



MONTANA BOARD OF HOUSING

CAPITOL STATION

HELENA, MONTANA 59601

TELEPHONE:
(406) 449-3040

TENTATIVE AGENDA
BOARD OF HOUSING MEETING
BOARD OF HOUSING CONFERENCE ROOM
2001 11th AVENUE

DECEMBER 11, 1980

- I. CALL MEETING TO ORDER - 9:30 a.m.
- II. APPROVAL OF MINUTES - NOVEMBER 21, 1980
- III. MULTIFAMILY PROGRAMS
 1. Crestwood Closing
 2. Section 8 Report
 3. Board of Director of Clark Fork Manor
 4. Proposed Bond Sale
- IV. LEGISLATION
 1. Federal Legislation - H.R. 7765
 2. Proposed State Legislation
- V. OTHER BUSINESS
- VI. ADJOURN

BOARD OF HOUSING MEETING
 2001 11TH AVENUE
 FSI PLAZA
 HELENA, MONTANA
 DECEMBER 11, 1980

Roll Call of

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

Staff: Lyle E. Olson, Administrator
 Herbert H. George, Multifamily Program Officer
 Linda M. Forrey, Single Family Program Officer
 Dave Kraft, Controller
 Nita Routzahn, Secretary

Counsel: David L. Jackson, Jackson, Oitzinger & Murdo

Others: Dennis D. Curran, Randel Corporation
 Cliff Christian, Montana Realtors Association

The meeting was called to order by Chairman William Groff at 9:30 a.m. in the Conference Room of the Board of Housing office in Helena, Montana on December 11, 1980. Upon a motion by Dan Mizner and seconded by Paul Johnson, the minutes of the November 21, 1980 meeting were approved subject to the following amendment:

Approval was given to accept Victorio Mortgage Co. to participate in future financing programs of the Board subject to execution of necessary documents relative to servicing of Montana Board of Housing project loans.

PROPOSED STATE LEGISLATION

Dave Jackson circulated two bills for Board approval to introduced to the 1981 legislative session. After considerable review, Paul Johnson moved and Dan Mizner seconded to (1) amend Section 90-6-111 of the Housing Act to increase the bond debt limit of the Montana Board of Housing to \$675 million effective July 1, 1981 and (2) to amend the interest rate limitation on bonds and notes issued by the Board to an interest rate equal to 1% less than the interest rate established by HUD-FHA in effect 30 days prior to the sale of the bonds or notes with an immediate effective date.

MORTGAGE REVENUE BOND LEGISLATION

Linda Forrey reported Congress recently approved a compromise bill that will limit the issuance of tax exempt mortgage bond issues. The major provisions of H. R. 7765 containing the Ullman legislation are summarized as follows: (1) mortgage bonds issued after December 31, 1983 would become taxable; (2) a market limitation of \$200 million or 9% of the preceeding year's mortgage activity, whichever is greater; (3) arbitrage earnings in excess of 1% must be returned to the mortgagor or paid to the Treasury; (4) a homebuyer must not have owned a home in the last three years; (5) maximum purchase price of the residence was set at 90% of the average purchase price for the preceeding year or 110% in a targeted area; (6) there would be no income requirements; (7) Bond proceeds must be divided equally between a state housing agency and localities

except in home rule states. The new regulations will be effective January 1, 1981. Mrs. Forrey added that future Board of Housing issues of tax-exempt mortgage revenue bonds shall comply with the modified regulations. A detailed report interpreting the requirements will be provided at a later date.

MULTIFAMILY PROGRAMS

Mr. Herbert George reported that the sale of the Crestwood Inn was scheduled to close on December 19, 1980. He stated that the loan had been in default since January 1980 and that the mortgage loan would be brought into current condition and all reserve accounts would be funded and brought into current condition; that the DHUD-FHA insurance would be changed from Section 231 to 224(d)(4) which provides for payment in cash instead of payment in debenture in the event of future default. He mentioned that in order to accomplish this transfer of assets it would be necessary that the Board authorize the staff to escrow a negotiated sum of money to assure DHUD-FHA certain unfinished exterior work would be completed and that the faulty heating system would be corrected.

A motion was made by Paul Johnson and seconded by Bob James authorizing Mr. George and Dave Jackson to negotiate this amount to be escrowed by the Board with the other interested parties.

Mr. George reported on the status of the Section 8 set-aside of 48 units of assisted housing that had been allocated to Missoula, subject to approval by the Board and recommended that this action be approved. After discussion of the proposed project, its location and sponsor in detail, a motion was made by Dan Mizner and seconded by Bob James that the allocation be approved subject to reaffirmation by the Mayor of Missoula that the units were needed and that the Mayor interposed no objection to its proposed location.

OTHER BUSINESS

The next meeting of the Board was tentatively scheduled for January 22, 1981, in the office of the Board of Housing, Helena, Montana. The meeting will begin at 9:30 a.m. There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

1/15/81
DATED



MONTANA BOARD OF HOUSING

CAPITOL STATION
HELENA, MONTANA 59601

TELEPHONE:
(406) 449-3040

AGENDA

BOARD OF HOUSING MEETING
OFFICES OF JACKSON, OITZINGER & MURDO
203 NORTH EWING
HELENA, MONTANA

NOVEMBER 21, 1980

- I. CALL MEETING TO ORDER - 9:30 A.M.
- II. APPROVAL OF MINUTES - SEPTEMBER 25, 1980
- III. APPROVAL OF VICTORIO MORTGAGE COMPANY
- IV. 1981 PROPOSED LEGISLATION
 1. Increase Bonding Authority
 2. Eliminate Interest Rate Limitation
- V. PRELIMINARY APPROVAL OF MULTIFAMILY PROJECTS
- VI. 1980A PROGRAM LOAN DELIVERY
- VII. DELINQUENCY REPORT
- VIII. FINANCIAL REPORT
- IX. SUPPLEMENTAL DATA REPORT
- X. APPROVAL OF AUTHORIZED SIGNATURE
- XI. APPROVAL OF LENDERS
- XII. OTHER BUSINESS
- XIII. ADJOURN

BOARD OF HOUSING MEETING
OFFICES OF JACKSON, OITZINGER & MURDO
203 NORTH EWING
HELENA, MONTANA
NOVEMBER 21, 1980

Roll Call of

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

Staff:

Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Controller
Nita Routzahn, Secretary

Counsel:

David L. Jackson, Jackson, Oitzinger & Murdo

Others:

David Johnson, Anderson, ZurMuehlen & Company

The meeting was called to order by Chairman William A. Groff at 9:30 a.m. in the Conference Room of the offices of Jackson, Oitzinger & Murdo in Helena, Montana on November 21, 1980. There being no corrections to the minutes of the September 25, 1980 meeting, Dan Mizner moved and Paul Johnson seconded a motion to approve the minutes as circulated to the Board. The motion was called to a vote and unanimously approved.

PRESENTATION FOR APPROVAL OF VICTORIO MORTGAGE COMPANY

Herbert George presented Brad Calbert, Vice President of Victorio Mortgage Company to the Board for approval of his company as an approved mortgagee. He has already secured approval from HUD. The Victorio Mortgage Co. is a subsidiary of Victorio Companies and is based out of Denver. The Mortgage Co. has been in existence since April 1979, and has a net worth of \$100,000. The Victorio Companies have a net worth of \$20,000,000. Upon a motion by Dan Mizner and seconded by Paul Johnson approval was given to accept Victorio Mortgage Co. to participate in future financing programs of the Board subject to execution of necessary documents relative to servicing of Montana Board of Housing project loans.

PROPOSED LEGISLATION

Increase Bond Debt Limit

Draft copies of proposed legislation to be introduced to the 1981 Legislative Session were distributed to Board members. Discussion ensued on a bill to increase the bond debt limit. Upon a motion by Dan Mizner, seconded by James Leary, the Board unanimously approved to increase the total amount of bonds and notes outstanding at any one time to \$675, million, providing an effective date of July 1, 1981.

INTEREST RATE LIMITATION

Dave Jackson, Legal Counsel, discussed a bill to eliminate the interest rate limitation on bonds and notes issued by the Board. Section 90-6-111 of the Housing Act of 1975 currently provides the note of interest on bonds and notes issued by the Board may not exceed 9% per annum. Due to continued upward pressures

on market interest rates, the Board acted favorably upon a motion by Dan Mizner and seconded by James Leary to tie the rate of interest on bonds and notes issued by the Board not to exceed the maximum FHA mortgage interest rate in effect 30 days prior to the sale of such bonds or notes, and providing an immediate effective date.

BOARD OF HOUSING LOAN ASSUMPTIONS

Upon a motion by Dan Mizner and seconded by Jim Leary, the Board instructed legal counsel to draft language to prevent assumptions of Board of Housing loans unless the assumptor qualifies under rules and regulations established by the Board. The language shall also stipulate that if the assumptor does not meet program requirements, the interest rate of the mortgage shall be accelerated to the FHA maximum rate at the time the mortgage was originated.

1980 PROGRAM LOAN DELIVERY

A breakdown of the 1980A (9-3/4%) Program Loans delivered to the Board as of November 21, 1980 was presented to each Board member. The report revealed that \$23,093,727.61 has been delivered to date leaving a balance of \$19,796,272.39 to be purchased by December 31, 1980. Because several lenders have reported numerous delays in closing new construction loans and receiving recorded documents, the Board approved an extension to February 5, 1981 for delivery of the program loans upon a motion by Dan Mizner and seconded by James Leary.

DELINQUENCY REPORT

The Board reviewed the delinquency analysis as of October 20, 1980. The report was based upon 4,359 mortgages owned by the Board. 1% of the mortgage portfolio was delinquent by 60 days; .7% by 90 days and .5% over 90 days. The overall delinquency ratio to the mortgage portfolio is 3% as of October 20, 1980.

SUPPLEMENTAL DATA REPORT

Lyle Olson stated a computer program has been initiated to provide additional information of the average mortgagor. The data should be available for publication in the 1980 Annual Report and distribution to Board members by the end of the year.

FINANCIAL REPORT

Dave Johnson presented the combined financial statements as of September 30, 1980. He reported Board members will receive a copy of the statements on a monthly basis.

APPROVAL OF AUTHORIZED SIGNATURE

Upon a motion by James Leary and seconded by Dan Mizner, Dave Kraft was approved and authorized to sign documents for Trustee Banks.

APPROVAL OF CITIZENS STATE BANK IN CHOTEAU

The Citizens State Bank located in Choteau was approved as a qualified lending institution to participate in future financing programs of the Board upon a motion by Paul Johnson and seconded by Dan Mizner. The Roger M. Post Co. of Kalispell was acquired by Rainier Mortgage Co., Seattle, Washington. The Board approved Rainier Mortgage Co. to deliver the 1980A program loans originally committed by Roger M. Post Co. of Kalispell, Montana.

CRESTWOOD INN

Mr. Herbert George, Multifamily Program Officer brought the Board up to date on the Crestwood Inn project. Transfer of assets, if accomplished, will be insured by DHUD-FHA under Section 221-d-4 instead of Section 231. This will be to the material benefit of Montana Board of Housing since in the event of a tender of the property to DHUD-FHA at some future date Montana Board of Housing would be paid in cash under the insurance contract instead of being paid in debentures.

PLPELINE PROJECTS

Paul Johnson moved and Dan Mizner seconded and the Board approved a motion authorizing the staff to submit two projects to Denver in anticipation of an advance "set aside" of Section 8 assistance for the projects located in Kalispell (48 units), Polson (24 units). One other project for Missoula (48 units) was discussed. It was decided that this project would be held in abeyance until the next meeting when Virginia Jellison could be present.

OTHER BUSINESS

The next meeting of the Board was scheduled for December 11, 1980 in the office of the Board of Housing, Helena, Montana. The meeting will begin at 9:30 a.m. There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

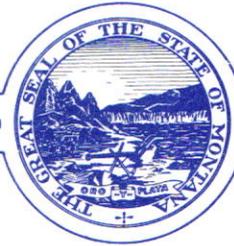
Virginia Jellison

VIRGINIA JELLISON, SECRETARY TO THE BOARD

12/11/80

DATED

DEPARTMENT OF ADMINISTRATION
MONTANA BOARD OF HOUSING



THOMAS L. JUDGE, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59601

TENTATIVE AGENDA
BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA
SEPTEMBER 25, 1980

- I. CALL MEETING TO ORDER - 9:30 A.M.
- II. APPROVAL OF MINUTES - AUGUST 25, 1980
- III. AUDIT REPORT
- IV. PRELIMINARY REPORT ON LOAN TO LENDERS
- V. REPORT - NEGOTIATED SALE VS COMPETITIVE
- VI. REPORT AND APPROVAL OF MULTIFAMILY PROJECTS
- VII. REPORT ON 9-3/4%
- VIII. REPORT ON HOUSING SURVEY
- IX. APPROVAL OF NEW LENDERS
- X. OTHER BUSINESS
- XI. ADJOURN

BOARD OF HOUSING MEETING
MITCHELL BUILDING
HELENA, MONTANA
SEPTEMBER 25, 1980

Roll Call of
Board Members:

- W. A. Groff, Chirman (present)
- Calvin S. Robinson, Vice Chairman (present)
- Virginia Jellison, Secretary (absent)
- James J. Leary (present)
- Robert F. James (present)
- Dan K. Mizner (present)
- Paul A. Johnson (present)

Staff:

- Lyle E. Olson, Administrator
- Herbert H. George, Multifamily Program Officer
- Linda M. Forrey, Single Family Program Officer
- Meredith McGuire, Administrative Assistant

Others:

- William H. Hayden, First Boston Corporation
- Henry Lanier, First Boston Corporation
- John J. Oitzinger, Jackson, Oitzinger & Murdo
- David L. Jackson, Jackson, Oitzinger & Murdo
- David Johnson, Anderson, ZurMuehlen & Company
- Steven Gross, Charter First Mortgage Corporation
- Neil Wetsch, Montana Homebuilders Association
- Bill Hanson, United Press International
- Jim Durkin, Mather Realty
- David Bakas, Charter First Mortgage Corporation
- John Neras, Consulting Services, Department of Administration
- Gary Moes, Associated Press

The meeting was called to order by Chairman William A. Groff at 9:30 a.m. in Conference Room 160 of the Mitchell Building in Helena, Montana on September 25, 1980. Therebeing no corrections to the minutes of the August 25, 1980 meeting, Dan Mizner moved and Bob James seconded a motion to approve the minutes as circulated to the Board. The motion was called to a vote and unanimously approved.

REPORT OF EXAMINATION OF FINANCIAL STATEMENTS

Dave Johnson presented a detailed summary of the financial condition of the Board as of June 30, 1980. He explained the various fund balances and sources of revenues over expenditures and reported the Board is in sound financial condition. Mr. Johnson disclosed in the management letter to the Board that the Multifamily Program Fund trustee was out of balance at June 30, 1980 and that the Board should communicate with the trustee to insure their reporting problems are corrected. He also indicated the MPACS does not properly compute interest receivable on all mortgages and that data processing turn around time is not being accomplished in a timely manner. It was also recommended the Board instruct First Boston Corporation to provide investment transaction details to the various trustees. In conclusion, Mr. Johnson recommended the financial statements for the Multifamily Bonds and Construction Loan Notes be prepared on a monthly reporting basis. Upon a motion by Dan Mizner and seconded by Bob James the financial report was approved.

COMPETITIVE BOND SALES

Lyle Olson circulated a memorandum to members of the Board in response to their request for additional information concerning competitive bidding of proposed

bond issues. Mr. Olson reported he contacted various state housing finance agencies that have been involved in competitive bidding which included California, Georgia, Massachusetts, Missouri and Delaware. Generally the negative factor involved in competitive bidding was the lack of flexibility in volatile market conditions. It was in most cases the consensus of the agencies to use negotiated sales in order to achieve a fair price and obtain better service as well as to take advantage of market flexibility. A comparison of the Housing Board's issue of \$50 million versus the Delaware agency revealed the Board was able to allocate 86% for the purchase of mortgages and the Delaware agency's issue of \$50,530,000 allocated 85%. In addition, the cost of issuance was \$120,000 for the Board compared to \$337,320 for the Delaware Agency. However, Mr. Leary recommended the Board consider the competitive bid structure in proposed bond and note issues whenever possible.

REPORT OF MULTIFAMILY PROJECTS

Herbert George reported that final closing has been conducted on the Butte-Silver Bow project and Broadview Manor in Great Falls. The initial closing of Chair III in Whitefish and Cedar View in Malta has been completed. Mr. George stated that Butte-Silver Bow and Broadview Manor are fully occupied and operating successfully at the present time. The Crestwood Inn project in Sidney is in the process of being sold to E. A. Curtis of Kennewick, Washington. Mr. George reported the project is experiencing heating problems but steps have been initiated to correct the problem.

The 100 Section 8 assisted units that were allotted to the Board by the Department of Housing and Urban Development have been officially recognized. At the Board's meeting held August 25, 1980 the projects approved for financial assistance were located in Missoula, Kalispell and Livingston. Mr. George informed the Board that Livingston local officials objected to the project and therefore transferred the 32 units to Miles City. He asked the Board to approve of the transfer and it was unanimously approved upon a motion by Paul Johnson and seconded by James Leary. As a result of the allocation of the 100 units, considerable interest has been shown from various sections of the state for additional Section 8 units. The Board approved of the staff's request to apply for a Section 8 set-aside of 400 units for 1981 upon a motion by James Leary and seconded by Dan Mizner.

DELIVERY OF 1980A PROGRAM LOANS (9-3/4%)

Linda Forrey circulated a recap of 315 program loans totaling \$13.2 million that has been delivered to the Board as of September 25, 1980. 42% of the loans were made to persons and families with annual gross incomes between \$17,000 and \$20,000 while 25% were made to persons with incomes from \$20,000 to \$25,000. The average selling price is \$44,378 and the average income of the homebuyer revealed an annual gross income of \$18,172. 48% of the program loans were made to married persons with dependents and 21% to married persons with no dependents. 25% of the loans were made to single persons with no dependents and 6% for single persons with dependents. The balance of \$29.7 million is expected to be delivered by the end of the year.

REPORT OF HOUSING STUDY

A Housing Questionnaire was circulated to all Montana lending institutions, legislators, homebuilders, real estate agents, local housing authorities and city and county officials to seek additional information and comments of the housing policies established by the Board. While the response was limited to approximately 200 replies, the Board received valuable information to incorporate in its future housing policies. A copy of the report is on file at the Board's office.

APPROVAL OF BLAINE BANK OF MONTANA

The Blaine Bank of Montana located in Chinook was approved as a "qualified lending institution" to participate in future financing programs of the Board upon a motion by Dan Mizner and seconded by Paul Johnson.

LOAN TO LENDERS PROGRAM

In response to a Board request to survey Montana lending institutions to determine their interest in a LTL program, the staff presented written communication indicating the LTL program should be pursued to provide needed capital in the state for home mortgages. Mr. Hayden addressed the Board to review the legal legislative and interest rate situation and its effect on the tax exempt market. He reported the scenario once again is extremely volatile and investors are now looking to invest in short term securities. Mr. Hayden recommended the Board consider a bond issue with a 12 to 15 year maturity to take advantage of a lower net interest cost. First Boston has negotiated with MGIC, a private mortgage insurance company, who would post the lender's collateral and in turn give the Board a surety bond that would guaranty the lender's loan would be repaid. Henry Lanier reported MGIC would calculate the premium based on a percentage of the total debt service over the life of the loan. The question of the level of the premium remains in limbo, however, First Boston will continue its meetings with MGIC to structure a preliminary price and shall report its findings to the Board at its next meeting. After lengthy discussion, the underwriters and bond counsel were authorized to draft program documents and a tentative timetable for a loan to lenders program upon a motion by Paul Johnson and seconded by Bob James.

Jim Durkin, realtor and member of the Great Falls Housing Authority, commented that public notice of the availability of MBOH funds is so short that many poor families living in public housing projects do not have time to take advantage of the Board's offering. Chairman Groff asked Mr. Durkin to provide a written proposal to the Board requesting a set-aside of future single family mortgage funds to be allocated by local housing authorities to assist those low income families.

NEXT MEETING

The next meeting of the Board was tentatively scheduled for October 16, 1980. There being no further business the meeting was adjourned upon a motion by Paul Johnson and seconded by Bob James.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

11/21/80
DATED

BOARD OF HOUSING MEETING
OFFICES OF JACKSON, OITZINGER & MURDO
203 NORTH EWING
HELENA, MONTANA
NOVEMBER 21, 1980

Roll Call of

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

Staff: Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Controller
Nita Routzahn, Secretary

Counsel: David L. Jackson, Jackson, Oitzinger & Murdo

Others: David Johnson, Anderson, ZurMuehlen & Company

The meeting was called to order by Chairman William A. Groff at 9:30 a.m. in the Conference Room of the offices of Jackson, Oitzinger & Murdo in Helena, Montana on November 21, 1980. There being no corrections to the minutes of the September 25, 1980 meeting, Dan Mizner moved and Paul Johnson seconded a motion to approve the minutes as circulated to the Board. The motion was called to a vote and unanimously approved.

PRESENTATION FOR APPROVAL OF VICTORIO MORTGAGE COMPANY

Herbert George presented Brad Calbert, Vice President of Victorio Mortgage Company to the Board for approval of his company as an approved mortgagee. He has already secured approval from HUD. The Victorio Mortgage Co. is a subsidiary of Victorio Companies and is based out of Denver. The Mortgage Co. has been in existence since April 1979, and has a net worth of \$100,000. The Victorio Companies have a net worth of \$20,000,000. Upon a motion by Dan Mizner and seconded by Paul Johnson approval was given to accept Victorio Mortgage Co. to participate in future financing programs of the Board subject to execution of necessary documents relative to servicing of Montana Board of Housing project loans.

PROPOSED LEGISLATION

Increase Bond Debt Limit

Draft copies of proposed legislation to be introduced to the 1981 Legislative Session were distributed to Board members. Discussion ensued on a bill to increase the bond debt limit. Upon a motion by Dan Mizner, seconded by James Leary, the Board unanimously approved to increase the total amount of bonds and notes outstanding at any one time to \$675, million, providing an effective date of July 1, 1981.

INTEREST RATE LIMITATION

Dave Jackson, Legal Counsel, discussed a bill to eliminate the interest rate limitation on bonds and notes issued by the Board. Section 90-6-111 of the Housing Act of 1975 currently provides the rate of interest on bonds and notes issued by the Board may not exceed 9% per annum. Due to continued upward pressures

DEPARTMENT OF ADMINISTRATION
MONTANA BOARD OF HOUSING

2001 ELEVENTH AVENUE
FSI PLAZA

THOMAS L. JUDGE, GOVERNOR



STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59601

TENTATIVE AGENDA
BOARD OF HOUSING MEETING
UNIVERSITY CENTER - ROOMS F & G
MISSOULA, MONTANA

AUGUST 25, 1980

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - JULY 25, 1980
- III. PRESENTATION BY FIRST BOSTON CORPORATION -
LOAN TO LENDERS PROGRAM & RELATED PROGRAMS
- IV. REPORT ON SINGLE FAMILY PROGRAM (7-3/4% & 9-3/4%) -
LINDA M. FORREY
- V. APPROVAL OF LENDERS
- VI. SECTION 8 TIMETABLE -
HERBERT H. GEORGE
- VII. PROPOSED LEGISLATION
- VIII. OTHER BUSINESS
- IX. ADJOURN

BOARD OF HOUSING MEETING
UNIVERSITY CENTER - ROOMS F & G
MISSOULA, MONTANA
AUGUST 25, 1980

Roll Call of
Board Members:

W. A. Groff, Chairman (present)
Calvin S. Robinson, Vice Chairman (present)
Virginia Jellison, Secretary (present)
Paul A. Johnson (present)
James J. Leary (present)
Dan K. Mizner (present)
Robert F. James (present)

Staff:

Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer

Counsel:

John J. Oitzinger, Jackson, Oitzinger & Murdo

Underwriters:

Henry D. Lanier, First Boston Corporation

Others:

Hal Fraser, First Federal S & L, Missoula
Brian Howell, Missoulia
Paul L. Owens, Tietz Realty
Douglas Bardwell, Western Federal S & L, Missoula
W. R. Blomgren, Jr., First National Bank, Missoula
Rick Scanlon, First Bank Southside, Missoula
Jerry O'Reilly, Security Agency
Michael Regan, Security Agency
E. John Urwiler, Mountain View Construction
John Peterson, First Bank Southside, Missoula
Stephen L. Wyard, First State Bank, Stevensville

The meeting was called to order by Chairman Groff at 9:00 a.m. at the University Center, Rooms F & G, Missoula, Montana, August 25, 1980.

The minutes of the July 25, 1980 meeting were approved upon a motion by Paul Johnson and seconded by Bob James.

LOAN TO LENDERS PROGRAM

Mr. Henry Lanier of the First Boston Corporation explained the proposed terms and conditions of an alternative financing vehicle called a Loan to Lenders program. Loans to lenders bond issues normally have a 12 to 15 year maturity and thus receive a lower net interest cost in the market.

The loan to the lender would be for 12 or 15 years, however, the lenders would originate mortgages with loan proceeds for a 20 to 30 year term under program criteria established by the Board.

The Board would have a secured loan from the originating mortgagees secured by collateral equal to percentages required by the Board. Instead of lenders pledging collateral to secure the loan, a surety bond structure could be utilized to guaranty the timely payment of principal and interest to the Board.

Missoula lenders represented at the meeting expressed concern of their exposure and risk involved at the end of the 12 or 15 years and stated they would need further assurance on either refunding or elimination of assumed mortgages. Bond counsel will research the matter of assumptions or rollover mortgages and report to the Board at its next meeting. Upon a motion by Dan Mizner, seconded by Cal Robinson and approved by the Board, the staff was authorized to survey the financial institutions to determine their interest in a loan to lenders program.

1979A (7-3/4%) MORTGAGE PURCHASE PROGRAM

In September, 1979 the Board allocated \$87,750,000.00 to qualified lenders under the Board's single family forward commitment mortgage purchase program. To date, \$85,671,824.61 has been delivered with the outstanding commitment balance of \$2.4 million to be purchased within six weeks. A breakdown of the total mortgage loan delivery by the originating mortgagee as of August 21, 1980 was presented to members of the Board.

1980A (9-3/4%) MORTGAGE PURCHASE PROGRAM

As of July 17, 1980, \$7.5 million has been delivered at the Board's office under the 9-3/4% interest rate program. With continued upward pressure on interest rates and FHA now quoting 12% on its insured mortgages, the staff reported increased activity in loan submissions. A recap of the 9-3/4% loans purchased will be provided to Board members at their next meeting.

APPROVAL OF LENDING INSTITUTIONS

Upon a motion by Dan Mizner, seconded by Paul Johnson, First Northwestern National Bank of Dillon and Westland Mortgage Company of Missoula were approved as qualified lenders to participate in financing programs of the Board. Westland Mortgage Company is based in Sacramento, California.

SECTION 8 SET ASIDE

Herbert George reported that a Section 8 allocation of 100 units has been authorized by HUD for the state of Montana. Mr. George stated that preliminary applications must be submitted to the HUD Denver office by September 30, 1980. Because of the September 30 deadline, Mr. George recommended 48 units be allocated to Missoula County, 32 units to Park County and 20 units to Lake or Flathead County. A recent market analysis by HUD indicated a substantial need for Section 8 housing in those proposed counties. Upon a motion by Dan Mizner and seconded by Virginia Jellison, the Board approved the following resolution hereafter set forth in its entirety:

Resolution 80-0825-9M

WHEREAS, the Montana Board of Housing has been awarded 100 units of Section 8 assisted housing by the U.S. Department of Housing and Urban Development; and

WHEREAS, in order to implement this award it is necessary to advertise the availability of the units and to allocate the units to builders and sponsors on or before September 30, 1980;

NOW, THEREFORE, it is hereby,

RESOLVED, that units of Section 8 housing are hereby allocated to the counties specified on Exhibit A annexed hereto and the staff of the Board is hereby authorized to advertise the availability of the units and based upon the response to such advertisements, to designate the projects to receive the Section 8 allocations provided the builders and sponsors are experienced in producing housing under HUD/FHA regulations and are otherwise acceptable to the staff.

EXHIBIT A

48 Units	-	Missoula County
20 Units	-	Flathead or Lake County
32 Units	-	Park County

RESIGNATION OF MEMBER OF BOARD OF DIRECTORS OF CLARK FORK MANOR

Herbert George asked the Board to be relieved of service as a member of the Board of Directors of Clark Fork Manor. The principal reason for the request was due to the increasing workload in monitoring the Board's multifamily projects. The Board members subsequently approved of the request. Lyle Olson suggested that John Peterson be appointed to serve on the Board of Clark Fork Manor and assured the Housing Board he would protect the Board's interest at all times. Upon a motion by Cal Robinson, and seconded by Dan Mizner, John Peterson, Vice President, First Bank Soutside, Missoula, MT was unanimously approved to serve on the Board of Directors of Clark Fork Manor.

CRESTWOOD INN - SIDNEY

Herbert George reported that the Crestwood Inn in Sidney has received three offers to purchase the troubled project. A part of the negotiations being considered is the transfer from HUD 231 insurance to a HUD 221(d)4. The interested purchasers of the project are E. A. Curtis, Kennewick, Washington; D. A. Davidson and Gene Todd and Associates, Great Falls and John Buchanan, Great Falls.

GREENWOOD PLAZA

In April, 1980 the Board provided construction financing for the Greenwood Plaza in Bozeman, a 50 unit Section 8 assisted family project. Greenwood Plaza was unable to obtain their GNMA commitment for permanent financing and, therefore, have asked the Board to consider selling bonds to finance the project if GNMA does not allocate a supplemental appropriation which shall be announced in early September. The consensus of the Board was to assist in the permanent financing by approving the following resolution hereafter set forth at length upon a motion by Paul Johnson and seconded by James Leary:

RESOLUTION 80-0825-10M

RESOLVED, the staff is authorized to proceed in conjunction with The First Boston Corporation and bond counsel to prepare documents including a Mortgage Purchase and Servicing Agreement, a Regulatory Agreement, a Preliminary Official Statement and a Supplemental Indenture in substantially the form presented to this meeting and previously used in the Board's Multifamily Program for the issuance of Multifamily Program Bonds in an aggregate principal amount of up to approximately \$2,000,000.00 for the purpose of providing permanent financing for the Greenwood Project in Bozeman, and to distribute such documents to the developer and mortgage banker for the project and to prospective investors and other interested persons, the final terms and conditions of the bonds and related documents being subject to further approval by this Board.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 25TH DAY OF AUGUST, 1980.

PROPOSED LEGISLATION

Discussion ensued at length regarding legislation to be introduced to the 1981 Legislature. The Board has been asked to sponsor legislation to allow the issuance of bonds to finance VA housing. Veteran bonds are exempt from the Ullman Bill and would be pledged by general obligation bonds of the state. Chairman Groff

stated similar legislation is being circulated by VA and the staff was instructed to contact Hugh Cumming of the Veteran Affairs Division, Helena, MT to obtain further information.

Because the rate of interest on bonds and notes issued by the Board may not exceed 9% per annum and continued upward pressure on interest rates in the capital and money markets have prohibited the Board from entering the credit market, discussion centered on proposed legislation to increase the 9% limitation.

Board member Dan Mizner stated the 9% limitation will be discussed at the Montana League of Cities and Towns state convention in September and may form a committee to draft similar legislation. Mr. Mizner will advised the Board of the committee's action.

Under Montana statue, there are no requirements established as to audit procedures, minimum capital structure, etc. to regulate mortgage companies in their financial programs.

The Board agreed to request an additional \$350,000,000 in bonding and note authorization for 1981-1982.

COMPETITIVE SALE OF BONDS

Board member James Leary presented a detailed summary of a bond issued placed by the Delaware Housing Finance Authority utilizing competitive bidding. Mr. Leary stated the method resulted in lower net interest cost to the Authority and a narrower spread enabling the agency to allocate an additional \$350,000.00 for the origination of mortgages. Mr. Leary documented a comparison of the Delaware's bond issue with the Housing Board's \$50,000,000 issue indicating it may be advantageous to the Board to consider a competitive bid structure in future bond issues. After lengthy discussion, Cal Robinson asked for a complete analysis of the Board's \$50,000,000 issue compared to Delaware's \$50,530,000. Upon a motion by James Leary and seconded by Virginia Jellison, the staff was instructed to prepare a bond discount analysis of each issue.

OTHER BUSINESS

The next meeting of the Board was scheduled for September 25, 1980 at the Mitchell Building, Room 160, Helena, MT. The meeting will begin at 9:30 a.m. There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

9/25/80
DATED

DEPARTMENT OF ADMINISTRATION
MONTANA BOARD OF HOUSING



THOMAS L. JUDGE, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59601

TENTATIVE AGENDA
BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA

JULY 25, 1980

- I. CALL MEETING TO ORDER - 10:00 A.M.
- II. APPROVAL OF MINUTES - JUNE 18, 1980
- III. PRELIMINARY REPORT BY RESEARCH COMMITTEE
- IV. MULTIFAMILY REPORT - THE PROJECTS UNDER CONSTRUCTION
AND THE PROJECTS TO BE CLOSED
UNDER THE INTERIM NOTE FINANCING
- V. RENEWAL OF CONTRACTS
- VI. APPROVAL OF PREVIOUS SIGNATURES OF KRAIG KUSHAR
- VII. SINGLE FAMILY PROGRAM REPORT -
 1. REPORT ON 7-3/4% & 9-3/4%
 2. DELINQUENCIES & FORECLOSURES
- VIII. PRELIMINARY ANNUAL REPORT -
 1. ASSETS & LIABILITIES
 2. INCOME
 3. INVESTMENTS
- IX. PRESENTATION BY WASHINGTON BANCSHARES - THE
PAST PERFORMANCE AND PROJECTIONS FOR THE FUTURE

BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA
JULY 25, 1980

Roll Call of Board Members:

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

Staff:

Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
Jack C. Nielson, Comptroller
Judy R. Gillespie, Accountant
Meredith McGuire, Administrative Assistant
Carol Hogan, Executive Secretary

Counsel:

David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

Underwriters

William Hayden, First Boston Corporation
James Martling, First Boston Corporation
Michael Boyd, First Boston Corporation
Peter Schmitt, First Boston Corporation
Henry D. Lanier, First Boston Corporation

Others:

James Sullivan, Bancshares Mortgage Co.
Doug Beaudoin, Bancshares Mortgage Co.
Gary Swartout, Bancshares Mortgage Co.
John Harlow, Bancshares Mortgage Co.
David Lisaius, Bancshares Mortgage Company
Gary Moes, Associated Press

The meeting was called to order by Chairman Groff at 10:00 a.m. in the Mitchell Building in Room 160, Helena, Montana, on July 25, 1980.

Upon a motion by Paul Johnson and seconded by Bob James the minutes of the June 18, 1980 meeting were approved subject to the following amendment:

Bob Miller stressed the need for builders to eliminate their existing inventories so that builders could make new housing starts. Board member, James Leary, inquired as to what control the Board would maintain if it changed the definition of new construction to include existing inventory. He further explained that when builders sell their existing homes and make new housing starts, the same problems would still occur with the next issue and yet builders continue to complain that the Board is not allocating sufficient funds for new housing. Bob Miller stated their complaint was that the Board's income qualifications were too low for a person to qualify for a newly constructed home when construction costs alone are \$55,000 to \$65,000.

PRELIMINARY REPORT BY RESEARCH COMMITTEE

Chairman Groff appointed Paul Johnson to chair the committee with Dan Mizner and Virginia Jellison to assist in the preparation of the housing questionnaire. The committee has drafted a questionnaire to be circulated to all legislators, financial institutions, builders, brokers, local housing authorities and other related housing entities. The committee will meet after the Board meeting to prepare a final questionnaire for distribution.

MULTIFAMILY PROJECTS - PROJECTS UNDER CONSTRUCTION AND THE PROJECTS TO BE CLOSED UNDER THE INTERIM NOTE FINANCING

Herbert George, Multifamily Program Officer, discussed the progress of the projects that are being financed under the Construction Loan Note issue. He also reported on the status of the projects that are near completion that were financed by the 1979 Bond issue. He brought the Board up to date on the default status of Crestwood Inn.

The Green Tree Apartments in Bozeman are now being considered for purchase by the University of Montana. Negotiations are in progress between the University and DHUD. We have heard nothing from Mr. Twomey since his appearance at our last Board meeting.

Mr. Lawrence B. Simons, Assistant Secretary for DHUD and Federal Housing Commissioner and Mrs. Betty Miller, Regional Administrator for HUD in Denver, will appear at a breakfast meeting in Helena and a luncheon meeting in Butte. They will also be attending a ribbon cutting ceremony for Silver Bow Village in Butte. These events will take place on Monday, July 28, 1980.

RENEWAL OF CONTRACTS

The Board reviewed the contract with Sage Advertising for the preparation of our annual report. Lyle Olson stated that the State does now have its own Publications and Graphics Division, however, they are fairly new and Sage Advertising is an enormous help to us in negotiations with printers, etc. After further discussion, it was decided to renew the contract with a remuneration not to exceed \$3,500.00. Upon a motion by Paul Johnson and seconded by Robert James, it was unanimously approved to renew our contract with Sage Advertising.

The contract with the Attorney General's Office, Legal Services Bureau for handling foreclosures was up for renewal. Lyle Olson explained that although they have not yet done any actual foreclosures for us to date, it would be advantageous for the Board to renew the contract in case we needed to utilize their services. Upon a motion by Paul Johnson and seconded by Dan Mizner, it was unanimously approved to renew the contract with the Attorney General's Office.

The Retainer Agreement with David L. Jackson, General Counsel to the Board, for legal services was reviewed. After discussion, it was agreed to increase the hourly rate to \$50.00 from \$45.00. Upon a motion by Dan Mizner and seconded by Robert James, it was unanimously approved to renew the Retainer Agreement, at the increased rate.

SINGLE FAMILY PROGRAM REPORT

Linda M. Forrey, Single Family Program Officer, provided a recap of bonds and notes issued by the Board since March 1977. To date a total of \$220,130,000.00 of single family revenue bonds and \$22,465,000.00 of multifamily bonds and notes have been successfully marketed. As of June 20, 1980, the Board has provided homeownership for 3,812 persons and families of lower income.

Under the 1980 Series A (9-3/4%) Program, the Board has purchased 107 FHA/VA qualified mortgages. A breakdown of each mortgage loan disclosed an overall average of gross income of \$18,046.00; average age of primary mortgagor of 30 years and the average sales price of \$45,350.00. Data presented to the Board also revealed 48% of the loans were distributed to married couples with dependents; 20% to married couples and 32% to single persons. Lenders have reported increased activity of loan applications subsequent to the Board's revision of income limits adopted June 18, 1980.

Mrs. Forrey stated the overall delinquency of the mortgage portfolio, representing 3,812 loans, is 1.9% while the foreclosure percentage is limited to .18%. The foreclosed mortgages represent mortgages originated at 6-7/8% and 7-1/8%.

PRELIMINARY ANNUAL REPORT

Lyle Olson introduced Jack C. Nielson the new Comptroller for the Board of Housing. Mr. Nielson presented the Board with an unaudited, preliminary report on Bond Proceeds.

Mr. Nielson explained the summary shows, for the Single Family Program, the bond issues to date at par, mortgages purchased as of June 30, 1980, investments through June 30, 1980 and their approximate yield, revenues from mortgage interest ending June 30, 1980 and revenues from investment incomes for the past year.

For the Multifamily Program it shows bond note issues to date at par, dollar volume of mortgages as of July 1980, Construction Loans which are still out as of July 1980, investments with their approximate yield, revenues from loan interests in the Program and our revenues from investments from the Program from the past year. A copy of the Bond Proceeds Summary is on file at the Board's office.

He concluded by saying that the Board would have revenues in excess of expenditures this fiscal year of approximately \$5 million.

PRESENTATION BY WASHINGTON BANCSHARES

Lyle E. Olson introduced David Lisaius, Gary Swartout, John Harlow, James Sullivan and Doug Beaudoin from Washington Bancshares Company headquartered in Spokane, Washington. The gentlemen gave an overview of the company and reported they are presently servicing \$52 million worth of Board of Housing mortgages representing approximately 1,000 single family residences in Montana.

David Lisaius, Chairman, told the Board that Bancshares plans to be opening a branch office in Helena within the near future.

James Sullivan mentioned the fact that although their offices are located in the larger cities, in Montana, a majority of their loans are made in rural communities. Gary Swartout indicated Washington Bancshares was interested in participating in the multifamily aspect of the Board's programs.

PRESENTATION BY FIRST BOSTON CORPORATION

Peter Schmitt, First Boston Corporation, presented the Board with a report entitled: Comparison of Selected Single Family State Housing Finance Agency Problems. A discussion ensued on what hazards the Board should be aware of. Mr. Schmitt stated that it was important to protect our cash flow integrity in order to avoid jeopardizing our market entry. Mr. Hayden and Mr. Oitzinger concurred in the opinion that, at this time, it is unadvisable to try to obtain a Composite Ruling from the Internal Revenue Service. This ruling would allow the Board of Housing to aggregate all of their outstanding bonds and calculate a single cost of money or aggregate all of their mortgage loans and calculate a single return.

James Martling, First Boston Corporation, provided a Marketing Analysis for the Board's note issue and 1980 Series A Single Family bond issue. Mr. Martling explained the distribution of total sales of notes and bonds as well as syndicate take down information. A copy of the report is on file at the board's office.

Henry Lanier, First Boston Corporation, presented a Comparison of Programmatic Analysis of Single Family Forward Commitment Programs. This was a comparison of Single Family State Housing Finance Agencies whose programs are similar to Montana's. This report also provided graphs on maximum purchase price as well as income limits. Mr. Lanier concluded by stating that First Boston Corporation would be happy to expand on this report, if the Board so requested.

Michael Boyd, First Boston Corporation, discussed market conditions for the coming year stressing it's continued volatility. Mr. Boyd stated the inter-relationship of the market is of extreme importance. Mr. Boyd concluded by explaining his role in assisting the board with its investment portfolio.

William Hayden, Managing Director of First Boston Corporation, discussed current legislation and its effects on the issuance of bonds. Mr. Hayden stated it was possible to issue bonds through 1980 provided the money was committed to mortgagors in 1981. Another stipulation was, it be made known to the buyer the risk that the bonds could become taxable.

Mr. Hayden made several recommendations to the Board: 1) The staff be given the authority to prepare the necessary documents for the proposed 1980 Series B issue, due to volatile market conditions; 2) First Boston Corporation be given the authority to proceed with the preparation of a report for the next Board meeting with respect to a proposed Loan to Lenders Program; 3) The staff be instructed to survey the lending institutions to determine their interest in this type of a program; and 4) First Boston Corporation and the staff be authorized to work together to prepare an outline for the Board on a Farm Loan Program.

ADOPTION OF RESOLUTIONS

Discussion ensued on William Hayden's recommendations. Upon a motion by Paul Johnson and seconded by Dan Mizner the following resolution hereafter set forth in its entirety was approved by the Board:

RESOLUTION #1

RESOLVED, that the staff, The First Boston Corporation and Jackson, Oitzinger and Murdo are hereby authorized and directed to prepare the documents necessary for a proposed 1980 Series B issue of Single Family Mortgage Bonds.

DATED this 25th day of July, 1980

The Board of Housing discussed, at length, Resolution #2 authorizing bond counsel to prepare documents and prepare a report for the next Board meeting with respect to a Loan to Lenders Program. Resolution #2 was tabled until the next meeting of the Board. However, upon a motion by Paul Johnson and seconded by Bob James, the Board directed the First Boston Corporation to make a presentation of the Loan to Lenders Program at its next meeting. The staff will then circulate a questionnaire to determine the lending institutions interest in this type of a program. Discussion ensued on Resolution #3 and as to whether or not it was within the Board's responsibilities to enter into this type of program. After further discussion, it was decided that although the Board has no definite plans for this type of a program, the information would be useful. Chairman Groff requested a change in the wording in the resolution. The word desirability was changed to feasibility. Upon a motion by Paul Johnson and seconded by Bob James the following resolution hereafter set forth in its entirety was approved by the Board:

RESOLUTION #3

RESOLVED that the staff, The First Boston Corporation and Jackson, Oitzinger & Murdo are hereby authorized to prepare a report for the Board as to the feasibility of a program for making loans for agricultural purposes to be financed through the issuance of revenue bonds.

DATED this 25th day of July, 1980.

APPROVAL OF LENDERS

Upon a motion by Paul Johnson and seconded by Dan Mizner the Board approved Western National Bank in Wolf Point and First Security Bank in Havre as "qualified lending institutions" to participate in the Board's financing programs.

OTHER BUSINESS

Upon a motion by Paul Johnson and seconded by Dan Mizner the Board approved all previous signatures on contracts and mortgage loan documents by Kraig K. Kushar.

David Jackson stated the rule changes have been delivered to the Secretary of State's Office for publication the first week of August.

The next Board meeting will be held in Missoula, at the University Center, on August 25, 1980.

There being no further business, the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

8/25/80
DATED

DEPARTMENT OF ADMINISTRATION
MONTANA BOARD OF HOUSING



THOMAS L. JUDGE, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59601

TENTATIVE AGENDA
BOARD OF HOUSING MEETING
LEWIS ROOM - COLONIAL INN
HELENA, MONTANA 59601

JUNE 18, 1980

- I. CALL MEETING TO ORDER - 9:30 A.M.
- II. APPROVAL OF MINUTES - APRIL 25, 1980
- III. PROPOSAL BY ANDERSON ZURMUELEN
- IV. REVIEW OF INCOME LIMITS
 - A. 1980 SERIES A ISSUE
 - B. PURCHASE PRICE
- V. ADOPTION OF RULES - DAVID L. JACKSON
- VI. APPROVAL OF LENDERS
- VII. PRESENTATION OF PORTFOLIO ANALYSIS PROGRAM -
JOHN DREW, UNITED CALIFORNIA BANK
- VIII. CLARK FORK MANOR
- IX. SECTION VIII
- X. CRESTWOOD INN
- XI. JAMES TWOMEY
- XII. OTHER BUSINESS - APPROVAL OF COMPUTER CONTRACT
AUTHORIZATION OF SIGNATURES

- X. PRESENTATION BY FIRST BOSTON CORPORATION -
1. PENDING FEDERAL LEGISLATION - WILLIAM HAYDEN
 2. SINGLE FAMILY PROGRAM - JIM MARTLING
 3. ANALYSIS OF DISTRIBUTION FOR THE \$50,000,
1980 SERIES A ISSUE - JIM MARTLING
 4. SINGLE FAMILY MORTGAGE PORTFOLIO MANAGEMENT -
PETER SCHMITT
 5. SINGLE FAMILY PROGRAM COMPARISON - HENRY LANIER
 6. THE TAX-EXEMPT MARKET - JIM SCANLON
 7. THE GOVERNMENT MARKET - MIKE BOYD
 8. THE FUTURE DIRECTION OF THE MONTANA BOARD OF
HOUSING - WILLIAM HAYDEN

XI. APPROVAL OF LENDERS

XII. OTHER BUSINESS

XIII. ADJOURN

Board of Housing Meeting
 Lewis Room - Colonial Inn
 Helena, Montana
 June 18, 1980

Roll Call of
 Board Members:

W. A. Groff, Chairman (present)
 Calvin S. Robinson, Vice-Chairman (absent)
 Virginia Jellison, Secretary (present)
 Paul A. Johnson, (present)
 James J. Leary, (present)
 Dan K. Mizner, (present)
 Robert F. James, (absent)

Staff:

Lyle E. Olson, Administrator
 Linda M. Forrey, Single Family Program Officer
 Herbert H. George, Multifamily Program Officer
 Carol A. Hogan, Executive Secretary

Counsel:

David L. Jackson, Jackson, Oitzinger & Murdo
 John J. Oitzinger, Jackson, Oitzinger & Murdo

Underwriters:

Henry D. Lanier, First Boston Corporation

Others:

Brad Newman, Associated Press
 Bill Hanson, United Press International
 Robert Miller, Montana Homebuilders Assn.
 Thomas J. Wester, Helena Homebuilders Assn.
 James Twomey, Mountain Plains Development
 Keith Radabah, Conrad National Bank
 George Anderson, Anderson ZurMuehlen & Company
 David Johnson, Anderson ZurMuehlen & Company
 Harold E. Gerke, Speaker of House-Rep. - Billings
 Ron Lindgren, American Federal Savings & Loan
 David Brown, First Bank Helena
 Cliff Christian, Montana Assn. of Realtors
 Larry Hess, Montana Assn. of Realtors
 Dennis Burr

The meeting was called to order by Chairman Groff at 9:30 a.m. at the Lewis Room in the Colonial Inn, Helena, Montana on June 18, 1980.

