



Thank you for attending this public meeting and for your support of affordable housing.

Date: Monday, November 20, 2018

Time: 8:30 a.m.

Chairperson: Pat Melby

Meeting Location:
Radisson Colonial Hotel
2301 Colonial Drive
Helena MT 59601
(406) 443-2100

Board Offices:
301 S Park Ave., Room 240
Helena MT 59601
(406) 841-2840

Remote Attendance Information:
You may join our meetings from your office or home via webinar and phone.

Dial (877) 273-4202
Access Code: 7233056#
Webinar: [Click here to register](#)

AGENDA ITEMS

- ❖ Meeting Announcements
- ❖ Introductions - Sign in on our attendance sheet.
- ❖ Public Comments - Public comment is welcome on any public matter that is not on the agenda and that is within the jurisdiction of the agency.

Minutes

- ❖ Approve Prior Board Meeting Minutes

Finance Program (Manager: Ginger Pfankuch)

- ❖ Financial Update

Homeownership Program (Manager: Vicki Bauer)

- ❖ Resolution to Approve Bond Issue (Convertible Option Bonds or COBs) and if needed Investment Policy Amendment
- ❖ Homeownership Update

Mortgage Servicing (Manager: Mary Palkovich)

- ❖ Servicing Update

Operations (Stacy Collette)

The Board of Housing's mission is to create affordable housing opportunities for Montanans whose needs are not met by the market. We value people, families, communities, fairness, teamwork, mutual respect, integrity. We are committed and passionate about collaborating with our partners to make sure Montana's families and communities have attainable, affordable, accessible and sustainable homes.

❖ Operations Update

Multifamily Program (Manager: Mary Bair)

- ❖ Extensions for Roosevelt Villa and Rockcress
- ❖ Resolution to delegate Inducement Agreements to Staff
- ❖ Resolution to approve Nemont Manor Bond Sale
- ❖ Reverse Annuity Mortgage Exceptions (if needed)
- ❖ Multifamily Update
- ❖ 2018 Housing Credit Allocation
- ❖ Resolutions (if needed)

Executive Director (Bruce Brensdal)

- ❖ Update

Miscellaneous

Meeting Adjourns

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

*We make every effort to hold our meetings at fully accessible facilities. Any person needing reasonable accommodation 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 and Locations (subject to change)

December 11, 2017: No meeting	April 30, 2018: Butte (Hsing Conf.)	October 15, 2018: No meeting
January 8, 2018: webinar	June 25, 2018: Helena	November 19, 2018: Helena
February (12) 13, 2018: Billings	July 9, 2018: No meeting	December 11, 2018: No meeting
March 12, 2018: No meeting	August 13, 2018: No meeting	January 7, 2019: Webinar
April 9, 2018: No meeting	September (9) 10, 2018: Missoula	

HOUSING DIVISION – MONTANA BOARD OF HOUSING

Fairmont Hot Springs – 1500 Fairmont Road – Anaconda, Montana 59711
September 11, 2017

ROLL CALL OF BOARD

MEMBERS: Pat Melby, Chairman (Present)
Bob Gauthier (Present)
Johnnie McClusky (Present)
Jeanette McKee (Present)
Sheila Rice (Present)
Eric Schindler (Present)
Amber Sundsted (Present)

STAFF: Bruce Brensdal, Executive Director
Ginger Pfankuch, Finance Program
Vicki Bauer, Homeownership Program
Mary Palkovich, Mortgage Servicing Program
Mary Bair, Multifamily Program
Penny Cope, Marketing
Todd Jackson, Marketing
Paula Loving, Executive Assistant

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

UNDERWRITERS: Mina Choo, RBC Capital
Patrick Zhang, RBC Capital

OTHERS: Dave Magistrelli, Habitat for Humanity
Melanie Lien
Gene Leuwer, GL Development
Sharon Allen

These written minutes, together with the audio recordings of this meeting and the Board Packet, constitute the official minutes of the referenced meeting of the Montana Board of Housing (MBOH). References in these written minutes to tapes (e.g., FILE 1 – 4:34) refer to the location in the audio recordings of the meeting where the discussion occurred and the page numbers refer to the page in the Board Packet. The audio recordings and Board Packet of the MBOH meeting of this date are hereby incorporated by reference and made a part of these minutes. The referenced audio recordings and Board Packet are available on the MBOH website at [Meetings and Minutes](#).

