MONTANA BOARD OF HOUSING

Minutes
Conference Call
December 31, 1975

Board Members on Call: William A. Groff
Virginia Jellison
Paul A. Johnson
James J. Leary
Dan K. Mizner
Dr. Paul E. Polzin
Warren F. Vaughan

The first conference call of the Montana Board of Housing was held at 10:15 a.m. Board members were in their respective cities.

I. PROCEDURAL RULES

The procedural rules to be adopted were discussed. The two procedural rules, Incorporation of Model Rules and Meetings of the Board, were read. It was also stated that in the future a permanent meeting place will be selected.

Warren Vaughan moved, and Paul Johnson seconded, that the procedural rules be adopted as read. The motion passed unanimously.

II. ATTORNEY FIRMS

The four attorney firms that the Board suggested at their last meeting were:

1) Hibbs, Sweeney and Colberg - Billings
2) Moulton, Bellingham, Longo and Mather - Billings
3) Garlington, Lohn and Robinson - Missoula
4) Cannon and Garrity-Helena

We contacted the four attorney firms and asked them to consider working for the Board. They were asked to talk to members of their firm and get back in touch with us.

Each firm was asked nine questions. The responses to each of the questions were discussed. All firms had similar replies to the nine questions. Moulton, Bellingham, Longo and Mather's fees were $40 per hour while the other firms charge $50 and up per hour.

All firms were concerned about working on a contingency basis. Hibbs, Sweeney and Colberg seemed the most concerned about working on a contingency basis.

A lengthy discussion followed on the matter of having a Helena attorney firm and conflict of interest.
It was suggested that more Helena firms be interviewed but no motion was made.

Dr. Paul Polzin moved, and Warren Vaughan seconded that, Moulton, Bellingham, Longo and Mather be appointed as our attorney firm and that they should assign a senior member of their firm to us.

With the other members' approval, Dan Mizner amended the motion to state that Moulton, Bellingham, Longo and Mather be hired for the specific purpose of assisting the Board through the test case and the Board will only make the contract for this case and will review our situation at the end of the trial for the hiring of a continuing attorney.

Discussion followed and Virginia Jellison requested the vote to be polled:

Polzin--------yes
Jellison------yes
Johnson-------no
Leary--------yes
Groff--------no
Mizner--------no
Vaughan-------yes

The motion passed as amended.

Kent Mollohan will call the attorney firms to tell them of the outcome of the Board's decision. He will find out the senior member of Moulton, Bellingham, Longo and Mather to be assigned to us and will ask him to attend our January 15 meeting.

The conference call was concluded at 11:10 a.m.

[Signature]
Secretary of the Board
MONTANA BOARD OF HOUSING

Minutes
Board of Housing Meeting
December 11, 1975

Board Members Present: William A. Groff (arrived late)
Virginia Jellison
Paul A. Johnson
James J. Leary
Dan K. Mizner
Dr. Paul E. Polzin
Warren F. Vaughan

The December meeting of the Montana Board of Housing was called to order by Vice-Chairman Warren Vaughan at 1:40 p.m. in the Conference Room of the Montana State Tax Appeal Board, 1400 11th Avenue, Helena, Montana.

I. MINUTES

Having received and read the minutes of the November 20 meeting, James Leary moved, and Paul Johnson seconded, that the minutes be approved as written. The motion passed unanimously.

Bill Hayden of the First Boston Corporation requested that copies of the minutes of the Board's meetings be forwarded to First Boston. This will be done in the future.

II. INFORMATION ON BOARD

A request was made at the public hearing that the Board compile general information on what the Board is, what it does, and objectives and goals. It was suggested that we prepare no more than a three to six month objective. An informational packet was also suggested. The idea of presenting examples from other states showing what they have done was brought up. However, before the Board prepares too much information, the constitutional test must first be resolved.

III. LOW INCOME

Warren Vaughan requested a number of definitions of lower income prior to the next Board meeting.

Bill Hayden, First Boston Corporation, discussed the difference between low and lower income. Loan-to-lenders and mortgage purchase refer to lower income and direct mortgage programs refer to low income. The market is not favorable to low income lending. We do not have authority for a subsidy but do have the ability to take
advantage of federal subsidy programs. We also have the ability to make direct mortgages to local housing authorities, cities, etc.

IV. LOCAL LEGAL COUNSEL

An extensive discussion of the hiring of local legal counsel ensued. Attorneys' conflict of interest was discussed. It was asked if the Attorney General assigns us an attorney that we can use. Discussion indicated that the Attorney General usually grants assistant powers to any firm hired by the Board. The sub-committee will interview attorney firms suggested by Board members.

Dan Mizner moved, and Virginia Jellison seconded, that we submit the names of law firms to Kent Mollohan and if necessary, we have a conference call or another meeting to make a decision on hiring Board counsel. Further discussion followed and the motion passed unanimously.

The names of legal firms submitted were:
1) Cannon and Garrity, Helena
2) Hibbs, Sweeney and Colberg, Billings
3) Moulton, Bellingham, Longo and Mather, Billings
4) Garlington, Lohn and Robinson, Missoula
and any others suggested by BOH members by 12/17/75.

V. ACCOUNTING FIRMS

Discussion of hiring an accounting firm to assist in Board accounts and performance of the annual audit ensued. Bill Hayden stressed the importance of hiring a national accounting firm.

Paul Polzin moved, and James Leary seconded, that we should hire a national accounting firm first and request they arrange for an in-state firm to work in cooperation with the national firm. The Board suggested the Division request proposals from major accounting firms. Discussion followed and the motion passed unanimously.

VI. RATIFICATION OF FIRST BOSTON

Warren Vaughan explained the Board's hiring of First Boston and the three regional underwriters. First Boston Corporation submitted its letter of agreement which was accepted by the Board.

Dan Mizner moved, and Dr. Paul Polzin seconded, that we officially accept First Boston Corporation. The motion passed unanimously.
VII. NEW BUSINESS

1) It was requested that the Division compile a short summary on Federal programs.

2) A set-aside request for HUD Section 8 Housing Assistance Payments has been initiated.

3) Copies of information on CSHA recommendations to HUD will be sent to the Board.

4) A copy of the hearing will be provided to Board members by Kent Mollohan, presiding officer of the hearing, after the closing date of December 20.

5) Lyle Olson reported on his visits to banks in Billings, Butte, and Great Falls. The banks were enthusiastic about our program and offered us assistance in any way possible.

6) Expense vouchers were filled out by the Board.

7) The next meeting will be held January 15, 1976.

8) The meeting was adjourned at 3:15 p.m.

Secretary of the Board
AGENDA
Board Meeting
November 20, 1975

10:15 a.m. Call Meeting To Order

Approval of Minutes of
October 28, 1975 Meeting

10:20-10:45 a.m. Report of Sub-Committee

10:45-12:00 a.m. Steve Oxberry, Deputy Director
Minnesota Housing Finance Agency

12:00-1:30 p.m. LUNCH

1:30-3:00 p.m. Discuss procedures with underwriters

3:00-4:00 p.m. Discuss procedures with bond counsel
and underwriters

4:00 p.m. New Business

Adjourn
MONTANA BOARD OF HOUSING

Minutes
Board of Housing Meeting
November 20, 1975

Board Members Present: William A. Groff (arrived late)
Virginia Jellison
Paul A. Johnson
James J. Leary
Dr. Paul E. Polzin
Warren F. Vaughan (arrived late)

Not Present: Dan K. Mizner

The third meeting of the Montana Board of Housing was called to order by Secretary Virginia Jellison, as the Chairman and Vice-Chairman were detained, at 10:40 a.m. in Room 215 of the Sam Mitchell Building, Helena, Montana.

I. MINUTES

Having received and read the minutes of the October 28 meeting, James Leary moved, and Paul Johnson seconded, that the minutes be approved as written. The motion passed unanimously.

II. REPORT OF THE SUB-COMMITTEE

Kent Mollohan reported on the sub-committee's meeting with Paine, Webber, Jackson and Curtis, Salomon Brothers, and Goldman Sachs. Written comments on Paine, Webber, Jackson and Curtis were distributed. Comments on the other two underwriters will follow. Mr. Mollohan recommended the Board consider a syndicate of a senior managing underwriter, two co-managers and the three regional underwriting firms. Mr. Groff entered at this time and commented that all the firms were satisfactory. Personalities, trust and the ability to work with the firm are of great importance. Discussion followed as to the arrangement of having a senior underwriter and two co-managers and fee splitting. Further discussion was tabled until the afternoon.

III. STEVE OXBERRY

Mr. Steve Oxberry, Deputy Director of the Minnesota Housing Finance Agency, discussed his 36-member agency with the Board. Mr. Oxberry, a lawyer, previously worked for the Federal National Mortgage Association. The MHFA was created in 1971 but did not become operational until the summer of 1973. The Minnesota Housing Finance Agency's outstanding housing bonds are $150 million, the maximum under the original 1971 law. In 1973, the limit was raised to $600 million. They have participated with 150 lenders throughout the state. The following financing programs,
undertaken by the Minnesota agency, were discussed: GNMA backed security, homeownership program, development program, tax abatement, and home improvement loan program. Rochester, Duluth, Moorehead and St. Paul/Minneapolis are the major metropolitan centers in Minnesota and approximately 50% of the funds are distributed in these metropolitan areas. Definition of lower income and moderate income were discussed. Mr. Oxberry stated that our first program should be GNMA backed security or FHA/VA program. The MHFA agency does not own property but works with private developers.

Mr. Oxberry also discussed some of their beginning experiences. He said it is important to be comfortable with the underwriter. They employ Paine, Webber, Jackson and Curtis as senior manager and Piper, Jaffray and Hopwood as co-manager. The major activity for an underwriter is marketing bonds. He did not suggest giving the underwriter a contract. A resolution is better. He stated that there may be competition if we select two senior co-managers. Mr. Oxberry stated that the cost of our money is dictated by the security market.

IV. FIRST BOSTON CORPORATION

In the afternoon, Mr. Don Kummerfeld and Mr. William Hayden of the First Boston Corporation discussed their proposal, organization and answered questions. They stated that they would work with or without a contract and discussed the responsibilities of the underwriter and bond counsel. They also discussed the process of selling bonds and fee structures after an underwriter is hired. Three types of fees are: management, expenses, and underwriting. Rocky Mountain States have a good reputation in the bond market which will make the selling of bonds much easier. We cannot predict what will happen three months, six months or one year from now. Discussions of Massachusetts' problems and non-profit organizations followed. The Board requested that First Boston be excused while the Board discussed choosing an underwriter.

After much discussion of the underwriters' interviews, Warren Vaughan moved, and Paul Johnson seconded, that the Board designate First Boston as senior bond underwriter under terms of resolution, specific details which will be drawn up and circulated to Board members. The three regional underwriters should be specifically covered in the resolution. The Board requested that First Boston accept in writing the resolution and include the three regional underwriters. Discussion followed and the motion passed unanimously.

V. ART WHITNEY

Mr. Art Whitney of Dorsey, Marquart, Windhorst, West and Halladay discussed his letter of November 17 with the Board of Housing. Bond counsel fees were discussed at length.
Paul Johnson moved, and Dr. Paul Polzin seconded, that the Board retain Dorsey, Marguart, Windhorst, West and Halladay for bond counsel for developing the court test and first issue. Fees are to be computed in reference to Section B of Mr. Whitney's letter of November 17, 1975. Discussion followed and the motion passed unanimously.

VI. LOCAL LEGAL COUNSEL

A discussion of hiring local legal counsel followed. Charges will probably be $30-35 per hour.

Dr. Paul Polzin moved, and Paul Johnson seconded, that the Chairman have a sub-committee interview attorneys for in-state counsel. Discussion followed and the motion passed unanimously.

Ross Cannon, Don Garrity and Walter Murfitt were three lawyers specifically suggested for local legal counsel.

VII. PUBLIC HEARING

There will be a public hearing of the Board's rules December 11 at 9:30 a.m. in Room 215 of the Sam Mitchell Building. Board members were asked to attend the hearing; and if time allows, the December Board meeting will follow the hearing.

VIII. HUD SECTION 8 HOUSING PROGRAM

Mr. Mollohan reported the status of the Board's request for a set-aside of HUD Section 8 Housing Assistance Payments Program is in process. The Division is awaiting a return call from the HUD Region VIII Office in Denver. The HUD/FHA Insuring Office will cooperate with the Division in supporting our set-aside request.

IX. ADJOURNMENT

The meeting was adjourned at 4:45 p.m.

[Signature]
Secretary of the Board
Mr. Stan Aby
Dain, Kalman and Quail
Minneapolis, Minnesota

Have 20 offices - most located in the Midwest.

Works with First Boston Corporation. They are currently working on a $1,000,000 deal in Wyoming.

Test of constitutionality will be necessary.

Walter Murfitt and Don Garrity are two of the best Montana lawyers.

Also, MBOH will need local counsel as well as bond counsel and underwriter.

Must write a tight indenture.

Must have cooperation between underwriters and bond counsel.

Must have bond counsel that is recognized nationally.

Underwriter should not pick bond counsel but should be able to work with them.

Must market most of the bonds out-of-state.

Should have a national underwriter and three local.

Mr. Delos Steenson
Mr. Bob Davis
Mr. Ingolf Herman
Mr. Jim Snow (Great Falls)
Piper, Jaffray and Hopwood, Inc.
Minneapolis, Minnesota

Have 29 offices.

They were either managers or co-managers of both Minnesota and South Dakota.

There should be a national manager and a regional manager.

Housing program is a way to attract capital into the State.

Can market a great deal of the bonds within the State.
Mr. Jim Holmes  
Holmes, Eustis, Kircher & Graven  
Minneapolis, Minnesota

Four main services:  
1) Constitutional Question  
2) Operating Advice  
3) Innovation, assistance and control  
4) Decisions after program is finally organized  
   (This is the traditional role of bond counsel.)

Discussed "recognized" bond counsel.

Stated that:  
1) Board has a tremendous responsibility.  
2) It is very important to look at the track record of the bond counsel.  
3) The future of the market is yet unknown.  
The effects of the East will be felt.

Costs and fees were also discussed.

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Mr. Arthur Whitney  
Dorsey, Marquart, Windhorst, West and Halladay  
Minneapolis, Minnesota

Basic function is to give an opinion to the eventual purchaser of the bonds on the secondary market.

Test of constitutionality will be necessary.  
Discussed some of the issues that will arise in the constitutionality test.

"Recognized" bond counsel issue discussed.

Costs and fees were also discussed.

Has worked with Montana attorneys.
Mr. Gene Hufford  
D. A. Davidson  
Great Falls, MT

Associated with First Boston Corporation.

Not interested as being the senior underwriter.

Discussed general obligation bonds, revenue bonds and special improvement bonds.

Test case of constitutionality will be necessary.

Mentioned local counsel - Scribner and Huss.

Has no objections to using three Montana firms as regional underwriters.

Paying agent and trustee bank are in Montana whenever possible.
AGENDA
Montana Board of Housing
October 28, 1975

10:45 a.m. Call Meeting to Order

Approval of Minutes of 9-16-75 Meeting

Treasurer's Report and Budget

11:00 a.m. APA Rules and Regulations

Oral Presentations
20 Minutes - Presentations
10 Minutes - Questions

Bond Counsels
1:00-1:30 p.m. Holmes, Eustis, Kircher & Graven
1:30-2:00 p.m. Dorsey, Marquart, Windhorst, West & Halladay
2:00-2:15 p.m. BREAK

Regional Brokers
2:15-2:45 p.m. Dain, Kalman and Quail
2:45-3:15 p.m. Piper, Jaffray and Hopwood, Inc.
3:15-3:45 p.m. D. A. Davidson

4:00 p.m. Bond Counsel?
Regional Underwriters?
Senior Underwriters?

Report on Chicago Convention

Additional New Business
MONTANA BOARD OF HOUSING

Minutes
Board of Housing Meeting
October 28, 1975

Board members present: William A. Groff
Virginia Jellison
Paul A. Johnson
James J. Leary
Dan K. Mizner
Warren F. Vaughan

Not present: Dr. Paul E. Polzin

The second meeting of the Montana Board of Housing was called
to order by Chairman, William A. Groff, at 10:45 a.m. in the
Conference Room of the Montana League of Cities and Towns,
1728 9th Avenue, Helena, Montana.

I. MINUTES
The Board received the minutes of the September 16 meeting two
weeks ago and having read the minutes previously, Warren
Vaughan moved, and James Leary seconded, that the minutes
be approved as written. The motion passed unanimously.

II. TREASURER'S REPORT
Lyle Olson, Treasurer, presented a copy of the division's
budget to the Board. Each item on the budget was discussed
and the Treasurer's report was approved as read.

III. HAC MEETING
Virginia Jellison's Housing Assistance Council Meeting in
Denver was discussed. Chairman Groff approved the trip for
Ms. Jellison. It was suggested that in the future all
Board members be contacted and the majority must approve
out-of-state travel for Board members.

IV. TECHNICAL ASSISTANCE
Virginia Jellison asked if the Housing Division could provide
technical assistance. Mr. Mollohan suggested that with the
limits of our staff and budget; it is not possible to provide
much technical assistance as we would like the Division to
continue to try to provide such assistance where possible.

V. RULES AND REGULATIONS
A) Mr. Hugh Brown discussed the Administrative Procedures Act
and proposed rules and regulations. The substance of rules
is up to the Board, but must meet notice and publication
dates.
B) Mr. Brown stated that the Organizational Rule is necessary and could be adopted immediately. A list of Board members does not appear on Organizational Rules as a matter of convenience, as each time members change, if they are listed, they must be submitted to the Secretary of State.

C) Paul Johnson moved, and Dan Mizner seconded, that the Organizational Rules be printed as stand. Discussion followed and the motion passed unanimously.

D) The Rules of Practice were the next topic of discussion. It was noted that changes will most likely be made in the Rules in the future. Procedural Rules do not have to have a hearing. The Attorney General's Model Rules are usually accepted without revision. The Model Rules concern hearings, contested cases, and procedural things all agencies have in common.

E) James Leary moved, and Virginia Jellison seconded, that the Chairman be able to sign the Notice of Intention and accept the Rules of Practice. Discussion followed and the motion passed unanimously.

F) Rules 1 through 10 were discussed individually and amended where necessary. Mr. Brown explained each rule as mainly focused on Board programs of mortgage purchase as forward commitment and existing portfolio and loans to lenders. Following remarks by Mr. Brown on each rule, the Board took the following actions:

1) Paul Johnson moved, and Dan Mizner seconded, that Rule 1 be accepted. Discussion followed and the motion passed unanimously.

2) Dan Mizner moved, and Warren Vaughan seconded, that Rule 2 be accepted. Discussion followed and the motion passed unanimously.

3) Paul Johnson moved, and Warren Vaughan seconded, that Rule 3 be accepted. Discussion followed and the motion passed unanimously.

4) Dan Mizner moved, and Warren Vaughan seconded, that Rule 4 be accepted. Discussion followed and the motion passed unanimously.

5) Warren Vaughan moved, and Dan Mizner seconded, that Rule 5 be accepted. Discussion followed and the motion passed unanimously.

6) Dan Mizner moved, and Virginia Jellison seconded, that Rule 6 be accepted. Discussion followed and it was noted that by adopting Rule 6, we will not limit ourselves to a low income definition. The motion passed unanimously.
7) Rule 7 was deferred until amended sections can be retyped.

8) Dan Mizner moved, and Virginia Jellison seconded, that Rule 8 be accepted. Discussion followed and the motion passed unanimously.

9) Dan Mizner moved, and Paul Johnson seconded, that Rule 9 be accepted. Discussion followed and the motion passed unanimously.

10) Paul Johnson moved, and James Leary seconded, that Rule 10 be accepted. Discussion followed and the motion passed unanimously.

11) Amended sections of Rule 7 were retyped and Dan Mizner moved, and Paul Johnson seconded, that Rule 7 be accepted. Discussion followed and the motion passed unanimously.

G) The Organizational Rules, the Rules of Practice, and Rules 1 through 10 were adopted by the Board.

H) Mr. Brown pointed out that Rules 1 through 10 have to be filed with the Secretary of State's Office by noon of November 13 and would be published November 25. Rules will be published in the December 25 Administrative Register. They can be effective ten (10) days after that, January 4. A discussion followed.

I) Dan Mizner moved, and James Leary seconded, that the Chairman appoint a hearing officer and be authorized to sign any required forms. Discussion followed and the motion passed unanimously.

VI. BOND COUNSEL AND UNDERWRITERS

A) Two bond counsel firms appeared before the Board and presented their services.

   Mr. Jim Holmes
   Holmes, Eustis, Kircher and Graven
   Minneapolis, Minnesota

   Mr. Arthur Whitney
   Dorsey, Marquart, Windhorst, West and Halladay
   Minneapolis, Minnesota

B) Three regional underwriters also appeared before the Board and presented their services.

   Mr. Stan Aby
   Dain, Kalman and Quail
   Minneapolis, Minnesota
C) Discussion followed as to whether or not to choose bond counsel and underwriters at this meeting.

D) Paul Johnson moved, and James Leary seconded, that we invite Dorsey, Marquart, Windhorst, West and Halladay to submit a proposal as bond counsel to the Montana Board of Housing. The Board discussed that this action was not a selection of the firm but an invitation to submit a detailed agreement that the Board may accept or reject.

VII. NEW BUSINESS

A) Eleven proposals from national underwriters were passed out to Board members. It was suggested that the Board be given a week to ten (10) days to read the proposals and then the Housing Division staff would poll the Board members by telephone for their preferences. Mr. Mollohan suggested that at least four underwriters should be invited to the next meeting for a presentation.

B) After much discussion of the proposals before the Board, Warren Vaughan moved, and James Leary seconded, that the First Boston Corporation be asked to send an agreement and attend the November 20 meeting to present it. The agreement should be received by the Board fifteen (15) days before the next meeting; simply an invitation, not a selection.

C) A summary of the recent Council of State Housing Agencies Convention was passed out to the Board.

D) Virginia Jellison commented on her participation in the Western Conference on Rural Housing (Housing Assistance Council) in Denver. She thought the trip was extremely valuable. Mr. Vaughan asked Ms. Jellison to prepare a summary of her trip.

E) The HUD Section 8 - Rental Assistance Payments Program was also discussed by Mr. Mollohan who requested Board authority to file an application with HUD. Paul Johnson moved, and Dan Mizner seconded, that the Board ask for allocation of Section 8 funds with cooperation from Orvin Fjare, HUD/PHA Director in Montana.
F) It was stated that the Board wait to make a final decision on the senior underwriter before choosing bond counsel.

G) James Leary mentioned recent press releases. He suggested that if there is a news release that a copy of it be mailed to the Board members.

H) Travel vouchers were filled out by the Board.

I) The next meeting will be Thursday, November 20.

VIII. ADJOURNMENT

The meeting was adjourned at 5:20 p.m.

[Signature]
Secretary of the Board
AGENDA
First Organizational Meeting
Board of Housing
September 16, 1975

Welcome - Ron Richards
Visitors
Legal Affairs
   Conflict of Interest
   Administrative Procedures Act

Luncheon

Remarks - Kent Mollohan, Administrator, Housing Division
           Kraig Kushar, Project Development Officer
           Lyle Olson, Financial Operations Officer
Organizational Meeting
   Elect - Chairman and Vice-Chairman
New Business
1. Plan future programs
2. Meeting date
3. Preliminary plans
   a. Brokerage firm
   b. Bond counsel
   c. Audit firm
   d. Legal counsel
4. CSHA Conference, Chicago, October 5 - 8
5. Ponder "lower income" definition
MONTANA BOARD OF HOUSING

Minutes
Board of Housing Meeting
September 16, 1975

Board members present: William A. Groff
                        Virginia Jellison
                        Paul A. Johnson
                        James J. Leary
                        Dan K. Mizner
                        Dr. Paul E. Polzin
                        Warren F. Vaughan

The organizational meeting of the Montana Board of Housing was convened at 10:00 a.m. in the Conference Room of the Department of Community Affairs.

I. VISITORS

A. Ronald P. Richards, Director of the Department of Community Affairs welcomed the members of the Montana Board of Housing.

B. Representative Harold Gerke discussed the lack of adequate housing in Montana and the purpose of the Board. Representative Gerke suggested the Board be cautious in implementing policies and stressed contacting other state housing agencies and reviewing their programs. He expressed enthusiasm for the program and offered to be of assistance in any way possible.

C. John Cadby, Executive Vice-President of the Montana Bankers Association, stated his interest and enthusiasm in the program. Mr. Cadby is eager to set up a line of communication with the Board of Housing and to cooperate in any way possible. Also, he mentioned the annual and spring conferences of the Montana Bankers Association and invited Board members and staff to attend.

D. Chris Buslee, legal counsel for the Department of Community Affairs, discussed:

   1) Conflict of Interest - If a Board member has a conflict of interest, rules should provide for members to take an impartial, non-voting stand.

   2) Rules must provide for a quorum clause.

   3) A state agency must comply with Administrative Procedures Act. Rules must be submitted to the Administrative Rules Committee.
4) Board members must each submit and file with the Secretary of State, a signed, notarized Oath to Office.

5) A chairman, vice-chairman, secretary, and treasurer should be elected immediately.

6) A description of the Board should be filed with the Administrative Register.

7) A definition of lower income must be formulated and adopted in the rules.

II. HOUSING DIVISION (STAFF)

A. Kent Mollohan, Administrator

1) A letter was sent by Kent Mollohan to a number of major and regional underwriters and bond counsel. Their proposals are to be submitted no later than the last week in September. Two firms (1) Dorsey, Marquart, Windhorst, West and Halladay and (2) Hawkins, Delafield and Wood) have already submitted proposals. It was decided that interviews should begin as soon as possible as obtaining bond counsel and underwriters is of primary importance.

2) Previous to the meeting a file folder had been assembled for the Board. The contents of the information in the file were briefly discussed.

   a. Agenda for Organizational Meeting
   b. List and addresses of Board members
   c. Summary of Legislation
   d. Sub-Chapter I Rules (draft)
   e. Organizational Chart
   f. Letters from two bond counsel

3) The new business listed on the organizational agenda was also discussed.

   a. A permanent meeting date for the Board should be established.
   b. An audit firm and legal council should be selected at the earliest possible time.
   c. A definition for lower income must be formulated and adopted in the rules.
   d. Kent Mollohan, Lyle Olson, and the Chairman, Vice-Chairman or appointed Board member should attend the Council State Housing Agencies Conference in Chicago. October 5-8, and visit the Minnesota Housing Finance Agency in Minneapolis, October 9-10.
B. Kraig Kushar, Project Development Officer

1) Other state housing agencies have been contacted during our organizational period. We have worked with them in the hope of better assembling our rules and policies.

2) Two main financing programs have been worked on. They are the Mortgage Purchase and the Loan to Lender Program.

3) It is necessary to establish criteria to determine lower income and adjusted income.

C. Lyle Olson, Financial Operations Officer

1) Other state housing agencies have made errors such as Massachusetts and New York. We would like to avoid such errors if possible and perhaps learn from their problems.

2) The Housing Division sent out questionnaires to the lending institutions in the state. Eighty-one stated they were interested in a secondary market.

3) The Montana Board of Housing has received publicity on radio, television, and newspapers. We hope to inform everyone of the Board and its purpose.

4) Single family vs. multi-family housing and new homes vs. old must be considered. It would be desirable to have both single-family and multi-family housing under the provisions of a single bond resolution.

5) Reference to the August 7, 1975 letter of J. Michael Young, Administrator, Department of Administration, Insurance and Legal Division, Helena, Montana. The letter states that each Board member and staff member is bonded by the Pacific Insurance Company under the Faithful Performance Blanket Bond in the amount of $100,000.

6) The Board of Housing should not only help the large cities in Montana with housing problems but also reach into the small, rural communities as well.

III. URBAN-RURAL DEVELOPMENT

A general discussion followed on questions of urban and rural housing.

A. Some states did not provide for housing for rural communities and, therefore, the Legislature deemed it necessary to provide a board policy that a significant portion of Board assistance go to rural communities. Therefore, it may be necessary to provide a significant ratio for the rural communities.
B. Federal money is more available to rural areas than state money. Perhaps the Federal government might aid us in helping rural communities.

C. The Board requested that further study be made of the Farmers Home Administration Programs and attempt to coordinate it through rural banks.

D. A rural area must also be defined and provided for in the Rules.

IV. ELECTION OF OFFICERS

The next item on the agenda was the election of permanent officers, and nominations were opened by Kent Mollohan, acting temporary chairman, for the following office:

A. Chairman: Dan Mizner moved, and James Leary seconded, that William A. Groff be nominated as Chairman of the Board. The acting Chairman called for other nominations; being none, nominations were closed and the motion passed unanimously.

William A. Groff, Chairman, opened nominations for:

B. Vice Chairman: Paul Johnson moved, and Virginia Jellison seconded, that Warren F. Vaughan be nominated as Vice-Chairman of the Board. The Chairman called for other nominations; being none, nominations were closed and the motion passed unanimously.

C. Secretary: James Leary moved, and Paul Johnson seconded, that Virginia Jellison be nominated as Secretary of the Board. The Chairman called for other nominations; being none, nominations were closed. Discussion followed and the motion passed unanimously.

It was discussed and approved that the Housing Division staff shall provide secretarial service and take minutes at regular and special meetings. A summary of minutes will be provided and all meetings will be taped and the tapes will be kept.

D. Treasurer: Warren Vaughan moved, and Paul A. Johnson seconded, that Lyle E. Olson be nominated to act as Treasurer of the Board. The Chairman called for other nominations; being none, nominations were closed. A discussion followed and the motion passed unanimously.

V. NEW BUSINESS

The following new business was considered and acted upon:

A. James J. Leary moved, and Warren Vaughan seconded, that the Chairman or Vice-Chairman shall attend with the Division, the CSHA in Chicago October 5-8 and visit the MHFA, October 9-10. If they are unable, a board member shall be appointed to attend. The motion passed unanimously.
B. Warren Vaughan moved, and Dan Mizner seconded, that two firms (1) Dorsey, Marquart, Windhorst, West and Halladay and (2) Holmes, Eustis, Kirchner, and Graven) be invited to attend a meeting of the Board and discuss their proposals. The motion passed unanimously.

C. Warren Vaughan moved, and Dan Mizner seconded, that three regional underwriters (1) Dain, Kalman, and Quail, (2) D. A. Davidson, and (3) Piper, Jaffray, and Hopwood, Inc. be invited to attend a meeting of the Board and discuss their proposals. The motion passed unanimously.

D. The staff was requested to write the organizational, procedural and substantive rules which are to be mailed to the Board members for their review and acted upon at the next meeting.

E. Notebooks for Board members will be assembled and kept by the Housing Division.

F. Board rules tentatively should be published by November 15 and a public hearing will be held thereafter.

G. The next meeting was scheduled for Tuesday, October 28. The third Board meeting will be held Thursday, November 20. The third Thursday of every month shall be the regular meeting date of the Board unless otherwise specified.

H. Expense vouchers were filled out by the Board.

VI. ADJOURNMENT

The meeting was adjourned at 2:45 p.m.

[Signature]
Secretary of the Board
MONTANA BOARD OF HOUSING
MINUTES
SEPTEMBER 30, 1976

Board Members Present: William A. Groff, Chairman
Warren Vaughan, Vice Chairman
Virginia Jellison, Secretary
Paul A. Johnson
Dan K. Mizner

Board Members Present: Paul Polzin
Not Present: James Leary

Staff: Kent Mollohan, Administrator
Lyle Olson, Financial Operations Officer
Kraig Kushar, Project Development Officer
Linda Girdler, Secretary

Others Present: Judith Carlson, Director, DCA
Alice Campbell

The September 30th meeting of the Montana Board of Housing was called to order by Chairman William A. Groff at 10:30 a.m. in the Conference Room of the Department of Community Affairs, 1424 9th Avenue, Helena, Montana.

MOTION

Upon a motion by Dan Mizner and seconded by Paul Johnson, the minutes of the May 27, 1976 meeting were unanimously approved as written.

COURT TEST

Chairman Groff informed the Board that the constitutional and legal issues of BOH legislation may be tested before the Montana Supreme Court. A suit is expected to be filed soon.

CHANGES TO DOCUMENTS

Kraig Kushar indicated that some minor modifications and technical changes were needed in the mortgage purchase trust indenture. He pointed out that one of the mandatory rules of the trust indenture was that all seller/servicers must be FNMA or FHLMC approved lenders. He reported that this may eliminate many rural banks that would normally participate. The staff recommended that the trust indenture be modified to be less restrictive and we obtain concurrence by the underwriters to make the necessary changes. No action was taken by the Board as previous authorization to perfect documents was given in the Board's May 27th meeting.
SURVEY OF LENDERS/PROGRAM PRIORITY

Approximately 70 lending institutions were canvassed throughout the state by Lyle Olson and Kraig Kushar to determine lenders' interests in BOH programs. Mr. Olson stated that the majority of lenders preferred the mortgage purchase forward commitment program rather than the loan-to-lender. He reported there was a need for multi-family housing in urban areas but surveys have not been conducted locally to determine the demand in units. Mr. Olson pointed out that FHA/VA loans are dominant in most areas and since housing is so costly our $16,000 definition of lower income may be too low. After thorough discussion, the Board selected the first program to be the mortgage purchase forward commitment program and secondly consideration be given to starting the loan-to-lender program once the mortgage purchase program is implemented.

CONFLICT OF INTEREST

Chairman Groff inquired about the conflict of interest provisions. At the present time there is no resolution to any conflict of interest provisions as the laws seem very vague and unclear as to any protection for board members, commissions or committees. Chairman Groff instructed the staff to obtain an Attorney General's opinion on the subject and report to the Board. Kent Mollohan noted that there appears to be a similar problem under HUD Section 8 program. The division received a letter from the South Dakota Housing Development Authority requesting other state agencies to join in a request to HUD to allow a more liberal interpretation of conflicts of interests so states can operate the Section 8 program. The Chairman moved that the staff indicate the Board's support in South Dakota's letter to HUD. There were no objections.

INFORMATION ON HOUSING DIVISION

Kent Mollohan briefly discussed their recent report to DCA on the Housing Division and the Board of Housing pointing out the administrative and technical complexities of BOH programs. The staff was instructed to send a copy of the report to each board member.

REPORT ON OCTOBER 12TH & 13TH MEETINGS

Lyle Olson stated that an informational meeting has been scheduled to include representatives of the Department of Administration, Centralized Services, DCA, underwriters, accountants and trustees to prepare an operational manual. He stated that a consulting contract has been signed between the Department of Administration and the firm of Coopers & Lybrand to develop a mortgage portfolio accounting and control system. Mr. Olson will act as coordinator for the state on this project.
BUDGET REQUEST

Copies of the budget for fiscal years 1977-78 and 1978-79 were distributed to each Board member. After thorough discussion Paul Johnson moved and Dan Mizner seconded a motion to approve the budget with necessary changes to be made. The motion was passed unanimously by the Board.

PROPOSED CHANGES TO BOH PLACEMENT

Chairman Groff asked for discussion on whether the Board of Housing should remain with the Department of Community Affairs or be transferred to the Department of Administration. He stated that under the Reorganization Act of 1971 all boards, bureaus and commissions should be abolished and brought into compliance of the act. Chairman Groff indicated that the Board could be advisory and perhaps take the lending portion to Administration leaving the housing/community development and technical assistance with DCA. Discussion ensued and the subject was tabled for further consideration. The staff will forward to each Board member a copy of their report on legislation which contains a reference to these matters. At the suggestion of the Chairman, Mr. Mollohan will coordinate Board comments and concerns regarding proposed changes.

ATTORNEY FEES

Lyle Olson informed the Board that BOH attorney fees incurred as of June, 1976 are $4,268.94. Upon a motion by Paul Johnson and seconded by Virginia Jellison, the staff was instructed to remit $1,000 on the account. The motion was passed unanimously by the Board.

NEXT MEETING

The next Board meeting was tentatively scheduled for November 18, 1976. There being no further business Virginia Jellison moved and Warren Vaughan seconded a motion to adjourn. The motion carried unanimously.

Secretary of the Board
May 28, 1976

MEMORANDUM

TO: Board Members and Interested Parties

FROM: Kent L. Mollohan, Administrator
Division of Housing
Department of Community Affairs

RE: BOH Meeting, May 27, 1976

Enclosed are copies of the minutes of the Board Meeting for May 27, 1976. Please review these to see that everything is in order.

Some of you will also receive copies of the resolutions for your review. Others already have received copies of the resolutions and certificates as prepared by Owen Marx. These minutes should be attached on all of the documents relating to the Board of Housing programs as approved at this last meeting.

Those not receiving copies of the resolutions should correct the copies they have to reflect some changes we made and typographical errors. These are:

1) Resolution #1, Section 2, last line of first page, changed the word "sale" to "said;"

2) Resolution #3, Section 4, 5th line, changed word "executive" to "execute;"

3) Resolution #4, Section 1, paragraph E, 10th line, added the word "Housing" as the last word in that line;

4) Resolution #6, in the outline of the program, 4th paragraph, 5th line, added the word "Housing" as the last word in that line

Please contact us if you see any problems.
AGENDA
MONTANA BOARD OF HOUSING
BOARD MEETING
THE COLONIAL HILTON - CAPITAL CLUB
MAY 27, 1976

The Colonial Hilton Capital Club - Coffee & Donuts - 9:00 a.m.

I. Call Meeting to Order - 9:30 a.m.

II. Approval of Minutes - March 18, 1976

III. Unfinished Business

a. Approval of Accounting Firms

IV. New Business - Hearing Officer's Report

(1) Resolution Relating to the Adoption of Rules and Regulations Including Reaffirmation of Definition of Lower Income as Required by Statutes

(2) Resolution Approving & Authorizing Loan-to-Lenders Program

(3) Resolution Approving & Authorizing Execution of First Supplemental Trust Indenture of Loan-to-Lenders Program

(4) Resolution Approving & Authorizing Loan Documents
   Exhibit A: Invitation Letter
   Exhibit B: Application & Commitment Agreement
   Exhibit C: Loan Agreement
   Exhibit D: Lending Institution Resolution
   Exhibit E: Opinion of Counsel
   Exhibit F: Lending Institution Certificate

(5) Resolution Approving & Authorizing Assignment of Collateral and Trust Agreement

(6) Resolution Approving Draft of Trust Indenture Relating to Single-Family Mortgage Purchase Program together with Outline of Same

(7) Resolution Authorizing Chairman & Staff to Proceed with Loan-to-Lenders Program

(8) Resolution Authorizing Chairman & Staff to Proceed with Single-Family Mortgage Purchase Program

(9) Resolution Approving & Authorizing Execution of Selling Agency Agreement & Revised Draft of Selling Agency Agreement

V. Discussion

VI. Adjourn
to the rules were unanimously passed by the Board. Dan Mizner then moved for the adoption of the Rules and Regulations and it was seconded by Warren Vaughan and passed unanimously by the Board. The staff was instructed to submit the Rules to the Secretary of State Office.

RESOLUTIONS ADOPTING BOH DOCUMENTS

An official copy of the Resolutions and Documents was presented to each Board member. Each resolution was read as attached hereto, and after discussion and thorough review by the underwriters and members of the Board, the following resolutions were adopted:

RESOLUTION #1

Dan Mizner moved and Virginia Jellison seconded a motion to adopt the amended Rules including the reaffirmation of the definition and determination of persons and families of lower income.

RESOLUTION #2

Dan Mizner moved and Warren Vaughan seconded a motion to adopt the main trust indenture of the Loan-to-Lenders program. The motion was passed unanimously by the Board.

RESOLUTION #3

Dan Mizner moved and Warren Vaughan seconded a motion to adopt the First Supplemental Trust Indenture which would be issued for each series of bonds. The motion was passed unanimously by the Board.

RESOLUTION #4

Warren Vaughan moved and Paul Johnson seconded a motion to adopt the loan documents relating to the Loan-to-Lenders program. The motion was passed unanimously by the Board.

RESOLUTION #5

Dan Mizner moved and Virginia Jellison seconded a motion to adopt the Assignment of Collateral and Trust Agreement. The motion was passed unanimously by the Board.

RESOLUTION #6

Dan Mizner moved and Paul Polzin seconded a motion to adopt the draft of the trust indenture of the Single-Family Mortgage Purchase program. Discussion followed and Paul Johnson requested the motion to be amended to reflect direct purchases be made of up to 70% financing of value in order to include small rural banks. It was seconded by Warren Vaughan and unanimously passed by the Board. Paul Johnson moved and Warren Vaughan seconded a motion to adopt the amended draft indenture and the motion was passed unanimously by the Board.
RESOLUTION #7

Dan Mizner moved and Paul Polzin seconded a motion to authorize the Chairman and the Staff to proceed with the Loan-to-Lenders program. It was passed unanimously by the Board.

RESOLUTION #8

Warren Vaughan and Paul Polzin moved and Dan Mizner seconded a motion to authorize the Chairman and the Staff to proceed with the Single-Family Mortgage Purchase program. The motion was passed unanimously by the Board.

RESOLUTION #9

Dan Mizner moved and Virginia Jellison seconded a motion to authorize the execution of the Selling Agency Agreement between the Underwriters and the Board of Housing. The motion was passed unanimously by the Board.

MOTION

William Hayden suggested that the attorneys, bond counsel and staff edit the typographical errors within the documents without changing the substantive language of the documents. Upon a motion by Warren Vaughan and seconded by Dan Mizner, the motion was put to a vote and passed unanimously by the Board.

ORIGINAL RESOLUTIONS & DOCUMENTS

Kent Mollohan inquired about the original copies of the Resolutions and Documents adopted by the Board and Mr. Hayden suggested that Mr. Mollohan consult with counsel but that three original copies would probably be sufficient.

OLD BUSINESS

APPROVAL OF ACCOUNTING FIRM

Lyle Olson gave a presentation of the evaluation of six accounting firms. After thorough discussion and review, the firm of Coopers and Lybrand was selected upon a motion by Dan Mizner and seconded by Paul Johnson and unanimously passed by the Board.

DEFINITION & DETERMINATION OF LOWER INCOME

Dan Mizner moved that the $16,000 figure definition of lower income remain the same for purposes of the Rules. Paul Polzin seconded the motion and was unanimously passed by the Board.

