation of Bond Cap to MCC program
      - b. Administrative Rules Proposed Changes
    - Set-Aside Update
  - Executive Director (Bruce Brensdał)
    - Executive Directors Update
      - a. Marketing Update (Penny Cope)
      - b. Miscellaneous
    - Future Meeting Dates & Locations: (subject to change)

<u>Day , Date</u>	<u>Location</u>	<u>Day , Date</u>	<u>Location</u>
Monday, March 7, 2011	Webinar	Monday, August 8, 2011	??
Monday, April 11, 2011	Helena	Monday, September 12, 2011	??
Monday, May 9, 2011	??	Monday, October 17, 2011	Helena
Monday, June 13, 2011	??	Monday, November 14, 2011	Helena
Monday, July 11, 2011	??	Monday, December 12, 2011	no meeting

## IV. **Adjournment**

## V. **Board Training** (Accessibility Standards and the Loan and Foreclosure Process )

❖ **All agenda items are subject to Board action after public comment.**

We make an effort to ensure that our meetings are held at facilities that are fully accessible to persons with disabilities. Any persons needing reasonable accommodations must notify the Housing Division at 406-841-2840 or TDD 406-841-2702 before the scheduled meeting to allow for arrangements.

# MONTANA

*Department of Commerce*

## **MONTANA BOARD OF HOUSING**

P.O. Box 200528 \* Helena, Montana 59620-0528 \* [www.housing.mt.gov](http://www.housing.mt.gov)  
Phone: 406-841-2840 \* 1-800-761-6264 \* Fax: 406-841-2841 \* TDD: 406-841-2702

## **MONTANA BOARD OF HOUSING**

301 S Park, Room 228 – Helena, MT 59620

February 07, 2011

### **ROLL CALL OF BOARD**

**MEMBERS:** J.P. Crowley, Chairman (Excused)  
Betsy Scanlin, Vice Chairman (Present via Webinar)  
Bob Gauthier (Present via Webinar)  
Jeanette McKee (Present)  
Jeff Rupp (Present)  
Audrey Black Eagle (Present via Webinar)  
Sheila Rice (Present)

**STAFF:** Bruce Brensdaal, Executive Director  
Chuck Nemecek, Finance Program  
Gerald Watne, Multifamily Program  
Nancy Leifer, Homeownership Program  
Paula Loving, Administrative Assistant  
Penny Cope, Web & Marketing Specialist  
Charlie Brown, Homeownership Program  
Jeannene Maas, Homeownership Program  
Mary Bair, Multifamily Program  
Vicki Bauer, Accounting Program

**COUNSEL:** Greg Gould, Luxan and Murfitt

**UNDERWRITERS:** Gordon Hoven, Piper Jaffray  
Sandy Shupe, Wells Fargo

**OTHERS:** Rob Crane, Workforce Resource  
Beverly Faull, Workforce Resource  
Chavonne Maki, NeighborWorks Montana  
Maureen Rude, NeighborWorks Montana  
Ann Atkinson, Kutak Rock

### **CALL MEETING TO ORDER**

Secretary Jeff Rupp called the Montana Board of Housing (MBOH) Board meeting to order at 8:30 A.M. The Secretary asked for any public comment on any matter that is not on the agenda.

Nancy Leifer introduced Rob Crane of Workforce Resource who made a presentation via the web of the Down Payment Resource software for Realtor Multiple Listing services. The software makes it possible to post information on special financing programs on MLS systems with an icon on each individual property listing that qualifies for the financing. This presentation was a follow-up to one presented at NCSHA's annual conference in Boston and was offered as an example of uses of the internet for reaching potential first-time homebuyers.

Introductions were made.

### **APPROVAL OF MINUTES**

Jeanette McKee moved to approve the January 11, 2011 Board minutes with the correct spelling of Piper Jaffray (currently Gordon Hoven, Piper Faffray). Bob Gauthier seconded the motion. The Secretary asked for any comments. The amended January 11, 2011 Board minutes were approved unanimously.

### **MULTIFAMILY PROGRAM**

Gerald Watne provided the Board with the **Multifamily Update**. Gerald provided a Status Report on the ARRA 2009 Allocations. MBOH is getting very close to the finalization of the allocations through these funds.

The multifamily loan with Crestwood in Sydney has paid off.