CALL MEETING TO ORDER

1:03 Chairman Pat Melby called the Montana Board of Housing (MBOH) meeting to order at 10:58 a.m.

- 1:08 Bruce Brensdal welcomed everyone to the Webinar and introduce the attendees at the Montana Board of Housing office and those attending via conference call. Mr. Brensdal reviewed the Webinar and location details for the meeting.
- 2:34 Introductions of Board and Attendees of the meeting were made.
- 4:44 Chairman Melby asked for public comment on items not listed on the agenda.

APPROVAL OF MINUTES

June 26, 2017 and August 14, 2017 MBOH Board Meeting Minutes – page 3 and 14 of the packet

5:01 Motion: Sheila Rice moved to approve June 26, 2017 and August 14, 2017 MBOH Board meeting minutes.

Second: Bob Gauthier

June 26, 2017 and August 14, 2017 MBOH Board meeting minutes were approved unanimously.

FINANCE PROGRAM

Investment Policy – page 16 of the packet

6:14 Presenters: Ginger Pfankuch

Motion: Bob Gauthier moved to approve the MBOH Investment Policy.

Second: Sheila Rice

MBOH Investment Policy was approved unanimously.

Financial Update – page 22 of the packet

7:56 Ginger Pfankuch provided the Finance program update.

HOMEOWNERSHIP PROGRAM

Habitat Loan Portfolio – page 25 of the packet

11:52 Presenters: Vicki Bauer, Dave Magistrelli

Motion: Jeanette McKee to approve the purchase of the Flathead Valley Habitat for Humanity loan portfolio.

Second: Amber Sundsted

The purchase of the Flathead Valley Habitat for Humanity loan portfolio was approved unanimously.

Mortgage Credit Certificate Fee Increase – page 26 of the packet

20:00 Presenters: Vicki Bauer

Motion: Sheila Rice to approve the MBOH fee increase to \$500 for the Mortgage Credit Certificate.

Second: Jeanette McKee

The MBOH fee increase to \$500 for the Mortgage Credit Certificate was approved unanimously.

Lender Pool Setaside Allocation – page 27 of the packet

22:28 Presenters: Vicki Bauer

Motion: Bob Gauthier to approve the allocation of an additional \$7 million of setaside funds for the Lender Pool.

Second: Johnnie McClusky

The Lender Pool additional \$7 million setaside allocation was approved unanimously.

Homeownership Program Update – page 28 of the packet

24:37 Vicki Bauer provided the Board with the Homeownership program update.

25:41 Mina Choo, RBC Capital, provided an update on the 2017B Bond issuance

MORTGAGE SERVICING PROGRAM

Mortgage Servicing Program Update – page 33 of the packet

36:53 Mary Palkovich provided the Board with the Mortgage Servicing program update.

MULTIFAMILY PROGRAM

Multifamily Program Update – page 47 of the packet

41:00 Mary Bair provided the Multifamily program update.

EXECUTIVE DIRECTOR UPDATE

Executive Update

45:00 Bruce Brensdal provided the Board with the Executive Director's update, including Operations and Marketing.

49:32 Gene Leuwer, GL Development, provided an update on his Tax Credit projects.

MEETING ADJOURNMENT

50:24 With no objection, the September 11, 2017 MBOH Board meeting adjourned at 11:48 A.M.

Sheila Rice, Secretary

Date

BOARD AGENDA ITEM

PROGRAM

Accounting and Finance

AGENDA ITEM

Program Update

BACKGROUND

Investment Diversification

For the month ending August 31, 2017, the BOH continues to hold the majority of investments in Money Market with 44.8% in this category. An additional 27.1% is held in US Treasury Bills, most of which mature in two years or less. These allow the BOH the flexibility to use the funds for allowable operating expenses, loan purchases and debt service as need while earning between 0.15% to 12.33%. The remaining investments are government agency securities that mature from less than one year to twenty years.

Weighted Average Yield

The weighted average yield continues to rise and is currently at the highest point in the last 10 months.

