MEMORANDUM

TO: Board members and Staff

FROM: Paula Loving, Office Manager
Montana Board of Housing

RE: APRIL 12-13, 2015 - Havre, Montana

DATE: April 6, 2015

Here is a brief overview of the schedule for the Board's trip to Havre, Montana on April 12-13, 2015.

April 12, 2015

- Strategic Planning Session – will start at 4:00 p.m. on Sunday, April 12, 2015 at Uncle Joe's Steakhouse (1400 1st St, Havre). This Session will provide the Board with program updates and Board goals.
- Social Hour – A no-host bar will be available at 5:00 p.m.
- Working Dinner – Will start at 6:00 p.m. and is provided by MBOH

April 13, 2015

- Board Meeting – will start at 8:30 a.m. on Monday, April 13, 2015 at Best Western Great Northern Inn (1345 1st St. – Havre). Breakfast snacks and beverages will be provided.
- Havre Housing Tour – The Board will tour the Housing Credits properties – Buffalo Court and Hill View Apartments, shortly after the Board Meeting, approximately 10:30 a.m. This will be a caravan type of tour with developers Karen Thomas (HRDC District 4) and Heather McMilin (Homeward) providing details of each property.
- Havre Beneath the Streets Tour – After the housing tours the MBOH staff will be taking advantage of being in Havre and will tour Havre Beneath the Streets. Board Members are welcome to come along on this visit into the past.

If you have any questions or need anything please let me know.

MONTANA
DEPARTMENT OF COMMERCE

HOUSING DIVISION – MONTANA BOARD OF HOUSING

MEMORANDUM

TO: Board members and Staff

FROM: Paula Loving, Office Manager
Montana Board of Housing

RE: MOTEL RESERVATIONS

DATE: April 1, 2015

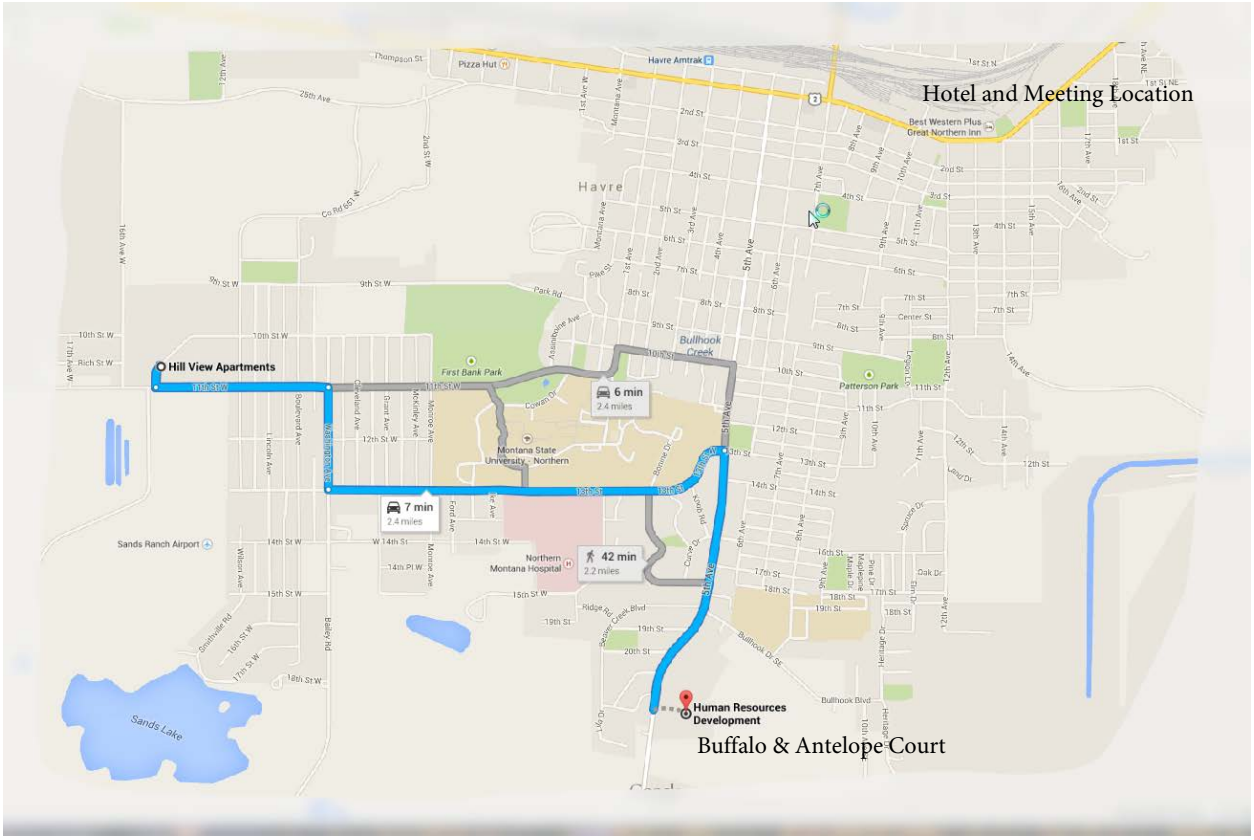
Rooms are reserved at **Best Western Great Northern Inn (1345 First Street, Havre MT 59501, phone 406.265.4200)** for the night of **April 12, 2015** at the State rate plus tax and will be billed to my credit card. The rooms are reserved for the following people:

Bruce Brensdal	JP Crowley
Mary Bair	Bob Gauthier
Vicki Bauer	Ingrid Firemoon
Stacy Collette	Doug Kaercher
Penny Cope	Jeanette McKee
Cody Pearce	Greg Gould
Paula Loving	

I was unable to confirm this reservation with a few of you so please call the hotel if you need to cancel the reservation.

MEG O'LEARY, DIRECTOR **STEVE BULLOCK, GOVERNOR**
http://housing.mt.gov housing@mt.gov
301 S. Park Ave. Ste 240.| P.O. Box 200528 | Helena, MT | 59620-0528 | Phone:406.841.2840| Fax:406.841.2841| TDD:406.841.2702

Havre Housing Tour



Hill View before Rehabilitation

MONTANA BOARD OF HOUSING

Meeting Location: Best Western Plus Great Northern Inn
1345 1st St Havre MT 59501
(406) 265-4200

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

Conference Call Information: You may listen and participate from your office or home.
You may use this toll free access number: **(877) 273-4202** and then this number when prompted: **7233056#**

Sunday, April 12, 2015:

4:00 P.M. Strategic Planning Session – Uncle Joes Steakhouse Conference Room
(across the street from the hotel)

Monday, April 13, 2015:

I. 8:30 A.M. CALL MEETING TO ORDER – Chair 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 (remind audience to sign in on attendance sheet)

III. AGENDA ITEMS

Minutes
- Approval of Prior Board Meeting Minutes

Finance Program (Cody Pearce)
- Finance Update

Homeownership Program (Vicki Bauer)
- Income Limits
- Homeownership Program Update

Multifamily Program (Mary Bair)
- Qualified Contract Process
- RAM – Waiver Request
- Inducement Resolutions
- Multifamily Update

Executive Director (Bruce Brensdal)
- Executive Directors Update
  a. Marketing Update (Penny Cope)
  b. Operations Update (Stacy Collette)
  c. Miscellaneous

IV. ADJOURNMENT

***V.* 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)***

Day , Date	Location	Day , Date	Location
Monday, May 11, 2015	no meeting	Monday, September 14, 2015	Helena
Monday, June 8, 2015	Bozeman	Monday, October 12, 2015	no meeting
Monday, July 13, 2015	no meeting	Monday, November 9, 2015	Helena
Monday, August 10, 2015	no meeting	Monday, December 14, 2015	no meeting

MONTANA BOARD OF HOUSING

Montana Board of Housing – 301 S. Park Avenue, Room 228
Helena, Montana 59601
January 9, 2015

ROLL CALL OF BOARD

MEMBERS:	J.P. Crowley, Chairman (Present) Bob Gauthier (Present) Doug Kaercher (Present) Ingrid Firemoon (Present via Webinar) Jeanette McKee (Present) Pat Melby (Present via Webinar) Sheila Rice (Present)
STAFF:	Bruce Brensdal, Executive Director Mary Bair, Multifamily Program Vicki Bauer, Homeownership Program Cody Pearce, Accounting Program Penny Cope, Public Relations Stacy Collette, Operations Manager Paula Loving, Executive Assistant Kellie Guariglia, Multifamily Program Todd Jackson, Multifamily Program Bob Vanek, Multifamily Program Rena Oliphant, Multifamily Program Angela Heffern, Accounting Program Charlie Brown, Homeownership Program
COUNSEL:	Greg Gould, Luxan and Murfitt
UNDERWRITERS:	Mina Choo, RBC Capital Patrick Zhang, RBC Capital
OTHERS:	Kevin Thane, Greater Gallatin Homeless Action Coalition Gene Leuwer, GL Development Beki Brandborg, Echo Enterprise Heather McMilin, Homeword Andrea Davis, Homeword

John Firehammer, Montana Tobacco Use Prevention Program

CALL MEETING TO ORDER

Chairman JP Crowley called the Montana Board of Housing (MBOH) to order at 8:45 a.m. Chairman asked for any public comment not on the agenda. Introductions were made. Bruce Brensdal reviewed the Webinar procedures.

APPROVAL OF MINUTES

Bob Gauthier moved to approve the November 17, 2014 MBOH Board meeting minutes and Doug Kaercher seconded the motion. Chairman Crowley asked for comments. The November 17, 2014 Board meeting minutes was passed unanimously.

FINANCE PROGRAM

Cody Pearce provided the Finance update. Cody reviewed the Diversification and Investment Report for the month ending November 2014 with the Board. Approximately 25% of the amounts in money market is for the December 1, 2014 Debt Service payment. After the payment in December, approximately 15% remaining was reinvested in short-term investment. Cody provided the Board the Investment policy and asked Board to review and further discussion will happen at next board meeting.

HOMEOWNERSHIP PROGRAM

Vicki Bauer provided a Homeownership Program update. Vicki stated since the last Board meeting in November, the regular loan programs has reserved 21 loans, Score Advantage program has reserved two loans, Veteran's loan program has reserved three loans, and one loan through the setaside Habitat for Humanity program. The current interest rate is 3.5% which is approximately .25% lower than market rate.

Vicki Bauer introduced Mina Choo, RBC Capital, who provided an update on the 2015A Bond Issuance. On December 11, 2014, $20 million Montana Board of Housing bonds for the Single Family II Indenture were priced, which are set to close on January 22, 2015. The overall bond deal resulted in 2.65% which supports a current lending rate of 3.75%.

Vicki shared appreciation from John Grant, Board Foreclosure Council, regarding Doug Jensen's testimony in a bankruptcy hearing.

Vicki Bauer provided the Board with the Delinquency and Foreclosure Report, Servicer's Report and the Setaside Report.

MULTIFAMILY PROGRAM

Mary Bair presented the 2016 Qualified Allocation Plan to the Board. Doug Kaercher moved to approve the 2016 Qualified Allocation Plan which was placed out for public comment. Pat Melby seconded the motion. A Qualified Allocation Plan work session was conducted in December 2014 and the Plan was placed for public comment. Staff

reviewed public comment and work session comments. Mary reviewed these comments with proposed changes to the 2016 Qualified Allocation Plan.

Doug Kaercher moved to amend the original motion to include the follow staff recommendations exclude the page 35 amenities and altering page44-45 to include 7B of the 1976 Act. Pat Melby seconded the motion:

Section 1 – Definitions (page 4- under Development Team) – change Management Company to "Qualified Management Company". Add to definitions: "Qualified Management Company" means a Management Company that is not disqualified by MBOH to serve as a Management Company on existing, new or additional tax credit Properties or Projects, based upon the company's (i) failure to complete timely any required training; (ii) failure to have or maintain any required certification; or (iii) record of noncompliance, or lack of cooperation in correcting or refusal to correct noncompliance, on or with respect to any tax credit or other publicly subsidized low-income housing property (unless the management company demonstrates to the satisfaction of MBOH that such noncompliance or lack of cooperation was beyond such company's control).

Section 1 – Definitions (page 7 – Small Rural Projects) – remove ", and (3) with 24 or fewer total units."

Section 3 – Montana Specific Requirements (page 12 - Eligible Applicants) – include "has outstanding late fees due and payable to MBOH" to the not eligible to apply due to debarred from federal programs or FHLB sentence.

Section 3 – Montana Specific Requirements (page 17 – Substantial Rehabilitation) – remove requirement list from Qualified Allocation Plan and create form within application.

Page 18 – Leave in "A list of items to be included in the rehabilitation and a detailed narrative explaining the rehabilitation expectations"

Section 4 – Applications Cycle (page 22 – Second Allocation Round (if any)) - remove deadline structure and add "If the Board decides to hold a second allocation round, it will determine and post on MBOH's website the dates for submission of Letters of Intent and Applications, Board review and discussion, Applicant presentations and Award determination."

Section 7 – Set Aside (page 26 – Small Rural Projects) - remove", and (3) with 24 or fewer total units."

Section 8 – Letter of Intent and Application Process (page 27 – Threshold Requirements) – change bullet points to numbering.

Section 9 – Evaluation and Award (page 31 – Development Evaluation Criteria and Scoring) – insert 4% noncompetitive applications minimum score to read: "Non-competitive 4% Credit Bond Deals will meet at least a minimum threshold of 850 of the total possible 1330 available points to qualify for further consideration. Non-competitive developments not scoring the minimum Development Evaluation Criteria score of 850 of the total possible 1330 available points will not receive further consideration."

Section 9 – Evaluation and Award (page 33 – Appropriate Size) – add category for projects developed, rehabbed or constructed in a location that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula, and (3) with 24 or fewer total units, using 75% on this category instead of 50%.

Section 9 – Evaluation and Award (page 36 – Development Team Characteristics) – change written score to reflect correct numeric score in Management Company & and Project Developer. Management Company has 60 points possible and Project Developer has 90 points possible.

Section 9 – Evaluation and Award (page 37 – Participation of Local Entity) – change the Section "5" of the last sentence to be Section "4".

Section 9 – Evaluation and Award (page 38 – Developer Knowledge and Responsiveness) –

- Add bullet - Any member of the Development Team has outstanding late fees due and payable to MBOH.
- Remove bullet – Management company has been uncooperative in correcting noncompliance or has refused to correct non-compliance. The management company's track record with other Owners and properties will also be taken into consideration.
- Add (or 850 points for non-competitive 4% Credit Bond Deals) to last paragraph, first sentence.