Gerald Watne updated the Board on the **2011 Low Income Housing Tax Credit Program Applications** received. MBOH received eight applications requesting \$4,524,451 tax credits. Staff is reviewing the applications and will bring the applications for approval at the April 2011 Board meeting.

Gerald Watne announced the 25<sup>th</sup> Anniversary of the Low Income Housing Tax Credit Program. Gerald provided the Board with the News Release from February 4, 2011 – Montana's Housing Board Celebrates 25 Years of Low Income Housing Tax Credits.

Gerald Watne stated there were no **Reverse Annuity Mortgage (RAM)** requests. Discussion followed regarding the marketing of the RAM program. Gerald stated his staff will be providing the Board with more detailed information in the coming meetings.

### **FINANCE PROGRAM**

Chuck Nemecek provided the Board with a **Finance update**. Chuck reported on the current status of the NIBP.

### **HOMEOWNERSHIP PROGRAM**

Nancy Leifer provided the Board with the **Bond Issue update**. The Homeownership Program, along with Marketing, has been working to on outreach to Montana on the MBOH programs. The theme for marketing loans

this coming year will be “Montana Board of Housing, mortgage loans made in Montana that stay in Montana.” Nancy reviewed several advantages of securing a loan with MBOH. Penny Cope, Marketing & Web Specialist, shared the potential advertising opportunities to promote MBOH programs.

With MBOH now competitive in the housing market, Nancy Leifer stated staff is working on the outreach to the Lenders.

Nancy Leifer provided the Board with the current MBOH Servicer Delinquency and Foreclosure reports.

Nancy Leifer provided the Board with a **Homeownership update**. Nancy brought to the Board a recommendation to allocate additional bond cap to the Mortgage Credit Certificate Program (MCC). MCCs have seen higher demand in the past two years, as they can be used with the lower interest rate market loans not purchased by MBOH. Staff recommends the allocation of an additional \$12 million in bond cap funds to continue this program into 2011. Bob Gauthier moved to approve Resolution 11-0207-S1 authorizing the issuance of Mortgage Credit Certificates; approving the forms of the MCC Program guide and related items; authorizing the Executive Director to file one or more MCC elections with the Internal Revenue Service,; authorizing the Executive Director to determine the MCC Rates, Terms and criteria; and authorizing the Executive Director to give notice as required by the Federal Tax laws of the implementation of the MCC Program. Jeanette McKee seconded the motion. Vice-Chairperson Scanlin asked for comments. Roll call vote:

Sheila Rice - Yes

Jeff Rupp - Yes

Jeanette McKee - Yes

Bob Gauthier - Yes

Audrey Black Eagle - Yes

Betsy Scanlin - Yes

Resolution 11-0207-S1 was approved unanimously.

Nancy Leifer provided the Board with staff's recommended changes to the MCC Administrative Rule. These changes are enclosed with Attachment I.

Bob Gauthier moved to approve the draft Administrative Rule to begin the process. Jeff Rupp seconded the motion. Vice-Chairperson Scanlin asked for comments. Betsy asked Greg Gould, Board Council, about the legality of posting. Greg stated electronic posting meets the requirements. Gerald Watne inquired about the removal of a qualified FHA in section 8.111.402. Multifamily has specific guidelines requesting a qualified FHA appraisal and questioned if this

would be affected with the removal of the “qualified FHA”. Greg Gould stated that the proposed changes would not eliminate specific program rules. Roll call vote:

Sheila Rice - Yes

Jeff Rupp - Yes

Jeanette McKee - Yes

Bob Gauthier - Yes

Audrey Black Eagle - Yes

Betsy Scanlin – Yes

Motion was approved unanimously.

Nancy Leifer discussed the **Rural Development program**, the implications of having loan-to-value (LTV) ratios above 100%, and potential steps to prevent Rural Development loans from exceeding 105% LTV. The Board requested discussion at a later Board meeting on the overall Rural Development participation.

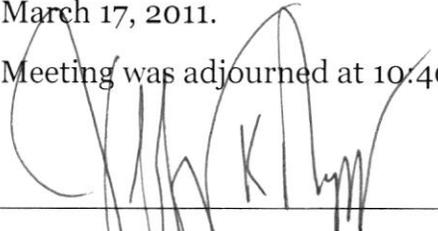
Nancy Leifer updated the Board for the **Set-Aside program**.