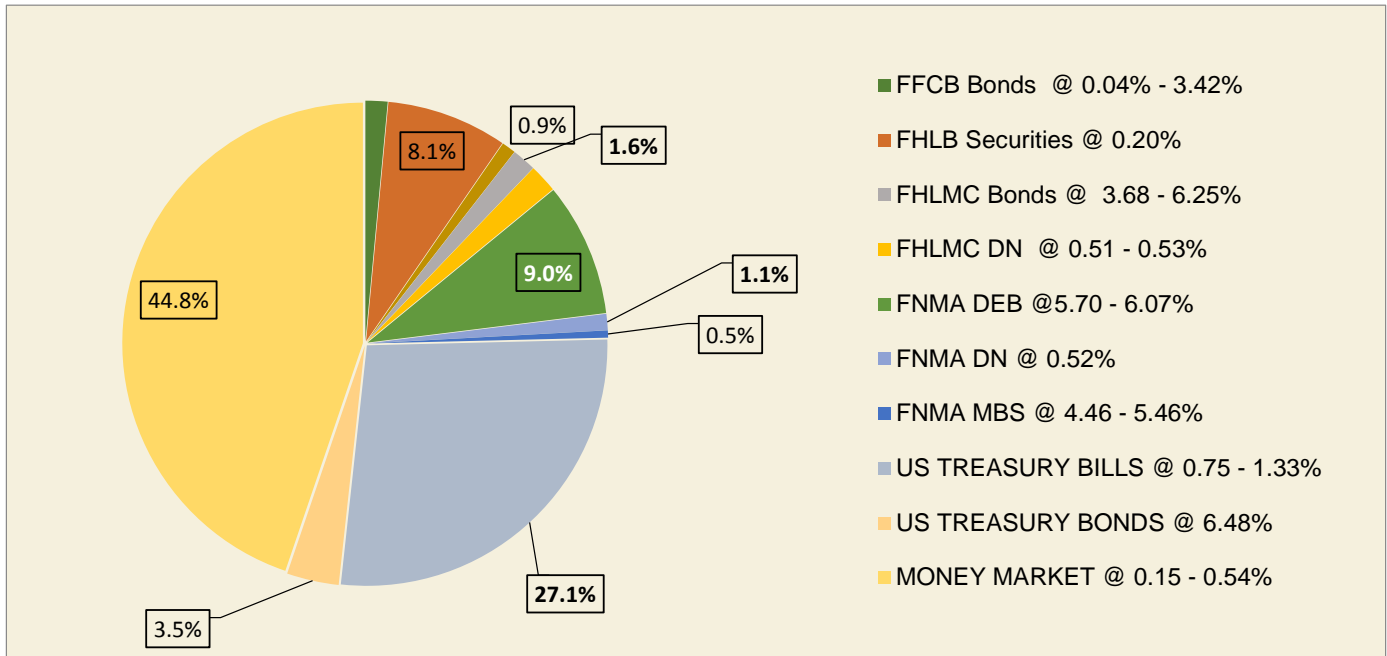
Portfolio Maturity

As previously mentioned, the BOH hold investments that mature at dates from August 2017 through August 2037. Each type of investment and the related amount and maturity are listed on the Maturity page.