The minutes of the meeting held April 25, 1980 were approved as circulated.

PROPOSAL BY ANDERSON ZURMUEHLEN & COMPANY

David Johnson presented an explanation of the proposal by Anderson ZurMuehlen & Company. Both Lyle Olson and William Groff explained the benefits of having a local accounting firm. They also explained that hiring a local accounting firm would no longer affect our bond rating and sales. Upon a motion by Dan Mizner and seconded by Paul Johnson, Anderson ZurMuehlen & Company were hired as our accounting firm.

REVIEW OF INCOME LIMITS

Harold Gerke, Speaker of House of Representatives from Billings, made two recommendations to the Board regarding the last issue. The first was to raise

the income limits to, at least, \$25,000 stating that the maximum sales price had been increased but not the income limits. The second was to reduce or abolish the set-aside for new housing. Or if nothing else to change the commitment date to July from September. Discussion with the Board ensued on any repercussions which could arise from changing the income limits. Mr. Gerke commended the Board for the excellent job it was doing noting the difficulty of the situation.

Bob Miller, Montana Homebuilders Association, passed out a letter to the Board which made recommendations on income limits, sales price, sales and construction time, and sale of existing inventory. He explained the letter stressing the need for builders to get rid of their existing inventories so that builders could make new housing starts. Board member, James Leary, inquired as to what control the Board would maintain if it changed the definition of new construction to include existing inventory. He further explained that when builders sell their existing homes and make new housing starts, the same problems would still occur with the next issue and yet builders continue to complain that the Board is not allocating sufficient funds for new housing. Bob Miller stated their complaint was that the Board's income qualifications were too low for a person to qualify for a newly constructed home when construction costs alone are \$55,000 to \$65,000.

Cliff Christian, Montana Association of Realtors, presented a proposal to the Board on interest subsidy. He went on to explain the reasons for the proposal. He also stated the Board's current qualification standards were unrealistic and should be upgraded. Larry Hess, Montana Association of Realtors, went on to further explain the interest subsidy proposal. Bill Groff expressed interest in the proposal and stated the Board would take it into consideration in the future.

David Brown, First Bank Helena and also a member of the Montana Bankers Association and Real Estate Committee, recommended the Board change its income limits to \$18,500 plus 10% of the gross income and \$2,000 deductible per dependent child. He also recommended a swift reallocation on the 9-3/4% issue. He stated that a very possible reason for banks not requesting reallocation of their funds might be fear of jeopardizing future allocations. He mentioned the possibility of having reached a saturation level in the market.

After lengthy discussion, on its single family program eligibility requirements, upon a motion by Paul Johnson and seconded by Dan Mizner, Resolution 80-0618-6S was unanimously approved:

RESOLUTION 80-0618-6S

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 proceeds of the 1980 Series A issue of Single Family Program Bonds.

2. "Current Gross Annual Income" means the greater of income actually received during the last 12 months or 12 times the current monthly rate of income. "Income" means recurring income dependably available during the period which it is computed, from salary, wages, pensions, social security, welfare payments or any other source, received or estimated to be received by a single person or husband and wife who reside and has a proprietary interest in the same dwelling.

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

- (a) 10% of Current Gross Annual Income;
- (b) \$2,000 for each dependent child.

4. "Lower Income" means Adjusted Annual Income of Eighteen Thousand Five Hundred Dollars (\$18,500) or less; provided, however, that a person or family having gross assets of more than \$50,000 and an excess of assets (other than household goods) over liabilities of more than \$15,000 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 18th day of June, 1980.

This resloution was passed with the stipulation that it would be used only for this issue. This stipulation was approved upon a motion by James Leary and seconded by Paul Johnson.

RESEARCH COMMITTEE

William Groff suggested the Board appoint a committee of three people to research and review the basic philosophy of Congress, what their limitations are, review income limits for future issues and work in inflation factors. Upon a motion by James Leary and seconded by Dan Mizner, William Groff was authorized to appoint the three member committee.

REVIEW OF DEFINITION OF NEW CONSTRUCTION

Discussion ensued on the present definition of new construction. Upon a motion by Dan Mizner and seconded by Virginia Jellison, the definition of new houses will include any new, previously unlied in house regardless of the date of construction.

Virginia Jellison questioned what the Board was planning to do to include people whose income is between the upper Section 8 and the Montana Board of Housing's maximum limits. She suggested another program, to serve those people. A discussion ensued and Virginia suggested this was something for the Board to think about.

ADOPTION OF RULES

Copies of the rule amendments were passed out by David Jackson. He explained what the rule changes entailed. Rule one pertaining to the amount expressed as a percentage of total personal and family income, assets, and other financial resources that can be reasonably devoted to housing needs as defined in information provided by federal housing assistance programs and the private enterprise system. Upon a motion by Dan Mizner and seconded by Virginia Jellison, rule one was unanimously approved.

Rule two pertaining to no person or family qualifying for a loan under the Board's single family program may obtain more than one loan under the Board's programs, provided, however, that a second loan may be approved by the Board if a person or family relocates their principal residence by more than 30 statutory miles, as determined by the shortest highway route on the official Montana highway map in effect at that time. Upon a motion by Paul Johnson and seconded by James Leary, rule two was unanimously approved.

Rule three pertaining to no qualified lending institutions may enter into any written commitments to make mortgage loans to be purchased or financed by the Board with a builder, developer, or real estate agent or broker unless the Board first determines that, due to economic and other conditions prevailing in the area involved, such commitments are made necessary or desirable to provide decent, safe and sanitary housing which is within the capabilities of lower income persons and families. Upon a motion by Dan Mizner and seconded by James Leary, rule three was unanimously approved.

PRESENTATION OF PORTFOLIO ANALYSIS PROGRAM - JOHN DREW, UNITED CALIFORNIA BANK

John Drew, Corporate Trust Officer for United California Bank, commended the Board for the excellent job it was doing. Lyle Olson went on to say that John would be meeting with the staff and accountants to explain all the investment figures we receive from United California Bank.

PROPOSAL BY JAMES TWOMEY

James Twomey of Mountain Plains Development Associates presented the Board with a written proposal. He explained this proposal was to obtain the Board's consent to work with him to explore further with HUD the feasibility and desirability of the Board functioning as a pass through agent for Green Tree Apartments in Bozeman (which is a HUD foreclosed project). He stated that this might possibly include the issuance of bonds to provide for the acquisition and rehabilitation costs, however, this would not be a precondition for the decision.

Herbert George was asked by the Board to give his opinion on the proposed project. Mr. George indicated that he would not recommend to the Board that they act as a pass through agent for this project, at the present time. He went on to state that if Mr. Twomey could come up with a viable program that would satisfy the requirements of HUD and the Board, he would like to take another look at what he presents and then make his recommendations to the Board.

After further discussion, the Board decided to have our legal counsel take a further look at the proposal and to have a staff member telephone Jack Madison, from HUD in Denver, and several other HUD personnel concerning the proposal. The matter will again be taken up at the next Board meeting.

CLARK FORK MANOR

Mr. Herbert George reported that the final endorsement on the Clark Fork Manor's note was accomplished, the project is fully occupied, the loan funds fully dispersed and the loan is current in all respects.

SECTION 8

Mr. George reported that he had been in touch with Mr. Hoagland and that Mr. Hoagland stated he could reasonably say that Montana will receive an allocation of Section 8 set aside, he would not commit himself as to how much. However, he did mention the figure of 150 units but Mr. Hoagland is not authorized to commit HUD to that number. He did indicate that we should know within the next two weeks.

REPORT ON STATUS OF VARIOUS MULTIFAMILY PROJECTS

Mr. Herbert George reported that Rose Park Plaza, Billings, El Dorita Village, Kalispell, Chair III, Whitefish and Cedar View, Malta have all been processed to HUD and have received FNMA take out commitments. He also reported that both Silver Bow Village, Butte and Broadview Manor, Great Falls are 100% complete while Oakwood Village, Havre is 83% complete and Elmwood Village, Great Falls is just starting and is only 10% complete.

CRESTWOOD INN

Mr. Herbert George reported that this project has been having problems since late last year. They are currently in default in the approximate amount of \$50,000. The amount of default will increase to approximately \$70,000 by July. Therefore, Mr. George recommended that we proceed with immediate foreclosure rather than waiting for a buyer and waiting to start foreclosure which would mean an even greater loss. Upon a motion by Dan Mizner and seconded by Virginia Jellison it was unanimously approved to start foreclosure on Crestwood Inn.

MPACS AGREEMENT OF UNDERSTANDING

Mrs. Linda Forrey reported that we currently have approximately 4,000 loans on our books with an additional 1,000 loans for the delivery of the 50 million dollar issue. Mrs. Forrey stated that DCA has requested an increase of \$1.25 per loan for set up for each new loan and \$.25 per loan thereafter. Our computer costs will be approximately \$1,250.00 per month for the next fiscal year. Mrs. Forrey stated she would like to recommend that the Board approve the new contract. Upon a motion by Paul Johnson and seconded by James Leary approval of the MPACS Agreement of Understanding was unanimously approved.

AUTHORIZATION OF SIGNATURES

Lyle Olson explained that Kraig Kushar had previously signed mortgage purchase agreements and other similar documents, however, it was recently discovered without authorization. Therefore, in order to expedite the signing of documents Mr. Olson requested the Board approve Mrs. Linda Forrey and Mr. Jack Nielson as being authorized to sign the necessary papers. Upon a motion by Paul Johnson and seconded by Dan Mizner authorization for Linda Forrey and Jack Nielson to sign the necessary documents was unanimously approved.

APPROVAL OF LENDERS

Upon a motion by Dan Mizner and seconded by Paul Johnson the Board approved First State Bank, Forsyth, First Boulder Valley Bank, Boulder, Lake County Bank, St. Ignatius and Utah Mortgage Company, Billings as "qualified lending institutions" to participate in the Board's financing programs.

OTHER BUSINESS

Lyle Olson stated that Larry Simons, Deputy Director of HUD and Betty Miller, Regional Supervisor of HUD were both invited to come to the meeting, the picnic on Saturday and the dedication of the housing project in Butte which will take place on the following Monday.

The next meeting of the Board was tentatively scheduled for July 25, 1980. There being no further business, the meeting was adjourned upon a motion by James Leary and seconded by Dan Mizner.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

7/25/80
DATED

BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA
JULY 25, 1980

Roll Call of Board Members:

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

Staff:

Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
Jack C. Nielson, Comptroller
Judy R. Gillespie, Accountant
Meredith McGuire, Administrative Assistant
Carol Hogan, Executive Secretary

Counsel:

David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

Underwriters

William Hayden, First Boston Corporation
James Martling, First Boston Corporation
Michael Boyd, First Boston Corporation
Peter Schmitt, First Boston Corporation
Henry D. Lanier, First Boston Corporation

Others:

James Sullivan, Bancshares Mortgage Co.
Doug Beaudoin, Bancshares Mortgage Co.
Gary Swartout, Bancshares Mortgage Co.
John Harlow, Bancshares Mortgage Co.
David Lisaius, Bancshares Mortgage Company
Gary Moes, Associated Press

The meeting was called to order by Chairman Groff at 10:00 a.m. in the Mitchell Building in Room 160, Helena, Montana, on July 25, 1980.

Upon a motion by Paul Johnson and seconded by Bob James the minutes of the June 18, 1980 meeting were approved subject to the following amendment:

Bob Miller stressed the need for builders to eliminate their existing inventories so that builders could make new housing starts. Board member, James Leary, inquired as to what control the Board would maintain if it changed the definition of new construction to include existing inventory. He further explained that when builders sell their existing homes and make new housing starts, the same problems would still occur with the next issue and yet builders continue to complain that the Board is not allocating sufficient funds for new housing. Bob Miller stated their complaint was that the Board's income qualifications were too low for a person to qualify for a newly constructed home when construction costs alone are \$55,000 to \$65,000.

BOARD OF HOUSING MEETING
 FSI PLAZA
 2001 11th Avenue
 Helena, Montana
 April 25, 1980

Roll Call of
 Board Members:

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

Staff:

Lyle E. Olson, Administrator
 Linda M. Forrey, Administrative Assistant
 Carol A. Hogan, Executive Secretary

Counsel:

David L. Jackson, Jackson, Oitzinger & Murdo
 John J. Oitzinger, Jackson, Oitzinger & Murdo

Underwriters:

James Martling, First Boston Corporation
 James Scanlon, First Boston Corporation
 Jay Holt, Hawkins, Delafield & Wood
 Mark Scher, Hawkins, Delafield & Wood
 James Dlugosch, Dain Bosworth
 Bob Sylvester, Piper, Jaffray & Hopwood

Others:

Robert H. Miller, Montana Homebuilders Assn.
 E. John Urwiler, Montana Homebuilders Assn.
 Thomas J. Wester, Helena Homebuilders Assn.
 Steve Evans, Helena Homebuilders Assn.
 Chuck Isely, Security West Dev. Co.
 John Crowley, Security West Dev. Co.
 E. O'Haire, Ed O'Haire Construction Co.
 Bill Hanson, United Press International
 Rob Burnes, KULR

The meeting was called to order by Chairman Groff at 7:30 a.m. at the Board's office, 2001 11th Avenue, Helena, Montana, April 25, 1980.

The minutes of the meeting held April 16, 1980 were approved subject to amendment.

PRESENTATION BY MONTANA HOMEBUILDERS ASSOCIATION

Bob Miller questioned the feasibility of the suggested income limits and the maximum sales price. He stated the income limit may be too low to provide financing for \$55,000 loans. He requested 70% be allocated for written commitments for new construction stressing that the December 31, 1980 deadline would cause builders difficulty in completing their construction and asked that the deadline be extended. The Board discussed his comments but no action was taken.

SALE OF SINGLE FAMILY PROGRAM BONDS

James Martling began by discussing current economic and market conditions and fluctuations.

He discussed the necessity of completing the sale quickly and on very short notice. He commended Lyle and the staff at the Board of Housing for their cooperation.

He went on to explain the sale of the Single Family Program bonds. The proposed gross spread on the financing is \$20.00 per thousand. The coupon rate is 8.9165, the net interest yield is 9.12% allowing the establishment of the mortgage interest rate at 9-3/4%. Mr. Martling also presented the Board with a marketing analysis of the 100 million dollar issue, explained it briefly and stated all future issues would have similar documents which are very useful as reference material. Jim Scanlon, First Boston Corporation, was introduced to the meeting and gave a brief presentation on how the bonds were sold.

APPROVAL OF LENDERS

Upon a motion by Robert James and seconded by James Leary, the Board approved Miners Bank, Butte, Montana, United National Bank, Libby, Montana, Roger Post and Company, Kalispell, Montana and Valley Bank, Helena as "qualified lending institutions" to participate in the Board's financing programs.

SINGLE FAMILY PROGRAM MODIFICATIONS

The Board discussed adjustments to its single family program eligibility requirements. Several recommendations were made with respect to the asset limitation and deductions for dependent children. Bob James recommended the deduction for a dependent child be raised to \$1,500.00. Upon a motion by Bob James and seconded by Dan Mizner Resolution 0425-4S was unanimously approved, as amended:

RESOLUTION 80-9425-4S

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 Income" means the greater of income actually received during the last 12 months or 12 times the current monthly rate of income. "Income" means recurring income dependably available during the period 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). \$1,500 for a spouse;
 - (b). \$1,500 for each dependent child.
4. "Lower Income" means Adjusted Annual Income of Eighteen Thousand Five Hundred Dollars (\$18,500) or less; provided, however, that a person or family having gross assets of more than \$50,000 and an excess of assets (other than household goods) over liabilities of more than \$15,000 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 25th day of April, 1980.

APPROVAL OF PROGRAM DOCUMENTS

John Oitzinger presented a summary of the program documents, Official Statement, Trust Indenture, Supplemental Trust Indenture, Bond Purchase Agreement and the Mortgage Purchase Agreement, relating to the Single Family Program Bond issue.

Mr. Oitzinger stated that there was a slight difference in the Bond Purchase Agreement, in that, due to the rapid pace of the deal the rating has been applied for and the deal is subject to a double A rating from Moody's. Previously the rating has been established prior to the sale.

The Mortgage Purchase Agreement states that the lenders have to issue commitments to mortgagors by September 5, 1980 and to deliver them to the Board no later than December 31, 1980. The Board has the power to reallocate the commitments among lenders if the September 5, 1980 deadline is not met.

The maximum sales price was discussed. It was noted that HUD classifies Billings and Great Falls as metropolitan areas and the Board, in trying to retain some continuity, also allowed these areas a higher sales price of \$60,000 rather than the standard \$55,000 sales price. The bond closing date is scheduled for May 22, 1980 at 10:00 a.m. in New York.

Lyle Olson explained how the commitments to the lenders were allocated. He stated that they took into consideration all issues and the amount taken since the inception of our programs and arrived at a percentage point. He then took this percentage point and applied that percentage to the \$42 million.

After further discussion, upon a motion by Virginia Jellison and seconded by James Leary Resolution 0425-5S was unanimously approved.

RESOLUTION 80-0425-5S

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A 1980 SERIES A SUPPLEMENTAL TRUST INDENTURE, A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT AND THE ISSUANCE AND SALE OF \$50,000,000 SINGLE FAMILY PROGRAM BONDS, 1980 SERIES A (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS), 1980 SERIES A, PURSUANT TO THE AFORESAID DOCUMENTS, APPROVAL OF A MORTGAGE PURCHASE AGREEMENT AND ALLOCATIONS TO LENDERS AND OTHER MATTERS RELATING TO THE FOREGOING.

BE IT RESOLVED by the Montana Board of Hosuing (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 Hosuing Act of 1975, Sections 90-6-101 through 90-6-126, inclusive, Montana Code Annotated, as amended.

(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 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 a form Servicing Agreement relating to the Single Family Program and authorized the execution of document with lenders throughout the State.

(D) Pursuant to a Trust Indenture, dated as of August 16, 1979 (the "Trust Indenture"), a copy of which has been presented to this meeting, the Board authorized 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; assigned and pledged to the Trustee thereunder all right, title and interest of the Board to all mortgages, revenues and other moneys and investments listed therein; established certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; set the minimum requirements for the Mortgage Loans to be acquired under the Trust Indenture; specified the terms and conditions for the issuance of any series of Bonds; and established other provisions which are required by the Act of 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 1980 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of April 25, 1980, 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 \$50,000,000 aggregate principal amount of its Single Family Program Bonds, 1980 Series A (Federally Insured or Guaranteed Mortgage Loans) (the "1980 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 1980 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 April 25, 1980, 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 1980 Series A Bonds and others by a group of investment dealers and bankers represented by The First Boston Corporation, Dain, Bosworth, Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. (the "Underwriters").

(G) Pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated April 25, 1980, 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 1980 Series A Bonds at the price and upon the terms and conditions therein set forth.

(H) Pursuant to Mortgage Purchase Agreements (the "Mortgage Purchase Agreement") a form of which has been presented to this meeting and reviewed to the extent necessary, the Board agrees to purchase forward commitment mortgage loans from the lending institutions set forth on Schedule 1 annexed to this resolution in the amounts set forth opposite their names on such Schedule on the terms and conditions set forth in the Mortgage Purchase Agreement.

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, 1980 Series A (Federally Insured or 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 ratified and approved in the form executed by the Chairman of the Board as of August 16, 1979.

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 5.03 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 \$50,000,000 Single Family Program Bonds, 1980 Series A (Federally Insured or Guaranteed Mortgage Loans) is hereby approved. The 1980 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 1980 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 1980 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 or the Treasurer 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 1980 Series A Bonds. One of such signatures may be in facsimile. Coupons representing interest attached to coupon 1980 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 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 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 1980 Series A Bonds are hereby sold to the Underwriters at the price, which results in a net effective interest rate to the Board of less than 9% per annum, 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 \$500,000 as a good faith deposit and an executed counterpart of the Bond Purchase Agreement.

Section 8. The Mortgage 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 Administrative Director and any other officer of the Board is hereby authorized and directed to execute and deliver the Mortgage Purchase Agreements with such changes, insertions or omissions therein as do not change the substance of the Mortgage Purchase Agreement and as may be approved by such officer, such approval to be evidenced conclusively by such execution of the Mortgage Purchase Agreements with each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Program for an amount of forward commitment mortgage loans set forth opposite the name of such lending institution on Schedule 1 and the

Administrative Director is hereby further authorized to reallocate any of such commitments, if any, which are not accepted by particular lending institutions.

Section 9. All action previously taken by the officers, Members or staff of the Board with respect to the Single Family 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 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, 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 12. 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 1980 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 13. Marine Midland Bank, New York, New York is hereby appointed as Paying Agent for the 1980 Series A Bonds.

Section 14. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 25th day of April, 1980.

OTHER BUSINESS

Bob Miller again stressed the constraints the December 31, 1980 deadline would put upon builders and asked, if at all possible, for an extension of this deadline date.

William Groff questioned how the 9-3/4% figure had been arrived at. James Martling stated that it was true that this figure was thin, a break-even figure. He did remind the Board that this was one-half of a two part financing, and that our average still was 120.

Bill Groff stated the necessity of sending out a very strong letter to the lenders regarding written commitments to real estate agents and our unfavorable outlook on the matter.

Linda M. Forrey, who has served on the Board staff since February, 1976, was appointed Program and Operations Director for the Board's Single Family Program at this meeting.

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

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison

VIRGINIA JELLISON, SECRETARY TO THE BOARD

6/18/80

Dated

DEPARTMENT OF ADMINISTRATION
MONTANA BOARD OF HOUSING



THOMAS L. JUDGE, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59601

AGENDA
BOARD OF HOUSING MEETING
2001 11TH AVENUE - FSI PLAZA
HELENA, MONTANA 59601

APRIL 16, 1980

- I. CALL MEETING TO ORDER - 9:30 A.M.
- II. APPROVAL OF AMENDED MINUTES - FEBRUARY 27, 1980
- III. SALE OF 1980 SERIES A CONSTRUCTION LOAN NOTES -
JAMES MARTLING
- IV. RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION
OF THE TRUST INDENTURE, OFFICIAL STATEMENT, NOTE
PURCHASE AGREEMENT AND OTHER DOCUMENTS RELATING TO
THE FOREGOING - JOHN OITZINGER
- V. MOTION TO PROCEED WITH SINGLE FAMILY MORTGAGE
PROGRAM UNDER TRANSITION RULES
- VI. OTHER BUSINESS
- VII. ADJOURN

BOARD OF HOUSING MEETING
 FSI PLAZA
 2001 11th Avenue
 Helena, Montana
 April 16, 1980

Roll Call Of
 Board Members:

W.A. Groff, Chairman (present)
 Calvin S. Robinson, Vice-Chairman (absent)
 Virginia Jellison, Secretary (present)
 Paul A. Johnson, (absent)
 James J. Leary, (present)
 Dan K. Mizner, (present)
 Robert F. James, (absent)

Staff:

Lyle E. Olson, Administrator
 Herbert H. George, Multifamily Program Officer
 Linda M. Forrey, Administrative Assistant
 Carol A. Hogan, Executive Secretary

Counsel:

David L. Jackson, Jackson, Oitzinger & Murdo
 John J. Oitzinger, Jackson, Oitzinger & Murdo

Underwriters:

James Martling, First Boston Corporation
 Diane Reitano, Hawkins, Delafield & Wood

Others:

David Lewis, Department of Administration
 E. John Urwiler, Missoula Housing Authority
 Emil E. Baar, First Trust Company of Montana
 Bill Hanson, United Press International
 Don Short, First Trust Company of Montana

The meeting was called to order by Chairman Groff at 9:30 a.m. at the Board's office at 2001 11th Avenue, Helena, Montana, April 16, 1980. The minutes of the meeting held February 27, 1980 were approved as circulated.

Sale of Construction Loan Notes

James Martling began by discussing current economic and market conditions and fluctuations. He went on to explain the sale of the Construction Loan Notes. He stated the gross spread proposed is substantially less than for a single family bond issue due to the smaller size of the issue. The proposed gross spread is 8.15, the financing is \$13,00 per thousand. The coupon rate is 8.15, the net interest yield is 8.87 and the construction loan rate to the developers is 11%. A discussion on the economy ensued.

Jim Martling stated that there was a 5% contingency fund to cover any legitimate increases in the mortgage amounts for the projects that are approved by HUD and the Montana Board of Housing. Herbert George explained that this would be adequate to cover any expenses that may be necessary due to unforeseeable increases that may occur.

John Oitzinger presented a summary of the program documents, Official Statement, Trust Indenture and the Note Purchase Agreement, relating to the Construction Loan Note issue. Mr. Oitzinger stated that the Trust Indenture was a closed end indenture and no further notes would be issued under this document.

The Board members were presented with a statement of the Cost of Issuance for the Construction Loan Note issue. After discussion of the documents the following resolution hereby set forth at length was unanimously approved upon a motion by Dan Mizner and seconded by Virginia Jellison.

RESOLUTION 80-0416-2M

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF ITS CONSTRUCTION LOAN NOTES, FIRST 1980 SERIES APPROVING AND AUTHORIZING THE EXECUTION OF A TRUST INDENTURE, A NOTE PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, ALL RELATING TO SAID NOTES, 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 Construction Loan Notes pursuant to the Montana Housing Act of 1975, as amended, constituting Sections 90-6-101 through 90-5-126 inclusive, Montana Code Annotated (the "Act").

(B) The proceeds of the Notes will be used by the Board for the primary purpose of acquiring Construction 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 February 27, 1980, the Board adopted and authorized the execution of a Construction Loan agreement with respect to the purchase by the Board of five Construction Loans to be originated by several mortgage companies, and assigned to banks having offices in the State for sale to the Board.

(D) Pursuant to a Trust Indenture, dated as of April 16, 1980, (the "Indenture"), by and between the Board and First Trust Company of Montana, Helena, Montana, as Trustee ("Trustee"), the Board authorizes the issuance of \$8,940,000 principal amount of Construction Loan Notes, First 1980 Series (the "Notes"), subject to the terms, conditions and limitations established in the Indenture authorizing the issuance of the Notes; assigns and pledges to the Trustee all right, title and interest of the Board to all Construction Loans, revenues and other moneys and investments listed therein; establishes certain Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; sets the minimum requirements for the Construction Loans to be acquired under the Indentures; specifies the terms and conditions for the issuance of the Notes; 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 Notes.

(E) An Official Statement (the "Official Statement"), to be dated April 16, 1980, 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 Indenture, and the Notes, will be given to the purchasers of the Notes

will be given to the purchases of the Notes on behalf of the Board by a group of investment dealers and bankers represented by the First Boston Corporation; Dain, Bosworth, Incorporated; Piper, Jaffray & Hopwood Incorporated and D.A. Davidson and Company (the "Underwriters").

(F) Pursuant to a Note Purchase Agreement (the "Note Purchase Agreement"), dated April 16, 1980, 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 Notes at the price and upon the terms and conditions therein set forth.

Section 2. 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 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 Treasurer, the Secretary or any other Officer of the Board is hereby authorized and directed to attest thereto.

Section 3. The issuance of the Board's \$8,940,000 Construction Loan Notes, First 1980 Series is hereby approved. The Notes shall mature, bear interest, and have the other terms and provisions as set forth in the Indenture. The Notes shall be prepared in substantially the form set forth in the Indenture, with such additions, omissions and changes as are required or permitted by the Indenture. The Notes 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 Notes. One of such signatures may be in facsimile. Coupons representing interest attached to the Notes shall be executed by the facsimile signature of the Chairman of the Board.

Section 4. 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 5. The Note 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 Note Purchase Agreement with such changes, insertions or omissions therein as do not change the substance of the Note Purchase Agreement and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Note Purchase Agreement. The Notes are hereby sold to the Underwriters at the price and upon the terms and conditions specified in the Note Purchase Agreement.

Section 6. All action previously taken by the officers, members or staff of the Board with respect to the Indenture, the Preliminary Official Statement, the Official Statement, the Note Purchase Agreement, and the Notes are hereby approved confirmed and ratified.

Section 7. In the event of the absence or desirability of the Chairman, the Vice Chairman or any 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. The execution of such documents by such Member shall be conclusive evidence of his or her authority to so act.

Section 8. 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 Indenture, and the Note 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 Indenture) for such purpose.

Section 9. 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 Notes 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 10. The Citibank, N.A., New York, New York, is hereby appointed as Paying Agent for the Notes.

Section 11. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 16th day of April, 1980.

RESOLUTION TO PROCEED WITH SINGLE FAMILY PROGRAM UNDER TRANSITION RULES

Chairman Groff asked that the Board review Resolution 80-0416-3S authorizing the Chairman and staff to negotiate the terms and conditions of the Single Family Program funds in the amount of 50 million dollars with the underwriters.

Chairman Groff explained should the tax-exempt bond market become attractive for investors to purchase the Board's bonds it would be in a position to take immediate action to provide financial assistance for persons and families of lower income.

A discussion centered on the proposed rule changes followed. Bill Groff suggested that the first two rule changes, relating to assets and the thirty mile limit, be adopted. Upon a motion by Dan Mizner and seconded by Virginia Jellison the Board adopted the first two rule changes relating to assets and financial resources and that no person or family qualifying for a loan under the Board's single family program may obtain more than one loan under the Board's programs unless the person or family relocates their primary residence by more than thirty statutory miles. The motion to adopt the rule changes was approved subject to confirmation by Paul Johnson, Calvin Robinson and Robert James. The third rule, regarding written commitments, will be taken up at a special meeting at which attendance by Paul Johnson, Robert James and James Leary is requested.

After discussion of the \$50,000,000 bonds for the Single Family Program, the following resolution hereby set forth at length was unanimously approved upon a motion by Dan Mizner and seconded by James Leary.

RESOLUTION 80-0416-3S

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING A PRELIMINARY OFFICIAL STATEMENT AND NEGOTIATIONS FOR AN OFFERING OF \$50,000,000 BONDS FOR THE SINGLE FAMILY PROGRAM

WHEREAS, the passage of H.R. 5741 by the U.S. House of Representatives permits an issue of \$50,000,000 of additional Single Family Program bonds;

WHEREAS, market conditions for single family mortgage bonds have improved recently and may further improve to the point that such an issue is desirable;

WHEREAS, the Board wishes to take all steps necessary to prepare for a favorable time in the market so as to make funds available for mortgages at rates which persons of lower income can afford.

NOW, THEREFORE, be it resolved by the Montana Board of Housing, (the "Board") as follows:

Section 1. A Preliminary Official Statement in substantially the form of the Official Statement dated August 16, 1979 and containing such amendments and updating of information as the officers 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, 1980 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 such date as may be designated.

Section 3. The officers of the Board are hereby authorized to prepare program documents including a Mortgage Purchase Agreement and Servicing Agreement and to take such further action as they consider necessary to effectuate the intent of the Resolution.

ADOPTED by the Montana Board of Housing the 16th day of April, 1980.

OTHER BUSINESS

The Board discussed and agreed that a better method for arranging Board meetings should be undertaken. They noted the difficulty in finding a day when all the Board members were available, however, they requested that Bill Groff and Lyle Olson try to make improvements on the current system.

James Martling, on behalf of the underwriters, commended Herbert George, noting that this was a new type of financing and a very difficult market, for the fine job he did when working with the developers.

1979 SERIES A COMMITMENT BALANCE REPORT

With respect to the 1979 Series A Single Family Program, Linda Forrey reported on unused commitment balances as of March 20, 1980. She stated that the Board has purchased 68 million. 90% or \$78,750,000 of the aggregate commitments accepted must be committed by June 6, 1980 to comply with the Addendum to the Mortgage

CERTIFIED TO BE TRUE AND CORRECT:

DATED: 4/25/80

Virginia Jellison
Secretary to the Board



MONTANA BOARD OF HOUSING

CAPITOL STATION
HELENA, MONTANA 59601

TELEPHONE:
(406) 449-3040

BOARD OF HOUSING MEETING
2001 11TH AVENUE - FSI PLAZA
HELENA, MONTANA

FEBRUARY 27, 1980

- I. CALL MEETING TO ORDER - 9:30 A.M.
- II. APPROVAL OF MINUTES - JANUARY 4, 1980
- III. INTRODUCTION OF TAX EXEMPT NOTE ISSUE - JAMES MARTLING
- IV. PRESENTATION OF MULTIFAMILY PROGRAM DOCUMENTS - JOHN OITZINGER
- V. SECTION 8 ALLOCATION - HERBERT GEORGE
- VI. FEDERAL LEGISLATION - LYLE OLSON
- VII. PUBLIC HEARING - MARCH 6, 1980
- VIII. APPROVAL OF LENDERS
- IX. FINANCIAL REPORT - DECEMBER 31, 1979
- X. OTHER BUSINESS
- XI. ADJOURN

Board of Housing Meeting
FSI Plaza
2001 11th Avenue
Helena, Montana
February 27, 1980

Roll Call of
Board Members:

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

Staff:

Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Kraig K. Kusher, Program & Operations Officer
Linda M. Forrey, Administrative Assistant
Carol A. Hogan, Executive Secretary

Counsel:

David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

Underwriters:

James Martling, First Boston Corporation
Henry Lanier, First Boston Corporation
Dave Stanton, Dain Bosworth

The meeting was called to order by Chairman Groff at 9:40 a.m. at the Board's Office, 2001 11th Avenue, Helena, Montana, February 27, 1980. The minutes of the meeting held January 4, 1980 were approved as circulated.

Construction Loan Note Program

James Martling introduced the Board to an alternative financing vehicle to provide construction financing for five multi-family housing projects in the state. Current market rates of long-term bonds are too high to provide permanent financing for the proposed projects. Under the Construction Loan Note structure, Mr. Martling suggested the Board sell two-year construction loan notes of approximately \$8.9 million to provide the short-term construction financing. At the 9-12 month completion of construction, a federal agency would provide a 40-year mortgage for each project and repay the Board for funds disbursed during the construction period. The Board would reinvest the money and use it to retire the notes at the end of the two-year term. Mr. Martling outlined numerous safety factors incorporated into the financing package to protect the Board. John Oitzinger presented the basic program documents that will be executed by the mortgage bankers and builders/sponsors of the projects. After review of the Construction Loan Agreement, Regulatory Agreement and the draft Trust Indenture, the staff and underwriters were authorized to proceed with the multifamily note program upon a motion by Bob James and seconded by Virginia Jellison. Upon a request by James Leary, the underwriters shall provide a letter to the Board reflecting the approximate cost of issuance and underwriters' discount prior to the sale of the CLNs. John Oitzinger presented the Preliminary Official Statement indicated its similarity to previous POS. The document has been reduced somewhat because it is a note issue. Upon a motion by Dan Mizner and seconded by Virginia Jellison the following resolution hereafter set forth in its entirety was unanimously approved by the Board:

RESOLUTION 80-0227-1M

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A CONSTRUCTION LOAN AGREEMENT, TRUST INDENTURE, AND REGULATORY AGREEMENT, RELATING TO THE CONSTRUCTION LOAN NOTE PROGRAM AND OTHER MATTERS RELATING TO THE FOREGOING.

WHEREAS, the Board tentatively approved on February 27, 1980, the purchase of certain multi-family mortgage loans originated by mortgage banking companies relating to the projects identified on Page 14 of the Preliminary Official Statement dated February 29, 1980; and

WHEREAS, the Board further authorized The First Boston Corporation to proceed with the preparation of the necessary documents for note issue to finance the purchase of such mortgages; and

WHEREAS, the Board wishes to take certain further action preparatory to approving the sale of notes 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 February 29, 1980, 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 Construction Loan Notes, 1980 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 April 16, 1980, or such other date as may be designated.

Section 3. The form of Construction Loan Agreement proposed to be entered into between the mortgage banking companies 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 27th day of February, 1980.

Section 8 Set Aside

Mr. Herbert George reported he met with HUD Denver officials and a Washington, D.C. Congressional delegation relative to the Board's application for a set aside of 250 units. Mr. George stated he is optimistic the Board will receive the requested set-aside.

The Crestwood Inn project located in Sidney, Montana is in default, however, the project has 69% occupancy at the present time. Mr. George is keeping a close surveillance of the project to protect the Board's insurance.

With respect to the Elmwood project located in Great Falls, Montana, the original mortgage amount of \$489,600 was increased to \$576,000 upon a motion by Dan Mizner and seconded by Virginia Jellison. Mr. George explained the mortgage increase was necessary due to inflationary factors.

Other Business

Mr. Lyle Olson reported the attempt to attach the Ullman bill to the Windfall Profits Tax legislation has been rejected by the Senate Conference Committee and sent back to the House and should be considered within the next few weeks.

The public hearing on proposed rule changes has been scheduled for March 6, 1980 at the SRS Auditorium, Helena, Montana commencing at 10:00 a.m.. Lyle Olson has been designated by the Board to act as the hearing officer.

Mr. Olson circulated copies of Anderson ZurMuehlen's letter recommending the Board employ an in-house comptroller due to the increased volume of mortgage transactions and complexity of the mortgage and bond accounting exception conditions. Turn-around computer time was also discussed and Mr. Olson will meet with the Department of Administration, Department of Community Affairs, underwriters and trustees to resolve the problem.

The audited examination of financial statements for the period ending December 31, 1979 was circulated to the Board. The total fund balances reflect \$5,190,196.

Approval of Lenders

Upon a motion by Dan Mizner, seconded by Virginia Jellison, the Board approved Mellon National Mortgage Company, Denver, Colorado and SIMCO, Portland, Oregon, to service the proposed multifamily projects to be financed by the Board under the CLN program.

Garfield County Bank, Jordan, Montana, Pioneer Bank, Billings, Montana, and Fidelity Savings & Loan Association, Great Falls, Montana were approved as qualified lending institutions to participate in future financing programs upon a motion by Dan Mizner and seconded by Virginia Jellison.

Delinquent Loans

Mr. Kraig Kushar reported 25 loans of 2,961 owned by the Board are three months or more delinquent. Five of those twenty-five loans are in foreclosure or .1 of 1%. Three loans have gone to trustee sale with the Board experiencing no loss.

Student Aid Loan Proposal

Chairman Groff asked the Board to consider implementing the student aid loan program. The Department of Administration and the University of Montana has requested the Board bid on the student loan proposition in which the Board would act as the accounting entity. Upon a motion by Dan Mizner and seconded by Virginia Jellison, the staff was authorized to proceed with negotiations and a written proposal to the Board of Regents.

Substantial Rehabilitation Program

Ms. Virginia Jellison asked the Board to consider the feasibility of financing substantial rehab projects. Ms. Jellison expressed a need for this type of financing in the Missoula area. Chairman Groff requested the staff to pursue the request with the underwriters for discussion at the next meeting of the Board.

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

VIRGINIA JELLISON, SECRETARY TO THE BOARD

4/16/80

DATED

BOARD OF HOUSING MEETING
 FSI PLAZA
 2001 11th Avenue
 Helena, Montana
 April 16, 1980

Roll Call Of
 Board Members:

W.A. Groff, Chairman (present)
 Calvin S. Robinson, Vice-Chairman (absent)
 Virginia Jellison, Secretary (present)
 Paul A. Johnson, (absent)
 James J. Leary, (present)
 Dan K. Mizner, (present)
 Robert F. James, (absent)

Staff:

Lyle E. Olson, Administrator
 Herbert H. George, Multifamily Program Officer
 Linda M. Forrey, Administrative Assistant
 Carol A. Hogan, Executive Secretary

Counsel:

David L. Jackson, Jackson, Oitzinger & Murdo
 John J. Oitzinger, Jackson, Oitzinger & Murdo

Underwriters:

James Martling, First Boston Corporation
 Diane Reitano, Hawkins, Delafield & Wood

Others:

David Lewis, Department of Administration
 E. John Urwiler, Missoula Housing Authority
 Emil E. Baar, First Trust Company of Montana
 Bill Hanson, United Press International
 Don Short, First Trust Company of Montana

The meeting was called to order by Chairman Groff at 9:30 a.m. at the Board's office at 2001 11th Avenue, Helena, Montana, April 16, 1980. The minutes of the meeting held February 27, 1980 were approved as circulated.

Sale of Construction Loan Notes

James Martling began by discussing current economic and market conditions and fluctuations. He went on to explain the sale of the Construction Loan Notes. He stated the gross spread proposed is substantially less than for a single family bond issue due to the smaller size of the issue. The proposed gross spread is 8.15, the financing is \$13,00 per thousand. The coupon rate is 8.15, the net interest yield is 8.87 and the construction loan rate to the developers is 11%. A discussion on the economy ensued.

Jim Martling stated that there was a 5% contingency fund to cover any legitimate increases in the mortgage amounts for the projects that are approved by HUD and the Montana Board of Housing. Herbert George explained that this would be adequate to cover any expenses that may be necessary due to unforeseeable increases that may occur.

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)

Staff:

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.

Multifamily Program Update

Mr. Herbert George reported that the (1) El Dorita Village, a 36 Section 8 assisted unit project in Kalispell, (2) the Rose Park Plaza, a 112-unit project in Billings, (3) Greenwood Plaza, a 50-unit project in Bozeman, (4) Cedar View a 48-unit project in Malta, and (5) Chair III, a 32-unit project in Whitefish remain in the processing stages. The sponsors continue to express interest in Board of Housing financing for these projects. Mr. George stated that a total bond issue of \$8,613,000 would be required to finance the proposed projects exclusive of the Twin Bridges project.

Mr. George met with HUD Denver officials December 20, 1979 relative to Section 8 allocations in 1980. There will be no formal notification of fund availability, however, Mr. George applied for 250 Section 8 assisted units on behalf of the Board for the state of Montana.

CSHA Conference

Mr. Lyle Olson and Chairman William Groff attended the annual Conference of State Housing Agencies in San Diego, California, December 8-12, 1979. Discussion primarily centered on the pending legislation in Congress halting the issuance of tax-free revenue bonds to finance single family housing. Mr. Olson urged the Board to support the Williams bill exempting state housing authorities.

John Snyder Loan Request

John Snyder presented an appeal to the Board in an attempt to have them reverse a staff decision regarding his ineligibility to participate in the Board's single family program. Questions arose regarding income eligibility and interpretation of what constitutes a refinanced loan. Upon a motion by Dan Mizner and seconded by Virginia Jellison, the Board approved of the staff's recommendation to deny the loan request.

Legislative Audit

Chairman Groff recommended correspondence be directed to Mr. Morris Brusett, Legislative Auditor, requesting an audit of the internal operation of the Board. Upon a motion by Dan Mizner and seconded by Paul Johnson, the Board instructed the staff to request a performance audit by the Legislative Auditor. The motion was called to a vote and unanimously approved.

There being no further business the meeting adjourned at 11:15 a.m.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison

VIRGINIA JELLISON, SECRETARY TO THE BOARD

DATED 2/27/80

Board of Housing Meeting
FSI Plaza
2001 11th Avenue
Helena, Montana
February 27, 1980

Roll Call of

Board Members:

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

Staff:

Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Kraig K. Kusher, Program & Operations Officer
Linda M. Forrey, Administrative Assistant
Carol A. Hogan, Executive Secretary

Counsel:

David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

Underwriters:

James Martling, First Boston Corporation
Henry Lanier, First Boston Corporation
Dave Stanton, Dain Bosworth

The meeting was called to order by Chairman Groff at 9:40 a.m. at the Board's Office, 2001 11th Avenue, Helena, Montana, February 27, 1980. The minutes of the meeting held January 4, 1980 were approved as circulated.

Construction Loan Note Program

James Martling introduced the Board to an alternative financing vehicle to provide construction financing for five multi-family housing projects in the state. Current market rates of long-term bonds are too high to provide permanent financing for the proposed projects. Under the Construction Loan Note structure, Mr. Martling suggested the Board sell two-year construction loan notes of approximately \$8.9 million to provide the short-term construction financing. At the 9-12 month completion of construction, a federal agency would provide a 40-year mortgage for each project and repay the Board for funds disbursed during the construction period. The Board would reinvest the money and use it to retire the notes at the end of the two-year term. Mr. Martling outlined numerous safety factors incorporated into the financing package to protect the Board. John Oitzinger presented the basic program documents that will be executed by the mortgage bankers and builders/sponsors of the projects. After review of the Construction Loan Agreement, Regulatory Agreement and the draft Trust Indenture, the staff and underwriters were authorized to proceed with the multifamily note program upon a motion by Bob James and seconded by Virginia Jellison. Upon a request by James Leary, the underwriters shall provide a letter to the Board reflecting the approximate cost of issuance and underwriters' discount prior to the sale of the CLNs. John Oitzinger presented the Preliminary Official Statement indicated its similarity to previous POS. The document has been reduced somewhat because it is a note issue. Upon a motion by Dan Mizner and seconded by Virginia Jellison the following resolution hereafter set forth in its entirety was unanimously approved by the Board:

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
1424 NINTH AVENUE
HELENA, MONTANA
NOVEMBER 23, 1981

- I. CALL MEETING TO ORDER - 8:30 A.M.
- II. APPROVAL OF MINUTES - OCTOBER 29, 1981
- III. MARKETING AND SALE OF SINGLE FAMILY BONDS
HENRY LANIER - FIRST BOSTON
- IV. PRESENTATION AND APPROVAL OF PROGRAM DOCUMENTS
JOHN OITZINGER
- V. AUTHORIZATION TO MAIL DOCUMENTS
JOHN OITZINGER
- VI. AUTHORIZATION TO MAIL PRELIMINARY OFFICIAL STATEMENT
JOHN OITZINGER
- VII. AUTHORIZATION TO ENTER INTO INVESTMENT CONTRACT
HENRY LANIER
- VIII. APPROVAL OF LENDERS
- IX. OTHER BUSINESS
- X. ADJOURN

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
NOVEMBER 23, 1981

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (present)
Virginia Jellison (present)
James J. Leary (absent)
Joan Bennett (present)
Bruce Moerer (present)
Thomas Battershell (present)
Michael J. Kennedy, Jr. (present)

STAFF:

Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Meredith McGuire, Administrative Assistant
Dave Kraft, Comptroller
Nita Routzahn, Executive Secretary

COUNSEL:

David Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

UNDERWRITERS:

Henry D. Lanier, First Boston Corporation
James Dlugosch, Dain Bosworth

OTHERS:

Governor Ted Schwinden, Governor of Montana
Gary Buchanan, Director, Department of Commerce
Wallace Olsen, Administrator, Department of Commerce
Jeff Cochran, Governor's Office
Mark B. Lindsay, Hamlin Construction & Development Co.
James F. Lechner, Montana Home Builders Association
Ron Egeland, Builder

The meeting was called to order by Chairman William Groff at 8:30 a.m. in the Department of Commerce Conference Room in Helena, Montana.

Upon a motion by Michael Kennedy and seconded by Bruce Moerer the minutes of the October 29, 1981 meeting were approved subject to the following amendment to Resolution No. 81-1029-8S, and shall be effective from the date of recording in the office of the County Clerk and Recorder and until a resolution rescinding this authority is recorded with the county clerk and recorder.