Section 10 – Reservation, Carryover and Final Allocation (page 41 – 10% Test) – Under second paragraph, add "At the Developer's request, one extension will be granted if requested before the deadline. A fee of $2,500.00 will be imposed for the extension. The extension will not exceed the period allowed by federal law."

Section 11 – Developer/Applicant Responsibilities (page 42) – change second paragraph, last sentence to read "If the schedule is more than 60 days "behind", a late fee of $1,000.00 will be assessed. – instead of "late".

Section 11 – Developer/Applicant Responsibilities (page 43 – Quarterly Status Reporting) – add the following language:

The following items must be addressed for **each building** on the quarterly report that is submitted to MBOH. If all items are not listed, the report will be returned. The report must be corrected and resubmitted. If the resubmitted report is received after the due date the late fee will apply.

- Updated implementation schedule if more than 60 days behind schedule submitted with application
- Advertising for construction bids
- Construction bid awards
- Pre-construction meeting date
- Groundbreaking ceremony date (at least 2 weeks' notice)
- Future dates of construction/draw meetings
- Each phase of construction for each building including photos (excavation, foundation framed, etc.)

- Certificate of Occupancy for each building as issued for the month of report
- Number of units occupied and number left to full lease up each quarter
- Grand Opening date (at least 2 weeks' notice)

All ARRA reports are due on or before the dates listed in the ARRA Exchange or TCAP Program Agreement.

$500.00 late fee will be assessed if the financial audit is not received by MBOH by the deadline.

$500.00 late fee will be assessed if the annual budget is not received by MBOH by the deadline.

$500.00 late fee will be assessed if the annual insurance binder is not received by MBOH by the deadline.

Section 12 – Compliance Monitoring (page 44&45 – Staff and Legal Council will review taking into consideration the following concerns of Bob Gauthier for appropriate verbiage of the Indian Preference Act which currently states:

> All employees, who work for or with this Agency, agree not to discriminate against any client or co-worker based on race, color, religion, sex, handicap **disability**, familial status, national origin and any other classes protected in Montana. …it is none the less the Owner(s) responsibility to be aware of and comply with all nondiscrimination provisions related to race, color, religion, sex, handicap **disability**, familial status, national origin an any other classes protected in Montana, including design requirements for construction or Rehabilitation, Equal Opportunity in regard to marketing and tenant selection and reasonable accommodation and modification for those tenants covered under the Laws.

Bob Gauthier stated his concern over the wording which would take into consideration of the Indian Preference Act under 7B. Bob suggested there should be additional language that would recognize the preferences under 7B, which treats certain clients and participants as a political class and not a racial class. This would only apply on reservation projects. Additionally, Bob questioned the Native American Self-determination Act.

Section 12 – Compliance Monitoring (page46 – Ownership/Management Changes) – Include "No Change in Management Company shall be acceptable unless it results in a Qualified Management Company assuming management of the Property. Replacement of a Management Company with a company that is not a Qualified Management Company or" to Failure to timely submit such notification to MBOH may trigger issuance of a Form 8823.

Chairman Crowley asked for Board public comment.

A roll call vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Sheila Rice	Yes
Pat Melby	Yes

Ingrid Firemoon	Yes
J.P. Crowley	Yes

The 2016 Amended Qualified Allocation Plan was approved unanimously.

The Board held discussion regarding Section 9 – Evaluation and Award (page 35 – Amenities).

Through the public comment period, it was suggested that internet connection and secure bike parking be provided to tenants, as well as Greater Gallatin Homeless Action Coalition's which included interior and exterior LED lighting, recycling bins, and garbage collection. Bob Gauthier stated his concern in regards to amenities has always been the result of less affordable units built. Bob stated it is always nice for a project to provide tenants with the extra features; however, it is at the cost of fewer units built.

Kevin Thane, Greater Gallatin Homeless Action Coalition, stated the listed amenities under his proposed plan would lower cost per units.

Sheila Rice moved to amend Section 9 – Evaluation and Award (page 35 – Amenities) to remove "for tenant use only" on title and add "amenities must include on a per unit basis and points are awarded on a ratio of the units" Pat Melby seconded the motion. Chairman Crowley asked for comments.

A roll call vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Sheila Rice	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
J.P. Crowley	Yes

The wording for Sheila Rice moved to amend Section 9 – Evaluation and Award (page 35 – Amenities) was approved unanimously.

Pat Melby moved to approve the Administrative Rule for the publication of the new 2016 Qualified Allocation Plan. Sheila Rice seconded the motion. Chairman Crowley asked for comments. The 2016 Qualified Allocation Plan was approved for publication.

Mary Bair provided the Board with the Multifamily program update. The Southern Lights loan will be closing in mid-January. Mary gave status updates on the recent Tax Credit projects:

- Blackfeet Homes – complete
- Soroptimist Village – rehabilitation of units is complete and have received a loan to complete replacing water supply piping, light fixtures, and adding landscaping.
- Hillview – complete on interior, and the exterior siding should be complete in early January
- Wolf Point Village – MBOH staff continues to work with Jonathan Reed and HOME program.

- Fort Peck Sustainable Village – hopes to close with investor in January.
- Cedar View – closed with investor and HUD loan on December 19, 2015 and building permits have been issued
- Apsaalooke Warrior – closed with investor and construction has started.
- Voyaguer – a spring construction start
- Sunset Village – a spring construction start
- Pearson Place – Exterior siding and roof is almost complete and expect to have units ready for lease up in May or June 2015.
- Chippewa Cree – closed with investor in November, rehabilitation has started.

EXECUTIVE DIRECTOR UPDATE

Penny Cope congratulated J.P. Crowley on the award given yesterday at the Housing Day at the Rotunda. Sheila Rice stated the collaboration of Housing entities is outstanding. The Housing Division and Department of Commerce should be commended on making chili for 250 people. People walked away yesterday knowing a little more about Housing in Montana and that was the goal. Penny reminded the Board of the Annual Housing Conference which takes place June 8-11, 2015 in Bozeman.

Stacy Collette updated the board on the Strategic plan and the push for finalizing the Standard Operating Procedures for the Housing Division.

Bruce Brensdal stated the next meeting will be on April 13, 2015 in Havre. June's Board meeting will be held in conjunction with the Annual Housing Conference in Bozeman.

Meeting adjourned at 11:10 p.m.

_____
Sheila Rice, Secretary

_____
Date

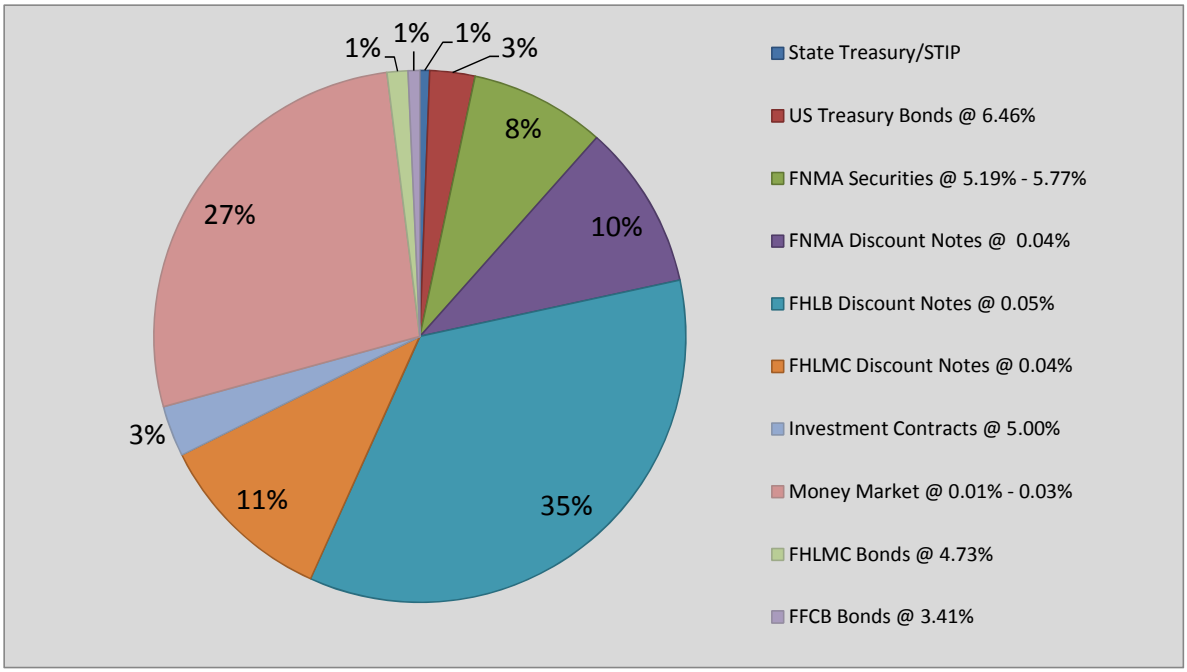
Accounting & Finance Dashboard

Data as of February 28, 2015

Summary

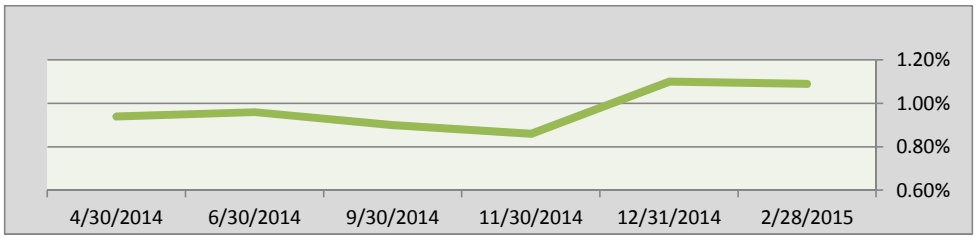
A large portion of our investment portfolio is held in money markets and short-term discount notes, as we await an increase in interest rates.

Investment Diversification



FNMA = Federal National Mortgage Association
FHLB = Federal Home Loan Bank
FHLMC = Federal Home Loan Mortgage Corporation
FFCB = Federal Farm Credit Bank

Weighted Average Yield Trend



Portfolio Maturity

Available now	Less than 1 Year	5 to 10 Years	10 to 15 Years	15 to 20 Years	20 to 25 Years	Grand Total
$ 48,545,031	$ 97,701,000	$ 1,230,000	$ 17,114,000	$ 2,225,000	$ 7,433,280	$ 174,248,311

Montana Board of Housing
Accounting and Finance
Investment Maturity Schedule
February 28, 2015

Maturity Date	PAR VALUE	Trustee Bank	Investment Type
2/28/2015	1,021,578.11	State Treasury & BOI	SABHRS Cash & STIP
2/28/2015	47,416,183.04	Wells Fargo	Money Market
2/28/2015	107,269.78	US Bank	Money Market
4/30/2015	2,284,000.00	Wells Fargo	FNMA DN
4/30/2015	14,003,000.00	Wells Fargo	FNMA DN
4/30/2015	1,204,000.00	Wells Fargo	FNMA DN
4/30/2015	4,000,000.00	Wells Fargo	FHLMC DN
4/30/2015	1,500,000.00	Wells Fargo	FHLMC DN
4/30/2015	5,491,000.00	Wells Fargo	FHLMC DN
4/30/2015	8,001,000.00	Wells Fargo	FHLMC DN
5/29/2015	12,001,000.00	Wells Fargo	FHLB DN
5/29/2015	600,000.00	Wells Fargo	FHLB DN
5/29/2015	1,000,000.00	Wells Fargo	FHLB DN
5/29/2015	1,000,000.00	Wells Fargo	FHLB DN
5/29/2015	750,000.00	Wells Fargo	FHLB DN
5/29/2015	700,000.00	Wells Fargo	FHLB DN
5/29/2015	1,000,000.00	Wells Fargo	FHLB DN
5/29/2015	1,500,000.00	Wells Fargo	FHLB DN
5/29/2015	500,000.00	Wells Fargo	FHLB DN
5/29/2015	1,000,000.00	Wells Fargo	FHLB DN
5/29/2015	750,000.00	Wells Fargo	FHLB DN
5/29/2015	1,000,000.00	Wells Fargo	FHLB DN
5/29/2015	500,000.00	Wells Fargo	FHLB DN
5/29/2015	760,000.00	Wells Fargo	FHLB DN
5/29/2015	750,000.00	Wells Fargo	FHLB DN
5/29/2015	500,000.00	Wells Fargo	FHLB DN
5/29/2015	1,000,000.00	Wells Fargo	FHLB DN
5/29/2015	1,000,000.00	Wells Fargo	FHLB DN
5/29/2015	1,000,000.00	Wells Fargo	FHLB DN
5/29/2015	750,000.00	Wells Fargo	FHLB DN
5/29/2015	750,000.00	Wells Fargo	FHLB DN
6/1/2015	12,503,000.00	Wells Fargo	FHLB DN
6/1/2015	1,250,000.00	Wells Fargo	FHLB DN
6/1/2015	2,500,000.00	Wells Fargo	FHLB DN
6/1/2015	1,000,000.00	Wells Fargo	FHLB DN
6/1/2015	650,000.00	Wells Fargo	FHLB DN
6/1/2015	1,000,000.00	Wells Fargo	FHLB DN
6/1/2015	1,550,000.00	Wells Fargo	FHLB DN
6/1/2015	3,841,000.00	Wells Fargo	FHLB DN
6/1/2015	825,000.00	Wells Fargo	FHLB DN
6/1/2015	1,325,000.00	Wells Fargo	FHLB DN
8/3/2015	2,353,000.00	US Bank	FHLB DN
8/3/2015	2,640,000.00	US Bank	FHLB DN
8/3/2015	46,000.00	US Bank	FHLB DN
8/3/2015	101,000.00	US Bank	FHLB DN
8/3/2015	31,000.00	US Bank	FHLB DN
8/3/2015	31,000.00	US Bank	FHLB DN
8/3/2015	158,000.00	US Bank	FHLB DN
8/3/2015	42,000.00	US Bank	FHLB DN
8/3/2015	9,000.00	US Bank	FHLB DN
8/3/2015	72,000.00	US Bank	FHLB DN

Montana Board of Housing
Accounting and Finance
Investment Maturity Schedule
February 28, 2015