Accounting & Finance Dashboard

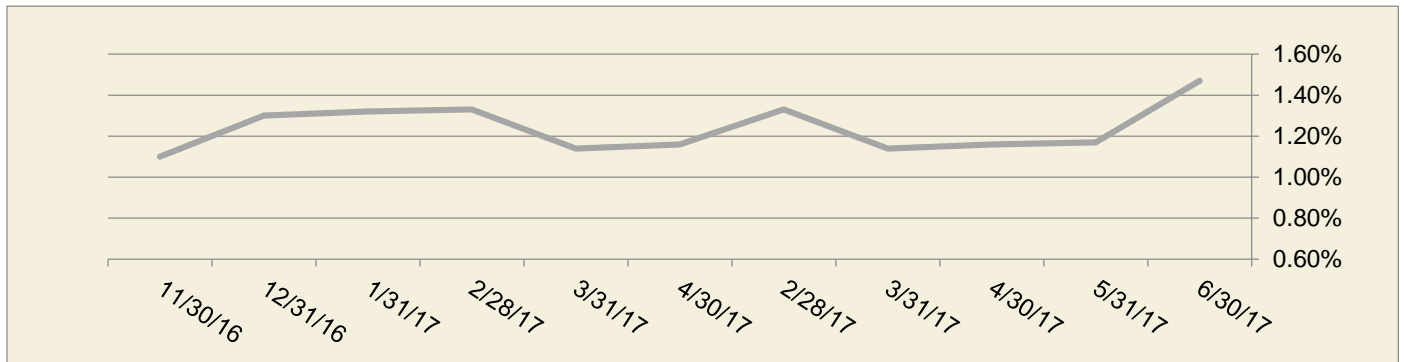
Data as of August 31, 2017

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

For August 31, 2017

Available Now	< 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years	21 to 25 years	Grand Total
\$ 61,420,611	\$ 32,355,000	\$ 22,595,000	\$ 17,919,000	\$ 2,225,000	\$ 359,678	\$ 305,484	\$ 137,179,773

**Montana Board of Housing
Accounting and Finance
Investment Maturity Schedule
August 31, 2017**

Maturity Date	Trustee Bank	Investment Type	Par Value
08/31/2017	US Bank Corporate Tr Wilmington Trust	US BANK MONEY M WT GOLDMAN SACH	2,093,057.13 59,327,554.10
08/31/2017	US Bank Corporate Tr	FHLB DN	1,291,000.00
08/31/2017	Wilmington Trust	FHLMC DN	2,366,000.00
08/31/2017	Wilmington Trust	FNMA DN	1,500,000.00
11/24/2017	Wilmington Trust	FHLMC DN	246,000.00
12/28/2017	Wilmington Trust	T-BILLS	1,115,000.00
02/01/2018	Wilmington Trust	T-BILLS	8,625,000.00
05/15/2018	Wilmington Trust	T-BILLS	10,052,000.00
08/15/2018	Wilmington Trust	T-BILLS	2,111,000.00
11/15/2018	Wilmington Trust	T-BILLS	5,049,000.00
05/15/2019	Wilmington Trust	T-BILLS	5,070,000.00
05/24/2021	Wilmington Trust	T-BILLS	50,000.00
11/29/2021	Wilmington Trust	T-BILLS	5,125,000.00
12/16/2024	Wilmington Trust	FFCB	1,230,000.00
08/15/2025	Wilmington Trust	FHLB	11,120,000.00
04/30/2026	Wilmington Trust	FFCB	805,000.00
09/27/2027	Wilmington Trust	T-NOTES & BONDS	4,796,000.00
11/26/2027	Wilmington Trust	FNMA DEB	4,613,000.00
07/15/2032	Wilmington Trust	FNMA DEB	4,070,000.00
02/01/2036	Wilmington Trust	FNMA DEB	3,635,000.00
05/01/2036	Wilmington Trust	FHLMC BOND	2,225,000.00
07/01/2036	Wilmington Trust	FNMA MBS	55,960.92
03/01/2037	Wilmington Trust	FNMA MBS	30,455.51
08/01/2038	Wilmington Trust	FNMA MBS	82,490.74
12/01/2038	Wilmington Trust	FNMA MBS	149,225.44
01/01/2039	Wilmington Trust	FNMA MBS	70,615.81
12/01/2039	Wilmington Trust	FNMA MBS	128,079.52
08/02/2037	Wilmington Trust	FNMA MBS	39,166.50
		FNMA MBS	67,621.77
		FNMA MBS	41,545.47
			137,179,772.91

FNMA = Federal National Mortgage Association

FHLB = Federal Home Loan Bank

FHLMC = Federal Home Loan Mortgage Corporation

FFCB = Federal Farm Credit Bank

Homeownership Program Dashboard

November 1, 2017

RATES

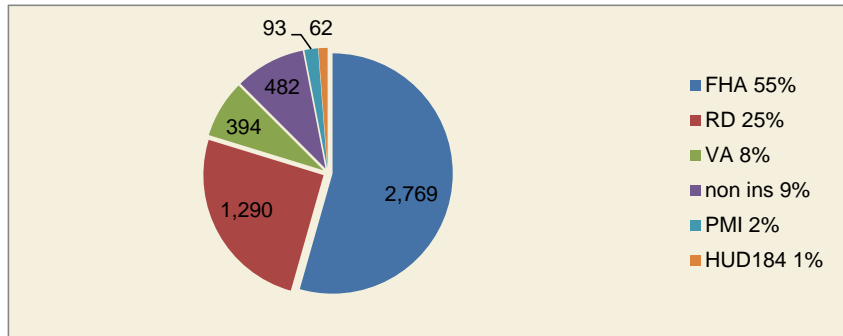
	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH	3.50	3.50	3.25
Market	4.00	3.78	3.53
10 yr treasury	2.37	2.33	1.83
30 yr Fannie Mae	3.52	3.46	3.08