NEXT MEETING

The next meeting was scheduled for August 19, 1976. There being no further business, the meeting was adjourned upon a motion by Dan Mizner and seconded by Warren Vaughan and so approved by the Board.

Virginia Jellison
Secretary of the Board
AGENDA
MONTANA BOARD OF HOUSING
BOARD MEETING
MONTANA LEAGUE OF CITIES AND TOWNS
1728 9th AVENUE, HELENA
MARCH 18, 1976

I. Call Meeting to Order - 9:30 a.m.

II. Approval of Minutes - February 19, 1976 Meeting

III. NEW BUSINESS
   A. Presentation of Trustee
   B. Revision of Documents
      (1) Trust Indenture
      (2) First Supplemental Trust Indenture
      (3) Application & Commitment Agreement
      (4) Assignment of Collateral & Trust Agreement
      (5) Terms & Conditions of Application and Commitment Agreement
      (6) Loan Agreement
   C. Revision of Proposed Rules
   D. Lower Income
   E. Audit Firms
   F. Approval of Trustee

IV. Adjourn
Board Members Present: William A. Groff, Chairman
James J. Leary
Paul A. Johnson
Virginia Jellison
Dan K. Mizner
Dr. Paul E. Polzin
Warren F. Vaughan (Not Present)

Also Present: Stanton Aby
William Hayden
Arthur Whitney
Pat Harff
James Dion
Robert Haseman
Al Klophenstine
Kim Schreiner
Robert Haddock

The March meeting of the Montana Board of Housing was called to order by Chairman William A. Groff at 9:45 a.m. in the Conference Room of the Montana League of Cities and Towns, 1728 9th Avenue, Helena, Montana.

I. MINUTES

Having received and read the minutes of the February meeting and there being no corrections, the minutes were approved as written.

II. PRESENTATION OF TRUSTEE

Pat Harff, Corporate Trust Representative of the Northwestern National Bank of Minneapolis represented the Northwestern Union Trust Company of Helena and the Northwestern National Bank of Minneapolis. She briefly discussed the duties and responsibilities of the trustee and co-trustee and presented the Board with a schedule of fees attached to these minutes.

III. REVISION OF DOCUMENTS

Arthur Whitney reported on the two main documents necessary for the program, the Trust Indenture and the Supplemental Trust Indenture which is devised for each series of bonds to be issued by the main indenture. William Hayden stated that the Supplemental Trust Indenture goes into specific detail of each set of bonds, i.e. the maturities, the redemption price that the Board would know the interest rate to be when they complete the deal at the closing date. Mr. Whitney then reviewed the Loan to Lenders Application and Commitment Agreement and information requirements for the application.
At noon the Montana Board of Housing recessed for lunch. The meeting was reconvened at 1:15 p.m. with Art Whitney discussing the Loan Agreement between the lending institutions and the Board of Housing. The lending institutions would agree to hold the money in trust and lend it to persons and families of lower income as defined by the Board's rules. Mr. Whitney suggested the minimum loan request that the Board would consider would be $100,000 and the "matching requirement" would be deleted. Next to be reviewed was the Assignment of Collateral and Trust Agreement, the basic security of the bonds. Bill Hayden informed the Board that the necessary documents would be ready for final approval by May 1st.

IV. PROPOSED RULES

Kent Mollohan then asked Art Whitney to comment on the revised rules. Discussion on each rule and proposed changes ensued with the Board's approval. Paul Polzin moved that the Board adopt the revised Proposed Rules and was seconded by Dan Mizner and so approved by the Board. Chairman Groff informed the Board that the rules would have to submitted by April 9, 1976 and if accepted a hearing would be held May 21, 1976. Chairman Groff then extended an invitation to the Board members to attend the hearing.

V. LOWER INCOME

The Board next reviewed Kraig Kushar's report on the dollar figure definition of "Lower Income." Mr. Kushar had polled 100 lending institutions in various parts of the state requesting information of the successful mortgagor. The Housing Division staff recommended $17,500 Annual Gross Family Income or $16,000 Adjusted Annual Gross Family Income as a dollar figure definition of "Lower Income." After thorough discussion, Virginia Jellison moved that the Board adopt the $16,000 Gross Income as the dollar figure definition of "Lower Income." It was seconded by Paul Johnson and after more discussion was unanimously passed by the Board.

VI. AUDIT FIRMS

Lyle Olson requested the Board's approval to obtain bidder information from the auditing firms. Mr. Olson informed the Board that he had corresponded with the Legislative Auditor and that the staff would use an audit proposal form to evaluate the firms responses. The results would be presented to the Board at their next meeting. Upon a motion by Paul Polzin and seconded by Dan Mizner, the Housing Division staff was instructed to write the audit firms requesting bidder information.
VII. APPROVAL OF TRUSTEE

The Board next reviewed the appointment of the trustee. After thorough discussion, Dan Mizner moved that the Board hire the Northwestern National Bank of Minneapolis to act as co-trustee with the Northwestern Union Trust Company of Helena and that the Board would notify them when their services would be needed. The motion was seconded by Paul Polzin and Chairman Groff opened the subject for discussion. Kent Mollohan informed the Board that Art Whitney had prepared a series of four proposed resolutions for the Board and in the case of the trustee the resolution might read that "Northwestern Union Trust Company, a trust company organized and existing under the laws of Montana and having its principal office at 350 North Last Chance Gulch, Helena, Montana 59601, is appointed as Trustee under the Trust Indenture, and Northwestern National Bank of Minneapolis, a national banking institution organized and existing under the laws of the United States, authorized under said laws to execute trust powers, and having its principal office at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55480, is appointed as Co-Trustee under the Trust Indenture; subject to the written acceptance by each institution of the trusts set forth in the Trust Indenture as finally adopted by the Board, filed with the Administrator, Housing Division, Montana Department of Community Affairs, Capitol Station, Helena, Montana 59601."

"By such acceptance the Trustee and the Co-Trustee shall become jointly and severally obligated for the performance of all trusts and duties of the Trustee under and in accordance with the provisions of the Trust Indenture. The Trustee and Co-Trustee have presented to the Board a proposed schedule of fees outlining services understood to be required under the Trust Indenture and covered by the various fees described, assuming the issuance of an initial series of bonds not exceeding $20,000,000 in amount; which schedule was approved." The motion was so amended and called to a vote and was unanimously passed by the Board.

VIII. HEARING OFFICER

Upon a motion by James Leary and seconded by Dan Mizner, Chairman Groff was appointed to serve as the hearing officer for the Proposed Rules. The motion was unanimously passed by the Board.

Chairman Groff then instructed the Housing Division staff to prepare a bill for services completed thus far.

The next meeting was scheduled for May 27, 1976 upon a motion by Dan Mizner and seconded by Paul Johnson and approved by the Board. The meeting adjourned at 3:35 p.m.

[Signature]
Secretary of the Board
As you know, we have all been wrestling with the problem of how to apply "Lower Income" to a dollar figure definition. We, the Division of Housing and staff to the Montana Board of Housing, felt that by polling the lending institutions in the state of Montana we would be able to determine who wasn't being adequately served by the conventional housing market.

We asked 100 lending institutions in varying areas of the state to assist us. Of these, 35 lenders responded, and 26 of those supplied us with useable data. We asked the lenders to answer the following questions about home mortgages they had made recently:

1. What was the total gross family income of the successful mortgagor?
2. What was the sale price of the home purchased?
3. What size (sq. ft.) was the home purchased?

The lenders answer to the questions supplied us with information on 756 home mortgage loans. Before we delve into the actual results, let us define some of the terms we will be using:

1. Median - 50% of the observations lie above the median and 50% of the observations lie below the median
2. Mean - Arithmetic average of the observations
3. Mode - The most often occurring observation

To qualify this information at the outset, the majority of this data reflects the purchases of existing construction.
The following tables present the data obtained from our survey:

**TABLE I**
(548 Observations)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Gross Family Income</td>
<td>$17,490.00</td>
</tr>
<tr>
<td>Median Gross Family Income</td>
<td>16,044.00</td>
</tr>
<tr>
<td>Mode Gross Family Income</td>
<td>12,000.00</td>
</tr>
</tbody>
</table>

It should be noted that the mode is a very easily weighted observation. In our instance the computer rounded the 12,000 (+ or - 500.00) figure to obtain this observation. Our hand calculations reveal that the mode is $18,000.00 (6.7% of reported observation lie at 18,000, while 5.5% of the observations lie at 12,000).

**TABLE II**
(756 Observations)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Mean Sales Price</td>
<td>$29,492.00</td>
</tr>
<tr>
<td>(2) Median Sales Price</td>
<td>28,925.00</td>
</tr>
<tr>
<td>(3) Mode Sales Price</td>
<td>30,000.00</td>
</tr>
</tbody>
</table>

The average size home financed for median income families (+ or - 500.00) was 990 square feet (a modest size home). The average sale price for median income families (+ or - 500.00) was $27,653.00. The last two calculations are based on limited data.

From this data we can see that the average family income required to obtain housing in the private market now is approximately $17,500.00. Thus, the private housing market is serving a limited segment of our population. With rising housing costs and a relative lag in increased family incomes, we anticipate the private housing market will serve even fewer Montanans.
Although our data is limited in the area of new construction, it does start to reveal some very interesting statistics when coupled with our own knowledge and observations. The data on identifiable loans for new construction indicates:

**TABLE III**

(1) Mean Gross Family Income $18,958.00  
(2) Median Gross Family Income 19,200.00  
(3) Mode Gross Family Income Not available as no values appeared twice

**TABLE IV**

(1) Mean Purchase Price $44,975.00  
(2) Median Purchase Price 44,500.00  
(3) Mode Purchase Price All observations appeared only once

If we use this data with our existing construction data, we create some interesting observations:

**TABLE V**

(1) Average Mean Income $18,224.00  
(2) Average Median Income 17,622.00  
(3) Average Mode Income N/A

Taking all this data into consideration, we feel we can make and substantiate our recommendations to the Board. Our recommendation comes in two parts and with it a need for a decision from the Board.
In using $17,500 Gross Family Income as your dollar definition of "Lower Income" you will be able to serve those people in need of help in obtaining lower cost home mortgages for existing construction as well as serving some of the needs for new construction home mortgages. By using $17,500 Gross Annual Family Income you will alleviate any confusion that may arise by adjusting gross annual incomes. However, if you adopt $16,000 Adjusted Gross Annual Family Income as your dollar figure definition of "Lower Income" as your Chairman, Mr. Groff, has previously recommended to you, you will have the option to adjust gross incomes to fit those people you feel the Legislation was designed to serve, i.e. families with children or other conditions you feel warrant special consideration.

The Board's decision is then, do you want to adopt $17,500 Gross Annual Family Income or $16,000 Adjusted Gross Annual Family Income as your dollar definition of "Lower Income?" We suggest you select the $17,500 Gross Annual Family Income as your definition because it is less discriminatory in application and is easier to administer. Alternatively, we suggest the $16,000 Adjusted Gross Income as your definition because you prefer more flexibility in serving differing family sizes and situations.
March 10, 1976

MEMORANDUM

TO: Board of Housing Members
FROM: William Groff, Chairman
RE: Board of Housing Meeting, March 18, 1976

I met this morning with the Housing Division staff to review the materials to be presented at our next meeting. Enclosed is a tentative agenda noting those items that must be approved to allow the court test to proceed. Kent Mollohan will be meeting with each of you to discuss these items so we are prepared to approve them on the 18th. Although specific details will probably change before we begin our programs, I suggest we approve these items as they are presented. Then, the Underwriters, Bond Counsel, our Attorneys and the litigants may prepare the final information required for the court test. Kent will review each item with you, and should you have questions or comments, please let the staff know immediately.

Regarding the determination of the annual adjusted incomes, Kent will present the data his office has from local lenders on mortgage loans throughout the state. I strongly recommend that we adopt an annual adjusted income ceiling of $16,000 at the meeting. This will provide a figure for the purposes of our court test and new, proposed rules. Please note that the rules require an annual review of this figure, which would again be performed this June.

WG:lg

Enclosure
RESULTS OF QUESTIONNAIRES
DISTRIBUTED AT LENDERS MEETINGS

(1) Are you presently selling loans to a secondary market?
"13 lending institutions reported "Yes" and 6 reported "No."

<table>
<thead>
<tr>
<th></th>
<th>F.N.M.A</th>
<th>F.H.L.M.</th>
<th>State Investment Board</th>
<th>Insurance Co.</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>count</td>
<td>6</td>
<td>7</td>
<td>9</td>
<td>2</td>
<td>8</td>
</tr>
</tbody>
</table>

(2) Would you be interested in a secondary market?
"13 reported "Yes," 4 reported "No" and 2 were undecided."

<table>
<thead>
<tr>
<th></th>
<th>Mortgage Purchase</th>
<th>Loan to Lenders</th>
<th>Portfolio Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>count</td>
<td>8</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

(3) What amount would you estimate you could generate in saleable mortgages?

<table>
<thead>
<tr>
<th>amount</th>
<th>100M</th>
<th>250M</th>
<th>500M</th>
<th>750M</th>
<th>1,000M</th>
</tr>
</thead>
<tbody>
<tr>
<td>count</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

(4) COMMENTS:
The meetings in Billings, Missoula and Great Falls were attended by 39 representatives from 31 lending institutions. In addition to the above information, it seemed to be the unanimous opinion of the representatives that we should be thinking about more of a lending mix including FHA/VA and conventional. The larger cities showed interest in multi-family dwellings. Considerable interest was shown entailing a program to fit the average home buyer. Also the majority of the lenders felt that six months time was insufficient to fill a forward commitment.

The staff mailed questionnaires to all banks not attending the meetings and as of this date very few have been returned.
TRUSTEE BANK MEETING

March 17, 1976

Bob Haseman
Jim Dion
Pat Harff

The Housing Act of 1975 states in Section 35-504:

(4) make contracts, agreements and other instruments necessary or convenient for the exercise of its powers under this act;

(5) enter into agreements or other transactions with any federal, state or local governmental agency, any persons and any domestic or foreign partnership, corporation, association, or organization in carrying out this act

The Trust Indenture, Article XI, Section 11.01:

The Board may be resolutions appoint depositories of money held under the provisions of the Indenture, each of whom shall be a bank, trust company or national banking association having trust powers.

After meeting with the Legislative Auditor and his staff the Housing Division staff feels that the Board should decide on a trustee as soon as possible. In our search for a trustee bank we gathered the following information:

(1) The trustee should be in a Federal Reserve city;

(2) They should have previous experience in the highly technical field of state housing finance agencies;

(3) The trustee fees should be in line with other trustee schedules;

(4) In the 9th Federal Reserve System there are two (2) housing agencies similar to ours (Minnesota and South Dakota);

(5) Northwestern National Bank of Minneapolis is trustee bank for Minnesota and South Dakota;

(6) Their fees compare favorably with trustee banks from other states;
A survey of Montana trust companies was made and the conclusion was that no Montana trust company has the capitalization or experience to be the trustee bank;

Because the trustee must be custodian of all monies and collateral, we have asked Northwestern National of Minneapolis to act as co-trustee with Northwestern Union Trust Company in Helena. This will assure us and the lending agencies that monies received will remain in the State.
AUDIT FIRMS

The Legislative Auditor has left us his guidelines on obtaining bidder information. Because of our complex structure, it would be difficult to ask an accounting firm to give us an exact dollar figure on an unqualified statement. We also recognize that we cannot give the accounting firms a blank check.

We would like to have the Board's permission to request the following information from the firms:

1. Personnel
   a. number
   b. per cent of time and hourly fee of individual personnel
      1. national
      2. Montana firm

2. Personnel
   a. name
   b. position with firm
   c. years experience
   d. type of experience relevant to our operation

3. Consultants
   a. name
   b. expertise
   c. fee
   d. application to this engagement

4. Propose Cost of Travel & Per Diem Expenses

5. Cost of Printing & Miscellaneous Costs
When we obtain this information, the staff will evaluate them using the following guidelines and report their findings to the Board:

**Maximum Points**

1. Quality, experience and capability of staff offeror intends to assign to this project............................40

2. Previous experience and effectiveness in performing services, indicated by prior work and demonstrated by ability to deal effectively with individuals and enterprises eligible to be served.................40

3. Man-Day Pricing (not to include travel and per diem).................................20

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100
AGENDA
Montana Board of Housing
Board Meeting
Montana League of Cities and Towns
1728 9th Avenue, Helena
February 19, 1976
10:30 a.m.

Call meeting to order

Approval of Minutes
January 15, 1976

Old Business

  Report on Hearing
  Lower Income
  Rules
  Trustee Bank
  11:30 Luncheon (Arthur Anderson)
  Capital Club Colonial

Interview Accounting Firms (tentative)
  Price, Waterhouse & Co. 1:00-1:45 p.m.
  Coopers & Lybrand 1:45-2:30 p.m. BREAK
  Peat, Marwick, Mitchell 2:45-3:30 p.m.
  Ernst & Ernst 3:30-4:15 p.m.
  Haskins & Sells 4:15-5:00 p.m.

Discussion

Adjourn
AGENDA
Board Meeting
Montana League of Cities and Towns
1728 9th Avenue, Helena
January 15, 1976

10:45 a.m. Call meeting to order

I. Approval of Minutes
   December 11, 1975
   December 31, 1975

II. Introduction of Guests

III. Report on Hearing

IV. Report on Lower Income

V. Presentation on Summary of Federal Programs

VI. Discussion of Accounting Firms

VII. Discussion of Trustee and Payer Banks

VIII. New Business

Adjourn
Board Members Present: Virginia Jellison (arrived late)
Paul A. Johnson
James J. Leary
Dan K. Mizner
Warren F. Vaughan

Not Present:
William A. Groff
Dr. Paul E. Polzin

The January meeting of the Montana Board of Housing was called to order by Vice-Chairman Warren Vaughan at 11:00 a.m. in the Conference Room of the Montana League of Cities and Towns, 1728 9th Avenue, Helena, Montana.

I. MINUTES
Having received and read the minutes of the December 11 meeting and December 31 conference call and there being no corrections, the minutes were approved as written.

II. ACCOUNTING FIRMS
Proposals from four accounting firms were handed out to Board members. The fifth proposal will be sent to the Board members. Lyle Olson stated that Price, Waterhouse and Coopers and Lybrand were probably the most experienced firms for the Northwest area. Coopers and Lybrand has one of the finest computer libraries.

Mr. Art Whitney explained when and why we need an accounting firm.

Dan Mizner moved, and James Leary seconded that, the staff prepare recommendations on firms and invite all five accounting firms who submitted proposals to make presentations before the Board at the next meeting. Discussion followed and the motion passed unanimously.

III. TRUSTEE AND PAYER BANKS
Mr. Art Whitney discussed the trustee and payer banks. He stressed the importance of having a paying agent in a Federal Reserve city. The trustee bank may be the paying agent or they can be separate. It is beneficial to have a local paying agent but the brokerage firm also requests we have one in New York City.
After working with Mr. Art Whitney and Mr. Fred Moulton, a recommendation will be made by the staff to the Board as to which banks we should consider for trustee bank and paying agent.

The Board should be prepared to make a decision on this at the next meeting.

IV. LOWER INCOME

Information on calculating adjusted family incomes used by Minnesota, South Dakota and Maine, which was sent to the Board, were discussed.

A discussion followed on the ceiling and floor limits of lower income and federal subsidies which are necessary for truly lower income people.

Kraig Kushar explained the letters sent to banks and savings and loans requesting information in order to determine a definition for lower income. Out of the letters received, 22% of the families make $20,500 or more a year. $16,500 was the median income. A discussion followed. The staff will compile more information on lower income and request a decision by the Board prior to the Supreme Court test.

V. HEARING

Kent Mollohan stated that a transcript of the hearing and the presiding officer's report and comments will be mailed to the Board as soon as it is completed. Corrections to proposed rules will be sent to the Board along with the materials relating to the hearing.

VI. FEDERAL PROGRAMS

Material on Federal programs was handed out to the Board.

We have been in contact with Mars Scott, a member of Representative Max Baucus' staff. We will be working closely with our Congressional member's staff on housing problems. Mr. Scott requested our help sponsoring a conference on housing in Western Montana.

VII. NEW BUSINESS

A. Regional meetings for lenders will be held in Great Falls, Missoula, and Billings, February 10 and 11. Through those meetings, lenders should become more familiar with MBOH and we should gain insights into their needs and wants.
B. The underwriters, bond counsel, local legal counsel, and Mr. Mollohan will meet in Minneapolis prior to the regional meetings to divide the work for the Supreme Court test.

C. Virginia Jellison discussed setting up a statewide, non-profit housing development corporation. The funds will come mainly from the Community Services Administration. The project will probably take a year to become effective.

D. Kraig Kushar requested the Board sign an FHA Mortgagee Application form. Paul Johnson moved, and James Leary seconded, that the Vice-Chairman and Secretary sign and fill-in the FHA Mortgagee Application Form 2001 to become an approved mortgagee. The motion passed unanimously.

E. The next meeting will be held February 19.

F. Expense vouchers were signed.

G. The meeting was adjourned at 2:30 p.m.

After the meeting, Kent Mollohan, Lyle Olson, and Kraig Kushar met with Art Whitney and Fred Moulton to discuss revising materials for the court test.

[Signature]
Secretary of the Board
BOARD OF HOUSING MEETING
Mitchell Building Conference Room
Helena, Montana
February 9, 1977

I. Call Meeting to Order - 9:30 a.m.

II. Approval of Minutes - October 19, 1977

III. Clark Fork Manor

IV. Reports
1. Handicap Housing Program
2. Proposal by Washington Mortgage
3. Montana Homebuilders Association - Bob Miller
4. Status of Series A Mortgage Purchase Program
5. Budget Amendment
6. Annual Report
7. Draft Legislation to Governor's Office
8. Council of State Housing Agencies' Conference
9. Coal Tax Oversight Committee Meeting
10. Lender Survey
11. Asset Limitation on Loans
12. Section 8 Rehabilitation
13. Remaining Bonding Authority
14. Correspondence from Boise-Cascade Homes

V. Adjourn
The Montana Board of Housing meeting was called to order by Chairman Groff at 9:30 a.m. in the Conference Room of the Mitchell Building, Helena, Montana.

The minutes of the October 19, 1977 meeting were distributed to the Board for review. There being no additions or corrections the minutes were approved as written.

CLARK FORK MANOR

Due to adverse weather conditions on the east coast the sale of bonds to finance the Clark Fork Manor project have been delayed. Mr. Olson stated he would contact each Board member when final arrangements have been made.
HANDICAP HOUSING PROGRAM

Jim Cordial and Joe Wilson, representing the Montana Handicap Housing Coalition, presented a proposal to the Board to finance housing projects for the physically handicapped and developmentally disabled persons in Montana. Mr. Wilson stated there are 328 handicapped people living in group homes in the metropolitan areas of the state. MHHC asked the Board to consider a resolution of intent to finance 40 units in Missoula, 70 units in Helena, 30 units in Havre, 30 units in Kalispell and 60 units in Billings for a total of 230 units for an approximate cost of $6.7 million. After thorough discussion Chairman Groff requested Mr. Cordial to provide a formal presentation in writing outlining specific details of the projects so that the Board may confer with their underwriters and counsel. Mr. Olson will assist Mr. Cordial in providing the necessary information for the Board's consideration and approval.

WASHINGTON MORTGAGE COMPANY

Joe Reber introduced Tom Healy, President, Roy Riley, Vice President, and Joy Taylor, Loan Officer of Washington Mortgage Company to the meeting. Mr. Healey stated that Washington Mortgage is currently processing 15 loans through HUD, four of which have been completed and others under construction in Livingston, Helena and Great Falls. The projects total $9.3 million and most are Section 8 rent assistance to provide housing for the very low to moderate income person. Washington Mortgage is seeking financing from the Board to reduce the interest rate and in turn reduce the rental payments on the units. Board member Paul Johnson noted that the Board could not guarantee a lower interest rate. Discussion followed regarding income limitations, however, no action was taken by the Board.

MONTANA HOMEBUILDERS ASSOCIATION

Robert Miller distributed written comments regarding the Board's funds for single family construction. Mr. Miller commended the Board for providing financial assistance for persons who would not have been able to obtain conventional financing. Mr. Miller indicated that major financial institutions have projected higher interest rates and less money available in the near future and therefore requested the Board to place the remaining bonding authority in single family new construction. He urged the Board to consider increasing the income limits and earmark $6 million for new construction and $6 million for existing housing.

STATUS OF SERIES A MORTGAGE PURCHASE PROGRAM

Of the $19,300,000 that was committed for purchase under the 1977 Series A bond issue, $18,812,766.00 worth of mortgages has been delivered and purchased by the Board. Kraig Kushar stated that in order to use the total commitment, Prudential Federal Savings and Loan in Butte, First Citizens Bank in Polson and
First Westside National Bank in Great Falls were given a 60-day extension. Because of the favorable market the Board did not assess a penalty to those lenders who did not deliver their commitment but were advised they should not consider this a policy of the Board. The balance of the remaining commitments were allocated to Bancshares Mortgage Company in Missoula and First National Bank in Great Falls for final purchase of Series A mortgages May 22, 1978.

BUDGET AMENDMENT

A budget amendment has been prepared to provide for increased costs of operating the Board’s programs and to refund General Fund appropriations from the current biennium. Dan Mizner moved and Virginia Jellison seconded a motion to repay the State of Montana $35,880. The motion was called to a vote and passed unanimously by the Board.

ANNUAL REPORT

A draft of the Board’s Annual Report as of June 30, 1977 was presented to the Board. Mr. Olson stated the report should be ready for final publication within the next few weeks. Copies will be provided to the Board.

LEGISLATION

Any draft legislation to be presented before the 1979 Legislature must be in the Governor’s Office by June 1, 1978. Chairman Groff asked the Board to consider and concur on an approximate dollar amount for additional bonding authority and any other legislation they feel is warranted.

COUNCIL OF STATE HOUSING AGENCIES CONFERENCE

Kraig Kushar represented the Board of Housing at the National Council of State Housing Agencies in Denver, December 6-9, 1977. He reported that most states are implementing the multifamily programs on a direct basis out of the office which requires additional funds and staff. Mr. Kushar expressed the Board’s position to the council regarding Montana’s allocation of new construction under the Section 8 program and will discuss his ideas with underwriters and bond counsel. A copy of the State Housing Agencies Annual Report was provided to the Board.

COAL TAX OVERSIGHT COMMITTEE

The Board next reviewed correspondence from the Coal Tax Oversight Committee. The Board thoroughly discussed the suggestions outlined by the Committee to improve the Board’s Forward Commitment Single Family Mortgage Purchase Program. Chairman Groff instructed Mr. Olson to thank the Committee for the recommendations and outline the reasons why the it would be detrimental to the program to eliminate the 1% commitment fee and the recommitment of loan funds. The Board concurred that an applicant should sign a statement that they are not buying the home for resale and limit
the number of BOH mortgages to an individual to two. Chairman Groff stated it is a standard operating procedure of the Board to review the income limitations each June 1.

LENDER SURVEY

Kraig Kushar presented a draft survey to all Montana lending institutions requesting their comments on the Board's mortgage purchase program and its impact in their area. The Board is considering revising the program somewhat and is requesting input from all Montana lending institutions. Chairman Groff requested the survey be mailed with minor changes. Mr. Kushar will report the results of the survey by March 15, 1978.

ASSET LIMITATION ON LOANS

A recent review of mortgages purchased by the Board indicated that some mortgagors had assets in excess of $50,000. Mr. Johnson requested that we ask the lenders what would be a fair asset limitation. The Board decided to wait for the results of the lender survey before placing an asset limitation on the loans purchased by the Board.

SECTION 8 REHABILITATED HOUSING

Due to difficulties in implementing the multifamily program and the state's initiative to control the growth of governmental employees, it was the consensus of the Board to decline HUD's offer of 80 units of substantially rehabilitated housing. Mr. Mollohan reported that HUD may authorize an allocation of new construction Section 8 authority to the Board. He recommended that the Department of Community Affairs file an application on the Board's behalf to utilize 80 units of new construction authority. HUD would provide technical assistance to walk through the procedure as it is very complex, however, the Board would not be committed to pursue the program.

REMAINING BONDING AUTHORITY

The Board discussed what they should do with the remaining bonding authority which is approximately $13 million. Chairman Groff asked the Board to consider the matter and be prepared to act at the next regular meeting of the Board.

BOISE CASCADE HOMES

The Board next reviewed correspondence from Boise Cascade Homes. Chairman Groff instructed Mr. Olson to invite Boise Cascade Homes to a regular meeting of the Board for a formal presentation.

MOTION

Mr. Olson requested approval from the Board to erase the tape recordings of previous Board meetings as it was becoming expensive and a storage problem. Dan Mizner moved and Paul Johnson seconded a motion that all tape recordings be retained
until the wording of those minutes have been read and approved by the Board. The motion was called to a vote and passed unanimously by the Board.

NEXT MEETING

The next meeting was tentatively scheduled for February 23, 1978. There being no further business the meeting was adjourned upon a motion by Paul Johnson, seconded by Dan Mizner and by the Board.
AGENDA

BOARD OF HOUSING MEETING
Conference Room
Mitchell Building
Helena, Montana

October 19, 1977

I. Call Meeting to Order - 9:30 a.m.

II. Approval of Minutes - July 28, 1977

III. Old Business

IV. New Business
   A. Cost of Issuance
   B. August & September Expenditures
   C. Budget Report
   D. Mortgage Purchases - Series A & B
   E. Northwestern Bank - Trustee Fees
   F. Coopers & Lybrand

V. Contracts of Board
   A. Anderson ZurMuhlen
   B. Sage Advertising

VI. Clark Fork Manor Project
   A. Progress Report
   B. Resolution to Proceed with Project

VII. Approval of Banc Shares (Old National Bank Corporation of Spokane)

VIII. Memo on Section 8 Proposal

IX. Council of State Housing Agency Conference
   A. Kraig Kushar

X. Letter from David Krueger of First Federal S&L of Billings

XI. Accounting System

XII. Other Discussion

XIII. Adjourn
The Montana Board of Housing meeting was called to order by Chairman Groff at 9:45 a.m. in the Conference Room of the Mitchell Building, Helena, Montana.

There being no additions or corrections to the minutes of the July 28, 1977 meeting, Paul Johnson moved and Dan Mizner seconded a motion that the minutes be approved as written. The motion was passed unanimously by the Board.

RESOLUTION TO PROCEED WITH MULTIFAMILY PROGRAM

A resolution of the Board concerning the initiation of the multifamily mortgage program was distributed to each Board member. After thorough review and discussion, Dan Mizner moved and Virginia Jellison seconded to approve the written resolution hereafter set forth in length authorizing the staff to proceed with the multifamily program:

MONTANA BOARD OF HOUSING
RESOLUTION
77-RL4

WHEREAS, the Montana Board of Housing is authorized to engage in financing programs pursuant to the Housing Act of 1975, Sections 35-501 through 35-526, inclusive, Revised Codes of Montana, 1947, and as provided in the Rules and Regulations of the Board and
in forms of indentures heretofore approved in substance, for
the purpose of alleviating the shortage of decent, safe
and sanitary housing at rentals or prices which persons
and families of lower income can afford, and

WHEREAS, it is now necessary and desirable
to proceed with the Board's Multifamily Mortgage Program,
and forms of documents necessary to initiate that
Program have been prepared and submitted to the Board,

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

1. The staff is authorized to proceed with the
formal initiation of the Board's Multifamily Mortgage Program,
authorizing the issuance and providing for the security
of Bonds to finance the Board's Multifamily Mortgage
Program, under which the Board will purchase, invest in,
make commitments to purchase, or take assignments from
lending institutions of notes, mortgages and other
securities evidencing loans for the construction or
purchase of housing developments, as defined in the Act,
for persons and families of lower income in the State
of Montana.

ADOPTED by the Montana Board of Housing this 19th
day of October, 1977.

BOARD EXPENDITURES

A copy of the Cost of Issuance for the 1977 Series B Single Family
Mortgage Bonds listing the charges for professional services and
printing of the bonds was reviewed by the Board. Mr. Olson
summarized Board and Staff expenditures for August and September
and stated a monthly budget report will be mailed to each member.
The Board gave approval for the staff to pay Northwestern
National Bank of Minneapolis for trustee fees and Coopers and
Lybrand for examination of the financial statements of the
Board.

STATUS OF SINGLE FAMILY MORTGAGE PURCHASE PROGRAM

The Board next reviewed the Series A and B Commitment balances
and amount of loans purchased by the Board. Kraig Kushar
reported that as of October 7th the Board has purchased
$14,474,864 in Series A Single Family Mortgages and $3,638,198.87
in Series B as of October 13th. Total outstanding Series A
commitments were $4,825,135.60 and $28,111,801.13 for Series B.
Mr. Kushar added that two lending institutions have not yet
submitted mortgage loans for purchase but would be delivering
them by the end of the Series A commitment period, December 31st.
ANNUAL REPORT

The Board's first annual report on the examination of financial statements as of June 30, 1977 was distributed to each Board member. Following discussion of the various funds and accounts, Dan Mizner moved and James Leary seconded to approve the examination of financial statements for the period April 1, 1977 through June 30, 1977. The motion was called to a vote and approved unanimously by the Board. A contract between Sage Advertising and the Board was presented for action. Lyle Olson stated that Sage Advertising would be responsible for preparing the annual report for final publication at a cost not to exceed $1,215. Following a brief discussion Virginia Jellison moved and Paul Johnson seconded to enter into a contract with Sage Advertising subject to Board Counsel's approval. The motion was called to a vote and passed unanimously.

CONSULTING CONTRACT

The Board next reviewed the consulting contract with Anderson zurMuehlen. Board Member Bob James inquired into some of the terms of the contracts. Mr. Olson stated that the Sage Advertising contract was temporary and that the Anderson zurMuehlen contract terminates June 30, 1978 but can be cancelled at any time. Board Member James Leary moved to approve the contract subject to Board Counsel's recommendations. Bob James seconded the motion and it was passed unanimously by the Board.

CLARK FORK MANOR PROJECT

The staff is proceeding with the financing of the Clark Fork Manor project within the guidelines of the tentative time schedule. Mr. Olson discussed the technical problems in coordinating the Section 8 Rental Assistance Program and HUD/FHA Mortgage Insurance Program requirements. Discussion ensued on the feasibility of a daily inspection of the proposed project during the construction period. Board Member Virginia Jellison stated it may be possible for the city inspector of Missoula to make a weekly inspection. Chairman Groff requested a progress report of the project at the next meeting of the Board.

BANCSHARES MORTGAGE COMPANY

Bancshares Mortgage Company, a wholly-owned subsidiary of the Old National Bank Corporation of Spokane, has applied for participation in the Board's programs. Lyle Olson stated Bancshares has an office in Missoula and is a reputable mortgage company. Board Member Paul Johnson also commended Bancshares as a creditable institution and moved that the Board approve them as a qualified lending institution. Bob James seconded the motion and it was passed unanimously by the Board.
SECTION 8 RENTAL ASSISTANCE PROGRAM

Chairman Groff reported that the Department of Community Affairs application for a special set aside of units under the Section 8 Existing Housing Program has been approved for 750 units statewide. The Board through a resolution July 28 authorized the Department to administer and implement the program. Dan Mizner said that the state should consider approaching the cities and towns and established local housing authorities first before contracting with non-profit and regional groups to manage the housing assistance payments program.

CSHA CONFERENCE

The Council of State Housing Agencies, of which the Board of Housing is a member, will hold their annual national conference in Denver, December 6-9. There being no objection, Kraig Kushar will attend that conference and report back to the Board. Mr. Kushar will study how other HFAs are developing and implementing their multifamily programs in an attempt to develop a financing program compatible with the Board’s policies.

CORRESPONDENCE FROM DAVID KRUEGER

The Board next discussed correspondence from David Krueger, First Vice President of First Federal Savings & Loan Association in Billings. Mr. Krueger was concerned that the Board was providing funds to borrowers who could have obtained financing through traditional sources. Chairman Groff suggested a sub-committee be appointed prior to the next issuance of single family mortgage bonds to review objections and recommendations of the Board's program. No further action was taken.

ACCOUNTING SYSTEM

Lyle Olson stated the staff and others are continuing progressively with the coordination of SBAS, MPACS and Trustee transactions. Anderson ZurMuehlen is developing an operational manual for the Board and will provide written recommendations concerning requirements for a bookkeeper/coordinator of the Board.

NEXT MEETING

The next meeting of the Board was tentatively scheduled for December 2, 1977. Chairman Groff welcomed the new member of the Board, Robert F. James, and Board Counsel, David L. Jackson. There being no further business the meeting was adjourned upon a motion by Dan Mizner, seconded by Chairman Groff and approved by the Board.
Board Members: W. A. Groff, Chairman
Virginia Jellison, Secretary
Calvin S. Robinson
James J. Leary
Paul A. Johnson (arrived late)
Dan K. Mizner (absent)

Board Counsel: Fred D. Moulton

Others: William P. Dietrich, The First Boston Corporation
John Oitzinger, Willkie, Farr & Gallagher
Charlotte Hubbell, Willkie, Farr & Gallagher
Arthur Whitney, Dorsey, Windhorst, Hannaford,
Whitney & Halladay
Georgeann Becker, Dorsey, Windhorst, Hannaford,
Whitney & Halladay
Steven W. Oxberry, Piper, Jaffray & Hopwood
Francis X. Fallon, Jr., Dain, Kalman & Quail
Jack C. Crosser, Department of Administration
Kent L. Mollohan, Department of Community Affairs
Mark Radcliffe, FHA Insuring Office
Joe Queenan, HUD Denver

Staff: Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Director
Linda Girdler, Office Manager

The Montana Board of Housing meeting was called to order at 9:20 a.m.
July 28, 1977 in the Conference Room of the Mitchell Building,
Helena, Montana.

There being no corrections to the minutes of the meeting held
July 12, 1977, the minutes were approved as written.

PRESENTATION OF FINAL DOCUMENTS - 1977 Series B Single Family Mortgage Bonds

Copies of the First Amending Supplemental Trust Indenture, the 1977 Series
B Supplemental Trust Indenture, Contract of Purchase and Official
Statement were presented to the Board and staff. Mr. Whitney suggested
the Resolution intending to approve all the documents relating to the
issuance of $35,060,000 Single Family Mortgage Bonds, 1977 Series B
be officially introduced.
Fred Moulton commented that the Contract of Purchase between the Board and the underwriters, headed by The First Boston Corporation, placed many duties and burdens on the Board, however, he concluded by recommending that the resolution approving the Contract of Purchase be approved by the Board, for without it the sale of the bonds could not be effectuated.

The Official Statement describing the Board's program, securities for the bonds and legal protection of the bondholders was presented by William Dietrich. Mr. Dietrich explained the price of the bonds and the yield resulting in a net interest cost to the Board of 5.48%. Due to the creditability of the Board's name, Montana's name and the improved condition in the municipal bond market, the underwriters were able to obtain a very favorable rate on the bonds.

After discussion on each of the final documents, Virginia Jellison moved and James Leary seconded to approve the written resolution hereafter set forth at length approving and authorizing the execution of the First Amending Supplemental Trust Indenture, the 1977 Series B Supplemental Trust Indenture, Contract of Purchase and an Official Statement relating to said Bonds, and that the Board be authorized to purchase $31,750,000 worth of Mortgage Loans in accordance with the list of Mortgage Lenders in the amounts of Applications for said Mortgage Loans as set forth in Appendix B of the Official Statement. A roll call vote was taken:

Calvin Robinson--------Yes
James Leary------------Yes
Virginia Jellison------Yes
W. A. Groff------------Yes

RESOLUTION OF THE MONTANA BOARD OF HOUSING
AUTHORIZING THE ISSUANCE OF $35,060,000
SINGLE FAMILY MORTGAGE BONDS, 1977 SERIES B
(FHA INSURED OR VA GUARANTEED MORTGAGE LOANS)
PURSUANT TO THE TRUST INDENTURE DATED MARCH
10, 1977, AND APPROVING AND AUTHORIZING
THE EXECUTION OF A FIRST AMENDING SUPPLEMENTAL
TRUST INDENTURE, A 1977 SERIES B SUPPLEMENTAL
TRUST INDENTURE, A CONTRACT OF PURCHASE, AND
AN OFFICIAL STATEMENT RELATING TO SAID BONDS

as follows:

Section 1. It is hereby found, determined and declared as follows:

(A) The Board has entered into a Trust Indenture with Northwestern National Bank of Minneapolis, Minnesota, as Trustee, and Northwestern Union Trust Company, Helena, Montana, as Co-Trustee, dated March 10, 1977, authorizing the issuance from time to time of its Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans), subject to terms, conditions and limitations established
in Supplemental Trust Indentures authorizing the issuance of specified Series of Bonds; under which the Board has assigned and pledged to the Trustees all of its right, title and interest to all Mortgages, revenues and other moneys and investments listed therein; has established certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; has set the minimum requirements for the Mortgages and Mortgage Loans to be purchased under the Trust Indenture; has specified the terms and conditions for the issuance of any Series of Bonds; and has adopted other provisions required and permitted by the Act which the Board deems necessary or desirable for the issuance and sale of Bonds under the Trust Indenture. The Trust Indenture is made a part of this resolution as fully as though set forth in full herein. All terms defined in the Trust Indenture are used with like meanings, respectively, in this resolution.

(B) A Supplemental Trust Indenture amending paragraph (D) of Section 11.05 of the Trust Indenture (the "First Amending Supplemental Trust Indenture"), to be dated as of July 28, 1977, by and between the Board and the Trustee and Co-Trustee, has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary. The First Amending Supplemental Trust Indenture is deemed necessary and desirable for the purpose of facilitating the securing of the maximum yield reasonably possible on Bond proceeds held in Mortgage Purchase Accounts pending the purchase of Mortgage Loans, through the authorization of the purchase of certificates of deposits issued by savings and loan associations and fully secured by the pledge of Government Obligations of a market value at all times at least equal to the amount of deposit. By its terms the First Amending Supplemental Trust Indenture is deemed applicable only to the obligations, covenants, agreements, limitations, conditions and restrictions of and upon the Board in relation to the Holders of Bonds issued after it becomes effective, other than the Outstanding Bonds of 1977 Series A, as contemplated in Section 8.03 of the Trust Indenture.