Maturity Date	PAR VALUE	Trustee Bank	Investment Type
8/3/2015	9,000.00	US Bank	FHLB DN
8/3/2015	218,000.00	US Bank	FHLB DN
8/3/2015	25,000.00	US Bank	FHLB DN
8/3/2015	197,000.00	US Bank	FHLB DN
8/3/2015	11,000.00	US Bank	FHLB DN
8/3/2015	20,000.00	US Bank	FHLB DN
5/24/2021	1,212,000.00	Wells Fargo	FFCB
5/24/2021	18,000.00	Wells Fargo	FFCB
8/15/2025	3,882,100.00	Wells Fargo	T-NOTES & BONDS
8/15/2025	913,900.00	Wells Fargo	T-NOTES & BONDS
4/30/2026	3,513,606.89	Wells Fargo	FNMA DEB
4/30/2026	1,099,393.11	Wells Fargo	FNMA DEB
9/27/2027	3,493,000.00	Wells Fargo	FNMA DEB
9/27/2027	577,000.00	Wells Fargo	FNMA DEB
11/26/2027	3,145,000.00	Wells Fargo	FNMA DEB
11/26/2027	490,000.00	Wells Fargo	FNMA DEB
7/15/2032	625,000.00	Wells Fargo	FHLMC BOND
7/15/2032	625,000.00	Wells Fargo	FHLMC BOND
7/15/2032	975,000.00	Wells Fargo	FHLMC BOND
2/1/2036	81,321.16	Wells Fargo	FNMA MBS
3/1/2036	73,734.69	Wells Fargo	FNMA MBS
5/1/2036	42,522.79	Wells Fargo	FNMA MBS
7/1/2036	90,963.85	Wells Fargo	FNMA MBS
8/1/2036	128,279.64	Wells Fargo	FNMA MBS
3/1/2037	160,696.75	Wells Fargo	FNMA MBS
6/1/2037	1,200,000.00	Wells Fargo	SOCIETE - REPO
6/1/2037	810,300.00	Wells Fargo	SOCIETE - REPO
6/1/2037	1,189,700.00	Wells Fargo	SOCIETE - REPO
6/1/2037	2,200,000.00	Wells Fargo	SOCIETE - REPO
8/1/2037	44,303.45	Wells Fargo	FNMA MBS
8/1/2038	76,704.81	Wells Fargo	FNMA MBS
9/1/2038	64,445.80	Wells Fargo	FNMA MBS
11/1/2038	196,127.34	Wells Fargo	FNMA MBS
12/1/2038	447,985.51	Wells Fargo	FNMA MBS
12/1/2038	163,580.66	Wells Fargo	FNMA MBS
12/1/2038	99,884.63	Wells Fargo	FNMA MBS
1/1/2039	41,695.00	Wells Fargo	FNMA MBS
5/1/2039	104,551.54	Wells Fargo	FNMA MBS
5/1/2039	44,435.65	Wells Fargo	FNMA MBS
10/1/2039	98,599.09	Wells Fargo	FNMA MBS
12/1/2039	73,448.04	Wells Fargo	FNMA MBS

Montana Board of Housing
Investment Policy Review
April 13, 2015

Investment Policy Staff Suggested Revisions:

1. Section VI A – remove “transit bonds guaranteed by the Washington Area Transit Authority” as these bonds are no longer backed by the federal government.
2. Section VI B 7 – remove in its entirety as Student Loan Marketing Association debt is no longer backed by the federal government.
3. Section VI B 9 – remove in its entirety as Resolution Funding Corporation is no longer issuing new bonds.

MONTANA BOARD OF HOUSING
INVESTMENT POLICY
Effective 4/13/2000
Board Reviewed August 22, 2011

The Investment Policy of the Board of Housing is as follows:

I. Investment Committee:

A. The Board shall have an Investment Committee which shall be responsible for oversight of the investment of the assets of the Montana Board of Housing.

B. Membership of Committee:

All Board members will be on the committee with the Board Chairman designating the Chairman of the committee.

C. Frequency of Meetings:

The committee shall meet at least once a year.

D. Functions of the Investment Committee of the Board shall be:

1. To review compiled investment reports;
2. To review the functioning of the investment policy for potential enhancement;
3. To review the return on assets of the Board; including reviewing a report that shows the status of any negative or positive rebate earnings for each bond series.
4. To address any staff concerns regarding investments or the investment policy; and,
5. To monitor compliance with the investment policy.

II. Section 90-6-104, Montana Code Annotated, which outlines the general powers of the Board, includes subsection 13 which states:

"The Board may invest any funds not required for immediate use, **subject to any agreements with its bondholders and note holders**, as provided in Title 17, Chapter 6, except all investment income from funds of the Board less the cost for investment as prescribed by law shall be deposited in the housing authority enterprise fund." (Emphasis added)

III. All investments shall be made in accordance with the prudent expert rule as contained in Chapter 17, Part 6, Montana Code Annotated, the requirements of the particular indenture, and the Internal Revenue Code.

IV. Permissibility of investments, security, liquidity and rate of return on investments are of

primary concern. The Board has a responsibility in the investment of funds to seek the highest rate of return available in the market consistent with the legality, security, liquidity, cash flow and programmatic requirements of each fund for which they are invested. The Board also has a responsibility to diligently monitor and calculate (or cause to be calculated) any arbitrage rebate required to be remitted to the federal government.

V. The Board shall not invest in leveraged investments, including but not limited to derivative investments which involve leveraging. Investments are to be made with the expectation that they will be held to maturity; investments are not to be made with the intention of participating in trading activities to generate investment return.

Sales of securities should be limited to the following:

1. A sale and subsequent purchase would improve the quality or yield of the portfolio.
2. Liquidity needs of the portfolio require that the security be sold.
3. A sale of an investment is necessary as a result of refunding a bond issue.

Sales other than the abovementioned should be approved by the Executive Director.

VI. The Board may invest in the following securities providing such securities meet the requirements of Section 17-6-103, MCA:

A. Direct obligations of or obligations guaranteed by the United States of America, which includes certificates of ownership in the guaranteed portion of loans guaranteed by the Rural Housing and Community Development Service of the United States Department of Agriculture (formerly the Farmers Home Administration), participation certificates in obligations of the General Services Administration, obligations guaranteed by the U.S. Maritime Administration pursuant to Title XI, Small Business Administration guaranteed participation certificates and guaranteed pool certificates, mortgage-backed securities and pool certificates guaranteed by the Government National Mortgage Association, ~~transit bonds guaranteed by the Washington Metropolitan Area Transit Authority~~, and Veterans Administration guaranteed REMIC securities and pass-through certificates;

B. Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

1. Farm Credit System or predecessors (the Federal Land Banks, Federal

Intermediate Credit Banks and Banks for Cooperatives);

2. Federal Home Loan Bank System;
3. Export-Import Bank of the United States;
4. Federal National Mortgage Association, (only senior debt obligations or mortgage-backed securities, but excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts and excluding interest-only strips);
5. Federal Home Loan Mortgage Corporation, (only senior debt obligations and participation certificates, but excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts and excluding interest-only strips);
6. Tennessee Valley Authority;
7. ~~Student Loan Marketing Association (only SLMA letter of credit backed issues and senior debt obligations, but excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at a maturity or call date);~~
8. Federal Financing Corporation;
9. ~~Resolution Funding Corporation.~~

C. Certificates of deposit issued by, or time deposits with any financial institution (including a trustee, a lender or a paying agent) insured by the FDIC and provided further that such time deposits or certificates of deposit, to the extent not insured by the Federal Deposit Insurance Corporation, are fully secured by obligations of the type specified in parts A and B above which have a market value, exclusive of accrued interest, at least equal to the amount of such deposits. 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 on the applicable bond series.

D. Repurchase agreements or guaranteed investment agreements but only if:

1. The agreement is fully collateralized in an amount equal to 102% of the principal and interest of the agreement, by obligations of the type specified in A, B or C above and which collateral is delivered out and held by the Trustee or its agent, and the collateral is marked to market at least weekly; and
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 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 the agency or agencies rating the applicable bond series; and
4. The Agreements shall be written to give the Board the maximum practical flexibility in the case of a downgrade in the rating of the provider.

E. Any investments permitted for State funds, but only with respect to the investment of Board moneys held by the State Treasurer in the Housing Authority Enterprise Fund.

All Funds invested with the State that are not needed for current operating expenses shall be invested in the State's Short-Term investment pool.

VII. In no case may the Board or a trustee invest in any one financial institution an amount in excess of the net worth of that financial institution or its guarantor.

VIII. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interest in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Montana Board of Housing. Employees and officers shall disclose any material interest in financial institutions to the Executive Director and/or the Board within 30 days of acquiring a

material interest. The Board and/or the Executive Director shall be updated as changes in material interests occur.

IX. Authority to manage the investment programs is granted to the Accounting & Finance Officer. The Executive Director, Single Family and Multifamily Program Managers are authorized to handle investments in the absence of the abovementioned individual. Responsibility for the operation of the investment program is hereby delegated to these officers, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy. The Accounting & Finance Manager shall have the primary responsibility for all investment transactions and shall establish a system of controls to regulate the activities of subordinate officials.

X. The Accounting & Finance Manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Montana Board of Housing are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the Accounting & Finance Manager shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Written confirmation of transactions for investments

XI. Funds received by the Montana Board of Housing or its Trustees will be deposited as soon as possible upon receipt. Uninvested balances held by financial institutions will be kept as low as is practical, typically under $1 per account. Sweep accounts will be used to facilitate overnight investments of funds not invested in individual securities or in investment agreements. Funds in the sweep accounts will be invested as soon as loan prepayment transfers have been completed by the trustee.

XII. The Accounting & Finance Manager shall prepare, and present to the Board, an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio transactions made over the last quarter. The summary will be prepared in a manner which will allow the Board to determine if the investment activities during the reporting period have conformed to the investment policy. The report should include:

a. Listing of individual securities held at the end of the reporting period.

b. Average weighted yield to maturity of the investment portfolio

c. Listing of investments by maturity date

d Percentage of total portfolio which each type of investment represents

XIII. Investment officers acting in accordance with these Investment Guidelines shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

XIV. It is the responsibility of those Agency staff authorized to direct investments, and primarily the Accounting & Finance Manager, to keep abreast of the latest developments within the investment community. Particular attention should be paid to both interest rate trends and items relating to the credit of and the Montana Board of Housing's exposure to various dealers, banks and securities.

XV. Each trustee and rating agency will be furnished copies of this policy, and any amendments to it.

Homeownership Program Dashboard

April 1, 2015

Rates

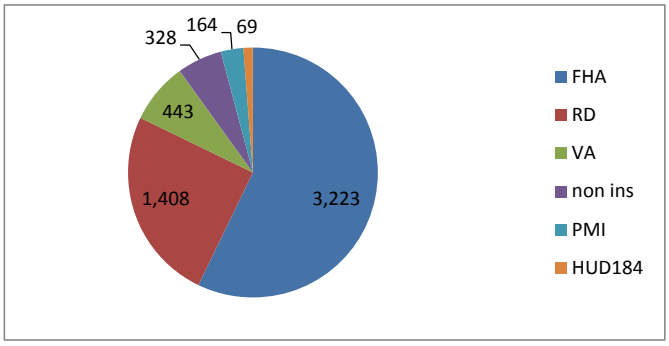
	Current	Last Month	Last Year
MBOH	3.250	3.500	4.00
Market	3.53	3.688	4.16
10 yr treasury	1.87	2.00	2.73
30 yr Fannie Mae	3.29	3.39	4.00

Loan Programs

	Mar 2015 reservations	Amount	Total: Number	Amount	Original Amount	Balance
Regular Program						
Series 2014A	24	3,457,599	252	35,317,115	35,350,000	32,885
Series 2015A	0	-	51	6,958,908	20,200,000	13,241,092
Set-asides:						
Veterans (Orig)	3	624,655	174	27,670,398	30,000,000	2,329,602
Score Advantage	1	2,700	81	407,100	1,500,000	1,092,900
80% Combined (20+)	1	143,900	42	5,370,407	9,500,000	4,129,593
Foreclosure Prevent	0	-	1	4,365	50,000	45,635
Disabled Accessible	0	-	226	16,358,432	Ongoing	1,001,568
Lot Refi	0	-	12	1,273,560	2,000,000	726,440
Habitat	1	84,527	2	178,527	1,215,000	1,036,473

MBOH Portfolio as of Feb 2015

5635 Loans* (3192 serviced by MBOH)



*This a 5.8% decrease in portfolio size from Feb 2014 when we had 5,968 loans

Delinquency and Foreclosure Rates

	Montana Board of Housing		*Mortgate Bankers Assoc.* ***12/2014***		
	Feb-15	**Feb-14**	Montana	Region	Nation
30 Days	2.34	2.38	1.61	2.09	2.72
60 Days	1.42	1.12	0.56	0.74	1.02
90 Days	1.56	1.89	1.00	1.53	2.25
Total Delinquencies	5.32	5.39	3.17	4.36	5.99

MEMO

To: Board Members
From: Vicki Bauer
Subject: Income Limits Review
Date: April 3, 2015

The Board's Administrative Rules require that each June, and at other times as necessary, the Board is to review, establish and revise income limits for lower income persons and families in need of housing assistance under the Board programs. The limits reviewed by the Board in June 2014 were comprised of the highest of 2012 or 2013 HUD income limits, as allowed by the IRS Revenue Procedure issued last year.

Last month the IRS issued Rev. Proc. 2015-23 which addresses and officially blesses use of the income numbers released by HUD on March 6, 2015. It also provides that an HFA can no longer rely on the income numbers released by HUD in 2012; however income numbers released by HUD in December 2013 are still ok to use. John Wagner recommended that we cease using the 2012 numbers as soon as possible, so staff updated all of our income limits to HUDs 2013 income numbers as shown on the included tables for the Board's review.

These are temporary limits and we will most likely be back in a few months with new limits again. Our income limits are based on the use of high housing cost area adjustment calculations using the 2014 national average area purchase price number. When 2015 national average area purchase price number is released by the IRS (expected in the next 2-3 months), the IRS notice will typically provide that the new 2015 national average area purchase price will supersede any interim high housing cost area adjustment calculations which used the 2014 national average area purchase price number, so we will have to recalculate our incomes at that time.