LOAN PROGRAMS

	<u>OCTOBER 2017</u>		<u>TOTAL</u>		<u>ORIGINAL</u>	
	<u>RESERVATIONS</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>BALANCE</u>
REGULAR PROGRAM						
Series 2017B(5.23.17)	21	3,393,054	126	21,641,432	30,300,000	8,658,568
80% Combined (20+)	0	0	80	10,116,810	Funded w/ Reg	5,000,000
OTHER PROGRAMS						
Veterans (Orig)	2	441,695	249	45,571,584	Revolving	4,043,262
909 Mrtg Cr Cert (MCC)	14	2,614,428	182	36,000,388	45,000,000	8,999,612
SET-ASIDE PROGRAMS						
Score Advantage	4	22,500	244	1,318,986	1,500,000	181,014
MBOH Plus	12	64,200	70	408,430	1,000,000	591,570
Set-aside Pool	2	273,918	348	50,498,533	57,000,000	6,501,467
Foreclosure Prevent	0	0	0	0	50,000	50,000
Disabled Accessible	0	0	227	16,497,050	Ongoing	862,950
Lot Refi	0	0	12	1,273,560	2,000,000	726,440
FY18 Habitat	1	151,429	2	221,609	2,000,000	1,778,391

MBOH PORTFOLIO AS OF SEPTEMBER

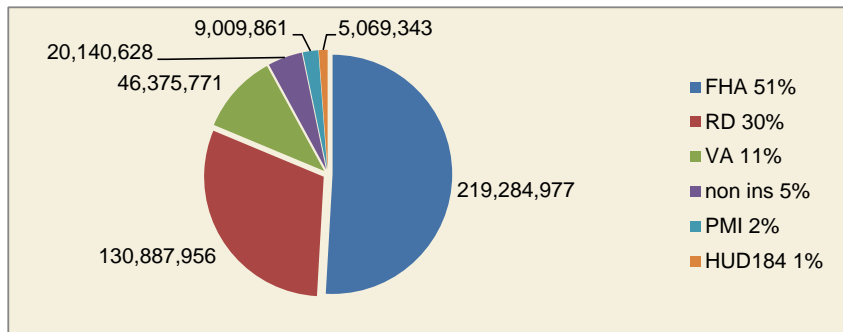
5,090 Loans* (4,303 serviced by MBOH)



**Weighted Average
Interest Rate
4.32%**

*This a 2.96% decrease in portfolio size from September 2016 when we had 5,245 loans

\$430,768,537 Loans* (350,189,721 serviced by MBOH)



*This a 1.17% decrease in portfolio size from September 2016 when we had \$435,872,178 loans

DELINQUENCY AND FORECLOSURE RATES

MONTANA BOARD OF HOUSING

MORTGAGE BANKERS ASSOC. 6/2017

(most recent available)

	<u>Sep-17</u>	<u>Aug-17</u>	<u>Sep-16</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>
30 Days	1.45	1.66	1.77	1.40	1.71	2.27
60 Days	0.55	0.57	0.96	0.40	0.51	0.74
90 Days	<u>1.34</u>	<u>1.25</u>	<u>1.95</u>	<u>0.55</u>	<u>0.71</u>	<u>1.21</u>
Total Delinquencies	3.34	3.48	4.68	2.35	2.93	4.22
In Foreclosure	0.96	1.01	0.93	0.63	0.67	1.29