The Honorable Ted Schwinden, Governor of the State of Montana attended the meeting briefly, to offer encouragement in going ahead with this bond issue.

MARKETING AND SALE OF SINGLE FAMILY BONDS

Henry Lanier, First Boston Corporation, reported that a financing has been structured for \$75,000,000 and with the Board's approval, is ready to be mailed to the investors along with the Official Statement and other documents. Mr. Olson, Mrs. Forrey, Chairman William Groff and John Oitzinger, Counsel, will meet with the rating agencies in New York on Wednesday, November 25, 1981. Appointments have been made with Moody's and Standard & Poor's in New York. He stated that when this has been accomplished the Board will wait until the market is right to sell the bonds.

PRESENTATION AND APPROVAL OF PROGRAM DOCUMENTS

John Oitzinger presented a summary of the program documents relating to the Single Family Program Bond issue. He stated that the Mortgage Purchase Agreement and the Servicing Agreement have been revised to take the new regulations into consideration. Mr. Oitzinger explained that the most important change in the regulations is that the Board is now entitled to rely on an affidavit from the proposed borrowers with respect to certain facts as to their eligibility to participate in the program.

Linda Forrey reviewed the tentative commitments that the mortgage lenders have requested for use in their areas. She explained that upon the Board's approval of the documents, we will ask the lenders for a final and formal commitment request. This will be based on a 12½% mortgage amortized over 20 years.

Mr. Oitzinger proceeded to discuss the Preliminary Official Statement. He stated that this document is used to go to prospective investors and describes how the Board is constituted, descriptions of Board members and Board staff, financial history of the Board and a specific description of the program that will be supporting this bond issue. Copies of the Program Guide were distributed to the Board members and Mr. Oitzinger explained that this is a kind of compliance manual for the lenders, providing examples, forms, etc.. The Program Guide does not need approval.

AUTHORIZATION TO ENTER INTO INVESTMENT CONTRACT

Henry Lanier informed the Board that before the bonds are delivered to First Boston Corporation, a certificate must be delivered to the trustee that projects sufficient revenues to cover the scheduled debt service. Mr. Lanier explained that each six months the interest is paid out in debt service; it comes in monthly and is paid out semi-annually. The time during which the funds are held in the trustee's account is called the "float" and it is considered a critical investment period. Mr. Lanier recommended that the Board guaranty a return on that float by signing a contract with a commercial bank of a AA or AAA quality that writes this type of contract. Mr. Lanier stated that an investment contract is necessary because if we structured this issue without it, we would have to assume a 5½% rate on the float and it would not work right now because there is more money going out than there is coming in. He explained that if the Board puts in another million and cuts the size of the issue, we may be able to avoid entering into an investment contract, however, doing this could limit the Board's flexibility in the future. William Groff does not approve of investing the Board's money outside of the state, and Mr. Lanier will research a possible alternative to the investment contract.

Upon a motion by Michael Kennedy and seconded by Tom Battershell the Board unanimously approved the following program documents: Mortgage Purchase Agreement, Servicing Agreement, the Application, forms of Affidavits, Opinion of Counsel and Certificate of Mortgage Lender. Also approved were marketing and sale of Single Family Bonds, authorization to mail documents, authorization to mail Preliminary Official Statement and authorization to enter into an investment contract.

APPROVAL OF LENDERS

Upon a motion by Joan Bennett and seconded by Michael Kennedy the Board unanimously approved Montana Savings & Loan, Kalispell, MT and First Security Bank, Kalispell, MT as "qualified lending institutions" to participate in future financing programs of the Board.

OTHER BUSINESS

At the October 29, 1981 meeting, it was neglected to approve the Audit Report given by Dave Johnson of Anderson ZurMuelen & Co.. Upon a motion by Tom Battershell and

seconded by Bruce Moerer the Board unanimously approved the report.

Following a lengthy discussion regarding income limits, Joan Bennett moved and Michael Kennedy seconded the motion to revise Resolution #81-0814-7S, changing the maximum allowable income limit from \$23,500 to \$25,000, using a 15% reduction off gross annual family income and \$1,000 for each dependent child. A roll call vote was taken:

William Groff	no
Virginia Jellison	no
Joan Bennett	yes
Tom Battershell	yes
Michael Kennedy	yes
Bruce Moerer	yes

The motion carried and was approved by the Board to revise the Resolution of Adjusted Gross Annual Income as set forth below in its entirety:

RESOLUTION #81-0814-7S

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 proceeds of the 1981 Series A issue of Single Family Program Bonds.
2. "Current Gross Annual Income" means the greater of income actually received during the last 12 months or 12 times the current monthly rate of income. "Income" means recurring income dependably available during the period which it is computed from salary, wages, pensions, social security, welfare payments, or any other source, 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) 15% off gross annual family income
 - (b) \$1,000 for each dependent child
4. "Lower Income" means Adjusted Gross Annual Income of Twenty Five Thousand Dollars (\$25,000) or less; provided, however, that a person or family having gross assets of more than \$70,000 and an excess of assets over liabilities of more than \$35,000 shall not be eligible and further provided that notwithstanding the foregoing a person or family eligilbe 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 14TH DAY OF AUGUST, 1981.

Mr. Lanier summarized the procedure that will be followed at the time we are ready to sell bonds. He then explained to the Board that unless the bonds are sold before January 1, 1982 they will have to be registered. He stated that at the present time we can sell bonds as we always have, but if they have to be registered it will hurt the Board's ability to sell bonds, and he estimates registration will cost the Board 50 basis points initially. Mr. Lanier also stated that he expects this issue

to sell well and be well received by the market.

ADJOURN

There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

February 25, 1982
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
1424 NINTH AVENUE
HELENA, MONTANA
OCTOBER 29, 1981

- I. CALL MEETING TO ORDER - 9:30 A.M.
- II. APPROVAL OF MINUTES - AUGUST 14, 1981
- III. AUDITORS REPORT - DAVE JOHNSON - DAVE KRAFT
- IV. DELINQUENCY & FORECLOSURE REPORT - LINDA FORREY - DAVE JACKSON
(Rackow Property)
- v. SINGLE FAMILY MORTGAGE PROGRAM ALTERNATIVES - HENRY LANIER
LINDA FORREY
- VI. TARGETED AREAS - DAVE JACKSON
- VII. MULTIFAMILY REPORT - HERBERT GEORGE
 - a. Oakwood Village
 - b. Missoula projects - Ponderosa Village - Grandview Place
 - c. Construction Loan Notes
 - d. Presentation By Dr. Walter Peschel
- VIII. FURTHER BUSINESS
- IX. ADJOURN

BOARD OF HOUSING MEETING
 DEPARTMENT OF COMMERCE CONFERENCE ROOM
 1424 NINTH AVENUE
 HELENA, MONTANA
 OCTOBER 29, 1981

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (present)
 Bruce Moerer (present)
 Virginia Jellison (present)
 Joan Bennett (present)
 James Leary (absent)
 Michael J. Kennedy (absent)
 Thomas Battershell (present)

STAFF:

Lyle E. Olson, Administrator
 Linda M. Forrey, Single Family Program Officer
 Judy Gillespie, Accountant
 Dave Kraft, Comptroller
 Herbert H. George, Multifamily Program Officer
 Nita M. Routzahn, Executive Secretary

COUNSEL:

David L. Jackson, Jackson, Oitzinger & Murdo
 John J. Oitzinger, Jackson, Oitzinger & Murdo

UNDERWRITERS:

Henry D. Lanier, First Boston Corporation

OTHERS:

David Johnson, Anderson ZurMuelen & Co.
 Dennis D. Curran, Missoula
 Tom Westor, Montana Homebuilders Association - Helena
 Garry J. Moes, The Associated Press
 Bill Hanson, United Press International
 Jeff Cochrane, Governor's Office
 Dr. Walter Peschel, Missoula
 John Buchanan & Wife, Great Falls

The meeting was called to order by Chairman William Groff at 9:30 a.m. in the Department of Commerce Conference Room in Helena, Montana.

The minutes of the meeting held August 14, 1981 were unanimously approved as circulated to the Board.

PRESENTATION OF JUNE 30, 1981 FINANCIAL REPORT BY ANDERSON ZURMUELEN & CO.

Dave Johnson presented Balance Sheets, Statements of Revenues, Expenses, changes in Fund Balances and Statements of Changes in Financial Position for the various Board of Housing entities for the fiscal years ending June 30, 1981 and June 30, 1980. Each Board member was given a copy of the Report to follow as Dave discussed the Board's financial posture and explained the various Notes to Financial Statements. The Board's revenues over expenses for the year ending 6-30-1981 for all entities was \$5,196,112, a slight increase over the prior year, bringing total fund balances for all entities of the Board to \$13,060,537 at 6-30-81. It was noted that the fund balance includes more than \$4,000,000 of non-cash assets and another \$4,000,000 in appropriated funds. Board members were asked to remember the composition of the fund balance when transferring funds free and clear of the two Single Family indentures to a newly authorized Single Family indenture per resolution 81-0814-6S to create a

1981A equity contribution. Anderson ZurMuelen & Co. issued an unqualified opinion on the Financial Report.

DELINQUENCY AND FORECLOSURE REPORT

Linda Forrey distributed copies of a recap of the Rackow foreclosure to the Board summarizing events from the time the mortgage first became delinquent. Mrs. Forrey stated that she had contacted the Servicers, Lomas & Nettleton, numerous times requesting a summary of their efforts to bring the Rackow loan current. Mrs. Forrey also informed them that they were in violation of the Servicing Agreement for failure to comply with the inspection and notification requirement on loans in default. The property was damaged due to a severe rainstorm and subsequently forced the Rackows to leave their home. The VA advised Lomas & Nettleton that they would not accept a deed-in-lieu of foreclosure because of the amount of the loss, and recommended foreclosure action be pursued. On March 20, 1981 a Notice of Trustee Sale was filed and the sale date of the property was scheduled for August 7, 1981. The VA appraised the property at \$9,000. The net loss to the Board of Housing is \$17,438.37 and the Board now owns the property. Dave Jackson recommended that the Board proceed to sell the property for the most money they can. Upon a motion by Joan Bennett and seconded by Tom Battershell the staff and counsel was granted the authority to negotiate with the servicer in regard to recouping any losses that we can and preparing them for selling the property for the most money we can get for it and to report back at the next meeting. The motion was unanimously approved.

SINGLE FAMILY MORTGAGE PROGRAM ALTERNATIVES

Henry Lanier, First Boston Corporation, brought the Board up to date on where we stand on the Single Family III issue. Mr. Lanier explained that the documents and the procedures have been put together almost completely for the proposed authorized issue under the new Federal Legislation. He stated that we have an indenture, an official statement, program documents and a program guide, although none of them are in finished form, they would take approximately three days to complete, and he suggested waiting to finish the last 5% until we are ready to go and know exactly what last minute changes, etc., will go into the documents. Mr. Lanier stated that the two problems standing in our way are the market and the 95% problem. He explained that United Guaranty Mortgage Co. has developed a new form of Primary Mortgage Insurance which has essentially duplicated the FHA Insurance policy. If we suffered a loss or there was a default on a mortgage under this policy United Guaranty would pay off the whole thing, therefore, we would not need pool insurance. Chairman Groff will try and clear these matters with the Governor in case this Legislative session is open and will then report back to Mr. Olson.

PROPOSED RULE ON TARGETED AREAS

Dave Jackson reviewed with the Board a draft copy of a proposed rule which will permit the Board to designate areas of economic distress under the new Federal Law. He stated that when we start designating areas we will need the support of the economic data and other studies that will support the areas which are designated. The targeted area residence has been defined as being either a qualified census tract or an area of chronic economic distress. The census tract is defined by the Bureau of the Census, and the area of economic distress is designated by the state and under statute of the Board, which must then be approved by the Secretary of Treasury and the Secretary of HUD. Mr. Jackson stated that the rules could be promulgated by December 12, 1981 if we do not hold a public hearing. If we do hold a public hearing it could go to January of 1982. Mr. Jackson does not expect to much controversy in regard to these rules. Upon a motion by Bruce Moerer and seconded by Joan Bennett the Board unanimously approved the proposed rule. A copy of the proposed rule will be filed with the Secretary of State.

MULTIFAMILY REPORT

Mr. George brought the Board up to date on the two Missoula projects, Ponderosa Village and Grandview Place, to which Section 8 assisted units were allocated from our "set aside" for 1980 and 1981. Mr. George received a letter from HUD on September 25th in which he was informed that they had received a petition from individuals in Missoula requesting that one of the projects be withdrawn from Missoula, and gave the Board of Housing the responsibility of responding within 10 days to that letter and to decide which project to remove. Mr. George responded that we could not make a decision in 10 days and he recommended that if we pulled out one project we should pull them both out. Mr. George stated that he has not been informed of any change in their position officially, but has had conversation in which they indicated that they would not force us to pull one of the projects out of Missoula. Mr. George suggested the Board wait until November 5, 1981 at which time we should be informed of what HUD's position will be, and then take it up at the next meeting.

Mr. George explained that the Oakwood Village project in Havre has been completed since November 1, 1980, and we have been trying to get the final HUD closing since that date. He stated that Washington Mortgage has prepared closing documents numerous times in an effort to get the project closed. HUD has proposed back-dating the date of substantial completion to July 31st, by which the sponsors would be able to recapture about \$23,000. There has been no response from the sponsors to the letter from HUD. Mr. George recommended that we go ahead and close at the time scheduled, which was last week, but HUD vetoed that. Mr. George is hopeful that we can have a closing on this project within the next 30 days.

Mr. George commented briefly on the Twin Bridges project. He stated that he was notified by telephone by both HUD and Mr. Gene Hufford that they were going to finance the Twin Bridges project under 11B and would not require Board of Housing financing. Mr. George suggested to HUD that they allow us to return the 150 units of Section 8 "set aside" for this project to them so they could allocate them directly to the sponsors which would relieve the Board of the responsibility of having to audit these Section 8's every year. He was informed that HUD is planning to hold his suggestion in abeyance until the 11B financing has been arranged for.

SECTION 8 SUBSIDIZED PROJECTS IN MISSOULA

Virginia Jellison expressed her views and concerns to the Board on the Section 8 subsidized units planned for Missoula. Ms. Jellison feels that Missoula does need the 96 units but that the second project was unwisely placed in the same location as the first project. There is some concern about the concentration of so many units of low income housing in one area. Chairman Groff suggested to Ms. Jellison that she write out what the procedure should be in this allocation, so that we have a standard written procedure of how we should proceed with the selection of future projects. Upon a motion by Tom Battershell and seconded by Bruce Moerer the Board unanimously approved authorizing Lyle Olson to inform HUD that since the commitment has been made and work has begun, we do not feel that it is in our power to cancel the commitment.

PRESENTATION BY DR. WALTER PESCHEL

Dr. Walter Peschel gave a presentation to the Board concerning a planned retirement center for Missoula. Dr. Peschel stated that the property is in the Rattlesnake area and there are no environmental problems connected with it. Drawings of the project were shown and described to the Board as to what Dr. Peschel proposes to do. The retirement center is composed of 3 modules of 24 units each for a total of 74 units attached to a central area with amenities. The modules are composed of one bedroom and efficiency units. The central area has four levels with an elevator, kitchen and dining area, exercise room, health spa, game room, movie theater, beauty shop, commissary, etc.. The proposed rents would be \$285.00 a month for the efficiency units and \$350.00 for the one bed-room units. Dr. Peschel stated that the total project

would be approximately \$3,000,000, with about \$700,000 of that for land, contractor fees, etc.. No action was taken by the Board at this time.

FURTHER BUSINESS

Upon a motion by Bruce Moerer and seconded by Tom Battershell it was unanimously approved to adopt the following Resolution authorizing the Administrator, the Single Family Program Officer and the Multifamily Program Officer to enter into any contract, agreement, conveyance and any other instrument that may be necessary in the business of the Board.

CERTIFICATE OF RESOLUTION

The Chairman then stated that certain firms with which the Board does business on a day to day basis have requested that the authority to act on behalf of the Board by the Administrator, the Single Family Program Officer and the Multi-family Program Officer, be set forth in a resolution of the Board which may be used in conducting the business of the Board.

Upon motion duly made and seconded, it was

RESOLVED that the Administrator, the Single Family Program Officer and the Multi-family Program Officer, hereinafter designated, are hereby authorized, until otherwise directed by this Board, to enter into, execute and deliver in the name and on behalf of the Board, any contract, agreement, conveyance and any other instrument that may be necessary for carrying into effect the business of the Board pertaining to their respective positions without further act or resolution of this Board.

Administrator
Single Family Program Officer
Multifamily Program Officer

Lyle E. Olson
Linda M. Forrey
Herbert H. George;

and

FURTHER RESOLVED that this resolution shall be effective from the date of recording in the office of the county clerk and recorder and until a resolution rescinding this authority is recorded with the county clerk and recorder.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 29TH DAY OF OCTOBER, 1981.

ADJOURN

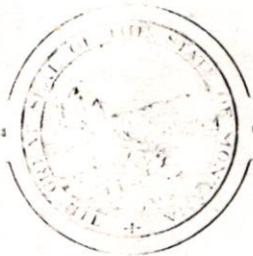
There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

November 23, 1981
DATED

MONTANA BOARD OF HOUSING



TED SCHWARTZ, GOVERNOR

COMPTROLLER GENERAL
L. J. HARRIS

STATE OF MONTANA

14061449 3040

HELENA, MONTANA 59600

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
1424 NINTH AVENUE
HELENA, MONTANA
AUGUST 14, 1981

- I. CALL MEETING TO ORDER - 9:30 A.M.
- II. APPROVAL OF MINUTES - JUNE 24, 1981
- III. INTERVIEW PRIVATE MORTGAGE INSURANCE COMPANIES
 1. Mortgage Guaranty Insurance Corporation
 2. United Guaranty Residential Insurance Company
 3. Verex Assurance Incorporated
- IV. STATUS RULES & REGULATIONS PROGRESS REPORT ON 1981 ISSUE - BILL HAYDEN
- V. FINAL REPORT ON LENDERS SURVEY - LINDA FORREY
UNIVERSITY OF MONTANA STUDY - SAFE HARBOR FIGURES - LINDA FORREY
- VI. REVIEW DRAFT DOCUMENTS - JOHN OITZINGER
PERMISSION TO MAIL TO LENDERS
- VII. APPROVE PRELIMINARY OFFERING STATEMENT - HENRY LANIER
APPROVE MAILING PRELIMINARY OFFERING STATEMENT
- VIII. AMEND RESOLUTION ON LOWER INCOME (Technical Error) - LINDA FORREY
- IX. ESTABLISH PURCHASE PRICE LIMITATIONS - LINDA FORREY
- X. APPROVAL OF LENDER - LINDA FORREY
- XI. ADDITIONAL EMPLOYEES
- XII. DISCUSS PROCEDURES OF TARGETING AREAS - JIM DEARY
- XIII. APPROVAL BIENNIUM BUDGET - DAVE KRAFT
- XIV. APPROVAL OF PMI COMPANIES & POOL INSURANCE
- XV. PRESENTATION BY RENEWABLE ENERGY BUREAU - J. LEE COOK
- XVI. SAGE ADVERTISING - LYLE OLSON
- XVII. RESERVES FOR 1981A - HENRY LANIER
- XVIII. MULTIFAMILY - HERBERT GEORGE
- XIX. FURTHER BUSINESS
- XX. ADJOURN

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
AUGUST 14, 1981

ROLL CALL OF
BOARD MEMBERS:

William A. Groff (present)
Virginia Jellison (present)
James J. Leary (present)
Thomas Battershell (present)
Joan Bennett (present)
Michael J. Kennedy, Jr. (present)
Bruce Moerer (present)

STAFF:

Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
David Kraft, Comptroller
Meredith McGuire, Administrative Assistant
Nita Routzahn, Executive Secretary

COUNSEL:

David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

UNDERWRITERSL

William H. Hayden, First Boston Corporation
James Dlugosch, Dain Bosworth
Robert Sylvester, Piper, Jaffray & Hopwood
Henry D. Lanier, First Boston Corporation
Dolores P. Hughes, First Boston Corporation
Richard K. Eisenberg, First Boston Corporation

UNDERWRITERS

COUNSEL:

Jay A. Holt, Hawkins, Delafield & Wood
Diane Reitano, Hawkins, Delafield & Wood

OTHERSL

Ken May, Verex Assurance, Inc.
Curt Culver, Verex Assurance, Inc.
Jerry Hamlin, Helena Homebuilders
James Lechner, Montana Homebuilders Association
Bill Hanson, UPI
George Sievers, Mortgage Guaranty Insurance Corporation
Douglas MacLeod, Mortgage Guaranty Insurance Corporation
Kieth Radabah, First Interstate Bank of Kalispell
John L. Drew, First Interstate Bank of California
Anne Pare, United Guaranty Residential Insurance Company
Chris Avren, United Guaranty Residential Insurance Company
Laurie Rothenberger, Association of Realtors
J. Lee Cook, Renewable Energy Bureau
Bill Dale, Helena Builder

The meeting was called to order by Chairman William Groff at 9:30 a.m. in the Department of Commerce Conference Room in Helena, Montana.

There being no corrections to the minutes of the June 24, 1981 meeting, Virginia Jellison moved and James Leary seconded a motion to approve the minutes as circulated to the Board.

PRESENTATIONS BY PRIVATE MORTGAGE INSURANCE COMPANIES

Doug MacLeod, representing Mortgage Guaranty Insurance Corporation, Seattle, Washington, distributed copies of background material to the Board, describing some services that the Company performs. Mr. MacLeod explained to the Board that Pool Insurance is a specialized level of insurance, whereby it will cover all losses arising from mortgage loans in the pool up to an aggregate loss limit. He stated that MGIC would issue the Mortgage Trust Insurance policy for the requested 10% of pool coverage. The Special Hazard Insurance policy would be issued by MGIC Indemnity Corporation for the requested 1% of pool coverage, but at no time less than two times the original principal amount of the largest mortgage loan. The premium on the insurance coverage is payable annually based on the outstanding principal balances of the pool, payable in advance. The premium costs of individual coverages would be, Mortgage Trust Insurance policy, 10%, 1/11 of one basis point annually; Special Hazard Insurance, 1%, 2.5 basis points annually. The premiums quoted would be fixed for the life of the program. Mr. MacLeod stated that the premium cost of the Mortgage Trust (Pool) policy is subject to filing and approval by the Insurance Department of the State of Montana. Mr. MacLeod, William Hayden and John Oitzinger discussed further the different aspects of the policy. Mr. Eisenberg asked Mr. MacLeod if, in terms of foreclosure, would MGIC be willing to purchase the loan and handle foreclosure proceedings? Mr. MacLeod stated that they would be willing but it would affect their prices on their bid.

Chris Avern and Ann Pare, representing United Guaranty Residential Insurance Company, Portland, Oregon gave the following proposal: Mr. Avern explained to the Board that United Guaranty is the third largest mortgage insurer, with the home office in Greensboro, N.C.. He stated that their finances are extremely strong with reserves adequate to handle any amount of losses that may come up in any circumstances. United Guaranty offered two options for pricing, one has to do with having all of the Primary Insurance, and the other has to do with having part of the Primary Insurance. Mr. Avern said that United Guaranty is working on one day processing so the service entity would be unsurpassed. Mr. Avern stated that the premium for Pool Insurance (100% conventional) .10 basis points, 10% with the annual premiums payable in advance on the outstanding principal balances. During the acquisition period the premium will be prorated monthly on the initial principal balance; (95% conventional) 5% FHA/VA insured loans, .10 basis points, any FHA insured or VA guaranteed loans in the pool will be covered by the pool policy. Special Hazard Insurance, 3.0 basis points with flood endorsement attached, 1% of the initial aggregate principal amount, 3.5 basis points without flood endorsement, 1% of the aggregate principal amount. Mr. Eisenberg, asked Mr. Avern if, in terms of foreclosure, would United Guaranty be willing to purchase the loan and handle foreclosure proceedings? Mr. Avern stated that yes they would but it would definitely affect their prices on their bid.

Ken May and Curt Culver, representing Verex Assurance, Inc., Denver, Colorado gave the following proposal: Curt Culver stated that Verex is the second largest and the second oldest company in the industry. He also stated that Verex was one of the first companies to qualify for double A ratings by Standard & Poor in issuing pool insurance. The premium for mortgage pool insurance is 10% stop loss, \$375 flat fee. The premium quotation is based on primary insurance to 72% exposure whenever the loan-to-value ratio exceeds 80%. The primary coverage is maintained until the loan amortizes to the 80% level and the pool insurance is kept in force for the life of the loan. Should FHA or VA loans be included in the pool, however, an additional charge is added to the base pool premium to cover the additional risk assumed because of FHA's or VA's refusal to honor claims arising because of operation of the due-on-sale clause. Copies of the Verex Assurance Company's proposal were distributed to the Board in which Special Hazard Insurance is explained. The premium

for the first year will be payable at bond delivery and computed at 3.0 basis points, times the mortgage acquisition fund. At the first anniversary the dollar-time weighted average of the preceding year's portfolio will be computed, and a refund made, or a credit applied to the second year's premium. Mr. Eisenberg posed the same question to Mr. Culver as he did to the previous two companies. Would Verex be willing to step in and purchase a delinquent loan and handle proceedings? Mr. Culver said that they are restricted by State law as far as Verex Assurance is concerned, in purchasing a loan. He said they could use one of their subsidiaries, but could not purchase the loan themselves. He explained they could advance delinquencies to 60 or 90 days whichever the Board requires.

Mr. Eisenberg asked all three PMI representatives if they would be willing to go with the Board to the rating agencies to present the insurance aspects of the program? All three answered that yes they would.

Mr. Eisenberg also explained that later in the meeting, the Board would be given a sheet summarizing the three companies in terms of premiums for each policy, and any other important facts, for their review.

RULES AND REGULATIONS PROGRESS REPORT ON 1981 ISSUE

William Hayden explained to the Board some of the problems the new Rules and Regulations have presented for the 1981 issue. Mr. Hayden stated that as difficult as the rules and regulations are, he feels they can design a program for the Board that will be secure under the worst conditions and rather than wait for the market to improve, we should be ready so we are in a position to take advantage of the best market available between now and the end of 1981. Mr. Hayden also explained that we are roughly, today, around 50 to 75 basis points, 1/2 to 3/4 of a point away from where the market should be for the Board to acquire a rate of 12%.

FINAL REPORT ON LENDERS SURVEY

Linda Forrey distributed copies of statistical data from the Bureau of Business and Economic Research, University of Montana, to the Board members. Mrs. Forrey explained that the University conducted a survey of 153 commercial banks, 14 savings and loans, 11 mortgage companies and 8 credit unions for a total of 186 lenders. Statistical data was collected from 136 mortgage lenders in the state, which is a 73% response of all mortgage lenders that write residential mortgages in Montana. Mrs. Forrey stated that the average area purchase price was taken from 1980 sales and classified by one, two, three and four family units, however, for the next program the Board will only finance one family units. Mrs. Forrey stated that Treasury has published Safe Harbor figures for Montana, if our data is unusable or impractical. Treasury reported that an average area purchase price for the State of Montana is \$79,300 for new construction, and \$62,300 for existing housing. The staff recommends using the Safe Harbor figures for the next bond issue.

RESOLUTION ADOPTING A STATE-WIDE PURCHASE PRICE LIMITATION

Upon a motion by Tom Battershell and seconded by Michael Kennedy it was unanimously approved to adopt the following Resolution to accept the Safe Harbor limitation figures published by the Treasury Department, establishing the average area purchase price for residences financed by the Board in the State of Montana.

RESOLUTION 81-0814-5S

ADOPTING A STATE-WIDE PURCHASE PRICE LIMITATION IN ACCORDANCE WITH SECTION 103A OF THE INTERNAL REVENUE CODE AND THE TEMPORARY REGULATIONS THEREUNDER

WHEREAS, in furtherance of Section 103A of the Internal Revenue Code of 1954 and of the regulations thereunder (hereinafter called "Federal Tax Law"), the Treasury Department in Revenue Procedure 81-36 released August 6, 1981 has published "safe harbor limitations" for the State of Montana of \$79,300 for new and \$62,300 for previously occupied one-unit single family residences; and

WHEREAS, under such Regulations, the Board of Housing may rely upon the average area purchase price limitation so published by the Treasury Department in establishing the maximum purchase price permitted for residences financed with the proceeds of bonds issued by the Board during 1981 and thereafter; and

WHEREAS, the Board may establish a maximum selling price of not more than 90% of the amounts set forth above or \$71,370 and \$56,070, respectively, for new and previously occupied one-unit single family residences;

NOW THEREFORE, be it

RESOLVED, that the acquisition cost, determined in accordance with Federal Tax Law, in effect for residences financed with mortgage loans acquired by the Board with the proceeds of bonds issued during 1981 and thereafter, shall not exceed \$65,000 and \$56,000, respectively, for new and previously occupied one-unit single family residences in the State; and further

RESOLVED, such limitations shall continue in effect from the date hereof until further action of the Board.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 14TH DAY OF AUGUST, 1981

APPROVAL OF LENDERS

Upon a motion by Tom Battershell and seconded by Michael Kennedy the Board unanimously approved Montana Bank of Roundup, Roundup, Montana and First Northwestern Bank of Kalispell, Kalispell, Montana as "qualified lending institutions" to participate in future financing programs of the Board.

APPROVING DRAFT DOCUMENTS

John Oitzinger distributed draft copies of new program documents written by the staff and underwriters, to the Board members to be reviewed and approved for sending to participating lenders in the state for the next bond issue. Mr. Oitzinger discussed the documents at length with the Board and upon a motion by Michael Kennedy and seconded by Virginia Jellison the Board unanimously approved the documents and authorized the staff to distribute them to the lenders in the state.

ADDITIONAL EMPLOYEES

Lyle Olson explained to the Board that it has been budgeted and authorized to add two new employees to the staff. One position is for an Accounting Technician, Grade 10 and the other would be for an Assistant Mortgage Underwriter, Grade 9. Upon a motion by Michael Kennedy and seconded by Tom Battershell the Board unanimously approved the addition of two new employees to the Board of Housing staff.

REPORT ON TARGETING AREAS

James Leary, Chairman of Targeting Areas Committee, explained to the Board that there is no real need for a report on targeting areas at this time, because of the Board adopting the resolution to use safe harbor figures in establishing average

area purchase prices. However, the Board decided the time and work in collecting data for targeting areas was well used and will be useful in future programs.

APPROVE PRELIMINARY OFFERING STATEMENT

Henry Lanier distributed copies of a first draft of the Preliminary Offering Statement to the Board and explained that it is incomplete but the general outline is there and they will continue to work on it. This document is mailed to investors and explains the Board's issue, financing and the Program. Mr. Lanier stated that if the market cooperates this document, when it has been revised and with the Board's permission would be mailed on or around September 18, 1981. Upon a motion by Michael Kennedy and seconded by Tom Battershell the Board unanimously approved the Preliminary Offering Statement and authorized the staff to mail it at the appropriate time.

RESOLUTION ON 1981A EQUITY CONTRIBUTION

Henry Lanier explained to the Board that this Official Statement contemplates that the Board will receive two percentage points in the course of the program, either in the form of commitment fees on the date of delivery from the lenders or 1 point in commitment fee and will buy the mortgages at 99%, which will help make up what we hold in non-asset bonds and better secure the issue. Mr. Lanier stated that we have capitalized interest in the bond structure, which the Board has not seen before, but it is necessary as a function of the new act and the restrictions that it puts on investments in the program. The restrictions on investments essentially results in the assets of the program not earning quite enough in the initial year to pay the debt service on the bonds. Until the mortgages are originated there is not enough money to pay the debt service but once they are originated, we do. To carry us through the origination period we have to capitalize interest in the program. In previous issues there has been a debt service reserve fund and a mortgage reserve fund. Mr. Lanier explained that the debt service reserve fund served as a function of the maximum debt service on the issue and because of the new act that has changed and we are now recommending a debt service reserve fund equal to 3% of the outstanding bonds, which means the reserve fund will decline over the course of the issue. He further stated that the reserve fund is there to protect you, the program and the bond holders against the possibility that there will be a problem with delinquencies. In the context of the insurance programs where the Board would be exposed at the most, to 60 days delinquency, the insurance company would contribute for every mortgage that is in excess of 60 days delinquent, so the debt service reserve fund would not be called on to meet a 180 day delinquency scenario, only if there were a lot of mortgages that went up to the 60 days. Mr. Lanier explained that the last significant aspect of this financing that is reflected in the Official Statement is the Equity Contribution. There are two previous Single Family Indentures that have very healthy projected cash flows. Single Family I is particularly healthy, as it has a projected surplus under a worst case scenario, zero prepayment and is producing a surplus above \$2,000,000. He explained that that means, in effect, if we took \$2,000,000 out of the fund balance and Single Family I there would be no problem in paying debt service for the life of the bonds in any year and the security of the bond holders would not be impaired or the ratings on the previous bonds would not be affected. The Board is not allowed, by the indenture, to take any money out of the program unless the cash flows do support it and unless we can project that the bond holders interest will not be hurt. He stated that the reason we are talking about drawing the money out is that the program is different in significant ways that will work as long as you originate all the mortgages that you think you are going to originate. He went on to say that we are raising \$75,000,000 and after the cost of issuances are made, and take away capitalized interest, there is approximately 73½ million left, of which 2 million is reserve fund and 71½ million for mortgage amounts. \$75,000,000 worth of bonds would have to be paid off if no mortgages are originated and the question is, where do we get the other million and a half? The

million and a half can be obtained through a combination of the commitment fees you are charging the lenders and the equity contribution. Mr. Lanier explained that for every point, whether a commitment fee or an origination fee, we have to lower the maximum interest rate. We are limited to 100 basis points, 1 percentage point, between the bond yield and the rate on the mortgages. If we charge a commitment fee or the lenders charge an origination fee, as long as the borrower pays that, there is two points in commitment fees and a point in origination fees. The 1 point spread, worked out to about 18 basis points per commitment, must be lowered so if we have a 3 point program there is a spread of about 50 basis points, 1/2 a percentage point between the mortgage yield and the bond yield. Mr. Lanier then explained basis points to the Board. He said that basis points is 1/100 of a percentage point, and as an example said, if he had a policy of 50 basis points, it is 1/2 a percentage penalty point, 1/2% interest per year. A point is 1% of the principal amount of the loan. John Oitzinger also gave the Board a short example: For a \$60,000 home, the borrower takes a 95% loan for \$57,000 and puts \$3,000 down, the seller gets \$60,000 in cash and pays the bank \$3,000 in cash, acquires the loan for 12%, the bank then gives the Board part of that \$3,000, the Board then takes it into account in reducing the purchase price that it pays for the loan. The FHA rate is now 15½ plus 7 points, so theoretically sellers in the state have 7 points built into their selling price. John Oitzinger and Henry Lanier offered to do an example memorandum explaining to the Board just how this works.

Henry Lanier stated he would like a motion on the Resolution to withdraw \$2,000,000 contingent on our cash flows projecting that it will not impair the security. Upon a motion by Virginia Jellison and seconded by Michael Kennedy the Board unanimously approved the following Resolution to transfer certain monies from two Single Family Indentures to a newly authorized Single Family Indenture:

RESOLUTION 81-0814-6S

APPROVING THE TRANSFER OF CERTAIN MONIES FROM TWO SINGLE FAMILY INDENTURES TO A NEWLY AUTHORIZED SINGLE FAMILY INDENTURE

WHEREAS, the Board of Housing is a party to a Trust Indenture dated as of March 10, 1977, between the Board and Northwestern National Bank of Minneapolis or Trustee and Northwestern Union Trust Company, as Co-Trustee ("Single Family I"); and

WHEREAS, the Board is also a party to a Trust Indenture, dated August 16, 1979, between the Board and United California Bank (now named First Interstate Bank of California) as Trustee and the Conrad National Bank of Kalispell (now named First Interstate Bank of Kalispell, N.A.) as Co-Trustee ("Single Family II"); and

WHEREAS, based upon the audited June 30, 1981, financial statements, Single Family I and Single Family II each contain more than adequate revenues, assets and moneys to comply with all requirements and covenants for the protection of Bondholders under such Indentures; and

WHEREAS, the Board desires to establish a further Trust Indenture between it and the Trustees of Single Family II to secure the holders of bonds issued during 1981 and ("Single Family III"); and

WHEREAS, the Board desires to further secure bonds issued under Single Family III with a Special Reserve Fund in an amount of up to \$2,000,000 to be funded by moneys transferred from Single Family I and Single Family II;

NOW, THEREFORE, be it

RESOLVED, that the Trustees of Single Family I are hereby directed in accordance with Section 4.10(c) of Single Family I to remit an amount of not in excess of \$2,000,000, as further directed by an Officer's Certificate to be filed with the Trustee showing that the amount directed is in excess of all requirements of Single Family I for the protection of Bondholders, to First Interstate Bank of California as Trustee for the Board under a Trust Indenture which is hereby certified part of the "state housing finance account" (referred to in Section 4.12 of Single Family I) free and clear of any lien or pledge created by Single Family I but subject to the continuous appropriation of the Board of Housing Act for expenditure by the Board for purposes authorized by the Board of Housing Act; and further

RESOLVED, to the extent that moneys are not so transferred from Single Family I, the officers of the Board are hereby authorized to request that the Trustees of Single Family II transfer an amount sufficient to make up any amount considered necessary in addition to the amount transferred from Single Family I, but not in excess of an aggregate of \$2,000,000 from both Single Family I and Single Family II, upon a showing by the appropriate officers that the requirements of Section 5.02(d) (Program Fund) or 5.05(g) (Revenue Fund) are met, free and clear of the lien of Single Family II to the Trustees, as Trustees for the Board under Single Family III, and further

RESOLVED, that the officers of the Board are hereby authorized to enter into a Trust Indenture (Single Family III) with First Interstate Bank of California and First Interstate Bank of Kalispell, N.A. whereby the moneys transferred as stated above are held in trust for the benefit of bonds of the Board issued during 1981 and thereafter provided that prior to the issuance of such bonds Single Family III shall be amended in a manner approved by the Board and such funds shall be held in trust pending further action by the Board in respect thereof; and further

RESOLVED, that the officers of the Board are hereby authorized to take such other and further action as may be considered necessary and appropriate by them to carry out the purposes and intent of this Resolution.

This Resolution shall take effect immediately.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 14TH DAY OF AUGUST, 1981

PRESENTATION BY RENEWABLE ENERGY BUREAU

Mr. J. Lee Cook, representing the Helena Energy Advisory Board, gave a presentation on energy efficient homes. Mr. Cook works for Department of Natural Resources and Conservation and the Renewable Energy Bureau. He also has a program for the State called Western Sun. Mr. Cook explained that he would like to acquaint the Board with the role that energy efficient homes are playing throughout the United States, and the potential of that role in Montana. Mr. Cook stated that energy efficient homes are basically homes that have double paned windows, have FHA and VA minimum requirements in terms of insulation and they do not cost more than a conventional style home. He also stated that energy conservation holds down operating costs and makes the home mortgage more affordable. Inflation is the major problem and cause of the housing and energy crisis in Montana and the nation, and for that reason policy makers must take a broader view of the problems that are at the root of constraining the affordability of new home construction. Mr. Cook distributed packets of information to the Board for their review and asked that they consider putting X amount of dollars into an energy efficient program. He suggested that the lending institutions be polled to find out if they would be willing to be a part of this program. No action was taken by the Board at this time.

RESOLUTION REGARDING PERSONS AND FAMILIES OF LOWER INCOME

At its June 24, 1981 meeting, the Board adopted \$21,500 as its dollar definition of lower income based upon a FHA insured 30 year mortgage loan written for \$50,000. Since FHA/VA mortgage loans will be precluded from the proposed program and private mortgage insurance companies underwriting standards are more stringent, Linda Forrey recommended the Board consider various alternatives which were declined by the Board. At the request of Chairman Groff, Mrs. Forrey presented a revised table of income limits by family size to reflect the Board's policy of targeting its programs to persons and families earning less than \$30,000.00. Subsequently, the following resolution was unanimously approved by the Board upon a motion by Tom Battershell and seconded by Michael Kennedy.

RESOLUTION 81-0814-7S

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 proceeds of the 1981 Series A issue of Single Family Program Bonds.

2. "Current Gross Annual Income" means the greater of income actually received during the last 12 months or 12 times the current monthly rate of income. "Income" means recurring income dependably available during the period which it is computed from salary, wages, pensions, social security, welfare payments, or any other source, 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) 15% off gross annual family income
- (b) \$1,000 for each dependent child

4. "Lower Income" means Adjusted Gross Annual Income of Twenty Five Thousand Dollars (\$25,000) or less; provided, however, that a person or family having gross assets of more than \$70,000 and an excess of assets over liabilities of more than \$35,000 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 14TH DAY OF AUGUST, 1981.

APPROVE BIENNIUM BUDGET

Dave Kraft distributed copies of the Biennium Budget, as approved by the Legislature, to the Board for their review and approval. Upon a motion by Tom Battershell and seconded by Michael Kennedy the Board unanimously approved the Biennium Budget as presented.

APPROVE SAGE ADVERTISING CONTRACT

Upon a motion by James Leary and seconded by Michael Kennedy the Board unanimously approved renewing the Contract with Sage Advertising to do the Board's Annual Report in the amount of \$3,600.00.

REPORT ON MULTIFAMILY PROJECTS

Mr. Herbert George reported that the Elmwood project closing has been completed. Also the Cedar View and Chair III projects have been closed. These are two of the projects for which the Board provided the interim financing, as they had a GNMA takeout. Mr. George stated that the El Dorita Village is scheduled for closing in late August and Rose Park Plaza is scheduled for closing September 10, 1981. Oakwood Village, one of the other 1979 projects, has not been closed as of this date, but will probably close later this month or early September. Mr. George explained that he has been advised that the Fair Market Rents, which are established by HUD, will be increased substantially, October 1, 1981, the beginning of the new Fiscal Year, which will enable the sponsors to possibly process their cases at a higher ratio of loan to cost than they have been able to do under the present Fair Market Rents. Mr. George said that the new Fair Market Rents may or may not be available for the 1980 projects. He stated that we have six projects in the "pipeline" at the present time for which we have not sold bonds to be financed. These are projects that the sponsors are looking to the Board for financing, provided they can qualify the project, under DHUD regulations, for a mortgage in a sufficient amount that will reduce the equity requirement to a point that the sponsors are able to provide.

APPROVAL OF PMI COMPANIES AND POOL INSURANCE

Rich Eisenberg, First Boston Corporation, reported to the Board that the three Insurance Companies, who gave their presentations earlier in the meeting, all had similar proposals. Mr. Eisenberg proceeded to review the fact sheet, that was distributed to the Board members. The 10% mortgage pool insurance bids are as follows: (a) MGIC, .09 Basis Points - \$630.00 a year; (b) United Guaranty, \$100.00 annually (flat fee); (c) Verex Assurance, \$375.00 annually (flat fee). He stated that the bids are very close and a very minor portion of the cost of running the program, and have substantially decreased over a period of time. Each Company stated they could hopefully process the applications in about 24 hours, that is to give approval that they will insure them for Pool Insurance. The cash flow guaranty was discussed at length earlier in the meeting, and again all three Companies are basically 1 basis point for the cash guaranty that would kick in after 90 days. Mr. Eisenberg stated that this involves a risk of what is called "cash flow risk", that is the income from the mortgage loans doesn't come in fast enough to pay off the debt service on the bonds, so what has been done in some instances is institute a cash flow guaranty program with the mortgage pool insurer, whereby they will come in on delinquent loans after X number of days and make a payment. Mr. Eisenberg then went on to discuss 20% Primary Coverage, explaining, where the loan to value ratio is 91 to 95%, what will be done with those types of loans is applying a 20% coverage from the PMI Company, which means that they will cover the top 20% of the loan. As an example, Mr. Eisenberg said if the loan goes bad on a \$50,000 home, and the person made a down payment of \$5,000, he will have a \$45,000 mortgage. So the 20% would be basically applied to the \$45,000, which leaves an exposure of \$36,000, which means that we are covered for the top \$14,000. If the house sold for \$36,000 or more we would come out whole, however, if it sold for less than \$36,000 the pool insurance would kick in. Mr. Eisenberg explained the Market Share for each PMI Company. MGIC has done the most business in the State, with Verex Assurance second, and United Guaranty third. He stated the three companies are the top three in the industry, and suggested the Board select a Company that they would feel comfortable

working with. Upon a motion by Tom Battershell and seconded by Bruce Moerer the Board approved Verex Assurance Company, and authorized the staff to sign a contract and negotiate rates with them, for Primary Insurance, Pool and Cash Flow Insurance, and Special Hazard Insurance.

A discussion followed over a misunderstanding that Primary Insurance should not be included in this contract with Verex Assurance. The contract is for Pool Insurance, Cash Flow Insurance and Special Hazard Insurance only. Chairman Groff requested a motion to withdraw the previous motion and Michael Kennedy seconded the motion. Upon a motion by Tom Battershell and seconded by Michael Kennedy the Board approved Verex Assurance Company and authorized the staff to negotiate rates, and if satisfactory terms can be arranged, to enter into a contract for Pool Insurance, Cash Flow Guaranty Coverage and Special Hazard Insurance with Verex Assurance Company.

FURTHER BUSINESS

John Drew, Corporate Trust Officer, representing First Interstate Bank of California, was introduced by Chairman Groff. Mr. Drew has been Trustee for the Board for 1979 and 1980 bonds, and expressed his desire to continue to be a Trustee for the 1981 bonds.

ADJOURN

There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.



VIRGINIA JELLISON, SECRETARY TO THE BOARD

Oct. 29, 1981
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA
BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA
JUNE 24, 1981

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - APRIL 9, 1981 - APRIL 15, 1981
- III. REPORT ON TREASURY RULES AND REGULATIONS PERTAINING TO MORTGAGE REVENUE BONDS - WILLIAM HAYDEN
- IV. PRIVATE MORTGAGE INSURANCE AND REQUEST FOR PROPOSAL (R.F.P.) KEITH WALDROP
- V. MULTIFAMILY BOND ISSUE - HERBERT GEORGE - HENRY LANIER
- VI. TRUST INDENTURE - JOHN OITZINGER
- VII. INCOME LIMITS - LINDA FORREY
- VIII. TARGET AREA CRITERIA - LINDA FORREY - JOHN OITZINGER
- IX. HAMLIN CONSTRUCTION
- X. RESOLUTION ON SERVICING AGREEMENTS - JOHN OITZINGER
- XI. APPROVAL OF LENDERS
- XII. SAGE ADVERTISING CONTRACT
- XIII. FARM HOME PROPOSAL - GARY SWARTOUT - BANCSHARES SPOKANE
- XIV. S - 1348 BILL TO AMEND INTERNAL REVENUE CODE OF 1954 - HENRY LANIER
- XV. ELECTION OF OFFICERS
- XVI. FURTHER BUSINESS

BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA
JUNE 24, 1981

ROLL CALL OF

BOARD MEMBERS: William A. Groff (present)
Virginia Jellison (present)
James J. Leary (present)
Thomas Battershell (present)
Joan Bennett (present)
Michael J. Kennedy, Jr. (present)
Bruce Moerer (absent)

STAFF:

Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
David Kraft, Comptroller
Judy R. Gillespie, Accountant
Nita Routzahn, Executive Secretary

COUNSEL:

David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

UNDERWRITERS:

Henry D. Lanier, First Boston Corporation
James Dlugosch, Dain Bosworth
Robert Sylvester, Piper, Jaffray & Hopwood

OTHERS:

James H. Sadler, Alderwood Apt. (Park Hotel) Missoula
E. W. O'Neil, Great Falls
Bill Stinchfield, Stinchfield Realty
Laurie Roxenberger, M.A.R.
Norm Simpson, First Boulder Valley Bank
Jerry Hamlin, Hamlin Construction Development Co. Inc.
Mark Lindsay, Hamlin Construction Development Co. Inc.
Gary Swartout, Bancshares Mortgage Co.
Robert Zapato, Team Builders, Inc.
Roxy Emslander, Homebuilders Association, Helena
Roger Pederson, Department of Community Affairs
Lou Hopson, Faith Lutheran Retirement Home, Wolf Point

The meeting was called to order by Chairman Groff at 9:00 a.m. in Conference Room 160 of the Mitchell Building in Helena, Montana. The minutes of the meetings held April 9, 1981 and April 15, 1981 were approved as circulated to the Board.