Income limit changes from 6/9/14 to 3/6/15

		June 9 2014				New limits 3/6/2015				amount of change			
		Greater of either 2012 or 2013				formula based on 2013 incomes							
		Non Targeted		Targeted		Non Targeted		Targeted		Non Targeted		Targeted	
	County	1-2 Person	3+ Person	1-2 Person	3+ Person	1-2 Person	3+ Person	1-2 Person	3+ Person	1-2 Person	3+ Person	1-2 Person	3+ Person
	Beaverhead	$66,005	$75,906			**$64,845**	**$74,572**			(1,160)	(1,334)	0	0
	Big Horn	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
*	Blaine			$70,200	$81,900			$70,200	$81,900	0	0	0	0
	Broadwater	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Carbon	$64,565	$74,250			$64,565	$74,250			0	0	0	0
	Carter	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Cascade	$65,405	$75,216			**$65,065**	**$74,825**			(340)	(391)	0	0
*	City of Great Falls			$71,280	$83,160			**$70,200**	**$81,900**	0	0	(1,080)	(1,260)
	Chouteau	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Custer	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Daniels	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Dawson	$65,700	$75,555			$65,700	$75,555			0	0	0	0
*	Deer Lodge			$70,200	$81,900			$70,200	$81,900	0	0	0	0
	Fallon	$65,700	$75,555			$65,700	$75,555			0	0	0	0
	Fergus	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
*	Flathead			$70,200	$81,900			$70,200	$81,900	0	0	0	0
	Gallatin	$83,712	$96,269			$83,712	$96,269			0	0	0	0
*	Gallatin Census Tracts 6 and			$85,320	$99,540			$85,320	$99,540	0	0	0	0
	Garfield	$65,725	$75,584			**$65,065**	**$74,825**			(660)	(759)	0	0
	Glacier	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Golden Valley	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Granite	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
*	Hill			$71,400	$83,300			**$71,280**	**$83,160**	0	0	(120)	(140)
	Jefferson	$74,900	$86,135			$74,900	$86,135			0	0	0	0
	Judith Basin	$65,705	$75,561			**$65,065**	**$74,825**			(640)	(736)	0	0
	Lake	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Lewis & Clark	$70,800	$81,420			$70,800	$81,420			0	0	0	0
	Liberty	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Lincoln	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
*	Lincoln Census Tr 2			$69,480	$81,060			**$70,200**	**$81,900**	0	0	720	840
	Madison	$70,320	$82,040			$70,320	$82,040			0	0	0	0
	McCone	$65,405	$75,216			**$64,305**	**$73,951**			(1,100)	(1,265)	0	0
	Meagher	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
*	Mineral			$70,200	$81,900			$70,200	$81,900	0	0	0	0
*	Missoula			$75,360	$87,920			**$73,440**	**$85,680**	0	0	(1,920)	(2,240)
	Musselshell	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Park	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Petroleum	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Phillips	$65,525	$75,354			**$64,985**	**$74,733**			(540)	(621)	0	0
	Pondera	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Powder River	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Powell	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Prairie	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Ravalli	$66,025	$75,929			**$65,005**	**$74,756**			(1,020)	(1,173)	0	0
	Richland	$65,365	$75,170			**$64,185**	**$73,813**			(1,180)	(1,357)	0	0
	Roosevelt	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Rosebud	$65,325	$75,124			**$64,465**	**$74,135**			(860)	(989)	0	0
*	Sanders			$70,200	$81,900			$70,200	$81,900	0	0	0	0
	Sheridan	$65,525	$75,354			**$64,405**	**$74,066**			(1,120)	(1,288)	0	0
*	Silver Bow			$70,200	$81,900			$70,200	$81,900	0	0	0	0
	Stillwater	$69,500	$79,925			**$69,400**	**$79,810**			(100)	(115)	0	0
	Sweet Grass	$70,611	$81,203			**$69,910**	**$80,396**			(702)	(807)	0	0
	Teton	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Toole	$65,645	$75,492			**$64,465**	**$74,135**			(1,180)	(1,357)	0	0
	Treasure	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Valley	$65,785	$75,653			**$64,745**	**$74,457**			(1,040)	(1,196)	0	0
	Wheatland	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Wibaux	$66,205	$76,136			**$65,065**	**$74,825**			(1,140)	(1,311)	0	0
	Yellowstone	$64,565	$74,250			$64,565	$74,250			0	0	0	0

* Targeted Areas

MBOH
Montana Board of Housing

Mortgage loans made in Montana
that *stay* in Montana

County or area:	Maximum Income Limits: Small Household 1 or 2 people	Maximum Income Limits: Large Household 3 or more people	Purchase Price Limits
Beaverhead	$64,845	$74,572	$265,158
* Blaine	$70,200	$81,900	$324,082
Carbon	$64,565	$74,250	$265,158
Cascade	$65,065	$74,825	$265,158
* City of Great Falls	$70,200	$81,900	$324,082
Dawson	$65,700	$75,555	$265,158
* Deer Lodge	$70,200	$81,900	$324,082
Fallon	$65,700	$75,555	$265,158
* Flathead	$70,200	$81,900	$360,250
Gallatin	$83,712	$96,269	$338,625
* Gallatin Census Tracts 6 and 11.01	$85,320	$99,540	$413,875
* Hill	$71,280	$83,160	$324,082
Jefferson	$74,900	$86,135	$280,125
Lewis & Clark	$70,800	$81,420	$280,125
Lincoln	$65,065	$74,825	$265,158
* Lincoln Census Tract 2	$70,200	$81,900	$324,082
Madison	$70,320	$82,040	$318,375
McCone	$64,305	$73,951	$265,158
* Mineral	$70,200	$81,900	$324,082
* Missoula	$73,440	$85,680	$338,250
Phillips	$64,985	$74,733	$265,158
Ravalli	$65,005	$74,756	$265,158
Richland	$64,185	$73,813	$265,158
Rosebud	$64,465	$74,135	$265,158
* Sanders	$70,200	$81,900	$324,082
Sheridan	$64,405	$74,066	$265,158
* Silver Bow	$70,200	$81,900	$324,082
Stillwater	$69,400	$79,810	$265,158
Sweet Grass	$69,910	$80,396	$283,500
Toole	$64,465	$74,135	$265,158
Valley	$64,745	$74,457	$265,158
Yellowstone	$64,565	$74,250	$265,158
All other Counties	$65,065	$74,825	$265,158

* Targeted Areas

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2015 Income limits changed to remove 2012 formulas

Temporary change	Highest Allowable Income Limits Greater of either 2012 or 2013				Adjustment 3/6/2015 formula based on 2013 incomes			
	Non Targeted		Targeted		Non Targeted		Targeted	
County	1-2 Person	3+ Person	1-2 Person	3+ Person	1-2 Person	3+ Person	1-2 Person	3+ Person
Beaverhead	$66,005	$75,906			**$64,845**	**$74,572**	$71,040	$82,880
Big Horn	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
* Blaine			$70,200	$81,900	$65,065	$74,825	$70,200	$81,900
Broadwater	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Carbon	$64,565	$74,250			$64,565	$74,250	$72,720	$84,840
Carter	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Cascade	$65,405	$75,216			**$65,065**	**$74,825**	$70,200	$81,900
* City of Great Falls			$71,280	$83,160	$65,065	$74,825	**$70,200**	**$81,900**
Chouteau	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Custer	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Daniels	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Dawson	$65,700	$75,555			$65,700	$75,555	$78,840	$91,980
* Deer Lodge			$70,200	$81,900	$65,065	$74,825	$70,200	$81,900
Fallon	$65,700	$75,555			$65,700	$75,555	$78,840	$91,980
Fergus	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
* Flathead			$70,200	$81,900	$69,720	$81,340	$70,200	$81,900
Gallatin	$83,712	$96,269			$83,712	$96,269	$85,320	$99,540
Gallatin Census								
* Tracts 6 and 11.01			$85,320	$99,540				
Garfield	$65,725	$75,584			**$65,065**	**$74,825**	$70,200	$81,900
Glacier	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Golden Valley	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Granite	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
* Hill			$71,400	$83,300	$64,805	$74,526	**$71,280**	**$83,160**
Jefferson	$74,900	$86,135			$74,900	$86,135	$89,880	$104,860
Judith Basin	$65,705	$75,561			**$65,065**	**$74,825**	$70,200	$81,900
Lake	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Lewis & Clark	$70,800	$81,420			$70,800	$81,420	$84,960	$99,120
Liberty	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Lincoln	$66,205	$76,136			**$65,065**	**$74,825**	**$70,200**	**$81,900**
* Lincoln Census Tr 2			$69,480	$81,060				
Madison	$70,320	$82,040			$70,320	$82,040	$70,320	$82,040
McCone	$65,405	$75,216			**$64,305**	**$73,951**	$74,280	$86,660
Meagher	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
* Mineral			$70,200	$81,900	$65,065	$74,825	$70,200	$81,900
* Missoula			$75,360	$87,920	$67,798	$77,967	**$73,440**	**$85,680**
Musselshell	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Park	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Petroleum	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Phillips	$65,525	$75,354			**$64,985**	**$74,733**	$70,200	$81,900
Pondera	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Powder River	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Powell	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
Prairie	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900

	Ravalli	$66,025	$75,929			**$65,005**	**$74,756**	$70,200	$81,900
	Richland	$65,365	$75,170			**$64,185**	**$73,813**	$75,000	$87,500
	Roosevelt	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
	Rosebud	$65,325	$75,124			**$64,465**	**$74,135**	$73,320	$85,540
*	Sanders			$70,200	$81,900	$65,065	$74,825	$70,200	$81,900
	Sheridan	$65,525	$75,354			**$64,405**	**$74,066**	$73,680	$85,960
*	Silver Bow			$70,200	$81,900	$65,065	$74,825	$70,200	$81,900
	Stillwater	$69,500	$79,925			**$69,400**	**$79,810**	$83,280	$97,160
	Sweet Grass	$70,611	$81,203			**$69,910**	**$80,396**	$72,480	$84,560
	Teton	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
	Toole	$65,645	$75,492			**$64,465**	**$74,135**	$73,320	$85,540
	Treasure	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
	Valley	$65,785	$75,653			**$64,745**	**$74,457**	$71,640	$83,580
	Wheatland	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
	Wibaux	$66,205	$76,136			**$65,065**	**$74,825**	$70,200	$81,900
	Yellowstone	$64,565	$74,250			$64,565	$74,250	$72,720	$84,840

* Targeted Areas

NOTE ---- Census Tract changes

Board Report for April 2015

SETASIDE SUMMARY		ADVANCE PACKET REPORT	
80% Combined Program			
Authorized by the Board 04/22/2013: Program expires 6/30/16 (114)			
Original Setaside		$ 4,500,000	
Additional Setaside	Apr 14	$ 700,000	
Additional Setaside	Apr 14	$ 5,000,000	
Loans Reserved	1	$ (143,900)	
Loans Purchased	41	$ (5,226,507)	
Remaining Setaside		$ 4,829,593	
			$ 4,829,593
West Edge HRDC IX			
Authorized by the Board 08/09/2010: Program expires when funds depleted (280)			
		$ 1,600,000	
Additional Setaside	Jan 14	$ 840,000	
Loans Reserved @3.875%	0	$ (0)	
Loans Reserved @5.50%	0	$ (0)	
Loans Purchased	35	$ (2,415,522)	
Remaining Setaside		$ 24,478	
			$ 24,478
FORECLOSURE PREVENTION SETASIDE			
Authorized by the Board 09/13/2004: (499)			
Original Setaside		$ 50,000	
Loans Reserved	0	$ (0)	
Loans Purchased	1	$ (4,365)	
Remaining Setaside		$ 45,635	
	TOTAL FORECLOSURE PREVENTION SETASIDE:		$ 45,635
DISABLED ACCESSIBLE AFFORDABLE HOMEOWNERSHIP PROGRAM (DAAHP)			
MORTGAGE RATE OF 2.750% TO 5%; Authorized by the Board 6/1995: expires 6/30/15 (501),(502)			
Original Setaside		$ 3,500,000	
Additional Setaside	(Sep 94)	$ 4,000,000	
Additional Setaside	(Aug 95)	$ 800,000	
Additional Setaside	(Feb 98)	$ 1,000,000	
Transfer to CAP IV	(Mar 97)	$ (2,000,000)	
Additional Setaside	(Jul 00)	$ 1,000,000	
Additional Setaside	(Aug 01)	$ 500,000	
Additional Setaside	(Oct 02)	$ 500,000	
Additional Setaside	(Mar 04)	$ 1,000,000	
Additional Setaside	(Apr 05)	$ 500,000	
Additional Setaside	(Jan 06)	$ 1,000,000	
Additional Setaside	(Mar 07)	$ 1,000,000	
Additional Setaside	(Feb 08)	$ 1,000,000	
Additional Setaside	(Jul 08)	$ 500,000	
Additional Setaside	(Mar 09)	$ 1,000,000	
Additional Setaside	(Nov 09)	$ 1,000,000	
Additional Setaside	(Nov 10)	$ 500,000	
Additional Setaside	(Jun 13)	$ 560,000	
Loans Reserved	0	$ (0)	
Loans Purchased	226	$ (16,358,432)	
Remaining Setaside		$ 1,001,568	
	TOTAL DAAHP SETASIDE:		$ 1,001,568