### **EXECUTIVE DIRECTOR**

Bruce Brensdaal provided the Board with **Executive Director’s update**. Bruce briefly reviewed the Departments Directors, Boards, Commissions, Advisory Councils’ Legislative Communications Policy Handbooks.

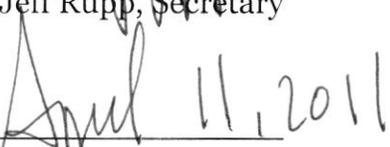
Penny Cope informed the Board of the Housing Conference at the Rotunda on March 17, 2011.

Meeting was adjourned at 10:40 A.M.



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Jeff Rupp, Secretary



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Date

# **MONTANA BOARD OF HOUSING**

301 S Park Ave., Room 228 - Helena MT 59601  
(406) 841-2840

You may listen or participate from your office or home via GoToWebinar. You will be provided a toll free access number.

**Register for webinar at: <https://www1.gotomeeting.com/register/489469280>**

## **Monday, January 10, 2011:**

- I. **8:30 A.M. CALL REGULAR MEETING TO ORDER – Chairman JP Crowley**
- II. **PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY**
- III. **AGENDA ITEMS**

### Minutes

- Approval of Prior Board Meeting Minutes

### Multifamily Program (Gerald Watne)

- Multifamily Update
- RAM – Waiver Request (if needed)

### Finance Program (Chuck Nemeč)

- Finance Update
- Quarterly Reports

### Homeownership Program (Nancy Leifer)

- Bond Issue Update
- Homeownership Program Update
- Set-Aside Update

### Executive Director (Bruce Brensdał)

- Executive Directors Update
  - a. Marketing Update (Penny Cope)
  - b. Miscellaneous
- Future Meeting Dates & Locations: (subject to change)

<u>Day , Date</u>	<u>Location</u>	<u>Day , Date</u>	<u>Location</u>
Monday, February 7, 2011	Helena	Monday, August 8, 2011	??
Monday, March 7, 2011	Helena	Monday, September 12, 2011	??
Monday, April 11, 2011	Helena	Monday, October 17, 2011	Helena
Monday, May 9, 2011	??	Monday, November 14, 2011	Helena
Monday, June 13, 2011	??	Monday, December 12, 2011	no meeting
Monday, July 11, 2011	??		

## IV. **Adjournment**

## V. **Board Training ( )**

❖ **All agenda items are subject to Board action after public comment.**

We make an effort to ensure that our meetings are held at facilities that are fully accessible to persons with disabilities. Any persons needing reasonable accommodations must notify the Housing Division at 406-841-2840 or TDD 406-841-2702 before the scheduled meeting to allow for arrangements.

# MONTANA

Department of Commerce

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## **MONTANA BOARD OF HOUSING**

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January 10, 2011

### **ROLL CALL OF BOARD**

#### **MEMBERS:**

J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Present via Webinar)  
Bob Gauthier (Excused)  
Jeanette McKee (Present via Webinar)  
Jeff Rupp (Present via Webinar)  
Audrey Black Eagle (Present via Webinar)  
Sheila Rice (Present via Webinar)

#### **STAFF:**

Bruce Brensdal, Executive Director  
Chuck Nemeck, Finance Program  
Gerald Watne, Multifamily Program  
Nancy Leifer, Homeownership Program  
Paula Loving, Administrative Assistant  
Penny Cope, Web & Marketing Specialist  
Charlie Brown, Homeownership Program  
Jeannene Maas, Homeownership Program  
Doug Jensen, Homeownership Program

#### **COUNSEL:**

Greg Gould, Luxan and Murfitt  
John Wagner, Kutak Rock

#### **UNDERWRITERS:**

Gordon Hoven, Piper Faffray  
Peter Nolden, RBC Capital Markets

#### **OTHERS:**

Johanna Kincaide, Mountain Plains Equity Group  
Jared Hawskins, Edward Jones Investments  
Sandy Shupe, Wells Fargo  
Michael O'Neil, AWARE & MT Home Choice Coalition

### **CALL MEETING TO ORDER**

Chairman J.P. Crowley called the Montana Board of Housing (MBOH) Board meeting to order at 8:35 A.M. Introductions were made. Bruce Brensdal reviewed the Webinar procedures. The Chairman asked for any public comment

on any matter that is not on the agenda. Michael O'Neill, AWARE and the Montana Coalition, offered his thanks to MBOH and Senator Jon Tester for the support of the Frank Melville Supportive Housing Investment Act. This will triple the number of units available to low-income Americans with disabilities. President Obama will be signing the bill today.