(C) An additional Supplemental Trust Indenture (the "1977 Series B Supplemental Trust Indenture"), to be dated as of July 28, 1977, by and between the Board and the Trustee and the Co-Trustee, has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary; whereby the Board authorizes the issuance of $35,060,000 aggregate principal amount of its Single Family Mortgage Bonds, 1977 Series B (FHA Insured or VA Guaranteed Mortgage Loans) (the "1977 Series B Bonds"). The 1977 Series B Supplemental Trust Indenture makes the necessary findings required by the Act, prescribes the maturities, interest rates and redemption provisions for the 1977 Series B Bonds, the forms of such Bonds, the deposit and application of the proceeds of the sale of such Bonds, and the terms and conditions of issuance of such Bonds, and contains other provisions which are required by the Act and the Trust Indenture and which the Board deems necessary or desirable to the issuance and sale of its Bonds.
(D) By resolution duly adopted by the Board on July 12, 1977, the Board approved a Preliminary Official Statement (the "Preliminary Official Statement"), dated July 14, 1977, and authorized the distribution of same to prospective purchasers of the 1977 Series B Bonds by a group of investment dealers and bankers represented by The First Boston Corporation, Dain, Kalman & Quail Incorporated, Piper, Jaffray & Hopwood Incorporated, and D. A. Davidson & Co. (the "Underwriters"). Pursuant to an Official Statement (the "Official Statement"), to be dated July 28, 1977, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, certain information relating to the Board, the Trust Indenture, the First Amending Supplemental Trust Indenture, the 1977 Series B Supplemental Trust Indenture and the Bonds will be given to the purchasers of the 1977 Series B Bonds by the Underwriters.

(E) Pursuant to a Contract of Purchase (the "Contract of Purchase"), dated July 28, 1977, between the Board and the Underwriters, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, the Board agrees to sell and the Underwriters agree to purchase the 1977 Series B Bonds at the price and upon the terms and conditions therein set forth.

Section 2. The First Amending Supplemental Trust Indenture is hereby made a part of this resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the First Amending Supplemental Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the First Amending Supplemental Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the First Amending Supplemental Trust Indenture, and the Secretary or any other member of the Board is hereby authorized and directed to attest thereto.

Section 3. The 1977 Series B Supplemental Trust Indenture is hereby made a part of this resolution as fully as though set forth in full herein (including, but not limited to, the findings required by the Act included within Section 2 thereof) and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the 1977 Series B Supplemental Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the 1977 Series B Supplemental Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the 1977 Series B Supplemental Trust Indenture, and the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.
Section 4. The issuance of the Board's $35,060,000 Single Family Mortgage Bonds, 1977 Series B (FHA Insured or VA Guaranteed Mortgage Loans) is hereby approved. The 1977 Series B Bonds shall mature, bear interest, be subject to optional, mandatory and special redemption and have the other terms and provisions as set forth in the 1977 Series B Supplemental Trust Indenture. The 1977 Series B Bonds shall be prepared in substantially the form set forth in the Series B Supplemental Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture, the First Amending Supplemental Trust Indenture and the 1977 Series B Supplemental Trust Indenture. The 1977 Series B Bonds shall be executed in the name of the Board by the Chairman of the Board and attested by either the Secretary of the Board, the Administrator of the Board, the Finance Director-Treasurer of the Board or the Program and Operations Director of the Board, each of whom is hereby appointed as an Authorized Officer of the Board (as such term is defined in the Trust Indenture) for purposes of executing the 1977 Series B Bonds. One of such signatures may be facsimile. Coupons representing interest attached to coupon 1977 Series B Bonds shall be executed by the facsimile signature of the Chairman of the Board.

Section 5. The distribution of the Preliminary Official Statement by the Underwriters to prospective purchasers of the 1977 Series B Bonds is hereby approved, confirmed and ratified.

Section 6. The Official Statement is hereby made a part of this resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman or Vice Chairman of the Board is hereby authorized to execute and deliver the Official Statement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement.

Section 7. The Contract of Purchase is hereby made a part of this resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Contract of Purchase with such changes, insertions or omissions therein as do not change the substance of the Contract of Purchase and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Contract of Purchase. The 1977 Series B Bonds are hereby sold to the Underwriters at the price and upon the terms and conditions specified in the Contract of Purchase.

Section 8. All action previously taken by the officers, Members or staff of the Board with respect to the Program, the Trust Indenture, the First Amending Supplemental Trust Indenture, the 1977 Series B Supplemental Trust Indenture, the Preliminary Official Statement, the Official Statement, the Contract of Purchase, and the 1977 Series B Bonds is hereby approved, confirmed and ratified.
Section 9. In the event of the absence or disability of the Chairman, the Vice Chairman or the Secretary of the Board, or if for any reason any of them are unable to execute the documents referred to in this resolution, such documents may be executed by other Member of the Board, with the same effect as if done by the Chairman, the Vice Chairman or the Secretary and without the further authorization of the Board. The execution of such documents by such Member shall be conclusive evidence of his or her authority to so act.

Section 10. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board or any other Member of the Board and the Administrator, Finance-Director-Treasurer and Program and Operations Director of the Board, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Trust Indenture, the First Amending Supplemental Trust Indenture, the 1977 Series B Supplemental Trust Indenture, and the Contract of Purchase, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the Members and persons named above are hereby designated as Authorized Officers (as such term is defined in the Trust Indenture) for such purpose.

Section 11. This resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 28th day of July, 1977.

Subsequent to adoption of Resolution 77-R10 Board Member Calvin Robinson moved and Virginia Jellison seconded a motion to adopt the following resolution authorizing the execution of the Mortgage Purchase Agreements and Servicing Agreements. The motion was called to a vote and was approved unanimously by the Board.

RESOLUTION
77-R11

RESOLUTION AUTHORIZING THE EXECUTION OF THE MORTGAGE PURCHASE AGREEMENTS AND SERVICING AGREEMENTS

BE IT RESOLVED, That the Officers of the Board, Administrator, Finance-Director-Treasurer and Program and Operations Director of the Board are hereby authorized to execute and deliver the Mortgage Purchase Agreements and the Servicing Agreements with the Mortgage Lenders in accordance with the list of Mortgage Lenders in Appendix B of the Official Statement.

ADOPTED by the Montana Board of Housing this 28th day of July, 1977.
BOND CLOSING

Bond Closing is scheduled for August 17-18, 1977. Mr. Oitzinger stated it will be necessary for the Chairman of the Board, Secretary of the Board and the Administrator, Finance Director-Treasurer of the Board to attend Bond Closing to execute and deliver the final documents. Fred Moulton, Counsel to the Board, will render an opinion as required by the Trust Indenture.

DISCLOSURE STATEMENTS

Chairman Groff reported he filed a Disclosure Statement with the Secretary of State's Office in compliance with Chapter 569 of the 45th Legislature (HB 462). Mr. Moulton added that Board Member Paul Johnson will likewise file such a statement.

(Paul Johnson appeared at the meeting at 10:10 a.m. and was not present during the previous proceedings and took no part in it).

ELECTION OF VICE CHAIRMAN OF THE BOARD

Chairman Groff opened discussion and nominations for Vice Chairman of the Board. There being no discussion Paul Johnson nominated Calvin Robinson. Virginia Jellison moved and Paul Johnson seconded a motion that nominations be closed and a unanimous ballot be cast for Calvin Robinson as Vice Chairman of the Board. The motion was called to a vote and passed unanimously by the Board.

FINANCIAL REPORT

Chairman Groff reported the financial condition of the Board indicating that by April, 1978 the Board of Housing will refund all general fund appropriations to the State of Montana. At that time Chairman Groff predicted the Board will be self-sustaining and no general fund appropriation will be used to finance the Board.

SECTION 8 RENTAL ASSISTANCE PROGRAM

A preliminary application to implement and administer a statewide Section 8 Existing Housing Program was presented to the Board. Mr. Mollohan submitted three forms showing the distribution of 500 housing assistance units in metropolitan (Cascade and Yellowstone) and non-metropolitan (rest of the state) areas. Mr. Mollohan introduced Mark Radcliffe, Deputy Director of the FHA Insuring Office and Joe Queenan, HUD Representative of Denver, who elaborated on the state's application and the units to be allocated for the program. After some questions and discussion of program features, Mr. Mollohan presented a resolution for the Board's consideration authorizing the Department of Community Affairs to continue negotiations with HUD and ultimately to operate the Section 8 program. Paul Johnson then moved and James Leary seconded a motion to approve the resolution submitted to the Board in writing hereafter set forth at length and unanimously approved by the Board.
RESOLUTION
77-R12

MONTANA BOARD OF HOUSING
RESOLUTION RELATING TO
THE SECTION 8 EXISTING HOUSING
PROGRAM

WHEREAS, the Board previously authorized the Department of Community Affairs to act as the agent of the Board in the filing of an application with the U.S. Department of Housing and Urban Development for 500 units to be "set-aside" for the development of a statewide, Section 8 Existing Housing Program, and

WHEREAS, the Department of Community Affairs has completed the Board's request for participating agency status and completed the request for a "set-aside" of 500 units for the first year's program, and

WHEREAS, the Department of Community Affairs has informed the Board of possibly amending the application to include additional "set-asides" of units as may be offered by the U.S. Department of Housing and Urban Development, and

WHEREAS, the Department of Community Affairs as agent of the Board must negotiate the final application with the U.S. Department of Housing and Urban Development, including the Administrative Plan, the Equal Opportunity Housing Plan and other matters, and

WHEREAS, the Department of Community Affairs as agent of the Board must negotiate the arrangements for administering the Section 8 Existing Housing Program with various local entities,

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

1. Upon acceptance and approval of the Board's application by the U.S. Department of Housing and Urban Development, the Department of Community Affairs is authorized to act as the Board's agent in the administration of the Section 8 Housing Program;

2. The Department of Community Affairs, with concurrence of the Chairman of the Board, is authorized to amend the Annual Contributions Contract and to do all things necessary to assure the proper administration of the program in meeting the terms of the Annual Contributions Contract, including amending the contract when necessary to add additional units;

3. The Department of Community Affairs is authorized to negotiate the Administrative Plan, Equal Opportunity Housing Plan, and any other matters associated with the Section 8 Existing Housing Program with the U.S. Department of Housing and Urban Development; and

4. The Department of Community Affairs is authorized to do all things necessary for the administration of the Section 8 Existing Housing Program throughout the state.

ADOPTED by the Montana Board of Housing this 28th day of July, 1977.
Mr. Mollohan the requested additional authorization be given to the Chairman of the Board to execute the Annual Contributions Contract and other matters relating to the Section 8 Program. Upon a motion by James Leary and seconded by Virginia Jellison the following resolution was unanimously approved by the Board:

RESOLUTION
77-R13

RESOLUTION AUTHORIZING THE EXECUTION OF THE ANNUAL CONTRIBUTIONS CONTRACT RELATING TO THE STATEWIDE SECTION 8 EXISTING HOUSING PROGRAM

BE IT RESOLVED that the Chairman of the Board is hereby authorized to execute the Annual Contributions Contract and other matters relating to the Statewide Section 8 Housing Assistance Program with the Department of Housing and Urban Development.

ADOPTED by the Montana Board of Housing this 28th day of July, 1977.

ADJOURN

There being no further business, the meeting was adjourned at 11:45 a.m.

ATTEST: 
Recording Secretary

Date: August 10, 1977

Secretary of the Board
Chairman Groff called the meeting to order at 9:45 a.m. in the Conference Room of the Mitchell Building, Helena, Montana.

There being no corrections to the minutes of the June 14, 1977 meeting, the minutes were approved as written.

**SECTION 8 RENT ASSISTANCE PROGRAM**

Kent Mollohan presented the rental assistance program for lower income persons and families. Mr. Mollohan devised a procedure where the Department of Community Affairs would file an application in the name of the Board of Housing but would transfer the administration of the program to operate and meet all the assurances relieving the Board of any staffing or cost. The program uses existing housing wherein 500 units are subsidized in the first year and approximately 1,000 by the second year. Mr. Mollohan circulated copies of a descriptive brochure of the program, a resolution and a tentative timetable outlining how DCA would progress with HUD in the negotiations to get the program set up administratively. Mr. Mollohan stated that after approval of the resolution, the Board would
be presented an annual contributions contract at one of
their scheduled meetings for review and action. After
several questions and discussion, Dan Mizner moved and
James Leary seconded a motion to approve the following
resolution authorizing the Department of Community Affairs
to enter into an agreement where the Board of Housing would
proceed with an application for a Section 8 Rental Assistance
Program. The Resolution hereafter set forth at length was
unanimously adopted:

RESOLUTION 77-R8

MONTANA BOARD OF HOUSING
RESOLUTION

WHEREAS, the Board has previously discussed an intent
to file an application with the U.S. Department of Housing
and Urban Development to participate in the Section 8
Housing Assistance Payments Program for Housing, Finance
and Development Agencies in order to decrease the shortage
of decent, safe and sanitary housing which is within the
financial capabilities of lower income persons and families,
and,

WHEREAS, the opportunity to help alleviate the shortage
of decent, safe, and sanitary housing for lower income persons
and families is available through the Board's participation
in the Section 8 Housing Assistance Payments Program and
the use of federal funds to reduce tenant shelter expenditures
from fifteen to twenty-five percent of their adjusted
gross incomes, and

WHEREAS, the staff and administration of the Section 8
Housing Assistance Payments Program shall be provided through
an interagency, cooperation agreement between the Board and
the Department of Community Affairs at no expense to the
Board,

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

1. The Chairman of the Board is authorized to proceed
with a formal application for participation in the Section 8
Housing Assistance Payments Program for Housing Finance
and Development Agencies.

2. The Chairman of the Board is authorized to proceed
with a formal request for a "set-aside" of allocations
of contract and budget authority for five hundred (500)
units to be used in the Section 8 existing housing program.

3. The Department of Community Affairs is requested to
act as the agent of the Board in the preparation and
negotiations with the U.S. Department of Housing and Urban
Development in completion of the following steps with
concurrence by the Chairman of the Board:

(a) The request for participation in the Section 8
program; including the preparation of the
letter of request and any additional material;
(b) The request for a "set-aside" of the budget and contract authority and funds, including any additional material;

(c) The preparation of an administrative plan, including the proposed distribution of the units allocated to the Board, the assignment of portions of all of the set-aside to specific projects, the negotiation of the administrative fee, and any additional matters;

(d) The delineation of the program operating and accounting structures, including interagency, cooperation agreements, processing procedures, and any additional matters.

4. The Department of Community Affairs is authorized to proceed as the agent of the Board, with concurrence by the Chairman, in all matters leading to the submission of the Annual Contributions Contract (ACS) to the Board at one of the Board's next, regularly scheduled meetings, and shall provide each Board member a copy of the complete application file.

ADOPTED by the Montana Board of Housing this 12th day of July, 1977.

APPROVAL OF MORTGAGE COMPANIES

Lyle Olson reported that (1) Metropolitan Mortgage Company, (2) Guaranty Mortgage Company, and (3) Charter First Mortgage Company have applied to participate in the Board's 1977 Series B Single Family Mortgage Purchase Program. Mr. Olson cited financial and other pertinent information regarding the mortgage companies. Montana statute does not provide advisory authority over mortgage companies allowing participation if the Board determines them "qualified lending institutions" under Board criteria. Mr. Olson further stated that Metropolitan Mortgage and Guaranty Mortgage Company have already been established as approved seller/servicers by the Board of Investments. After thorough discussion and review by the Board, Virginia Jellison moved and Dan Mizner seconded a motion to approve Metropolitan Mortgage Company, Guaranty Mortgage Company, and Charter First Mortgage Company as "qualified lending institutions" to do business with the Board of Housing. The motion was called to a vote and passed unanimously by the Board.

MORTGAGES PURCHASED

Lyle Olson circulated copies of an informational report of the 1977 Series A Single Family Mortgage Loans purchased in May and July totalling $9,297,707.83. Of the total commitment of $19,300,000, 47.83% of the mortgage loans were purchased in the first 90 days.
1977 SERIES B COMMITMENT REQUESTS

Lenders' commitment requests to participate in the 1977 Series B Single Family Mortgage Purchase Program were distributed to the Board for review. The staff advised reduction of some commitments as lending institutions originally requested over $42 million. James Leary supported the staff's recommendations and Paul Johnson agreed and added that approximately $13 million would be sufficient to implement a multifamily program. After thorough discussion, Virginia Jellison moved and James Leary seconded a motion authorizing the issuance of $28,750,000 Series B Single Family Mortgage Bonds. Chairman Groff called the motion to a vote and it was passed unanimously by the Board.

Virginia Jellison then moved and James Leary seconded a motion to accept a Series B Commitment Request of $3 million from the First Federal Savings and Loan Association of Great Falls, Montana in addition to the $28,750,000 bringing the total issue to $31,750,000. The motion was passed unanimously by the Board with Mr. Paul Johnson abstaining.

PRESENTATION OF PRELIMINARY OFFICIAL STATEMENT

A copy of the draft Preliminary Official Statement and Resolution of the Board approving the Preliminary Official Statement was presented to each Board member. John Oitzinger briefly explained the marketing document indicating minor modifications. Mr. William Dietrich outlined the underwriters' timetable to proceed with the proposed bond issue. After further discussion, Dan Mizner moved and Virginia Jellison seconded a motion to adopt the following resolution approving a Preliminary Official Statement relating to the Board's 1977 Series B Single Family Mortgage Bonds. The motion was approved unanimously by the Board.

RESOLUTION

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO A PROPOSED ISSUE OF SINGLE FAMILY MORTGAGE BONDS, 1977 SERIES B (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) AND OTHER MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. It is hereby found, determined and declared as follows:

(A) Pursuant to the Trust Indenture, dated as of March 10, 1977, (the "Indenture"), by and between the Board and Northwestern National Bank of Minneapolis, as Trustee, and Northwestern Union Trust Company, as Co-Trustee (collectively the "Trustees"), the Board authorized the issuance from time to time of its Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans),
subject to terms, conditions and limitations established in the Indenture and in one or more Supplemental Indentures authorizing the issuance of a specified Series of Bonds.

(B) Pursuant to a Supplemental Indenture dated March 10, 1977 the Board authorized the issuance and sale of $21,470,000 Single Family Mortgage Bonds, 1977 Series A (FHA Insured or VA Guaranteed Mortgage Loans) and has applied the proceeds thereof to the various Funds and Accounts established by the Indenture and to the purchase of mortgage loans.

(C) By Resolution duly adopted by the Board on June 14, 1977, the Board contemplated the expansion of its Single Family Mortgage Purchase Program by the issuance of a second series of Bonds for such program to be designated "Single Family Mortgage Bonds, 1977 Series B (FHA Insured or VA Guaranteed Mortgage Loans)" and authorized the distribution of an invitation to Mortgage Lenders including a form of the Mortgage Purchase Contract and Servicing Agreement.

(D) In response to the invitation, Mortgage Lenders applied for an aggregate of more than $42 million of commitments to make forward commitment mortgage loans in accordance with the Board's program.

(E) Pursuant to a Preliminary Official Statement, expected to be dated July 14, 1977, (the "Preliminary Official Statement") a draft of which has been presented to this meeting and which has been reviewed to the extent deemed necessary, certain information relating to the Board, the Indenture, and the Bonds will be given to the prospective purchasers of the 1977 Series B Bonds by a syndicate of underwriters to be managed by The First Boston Corporation, Dain, Kalman & Quail, Inc., Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. (the "Underwriters").

Section 2. The forms of Mortgage Purchase Agreement and Servicing Agreement, as presented to this meeting, and as distributed to Mortgage Lenders between June 14, 1977 and July 7, 1977, are hereby approved in all respects.

Section 3. Of the total commitments received from Mortgage Lenders, the Board intends to accept not more than $31,750,000 of commitments to make forward commitment mortgage loans subject to financing the purchase of such mortgage loans by the issuance and sale of the Single Family Mortgage Bonds, 1977 Series B (FHA Insured and VA Guaranteed Mortgage Loans).

Section 4. The Preliminary Official Statement is hereby approved in substantially the form submitted to this meeting and the distribution of the Preliminary Official Statement by the Underwriters to prospective purchasers
of the 1977 Series B Bonds is hereby approved, with such modifications and amendments as may be approved by the Administrator. The estimated amount of 1977 Series B Bonds to be issued will reflect the amount of forward commitment mortgage loans as to which commitments from Mortgage Lenders are presently intended to be accepted together with estimated amounts to be deposited in the Debt Service Reserve Fund, Mortgage Reserve Fund, Capitalized Interest Account and Cost of Issuance Account, all under the Indenture.

Section 5. The Chairman and the Administrator are hereby authorized to negotiate the terms and conditions of the sale of the 1977 Series B Bonds to the Underwriters and to make a recommendation with respect thereto subject to final approval by the Board at a meeting to be held July 28, 1977 or such other date as may be designated.

Section 6. On July 28, 1977, or at such other time as shall be designated by the Chairman, the Board shall meet to adopt a resolution approving the issuance, sale and delivery of the 1977 Series B Bonds to be issued by the Board under the Indenture. Such Series of Bonds entitled "Single Family Mortgage Bonds, 1977 Series B (FHA Insured or VA Guaranteed Mortgage Loans) shall be issued pursuant to the Indenture and a 1977 Series B Supplemental Trust Indenture, expected to be dated as of July 28, 1977, by and between the Board and the Trustees. In addition, such resolution will approve the execution of a final Official Statement relating to the Bonds and a Contract of Purchase expected to be dated July 28, 1977, between the Board and the Underwriters.

Section 7. All action previously taken by the officers, members or staff of the Board with respect to the Program and the Indenture and the proposed issue of the 1977 Series B Bonds is hereby approved, confirmed and ratified.

Section 8. This Resolution shall become effective immediately.

DISCLOSURE STATEMENTS

Discussion followed on disclosure of interests of the Board members in their respective lending institutions. Chairman Groff instructed the staff to contact Chief Counsel of the Department of Administration to prepare the proper procedure in filing disclosure statements with the Secretary of State's office.

ELECTION OF OFFICERS

Chairman Groff announced that Warren Vaughan has resigned as a member of the Board of Housing and that Calvin S. Robinson of Kalispell has been appointed as the attorney member of the Board. Chairman Groff suggested the Board consider a re-election
of officers. Following a brief discussion, James Leary recommended that the matter be postponed until the next regular meeting of the Board.

There being no further business, the meeting was adjourned upon a motion by Chairman Groff and seconded by James Leary. The motion was unanimously approved by the Board. The next meeting is scheduled for July 28, 1977 in the Conference Room of the Mitchell Building, Helena, Montana.

ATTEST:  
S. Andrus  
Recording Secretary  

DATE:  August 10, 1977  

Virginia Delusion  
Secretary of the Board
Board Members Present: W. A. Groff, Chairman
James J. Leary
Virginia Jellison, Secretary
Paul A. Johnson
Dan K. Mizner

Staff: Kent L. Mollohan, Administrator
Lyle E. Olson, Finance Director
Kraig K. Kushar, Program & Operations Director
Linda Girdler, Office Manager/Secretary

Others: John J. Oitzinger, Willkie Farr and Gallagher
William P. Dietrich, First Boston Corporation
Arthur P. Hutchinson, Lee Newspapers
Edward C. Schroeder, Consultant, Health Services Association
Robert M. Barton, Consultant, Health Services Association
Del Wanberg, Executive Director, Health Services Association
Steven W. Oxberry, Piper, Jaffray & Hopwood
Chris McCurdy, Mercantile Mortgage Company
Stanton Aby, Dain, Kalman & Quail
Doyle Saxby, Deputy Director, Department of Administration
JoAnn Woodgerd, Secretary of State Office

The Montana Board of Housing meeting was called to order June 14th in the Conference Room of the Mitchell Building, Helena, Montana by Chairman W. A. Groff.

After review of the minutes of the May 19, 1977 meeting and there being no corrections, the minutes were approved as written.

Lyle Olson presented the financial report and Board and staff travel expenditures for May. This information is available upon request.

AG OPINION ON CONFLICT OF INTEREST

Lyle Olson reported that the Attorney General's opinion stipulated that members of the Board who were determined by Opinion No. 2, Volume 37, to possess potential conflicts of interest under Section 59-501 R.C.M. because of their status as officers and stockholders in lending institutions
participating in the Board's programs, are now specifically exempted from Section 59-501 by House Bill 230 which amends Section 82A-907, R.C.M. 1947.

JoAnn Woodgerd, Deputy Director of the Secretary of State's Office, distributed an informational memorandum relating to House Bill 462 which provides a code of ethics for public servants. Mrs. Woodgerd stated voluntary disclosure statements will be accepted for filing after July 1, 1977. Any written statement providing the information required by Section 59-1710 R.C.M. will be accepted providing the document has been acknowledged by a notary public. Rules will be adopted and published in the Montana Administrative Code to implement these conditions for acceptance of disclosure statements. Chairman Groff instructed Mr. Olson to contact the department attorney to clarify the requirements of Section 59-1710 and how it would apply to the Board of Housing.

CLARK FORK MANOR PROPOSAL

Chris McCurdy outlined the mechanics involved in the proposed funding of the Clark Fork Manor project by the Board of Housing. Total cost of the project would be approximately $4 million. A cash flow chart was distributed showing a breakdown of funds involved. Mr. McCurdy stated that Mercantile Mortgage would provide the servicing on the construction and permanent loan. The First Boston Corporation would act as the Board's agent to place the bond with private investors to fund the project. Mr. Dietrich stated this would be an opportune time for the Board to adopt a general multifamily bond resolution to use for additional projects that are federally insured or guaranteed. After discussion of operating expenses and estimated interest rates,

MOTION

Virginia Jellison moved that the Board authorize the staff to proceed with underwriters and bond counsel to develop a multifamily trust indenture. Dan Mizner seconded the motion and it was passed unanimously by the Board.

UNDERWRITERS AND BOND COUNSEL

Chairman Groff stated it was necessary for the Board to continue with a motion to hire the underwriting firm and bond counsel to proceed in developing a multifamily trust indenture. After brief discussion, Virginia Jellison moved and Dan Mizner seconded a motion to hire the First Boston Corporation as senior underwriter and the firm of Dorsey, Windhorst, Hannaford, Whitney and Halladay as bond counsel. Dan Mizner then moved and Paul Johnson seconded a motion to hire Piper, Jaffray & Hopwood, Dain, Kalman & Quail, and D. A. Davidson as co-underwriters. Chairman Groff asked for discussion and there being none, the motion was passed unanimously by the Board.

BOARD COUNSEL

Chairman Groff stated that Board Counsel will be handled by the Department of Administration. He recommended that the Board hire a local attorney to assure legal representation at their meetings. He suggested each Board member direct
correspondence to Lyle Olson of their choice of Board Counsel and Mr. Groff will submit the requests to Jack Crosser, Director of the Department of Administration, for subsequent approval by the Board.

SURVEY OF MORTGAGE FILES

Lyle Olson reported on the survey of mortgage files pointing out the lowest loan was $11,000 and the highest $46,000 with the average loan $32,028. Mr. Kushar explained the mortgage data was derived from 13 of 33 participating lending institutions and the remaining lenders were of such distance that the staff could not reach in time for the meeting. Discussion ensued relating to possible regulation of lenders on the speculation of borrowers purchasing homes for a short period of time and then selling it at a higher price. Chairman Groff suggested the Board wait until Board Counsel was hired to determine if such regulation is needed.

DEFINITION OF LOWER INCOME

According to the Rules and Regulations of the Board an annual review of the definition of lower income is required. Chairman Groff asked for recommendations to either lower or raise the present lower income definition of $16,000. Paul Johnson submitted a written analysis of loans made by the First Federal Savings & Loan Association of Great Falls. 35% of the loans processed in April and 32% in May were made to people with adjusted gross incomes of less than $16,000. Mr. Johnson thinks the Board's definition is plenty high and is making loans to people that could be taken care of by private enterprise. Chairman Groff asked the staff for recommendations. Mr. Kushar suggested the Board retain the current definition of lower income, and Mr. Mollohan supported his statement and added that the present definition represents a more conservative approach to keep up with the inflationary factor. Lyle Olson stated that 34 of the 158 loans surveyed indicated gross annual incomes over $16,000 and favored reaffirming the present definition of lower income. Dan Mizner then moved and James Leary seconded a motion to reaffirm the $16,000 Adjusted Gross Family Income as the Board's definition of lower income. After more discussion, the motion was called to a vote and passed unanimously by the Board.

SINGLE FAMILY MORTGAGE PURCHASE PROGRAM

Lyle Olson stated the staff is prepared to mail Application and Commitment Agreements and other documentation to mortgage lenders subsequent to the Board's approval. After the deadline of July 7th for receipt of the Application and Commitment Agreements, the staff will review the requested commitments and report to the Board at their next meeting. William Dietrich presented copies of a draft timetable to pursue the issuance of the 1977 Series B Single Family Mortgage Bonds. After thorough discussion, Dan Mizner moved that the Board pass a resolution to proceed with the issuance of the Series B Mortgage Bonds and the size of the commitments to be determined at

MOTION

MOTION

-3-
the July 12th meeting of the Board. Virginia Jellison seconded the motion. Chairman Groff asked for further discussion and there being none, the motion was called to a vote and passed unanimously by the Board.

FINANCIAL REPORTING

Gary Carlson of Anderson ZurMuehlen & Company distributed an informational memorandum indicating the advantages of accrual based accounting stressing these points: (1) immediately available for accountability to bondholders on a generally accepted basis of accounting; (2) management tool if prepared on a timely basis; (3) facilitation of the annual audit required by the trust indenture; and (4) facilitation in the preparation of current financial statements should the Board enter the bond market with subsequent issues. Mr. Olson explained to Doyle Saxby the necessary records and accounts the Board is required to maintain on a timely basis in coordination with SBAS, MPACS and Trustee transactions. Mr. Saxby, Gary Carlson and Lyle Olson will meet to discuss and decide the best alternative in setting up the Board's general books.

APPROVAL OF MORTGAGE COMPANIES

Lyle Olson reported the Board has received requests from two mortgage companies interested in participating in the Board's program. After Mr. Olson cited the section of the Act defining a "qualified lending institution," it was apparent that mortgage companies could be eligible to participate. Paul Johnson remarked that before any decision is made a financial statement should be provided. Chairman Groff also suggested the Board require a certified statement indicating a filing with the Secretary of State's Office and a copy of the annual report. Paul Johnson then moved that before the Board consider mortgage companies as qualified lending institutions to do business with the Board of Housing that a copy of the annual audit and filing with the Secretary of State's Office be provided. Dan Mizner seconded the motion and it was passed unanimously by the Board.

REPORT OF MULTIFAMILY PROGRAM

Kent Mollohan made a presentation of his review of the Minnesota Housing Finance Agency. He reported the Minnesota HFA is involved in direct financing in order to gain greater control and influence over the multifamily housing developments. Mr. Mollohan documented the development of the multifamily staff and operation, and described other programs implemented by the agency. A copy of his report is available upon request. He encouraged the Board to move forward with the Clark Fork Manor project with the view to develop a master trust indenture for several multifamily projects that the Board could ultimately finance.

At the request of the Director of the Department of Community Affairs, a memorandum of understanding will be presented
specifying the Housing Division's role of serving in an informational/research and technical assistance capacity. Mr. Mollohan congratulated the Board on the success of their first program and plans to be an advocate for other specific lower income programs. Dan Mizner moved that a letter of appreciation be written to thank Mr. Mollohan for his many services to the Board. Paul Johnson seconded the motion and it was passed unanimously by the Board.

FINANCING MOBILE HOMES

A brief discussion followed on the feasibility of financing mobile homes. Virginia Jellison requested the staff to research and develop the information to determine if there is a demand for this type of financing. Mr. Mollohan stated he would follow up with the Board's request as soon as he completed the study of the Section 8 program.

NEXT MEETING

The next meeting was scheduled for July 12, 1977. There being no further business the meeting was adjourned upon a motion by Chairman Groff and seconded by Virginia Jellison and approved by the Board.

[Signature]
Secretary of the Board
The Montana Board of Housing meeting was called to order by Chairman William A. Groff at 9:30 a.m. in the State Tax Appeal Board Room, Helena, Montana.

After review of the minutes of the March 10th meeting and there being no corrections, the minutes were approved as written.

REPORT ON BOND CLOSING

A copy of the Cost of Issuance for the 1977 Series A Single Family Mortgage Bonds was presented to each Board member listing the charges for professional services and printing of the bonds. Lyle Olson reported that bond proceeds have been invested in treasury bills and repurchase agreements. Time certificates of deposits totalled $4,350,000 from participating lenders by competitive bid. James Leary asked if the investments were made according to state requirements and Mr. Olson replied that the CDs are pledged with the State Treasurer's Office and all investments have been made according to state regulations.

HOUSE BILL 230

Chairman Groff briefly discussed the transfer of the Board to Administration. Jack Crosser, Director of the Department of Administration stated he was in the process of transferring the staff to the Mitchell Building and added that adequate space will be available for the Board to hold their meetings in the Mitchell Building.
Chairman Groff cited the amended language regarding the conflict of interest provision in House Bill 230 and asked Kent Mollohan to comment on the status of the AG opinion. Mr. Mollohan reported the AG's office has not completed drafting the opinion, however, the preliminary finding is that the recent legislation with this language inserted has "cured" the problem of conflict of interest. According to Dan Diemert (DCA Department Attorney), the Legislature creates the statutes on conflict of interest and therefore can provide any exceptions to it. A copy of the AG opinion will be distributed as soon as it is released. After discussion James Leary moved that the Board explore the possibilities of a test case to clarify the conflict of interest language. Warren Vaughan seconded the motion and it was passed unanimously by the Board.

CONTRACTS

Mr. William Louder was introduced and outlined the professional services Coopers & Lybrand will perform: (1) an audit of the financial statements of the Board, (2) a Management Letter setting forth criticisms of any operating procedures and recommendations for improvements, and (3) any other necessary procedures in conjunction with interim financial statements and a Comfort Letter relating to periodic bond and note sales by the Board. Following a brief discussion, Virginia Jellison moved that the Board approve the accounting contract effective immediately with an expiration date of June 30, 1978. Warren Vaughan seconded the motion and it was passed unanimously by the Board.

The consulting contract between the Board and Anderson ZurMuehlen expires June 30, 1977. To set up the general books in accordance with the Statewide Budget Accounting System and Coopers and Lybrand, Mr. Olson suggested expanding the current contract. A detailed report will be presented at the June 14th meeting.

REPORT OF LENDER SURVEYS

Copies of the lender surveys were distributed listing the projected dollar amount of mortgages delivered to the Board by July 5th and a pre-commitment request for a contemplated second issue of the single family mortgage purchase program. Kraig Kushar reported that the total commitments were quite sizeable but may be reduced somewhat at actual commitment time or if the Board altered the program in any way. He indicated more actual information would be available after the July 5th delivery of mortgages. However, the staff will provide a good sample of information prior to the next meeting.

FIRST BOSTON CORPORATION

William Dietrich presented a draft timetable to issue a second series of single family mortgage bonds. The timetable would vary should the Board decide on a multifamily program. The underwriters project the municipal market to weaken and an increased interest rate in the second half of the year. Virginia Jellison favored a second issue for a multifamily
program. Warren Vaughan suggested the Board evaluate its first program to determine whether the Board is carrying out the legislative intent of serving persons and families of lower income. The staff was instructed to document the status of the first program and report to the Board prior to the June 14th meeting.

MULTIFAMILY HOUSING FINANCE PROJECTS

Virginia Jellison expressed the need for a multifamily housing finance program designed to serve the physically handicapped people. At the present time there are no facilities to accommodate these people. Ms. Jellison suggested the Board consider a bond issue to finance multifamily projects to meet the needs of all physically handicapped people and the very low income people who are not presently being served. Vivian Crabtree, representing the Handicapped Coalition of Missoula, commented that the handicapped have difficulty in renting apartments and homes because they need specific safety requirements. Approximately 80% of the physically handicapped people in the Missoula area would qualify under the Board's definition of lower income.

CLARK FORK MANOR PROPOSAL

Chris McCurdy, representing Mercantile Mortgage Company, outlined a plan to construct a 128-apartment building designed to house the elderly in Missoula. The Federal Housing Authority is in the process of insuring this project and Mercantile expects a decision by mid-July or August. Bob Barton stated this is a non-profit project sponsored by Health Services Association. A detailed description of the units and recreational facilities was presented. When FHA insures the project, Mercantile Mortgage would endorse the project to the Board of Housing. Then First Boston would sell the debt instrument in the capital market to a private investor on a 42-year basis and the two-year construction period would be placed in escrow. After thorough discussion, it was the consensus of the Board to check the legalities and to postpone approving a resolution to accept this project. Stan Aby stressed that the proposed project be thoroughly reviewed by bond counsel.

HOUSING & COMMUNITY DEVELOPMENT DEPARTMENT OF BILLINGS

Dan Hickey discussed the need for long term financing of multifamily projects, specifically public housing and Section 8 housing. Mr. Hickey quoted Billings' average vacancy rate of 1% to 1.5% which includes all housing. Billings has lost over 150 units of subsidized multifamily housing because of the inability to obtain long term financing for private developers, non-profit developers and housing authorities. Mr. Hickey suggested the Board consider financing four or five projects throughout the state to meet the demand of multifamily housing. Chairman Groff asked Mr. Hickey to submit a commitment request for the Billings area and forward this information to the staff.
CONSULTANT ON CLARK FORK MANOR PROJECT

Ed Schroeder sanctioned the proposal by Mercantile Mortgage Company pointing out the project would not be feasible under HUD's current interest rate. Mr. Schroeder recommended the Board use their bonding authority to create an availability of long term financing for rental housing projects. In conjunction with Section 8 the Board would reach the very low income persons and families in Montana. At the present time most multifamily projects are being financed by out-of-state institutions and this would give the Board an opportunity to serve the overwhelming demand of multifamily housing needs.

PRESENTATION BY HOUSING DIVISION

Kent Mollohan, Administrator of the Housing Division, outlined the Board's prospects in implementing a multifamily program stressing these points: (1) the Board could file an application for its own Section 8 authority; (2) or, utilize Section 8 to bring forth proposed developments that have Section 8 commitments already in them, and (3) pool bond issues and issue them through the state possibly in a bond bank fashion. There are many technical and legal financial circumstances to overcome but it may be one method to provide financing for community based multifamily housing assistance. Chairman Groff asked Mr. Mollohan to document the multifamily prospects upon examination of one of the state housing finance agencies and report his findings to the Board at their next meeting. Mr. Mollohan will also seek other sources of projects that are looking for long term financing within the state.

NEXT MEETING

The next Board meeting was scheduled for June 14, 1977 in the Conference Room of the Mitchell Building.

There being no further business, the meeting was adjourned upon a motion by Warren Vaughan and seconded by Virginia Jellison.

[Signature]
Secretary of the Board
MONTANA BOARD OF HOUSING
MINUTES
March 10, 1977

Board Members Present: W. A. Groff, Chairman
Virginia Jellison, Secretary
Dan K. Mizner
James J. Leary
Paul A. Johnson

Board Counsel: Fred C. Moulton

Others Present: William H. Hayden, The First Boston Corporation
Michael Doughtery, Dain, Kalman & Quail
John Oitzinger, Willkie, Farr & Gallagher
Owen Marx, Dorsey, Windhorst, Hannaford
Whitney and Halladay
Robert Haseman, Northwestern Union Trust Co.
George Axlund, Wyoming Housing and Community
Development Authority

Staff: Kent Mollohan, Administrator
Lyle Olson, Finance Director-Treasurer
Kraig Kushar, Program & Operations Director
Linda Girdler, Secretary

The March 10th meeting of the Montana Board of Housing was called to
order at 9:30 a.m. in the State Tax Appeal Board Room, corner of
Eleventh and Roberts, Helena, Montana.

The Board reviewed the minutes of the February 24, 1977 meeting.
Upon a motion by Paul Johnson, seconded by Virginia Jellison
and approved by the Board, the minutes were adopted as submitted
to the Board.

Chairman Groff instructed the Board to review the minutes of the
Conference Call of March 7, 1977 between the First Boston Corporation
and the Board of Housing. After brief discussion, Dan Mizner moved
made a motion to approve the minutes of the Conference Call as submitted
to the Board. Paul Johnson seconded the motion and it was passed
unanimously by the Board.

PRESENTATION OF FINAL DOCUMENTS
A copy of the Trust Indenture, Supplemental Trust Indenture, Contract of
Purchase, and Official Statement was presented to each Board member.
Mr. Hayden began by explaining each document relating to the Board's 1977
Series A Single Family Mortgage Bonds. He remarked that all documents
were in final form except for a few minor changes. Chairman Groff
requested Board Counsel to comment on the Contract of Purchase between
the underwriters and the Board of Housing. Mr. Moulton stated this
document contains many representations and warranties made on behalf of
the Board, and a great deal of liability on the representations made by
the First Boston Corporation and co-managers. Mr. Hayden added that
this document is necessary in order to protect the Board as well
as the underwriters.
After discussion on each of the said documents and a resolution having been submitted to the Board in writing, which resolution sets forth the Board's action with more particularity, it was moved by Dan Mizner and seconded by James Leary that written resolution hereafter set forth at length was unanimously adopted:

RESOLUTION OF THE MONTANA BOARD OF HOUSING
APPROVING AND AUTHORIZING THE EXECUTION OF
A TRUST INDENTURE RELATING TO ITS SINGLE FAMILY
MORTGAGE BONDS (FHA INSURED OR VA GUARANTEED
MORTGAGE LOANS), AUTHORIZING THE ISSUANCE OF
$21,470,000 SINGLE FAMILY MORTGAGE BONDS,
1977 SERIES A (FHA INSURED OR VA GUARANTEED
MORTGAGE LOANS), AND APPROVING AND AUTHORIZING
THE EXECUTION OF A 1977 SERIES A SUPPLEMENTAL
TRUST INDENTURE, A CONTRACT OF PURCHASE, AN
OFFICIAL STATEMENT, ALL RELATING TO SAID BONDS,
AND OTHER MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the
"Board") as follows:

Section 1. It is hereby found, determined and declared
as follows:

(A) Certain members, officers and staff of the Board
have been proceeding with the necessary discussions and financing
arrangements relating to the issuance by the Board of its
Single Family Mortgage Bonds (FHA Insured or VA Guaranteed
Mortgage Loans) pursuant to the Montana Housing Act of 1975,
Sections 35-501 through 35-526, inclusive, Revised Code of
Montana, 1974 (the "Act").