Score Advantage Second Mortgage					
Authorized by the Board 11/2012 (521)					
Original Setaside			$ 1,500,000		
Loans Reserved	3		$ 10,420		
Loans Purchased	78		$ 396,650		
Remaining Setaside			$ 1,092,930		
				$	1,092,930
LOT REFINANCE SETASIDE					
Authorized by the Board 07/02; Program expires 6/30/2015: (575)					
Original Setaside			$ 1,000,000		
Additional Setaside	(May 05)		$ 1,000,000		
Loans Reserved	0		$ (0)		
Loans Purchased	12		$ (1,273,560)		
Remaining Setaside			$ 726,440		
		TOTAL LOT REFINANCE SETASIDE:		$	726,440
HABITAT FOR HUMANITY SETASIDE					
MORTGAGE RATE OF 0.375%; Authorized by the Board 9/97; Program expires 06/30/2015: (580)					
Original Setaside			$ 750,000		
Additional Setaside			$ 700,000		
Additional Setaside	(Feb 02)		$ 250,000		
Additional Setaside	(Feb 02)	Conventional Funding	$ 250,000		
Additional Setaside	(Dec 02)	Conventional Funding	$ 250,000		
Additional Setaside	(Jun 03)	Conventional Funding	$ 500,000		
Additional Setaside	(Feb 06)	Conventional Funding	$ 1,000,000		
Additional Setaside	(Oct 07)	Conventional Funding	$ 1,000,000		
Additional Setaside	(Sep 08)		$ 350,000		
Loans Reserved	0		$ (0)		
Loans Purchased	74		$ (5,018,278)		
Remaining Setaside			$ 31,722		
		TOTAL HABITAT FOR HUMANITY SETASIDE:		$	31,722
Additional Setaside	(Sep 09)		$ 1,000,000		
Loans Reserved	0		$ (0)		
Loans Purchased	9		$ (735,563)		
Remaining Setaside			$ 264,437		
		TOTAL HABITAT FOR HUMANITY SETASIDE:		$	264,437
Additional Setaside	(July 10)		$ 1,000,000		
Loans Reserved	0		$ (0)		
Loans Purchased	4		$ (334,623)		
Remaining Setaside			$ 665,377		
		TOTAL HABITAT FOR HUMANITY SETASIDE:		$	665,377
Additional Setaside	(July 11)		$ 850,000		
Loans Reserved	1		$ (116,487)		
Loans Purchased	8		$ (713,743)		
Remaining Setaside			$ 19,770		
		TOTAL HABITAT FOR HUMANITY SETASIDE:		$	19,770
Additional Setaside	(June 12)		$ 1,125,000		
Loans Reserved	0		$ (0)		
Loans Purchased	7		$ (682,912)		
Remaining Setaside			$ 442,088		
		TOTAL HABITAT FOR HUMANITY SETASIDE:		$	442,088
Additional Setaside	(June 13)		$ 1,000,000		
Loans Reserved	0		$ (0)		
Loans Purchased	7		$ (710,750)		
Remaining Setaside			$ 289,250		
		TOTAL HABITAT FOR HUMANITY SETASIDE:		$	289,250
Additional Setaside	(June 14)		$ 1,215,000		
Loans Reserved	1		$ (84,527)		
Loans Purchased	1		$ (106,672)		
Remaining Setaside			$ 1,023,801		
		TOTAL HABITAT FOR HUMANITY SETASIDE:		$	1,023,801
		TOTAL OF ALL INDIVIDUAL SETASIDES:		$	8,744,445

DOWN PAYMENT 1ST MORTGAGE SET-ASIDE POOL (OCT 5, 2007)

	Jul-07	$10,000,000
	Approved 9-07/ Began using 2-08	$10,000,000
	March, 2008	$5,000,000
	June, 2008	$10,000,000
	January-09	$5,000,000
	September-09	$5,000,000

		Pre-Ullman Funds
NHS 111		
Total Loans	$	12,082,524
HRDC BOZEMAN 275		
Total Loans	$	2,750,094
HRDCXI COMBINED 309		
Total Loans	$	2,674,592
TOWN OF BRIDGER 325		
Total Loans	$	108,900
CITY OF BILLINGS 355		
Total Loans	$	8,157,169
LAKE COUNTY 383		
Total Loans	$	497,345
HRDC VI 385		
Total Loans	$	220,106
CITY OF LEWISTOWN HRDC VI 388		
Total Loans	$	-
City of Redlodge 390		
Total Loans	$	521,238
GR8 HOPE SETASIDE 405		
Total Loans	$	1,574,651
FTHB SAVINGS ACCOUNT PROGRAM 571		
Total Loans	$	9,662,328
GLACIER AFFORDABLE HOUSING SETASIDE 600		
Total Loans	$	189,000
Total Loans	$	-
WHITEFISH HOUSING AUTHORITY 750		
Total Loans	$	450,918
Total Loans	$	38,888,865
Amount Remaining in Current Allocation		$6,111,135

Check:		$14,855,579
	$45,000,000	
-	(38,888,865)	Total Loans in Allocation
	$6,111,135	
$	8,744,444.94	Total of All Individual Setasides
$	14,855,579.45	

Delinquency and Foreclosure Rates Montana Board of Housing Loan Portfolio

For Period Ending:	15-Feb	15-Jan	14-Dec	14-Nov	14-Oct	14-Sep	14-Aug	14-Jul	14-Jun	14-May	14-Apr	Mar-14
30 Days	2.34	2.9	2.9	2.55	2.6	2.59	2.48	2.34	1.94	2.24	2.07	1.88
60 Days	1.42	1.09	1.21	1.19	1.03	1.1	1.37	1	1.15	1.15	1.11	0.94
90 Days	1.56	1.84	1.93	1.87	1.76	1.89	1.7	1.77	1.71	1.6	1.45	1.61
Total Delinquencies	5.32	5.83	6.04	5.61	5.39	5.58	5.55	5.11	4.8	4.99	4.63	4.43
In Foreclosure	1.05	0.99	0.98	1.08	1.12	0.97	0.88	0.88	0.8	0.97	1.18	1.18

For Comparison **Dec 2014 (most recent available)***

	Montana	Region	Nation
30 Days	1.61	2.09	2.72
60 Days	0.56	0.74	1.02
90 Days	1	1.53	2.25
Total Delinquencies	3.17	4.36	5.99
In Foreclosure	0.78	1.29	2.27

* Comparison Data from National Delinquency Survey, Mortgage Bankers Association

M O N T A N A B O A R D O F H O U S I N G
SERVICER DELINQUENCY RATE COMPARISON REPORT
AS OF 02/15

REPORT ALR195
DATE RUN 03/23/15

SERVICER NUMBER / NAME	% OF SERVICER RANGE	LOAN COUNT	2-MONTHS COUNT	2-MONTHS ---- %	3-MONTHS COUNT	3-MONTHS ---- %	4 OR MORE COUNT	4 OR MORE ---- %	POSSIBLE FORECLOSURES COUNT	POSSIBLE FORECLOSURES ---- %	TOTAL COUNT	TOTAL ---- %
061 FIRST SECURITY BOZEMAN	0.12	7	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
086 STATE BANK & TRUST DILLON	0.04	2	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
101 UNITED BANK OF ABSAROKEE	0.05	3	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
110 STATE BANK OF TOWNSEND	0.34	19	3	15.79	2	10.53	1	5.26	1	5.26	7	36.84
114 FIRST BOULDER VALLEY BANK	0.09	5	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
127 FLATHEAD BANK OF BIGFORK	0.16	9	0	0.00	0	0.00	1	11.11	0	0.00	1	11.11
138 BANK OF THE ROCKIES 138	1.15	65	1	1.54	0	0.00	0	0.00	1	1.54	2	3.08
147 COMMUNITY BANK, INC 147	1.10	62	2	3.23	0	0.00	0	0.00	0	0.00	2	3.23
159 VALLEY BANK RONAN 159	0.91	51	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
164 VALLEY BANK BELGRADE 1	1.92	108	4	3.70	2	1.85	2	1.85	1	0.93	9	8.33
213 MANHATTAN BANK 213	0.09	5	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
229 VALLEY BANK KALISPELL	0.04	2	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
524 STOCKMAN BANK OF MT, MILE	12.23	689	20	2.90	14	2.03	7	1.02	10	1.45	51	7.40
700 OPPORTUNITY BANK 700	3.07	173	2	1.16	3	1.73	5	2.89	0	0.00	10	5.78
710 PIONEER SAVING AND LOAN	0.71	40	1	2.50	0	0.00	0	0.00	0	0.00	1	2.50
842 GUILD MORTGAGE COMPANY 84	0.87	49	3	6.12	1	2.04	0	0.00	0	0.00	4	8.16
950 MBOH - FIRST INTERSTATE B	20.46	1,153	37	3.21	15	1.30	8	0.69	6	0.52	66	5.72
966 MONTANA BOARD OF HOUSING	56.65	3,192	59	1.85	43	1.35	64	2.01	40	1.25	206	6.45
994 XXX-NeighborWorks Great F	0.02	1	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
TOTAL 19		5,635	132	2.34	80	1.42	88	1.56	59	1.05	359	6.37

HOUSING DIVISION DASHBOARDs

RAM & Multifamily Programs:
Current Period: Apr-15

Reverse Annuity Mortgage (RAM)		Applications	Active Loans	Set-aside	Set-aside available
	Number	0	66		
	Amount	$ -	$ 5,124,015	$ 6,000,000	$ 1,170,045

Housing Montana Fund		Applications	Active Loans	Set-aside	Set-aside available
	Number	0	0	0	
	Amount	$0	$0	$0	$0

Loan Programs		Applications	Active Loans
Board Loans			
	Number	0	14
	Amount	$0	$2,533,021
	*Southern Lights loan approximate closing date is set for mid-January		
Conduit			
	Number	7	10
	Amount	$25,000,000	$46,628,046
Risk Share			

Number	0	6
Amount	$0	$8,402,564

Housing Credits (HCs)
Allocation

Project	City	Award Date	Year	Status
Soroptimist Village	Great Falls	4/12	2012	complete, received draft of 8609 cost certs
Blackfeet Homes V	Browning	4/12	2012	100% occupied; waiting on 8609 paperwork
Hillview Apartments	Havre	4/13	2013	completed
Fort Peck Sustainable Village	Poplar	4/13	2013	closed with investor March 2, 2015
Wolf Point Village	Wolf Point	4/13	2013	returned credits March 19, 2015
Apsaalooke Warrior	Crow Agency	12/13	2014	putting on siding and roofing
Yellowstone Commons	Glendive	12/13	2014	Units rocked, 1/2 are taped,Cabinets hung & flooring is being laid
Sunset Village	Sidney	12/13	2014	anticipate breaking ground around first of May
Voyageur Apartments	Great Falls	12/13	2014	breaking ground April 6th?
Cedar View	Malta	12/13	2014	drawings sent to Architect; general contractor bid work for subs
Chippewa Cree Homes I	Box Elder	12/13	2014	rehabilitation started on 6 units
Antelope Court	Havre	11/14	2015	received signed Reservation Agreement
Cascade Ridge II	Great Falls	11/14	2015	received signed Reservation Agreement
Gallatin Forks	Manhattan	11/14	2015	received signed Reservation Agreement
Guardian Apartments	Helena	11/14	2015	received signed Reservation Agreement
Stoneridge Apartments	Bozeman	11/14	2015	received signed Reservation Agreement
Urban Missoula	Missoula	11/14	2015	still waiting for Developer to return the reservation agreement

River Ridge Apartments	Missoula	3/20/2015	2015	received signed Reservation Agreement

Housing Credits (HCs)
Compliance

	last month	year to date	Last Year
Project Site Visits		24	83
Units Inspected		328	1611

PROPERTY	DEVELOPER/OWNER	MGMT CO	LAST VISIT	IN COMPLIANCE	PENDING W/ ISSUES	DETAILS
Town Site Apts	H D A Management		3/14/14		X	working with property to correct
Deer Lodge Apartments	H D A Management		4/22/14		X	sidewalks to be repaired by end of May
Rangeview Apts	Hardin Partners LP/HDA Mgmt		8/28/14		X	working with us to repair
Farm House Apartments I	Farmhouse Partners LP		12/10/14		X	minor issues
Farm House Apartments II	Farmhouse Partners LP		12/10/14		X	minor issues
Mountain View - Gt Falls	Chad Laird Edgewood Operating		10/9/14		X	working with us to repair
Holland Park/MF loan	Gt Falls Housing Authority		10/10/14		X	Refuses to do all repairs at this time
Roadrunner Residences	Helena Housing Authority		11/10/14		X	Stairways rusting repaint in spring
Wilder Street Apartments	Helena Housing Authority		11/13/14		X	Handrails rusting repaint in spring
Southern Lights	Homeword		12/31/14		X	1st phase comp/2nd start in June?
Ouellette Place	Homeword				X	landscaping/window issues
Cascade Ridge Senior Living	MP Equity/Don Sterhan	HDA Management	2/10/15	X		
Highland Manor II	Mel Shuland	Circle K Property Mgt	2/24/15		X	minor issues
Hillview Apartments	GMD Development	Real Estate Mgt. Specia	2/25/15	X		
Buffalo Court	HRDC Havre	HRDC Resource Prop M	2/26/15	X		
Westwood Apartments	Ron Christenson	Circle K Property Mgt	2/27/15		X	minor issues

Loving, Paula

Subject: RELEASE: Governor Bullock Announces $4 Million to Enhance Senior Housing in Missoula

Importance: High

From: Brensdal, Bruce
Sent: Monday, April 06, 2015 1:40 PM
To: Loving, Paula
Cc: Bair, Mary
Subject: FW: RELEASE: Governor Bullock Announces $4 Million to Enhance Senior Housing in Missoula
Importance: High

From: <Wessler>, Mike <MWessler@mt.gov>
Date: Monday, April 6, 2015 at 9:31 AM
To: "Wessler, Mike" <MWessler@mt.gov>
Cc: "Parker, Dave" <DaveParker@mt.gov>, Ronja Abel <rabel@mt.gov>
Subject: RELEASE: Governor Bullock Announces $4 Million to Enhance Senior Housing in Missoula

FOR IMMEDIATE RELEASE

CONTACTS
Mike Wessler, Deputy Communications Director, Governor's Office, 444-9725
Ronja Abel, Communications Director, Department of Commerce, 437-2359

Governor Bullock Announces $4 Million to Enhance Senior Housing in Missoula

HELENA – Governor Steve Bullock and Montana Department of Commerce Director Meg O'Leary today announced the recent award of $4,035,550 in federal Housing Credits to the Missoula Housing Authority to assist with the rehabilitation of River Ridge Apartments. The River Ridge complex has 70 units available to low-income and disabled seniors. The federal funding is being made available through the Montana Board of Housing.

"Montana seniors have helped to build our state and make it a place we can all be proud to call home. This project will ensure they can continue to live and thrive in a community they love," said Bullock. "My administration will continue to work with communities across Montana to increase access to safe, quality, and affordable housing for those who need it most."

The Missoula Housing Authority purchased River Ridge Apartments in 2013 with the goal of preserving much needed affordable housing for Missoula residents. The partnership between the Montana Board of Housing, the City of Missoula, and the Missoula Housing Authority is helping complete this project to address the shortfall of affordable housing for low-income seniors.

"As our local communities strive for long-term economic prosperity, it is important to leverage all federal, local, state, and private dollars to make more affordable housing available," said Director O'Leary. "Our efforts are focused on helping our partners build strong, resilient, inclusive communities with quality affordable homes for all."

The Missoula Housing Authority will use the capital it raises by selling the housing credits to add new safety features, tenant amenities, and energy efficient upgrades.