PRIVATE MORTGAGE INSURANCE AND REQUEST FOR PROPOSAL (R.F.P.)

John Oitzinger distributed copies of a Request for Proposal (R.F.P.) to Board members for review and approval. This proposal is to be submitted to eligible Private Mortgage Insurance Companies (P.M.I.) for bids on the following types of insurance for its proposed single family mortgage revenue bond issue, Series 1981, dated January 1, 1981: (a) Primary Mortgage Insurance; (b) Mortgage Pool Insurance; (c) Special Hazard Insurance. The proposed issue is \$50 million to \$100 million. Upon a motion by Virginia Jellison and seconded by Mike Kennedy, the Board unanimously approved the plan to proceed with the Request for Proposal for Private Mortgage Insurance.

MULTIFAMILY BOND ISSUE

Mr. Herbert George explained to the Board that the Multifamily Bond Issue, at the present time is in a state of uncertainty because the sponsors feel that the fair market rents and the adjustments that HUD has made available to them and the possibility of adjustments in the fair market rents will not support a 90% loan at 11½%. Mr. George also stated that there is a possibility that the bonds could be sold at an interest rate that would permit the Board to make the money available to the sponsors at a rate less than 11½%. There is some anticipation that there might be some tandem money available for projects, however, HUD informed Mr. George that this money would not be made available for projects now in the pipeline. If the Board can sell bonds at a rate the sponsors can live with, we would be the only source of financing that is available to the interested sponsors. He said they could possibly live with a rate of 10½%, or in that neighborhood. We have conditional commitments on the two projects for the 1980 Section 8 "set aside". The commitments have been issued, one of them at 7½%, one at 9½% and the other application is being processed at 11½%. Mr. George said that we are still working with the sponsors in hopes the bond market might reach a point where it would be feasible to sell the bonds at a price that would enable the Board to make the money available at a rate the sponsors could live with.

Henry Lanier, First Boston Corporation, explained to the Board that there are two things that are needed before there can be a bond issue for the Multifamily projects. One is the market to cooperate on terms of rate, and the other is the projects to be reasonably close to the beginning of construction.

TRUST INDENTURE

John Oitzinger explained to the Board that the present trust indenture will not be usable for new bond issues under the new Federal Tax Law. The present indenture is limited to mortgages that are either insured by FHA or guaranteed by VA and accordingly we must have a new trust indenture. It was suggested by Chairman Groff that Mr. Oitzinger proceed with a draft of the new trust indenture to be reviewed by the Board at the next meeting.

SECTION 8 MODERATE REHABILITATION PROGRAM

Roger Pederson, representing Department of Community Affairs, soon to be part of the Department of Commerce, distributed pamphlets to the Board on the Section 8 Moderate Rehabilitation Program. The Department of Community Affairs operates Section 8 housing programs in Montana, Section 8 existing programs, and the Section 8 Moderate Rehabilitation Program. He stated that Department of Community Affairs has contractual authority with the Federal Government for 1,503 Section 8 existing units and 498 Moderate Rehabilitation units. All Section 8 programs are rent subsidy programs. Mr. Pederson explained that they have encountered some problems in administering the Moderate Rehabilitation Program in Montana due to lack of finances. Mr. Pederson is requesting financial help to assist landlords in providing housing for low income people under the Section 8 Moderate Rehabilitation Program. No action was taken by the Board at this time, however, Chairman Groff suggested they submit a proposal to Mr. Olson and Mr. George for their review, and will then be discussed at the next Board meeting.

TELEPHONE CONFERENCE CALL:REPORT ON TREASURY RULES AND REGULATIONS

Bill Hayden, Underwriter for First Boston Corporation, suggested that the Board of Housing consider structuring a bond issue in the best way it can be done within the

present act, and send it to Treasury by approximately August 3, 1981, if the Rules and Regulations are not out by that date, (they have since come out, June 29, 1981) and ask them to give us a positive revenue ruling and to approve us to sell bonds. Upon a motion by James Leary and seconded by Michael Kennedy, the Board approved the following Resolution to proceed with the issuance of single family mortgage revenue bonds of the authority in compliance with the provisions of the Mortgage Subsidy Bond Tax Act of 1980 in an amount not exceeding \$100 million:

RESOLUTION 81-0624-3S

WHEREAS, the Montana Board of Housing ("The Board") has established a single family mortgage purchase program and has financed the program through the issuance of five series of its Single Family Mortgage Bonds; and

WHEREAS, the Mortgage Subsidy Bond Tax Act of 1980 imposed certain requirements upon the issuance of single family housing revenue bonds which have affected the ability of the Authority to issue additional bonds;

NOW, THEREFORE, be it resolved by the members of the Authority that;

1. The Board intends to proceed with the issuance of single family mortgage revenue bonds of the Authority in compliance with the provisions of the Mortgage Subsidy Bond Tax Act of 1980 in an amount not exceeding 100,000,000.

2. The Authority hereby authorizes the Administration and staff, with the assistance of The First Boston Corporation and Bond Counsel, to make all changes in the Authority's single family mortgage purchase program and the documentation relating thereto necessary for consistency with the Mortgage Subsidy Bond Tax Act of 1980, and to prepare a revenue ruling request to be filed with the Internal Revenue Service requesting the issuance of a favorable ruling with respect to the treatment of interest on bonds issued by the Authority to finance the program.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 24TH DAY OF JUNE, 1981.

INCOME LIMITS

Linda Forrey distributed copies of a sample survey of 100 loans at 9-3/4%, taken from a broad geographic distribution, to the Board members for the purpose of explaining where loans are being made, their gross income, number of wage earners in the family, number of dependent children, mortgagors occupation, purchase price and whether housing is new or existing. Linda stated that based on this information, 39% of the loans were made with two wage earners in the family, 42% were made for new construction and 58% for existing housing. The average gross income is \$19,533 and the average purchase price is \$45,330. The survey was taken to help determine what the definition of lower income will be for the next bond issue. A draft resolution to increase income limits was prepared for the Board's consideration and it is recommended that the Board use an adjusted annual gross income of \$21,250, applying 15% of the current gross annual income and allowing a \$2,000 deduction for each dependent child. Upon a motion by Tom Battershell and seconded by Michael Kennedy, the Board unanimously approved the following resolution:

RESOLUTION 81-0624-4S

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 proceeds of the 1981 Series A issue of Single Family Program Bonds.

2. "Current Gross annual Income: means the greater of income actually received during the last 12 months or 12 times the current monthly rate of income. "Income" means recurring income dependably available during the period which it is computed, from salary, wages, pensions, social security, welfare payments or any other source, 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) 15% of Current Gross Annual Income;
- (b) \$2,000 for each dependent child.

4. "Lower Income" means Adjusted Gross Annual Income of Twenty One Thousand Five Hundred Dollars (\$21,500.00) or less; provided, however, that a person or family having gross assets of more than \$70,000.00 and an excess of assets over liabilities of more than \$35,000.00 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 24TH DAY OF JUNE, 1981.

TARGET AREA CRITERIA

John Oitzinger explained that a state target area can be established by the Board, and under Federal law the Board is authorized to designate target areas which are economically distressed areas. He stated that the regulations will permit you to designate about 20 or 25 percent of the state as targeted areas. He also explained that you will have to adopt criteria to determine what a target area is. It must be decided what would be an appropriate criteria in terms of increasing the price of the house that can be financed with your bond issues from 90% of average to 110% of average and to eliminate the first time home owner requirement in targeted areas. Mr. Oitzinger said what must be done is to adopt criteria, apply the criteria to designate target areas within the state and submit them to Treasury and HUD for their approval. Chairman Groff suggested that a committee meet in Missoula on July 14, 1981, in the Housing Authority office (Virginia Jellison's office). Chairman Groff appointed James Leary, Chairman, Virginia Jellison, Thomas Battershell and Joan Bennett to serve on the committee, and they will give their report at the next Board meeting.

HAMLIN CONSTRUCTION COMPANY

Jerry Hamlin, President of Hamlin Construction Company, and Mark Lindsay, Vice President, presented the Board with a proposal for financial aid for approximately 1,000,000. Mr. Hamlin showed plans of homes ranging in prices from \$40,000 to \$55,000 including the cost of the lot. He stated that they have 7 or 8 areas in the Helena and Jefferson County vicinities whereby they can put a combination of four units, which would amount to 32 or 33 houses, in these separate areas. No action was taken by the Board at this time, but informed Mr. Hamlin that his proposal would be considered.

TRANSFER OF SERVICING

Upon a motion by Michael Kennedy and seconded by Tom Battershell, the Board unanimously approved the transfer of Metropolitan Mortgage Company's servicing to First Citizens Bank of Billings. Linda Forrey stated that as of May, 1981, Metropolitan Mortgage Company services approximately \$2.2 million worth of FHA Insured or VA Guaranteed mortgage loans financed by the Board.

APPROVAL OF LENDERS

Upon a motion by Michael Kennedy and seconded by James Leary, the Board unanimously approved Little Horn State Bank, Hardin; First Citizens Bank, Butte; Security Bank, Colstrip; and First Bank West, Billings, as "qualified lending institutions" to participate in future financing programs of the Board.

SAGE ADVERTISING CONTRACT

No action was taken by the Board at this time to renew the contract with Sage Advertising to do the Board's Annual Report.

FARM HOME PROPOSAL

Gary Swartout, representing Bancshares Mortgage Company presented a proposal to the Board asking for participation in Construction loan financing for low income rental housing projects in rural areas. The purpose of this proposed program is to provide below-market interest rate construction loans to make these projects feasible. He proposed that the Montana Board of Housing would sell notes to provide this construction financing with the understanding that the Farm Home Administration would provide the long term financing. The construction loan, as he explained it, would be closed in the name of Bancshares as mortgagee which it would service and through which the construction draws would be disbursed. In addition to the FmHA commitment to provide the permanent financing, Bancshares would guarantee the repayment of the construction loan if, for any reason, FmHA refused to provide the funds as envisioned by this arrangement. The details concerning the loan documents and other security arrangements to assure that the intent of the Montana Board of Housing would be protected and secure would be matters for the staff and their respective lawyers to attend to. Upon a motion by Virginia Jellison and seconded by James Leary, the Board unanimously agreed to consider the proposal and to work with the underwriters in structuring the necessary documents.

S-1348 BILL TO AMEND INTERNAL REVENUE CODE OF 1954

Henry Lanier stated that the Duncan and Sasser Amendments, which are identical pieces of legislation, would bring the current act more into line with what the Board has been doing, although it would retain many restrictions, it would be much more flexible and easier to work with. Mr. Olson added that the bill would simply liberalize the Mortgage Subsidy Bond Tax Act of 1980.

ELECTION OF OFFICERS

Chairman William Groff opened nominations for the office of Chairman of the Board: Tom Battershell moved and Joan Bennett seconded that William Groff be nominated to remain as Chairman of the Board. There being no other nominations, nominations were closed and Virginia Jellison moved that the motion pass and was unanimously approved.

Nominations were then opened for Vice Chairman:

Joan Bennett nominated Virginia Jellison for the office of Vice Chairman, which she

declined in preference to remaining as Secretary of the Board. Tom Battershell then made a motion nominating Virginia as Secretary to the Board, and James Leary seconded the motion. There being no other nominations, nominations were closed and the motion was unanimously approved.

Chairman Groff again opened nominations for Vice Chairman: Virginia Jellison moved and Michael Kennedy seconded that Tom Battershell be nominated for Vice Chairman of the Board. There being no other nominations, nominations were closed, and Michael Kennedy moved and Joan Bennett seconded that Tom Battershell be elected Vice Chairman. The motion passed and was unanimously approved.

Nominations were then opened for Treasurer of the Board: Upon a motion by Michael Kennedy and seconded by Tom Battershell, Lyle Olson was nominated for the office of Treasurer of the Board. There being no other nominations the motion passed and was unanimously approved.

FURTHER BUSINESS

There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.



VIRGINIA JELLISON, SECRETARY TO THE BOARD

8/14/81

DATED

BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA
APRIL 15, 1981

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (present)
Virginia Jellison, Secretary (absent)
James J. Leary (present)
Thomas Battershell (present)
Joan Bennett (absent)
Michael J. Kennedy, Jr. (absent)
Bruce Moerer (present)

STAFF: Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Nita Routzahn, Executive Secretary

COUNSEL: David L. Jackson, Jackson, Oitzinger & Murdo

OTHERS: Senator Frank Hazelbaker
Brad Calbert, Victorio Mortgage Co.
Gene Todd, Todd & Associates
Gene Hufford, D.A. Davidson
Tom Ryan, Montana People's Association
Marie McAlear, Montana People's Association
Vincent Werner, Page & Werner
Jeff Cochran, Governor's Office

The meeting was called to order by Chairman William Groff at 9:30 a.m. in Conference Room 160 of the Mitchell Building in Helena, Montana. The minutes of the April 9, 1981 meeting were not available at this time for approval by the Board. They will be completed and ready for approval by the next meeting.

TWIN BRIDGES RETIREMENT VILLAGE PROJECT

Senator Frank Hazelbaker attended the meeting to comment briefly on the Twin Bridges Retirement Village project. Being very interested in this project, he offered his services and encouragement with the progress of completing the project.

Marie McAlear, County Commissioner for Madison County and a Board Member for Montana People's Association, explained that Montana People's Association purchased from the State of Montana in 1980, what was the Children's Center in Twin Bridges, Montana, for the purpose of converting it into a retirement village. The Association formed a partnership with D.A. Davidson Co. and hired Todd and Associates, from Great Falls as the managing firm and consultants. Mrs. McAlear spoke to the Board about community support and what they hope to provide for and with the Village.

Tom Ryan, representing the Montana People's Association explained how the Association was originated, and how they got involved in starting a retirement home for Senior Citizens, handicapped persons and veterans. He stated that they bid \$451,000 and with D.A. Davidson as a partner, they were able to come up with close to \$22,000 for a down payment.

Vince Werner, Architect with Page and Werner presented to the Board pictures and diagrams of the site, showing positions of buildings, roads, sewage lagoons, water tower, heating plant, etc.. Mr. Werner also discussed the flood plain problem which has since been resolved.

Gene Hufford, D. A. Davidson Co. stated that approximately 9 acres of the Village site will be leased to International Operating Engineers from Washington, D.C. for training purposes.

Gene Todd, Todd & Associates, explained to the Board the living arrangements for the people renting and what would be available to them, as to food service, shopping, activities, medical services, fire service, etc. and also quoted rents and age limits.

Mr. Herbert George stated the "set aside" we requested for 1981 was submitted to HUD in September 1980. The Board asked for 450 units exclusive of the units that were to be awarded to Twin Bridges, because they were handling their "set aside" through their own contact. Pursuant to that request notice was received by a letter dated December 10, 1980 that 120 units had been set aside for Montana by HUD. Pursuant to actions of the Board, those 120 units were allocated to the 3 projects on the west side. Subsequent to that notice, notice was received from HUD that they were going to send the allocation for Twin Bridges "set aside" through the Board. Notification was received that they had allocated an additional 50 units to the Board, specifically "earmarked" for Twin Bridges. To date notification of the Farm Home Administration's 50 units have not been received. Mr. George explained that he understood that those were returned by the Farm Home Administration to HUD and HUD has them in Washington, D.C. and has not released them to Denver so they can re-lease them to make up the 150 units. He further stated that on March 12, 1981 notice was received from HUD stating that they had restricted, under their interim guidelines, the use of 50% of all the units allocated to the Montana Board of Housing. That restraint included the 120 units and 150 that were to be allocated for Twin Bridges which means that until the guideline is lifted HUD cannot process the Twin Bridges project to commitment. HUD agreed to accept and process the application for re-lease when the guidelines are lifted. The Board has to decide if they want to submit the application to HUD under those conditions. Mr. George explained that another phase is to decide whether its a sound project that the Board wants to finance and whether or not we can get FHA Insurance on the loan.

RESOLUTION TO PROCEED WITH PRELIMINARY APPLICATION OF TWIN BRIDGES PROJECT

Dave Jackson, Board Counsel cited the following resolution to proceed with the Preliminary Application for the Twin Bridges project. Upon a motion by Tom Battershell and seconded by Bruce Moerer, the Board unanimously approved the resolution hereafter set forth in its entirety:

RESOLUTION 81-0415-12M

RESOLUTION OF THE MONTANA BOARD OF HOUSING RELATIVE TO THE PRELIMINARY APPLICATION TO HUD FOR SECTION 8 ASSISTANCE FOR THE TWIN BRIDGES PROJECT SUBMITTED BY THE MONTANA PEOPLES ASSOCIATION PARTNERSHIP

WHEREAS, the Montana People's Association Partnership, a partnership comprised of Montana Peoples Association, a Montana Corporation; D.A. Davidson Realty Corporation, a Montana Corporation, General Partners; and David Ames of Minneapolis, Minnesota, as a Special Limited Partner ("MPA") is the sponsor of the Montana Peoples Association Retirement Village, a proposed project consisting of 150 units of Section 8 housing for the elderly located at Twin Bridges, Montana (the "Twin Bridges Project"); and

WHEREAS, in response to its request, the Board was advised by letter dated December 10, 1980 from HUD that 120 units of Section 8 housing was available for allocation by the Board during the federal fiscal year ending September 30, 1981, ("FY81"); and

WHEREAS, such 120 units were allocated by the Board as follows; Grandview Place Project, Missoula 48 units; Treasure State Plaza Project, Kalispell 48 units; and Lake View Villa Project, Polson 24 units; and preliminary applications for such projects (hereinafter referred to as the "1981 Projects") were forwarded to HUD for processing; and

WHEREAS, by letter dated February 27, 1981, the Board was advised that its FY81 Section 8 allocation was being increased from 120 to 170 units and that an additional 50 units was being made available from HUD's discretionary fund; and

WHEREAS, HUD drafted letters to the Governor on March 4, 1981 and to the Board on March 9, 1981 clarifying the status of the FY81 allocation of Section 8 units; and

WHEREAS, by telegram dated, March 12, 1981, the Board was advised by HUD as to interim guidelines directing State housing agencies to hold back on allocations of 50% of the allocation of Section 8 units for FY81; and

WHEREAS, by letter dated March 18, 1981, HUD advised the Board that the increase in Section 8 units for FY81 from 120 units to 170 units, the allocation of 50 units from the discretionary fund and a further allocation of 50 additional units were all earmarked for a project consisting of 150 units at Twin Bridges (such letter and all letters from HUD previously referred to are herein called the "HUD Correspondence");

WHEREAS, on April 2, 1981, the Board received from MPA a preliminary application (the "Preliminary Application") with respect to the Twin Bridges Project;

WHEREAS, the sponsor understands that the acceptance of preliminary application from the MPA by the Board for submission to HUD for its consideration and processing does not constitute a commitment by the Board to provide financing for the Twin Bridges Project;

RESOLVED, that based upon the HUD Correspondence, the Preliminary Application and the understanding that a further allocation of 50 additional Section 8 units will be made available to the Board for the Twin Bridges Project, that this allocation would not adversely affect the Board's allocation for Section 8 units in the future, and that previous allocation and HUD processing of applications for 120 units for the 1981 Projects will not be adversely affected, the Board hereby allocates 150 units of Section 8 housing assistance to the Twin Bridges Project subject to (1) advice confirmation by HUD that the further allocation of 50 additional units is effective and (2) release of the 150 units from the HUD Interim Guidelines; and further

RESOLVED, that, upon receipt of advice confirmation by HUD that the further allocation of 50 additional units is effective, the staff of the Board is authorized and directed to cause the necessary public announcement to be made and to forward the Preliminary Application to HUD for processing; and further

RESOLVED, that the Board acknowledges receipt of a request for financing for the Twin Bridges Project; and further

RESOLVED, that this resolution is not a commitment by the Board to provide mortgage loan financing for the Twin Bridges Project.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 15TH DAY OF APRIL, 1981.

GROFF, LEARY, BATTERSHELL, MOERER

OTHER BUSINESS

Chairman Groff suggested that the two Chairmen from the Senate and House Committees and whomever they wish to bring, be invited to the next Board meeting to discuss our particularly impacted areas and our limits on making it feasible to borrow money.

ADJOURN

There being no further business, the meeting was adjourned. The next meeting was tentatively scheduled for late May.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

6/24/81
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

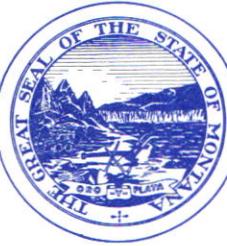
(406) 449-3040

HELENA, MONTANA 59620

TENTATIVE AGENDA
BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA
APRIL 9, 1981

- I. CALL MEETING TO ORDER - 9:30 a.m.
- II. APPROVAL OF MINUTES - MARCH 5, 1981
- III. FIRST BUILDERS - BILLINGS
- IV. COLSTRIP HOUSING PROJECT
Western Energy Representative - Butte
- V. MULTIFAMILY REPORT
- VI. SINGLE FAMILY LEGISLATION
 - a. State
 - b. Federal
- VII. APPROVAL OF LENDERS
- VIII. OTHER BUSINESS
- IX. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA
APRIL 9, 1981

- I. CALL MEETING TO ORDER - 9:30 a.m.
- II. APPROVAL OF MINUTES - MARCH 5, 1981
- III. FIRST BUILDERS - BILLINGS
- IV. COLSTRIP HOUSING PROJECT
Montana Power Representative, Mel Ryan - Butte
- V. MULTIFAMILY REPORT
 - a. 1980 Allocations
 - b. 1981 Allocations
 - c. Twin Bridges
- VI. SINGLE FAMILY LEGISLATION
 - a. State
 - b. Federal
- VII. APPROVAL OF LENDERS
- VIII. OTHER BUSINESS
 - a. Department of Commerce
 - b. Contract With Gary Rodgers
- IX. ADJOURN

BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA
APRIL 9, 1981

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (present)
Virginia Jellison, Secretary (present)
James J. Leary (present)
Thomas Battershell (present)
Joan Bennett (present)
Michael J. Kennedy, Jr. (present)
Bruce Moerer (present)

STAFF:

Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
David Kraft, Comptroller
Meredith McGuire, Administrative Assistant
Nita Routzahn, Executive Secretary

COUNSEL:

David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

UNDERWRITERS:

Henry D. Lanier, First Boston Corporation
James Dlugosch, Dain Bosworth
Rich Eisenberg, First Boston Corporation
Jim Snow, Piper, Jaffray & Hopwood

OTHERS:

Neil E. Wetsch, Montana Home Builders Association
Robert Miller, First Builders Company
Steve Davis, Davis Development - Billings Housing Authority
Jerry Hamlin, Helena Homebuilders Association
Monica Conrad, Governor's Office
John C. Bulen, First Federal Savings & Loan - Great Falls
Charles A. Hendricks
Bill Kessner Jr., Kessner Builders
Mel Hendricks, Hendricks, Inc.
Brad Calbert, Victorio Mortgage Co.
Jim Shaver, Security Federal Savings & Loan - Billings
Jerry LaSeur, Security Bancshares of Montana
Terry M. Sheahan, Security Bank of Colstrip
Pat Reardon, Sunlight Development Co. of Colstrip
Robert E. Workman, Sunlight Development Co. of Colstrip
Paul Scotten, The Montana Power Co. - Butte
Mel Ryan, The Montana Power Co. - Butte
Steve Spencer, Spencer & Company, Inc.
Gene Gibson, Gibson Construction

The meeting was called to order by Chairman William Groff at 9:30 a.m. in Conference Room 160 of the Mitchell Building in Helena, Montana. There being no corrections to the minutes of the March 5, 1981 meeting, James Leary moved and Bruce Moerer seconded a motion to approve the minutes as circulated to the Board.

COLSTRIP HOUSING PROJECT

Melvyn Ryan, representing the Montana Power Company, provided the Board with the following answers to certain questions requested by the Board at its March 5, 1981

meeting: (1) The acquisition cost of lots and homes being constructed in Colstrip is approximately \$60,000 to \$90,000. (2) Projections for future demand of housing units in Colstrip are 520 units of which 230 units should be completed by the end of 1981; 100 units by 1982; 140 units by 1983; 30 units by 1984 and 20 additional units by 1985. (3) The average salary range for individuals employed at the plant operation and other employees providing indirect services is between \$26,000 and \$28,000. (4) Sample plans and specifications for the average home is available upon request. (5) Montana Power Company does not have the expertise or capital to provide for the financing for these housing units. (6) A recent analysis of the labor force and those providing indirect services reveals that 78% of the population were previously employed in Montana. 10% were previously employed in the immediate adjacent states and approximately 10% of the work force came from remote areas in Montana. (7) Montana Power Company stated they could not afford to sell the homes at less than fair market value. (8) Mr. Ryan stated that the company offers subsidized rents to a considerable degree to those who cannot afford to purchase a home and also have made available rent subsidies on trailer homes, townhouses and apartments. While the Board took no formal action, it will consider Colstrip's housing needs in its next allocation of bond proceeds providing terms and conditions of the mortgage loans qualify under the Board's guidelines.

PRESENTATION BY FIRST BUILDERS COMPANY

Robert Miller, representing First Builders Company asked the Board for consideration in providing funds for two housing projects, Phase 3 of Portage Meadows, in Great Falls, and Phase 2 of Olympic Park, in Billings. Portage Meadows, a planned unit development, will consist of 40 three bedroom, single family attached town homes to be built in four plexes with attached garages, consisting of 1,100 square feet, and priced at approximately \$44,950.00 for a total amount of \$1,800,000.00. Another section will consist of 22 single family detached homes with 850 to 1,000 square feet with attached garages priced at approximately \$49,950.00 for a total amount of \$1,100,000.00. The total amount for the Townhomes and single family detached homes is \$2,900,000.00.

Phase 2 of Olympic Park, a planned unit development, will consist of 64 three bedroom, single family attached townhomes to be built in four plexes with attached garages. Each unit will consist of 1,100 square feet and is priced at approximately \$44,950.00 for a total of \$2,900.00. Another section will consist of 52 single family detached homes with 850 to 1,000 square feet priced at approximately \$49,950.00 for a total of \$2,600,000.00. The total amount for the townhomes and single family detached is \$5,500,000.00. It is the intention of First Builders Co. to develop these two projects in two one year phases, for a total of \$8,400,000.00. Mr. Miller requested a special allocation of funds from its next bond issue, however, no official action was taken by the Board.

MULTIFAMILY HOUSING REPORT

Mr. Bill Groff, Chairman of the Board reported that the Board allocated the 120 units "set aside" for FY 1981, received in December 1980, to projects in Missoula, 48 units; Kalispell, 48 units; Polson, 24 units. Applications for these projects were received and submitted to DHUD for processing in December of 1980.

Mr. Groff reported that the sponsors of the Twin Bridges projects had been notified by DHUD that they would be allocated 150 units of Section 8 assisted housing for that project. These units were to be comprised of 50 units from the DHUD Secretary's Discretionary Fund; 50 units from the Montana Board of Housing's "fair share" and 50 units from the Farm Home Administration. These 150 units of Section 8 assisted housing were to be in addition to the 120 units that had been "set aside" and allocated in December of 1980 making a total of 270 units that had been "set aside" for FY 1981 for Montana if and when the total "set aside" is received from DHUD.

He reported that the Board was notified in February 1981 that the additional 50 units of its "fair share" had been "set aside" and "earmarked" for the Twin Bridges project. The Board was also notified in February 1981 that 50 units had been "set aside" from the Secretary's Discretionary Fund "earmarked" for the Twin Bridges project. To date of this meeting the Board has not been notified of the "set aside" of the 50 units that were to come from the Farm Home Administration.

Under date of March 12, 1981 the Board was notified that its total "set aside" contract authority for Section 8 assisted housing was reduced to 50 percent under Interim Guidelines issued by the FHA commissioner; that the Board could not reserve more than 50 percent of its total "set aside" until these Interim Guidelines are lifted or amended; that this communication was received after the original 120 units of FY 1981 "set aside" had been allocated in December of 1980 and before notification of the total 150 units of "set aside" for Twin Bridges had been received by the Board.

Mr. Groff expressed his concern about the unavoidable delay in the reservation of the Section 8 assistance for the 150 units for Twin Bridges project caused by the Interim Guidelines issued by DHUD and the fact that the application could not be processed and reserved by DHUD until the Guidelines are lifted. He recommended that a motion be made to approve the allocation of the 150 units of Section 8 assisted housing for the Twin Bridges project when they are available for allocation and processing. He explained that the motion for the allocation of the Section 8 assistance was entirely separate from the funding of the project under an FHA insured mortgage; that when action for mortgage funding should be necessary and appropriate it could be addressed at a future meeting.

Mr. Groff also explained that the allocation of the "set aside" for the Twin Bridges project would not in any way adversely affect the allocation and continued processing of the original 120 units of Section 8 assisted housing that had been submitted to DHUD in December of 1980.

To further address the many concerns presented in the consideration of the Twin Bridges project, Mr. Groff called for a special meeting of the Board to be held in Room 160 of the Mitchell Building in Helena at 9:30 a.m. on April 15, 1981. Virginia Jellison made a motion that the special meeting be held on the date, at the time, recommended. The motion was seconded by Tom Battershell and approved by vote of the Board.

STATE LEGISLATION

In state legislative matters, Lyle Olson reported that Senate Bills 90, 91 and 143 have been approved by the 47th Legislative session and endorsed by the Governor. Copies of the bills are available upon request at the Board's office.

FEDERAL LEGISLATION

In order to comply with the federal legislation, the staff is proceeding in conjunction with the University of Montana to gather statistical data on the average area purchase price of single family dwellings. Linda Forrey reported the development of the lender survey of Montana is in process and preliminary statistics shall be available by mid June.

APPROVAL OF LENDERS

Upon a motion by Tom Battershell and seconded by Michael Kennedy, the Board approved First Security Bank, Big Timber; Citizens Bank, Big Timber; Security State Bank, Harlem; Continental National Bank, Harlowton; Richland National Bank, Sidney; Whitehall State Bank, Whitehall; and First State Whitefish Bank, Whitefish, as "qualified lending institutions" to participate in the Board's financing programs.

COMPTROLLERS REPORT ON MPACS

Dave Kraft reported that the Governor has signed Senate Bill 432 creating the new Department of Commerce. This bill moves the Research and Information Systems Division of Department of Community Affairs (contracted for MPACS processing) to the Department of Administration. The same services will be available through the Department of Administration but improvements can be made and savings realized by implementing a system whereby the Board enters and corrects MPACS data independent of DCA or Department of Administration.

The implementation of this system would require the Board to enter into a contract to have two basic products provided. The first would be a program to convert data keyed at a remote terminal to the existing formats required by MPACS. The second would be a procedures manual or operators instruction manual that would address MPACS operating procedures, transactions, job control language, file definitions, MPACS update run, and MPACS supplemental reporting.

The cost of these two products would be \$2,290.00. The 82-83 biennium budget for the Board is structured to implement this system. It includes funding for a data entry person and equipment rental. The staff estimates a savings of approximately \$3,000 in FY 82 and \$6,900 in FY 83. The existing contract with DCA expires June 30, 1981. Upon a motion by Bruce Moerer and seconded by Virginia Jellison the contract with Gary Rogers, Contractor, was unanimously approved.

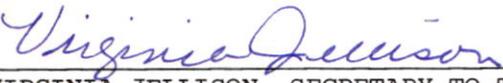
COMPLIANCE OF SERVICERS

Linda Forrey reported that compliance procedures have been instituted by the staff to assure participating lending institutions are in compliance with the covenants of the Servicing Agreement. Upon a motion by Virginia Jellison and seconded by Mike Kennedy, the Board authorized the staff to terminate a lender's servicing responsibilities if the servicer fails to comply with the representations and covenants of said agreement subject to prior approval of the Board.

OTHER BUSINESS

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

CERTIFIED TO BE CORRECT AND TRUE.



VIRGINIA JELLISON, SECRETARY TO THE BOARD

6/24/81

DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

TENTATIVE AGENDA
BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA

MARCH 5, 1981

- I. CALL MEETING TO ORDER - 9:00 a.m.
- II. SPECIAL GUEST - GOVERNOR TED SCHWINDEN
- III. APPROVAL OF MINUTES - JANUARY 15, 1981
- IV. SECURITY BANK - COLSTRIP, MONTANA
- V. MANUFACTURED HOUSING REPRESENTATIVE
- VI. MULTIFAMILY REPORT
- VII. SINGLE FAMILY REPORT
 - a. Delinquency Analysis
 - b. Extension of 1980A Purchase Date
- VIII. COMPTROLLERS REPORT
- IX. APPROVAL OF LENDERS
- X. FEDERAL LEGISLATION - WILLIAM HAYDEN
- XI. STATE LEGISLATION
 1. Senator Tom Towe
 - a. Agriculture Bonds
 2. Representative Art Lund
 - a. Agriculture Bonds
 3. Representative Tom Hannah
 - a. Economic Development Authority
- XII. OTHER BUSINESS
- XIII. ADJOURN

BOARD OF HOUSING MEETING
MITCHELL BUILDING - ROOM 160
HELENA, MONTANA

MARCH 5, 1981

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (present)
Virginia Jellison, Secretary (present)
James J. Leary (present)
Thomas Battershell (present)
Joan Bennett (present)
Michael J. Kennedy, Jr. (present)
Bruce Moerer (present)

STAFF: Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
David Kraft, Comptroller
Judy R. Gillespie, Accountant
Nita M. Routzahn, Executive Secretary

COUNSEL: David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

UNDERWRITERS: William Hayden, First Boston Corporation
Henry D. Lanier, First Boston Corporation
James Dlugosch, Dain Bosworth
Robert Sylvester, Piper, Jaffray & Hopwood

OTHERS: Governor Ted Schwinden, Governor's Office
John Drew, United California Bank
Agnes Hoffman, Security Bank - Billings
Terry M. Sheahan, Security Bank - Colstrip
Neil E. Wetsch, Montana Home Builders Association
Bruce A. McKenzie, D.A. Davidson & Co.
Garry J. Moes, The Associated Press
Robert H. Miller, Montana Homebuilders Association
Ronald J. Haller, Flathead Homes
George W. Swords, Montana Manufactured Housing Association
Gary Buchanan, Director, Dept. of Business Regulation
Ross Cannon, Attorney, Representing Manufactured Housing Association

The meeting was called to order by Chairman William Groff at 9:00 a.m. in Conference Room 160 of the Mitchell Building in Helena, Montana. There being no corrections to the minutes of the January 15, 1981 meeting, Jim Leary moved and Virginia Jellison seconded a motion to approve the minutes as circulated to the Board.

WELCOME ADDRESS

The Honorable Ted Schwinden, Governor of the State of Montana, was introduced to the meeting and briefly commented on the Board's fine performance in meeting housing needs in the state.

On behalf of the Board of Housing staff and current members of the Board, Chairman William Groff, Virginia Jellison and James Leary, welcomed Thomas Battershell, Helena, Joan Bennett, Great Falls, Michael J. Kennedy, Jr., Billings, and Bruce Moerer, Chinook, as new members of the Montana Board of Housing.

1980 A MORTGAGE PURCHASE PROGRAM

Linda Forrey reported that as of February 5, 1981 total mortgage loan originations at 9-3/4% totaled \$41,377,262.61. Due to delays in obtaining HUD/FHA approval on newly constructed residences, approximately \$1.5 million is outstanding under the 1980 A Mortgage Purchase Program. Authorization to extend the delivery date of the outstanding 1980 A Mortgages to May 18, 1981 was unanimously approved upon a motion by Virginia Jellison and seconded by James Leary.

DELINQUENCY AND FORECLOSURE REPORT

Copies of the Delinquency and Foreclosure Analysis at January 20, 1981 were presented to the Board. Mrs. Forrey explained that the mortgage portfolio count at January 20th totaled 4,675 FHA/VA insured/guaranteed loans of which 1.54% were in arrears by 60 days; .83% by 90 days and .9% over 90 days. Total principal and interest in arrears of the entire portfolio is \$25,980.00 and \$193,840.87 respectively representing an overall delinquency ratio of 3.27%. Foreclosure liquidations experienced by the Board represents .15% of the portfolio.

COLSTRIP HOUSING PROPOSAL

As a result of increased energy development and tremendous housing demand in the Colstrip community, Terry Sheahan asked the Board of Housing to allocate approximately \$2 million to finance 38 FHA/VA approved single family residences through the First Security Bank of Colstrip. Mr. Shehan's proposal revealed the average annual salary of potential homebuyers at the power plant was \$26,246.00 who could invest \$5,000 to \$10,000 towards the purchase of a \$55,000.00 to \$70,000.00 home. He further stated that although the average salary in Colstrip is higher than the average for Montana in general, Colstrip residents cannot afford homeownership at current FHA/VA interest rates.

Chairman Groff expressed concern that other areas in the state are experiencing similar housing pressures where family income is substantially lower than Colstrip residents. While the Board took no action on the proposal, Montana Power Company representatives were asked to attend the next meeting to offer financial assistance in meeting Colstrip's housing needs.

William Hayden, representing the Board's leading underwriting team, suggested that Colstrip's problem be addressed to federal housing officials and Congress to serve as an example of the need to continue state housing programs financed by tax exempt securities.

COMPTROLLERS REPORT

David Kraft stated that the Board is under contract with the Department of Community Affairs for data processing services related to the Mortgage Portfolio Accounting and Control System (MPACS). The Board is investigating the possibility of becoming independent of the Department of Community Affairs by installing a terminal at the Board's location for direct data entry into MPACS. The 82-83 Biennium Budget includes a new position to perform this function.

APPROVAL OF ROTHSCHILD FINANCIAL CORPORATION

Upon a motion by Virginia Jellison and seconded by Mike Kennedy, the Board approved Rothschild Financial Corporation as a qualified FHA approved mortgagee to participate in the Board's financing programs. Rothschild Financial Corporation is based in St. Paul, Minnesota and is the mortgage banking subsidiary of H. & Val J. Rothschild, Inc.

STATE LEGISLATION

Lyle Olson reported on numerous economic development bills pending in the 1981 legislative session. In other legislation concerning the Board, the Senate approved Senate Bill 90 revising the rate of interest on bonds and notes issued by the Board to 1% less than the current FHA rate in effect at a time the Board determines a sale is financially and economically feasible. Senate Bill 91, which increases the bond and note debt limit to \$675 million, was also approved by the Senate. Upon favorable action by the House, Senate Bill 143 shall allocate \$200 million annually in single family bond issues to the Board of Housing and furthermore authorize the Board to determine areas of chronic economic distress. Passage and approval of the bills is very favorable.

MANUFACTURED HOUSING PRESENTATION

Members of the Board of Housing were asked to consider a set-aside of 20% of the next single family bond proceeds to finance manufactured housing in the state. George Swords, Executive Director of Manufactured Housing Association and Ron Haller of Flathead Homes in Kalispell presented statistical data on average selling prices of \$18,000 to \$20,000 for single wide and \$25,000 to \$37,000 on double wide homes. Mr. Swords stressed manufactured homes are structured in accordance with FHA/VA and FMHA approved standards. Chairman Groff recommended a brochure be provided to the Board revealing typical examples of the units and other available data.. No further action was taken by the Board.

MULTIFAMILY PROGRAM

Mr. Herbert George reported that the Oakwood Village project in Malta and the Elmwood project in Great Falls are 100% complete and final closing will be accomplished upon completion of cost certification; that the cost certification for these projects have been submitted to DHUD for review and approval;

that the four projects for which construction financing is being provided by the Montana Board of Housing are progressing satisfactorily toward completion. These projects are located in Billings, Malta, Kalispell and Whitefish;

that the three projects comprising the 100 units of Section 8 assistance "set aside" for Fiscal Year 1980 are in processing at DHUD. Application for conditional commitments have been submitted to DHUD for two of these projects. The conditional application for the other project is to be submitted to DHUD within the next few days.

The 120 units of Section 8 assistance "set aside" for fiscal year 1981 have been received and allocated to Missoula, Polson and Kalispell for projects that were in the "pipeline" at the time the "set aside" was received. These applications were originally submitted to DHUD for processing and approval on 11-7-80; final submission was under date of 12-22-80.

The Twin Bridges project was commented upon by Mr. George. He reported that the anticipated "set aside" for this project had not been received, also that the Montana Board of Housing had not received an application for financing this project; that the "set aside" for this project was not being made in the usual customary fashion, and that he assumed that Montana Board of Housing would be requested to provide the financing for the project at sometime within the next several days.

In view of the present bond market climate some apprehension was expressed concerning the ability of the Board to market bonds at a rate that sponsors can afford under the Fair Market Rents established by DHUD.

SINGLE FAMILY MORTGAGE PROGRAM

One of many restrictive provisions of the Mortgage Subsidy Bond Tax Act of 1980, requires that average selling price data for new and existing homes must be established to bring a single family mortgage bond issue to market. Since current statistical data is not readily available, the Board of Housing approved the following resolution hereafter set forth at length upon a motion by Joan Bennett and seconded by Michael Kennedy:

RESOLUTION 81-0305-1S

RESOLVED, the staff is authorized to proceed in conjunction with the Bureau of Business and Economic Research, University of Montana, to structure and develop a statewide survey to determine the average purchase price of single family residences sold in the statistical area in which the residence is located. Separate determinations shall be made for new and previously-occupied residences.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 5TH DAY OF MARCH, 1981.

RESOLUTION TO PROCEED WITH SINGLE FAMILY BOND ISSUE

In anticipation of favorable market conditions and Treasury approval to proceed with a single family issue under the new federal requirements, the Board unanimously adopted the following resolution hereafter set forth at length upon a motion by Michael Kennedy and seconded by Thomas Battershell:

RESOLUTION 81-0305-2S

RESOLVED, the staff is authorized to proceed in conjunction with The First Boston Corporation and Bond counsel to structure a Single Family Program Bond Issue in the amount of \$100 million to be issued at such time as approved by the Board.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 5TH DAY OF MARCH, 1981

OTHER BUSINESS

The next meeting of the Board was tentatively scheduled for April 9, 1981. There being no further business the meeting was adjourned upon a motion by James Leary and seconded by Virginia Jellison.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison

VIRGINIA JELLISON, SECRETARY TO THE BOARD

4/9/81

DATED



MONTANA BOARD OF HOUSING

CAPITOL STATION
HELENA, MONTANA 59601

TELEPHONE:
(406) 449-3040

January 7, 1981

M E M O R A N D U M

TO: BOARD OF HOUSING MEMBERS

FROM: LYLE E. OLSON *Lyle*

RE: BOARD OF HOUSING MEETING
JANUARY 15, 1981

The Board will have a meeting January 15, 1981 at 9:30 a.m. in the Board of Housing Conference Room, at 2001 11th Avenue, Helena, Montana. The tentative agenda will be as follows:

- I. CALL MEETING TO ORDER - 9:30 a.m.
- II. APPROVAL OF MINUTES - DECEMBER 11, 1980
- III. STATE LEGISLATION
- IV. FEDERAL LEGISLATION
- V. MULTIFAMILY BOND SALES
- VI. ARBITRAGE REGULATIONS
- VII. OTHER BUSINESS
- VIII. ADJOURN

We are also enclosing copies of:

- Financial Report
- Delinquency Report
- Federal Legislation
- Minutes of Last Meeting
- And Long Awaited Statistical Report

Please notify us if you are unable to attend.

BOARD OF HOUSING MEETING
2001 11TH AVENUE
FSI PLAZA
HELENA, MONTANA
JANUARY 15, 1981

ROLL CALL OF

BOARD MEMBERS: William 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 (absent)
Paul A. Johnson (present)

STAFF: Lyle E. Olson, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Controller
Nita Routzahn, Secretary

COUNSEL: David L. Jackson, Jackson, Oitzinger & Murdo

OTHERS: David Johnson, Anderson, ZurMuehlen & Company
Neil Wetsch, Montana Homebuilders Association

The meeting was called to order by Chairman William A. Groff at 9:30 a.m. in the Conference Room of the Board of Housing office in Helena, Montana on January 15, 1981. There being no corrections to the minutes of the December 11, 1980 meeting, Paul Johnson moved and Cal Robinson seconded a motion to approve the minutes as circulated to the Board. The motion was called to a vote and unanimously approved.

MULTIFAMILY BOND SALES

Mr. Herbert George reported that the Crestwood Inn sale to E. A. Curtis was consummated and the DHUD-FHA closing was accomplished on December 19, 1980; that the project mortgage loan is now insured by DHUD-FHA under section 221(d)(4) of the National Housing Act which provides for payment in cash in the event of default and tender of the property; that \$5,500 was placed in escrow to assure correction of the heating system deficiencies; also \$2,100 was placed in escrow to assure completion of the unfinished exterior finish.

Mr. George also reported that the 220 units of section 8 assisted housing had been allotted as previously approved by the Board and that DHUD had completed its review of the preliminary applications for the first 100 units and had approved the allocation of these units; that the preliminary applications for the additional 120 units have been submitted to DHUD-FHA for approval and these applications are now in process. He also reported that he had been informed by telephone that 150 units of section 8 assisted housing would be allocated to the Board specifically designated for the Twin Bridges project and that the Board could anticipate receiving a minimum of 30 additional units of section 8 assisted housing in the near future.

Mr. George reported on his recent field trip to the Whitefish, Kalispell and Polson areas to inspect projects and proposed sites for projects under construction.

RESOLUTION TO PROCEED WITH MULTIFAMILY PROGRAM

Discussion centered on the sale of bonds in an amount not to exceed twenty million dollars to provide financing for the projects now under consideration including the Twin Bridges project and a project to which the 30 units of section 8 assisted housing would be allocated if and when received from DHUD. The Board staff was authorized and instructed to initiate the necessary preliminary action in preparation for the sale of the bonds and to be prepared to move quickly to accomplish the sale at a time in which the bond market is favorable for the sale, at a price that will permit loans at a rate that is economically feasible for these projects. Upon a motion by Paul Johnson, seconded by Cal Robinson, the Board unanimously approved the resolution hereafter set forth in its entirety:

RESOLUTION 81-0115-11M

WHEREAS, the Montana Board of Housing is authorized to engage in financial programs pursuant to the Housing Act of 1975, 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 bond counsel, Jackson, Oitzinger & Murdo and The First Boston Corporation in preparation of documents relating to the Board's Multi-family Mortgage Program for the issuance of bonds in an amount not to exceed 20 Million Dollars.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 15TH DAY OF JANUARY, 1981.

POTENTIAL ARBITRAGE PROBLEMS

Dave Johnson representing Anderson ZurMuelen discussed possible arbitrage problems the Board may face under the Single Family I and II Indenture. Because the Board has been able to reinvest its cash and investments at substantially higher rates than its cost of borrowing, a possible arbitrage problem could develop in the very near future. Since the Board has not established an actual reinvestment policy, Mr. Johnson did not make a formal recommendation but indicated a decision should be made by April 1981 to alleviate the potential problem by purchasing additional single family mortgages.

APPROVAL OF CONTINENTAL BANK - HARLOWTON, MT

Members of the Board reviewed financial data of the Continental Bank in Harlowton. Upon a motion by Cal Robinson and seconded by James Leary, the Board approved the Continental Bank of Harlowton as a qualified lender to participate in future financing programs.