(B) The proceeds of the Bonds will be used by the
Board for the primary purpose of purchasing Mortgage Loans
(as defined in the Trust Indenture hereinafter referred to)
in order to finance the purchase of decent, safe and sanitary
housing by persons and families of lower income in the State
of Montana.

(C) By resolution duly adopted by the Board on
February 3, 1977, the Board was authorized to proceed with
the formal initiation of its Single Family Mortgage Purchase
Program, involving the formulation of commitments by the Board
to purchase FHA Insured and VA Guaranteed Mortgage Loans to
be made by Mortgage Lenders to persons and families of lower
income in the State of Montana, including in such resolution
the approval of said documents related thereto.

(D) By resolution duly adopted by the Board on
February 24, 1977, the Board approved and authorized the
execution of a Trust Indenture, by and between the Board
and Northwestern National Bank of Minneapolis, as Trustee,
and Northwestern Union Trust Company, as Co-Trustee.
Under the Trust Indenture, the Board authorizes the issuance from time to time of its Single Family Mortgage Bonds (FHA or VA Guaranteed Mortgage Loans) (the "Bonds"), subject to the terms, conditions and limitations established in the Indenture and in one or more Supplemental Indentures authorizing the issuance of a specified Series of Bonds; assigns and pledges to the Trustees all right, title and interest of the Board to all mortgages, revenues and other moneys and investments listed therein; establishes certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; sets the minimum requirements for the Mortgages and Mortgage Loans to be purchased under the Indenture; specifies the terms and conditions for the issuance of any series of Bonds; and contains other provisions which are required by the Act or which are permitted by the Act and which the Board deems necessary or desirable to the issuance and sale of its Bonds. Since February 24, 1977, certain changes and revisions have been made to the Trust Indenture. The revised Trust Indenture, to be dated as of March 10, 1977, (the "Trust Indenture") has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary.

(E) Pursuant to a 1977 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of March 10, 1977, by and between the Board and the Trustee and the Co-Trustee, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, the Board authorizes the issuance of $21,470,000 aggregate principal amount of its Single Family Mortgage Bonds, 1977 Series A (FHA Insured or VA Guaranteed Mortgage Loans) (the "1977 Series A Bonds"). The Supplemental Trust Indenture makes the necessary findings required by the Act, prescribe the maturities, interest rates and redemption provisions for the 1977 Series A Bonds, the forms of such Bonds, the deposit and application of the proceeds of the sale of such Bonds, the terms and conditions of issuance of such Bonds, and contains other provisions which are required by the Act and the Trust Indenture or which are permitted by the Act and the Trust Indenture and which the Board deems necessary or desirable to the issuance and sale of its Bonds.

(F) By resolution duly adopted by the Board on February 24, 1977, the Board approved a Preliminary Official Statement (the "Preliminary Official Statement"), dated February 25, 1977, and authorized the distribution of same to prospective purchasers of the 1977 Series A Bonds by a group of investment dealers and bankers represented by The First Boston Corporation, Dain, Kalman & Quail, Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. (the "Underwriters"). Pursuant to an Official Statement (the "Official Statement"), to be dated March 10, 1977, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, certain
information relating to the Board, the Trust Indenture, the Supplemental Trust Indenture and the Bonds will be given to the purchasers of the 1977 Series A Bonds by the Underwriters.

(G) Pursuant to a Contract of Purchase (the "Contract of Purchase"), dated March 10, 1977, between the Board and the Underwriters, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, the Board agrees to sell and the Underwriters agree to purchase the 1977 Series A Bonds at the price and upon the terms and conditions therein set forth.

Section 2. The Board's Single Family Mortgage Purchase Program, and the financing of such Program by the issuance and sale of the Single Family Mortgage Bonds (FHA Insured and VA Guaranteed Mortgage Loans) under the Trust Indenture, is hereby approved.

Section 3. The Trust Indenture is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Trust Indenture, and the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 4. The Supplemental Trust Indenture is hereby made a part of this Resolution as fully as though set forth in full herein (including, but not limited to, the findings required by the Act included within Section 2 thereof) and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Supplemental Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the Supplemental Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Supplemental Trust Indenture, and the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 5. The issuance of the Board's $21,470,000 Single Family Mortgage Bonds, 1977 Series A (FHA Insured or VA Guaranteed Mortgage Loans) is hereby approved. The 1977 Series A Bonds shall mature, bear interest, be subject to optional, mandatory and special redemption and have the other terms and provisions as set forth in the Supplemental Trust Indenture.
The 1977 Series A Bonds shall be prepared in substantially the form set forth in the Supplemental Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture and the Supplemental Trust Indenture. The 1977 Series A Bonds shall be executed in the name of the Board by the Chairman of the Board and attested by either the Secretary of the Board, the Administrator of the Board, the Finance Director-Treasurer of the Board or the Program and Operations Director of the Board, each of whom is hereby appointed as an Authorized Officer of the Board (as such term is defined in the Trust Indenture) for purposes of executing the 1977 Series A Bonds. One of such signatures may be in facsimile. Coupons representing interest attached to coupon 1977 Series A Bonds shall be executed by the facsimile signature of the Chairman of the Board.

Section 6. The distribution of the Preliminary Official Statement by the Underwriters to prospective purchasers of the 1977 Series A Bonds is hereby approved, confirmed and ratified.

Section 7. The Official Statement is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman or the Vice Chairman of the Board is hereby authorized to execute and deliver the Official Statement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement.

Section 8. The Contract of Purchase is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Contract of Purchase with such changes, insertions or omissions therein as do not change the substance of the Contract of Purchase and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Contract of Purchase. The 1977 Series A Bonds are hereby sold to the Underwriters at the price and upon the terms and condition specified in the Contract of Purchase.

Section 9. All action previously taken by the officers, Members or staff of the Board with respect to the Program, the Trust Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement, the Official Statement, the Contract of Purchase, and the 1977 Series A Bonds is hereby approved, confirmed and ratified.

Section 10. In the event of the absence or disability of the Chairman, the Vice Chairman or the Secretary of the Board, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by any other Member of the Board, with the same effect as if done by the Chairman, the Vice Chairman or the Secretary and without the further authorization of the Board. The execution of such documents by such Member shall be conclusive evidence of his or her authority to so act.
Section 11. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board or any other Member of the Board and the Administrator, Finance Director-Treasurer and Program and Operations Director of the Board, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Trust Indenture, the Supplemental Trust Indenture, and the Contract of Purchase, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the Members and persons above named are hereby designated as Authorized Officers (as such term is defined in the Trust Indenture) for such purpose.

Section 12. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 10th day of March, 1977.

MORTGAGE PURCHASE AGREEMENTS & SERVICING AGREEMENTS

In reference to the Mortgage Purchase Agreements and Servicing Agreements Mr. Moulton reported two Mortgage Purchase Agreements which upon examination were not properly executed. He remarked it was simply a technical matter and was now resolved.

A copy of withdrawal of the Application and Mortgage Purchase Agreement from the First Federal Savings and Loan Association of Great Falls was presented to the Board. Mr. Moulton explained that First Federal under a letter delivered to the Board requested a withdrawal of their application and Mortgage Purchase Agreement to sell $750,000 of forward commitment mortgage loans to the Board. A resolution was prepared and submitted to the Board accepting such offer be withdrawn and revoked. Upon a motion by James Leary and seconded by Dan Mizner the Resolution hereafter set forth at length was unanimously passed by the Board with Mr. Paul Johnson abstaining.

MONTANA BOARD OF HOUSING

RESOLUTION

77-R6

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING

as follows:

Pursuant to invitation made by the Board under the Board's Single Family Mortgage Purchase Program, the First Federal Savings and Loan Association of Great Falls submitted to the Board an Application and Mortgage Purchase Agreement under which the Association offered to sell to the Board $750,000 aggregate principal amount of forward commitment mortgage loans pursuant to such Mortgage Purchase Agreement.

Said Association has under a letter delivered to the Board requested that such offer be withdrawn and revoked.

The Board hereby accepts such withdrawal and revocation and the Chairman of the Board or the Finance
Director of the Board is hereby authorized and directed to execute said letter and to return to such Association its 1% commitment fee ($7,500) previously delivered to the Board.

ADOPTED THIS 10th day of March, 1977.

Virginia Jellison then moved to adopt the resolution submitted in writing to the Board authorizing the execution of the Mortgage Purchase Agreements and Servicing Agreements reflecting 32 Mortgage Lenders in the program. Dan Mizner seconded the motion and it was passed unanimously by the Board as hereafter set forth at length.

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF MORTGAGE PURCHASE AGREEMENTS AND SERVICING AGREEMENTS RELATING TO THE SINGLE FAMILY MORTGAGE PURCHASE PROGRAM, AND OTHER MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. It is hereby found, determined and declared that by resolution duly adopted by the Board on February 3, 1977, the Board approved in substance Mortgage Purchase Agreements (the "Mortgage Purchase Agreements") and Servicing Agreements (the "Servicing Agreements") and invitation letters relating thereto. Subsequent to the adoption thereof, the Board distributed these documents to qualified Mortgage Lenders (as such term is defined in the Trust Indenture) in the State of Montana. In response to such invitation, the Board has received thirty-two (32) Mortgage Purchase Agreements executed by Mortgage Lenders relating to an aggregate of $19,300,000 Mortgage Loans, and Servicing Agreements executed by qualified servicers relating to such Mortgage Loans (the names of the Mortgage Lenders and the aggregate principal amount of Mortgage Loans relating to each being set forth as Appendix B to the Official Statement). Copies of forms of such Mortgage Purchase Agreements and Servicing Agreements have been presented to the Board at this meeting and reviewed to the extent deemed necessary. Pursuant to Notices of Acceptance (the "Notices of Acceptance"), the Board will notify the Mortgage Lenders of its acceptance of the Mortgage Purchase Agreements, setting forth therein the principal amount of Mortgage Loans to be sold by the Mortgage Lender and purchased by the Board and the interest rate for such Mortgage Loans.

Section 2. The Mortgage Purchase Agreements, the Servicing Agreements and the Notices of Acceptance are hereby made a part of this Resolution as fully as though set forth in full herein and are hereby approved in the forms submitted to
this meeting and the Chairman of the Board or Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Mortgage Purchase Agreements, the Servicing Agreements and the Notices of Acceptance and the Secretary of the Board or any other Member of the Board is hereby authorized and directed to attest thereto. Each of the Mortgage Lenders and Servicers is hereby approved. Each of the applications of the Mortgage Lenders (identified in Appendix B to the Official Statement together with the principal amount of Mortgage Loans relating thereto) is hereby accepted. The forward commitment mortgage loans (as such term is defined in the Mortgage Purchase Agreements) shall bear interest at a rate of 7 1/8% per annum.

Section 3. All action previously taken by the officers, Members or staff of the Board with respect to the Mortgage Purchase Agreements, the Servicing Agreements and the Notices of Acceptance is hereby approved, confirmed and ratified.

Section 4. In the event of the absence or disability of the Chairman, the Vice Chairman or the Secretary of the Board, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by any other Member of the Board, with the same effect as if done by the Chairman, the Vice Chairman or the Secretary of the Board and without the further authorization of the Board. The execution of such documents by such Member shall be conclusive evidence of his or her authority to so act.

Section 5. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board or any other Member of the Board and the Administrator, Finance Director-Treasurer and Program and Operations Director of the Board, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Mortgage Purchase Agreements, the Servicing Agreements and the Notices of Acceptance, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the Members and persons above named are hereby designated as Authorized Officers for such purpose.

Section 6. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 10th day of March, 1977.

In accordance with the Board approving the Contract of Purchase, Mr. Hayden presented to the Board a Cashier's Check for $214,700 representing a good faith deposit on the purchase of the Board's bonds.

APPOINTMENT OF PAYING AGENTS

Following a brief discussion of the paying agents, Paul Johnson moved that the Northwestern National Bank of Minneapolis, Trustee, the
Northwestern Union Trust Company of Helena, Co-Trustee, and the Citibank of New York be designated as paying agents for the Board of Housing. Dan Mizner seconded the motion and it was passed unanimously by the Board.

ARBITRAGE CERTIFICATE

Chairman Groff requested a motion to authorize him to sign the Arbitrage Certificate. He explained this document certifies to the federal government that the Board will not under any circumstances become a profit-making institution under the arbitrage laws. Mr. Moulton stated the Board would need expert advice in this field in all connections. James Leary moved to authorize the Chairman of the Board to sign the Arbitrage Certificate. It was seconded by Dan Mizner and passed unanimously by the Board.

AUTHORIZATION TO PURCHASE $19,300,000 MORTGAGE LOANS

Mr. Hayden informed the Board that the net interest cost on this bond issue was 5.733% and recommended the Board adopt an interest rate of 7-1/8% on the mortgage loans. He further explained how the bonds were rated and that the Board could not realize more than 1.50% markup or profit on the bonds. In order to protect the integrity of the 1.50% arbitrage, the underwriters recommended 1.40%. After thorough discussion, Dan Mizner moved to authorize the purchase of $19,300,000 mortgage loans at 7-1/8%. Virginia Jellison seconded the motion and it was passed unanimously by the Board.

FUTURE PROGRAMS

Following a short recess, Chairman Groff inquired about future programs of the Board. Mr. Hayden suggested a loan-to-lenders program or FHA/VA approved multi-family program. The underwriters recommended the Board wait for at least six months or until a good portion of the money available was out in mortgages and in hand before considering another issue.

BOND CLOSING

Mr. Hayden remarked Bond Closing is scheduled for April 4th and 5th. It will be necessary for the Chairman of the Board to attend the closing as well as a representative from the underwriting team, bond counsel, board counsel, staff, trustee and any member of the board. Owen Marx will forward all required documents for the Bond Closing to the staff.

NEXT MEETING

The next meeting was tentatively scheduled for June. There being no further business, Dan Mizner moved and Chairman Groff seconded a motion to adjourn the meeting at 11:45 a.m. The motion was passed unanimously by the Board.

[Signature]
Secretary of the Board
RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A TRUST INDENTURE RELATING TO ITS SINGLE FAMILY MORTGAGE BONDS (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS), AUTHORIZING THE ISSUANCE OF $21,470,000 SINGLE FAMILY MORTGAGE BONDS, 1977 SERIES A (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS), AND APPROVING AND AUTHORIZING THE EXECUTION OF A 1977 SERIES A SUPPLEMENTAL TRUST INDENTURE, A CONTRACT OF PURCHASE, AN OFFICIAL STATEMENT, ALL RELATING TO SAID BONDS, AND OTHER MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. It is hereby found, determined and declared as follows:

(A) Certain members, officers and staff of the Board have been proceeding with the necessary discussions and financing arrangements relating to the issuance by the Board of its Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans) pursuant to the Montana Housing Act of 1975, Sections 35-501 through 35-526, inclusive, Revised Code of Montana, 1974 (the "Act").

(B) The proceeds of the Bonds will be used by the Board for the primary purpose of purchasing Mortgage Loans (as defined in the Trust Indenture hereinafter referred to) in order to finance the purchase of decent, safe and sanitary housing by persons and families of lower income in the State of Montana.

(C) By resolution duly adopted by the Board on February 3, 1977, the Board was authorized to proceed with the formal initiation of its Single Family Mortgage Purchase Program, involving the formulation of commitments by the Board to purchase FHA Insured and VA Guaranteed Mortgage Loans to be made by Mortgage Lenders to persons and families of lower income in the State of Montana, including in such resolution the approval of said documents related thereto.

(D) By resolution duly adopted by the Board on February 24, 1977, the Board approved and authorized the execution of a Trust Indenture, by and between the Board and Northwestern National Bank of Minneapolis, as Trustee, and Northwestern Union Trust Company, as Co-Trustee.
Under the Trust Indenture, the Board authorizes the issuance from time to time of its Single Family Mortgage Bonds (FHA or VA Guaranteed Mortgage Loans) (the "Bonds"), subject to the terms, conditions and limitations established in the Indenture and in one or more Supplemental Indentures authorizing the issuance of a specified Series of Bonds; assigns and pledges to the Trustees all right, title and interest of the Board to all mortgages, revenues and other moneys and investments listed therein; establishes certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; sets the minimum requirements for the Mortgages and Mortgage Loans to be purchased under the Indenture; specifies the terms and conditions for the issuance of any series of Bonds; and contains other provisions which are required by the Act or which are permitted by the Act and which the Board deems necessary or desirable to the issuance and sale of its Bonds. Since February 24, 1977, certain changes and revisions have been made to the Trust Indenture. The revised Trust Indenture, to be dated as of March 10, 1977, (the "Trust Indenture") has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary.

(E) Pursuant to a 1977 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of March 10, 1977, by and between the Board and the Trustee, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, the Board authorizes the issuance of $21,470,000 aggregate principal amount of its Single Family Mortgage Bonds, 1977 Series A (FHA Insured or VA Guaranteed Mortgage Loans) (the "1977 Series A Bonds"). The Supplemental Trust Indenture makes the necessary findings required by the Act, prescribes the maturities, interest rates and redemption provisions for the 1977 Series A Bonds, the forms of such Bonds, the deposit and application of the proceeds of the sale of such Bonds, the terms and conditions of issuance of such Bonds, and contains other provisions which are required by the Act and the Trust Indenture or which are permitted by the Act and the Trust Indenture and which the Board deems necessary or desirable to the issuance and sale of its Bonds.

(F) By resolution duly adopted by the Board on February 24, 1977, the Board approved a Preliminary Official Statement (the "Preliminary Official Statement"), dated February 25, 1977, and authorized the distribution of same to prospective purchasers of the 1977 Series A Bonds by a group of investment dealers and bankers represented by The First Boston Corporation, Dain, Kalman & Quail, Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. (the "Underwriters"). Pursuant to an Official Statement (the "Official Statement"), to be dated March 10, 1977, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, certain
information relating to the Board, the Trust Indenture, the Supplemental Trust Indenture and the Bonds will be given to the purchasers of the 1977 Series A Bonds by the Underwriters.

(G) Pursuant to a Contract of Purchase (the "Contract of Purchase"), dated March 10, 1977, between the Board and the Underwriters, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, the Board agrees to sell and the Underwriters agree to purchase the 1977 Series A Bonds at the price and upon the terms and conditions therein set forth.

Section 2. The Board's Single Family Mortgage Purchase Program, and the financing of such Program by the issuance and sale of the Single Family Mortgage Bonds (FHA Insured and VA Guaranteed Mortgage Loans) under the Trust Indenture, is hereby approved.

Section 3. The Trust Indenture is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Trust Indenture, and the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 4. The Supplemental Trust Indenture is hereby made a part of this Resolution as fully as though set forth in full herein (including, but not limited to, the findings required by the Act included within Section 2 thereof) and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Supplemental Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the Supplemental Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Supplemental Trust Indenture, and the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 5. The issuance of the Board's $21,470,000 Single Family Mortgage Bonds, 1977 Series A (FHA Insured or VA Guaranteed Mortgage Loans) is hereby approved. The 1977 Series A Bonds shall mature, bear interest, be subject to optional, mandatory and special redemption and have the other terms and provisions as set forth in the Supplemental Trust Indenture. The 1977 Series A
Bonds shall be prepared in substantially the form set forth in the Supplemental Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture and the Supplemental Trust Indenture. The 1977 Series A Bonds shall be executed in the name of the Board by the Chairman of the Board and attested by either the Secretary of the Board, the Administrator of the Board, the Finance Director-Treasurer of the Board or the Program and Operations Director of the Board, each of whom is hereby appointed as an Authorized Officer of the Board (as such term is defined in the Trust Indenture) for purposes of executing the 1977 Series A Bonds. One of such signatures may be in facsimile. Coupons representing interest attached to coupon 1977 Series A Bonds shall be executed by the facsimile signature of the Chairman of the Board.

Section 6. The distribution of the Preliminary Official Statement by the Underwriters to prospective purchasers of the 1977 Series A Bonds is hereby approved, confirmed and ratified.

Section 7. The Official Statement is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman or the Vice Chairman of the Board is hereby authorized to execute and deliver the Official Statement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement.

Section 8. The Contract of Purchase is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Contract of Purchase with such changes, insertions or omissions therein as do not change the substance of the Contract of Purchase and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Contract of Purchase. The 1977 Series A Bonds are hereby sold to the Underwriters at the price and upon the terms and conditions specified in the Contract of Purchase.

Section 9. All action previously taken by the officers, Members or staff of the Board with respect to the Program, the Trust Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement, the Official Statement, the Contract of Purchase, and the 1977 Series A Bonds is hereby approved, confirmed and ratified.

Section 10. In the event of the absence or disability of the Chairman, the Vice Chairman or the Secretary of the Board, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by any other Member of the Board, with the same effect.
as if done by the Chairman, the Vice Chairman or the Secretary and without the further authorization of the Board. The execution of such documents by such Member shall be conclusive evidence of his or her authority to so act.

Section 11. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board or any other Member of the Board and the Administrator, Finance Director-Treasurer and Program and Operations Director of the Board, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Trust Indenture, the Supplemental Trust Indenture, and the Contract of Purchase, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the Members and persons above named are hereby designated as Authorized Officers (as such term is defined in the Trust Indenture) for such purpose.

Section 12. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 10th day of March, 1977.

[Signature]

Chairman
Montana Board of Housing
A Conference Call was held March 7, 1977 at 10:00 a.m. between the Montana Board of Housing and The First Boston Corporation.

William Hayden began by discussing the status of the market indicating the market was firm on Friday but not as sound today. He proceeded to discuss the underwriters' ideas of a tentative scale for the series and term bonds. He stated the co-managers agreed with the scale but thought it may be too aggressive. Mr. Hayden remarked that after they described the scale and were given the Board's approval to test the market using this scale, they may possibly come back with minor changes to make the bonds saleable.

Richard Phelps presented the interest rate and yield scale matched to the series and term bonds as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>$205,000</td>
<td>8.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>1979</td>
<td>415,000</td>
<td>8.00%</td>
<td>3.50%</td>
</tr>
<tr>
<td>1980</td>
<td>615,000</td>
<td>8.00%</td>
<td>3.75%</td>
</tr>
<tr>
<td>1981</td>
<td>750,000</td>
<td>8.00%</td>
<td>4.00%</td>
</tr>
<tr>
<td>1982</td>
<td>780,000</td>
<td>8.00%</td>
<td>4.25%</td>
</tr>
<tr>
<td>1983</td>
<td>770,000</td>
<td>5.00%</td>
<td>4.40%</td>
</tr>
<tr>
<td>1984</td>
<td>815,000</td>
<td>4.50%</td>
<td>Par</td>
</tr>
<tr>
<td>1985</td>
<td>790,000</td>
<td>4.60%</td>
<td>Par</td>
</tr>
<tr>
<td>1986</td>
<td>770,000</td>
<td>4.70%</td>
<td>Par</td>
</tr>
<tr>
<td>1987</td>
<td>790,000</td>
<td>4.80%</td>
<td>Par</td>
</tr>
<tr>
<td>1988</td>
<td>760,000</td>
<td>4.90%</td>
<td>Par</td>
</tr>
<tr>
<td>1989</td>
<td>670,000</td>
<td>5.00%</td>
<td>Par</td>
</tr>
<tr>
<td>1990</td>
<td>690,000</td>
<td>5.10%</td>
<td>Par</td>
</tr>
<tr>
<td>1991</td>
<td>680,000</td>
<td>5.20%</td>
<td>Par</td>
</tr>
<tr>
<td>1992</td>
<td>595,000</td>
<td>5.30%</td>
<td>Par</td>
</tr>
<tr>
<td>2008</td>
<td>$11,370,000</td>
<td>5.875%</td>
<td>Par</td>
</tr>
</tbody>
</table>
After some discussion regarding the underwriters' feelings, Mr. Hayden indicated First Boston intended to go to the market to test the scale. He continued by remarking that with the ratings received on our bonds, the investors have shown a strong interest in our issue compared to other similarly structured programs.

Further discussion ensued on how the scale appealed to the Board. Mr. Olson indicated the scale looked good and requested an estimate of a net interest cost to the Board. Mr. Hayden guessed it may be approximately 5.75%.

Mr. Hayden noted that the 1978 through 1983 series bonds will be non-callable due to the premiums in the scale. Discussion ensued by First Boston regarding the underwriters' spread in this issue. Tentative costs were provided but will be precisely decided at the Board's next meeting, March 10th. Mr. Hayden asked each Board member for their opinion of the scale, and each member responded with approval.

Mr. Hayden noted he would call this afternoon to inform us of the progress in testing the market. He requested the Board's approval to negotiate any minor changes in the scale with the Chairman of the Board. Each Board member provided their approval.

Mr. Hayden indicated they were ten minutes behind the schedule we established 45 days ago and if the Board didn't mind, they would like to get to work on the bond sale. The Board unanimously agreed.
Board Members Present:  
W. A. Groff, Chairman  
Warren F. Vaughan, Vice Chairman  
Virginia Jellison, Secretary  
Dan K. Mizner  
Paul A. Johnson  
James J. Leary  

Staff:  
Kent Mollohan, Administrator  
Lyle Olson, Finance Officer  
Kraig Kushner, Project Development Officer  
Linda Girdler, Secretary  

Others Present:  
William Dietrich, The First Boston Corporation  
Arthur Whitney, Dorsey, Windhorst, Hannaford, Whitney & Halladay  
Fred Moulton, BOH Attorney  
Francis Fallon, Dain, Kalman & Quail  
Stanton Aby, Dain, Kalman & Quail  

The Montana Board of Housing meeting was called to order February 24, 1977 by Chairman W. A. Groff at 9:00 a.m. in the Conference Room of the Department of Community Affairs, 1424 9th Avenue, Helena, Montana.  

The Board reviewed the minutes of the February 3, 1977 meeting. Upon a motion by Dan Mizner and seconded by James Leary, the minutes were approved as written.  

PRESENTATION OF PRELIMINARY OFFICIAL STATEMENT  
A draft of the Preliminary Official Statement was presented to each Board member. Mr. William Dietrich summarized significant details of the marketing document and briefly outlined the underwriter's timetable to proceed with the bond sale. Mr. Dietrich stated a conference call is scheduled for March 3, 1977 at 9:00 a.m., Mountain Standard Time, between the Committee of the Board and The First Boston Corporation. Lyle Olson will contact each member to learn of their location for the conference call.  

James Leary asked if any action by the Committee of the Board would be an official act in behalf of the Board. Mr. Arthur Whitney stated that any material act should be done by a majority of the Board, however, the Board could authorize a group to handle anything that might be in the nature of a ministerial act and may extend the authority within limits for their group to act. James Leary then moved to amend a previous motion of the February 3, 1977 meeting appointing three members to act in behalf of the Board to include all members of the Board on the committee. Dan Mizner seconded the motion and was passed unanimously by the Board.
After further discussion of the Preliminary Official Statement, Dan Mizner moved and Virginia Jellison seconded a motion to adopt the following resolution approving and authorizing the execution of a Trust Indenture relating to the Board's Single Family Mortgage Bonds and the Preliminary Official Statement:

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A TRUST INDENTURE RELATING TO ITS SINGLE FAMILY MORTGAGE BONDS (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS), APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO SAID BONDS AND OTHER MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. It is hereby found, determined and declared as follows:

(A) Certain members, officers and staff of the Board have been proceeding with the necessary discussions and financing arrangements relating to the issuance by the Board of its Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans) pursuant to the Montana Housing Act of 1975, Sections 35-501 through 35-526, inclusive, Revised Code of Montana, 1974 (the "Act").

(B) The proceeds of the Bonds will be used by the Board for the primary purpose of purchasing Mortgage Loans (as defined in the Trust Indenture hereinafter referred to) in order to finance the purchase of decent, safe and sanitary housing by persons and families of lower income in the State of Montana.

(C) By resolution duly adopted by the Board on February 3, 1977, the Board was authorized to proceed with the formal initiation of its Single Family Mortgage Purchase Program, involving the formulation of commitments by the Board to purchase FHA Insured and VA guaranteed Mortgage Loans to be made by Mortgage Lenders to persons and families of lower income in the State of Montana, including in such resolution the approval of said documents related thereto.

(D) Pursuant to a Trust Indenture, expected to be dated as of March 10, 1977, (the "Indenture"), by and between the Board and Northwestern National Bank of Minneapolis, as Trustee, and Northwestern Union Trust Company, as Co-Trustee (collectively the "Trustees"), a draft of which has been presented to the Board at this meeting and which has been reviewed to the extent deemed necessary, the Board authorizes the issuance from time to time of its Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans), subject to the terms, conditions and limitations established in the Indenture and in one or more Supplemental Indentures authorizing the issuance of a specified Series of Bonds; assigns and pledges to the Trustees all right, title and interest of the Board to all mortgages, revenues and other moneys and investments listed therein; establishes certain Funds and Accounts for the deposit, application, transfer and withdrawal
of such revenues, moneys and investments; sets the minimum requirements for the Mortgages and Mortgage Loans to be purchased under the Indenture; specifies the terms and conditions for the issuance of any series of Bonds; and contains other provisions which are required by the Act or which are permitted by the Act and which the Board deems necessary or desirable to the issuance and sale of its Bonds.

(E) Pursuant to a Preliminary Official Statement, expected to be dated February 25, 1977, (the "Preliminary Official Statement") a draft of which has been presented to the Board at this meeting and which has been reviewed to the extent deemed necessary, certain information relating to the Board, the Indenture, and the Bonds will be given to the prospective purchasers of the 1977 Series A Bonds (hereinafter referred to) by The First Boston Corporation, Dain, Kalman & Quail, Inc., Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. (the "Underwriters").

Section 2. The Board's Single Family Mortgage Purchase Program, and the financing of such Program by the issuance and sale by the Single Family Mortgage Bonds (FHA Insured and VA Guaranteed Mortgage Loans), is hereby approved.

Section 3. The Indenture is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in substantially the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Indenture with such changes, insertions or omissions therein as do not change the substance of the Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Indenture, and the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 4. The Preliminary Official Statement is hereby made a part of this resolution as fully as though set forth in full herein and is hereby approved in substantially the form submitted to this meeting and the distribution of the Preliminary Official Statement by the Underwriters to prospective purchasers of the 1977 Series A Bonds (hereinafter referred to) is hereby approved.

Section 5. On March 10, 1977, or at such other time as shall be designated by the Chairman, the Board shall meet to adopt a resolution approving the issuance, sale and delivery of the first series of Bonds issued by the Board under the Indenture. Such Series of Bonds entitled "Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans) 1977 Series "A" shall be issued pursuant to the Indenture and a 1977 Series A Supplemental Trust Indenture (the "Supplemental Indenture"), expected to be dated as of March 10, 1977, by and between the Board and the Trustees. In addition, such resolution will approve the execution of a final Official Statement relating to the Bonds and a Contract of Purchase expected to be dated March 10, 1977, between the Board and the Underwriters.
Section 6. All action previously taken by the officers, members or staff of the Board with respect to the Program and the Indenture is hereby approved, confirmed and ratified.

Section 7. In the event of the absence or disability of the Chairman, the Vice Chairman or the Secretary of the Board, or if for any other reason any of them are unable to execute the Indenture, such Indenture may be executed by any other Member of the Board, with the same effect as if done by the Chairman, Vice Chairman or the Secretary and without the further authorization of the Board. The execution of the Indenture by such Member shall be conclusive evidence of his or her authority to so act.

Section 8. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 24th day of February, 1977.

Chairman Groff requested that Paul Johnson abstain from the vote on the Resolution due to the possibility of a conflict of interest. The Resolution was passed unanimously by the Board and Mr. Johnson abstaining.

The Board next discussed the deletion of Clause (1) of the Mortgage Purchase Agreement. Chairman Groff asked Mr. Whitney to offer the language for the following resolution amending Section 6. Clause (i) of the Mortgage Purchase Agreement. Dan Mizner moved that the Mortgage Purchase Agreement be amended to delete Section 6. Clause (i) as follows and the motion was seconded by Warren Vaughan:

RESOLUTION OF THE MONTANA BOARD OF HOUSING AMENDING SECTION 6. CLAUSE (I) OF THE SINGLE FAMILY FHA/VA MORTGAGE PROGRAM MORTGAGE PURCHASE AGREEMENT.

BE IT RESOLVED by the Montana Board of Housing that the Single Family FHA/VA Mortgage Program Mortgage Purchase Agreement be amended by deleting Clause (i) from Section 6 thereof before the agreement is entered into with mortgage lenders.

Adopted by the Montana Board of Housing this 24th day of February, 1977.

The Resolution was passed unanimously by the Board.

The Board discussed proposed legislation affecting the Montana Board of Housing. Virginia Jellison asked for comments on House Bill 714 which amends the Housing Act of 1975 by adding a low-income mortgage finance insurance fund to the housing finance account. Discussion followed on the status of Senate Bill 434 referring to state tax exemption on bonds. Mr. Whitney stated a portion of the Official Statement regarding tax exemption on bonds may be left out until final status of the bill is known. Chairman Groff asked Mr. Whitney to prepare the language amending House Bill 230 pledging the bonds as securities for public deposits and adding an effective date for the bill. Mr. Whitney
stated he would do so and forward his comments to the staff. The staff was instructed to keep the Board apprised of current status of all legislation affecting the Board of Housing.

The next meeting was scheduled for March 10, 1977. There being no further business, Warren Vaughan moved and James Leary seconded a motion to adjourn. The motion was called to a vote and passed unanimously by the Board.

Virginia Jefferson
Secretary of the Board
RESOLUTION OF THE MONTANA BOARD OF
HOUSING APPROVING AND AUTHORIZING THE
EXECUTION OF A TRUST INDENTURE RELATING TO
ITS SINGLE FAMILY MORTGAGE BONDS (FHA INSURED
OR VA GUARANTEED MORTGAGE LOANS), APPROVING
A PRELIMINARY OFFICIAL STATEMENT RELATING TO
SAID BONDS AND OTHER MATTERS RELATING TO
THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. It is hereby found, determined and declared
as follows:

(A) Certain members, officers and staff of the Board have
been proceeding with the necessary discussions and financing arrangements
relating to the issuance by the Board of its Single Family Mortgage
Bonds (FHA Insured or VA Guaranteed Mortgage Loans) pursuant to
the Montana Housing Act of 1975, Sections 35-501 through 35-526,
inclusive, Revised Code of Montana, 1974 (the "Act").

(B) The proceeds of the Bonds will be used by the Board
for the primary purpose of purchasing Mortgage Loans (as defined
in the Trust Indenture hereinafter referred to) in order to finance
the purchase of decent, safe and sanitary housing by persons and
families of lower income in the State of Montana.

(C) By resolution duly adopted by the Board on February 3,
1977, the Board was authorized to proceed with the formal initiation
of its Single Family Mortgage Purchase Program, involving the
formulation of commitments by the Board to purchase FHA Insured and
VA Guaranteed Mortgage Loans to be made by Mortgage Lenders to
persons and families of lower income in the State of Montana, including
in such resolution the approval of said documents related thereto.

(D) Pursuant to a Trust Indenture, expected to be dated as
of March 10, 1977, (the "Indenture"), by and between the Board and
Northwestern National Bank of Minneapolis, as Trustee, and Northwestern
Union Trust Company, as Co-Trustee (collectively the "Trustees"),
a draft of which has been presented to the Board at this meeting and
which has been reviewed to the extent deemed necessary, the Board
authorizes the issuance from time to time of its Single Family Mortgage
Bonds (FHA or VA Guaranteed Mortgage Loans), subject to the terms,
conditions and limitations established in the Indenture and in one
or more Supplemental Indentures authorizing the issuance of a
specified Series of Bonds; assigns and pledges to the Trustees all
right, title and interest of the Board to all mortgages, revenues
and other moneys and investments listed therein; establishes certain
Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; sets the minimum requirements for the Mortgages and Mortgage Loans to be purchased under the Indenture; specifies the terms and conditions for the issuance of any series of Bonds; and contains other provisions which are required by the Act or which are permitted by the Act and which the Board deems necessary or desirable to the issuance and sale of its Bonds.

(E) Pursuant to a Preliminary Official Statement, expected to be dated February 25, 1977, (the "Preliminary Official Statement") a draft of which has been presented to the Board at this meeting and which has been reviewed to the extent deemed necessary, certain information relating to the Board, the Indenture, and the Bonds will be given to the prospective purchasers of the 1977 Series A Bonds (hereinafter referred to) by The First Boston Corporation; Dain, Kalman & Quail, Inc.; Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. (the "Underwriters").

Section 2. The Board's Single Family Mortgage Purchase Program, and the financing of such Program by the issuance and sale of the Single Family Mortgage Bonds (FHA Insured and VA Guaranteed Mortgage Loans), is hereby approved.

Section 3. The Indenture is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in substantially the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Indenture with such changes, insertions or omissions therein as do not change the substance of the Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Indenture, and the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 4. The Preliminary Official Statement is hereby made a part of this resolution as fully as though set forth in full herein and is hereby approved in substantially the form submitted to this meeting and the distribution of the Preliminary Official Statement by the Underwriters to prospective purchasers of the 1977 Series A Bonds (hereinafter referred to) is hereby approved.

Section 5. On March 10, 1977, or at such other time as shall be designated by the Chairman, the Board shall meet to adopt a resolution approving the issuance, sale and delivery of the first series of Bonds issued by the Board under the Indenture. Such Series of Bonds entitled "Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans) 1977 Series A" shall be issued pursuant to the Indenture and a 1977 Series A Supplemental Trust Indenture (the "Supplemental Indenture"), expected to be dated as of March 10, 1977, by and between the Board and the Trustees. In addition, such resolution will approve the execution of a final Official Statement relating to the Bonds and a Contract of Purchase expected to be dated March 10, 1977, between the Board and the Underwriters.
Section 6. All action previously taken by the officers, members or staff of the Board with respect to the Program and the Indenture is hereby approved, confirmed and ratified.

Section 7. In the event of the absence or disability of the Chairman, the Vice Chairman or the Secretary of the Board, or if for any other reason any of them are unable to execute the Indenture, such Indenture may be executed by any other Member of the Board, with the same effect as if done by the Chairman, the Vice Chairman or the Secretary and without the further authorization of the Board. The execution of the Indenture by such Member shall be conclusive evidence of his or her authority to so act.

Section 8. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 24th day of February, 1977.

[Signature]
Chairman
Montana Board of Housing
Board Members Present: William A. Groff  
Virginia Jellison  
Paul A. Johnson  
James J. Leary  
Dan K. Mizner  
Dr. Paul E. Polzin  
Warren F. Vaughan  

Also Present: Stan Aby  
Bill Hayden  
Bill Dietrich  
Jim Hoesely  
Morris Brusett  

The February meeting of the Montana Board of Housing was called to order by Chairman William A. Groff at 10:45 a.m. in the Conference Room of the Montana League of Cities and Towns, 1728 9th Avenue, Helena, Montana.

I. MINUTES

Having received and read the minutes of the January 15th meeting and there being no corrections, the minutes were approved as written.

II. HEARING

Kent Mollohan stated that the report on the hearing of Dec. 11th was still in the process of being transcribed and would be prepared before the next meeting.

III. PROPOSED RULES

Kent Mollohan reported that the rules must be revised in preparation for the court test case. He stated that he will get them out as soon as possible so that the Board Members might study them and ask for any more revisions they thought necessary.

IV. LOW-INCOME

Mr. Mollohan pointed out that the Board must come to a sound and definite conclusion on the definition of lower-income. After some discussion of cost of construction or buying a home, they could see approximately where an adjusted gross income would have to be set to reach that area.
Dan Mizner moved to instruct the staff to prepare background material for justifying a figure and that they further refine the second part of the operations to identify the procedures under which we are going to lend to those of low income and identify the low income people. This will be circulated among the Board and the Board will make a decision and establish it at the March meeting. Motion seconded by Paul Johnson and carried.

Mr. Bill Hayden of the First Boston Corporation gave a short talk stating that there is a great deal of interest by the lending institutions in this program.

V. PRESENTATION BY ACCOUNTING FIRMS

A presentation followed by the following accounting firms:

Price, Waterhouse & Co.
William Smart
Shirley J. Dahl
George Anderson (Anderson & ZurMuehlen, Helena)

Coopers & Lybrand
Jerry MacGregor
Jerry Wall
George Anderson (Anderson & ZurMuehlen, Helena)

Peat, Marwick & Mitchell
John Wall
Dennis Adams
Paul Kuhlman

Arthur Andersen & Co.
Raymond E. Dore, Bozeman
Thomas Sarowski
Wallace M. Lodine

Ernst & Ernst
Nelson Templin
Bill Schmidt (Galusha, Higgins & Galusha, Helena)

Haskins & Sell
Fritz Eiuter
Jerome Anderson

There followed a discussion as to whether the accounting firms could be hired outright or we should ask for competitive bids. The staff was asked to check with the Legislative Auditor and Staff Attorneys to see which method should be pursued.

Following a discussion it was decided that the Board will be informed as to the recommendations and proposals which will be taken up at the next meeting. The staff will have these prepared in sufficient time for the Board to review them before the next meeting.
VI. TRUSTEE BANK

Mr. Groff requested that the selection of a Trustee Bank be postponed till a later date after he has had time to do some further research regarding it.

Mr. Groff stated that he wanted Mr. Brusett to review the draft of the Trust Indenture before the Board gives their approval.

VII. THE NEXT MEETING

The next meeting will be held March 18, 1976.

VIII. ADJOURNMENT

There being no further business, the meeting was adjourned at 5:30 p.m.

[Signature]
Secretary of the Board
I. Call Meeting to Order - 9:30 A.M.

II. Approval of Minutes - September 30, 1976

III. Old Business

A. Approval of Northwestern National Bank, Minneapolis as Trustee and Northwestern Union Trust Company, Helena as Co-Trustee

IV. New Business

A. Motion on Adjustments to Lower Income

B. Resolution for Staff to Proceed with Formal Invitation of the Board's Single Family Mortgage Purchase Program

C. Resolution to Approve the Following Documents:
   1. Application to Sell Mortgage Loans to the Board
   2. Mortgage Purchase Agreement
   3. Servicing Agreement
   4. Summary Explanation of Documents
   5. Board Resolution defining "Lower Income"
   6. Rules and Regulations of the Board
   7. Approval of Cover Letter

V. Other Business

A. Appointment of Sub-Committee of the Board

B. Next Board Meeting - February 24, 1977

VI. Adjournment
MONTANA BOARD OF HOUSING
MINUTES
February 3, 1977

Board Members Present: William A. Groff, Chairman
                      Virginia Jellison, Secretary
                      Dan K. Mizner
                      James J. Leary

Staff: Kent L. Mollohan, Administrator
       Lyle E. Olson, Finance Officer
       Kraig K. Kushar, Project Development Officer
       Linda Girdler, Secretary

Others: William H. Hayden
        Peter Freund
        Stanton Aby
        Arthur Whitney
        Steven Oxberry

The Montana Board of Housing meeting was called to order February 3, 1977
by Chairman William A. Groff at 9:35 a.m. in the State Tax Appeal Board
room in Helena, Montana.