### **APPROVAL OF MINUTES**

Betsy Scanlin moved to approve the November 15, 2010 Board meeting minutes. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. Betsy wanted to add "the Community is aware and has opportunity to respond". Roll call vote for webinar was conducted and the amended November 15, 2010 Board meeting minutes were approved unanimously. At 9:00 AM, the Board paused its meeting for a moment of silence to honor the tragedy in Tucson, Arizona.

### **MULTIFAMILY PROGRAM**

Gerald Watne provided the Board with the **Multifamily Update**. Gerald provided to the Board the article "Montana, Travois Reach Settlement Agreement in QAP Lawsuit" from the Novogradac December 2010 Journal of Tax Credits. Gerald provided the Board with the ARRA status report. There is approximately \$4 million remaining to disburse in the program.

The ARM revision has been submitted to the Secretary of State to incorporate the 2011 QAP including its amendment made by the Board in November 15, 2010 and will become effective January 11, 2011

We have indications that we will receive at least 11 applications for Tax Credits. The first round closes January 21, 2010.

Gerald provided the Board of recent activity with Multifamily loans. One loan for approximately \$50,000 was paid off December 29 and a second for the Sidney project will be paid off at approximately \$1.5 million. A third loan pay-off is pending.

Gerald Watne informed the Board that there were no new **Reverse Annuity Mortgage waiver requests**.

### **FINANCE PROGRAM**

Chuck Nemecek provided the Board with a **Finance update**. In December 2010, Bruce Brensdaal met with the Legislative Audit Committee and the Board's 2010 Financial Compliance Audit was presented to and accepted by the committee. The morning of the Board meeting, the 10-year Treasury Bond interest rate was 3.29%. Peter Nolden, RBC Capital, updated the Board on the possibility of the refunding that was discussed with the Board in the November 2010 meeting. The bottom line is bond market interest rates are up significantly from November and the economics of refunding existing bond series does not work at this time.

Penny Cope directed the Board on how to access the Disclosure Reports now posted on the [www.Housing.mt.gov](http://www.Housing.mt.gov) website. The Municipal Securities Rulemaking Board requires these reports to be posted on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website. Staff is posting the reports on the Board's website as well because access is easier for those seeking this information than through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website.

Chuck reviewed the September Quarterly Investment Report – Diversification & Average Yield explaining the types of investments and interest returns, the current market returns and comparing market returns with those of one year ago. Investment returns continue to be poor caused by extremely low market rates for government securities.

Chuck reviewed the September Quarterly Indenture Reports for the Single Family I Bond Program, Single Family II Bond Program, and Single Family XI Bond Program by going over the financial data - income/loss amounts, the average coupon of outstanding bonds, and the average rate of the mortgage portfolios. As of the first quarter of fiscal year 2011, financial results are consistent with management's expectations and prior year's performance.

Last, the Board was updated on the NIBP (Single Family XI Bond Program) bridge financing where the program is purchasing loans by borrowing funds from the Federal Home Loan Bank of Seattle. The current interest rate for borrowed funds is 1.2% and the amount borrowed is \$11,750,000.

### **HOMEOWNERSHIP PROGRAM**

Nancy Leifer provided the Board with the **Bond Issue update**. Following up on Peter Nolden's remarks about higher interest rates, Leifer noted that the current bond program loan rate of 4.375% only covers the cash flow for the bond holders. If MBOH is going to recoup its costs, the rate has to be set at 4.75%. It is the staff's intention to raise the rate sometime during the week of January 17.