“We are committed to the long-term preservation of existing affordable housing,” said Lori Davidson, Executive Director of the Missoula Housing Authority. “This award allows us to purchase, preserve, and upgrade 70 units of affordable housing, and the tenants served will be greatly benefited.”

“The Missoula Housing Authority is one of our valued partners and with their leadership and development in this area, we are confident that we will continue to meet the needs of affordable housing for seniors,” said Bruce Brensdal, the Executive Director of the Montana Board of Housing.

For more information about the Montana Board of Housing, please contact the Housing Division at the Montana Department of Commerce at (406) 841-2840 or visit http://housing.mt.gov.

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NEWS March 19, 2015

Housing

Building blocks

By Ted McDermott

Last August, the Missoula Housing Authority shelled out $2 million to purchase River Ridge, a 70-unit apartment building for those 55 and older. Now, MHA is negotiating the purchase of two more large properties, the 104-unit Parkside Village and the 51-unit Russell Square. Lori Davidson, MHA's executive director, is confident those sales will happen. When they do, the association will have nearly doubled its stock of affordable housing—part of an aggressive plan that Davidson says improves options for low-income residents and helps stabilize MHA during a period of highly uncertain federal funding.

"The reason that we're doing these developments is not just to preserve and create new housing," Davidson says, "but to ensure we can continue to serve the people who are currently being served under those federal subsidy programs."

The seeds of MHA's recent campaign to acquire more properties were planted 17 years ago. Before 1998, housing authorities were allowed to receive funding exclusively from the federal government. After 1998, a new law allowed housing authorities to partner with private developers to construct new affordable housing options. Developers using the Low Income Housing Tax Credit program are given tax breaks for investing in affordable housing, and participating housing authorities are allowed first right of refusal to purchase those properties 15 years after their construction.

Beginning in 2000, MHA started taking advantage of the new opportunity, working with investors and developers to construct River Ridge, Russell Square, Parkside Village and other projects. Relative to other housing authorities in the state, MHA was "ahead of the curve" in partnering with developers, says Bruce Brensdal, executive director of the Montana Board of Housing. Now that foresight is paying off, as properties come up for sale and MHA acquires them from the private partners, becoming the units' owners and managers.

Jim Morton, director of the Missoula Human Resource Council, says MHA's acquisition of the properties is a boon for the working poor and those on fixed incomes. Had someone else purchased the properties, Morton says they likely would've been private owners from outside Missoula. With MHA, Morton says residents benefit from working with a local, publicly accountable agency. "I think there's something comforting in that," he says.

As for River Ridge, MHA has applied for tax-credit funding to make substantial improvements and maintain the property as affordable housing for the next 46 years. In addition to preserving affordable-housing options, the housing authority is also working to build new units. Just last week, MHA received a $600,000 grant to build six one-bedroom apartments on California Street.

Montana Board of Housing
Montana Housing Tax Credit Program

Qualified Contract Process
And Instructions for
Calculation of the Qualified Contract Price

Properties awarded Low-Income Housing Tax Credits under the Montana Housing Tax Credit Program are subject to certain restrictions set forth in Section 42 of the Code, which restrictions must be provided for and documented in Restrictive Covenants. The Section 42 requirements apply during an Extended Use Period, which includes an initial Compliance Period of fifteen (15) years plus an additional period of fifteen (15) or more years. Applicants for tax credits may make a commitment to maintain units in accordance with the Section 42 restrictions beyond the minimum period of time and may be or may have been awarded additional points in the QAP evaluation scoring process for the Project based upon such agreement.

The Extended Use Period generally continues for at least thirty (30) years. However, for certain Eligible Projects, the Extended Use Period may terminate earlier, (i) if the Owner submits a written request to MBOH in accordance with these requirements to find a person to acquire the Property, and (ii) if MBOH is unable to present within a one-year period a Qualified Contract for the acquisition of the Property by any person who will continue to operate the low-income portion of the building as a low-income building as defined in Section 42 of the Code.

Eligibility for Qualified Contract Process

The Qualified Contract process is available only for certain Projects with an Owner's minimum low-income commitment period that is less than fifteen (15) years beyond the initial 15-year Compliance Period, as specified in the Project's Restrictive Covenants. Under current program requirements, the owner must agree to a minimum low-income commitment period of fifteen (15) years beyond the initial 15-year Compliance Period, i.e., an Extended Use Period of at least thirty (30) years. Previously, however, some Projects provided for a minimum low-income commitment period of less than fifteen (15) years beyond the initial 15-year Compliance Period and an Extended Use Period of less than thirty (30) years. Only such Projects are eligible for the Qualified Contract process. Further, such Projects are eligible for the Qualified Contract process only if the process could result in a Qualified Contract or termination of the Extended Use Period at least one year earlier than the Extended Use Period would otherwise end under the terms of the Project's Restrictive Covenants. An "Eligible Project" is a Project meeting these criteria.

Eligible Projects may not initiate the Qualified Contract process until one year before the expiration of the Owner's minimum low-income commitment period specified in the Project's Restrictive Covenants. For example, the process could be initiated no earlier than the fifteenth year of the initial Compliance Period for an Eligible Project with an Owner's minimum low-income commitment of zero (0) years beyond the initial 15-year Compliance Period.

Projects will be held to the Owner's commitment as provided in the Restrictive Covenants and will not be permitted to terminate the Extended Use Period (including any portion of the Owner's commitment period) through the Qualified Contract process. The Qualified Contract process is subject to all applicable provisions of state and federal law and these requirements. Owners are encouraged to review their tax credit allocation applications submitted to MBOH and their Declaration of Restricted Covenants to determine if and when they are eligible to pursue the Qualified Contract process.

Notwithstanding the foregoing general eligibility requirements, the MBOH Board may in its sole discretion determine that a Project is eligible for the Qualified Contract process based upon extraordinary circumstances that threaten the ongoing viability of the Project to provide low-income housing in accordance with the Restrictive Covenants, including but not limited to a Project's documented extreme financial difficulties, so long as permitting the Project to pursue the Qualified Contract process is consistent with federal law.

Qualified Contract Process:

The one-year period for finding a Qualified Contract buyer will not commence until after all required documents, information and payments have been submitted to and approved by MBOH and the physical inspection and file audit has been completed showing no substantial noncompliance as provided herein.

1. Qualified Contract Request Letter and Agreement; Payment of Administration Fee

To initiate the Qualified Contract process, Eligible Project owners must notify MBOH of their desire to sell the property through the Qualified Contract process by submitting a completed and executed Qualified Contract Request Letter and Agreement, in the form attached hereto as Attachment 1, together with payment of a $4,000.00 non-refundable administration fee for processing the Qualified Contract Request. MBOH will not begin processing of the Request until and unless the $4,000.00 administration fee has been paid in full.

2. Completion/Submission of Qualified Contract Price Calculation Form

Before the one-year period and marketing of the Property will commence, the Owner must complete and submit to MBOH the Calculation of the Qualified Contract Price form attached to these instructions as Attachment 2 (the "Calculation Form") and the additional information and documentation listed below.

The Owner must fully complete the Calculation Form, including all Exhibits. The Qualified Contract Price ("QCP") calculation will establish the minimum price at which MBOH will market the Property and present any offer(s) for its purchase. All calculations must be prepared in accordance with 26 CFR Part 1, Section 1.42-18, as amended, or any additional or replacement federal laws or regulations governing the Qualified Contract Price calculation. The Calculation Form must be prepared or reviewed, and also must be certified, by an Independent Third-Party Certified Public Accountant.

Also please note that federal regulations require that, if a purchaser is found, the Qualified Contract Price must be adjusted by the purchaser and the property owner to reflect changes in the components of the Qualified Contract Price, such as mortgage payments, that have reduced outstanding indebtedness between the time the original calculations were made and the sale closing date.

3. Additional Submission Requirements

In addition to the Request Letter, Fee Payment and Calculation Form, the Owner must submit to MBOH the following information and documentation:

a. A thorough narrative description of the Property, including all amenities, sufficient to familiarize prospective purchasers with the Property;
b. A detailed description of all income, rental and other restrictions applicable to the operation of the Property;
c. A detailed set of digital photographs of the Property, including the interior and exterior of representative apartment units and buildings, and the Property's grounds, to be displayed on the MBOH website and in any other marketing materials;
d. Copies of the last three years' operating statements for the Property showing annual operating expenses, debt service, gross receipts, net cash flow, and debt service coverage ratios;
e. A current and complete rent roll for the entire Property;
f. A copy of the land lease, if applicable; and
g. Any additional financial and other information and documentation reasonably required and requested by MBOH for purposes of the Qualified Contract Price determination, appraisal, marketing and/or due diligence, including without limitation, copies of additional rent rolls, tax returns, income certifications, repair and maintenance records, operating expenses and debt service information, and other due diligence documents.

4. Physical Inspection and File Audit

Upon receipt of the Qualified Contract Request Letter and Agreement and administration fee, MBOH will perform, at the expense of the Owner, a complete physical inspection and file audit of the Property to determine whether the Owner and Property are in compliance with the provisions of Section 42 of the Code, the Declaration of Restrictive Covenants and MBOH requirements. If, at any time during the Qualified Contract process, MBOH determines that the Owner or Property is out of compliance with the provisions of Section 42 of the Code, the Declaration of Restrictive Covenants or MBOH requirements, MBOH will terminate the Qualified Contract process until such time as MBOH determines that the Owner or Property has achieved compliance.

5. Access to Property

The Owner must provide reasonable access to the Property and relevant files and records for inspection or audit by MBOH, its agents, appraisers, prospective purchasers and any other third parties reasonably required for purposes of the Qualified Contract process.

6. Payment of Fees and Expenses

The Owner must pay a $4,000.00 non-refundable administration fee for processing a Qualified Contract Request, as required above in Section 1. In addition, the Owner must pay MBOH's costs for the physical inspection and file audit required under Section 4, above, and, in the event that additional third-party reports are required by a potential buyer or MBOH, the Owner must pay the cost of the additional reports. All payments for such items must be made within thirty (30) days of the date of any invoice provided to the Owner.

7. Program Compliance; Owner's Failure to Comply or Cooperate with Qualified Contract Process

If, prior to commencement of the one-year period, the Owner fails to provide any required information, documents or payments, fails to allow access to the Property for inspection or appraisal, or otherwise fails to cooperate in or perform any obligation specified herein, MBOH may cease further processing of the Request upon providing written notice to the Owner specifying the reason(s) for ceasing further processing, and the action(s) that must be taken by the Owner, the date by which such actions must be taken and the documentation, if any, of such actions that must be submitted to MBOH in order to obtain a resumption of Request processing. MBOH may permanently terminate the Qualified Contract process in the event of multiple instances of non-compliance/non-cooperation. In no event will

the one-year period commence or be deemed to have commenced until the Owner meets all such requirements.

As provided in Section 4, above, if at any time during the Qualified Contract process, MBOH determines that the Owner or Property is out of compliance with the provisions of Section 42 of the Code, the Declaration of Restrictive Covenants or MBOH requirements, MBOH will terminate the Qualified Contract process until such time as MBOH determines that the Owner or Property has achieved compliance.

8. Qualified Appraisers

Owners and MBOH shall use only Montana-certified general appraisers for purposes of the Qualified Contract process. Neither Owner nor MBOH shall use any individual or organization as an appraiser if that individual or organization is currently on any list for active suspension or revocation for performing appraisals in any state or is listed on the Excluded Parties Lists System (EPLS) maintained by the General Services Administration for the United States Government.

9. Commencement of One-Year Period; Marketing of the Property

Once all required information, documents and payments are received, reviewed and approved, MBOH will notify the Owner in writing that the one-year period has begun and will begin marketing the Property to the general public. MBOH will undertake reasonable marketing efforts, including posting the marketing information and Qualified Contract Price on the MBOH website and such other efforts as may be deemed reasonable in the sole discretion of MBOH to market the Property to the general public. The Owner must agree to list the Property for sale with a broker who works with affordable multifamily housing properties and must cooperate with the MBOH and such broker in their efforts to market the Property. Marketing of the property will continue until such time as title to the Property has been transferred or the one-year period has expired.

MBOH has the one-year period in which to market and find a buyer for the Property at or above the Qualified Contract Price. The qualified purchaser can be a nonprofit or for-profit entity that agrees to maintain the affordable housing units and fulfill all requirements of the extended use agreement. The proposed purchaser must demonstrate to MBOH's reasonable satisfaction that it is familiar with and prepared to comply with the requirements of the Low Income Housing Tax Credit ("LIHTC") program. MBOH, in its sole discretion, may reject purchasers who have failed to demonstrate proficiency with the LIHTC program or other government programs.

10. Suspension or Termination of One-Year Period

MBOH may suspend the one-year period or terminate the Qualified Contract process if the Owner fails to comply or cooperate, or unreasonably delays in complying or cooperating, as required herein, including without limitation failure to respond to reasonable third-party report requests by MBOH or a potential buyer. MBOH may suspend the running of the one-year period upon providing written notice to the Owner specifying the reason(s) for such suspension, and the action(s) that must be taken by the Owner, the date by which such actions must be taken and the documentation, if any, of such actions that must be submitted to MBOH in order to restart the running of the one-year period.

MBOH may permanently terminate the Qualified Contract process in the event of multiple instances of or continuation of an ongoing non-compliance or non-cooperation with the Qualified Contract process, if the Owner again fails or continues to fail to comply or cooperate after MBOH has provided a written warning that further failure to comply or cooperate will result in such termination and loss of the opportunity to undertake the Qualified Contract process. In such event, the Restrictive Covenants shall remain effective for the full duration of the Extended Use Period term (including all of the Owner's commitment period) as specified in such Restrictive Covenants and the Owner and any successor in interest shall have no further opportunity to undertake the Qualified Contract process

11. Effect of Acceptance or Rejection of Qualified Contract Offers

A Qualified Contract is an offer determined by MBOH to constitute a bona fide offer to enter into a contract to acquire the non-low-income portion of the building (including the land underlying the entire building) for fair market value and the low-income portion of the building for an amount not less than the Qualified Contract Price, and which contract is determined by MBOH to: (i) provide for closing within a reasonable period of time after the contract is entered into; and (ii) contain no terms or conditions that are unreasonable or impractical under the circumstances.