RESOLUTION TO OPPOSE ANNUAL FEE IMPOSED BY HUD

Chairman Groff presented correspondence regarding a recent HUD notice which assesses an annual fee of \$150. to all FHA approved mortgagees who submit loan applications to HUD for approval and to cover HUD's costs in keeping mortgagees apprised of rule

changes. Mr. Groff stated this fee would be very detrimental to rural lenders who only process a small volume of FHA insured mortgages for sale to Montana Board of Housing. Upon a motion by Paul Johnson and seconded by Cal Robinson, the Board adopted the following resolution hereafter set forth at length for distribution to the Secretary of the Department of Housing and Urban Development, Washington, D. C., and Montana's Congressional delegation:

RESOLUTION

WHEREAS, the Montana Board of Housing desires to advise the U. S. Department of Housing and Urban Development and the Montana Congressional delegation that the fee to be imposed is not justified nor reasonable because many banks in the State of Montana make real estate loans only with intent that the same will be purchased by the Montana Board of Housing. Many banks do not make real estate loans with FHA Insured loans for their own portfolios or for sale on the secondary market, complying with HUD only to permit their participation in the Board's mortgage programs. The Board feels there will be no further loan applications submitted by these banks because of a low volume of loans in relation to the expense involved, thereby denying remote areas of Montana the availability of these loans.

NOW, THEREFORE, it is

(1) RESOLVED that the Montana Board of Housing is opposed to the imposition of a fee against banks participating in FHA Insured loans by the United States Department of Housing and Urban Development, and

(2) RESOLVED that a copy of this resolution be served upon the U. S. Department of Housing and Urban Development and each member of the Montana Congressional delegation.

ADOPTED THIS 15TH DAY OF JANUARY, 1981

STATE LEGISLATION

Lyle Olson reported the status of Senate Bill 90 revising the interest rate limitation under which the Board of Housing may sell its securities to 1% less than the maximum FHA rate, and Senate Bill 91 which increases the total bond debt limit to \$675 million. Mr. Olson stated the bills are scheduled for hearing on January 26, 1981 in Business and Industry and no opposition to effect the passage of the bill is anticipated. Senate Bill 143 allocating the \$200 million to the Board of Housing and authorizing the housing board to establish standards to determine chronic economic distressed areas in the state will be heard by members of the committee.

In other legislative matters, Mr. Olson explained the Veteran bond legislation, and legislation utilizing coal tax funds to subsidize home mortgages. Mr. Olson will follow the state legislation as it pertains to the agency.

REPORT ON LOMAS AND NETTLETON COMPANY

Linda Forrey reported that Lomas & Nettleton Company was officially placed on notice for failure to comply with inspection and notification requirements on loans in default. In accordance with the Servicing Agreement, termination of said agreement

may be enforced should the mortgage lender disregard reporting servicing efforts on delinquent mortgages owned by the Board of Housing. Notice to Lomas & Nettleton was initiated as a result of the abandonment of the Fredrick Rackow property due to a severe rainstorm causing extensive damage to the basement wall. The property was inspected by the Administrator and Single Family Program Officer of the Board. Subsequently, VA appraised the residence at a value of \$6,000. The current status of the property is now in foreclosure awaiting payment from the VA.

OTHER BUSINESS

There being no further business, the meeting was adjourned. The next meeting was tentatively scheduled for February 26, 1981.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison

VIRGINIA JELLISON, SECRETARY TO THE BOARD

3/5/81

DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
DECEMBER 10, 1982

- I. CALL MEETING TO ORDER - 9:30 A.M.
- II. APPROVAL OF MINUTES - OCTOBER 21, 1982
- III. REPORT ON TWIN BRIDGES PROJECT - HERBERT GEORGE
- IV. REPORT ON COMPUTERIZED CASH FLOWS AND INVESTMENTS - DAVE KRAFT
- V. CHARTER FIRST MORTGAGE - LYLE E. OLSON
- VI. APPROVAL OF LENDERS - LINDA FORREY
- VII. UNDERWRITERS REPORT
- VIII. NEW AND UNFINISHED BUSINESS
- IX. ADJOURN

L. E. Olson

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1430 NINTH AVENUE
HELENA, MONTANA
DECEMBER 10, 1982

ROLL CALL OF
BOARD MEMBERS:

- William A. Groff, Chairman (Present)
- Tom Battershell, Vice-Chairman (Present)
- Joan Bennett (Present)
- Michael Kennedy, Jr. (Present)
- James Leary (Present)
- Bruce Moerer (Present)
- Virginia Jellison (Present)

STAFF:

- Lyle E. Olson, Administrator
- Linda M. Forrey, Single Family Program Officer
- Herbert George, Multi-family Program Officer
- Dave Kraft, Comptroller

COUNSEL:

- David Jackson, Jackson, Oitzinger & Murdo
- John Oitzinger, Jackson, Oitzinger & Murdo

OTHERS:

- Jim Cordial, Twin Bridges Association
- Jack Bowersox, Twin Bridges Association
- Tom Ryan, Twin Bridges Association (Montana Peoples Assn.)
- William G. McFadzean, Twin Bridges Association
- William H. Hayden, The First Boston Corporation
- Henry Lanier, The First Boston Corporation
- Shelby Chodos, The First Boston Corporation
- David Johnson, Anderson ZurMuehlen & Co.
- Phyllis Yalovich, Hearing Reporter (Independent Contractor)

The meeting was called to order by Chairman Groff at 9:30 a.m., in the meeting room of the Department of Commerce, at Helena, Montana.

There being no corrections or alterations to the minutes of the meeting of October 21, 1982, they were approved as circulated to the Board.

MULTIFAMILY REPORT:

Herbert George reported on the status of the Twin Bridges and advised that the original sponsors of this project had withdrawn some months ago but that there was now a new group reactivating the project. He stated that the main thrust of the new project at Twin Bridges would be a 100-unit project for the housing of the elderly, which would be 100% subsidized under Section VIII and the mortgage loan would be insured under 221-D-4. HUD has also imposed another requirement on the sponsors and that is that they build a companion facility, a personal care unit, of an undetermined size, with the mortgage loan being insured under 232 and there is also UDAG grant involved with the personal care units. Mr. George went on to explain that there is no commitment on the part of the Board to provide financing and that the interested parties have been advised that provided they meet all the requirements, i.e., the Section VIII 100% subsidy units for the elderly, the 221-D-4 mortgage insurance for the project mortgage and the 232 mortgage for the personal care units with the UDAG grant in

the maximum amount available and provided the bond market is such that the Board can go in the market and sell bonds at a favorable rate for the project, then he would recommend to the Board at that time that they proceed in that fashion.

Mr. William McFadzean, President of Development Strategy, Inc., of Alaska and Minnesota, was introduced to the Board at this time and he explained in further detail what the proposed plans were for the Twin Bridges project. He discussed in some detail the background of their involvement and plans for the future development of the project. Jack Bowersox, a partner in the project, displayed some architectural drawings that had been prepared, showing the present set-up of the buildings and how the Association planned the development to look when completed. McFadzean and Bowersox also answered questions from the Board relative to future development, access, and management.

COMPUTERIZED CASH FLOWS AND INVESTMENTS:

Dave Kraft detailed the requirements for cash flow certificates contained in the Single Family I Indenture and the Single Family II Indenture, and stated that these cash flow certificates have been prepared in the past by First Boston Corporation, using a time sharing basis. Mr. Kraft explained what the cash flow certificate was and how it was obtained, and what information was used to generate the certificate.

Mr. Kraft then referred to the management letter from Anderson ZurMuehlen Co., which referred to the fact that recent advances in technology and decreasing prices of micro computers, it now appears feasible for the Board to acquire a computer system that will meet the needs of the Board at a reasonable cost (less than \$10,000).

Mr. Kraft listed a few options the Board might want to consider: (1) Contract with First Boston to continue to prepare the required cash flow certificates, which would be a very expensive option; (2) Purchase a personal computer and the software package from someone who has a cash flow program written into it already and try to make that fit the Board's particular situation; (3) Purchase a personal computer and contract with someone to write a program that would fill the Board's needs exactly; (4) contract with someone to run the cash flows when required without purchasing any hardware or software; (5) purchase a personal computer and software package whereby the Board would write its own program for each of its various needs. Mr. Kraft recommended the last option. The cost under this option, which would include the acquisition of the personal computer and all of the required components and a software package which would enable the Board to program cash flow activity into it, investment tracking activity and rebate requirement and other applications as required, would go along with the recommendation in the management letter from Anderson ZurMuehlen Co., of less than \$10,000.

MOTION: Mr. Battershell moved that Mr. Kraft have permission to purchase a personal computer and software package of his choice, based upon recommendations from Anderson ZurMuehlen Co., at a cost of less than \$10,000. The motion was seconded by Mrs. Bennett and carried unanimously.

Following further discussion, Mr. Battershell moved to amend his motion

to state that the cost should not exceed \$11,000. There being no objections, the motion was amended to state \$11,000 as the cost.

CHARTER FIRST MORTGAGE, INC.

Lyle Olson reported on recent developments regarding one of the Board's Servicers. Charter First Mortgage, Inc. headquartered in Medford, Oregon, had a \$5.8 million loan with the Bank of Oregon who called the loan due which is usually the beginning of a reorganization under the bankruptcy laws. Therefore, John Oitzinger, Bond Counsel for the Board, requested Charter First Mortgage deliver the Board's mortgage loan files to First Interstate Bank of Great Falls where a large percentage of the loans were originated. Charter First asked if they could sell its servicing to Utah Mortgage Co. in Logan, Utah for 2% of the outstanding principal balance of the mortgage loans. Their request was denied. Mr. Olson recommended that the Board formally transfer the servicing functions and responsibilities to First Interstate Bank of Great Falls who has agreed to pay Charter First Mortgage 1.25% and to terminate the servicing contract between Charter First and the Board.

Mr. Oitzinger stated the legal position that Charter First has a contract with the Board which the Board has terminated. He voiced the feeling that although this was a business judgment decision, he would not want any action which the Board takes today to establish a precedent or to create the implication that the servicers own the agreements or that the Board is stuck with a perpetual servicing contract which is not terminable. He stated that the provision for termination by the Board was put in the contract for a very good reason and that he felt it important for the Board to preserve the right to do that in the future. He recommended that the Board go to First Interstate Bank and ask them how much they would pay the Board for the contract, or try to negotiate a three-way arrangement so that the Board would get part of the \$50,000. With the proposed sale by Charter First to First Interstate there arises a presumption that there is a property right owned by Charter First and this is disputed by Oitzinger. He stated that it is a personal service contract between the Board and Charter First and they do not have any proprietary rights in it; it is terminable on five days' notice, and what the Board was being asked to approve was a new contract with First Interstate at 3/8% of 1% when the Board was aware that they were paying a third party money for that contract.

After further discussion it was moved by Tom Battershell that the Board approve the transfer from the Charter First to the First Interstate Bank of Great Falls on an emergency basis and that a letter be written that this is being done on an emergency basis. The motion was seconded by Virginia Jellison and was carried unanimously.

APPROVAL OF LENDERS

Linda Forrey presented the Flathead Bank of Big Fork for approval as a lender. They have total resources of \$14.5 million. They have personnel involved in originating and servicing of real estate mortgages; the President has been with the Bank for nine years and they have adequate errors and omissions coverage and fidelity coverage, their FHA mortgagee number, and the Staff recommends approval.

MOTION: It was moved by Bruce Moerer that the Flathead Bank of Big Fork be approved as a lender. The motion was seconded by Joan Bennett and carried unanimously.

UNDERWRITERS REPORT

Following discussion regarding changing the attitude of the Board to short term issues rather than the longer term issues it has had in the past, and upon the assurance of First Boston that they could get a \$200 million package ready to go by the middle of January, and that the entire \$200 million would not have to be sold at one time but varying smaller amounts such as \$20 million, \$50 million, or whatever the market would bear, and in further discussion the total authorization for the 1983 issue would be the \$200 million, which is the maximum that the Board is authorized to issue for the year, it was moved by Joan Bennett that First Boston, its staff and attorneys start on the master plan for a \$200 million issue for 1983 and have it ready as soon as possible. The motion was seconded by Bruce Moerer and passed unanimously.

NEW AND UNFINISHED BUSINESS

The Chairman then advised the Board that he and Lyle Olson had requested Dave Kraft to work up some information on what would happen if the Board were to buy back \$10 million of its own bonds and cancel them from the 1982 issue. Mr. Kraft is to have this information worked up by the end of the year.

There being no further business to come before the Board, the meeting was adjourned at 11:30 a.m.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison

VIRGINIA JELLISON, SECRETARY TO THE BOARD

December 10, 1982

DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
OCTOBER 21, 1982

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - JULY 30, 1982 - AUGUST 10, 1982
- III. ANNUAL FINANCIAL REPORT - DAVE JOHNSON
- IV. BUDGET - 1984 & 1985 - DAVE KRAFT
- V. GOVERNMENT COUNCIL ON MANAGEMENT 334-335 - LYLE OLSON
- VI. 1982 A - LINDA FORREY
- VII. FURTHER BUSINESS
- VIII. ADJOURN

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
OCTOBER 21, 1982

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (Present)
Thomas Battershell (Present)
Joan Bennett (Present)
Michael Kennedy, Jr. (Present)
James Leary (Present)
Bruce Moerer (Present)
Virginia Jellison (Present)

STAFF:

Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Nita Routzahn, Executive Secretary

COUNSEL:

John J. Oitzinger, Jackson, Oitzinger & Murdo

OTHERS:

James Martling, First Boston Corporation
Dave Johnson, Anderson ZurMuehlen & Co.
Gary Moes, Associated Press

The meeting was called to order by Chairman William Groff at 9:00 a.m. in the Department of Commerce Conference Room, 1424 Ninth Avenue, Helena Montana.

There being no corrections to the minutes of the July 30, 1982 and August 10, 1982 meetings, they were approved as circulated to the Board.

ANNUAL FINANCIAL REPORT

David Johnson of Anderson ZurMuehlen Co. distributed copies of the financial report to the Board members and staff to follow as he discussed the Board's financial position. He stated there have been virtually no changes to the report given previously at the July 30th meeting. As of June 30, 1982 and 1981, the total assets of the funds are approximately \$298 million as compared to \$249 million at the end of the preceding year. Mr. Johnson explained that there is a total of \$280 million in liabilities and a fund balance of approximately \$18 million at June 30, 1982. Anderson ZurMuehlen Co. issued the Board of Housing an unqualified opinion. Upon a motion by James Leary and seconded by Michael Kennedy the Board unanimously approved the Financial Report as presented.

PROPOSED BIENNIUM BUDGET FOR 1984 AND 1985

Dave Kraft distributed copies of the proposed 1984-1985 biennium budget and explained the individual budget categories. He Stated that the legislature gave the Department of Commerce a separate appropriation within the Board of Housing's accounting entity which gave them spending authority in FY 83 for \$28,649 of the Board's funds for indirect costs of the Department of Commerce. Upon a motion by Virginia Jellison and seconded by James Leary the Board unanimously approved the 1984-85 biennium budget as presented subject to the protest of a separate

appropriation for indirect costs of the Department of Commerce on the basis that the Board of Housing is attached to the Department of Commerce for administrative purposes only and does not owe them \$31,360 in FY 84 or FY 85.

GOVERNMENT COUNCIL ON MANAGEMENT

Lyle Olson reported that the Government Council on Management is considering merging the Board of Housing and the Housing Section into one division under the Department of Commerce. Chairman Groff commented that he is very much opposed to the merger as it would be a direct step in moving into Government and he feels this should be avoided as it would change the intent and purpose of the Board's existence. Chairman Groff suggests writing a letter of protest to Gary Buchanan, Director of the Department of Commerce, stating why the Board is opposed to the merger. James Martling, First Boston Corporation, commented that they have taken great pains over the last six years to describe the Board's independence and origin and to "change horses" at this time would have a ripple effect with outstanding securities holders, and he feels this is one more reason to remain as independent as we are. Joan Bennett commented that if we could merge and still retain our autonomy, she would like to see it happen. Upon a motion by Virginia Jellison and seconded by Michael Kennedy the Board approved the decision to write a letter to Gary Buchanan stating our opposition of the proposal made by the Government Council on Management and adding the stipulation that if they want to transfer their Department to ours they can come under our Act as we are attached to them for Administrative purposes only.

STATUS OF 1982A SINGLE FAMILY PROGRAM

Linda Forrey stated that of the \$48 million made available from the 1982A bond issue, the Board has purchased \$15 million of mortgage loans to date which means that \$33 million has yet to be delivered by February, 1983. Loans purchased thus far represent 31% of the total commitments allocated to lenders in late April. Mrs. Forrey explained that of the \$33 million, lenders have reported approximately \$23 million or 70% has been committed to buyers. Delivery of the loans has been slower than anticipated and will continue to be so while rates continue to fall, but Mrs. Forrey said she doesn't see an immediate need for concern at this point but recommended that the Board wait for a definite direction of interest rate levels before taking any action on the current program.

Chairman Groff commented that he feels interest rates will change very little between now and the end of December of 1982. He feels that the Board should consider a new bond issue as people will not want to continue with the 12½% rate when they can acquire lower rates from other sources. Mr. Groff suggested we wait until we see how the money is coming in, etc. and then make a decision whether we should consider a small new issue of \$25 or \$30 million at approximately 10½%.

James Martling, First Boston Corporation commented that he would not finance at this time unless there was a demand for it and feels that \$25 or \$30 million would be a proper amount.

FURTHER BUSINESS

The next meeting of the Board is tentatively scheduled for December 1, 1982.

There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

December 10, 1982
DATED

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1430 NINTH AVENUE
HELENA, MONTANA
DECEMBER 10, 1982

ROLL CALL OF

BOARD MEMBERS:

William A. Groff, Chairman (Present)
Tom Battershell, Vice-Chairman (Present)
Joan Bennett (Present)
Michael Kennedy, Jr. (Present)
James Leary (Present)
Bruce Moerer (Present)
Virginia Jellison (Present)

STAFF:

Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Herbert George, Multi-family Program Officer
Dave Kraft, Comptroller

COUNSEL:

David Jackson, Jackson, Oitzinger & Murdo
John Oitzinger, Jackson, Oitzinger & Murdo

OTHERS:

Jim Cordial, Twin Bridges Association
Jack Bowersox, Twin Bridges Association
Tom Ryan, Twin Bridges Association (Montana Peoples Assn.)
William G. McFadzean, Twin Bridges Association
William H. Hayden, The First Boston Corporation
Henry Lanier, The First Boston Corporation
Shelby Chodos, The First Boston Corporation
David Johnson, Anderson ZurMuehlen & Co.
Phyllis Yalovich, Hearing Reporter (Independent Contractor)

The meeting was called to order by Chairman Groff at 9:30 a.m., in the meeting room of the Department of Commerce, at Helena, Montana.

There being no corrections or alterations to the minutes of the meeting of October 21, 1982, they were approved as circulated to the Board.

MULTIFAMILY REPORT:

Herbert George reported on the status of the Twin Bridges and advised that the original sponsors of this project had withdrawn some months ago but that there was now a new group reactivating the project. He stated that the main thrust of the new project at Twin Bridges would be a 100-unit project for the housing of the elderly, which would be 100% subsidized under Section VIII and the mortgage loan would be insured under 221-D-4. HUD has also imposed another requirement on the sponsors and that is that they build a companion facility, a personal care unit, of an undetermined size, with the mortgage loan being insured under 232 and there is also UDAG grant involved with the personal care units. Mr. George went on to explain that there is no commitment on the part of the Board to provide financing and that the interested parties have been advised that provided they meet all the requirements, i.e., the Section VIII 100% subsidy units for the elderly, the 221-D-4 mortgage insurance for the project mortgage and the 232 mortgage for the personal care units with the UDAG grant in

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

BOARD OF HOUSING MEETING

AUGUST 10, 1982

10:00 A.M.

- I. Call Meeting to Order - 10:00 A.M.
- II. Report from Bondholder - Dave Kraft
- III. Report on Targeted Areas - Linda Forrey
- IV. Pre-Approval of Buy-Down Mortgages - Lyle Olson
- V. Review of Income Limits
- VI. Report on Financial Arrangement with
Department of Commerce - Dave Kraft
- VII. Other Business
- VIII. Adjourn

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
AUGUST 10, 1982

ROLL CALL OF BOARD MEMBERS: William A. Groff, Chairman (Present)
Tom Battershell (Present)
Joan Bennett (Present)
Michael Kennedy, Jr. (Present)
James Leary (Absent)
Bruce Moerer (Present)
Virginia Jellison (Present)

STAFF: Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Comptroller

COUNSEL: John Oitzinger, Jackson, Oitzinger & Murdo
David Jackson, Jackson, Oitzinger & Murdo

OTHERS: Gary Moes, Associated Press
Bill Hanson, UPI
James Lechner, Montana Homebuilders Association
John Cooper, Diehl and Associates, Inc.
Bill Diehl, Diehl and Associates, Inc.
Dave Johnson, Anderson ZurMuehlen & Co.
Linda Jellison

A special meeting of the Montana Board of Housing was called to order by Chairman William Groff at 10:00 A.M. in the Department of Commerce Conference Room, 1424 9th Avenue, Helena, Montana.

REPORT ON TARGETED AREAS

Linda Forrey reported that the Denver HUD Regional Office has reviewed the Board's proposal to designate areas of chronic economic distress and is prepared to approve the twelve designated counties set forth in Board Resolution 82-0624-S3. HUD Denver indicated further statistical data and narrative should be submitted to strengthen the Board's proposal or a substitution of a separate county be considered. It was the consensus of the Board to forward the requested information on Cascade County for inclusion as a ACED. Subject to formal approval of the ACEDs by the HUD Treasury Department, federal law allows a waiver of the three year requirement in targeted areas. Such action is anticipated to be effective in mid September.

REVIEW OF INCOME LIMITS

Members of the Montana Homebuilders and Real Estate Associations told the Board that many applications for the program have been rejected because family incomes exceed the upper limits established by the Board and the first time homebuyer requirement. Tom Battershell urged the Board to re-evaluate its income limits to stimulate the housing industry and to assist those persons and families who need housing. Chairman Groff stated that the Board's program is designed to serve only low and moderate income families and that the Legislature may contest any Board action to increase the income limits to people with high incomes. After a lengthy

discussion, Tom Battershell made a motion to approve resolution #82-0810-S4 increasing the income limits as set forth below. The motion was seconded by Joan Bennett and a roll call vote was taken:

- Joan BennettYes
- Tom Battershell . . Yes
- Virginia Jellison . Yes
- Bruce MoererYes
- Mike KennedyYes
- William Groff No

RESOLUTION 82-0810-S4

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 proceeds of the 1982 Series A issue of Single Family Program Bonds.

2. "Current Gross Annual Income" means the greater of income actually received during the last 12 months or 12 times the current monthly rate of income. "Income" means recurring income dependably available during the period which it is computed from salary, wages, pensions, social security, welfare payments, or any other source, 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) \$2,000 for the first dependent child
- or
- (b) \$4,000 for two or more dependent children

4. "Lower Income" means Adjusted Gross Annual Income of Thirty Four Thousand Five Hundred Dollars (\$34,500) or less; provided, however, that a person or family having gross assets of more than \$70,000 and an excess of assets over liabilities of more than \$35,000 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 10TH DAY OF AUGUST, 1982.

BUYDOWN MORTGAGE LOANS

The Board reviewed a buydown mortgage plan designed to get more lower income persons and families qualified for its program. Under the FHA/VA approved buydown mortgage plan, the builder or seller of a residence makes up the difference between the current 12-1/2% mortgage rate and a 9-1/2% interest rate. The plan reduces the effective interest rate to the borrower by 3% the first year; 2% the second year and 1% for the third year. Beginning in the fourth year the borrower assumes responsibility for the 12-1/2% rate.

Upon a motion by Tom Battershell and seconded by Joan Bennett, the Board approved

the buydown plan to be administered on a trial basis not to exceed 6 months. The motion was called to a vote and was unanimously approved by the Board.

DEPARTMENT OF COMMERCE ASSESSMENT TO BOARD OF HOUSING

As a result of a meeting with Department of Commerce representatives and Board's Bond Counsel, regarding the Department of Commerce's assessment for services rendered to the Board by the Director's office and the Centralized Services Division, Dave Kraft recommended the Board approve payment for \$11,850 for services provided during FY 82 and \$13,035 during FY 83. Mr. Kraft further stated that no additional assessment will be made without satisfactory descriptions of additional services provided and subject to prior written approval of the Board. The motion was called to a vote and was unanimously approved by the Board.

SALE OF WASHINGTON MORTGAGE CO. BY PUGET SOUND BANCORPORATION

Lyle Olson advised the Board of the proposed sale of Washington Mortgage Co., Seattle, Washington to Puget Sound Bancorporation, Tacoma, Washington. Subject to the necessary documents to be prepared by Board Counsel, Joan Bennett moved and Michael Kennedy seconded a motion to approve the sale in accordance with the terms and conditions of the Servicing Agreement by and between Washington Mortgage Co. and the Board of Housing. The motion was approved unanimously by the Board.

FURTHER BUSINESS

There being no further business, the meeting was adjourned at 11:00 A.M..

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

October 21, 1982
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

TENTATIVE AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
JULY 30, 1982

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - JUNE 24, 1982
- III. PRELIMINARY AUDIT REPORT - DAVE JOHNSON
- IV. SUB-COMMITTEE - COSTS OF HOUSING VIA AREAS - BRUCE MOERER
- V. ALTERNATIVE BOND ISSUES - HENRY LANIER
- VI. TRENDS IN THE MARKET - JIM SCANLON
- VII. FEDERAL LEGISLATION - BILL HAYDEN
- VIII. FINANCING USING STATE BOARD OF INVESTMENTS - JIM DLUGOSCH
- IX. REVIEW PREPAYMENTS - JUDY GILLESPIE
- X. REVIEW PRESENT PROGRAM - LINDA FORREY
REPORT ON TARGETED AREAS
- XI. REPORT ON ESLICK PROPERTY - MEREDITH MCGUIRE
- XII. PRINTING COSTS
- XIII. FURTHER BUSINESS
- XIV. ADJOURN

BOAT WILL LEAVE GATES OF THE MOUNTAIN DOCKS AT 5:30 P.M. ON
JULY 30, 1982

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

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AGENDA

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1424 NINTH AVENUE
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JULY 30, 1982

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - JUNE 24, 1982
- III. PRELIMINARY AUDIT REPORT - DAVE JOHNSON
- IV. REPORT ON TARGETED AREAS - LINDA FORREY
REVIEW OF PRESENT PROGRAM
- V. SUB-COMMITTEE REPORT - BRUCE MOERER
- VI. MULTIFAMILY REPORT - HERBERT GEORGE
- VII. REVIEW PREPAYMENTS - JUDY GILLESPIE
- VIII. REPORT ON ESLICK PROPERTY - MEREDITH MCGUIRE
- IX. APPROVAL OF LENDER - LINDA FORREY
- X. ALTERNATIVE BOND ISSUES AND MARKET ANALYSIS - HENRY LANIER
- XI. TRENDS IN THE MARKET AND FEDERAL LEGISLATION - BILL HAYDEN
- XII. FINANCING USING STATE BORAD OF INVESTMENTS BUY OUT - JIM DLUGOSCH
- XIII. FURTHER BUSINESS
- XV. ADJOURN

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
JULY 30, 1982

- ROLL CALL OF BOARD MEMBERS: William A. Groff, Chairman (Absent)
Tom Battershell, Vice-Chairman (Present)
Joan Bennett (Present)
Michael Kennedy, Jr. (Absent)
James Leary (Present)
Bruce Moerer (Present)
Virginia Jellison (Absent)
- STAFF: Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
Dave Kraft, Comptroller
Phyllis J. Yalovich, Independent Contractor
- COUNSEL: Dave Jackson, Jackson, Oitzinger & Murdo
John Oitzinger, Jackson, Oitzinger & Murdo
- OTHERS: Bob Sylvester, Piper, Jaffray & Hopwood
George D. Anderson, Anderson ZurMuehlen & Co.
David Johnson, Anderson ZurMuehlen & Co.
Joe Cannata, First Interstate Bank, CA
Keith Radabah, First Interstate Bank, Kalispell
James F. Lechner, Montana Home Builders Association
Thomas M. Cook, Foster & Marshall/American Express
Kent Kleinkopf, Foster & Marshall/American Express
Bob Anez, Associated Press
Jim Dlugosch, Dain Bosworth
William Hayden, First Boston Corporation
Henry Lanier, First Boston Corporation
Gary Buchanan, Governor's Office

The meeting was called to order by Vice-Chairman Battershell at 9:00 a.m., in the meeting room of the Department of Commerce, at Helena, Montana.

There being no corrections to the minutes of the meeting of June 24, 1982, they were approved as circulated to the Board.

PRELIMINARY AUDIT REPORT

Dave Johnson, of the firm of Anderson ZurMuehlen & Co., reported that they expect to have the field work completed on the 6/30 audit by August 5, and that the Audit report itself should be issued by August 15th. He noted that the figures shown on the sheet handed to the Board members were what they expected for the current year, i.e., that they were in line with last year's results. He indicated that the Board was behind projections in the placing of mortgage funds.

MULTIFAMILY REPORT

Herbert George reported that the Miles Building transaction was closed on May 12, 1982, and it is under construction. Mr. George and Mr. Olson have made a personal

inspection and everything is progressing very nicely. The HUD inspector and the architect have inspected the work progress on Grandview Place and have advised Mr. George that everything is proceeding in good form. All other projects are current and there are no problems. In response to a question from Mr. Olson regarding the Twin Bridges 150 Section VIII, MR. George stated that so far there has been no change. The HUD Denver office has asked the Central Office to allow the Denver office to recapture those 150 units. HUD has indicated to him that in the event they do recapture the 150 units so that they can be used before the deadline date of their expiration, they would possibly allow the BOH to use 50 units, since 50 came out of the 1982 set-aside of the BOH.

REVIEW OF PREPAYMENTS

Dave Kraft distributed a recap of prepayments for two years, being fiscal year ending June 30, 1981 and fiscal year ending June 30, 1982, Single family program only. He explained the recap and stated that it was prepared by issues, by indenture and by year. The first line for each issue is the regular prepayment, the next line for each issue is foreclosures, giving the number of loans under each of those categories, total per issue and total per indenture.

In response to a question by Mr. Olson, Henry Lanier stated that the BOH doesn't need any prepayments in order to meet its debt service. Excess investment income and the structure of the issues within each indenture has been managed in a way that the BOH has enough income to meet all debt payments.

REPORT ON ESLICK PROPERTY

Dave Kraft was then asked to report on the Eslick property in Great Falls. He stated that the original mortgage was for \$30,000 and that principal payments had been made of \$1,160. The property went into foreclosure at \$28,800 plus six months accrued interest, leaving a total due of \$29,827.92. The BOH received a payment from the VA on insurance for \$17,500 and sold the property for \$9,700. The difference between what the BOH received and what they asked the VA for was \$2,600 and other expenses that were incurred for various items as itemized on the sheet the Board members received, for a total loss to the BOH of \$4,679.48.

It was moved by Bruce Moerer that the Board accept the loss and write it off. The motion was seconded by Joan Bennett and passed unanimously.

APPROVAL OF LENDER

Linda Forrey reported that Western State Bank of Billings, Montana has requested an allocation of \$300,000 under the 1982A Mortgage Purchase Program. Western State Bank has appropriate errors and omissions coverage, fidelity bond coverage, FHA mortgage number and have also provided the BOH with their financial statement.

It was moved by Joan Bennett and seconded by Bruce Moerer that Western State Bank of Billings be an approved lender. The motion carried.

ALTERNATIVE BOND ISSUES AND MARKET ANALYSIS

Henry Lanier of the First Boston Corporation distributed a booklet giving a detailed marketing analysis of the \$55,000,000 Single Family Issue that was closed in April. He went through the booklet section by section and explained it in detail. He stated that the purpose of any successful sale of bonds is to get them distributed widely to a variety of types of buyers and a variety of geographical areas and to

get them distributed to people who are going to hold them and not trade them and have them bouncing around in the market place. The analysis distributed to the Board demonstrates that this is exactly what happened to the 1982 Single Family issue and details the reasons why and how. Mr. Lanier stated that they had many more requests for bonds than they had bonds, and it was a successful sale. He pointed out that Schedule IV of the analysis shows that there were very few state agencies able to achieve a 12-1/2% mortgage such as the BOH did.

Bob Sylvester, of Piper, Jaffray & Hopwood, noted that these bonds in the past have not been a big retail item among Montana offices but in this particular issue a substantial part was purchased by Montana residents. Jim Dlugosch of Dain Bosworth stated that they felt it was a well tendered and successful sale and felt that there was probably a lot more retail interest in this bond issue than ever before.

Bill Hayden and Henry Lanier then discussed the subject of alternative bond issues to be considered for any subsequent bond issues. Mr. Lanier mentioned three different kinds of programs/issues that the BOH might want to consider. The three are: (1) Loans to Lenders Multifamily Program; (2) Single Family Program that would utilize the Board of Investments and (3) Single Family issue oriented to new construction of specific developments.

Loans to Lenders, Multifamily is a program that is aimed at producing rental housing, multifamily rental housing; multi being defined as five units or more. Under this type program, the BOH would take the proceeds from the bond issue and lend it to banks and Savings and Loan institutions who would re-lend it to builders at a specified rate (approximately 1 1/2% above the cost of the BOH money) to developers. The loan from the BOH to the lending institutions would be secured by collateral. The developer would be required to rent 20% of the development to low income residents and would be able to rent the other 80% to whatever the market was for rental housing. The 20% requirement and the requirement that the project remain a rental instead of a condo would stay on the project for 20 years. Reference was made to one project very much like this which is being developed in Billings at the present time. If the BOH were interested in getting involved in such a project FBCC would be more than willing to develop the program and put together the necessary paper work. Mr. Lanier offered to put together a need sheet on this program which the BOH could use in talking with lenders in an attempt to assess the potential for the program.

The next program/issue which the First Boston Corporation suggested was the Single Family Program with a short-term or shorter maturity because of a take-out from the Board of Investments. A summary which had been prepared for the State Board of Investments of Minnesota in May of 1982 was presented to the Board by Mr. Dlugosch. One of the objectives of the program is to take advantage of the fact that short-term interest rates are a lot lower by shortening the term of the bond issue by arranging a device with the State Board of Investments to buy the remaining fiscal balance in the mortgage pool at some time in the future. Mr. Hayden discussed some of the legal and technical problems of this type of program. Mr. Oitzinger stated that last November and December the BOH did some preliminary research regarding this option with a shorter term deal and concluded that the State Board of Investments in Montana would require new legislation to permit them to enter into a long-term commitment to take out mortgages in the future.

Gary Buchanan from the Governor's office reported that they had a letter a few days ago that the Board of Investments was willing to look at this FNMA package proposal. Mr. Buchanan stated that he did not know any of the specifics as yet but felt that it was the kind of in-state investing that he would like to see. Mr. Olson stated

that the proposal under consideration was where the Board of Investments would buy out on a take-out basis ten years down the line. Mr. Oitzinger went on to clarify the proposal by stating that the Board of Investments would provide a long-term take-out for mortgages that were originated by the BOH. The mortgages would be financed at a tax-exempt rate for the first ten years and then the interest rate on the mortgages would step up to a market rate at the end of the ten-year period.

An informal canvas of the BOH members present indicated a desire to have the staff look further into this proposal as well as other ways to improve the ability of the BOH to reach a greater part of the market.

Mr. Hayden stated that the only thing which has not changed are the rules and regulations of the BOH, which have not seen any major changes in the years since the Board was created. His feeling is that it is time that the Board sit back and take a look at things and the thrust of its program in light of the fact that the world around us is changing all the time. He cited the recent Tennessee bond issue where the Board there had finally decided to raise their income limits from \$23,000-\$25,000 up to \$30,000 in order to reach almost 80% of the population. They had been reluctant to make this change but realized they had to reach a larger spectrum of the population and could only do this by raising the limits. Mr. Hayden expressed the feeling Montana was going to have to discuss this sort of thing if they want to reach the population needing the housing. He also expressed the feeling that Montana was going to have to put itself into a more flexible position with respect to income limits and the ability to move them from time to time to match the surrounding factors in the economy and the banking industry so that the program will work and the BOH can be not only a housing program but an economic force in assisting the economy of the state. He felt Federal legislation is going to remain as it is but said FBC could still deal and issue single family housing bonds within existing legislation. Any minor changes that come about might make it easier and more liberalized.

Mr. Battershell requested that Henry Lanier and Jim Dlugosch should get together and work out the details concerning any proposed take-over by the Board of Investments with Mr. Buchanan, and also such legislative changes as might be required. They are to report back to the BOH at the next meeting.

REVIEW OF PRESENT PROGRAM

Linda Forrey referred to the Summary of the 1982A Mortgage Loans purchased under the current program, which each Board member had received in his packet. She stated that as of July 15th, out of the \$48,000,000 allocated, only \$3.7 million has been purchased, leaving \$44.3 million to be delivered and purchased by December 31, 1982. She gave three reasons why the loans were not being originated as anticipated: (1) The first time homebuyer requirement; (2) Other Federal restrictions; and (3) Income Limit problems. Out of the 87 loans purchased, only eight loans are for new construction. The average purchase price for new construction and previously occupied dwellings is \$46,000. The average purchase price on newly constructed residences is \$52,700, and for existing housing \$45,200. Average down payment is \$3,400, with an average loan of \$43,400. Seventy-eight per cent of the loans purchased were FHA insured and 22% were VA guaranteed loans. She noted that the average age of the primary mortgagor was 29 years and only three mortgage loans were made to married persons with three children. Most of them had no children or two children, so it would appear that the BOH is reaching the real young buyer and those with just one or two dependents.

Bill Hayden commented that it was important for the Board to note that the amount of Mortgages that have been purchased is significantly below what was projected in

the cash flow. He said there are still some months to go in distributing the funds but in the event that money is not put to work by the end of one year from the date of sale of the bonds, the Board is required to call the bonds and if this should happen and the Board is required to call the bonds purchased by institutional buyers in particular, those buyers are not going to be too happy and they are probably not going to step up again as vigorously as they have in the past.

REPORT ON TARGETED AREAS

Linda Forrey reported that she and Lyle Olson had been to HUD in Denver within the last week to meet with the Assistant Director for Regional Housing and HUD Denver's economist. They are in the process of reviewing the BOH proposal. They had questions concerning the fact that the BOH submitted distressed areas as well as energy impacted areas and felt that possibly Montana should submit two applications. Linda and Lyle discussed the matter on the phone with Sam Collins and John Kozak who advised it was not necessary to submit two proposals. Additional narrative and additional information was requested by Denver for the energy impacted areas and this information is being prepared and will be in Denver by Tuesday next.

SUB-COMMITTEE REPORT

Bruce Moerer reported that he was in charge of a committee to look into the question of whether or not they could zone the state by area to vary the income limits and basically it cannot be done. The BOH does not have statistical data to allow somebody in Billings or Helena a higher income than somebody in Kalispell or Havre or wherever. The letter from Mr. Oitzinger, which was distributed to the Board, sets forth the fact that there is no real income limitation set by law. The Board is to look at what it takes to assist people to get into decent, safe and sanitary housing and also look at the cost of the housing. There is no reliable data as to cost of housing in Montana and that is something the Board might want to consider taking steps to obtain. Maxine Johnson could not provide any statistical data in this regard. She did provide some household distribution figures. In her estimation if you change the income limitation from \$31,500 to \$35,000 you would only serve an additional 6% of the households in Montana.

Mr. Moerer expressed the feeling that since the matter of increasing the income limits was not on the agenda for the meeting and since three of the Board members were not present, it would be appropriate to have a special meeting and get some input from legislators, administration, etc., before setting a policy. He then moved that the BOH have a special meeting to discuss income limitation, subject to trying to get a time when a majority of the Board members can be present. He later amended the motion to say that the Chairman set a date for a special meeting as soon as possible, but at his earliest convenience. The amended motion was seconded by Joan Bennett, and carried.

Mr. Joe Cannata of the First Interstate Bank of California expressed his pleasure at being able to be at the meeting as a representative of the First Interstate Bank of California and stated that he felt the money, if at all possible, should be put out this year because of the negative impact when the money does not all get out.

APPOINTMENT OF COMMITTEE TO REVIEW OPERATIONS OF UNDERWRITERS AND TRUSTEES

Mr. Battershell announced that Chairman Groff had requested that a committee be appointed to review operations of underwriters and trustees and to that end had sent a letter to Joan Bennett, Jim Leary, and Tom Battershell requesting that they serve on the committee. Mr. Groff will act as chairman of the committee.

TRENDS IN THE MARKET AND FEDERAL LEGISLATION

Mr. Hayden reported that trends in the market rates are still high. There is no long-term market. The market is on the short side. Deals are getting done, however. He referred to the Analysis previously distributed by Mr. Lanier. It is a complicated situation but the long and the short of it is that Mr. Hayden feels what the BOH is going to see is rates are going to come down slightly--not the tax exempt rates so much as the rates which you have to view and deal with in the public and that is the prime rate and some mortgage rates. He feels it is a temporary downward decline with a bottoming out of the recessionary period and that as recovery begins to take place there will be a shooting up again of rates as the demand for people to get their businesses started again and the demand for credit increases. Any sustained period of downward rates he would see as being in the early 1983's, first quarter of 1983, and all of that is subject to things beyond anyone's control in the international situation and oil and other things getting out of whack again. By and large, he is optimistic, and feels that the next six months are going to remain somewhat volatile although the tax-exempt market will be secure and stable enough to do business in. Between now and the time that things may improve, the overriding thing that is being discussed today is that we have to protect the position that we have gained in seven or eight years. The things that have been discussed at the meeting this date are ways of protecting that position during the next few months, which are going to be the most difficult months in terms of investments, in terms of making sure that everything is up to snuff. We will have a period after this that we can move ahead.

Mr. Hayden referred specifically to (1) Targeted areas -- if this goes through it will open up 50% of the state and remove the restrictions on that portion of the state; (2) Lifting the income limitations to reach a larger portion of the people and (3) Any economic recovery over the short term will work to the advantage of the BOH in that it will tend to increase interest rates and people will opt for the below market rates offered by the BOH.

Mr. Lanier spoke to the question of calling bonds if the funds aren't put out on time and stated that if the BOH doesn't get the money out then the banks can't deliver all the mortgages they have committed to and the BOH is then going to end up charging penalties to the banks. That will hurt the reputation of the BOH in the market place and also within the state. Mr. Hayden noted, however, that although these things that he and Mr. Lanier are talking about, calling bonds, charging penalties, etc., are doomsday things to hear about and talk about, they have all been provided for in the structure of the bond issue. What they are talking about, Mr. Hayden emphasized, is ways of trying to prevent the "worst case scenario" from coming about.

Mr. Hayden went on to explain the trend in the Federal legislation. It is his feeling that the BOH and FBC can work with the Federal legislation. There has been no success in getting the "sunset" provision altered and this has been left to next year. There will be a pitched battle with home builders, real estate people, investment bankers, housing agencies and others to get that provision moved out. He feels that they may be successful in getting it altered. He feels we can deal with the present legislation, make it work in Montana. The trends in the market, he feels, will ultimately be favorable after the next three or four month period. It is a time to tighten up, to examine where we have been, where we are, and get ready for the future. He expressed the opinion that the economy has bottomed out but it is going to be a very slow recovery because of the situation of high interest rates prevailing for so long a time and the demand for credit when it comes back will cause interest rates to go up before they come into a stabilizing period which he would hope would be the beginning of 1983.

There being no further business to come before the meeting, it was adjourned at 11:30 a.m..

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

October 21, 1982
DATED

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
AUGUST 10, 1982

ROLL CALL OF BOARD MEMBERS: William A. Groff, Chairman (Present)
Tom Battershell (Present)
Joan Bennett (Present)
Michael Kennedy, Jr. (Present)
James Leary (Absent)
Bruce Moerer (Present)
Virginia Jellison (Present)

STAFF: Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Comptroller

COUNSEL: John Oitzinger, Jackson, Oitzinger & Murdo
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OTHERS: Gary Moes, Assoiicated Press
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John Cooper, Diehl and Associates, Inc.
Bill Diehl, Diehl and Associates, Inc.
Dave Johnson, Anderson ZurMuehlen & Co.
Linda Jellison

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REVIEW OF INCOME LIMITS

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MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

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STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA

JUNE 24, 1982

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - MAY 7, 1982 - MAY 24, 1982
- III. INCOME LIMITS - LYLE OLSON
- IV. ESLICK PROPERTY - LINDA FORREY
- V. COMMERCE MORTGAGE - DAVID JACKSON
- VI. BUDGET - DAVE KRAFT
- VII. CONSTRUCTION LOAN NOTES - MISSOULA - HERBERT GEORGE
- VIII. TARGETED AREAS
 1. Joan Bennett
 2. Maxine Johnson
 3. John Oitzinger (Resolution)
- IX. APPROVAL OF LENDER - LINDA FORREY
- X. FURTHER BUSINESS
- XI. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
June 24, 1982

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - MAY 7, 1982 - MAY 24, 1982
- III. INCOME LIMITS - LYLE OLSON
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- VII. TARGETED AREAS
 1. Joan Bennett
 2. Maxine Johnson
 3. John Oitzinger (Resolution)
- VIII. APPROVAL OF LENDER - LINDA FORREY
- IX. CHAIRMAN SPEAKS
- X. FURTHER BUSINESS
 - Next Meeting - Tentatively July 30th
 - Summer Picnic - July 31
- XI. ADJOURN

Designated
 PROPOSED AREAS OF ECONOMIC
 DISTRESS CHARACTERIZED BY
 ENERGY IMPACT AND/OR LOCAL
ECONOMIC CONDITIONS

<i>City</i> <u>County</u>	<u>1980 Population</u>
Cascade	80,696
Custer	13,109
Dawson	11,805
Deer Lodge	12,518
Flathead	51,066
<i>S.F.</i> Lincoln	17,752
Mineral	3,675
Missoula	76,016
Richland	12,243
Rosebud	9,899
Silver Bow	38,092
Yellowstone	<u>108,035</u>
Total Population of Proposed ACEDs	434,906
Total Population of State	780,690
ACEDs as a Percentage State Population	55.7%

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
JUNE 24, 1982

ROLL CALL OF

BOARD MEMBERS:

William A. Groff, Chairman (Present)
Tom Battershell, Vice-Chairman (Present)
Joan Bennett (Present)
James Leary (Present)
Bruce Moerer (Present)
Virginia Jellison (Present)

STAFF:

Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Nita M. Routzahn, Executive Secretary
Phyllis J. Yalovich, Independent Contractor

COUNSEL:

David Jackson, Jackson, Oitzinger & Murdo
John Oitzinger, Jackson, Oitzinger & Murdo

OTHERS:

Tom Mather, Tom Mather & Associates, Great Falls
James E. Means, First Federal Savings & Loan, Great Falls
Mark Lindsay, Hamlin Construction
Bill Stinchfield, Stinchfield Realtors
Roxy Emslander, Homebuilders Association
John A. Cooper, Diehl and Associates, Inc.
Tom Wester, Montana Homebuilders Association
Maxine Johnson, Bureau of Economic Research, U of M
Jeff Cochrane, Governor's Assistant

The meeting was called to order by Chairman William Groff at 9:00 a.m., in the Conference Room, Department of Commerce, 1424 Ninth Avenue, Helena, Montana.

There being no corrections to the minutes of the May 7, 1982 meeting or the minutes of the May 24, 1982 meeting, the Chair declared they would stand approved as circulated to the Board.