Nancy Leifer provided the Board with a **Homeownership update**. The Homeownership Program will be launching a Lender training program in January. With the increasing interest rates, MBOH needs to remind the Montana Lenders of our program. Betsy Scanlin asked why the Lenders are not taking advantage of our programs. Nancy stated that part of this is seasonal, and through outreach to the Lenders, the overall feedback is that households buying homes right now for the most part have incomes that exceed those allowed by MBOH income limits. Sheila Rice noted that her loan volume is down as well. She stated that while Lender outreach is important, a comprehensive marketing plan for outreach to the borrower should be developed. Betsy asked how MBOH can track the Lender's borrower's discussions about the MBOH program. Jeannette stated that in the Bitterroot Valley, homes are very affordable, but the individuals who can afford these homes cannot qualify for the loan. Jeff asked

Sheila how the homebuyer education classes are doing; he noted that financing is not the problem but rather he is seeing a drop in potential homebuyers. Sheila stated that the participation in classes has decreased, but not as much as loan volume has decreased. Sheila stated that marketing of education needs to be targeted to the awareness of the potential to become homeowner. Jeanette stated that it would be beneficial to work through the new process of purchasing foreclosed home so potential homeowners can realize that the process can be accomplished. Betsy asked for a "mini-training" at the next Board meeting to understand the new process of buying a home.

Nancy briefly reviewed the overall loan statistics for calendar year 2010. MBOH made 278 loans of which 60% were FHA, 10% were VA, 25% were RD, and the rest were either HUD 184 or left-over conventional loans from the previous year.

Nancy provided the MBOH Foreclosure and Delinquency rates for the current quarter which remains below the figures for Montana as a whole. Nancy updated the Board on the Foreclosure process and provided the Board with a Foreclosure Loss Report on loan foreclosures completed April, 2009 through March, 2010. A detailed discussion on Foreclosures is scheduled for the next Board meeting.

Nancy informed the Board that HUD announced their Housing Counseling Grant awards. MBOH received \$166,486 or 94% of the requested amount.

Doug Jensen informed the Board of a case where the MBOH disability loan program has helped a family in Livingston. The borrower suffered a permanent disability that prevented him from working in his old job; he had to take a lower paying job due to his injury. MBOH, through the help of the Disabled Foreclosure Prevention Program, was able to reduce the interest rate on his loan to reach about the same back-end debt ratios he had when he purchased the home.

Nancy Leifer updated the Board for the **Set-Aside program**. Nancy provided a snapshot of the loans purchased for the calendar year of 2010 and noted that MBOH will see more loans with down-payment assistance from state HOME funds after April of 2011, at which time use of an MBOH loan is required unless a waiver is given for such programs as Mutual Self-Help and RD loan direct loans.

### **EXECUTIVE DIRECTOR**

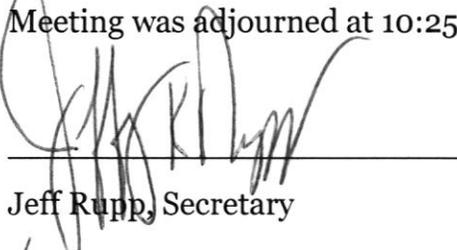
Bruce Brensdaal provided the Board with **Executive Director's update**. Bruce pointed out the email from John Wagner in regards to the SEC's proposed rule for board members to register with the SEC as a "municipal advisor".

Bruce reviewed the current legislation being discussed this session.

Penny Cope updated the Board on marketing efforts. The Housing Division newsletter is waiting for approval from the director's office. She updated the Board on the upcoming opportunity for Bruce to testify at the Legislative Budget

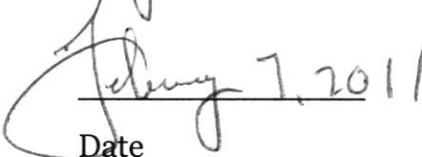
Hearings. Penny has assisted Bruce with a comprehensive Housing Division presentation and a two-sided card with bulleted program and contact information. Penny informed the Board that she is submitting information to NCSHA that will be used in a national campaign. They are putting together stories from each of the states about real people who have benefited from housing programs. She will submit the story of the family in Livingston that Doug Jenson was able to help stay in their home after losing half their income due to a disability. This is part of a larger effort to inform policy makers about the importance of funding the housing programs currently available. Penny reminded the Board members that staff will take part in a Housing Day event in the Capitol Rotunda on the afternoon of March 17<sup>th</sup>, 2011. They are welcome to attend and join the festivities.

Meeting was adjourned at 10:25 A.M.



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Jeff Rupp, Secretary



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Date