LENDER/REALTOR/PUBLIC OUTREACH

<u>Date</u>	<u>Event</u>
Sept 11-14	<u>Lender Visits - Charlie</u> Big Sky Western, Bozeman Opportunity Bank, Bozeman Yellowstone Bank, Billings Rocky Mountain Bank, Billings First Interstate Bank, Billings American Bank Center, Glendive Stockman Bank, Miles City Stockman Bank, Billings First Federal Bank & Trust, Billings Guild Mortgage, Billings Fairway Mortgage, Billings Universal lending, Billings Western Security, Laurel First Interstate Bank, Livingston
Sept 18-20	MACO Annual Conference in Bozeman <u>Lender Visits - Julie</u> Prime Mortgage, Bozeman Rocky Mountain Credit Union, Bozeman Mann Mortgage, Bozeman Fairway Mortgage, Bozeman Cornerstone Home Lending, Bozeman
Sept 27-29	Montana League of Cities & Towns in Great Falls <u>Lender Visits - Julie</u> Stockman Bank, Great Falls Fairway Mortgage, Great Falls

Board Report for October 2017

SETASIDE SUMMARY

ADVANCE PACKET REPORT

80% Combined Program**Authorized by the Board 04/22/2013: Program (114)**

Original Setaside			\$	4,500,000	
Additional Setaside	Apr 14		\$	700,000	
Additional Setaside	Apr 14		\$	5,000,000	
Loans Reserved	1		\$	(190,400)	
Loans Purchased	83	Currently being purchased with Reg bond funds	\$	(5,200,000)	
Remaining Setaside			\$	5,000,000	\$ 5,000,000

FORECLOSURE PREVENTION SETASIDE**Authorized by the Board 09/13/2004: (499)**

Loans Reserved	0		\$	(0)	
Loans Purchased	0		\$	(0)	
Remaining Setaside			\$	50,000	
TOTAL FORECLOSURE PREVENTION SETASIDE:					\$ 50,000

DISABLED ACCESSIBLE AFFORDABLE HOMEOWNERSHIP PROGRAM (DAAHP)**MORTGAGE RATE OF 2.750% TO 5%; Authorized by the Board 6/1995: (501),(502)**

Loans Reserved	0		\$	(0)	
Loans Purchased	227		\$	(16,497,050)	
Remaining Setaside			\$	862,950	
TOTAL DAAHP SETASIDE:					\$ 862,950

Score Advantage Second Mortgage**Authorized by the Board 11/2012 (521)**

Original Setaside			\$	1,500,000	
Loans Reserved	7		\$	37,400	
Loans Purchased	237		\$	(1,281,586)	
Remaining Setaside			\$	181,014	\$ 181,014

MBOH Plus**Authorized by the Board**

Original Setaside			\$	1,000,000	
Loans Reserved	35		\$	197,594	
Loans Purchased	35		\$	(210,836)	
Remaining Setaside			\$	591,570	\$ 591,570

LOT REFINANCE SETASIDE**Authorized by the Board 07/02; Program expires 6/30/2017: (575)**

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 2.00%; Authorized by the Board 9/97; Program expires 06/30/2017: (580)**

Additional Setaside	(Sept 17)		\$	2,000,000	
Loans Reserved	2		\$	(221,609)	
Remaining Setaside			\$	1,778,391	
TOTAL HABITAT FOR HUMANITY SETASIDE:					\$ 1,778,391

TOTAL OF ALL INDIVIDUAL SETASIDES:**\$ 9,190,365**

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

total allocation \$ 57,000,000 Pre-Ulman Funds

NHS 111	Reserved	3
HRDC BOZEMAN 275	Reserved	3
HRDCXI COMBINED 309	Reserved	0
CITY OF BILLINGS 355	Reserved	8
CAP COMMUNITY LAND 363	Reserved	0
FTHB SAVINGS ACCOUNT PROGRAM 571	Reserved	2
DREAM MAKERS 572	Reserved	0
HUD184 950	Reserved	1

Total Loans \$ 50,498,533

Amount Remaining in Current Allocation

\$ 6,501,467

Montana Board of Housing

9/30/2017

MCC Program Monthly Loan Reservation Activity

	2015		2016		2017	
	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans
January	8	\$1,447,142	11	\$1,973,403	7	\$1,545,005
February	16	\$3,021,984	4	\$885,262	7	\$1,458,771
March	6	\$1,040,872	8	\$1,536,149	17	\$3,538,742
April	14	\$2,409,453	9	\$1,729,746	14	\$2,820,899
May	13	\$2,334,841	10	\$1,905,407	18	\$3,516,038
June	16	\$3,066,800	29	\$5,729,130	23	\$4,626,660
July	10	\$1,999,770	13	\$2,770,640	18	\$3,577,094
August	14	\$2,633,266	10	\$2,003,249	17	\$3,280,904
September	6	\$1,017,324	7	\$1,325,539	25	\$5,216,328
October	13	\$2,520,971	15	\$2,891,290		
November	12	\$2,222,166	9	\$1,540,508		
December	8	\$1,521,016	12	\$2,291,214		
yearly total	136	\$25,235,605	137	\$26,581,537	146	\$29,580,441
Average	11	\$185,556	11	\$194,026	16	\$202,605.76