CONTRACT OF EMPLOYMENT:

Mr. Olson referred to problems the staff has been having in preparing the minutes since Nita Routzahn is also responsible for receptionist duties, including fielding all telephone calls to the office. The Board has been authorized two additional employees but he did not feel that a full time employee should be hired for the purpose of answering the phone. For this reason, Mr. Olson stated that he had contacted Phyllis J. Yalovich, a freelance reporter in Helena, to take over the responsibility of transcribing and typing all Board minutes of regular and special meeting, and such other typing as might be required by the Board. A proposed contract of employment for Mrs. Yalovich, as an independent contractor, at the hourly rate of \$5.00 per hour, subject to renegotiation if necessary, was presented to the Board with the request for approval of the contract. It was moved by Joan Bennett and seconded by Jim Leary that the contract be approved as presented. The motion was unanimously adopted.

INCOME LIMITS:

Mr. Olson reported that he had done a study of the income limitation based in part upon a request from some of the larger banks. A memorandum has been sent to all Board members regarding this matter. In the memorandum, Mr. Olson requested a small increase of 20%.

Mr. Leary stated his understanding that lenders had been notified of the action taken by the Board as to what the limits would be and that the lenders had sent in their commitments on that basis. Mr. Oitzinger stated that the Board has a contract with every one of the lenders as reflected in the official statement which contract states that the Board has the right to set income limits from time to time. The lenders recognize this right of the Board of Housing. Also, under the statute, the Board of Housing is required to review the income limits every June, which fact is disclosed in the official statement.

John Cooper from Diehl and Associates, Inc., reiterated his written request regarding (1) income limits being changed; (2) more flexibility in the buy-down program; and (3) the fight with the Federal government on the three-year home ownership provision. Tom Wester of the Montana Homebuilders Association said that their members had had absolutely no success in marketing the current issue of bond money. The association had adopted a resolution at their last meeting requesting the Board of Housing to consider one of two things, and preferably both: (1) an increase in the income limits and (2) FHA buy-down. Mr. Jim Means of First Federal Savings & Loan in Great Falls stated that the present issue is not going to work unless the income limits are modified to give some degree of flexibility. Mr. Tom Mather of Tom Mather & Associates Realty Company of Great Falls stated that he felt in order to make the program work the Board will have to do at least three things, i.e., (1) lift the restriction on the first-time homeowner; (2) eliminate the restrictive rental clause; and (3) sell the risk to realtors and builders. Roxy Emslander of the Homebuilders Association referred to the Lugar Bill in Congress dealing with emergency housing. She felt that if this bill was passed it might encourage people to go with the Federal money rather than BOH funds. She encouraged the Board to consider raising the income limits.

After further discussion, it was moved by Joan Bennett and seconded by Michael Kennedy that the Chairman appoint a committee to study the income zoning of the State. The motion passed without objection.

The Chairman then proceeded to name Bruce Moerer as Chairman of the committee, with Mike Kennedy and Virginia Jellison as members. Maxine Johnson was asked if she would help the committee and supply it with information, and the reply was in the affirmative.

It was then moved by Joan Bennett that the Board defer action on income limits until they have seen how the lifting of the homeowner restriction in the targeted areas works. The motion was seconded by Jim Leary, and carried unanimously.

ESLICK PROPERTY:

Lyle Olson reported to the Board on correspondence between his office and the VA regarding this Great Falls property. The VA originally appraised the house as having an economic life of 55 years; a later VA appraisal condemned the house stating that it had dry rot, not insulation, unsafe wiring and a roof that was falling in. After many attempts at a solution through the bureaucracy in Washington, the VA came back and said that the purchasers were the cause of the failure of the building to have the 55 year economic life because of their abuse. The Board has been left in the position of holding the property in lieu of the balance of the loan of \$28,839. Mr. Olson stated that a Great Falls attorney had offered \$10,000 for the land and he requested Board

approval to sell this property for the offered amount. It was moved by Tom Battershell that the Board dispose of the Eslick property by selling it to Jack Lewis, attorney from Great Falls, for the sum of \$10,000. The motion was seconded by Mike Kennedy and carried unanimously.

COMMERCE MORTGAGE:

Board Attorney Dave Jackson advised that Commerce Mortgage, which services about \$600,000 of BOH loans has moved their office from Montana. It has been the policy of the Board that a servicer of loans must maintain an office in Montana because of the difficulties some borrowers have met in getting insurance settlements, etc. A letter has been written to Commerce Mortgage indicating that they should either assign their servicing to another qualified servicer in Montana or that the Board would reallocate that servicing obligation. Commerce is now negotiating with a servicer in Missoula to accept this work. Linda Forrey reported that the lender in Missoula is still awaiting word from Commerce Mortgage in response to their bid. Mr. Jackson advised of some of the difficulties and problems which would be encountered if the Board should cancel out Commerce Mortgage.

BUDGET:

Dave Kraft reported on the budget and stated that in all categories the BOH is under budget and expects to remain that way through the end of the fiscal year. The reason for this is that there were two additional full-time positions budgeted for the full year and also for the coming fiscal year and neither position was filled. He pointed out the savings that would arise out of the Board's action a year ago in doing their own impacts rather than having the Department of Community Affairs do them.

TARGETED AREAS:

Ms. Bennett reported that the Committee met on May 27th and reviewed HUD-Treasury type of criteria and considered the housing needs peculiar to the State of Montana, and also reviewed the historical demand for BOH funding. She proceeded to discuss the Committee report in some detail and stated that the Committee felt that not only economically distressed areas but also energy impacted areas needed consideration. She discussed the criteria used in the study, part of which are HUD or Treasury criteria, and some of which are BOH criteria. She said that in setting the designation of a targeted area, a county must meet at least six of the criteria. She reviewed the chart accompanying the full committee report. The breakdown was done just for the selected counties, not for every county within the state. Those selected counties are: Cascade, Custer, Dawson, Deer Lodge, Flathead, Lincoln, Mineral, Missoula, Richland, Rosebud, Silver Bow and Yellowstone.

Mr. Oitzinger passed out proposed Resolution 82-0624-S3 designating certain areas of chronic economic distress in the state which contains a list of the criteria that are to be considered and which were approved by the Board and were a part of the public rule relating to designation of targeted areas. He stated that the Committee was in effect engaged in a screening process and that the individual members were free to weigh different factors differently and that as long as they arrived at a consensus as to the counties and look at the screening process, they met the requirements of the law and are not acting in an arbitrary fashion.

Maxine Johnson stated that she came up with eight counties which she felt might be considered in addition to the ones the Committee presented. Those counties were Big Horn, Blaine, Broadwater, Glacier, Jefferson, Meagher, Powell and Ravalli.

After further discussion it was moved by Tom Battershell that the Board approve proposed Resolution 82-0624-S3. The motion was seconded by Mike Kennedy and carried unanimously. Said resolution reads as follows:

RESOLUTION 82-0624-S3

A RESOLUTION DESIGNATING CERTAIN AREAS
OF CHRONIC ECONOMIC DISTRESS IN THE STATE

WHEREAS, the Montana Board of Housing has been authorized by Chapter 54 of the Laws of 1981, Montana Code Annotated 90-6-127(2) to adopt standards for determining and to designate "areas of chronic economic distress" within the meaning of Section 103A of the Internal Revenue Code of 1954, as amended; and

WHEREAS, in order to implement Section 90-6-127(2), the Board, after public notice, adopted Rule 8.111.307 setting forth criteria to be taken into consideration by the Board in designating "areas of chronic economic distress" as follows:

(a) The condition of the housing stock, including the age of the housing and the number of abandoned and substandard residential units;

(b) The need of area residents for owner financing under a mortgage revenue bond issue as indicated by low per capita income, a high percentage of families in poverty, a high number of welfare recipients, and high unemployment rates;

(c) The potential for use of owner financing under a mortgage revenue bond issue to improve housing conditions in the area;

(d) The existence of a housing assistance plan which provides a displacement program and a public improvements and services program (similar to the Housing Assistance Plan (HAP) required by the Department of Housing and Urban Development under the Community Development Block Grant program (42 U.S.C. §5301, et seq.));

(e) The need of area residents in areas which have experienced a sudden increase in population growth which results in social problems, especially for persons and families of lower income;

(f) The need of area residents in areas which have experienced a lack of capital in the local lending institutions which provide long term financing for housing; and

(g) The need of area residents in undeveloped areas of the state which have experienced a shortage of decent, safe and sanitary housing which is within the financial capabilities of lower income persons and families.

(herein referred to as the "Criteria"); and

WHEREAS, the Board desires to designate certain "areas of chronic economic distress" in the State in order to alleviate the shortage of decent, safe and sanitary housing which is within the financial capabilities of lower income persons and families;

NOW, THEREFORE, be it hereby

RESOLVED, that having due regard to the Criteria, the Counties listed on Schedule 1 annexed hereto are hereby designated as "areas of chronic economic distress" for purpose of applying Section 103A of the housing programs of the Board; and

RESOLVED, that the Administrative Director of the Board is hereby authorized, empowered and directed to take such action as is considered necessary and appropriate to obtain the approval of such designation by the Secretary of the Treasury and the Secretary of Housing and Urban Development.

RESOLVED FURTHER THAT this Resolution shall take effect immediately.

Adopted by the Montana Board of Housing this 24th day of June, 1982

Maxine Johnson stated that she had no quarrel with the counties which were selected. She did suggest the eight counties enumerated earlier which seemed to her to meet the criteria but she had no hesitation in certifying that she has reviewed the procedures followed by the Montana Board of Housing staff and committee in selecting Montana counties for recommendation as areas of economic distress and finds the criteria employed to be proper and appropriate, and she believes the counties recommended by the staff and committee meet those criteria.

APPROVAL OF LENDER:

Linda Forrey presented the name of the Montana Bank of Red Lodge as a new participating lender. This bank has requested a commitment of \$150,000. She reported that the Bank has its FHA mortgage number and has adequate errors and omissions and fidelity coverage.

It was moved by Bruce Moerer and seconded by Mike Kennedy that the Montana Bank of Red Lodge be approved as a participating lender. The motion carried unanimously.

FURTHER BUSINESS:

Discussion was had regarding the date for the next meeting. The staff suggested Friday, July 30th for the meeting. After discussion, it was moved by Joan Bennett and seconded by Tom Battershell that the next meeting be held on July 30, 1982. The motion passed.

There being no further business, it was moved by Tom Battershell and seconded by Bruce Moerer that the meeting be adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

July 30, 1982
DATED

BOARD OF HOUSING MEETING
 BOARD OF HOUSING CONFERENCE ROOM
 2001 11TH AVENUE
 HELENA, MONTANA
 MAY 24, 1982

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (Present)
 James Leary (Present)
 Thomas Battershell (Present)
 Bruce Moerer (Present)
 Virginia Jellison (Absent)
 Michael Kennedy, Jr. (Absent)
 Joan Bennett (Present)

STAFF:

Lyle E. Olson, Administrator
 Linda M. Forrey, Single Family Program Officer
 Herbert H. George, Multifamily Program Officer
 Nita M. Routzahn, Executive Secretary

COUNSEL:

John Oitzinger, Jackson, Oitzinger & Murdo

UNDERWRITERS

COUNSEL: Vivian Cheng, Hawkins, Delafield & Wood

A special meeting of the Board was called to order by Chairman William Groff at 9:00 a.m. in the Board of Housing Conference Room, 2001 11th Avenue, Helena, Montana.

The purpose of the meeting is to approve the issuance and sale of \$1,945,000 Multifamily Mortgage Bonds and to approve documents relative to financing Grandview Place project in Missoula, Montana.

TELEPHONE CONFERENCE CALL

A telephone conference call was placed between the Board of Housing staff, officers of the First Boston Corporation and Hawkins, Delafield & Wood to discuss the details concerning the Grandview Place project closing, the sale of bonds to finance this project and also the details concerning the establishment of an escrow to protect the Board in the event the HUD closing could not be accomplished within the time frame established by HUD under the Finance Adjustment Regulations.

RESOLUTION APPROVING PROGRAM DOCUMENTS AND ISSUANCE AND SALE OF MULTIFAMILY MORTGAGE BONDS

John Oitzinger, Bond Counsel and Vivian Cheng, Hawkins, Delafield & Wood, summarized the 1982 Series A Program Documents and presented the Board with a Resolution approving and authorizing the execution of a 1982 Series A Supplemental Trust Indenture, a Bond Purchase Agreement and an Official Statement and the Issuance and Sale of \$1,945,000 Multifamily Mortgage Bonds, 1982 Series A (FHA Insured Mortgage Loans), pursuant to the aforesaid documents, approval of a Mortgage Purchase Agreement, Servicing Agreement and a Regulatory Agreement and other matters relating to the foregoing. A lengthy discussion followed and upon a motion by Thomas Battershell and seconded by James Leary the Board unanimously approved the Program Documents and adopted Resolution #82-0524-M3 hereafter set forth in its entirety with the following amendments to Section 14, figures (ii) and (iv) of the Supplemental Trust Indenture: (ii) Costs of Issuance Account is reduced from \$27,634.50 to \$24,350.50 and (iv) Program Fund increased from \$1,632,652 to \$1,635,936.

RESOLUTION 82-0524-M3

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A 1982 SERIES A SUPPLEMENTAL TRUST INDENTURE, A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT AND THE ISSUANCE AND SALE OF \$1,945,000 MULTI-FAMILY MORTGAGE BONDS, 1982 SERIES A (FHA INSURED MORTGAGE LOANS), PURSUANT TO THE AFORESAID DOCUMENTS, APPROVAL OF A MORTGAGE PURCHASE AGREEMENT, SERVICING AGREEMENT AND REGULATORY AGREEMENT 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 90-6-126, inclusive, Montana Code Annotated, as amended.

(B) The proceeds of the Bonds will be used by the Board for the primary purpose of acquiring and funding a newly originated Mortgage Loan in order to finance Grandview Place located in Missoula, Montana, a multi-family residential rental property which will provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana.

(C) By resolution previously adopted, the Board preliminarily approved providing financing for Grandview Place subject to various approvals by the U.S. Department of Housing and Urban Development and the Federal Housing Administrator and the availability of suitable financing through the sale of the Board's bonds.

(D) Pursuant to a Trust Indenture, dated as of February 23, 1978 (the "Trust Indenture"), a copy of which has been presented to this meeting, the Board authorized the issuance from time to time of its Multi-Family Mortgage Bonds (FHA Insured 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; assigned and pledged to the Trustee thereunder all right, title and interest of the Board to all mortgages, revenues and other moneys and investments listed therein; established certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; set the minimum requirements for the Mortgage Loans to be acquired under the Trust Indenture; specified the terms and conditions for the issuance of any series of Bonds; and established 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 1982 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of May 27, 1982, 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 \$1,945,000 aggregate principal amount of its Multi-Family Mortgage Bonds, 1982 Series A (FHA Insured Mortgage Loans) (the "1982 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 1982 Series A Bonds, the form 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 May 24, 1982, 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 1982 Series A Bonds and others by a group of investment dealers and bankers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. Incorporated (the "Underwriters").

(G) Pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated as of May 24, 1982, 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 1982 Series A Bonds at the price and upon the terms and conditions therein set forth.

(H) Pursuant to a Mortgage Purchase Agreement, Servicing Agreement and Regulatory Agreement, copies of which have been presented to this meeting and reviewed to the extent necessary, the Board agrees to purchase and fund a mortgage loan from the lending institutions named in the Mortgage Purchase Agreement on the terms and conditions set forth in the Mortgage Purchase Agreement to provide for servicing the mortgage loan in accordance with the Servicing Agreement and to regulate the use of the property through the Regulatory Agreement with the owner.

Section 2. The continuation of the Board's Multi-Family Program, and the financing of such Program by the issuance and sale of the Multi-Family Mortgage Bonds, 1982 Series A (FHA Insured 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 ratified and approved in the form executed by the Chairman of the Board as of February 23, 1978, as amended and supplemented to the date hereof.

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, Vice Chairman or Administrator 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, Vice Chairman or Administrator, such approval to be evidenced conclusively by such execution of the Supplemental Trust Indenture, and Vice Chairman, Administrator, Secretary or any other Member of the Board is hereby authorized and directed to attest thereto.

Section 5. The issuance of the Board's \$1,945,000 Multi-Family Program Bonds, 1982 Series A (FHA Insured Mortgage Loans) is hereby approved. The 1982 Series A Bonds shall mature, bear interest, be subject to redemption and have the other terms and provisions as set forth in the Supplemental Trust Indenture. The 1982 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 1982 Series A Bonds shall be executed in the name of the Board by the Chairman of the Board, and attested to by either the Administrator or the Secretary 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 1982 Series A Bonds. Such signatures may be manual or in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose

until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Indenture) for purposes of authenticating the 1982 Series A Bonds.

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 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 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 1982 Series A Bonds are hereby sold to the Underwriters at the price, which results in an interest rate of less than one percent (1%) less than the FHA's established mortgage rate in effect 30 days prior to issuance of bonds (15-1/2%) 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 an executed counterpart of the Bond Purchase Agreement.

Section 8. The Mortgage Purchase Agreement, Servicing Agreement and Regulatory Agreement are hereby made a part of this Resolution as fully as though set forth in full herein and are hereby approved in the form submitted to this meeting and the Administrator and any other officer of the Board is hereby authorized and directed to execute and deliver such Agreements with such changes, insertions or omissions therein and as may be approved by such officer, such approval to be evidenced conclusively by such execution of such Agreements.

Section 9. All action previously taken by the officers, Members or staff of the Board with respect to the Multi-Family Program, the Mortgage Purchase Agreement, Servicing Agreement, Regulatory Agreement, the Trust Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and the 1982 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, and Treasurer, 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.

DECEMBER 1, 1982

PAGES 155 THROUGH 158 WERE INTENTIONALLY LEFT OUT OF THIS MINUTE BOOK. THE PAGES WERE BLANK. THE MINUTES OF THE MAY 24, 1982 BOARD MEETING CONTINUE FROM PAGE 154 TO PAGE 159.

NITA M. ROUTZAHN
EXECUTIVE SECRETARY

Section 12. 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 1982 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 13. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 24th day of May, 1982.

FURTHER BUSINESS

There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison

VIRGINIA JELLISON, SECRETARY TO THE BOARD

June 24, 1982

DATED

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
JUNE 24, 1982

ROLL CALL OF

BOARD MEMBERS:

William A. Groff, Chairman (Present)
Tom Battershell, Vice-Chairman (Present)
Joan Bennett (Present)
James Leary (Present)
Bruce Moerer (Present)
Virginia Jellison (Present)

STAFF:

Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Nita M. Routzahn, Executive Secretary
Phyllis J. Yalovich, Independent Contractor

COUNSEL:

David Jackson, Jackson, Oitzinger & Murdo
John Oitzinger, Jackson, Oitzinger & Murdo

OTHERS:

Tom Mather, Tom Mather & Associates, Great Falls
James E. Means, First Federal Savings & Loan, Great Falls
Mark Lindsay, Hamlin Construction
Bill Stinchfield, Stinchfield Realtors
Roxy Emslander, Homebuilders Association
John A. Cooper, Diehl and Associates, Inc.
Tom Wester, Montana Homebuilders Association
Maxine Johnson, Bureau of Economic Research, U of M
Jeff Cochrane, Governor's Assistant

The meeting was called to order by Chairman William Groff at 9:00 a.m., in the Conference Room, Department of Commerce, 1424 Ninth Avenue, Helena, Montana.

There being no corrections to the minutes of the May 7, 1982 meeting or the minutes of the May 24, 1982 meeting, the Chair declared they would stand approved as circulated to the Board.

CONTRACT OF EMPLOYMENT:

Mr. Olson referred to problems the staff has been having in preparing the minutes since Nita Routzahn is also responsible for receptionist duties, including fielding all telephone calls to the office. The Board has been authorized two additional employees but he did not feel that a full time employee should be hired for the purpose of answering the phone. For this reason, Mr. Olson stated that he had contacted Phyllis J. Yalovich, a freelance reporter in Helena, to take over the responsibility of transcribing and typing all Board minutes of regular and special meeting, and such other typing as might be required by the Board. A proposed contract of employment for Mrs. Yalovich, as an independent contractor, at the hourly rate of \$5.00 per hour, subject to renegotiation if necessary, was presented to the Board with the request for approval of the contract. It was moved by Joan Bennett and seconded by Jim Leary that the contract be approved as presented. The motion was unanimously adopted.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MAY 7, 1982

- I. CALL MEETING TO ORDER - 9:30 A.M.
- II. APPROVAL OF MINUTES - APRIL 6, 1982
- III. ESTIMATED COST OF ISSUANCE - LYLE OLSON
- IV. APPROVAL OF DOCUMENTS - JOHN OITZINGER
MULTIFAMILY PROJECT - MILES BUILDING, LIVINGSTON
- V. APPROVAL TO PRICE BONDS - JOHN OITZINGER
GRANDVIEW PLACE - MISSOULA
- VI. LETTER FROM HELENA HOMEBUILDERS - LYLE OLSON
- VII. COMMERCE MORTGAGE
- VIII. PERMIT ASSUMPTIONS OF MORTGAGES OVER ONE YEAR OLD WAIVING INCOME LIMITS
- IX. FURTHER BUSINESS
NEXT MEETING - MAY 20, 1982 AT 9:00 A.M.
- X. ADJOURN

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MAY 7, 1982

ROLL CALL OF

BOARD MEMBERS:

William A. Groff, Chairman (present)
Joan Bennett (absent)
James Leary (absent)
Virginia Jellison (present)
Michael Kennedy, Jr. (present)
Bruce Moerer (present)
Thomas Battershell (present)

STAFF:

Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Nita M. Routzahn, Executive Secretary

COUNSEL:

Dave Jackson, Jackson, Oitzinger & Murdo
John Oitzinger, Jackson, Oitzinger & Murdo

OTHERS:

Dave Johnson, Anderson ZurMuehlen & Co.
John A. Cooper, Diehl & Associates
Tom Wester, Builder
Noral Johnson, Diehl & Associates
Rudy Stock, Heritage Construction
Phil Magsig, Heritage Association, Livingston
Donn J. Ross, Heritage Association, Livingston

The meeting was called to order by Chairman Willaim Groff at 9:30 a.m. in the Department of Commerce Confreence Room in Helena, Montana.

There being no corrections to the minutes of the April 6, 1982 meeting, Bruce Moerer moved and Michael Kennedy seconded the motion to approve the minutes as curculated to the Board.

DIEHL & ASSOCIATES

Mr. John Cooper, representing Diehl & Associates, addressed a letter to the Board concerning, in their opinion, three major problems in Helena with the Board of Housing mortgage funds, which are (1) income limits, (2) state and federal regulations, and (3) the rule stating that a potential homebuyer cannot have owned a home within the last three years. Mr. Cooper stated that he is forwarding this letter to the Congressmen and Representatives in Montana requesting their help in alleviating some of these problems.

Linda Forrey explained that the Board does not have a problem with the buy down program that HUD is offering on FHA and VA mortgages other than she recommends that the lenders qualify these people at 12-1/2%, even though FHA and VA is willing to insure them at 9-1/2%. Mrs. Forrey and Mr. Olson feel that there could be a problem when the time comes to pay the full 12-1/2%. Funds could possibly move a little faster with the buy down, but the Board feels they cannot make an exception for one city.

HELENA HOMEBUILDERS ASSOCIATION

A letter addressed to the Board from the Helena Homebuilders Association was distributed

to the Board requesting consideration in discussing the feasibility of raising the income level to a higher rate. The letter, written by Roxanna Emslander of the Homebuilders Association is on file at the Board's office.

ESTIMATED COSTS OF ISSUANCE

Lyle Olson distributed copies of the estimated costs of issuance to the Board members for their review and approval. Mr. Olson stated that everything is in order, and recommends that we pay these charges in the amount of \$300,000. The staff considers the cost of printing to be too high and John Oitzinger suggested several alternatives to having printing done in New York, however, nothing was decided at this time. Upon a motion by Michael Kennedy and seconded by Tom Battershell the Board unanimously approved paying the costs of issuance.

APPROVAL OF DOCUMENTS AND RESOLUTION TO FINANCE MILES BUILDING PROJECT IN LIVINGSTON, MONTANA

John Oitzinger summarized the Documents and a Resolution relating to the Miles Building, a multifamily project in Livingston, Montana. The Miles Building is an old hotel to be converted into 40 units of housing for the elderly. Mr. Oitzinger stated that the Construction Loan will be originated through The Colwell Company in Denver and will be serviced during the construction period by the Colwell Company and First Security Bank of Livingston. Upon a motion by Virginia Jellison and seconded by Bruce Moerer the Board unanimously approved Resolution No. 82-0507-M2 authorizing the execution of a Construction Loan Agreement, Interest Maintenance Agreement, Regulatory Agreement and Supplemental Trust Indenture relating to the Miles Building, Livingston, Montana, and other matters relating to the foregoing, hereafter set forth at length:

RESOLUTION 82-0507-M2

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A CONSTRUCTION LOAN AGREEMENT, INTEREST MAINTENANCE AGREEMENT, REGULATORY AGREEMENT AND SUPPLEMENTAL TRUST INDENTURE RELATING TO THE MILES BUILDING, LIVINGSTON, MONTANA, 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 June 26, 1979, the Board approved the issuance and sale of \$8,660,000 Multifamily Mortgage Bonds, 1979 Series A (FHA Insured Mortgage Loan) (the "1979 Series A Bonds") in accordance with the Trust Indenture, dated as of February 23, 1978 (the "Indenture"), and the 1979 Series A Supplemental Trust Indenture, dated as of June 26, 1979.

(B) By resolution duly adopted at a meeting held on March 22, 1982, the Board approved financing for the rehabilitation of the Miles Building in Livingston (the "Development").

(C) There is presently on deposit in the Program Fund of the Indenture \$467,800 of proceeds of the 1979 Series A Bonds. Such amount, together with an additional amount of \$787,400 to be transferred as needed from funds available in the Program Operating Fund to the Program Fund, are to be used to provide financing for the Development. The aggregate of such amounts are sufficient to pay the Project Cost of the Development and are to be applied in accordance with the Supplemental Indenture dated as of May 7, 1982, between the Board and the Trustee (the "Supplemental Indenture").

(D) The Development is to be financed through a mortgage acquired by the Board from First Security Bank of Livingston and serviced by the Colwell Company in accordance with a Construction Loan Agreement dated as of May 11, 1982, among such parties and the Board (the "Construction Loan Agreement").

(E) The owner of the Development will agree to certain restrictions and protections for the Board in a Regulatory Agreement (the "Regulatory Agreement") and will guaranty a 14-1/2% return to the Board during the period the loan is owned by the Board (the "Interest Maintenance Agreement").

(F) The Supplemental Indenture, the Construction Loan Agreement, Regulatory Agreement and Interest Maintenance Agreement have been presented to the Board at this meeting and reviewed to the extent deemed necessary.

Section 2. The Supplemental Indenture, Construction Loan Agreement, Regulatory Agreement and Interest Maintenance Agreement are hereby approved, ratified and confirmed, and the Chairman, the Vice Chairman of the Board, the Administrator or any other Officer or Member of the Board is hereby authorized and directed to execute and attest such documents. 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 such Agreements is hereby approved, confirmed and ratified.

Section 4. 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 the Multifamily 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 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 5. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 7th day of May, 1982.

APPROVAL TO PRICE BONDS - GRANDVIEW PLACE IN MISSOULA

Mr. John Oitzinger stated that at the March 22, 1982 meeting the Board approved the distribution of a Preliminary Official Statement and authorized the Chairman, Vice Chairman and the Treasurer to negotiate with the underwriters for the sale of bonds to finance Grandview Place in Missoula, Montana. He explained that the Grandview Place has received the firm commitment from HUD and we are asking them, today, for their 1-1/2% commitment fee. Mr. Oitzinger stated that the loan will be in the area of 2.2 million. It is planned to approve the program documents and close the bond issue at the May 20, 1982 meeting in Helena. All of this is subject to approval of the Board.

COMMERCE MORTGAGE COMPANY

Mr. Lyle Olson informed the Board that Commerce Mortgage Company has moved their office to Portland, Oregon and therefore will not be allowed to service loans in Montana. Commerce Mortgage has ignored the notice that they must sell their servicing to another lender in Montana. Upon a motion by Bruce Moerer and seconded by Michael Kennedy the Board unanimously approved authorizing the staff to notify Commerce Mortgage Co. that they must either sell or the Board will be forced to cancel their servicing.

APPROVAL TO PERMIT ASSUMPTIONS OF MORTGAGES OVER ONE YEAR OLD WAIVING INCOME LIMITS

Mr. Lyle Olson requested approval from the Board to permit assumptions of mortgages over one year old waiving income limits. He stated that this could alleviate some of the problems with people assuming mortgages to try and get around the income limits. Mr. Olson said he would prefer to have assumptions referred to the Board for approval. After a lengthy discussion John Oitzinger informed the Board that he would write a letter of explanation on why he does not believe the Board has much to say on the matter of assumptions, and will present it to the Board at the next meeting, (scheduled for May 20, 1982). No action was taken at this time.

Assumption fees will also be discussed at the next Board meeting.

APPOINT COMMITTEE TO TARGET AREAS

Chairman William Groff informed the Board that he would like to change the Committee on targeting areas so the State would be better represented geographically. Mr. Groff nominated Joan Bennett, Chairman, Michael Kennedy and Virginia Jellison and requested that they work with John Oitzinger and Linda Forrey on targeting areas in the State.

FURTHER BUSINESS

Lyle Olson commented on how successful and well represented the Informational Seminars were that he and Linda Forrey conducted in Missoula, Kalispell, Great Falls, Billings and Glendive, for the benefit of the lenders.

Chairman Groff suggested that at the next meeting the Board consider adding Foster Marshall to the list of firms that the Board conducts business with and to review the present list in consideration of adding and/or dropping a few.

The next meeting is scheduled for May 20, 1982.

There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

June 24, 1982
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
APRIL 6, 1982

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - MARCH 22, 1982
- III. BOND PURCHASE AGREEMENT - HENRY LANIER
- IV. LENDER'S COMMITMENTS - LINDA FORREY
- V. APPROVAL OF DOCUMENTS - JOHN OITZINGER
- VI. MULTIFAMILY - HERBERT GEORGE
- VII. ATTORNEY CONTRACT - LYLE OLSON
- VIII. ADDITIONAL TRUSTEE FEE'S
- IX. FURTHER BUSINESS
- X. ADJOURN

1982 SERIES A FORMAL COMMITMENTS

SCHEDULE 1

<u>TOWN</u>	<u>LENDING INSTITUTION</u>	<u>LENDER'S COMMITMENT</u>	<u>STAFF RECOMMENDATION</u>
Anaconda	First Security Bank	\$ 150,000	\$ 150,000
Baker	The Bank of Baker	300,000	300,000
	Montana Bank of Baker	335,000	335,000
Belgrade	Valley Bank	-0-	-0-
Big Timber	First Security Bank	200,000	200,000
Billings	First Bank - Billings	1,500,000	1,250,000
	First Bank - West	500,000	500,000
	First Citizens Bank	300,000	300,000
	First Federal Savings & Loan	1,000,000	1,000,000
	First Northwestern National Bank	2,500,000	2,000,000
	Pioneer Bank	500,000	500,000
	Rimrock Bank	500,000	500,000
	Security Bank	3,250,000	3,000,000
	Security Federal Savings & Loan Assn.	1,000,000	1,000,000
	Valley Credit Union	1,000,000	500,000
Boulder	First Boulder Valley Bank	350,000	350,000
Bozeman	First National Bank	-0-	-0-
	First Security Bank	1,000,000	1,000,000
	Montana Bank of Bozeman	500,000	500,000
Butte	First Citizen's Bank	300,000	300,000
	Montana Bank	150,000	150,000
Chinook	Western Bank of Chinook	350,000	350,000
Circle	Montana Bank of Circle	300,000	300,000
Columbia Falls	Bank of Columbia Falls	250,000	250,000
	Glacier National Bank	350,000	350,000
Cut Bank	First National Bank	200,000	200,000
Deer Lodge	Pioneer Federal Savings & Loan Assn.	350,000	350,000
Ennis	First Madison Valley Bank	350,000	350,000
Forsyth	First State Bank	135,000	135,000
Glasgow	First National Bank	150,000	150,000
	First Security Bank	150,000	150,000
Glendive	First Fidelity Bank	1,300,000	1,300,000
	First National Bank	250,000	250,000
	First Security Bank	500,000	500,000

<u>CITY/TOWN</u>	<u>LENDING INSTITUTION</u>	<u>LENDER'S COMMITMENT</u>	<u>STAFF RECOMMENDATION</u>
Great Falls	Central Bank of Montana	\$ -0-	\$ -0-
	Eastside Bank of Montana	-0-	-0-
	Fidelity Savings & Loan Assn.	500,000	500,000
	First Federal Savings & Loan	100,000	100,000
	First Interstate Bank	600,000	600,000
	First National Bank	1,250,000	1,250,000
	Great Falls Federal Savings & Loan	750,000	750,000
	Northwestern National Bank	400,000	400,000
	The Village Bank	500,000	500,000
	Hardin	Big Horn Bank	200,000
Little Horn Bank		200,000	200,000
Harlem	Security State Bank	-0-	-0-
Harlowton	Continental Bank	100,000	100,000
Havre	Citizens Bank of Montana	150,000	150,000
	First National Bank	500,000	500,000
	First Security Bank	100,000	100,000
Helena	Bank of Montana	400,000	400,000
	First National Bank	1,000,000	1,000,000
	Home Federal Savings & Loan	1,500,000	1,500,000
	Northwestern Bank	3,750,000	3,000,000
	Valley Bank of Helena	400,000	400,000
	American Federal Savings & Loan	750,000	750,000
Jordan	Garfield County Bank	-0-	-0-
Kalispell	First Federal Savings & LOan	500,000	500,000
	First Interstate Bank	1,000,000	1,000,000
	First Northwestern National Bank	150,000	150,000
	Montana Savings & Loan Assn.	-0-	-0-
	Valley Bank of Kalispell	-0-	-0-
Lewistown	First National Bank	200,000	200,000
	Northwestern Bank	200,000	200,000
Libby	First National Bank	750,000	750,000
	United Bank of Libby	150,000	150,000
Livingston	First National Park Bank	250,000	250,000
	First Security Bank	200,000	200,000
Miles City	First Citizens Bank	500,000	500,000
	First National Bank	400,000	400,000
	First Security Bank	500,000	500,000
Missoula	First Bank Southside	550,000	550,000
	First Bank Western	500,000	500,000
	Western Federal Savings & Loan Assn.	250,000	250,000
Polson	First Citizens Bank	200,000	200,000
	Security State Bank	300,000	300,000

<u>CITY/TOWN</u>	<u>LENDING INSTITUTION</u>	<u>LENDER'S COMMITMENT</u>	<u>STAFF RECOMMENDATION</u>
Ronan	Ronan State Bank	\$ 250,000	\$ 250,000
Roundup	Montana Bank of Roundup	-0-	-0-
St. Ignatius	Lake County Bank	200,000	200,000
Sidney	Richland National Bank Montana Bank	1,000,000 300,000	1,200,000 300,000
Superior	Montana Bank of Mineral County	100,000	100,000
Townsend	State Bank of Townsend	250,000	250,000
Victor	Farmers State Bank	250,000	250,000
Whitehall	Whitehall State Bank	150,000	150,000
White Sulphur Springs	First National Bank	150,000	150,000
Whitefish	Mountain Bank	-0-	-0-
Wolf Point	Western National Bank	160,000	160,000
Billings, MT	Utah Mortgage Company Streeter Brothers Mortgage Co.	1,200,000 250,000	500,000 250,000
Medford, OR	Charter First Mortgage Company	1,000,000	700,000
Missoula, MT	Westland Mortgage Company	1,000,000	1,000,000
Seattle, WA	Lomas & Nettleton Company Rainier Mortgage Company	5,000,000 -0-	3,000,000 -0-
Spokane, WA	Bancshares Mortgage Company	1,750,000	1,750,000
Commitment Requests from Mortgage Lenders		\$52,730,000	
Allocation of Commitments to Mortgage Lenders			\$47,680,000
Allocation to Targeted Areas			\$ 265,000
Unallocated (to be distributed at a later date)			\$ 197,395
Purchase of Mortgage Loans			\$48,142,395

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
APRIL 6, 1982

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (present)
Virginia Jellison (present)
James J. Leary (present)
Thomas Battershell (present)
Joan Bennett (present)
Michael J. Kennedy, Jr. (present)
Bruce Moerer (present)

STAFF: Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
David Kraft, Comptroller
Nita M. Routzahn, Executive Secretary

COUNSEL: David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

UNDERWRITERS: Henry D. Lanier, First Boston Corporation

UNDERWRITERS

COUNSEL: Diane Reitano, Hawkins, Delafield & Wood

OTHERS: Gary Moes, Associated Press
Bill Hanson, United Press International

The meeting was called to order by Chairman William Groff at 9:00 a.m. in the Department of Commerce Conference Room in Helena, Montana.

There being no corrections to the minutes of the March 22, 1982 meeting, Michael Kennedy moved and Tom Battershell seconded the motion to approve the minutes as circulated to the Board.

BOND PURCHASE AGREEMENT

Mr. Henry Lanier distributed copies of the Bond Purchase Agreement and the Official Statement to the Board members and explained the events that took place while marketing this bond issue. He stated that we will be making 25 year mortgages at 12-1/2%. The Board members were provided with a breakdown of the expenses and Mr. Lanier explained the distribution of them. The underwriters discount is \$26.50 divided into four different components: (1) sales commission is \$17.97, (2) underwriting is \$1.00, (3) management fee is \$3.00, and (4) expenses are \$4.53. These are expressed in terms of dollars per thousand, and the underwriters discount totals \$1,457,500.

Mr. Lanier presented the Board with a check for \$550,000 representing 1% of the full amount of the Bond issue, which is \$53,388,125. The balance of the money, plus accrued interest and less the amount of the Good Faith Check will be paid by First Boston Corporation at the closing in New York City on April 27, 1982.

1982 SERIES A FORMAL COMMITMENT REQUESTS

A listing of Formal Commitment Requests from participating lenders was provided for

the Board members. Linda Forrey explained that First Boston Corporation was able to market the bonds for \$55,000,000, which means there will be more funds available for the purchase of mortgages. The total amount will be \$48.1 million. Total commitment requests from 85 participating lenders in the state is \$52.7 million. Mrs. Forrey stated that they have reduced very few commitments, mostly in the Billings and Helena areas and some of the Mortgage Companies. The Board has received a 1% commitment fee on the staff's recommendation for these allocations of commitments. \$265,000 has been set aside for the targeted area in Missoula and at this point there is almost \$200,000 that has not been allocated, and will be for distribution at a later date. All of this will be subject to approval of the Board.

RESOLUTION TO APPROVE PROGRAM DOCUMENTS

John Oitzinger summarized the 1982 Series A Program Documents and presented the Board with a resolution to approve and authorize the execution of a Supplemental Trust Indenture, a Bond Purchase Agreement, an Official Statement and the issuance and sale of \$55,000,000 Single Family Program Bonds, 1982 Series A (Federally Insured or Guaranteed Mortgage Loans), approval of a Mortgage Pool Insurance Policy with MGIC, approval of allocations to lenders, transfer of \$700,000 from other funds, adoption of a Procedural Guide for Federal Eligibility Requirements, and other matters relating to the foregoing. A lengthy discussion followed concerning the program documents and upon a motion by Tom Battershell and seconded by Michael Kennedy it was unanimously approved to adopt Resolution #82-0406-S2, hereafter set forth in its entirety:

RESOLUTION 82-0406-S2

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A 1982 SERIES A SUPPLEMENTAL TRUST INDENTURE, A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT AND THE ISSUANCE AND SALE OF \$55,000,000 SINGLE FAMILY PROGRAM BONDS, 1982 SERIES A (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS), PURSUANT TO THE AFORESAID DOCUMENTS, APPROVAL OF A MORTGAGE POOL INSURANCE POLICY, APPROVAL OF ALLOCATIONS TO LENDERS, TRANSFER OF \$700,000 FROM OTHER FUNDS, ADOPTION OF A PROCEDURAL GUIDE FOR FEDERAL ELIGIBILITY REQUIREMENTS, 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, Sections 90-6-101 through 90-6-126, inclusive, Montana Code Annotated, as amended.

(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 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 March 22, 1982, the Board adopted and approved forms of a Mortgage Purchase Agreement and a Servicing Agreement relating to the FHA Insured, VA Guaranteed Single Family Program.

(D) Pursuant to a Trust Indenture, dated as of August 16, 1979 (the "Trust Indenture"), a copy of which has been presented to this meeting, the Board authorized 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; assigned and pledged to the Trustee thereunder all right, title and interest of the Board to all mortgages, revenues and other moneys and investments listed therein; established certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; set the minimum requirements for the Mortgage Loans to be acquired under the Trust Indenture; specified the terms and conditions for the issuance of any series of Bonds; and established 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 1982 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of April 6, 1982, 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 \$55,000,000 aggregate principal amount of its Single Family Program Bonds, 1982 Series A (Federally Insured or Guaranteed Mortgage Loans) (the "1982 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 1982 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 April 6, 1982, 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 1982 Series A Bonds and others by a group of investment dealers and bankers represented by the First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co., Incorporated (the "Underwriters").

(G) Pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated as of April 6, 1982, 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 1982 Series A Bonds at the price and upon the terms and conditions therein set forth.

(H) Pursuant to Applications from Mortgage Lenders, Mortgage Purchase Agreements in form previously approved, and a Notice of Acceptance (the "Notice of Acceptance") a form of which has been presented to this meeting and reviewed to the extent necessary, the Board agrees to purchase forward commitment mortgage loans from the lending institutions set forth on Schedule 1 annexed to this resolution in the amounts set forth opposite their names on such Schedule on the terms and conditions set forth in the Applications, Mortgage Purchase Agreements and Notices of Acceptance.

(I) Pursuant to a Mortgage Trust Insurance Policy (the "Insurance Policy"), a form of which has been presented to this meeting and reviewed to the extent necessary, Mortgage Guaranty Insurance Corporation agrees to provide mortgage pool insurance coverage to the extent of 10% of the initial principal amount of FHA

insured loans purchased with the proceeds of the 1982 Series A Bonds.

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, 1982 Series A (Federally Insured or 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 ratified and approved in the form executed by the Chairman of the Board as of August 16, 1979

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 5.03 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 \$55,000,000 Single Family Program Bonds, 1982 Series A (Federally Insured or Guaranteed Mortgage Loans) is hereby approved. The 1982 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 1982 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 1982 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 or the Treasurer 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 1982 Series A Bonds. Such signature may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Indenture) for purposes of authenticating the 1982 Series A Bonds. Coupons representing interest attached to coupon 1982 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 evidenced conclusively by such execution of the Official Statement.

Section 7. Pursuant to Resolution 81-14-65, duly adopted by the Board on August 14, 1981, certain moneys were authorized to be transferred to a new trust indenture in anticipation of the issuance of single family mortgage revenue bonds under such indenture, it now appears that such financing will not occur for some time, so that the Board hereby authorizes and directs the transfer of \$700,000 from funds previously deposited to the credit of such new indenture to the Indenture for deposit in the Debt Service Reserve Fund.

Section 8. The Insurance Policy is hereby made a part of this Resolution as fully as though set forth in full therein and is hereby approved in the form submitted to this meeting and the Administrative Director and any other officers of the Board is hereby authorized and directed to execute and deliver the Insurance Policy and to agree to pay premiums thereon at an annual rate of not in excess of 0.075%.

Section 9. 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 such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Agreement. The 1982 Series A Bonds are hereby sold to the Underwriters at the price, which results in a interest rate of less than one percent (1%) less than the FHA's established single family mortgage rate in effect 30 days prior to issuance of bonds (15-1/2%) 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 \$550,000 as a good faith deposit and an executed counterpart of the Bond Purchase Agreement.

Section 10. The Notice of Acceptance 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 Administrative Director and any other officer of the Board is hereby authorized and directed to execute and deliver the Notice of Acceptance with such changes, insertions or omissions therein and as may be approved by such officer, such approval to be evidenced conclusively by such execution of the Notice of Acceptance with each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Program for an amount of forward commitment mortgage loans set forth opposite the name of such lending institution on Schedule 1 and the Administrative Director is hereby further authorized to reallocate any of such commitments, if any, which are not accepted by particular lending institutions.

Section 11. The form of Procedural Guide for Federal Eligibility Requirements presented to this meeting is hereby adopted together with such modifications and amendments as the Administrative Director, with the advice of counsel, considers necessary or desirable.

Section 12. All action previously taken by the officers, Members or staff of the Board with respect to the Single Family Program, the Trust Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and the 1982 Series A Bonds is hereby approved, confirmed and ratified.

Section 13. 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 14. 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 Treasurer, 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 15. 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 1982 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 16. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 6th day of April, 1982.

REPORT ON MULTIFAMILY PROJECTS

Mr. Herbert George informed the Board that the Multifamily program is progressing very well. He stated that the closing for the Livingston Rehabilitation Project should take place in the next few weeks, as the financing for this project has been taken care of. We will be selling bonds to finance the Grandview Place Project in Missoula in the near future. Mr. George stated that due to a withdrawal of one project, the Board was able to recapture a sufficient amount of Section 8 funds to allocate to the other 5 projects. He explained that recaptured units cannot be used for new construction, but will be used to supplement the projects that are in process.

APPROVAL OF CONTRACTS

Upon a motion by Bruce Moerer and seconded by Virginia Jellison the Board unanimously approved the Attorney's contract with Jackson, Oitzinger and Murdo and the contract with the Board's Accountants, Anderson ZurMuehlen & Co.. Both contracts will be for two years at a set amount of \$45,000 a year.

ADDITIONAL TRUSTEE FEES

Mr. Lyle Olson informed the Board that in connection with the charges of First Interstate Bank of California's Trust Department, for acting as Trustee for this bond issue, the Acceptance Fee and the Annual Administration Fee will remain the same as in the past. In addition there will be Registration charges of \$0.85 per bond registered, \$2.00 per account per year, which includes account maintenance and issuance of two interest checks, and \$3.25 per registered bond paid. No additional fees will be charged for the services of First Interstate Bank of Kalispell including their services as Co-trustee. Out-of-pocket expenses such as outside counsel fees, attending closing, stationary, supplies, telephone, postage, etc., will be in addition to the other charges. Mr. Olson stated that we have been paying about \$3,600 a year in fees to paying agents in the past. There will be 11,000 bonds, with 30¢ a year off of that for clipping coupons, we should come out close to that figure. Upon a motion by Bruce Moerer and seconded by Tom Battershell the Board unanimously approved to accept the contract with First Interstate Bank of California.

FURTHER BUSINESS

Chairman William Groff brought the Board up to date on the Department of Commerce assessment of the Board. He stated that Mr. Gary Buchanan, Director of the Department of Commerce, was authorized by the Legislature to assess the separate divisions on a basis to run his office, and has assessed the Board of Housing for \$25,000. John Oitzinger, Counsel, feels that this is illegal in reference to our indenture, and if it continues could result in a suit between the Board and the Department of

Commerce. Mr. Oitzinger explained that it is stated in our bond documents that we will reimburse the Department of Commerce, as we did the Department of Administration previously, for the reasonable cost of what is provided for us by the Department of Commerce.