MOTION

Upon a motion by Dan Mizner and seconded by Virginia Jellison, the
minutes of the September 30, 1976 meeting were approved as written.

APPROVAL OF TRUSTEES

Lyle Olson requested the Board to amend the motion of March 18, 1976
relating to trustee roles. A motion was made by Dan Mizner and
seconded by Virginia Jellison to designate the Northwestern National
Bank of Minneapolis as trustee, and the Northwestern Union Trust
Company of Helena as co-trustee. The motion was called to a vote
and passed unanimously by the Board.

RESOLUTION DETERMINING BOH ADJUSTED GROSS ANNUAL INCOME

The Board next reviewed the determination of adjustments to lower income.
Each member was presented with a resolution outlining the adjustments
to lower income. After lengthy discussion and various changes to the
proposed resolution, Dan Mizner moved and James Leary seconded a motion
to adopt the following adjustments to lower income:

"Adjusted Gross Annual Income" means Current Gross Annual
Family Income less the following:

   (a) 5% of Current Gross Annual Family Income
   (b) $300 for each dependent child

After more discussion, the motion was called to a vote and passed
unanimously by the Board.
RESOLUTION TO PROCEED WITH MORTGAGE PURCHASE PROGRAM

William Hayden of The First Boston Corporation briefly discussed the documents and agreements relating to the Board's Mortgage Purchase Program. Dan Mizner moved and Virginia Jellison seconded a motion to approve the documents and agreements. No further action was taken. Discussion followed on the appointment of a committee to review the documents returned by mortgage lenders and draft of the preliminary official statement. Upon a motion by James Leary and seconded by William Groff, the Board unanimously passed a resolution to (1) adopt the necessary documents and agreements to initiate the program; (2) authorize the staff to proceed with the formal invitation of the program; and (3) appoint William Groff, Virginia Jellison and Dan Mizner to serve as a committee of the Board with the staff to review the documents returned by mortgage lenders, the preliminary official statement and negotiate the underwriters' bids on the bonds.

The next meeting was scheduled for February 24, 1977 for final approval of the Trust Indenture and review of the preliminary official statement. There being no further business the meeting was adjourned upon a motion by James Leary and seconded by Virginia Jellison.

Virginia Jellison
Secretary of the Board
RESOLUTION OF THE MONTANA BOARD OF HOUSING
APPROVING AND AUTHORIZING THE EXECUTION OF
MORTGAGE PURCHASE AGREEMENTS AND SERVICING
AGREEMENTS RELATING TO THE SINGLE FAMILY
MORTGAGE PURCHASE PROGRAM, AND OTHER MATTERS
RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the
"Board") as follows:

Section 1. It is hereby found, determined and declared
that by resolution duly adopted by the Board on February 3, 1977,
the Board approved in substance Mortgage Purchase Agreements (the
"Mortgage Purchase Agreements") and Servicing Agreements (the
"Servicing Agreements") and invitation letters relating thereto.
Subsequent to the adoption thereof, the Board distributed these
documents to qualified Mortgage Lenders (as such term is defined
in the Trust Indenture) in the State of Montana. In response to
such invitation, the Board has received thirty-two (32) Mortgage
Purchase Agreements executed by Mortgage Lenders relating to an
aggregate of $19,300,000 Mortgage Loans, and Servicing Agreements
executed by qualified servicers relating to such Mortgage Loans
(the names of the Mortgage Lenders and the aggregate principal
amount of Mortgage Loans relating to each being set forth as
Appendix B to the Official Statement). Copies of forms of such
Mortgage Purchase Agreements and Servicing Agreements have been
presented to the Board at this meeting and reviewed to the extent
deemed necessary. Pursuant to Notices of Acceptance (the "Notices
of Acceptance"), the Board will notify the Mortgage Lenders of its
acceptance of the Mortgage Purchase Agreements, setting forth
therein the principal amount of Mortgage Loans to be sold by the
Mortgage Lender and purchased by the Board and the interest rate
for such Mortgage Loans.

Section 9. The Mortgage Purchase Agreements, the
Servicing Agreements and the Notices of Acceptance are hereby
made a part of this Resolution as fully as though set forth in
full herein and are hereby approved in the forms submitted to
this meeting and the Chairman of the Board or the Vice Chairman
of the Board is hereby authorized and directed to execute and
deliver the Mortgage Purchase Agreements, the Servicing Agreements
and the Notices of Acceptance of Acceptance and the Secretary of
the Board or any other Member of the Board is hereby authorized
and directed to attest thereto. Each of the Mortgage Lenders and
Servicers is hereby approved. Each of the applications of the
Mortgage Lenders (identified in Appendix B to the Official State-
ment together with the principal amount of Mortgage Loans relating
thereto) is hereby accepted. The forward commitment mortgage loans
(as such term is defined in the Mortgage Purchase Agreements) shall
bear interest at a rate of 7 1/8% per annum.
WHEREAS, the Supreme Court of the State of Montana has rendered an opinion upholding the constitutional authority of the Montana Board of Housing to engage in financing programs as authorized by the Housing Act of 1975, Laws of 1975, Chapter 461, and as provided in the Rules and Regulations of the Board and in forms of indentures heretofore approved in substance, for the purpose of alleviating the shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford, and

WHEREAS, it is now necessary to proceed with the Board's Single Family Mortgage Program, and forms of documents necessary to initiate that program have been prepared and submitted to the Board,

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

1. The staff is authorized to proceed with the formal initiation of the Board's Single Family Mortgage Program, involving the formulation of commitments by the Board to purchase FHA insured and VA guaranteed Mortgage Loans to be made by Mortgage Lenders to persons and families of lower income in the State of Montana.

2. The forms of the following documents necessary to initiate the Program have been submitted to the Board and are approved for transmission to Mortgage Lenders:

(a) Application to sell Mortgage Loans to the Board.

(b) Mortgage Purchase Agreement, to be executed by the Mortgage Lender and returned with the Application, and executed on behalf of the Board after the sale of the Board's Single Family Mortgage Bonds (FHA insured or VA guaranteed Mortgage Loans), and after determination of the amount and interest rate of Mortgage Loans to be committed for purchase from each Mortgage Lender.

(c) Servicing Agreement, to be executed by the Mortgage Lender or by another qualified Servicer recommended by the Mortgage Lender and approved by the Board.

(d) Summary Explanation of the foregoing documents.

(e) The Board's Resolution defining "lower income".

(f) Rules and Regulations of the Board.

(g) Cover letter.

3. The following persons are appointed as a Committee of the Board to review the documents returned by Mortgage Lenders and the staff's recommendations thereon; and to consult with the Board's underwriters and their counsel,
the Board's counsel and bond counsel as to the formulation of a preliminary Official Statement setting forth the detailed terms of the Bonds and the information to be furnished to purchasers of the Bonds, and as to the amount and initial offering price of the Bonds:

4. The Board shall meet at its office in Helena on Thursday, February 24, 1977, at 9:30 a.m. to review the preliminary Official Statement; to consider the final approval of the Trust Indenture to be entered into with Northwestern National Bank of Minneapolis and Northwestern Union Trust Company of Helena, as Trustees, pledging revenues and setting forth the covenants and agreements of the Board for the security of the Bonds; and to review the forms of the Contract of Purchase to be entered into upon the determination of the terms of sale of the Bonds, and of the Supplemental Indenture to be entered into with the Trustees, setting forth the terms of the Bonds in accordance with the Contract of Purchase, and providing for the application of the Bond proceeds in accordance with the provisions of the Trust Indenture.

5. The Board shall meet again on Thursday, March 3, 1977, or Thursday, March 10, 1977, as determined by the Committee, to review and approve the Contract of Sale and the Supplemental Indenture.

ADOPTED by the MONTANA BOARD OF HOUSING this 3rd day of February, 1977.

[Signature]
Chairman
Montana Board of Housing
AGENDA FOR SEMINAR
OCTOBER 12-13, 1976

The staff of the Montana Board of Housing is planning an informational meeting October 12th and 13th. Because of the unique program of the Board and its overlap in other areas, we feel such a meeting is necessary.

October 12th

9:00 a.m. Board of Housing Representative

Explore our understanding of what the Board needs from (1) trustee and co-trustee, (2) Department of Administration, (3) Centralized Services, DCA, (4) accounting firm, and (5) underwriting firm.

9:30 a.m. First Boston Corporation Representative

(1) Explain duties of firm regarding (a) sale of bonds, (b) delivery of bonds, (c) bond rating agencies, (d) IRS, (e) research and information on bond market and Board notes and bonds.

(2) Describe what underwriter expects of (a) Board, (b) trustee, (c) accounting firm, and (d) State of Montana.

(3) Explain how underwriter will monitor bond issues.

(4) Describe procedures for structuring payment for cost of issue.

10:00 a.m. Department of Administration Representative

(1) Describe what kind of accounting system state can offer Board.

(2) Discuss how the Board would access the accounting system, obtain reports and management information. What services should Department of Community Affairs provide?

(3) Describe the procedures, type and frequency of reporting required by the Department of Administration.

(4) Discuss Administration's abilities to offer more than three accounts required by law.

10:30 a.m. Accounting Firm Representative

(1) Describe how local accounting firm coordinates Board reports with the Division of Housing, Department of Administration, Centralized Services, national accounting firm and underwriter.
11:00 a.m.  **Trustee and Co-Trustee Representatives**

(1) Explain trustee's role.

(2) Describe the accounting the trustees perform.

(3) Explain what is expected of Board.

(4) Describe reporting procedures of (a) lending institutions, (b) Board, (c) trustee and co-trustee, and (d) data processing.

11:30 a.m.  **Centralized Services (DCA) Representatives**

(1) Explain how DCA will report expenditures to Board.

(2) Describe how the department will handle expenditures of Board that are not in the state approved budget.

(3) Explain any concerns of program.

1:00 to 5:00  **Meeting of Trustee and Co-Trustee**

Staff of Board of Housing, Department of Administration and Centralized Services, DCA. (Accounting firm and underwriting firm will be available to attend both meetings upon call).

**October 13th**

9:00 a.m.  All groups will meet to formulate operating procedures for the sale of bonds, purchasing of mortgages and ongoing operational program.
Roll Call of Board Members: W. A. Groff, Chairman (present) Virginia Jellison, Secretary (present) James J. Leary (present) Paul A. Johnson (present) Dan K. Mizner (present) Calvin S. Robinson, Vice Chairman (absent) Robert F. James (absent)

Board Counsel: David L. Jackson

Staff: Lyle E. Olson, Administrator Kraig K. Kushar, Program & Operations Officer Linda Forrey, Executive Secretary


Chairman Groff called the meeting to order at 9:30 a.m. in Conference Room 160 of the Mitchell Building, Helena, Montana. The minutes of the October 12, 1978 meeting were approved upon a motion by Dan Mizner and seconded by Virginia Jellison.

MISSOULA HOUSING AUTHORITY

Casey Riley and Alvin Watson represented the newly established public housing agency in Missoula, Montana. They reported the agency has received notification of housing assistance availability from HUD for 60 elderly and handicapped units and 40 substantial rehabilitated units. Mr. Riley indicated the agency would be interested in financial assistance from the Board. Mr. Hayden stated that all Section 8 funds will be administered by the Department of Community Affairs' Housing Division and the Board's role will probably be financing the permanent mortgage loan. Chairman Groff recommended the agency package a written proposal to present to the Board.
LEGISLATION

Dave Jackson reported minor adjustments have been made to improve the passage of the Board's legislation. With respect to Bill No. 1 Mr. Jackson recommended DCA administer the Section 8 program rather than relinquish certain powers to that agency. James Leary moved and Virginia Jellison seconded a motion to authorize the Department of Community Affairs to act as an agent of the state of Montana in the administration of federally funded, low income housing assistance payments program and it was approved. Board Counsel will prepare Bill No. 1 with these changes.

The Board reviewed Bill No. 3 with respect to the leasing or refinancing of single family housing and multifamily housing projects. The Board concurred they did not want to close the door on refinancing. Upon a motion by Dan Mizner, seconded by Virginia Jellison the Board approved to eliminate Bill No. 3 and instructed Board Counsel not to introduce this bill with the legislative package.

Board Member Paul Johnson presented a synopsis of six savings and loan associations' written comments on the Board's single family program. At its legislative meeting the Savings and Loan League went on record to recommend an increase of $150 million in bonding capacity for the Board of Housing.

CITIES ISSUING BONDS

Discussion followed on cities issuing tax exempt bonds. William Hayden suggested the Board consider opposition of this type of financing whereby cities issue bonds similar to housing finance agencies. The state of Montana has an on-going Board of Housing that is serving that public purpose. Paul Johnson moved and Virginia Jellison seconded to support any attempt in a legislative session to prevent municipalities from issuing industrial revenue bonds for single family mortgage programs. The motion was called to a vote and approved with Dan Mizner abstaining.

SINGLE FAMILY TRUST INDENTURE

William Hayden identified a problem discovered in the flow of revenues to the program operating fund to pay for operating expenses incurred by the Board. The trustee has drawn a fine line in the interpretation that once an interest payment has been made on the bonds the excess funds cannot flow out of that account until such time there are monies available for the next interest payment. Mr. Hayden assured the Board there is no shortage of operating monies and the excess monies will eventually flow into the operating fund. The problem will be resolved by structuring a new single family trust indenture when the Board receives its new bonding capacity.
FUTURE PROGRAMS

Lyle Olson asked the Board to begin consideration of future programs. He reported the Veterans Administration recently increased its guaranty on mobile homes to $17,500 and would like to see the Board provide this type of financing. Discussion ensued on financing mobile home parks in a planned unit type development. Mr. Olson stated the staff will ask for lenders' response in handling mobile home paper.

AUTHORIZATION TO SIGN OFF ON SECTION 8 MATERIALS

The Board of Housing has two Section 8 housing assistance payment program projects in development that requires execution of many forms, documents, etc. Paul Johnson moved and James Leary seconded a motion to authorize the Administrator of the Board to sign off on any Section 8 materials. It was unanimously approved by the Board.

APPROVAL OF ANNUAL AUDIT AND MANAGEMENT LETTER

The report of examination of financial statements for the year ended June 30, 1978 and the management letter provided by Coopers and Lybrand were approved upon a motion by Dan Mizner and seconded by James Leary.

There being no further business the meeting was adjourned upon a motion by Virginia Jellison and seconded by James Leary.
A meeting of the Montana Board of Housing was called to order on October 12, 1978 at 9:00 a.m. in the Renegade Room of the Outlaw Inn at Kalispell, Montana. The minutes of the August 30, 1978 meeting were unanimously approved as circulated upon a motion by Dan Mizner and seconded by Calvin Robinson.

FINAL DRAFT OF PROPOSED LEGISLATION

Copies of nine bills representing various modifications to certain sections of The Housing Act of 1975 were reviewed by the Board. Dave Jackson summarized each bill indicating no substantive changes
have been made. After discussion of the draft legislation Board Counsel was instructed to codify the following bills for presentation to the 1979 Legislature and circulate a final copy to each Board Member:

BILL NO. 1

A Bill for an Act entitled: "An Act to Clarify the Authority of The Montana Board of Housing and The Department of Community Affairs relating to the administration of federally-funded housing programs which provide for low income housing assistance and construction.

BILL NO. 2

An act to clarify the meaning of persons and families of lower income under The Housing Act of 1975 and to provide for the consideration of financial resources; and providing an immediate effective date.

BILL NO. 3

An act to eliminate the leasing or refinancing of single family housing by The Montana Board of Housing and to provide for the refinancing of multifamily housing in a major rehabilitation project; Amending Section 35-505, R.C.M. 1947; And providing an immediate effective date.

BILL NO. 4

An act to provide for the sale of bonds by The Montana Board of Housing at prices above or below par and to clarify the bond debt limitation and interest rate; Amending Section 35-508; And providing an immediate effective date.

BILL NO. 5

An act to increase the bond debt limit of The Montana Board of Housing to Three Hundred Seventy Five Million Dollars ($375,000,000); Amending Section 35-508; And providing an immediate effective date.

BILL NO. 6

An act to clarify the powers of the Montana Board of Housing to provide staff and facilities to carry out its programs; Amending Sections 35-509, 35-524, R.C.M. 1947; And providing an immediate effective date.

BILL NO. 7

An act to clarify the status of the Capital Reserve Accounts and appropriated funds of the Montana Board of Housing; Amending Sections 35-516 and 35-517; And providing an immediate effective date.
BILL NO. 8
An act to define the status of Revenues, Funds and Accounts of the Montana Board of Housing; Enacting Section 35-516.1, R.C.M. 1947; Repealing Sections 35-516, 35-517 and 35-523, R.C.M. 1947; and providing an immediate effective date.

BILL NO. 9
An act to clarify the tax exemption of bonds issued under The Housing Act of 1975 and to provide that interest shall not be included as income; Amending Section 35-522, R.C.M. 1947; And providing an immediate effective date.

MULTIFAMILY PROGRAM PROPOSAL
Keith Waldrop outlined First Boston Corporation's plan to structure and implement a multifamily housing program under the Section 8 New Construction Housing Assistance Payments Program. Mr. Waldrop recommended the Board proceed in the following manner:

(1) Complete the statewide housing needs study;

(2) Make arrangements to have HUD retain and continue control over all Section 8 New Construction subsidy funds for the state;

(3) Establish Board policies and guidelines regarding various types of projects to be financed;

(4) Review HUD's housing production to identify those projects which the Board may be able to finance;

(5) Add a staff member experienced in all aspects of multifamily housing processing to work with HUD and sponsors/developers;

(6) Perform a preliminary review of qualified projects;

(7) Schedule a multifamily bond issue prior to project construction on all permanent financing commitments;

Mr. Waldrop included in the proposal a series of attachments containing additional information and background materials of the Section 8 rental subsidy program and the technical processing procedures in obtaining FHA Mortgage Insurance.

Bruce Roof, Housing Coordinator in the HUD/Denver office, explained the intent of the Section 8 program is to have state housing finance agencies receive the set-asides from HUD and utilize that set-aside in conjunction with HUD's allocation procedures. Mr. Roof stressed that notification of fund availability is directly related to the amount of money appropriated by Congress to HUD, fair-share allocated down to the regions and finally to specific areas. It would be advantageous for the Board to prepare a letter of interest to the HUD Regional Office indicating their desire for a set-aside of Section 8 funds prior to allocation.
REPORT OF FINANCIAL STATEMENTS

Dave Johnson reported the financial condition of the Board as of June 30, 1978. The financial statements are in draft form and for discussion and review by the Board at this time. In preparation of the final report Coopers and Lybrand and underwriters' counsel recommend the Board clarify the allocation of funds flowing into the Program Operating Fund. The following resolution hereafter set forth at length was unanimously approved clarifying the flow of fund balances to meet the principal and interest payments on the bonds upon a motion by Calvin Robinson and seconded by Dan Mizner:

RESOLUTION 78-R20

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING
That effective June 30, 1978 and continuously thereafter there is hereby appropriated on the books of accounts of the Board of Housing an amount of Single Family Mortgage Program Fund Balances equal to the Interest Requirement and the Principal Requirement as the same are computed in accordance with the Trust Indenture dated as of March 10, 1977 between the Board of Housing and the Trustees.

OPERATING BUDGET

Lyle Olson presented the operating budget for fiscal year 1979 as approved by the Office of Budget and Program Planning. The Board has total spending authority for $187,197 ending June 30, 1979. Mr. Olson also explained the current level and modified budgets to be presented to the 1979 Legislature for fiscal years ending 1980 and 1981. The staff will provide a copy of the budget to each Board Member.

APPROVAL OF FIRST NATIONAL BANK IN MISSOULA

Mr. Olson asked the Board to approve the First National Bank in Missoula as a qualified lending institution to do business with the Board of Housing. They have provided the necessary financial data and documents required under the Board's guidelines. Paul Johnson moved and Virginia Jellison seconded to approve the First National Bank in Missoula as a qualified lender. The motion was called to a vote and unanimously approved.
Roll Call of Board Members: W. A. Groff, Chairman (present)
Calvin S. Robinson, Vice Chairman (present)
Virginia Jellison, Secretary (present)
James J. Leary (present)
Robert F. James (present)
Dan K. Mizner (present)
Paul A. Johnson (absent)

Board Counsel: David L. Jackson

Others:
John J. Oitzinger, Willkie, Farr & Gallagher
Dave Dubin, The First Boston Corporation
Keith Waldrop, The First Boston Corporation
Maxine Johnson, Business & Economic Research Department, University of Montana
Susan Wallwork, Business & Economic Research Department, University of Montana
David Lewis, Director, D of A
David Johnson, Anderson ZurMuehlen & Company
Kent Mollohan, Housing Bureau

Staff: Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Judy Gillespie, Accountant
Linda Forrey, Office Manager/Executive Secretary

Chairman Groff called the meeting to order at 9:30 a.m., August 30, 1978 in Conference Room 160 of the Mitchell Building, Helena, Montana. The minutes of the meeting held June 13, 1978 were approved upon a motion by Bob James and seconded by James Leary.

PROPOSED LEGISLATION

Dave Jackson cited substantial revisions to the proposed legislation adopted by the Board at its June 13 meeting. He indicated a letter outlining other legislation from Bond Counsel had been received but would need to study the complex material further before making any recommendations. The following items are the redrafted changes of the proposed legislation:
Section 35-503(15). "Persons and families of lower income" means persons and families, with insufficient personal or family income who require assistance under this act, as determined by the Board, taking into consideration:

(a) the amount of total personal and family income, assets and other financial resources available for housing needs;

Section 35-505(1)(b). To restrict refinancing to multifamily housing developments and/or projects.

Section 35-508(4)(5). The notes and bonds of the Board may be sold at such prices which may be above or below par as may be determined by the Board. The total amount of notes and bonds outstanding at any one time may not exceed $375 million.

Section 35-509. This section was rewritten entirely for the purpose of carrying out the bond indenture requirement that the Board provide sufficient staff to operate its programs effectively.

Sections 35-516, 35-517. Bond Counsel has recommended Section 35-516, 35-517 be rewritten entirely relating to the Board's funds and accounts.

Section 35-522. Tax Exemption of Bonds. To provide that any interest paid on the bonds is at least under state law not to included in any income.

Section 35-524. An amendment to permit stronger authority by the Board to select and ask for staffing and this simply gives additional weight to the pledge in the indenture that the Board will adequately staff and carry out its programs effectively. Then in 82A-224(6) the Board is again asking for authority to select and staff its programs.

Mr. Jackson will continue drafting the legislation and forward copies of the final bill for introduction to the legislative session subsequent to the authority from the Board in support of the legislation to be presented.

STRUCTURE OF MULTIFAMILY BOND ISSUE

Keith Waldrop of The First Boston Corporation made a presentation on structuring a multifamily bond issue for the Board. He outlined the various steps the Board should initiate in developing a multifamily housing program. Mr. Waldrop suggested that once the Board receives an indication of the housing needs in the state it may be beneficial to contact HUD/FHA officials to learn of their difficulties and experiences in putting multifamily housing projects together in the state and to determine if there is a legitimate role for the Board to play in providing this type of housing production. The Board would then entertain requests for proposals from builders/developers and housing sponsors and
accumulate several projects in a "pipeline" identifiable in the Official Statement for this particular issuance of bonds and if one or more projects should fail there would be alternate projects that could be included in the package. Mr. Waldrop indicated that the most conservative approach would be to let the projects build up in a pipeline until all of them are ready for construction. Dave Dubin concluded by saying that it would take approximately 30 to 60 days to structure a multifamily bond issue for five to ten projects. A written proposal outlining significant details was requested by Chairman Groff.

STUDY OF HOUSING NEEDS & PREFERENCES

Copies of a tentative proposal for a statewide housing need study were distributed by Maxine Johnson from the University of Montana's Bureau of Business and Economic Research Division. Mrs. Johnson outlined a plan for conducting a telephone survey of approximately 1200 households with incomes under $20,000. Preliminary information will be available to the Board in February with delivery of final data in March, 1979. Discussion ensued on those households that do not have telephones and the possibility of conducting personal interviews. Because time is of essence to obtain sufficient data for the legislature the Board approved to contract with the Bureau of Business and Economic Research to do a telephone survey of 1200 households and prepare a questionnaire to be completed by banks, savings and loans and mortgage companies requesting an evaluation of their demand for state mortgage funds upon a motion by Calvin Robinson and seconded by Bob James.

PREPAID LOANS

Discussion followed on the investment of monies received from loans paid in full. John Oitzinger informed the Board that the bond indenture permits the Board to reinvest prepayments into mortgages at a certain amount over the bond interest cost. In order for the Board to put the prepayment proceeds into new mortgages at a uniform rate Cal Robinson moved and Dan Mizner seconded a motion to direct Board Counsel to request a ruling from the IRS relative to a formula used to obtain an interest rate on the new mortgages that will not be in violation of the arbitrage laws. The motion was called to a vote and unanimously approved by the Board.

ANNUAL REPORT

Dave Johnson reported that Anderson ZurMuehlen has prepared the work papers for the annual audit to be conducted by Coopers & Lybrand the week of September 11th. Lyle Olson stated Sage Advertising has begun preliminary preparation of the report with final publication in November.

NEXT MEETING

The next meeting was scheduled for October 12, 1978 in Kalispell. There being no further business the meeting was adjourned upon a motion by Calvin Robinson and seconded by Dan Mizner and approved by the Board.
Board Member Dan Mizner moved to send one staff member to the National Conference of State Housing Finance Agencies in Boston, Massachusetts in December. Virginia Jellison seconded the motion and it was unanimously approved by the Board.

There being no further business the meeting was adjourned upon a motion by Calvin Robinson and seconded by Dan Mizner and approved by the Board.
AGENDA

Montana Board of Housing Meeting
Mitchell Building - Conference Room 160
Helena, Montana
JUNE 13, 1978

I. Call Meeting to Order - 9:00 a.m.

II. Approval of Minutes - June 1, 1978

III. Presentation of Final Documents
    1. John Oitzinger
    2. Georgeann Becker

IV. Approval of Mortgage Purchase and Servicing Agreements
    1. Dave Jackson

V. Approval of Paying Agents

VI. Crestwood Inn Project

VII. Mary Jane Gardens

VIII. Approval of Commerce Mortgage Company

IX. Approval of Rimrock Bank

X. Unfinished Business
MONTANA BOARD of HOUSING
CAPITOL STATION
HELENA, MONTANA 59601

TELEPHONE:
(406) 449-3040

BOARD OF HOUSING MEETING
MINUTES

JUNE 13, 1978

Roll Call of
Board Members: W. A. Groff, Chairman (present)
Virginia Jellison, Secretary (present)
Calvin S. Robinson, Vice Chairman (present)
James J. Leary, (present)
Robert F. James (present)
Dan K. Mizner (present)
Paul A. Johnson (absent)

Board Counsel: David L. Jackson

Others: John J. Oitzinger, Willkie, Farr & Gallagher
Dennis Cross, The First Boston Corporation
Georgeann Becker, Dorsey, Windhorst, Hannaford, Whitney & Halladay
Midge Loeffler, Piper, Jaffray & Hopwood, Inc.
Roger Gabbert, Dain, Kalman & Quail, Inc.

Staff: Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Linda Forrey, Office Manager/Executive Secretary

Chairman Groff called a special meeting of the Board to order at 9:30 a.m.
in Conference Room 160 of the Mitchell Building, Helena, Montana, to authorize
the issuance of $13,600,000 in Single Family Mortgage Bonds. There being no
corrections or additions, the minutes of the June 1 meeting were approved.

PRESENTATION OF FINAL DOCUMENTS

John Oitzinger, representing Willkie, Farr & Gallagher, presented the Official
Statement in its final form indicating minor changes in the marketing document.
Mr. Oitzinger reported that $125,000 on deposit in the Program Operating Fund
is in excess of that fund requirement and therefore would be transferred to
the Debt Service Reserve Fund to meet the Debt Service Reserve Requirement
in accordance with the Trust Indenture.

Dennis Cross of The First Boston Corporation spoke to the Board on how the
underwriting team structured the deal and quoted the maturity schedule and
interest rates on the series and term bonds. The actual net interest cost to
the Board was 6.225%.
Georgeann Becker from the Dorsey firm officially introduced the final documents and the resolution approving the documents. Virginia Jellison moved and James Leary seconded to approve the Official Statement and it was unanimously approved by the Board. Dan Mizner moved and Cal Robinson seconded to approve the 1978 Series A Supplemental Trust Indenture and the Second Amending Supplemental Trust Indenture and it was unanimously approved by the Board. Dave Jackson, Counsel to the Board, presented a brief overview of the Contract of Purchase between the Board and the Underwriters. He reported the document was appropriate in form and content and recommended it be approved. James Leary moved and Virginia Jellison seconded to approve the Contract of Purchase and it passed unanimously by the Board.

A final motion to approve the Resolution encompassing all of the final documents by Bob James and seconded by Dan Mizner was unanimously adopted by the Board and said Resolution is hereafter set forth at length:

RESOLUTION 78-R19

RESOLUTION OF THE MONTANA BOARD OF HOUSING
AUTHORIZING THE ISSUANCE OF $13,600,000 SINGLE FAMILY MORTGAGE BONDS, 1978 SERIES A (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS), PURSUANT TO THE TRUST INDENTURE DATED MARCH 10, 1977, AND APPROVING AND AUTHORIZING THE EXECUTION OF A SECOND AMENDING SUPPLEMENTAL TRUST INDENTURE, A 1978 SERIES A SUPPLEMENTAL TRUST INDENTURE, A CONTRACT OF PURCHASE, AND AN OFFICIAL STATEMENT RELATING TO SAID BONDS.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. It is hereby found, determined and declared as follows:

(A) The Board has entered into a Trust Indenture with Northwestern National Bank of Minneapolis, Minnesota, as Trustee, and Northwestern Union Trust Company, Helena, Montana, as Co-Trustee, dated as of March 10, 1977, as amended by a First Amending Supplemental Trust Indenture, dated as of July 28, 1977 (collectively, the "Trust Indenture"), authorizing the issuance from time to time of its Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans), subject to terms, conditions and limitations established in the Trust Indenture and to be established in Supplemental Trust Indentures authorizing the issuance of specified Series of Bonds, under which the Board has assigned and pledged to the Trustees all of its right, title and interest to all Mortgages, revenues and other moneys and investments listed therein; has established certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; has set the minimum requirements for the Mortgages and Mortgage Loans to be purchased under the Trust Indenture; has specified the terms and conditions for the issuance of any Series A Bonds; and has adopted other provisions required and permitted by the Act which the Board deems necessary or desirable for the issuance and sale of Bonds under the Trust Indenture. The Trust Indenture is made a part of this resolution as fully as though set forth in full herein. All terms defined in the Trust Indenture are used with like meanings, respectively, in this resolution.
(B) A Supplemental Trust Indenture amending paragraph (D) of Section 11.05 of the Trust Indenture (the Second Amending Supplemental Trust Indenture), to be dated as of June 13, 1978, by and between the Board and the Trustee and Co-Trustee, has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary. The Second Amending Supplemental Trust Indenture is deemed necessary and desirable for the purpose of facilitating the securing of the maximum yield reasonably possible on Bond proceeds held in Mortgage Purchase Accounts pending the purchase of Mortgage Loans, through the authorization of the purchase of certificates of deposit issued by savings and loan associations, and, unless such certificates of deposit are insured by federal savings and loan insurance, fully secured by the pledge and assignment of Government Obligations of a market value at all times at least equal to the amount of the uninsured certificates of deposit. By its terms the Second Amending Supplemental Trust Indenture is deemed applicable only to the obligations, covenants, agreements, limitations, conditions and restrictions of and upon the Board in relation to the Holders of Bonds issued after it becomes effective, and is not, therefore, applicable to the Outstanding Bonds of 1977, Series A, and of the 1977 Series B, as contemplated in Section 8.03 of the Trust Indenture.

(C) An additional Supplemental Trust Indenture (the "1978 Series A Supplemental Trust Indenture"), to be dated as of June 13, 1978, by and between the Board and the Trustee and the Co-Trustee, has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary; whereby the Board authorizes the issuance of $13,600,000 aggregate principal amount of its Single Family Mortgage Bonds, 1978 Series A (FHA Insured or VA Guaranteed Mortgage Loans) (the "1978 Series A Bonds"). The 1978 Series A Supplemental Trust Indenture makes the necessary findings required by the Act, prescribes the maturities, interest rates and redemption provisions for the 1978 Series A Bonds, the forms of such Bonds, the deposit and application of the proceeds of the sale of such Bonds, and the terms and conditions of issuance of such Bonds, and contains other provisions which are required by the Act and the Trust Indenture or which are permitted by the Act and the Trust Indenture and which the Board deems necessary or desirable to the issuance and sale of its Bonds.

(D) By resolution duly adopted by the Board on June 1, 1978, the Board approved a Preliminary Official Statement (the "Preliminary Official Statement"), dated June 2, 1978, and authorized the distribution of same to prospective purchasers of the 1978 Series A Bonds on the secondary market by The First Boston Corporation, Dain, Kalman & Quail Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. (the "Purchasers"). Pursuant to an Official Statement (the "Official Statement"), to be dated June 13, 1978, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, certain information relating to the Board, the Trust Indenture, the Second Amending Supplemental Trust Indenture, the 1978 Series A Bonds and the outstanding $21,470,000 Single Family Mortgage Bonds, 1977 Series A (FHA Insured or VA Guaranteed Mortgage Loans) and $35,060,000 Single Family Mortgage Bonds, 1977 Series B (FHA Insured or VA Guaranteed Mortgage Loans) issued under the Trust Indenture will be given to prospective purchasers of the 1978 Series A Bonds on the secondary market by the Purchasers.

(E) Pursuant to a Contract of Purchase (the "Contract of Purchase"), dated June 13, 1978, between the Board and the Purchasers, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent
deemed necessary, the Board agrees to sell and the Purchasers agree to purchase the 1978 Series A Bonds at the price and upon the terms and conditions therein set forth.

Section 2. The Second Amending Supplemental Trust Indenture is hereby made a part of this resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Second Amending Supplemental Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the Second Amending Supplemental Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Second Amending Supplemental Trust Indenture, and the Secretary or any Member of the Board is hereby authorized and directed to attest thereto.

Section 3. The 1978 Series A Supplemental Trust Indenture is hereby made a part of this resolution as fully as though set forth in full herein (including, but not limited to, the findings required by the Act included within Section 2 thereof) and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the 1978 Series A Supplemental Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the 1978 Series A Supplemental Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the 1978 Series A Supplemental Trust Indenture, and the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 4. The issuance of the Board's $13,600,000 Single Family Mortgage Bonds, 1978 Series A (FHA Insured or VA Guaranteed Mortgage Loans) is hereby approved. The 1978 Series A Bonds shall mature, bear interest, be subject to optional, mandatory and special redemption and have the other terms and provisions as set forth in the 1978 Series A Supplemental Trust Indenture. The 1978 Series A Bonds shall be prepared in substantially the form set forth in the 1978 Series A Supplemental Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture and the 1978 Series A Supplemental Trust Indenture. The 1978 Series A Bonds shall be executed in the name of the Board by the Chairman of the Board and attested by either the Secretary of the Board, the Administrator of the Board or the Program and Operations Officer of the Board (as such term is defined in the Trust Indenture) for purposes of executing the 1978 Series A Bonds. One of such signatures may be in facsimile. Coupons representing interest attached to coupon 1978 Series A Bonds shall be executed by the facsimile signature of the Chairman of the Board.

Section 5. The distribution of the Preliminary Official Statement by the Purchasers of the 1978 Series A Bonds is hereby approved, confirmed and ratified.

Section 6. The Official Statement is hereby made a part of this resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board is hereby authorized to execute and deliver the Official Statement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement.
Section 7. The Contract of Purchase is hereby made a part of this resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Contract of Purchase with such changes, insertions or omissions therein as do not change the substance of the Contract of Purchase and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Contract of Purchase. The 1978 Series A Bonds are hereby sold to the Purchasers at a price and upon the terms and conditions specified in the Contract of Purchase.

Section 8. All action previously taken by the officers, Members or staff of the Board with respect to the Program, the Trust Indenture, the Second Amending Supplemental Trust Indenture, the 1978 Series A Supplemental Trust Indenture, the Preliminary Official Statement, the Official Statement, the Contract of Purchase, and the 1978 Series A Bonds is hereby approved, confirmed and ratified.

Section 9. In the event of the absence or disability of the Chairman, the Vice Chairman or the Secretary of the Board, or if for any other reason any of them are unable to execute the documents referred to in this resolution, such documents may be executed by any other Member of the Board, with the same effect as if done by the Chairman, the Vice Chairman or the Secretary and without further authorization of the Board. The execution of such documents by such Member shall be conclusive evidence of his or her authority to so act.

Section 10. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board or any other Member of the Board and the Administrator and Program and Operations Officer of the Board, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Trust Indenture, the Second Amending Supplemental Trust Indenture, the 1978 Series A Supplemental Trust Indenture, and the Contract of Purchase, and to take such other action as may be required or appropriate for the performance of duties imposed thereby or to carry out the purposes thereof, and the Members and persons above named are hereby designated as Authorized Officers (as such term is defined in the Trust Indenture) for such purpose.

Section 11. This resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 13th day of June, 1978.

CRESTWOOD INN PROJECT

At the Board's June 1, 1978 meeting, Washington Mortgage Company requested financial assistance for an elderly project in Sidney, Montana. Board Counsel discussed the possibilities of issuing a letter of interest to finance the troubled project but stressed that a commitment for financing would not be feasible at the present time. Discussion ensued on pre-allocating funds and the final consensus of the Board was to prepare a letter indicating the Board's interest in the project and that contingent upon additional bonding authorization they would provide financing. Dave Jackson was instructed to prepare the proposal for financing and distribute to the Members of the Board for comment and final action.
MARY JANE GARDENS PROJECT

Jerome Bokoski appeared before the Board requesting approximately $440,000 to develop the old Marcus Daly Hospital in Hamilton, Montana into a 20-unit retirement home. Because Mr. Bokoski did not have a FHA loan guaranty commitment for insurance or rental subsidy, the Board was unable to comply with his request. The Board, however, recommended Mr. Bokoski contact the Housing Division within the Department of Community Affairs that is administering the Section 8 Rental Assistance Payments Program for New Construction and Substantial Rehabilitation.

APPROVAL OF MORTGAGE LENDERS

Commerce Mortgage Company & Rimrock Bank

Lyle Olson reported that Commerce Mortgage Company in Missoula and the Rimrock Bank in Billings have applied to become qualified lending institutions under the Board's criteria. Mr. Olson stated the applicants have provided the necessary documents and financial data and recommended approval. Following a brief discussion, Dan Mizner moved and Bob James seconded a motion to approve Commerce Mortgage Company in Missoula and Rimrock Bank in Billings as qualified lending institutions to make FHA/VA mortgage loans for purchase by the Board. The Board unanimously approved the motion.

HOUSING NEED STUDY

According to Maxine Johnson from the University of Montana, the Bureau of Business Research would be available September 1, 1978 to begin research of the need by geographic area for trailer villages, single family homes, duplexes and large and small multifamily housing developments. Chairman Groff asked the Board to provide comments to the Administrator on what they would like included in the housing need study. Dan Mizner moved and Calvin Robinson seconded to authorize the Chairman, Secretary and Administrator of the Board to negotiate with the Bureau of Business Research for a contract to initiate a housing survey and circulate the letter of contract to the members of the Board. The motion was unanimously approved.

MULTIFAMILY HOUSING PROJECT PROPOSALS

In connection with the Multifamily Trust Indenture the Board is authorized to finance several multifamily housing projects with one issue of bonds. Chairman Groff suggested the Board ask various housing sponsors/developers of the multifamily housing need in their area and report their findings to the Board. The Board would line up several multifamily housing projects and if a certain project failed to comply with Board policy and/or guidelines then the next project on the list would become eligible for financing. Upon a motion by Virginia Jellison, seconded by James Leary it was unanimously approved to proceed with a concerted effort to contact potential profit and non-profit housing sponsors/developers, housing authorities and private developers asking for participation in lining up proposed multifamily housing projects.
MONTANA BOARD OF HOUSING
CAPITOL STATION
HELENA, MONTANA 59601

AGENDA
MONTANA BOARD OF HOUSING
MEETING
Mitchell Building - Conference Room 160
June 1, 1978

I. Call Meeting to Order - 9:30 a.m.

II. Approval of Minutes - April 6, 1978

III. Report of Financial Condition and Operations
    Dave Johnson - Anderson ZurMuehlen

IV. Report of Current Market Conditions - Bill Hayden

V. Resolutions - John Oitzinger
    Georgeann Becker
    1. Determining Adjusted Gross Annual Income
    2. Authorizing the Mailing of the Preliminary Official Statement
       and other Related Matters

VI. Presentation of Washington Mortgage Company

VII. Approval of Contracts
    1. Coopers & Lybrand
    2. Anderson ZurMuehlen
    3. Board Counsel
    4. Department of Community Affairs (MPACS)

VIII. Approval of Budget
    1. Trustee
    2. Spending Authority

IX. Presentation of Section 8 Application for Rental Assistance Program

X. Presentation of Valley Credit Union as Approved Lender

XI. Unfinished Business
Roll Call of Board Members:
W. A. Groff, Chairman (present)
Virginia Jellison, Secretary (present)
Dan K. Mizer (present)
Paul A. Johnson (present)
Robert F. James (absent)
James J. Leary (absent)
Calvin S. Robinson, Vice Chairman (absent)

Board Counsel:
David L. Jackson (present)

Others:
William H. Hayden, The First Boston Corporation
John J. Oitzinger, Willkie, Farr & Gallagher
Georgeann Becker, Dorsey Firm
Catherine Bartlett, Dorsey Firm
Dennis Cross, The First Boston Corporation
Paul Gubrud, Dain, Kalman & Quail, Inc.
George Anderson, Anderson ZurMuehlen
David Johnson, Anderson ZurMuehlen
Jim Snow, Piper, Jaffray & Hopwood
Roy Riley, Washington Mortgage Company
Verne Roland, Crestwood Inn
Joy Taylor, Washington Mortgage Company
C. R. Theisen, President of Montana Senate
Gary Moe, Associated Press
Bill Hanson, United Press International

Staff:
Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Linda Forrey, Office Manager/Executive Secretary

Chairman Groff called the meeting of the Montana Board of Housing to order at 10:00 a.m. in the Mitchell Building Conference Room 160, June 1, 1978. There being no corrections or additions to the minutes of the April 6, 1978 meeting, they were approved upon a motion by Dan Mizer and seconded by Virginia Jellison.