The Owner is not required to accept the first or any purchase offer presented. However, if the Owner rejects or fails to act upon a Qualified Contract to purchase the Property at or above the QCP presented by a qualified purchaser, the Property will remain subject to the low-income housing commitment set forth in the Restrictive Covenants for the full duration of the Extended Use Period term (including all of the Owner's commitment period) specified therein. The Owner may accept less than the QCP but cannot require a price higher than the QCP. The Owner must notify MBOH of any purchase offers within one (1) business day of receipt.

During the one-year period in which the Property is marketed to the general public, MBOH may adjust the fair market value of the non-low-income portion of the Property only with the consent of the Owner. If the Owner and MBOH do not agree with respect to any proposed reduction of such fair market value, the fair market value of the non-low-income portion of the Property determined as of the commencement of the one-year period remains unchanged.

MBOH shall not be responsible for any closing costs, commissions, fees or other expenses of or related to the sale, purchase or closing. All such amounts shall be payable from closing proceeds and charged to the account of the buyer and/or seller as mutually agreed thereby.

12. Effect of No Qualified Contract

If the Owner has performed its obligations and cooperated in the Qualified Contract process and MBOH is unable to present to Owner a Qualified Contract before the expiration of the one-year period, the Section 42 restrictions set forth in the Restrictive Covenants shall be terminated, except with respect to the Section 42 tenant protections discussed below. For purposes of this paragraph, MBOH has presented a Qualified Contract within the one-year period if MBOH has notified the Owner of such Qualified Contract by email, facsimile transmission or deposit in the U.S. Mail on or before the last day of the one-year period.

In the event of a termination of the Section 42 restrictions set forth in the Restrictive Covenants as provided above, the Property shall remain subject to the tenant protection requirements of §42(h)(6)(E)(II), which provide that, prior to the close of the three-year period following such termination, no Owner shall be permitted to evict or terminate the tenancy (other than for good cause) of an existing tenant of any low-income unit or increase the gross rent for such unit in a manner or amount not otherwise permitted by Section 42 of the Code.
In such event, the Owner will be required, at the end of each year of the three-year tenant protection period, to provide certification to MBOH that these requirements have been met. In addition, the Owner will provide written notice to the existing tenants within thirty (30) days after the beginning of the three-year period and annually thereafter for the next two (2) years that the low-income use restrictions have been terminated and of the Section 42 tenant protections provided during the three-year time frame.

In the event of and following such termination of the Section 42 restrictions set forth in the Restrictive Covenants, MBOH shall provide to Owner a partial release reflecting release of the restrictions other than the three-year tenant protections. Following the end of the three-year period, MBOH shall provide to Owner such further release as is necessary and appropriate to fully release all remaining restrictions.

Attachment 1

Qualified Contract Request Letter and Agreement

Date

Montana Board of Housing
301 South Park Ste 240
PO Box 200528
Helena, MT 59620

Re: Qualified Contract Request

Dear

Pursuant to Subsection 42(h)(6)(E)(i)(II) of the Internal Revenue Code (the "Code") and on behalf of _____ (the "Owner), we hereby request that the Montana Board of Housing (MBOH) find a person to acquire, and present a Qualified Contract for the purchase of the Owner's interest in _____ (the "Property").

We understand that this letter is submitted to initiate the Qualified Contract request process and does not commence the one-year time period for MBOH to present a Qualified Contract for the acquisition of the Property. We understand that we must submit additional information to MBOH at a later date as required by MBOH's Qualified Contract Request Procedure. We understand that the one-year time period will not commence until the date upon which MBOH determines that our request submission is complete and that MBOH will notify us of this determination and the commencement date of the one-year period. We further understand that this letter is submitted for the purpose of confirming our commitment to perform our obligations under the Qualified Contract process.

In support of our Qualified Contract request, we state and represent to MBOH as follows:

1. The Owner did not waive its right to request a Qualified Contract in its Declaration of Restricted Covenants, between the Owner and MBOH. True and correct copies of the recorded Restrictive Covenants for the Property and any amendments thereto are enclosed with this letter.

2. The Property has completed at least the fourteenth (14th) year of its compliance period.

3. The Property is in compliance with all of the requirements of Section 42 of the Code.

4. The owners of all options to purchase and rights of first refusal for all or any part of the Property have unconditionally waived any and all such options and rights, as evidenced by enclosed copies of executed waivers of all such options and rights.

5. Neither we nor any other Owner has previously requested a Qualified Contract on the Property.

In further support of our Qualified Contract request, we represent and certify to MBOH that:

1. We have not been notified of any audit, investigation or disallowance relating to the Property and pertaining to Section 42 of the Code by the Internal Revenue Service.

2. We are solely responsible for the truthfulness, accuracy and completeness of all documents and information that we submit to MBOH with this letter and any other documents or information that we provide to MBOH, appraisers and/or prospective purchasers (collectively, the "Property Sales Information") in connection with this request or any related marketing or sale of the Property.

3. All documents and information submitted with this Letter or in connection with this request for a Qualified Contract are truthful, accurate and complete and contain no material misstatements or misleading information.

In further support of our Qualified Contract request, we acknowledge and agree that:

1. We will cooperate with MBOH and its agents to calculate a Qualified Contract Price and present a Qualified Contract for purchase of the Property. We understand that this includes providing all financial and other information and substantiating documentation reasonably required by MBOH to determine the Qualified Contract Price for the Property in accordance with federal law, including without limitation 29 CFR § 1.42-18, as amended, and MBOH requirements, or for purposes of appraisal, marketing and/or due diligence. Such information and documentation includes but is not limited to the information and documents specified in the MBOH Qualified Contract Price Calculation Form and Worksheets and additional substantiating documentation, and all information and documentation required for appraisal, marketing and due diligence purposes.

2. We agree to provide reasonable access to the Property and relevant records for inspection and audit by MBOH, its agents, appraisers and prospective purchasers in connection with the Qualified Contract process.

3. We agree that MBOH may perform a complete physical inspection and file audit of the Property to determine whether the Owner and Property are in compliance with the provisions of Section 42 of the Code, the Declaration of Restrictive Covenants and MBOH requirements and we agree to pay the cost of such inspection and audit.

4. We understand that our failure to reasonably and timely cooperate, provide or submit any required information, documents, forms, fees or cost reimbursement payments, or respond to report requests, with, to or from MBOH, third parties or potential buyers, may result in either temporary suspension of the one-year period or termination of the Qualified Contract process and the delay or loss of Owner's opportunity to terminate the Restrictive Covenants through the Qualified Contract process.

5. We understand that if, at any time during the Qualified Contract process, MBOH determines that we are or the Property is out of compliance with the provisions of Section 42 of the Code, the Declaration of Restrictive Covenants or MBOH requirements, MBOH will terminate the Qualified Contract process until such time as MBOH determines that we have achieved compliance.

6. By submission of this letter, we agree to indemnify, defend, and hold MBOH harmless for all claims and liabilities arising out of MBOH's use of the Property Sales Information for purposes of the Qualified Contract process.

7. We agree that MBOH and its employees and agents shall have no liability to us with respect to the calculation of the Qualified Contract Price or any other act, omission, or determination by MBOH with respect to marketing the Property or carrying out its responsibilities under Subsection 42(h)(6)(F) of the Code, so long as MBOH is acting in good faith.

8. The one-year period will commence, if at all, on the date specified by MBOH in its written notice to the Owner. Having commenced, the running of the one-year period may be suspended or tolled at the discretion of MBOH based upon our failure to reasonably and timely perform any requirements of the Qualified Contract process.

9. We understand that if MBOH presents a Qualified Contract for the acquisition of the Property within the one-year period and the Owner rejects or fails to act upon such contract, the Property will remain subject to the Declaration of

Restricted Covenants for the full duration of the Extended Use Period, and there will be no further or additional opportunity for the Owner to terminate such covenants through the Qualified Contract process

10. If we choose to execute the Qualified Contract, we will: (i) allow the prospective purchaser a reasonable period of time to undertake additional, customary due diligence prior to closing of the purchase; and (ii) agree with the buyer as required by 29 CFR § 1.42-18(c)(ii) to such adjustments in the amount of the low-income portion of the Qualified Contract Price to reflect changes in the components of the Qualified Contract formula (e.g., mortgage payments that reduce outstanding indebtedness) between the time of MBOH's offer of sale to the general public and the building's actual sale closing date.

11. If we perform our obligations under the Qualified Contract process and MBOH is unable to present a Qualified Contract during the one-year period, resulting in termination of the Section 42 requirements as set forth in the Restrictive Covenants, we are not permitted to and shall not, prior to the close of the three-year tenant protection period following such termination, evict or terminate the tenancy (other than for good cause) of an existing tenant of any low-income unit or increase the gross rent for such unit in a manner or amount not otherwise permitted by Section 42 of the Code.

Sincerely,

Attachments

Attachment 2

Montana Board of Housing
Montana Housing Tax Credit
Qualified Contract Price Calculation Form
Pursuant to Subsection 42(h)(6)(F) of the Internal Revenue Code and in Accordance with 26 CFR 1.42-18, as amended

A. Calculation of the Low-Income Portion of the Building(s):

(i)	Outstanding Indebtedness for the Building(s) (from *Worksheet A*)	$ _____	
(ii)	Adjusted Investor Equity in the Building(s) (from *Worksheet B)*	$ _____	
(iii)	Other Capital Contributions not reflected in (i) or (ii) (from *Worksheet C*)	$ _____	
(iv)	Total of (i), (ii) and (iii)	$ _____	
(v)	Cash Distributions from (or available for distribution from) the Building(s) (from *Worksheet D*)	$ _____	
(vi)	Line (iv) reduced by Line (v)	$ _____	
(vii)	Applicable fraction specified in the extended low-income housing commitment	_____ %	
(viii)	Low-Income Portion of the Qualified Contract Price (Line (vi) multiplied by Line (vii))		$ _____

B. Fair Market Value of the Non-Low-Income Portion of the Building(s) (from *Worksheet E*) $ _____

Qualified Contract Price*
(Sum of Line A(viii) and Line B) $ _____

*If this sum is not a multiple of $1,000, then when MBOH offers the building(s) for sale to the general public, MBOH may round up the offering price to the next highest multiple of $1,000.

WORKSHEET A
Outstanding Indebtedness for the Building(s)
Code Subsection 42(h)(6)(F)(i)(I) and 26 CFR 1.42-18(c)(3)

Instructions

You must use 26 CFR Section 1.42-18(c)(3), or the appropriate section of its successor, to determine the Outstanding Indebtedness for the Building(s).

In the section marked "Other Information" below please set forth any information with respect to the loans that may be relevant to MBOH's efforts to market the property. Examples of relevant information include whether the loan has a "due-on-sale" clause or if any portion of the loan is payable from net cash flow (i.e., is "soft" debt).

Worksheet

Debt Source	Lien Position and Loan Terms	Most Recent Payment Date	Remaining Stated Principal Balance*
Subtotal			
Less:** Adjustment 1:			
Adjustment 2:			
Adjustment 3:			
Total Indebtedness with respect to Low-Income Portion of the Building(s)			

Other Information:

_____

_____

_____

*Please attach an amortization schedule, if available.

**Please provide a description of any adjustments in the cells provided. Adjustments may include, but are not limited to, the following:

- Any refinancing indebtedness or additional mortgages in excess of qualifying building costs (described in 26 CFR 1.42-18(b)(4)).

- Outstanding debt that was used to finance nondepreciable land costs, syndication costs, legal and accounting costs, syndication costs, legal and accounting costs, and operating deficit payments.

WORKSHEET B
Adjusted Investor Equity in the Building(s)
Code Section 42(h)(6)(F)(i)(II) and 26 CFR 1.42-18(c)(4)

Instructions

You must use 26 CFR 1.42-18(c)(4), or the appropriate section of its successor, to determine the Adjusted Investor Equity in the Building(s).

Note: The calculation requires the use of the U.S. Department of Labor's Bureau of Labor Statistics ("BLS") Consumer Price Index ("CPI"). The CPI data to be used are the not seasonally adjusted values of the CPI for all urban consumers, sometimes referred to as CPI-U. The BLS publishes the CPI data on-line. See www.BLS.gov/data.

Worksheet

1. Unadjusted Investor Equity

Investor (Owner) Name	Date Invested	Amount of Cash Invested
Subtotal		
Less:* Adjustment 1:		
Adjustment 2:		
Adjustment 3:		
Total Unadjusted Investor Equity		

*Please provide a description of any adjustments in the cells provided. Adjustments may include, but are not limited to, the following:

- Any equity paid for land, credit adjuster payments, Fund low-income housing credit application and allocation fees, operating deficit contributions, and legal, syndication, and accounting costs.

- Amounts that, as of the beginning of the low-income building's credit period (as defined in Subsection 42(f)(1) of the Code), were not obligated to be invested.

- Amounts included in the calculation of outstanding indebtedness as defined in 26 CFR 1.42-18(c)(3).

2. Qualified-contract cost-of-living adjustment – General Rule

Calendar Year that Precedes the Calendar Year in which MBOH Offers the Building for Sale to the General Public ("Year A"): _____

Base Calendar Year (the Calendar Year With or Within which the First Taxable Year of the Credit Period Ends) ("Year B") : _____

Did the CPI for any calendar year (within the meaning of Subsection 1(f)(4) of the Internal Revenue Code) during the extended use period after the base calendar year exceed by more than five percent the CPI for the preceding calendar year (within the meaning of Subsection 1(f)(4)) of the Internal Revenue Code)? (Yes or No)

_____

If no, no adjustments need to be done to the CPI-U for the months below.

If yes, then the sum of the CPI-I for Year B (below) is to be increased (*) so that the excess is never taken into account.

Month	Year A	CPI-U	Month	Year B	CPI-U
September			September		
October			October		
November			November		
December			December		
January			January		
February			February		
March			March		
April			April		
May			May		
June			June		
July			July		
August			August		
Total Year A CPI-U			Total Year B CPI-U		
			Adjustment (Increase)*		
			Adjusted Total Year B CPI-U		

Important Note: See the example given in 26 CFR 1.42-18(c)(4)(vii) to assist you in completing the table above.

Year A CPI-U Total from above (_____) divided by Year B CPI-U Total from above (_____) equals Qualified-Contract Cost-of-Living Adjustment per the General Rule (carried out to ten decimal places): _____.