There being no further business, the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

May 7, 1982
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MARCH 22, 1982

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - FEBRUARY 25, 1982
- III. TYPES OF FINANCING
CASH FLOWS
MORTGAGE INSURANCE
SINGLE FAMILY RECOMMENDATIONS
APPROVAL TO MAIL PRELIMINARY OFFICIAL STATEMENT - HENRY LANIER
- IV. CONSTRUCTION LOAN NOTE FUND BALANCE ACCOUNT - JOHN OITZINGER
- V. SECTION 8 MULTIFAMILY - AUTHORITY TO PROCEED - HERBERT GEORGE
- VI. APPROVAL OF COMMITMENTS - LINDA FORREY
- VII. OTHER BUSINESS
- VIII. ADJOURN

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MARCH 22, 1982

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (absent)
Virginia Jellison (absent)
Thomas Battershell (present)
James J. Leary (present)
Bruce Moerer (present)
Joan Bennett (present)
Michael J. Kennedy, Jr. (present)

STAFF:

Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
Dave Kraft, Comptroller
Nita Routzahn, Executive Secretary

COUNSEL:

John J. Oitzinger, Jackson, Oitzinger & Murdo
David Jackson, Jackson, Oitzinger & Murdo

UNDERWRITERS:

Henry D. Lanier, First Boston Corporation

OTHERS:

Jeff Cochran, Governor's Office
Mark Lindsay, Hamlin Construction Company
Bill Hanson, UPI
Gary Moes, Lee Newspapers
John Sullivan, Livingston

The meeting was called to order by Vice Chairman, Tom Battershell at 9:00 a.m. in the Department of Commerce Conference Room in Helena, Montana.

Upon a motion by Michael Kennedy and seconded by Bruce Moerer the minutes of the February 25, 1982 meeting were unanimously approved as circulated to the Board.

ANDERSON ZURMUEHLEN FINANCIAL REPORT

David Johnson, Anderson ZurMuehlen Co., briefly reviewed the financial statement as of June 30, 1982, which also includes information for the period ending December 31, 1981. He reported that the transfers of \$2,000,000 from two previous single family indentures to a newly authorized single family indenture was made prior to December 31, 1981. Mr. Johnson stated that the Construction Loan Notes are due April 29, 1982, and will be paid off at that time. It is estimated that there will be a fund balance in the account of about \$550,000. On December 31, 1981 there was \$494,000 in fund balance. He explained that in the statement of revenue and fund balance for the 6 months ended December 31, 1981 there is approximately \$2.4 million in earnings for that period, and \$2.75 million for the six months ended December 31, 1980. Single Family III shows a loss under expenditures, attributable to the expense being what would otherwise have been cost of issuance associated with the issue that we attempted to do in November, 1981. The sources and applications of funds changes in the financial position is comparable to that of the prior six month period ending 1980, except during 1980 we had substantial funds from the proceeds of mortgages that were being invested during that time.

PROPOSED SALE OF 1982 A SINGLE FAMILY BONDS

Henry Lanier, First Boston Corporation, distributed copies of a market update and a financing analysis for the single family issue to the Board members and explained what has transpired in the market since the February 25, 1982 meeting. He stated that they have analyzed two scenarios, one of which we could do an issue with term bond rates at 13-1/2%, and the other at 13-3/4%. He explained that the first schedule is unrealistic at this time but schedule two is achievable today. We do not have an unlimited amount of cash to put into the issue because we will be drawing on the surplus that has built up, but if we could do an issue today at 13-1/2%, and the Board could put in \$500,000 from the Construction Loan Note surplus, we could do the issue and make mortgages at 12-1/2%. Schedule two assumes a 13-3/4% bond rate with \$1,500,000 equity. Mr. Lanier said they could probably refine this and bring it down to \$1,100,000 and still have \$42,300,000 in mortgages at 12-1/2%. Mr. Lanier recommends that the Board grant permission to mail the Official Statement and the financing documents next week if the market improves, for a \$50,000,000 issue, or an issue that would produce \$42,000,000 in mortgage money, and to authorize up to \$1,000,000 worth of equity contribution to be put into the issue as needed. Upon a motion by Michael Kennedy and seconded by Bruce Moerer the Board adopted the following Resolution approving a Preliminary Statement and authorizing negotiations for an offering of \$50,000,000 in bonds for the Single Family Program.

RESOLUTION 82-0322-S1

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING A PRELIMINARY OFFICIAL STATEMENT AND NEGOTIATIONS FOR AN OFFERING OF \$50,000,000 BONDS FOR THE SINGLE FAMILY PROGRAM

WHEREAS, market conditions for single family mortgage bonds have improved recently and may further improve to the point that such an issue is desirable;

WHEREAS, the Board wishes to take all steps necessary to prepare for a favorable time in the market so as to make funds available for mortgages at rates which persons of lower income can afford.

NOW, THEREFORE, be it resolved by the Montana Board of Housing, (the "Board") as follows:

Section 1. A Preliminary Official Statement in substantially the form presented to this meeting and containing such amendments and updating of information as the officers 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, Vice Chairman and Treasurer are hereby authorized to negotiate the terms and conditions of the sale of the Single Family Program Bonds, 1982 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 such date as may be designated.

Section 3. The action of the officers of the Board in distributing program documents to mortgage lenders, including Mortgage Purchase Agreements and Servicing Agreements and taking such further action as they consider necessary to effectuate the intent of this Resolution is hereby approved, ratified and confirmed.

ADOPTED by the Montana Board of Housing this 22nd day of March, 1982.

SUPPLEMENTAL INDENTURE

John Oitzinger distributed copies of the Supplemental Indenture to the Board members and he requested that they familiarize themselves with this form as they will be asked to approve it at a future date if this bond issue sells.

Henry Lanier explained that this is an issue that will be done under the Board's previous indenture, therefore, all mortgages will be FHA/VA insured. He stated that because of the new Federal Act, FHA may not cover certain events of non-monetary defaults. To insure the Board against this possibility, Mr. Lanier recommends that we purchase a supplementary pool insurance policy from a PMI Co.. Conversations are being held with two PMI companies at the present time, Verex Assurance Co. and United Guaranty Co. of Iowa, both of which are willing to write the policy, however, Mr. Lanier considers their prices to be too high and will not recommend that the Board approve the policy until they lower their rates to below 10 basis points. Mr. Lanier stated that this insurance will cost between \$35,000 and \$40,000 at first and will decline as the mortgages pay off. Upon a motion by Joan Bennett and seconded by Michael Kennedy the Board authorized First Boston Corporation in conjunction with the staff to continue to negotiate with the PMI companies for a Supplementary Pool Insurance Policy.

1982 A FORMAL COMMITMENT REQUESTS

Linda Forrey informed the Board that the week of March 12, 1982, Invitation Letters to participate in the 1982 A Mortgage Purchase Program were sent to approved mortgage lenders, requesting them to commit a dollar amount of mortgage loans that they would originate and sell to the Board by December 31, 1982. Mrs. Forrey reviewed the listing of commitments with the Board members indicating the names of the lenders, their principal location and the amount of mortgage loans that they will deliver to the Board. These commitments are based on a 12-1/2% mortgage rate, FHA/VA loans, and the total amount requested at the present time is \$48,330,000, however, a few lenders have not yet responded. Mrs. Forrey explained that the commitments will have to be pared down approximately \$6,000,000 relative to the size of the proposed issue. The amount that the individual lender will actually receive will be entered into the final Official Statement and the Board's formal Notice of Acceptance to mortgage lenders.

John Oitzinger suggested that some action could be taken by the committee appointed to targeting certain areas of the state so that we are free of some of the restrictions under the Federal Tax Law, and might also influence how the money should be allocated, or where we could cut back on commitments. He stated that the targeting would have to be approved by both HUD and the Secretary of Treasury. Approval of targeting areas will be taken up at the next Board meeting, and no action was taken at this time.

CONSTRUCTION LOAN NOTE FUND BALANCE ACCOUNT

John Oitzinger informed the Board that the Construction Loan Notes will be paid off at the end of April, 1982 and due to the way the interest rates worked out there will be approximately \$550,000 of surplus funds in that account. He suggested that we transfer these surplus funds into the Single Family III account to use at a later date for the equity contribution in a new issue. Upon a motion by Bruce Moerer and seconded by Michael Kennedy the Board unanimously approved transferring the proceeds from the Construction Loan Notes fund to the Single Family III fund for use at such time as is needed to sell the bonds in a new issue.

AUTHORITY TO PROCEED WITH SECTION 8 MULTIFAMILY PROJECTS

Mr. Herbert George informed the Board that Mr. John Sullivan has been successful in obtaining a GNMA commitment for the rehabilitation project located in Livingston. Mr. George stated that in his discussions with Joel Stein of The Colwell Company, he indicated the possibility of making the construction financing for the project available at 14-1/2%, which would be the maximum that he could pay and still be interested in financing through the Board for the Construction notes. Mr. George said that he assumes that the notes would be for one year, and by that time he would have accomplished his closing with HUD and also the transfer of the documents to GNMA, and the Board would be paid off. He recommends that we obtain a guaranty from The Colwell Company that they would take us out if something should happen to the GNMA commitment, otherwise the Board will not provide the financing for this project.

Henry Lanier stated that they have analyzed that scenario, assuming a \$1,255,000 draw down over a year at 12-1/2% and it works. They have overlaid the possibility of a bond issue of approximately \$4,000,000 to finance the 96 units in Missoula and that also works. From a cash flow standpoint, the Multifamily indenture can handle this. He does not anticipate any problems with this, however, he would like to talk with the rating agencies first to assure that the existing bonds would not be downgraded, and to avoid not being able to obtain a AA rating on the bonds. Upon a motion by Joan Bennett and seconded by Michael Kennedy the Board unanimously approved financing the Livingston rehabilitation project for \$1,255,000 at 14-1/2% for one year, using internally generated funds, subject to execution of the necessary documents.

Mr. George informed the Board that four of the smaller projects that are in the "pipeline" are going to Farm Home Administration for financing, as was discussed at the last meeting. He stated that we are short about 14 units of Section 8 assistance money and it is uncertain how we are going to address the problem, but may have it resolved by the next Board meeting.

TWIN BRIDGES PROJECT

Mr. George explained to the Board that HUD has issued a letter of commitment in which they have indicated that, in their judgment, there is a market for only 50 units at Twin Bridges. HUD has invited the sponsors of the Twin Bridges project to submit an application for a conditional commitment for HUD insurance for 50 units. The sponsors have informed HUD they intend to build an additional 100 units without HUD insurance. However, HUD stated that they might not insure the loan on the 50 units if the sponsors insist on building the 100 units without HUD insurance because it could jeopardize the entire project. The sponsors have an extended deadline to March 30, 1982 to get their application in to HUD for the 50 units. Mr. George stated that if the 100 units are not approved by HUD and the sponsors do not use them, they will be lost to Montana because they cannot be used by any other sponsor at any other site in Montana. The sponsors have a deadline of June 1, 1982 to have the projects under construction. Mr. George said that the Board has the authority to pull the project if we wanted to, but he does not recommend that. Mr. George suggested that it be decided by the next meeting how the problem should be resolved.

Mr. Oitzinger suggested that Schedule I be considered for both Mr. Curran's and Mr. Buchanan's projects, and this would authorize the staff and underwriters to obtain financing for whatever can be financed and may end up with financing just one project.

Jeff Cochran, representing Governor Schwinden's office, suggested the Board staff talk with the Governor concerning pulling some units from the Twin Bridges project for the purpose of going ahead with the two Missoula projects. Upon a motion by Bruce Moerer and seconded by Michael Kennedy the Board unanimously approved the

following Resolution authorizing the preparation of Mortgage Purchase Agreements, Regulatory Agreements and a Preliminary Official Statement relating to the Multi-family Mortgage Program and other matters relating to the foregoing, hereafter set forth at length:

RESOLUTION #82-0322-M1

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE PREPARATION OF MORTGAGE PURCHASE AGREEMENTS, SERVICING AGREEMENTS, REGULATORY AGREEMENTS, AND A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE MULTIFAMILY MORTGAGE PROGRAM AND OTHER MATTERS RELATING TO THE FOREGOING.

WHEREAS, the Board has previously given preliminary approval to the purchase of certain multi-family mortgage loans relating to the projects identified on Schedule I hereto; and

WHEREAS, the Board wishes to take certain further action preparatory to approving the sale of bonds for such purpose 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 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, Vice Chairman and Treasurer are hereby authorized to negotiate the terms and conditions of the sale of the Multi-Family Mortgage Bonds, 1982 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 such date as may be designated.

Section 3. The officers of the Board are authorized to prepare and negotiate, with the advice of counsel, the form of Mortgage Purchase Agreement, Servicing Agreement, and Regulatory Agreement proposed to be entered into between the sponsors of housing developments to be financed with the proceeds of the Multi-Family Mortgage Bonds, 1982 Series A.

ADOPTED by the Montana Board of Housing this 22nd day of March, 1982.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
 VIRGINIA JELLISON, SECRETARY TO THE BOARD

April 6, 1982
 DATED

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
APRIL 6, 1982

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (present)
Virginia Jellison (present)
James J. Leary (present)
Thomas Battershell (present)
Joan Bennett (present)
Michael J. Kennedy, Jr. (present)
Bruce Moerer (present)

STAFF:

Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
David Kraft, Comptroller
Nita M. Routzahn, Executive Secretary

COUNSEL:

David L. Jackson, Jackson, Oitzinger & Murdo
John J. Oitzinger, Jackson, Oitzinger & Murdo

UNDERWRITERS:

Henry D. Lanier, First Boston Corporation

UNDERWRITERS

COUNSEL:

Diane Reitano, Hawkins, Delafield & Wood

OTHERS:

Gary Moes, Associated Press
Bill Hanson, United Press International

The meeting was called to order by Chairman William Groff at 9:00 a.m. in the Department of Commerce Conference Room in Helena, Montana.

There being no corrections to the minutes of the March 22, 1982 meeting, Michael Kennedy moved and Tom Battershell seconded the motion to approve the minutes as circulated to the Board.

BOND PURCHASE AGREEMENT

Mr. Henry Lanier distributed copies of the Bond Purchase Agreement and the Official Statement to the Board members and explained the events that took place while marketing this bond issue. He stated that we will be making 25 year mortgages at 12-1/2%. The Board members were provided with a breakdown of the expenses and Mr. Lanier explained the distribution of them. The underwriters discount is \$26.50 divided into four different components: (1) sales commission is \$17.97, (2) underwriting is \$1.00, (3) management fee is \$3.00, and (4) expenses are \$4.53. These are expressed in terms of dollars per thousand, and the underwriters discount totals \$1,457,500.

Mr. Lanier presented the Board with a check for \$550,000 representing 1% of the full amount of the Bond issue, which is \$53,388,125. The balance of the money, plus accrued interest and less the amount of the Good Faith Check will be paid by First Boston Corporation at the closing in New York City on April 27, 1982.

1982 SERIES A FORMAL COMMITMENT REQUESTS

A listing of Formal Commitment Requests from participating lenders was provided for

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

TENTATIVE AGENDA
BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
1424 NINTH AVENUE
HELENA, MONTANA
FEBRUARY 25, 1982

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - NOVEMBER 23, 1981
- III. MULTIFAMILY - BUY DOWN AND TURN KEY PROJECTS - HENRY LANIER
- IV. SINGLE FAMILY OPTIONS - WILLIAM HAYDEN
- V. FORECLOSURES AND DELINQUENCIES - LINDA FORREY
- VI. RACKOW PROPERTY OPTIONS - LYLE OLSON
- VII. MULTIFAMILY NOTES - JOHN OITZINGER
- VIII. ATTORNEY'S CONTRACT
- IX. SINGLE FAMILY III EXPENSES
- X. APPROVAL OF LENDER
- XI. WHAT NOW?
- XII. OTHER BUSINESS
- XIII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA
BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
1424 NINTH AVENUE
HELENA, MONTANA
FEBRUARY 25, 1982

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - NOVEMBER 23, 1981
- III. MULTIFAMILY/SINGLE FAMILY PROGRAM OPTIONS - HENRY LANIER
- IV. MULTIFAMILY PROJECTS - HERBERT GEORGE
- V. FORECLOSURES AND DELINQUENCIES - LINDA FORREY
- VI. APPROVAL OF LENDERS - LINDA FORREY
- VII. RACKOW PROPERTY OPTIONS - LYLE OLSON
- VIII. MULTIFAMILY NOTES - JOHN OITZINGER
- IX. ATTORNEY'S CONTRACT
- X. SINGLE FAMILY THREE EXPENSES
- XI. DEPARTMENT OF COMMERCE ASSESMENT
- XII. OTHER BUSINESS
- XIII. ADJOURN

BOARD OF HOUSING MEETING
 DEPARTMENT OF COMMERCE CONFERENCE ROOM
 1424 NINTH AVENUE
 HELENA, MONTANA
 FEBRUARY 25, 1982

ROLL CALL OF
 BOARD MEMBERS:

William A. Groff, Chairman (absent)
 Thomas Battershell (present)
 Virginia Jellison (present)
 Joan Bennett (present)
 James J. Leary (present)
 Bruce Moerer (absent)
 Michael J. Kennedy, Jr. (absent)

STAFF:

Lyle E. Olson, Administrator
 Linda M. Forrey, Single Family Program Officer
 Herbert H. George, Multifamily Program Officer
 Meredith McGuire, Administrative Assistant
 Dave Kraft, Comptroller
 Nita Routzahn, Executive Secretary

COUNSEL:

John J. Oitzinger, Jackson, Oitzinger & Murdo

UNDERWRITERS:

Henry D. Lanier, First Boston Corporation
 James Dlugosch, Dain Bosworth
 Robert Sylvester, Piper, Jaffray & Hopwood

OTHERS:

Casey Reilly, Missoula Housing Authority
 Howard Toole, Missoula Housing Authority
 Dennis D. Curran, Missoula
 W.F. Curran, Missoula
 Ron Reichelt, Buchanan Enterprises
 John Sullivan, Heritage Association, Livingston
 Phil Magseg, Heritage Association, Livingston
 Tom Wester, Montana Homebuilders Association
 Bill Hanson, UPI
 John Kellogg, Missoula Community Development Office
 J. Morton, Missoula Housing Authority
 Joseph Burke, Palace Hotel, Missoula
 Mike Wamsley, Palace Hotel, Missoula
 Kim Barnard, Palace Hotel, Missoula
 Dave Johnson, Anderson ZurMuhlen & Co.
 Mark Lindsay, Hamlin Construction, Helena
 Clair W. Daines, President, Montana Homebuilders Association
 Patricia Cookson, Montana Homebuilders Association
 Herman Hauck, Montana Homebuilders Association

The meeting was called to order by Vice Chairman, Tom Battershell at 9:00 a.m. in the Department of Commerce Conference Room in Helena, Montana.

Upon a motion by Virginia Jellison and seconded by Joan Bennett the minutes of the November 23, 1981 meeting were unanimously approved as circulated to the Board.

MULTIFAMILY PROJECTS REPORT

Mr. Herbert George stated that we have six projects that we have been trying to process for some time and to get in the posture where we can sell bonds and provide the financing. He explained that four of these projects may now procure their financing from FmHA and if that occurs the Board will be left with the two Missoula projects. Mr. George explained that at this point we don't know what will happen because the figures from Farm Home have not been provided and the sponsors are not certain if they want to put in the necessary equity to go forward with the projects. The Board is presently holding the Section 8 "set aside" for all six projects. Mr. George stated that under the assumption that the Board would provide financing for all six projects, we are considering a rate of 13%, but this is not being proposed at this time since it would require a "buy down" from the bond rate to 13%.

Mr. Henry Lanier, First Boston Corporation stated that they have run a sample issue, assuming that the Board would provide long term and construction financing, for the two Missoula projects (a total of 96 units). This would be a 40 year bond issue, the same as in the past and the projects would be FHA insured. The size of the issue would be in the \$4,000,000 range and the net interest cost to the Board would be somewhere in the range of 13-3/4% to 14-1/4%.

Mr. George introduced Mr. John Buchanan and Mr. Dennis Curran, sponsors of the projects located in Missoula, Polson and Kalispell. Mr. Curran stated that a 13% rate would be acceptable to him. Mr. Buchanan indicated that he could not live with a 13% rate. It was decided by the Board that futher discussion is necessary on these matters and no action was taken at this time.

SINGLE FAMILY PROGRAM OPTIONS

Mr. Henry Lanier stated that he and the Board staff have been working on various alternative ways of putting together a single family issue and is quite confident that we can go to market this spring. Mr. Lanier explained that one proposal called a "graduated equity mortgage" would result in mortgages made to homeowners at a fixed rate of interest but the amount of the mortgage payment would increase each year. The purpose of doing that is to shorten the average length of the mortgage, thereby shortening the average length of the bond issue that we have to sell to finance the mortgages, therefore lowering the interest rates. The second option is called a "prepayment letter of credit" type structure. In this the Board would contract with a bank to give a letter of credit so that if we did structure such a bond issue with a prepayment assumption in it and the prepayments did not materialize we would be able to borrow from the bank the money that was needed to make interest and principle payments on the bond issue. This would enable the Board to take advantage of the lowest interest rate possible through prepayment assumption and insures the bondholders that they will get their money back even if the prepayments do not come in. These kind of issues can be done as separate issues or possibly under the previous indenture as FHA/VA loans. Mr. Lanier said that a third way of doing this is a "balloon" which has been discussed previously. He stated that they will continue to work on it and will produce a specific recommendation at the next Board meeting.

APPROVAL OF THE COLWELL COMPANY

Mr. George introduced Joel Stein, Vice President of the Colwell Company, who has presented an application to the Board to become an approved lender and servicer for the Board of Housing. Upon a motion by Virginia Jellison and seconded by Joan Bennett approval was granted to accept The Colwell Company to participate in future financing programs of the Board subject to execution of necessary documents relative to servicing of Montana Board of Housing project loans.

REHABILITATION PROJECT IN LIVINGSTON

Mr. John Sullivan, a sponsor from Livingston, Montana, presented the Board with a proposal for financial aid for a rehabilitation project located in Livingston. They have a firm commitment for mortgage insurance from HUD for the project which consists of 40 units for the elderly. Mr. Joel Stein of the Colwell Company, mortgage banker for this project explained to the Board that they are requesting from us the interim money and in the event they do not get the GNMA commitment they have applied for, also permanent financing, in the amount of \$1,255,200. After a lengthy discussion it was decided to do further study before the meeting scheduled for March. Upon a motion by Virginia Jellison and seconded by James Leary, the staff was granted approval to pursue this matter and to do everything possible to make it work.

REHABILITATION PROJECT IN MISSOULA

Mike Wamsley, Architect, speaking for Joseph Burke, Sponsor, presented the Board with a proposal for financial aid for a moderate rehabilitation project located in downtown Missoula. This project is the old Palace Hotel to be converted into 50 or 55 units eventually, but will start with 30 units and has not yet been decided whether it will be family or elderly. No action was taken by the Board at this time.

MISSOULA HOUSING AUTHORITY PROJECT

Virginia Jellison stated that the Missoula Housing Authority is asking the Board for consideration in providing financial aid for a 50 unit, family, scattered site project in Missoula, ranging in price from \$1,500,000 to \$2,000,000. There may be a question of a conflict of interest, according to bond counsel, therefore, Virginia Jellison will abstain from voting on this matter. Upon a motion by Joan Bennett and seconded by James Leary the staff was instructed to review interim financing for turnkey and report back at the March meeting.

MONTANA HOMEBUILDERS ASSOCIATION

Mr. Clair Daines, Montana HBA President, and NAHB Director, Herman Hauck stated the the publicity that the Board is going to issue bonds and then they don't has hurt the building industry, and if the Board intends to take an active and viable role in providing housing for Montana citizens they will have to change their "game plan". They also stated that the Board should either do something or do nothing.

DELINQUENCY/FORECLOSURE REPORT

Linda Forrey presented copies of the Delinquency and Foreclosure Analysis at January 20, 1982. Overall delinquent mortgages as a percentage of the Board's total outstanding principal balance of single family loans representing \$185,609,682 is 2.6%. Mrs. Forrey indicated this is an increase of .4% from the December report and until the economy reveals signs of recovery soon, the delinquencies will probably continue to rise. Loans in foreclosure total \$1,356,971.00 as a result of unemployment and excessive obligations of the mortgagors.

Mrs. Forrey summarized one foreclosure regarding property located in Lolo, Montana, whereby a Trustee Sale was held on December 15, 1981 and the servicer was unable to deliver a warranty deed to FHA because the builder, who was also the holder of the second mortgage, removed various items from the property. Mr. Senrud was taken to court and ordered to return the items, and FHA has remitted 90% of the proceeds due us. The staff recommends that the Board take action to refuse to purchase any housing unit constructed by Mr. Senrud in the future. Upon a motion by Virginia Jellison and seconded by Joan Bennett it was decided to never purchase any housing

constructed by Mr. Senrud. According to bond counsel this would not be the best course of action and the motion was withdrawn. No other action was taken at this time.

The Charles Lehl property located in Missoula is scheduled for trustee sale on March 23, 1982. Mr. Lehl obtained financing from the Board in December 1980, and then deeded the property back to the seller, Gary Lowry, who also acted as the real estate agent in the original sale. Lomas & Nettleton reported that Mr. Lowry used Mr. Lehl's credit to obtain the 9-3/4% loan and is currently using the property for rental purposes. However, no mortgage payments are being sent to the Board. The Montana Realtors Commission is investigating the matter and HUD counsel in Washington, D.C. has been notified. The FHA insurance is in place on the subject property and the Board will not incur any loss.

APPROVAL OF LENDER

Upon a motion by Joan Bennett and seconded by Jim Leary the Board unanimously approved State Bank and Trust Company, Dillon, Montana as a "qualified lending institution" to participate in future financing programs of the Board.

RACKOW PROPERTY OPTION

Lyle Olson reported to the Board that he and Linda Forrey have talked with Bill Kessner, a builder in Great Falls and with The First Interstate Bank in Great Falls regarding the disposition of the Rackow property. Mr. Olson stated that they have made a deal, subject to approval of the Board, with the builder and the bank in Great Falls, whereby we can recover \$16,000 of the \$18,000 by selling the two lots for \$8,000 each. He explained that if Mr. Kessner would build the house and pre-sell it and we can get an FHA mortgage on it, we would finance it at 9-3/4%, therefore, there would be no loss to the Board because there is \$4,000 in interest due us. Upon a motion by Virginia Jellison and seconded by James Leary the Board unanimously approved the staffs action in the disposition of the Rackow property.

APPROVAL OF ATTORNEYS CONTRACT

Due to the lack of time and the fact that the Attorneys Contract was received only this morning, it was decided by the Board to defer approval of the contract until the next Board meeting.

SINGLE FAMILY III EXPENSES

Upon a motion by Joan Bennett and seconded by Virginia Jellison the Board unanimously approved paying legal fees of \$59,919.85 to the firm of Jackson, Oitzinger & Murdo for services rendered and \$7,500.00 to Standard & Poor's Corporation for giving us a rating in December, 1981.

DEPARTMENT OF COMMERCE ASSESSMENT

It is Bond Counsel's opinion that the Board of Housing should pay the Department of Commerce only for services received rather than the \$25,635 that they have allocated to us. Mr. Henry Lanier explained to the Board what could possibly happen in terms of market perception. He stated that to the extent that this is kind of an arbitrary assessment on the Board, it would immediately be exaggerated by the market place and the rating agencies, into a worst possible case scenario. He stated that he would be reluctant to see the Board go along with this assessment for reasons of market place perception. He explained that paying for services is perfectly proper and appropriate but when the assessment is not connected with any service or supplies then the rating agencies and the investing community have a right to question whether

the cash flow of the Board will be arbitrarily depleted and therefore whether the security of the bonds might be in jeopardy. Mr. Bill Groff had recommended earlier that the Board settle on a price of \$5,000 for their services, however, the staff feels that this amount is still too high. After a brief discussion and view points of the Board members on this matter, it was decided to wait until after a meeting, possibly scheduled for next week, with the Department of Commerce, and to make a decision at the next Board meeting.

OTHER BUSINESS

The next meeting was tentatively scheduled for March 26, 1982. There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Virginia Jellison
VIRGINIA JELLISON, SECRETARY TO THE BOARD

March 22, 1982
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
COACH HOUSE EAST - ROOM 212 A
2101 11TH AVENUE
HELENA, MONTANA
NOVEMBER 4, 1983

- I. CALL MEETING TO ORDER - 9:00 A.M.
Tom Battershell
- II. APPROVAL OF MINUTES - OCTOBER 13, 1983 & OCTOBER 28, 1983
Tom Battershell
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert George
- IV. STATUS OF SINGLE FAMILY PROGRAMS
Linda Forrey
- V. DISCUSSION OF 1983C BOND ISSUE
Tom Battershell
- VI. OTHER BUSINESS
Discuss Quiet Title Action
Herbert George
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING MEETING
COACH HOUSE EAST - ROOM 212A
HELENA, MONTANA
NOVEMBER 4, 1983

ROLL CALL OF

BOARD MEMBERS:

William A. Groff, Chairman (Absent)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett, Secretary (Present)
John Buchanan (Present)
Michael Kennedy, Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf, (Present)

STAFF:

Linda M. Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
Dave Kraft, Controller
Judy Gillespie, Accountant
Meredith McGuire, Administrative Assistant
Nita Routzahn, Executive Secretary

COUNSEL:

David Jackson, Jackson, Murdo & Grant
John Oitzinger, Oitzinger & Mullendore

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Jim Dinerstein, Dain Bosworth, Inc.
Diane Reitano, Hawkins, Delafield & Wood
Avery Seavey, Hawkins, Delafield & Wood

OTHERS:

David Johnson, Anderson ZurMuehlen & Co.

The meeting was called to order at 9:00 a.m. by Vice Chairman Tom Battershell in room 212A of the Coach House East, Helena, Montana.

There being no corrections or alterations to the minutes of the October 13, 1983 meeting they were approved as circulated to the Board. The minutes of the October 28th meeting were not available at this time but will be completed and ready for approval by the next meeting.

STATUS OF MULTIFAMILY PROGRAM

Mr. Herbert George reported to the Board that there has been little change since the last meeting. He stated that the conditional

commitment for the Twin Bridges project should be forth coming either today or early next week. After the sponsors review the commitment and decide if they can live with it they will proceed to the firm commitment which should take approximately 30 days and at that time we could start proceedings for a bond issue of approximately \$3¼ million to finance the project. Mr. George said that, in his judgment, if it doesn't go this year it won't go at all because of the law that goes into effect on January 1, 1984 which will complicate the issuance of bonds for Multifamily housing projects. He stated the project has top priority with HUD at the present time and if they accept the commitment as it is they should be able to proceed immediately. Henry Lanier explained that they are prepared to start work on the Official Statement as soon as the conditional commitment is issued and the Board authorizes them to proceed. John Oitzinger stated that it would be in order for the Board to consider a Resolution that would enable them to proceed with preparations of documents and which would include a published notice of a hearing that should be held locally in Twin Bridges by the City Council. Upon a motion by Joan Bennett and seconded by Michael Kennedy the Board approved the decision to have the Twin Bridges City Council hold the hearing in Twin Bridges. As part of this motion it was approved to direct the staff, bond counsel and First Boston Corporation to proceed with the necessary work to bring this matter to completion at the appropriate time.

STATUS OF SINGLE FAMILY PROGRAMS

Mrs. Linda Forrey reported to the Board that in the 83A and 83B bond programs there has been no significant changes in loan purchases. She said we have purchased \$57 million from both series which represents about 75% delivery. There is still \$18½ million outstanding in Builder/Developer loans and is expected to be delivered within the next few months.

APPROVAL OF 1983C PROGRAM DOCUMENTS

Henry Lanier, First Boston Corporation, gave a presentation to the Board regarding the structure of the 1983C Bond Sale. He explained that the Serial Bonds and the Term Bonds will bear interest on June 1st and December 1st of each year, commencing June 1, 1984 at the rates per annum and in the corresponding amounts set forth in the Supplemental Trust Indenture and Official Statement Supplement. No periodic interest will be paid to the holder of a Capital Appreciation Bond (CAB) however, the CAB will, during the period the CAB is outstanding, increase in value in an amount equal to the Compounded Amount. The Compounded Amount for each CAB is based on an amount which is equal to the Issue Amount plus the amount of earnings which would be produced on an investment of the Issue Amount, to the date of calculation, at a yield which will provide \$5,000 at maturity when computed in accordance with standard securities calculation methods.

John Oitzinger distributed copies of the Bond Purchase Agreement, the Supplemental Trust Indenture, the Official Statement and a Resolution that incorporates all of the documents that are needed to implement financing of this issue. In addition there is a form of a Notice of Acceptance which if approved will be sent to the participating lenders confirming the acceptance of the amount allocated to them. Mr. Oitzinger said that these bonds will be issued under the same Trust Indenture that

that has been in existence since 1979 and a Supplemental Trust Indenture which specifies the terms of the 1983C bond issue.

Dave Jackson summarized the Bond Purchase Agreement which is a legal contract between Montana Board of Housing and the underwriters. He stated that it is in the form of an offer to the Board to purchase \$114,998,229.35 in bonds. The underwriters have delivered by wire transfer the sum of \$1,150,000 as a security deposit which will be placed in an escrow account and if for some reason the Board should not be able to deliver the bonds on November 30th, the security deposit will be given back to the underwriters. If for some reason the underwriters fail to complete the transaction the Board will keep the deposit plus interest. Mr. Jackson stated that overall the Bond Purchase Agreement is a very complex and very strong contract and he recommends that it be approved by the Board.

Dave Jackson, Board Counsel, John Oitzinger, Bond Counsel and Henry Lanier, Underwriter, confirmed that all documents are in order.

John Oitzinger stated that in the Resolution reference is made to the Notice's of Acceptance and a reference to Schedule I which is to be next to the Resolution. The remainder of the Resolution consists of the approvals of the documents.

Linda Forrey stated that approval of new lenders that will be participating in the 1983C program must be made before the Resolution is approved. Upon a motion by Mike Kennedy and seconded by Howard Rosenleaf the Board unanimously approved Yellowstone Bank, Absarokee, Yellowstone Bank, Columbus, Norwest Bank, Dillon, Yellowstone Bank, Laurel and First State Bank of Montana, Thompson Falls as qualified lenders to participate in financing programs of the Board.

Upon a motion by Michael Kennedy and seconded by Howard Rosenleaf the Board adopted Resolution #83-1104-S10 subject to corrections, as set forth below:

RESOLUTION #83-1104-S10

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A 1983 SERIES C SUPPLEMENTAL TRUST INDENTURE, A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT AND THE ISSUANCE AND SALE OF \$114,998,229.35 SINGLE FAMILY PROGRAM BONDS, 1983 SERIES C (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS), PURSUANT TO THE AFORESAID DOCUMENTS, APPROVAL OF ALLOCATIONS TO LENDERS, 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, Sections 90-6-101 through 90-6-126, inclusive, Montana Code Annotated, as amended.

(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 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 82-0322-S1 duly adopted by the Board on March 22, 1982, the Board adopted and approved forms of a Mortgage Purchase Agreement and a Servicing Agreement relating to the FHA Insured, VA Guaranteed Single Family Program.

(D) Pursuant to a Trust Indenture, dated as of August 16, 1979 (the "Trust Indenture"), a copy of which has been presented to this meeting, the Board authorized 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; assigned and pledged to the Trustee thereunder all right, title and interest of the Board to all mortgages, revenues and other moneys and investments listed therein; established certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; set the minimum requirements for the Mortgage Loans to be acquired under the Trust Indenture; specified the terms and conditions for the issuance of any series of Bonds; and established 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 1983 Series C Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of November 9, 1983, a copy of which has been presented to this meeting and which has been reviewed to the extent deemed necessary, the Board authorizes the issuance of \$114,998,229.35 aggregate issue amount of its Single Family Program Bonds, 1983 Series C (Federally Insured or Guaranteed Mortgage Loans) (the "1983 Series C Bonds"). The Supplemental Trust Indenture makes the necessary findings required by the Act, prescribes the maturity, interest rate and redemption provisions for the 1983 Series C 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") and Official Statement Supplement (the "Official Statement Supplement") to be dated November 4, 1983, copies 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 1983 Series C Bonds and others by a group of investment dealers and bankers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated, Foster & Marshall/American Express Inc. and D. A. Davidson & Co. Incorporated (the "Underwriters").

(G) Pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated as of November 4, 1983, 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 1983 Series C Bonds at the price and upon the terms and conditions therein set forth.

(H) Pursuant to Applications from Mortgage Lenders, Mortgage Purchase Agreements in form previously approved, and Notices of Acceptance (the "notices of Acceptance") forms of which has been presented to this meeting and reviewed to the extent necessary, the Board agrees to purchase mortgage loans pursuant to Forward Commitment Program, the Builder/Developer Program and the Mortgage Pool Program from the lending institutions set forth on Schedule 1 annexed to this resolution in the amounts set forth opposite their names on such Schedule on the terms and conditions set forth in the Applications, Mortgage Purchase Agreements and Notices of Acceptance.

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, 1983 Series C (Federally Insured of 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 ratified and approved in the form executed by the Chairman of the Board as of August 16, 1979.

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 5.04 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 \$114,998,229.35 Single Family Program Bonds, 1983 Series C (Federally Insured or Guaranteed Mortgage Loans) is hereby approved. The 1983 Series C 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 1983 Series C 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 1983 Series C Bonds shall be executed in the name of the Board by the Chairman of the Board, and attested to by either the Secretary or the Treasurer 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 1983 Series C Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as

such term is defined in the Indenture) for purposes of authenticating the 1983 Series C Bonds. Coupons representing interest attached to coupon 1983 Series C Bonds shall be executed by the facsimile signature of the Chairman of the Board.

Section 6. The Official Statement and Official Statement Supplement are hereby made a part of this Resolution as fully as though set forth in full herein and are 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 and Official Statement Supplement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and Official Statement Supplement and as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement and Official Statement Supplement.

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 such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Agreement. The 1983 Series C Bonds are hereby sold to the Underwriters at the price, which results in an interest rate of less than one percent (1%) less than the FHA's established single family mortgage rate in effect 30 days prior to issuance of bonds (12%) 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 \$114,998,229.35 as a good faith deposit and an executed counterpart of the Bond Purchase Agreement.

Section 8. 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 form submitted to this meeting and the Administrative Director and any other officer of the Board is hereby authorized and directed to execute and deliver the Notices of Acceptance with such changes, insertions or omissions therein as may be approved by such officer, such approval to be evidenced conclusively by such execution of the Notices of Acceptance with each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Program for an amount of forward commitment mortgage loans set forth opposite the name of such lending institution on Schedule 1 and the Administrative Director is hereby further authorized to reallocate any of such commitments, if any, which are not accepted by particular lending institutions.

Section 9. All action previously taken by the officers, Members or staff of the Board with respect to the Single Family Program, the Trust Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement, the Official Statement, the Official Statement Supplement, the Bond Purchase Agreement, and the 1983 Series C Bonds is hereby approved, confirmed and ratified.

Section 10. The officers of the Board are hereby authorized and empowered to transfer \$650,000 from the General Fund of the Board to the Debt Service Reserve Fund.

Section 11. 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 12. 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 Treasurer, 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 13. 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 1983 Series C 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 14. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 4th day of November, 1983.

OTHER BUSINESS

Mr. Herbert George reported that the Board's office had received Notice, in the form of a summons and complaint, of an action to quiet title to a property located in a sub-division in which the Board has three single family mortgages. The action involved relief from the restrictions and covenants on two contiguous lots located a considerable distance from the properties in which the Board has an interest as a mortgagee. The complaint, unless amended, will not affect the covenants on the remainder of the sub-division, including the properties in which the Board has an interest. The matter has been referred to the Board's attorney for advice and guidance in responding to this action.

Tom Battershell reported to the Board that he had talked with Chairman Groff regarding the investment of the bond proceeds and he concurred with the plan to appoint a committee to call the various investment houses on Tuesday. The committee will be comprised of John Buchanan, Tom Battershell, Jay McLeod and Dave Kraft.

Dave Kraft mentioned that we have received \$1,150,000 today at the First Interstate Bank of California and they have invested those funds today at

Chemical Bank in New York at 8.9% for 26 days.

There being no further business, John Buchanan moved to adjourn and Howard Rosenleaf seconded the motion. The motion carried.

CERTIFIED TO BE CORRECT AND TRUE.

Joan Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

January 12, 1984

DATED

SCHEDULE I

1	2	3	4	5	6	7	8	9	10
1983 COMMITMENTS									
ID #	ORIGINATOR	CITY	FORWARD COMMITMENT ALLOCATIONS	FORWARD COMMITMENT REQUESTS	12 MONTH FORWARD COMMITMENT FEE RECVD	BUILDER DEVELOPER ALLOCATIONS	BUILDER DEVELOPER COMMITMENT REQUESTS	5% B/D PARTICIPATION FEE RECVD	MORTGAGE RESERVATION REQUESTS
100	YELLOWSTONE BANK	ABBASDREE	200,000	250,000	2,500				
134	NORWEST BANK ANACONDA	ANACONDA	500,000	1,000,000	10,000				
115	FIRST SECURITY BANK	ANACONDA	200,000	250,000	2,500				
425	MONTANA BANK OF BAKER	BAKER							
510	THE BANK OF BAKER	BAKER	100,000	150,000	1,500				
164	VALLEY BANK	BELGRADE	400,000	720,000	7,200	220,000	220,000	11,000	
098	CITIZENS BANK	BIG TIMBER	100,000	100,000	1,000				
137	FIRST SECURITY BANK	BIG TIMBER							
127	FLATHEAD BANK	BIGFORK	160,000	160,000	1,600	50,000	50,000	2,500	
038	FIRST BANK BILLINGS	BILLINGS	2,500,000	5,500,000	55,000	3,800,000	6,808,200	340,410	1,000,000
041	SECURITY BANK NA	BILLINGS	2,500,000	3,615,000	36,150	4,000,000	4,225,000	211,250	660,000
119	FIRST CITIZENS BANK	BILLINGS	1,500,000	3,500,000	35,000	1,000,000	1,500,000	75,000	1,000,000
121	WESTERN BANK OF BILLINGS	BILLINGS	400,000	1,000,000	10,000				
122	WESTERN STATE BANK	BILLINGS	250,000	500,000	5,000				
145	RIMROCK BANK	BILLINGS	150,000	150,000	1,500				
152	MONTANA BANK OF BILLINGS	BILLINGS	1,000,000	2,375,000	23,750	2,000,000	3,108,000	155,400	1,000,000
153	PIONEER BANK	BILLINGS	400,000	925,000	9,250	750,000	1,000,000	50,000	
527	NORWEST NATIONAL	BILLINGS	2,500,000	4,500,000	45,000				500,000
537	FIRST BANK WEST BILLINGS	BILLINGS	400,000	805,000	8,050	195,000	195,000	9,750	
725	FIRST FEDERAL SAVINGS	BILLINGS	750,000	1,500,000	15,000	331,000	331,000	16,550	
780	SECURITY FEDERAL SAVINGS	BILLINGS	1,250,000	3,000,000	30,000	300,000	300,000	15,000	1,000,000
	STREETER BROTHERS	BILLINGS	250,000	500,000	5,000	305,000	405,000	20,250	200,000
	METROPOLITAN MORTGAGE CO.	BILLINGS							
003	GUARANTY CO.	BILLINGS	450,000	1,000,000	10,000	500,000	1,000,000	50,000	
004	BANCSHARES MORTGAGE CO.	BILLINGS	2,500,000	6,000,000	60,000	2,000,000	2,500,000	125,000	3,000,000
006	LOHAS & NETTLETON CO.	BILLINGS	4,000,000	10,000,000	100,000	1,730,500	2,254,000	112,700	4,000,000
009	UTAH MORTGAGE LOAN CORP.	BILLINGS	500,000	8,000,000	80,000				
000	VALLEY CREDIT UNION	BILLINGS							
	BILLINGS REQUESTS		21,300,000	52,870,000		16,911,500	23,626,200		12,360,000
114	FIRST BOULDER VALLEY BANK	BOULDER							
058	FIRST BANK BOZEMAN	BOZEMAN	600,000	1,000,000	10,000				
059	MONTANA BANK OF BOZEMAN	BOZEMAN	500,000	800,000	8,000	60,000	60,000	3,000	
061	FIRST SECURITY BANK	BOZEMAN	400,000	750,000	7,500	280,000	280,000	14,000	
	BOZEMAN REQUESTS		1,500,000	2,550,000		340,000	340,000		0
481	POWDER RIVER COUNTY BANK	BROADUS							
002	FIRST NATIONAL BANK	BUTTE							
003	FIRST METALS BANK & TRUST	BUTTE	300,000	500,000	5,000				
007	MINERS BANK OF MONTANA	BUTTE							
010	MONTANA BANK	BUTTE	150,000	250,000	2,500				
148	FIRST CITIZENS BANK	BUTTE							
007	PRUDENTIAL FEDERAL S&L	BUTTE							
	BUTTE REQUESTS		450,000	750,000			0		0
007	WESTERN BANK OF CHINOOK	CHINOOK	150,000	150,000	1,500				150,000
087	BLAINE BANK	CHINOOK	100,000	100,000	1,000				
017	THE CITIZENS STATE BANK	CHOTEAU							
041	MONTANA BANK OF CIRCLE	CIRCLE	250,000	300,000	3,000				
007	SECURITY BANK	COLSTRIP							
	GLACIER NATIONAL BANK	COLUMBIA FALLS	300,000	600,000	6,000				
080	BANK OF COLUMBIA FALLS	COLUMBIA FALLS	250,000	500,000	5,000				250,000
019	YELLOWSTONE BANK	COLUMBUS	200,000	500,000	5,000				
019	FIB OF GLACIER COUNTY	CUT BANK							
039	FIRST NATIONAL BANK	CUT BANK	300,000	500,000	5,000				
002	BEER LODGE BANK & TRUST	BEER LODGE	400,000	1,000,000	10,000				