REPORT OF FINANCIAL CONDITION

David Johnson of Anderson ZurMuehlen gave a presentation of the Board's financial condition as of March 31, 1978. Mr. Johnson explained the revenues, expenses and fund balance and each accompanying note to the financial statements. He indicated the Board is in good financial condition. A copy of the finance report is available at the Board's office.
PRESENTATION OF CRESTWOOD INN PROJECT

Roy Riley, Vice President of Washington Mortgage Company, described an elderly project in Sidney, Montana that needs financial assistance from the Board. Other representatives of the project and Mr. Riley presented a written proposal asking the Board for a commitment to finance Crestwood Inn contingent upon the Board receiving additional bonding authority in 1979. After several questions and discussion Board members instructed Dave Jackson, Board Counsel, to meet with attorneys from Washington Mortgage Company to work out pertinent technicalities in determining the issuance of a pre-commitment to finance Crestwood Inn. The Board will take final action of the proposal at its June 13th meeting.

PRESENTATION OF 1978 SERIES A SINGLE FAMILY MORTGAGE PROGRAM

William Hayden of The First Boston Corporation reported that the municipal bond market has been unstable due to a recall of certain industrial bonds but anticipated that the market may be more stable by the end of the week. Mr. Hayden indicated that if the market is firm at that time the underwriters will proceed with a marketing scale to be negotiated with the Board.

Georgeann Becker of the Dorsey firm distributed copies of the resolutions determining lower income persons and families and approving the POS for the 1978 Series A Single Family Mortgage Bonds. John Gitzinger officially introduced the Preliminary Official Statement and pointed out significant modifications to the program and suggested that Board Counsel review certain changes to comply with the Board's statutory authority. Mr. Jackson stated he has formulated the modifications to the program into a workable plan in that regard. There being no further discussion Paul Johnson moved and Dan Mizner seconded a motion to adopt the following resolutions hereafter set forth at length and unanimously adopted by the Board:

RESOLUTION 78-R17

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING

Pursuant to the Housing Act of 1975, as amended, and the rules and regulations of the Board, it is determined that the Resolution of the Board dated February 3, 1977, relating to the adoption of definitions of certain terms to be applicable in determining the eligibility of persons and families of lower income for assistance to be provided through the financing programs of the Board, be and it hereby is amended in its entirety as follows:

1. "Current Gross Annual Family Income: means the total annual income dependably available during the calendar year in which it is calculated, from salary, wages, pensions, social security, welfare payments or other sources, received or estimated to be received by a single family person, by a husband and wife living together or by all members of a family who reside in and have a proprietary interest in the same dwelling unit.
2. "Adjusted Gross Annual Income" means Current Gross Annual Family Income less the following:

(a) Five percent (5%) of Current Gross Annual Family Income, plus

(b) $300 for each dependent child.

3. "Persons or Families of Lower Income" means persons or families having an Adjusted Gross Annual Income of Sixteen Thousand Dollars ($16,000) or less, provided, however, that the Administrator may in unusual circumstances and with Board approval determine that other financial factors enable the person or family to pay the cost of available housing without assistance from the Board's programs.

ADULTO BY MONTANA BOARD OF HOUSING this 1st day of June, 1978.

RESOLUTION 78-R18

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO SINGLE FAMILY MORTGAGE BONDS, 1978 SERIES A (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) AND OTHER MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. It is hereby found, determined and declared as follows:

(A) Pursuant to the Trust Indenture, dated as of March 10, 1977, as amended by a First Amending Supplemental Trust Indenture dated as of July 28, 1977 (the "Indenture"), by and between the Board and Northwestern National Bank of Minneapolis, as Trustee, and Northwestern Union Trust Company, as Co-Trustee (collectively the "Trustees"), the Board authorized the issuance from time to time of its Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans), subject to terms, conditions and limitations established in the Indenture and in one or more Supplemental Indentures authorizing the issuance of a specified Series of Bonds.

(B) Pursuant to Supplemental Indentures dated March 10, 1977, and July 28, 1977, the Board authorized the issuance and sale of $21,470,000 Single Family Mortgage Bonds, 1977 Series A (FHA Insured or VA Guaranteed Mortgage Loans) and $35,060,000 Single Family Mortgage Bonds, 1977 Series B (FHA Insured or VA Guaranteed Mortgage Loans), respectively, and has applied the proceeds thereof to the various Funds and Accounts established by the Indenture and to the purchase of mortgage loans.
(C) By Resolution duly adopted by the Board on April 6, 1978, the Board contemplated the expansion of its Single Family Mortgage Purchase Program by the issuance of a third series of Bonds for such program to be designated "Single Family Mortgage Bonds, 1978 Series A (FHA Insured or VA Guaranteed Mortgage Loans)".

(D) Mortgage Lenders have applied for $12,400,000 of commitments to make forward commitment mortgage loans in accordance with the Board's program.

(E) Pursuant to a Preliminary Official Statement, to be dated June 2, 1978, (the "Preliminary Official Statement"), a draft of which has been presented to the Board at this meeting and which has been reviewed to the extent deemed necessary, certain information relating to the Board, the Indenture, and the Bonds will be given to the prospective purchasers of the 1978 Series A Bonds by a syndicate of underwriters to be managed by The First Boston Corporation, Dain, Kalman & Quail Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. Incorporated (the "Underwriters").

Section 2. The forms of Mortgage Purchase Agreement, including the Supplement to Mortgage Purchase Agreement, and the Servicing Agreement, as presented to this meeting, and as distributed to Mortgage Lenders between April 10, 1978, and May 10, 1978, are hereby approved in all respects.

Section 3. The Board intends to accept $12,400,000 of commitments to make forward commitment mortgage loans by the issuance and sale of the Single Family Mortgage Bonds, 1978 Series A (FHA Insured or VA Guaranteed Mortgage Loans).

Section 4. The Preliminary Official Statement is hereby approved in substantially the form submitted to this meeting and the distribution of the Preliminary Official Statement by the Underwriters to prospective purchasers of the 1978 Series A Bonds is hereby approved, with such modifications and amendments as may be approved by the Administrator. The estimated amount of 1978 Series A Bonds to be issued will reflect the amount of forward commitment mortgage loans as to which commitments from Mortgage Lenders are presently intended to be accepted together with estimated amounts to be deposited in the Debt Service Reserve Fund, Mortgage Reserve Fund, Capitalized Interest Account and Cost of Issuance Account, all under the Indenture.

Section 5. The Chairman and the Administrator are hereby authorized to negotiate the terms and conditions of the sale of the 1978 Series A Bonds to the Underwriters and to make a recommendation with respect thereto subject to final approval by the Board at a meeting to be held June 13, 1978, or such other date as may be designated.

Section 6. On June 13, 1978, or at such other time as shall be designated by the Chairman, the Board shall meet to adopt a resolution approving the issuance, sale and delivery of the 1978 Series A Bonds to be issued by the Board under the Indenture. Such Series of Bonds entitled "Single Family Mortgage Bonds, 1978 Series A (FHA Insured or VA Guaranteed Mortgage Loans)" shall be issued pursuant to the Indenture and a 1978 Series A Supplemental Trust Indenture, expected to be dated as of June 13, 1978, by and between the Board and the Trustees. In addition, such resolution will approve the execution of a final Official Statement relating to the Bonds and a Contract of Purchase expected be dated June 13, 1978, between
the Board and the Underwriters

Section 7. All action taken previously by the officers, members or staff of the Board with respect to the Program and the Indenture and the proposed issue of the 1978 Series A Bonds is hereby approved, confirmed and ratified.

Section 8. This Resolution shall become effectively immediately.

Adopted by the Montana Board of Housing this 1st day of June, 1978.

CONTRACTED SERVICES

The Board next reviewed accounting and professional contracts. Coopers and Lybrand requested $32 per hour and Harris, Jackson & Murdo requested $45 per hour for services rendered to the Board. The consulting contract between the Board and Anderson ZurMuehlen & Co. remained the same. Following discussion of each contract, Dan Mizner moved and Virginia Jellison seconded a motion to renew the contracts for two years approving the increases in hourly rates. The contract between the Board and the Department of Community Affairs to pay DCA for computer costs of mortgage loan set-up and maintenance from June 30, 1978 to July 1, 1979 was approved upon a motion by Paul Johnson and seconded by Dan Mizner.

BUDGET

The proposed budget for fiscal year ending 1979 was reviewed by the Board. Dan Mizner moved and Paul Johnson seconded a motion to approve the operating budget of $5,647,877 in income and $4,677,856 for expenses with spending authority of $178,118.44 for fiscal year 1979. The motion was carried to a vote and unanimously approved by the Board. Mr. Olson stated the budget has been submitted to the Trustees in accordance with the Trust Indentures.

SECTION 8 RENTAL ASSISTANCE PROGRAM

Kent Mollohan of the Department of Community Affairs distributed an Invitation for Proposals relating to the Section 8 Housing Assistance Payments Program for New Construction and Rehabilitation. Mr. Mollohan reported the Board has been allocated 80 units with 20 units to be located in metropolitan areas and 60 units in non-metropolitan areas. The Board will reimburse DCA for administrative costs in implementing the housing assistance payments program. Upon a motion by Paul Johnson and seconded by Virginia Jellison the administrator and/or the chairman will review the proposals as they come in. Final action will be taken at the Board meeting scheduled June 13th.

APPROVAL OF VALLEY CREDIT UNION

Chairman Groff reported that Valley Credit Union of Billings, Montana has applied to become a qualified lending institution under the Board’s criteria. Mr. Groff indicated Valley Credit Union has sufficient capital and has provided the Board with a current financial statement. Mr. Olson recommended approval of Valley Credit Union contingent upon receiving an errors and omission policy coverage of $50,000. There being no objection or further comment, Paul Johnson moved and Dan Mizner seconded a motion to approve Valley Credit Union of Billings as a qualified lending institution providing they obtain an errors and omission coverage of $50,000.
PROPOSED LEGISLATION

A letter from Arthur Whitney of the Dorsey Firm regarding proposed legislation was provided to each Board Member. The following sections of the Housing Act of 1975 as amended were thoroughly discussed with suggested modifications:

Section 35-503(16). "Persons and families of lower income" means persons and families, with insufficient personal or family income who require assistance under this act, as determined by the Board, taking into consideration:

(a) the amount of total personal and family income, assets and other financial resources available for housing needs;

Section 35-505(1)(b). To restrict refinancing to multifamily housing projects. Dan Mizner moved and Cal Robinson seconded to amend Section 35-505(1) to allow refinancing only of multifamily housing projects. It was so approved by the Board.

Section 35-508(4)(5). The notes and bonds of the Board may be sold at such prices which may be above or below par as may be determined by the Board. The total amount of notes and bonds outstanding at any one time may not exceed $375 million.

Section 35-506(6). Cal Robinson moved and Dan Mizner seconded to retain sub-section 6 regarding the qualification of federal funds in order to make direct loans. The motion was called to a vote with Cal Robinson, Dan Mizner and James Leary voting in favor and Virginia Jellison and Bob James voting against the motion. Virginia Jellison then moved and Bob James seconded that the Board reconsider its previous action and it was approved by the Board. Virginia Jellison moved and James Leary seconded to delete sub-section 6 and the motion was defeated by a 3-2 vote.

Section 35-516(2)(3). Dan Mizner moved and Virginia Jellison seconded that all funds paid in the capital reserve account shall be held in a separate subaccount to be used for various bond payments and that any funds in any account will not be withdrawn to less than the minimum requirement established for that account. The motion was called to a vote and unamiously approved.

Section 35-517(2). Dan Mizner moved and Calvin Robinson seconded that Bond Counsel clarify the language regarding all amounts appropriated to the Board by the Legislature shall be repaid to the state's general fund without interest from available revenues of the Board, etc. The motion was approved.

Section 35-522. Tax exemption of bonds. Dan Mizner moved and Calvin Robinson seconded that no amendment is necessary as Montana does not have "gift" taxes. The motion was approved by the Board.

Section 35-524. Virginia Jellison moved and James Leary seconded a motion that as a part of the covenant with the Bondholder the Board will adequately staff and make provisions for implementing its programs with competent personnel at reasonable compensation, salaries, fees and charges as may be determined by the Board. The motion was unamiously approved.
A meeting of the Montana Board of Housing was called to order at 9:30 a.m. in the Conference Room of the Mitchell Building, Helena, Montana by Chairman William Groff.

The Board members examined the minutes of the February 23 meeting and upon a motion by Dan Mizner, seconded by James Leary, and unanimously approved by the Board, the minutes were adopted as written.

PRESENTATION OF WASHINGTON MORTGAGE COMPANY

Roy Riley, Vice President of Washington Mortgage Company, had asked the Board to consider financing several elderly housing projects at their February 9 meeting. Mr. Riley asked the Board to consider financing Eagles Manor and Aspen Village that had Section 8 assistance payments. Washington Mortgage is seeking a lower interest rate which would in turn reduce the rental units to serve the low income people. Board Member Johnson stated the Board's role was to create additional housing and moved that the Board not consider their request to finance Eagles Manor and Aspen Village because financing has already been obtained at a competitive rate but the Board would consider financing any proposed multifamily projects in Montana. Dan Mizner seconded the motion and it was unanimously adopted by the Board.
PAYMENT TO THE STATE OF MONTANA

Chairman Groff presented a check for $35,880 to Jack Crosser, Director of the Department of Administration, to repay the State of Montana for funds appropriated to the Board to operate its program for fiscal year ending 1978. Mr. Olson stated the Board is self-sustaining and requires no funds from the State.

MONTANA HOMEBUILDERS ASSOCIATION

Robert Miller, representing the Montana Homebuilders Association, recommended the Board place its remaining bonds in single family mortgage purchases. He suggested the Board extend the commitment period to 9 months with a 3-month extension. Mr. Miller concluded by indicating the Board should consider reserving some funds in case of a tight money situation.

REMAINING BONDING AUTHORITY

The Board next reviewed data derived from mortgage purchases and discussed policy and program modifications. After lengthy discussion, Dan Mizner moved and Paul Johnson seconded a motion to issue approximately $13.6 million in revenue bonds to finance single family mortgages to be divided equally in new construction and existing housing loans and that after a 3-month period the lending institution use its discretion to finance either new construction or existing housing. Following more discussion the motion was called to a vote and adopted unanimously by the Board. Board Member Bob James moved that the invitational letter to the lenders include a request to allocate 50% of their commitment for "walk-in trade." Virginia Jellison seconded the motion and after more discussion it was unanimously approved by the Board.

GROSS ASSET LIMITATION

Through its review of mortgages purchased by the Board since its inception it was determined a gross asset ceiling should be implemented in the Board's next single family mortgage purchase program. Board Member James Leary moved the Board adopt a $40,000 gross asset limitation and that the Board review the gross asset ceiling each June 1 or as the Board deems necessary. Virginia Jellison seconded the motion and the Board unanimously approved.

MAXIMUM PURCHASE PRICE

The Board then reviewed the idea of establishing a purchase price ceiling on an eligible mortgage loan. Dan Mizner moved and Virginia Jellison seconded a motion that the purchase price not exceed $50,000 and that the Board review the maximum purchase price each June 1 or as the Board deems necessary. The motion was unanimously approved by the Board.
LIMITATION OF MORTGAGES

Following a brief discussion of limiting the number of mortgages a qualified borrower can obtain, Paul Johnson moved and James Leary seconded to limit the number of Board of Housing loans to a qualified borrower to two mortgages in a lifetime. The motion was called to a vote and unanimously adopted by the Board.

CLARK FORK MANOR

Virginia Jellison attended the groundbreaking ceremony for the Clark Fork Manor project in Missoula, March 28, 1978. Mr. Olson reported a meeting has been scheduled in October to create a Board of Directors and conduct other financial matters relating to the project.

OTHER BUSINESS

Upon a motion by Dan Mizner and seconded by Virginia Jellison the Board unanimously adopted a policy that any pass-through federal funds that the Department of Community Affairs is processing for the Board of Housing be reviewed by public elected officials.

Virginia Jellison suggested the Board consider a "grant program" to serve the very low income people. Ms. Jellison asked the staff to research the possibility and discuss it with bond counsel.

NEXT MEETING

There being no further business the meeting was adjourned upon a motion by Dan Mizner and seconded by Bill Groff. The next meeting was tentatively scheduled for May 11, 1978.
BOARD OF HOUSING MEETING
MINUTES
FEBRUARY 23, 1978

Roll Call of Board Members:
Calvin S. Robinson, Vice Chairman (present)
W. A. Groff, Chairman (absent)
Virginia Jellison, Secretary (present)
James J. Leary (present)
Paul A. Johnson (present)
Dan K. Mizner (present)
Robert F. James (absent)

Board Counsel:
David L. Jackson

Others:
William H. Hayden, The First Boston Corporation
Arthur E. Schloss, The First Boston Corporation
John J. Oitzinger, Willkie, Farr & Gallagher
Georgeann Becker, Dorsey Firm
B. R. Thomson, President, First Trust Company
George Beall, First Trust Company of Montana
Roy Marxer, HUD/FHA
Jay McLeod, HUD/FHA
Roy H. Riley, Washington Mortgage Company
Joe E. Reber, Washington Mortgage Company
Bill Harrison, UPI
Tressia Anderson, Citizen
Doris Bentzen, Citizen
Midge Leffler, Piper, Jaffray & Hopwood

Staff:
Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Linda Girdler, Executive Secretary

A special meeting of the Montana Board of Housing was called to order by Vice Chairman Calvin S. Robinson at 10:15, February 23, 1978, in the Conference Room of the Mitchell Building, Helena, Montana.

The Board members examined the minutes of the February 9 meeting and upon a motion by Dan Mizner, seconded by Virginia Jellison the minutes were approved as written.
William Hayden of the First Boston Corporation cited significant details in structuring the Board's first multifamily housing program. He commented that the trust indenture was designed in an "open indenture" form to allow future financing of any federally insured multifamily projects. The $4,865,000 bond issue to finance the Clark Fork Manor in Missoula received an A-1 rating, however, Mr. Hayden stated that as the program develops it will give the Board the ability to build up a multifamily portfolio and secure a higher rating in future issues. The underwriters proposed a net interest cost to the Board of 6.125% and a mortgage rate of 7% to finance Clark Fork Manor.

Following a discussion of the various funds and accounts, John Oitzinger distributed copies of the final documents to the Board. Mr. Oitzinger explained that upon closing of the FHA loan Mercantile Mortgage Company will transfer the mortgage to Southside National Bank of Missoula who will be the servicing agent for this particular project. The Owner's Agreement requires Clark Fork Manor, Inc. to remit the housing assistance payments to the First Trust Company of Montana. It also provides that the Board will designate one person to be on the Board of Directors of Clark Fork Manor, Inc. David Jackson, Board Counsel, reported that he thoroughly reviewed the Contract of Purchase providing for the purchase of the bonds by the underwriters and approved the document to be true in form and content.

Georgeann Becker of the Dorsey firm officially introduced two resolutions of the Board relating to approval and authorization to execute the final documents and agreements. A motion was made by Dan Mizner, seconded by James Leary and unanimously passed by the Board to adopt the resolution hereafter set forth at length:

RESOLUTION 78-R15

RESOLUTION OF THE MONTANA BOARD OF HOUSING
APPROVING AND AUTHORIZING THE EXECUTION OF
A TRUST INDENTURE RELATING TO ITS MULTIFAMILY
MORTGAGE BONDS, 1978 SERIES A (FHA INSURED
MORTGAGE LOAN), AND APPROVING AND AUTHORIZING
THE EXECUTION OF A 1978 SERIES A SUPPLEMENTAL
TRUST INDENTURE, A CONTRACT OF PURCHASE, AN
OFFICIAL STATEMENT, ALL RELATING TO SAID BONDS,
AND OTHER MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. It is hereby found, determined and declared as follows:

(A) Certain members, officers and staff of the Board have been proceeding with the necessary discussions and financing arrangements relating to the issuance by the Board of its Multi-family Mortgage Bonds pursuant to the Montana Housing Act
of 1975, Sections 35-501 through 35-526, inclusive, Revised Code of Montana, 1974 (the "Act").

(B) The proceeds of the Bonds will be used by the Board for the primary purpose of acquiring construction and permanent Mortgage Loans (as defined in the Trust Indenture hereinafter referred to) in order to finance multi-family housing projects constituting decent, safe and sanitary housing for persons and families of lower income in the State of Montana.

(C) By resolution duly adopted by the Board on October 19, 1977, the Board was authorized to proceed with the formal initiation of its Multi-Family Mortgage Program, involving the formulation of commitments by the Board to acquire Mortgage Loans to be made by Lenders to Sponsors of housing developments for persons and families of lower income in the State of Montana.

(D) Pursuant to a Trust Indenture, to be dated as of February 23, 1978, (the "Indenture"), by and between the Board and First Trust Company of Montana, Helena, Montana, as Trustee, (the "Trustee"), a copy of which has been presented to the Board at this meeting and which has been reviewed to the extent deemed necessary, the Board authorizes the issuance from time to time of its Multi-Family Mortgage Bonds, (the "Bonds"), subject to the terms, conditions and limitations established in the Indenture and in one or more Supplemental Indentures authorizing the issuance of a specified Series of Bonds; assigns and pledges to the Trustee all right, title and interest of the Board to all mortgages, revenues and other moneys and investments listed therein; establishes certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; sets the minimum requirements for the Mortgage Loans to be acquired under the Indenture; specifies the terms and conditions for the issuance of any series of Bonds; and establishes other provisions which are required by the Act or which are permitted by the Act and which the Board deems necessary or desirable to the issuance and sale of its Bonds.

(E) Pursuant to a 1978 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of February 23, 1978, by and between the Board and the Trustee, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, the Board authorizes the issuance of $4,865,000 aggregate principal amount of its Multi-Family Mortgage Bonds, 1978 Series A (FHA Insured Mortgage Loan) (the "1978 Series A Bonds"). The Supplemental Trust Indenture makes the necessary findings required by the Act, prescribes the maturity, interest rate and redemption provisions for the 1978 Series A Bonds, the forms of such Bonds, the deposit and application of the proceeds of the sale of such Bonds, the terms and conditions of issuance of such Bonds, and contains other provisions which are required by the Act and the Trust Indenture and which the Board deems necessary or desirable to the issuance and sale of its Bonds.
(F) Pursuant to an Official Statement (the "Official Statement"), to be dated February 23, 1978, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, certain information relating to the Board, the Trust Indenture, the Supplemental Trust Indenture and the Bonds will be given to the purchasers of the 1978 Series A Bonds by a group of investment dealers and bankers represented by The First Boston Corporation, Dain, Kalman & Quail, Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. (the "Underwriters").

(G) Pursuant to a Contract of Purchase (the "Contract of Purchase"), dated February 23, 1978, between the Board and the Underwriters, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, the Board agrees to sell and the Underwriters agree to purchase the 1978 Series A Bonds at the price and upon the terms and conditions therein set forth.

Section 2. The Board's Multi-Family Mortgage Program, and the financing of such Program by the issuance and sale of the Multi-Family Mortgage Bonds under the Trust Indenture, is hereby approved.

Section 3. The Trust Indenture is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Trust Indenture, and the Treasurer, the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 4. The Supplemental Trust Indenture is hereby made a part of this Resolution as fully as though set forth in full herein (including, but not limited to, the findings required by the Act included within Section 2 thereof) and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Supplemental Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the Supplemental Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Supplemental Trust Indenture, and the Treasurer, the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 5. The issuance of the Board's $4,865,000 Multi-Family Mortgage Bonds, 1978 Series A (FHA Insured Mortgage Loan) is hereby approved. The 1978 Series A Bonds shall mature, bear interest, be subject to optional, mandatory and special redemption and have the other terms and provisions as set forth in the Supplemental Trust Indenture.
The 1978 Series A Bonds shall be prepared in substantially the form set forth in the Supplemental Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture and the Supplemental Trust Indenture. The 1978 Series A Bonds shall be executed in the name of the Board by the Chairman of the Board and attested by either the Secretary of the Board or the Treasurer of the Board each of whom is hereby appointed as an Authorized Officer of the Board (as such term is defined in the Trust Indenture) for purposes of executing the 1978 Series A Bonds. One of such signatures may be in facsimile. Coupons representing interest attached to coupon 1978 Series A Bonds shall be executed by the facsimile signature of the Chairman of the Board.

Section 6. The distribution of a Preliminary Official Statement, dated as of January 31, 1978 by the Underwriters to prospective purchasers of the 1978 Series A Bonds is hereby approved, confirmed and ratified, such prospective purchasers being certain institutional investors as the 1978 Series A Bonds are not being reoffered publicly.

Section 7. The Official Statement is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman or the Vice Chairman of the Board is hereby authorized to execute and deliver the Official Statement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement.

Section 8. The Contract of Purchase is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Contract of Purchase with such changes, insertions or omissions therein as do not change the substance of the Contract of Purchase and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Contract of Purchase. The 1978 Series A Bonds are hereby sold to the Underwriters at the price and upon the terms and conditions specified in the Contract of Purchase.

Section 9. All action previously taken by the officers, Members or staff of the Board with respect to the Program, the Trust Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement, the Official Statement, the Contract of Purchase, and the 1978 Series A Bonds is hereby approved, confirmed and ratified.

Section 10. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or if for any other reason any of them are unable to execute the
documents referred to in this Resolution, such documents may be executed by another Member of the Board, with the same effect as if done by the Chairman, the Vice Chairman or the Treasurer of the Board and without the further authorization of the Board. The execution of such documents by such Member shall be conclusive evidence of his or her authority to so act.

Section 11. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board or any other Member of the Board and the Administrator, Finance Director-Treasurer and Program and Operations Director of the Board, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Trust Indenture, the Supplemental Trust Indenture, and the Contract of Purchase, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the Members and persons above named are hereby designated as Authorized Officers (as such term is defined in the Trust Indenture) for such purpose.

Section 12. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 23rd day of February, 1978.

Subsequent to the adoption of Resolution 78-R15 Board Member Virginia Jellison moved and Dan Mizner seconded a motion to adopt the following Resolution hereafter set forth at length and such Resolution was unanimously approved by the Board:

RESOLUTION 78-R16

RESOLUTION OF THE MONTANA BOARD OF HOUSING
APPROVING AND AUTHORIZING THE EXECUTION OF
A MORTGAGE PURCHASE AGREEMENT, SERVICING
AGREEMENT AND AN OWNER'S AGREEMENT, RELATING
TO THE MULTIFAMILY MORTGAGE PROGRAM AND OTHER
MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the
"Board") as follows:

Section 1. It is hereby found, determined and declared as follows:

(A) Pursuant to a resolution duly adopted by the Board on this date, the Board approved the issuance and sale of $4,865,000 Multi-Family Mortgage Bonds, 1978 Series A (FHA Insured Mortgage Loan) (the "1978 Series A Bonds") in accordance with the Trust Indenture, dated as of February 23, 1978, and the Supplemental Trust Indenture, dated as of February 23, 1978. As set forth in Section 17 of the Supplemental Indenture, upon receipt of the
proceeds of the 1978 Series A Bonds, and in accordance with the provisions of an agreement (the "Mortgage Purchase Agreement") with Southside National Bank of Missoula, Montana (the "Lender and Servicer"), the Board shall purchase a certain mortgage note, mortgage and building loan agreement relating to a mortgage loan of up to $4,628,000 entered into between Mercantile Mortgage Company, St. Louis, Missouri, as mortgagee and Clark Fork Manor, Inc., Missoula, Montana, as mortgagor, which said mortgagee has agreed to transfer and assign to the Lender and Servicer. Upon execution of the Mortgage Purchase Agreement and the assignment by the Lender and Servicer of said mortgage note, mortgage and building loan agreement to the Board, it is anticipated that the Board will enter into a Housing Servicing Agreement (the "Servicing Agreement") with the Lender and Servicer in order to provide for the servicing of said mortgage loan and management of the premises in the event of foreclosure of said mortgage loan. It is also anticipated that the Board will enter into an agreement (the "Owner's Agreement") with Clark Fork Manor, Inc., Missoula, Montana, as owner of the premises subject to said mortgage, pursuant to which said owner assigns to the Board a security interest in its Housing Assistance Payments Contract with the United States Department of Housing and Urban Development and makes certain other representations, agreements and warranties.

(B) A copy of the Mortgage Purchase Agreement, the Servicing Agreement and the Owner's Agreement have been presented to the Board at this meeting and reviewed to the extent deemed necessary.

Section 2. The Mortgage Purchase Agreement, the Servicing Agreement and the Owner's Agreement are hereby made a part of this Resolution as fully as though set forth in this meeting and the Chairman of the Board or the Vice Chairman of the Board or the Treasurer or Secretary of the Board or any other Member of the Board is hereby authorized and directed to attest thereto. The Lender and Servicer is hereby approved.

Section 3. All action previously taken by the officers, Member or staff of the Board with respect to the Mortgage Purchase Agreement, the Servicing Agreement and the Owner's Agreement is hereby approved, confirmed and ratified.

Section 4. In the event of the absence or disability of the Chairman, the Vice Chairman or the Secretary of the Board, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by any other Member of the Board, with the same effect as if done by the Chairman, the Vice Chairman or the Secretary and without the further authorization of the Board.

The execution of such documents by such Member shall be conclusive evidence of his or her authority to so act.
Section 5. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board or any other Member of the Board and the Administrator, Finance Director-Treasurer and Program and Operations Director of the Board, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the Members and persons above named are hereby designated as Authorized Officers for such purpose.

Section 6. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 23rd day of February, 1978.

A brief discussion of the Errors and Omissions Policy of Southside National Bank of Missoula prompted a motion by James Leary and seconded by Paul Johnson to require the Southside National Bank of Missoula, Montana to carry an Errors and Omissions Policy for $2 million. The motion was called to a vote and approved unanimously by the Board.

A motion to adjourn by Dan Mizner and seconded by Virginia Jellison was called to a vote and so approved by the Board.
BOARD OF HOUSING MEETING
MITCHELL BUILDING
HELENA, MONTANA
DECEMBER 7, 1979

I. Call Meeting to Order - 9:30 a.m.

II. Approval of Minutes - November 8, 1979

III. Attorney General's Contract - Lyle Olson

IV. Appointment of Harold Mercer to Board of Directors
   Crestwood Inn, Sidney

V. Multifamily Progress Report - Herbert George

VI. Report on Proposed Rules - David Jackson
   A. Hearing Date

VII. Legislation - Lyle Olson
     John Oitzinger

VIII. Budget Amendment

IX. Other Business

X. Adjourn
Board of Housing Meeting
Mitchell Building
Helena, Montana
December 7, 1979

Roll Call of Board Members:
W. A. Groff, Chairman (present)
Calvin S. Robinson, Vice Chairman (present)
Virginia Jellison, Secretary (present)
James J. Leary (present)
Paul A. Johnson (present)
Dan K. Mizner (present)
Robert F. James (present)

Staff:
Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Administrative Secretary

Others:
David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo
Cliff Christian, MT Association of Realtors
John England, 1st Federal S & L - Great Falls
Val Kuntz, Belgrade Homebuilder
Mike Steiner, Bozeman Homebuilder
Gary Moes, Associated Press
Tom Wester, Helena Homebuilders Association
Neil Wetsch, Rushford Construction - Helena

The meeting was called to order by Chairman William Groff at 9:30 a.m. in Conference Room 160 of the Mitchell Building, Helena, Montana.

The minutes of the meeting held November 8, 1979 were distributed and approved upon a motion by Dan Mizner and seconded by James Leary.

Attorney General's Contract

Mr. Olson outlined the terms and conditions of the Interagency Agreement between the Board and the Agency Legal Services Bureau, Legal Services Division of the Department of Justice to foreclose mortgages as specifically requested by the Board. The Attorney General's Office shall receive $500 for each mortgage foreclosed and be reimbursed for actual costs incurred except for telephone calls, document copying and travel expenses. In addition, any contracts with private attorneys or law firms to foreclose specified mortgages must be approved by the Governor's Legal Services Review Committee. Upon a motion by Bob James and seconded by James Leary the contract was unanimously approved.

Crestwood Inn - Sidney

Members of the Board recommended Mr. Harold Mercer serve on the Board of Directors of the Crestwood Inn facility in Sidney, Montana at the suggestion of Board Member Dan Mizner. Mr. Mercer has indicated he will accept the responsibility to represent the Board's interests on the completed project financed by the Board of Housing.
Progress Report of Multifamily Projects

Herbert George gave an update report on existing projects and three projects that are presently under construction. He reported that a lien had been filed by the Campbell-Pew Construction Company against Clark Fork Manor for an amount representing the 10% hold-back plus an additional $5,841.78 that had been denied in change order requests; that a meeting has been scheduled for December 13 between the attorneys at the HUD office in Denver. It appears the matter will be resolved without litigation.

With respect to the Oakwood Village, initial closing has been accomplished and the project is under construction. Broadview Manor and Silver Bow projects are almost 50% completed. Pursuant to a Board request that the Clark Fork Manor Board of Directors be activated, Mr. George reported that his nomination to the Board would be considered at the February 1980 meeting.

New projects under consideration are 36 Section 8 assisted units in Kalispell; 112 unit project in Billings with 32 Section 8 assisted units; 50 Section 8 assisted units in Bozeman; and 48 units with 30 Section 8 assisted units in Malta. Mr. George stated there are two Montana DHUD-FHA owned projects to be sold sometime in late spring or early summer. The Bozeman project will be 35% to 50% Section 8 assisted and the Havre project is 100% Section 8 assisted. HUD representatives have indicated both projects are 100% occupied and FHA insurance will be available. The Twin Bridges project is being actively pursued by Todd & Associates and a meeting has been scheduled in Washington, D.C. with our Congressional delegation to arrange for Section 8 assistance.

Single Family Mortgage Loan Originations

Kraig Kushar distributed a fact sheet on total mortgage loans originated by participating lending institutions from May, 1977 through October, 1979. Mr. Kushar reported commercial banks and savings and loan associations and one credit union have originated and sold $58,768,512 to the Board. Mortgage companies originations total $6,299,597.91. Total loans purchased from November 13, 1979 through December 6, 1979 total $25,241,751.28 for a grand total of loans sold to the Board of $90,309,861.19.

Proposed Amendments to Regulations

Pursuant to a Board request of November 8, 1979, David Jackson, Legal Counsel, circulated copies of the redrafted amendments to the rules and regulations of the Board. A rule change in qualifying a person or family of lower income to obtain a BOH loan was amended to include income, assets and other financial resources available for housing needs. Discussion centered on a person or family obtaining a second loan. It was the consensus of the Board that no person or family may obtain a second loan unless he relocates his principle residence by 30 miles. Bob James moved and James Leary seconded to adopt that language in the proposed rule and it was unanimously approved by the Board. A rule change to prohibit lending institutions to reserve funds for builders, real estate agents or brokers unless such commitments are necessary due to economic conditions and other conditions existing at that time was tabled upon a motion by Calvin Robinson, seconded by Dan Mizner and unanimously approved by the Board. The Board instructed Counsel and the staff to research the definition of "block commitment" and redraft the rule to comply with that language adopted at the Board's meeting, November 8, 1979. Mr. Jackson stated a public hearing could be scheduled in February 1980 subsequent to the filing of the proposed rules to the Secretary of State's Office by January 8, 1980 and notice given on January 17, 1980 following 28 days for comment.
I. Call Meeting to Order - 9:30 a.m.

II. Approval of Minutes - June 26, 1979

III. Single Family Mortgage Program
   A. Approval of Lenders' Applications to Participate
      - Lyle Olson
   B. Selection of Trustee & Co-Trustee - Bill Groff
   C. Addendum to Mortgage Purchase Agreement
   D. Approval of Tentative Allocation of Mortgage Commitments
   E. Authorize Mailing of Preliminary Official Statement
   F. Authorization of Multifamily Officer to Execute Documents

IV. Multifamily Mortgage Program
   A. Servicing Agreement - Washington Mortgage Company

V. Annual Report - Lyle Olson
   A. Approval of Sage Advertising Contract

VI. Approval of 1980 Budget

VII. Discussion of Clark Fork Manor

VIII. Other Business

IX. Adjourn
Cliff Christian, representing the Montana Realtors Association, asked the Board to provide copies of the amended regulations for review by their association as well as the Montana Bankers Association.

Legislation

Lyle Olson reported no substantive change has been made in the pending legislation to allow the issuance of tax-free revenue bonds to finance single family housing. However, Mr. Olson stated that H.B. 5741, a substitute bill for H.R. 3712, has been reported out of the House Ways and Means Committee to the Rules Committee. John Oitzinger indicated the bill may provide transition rules that would allow the Board to consider a bond issue in late spring of 1980.

Budget Amendment

Lyle Olson presented a budget addition to the 1980 operating budget. The 1979 Legislature authorized an additional full-time equivalent employee for the Board, however, did not provide appropriation. Upon a motion by Calvin Robinson and seconded by Virginia Jellison, the Board unanimously approved the operating budget of $250,145.

Student Aid Loans

Chairman Groff asked the Board to consider the possibility of issuing bonds to finance student aid loans. Under statutory authority the Board could implement a student aid loan program in conjunction with the university system.

Next Meeting

The next meeting of the Board was scheduled for Friday, January 4, 1980 upon a motion by Calvin Robinson and seconded by James Leary. The meeting adjourned at 11:10 a.m.

CERTIFIED TO BE CORRECT AND TRUE.

VIRGINIA JELLISON, SECRETARY TO THE BOARD

1/4/80
Board of Housing Meeting
Mitchell Building
Helena, Montana
January 4, 1980

Roll Call of Board Members:
W.A. Groff, Chairman (present)
Calvin S. Robinson, Vice Chairman (absent)
Virginia Jellison, Secretary (present)
James J. Leary (absent)
Dan K. Mizner (present)
Robert F. James (present)
Paul A. Johnson (present)
Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Kraig K. Kushar, Single Family Program Officer
Linda M. Forrey, Administrative Assistant

Counsel: David L. Jackson

Others: John Snyder, Helena, Montana
Robert Pappan, Great Falls, Montana

The meeting was called to order by Chairman William Groff at 9:30 a.m. in Conference Room 160 of the Mitchell Building, Helena, Montana. The minutes of the meeting held December 7, 1979 were unanimously approved as distributed to the Board.

Proposed Rule Change

David Jackson circulated the final proposed rule changes. In establishing the adjusted gross annual income limits for lower income persons and families the Board approved a rule change to consider total personal and family income, assets and other financial resources available for housing needs. The second rule change restricted a person or family from obtaining a second loan unless a person or family relocated their principle residence by more than 30 statutory miles determined by the shortest highway map on the official Montana highway map in effect at that time and so approved by the Board. The third rule change provided that no qualified lending institution may enter into any written commitment to make mortgage loans to be purchased by or financed by the Board with a builder, developer or real estate agent or broker unless such commitments are necessary due to economic and other conditions prevailing at that time. Upon a motion by Dan Mizner and seconded by Robert James, the Board unanimously approved the proposed rule changes as set forth above. Counsel was instructed to proceed with the necessary steps to implement the rule changes. Mr. Jackson will notify the Board as to the established date of the public hearing, possibly the week of February 10, 1980. Board Member Jellison suggested amendatory language be included in future mortgage purchase agreements that no lending institutions shall commence to make applications prior to the Board's official notice of acceptance.
BOARD OF HOUSING MEETING
4TH FLOOR CONFERENCE ROOM
MITCHELL BUILDING
HELENA, MONTANA

November 8, 1979

I. CALL MEETING TO ORDER - 9:30 A.M.

II. APPROVAL OF MINUTES OF OCTOBER 4, 1979 MEETING

III. MONTANA PEOPLES ASSOCIATION

IV. MULTIFAMILY PROJECT REPORT - Herbert George

V. RESOLUTION TO PROCEED WITH MULTIFAMILY BOND PROGRAM

VI. REPORT OF SUB-COMMITTEE ON RULES - Dave Jackson

VII. RESOLUTION TO PROCEED WITH SINGLE FAMILY MORTGAGE PROGRAM

VIII. REPORT ON FORECLOSURES

IX. PRELIMINARY REPORT OF MOBILE HOME SURVEY

X. PRELIMINARY REPORT OF MORTGAGE LENDER SURVEY

XI. ATTORNEY GENERAL'S CONTRACT

XII. AMENDMENT TO SAGE ADVERTISING CONTRACT

XIII. MORTGAGE BOND LEGISLATION - John Oitzinger

XIV. OTHER BUSINESS - Lyle Olson

XV. ADJOURN
The meeting was called to order by Chairman Groff at 9:30 a.m., November 8, 1979 in the Mitchell Building, 4th Floor Conference Room, Helena, Montana.

There being no corrections or additions to the minutes of the October 4, 1979 meeting, Dan Mizner moved and Robert James seconded a motion to adopt the minutes as submitted to the Board.

Presentation of Montana Peoples Association

Gene Todd reported on the conversion of the Twin Bridges Center into a retirement facility. Mr. Werner, architect for the proposed project, presented a design concept to convert and renovate the existing structures. The first phase of the project will include 153 units. MPA is seeking approximately $5,540,000 from the Board to finance the DHUD 221(d)4 project. The second phase would be structured by a direct loan from FmHA. A market analysis is scheduled for completion by February 15, 1980 and a final take out tentatively set for May 1, 1980. The first phase construction period would begin July 1 and completed approximately within 15 months. The Board made no official commitment to finance the project until certain legal and technical matters are resolved.