3. Qualified-contract cost-of-living adjustment – Provision by the Commissioner of the qualified-contract cost-of-living adjustment

If the Commissioner published in the Internal Revenue Bulletin a process pursuant to which the Internal Revenue Service will compute the qualified-contract cost-of-living adjustment for a calendar year and made available the results of that computation, describe below:

_____

_____

_____

4. Adjusted Investor Equity

Description	Amount
Unadjusted Investor Equity (from 1 above)	
Times: Qualified-contract cost-of-living adjustment (from 2 or 3 above)	
Equals: Adjusted Investor Equity (rounded to the nearest dollar)	

WORKSHEET C
Other Capital Contributions
Code Section 42(h)(6)(F)(i)(III) and 26 CFR 1.42-18(c)(5)

Instructions

You must use 26 CFR 1.42-18(c)(5), or the appropriate section of its successor, to determine the Other Capital Contributions.

Do not include in this Worksheet C any amounts included in Worksheets A or B.

Worksheet

Date	Reason/Description*	Amount Paid or Incurred
Subtotal		
Less:** Adjustment 1:		
Adjustment 2:		
Adjustment 3:		
Total Other Capital Contributions		

*Describe the Other Capital Contributions. Other capital contributions to a low-income building are qualifying building costs described in 26 CFR 1.42-18(b)(4)(ii) paid or incurred by the owner of the low-income building other than amounts included in the calculation of outstanding indebtedness (from Worksheet A) or adjusted investor equity (from Worksheet B).

**Please provide a description of any adjustments in the cells provided. Adjustments may include, but are not limited to, the following:

- Expenditures for land costs, operating deficit payments, credit adjuster payments, and payments for legal, syndication, and accounting costs.

- Expenditure that was financed by a loan that WAS secured by the qualifying building cost (asset) or the building.

WORKSHEET D
Cash Distributions from (or available for distribution from) the Building(s)
Code Section 42 (h)(6)(F)(ii) and 26 CFR 1.42-18(c)(6)

Instructions

You must use 26 CFR 1.42-18(c)(6), or the appropriate section of its successor, to determine the Cash Distributions from (or available or distribution from) the Building(s).

Note: Proceeds from the refinancing of indebtedness or additional mortgages that are in excess of qualifying building costs are not considered cash available for distribution.

Worksheet

A. Total Cash Distributions

Distribution Made To	Date of Distribution	Distribution Amount
Total Cash Distributions		

B. Cash and Cash Equivalents Available for Distribution:

Account Name	Balance "as of" Date	Account Balance
Total Cash and Cash Equivalents Available for Distribution		

C. Total Cash Distributed and Available for Distribution
(Sum of Sections A and B above) **$**_____

WORKSHEET E
Fair Market Value of the Non-Low-Income Portion
Code Section 42 (h)(6)(F) and 26 CFR 1.42-18(b)(3)

Instructions

You must use 26 CFR 1.42-18(b)(3), or the appropriate section of its successor, to determine the Fair Market Value of the Non-Low-Income Portion. **Of particular note, please see the discussion of how land is to be considered.**

Worksheet

The fair market value of the non-low income portion is: $ _____.

Attach to this worksheet the appraisal, study, methodology proof and/or other support for the fair market value of the non-low-income portion of the building(s).

REVERSE ANNUITY MORTGAGE PROGRAM
EXCEPTION REQUEST
April, 2015

Increase Cash Advance to: $21,000

- Married couple Bonner Male 71 & Female 68
- Current annual income: $24,309.60 (income limit for 2 is $31,860)

- Home Equity Line of Credit, Missoula Federal Credit Union and additional bills
  Total=$21,000

Approval pending, the applicant wishes to use the RAM loan to pay off above.

RESOLUTION 15-0413-MF01

RESOLUTION OF THE MONTANA BOARD OF HOUSING GRANTING PRELIMINARY APPROVAL TO THE ISSUANCE OF ITS MULTIFAMILY HOUSING REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $5,000,000 TO FINANCE CERTAIN MULTIFAMILY HOUSING PROJECTS

WHEREAS, the Montana Board of Housing (the "Board") is authorized by the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended, to issue its revenue bonds and to make or purchase mortgage loans in order to provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana (the "State");

WHEREAS, GMD Development ("GMD") and Homeword have requested that the Board indicate its willingness to issue its revenue bonds in an amount not to exceed $5,000,000 (the "Bonds") and use the proceeds thereof to finance one or more loans to GMD and Homeword, or an affiliate thereof (the "Borrower") for the purpose of acquiring, rehabilitating and equipping the following three multifamily residential rental properties containing 90 units: Glacier Ridge Apartments, in Cut Bank, Montana, and Libby I and Libby II Apartments in Libby, Montana (together, the "Project");

WHEREAS, in furtherance of the purposes of the Act, the Board is preliminarily considering the issuance of the Bonds, the proceeds of which will be used to finance one or more loans to the Borrower to assist the Borrower in the acquisition, construction and equipping of the Project; and

WHEREAS, it is intended that the Board take "official action" within the meaning of the applicable provisions of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder for the purpose of issuing the Bonds in an amount not to exceed $5,000,000 for the purpose of acquiring, constructing and equipping the Project.

NOW, THEREFORE, BE IT RESOLVED, by the Montana Board of Housing that:

Section 1. ***Preliminary Approval***. The issuance of the Bonds for the purpose of financing one or more loans to the Borrower to allow the Borrower to acquire, construct and equip the Project is hereby preliminarily approved, and, pursuant to Section 1.150-2 of the Internal Revenue Code Regulations, the Board hereby states its intention to reimburse itself or the Borrower from Bond proceeds for any advances of funds prior to the issuance of any such Bonds.

Section 2. ***Conditions***. The preliminary approval of Section 1 does not obligate the Board to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent Board action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally

authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

Section 3. ***Prior Resolutions***. All provisions of prior resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 4. ***Effectiveness***. This Resolution shall be effective immediately.

ADOPTED by the Montana Board of Housing this 13th day of April, 2015.

MONTANA BOARD OF HOUSING

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Chairman

Attest:

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Treasurer/Executive Director

RESOLUTION 15-0413-MF02

RESOLUTION OF THE MONTANA BOARD OF HOUSING GRANTING PRELIMINARY APPROVAL TO THE ISSUANCE OF ITS MULTIFAMILY HOUSING REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $12,000,000 TO FINANCE A MULTIFAMILY HOUSING PROJECT

WHEREAS, the Montana Board of Housing (the "Board") is authorized by the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended, to issue its revenue bonds and to make or purchase mortgage loans in order to provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana (the "State");

WHEREAS, GMD Development ("GMD") and Homeword have requested that the Board indicate its willingness to issue its revenue bonds in an amount not to exceed $12,000,000 (the "Bonds") and use the proceeds thereof to finance one or more loans to GMD and Homeword, or an affiliate thereof (the "Borrower") for the purpose of acquiring, constructing and equipping a multifamily residential rental property containing approximately 100 units, tentatively named Oak Meadows Apartments, in Bozeman, Montana (the "Project");

WHEREAS, in furtherance of the purposes of the Act, the Board is preliminarily considering the issuance of the Bonds, the proceeds of which will be used to finance one or more loans to the Borrower to assist the Borrower in the acquisition, construction and equipping of the Project; and

WHEREAS, it is intended that the Board take "official action" within the meaning of the applicable provisions of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder for the purpose of issuing the Bonds in an amount not to exceed $12,000,000 for the purpose of acquiring, constructing and equipping the Project.

NOW, THEREFORE, BE IT RESOLVED, by the Montana Board of Housing that:

Section 1. ***Preliminary Approval***. The issuance of the Bonds for the purpose of financing one or more loans to the Borrower to allow the Borrower to acquire, construct and equip the Project is hereby preliminarily approved, and, pursuant to Section 1.150-2 of the Internal Revenue Code Regulations, the Board hereby states its intention to reimburse itself or the Borrower from Bond proceeds for any advances of funds prior to the issuance of any such Bonds.

Section 2. ***Conditions***. The preliminary approval of Section 1 does not obligate the Board to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent Board action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

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Section 4. ***Effectiveness***. This Resolution shall be effective immediately.

ADOPTED by the Montana Board of Housing this 13th day of April, 2015.

MONTANA BOARD OF HOUSING

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Chairman

Attest:

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Treasurer/Executive Director

2015 Calendar

January						
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January

- 8 – Housing Day at the Rotunda
- 8 – Board Strategic Planning Session
- 9 – Board Meeting – Helena

February

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March

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April

- 13 – Board Meeting in Havre

May

- 6-8 – Mountain Plains Housing Summit - Denver

June

- 1-4 – Housing Credit Connect (MF)– Los Angeles
- 8 – Board Meeting in Bozeman
- 9-11 - Annual Housing Conference – Bozeman

July

- Executive Director's Workshop TBD

August

- NCSHB Conference (Board Members) TBD
- 10 – Board Meeting - TBD

September

- 14 – Board Meeting in Helena
- 26-29 – Annual Conference & Tradeshow (Staff & Board Members) Nashville

October

November

- 9 – Board Meeting in Helena

December

Administrative Dashboard

April 13, 2015

Board Meetings

The next Board meeting will be held on June 8, 2015 in Bozeman. This meeting is scheduled in conjunction with the 2015 Annual Housing Conference – Bridging the Gap, which takes place June 9-11, 2015. If you are unable to attend this Board Meeting please notify Paula Loving at 841-2824 or ploving@mt.gov.

Board News

No major Board member news at this time.

Executive Update

The Board has a couple of small budget authorizations for federal grants related to homebuyer education and foreclosure counseling.

HB 262 allows resort communities to add up to 1% on their resort tax that would be limited to historical preservation and/or affordable workforce housing. It passed to the Senate and was voted down on 2nd reading.

SB 380 would increase the amount of funds available for Veteran Home Loans by $10 million to a total of $40 million. It has head a hearing in Senate Finance and Claims and was approved. It is now waiting 2nd reading on the House floor.

LC1551 would establish an affordable workforce housing development tax credit was just taken off hold and was introduced as SB408. The hearing went well unfortunately it failed on executive action and was tabled in the committee. It has missed transmittal and is considered dead.

Office Management

The Department of Commerce has completed its assessment of space and the Housing Division will be leasing additional space on the 5th floor. Housing Division's main entrance will remain on the 2nd floor and all visitors will be directed to the Reception Area. The Housing Reception area will greet any Department of Commerce visitor and will contact appropriate staff.

First steps in the Housing Division workspace design will start with redesign of the Housing Division Reception area and moving approximately 10 -15 employees to the 5th floor. While the Reception area will require significant changes to incorporate security and access points, the move to 5th floor will require only minor cubicle set up and office construction.

Operations Update

The Quality Control team is preparing for the Legislative Audit Division Audit, March 30, 2015. Each program manager has completed an inventory of standard operating procedures and staff are testing and reviewing them for accuracy.

Administrative Dashboard

April 13, 2015

Program managers have completed their annual training plans and have submitted them for consideration for the upcoming calendar year. In all, we have a balanced investment in education and training and staff development across the Housing Division.

The Housing Division will meet with the Department of Administration in the first quarter to review the disaster and emergency action protocols to ensure continuity of service to our diverse clientele. Once we have completed that phase an item will be added to the Board agenda for review.

We have completed the Q12 employee satisfaction survey and have begun discussing action items consistent with the culture and vision of the Division to ensure open communication, engagement and accountability.

Stacy will be responsible for assisting with the Montana Main Street Program and will engage the Board once we have dates and times for the Housing KIN.

Servicing –we are examining the staffing in servicing and have employed temporary assistance to offset the workload of the staff to better manage the daily functions of both the operations and loss mitigation teams. I am working closing with the supervisors to review the positions, backups, procedures and processes.

We are also planning the First Interstate Bank loan transfer for June1st. More details will follow.

Marketing Update

The Housing Division website is has been redesigned and is currently under construction. Tentative date for going live is April 8, 2015. The goal is to have more constituent communication, easier online access and a consistent message and brand image for housing across the state.

The Housing Coordinating Team met on March 26, 2015. It was agreed that we would design and print an updated Statewide Housing Resource Directory to be distributed at the Housing Conference. HUD and the Housing Division will collaborate on the initial phase of draft design. The HCT will have a booth at the Conference and will use the opportunity to recruit more members. We will also do a full-court marketing push for the MTHousingSearch website, with the goal of increasing the number of units listed there.

Planning is under way for the pre-conference session, “Alphabet Soup of Housing Development, from A to Z”. This will be a four-hour session that will include information about planning, financing and technical assistance available to communities across Montana who have affordable housing needs.

The 2015 Annual Housing Conference will be called “Bridging the Gap: Building Housing Partnerships”. This conference will be presented by the Montana Housing Partnership and the Mountain Plains NAHRO. The conference will be held June 9 through 11 in Bozeman. We will hold the Board meeting on June 8 in Bozeman to allow Board Members to attend the conference during the same travels. Planning and committee work is under way.

Administrative Dashboard

April 13, 2015

Staffing

Accounting - Jill Hindoien, Investment Accountant, has resigned from her position as of April 9, 2015.

Administrative Support – Kimberly Lane has given her retirement notice, effective May 15, 2015. Kimberly has worked within the Project Based Section 8 program and transferred to the Administrative Support staff in March of 2014.

Servicing – Lisa Tedder, Delinquency Manager, has resigned from her position as of April 2, 2015. Barbara Rennick, who was a temporary contracted worker for the Administrative staff, has now started working within the Delinquency program. Barbara has been making delinquency borrower calls and will continue to help within the Delinquency area of Servicing.

Strategic Planning

Program managers are meeting with their staff and discussing the strategic planning efforts.

Board strategic planning notes are attached for review and revision.

Travel – Training and Tribulations

The Mountain Plains Housing Summit will take place on May 6-8, 2015 in Denver, Colorado. Staff will take advantage of the drive to meet with the Wyoming Community Development Authority (WCDA) in Casper. WCDA has continued to be an asset with their experience in loan servicing.

The 2015 Annual Housing Conference will be called "Bridging the Gap: Building Housing Partnerships". This conference will be presented by the Montana Housing Partnership and the Mountain Plains NAHRO. The conference will be held June 9 through 11 in Bozeman. We will hold the June Board meeting on June 8 in Bozeman to allow Board Members to attend the conference during the same travels. Planning and committee work is under way. There is a link to all conference information on housing.mt.gov

The National Conference of State Housing Boards (NCSHB) will take place in the summer. More details will follow once announced.

The NCSHA Annual Conference and Tradeshow will be September 26-29, 2019 in Nashville, TN.