Source and use tax credit authority

Election Date	Series	Waived bond authority	volume of loans supported	Dollar amt of loans @9/30/17	No of certs issued	Amt reserved	remaining balance available
1988-1992	prior system						(closed)
12/16/2002	900	\$40 million	\$50,000,000	\$5,803,018	50		(closed)
10/17/2005	901	\$5 million	\$6,250,000	\$6,229,750	42		(closed)
4/7/2008	902	\$4 million	\$5,000,000	\$4,981,634	32		(closed)
1/12/2009	903	\$10 million	\$12,500,000	\$12,497,814	79		(closed)
10/19/2009	904	\$10 million	\$12,500,000	\$12,379,315	79		(closed)
2/7/2011	905	\$12 million	\$15,000,000	\$14,996,446	95		(closed)
6/26/2012	906	\$16 million	\$20,000,000	\$19,988,943	113		(closed)
8/12/2013	907	\$24 million	\$30,000,000	\$29,994,501	171		(closed)
6/9/2014	908	\$40 million	\$50,000,000	\$49,352,093	258		(closed)
6/6/2016	909	\$36 million	\$45,000,000	\$21,021,584	105	\$10,516,787	\$13,461,629
				\$177,245,098	1024	\$10,516,787	\$13,461,629

Average Tax Credit

Series	# of families	Average loan	MCC Rate	Average Tax Credit per household
900	50	\$116,060	20%	\$23,212
901	42	\$148,327	20%	\$29,665
902	32	\$155,676	20%	\$31,135
903	79	\$158,200	20%	\$31,640
904	79	\$156,700	20%	\$31,340
905	95	\$157,857	20%	\$31,571
906	113	\$176,893	20%	\$35,379
907	170	\$176,438	20%	\$35,288
908	258	\$191,287	20%	\$38,257
909	105	\$200,205.56	20%	\$40,041

Mortgage Servicing Program Dashboard Effective 10/31/17

	Last Year	Last Month	This Month
MONTH	OCT 2016	SEPT 2017	OCT 2017
PORTFOLIO TOTAL LOANS	4604	4637	4634
MBOH	4285	4336	4329
BOI	301	284	289
MULTI FAMILY	18	17	16
PRINCIPAL (all loans)	\$ 414,875,622.98	\$ 429,766,924.28	\$ 430,148,830.24
ESCROW (all loans)	\$ 6,412,281.90	\$ 5,783,848.47	\$ 6,262,089.02
LOSS DRAFT (all loans)	\$ 846,812.33	\$ 681,415.13	\$ 654,242.38
LOANS DELINQUENT (60+ days)	162	199	193
ACTUAL FORECLOSURE SALES IN MONTH	4	2	2
FORECLOSURES TOTAL 2017	29	31	33
DELINQUENT CONTACTS TO MAKE	701	780	698
LATE FEES - NUMBER OF LOANS	737	792	743
LATE FEES - TOTAL AMOUNT	\$ 21,381.18	\$ 22,156.56	\$ 20,804.66
PAYOFFS	50	40	50
NEW LOANS/TRANSFERS	19	37	52

MAY 2016 started phone payments 29

OCTOBER 2017 phone payments 247

Quarterly Servicing - Borrower Education - Mortgage Matters

MAR JUN SEP DEC

LOSS MITIGATION	SEPTEMBER	HUD's National Servicing Center TRSII Reporting FY2017 Q3 96.66% Tier 1 - Grade A
ACTIVE FINANCIALPACKETS	11	
REPAYMENT/FORBEARANCE	28/2	
SHORT SALE	0	
DEED IN LIEU	0	
HAMPS/PARTIAL CLAIMS & MODS PNDG	34	
PRESERVATION PROPERTIES	11	
REAL ESTATE OWNED PROPERTIES	6	
CHAPTER 13 BANKRUPTCIES	21	