Report on Multifamily Projects

Herbert George gave a detailed description of the existing projects financed by Board. Clark Fork Manor is now 100% occupied and the mortgage current. Crestwood Inn in Sidney, Montana is 61% occupied and is renting slowly. With regard to the two projects under construction, Silver Bow Village in Butte is 36% completed and Broadview Manor in Great Falls 45% completed. The Oakwood Village in Havre is
presently scheduled for closing on November 14, 1979 and the Elmwood is being processed for closing within the next 30 days. Mr. George stated he has received substantial interest from four developers/sponsors who have Section 8 allocations and should the Board decide to finance the Twin Bridges project, a bond deal could be arranged for approximately $15.7 million.

Mr. George recommended communication be sent to Health Services Association to activate the Board of Directors at Clark Fork Manor. Chairman Groff asked Mr. George to represent the Board of Housing as a member of the Board of Directors. Upon a motion by Dan Mizner and seconded by James Leary, Counsel shall prepare a letter to William Koepp of Health Services Association to activate the Board within the next 45 days and to designate Herbert George to serve on the Board of Directors at Clark Fork Manor. The motion was called to a vote and unanimously adopted by the Board. Board Member Dan Mizner recommended Harold Mercer, Sidney, Montana be asked to serve on the Crestwood Inn Board of Directors. A resolution was presented to the Board to begin preliminary preparation of a multifamily bond issue upon a motion by Dan Mizner and seconded by Bob James and unanimously approved by the Board. Said resolution is set forth below:

RESOLUTION 79-R33

RESOLVED, the staff is authorized to proceed in conjunction with the First Boston Corporation and Bond Counsel to prepare documents including a Mortgage Purchase Agreement, Servicing Agreement, Preliminary Official Statement and Supplemental Indenture for the issuance of Multifamily Program Bonds in the aggregate principal amount up to $30,000,000 to be issued during the next twelve months in one or more separate series at such time and in such amounts as hereafter shall be determined and provided that proper applications have been submitted to the Board.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 8TH DAY OF NOVEMBER, 1979.

Report of Sub-Committee on Rules

Mr. Jackson reported the sub-committee held two meetings to review current and proposed rules. The first item the committee considered was whether the Board could limit the single family program to families excluding single persons. Subsequent to research of Montana statutes, the Board cannot restrict its program to families only. Upon a motion by Bob James and seconded by Virginia Jellison the Board approved to revise its income ceiling to $16,500 with a $1,500 credit for a spouse and $750 deduction per dependent child.

The Board next discussed whether it should prohibit loan assumptions. The Board considered two options: (1) increase the interest rate on the assumed loan if the borrower does not qualify under the Board's income ceiling or (2) accelerate the amount due on the loan. Following lengthy discussion, Dan Mizner recommended the attorneys research the loan assumption matter to comply with federal regulations and investigate the possibility of utilizing the additional revenues generated above the FHA loan to reinvest in Board of Housing qualified mortgages.

Mr. Jackson drafted proposed language for circulation to the Board limiting the number of loans one person or family could obtain. The sub-committee determined that a person or family should be entitled to one loan except in the case where it was necessary to relocate their primary residence. Dan Mizner moved and Virginia Jellison seconded to allow a second loan if a person or family was required to move at least 30 miles by the closest highway map and it was unanimously approved.
Discussion centered on the prohibition of the practice of setting aside funds for certain builders and realtors by lending institutions. Bob James moved and James Leary seconded that a mortgage lender shall not enter into any commitment to make mortgage loans with a builder, developer, real estate agent or broker unless the Board determines that due to economic and other conditions prevailing at the time such commitments are necessary or desirable to develop decent, safe and sanitary housing which is within the capabilities of lower income persons and families. It was unanimously approved by the Board.

Dan Mizner then authorized Counsel to redraft the present rules to comply with the proposed amendments adopted at this meeting and new laws that have been passed. James Leary seconded the motion and it was adopted unanimously by the Board.

**Progress Report on Single Family Program**

John Oitzinger reported on the status of the mortgage bond legislation and recommended the Board endorse the Williams bill exempting housing authorities when it is officially introduced. With respect to the resolution adopted at the Board's October 4, 1979 meeting, Counsel is developing documents for the single family financing. A draft of the official statement and supplemental indenture will conform to the rules and regulations adopted at this meeting and distributed to the Board's office within the next two weeks.

**Foreclosures**

Lyle Olson stated the Board has filed a claim on two VA loans that have been foreclosed and briefly described the status of other pending foreclosures. The Board will receive a monthly status report indicating loss and/or gain on foreclosed mortgages.

**Mobile Home Survey**

At the request of the Board a second Mobile Home Survey was distributed to Montana lending institutions. Kraig Kushar stated 77 of 175 lending institutions responded. 41-1% indicated they would originate mobile home paper and 48.2% refused and 10.3 were undecided. However, the lenders requested an average service fee of 9/10 of 1% which may exceed what the Board could pay. Volume of expected originations totalled $17.65 million. Under the Loan to Lenders program, only 13% of the lenders indicated participation. Loan volume request was $15.5 million. Dan Mizner moved and Bob James seconded to table the mobile home program until further information is accumulated and it was unanimously approved by the Board. Chairman Groff instructed Mr. Kushar to direct a letter to the Governor's Office indicating a mobile home program was not feasible at this time.

**Report of Mortgage Lender Survey**

43 of 175 lending institutions responded to a survey to determine funding requirements over the next year and how the lenders would request those funds dependent upon rules the Board may establish as to recommitment of funds. In response to providing walk-in funds only, a total of $81.56 million was reported. With respect to 50% of the funds allowed to be recommitted, $85.39 million was reported. If no regulations were imposed, the lenders requested $87.37 million. Should the Board offer only one commitment within the next year the lenders reported $68.43 million for walk-in funds and $69.93 million with a 50% maximum committed to builders and a total of $72.71 million if no regulations were provided by the Board. Some lenders responding to the survey indicated approximately $9.37 million was recommitted in previous programs, however, this figure may not reflect the actual practice of recommitted funds.
Somers Loan Request

Kraig Kushar presented a letter from First Federal Savings and Loan Association in Columbia Falls requesting a Board decision on the eligibility of the Somers loan. The lender entered into an agreement with the Somers prior to the availability of BOH funds. The agreement tied into long term financing and the mortgage note executed. The lien was recorded and when BOH funds became available, a request to rewrite the loan was submitted. Paul Johnson indicated this would be a refinanced loan and moved to deny the request to approve the loan for purchase by the Board of Housing. The motion was seconded by Bob James and unanimously approved by the Board.

Rules Committee Meeting

A meeting to review the final draft proposed rules was scheduled for December 7, 1979.

Chairman Groff and Lyle Olson were authorized to attend the CSHA Conference in San Diego, California, December 9-12, 1979 upon a motion by Paul Johnson, seconded by Bob James and approved by the Board.

CERTIFIED TO BE CORRECT AND TRUE.

[Signature]
VIRGINIA JELLISON, SECRETARY TO THE BOARD

DATED 12/7/79
BOARD OF HOUSING MEETING
MITCHELL BUILDING
ROOM 160
OCTOBER 4, 1979

I. Call Meeting to Order - 9:30 a.m.

II. Approval of Minutes - August 16, 1979

III. Presentation of Montana Peoples' Association
   A. Proposal
   B. Appraisal

IV. Approval of Lending Institutions
   A. Deer Lodge Bank & Trust Company - Deer Lodge
   Powder River County Bank - Broadus

V. Approval of Attorney General's Contract

VI. Clark Fork Manor
   A. Delinquent Payments
   B. Request for Additional Funds

VII. Financial Report
   A. Presentation by Dave Johnson-Anderson ZurMuehlen & Co.
   B. Approval of Financial Report

VIII. Resolution to Proceed with Sale of $150 Million Single Family Bond Issue

IX. Legal Fees

X. Resolution of The Western Conference of State Housing Finance Agencies

XI. CSHA Conference Fees

XII. Report on Board Request for Additional Mortgage Loan Data

XIII. Report on Mobile Home Survey

XIV. Staff

XV. Adjourn
BOARD OF HOUSING MEETING
MITCHELL BUILDING
ROOM 160
October 4, 1979

I. Call Meeting to Order - 9:30 a.m.

II. Approval of Minutes - August 16, 1979

III. Presentation of Montana Peoples' Association
    A. Proposal
    B. Appraisal

IV. Approval of Lending Institutions
    A. Deer Lodge Bank & Trust Company - Deer Lodge
       Powder River County Bank - Broadus

V. Approval of Attorney General's Contract

VI. Clark Fork Manor
    A. Delinquent Rent
    B. Request for Additional Funds

VII. Annual Report
    A. Anderson ZurMuehlen & Company - Dave Johnson

VIII. 1979 Series A Single Family Program Guidelines
    A. Walk-In Funds
    B. New Construction

IX. Public Meetings

X. Resolution to Proceed with Sale of $150 Million
   Single Family Bond Issue

XI. Legal Fees

XII. CSHA Conference
Roll Call of Board Members:

W.A. Groff, Chairman (present)
Calvin S. Robinson, Vice Chairman (absent)
Virginia Jellison, Secretary (present)
James J. Leary (present)
Robert F. James (present)
Paul A. Johnson (present)
Dan K. Mizner (present)

Staff:

Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Administrative Secretary

Counsel:

John J. Oitzinger
David L. Jackson

Others:

David Johnson, Anderson ZurMuehlen
Tom Ryan, Montana Peoples Association
Gene Todd, Todd & Associates
Charles Bamderob, MPA
Oliver Dahl, MPA
Jerry Hanson, Homebuyer
Steve Davis, Realtor
Chuck Johnson, Great Falls Tribune

Chairman Groff called the meeting to order at 9:30 a.m. on October 4, 1979 in Conference Room 160 of the Mitchell Building, Helena, Montana.

The minutes of the meeting held August 16, 1979 were presented to the Board and approved upon a motion by Dan Mizner and seconded by Bob James.

Presentation of Montana Peoples Association

Gene Todd spoke of the Montana Peoples Association's plan to convert the former Children's Center in Twin Bridges into a retirement facility. MPA requested financial assistance for $200,000 to maintain the center until federal funding was available to pursue the project. Bond Counsel stated the Board could provide interim financing with a permanent take-out on the loan providing a market analysis is completed, site and architectural plans are available and a tentative commitment to insure the project is provided by HUD. The Board did not take any official action but advised MPA to firm up their plans and make another presentation to the Board.

Request for Second Loan

Mr. Jerry Hanson presented his appeal for a second loan under the Single Family Mortgage Program. Due to rules and regulations established and instructions provided to the lending institutions by the Board, Mr. Hanson's request for a
second loan was denied upon a motion by James Leary and seconded by Virginia Jellison with Dan Mizner and William Groff abstaining from the vote.

Review of Administrative Rules

Discussion centered on review of the Board's administrative rules Legal Counsel advised the Board to work toward definitive rules with respect to loan assumptions and limiting participation in its financing programs. A sub-committee, chaired by Paul Johnson, and committee members, Virginia Jellison and Robert James, was appointed to review the rules and policy guidelines upon a motion by Dan Mizner and seconded by Bob James and approved by the Board. The sub-committee will meet in the Board's office on October 10, 1979 to review all rules subject to improvements for publication in the Administrative Procedures Act.

Resolution to Proceed with Single Family Mortgage Program

A resolution authorizing the staff to proceed with a survey of mortgage lenders to determine the need for a single family bond issue not to exceed $150,000,000 was discussed at length. The walk-in traffic funds be used in its next financing program. Paul Johnson moved and Bob James seconded to approve the following resolution hereafter set forth in its entirety and it was unanimously adopted by the Board:

RESOLUTION 79-R32

RESOLVED, the staff is authorized to proceed in conjunction with the First Boston Corporation and bond counsel to prepare documents including an Invitation, Mortgage Purchase Agreement, Servicing Agreement, Preliminary Official Statement and Supplemental Indenture for the issuance of Single Family Program Bonds in the aggregate principal amount of $150,000,000 to be issued during the next twelve months in one or more separate series at such time and in such amount as hereafter shall be determined based upon the need for moneys for mortgage loans to persons and families of lower income throughout the State, and further;

RESOLVED, that the staff is authorized to make a survey of mortgage lenders throughout the State to provide a basis for determining the timing and amount of the next series of such bonds to be issued.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 4TH DAY OF OCTOBER, 1979.

Report of Financial Condition

A detailed report of the Board's financial position as of June 30, 1979 was presented by Dave Johnson. The Board received a clean audit opinion by its national auditing firm, Coopers and Lybrand. Revenues over expenses for the period ending June 30, 1979 for the single family program was $1,176,680.00 and $91,657 for the multifamily program. The financial report was adopted upon a motion by Dan Mizner and seconded by Paul Johnson.

Bond Counsel Fees

A copy of a letter outlining legal fees was presented to the Board. Mr. Oitzinger stated that Bond Counsel would charge approximately $.50 per $1,000 an issue on a sliding scale. Fees would be lower for larger issues and where no new trust indenture is involved. Paul Johnson moved and Dan Mizner seconded to approve bond counsel fees and that the letter of explanation be placed on file at the Board's office. The motion was called to a vote and unanimously approved.
Attorney General's Contract

Mr. Olson reported the Attorney General's Office has submitted an interagency agreement whereby that agency would handle foreclosure proceedings on each BOH loan for a flat fee of $500 plus reimbursement for actual costs incurred. The Administrator was authorized to select a private attorney for $500 upon a motion by Bob James and seconded by Dan Mizner. The Board further agreed to enter into the contract amending Section B to authorize the AGs office to handle foreclosures as specifically requested by the Board upon a motion by Paul Johnson and seconded by Dan Mizner.

Clark Fork Manor

A request to increase the original mortgage amount of Clark Fork Manor was discussed. Clark Fork Manor is seeking $236,480 to cover additional expenses incurred for land improvements on the project, attorney fees and other minor change orders. Mr. Olson stated an increase of the mortgage would not be feasible at this time. Following lengthy discussion the Board denied the request for additional funds upon a motion by Dan Mizner and seconded by Virginia Jellison.

Crestwood Inn

Mr. Olson reported the Crestwood Inn project in Sidney is experiencing cash flow problems and unable to meet its September and October interest payment. The Board authorized the Administrator to travel to Sidney to assist the troubled project.

Resolution of the Western States Conference of State Housing Finance Agencies

A meeting of the Western Conference of State Housing Finance Agencies was held September 16, 1979 at which time the delegation adopted a resolution exempting state housing agencies from H.R. 3712 that currently halts the issuance of tax-exempt bonds for single family housing. Mr. Olson asked the Board for authorization to deliver the resolution to Representative Pat Williams. The Board approved the resolution in its entirety and directed Mr. Olson to deliver it to Montana's Congressional delegation in Washington, D.C. upon a motion by Bob James and seconded by Paul Johnson.

CSHA Assessment

The CSHA has assessed its members to help defray attorney expenses and other matters relating to the mortgage bond legislation. The Board authorized the Administrator to negotiate up to $4,000 to cover the expenditures incurred by the CSHA upon a motion by Bob James and seconded by Dan Mizner.

Additional Mortgage Loan Data

In response to the Board's request for additional mortgage loan data, Kraig Kushar reported that to computerize the information will require the development of an input form, coding and keypunching costs. The Board concurred that the information would be helpful in establishing future policy and rules in its financing programs. James Leary moved and Virginia Jellison seconded to contract the data out and it was unanimously approved.
Mobile Home Survey

Kraig Kushar reported 42 lenders responded to the mobile home questionnaire. Twenty-four lenders were possibly interested in underwriting mobile home paper. The response was inadequate and unable to provide sufficient information to make an accurate determination for the need to design a mobile home program. Those lenders indicating interest requested servicing fees much higher than the Board would be able to pay. The Board asked Mr. Kushar to send a second request.

Approval of Lending Institutions

The Deer Lodge Bank and Trust Company in Deer Lodge and the Powder River County Bank in Broadus were approved as "qualified lending institutions" to participate in the Board's financing programs upon a motion by Paul Johnson and seconded by Bob James.

Other Business

The Board considered the staff's salaries and recommended an increase in steps of current grades. Chairman Groff will submit the Board's recommendations to the Department of Administration for further consideration.

The next meeting of the Board was tentatively scheduled for November 8, 1979. There being no further business the meeting was adjourned upon a motion by Dan Mizner and seconded by Bob James.

CERTIFIED TO BE CORRECT AND TRUE.

VIRGINIA JELLISON, SECRETARY TO THE BOARD

DATED 11/8/79
Board of Housing Meeting  
August 16, 1979

Roll Call of Board Members:

W. A. Groff, Chairman (present)
Calvin S. Robinson, Vice Chairman (present)
Virginia Jellison, Secretary (present)
James J. Leary (present)
Paul A. Johnson (present)
Robert F. James (present)
Dan K. Mizner (present)

Staff:

Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Judy R. Gillespie, Accountant
Linda M. Forrey, Administrative Secretary

Others:

David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo
James Martling, First Boston Corporation
Rick Phelps, First Boston Corporation
Bob Sylvester, Piper, Jaffray & Hopwood
Roger Gabbert, Dain, Kalman & Quail
Mary Tomich, Hawkins, Delafield & Wood
Jim Dlugosch, Dain, Kalman & Quail
Steve Engel, Hawkins, Delafield & Wood
Dave Johnson, Anderson ZurMuehlen & Co.
Pat Harff, Northwestern National Bank
Richard L. Sigal, Hawkins & Delafield
Nolan Steele, United California Bank
Keith Radabah, Conrad National Bank

Chairman Groff called the meeting to order at 9:30 a.m. in Conference Room 160 of the Mitchell Building, Helena, Montana.

The minutes of the meeting held August 2, 1979 were distributed and approved upon a motion by Virginia Jellison and seconded by Dan Mizner.

SALE OF 1979 SERIES A SINGLE FAMILY MORTGAGE BONDS

James Martling presented the Official Statement in its final form and briefly explained the marketing document to the Board. Mr. Martling reported the $100 million issue was one of the most successful experienced by the underwriting team. The municipal bond market has become very responsive to the Board's creditability resulting in an extremely favorable Aa rating to this particular issue. Rick Phelps, one of First Boston's marketing experts, gave an accurate description of the pricing of the serial and term bonds. The net interest cost to the Board was 6.36% allowing the establishment of a 7-3/4% mortgage interest rate. The principal bond buyers include Seattle First National Bank, Gutter Stevens, Union Bank of Los Angeles, Arizona Bank, Western Bank and First Boston Corporation for the serial bonds. The State Farm Insurance Company, Morgan Guaranty Trust, and Chemical Bank and Insurance of North America purchased the term bonds. Mr. Martling reported the 7-3/4% mortgage loan rate will give the Board a very strong cash flow and protection with respect to arbitrage regulations.
Presentation of Single Family Program Documents

A detailed overview of the new Trust Indenture was presented by John Oitzinger. All the bonds issued under this indenture will be equally secured by the assets held by the trustee. The new indenture provides for the purchase of Farmers Home Administration's guaranteed mortgage loans to the extent of at least 90% of the unpaid principal amount of the Mortgage Loan. Under the Supplemental Trust Indenture, $880,000 will be applied to the Mortgage Reserve Fund; $9,650,000 to the Debt Service Reserve Fund; $225,000 to the Program Fund to pay cost of issuance; and $87,750,000 for the purchase of Mortgage Loans. David Jackson reported the Bond Purchase Agreement between the Board and the underwriters was appropriate in form and content and recommended approval of the document. The following resolution approving and authorizing the execution of the program documents was unanimously approved upon a motion by James Leary and seconded by Virginia Jellison:

RESOLUTION 79-R30

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A TRUST INDENTURE, A 1979 SERIES A SUPPLEMENTAL TRUST INDENTURE, A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT AND THE ISSUANCE AND SALE OF $100,000,000 SINGLE FAMILY PROGRAM BONDS (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS), 1979 SERIES A, PURSUANT TO THE AFORESAID DOCUMENTS, AND OTHER MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. It is hereby found, determined and declared as follows:

(A) Certain members, officers and staff of the Board have been proceeding with the necessary discussions and financing arrangements relating to the issuance by the Board of its Single Family Program Bonds pursuant to the Montana Housing Act of 1975, Section 90-6-101 through 90-6-126, inclusive, Montana Code Annotated, amended by Chapters 143, 357, 518 and 522 of the Laws of 1979 (the "Act").

(B) The proceeds of the Bonds will be used by the Board for the primary purpose of acquiring newly originated Mortgage Loans (as defined in in the Trust Indenture hereinafter referred to) in order to finance single family housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana.

(C) By resolution duly adopted by the Board on April 19, 1979, the Board adopted and approved the forms of Application, Mortgage Purchase Agreement, and Servicing Agreement relating to the Single Family Program and authorized the distribution of such documents to lenders throughout the State, and by resolution duly adopted by the Board on August 2, 1979, the Board made a tentative allocation of mortgage purchase commitments to lenders.

(D) Pursuant to a Trust Indenture, to be dated as of August 16, 1979, (the "Trust Indenture"), a copy of which has been presented to this meeting, the Board authorizes the issuance from time to time of its Single Family Program Bonds (Federally Insured or Guaranteed Mortgage Loans) (the "Bonds"), subject to the terms, conditions and limitations established in the Indenture and in one or more Supplemental Indentures authorizing the issuance of a specified
Series of Bonds; assigns and pledges to the Trustee thereunder all right, title and interest of the Board to all mortgages, revenues and other moneys and investments listed therein; establishes certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; sets the minimum requirements for the Mortgage Loans to be acquired under the Trust Indenture; specifies the terms and conditions for the issuance of any series of Bonds; and establishes other provisions which are required by the Act or which are permitted by the Act and which the Board deems necessary or desirable to the issuance and sale of its Bonds.

(E) Pursuant to a 1979 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of August 16, 1979, a copy of which has been presented to this meeting and has been reviewed to the extent deemed necessary, the Board authorizes the issuance of $100,000,000 aggregate principal amount of its Single Family Program Bonds, 1979 Series A (Federally Insured or Guaranteed Mortgage Loans) (the "1979 Series A Bonds"). The Supplemental Trust Indenture makes the necessary findings required by the Act, prescribes the maturity, interest rate and redemption provisions for the 1979 Series A Bonds, the forms of such Bonds, the deposit and application of the proceeds of the sale of such Bonds, the terms and conditions of issuance of such Bonds, and contains other provisions which are required by the Act and the Trust Indenture and which the Board deems necessary or desirable to the issuance and sale of its Bonds.

(F) An Official Statement (the "Official Statement") to be dated August 16, 1979, a copy of which has been presented to this meeting and has been reviewed to the extent deemed necessary, containing certain information relating to the Board, the Trust Indenture, the Supplemental Trust Indenture and the Bonds, will be distributed to the purchasers of the 1979 Series A Bonds and others by a group of investment dealers and bankers represented by The First Boston Corporation, Dain, Kalman & Quail, Incorporated, Piper, Jaffray and Hopwood Incorporated and D. A. Davidson & Co. (the "Underwriters").

(G) Pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated August 16, 1979, between the Board and the Underwriters, a copy of which has been presented to the Board at this meeting and has been reviewed to the extent deemed necessary, the Board agrees to sell and the Underwriters agree to purchase the 1979 Series A Bonds at the price and upon the terms and conditions therein set forth.

Section 2. The Board's Single Family Program, and the financing of such Program by the issuance and sale of the Single Family Program Bonds (Federally Insured or Guaranteed), 1979 Series A, under the Trust Indenture, is hereby approved.

Section 3. The Indenture is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman or Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Indenture with such changes, insertions or omissions therein as do not change the substance of the Indenture and as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Indenture and the Treasurer, the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.
Section 4. The Supplemental Trust Indenture is hereby made a part of this Resolution as fully as though set forth in full herein (including, but not limited to, the findings required by the Act included with Section thereof) and is hereby approved in the form submitted to this meeting and the Chairman or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Supplemental Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the Supplemental Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Supplemental Trust Indenture, and the Treasurer, the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 5. The issuance of the Board's $100,000,000 Single Family Program Bonds, 1979 Series A (Federally Insured or Guaranteed Mortgage Loans) is hereby approved. The 1979 Series A Bonds shall mature, bear interest, be subject to optional, mandatory and extraordinary redemption and have the other terms and provisions as set forth in the Supplemental Trust Indenture. The 1979 Series A Bonds shall be prepared in substantially the form set forth in the Supplemental Trust Indenture, with such additions, omissions and changes as are required or permitted by the Indenture and the Supplemental Trust Indenture. The 1979 Series A Bonds shall be executed in the name of the Board by the Chairman of the Board, and attested to by either the Secretary of the Board or the Treasurer of the Board each of whom is hereby appointed as an Authorized Officer of the Board (as such term is defined in the Indenture) for purposes of attesting the 1979 Series A Bonds. One of such signatures may be in facsimile. Coupons representing interest attached to coupon 1979 Series A Bonds shall be executed by the facsimile signature of the Chairman of the Board.

Section 6. The Official Statement is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman or the Vice Chairman of the Board is hereby authorized to execute and deliver the Official Statement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and as may be approved by the Chairman or Vice Chairman, such approval to be evidence conclusively by such execution of the Official Statement.

Section 7. The Bond Purchase Agreement is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Bond Purchase Agreement with such changes, insertions or omissions therein as do not change the substance of the Bond Purchase Agreement and as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Agreement. The 1979 Series A Bonds are hereby sold to the Underwriters at the price and upon the terms and conditions specified in the Bond Purchase Agreement, in return for which the Underwriters shall present the Chairman or Vice Chairman with a certified check in the amount of $1,000,000 as a good faith deposit and an executed counterpart of the Bond Purchase Agreement.

Section 8. All action previously taken by the officers, Members or staff of the Board with respect to the Program, the Single Family Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and the 1979 Series A Bonds is hereby approved, confirmed and ratified.
Section 9. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another Member of the Board, with the same effect as if done by the Chairman, Vice Chairman or the Treasurer of the Board and without the further authorization of the Board. The execution of such documents by such Member shall be conclusive evidence of his or her authority to so act.

Section 10. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board or any other Member of the Board and the Administrator, Finance Director-Treasurer, Program and Operations Officer, or Single Family Mortgage Loan Officer of the Board, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Trust Indenture, the Supplemental Trust Indenture, and the Bond Purchase Agreement, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the Members and persons above named are hereby designated as Authorized Officers (as such term is defined in the Trust Indenture) for such purposes.

Section 11. The Chairman, Vice Chairman or Administrator of the Board is hereby authorized to issue a certification as to its reasonable expectations regarding the amount and use of the proceeds of the 1979 Series A Bonds as described in Section 1.103-13(a)(2)(ii) of the regulations relating to Section 103(c) of the Internal Revenue Code of 1954, as amended.

Section 12. It is the policy of the Board that no Member, officer, employee or agent of the Board shall require or request that any mortgage lender, sponsor or any "related person" (within the meaning of the Internal Revenue Code) who has applied for a mortgage loan to be purchased by the Board to purchase bonds or obligations of the Board. Such policy shall be promptly communicated to all employees of the Board, and any violation of such policy shall be cause for appropriate disciplinary action by the Board.

Section 13. The Morgan Guaranty Trust Company, New York, New York, is hereby appointed as Paying Agent for the 1979 Series A Bonds.

Section 14. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 16th day of August, 1979.

Dan Mizner moved and Bob James seconded to approve the mortgage interest rate of 7-3/4% subject to compliance with arbitrage regulations which was unanimously approved by the Board. The resolution approving the commitments from lenders and approving the servicing agreements, hereafter set forth at length, was adopted upon a motion by Dan Mizner and seconded by James Leary.

RESOLUTION 79-R31

RESOLUTION OF THE MONTANA BOARD OF HOUSING ACCEPTING COMMITMENTS FROM LENDERS AND APPROVING SERVICING AGREEMENTS

BE IT RESOLVED that the Montana Board of Housing hereby approves and authorizes the appropriate officers of the Board to issue Notices of Acceptance to the Lenders and in the amounts set forth in Schedule 1 annexed hereto pursuant
to the Applications and Mortgage Purchase Agreements, as previously approved by the Board and to enter into Servicing Agreements with such lenders.

ADOPTED by the Montana Board of Housing this 16th day of August, 1979.

SELECTION OF TRUSTEE & CO-TRUSTEE

Northwestern National Bank of Minneapolis, Minnesota, First Trust Company of St. Paul, Minnesota, and United California Bank of Los Angeles, California presented written proposals to perform various trust services under the new indenture. The Board recessed into executive session for the selection of trustee and co-trustee. All three bids were well-qualified, however, the Board selected the United California Bank as trustee upon a motion by Paul Johnson and seconded by James Leary with Calvin Robinson and Bob James abstaining from the vote due to a possible conflict of interest. The underwriters expressed the importance of the Board having a trustee with a national reputation with expertise in trustee services and that United California Bank would allow the Board to have a wide geographic distribution of consultants that would ultimately affect bond ratings and a shift in the buying of the Board's obligations from the northeast to the midwest. Dan Mizner then moved and Virginia Jellison seconded to approve the Conrad National Bank of Kalispell, Montana, as Co-Trustee with Calvin Robinson and Bob James abstaining from the vote. The motion was approved.

FINANCING MOBILE HOMES

Virginia Jellison requested the staff draft a program that would include financing mobile homes with several alternatives outlined. Questions needing to be addressed are (1) would the Board finance mobile homes on temporary foundations or rented lots; and (2) how could the Board make this type of program attractive to investors taking into consideration the Ullman legislation. Ms. Jellison amended her request in the form of a motion for the staff to continue its research in writing a mobile home financing program and to investigate the possibility of financing the development of mobile home parks in rural and urban communities. James Leary seconded the motion and it was approved by the Board. Mr. Olson stated the staff is currently drafting a lender questionnaire to determine the need for financing mobile home paper.

RECOMMITMENT OF FUNDS

Bob James expressed concern of the lenders recommitting a portion of Board of Housing funds to realtors. Mr. James amended his previous motion to request the staff encourage the lenders in writing to retain a sufficient amount of funds for walk-in traffic and that in the future the staff consider some restrictions in this matter for review by the Board. Paul Johnson seconded the motion and it was unanimously approved. James Leary asked the staff to research the possibility of compiling mortgage loan data to include (1) gross income; (2) occupation; (3) number of wage earners; and (4) number of children, and whether the loan was committed with "walk-in traffic" funds or recommitted funds. The staff will pursue the possibility of obtaining this information.

PRESENTATION TO SENATOR MELCHER

Montana's distinguished Senator John Melcher was introduced to the meeting and presented with a photograph of a 1979 Series A Multifamily Program Bond. Other framed photographs were presented to a representative of Senator Baucus, Representative Pat Williams and to each member of the Board.

There being no further business, the meeting was adjourned upon a motion by Calvin Robinson and seconded by Virginia Jellison.

CERTIFIED TO BE CORRECT AND TRUE. VIRGINIA JELLISON, SECRETARY TO THE BOARD DATED
BOARD OF HOUSING MEETING
MITCHELL BUILDING
HELENA, MONTANA
AUGUST 2, 1979

Roll Call of Board Members:
W. A. Groff, Chairman (present)
Calvin S. Robinson, Vice Chairman (present)
Virginia Jellison, Secretary (absent)
James J. Leary (present)
Dan K. Mizner (present)
Robert F. James (present)
Paul A. Johnson (present)

Staff:
Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Administrative Secretary

Counsel:
David L. Jackson
John J. Oitzinger

Others:
John England, First Federal Savings & Loan
Association of Great Falls
Joe Roberts, Governor’s Office
George Beall, First Trust Company of Montana

Chairman Groff called the meeting to order at 9:30 a.m. in Conference Room 160 of the Mitchell Building in Helena, Montana.

The minutes of the meeting held June 26, 1979 were presented to the Board and approved upon a motion by Dan Mizner and seconded by Paul Johnson.

SINGLE FAMILY MORTGAGE PROGRAM

Approval of Lenders

The Bank of Baker, Baker, Montana and the Powder River County Bank, Broadus, Montana submitted application to participate in the single family program. Mr. Olson stated the lenders were well qualified and recommended they be approved.

Upon a motion by Paul Johnson, seconded by Bob James, the Bank of Baker and the Powder River County Bank were approved as "qualified lending institutions" to originate and sell FHA/VA mortgages to the Board of Housing.

Discussion on Selection of Trustee

Members of the Board were presented proposals from the Northwestern Union Trust Company, Helena, Montana, The First Trust Company of Montana, Helena, Montana, and the United California Bank, Los Angeles, California. Under the new Trust Indenture, the Board requested proposals for performance of various trust services. The Board will review and the staff will analyze the proposals for selection of trustee and co-trustee at the next meeting of the Board.

Dan Mizner moved and James Leary seconded to accept the applications and determination be made on August 16, 1979.
Addedum To Mortgage Purchase Agreement

An Addedum to the Mortgage Purchase Agreement was presented to the Board in order to comply with the transition rules recently reported out of the House Ways and Means Committee. Mr. Oitzinger explained the agreement has been designed to provide 270 days to issue commitments to mortgagors and 360 days for the delivery period. This will bring the Board's upcoming issue into conformity with the Ullman Bill. Following technical comments by Mr. Oitzinger the following resolution was unanimously adopted upon a motion by Dan Mizner and seconded by Bob James:

RESOLUTION 79-P28
MORTGAGE PURCHASE AGREEMENT ADDEDUM

The following are hereby agreed upon as additional provisions of the Mortgage Purchase Agreement between us:

1. Commitment Letters

The Mortgage Lender hereby agrees to originate Mortgage Loans eligible for purchase by the Board under this Agreement and to issue to mortgagors firm commitment letters of the type customarily used by the Mortgage Lender. Such firm commitments shall be issued no later than 270 days after the Bond Closing Date, and if not so issued or if Mortgage Loans are not delivered for purchase within 365 days after Bond Closing Date, the Board may seek liquidated damages as provided in paragraph 2(D) of the Mortgage Purchase Agreement.

2. Reallocation of Commitments

In the event that on or before the expiration of 210 days after the Bond Closing Date, the Mortgage Lender has not issued commitments to mortgagors as stated above to originate Mortgage Loans eligible for purchase under the Agreement in the amount specified in the Notice of Acceptance, the Board may, at any time thereafter in its sole discretion, terminate its obligation to purchase Mortgage Loans for which such commitments have not been made. In such event, the 1% commitment fee previously delivered to the Board will be refunded, and the Mortgage Lender will be relieved of any liability for liquidated damages or other claims by the Board as a result of the Mortgage Lender's failure to deliver Mortgage Loans.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of this day of August, 1979.

ADOPTED BY THE MONTANA BOARD OF HOUSING, this 2nd day of August, 1979.

ALLOCATION OF MORTGAGE COMMITMENTS

Mr. Olson explained the staff's procedure in reducing the lenders' commitment requests. Lending institutions who requested excessive amounts or had not satisfactorily delivered mortgages in previous issues were reduced accordingly. Mr. Olson stated a reduction of the rural lenders' requests was not necessary. Cal Robinson moved and Dan Mizner seconded to authorize the staff to reduce the mortgage commitment requests on a pro-rata basis not to exceed $100 million. Paul Johnson then moved to reinstate Prudential Federal Savings & Loan Association, Butte, Montana to $750,000 and deduct $125,000 from the remaining Butte Lenders. James Leary seconded the motion. Following further discussion, Calvin Robinson amended the motion to allow the staff to allocate the $750,000 to Prudential Federal Savings & Loan Association in Butte and locate the
$250,000 but not exceed the $100 million total bond issue. Dan Mizner seconded the motion and it was unanimously approved.

PRESENTATION OF PRELIMINARY OFFICIAL STATEMENT

The preliminary marketing document to the prospective bond purchasers was distributed to each Board Member by John Oitzinger. Mr. Oitzinger cited up-to-date language reflecting the current situation and described the new indenture that will be submitted for the Board's approval at its next meeting. Following a brief discussion, James Leary moved and Dan Mizner seconded to approve the following resolution hereafter set forth at length and unanimously adopted by the Board:

RESOLUTION 79-R29
RESOLUTION OF THE MONTANA BOARD OF HOUSING
APPROVING A PRELIMINARY OFFICIAL STATEMENT
AND NEGOTIATIONS FOR AN OFFERING OF BONDS
FOR THE SINGLE FAMILY PROGRAM

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. The Preliminary Official Statement in the form presented to this meeting and containing such amendments of the offering and staff of the Board consider necessary, and the distribution of it by the underwriters to prospective purchasers of the bonds and other interested persons is hereby approved, ratified and confirmed.

Section 2. The Chairman and the Treasurer are hereby authorized to negotiate the terms and conditions of the sale of the Single Family Program Bonds, 1979 Series A, to the underwriters, and to make a recommendation with respect thereto subject to final approval by the Board at a meeting to be held on August 16, 1979, or such other date as may be designated.

ADOPTED by the Montana Board of Housing the 2nd day of August, 1979.

MODIFICATION OF SERVICING AGREEMENT

With respect to the Servicing Agreement relative to the issuance of the 1979 Series A Multifamily Mortgage Bonds, Mr. Oitzinger explained that Washington Mortgage Company has requested that the contract be amended to a fixed term of five years before said agreement can be terminated by either party. Since the Board approved the agreement in the form of a 30-day term, Mr. Oitzinger asked the Board to consider an extension. Paul Johnson moved and Bob James seconded to approve a fixed term of five years be granted on the Servicing Agreement between the Board and Washington Mortgage Company before it can be terminated by either party.

MOBILE HOME FINANCING

A letter from the Governor asking the Board to consider financing mobile homes was presented to each Board Member. Joe Roberts, representing the Governor, stated that mobile home financing would be a source of housing for the low income persons and families in Montana. Kraig Kushar reported that FHA and VA have programs available for insured loans on mobile homes, however, the loan terms and interest rates may make it difficult to issue bonds. More research will need to be done in order to make a bond sale feasible.
AUTHORIZATION TO EXECUTE DOCUMENTS

Upon a motion by Paul Johnson and seconded by Dan Mizner, Herbert H. George, Multifamily Program Officer, was authorized to sign program documents and other material relating to the Board's financing programs.

ANNUAL REPORT

Upon a motion by Bob James and seconded by Dan Mizner, the Board approved the contract between Sage Advertising and the Board to prepare the annual report for an amount not to exceed $2500. This does not include the expense of printing the report.

1980 BUDGET

The 1980 Budget was presented to the Board for approval. Mr. Olson stated the 1979 Legislature authorized and approved an operating budget for fiscal year 1980 of $215,785. According to the trust indenture the budget was approved by the Board upon a motion by Dan Mizner and seconded by James Leary.

CLARK FORK MANOR

Mr. George was introduced to the meeting and discussed changing ownership from Clark Fork Manor to Northeast Securities Corporation of Minneapolis. It appears the syndication may take place as HUD has no particular objection and the new owners have agreed to fund sufficient amounts to placed in escrow to make the principal and interest payments while the project is going through its rent-up period. Mr. George will keep the Board informed as to the progress of the change of ownership.

The meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

[Signature]

VIRGINIA JELLISON, SECRETARY TO THE BOARD

DATED 8/16/79
AGENDA
BOARD OF HOUSING MEETING
June 26, 1979

I. Call Meeting to Order - 9:00 a.m.

II. Approval of Minutes - June 19, 1979

III. Remarks by William Hayden - The First Boston Corporation

IV. Board of Housing Required Findings Prior to Financing Housing Developments - Herbert George

V. Presentation of Documents - John Oitzinger
   A. Supplemental Trust Indenture
   B. Official Statement
   C. Contract of Purchase - David Jackson

VI. Adoption of Resolutions with Respect to the Issuance of Multifamily Mortgage Bonds

VII. Bond Closing

VIII. Tentative Approval of Single Family Commitment Requests

IX. Approval of Extension Agreement - Single Family Program

X. Twin Bridges Proposal

XI. Other Business
   A. Annual Report

XII. Adjourn
Chairman Groff called the meeting to order at 9:00 a.m. in the Governor's Reception Room of the State Capitol, Helena, Montana on June 26, 1979.

The minutes of the June 19, 1979 meeting were amended upon a motion by James Leary, seconded by Virginia Jellison and unanimously approved to clarify the language in Resolution 79-R24, Section 3. to read: "That Messrs. Hawkins, Delafield & Wood, New York, New York, are hereby appointed special bond counsel solely for the purpose of rendering an opinion to the Trustee to satisfy Section 2.16 of the Trust Indenture with respect to the proposed issue of Multi-Family Mortgage Bonds, 1979 Series A."

SALE OF 1979 SERIES A MULTIFAMILY MORTGAGE BONDS

With respect to the placement of the Board's multifamily mortgage bonds, Mr. Hayden characterized the market as somewhat shakey but it remained sound enough to negotiate the sale of $8,660,000 at a net interest cost to the Board of 6.88%. Mr. Martling reported the major bond buyers were Ohio Casualty Company, General Electric Company and the United States Trust Company of New York. All of the bonds were sold at 100%.

PRESENTATION OF DOCUMENTS

Mr. George presented a memorandum as to the findings required by the Housing Act of 1975 relative to the manner in which the Board arrives at the need to
finance housing developments. He indicated the Board substantially relies on HUD/PHA's evaluation of those areas that need decent, safe and sanitary housing. The Department of Community Affairs and the University of Montana's Bureau of Business and Economic Research also provides pertinent data used by the Board in establishing the need for housing in various areas of the state. Mr. George recommended to the Board that a need has been established to finance the proposed projects.

The Supplemental Trust Indenture that implements all of the provisions necessary for the issuance of the bonds and the First Amending Supplemental Trust Indenture reflecting minor changes in the existing indenture were presented by John Oitzinger. David Jackson then directed the Board's attention to the Bond Purchase Agreement whereby the Board agrees to sell and the underwriters purchase this particular series of bonds. Virginia Jellison moved, James Leary seconded to approve the document and it was unanimously approved. Mr. Jackson asked to amend his comment with respect to the good faith deposit by the underwriters to reflect $86,600. Dan Mizner then moved to reconsider the action and James Leary seconded the motion and it passed unanimously. The following resolution approving all the documents was unanimously adopted upon a motion by Virginia Jellison and seconded by Dan Mizner:

RESOLUTION 79-R26

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF ITS MULTIFAMILY MORTGAGE BONDS, 1979 SERIES A (FHA INSURED MORTGAGE LOANS), APPROVING AND AUTHORIZING THE EXECUTION OF A FIRST AMENDING SUPPLEMENTAL TRUST INDENTURE, A 1979 SERIES A SUPPLEMENTAL TRUST INDENTURE, A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT, ALL RELATING TO SAID BONDS, AND OTHER MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. It is hereby found, determined and declared as follows:

(A) Certain members, officers and staff of the Board have been proceeding with the necessary discussions and financing arrangements relating to the issuance by the Board of its Multi-Family Mortgage Bonds pursuant to the Montana Housing Act of 1975, Sections 90-6-101 through 90-6-26, inclusive, Montana Code Annotated, amended by Chapters 143, 357, 518 and 522 of the Laws of 1979 (the "Act").

(B) The proceeds of the Bonds will be used by the Board for the primary purpose of acquiring construction and permanent Mortgage Loans (as defined in the Trust Indenture hereinafter referred to) in order to finance multi-family housing projects constituting decent, safe and sanitary housing for persons and families of lower income in the State of Montana.

(C) By resolution duly adopted by the Board on June 19, 1979, the Board adopted and authorized the execution of a mortgage purchase agreement, servicing agreement and regulatory agreement with respect to the purchase by the Board of five Mortgage Loans to be originated by Washington Mortgage Co., Inc., and assigned to the Bank of Montana for sale to the Board.

(D) Pursuant to a Trust Indenture, dated as of February 23, 1978, (the "Indenture"), by and between the Board and First Trust Company of Montana, Helena, Montana, as Trustee (the "Trustee"), the Board authorizes the issuance
from time to time of its Multi-Family Mortgage Bonds, (the "Bonds"), subject to
the terms, conditions and limitations established in the Indenture and in one
or more Supplemental Indentures authorizing the issuance of a specified
Series of Bonds; assigns and pledges to the Trustee all right, title and
interest of the Board to all mortgages, revenues and other moneys and
investments listed therein; establishes certain Funds and Accounts for the
deposit, application, transfer and withdrawal of such revenues, moneys and
investments; sets the minimum requirements for the Mortgage Loans to be acquired
under the Indenture; specifies the terms and conditions for the issuance
of any series of Bonds; and establishes other provisions which are required
by the Act or which are permitted by the Act and which the Board deems
necessary or desirable to the issuance and sale of its Bonds.

(E) Pursuant to a First Amending Supplemental Indenture (the
"First Amending Supplemental Indenture"), to be dated as of June 26, 1979,
a copy of which has been presented to the meeting, the Board intends to amend
the Trust Indenture in certain respects pursuant to Section 9.02 of the
Trust Indenture.

(F) Pursuant to a 1979 Series A Supplemental Trust Indenture
(the "Supplemental Trust Indenture"), to be dated as of June 26, 1979, by
and between the Board and the Trustee, a copy of which has been presented to
this meeting and has been reviewed to the extent deemed necessary, the
Board authorizes the issuance of $8,660,000 aggregate principal amount of its
Multi-Family Mortgage Bonds, 1979 Series A (FHA Insured Mortgage Loans)
(the "1979 Series A Bonds"). The Supplemental Trust Indenture makes the
necessary findings required by the Act, prescribes the maturity, interest rate
and redemption provisions for the 1979 Series A Bonds, the forms of such bonds,
the deposit and application of the proceeds of the sale of such Bonds, the
terms and conditions of issuance of such Bonds, and contains other provisions
which are required by the Act and the Trust Indenture and which the Board
deems necessary or desirable to the issuance and sale of its Bonds.

(G) An Official Statement (the "Official Statement"), to be dated
June 26, 1979, a copy of which has been presented to the Board at this meeting
and has been reviewed to the extent deemed necessary, containing certain
information relating to the Board, the Trust Indenture, the Supplemental
Trust Indenture and the Bonds, will be given the purchasers of the 1979 Series A
Bonds on behalf of the Board by a group of investment dealers and bankers
represented by The First Boston Corporation, Dain, Kalman & Quail, Incorporated,
Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. (the "Underwriters").

(H) Pursuant to a Bond Purchase Agreement (the "Bond Purchase
Agreement"), dated June 26, 1979, between the Board and the Underwriters, a
copy of which has been presented to the Board at this meeting and has been
reviewed to the extent deemed necessary, the Board agrees to sell and the
Underwriters agree to purchase the 1979 Series A Bonds at the price and upon
the terms and conditions therein set forth.

Section 2. The continuation of the Board's Multi-Family Mortgage
Program, and the financing of such Program by the issuance and sale of the
Multifamily Mortgage Bonds, 1979 Series A, under the Trust Indenture, is hereby
approved.
Section 3. The First Amending Supplemental Indenture is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the First Amending Supplemental Indenture with such changes, insertions or omissions therein as do not change the substance of the First Amending Supplemental Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the First Amending Supplemental Indenture, and the Treasurer, the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 4. The Supplemental Trust Indenture is hereby made a part of this Resolution as fully as though set forth in full herein (including, but not limited to, the findings required by the Act included within Section 2 thereof) and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Supplemental Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the Supplemental Trust Indenture and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Supplemental Trust Indenture, and the Treasurer, the Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 5. The issuance of the Board's $8,660,000 Multi-Family Mortgage Bonds, 1979 Series A (FHA Insured Mortgage Loan) is hereby approved. The 1979 Series A Bonds shall mature, bear interest, be subject to optional redemption, mandatory and special redemption and have the other terms and provisions as set forth in the Supplemental Trust Indenture. The 1979 Series A Bonds shall be prepared in substantially the form set forth in the Supplemental Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture and the Supplemental Trust Indenture. The 1979 Series A Bonds shall be executed in the name of the Board by the Chairman of the Board, and attested by either the Secretary of the Board or the Treasurer of the Board, each of whom is hereby appointed as an Authorized Officer of the Board (as such term is defined in the Trust Indenture) for purposes of attesting the 1979 Series A Bonds. One of such signatures may be in facsimile. Coupons representing interest attached to coupon 1979 Series A Bonds shall be executed by the facsimile signature of the Chairman of the Board.

Section 6. The Official Statement is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman or the Vice Chairman of the Board is hereby authorized to execute and deliver the Official Statement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement.

Section 7. The Bond Purchase Agreement is hereby made a part of this Resolution as fully as though set forth in full herein and is hereby approved in the form submitted to this meeting and the Chairman of the Board or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Bond Purchase Agreement with such changes, insertions or omissions therein as do not change the substance of the Bond Purchase Agreement and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Agreement. The 1979 Series A
Bonds are hereby sold to the Underwriters at the price and upon the terms and conditions specified in the Bond Purchase Agreement, in return for which the Underwriters shall present the Chairman or Vice Chairman with a certified check in the amount of $86,600 as a good faith deposit.

Section 8. All action previously taken by the officers, Members or staff of the Board with respect to the Program, the Trust Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and the 1979 Series A Bonds is hereby approved, confirmed and ratified.

Section 9. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another Member of the Board, with the same effect as if done by the Chairman, the Vice Chairman or the Treasurer of the Board and without further authorization of the Board. The execution of such documents by such Member shall be conclusive evidence of his or her authority to so act.

Section 10. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board or any other Member of the Board and the Administrator, Finance-Director, Treasurer, Program and Operations Director, or Multi-Family Mortgage Loan Officer of the Board, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Trust Indenture, the Supplemental Trust Indenture, and the Bond Purchase Agreement, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the Members and persons above named are hereby designated as Authorized Officers (as such term is defined in the Trust Indenture) for such purpose.

Section 11. The Chairman, Vice Chairman or Administrator of the Board is hereby authorized to issue a certification as to its reasonable expectations regarding the amount and use of the proceeds of the 1979 Series A Bonds as described in Section 1.103-13(a)(2)(ii) of the regulations relating to Section 103(c) of the Internal Revenue Code of 1954, as amended.

Section 12. It is the policy of the Board that no Member, officer, employee or agent of the Board shall require or request that any mortgage lender, sponsors or any "related person" (within the meaning of the Internal Revenue Code) who has applied for a mortgage loan to be purchased by the Board to purchase bonds or obligations of the Board. Such policy shall be promptly communicated to all employees of the Board, any any violation of such policy shall be cause for appropriate disciplinary action by the Board.

Section 13. The Chase Manhattan Bank, N.A., New York, New York, is hereby appointed as Paying Agent for the 1979 Series A Bonds.

Section 14. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 26th day of June, 1979.
BOND CLOSING

Bond Closing is scheduled for July 17-18, 1979 in New York, New York. Virginia Jellison moved and James Leary seconded to authorize any officer of the Board to execute documents at closing and it was so approved.

RESOLUTION ON INCOME LIMITATION FOR MULTIFAMILY PROGRAMS

The Chairman introduced a resolution to incorporate certain language to provide an income limitation for multifamily programs to reflect that a person or family qualifying for financial assistance under Section 8 shall be eligible under the Board’s multifamily programs. Upon a motion by Virginia Jellison and seconded by James Leary, the following resolution was unanimously adopted:

RESOLUTION 79-R27

BE IT RESOLVED by the Montana Board of Housing:

1. Pursuant to the Housing Act of 1975 and the rules and regulations of the Board, it is determined that, until otherwise provided by amendment to this resolution, the following definitions of terms shall be applicable in determining the eligibility of persons and families of lower income, as referred to in said Act, for assistance to be provided through the financing programs of the Board.

2. Current Gross Annual Family Income means recurring income dependably available in the calendar year during which it is computed, from salary, wages, pensions, social security, welfare payments or other sources, received or estimated to be received by a single person or husband and wife who resides and has a proprietary interest in the same dwelling.

3. Adjusted Gross Annual Income means Current Gross Annual Family Income less the following:

   (a) Ten percent (10%) of Current Gross Annual Family Income;
   (b) $1,000 for each dependent child

4. Lower Income means Adjusted Gross Annual Income of Eighteen Thousand Dollars ($18,000) or less, provided however that a person or family having assets of more than $50,000 and an excess of assets over liabilities of more than $25,000 shall not be eligible and further provided that notwithstanding the foregoing a person or family eligible for assistance under Section 8 of the United States Housing Act shall be deemed to be a person or family of lower income for purposes of the Housing Act of 1975.

ADOPTED by the Montana Board of Housing this 26th day of June, 1979.

STATUS OF SINGLE FAMILY MORTGAGE PROGRAM

Board Members reviewed the Single Family Forward Commitment Requests and a draft Extension Agreement. The single family program has been status quo pending Congressional action on H.R. 3712 that temporarily halted the issuance of tax-exempt mortgage bonds. The Chairman suggested the Board mark up the lenders' requests and be prepared to take final action at their next meeting. Following lengthy discussion, Dan Mizner moved, James Leary seconded to approve a total single family bond issue not to exceed $110 million and it was approved by the Board. The staff was instructed to forward the Extension Agreement and return the commitment fees to lending institutions upon a motion by Virginia Jellison and seconded by Dan Mizner.
ATTORNEY'S OPINION ON CONFLICT OF INTEREST

Michael Young, Administrator of the Insurance and Legal Division, Department of Administration, provided testimony with respect to whether there was a conflict of interest between general counsel and bond counsel. Mr. Young stated that after research of the Montana Code of Ethics and the American Bar Association's Code of Professional Conduct, there was no conflict of interest and no adversity between general counsel and bond counsel.

The meeting was adjourned upon a motion by Virginia Jellison and seconded by Dan Mizner and so approved.

CERTIFIED TO BE CORRECT AND TRUE.

[Signature]
VIRGINIA JELLISON, SECRETARY TO THE BOARD

8/279
DATED
AGENDA

BOARD OF HOUSING
MEETING
June 19, 1979

I. Call Meeting to Order - 1:30 p.m.

II. Approval of Minutes of April 19, 1979 Meeting

III. Ratify Distribution of Preliminary Official Statement

IV. Discuss Procedure for Negotiating Sale of Bonds

V. Address Issue of Conflict of Interest

VI. Retain Bond Counsel

VII. Approval of Lenders

VIII. Other Business

IX. Next Meeting - June 26, 1979

X. Adjourn
Roll Call of Board Members: W. A. Groff, Chairman (present)  
Calvin S. Robinson, Vice Chairman (absent)  
Virginia Jellison, Secretary (present)  
James J. Leary (present)  
Dan K. Mizner (present)  
Robert F. James (absent)  
Paul A. Johnson (present)

Staff: Lyle E. Olson, Administrator  
Kraig K. Kushar, Program & Operations Officer  
Herbert H. George, Multifamily Program Officer  
Linda M. Forrey, Executive Secretary

Counsel: David L. Jackson  
John J. Oitzinger

Chairman Groff called the meeting to order at 1:30 p.m. in the Conference Room 160 of the Mitchell Building in Helena, Montana, June 19, 1979. There being no corrections or alterations to the amended minutes of April 19, 1979 they were unanimously approved upon a motion by Dan Mizner and seconded by Virginia Jellison.

INCOME LIMITATION RELATING TO MULTIFAMILY HOUSING PROGRAMS

Chairman Groff asked the Board to consider adopting HUD's income limitation relating to multifamily housing programs in qualifying for Section 8 Housing Assistance Payments. A person who meets the Federal standards for Section 8 would automatically be eligible under the Board's multifamily program. The Chairman indicated that further action may be required in response to possible federal legislation.

APPROVAL OF LENDING INSTITUTIONS

A list of lending institutions requesting approval as "qualified lenders" to do business with the Board of Housing was presented to each Board Member. Mr. Olson stated each lender is duly organized and qualified and asked for approval of the following lenders to participate in future financing programs. Dan Mizner moved, Paul Johnson seconded to approve the lenders listed below and it was unanimously approved:

<table>
<thead>
<tr>
<th>Lender</th>
<th>City/Town</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastside Bank</td>
<td>Great Falls</td>
</tr>
<tr>
<td>Lomas &amp; Nettleton</td>
<td>Great Falls</td>
</tr>
<tr>
<td>Citizens Bank</td>
<td>Havre</td>
</tr>
<tr>
<td>Northwestern Bank</td>
<td>Lewistown</td>
</tr>
<tr>
<td>First Security Bank</td>
<td>Livingston</td>
</tr>
</tbody>
</table>

1979 SERIES A MULTIFAMILY MORTGAGE PROGRAM

Copies of the Preliminary Official Statement and other related documents with respect to the issuance of the 1979 Series A Multifamily Mortgage Bonds were presented at this meeting. Chairman Groff asked to authorize the staff to
proceed with the program documents and pricing of the bonds. Board Member Leary expressed concern of the practice of the staff negotiating interest rates without a meeting of the Board and also objected to telephone conference calls to approve documents that may require a board meeting. Dave Jackson and John Oitzinger assured Mr. Leary that prior to this meeting these were preliminary documents and that final approval at a meeting of the Board was necessary. A letter from Board Member Bob James, presented at this meeting, expressed approval of telephonic votes on preliminary documents and other Board Members concurred in using this procedure. After further review of the documents, Dan Mizner moved, Virginia Jellison seconded to adopt the following resolution hereafter set forth at length and it was unanimously approved:

RESOLUTION 79-R24

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A MORTGAGE PURCHASE AGREEMENT, SERVICING AGREEMENT, AND REGULATORY AGREEMENT, RELATING TO THE MULTIFAMILY MORTGAGE PROGRAM AND OTHER MATTERS RELATING TO THE FOREGOING.

WHEREAS, the Board tentatively approved on March 22, 1979, the purchase of certain multi-family mortgage loans originated by Washington Mortgage Company, Inc. relating to the projects identified on Appendix B-2 to the Preliminary Official Statement dated June 15, 1979; and

WHEREAS, the Board further authorized the First Boston Corporation to proceed with the preparation of the necessary documents for a bond issue to finance the purchase of such mortgages; and

WHEREAS, the Board wishes to take certain further action preparatory to approving the sale of bonds for such purposes as set forth below.

BE IT RESOLVED by the Montana Board of Housing (the "Board") as follows:

Section 1. The form of Preliminary Official Statement dated June 15, 1979, in the form presented to this meeting and the distribution of it by the underwriters to prospective purchasers of the bonds and other interested persons is hereby approved, ratified and confirmed.

Section 2. The Chairman and the Treasurer are hereby authorized to negotiate the terms and conditions of the sale of the Multi-family Mortgage Bonds, 1979 Series A, to the underwriters, and to make a recommendation with respect thereto subject to final approval by the Board at a meeting to be held on June 26, 1979, or such other date as may be designated.

Section 3. The form of Mortgage Purchase Agreement proposed to be entered into between the Bank of Montana, Washington Mortgage Co., Inc. and the Board, the form of Servicing Agreement, proposed to be entered into between Washington Mortgage Co. Inc. and the Board and the form of Regulatory Agreement proposed to be entered into between the sponsors of housing developments and the Board all in the form presented to this meeting and marked for identification to be filed with the records thereof are hereby approved, and the appropriate officers of the Board are hereby authorized and empowered to execute such agreement by and on behalf of the Board with such modifications or amendments as they deem necessary and appropriate, their execution thereof to conclusively establish such finding by them.

ADOPTED by the Montana Board of Housing this 19th day of June, 1979.
In future issues of multifamily mortgage bond programs, Virginia Jellison requested language be inserted in program documents to include a market analysis satisfactory to the Board indicating a market for non-subsidized units in the proposed project. Ms. Jellison encouraged tighter controls of operating expenditures on all multifamily developments.

PROGRAM DOCUMENTS - 1979 SERIES A MULTIFAMILY MORTGAGE PROGRAM

Purchase of the Multifamily Development Mortgages was reviewed and discussed at length. Washington Mortgage Co. Inc. will originate and assign the mortgage loans to the Bank of Montana, Helena, Montana for sale to the Board of Housing. Subsequent to technical comments by John Oitzinger, Board Member Dan Mizner moved and Paul Johnson seconded to adopt the purchase of the mortgages and it unanimously passed. The Regulatory Agreement, between the Board and sponsors of the housing developments, supplements the mortgage and requires the owners to assure the projects are operated for a public purpose. Ms. Jellison moved and James Leary seconded to approve the document and it unanimously passed. The Servicing Agreement between the Board and Washington Mortgage Co., Inc. was unanimously approved upon a motion by Paul Johnson and seconded by Dan Mizner.

RETENTION OF COUNSEL

Chairman Groff presented a resolution of the Board relating to the appointment of David L. Jackson and John J. Oitzinger as general counsel. A question of whether there is a conflict of interest was discussed and a memorandum introduced to clarify the duties of board and bond counsel. Chairman Groff stated the Department of Administration's legal counsel will provide an opinion with respect to this matter. Upon a motion by Paul Johnson, seconded by Dan Mizner and with James Leary abstaining from the vote, the Board adopted the following resolution hereafter set forth at length:

RESOLUTION 79- R25

BE IT RESOLVED by the Montana Board of Housing as follows:

Section 1. That Messrs. David L. Jackson and John J. Oitzinger and the firm with which they are affiliated are hereby appointed general counsel to the Board to provide the services and to fulfill the duties heretofore provided by David L. Jackson pursuant to the written agreement as approved by the Board on March 22, 1979, between the Board and Mr. Jackson, such agreement being hereby authorized to be amended to add the additional parties as aforesaid.

Section 2. That the firm of Jackson, Oitzinger & Murdo, Helena, Montana, is hereby appointed bond counsel to the Board with respect to future issuances of bonds, notes or other evidences of indebtedness by the Board.

Section 3. That Messrs. Hawkins, Delafield & Wood, New York, New York, are hereby appointed special bond counsel solely for the purpose of rendering an opinion to the Trustee to satisfy Section 2.16 of the Trust Indenture with respect to the proposed issue of Multi-Family Mortgage Bonds, 1979 Series A.

ADOPTED by the Montana Board of Housing this 19th day of June, 1979.
1979 SERIES A SINGLE FAMILY COMMITMENT REQUESTS

In response to the Board's invitation to Montana lenders to participate in its Single Family Mortgage Program, 78 qualified lenders requested commitments in excess of $120 million. Mr. Olson reported certain commitment requests were adjusted and asked the Board to review the staff's recommendations.

NEXT MEETING

There being no further business the meeting was adjourned upon a motion by Dan Mizner and seconded by Virginia Jellison. The next meeting was scheduled for June 26, 1979 at 9:00 a.m.

CERTIFIED TO BE CORRECT AND TRUE.

[Signature]

VIRGINIA JELLISON, SECRETARY TO THE BOARD

[Date] 6/26/79

DATED
BOARD OF HOUSING MEETING
GOVERNOR'S RECEPTION ROOM
STATE CAPITOL
HELENA, MONTANA 59601
JUNE 26, 1979

Roll Call of Board Members: W. A. Groff, Chairman (present)
Calvin S. Robinson, Vice Chairman (absent)
Virginia Jellison, Secretary (present)
James J. Leary (present)
Dan K. Mizner (present)
Paul A. Johnson (absent)
Robert F. James (absent)

Staff: Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Administrative Secretary

Counsel: David L. Jackson
John J. Oitzinger

Others: William H. Hayden, The First Boston Corporation
James Martling, The First Boston Corporation
Robert Sylvester, Piper, Jaffray & Hopwood
Roger Gabbert, Dain, Kalman & Quail, Inc.
Gene Hufford, D. A. Davidson
Richard Siegel, Hawkins, Delafield & Wood
George Beall, First Trust Company of Montana
Michael Young, Insurance & Legal Division, D of A

Chairman Groff called the meeting to order at 9:00 a.m. in the Governor's Reception Room of the State Capitol, Helena, Montana on June 26, 1979.

The minutes of the June 19, 1979 meeting were amended upon a motion by James Leary, seconded by Virginia Jellison and unanimously approved to clarify the language in Resolution 79-R24, Section 3. to read: "That Messrs. Hawkins, Delafield & Wood, New York, New York, are hereby appointed special bond counsel solely for the purpose of rendering an opinion to the Trustee to satisfy Section 2.16 of the Trust Indenture with respect to the proposed issue of Multi-Family Mortgage Bonds, 1979 Series A."

SALE OF 1979 SERIES A MULTIFAMILY MORTGAGE BONDS

With respect to the placement of the Board's multifamily mortgage bonds, Mr. Hayden characterized the market as somewhat shaky but it remained sound enough to negotiate the sale of $8,660,000 at a net interest cost to the Board of 6.88%. Mr. Martling reported the major bond buyers were Ohio Casualty Company, General Electric Company and the United States Trust Company of New York. All of the bonds were sold at 100%.

PRESENTATION OF DOCUMENTS

Mr. George presented a memorandum as to the findings required by the Housing Act of 1975 relative to the manner in which the Board arrives at the need to
## TELEPHONIC VOTE
ON APPROVAL OF
DAVID L. JACKSON & JOHN J. OITZINGER
AS BOND COUNSEL
ROOM 208, CAPITOL BUILDING
HELENA, MONTANA
APRIL 26, 1979  3:00-4:30 p.m.

<table>
<thead>
<tr>
<th>BOARD OF HOUSING MEMBERS</th>
<th>FOR</th>
<th>AGAINST</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. James J. Leary</td>
<td>X*</td>
<td></td>
</tr>
<tr>
<td>2. Virginia Jellison</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>3. Dan K. Mizner</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>4. Robert F. James</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>5. Paul A. Johnson</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>6. Calvin S. Robinson</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>7. William A. Groff</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

(*Providing there is no conflict of interest.)

CERTIFIED TO BE TRUE AND CORRECT.

[Signature]

VIRGINIA JELLISON, SECRETARY TO THE BOARD

DATED 04/19/79
Roll Call of
Board Members: W. A. Groff, Chairman (present)
Calvin S. Robinson, Vice Chairman (absent)
Virginia Jellison, Secretary (present)
James J. Leary (present)
Dan K. Mizner (present)
Robert F. James (absent)
Paul A. Johnson (LyIe E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Executive Secretary

Counsel: David L. Jackson
John J. Oitzinger

Chairman Groff called the meeting to order at 1:30 p.m. in the Conference Room 160 of the Mitchell Building in Helena, Montana, June 19, 1979. There being no corrections or alterations to the amended minutes of April 19, 1979 they were unanimously approved upon a motion by Dan Mizner and seconded by Virginia Jellison.

INCOME LIMITATION RELATING TO MULTIFAMILY HOUSING PROGRAMS

Chairman Groff asked the Board to consider adopting HUD's income limitation relating to multifamily housing programs in qualifying for Section 8 Housing Assistance Payments. A person who meets the Federal standards for Section 8 would automatically be eligible under the Board's multifamily program. The Chairman indicated that further action may be required in response to possible federal legislation.

APPROVAL OF LENDING INSTITUTIONS

A list of lending institutions requesting approval as "qualified lenders" to do business with the Board of Housing was presented to each Board Member. Mr. Olson stated each lender is duly organized and qualified and asked for approval of the following lenders to participate in future financing programs. Dan Mizner moved, Paul Johnson seconded to approve the lenders listed below and it was unanimously approved:

<table>
<thead>
<tr>
<th>Lender</th>
<th>City/Town</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastside Bank</td>
<td>Great Falls</td>
</tr>
<tr>
<td>Lomas &amp; Nettleton</td>
<td>Great Falls</td>
</tr>
<tr>
<td>Citizens Bank</td>
<td>Havre</td>
</tr>
<tr>
<td>Northwestern Bank</td>
<td>Lewistown</td>
</tr>
<tr>
<td>First Security Bank</td>
<td>Livingston</td>
</tr>
</tbody>
</table>

1979 SERIES A MULTIFAMILY MORTGAGE PROGRAM

Copies of the Preliminary Official Statement and other related documents with respect to the issuance of the 1979 Series A Multifamily Mortgage Bonds were presented at this meeting. Chairman Groff asked to authorize the staff to
AGENDA
Board of Housing Meeting
April 19, 1979
Mitchell Building, Room 160
Helena, Montana

I. Call Meeting to Order - 9:30 a.m.

II. Approval of Minutes - March 22, 1979

III. Presentation of Montana Homebuilders - Bob Miller

IV. Presentation of Manufactured Homes Association - Bill Novak

V. Remarks by Kent Mollohan - Department of Community Affairs

VI. Program Guidelines
   A. Income
   B. Sales Price
   C. Gross Assets

VII. Single Family Trust Indenture

VIII. Resolution to Proceed with Single Family Bond Sale and Approval of Documents

IX. Approval of Lenders

X. Adjourn
A meeting of the Board of Housing was called to order by Chairman William A. Groff at 9:30 a.m. in Conference Room 160 of the Mitchell Building, Helena, Montana.

After review of the minutes of the meeting held March 22, 1979, Board Member Bob James moved and Paul Johnson second to insert the following language in the minutes regarding single family program modifications "The staff and sub-committee of the Board discussed adjustments to the definition of lower income." It was unanimously approved by the Board.

Robert Miller presented written comments to members of the Board urging them to consider the following recommendations to stimulate the homebuilding industry: (1) Allocate $75 million to new construction and $25 million to existing; (2) Increase the maximum sales price to $75,000; and (3) increase the income limitation and amend the asset limitation to allow an individual to qualify for a Board of Housing loan prior to the closing of his present residence.

PRESENTATION OF MANUFACTURED HOMES ASSOCIATION

Mr. William Novak asked the Board to consider financing FHA/VA Mobile Homes, both single and double wide units. He stated FHA and VA will insure and/or guarantee mobile homes if placed in a mobile home park or acquired land. He indicated their industry could use approximately $60 to $80 million in the next biennium. Mr. Olson encouraged them to work with some of the larger lending institutions in writing more mobile home paper. The staff will be receiving data from the housing needs study to determine the demand for mobile homes in May.
The Board discussed adjustments to its single family program eligibility requirements. Several recommendations were made with respect to the asset limitation. After thorough discussion, Dan Mizner moved and Bob James seconded to approve $50,000 as the gross asset limitation provided, however that a person or family having assets of more than $50,000 and an excess of assets over liabilities of more than $25,000 would not qualify.

The Board next reviewed the maximum sales price. Data derived from loans purchased by the Board indicate that we are not serving the larger families and need to increase the income limitation as well as the maximum sales price. Other Board Members agreed to an increase due to higher interest rates and inflation. Cal Robinson moved and Bob James adopted $60,000 as the maximum sales price, including land, and it was unanimously approved by the Board.

A lengthy discussion ensued regarding the definition of lower income. Members of the Board reviewed several income calculation options prepared by the staff. Bob James moved that the Board adopt $16,000 as its definition of lower income using a standard 10% reduction of gross annual income and $1,000 for each dependent child. After more discussion, Paul Johnson made a substitute motion to adopt $18,000 as the Board’s definition of lower income. Dan Mizner seconded it and a roll call vote was taken:

Paul Johnson . . . . . yes
Dan Mizner . . . . . yes
Bob James . . . . . no
Virginia Jellison . . . no
Calvin Robinson . . . . yes
Bill Groff . . . . . yes

The following resolution was then presented to the Board hereafter set forth at length and approved upon a motion by Dan Mizner and seconded by Paul Johnson:

RESOLUTION 79-R22

BE IT RESOLVED by the Montana Board of Housing:

1. Pursuant to the Housing Act of 1975, and the rules and regulations of the Board, it is determined that, until otherwise provided by amendment to this resolution, the following definitions of terms shall be applicable in determining the eligibility of persons and families of lower income, as referred to in said Act, for assistance to be provided through the financing programs of the Board.

2. Current Gross Annual Family Income means recurring income dependably available in the calendar year during which it is computed, from salary, wages, pensions, social security, welfare payments or other sources, received or estimated to be received by a single person or husband and wife who resides and has a proprietary interest in the same dwelling.
3. Adjusted Gross Annual Income means Current Gross Annual Family Income less the following:

(a) Ten percent (10%) of Current Gross Annual Family Income;

(b) $1,000 for each dependent child.

4. Lower Income means Adjusted Annual Income of Eighteen Thousand Dollars ($18,000) or less, provided however that a person or family having assets of more than $50,000 and an excess of assets over liabilities of more than $25,000 shall not be eligible.

ADOPTED by the Montana Board of Housing this 19th day of April, 1979.

RESOLUTION 79-R23

RESOLUTION TO PROCEED WITH SINGLE FAMILY MORTGAGE PROGRAM

Chairman Groff read a resolution of the Board authorizing the continuance of its Single Family Forward Commitment Mortgage Purchase Program. Following lengthy discussion concerning the designation of bond counsel, Board Member Calvin Robinson moved for the adoption of the resolution; however, to postpone the vote only as to that portion of the resolution with respect to the designation of bond counsel for one week until a telephonic vote by each Board Member could be made. Dan Mizner seconded to approve the motion hereafter set forth at length:

WHEREAS, the Montana Board of Housing desires to continue its Mortgage Purchase Program, and to that end to (i) authorize the preparation of a new Single Family Mortgage Bond Trust Indenture, (ii) designate bond counsel, and (iii) approve forms of application, mortgage purchase agreement, and servicing agreement and authorize the distribution of such documents to mortgage lenders;

NOW THEREFORE, it is

(1) RESOLVED, that the staff of the Board is authorized to proceed, in conjunction with bond counsel, with the preparation of a new trust indenture for the Single Family Mortgage Purchase Program;

(2) RESOLVED, that Messrs. David L. Jackson and John J. Oitzinger, are hereby designated as co-bond counsel with respect to the issuance of such bonds under such indenture, and further,

(3) RESOLVED, that the forms of Invitation, Application, Mortgage Purchase Agreement and Servicing Agreement presented to this meeting are hereby approved with such changes as may be deemed necessary or desirable by the officers and staff of the Board and the officers and staff of the Board are hereby authorized to distribute such documents to mortgage lenders throughout the State.

ADOPTED by the Montana Board of Housing this 19th day of April, 1979.

Board Member Bob James made an amendment to the motion that in the event the portion of the resolution pertaining to the hiring of David L. Jackson and John J. Oitzinger as bond counsel does not pass in the telephonic vote, the Dorsey Firm will be retained as bond counsel. Paul Johnson seconded the motion and it was unanimously approved. Mr. Whitney addressed the Board to request copies of the applications for commitment and other related documents relating to the Mortgage Purchase Program to mortgage lenders. Board Member Virginia Jellison requested the staff to document new construction and
existing loans purchased by the Board in the next single family mortgage program in addition to her request of the meeting held March 22, 1979.

APPROVAL OF LENDERS

Mr. Lyle Olson reported the following lenders qualify for participation in the Board's financing programs and asked for approval to designate them as qualified lenders. Upon a motion by Dan Mizner, seconded by Bob James and approved by the Board, the following lending institutions are eligible to participate in future bond programs of the Board:

<table>
<thead>
<tr>
<th>Lender</th>
<th>Town</th>
</tr>
</thead>
<tbody>
<tr>
<td>First National Bank</td>
<td>Wolf Point</td>
</tr>
<tr>
<td>Montana Bank of Baker</td>
<td>Baker</td>
</tr>
<tr>
<td>Sidney National Bank</td>
<td>Sidney</td>
</tr>
<tr>
<td>Montana Bank of Butte</td>
<td>Butte</td>
</tr>
<tr>
<td>First National Bank</td>
<td>Libby</td>
</tr>
<tr>
<td>Central Bank of Montana</td>
<td>Great Falls</td>
</tr>
</tbody>
</table>

Mr. Olson requested the staff prepare a thank you letter to Chairman Groff and Board Member Dan Mizner expressing the Board's appreciation for the many long hours they devoted during the 1979 Legislative Session.

The next meeting was scheduled for May 22, 1979. There being no further business the meeting was adjourned upon a motion by Bill Groff and seconded by Calvin Robinson and approved by the Board.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison, Secretary to the Board

6/19/79

Dated
AGENDA

Board of Housing Meeting
March 22, 1979
Mitchell Building, Room 160
Helena, Montana

I. Call Meeting to Order - 1:00 p.m.

II. Approval of Minutes - December 14, 1978 Meeting

III. Presentation of Lomas & Nettleton

IV. Presentation of Washington Mortgage Company

V. Discussion
   a. Income Ceiling
   b. Net Worth
   c. Maximum Sales Price

VI. Single Family Trust Indenture

VII. Financial Condition of the Board

VIII. Approval of Attorney Contract

IX. Resolutions to proceed on Multifamily/Single Family Program if Board wishes

X. Approval of Lending Institutions

XI. Adjourn
Roll Call of Board Members: W. A. Groff, Chairman (present)
Calvin S. Robinson, Vice Chairman (absent)
Virginia Jellison, Secretary (present)
James J. Leary (present)
Robert F. James (present)
Dan K. Mizner (present)
Paul A. Johnson (present)

Board Counsel: David L. Jackson (present)

Staff: Lyle E. Olson, Administrator
Kraig K. Kushar, Program & Operations Officer
Linda M. Forrey, Executive Secretary

Others: William H. Hayden, The First Boston Corporation
Ed Meyers, The First Boston Corporation
James Martling, The First Boston Corporation
Roger Gabbert, Dain, Kalman & Quail, Inc.
Gene Hufford, D. A. Davidson & Co.
Robert Sylvester, Piper, Jaffray & Hopwood
John J. Oitzinger, Willkie, Farr & Gallagher
William Johnstone, Dorsey Firm
Jim Voegele, Lomas & Nettleton
Gary Rinehart, Lomas & Nettleton
Joy Taylor, Washington Mortgage Company

Chairman Groff called the meeting to order at 1:00 p.m. in Conference Room 160
of the Mitchell Building in Helena, Montana.

The minutes of the meeting held December 14, 1978 were approved upon a motion
by Paul Johnson and seconded by James Leary.

PRESENTATION OF WASHINGTON MORTGAGE COMPANY

Joy Taylor of Washington Mortgage Company briefly described six multifamily
projects totalling approximately $8 million to be constructed in Great Falls,
Havre, Butte and Sidney. The Board previously committed to finance Crestwood
Inn in Sidney, Montana at its June 13, 1978 meeting contingent upon the Board
receiving additional bonding authority. The Board agreed to finance the
other projects upon receipt of a breakdown of each project and subsequent
authority from the legislature.

PRESENTATION OF LOMAS & NETTLETON

Gary Rinehart and Jim Voegele of Lomas & Nettleton were introduced to the meeting.
Lomas & Nettleton has applied to the Board to become a qualified lending
institution. Mr. Rinehart asked the Board to consider omitting the requirement
of making in-state payments relative to its single family mortgage purchase
program guidelines because their institution utilizes a "lock-box" system whereby monthly mortgage payments made in the state are mailed to Seattle, Washington and then wire transferred to the computer in Houston, Texas. Mr. Rinehart further indicated they would be interested in contracting with the Board to do all of its loan servicing. No further action was taken by the Board.

SINGLE FAMILY PROGRAM MODIFICATIONS

Board Members Paul Johnson, James Leary, Bob James, Virginia Jellison and Dan Mizner met with Kraig Kushar prior to the meeting to discuss possible program modifications. Mr. Kushar reported the committee agreed to adjust the maximum income ceiling and sales price but would need further data before making a final determination. The staff and sub-committee discussed the following adjustments:

(1) Increasing the existing personal or family standard deduction from 5% to 15%;

(2) Increasing the deduction per dependent child from $300 to $1,000;

(3) Adjusting the maximum sales price of an existing home to $45,000 and a newly constructed home to $55,000.

Board Member Jellison asked the staff to prepare a detailed report of the 1978 Series A Mortgage Loans purchased by the Board to date listing the annual gross incomes, number of wage earners in family, amount of gross assets, down payment and mortgage amount. Board Member James also requested a percentage calculation of those loans whose gross incomes ranged from $10,000 to $16,000.

SINGLE FAMILY TRUST INDENTURE

Lyle Olson described the problem in the flow of revenues to the program operating fund when interest payments are made on the bonds. William Hayden indicated it would be advantageous to the Board to "cap" the present indenture and write a new one. The parameters of the present indenture would remain the same however certain subaccounts could be omitted to resolve the problem. A new indenture could possibly include the purchase of FmHA loans in the future. Bill Johnstone of the Dorsey firm indicated it would take approximately a month to six weeks to rewrite the indenture. John Oitzinger remarked that if the Board used Wyoming's indenture as a model, a draft could be available in a week with a final product in approximately ten days. Chairman Groff requested a brief be prepared for review by the Board at the next meeting.

FINANCE REPORT

Dave Johnson of Anderson ZurMuehlen & Company reported the Board to be in sound financial condition as of the December 31, 1978 interim statements indicating revenues of the 1978 Series A issue were running consistently with the revenues of the preceding year. Mr. Johnson stated a management letter was mailed to the Board relative to the number of errors encountered on trustee reports. On occasion the trustee has deposited other entities' funds into the Board's account and the monthly investment report at times indicate securities that are not owned by the Board and certain securities owned are not listed on the report. Mr. Oitzinger stressed the importance of the Board to request a written response from the trustee as to the procedure being implemented to correct the current error rate in recording these transactions.
ATTORNEY CONTRACT

A copy of the Retainer Agreement between the Board and Board Counsel was distributed to each Board Member. The contract includes a statement of fees, purchase and liability exposure and other pertinent provisions. Bob James moved and Dan Mizner seconded a motion to accept the retainer agreement as presented to the Board. It was unanimously approved by the Board.

RESOLUTION TO PROCEED WITH MULTIFAMILY MORTGAGE PROGRAM

A resolution of the Board to proceed with the multifamily mortgage program was presented by Dave Jackson. Mr. Jackson indicated it was necessary to act on the resolution at this time but any official proceedings would be subsequent to the Legislature granting additional bonding authority. Dan Mizner moved and James Leary seconded to approve the written resolution hereafter set forth at length authorizing the staff to proceed with the program:

RESOLUTION 79-R21

WHEREAS, The Montana Board of Housing is authorized to engage in financing programs pursuant to the Housing Act of 1975, Sections 90-6-101 through 90-6-126, inclusive, Montana Code Annotated, and as provided in the Rules and Regulations of the Board and in forms of indentures heretofore approved in substance, for the purpose of alleviating the shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford, and

WHEREAS, it is now necessary and desirable to proceed with the Board’s Multi-family Mortgage Program,

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

1. The staff is authorized to proceed in conjunction with the First Boston Corporation in the preparation of documents relating to the Board’s Multi-family Mortgage Program.

ADOPTED by The Montana Board of Housing this 22nd day of March, 1979.

APPROVAL OF LENDING INSTITUTIONS

The Administrator of the Board has reviewed the necessary financial statements of the following lending institutions and therefore recommended they be approved as qualified lenders to do business with the Board of Housing. Paul Johnson moved and Virginia Jellison seconded to approve the lenders listed below and it was unanimously approved:

<table>
<thead>
<tr>
<th>Lender</th>
<th>City or Town</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montana Central Credit Union</td>
<td>Great Falls</td>
</tr>
<tr>
<td>First Security Bank</td>
<td>Miles City</td>
</tr>
<tr>
<td>First National Bank</td>
<td>Miles City</td>
</tr>
<tr>
<td>Bank of Columbia Falls</td>
<td>Columbia Falls</td>
</tr>
<tr>
<td>Glacier National Bank</td>
<td>Columbia Falls</td>
</tr>
</tbody>
</table>
The Administrator reported that foreclosure proceedings have been initiated on two mortgages owned by the Board. Mr. Olson indicated one loan may be assumed.

LETTER TO LEGISLATORS

Chairman Groff asked the staff to prepare a thank you letter to all sponsors of Board of Housing legislation. Letters will be sent to Representatives Harold Gerke, William Menahan, Jonas Rosenthal and Senators Fred VanValkenburg, Pat Regan, George Roskie and others. Upon a motion by Dan Mizner and seconded by James Leary, the staff will send a thank you letter at the end of the 1979 Legislative Session.

NEXT MEETING

The next meeting of the Board was tentatively scheduled for April 5, 1979. The meeting adjourned at 3:15 p.m.

CERTIFIED TO BE TRUE AND CORRECT.

[Signature]

VIRGINIA JELLISON, SECRETARY TO THE BOARD

4/19/79

DATED
BOARD OF HOUSING MEETING
MITCHELL BUILDING
ROOM 160
HELENA, MONTANA
JANUARY 4, 1979

I. CALL MEETING TO ORDER - 9:30 A.M.

II. APPROVAL OF MINUTES - DECEMBER 7, 1979

III. PROPOSED RULES & REGULATIONS - DAVE JACKSON

IV. REVISED TIMETABLE OF MULTIFAMILY BOND ISSUE

V. PRESENTATION OF LOAN REQUEST - JOHN SNYDER

VI. REPORT OF CSHA CONFERENCE/LEGISLATION - LYLE OLSON

VII. OTHER BUSINESS

VIII. ADJOURN