1	2	3	4	5	6	7	8	9	10
710	PIONEER FEDERAL SAVINGS	BEER LODGE	400,000	600,000	8,000				
085	FIRST N. WEST NAT STATE BANK	BILLON	200,000	300,000	3,000				
094	STATE BANK & TRUST CO.	BILLON	200,000	200,000	2,000				
	FIRST MADISON VALLEY BANK	ENNIS	100,000	100,000	1,000				
327	FIRST STATE BANK	FORSYTH	200,000	200,000	2,000				
379	FIRST STATE BANK	FORT BENTON							
095	FIRST NATIONAL BANK	GLASSGOW	200,000	250,000	2,500				
399	FIRST SECURITY BANK	GLASSGOW	200,000	300,000	3,000				
079	FIRST SECURITY BANK	GLENDIVE	600,000	700,000	7,000				
080	FIRST NATIONAL BANK	GLENDIVE	500,000	600,000	6,000				
154	FIRST FIDELITY BANK	GLENDIVE	375,000	500,000	5,000				
015	FIRST NATIONAL BANK	GREAT FALLS	1,000,000	1,700,000	17,000	300,000	300,000	15,000	400,000
017	NORWEST BANK	GREAT FALLS	1,750,000	3,000,000	30,000	670,000	870,000	43,500	
116	EASTSIDE BANK OF MONTANA	GREAT FALLS	200,000	400,000	4,000				
124	VILLAGE BANK	GREAT FALLS	750,000	1,500,000	15,000	60,000	60,000	3,000	500,000
518	FIRST INTERSTATE BANK	GREAT FALLS	300,000	600,000	6,000	500,000	750,000	37,500	250,000
531	FIRST BANK WEST	GREAT FALLS	500,000	1,000,000	10,000	300,000	300,000	15,000	
540	CENTRAL BANK OF MONTANA	GREAT FALLS	400,000	1,000,000	10,000				
730	UNITED SAVINGS & LOAN BANK	GREAT FALLS	300,000	500,000	5,000	400,000	400,000	20,000	
750	GREAT FALLS FEDERAL SAVINGS	GREAT FALLS	2,500,000	4,000,000	40,000				1,000,000
770	FIDELITY SAVINGS & LOAN	GREAT FALLS	1,300,000	2,000,000	20,000	125,000	125,000	6,250	400,000
	GREAT FALLS REQUESTS		9,000,000	15,700,000		2,355,000	2,805,000		2,550,000
082	RAVALLI COUNTY BANK	HAMILTON							
083	CITIZENS STATE BANK	HAMILTON							
476	LITTLE HORN STATE BANK	HARDIN							
525	BIG HORN BANK	HARDIN							
434	SECURITY STATE BANK	HARLEM							
108	CONTINENTAL NATIONAL BANK	HARLOWTON							
	FIRST SECURITY BANK	HAYRE	200,000	200,000	2,000				
	FIRST NATIONAL BANK	HAYRE	450,000	600,000	6,000				
523	CITIZENS BANK OF MONTANA	HAYRE	350,000	500,000	5,000				
755	CAPITAL SAVINGS & LOAN	HAYRE							
028	FIRST BANK	HELENA	700,000	1,000,000	10,000	1,070,000	1,070,000	53,500	200,000
029	NORWEST BANK	HELENA	800,000	1,300,000	13,000	1,700,000	2,100,000	105,000	700,000
151	VALLEY BANK OF HELENA	HELENA	250,000	450,000	4,500	200,000	200,000	10,000	
534	BANK OF MONTANA	HELENA	100,000	100,000	1,000	200,000	200,000	10,000	
700	AMERICAN FEDERAL S&L	HELENA	250,000	300,000	3,000				100,000
760	HOME FEDERAL SAVINGS	HELENA							
	HELENA REQUESTS		2,100,000	3,150,000		3,170,000	3,570,000		1,000,000
533	SARFIELD COUNTY BANK	JORDAN							
047	NORWEST BANK	KALISPELL	600,000	1,000,000	10,000				400,000
048	FIRST INTERSTATE BANK	KALISPELL	850,000	1,500,000	15,000	795,000	795,000	39,750	500,000
141	FIRST SECURITY BANK	KALISPELL							
229	VALLEY BANK	KALISPELL	300,000	400,000	4,000	91,200	91,200	4,560	
735	FIRST FEDERAL SAVINGS	KALISPELL	250,000	400,000	4,000				
790	MONTANA SAVINGS & LOAN	KALISPELL	700,000	2,000,000	20,000	1,500,000	2,000,000	100,000	
807	RAINIER MORTGAGE CO.	KALISPELL	350,000	700,000	7,000				300,000
	KALISPELL REQUESTS		3,050,000	6,000,000		2,386,200	2,886,200		1,200,000
130	FIRST SECURITY BANK	LAUREL	250,000	500,000	5,000				
514	YELLOWSTONE BANK	LAUREL	400,000	1,000,000	10,000				
073	FIRST NATIONAL BANK	LEWISTOWN	200,000	400,000	4,000				
016	NORWEST BANK	LEWISTOWN	150,000	250,000	2,500				
009	UNITED BANK	LIBBY	200,000	300,000	3,000				150,000
	FIRST NATIONAL BANK	LIBBY							
	FIRST NATIONAL PARK BANK	LIVINGSTON	150,000	200,000	2,000				
057	FIRST SECURITY BANK	LIVINGSTON	100,000	150,000	1,500				
057	MONTANA BANK OF LIVINGSTON	LIVINGSTON							
020	EMPIRE FEDERAL S&L	LIVINGSTON							
156	BITTERROOT VALLEY BANK	LIBLO							

1	2	3	4	5	6	7	8	9	10
128	FIRST SECURITY BANK	MALTA	500,000	1,485,000	14,850				
066	FIRST NATIONAL BANK	MILES CITY	500,000	600,000	6,000	50,000	50,000	2,500	200,000
135	FIRST CITIZENS BANK	MILES CITY	300,000	400,000	4,000				
	FIRST SECURITY BANK	MILES CITY	300,000	400,000	4,000				
011	FIRST BANK SOUTHSIDE	MISSOULA	1,070,000	1,800,000	18,000	1,000,000	1,281,000	64,050	900,000
021	FIRST NATIONAL MONTANA	MISSOULA	700,000	1,500,000	15,000	1,533,000	1,933,000	96,650	
022	FIRST BANK WESTERN	MISSOULA	2,500,000	5,000,000	50,000				2,000,000
102	MISSOULA BANK OF MONTANA	MISSOULA							
112	MONTANA BANK OF SO. MISSOULA	MISSOULA	500,000	1,000,000	10,000	1,150,000	1,150,000	57,500	500,000
133	FIRST SECURITY BANK	MISSOULA	500,000	1,000,000	10,000				500,000
740	FIRST FEDERAL S&L	MISSOULA	1,000,000	2,500,000	25,000				
785	WESTERN FEDERAL SAVINGS	MISSOULA	2,500,000	3,500,000	35,000	494,300	494,300	24,715	3,000,000
801	CHARTER FIRST MORTGAGE INC	MISSOULA							
805	COMMERCE MORTGAGE COMPANY	MISSOULA							
808	WESTLAND MORTGAGE CO.	MISSOULA	2,000,000	4,000,000	40,000	3,650,000	4,305,700	215,285	
	MISSOULA REQUESTS		10,770,000	20,300,000		7,827,300	9,164,000		6,900,000
091	SECURITY STATE BANK	POLSON	150,000	200,000	2,000				
139	FIRST CITIZENS BANK	POLSON	350,000	700,000	7,000	200,000	200,000	10,000	
063	MONTANA BANK OF RED LODGE	RED LODGE	100,000	200,000	2,000				
147	RONAN STATE BANK	RONAN	150,000	250,000	2,500				
507	MONTANA BANK OF ROUNDUP	ROUNDUP							
143	1ST UNITED BANK	SIDNEY	250,000	300,000	3,000				
386	MONTANA BANK OF SIDNEY	SIDNEY	300,000	500,000	5,000	180,000	180,000	9,000	
511	RICHLAND NATIONAL BANK	SIDNEY	600,000	750,000	7,500				
526	LAKE COUNTY BANK	ST. IGNATIUS							
231	FIRST STATE BANK	STEVENSVILLE							
535	MONTANA BANK OF MINERAL CO.	SUPERIOR	200,000	300,000	3,000				
235	FIRST STATE BANK OF MONTANA	THOMPSON FALLS	150,000	200,000	2,000				
	SECURITY BANK OF THREE FORKS	THREE FORKS							
	STATE BANK OF TOWNSEND	TOWNSEND							
239	FARMERS STATE BANK	VICTOR							
138	FIRST NATIONAL BANK	WHITE SULPHUR	100,000	100,000	1,000				
105	MOUNTAIN BANK	WHITEFISH	650,000	1,300,000	13,000				500,000
241	WHITEHALL STATE BANK	WHITEHALL	45,000	45,000	450				
131	FIRST NATIONAL BANK	WIBAUX							
270	WESTERN NATIONAL BANK	WOLF POINT	100,000	160,000	1,600				
530	CITIZENS FIRST NAT'L BANK	WOLF POINT							
	TOTAL		61,950,000	123,540,000	1,235,400	33,690,000	43,091,400	2,154,570	25,260,000

10-20-83 DEPOSIT	122,600
10-21-83 DEPOSIT	234,350
10-24-83 DEPOSIT	1,741,260
10-25-83 DEPOSIT	669,050
10-26-83 DEPOSIT	751,810
10-26-83 DEPOSIT	24,000
10-28-83 DEPOSIT	87,500
11-2-83 DEPOSIT	1,000
11-4-83 DEPOSIT	11,000
TOTAL DEPOSITS	3,642,570
TOTAL DEPOSITS CHECK	3,642,570
TOTAL COMMITMENT REQUESTS	191,891,400

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING SPECIAL MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
OCTOBER 28, 1983

- I. CALL MEETING TO ORDER - 10:00 A.M.
Chairman Groff
- II. APPROVAL OF MINUTES - OCTOBER 5, 1983
Chairman Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Jay McLeod
- IV. STATUS OF SINGLE FAMILY PROGRAMS
Linda Forrey
- V. DISCUSSION OF 1983C BOND ISSUE
Chairman Groff
- VI. OTHER BUSINESS
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
OCTOBER 28, 1983

ROLL CALL OF

BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett, Secretary (Present)
John Buchanan (Present)
Michael Kennedy, Jr. (Present)
Bruce Moerer (Absent)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
David Kraft, Comptroller
Nita Routzahn, Executive Secretary

COUNSEL:

Bob Murdo, Jackson, Murdo & Grant
John Oitzinger, Oitzinger & Mullendore

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Rod Pakonen, Piper, Jaffray & Hopwood
Kent Kleinkopf, Foster & Marshall
Dave Smith, Foster & Marshall

OTHERS:

David Johnson, Anderson & ZurMuehlen & Co.
Bill Hanson, UPI
Jay Kohn, KVLR TV, Billings
Ruth Lange, Missoula County Board of Realtors

The meeting was called to order by Chairman Groff at 10:00 A.M.
in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the
October 13, 1983 meeting they were approved as circulated to the
Board.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod reported to the Board that he is going to Denver next week to visit with HUD concerning the Twin Bridges project and will have more to report at the next meeting. He said the developers have requested an extension of the December 31, 1983 deadline for the initial closing. He stated that HUD informed them that the conditional commitment will be coming out in the next week or 10 days.

Mr. McLeod stated that we have heard nothing more regarding the rehabilitation project in Cut Bank.

STATUS OF 1983A/1983B SINGLE FAMILY PROGRAMS

Linda Forrey informed the Board that as of today, under the 1983A program the Board has purchased \$23.3 million in mortgage loans and there remains \$2.9 million outstanding in that bond series. Under the 1983B program the Board has purchased \$33.5 million and there is \$13.1 million in Builder/Developer commitments still under construction. The total for both series is \$56.8 million which represents 75% delivery. There is a total outstanding of \$18.5 million.

1983C SERIES BOND ISSUE

Chairman Groff informed the Board that Bruce Moerer telephoned him and asked that his opinion be related to the Board regarding the 1983C bond issue. He has some reservations and does not want to do anything for at least 30 days. He also feels we should not have an interest rate over 10%.

Mr. Henry Lanier informed the Board that we are now in a market that if we did an ordinary issue without any kind of subsidy or equity contribution we would probably be looking at a 25 year fixed rate of 10-1/4%. He explained that we could lower the rate to 10-1/8% and not have the full spread and we would still have a positive cash flow. We could have a 10% rate by contributing approximately \$500,000 or a 9-7/8% rate by contributing \$1.4 million general fund contribution. He explained the comparable figures for a \$75 million issue. Mr. Lanier said that the market is quiet today and he recommends doing an issue now rather than waiting until later. He said they believe there will be an up trend in money supply and therefore an up trend in interest rates. He explained that if we wait to do an issue until January of 1984 we may find more restrictions and possibly no targeted areas. Dave Smith, Foster and Marshall and Rod Pakonen, Piper, Jaffray & Hopwood stated that they have been following the market closely and would concur with what Mr. Lanier has portrayed in terms of interest rates.

After a lengthy discussion, John Buchanan moved to proceed with a \$115 million issue with approximately \$500,000 contribution at a 10% rate. Michael Kennedy seconded the motion. Henry Lanier proposed that if the Board approves the motion a conference call will take place at 8:30 a.m. Monday morning, they will market the bonds on Monday, make a bid on Tuesday and come back here next Friday to sign the Bond Purchase Agreement, the Official Statement and Supplemental Statement and close on November 30, 1983. The motion was unanimously approved to proceed with a \$115 million issue at 10% and to subsidize as necessary up to a point that is acceptable to everyone.

OTHER BUSINESS

Chairman Groff commented on an article by Merrill Lynch entitled "Update on Montana Board of Housing" which stated they are maintaining their rating of the 1983C bonds at a weak AA declining, reflecting the continuation of adequate insurance protection reserve funds and a favorable overall financial situation. Given declining net revenues, concern remains as to whether current improving payment levels will continue in the future. Jay McLeod stated that he did not have anything to say on the matter at the present time but is meeting with representatives from Merrill Lynch a week from Friday.

Jay McLeod informed the Board that he was contacted by Barbara Miller, Butte, Montana who is Project Coordinator for a program called National Center for Appropriate Technology and would like our assistance with a project that is designed to help improve the energy efficiency of new homes constructed in Montana. The project plans are to construct six superinsulated single family houses in certain cities in Montana that has adequate weather reporting. They anticipate that utility bills will run under \$100 a year which would appeal to low income buyers. They would like the Board to endorse this type of program and have requested a list of our participating lenders to send packets of information regarding the program. Upon a motion by Tom Battershell and seconded by Howard Rosenleaf the Board unanimously approved endorsing this type of program and to submit a list of participating lenders.

There being no further business, John Buchanan moved to adjourn and Howard Rosenleaf seconded the motion. The motion carried unanimously.

CERTIFIED TO BE CORRECT AND TRUE.

Joan Bennett
JOAN BENNETT, SECRETARY TO THE BOARD

November 4, 1983
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
OCTOBER 13, 1983

- I. CALL MEETING TO ORDER - 10:00 A.M.
Chairman Groff
- II. APPROVAL OF MINUTES - SEPTEMBER 13, 1983 & OCTOBER 5, 1983
Chairman Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert George
Jay McLeod
- IV. STATUS OF SINGLE FAMILY PROGRAMS
Linda Forrey
- V. DISCUSSION OF 1983C BOND ISSUE
Jay McLeod
- VI. OTHER BUSINESS
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
OCTOBER 13, 1983

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett, Secretary (Present)
John Buchanan (Absent)
Michael Kennedy, Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
David Kraft, Comptroller
Judy Gillespie, Accountant
Nita Routzahn, Executive Secretary

COUNSEL:

John H. Grant, Jackson, Murdo & Grant
John Oitzinger, Oitzinger & Mullendore

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Jim Dinerstein, Dain Bosworth, Inc.
Terry McNellis, Piper, Jaffray & Hopwood, Inc.
Gene Hufford, D. A. Davidson & Co.
Thomas Cook, Foster & Marshall
Kent Kleinkopf, Foster & Marshall
Dave Smith, Foster & Marshall

OTHERS:

Terry Carmody, Montana Association of Realtors
David Johnson, Anderson & ZurMuehlen & Co.
Roy Koegen, Preston, Thorgrimson, Ellis & Holman
Ruth Lange, Missoula County Board of Realtors
Bill Hanson, UPI Reporter
Tom Laceky, IR Reporter

The meeting was called to order by Chairman Groff at 10:00 A. M.
in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the
September 13, 1983 meeting they were approved as circulated to the
Board. The minutes of the October 5, 1983 meeting were not available

at this time but will be completed and ready for approval by the next meeting.

STATUS OF MULTIFAMILY PROGRAM

Mr. Herbert George stated that he had nothing new to report to the Board at this time.

STATUS OF 1983A AND 1983B SINGLE FAMILY PROGRAMS

Linda Forrey reported to the Board that we have purchased an additional \$2 million in mortgage loans under the 83A & 83B programs since the last meeting. To date we have purchased \$52 million out of the \$75 million that has been made available this year which represents about 70% delivery. She estimated that about \$15 or \$16 million is still in Builder/Developer commitments and about \$4 or \$5 million is still in regular lenders commitments. The final submission date for regular loans (not Builder loans) is October 21, 1983.

1983C SERIES BOND ISSUE

Mr. Jay McLeod stated that he has sent a letter, along with supporting documentation to the IRS requesting approval to include the 6 counties that had been rescinded from the targeted area designation for a bond issue up to \$115 million.

Linda Forrey requested approval from the Board to send out formal requests for commitments to all lending institutions in the state. She stated that because we are uncertain as to the targeted status of those certain counties the lenders in those areas will be required to submit requests based on the fact that they are targeted and another request based on the fact that they will not be targeted. The lenders will be notified as to their targeted status prior to the Board providing its formal Notice of Acceptance. Mrs. Forrey reviewed a draft copy of the proposed Terms and Conditions for the 1983C program which are; a mortgage rate of 10½%; a mortgage term of 25 years; purchase price limitations of \$65,000 for existing housing and \$70,000 for new housing and; an adjusted gross income limit of \$34,500. Under this program we are assuming a 5 discount point structure and if market conditions improve and we are able to come out with a 4 point structure the purchase price of the mortgage loans will be adjusted accordingly. Mrs. Forrey said that we have added numerous incentives for lenders who deliver loans within the time schedule and have added penalties for those lenders who do not deliver loans on time.

Mrs. Forrey explained that in the Board's traditional forward commitment program lenders will pay a 1% commitment fee on the amount they request and those mortgages must be delivered by October 4, 1984. If the loans are delivered by May 3, 1984 we will buy the loans at 96½%, which means the lender will retain 1½ points. Mortgage loans delivered by July 26, 1984 will be purchased at 96% and the lender will retain 1%. Loans delivered by October 4, 1984 will be purchased at 95½% and the lender will lose a ½%. Unused commitments will be reallocated on July 2, 1984.

Mrs. Forrey explained the Builder/Developer program whereby the builder can reserve funds for the construction of new housing and will pay 5% of the amount requested through the lender.

Builder/Developer mortgages will be delivered by November 29, 1984. New construction loans delivered by October 4, 1984 will be purchased at 100% or par value and the lender will receive 1%. Mortgages delivered from October 18th to November 29, 1984 will be purchased at 99½% and the lender will receive a half a point. She said we expect to reallocate unused Builder commitments on September 6, 1984.

The Mortgage Pool program is being established to create a separate pool of funds to accommodate those lenders who can deliver loans quickly. Lenders will submit a 1% reservation fee for the total amount requested under the reservation pool and funds will be allocated on a first come, first served basis.

Henry Lanier stated that they are comfortable with this program structure and that if we approved an issue today they are prepared to mail documents tomorrow. He said they would propose to price the bonds on October 24, 1983, assuming we have heard from the IRS, we are comfortable with the feedback from the lenders as to the level of our demand and if market conditions are favorable.

Upon a motion by Bruce Moerer and seconded by Michael Kennedy the Board unanimously approved the Single Family Mortgage Purchase Program 1983 C Proposed Terms and Conditions, Forward Commitment Mortgage Purchase Program 1983 C Application, Builder/Developer Program 1983 C Application and Mortgage Pool Program 1983 C Application presented to this meeting, with the change that funds from the Mortgage Pool be reallocated only on request.

Upon a motion by Michael Kennedy and seconded by Howard Rosenleaf the Board approved Resolution No. 83-10-13-S9 authorizing distribution of program documents and a Preliminary Official Statement Supplement and providing for negotiations for an offering of 1983 Series C Bonds for the Single Family Program as set forth below.

RESOLUTION 83-10-13-S9

RESOLUTION OF THE MONTANA BOARD OF HOUSING AUTHORIZING
DISTRIBUTION OF PROGRAM DOCUMENTS AND A PRELIMINARY
OFFICIAL STATEMENT SUPPLEMENT AND PROVIDING FOR
NEGOTIATIONS FOR AN OFFERING OF 1983 SERIES C BONDS
FOR THE SINGLE FAMILY PROGRAM

WHEREAS, the Board has previously authorized a demand survey and the preparation of the necessary program documents and bond offering documents for a proposed issue of 1983 Series C Bonds; and

WHEREAS, the Board wishes to take all steps necessary to make additional funds available for mortgages at rates which persons of lower income can afford;

NOW, THEREFORE, be it resolved by the Montana Board of Housing, (the "Board") as follows:

Section 1. The forms of Single Family Mortgage Purchase Program 1983 C Proposed Terms and Conditions, Forward Commitment Mortgage Purchase Program 1983 C Application, Builder/Developer Program 1983 C

Application and Mortgage Pool Program 1983 C Application presented to this meeting approved and the appropriate officers of the Board are hereby authorized to distribute the program documents to mortgage lenders.

Section 2. A Preliminary Official Statement Supplement in substantially the form presented to this meeting and containing such amendments and updating of information as the officers 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 3. The Chairman, Vice Chairman and Administrator are hereby authorized to negotiate the terms and conditions of the sale of the Single Family Program Bonds, 1983 Series C, 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 such date as may be designated.

ADOPTED by the Montana Board of Housing this 13th day of October, 1983.

MONTANA BOARD OF HOUSING

By: Thomas Battershell
Vice Chairman

ATTEST:

November 4, 1983
Secretary

Michael Kennedy stated that he would like to see us go to market with the whole \$115 million but he could live with \$75 to \$100 million. Mr. Kennedy made a motion to that effect and it was seconded by Howard Rosenleaf. There was a discussion concerning the size of the issue and Chairman Groff recommends we stay with the \$115 million. Upon a motion by Howard Rosenleaf and seconded by Michael Kennedy it was approved to go with a \$115 million bond issue. Bruce Moerer opposed the motion. Chairman Groff informed the Board that there will be a telephone conference call and the press and other parties involved will be notified of the time.

LOMAS & NETTLETON REQUEST FOR TRANSFER OF SERVICING PROCEDURES

Chairman Groff informed the Board that it is our attorney's opinion that if Lomas & Nettleton maintains an office in Montana they will continue to be a qualified lending institution. He stated that Lomas and Nettleton must be clearly advised that if they fail to maintain an office in Montana they will not be qualified and will lose their servicing. Upon a motion by Tom Battershell and seconded by Bruce Moerer the Board unanimously approved the motion to grant permission to Lomas & Nettleton to collect payment remittances at their Dallas, Texas location.

OTHER BUSINESS

Joan Bennett explained to the Board that the Home Improvement Program is basically a program to underwrite the interest rates on Title I FHA Home Improvement loans. Linda Forrey said that in the survey to the lenders, we did not request an amount. The survey was to determine if the lenders currently originate such loans and if they would be willing to participate in a program if the Board were to offer that type of financing.

Chairman Groff suggested that if it is acceptable to the Board the staff could set up a Pilot Program and use approximately \$2 million from our reserve fund to finance home improvement loans. Tom Cook, Foster and Marshall, Inc. offered to send a program handbook and other material that might be useful in setting up a Home Improvement Program. Upon a motion by Joan Bennett and seconded by Howard Rosenleaf the Board approved the motion to proceed with a study of a Pilot Program on Home Improvement Loans and report back at the next meeting. The motion carried unanimously.

Chairman Groff reported to the Board that he and Tom Battershell have been invited to the Council of State Housing Agencies 15th Annual Convention on December 11 through the 14th in Baltimore, Maryland. Upon a motion by Tom Battershell and seconded by Bruce Moerer the Board unanimously approved sending Bill Groff, Jay McLeod and Linda Forrey to the convention.

The next regular meeting of the Board was scheduled for November 9, 1983.

ADJOURN

There being no further business, the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Joan Bennett
JOAN BENNETT, SECRETARY TO THE BOARD

November 4, 1983
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
OCTOBER 5, 1983

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Groff
- II. APPROVAL OF MINUTES - SEPTEMBER 13, 1983
Chairman Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert George
Jay McLeod
- IV. STATUS OF SINGLE FAMILY PROGRAMS
Linda Forrey
- V. REPORT ON MEETING WITH TREASURY
Chairman Groff
Jay McLeod
- VI. REPORT ON SURVEY OF DEMAND FOR 83C ISSUE
Linda Forrey
- VII. 1983C BOND ISSUE
Jay McLeod
- IX. OTHER BUSINESS
- X. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
OCTOBER 5, 1983

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett, Secretary (Present)
John Buchanan (Present)
Michael Kennedy, Jr. (Absent)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda M. Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
David Kraft, Controller
Nita Routzahn, Executive Secretary

COUNSEL:

David Jackson, Jackson, Murdo & Grant
Robert Mullendore, Oitzinger & Mullendore
Peter S. Dayton, Oitzinger & Mullendore

UNDERWRITERS:

Henry Lanier, First Boston Corporation
John Geesman, First Boston Corporation
Jim Dinerstein, Dain Bosworth, Inc.
Rod Pakonen, Piper, Jaffray & Hopwood
Kent Kleinkopf, Foster & Marshall
Dave Smith, Foster & Marshall

OTHERS:

Terry Carmody, Montana Association of Realtors
Bill Hanson, United Press International
Roy Koegen, Preston, Thorgrimson, Ellis & Holman
Ruth Lange, Missoula County Board of Realtors
James Lechner, Montana Homebuilders Association
Garry Moes, Associated Press

The meeting was called to order by Chairman Groff at 9:00 A.M. in the Department of Commerce Conference Room, Helena, Montana.

APPROVAL OF MINUTES

Minutes of the September 13, 1983 meeting were not available at this time, but will be completed and ready for approval by the next Board meeting.

STATUS OF MULTIFAMILY PROGRAM

Mr. Herbert George made a brief report on the Twin Bridges proposed project. He stated that the Sponsor had submitted its application for a conditional commitment to DHUD and is now being processed. The "certificate of need" was issued by the State Board of Health for a Personal Care project on September 21, 1983 with a number of conditions attached. He reported that the Sponsor will be looking to the Board of Housing for financing for the housing for the elderly project (not the Personal Care project) and that the anticipated mortgage amount is expected to be approximately 3 million dollars.

Jay McLeod informed the Board that he received a courtesy copy from HUD concerning a rehabilitation project in Cut Bank. The initial processing indicated a replacement cost of approximately \$548,000 with a mortgage amount of just under \$500,000. One requirement is that the mortgagors will have to come up with about \$80,000 in front money and a cash requirement of about \$180,000. He stated that we have not received a formal application, but he thinks it would a worthwhile project because it meets our criteria and is 100% Section 8 and HUD insured.

STATUS OF 1983A and 1983B SINGLE FAMILY PROGRAMS

Linda Forrey informed the Board of the status of the 83A and 83B Single Family programs as of September 30, 1983. She stated that in February 1983 we allocated \$26,300,000 in commitments to mortgage lenders. As of September 30, 1983, \$21.5 million of 83A mortgage loans have been purchased and an additional \$1.2 million in 83A Builders loans which leaves a balance of 3.6 million in commitments outstanding which is expected to be delivered and purchased by December of 1983.

Mrs. Forrey stated that under the 1983B program, commitments allocated in April were \$49,075,000 and to date the Board has purchased 25.6 million and 7 million in Builder loans which leaves a balance of 21.6 million to be delivered and purchased by the end of this year. Of the total \$75,375,000 allocated, the Board has purchased \$50,100,000 in mortgages, which represents delivery and purchase of 66% of the total commitments. She said that under 83A the mortgages are 86% delivered and 83B is 48% delivered.

REPORT ON MEETING WITH TREASURY CONCERNING RESCISSION OF CERTAIN TARGETED AREAS

Chairman Groff reported that he, Jay McLeod and Linda Forrey met with the Departments HUD and Treasury in Washington the week of September 21, 1983 concerning the rescission of six counties in Montana that were previously designated as "targeted areas".

Jay McLeod stated that HUD wants additional information from us concerning

how taking away the targeted designation of the six counties would act detrimentally to prospective homeowners and what action the Board has taken relative to a 1983C bond issue. HUD indicated they would like to have the information within 30 to 45 days.

Linda Forrey solicited the various counties requesting supporting documentation on how the rescission would be detrimental to them. The IRS suggested we send the information to them in summary form and if they needed anything further they would request it. The IRS said they would try to give a determination in about 2 weeks.

Mr. McLeod stated that he has talked with the Governor's office and Senator Baucus's office and both are willing to write supporting letters. He said that the Board should have a letter to the IRS ready to mail by tomorrow and hopefully have a favorable answer within two weeks and that whatever amount we request would include the six targeted counties. Mr. McLeod stated that one point in our favor is that Wyoming did receive approval from IRS for the balance of their \$200 million bond issue.

Mr. McLeod informed the Board that Senator Dole has a proposed Bill to eliminate all targeted areas in the state. He stated that we should not rely on this for relief and that it probably wouldn't be in effect until 1984.

REPORT ON SURVEY OF DEMAND FOR 1983C ISSUE

Linda Forrey reported to the Board that in mid September the Board mailed a survey of mortgage demand for a 1983C bond issue to all the lending institutions in the State. The lenders were asked to estimate a dollar commitment amount to originate and deliver FHA/VA Loans based on certain terms and conditions. She stated that the lenders responded by requesting a total of \$88,930,000 for delivery by June of 1984 and \$168,193,000 for delivery by December 1984. Mrs. Forrey gave a breakdown of commitments by cities and speculated that probably 30% or 50 million of the \$168,193,000 would be in builder/developer commitments.

Mr. McLeod stated that if the IRS should decide to remove the targeted status from the six counties it will drastically reduce the amount of requests from the lenders.

1983C BOND ISSUE

Mr. McLeod stated that the size of the 1983C bond issue may be contingent on the determination of the IRS as to whether the six counties will be able to keep their targeted area status for this bond issue. He said he feels fairly confident that the IRS will grant approval for an additional bond issue and the Board and staff should decide on an amount. He feels that because the market is favorable now and should remain favorable for the next 60 days we should go for the entire \$115 million. He stated that a rate under 10% would enhance the marketing capabilities of a large issue.

Tom Battershell brought up the problem of lenders not delivering loans within the time limit. Linda Forrey suggested that we show some preference to the lenders that originate and deliver loans within the time table provided and enforce the penalty clause in effect for non-delivery of such loans.

After a lengthy discussion regarding various penalties for non-delivery of mortgages within a certain time period and incentives to encourage lenders to deliver mortgages on time, a motion was made by John Buchanan and seconded by Tom Battershell to have Henry Lanier and the Board staff review the penalty proposals, reallocation and pool structures and purchase price limitations and report back to the Board. The motion carried unanimously.

Mr. Henry Lanier introduced John Geesman of First Boston Corporation who distributed copies of a draft Official Statement to be reviewed by the Board for any necessary changes before going to market. Mr. Lanier asked the Board for authorization to proceed with a bond issue up to \$115 million. Upon a motion by Tom Battershell and seconded by Howard Rosenleaf the Board authorized First Boston Corporation to proceed with a bond issue up to \$115 million subject to demand and market conditions. The motion carried unanimously.

It was then decided to have a special meeting on Thursday, October 13, 1983

OTHER BUSINESS

Mr. McLeod suggested that the Board have a target date for regular meetings each month and suggested the second Wednesday of each month. Upon a motion by Bruce Moerer and seconded by Howard Rosenleaf it was unanimously approved to hold future Board meetings on the second Wednesday of each month unless otherwise specified.

Linda Forrey said that we received formal notice from HUD that the applications to target Shelby and Lake County were not approved.

The next meeting was scheduled for Thursday, October 13, 1983 at 10:00 A.M.

ADJOURN

There being no further business, the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Joan Bennett
JOAN BENNETT, SECRETARY TO THE BOARD

November 4, 1983
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
COACHHOUSE EAST - ROOM 212 A
2101 EAST 11TH AVENUE
HELENA, MONTANA
SEPTEMBER 13, 1983

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Groff
- II. APPROVAL OF MINUTES - AUGUST 6, 1983
Chairman Groff
- III. STATUS OF PROPOSED MULTIFAMILY PROJECTS
Jay McLeod
Herbert George
 1. Billings
 2. Cut Bank
 3. Twin Bridges
- IV. RESCISSION OF TARGETED AREAS
Jay McLeod
- V. STATUS OF 1983A/1983B SINGLE FAMILY PROGRAMS
Linda Forrey
- VI. PRESENTATION OF HOME IMPROVEMENT PROGRAM
Henry Lanier
- VII. LOMAS & NETTLETON REQUEST FOR TRANSFER OF SERVICING-
PROCEDURES
Jay McLeod
- VIII. PRESENTATION OF 1983 AUDITED FINANCIAL STATEMENTS
Dave Johnson
- IX. ACCOUNTING/AUDITING CONTRACT
Jay McLeod
Dave Kraft
- X. APPROVAL OF LENDERS
Linda Forrey
- XI. OTHER BUSINESS
- XII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING MEETING
COACH HOUSE EAST - ROOM 212A
HELENA, MONTANA
SEPTEMBER 13, 1983

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice-Chairman (Present)
John Buchanan (Present)
Joan Bennett (Present)
Bruce Moerer (Present)
Michael Kennedy, Jr. (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer
David Kraft, Controller
Judy Gillespie, Accountant
Nita Routzahn, Executive Secretary

COUNSEL:

John Oitzinger, Oitzinger & Mullendore
David Jackson, Jackson, Murdo & Grant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Jim Dinerstein, Dain Bosworth, Inc.
Kent Kleinkopf, Foster & Marshall/American Express
Dave Smith, Foster & Marshall/American Express
Tom Cook, Foster & Marshall/American Express
Ken Squier, Foster & Marshall/American Express

OTHERS:

Ruth Lange, Missoula Board of Realtors
Dave Johnson, Anderson ZurMuehlen & Co.
Terry Carmody, Montana Association of Realtors
Gary Addington, Department of Commerce
Roger Pedersen, Department of Commerce
Garry J. Moes, The Associated Press
Roy Koegen, Preston, Thorgrimson, Ellis & Holman

The meeting was called to order by Chairman Groff at 9:00 A.M. at the Coach House East, Room 212A, Helena, Montana.

APPROVAL OF MINUTES

Chairman Groff asked if there were any changes or amendments to the minutes of the August 6, 1983 meeting of the Board. There being none the minutes were approved as circulated to the Board.

STATUS OF PROPOSED MULTIFAMILY PROJECTS

Mr. Herbert George made a brief report on the Twin Bridges proposed project. He mentioned that he had accompanied the Administrator, Jay McLeod, on August 30, 1983 to make a site inspection and to meet with representatives of the Sponsor and DHUD officials. He stated that the Sponsor had submitted its application for a conditional commitment to DHUD and that processing of the operation would commence as soon as the certificate of need is issued by the State Board of Health for a Personal Care project which is a companion project required by DHUD under the terms of the Section 8 set aside. He reported that the Sponsor will be looking to the Montana Board of Housing for financing for the housing for the Elderly project (not the Personal Care project) and that the anticipated mortgage amount is expected to be approximately 3 million dollars.

RESCISSION OF TARGETED AREAS

Mr. Jay McLeod reported that on September 6, 1983 the Board was notified by the Department of Housing and Urban Development that the following counties previously approved under Section 103A have been rescinded:

Yellowstone	Dawson
Richland	Rosebud
Custer	Lincoln

HUD and Treasury have determined there was no basis for approval for energy impaction and, therefore, rescinded such counties as of the date of receipt of HUD's letter. Provided that the Board can demonstrate a detrimental effect to borrowers, developers/contractors or the agency itself, HUD is willing to consider permitting the Board to issue Bonds allowing those rescinded targeted areas to maintain their targeted area status for one last issue. A motion was made by Bruce Moerer and seconded by John Buchanan to meet with HUD and Treasury officials to obtain relief for this one last Bond issue. The motion carried unanimously.

STATUS OF 1983A/1983B SINGLE FAMILY MORTGAGE PURCHASE PROGRAMS

Linda Forrey reported that as of August 11, 1983, \$22,218,144 of 1983A Mortgage Loan commitments have been purchased by the Board, representing 482 loan originations. An additional \$472,702 of 83A mortgage loan commitments is scheduled for purchase on September 15, 1983. Builder/Developer commitments in the amount of \$3,609,154 are near completion and are expected to be purchased at par value not later than December 29, 1983.

For the period ending September 8, 1983, \$19,625,818 of 1983B Mortgage Loan commitments have been purchased by the Board representing 415 loan originations. An additional \$4,797,514 of 83B Mortgage Loan commitments is scheduled for purchase on September 16, 1983. \$9,633,009 of Mortgage Loan commitments have been committed to borrowers but are not yet closed or delivered to the Board for purchase. Builder/Developer commitments under construction total \$15,018,659 and are expected to be completed and committed to borrowers by November 1, 1983. Mrs. Forrey

stated that of the \$75,375,000 allocated to mortgage lenders under the 1983A and 1983B programs, 63% of such commitments shall have been purchased by the Board on September 16, 1983

Linda Forrey requested authorization from the Board to extend the delivery and purchase date of outstanding 1983B loan originations to October 21, 1983. Upon a motion by Bruce Moerer and seconded by Howard Rosenleaf, the Board unanimously approved the extension.

Chairman Groff suggested that the staff prepare and circulate a survey of all lending institutions to determine the statewide demand for mortgage funds for consideration of a new Bond issue. The results of the survey will be presented at the next Board meeting.

PRESENTATION OF HOME IMPROVEMENT PROGRAM

Henry Lanier, First Boston Corporation, reported to the Board that due to the fact that he did not have the Home Improvement Program material with him, he would mail the information to the Board Members for their review and discuss it at a later date.

LOMAS & NETTLETON CO. REQUEST FOR TRANSFER OF SERVICING PROCEDURES

Jay McLeod reported that the Lomas and Nettleton Co., centrally located in Seattle, WA has requested that the Board grant approval for them to collect payment remittances from borrowers at their office in Dallas, TX, and that other servicing functions now performed in their Billings office be relocated to their Seattle, WA office. After a discussion by the Board Members, it was decided that Dave Jackson, Board counsel, would do some research to determine the possibility of granting their request, and report back to the Board.

PRESENTATION OF 1983 AUDITED FINANCIAL STATEMENTS

Dave Johnson of Anderson ZurMuehlen & Co. presented Financial Statements to the Board Members for the period ending June 30, 1983 and reported the Board is in sound financial condition. Upon a motion by Tom Battershell and seconded by John Buchanan the Board unanimously approved the Financial Report as presented.

ACCOUNTING/AUDITING CONTRACT

Jay McLeod stated that the staff has been reviewing various state contracts to assist them in preparing one that will be acceptable to the Legislative Auditor's office for the Board's Accounting/Auditing services.

APPROVAL OF LENDERS

Upon a motion by Joan Bennett and seconded by John Buchanan the Board unanimously approved Yellowstone Bank, Laurel, Montana and Montana Bank of Billings, Billings, Montana as qualified lending institutions to participate in future financing programs of the Board.

OTHER BUSINESS

Jay McLeod introduced and welcomed Roger Pederson, Supervisor of the Section 8 Mod Rehabilitation Program and Gary Addington, Supervisor of the Section 8 Existing Program which is now part of the Housing Division.

ADJOURN

There being no further business, the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Joan Bennett
JOAN BENNETT, SECRETARY TO THE BOARD

November 4, 1983
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

PROPOSED AGENDA

MONTANA BOARD OF HOUSING MEETING
OUTLAW INN
KALISPELL, MONTANA
AUGUST 6, 1983

- I. CALL MEETING TO ORDER - 9:00 A.M.
Bill Groff, Chairman
- II. APPROVAL OF MINUTES - JUNE 15, 1983
- III. INTRODUCTION OF NEW ADMINISTRATOR
Bill Groff
- IV. HOME IMPROVEMENT LOAN SURVEY
Linda Forrey & Dave Jackson
- V. FOSTER MARSHALL
Dave Smith
- VI. UPDATE ON 1983-A AND 1983-B ISSUE
Linda Forrey
- VII. OTHER BUSINESS
- VIII. ADJOURN

Following the meeting, the Annual Picnic will be held at 12:00 noon at the Viking Lodge on Whitefish Lake, on the road to Big Mountain.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING MEETING
OUTLAW INN
KALISPELL, MONTANA
AUGUST 6, 1983

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice-Chairman (Present)
John Buchanan (Present)
Joan Bennett (Present)
Bruce Moerer (Present)
Michael Kennedy, Jr. (Absent)
Howard Rosenleaf (Absent)

STAFF:

Jay McLeod, Administrator
Herbert H. George, Multifamily Program Officer
Linda M. Forrey, Single Family Program Officer

COUNSEL:

John Oitzinger, Bond Counsel
John Grant, Board Counsel

UNDERWRITERS:

William Hayden, First Boston Corporation
John J. McFadden, First Boston Corporation
Shelby Chodos, First Boston Corporation
James Dlugosch, Dain Bosworth
Jim Dinerstein, Dain Bosworth
Rod Pakanen, Piper, Jaffray & Hopwood

OTHERS:

Grady Franklin Maples, Housing and Urban Development
Gary Buchanan, Director, Commerce
David Johnson, Anderson ZurMuehlen & Co.
Greg Bain, Montana Homebuilders Association
David Smith, Foster & Marshall
Kent Kleinkopf, Foster & Marshall
Tom Cook, Foster & Marshall
Ron Weber, Montana Savings & Loan Association
Marge Kis, Montana Savings & Loan Association
Robert Happ, Montana Savings & Loan Association
Van H. Gilchrist, Gilchrist Real Estate
Ruth Lange, Missoula Board of Realtors
Len Kolla, First Interstate Bank of California
Keith Radabah, First Interstate Bank of Kalispell

The meeting was called to order by Chairman Groff at 9:00 A.M. at the Outlaw Inn, Kalispell, Montana.

APPROVAL OF MINUTES

Chairman Groff asked if there were any changes or amendments to the minutes of the June 15, 1983 meeting of the Board. There being none the minutes were approved as circulated to the Board.

INTRODUCTION OF NEW ADMINISTRATOR

Chairman Groff introduced and welcomed Jay McLeod as the new Administrator of the Montana Board of Housing. Mr. McLeod joined the Board of Housing on July 18, 1983 after serving 11 years with the Department of Housing and Urban Development. Mr. McLeod was also former President of Central Bank of Great Falls and a former bank examiner.

HOME IMPROVEMENT LOAN SURVEY

Linda Forrey presented an analysis of the Home Improvement Loan Survey recently circulated to Montana banks, savings and loan associations and mortgage companies which indicated a need and demand for a HIL program. 59 lenders responded to the survey of which 95% currently originate home improvement loans secured by first and second mortgages or FHA Title I Insurance. The median income of the loan recipients was between \$20,000 and \$25,000. The majority of respondents indicated the Board should provide assistance to persons and families with gross income between \$10,000 and \$25,000. 68% of the respondents reported they would participate in a home improvement program. Jay McLeod commented that First Bank System and Norwest Bancorporation may be reluctant to participate as they already have in-house programs. He also questioned whether there would be sufficient demand to justify a bond issue. Bill Hayden stated that a bond issue as small as \$5 million could be structured and offered to submit a program outline to be reviewed by the Board at its next meeting.

PRESENTATION OF FOSTER-MARSHALL

Dave Smith, Tom Cook and Kent Kleinkopf were introduced to the Board. Mr. Smith made a formal presentation on Foster-Marshall's retail capabilities in Montana and the Pacific Northwest. Foster-Marshall, a regional branch of Shearson-American Express has offices in Missoula, Bozeman and Billings with a satellite office in Sidney and Mr. Smith asked the Board to include their firm as a co-manager in future note and bond offerings of the Board. A motion was then made by Joan Bennett and seconded by Tom Battershell to select Foster-Marshall as a co-manager. The motion carried unanimously.

STATUS OF SINGLE FAMILY MORTGAGE PURCHASE PROGRAMS

Linda Forrey reported that as of July 28, 1983 the Board has purchased \$21,199,880 of the 1983A program loans. Builder/developer commitments totaling \$5.1 million are under construction and are expected to be completed and committed to borrowers by September 15. Other than the builder commitments, all of the 1983A loans have been delivered and purchased.

For the period ending July 22, 1983, \$6,016,646 has been purchased under the 1983B mortgage program. Mortgage Loans awaiting FHA/VA approval

totaled \$14,933,328. Builder/Developer Commitments in the amount of \$16.3 million are under construction and must be completed and committed to borrowers by November 1, 1983. Commitment Status Reports from participating lenders indicated a substantial volume of the 83B loans are closed but not yet delivered to the Board. A motion was made by Tom Battershell and seconded by Joan Bennett to remind lenders of their contractual obligation to tender such loans within 45 days after loan closing date and in accordance with the Loan Submission and Purchase Schedule. The motion carried unanimously.

DEPARTMENT OF COMMERCE ASSESSMENT TO BOH

Gary Buchanan, Director of Department of Commerce, asked the Board for spending authority for FY 84 of \$25,587 to finance administrative services, payroll costs and other indirect costs and services provided to the Board by the Department. A motion was made by Tom Battershell and seconded by John Buchanan to authorize payment of \$25,587 for FY 84 to the Department of Commerce. The motion carried unanimously.

CENTRALIZING HOUSING FUNCTIONS/ACTIVITIES

Chairman Groff stated that based on a recommendation of the Governor's Council on Management of state operations, the Board should consider consolidating housing functions and activities of the Housing Bureau and Board of Housing. Gary Buchanan added that the Department of Commerce is moderately reorganizing its local government and economic and community development activities as part of the Governor's "Build Montana" program. By centralizing the housing activities of the existing Section 8 and Modern Rehabilitation Housing Programs under the supervision of the Board's Administrator, the Department could provide improved services and minimize overhead costs. Jay McLeod stated that consolidating the two housing entities would not affect the accounting structure or autonomy of the Board's financing programs. A motion was made by Tom Battershell and seconded by Joan Bennett to assist the Department of Commerce by placing the existing Section 8 and Modern Rehabilitation Housing Programs with its associated employees under the direction of the Administrator of the Board of Housing. The motion carried unanimously.

ELECTION OF TREASURER

Tom Battershell announced his resignation as temporary Treasurer of the Board and nominated Jay McLeod, the motion was seconded by John Buchanan and unanimously approved by the Board.

RESOLUTION OF AUTHORIZED OFFICERS

Chairman Groff circulated copies of a Certificate of Resolution authorizing the Administrator, Single Family Program Officer, Multifamily Program Officer and the Controller to enter into any contract, agreement, or other instrument to conduct the daily business of the Board as may be assigned by the Administrator of the Board. The Resolution set forth below was unanimously approved upon a motion by Tom Battershell and seconded by Bruce Moerer.

CERTIFICATE OF RESOLUTION
BY MONTANA BOARD OF HOUSING
#83-0806-SF-MF8

The Chairman then stated that by virtue of the appointments of Jay McLeod as Administrator and Dave Kraft as Controller of the Board of Housing and because certain firms with which the Board does business on a day to day basis have requested that the authority to act on behalf of the Board by the Administrator, the Single Family Program Officer, the Multifamily Program Officer, the Controller, and such other employees officers and agents of the Board as the Administrator may from time to time designate, be set forth in a resolution of the Board which may be used in conducting the business of the Board.

Upon motion duly made and seconded, it was

RESOLVED, that the Administrator, the Single Family Program Officer, the Multifamily Program Officer and the Controller, hereinafter designated, and such other employees, officers and agents as the Administrator may from time to time designate, are hereby authorized, until otherwise directed by this Board, to enter into, execute and deliver in the name and on behalf of the Board, any contract, agreement, conveyance and any other instrument that may be necessary for carrying into effect the business of the Board pertaining to their respective positions and as may be assigned by the Administrator without further act or resolution of this Board.

Administrator
Single Family Program Officer
Multifamily Program Officer
Controller

Jay McLeod
Linda M. Forrey
Herbert H. George
Dave Kraft;

and

FURTHER RESOLVED, that this resolution supersedes the resolutions of the Board setting forth the authority of staff adopted October 29, 1981, and April 8, 1983, and shall be effective from the date of recording in the office of the county clerk and recorder and until a resolution rescinding or superseding this authority is recorded with the county clerk and recorder.

ADOPTED by the Montana Board of Housing this 6th day of August, 1983.

APPROVAL OF BLAINE COUNTY AS ACED

Effective August 4, 1983 the Department of Treasury and Housing and Urban Development designated Blaine County as a qualified "area of chronic economic distress". Park County's application was not approved by HUD and Treasury.

SUBMISSION OF LAKE COUNTY AND SHELBY AS PROPOSED ACEDS

Applications for ACED designation for Lake County and the city of Shelby were circulated to the Board. Both applications have been prepared by their respective city/county planning departments and satisfy the federal criteria. A motion was made by Joan Bennett and seconded by Tom Battershell to approve Lake County and the city of Shelby as proposed ACEDs. The motion carried unanimously. The staff

was instructed to forward the applications to the Governor's office for endorsement.

NEXT MEETING

The next meeting of the Board was scheduled for Tuesday, September 13, 1983 at the Department of Commerce Conference Room, Helena, Montana. There being no further business, the meeting adjourned at 11:00 A.M.

CERTIFIED TO BE CORRECT AND TRUE.

Joan K Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

September 13, 1983

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
JUNE 15, 1983

- I. CALL MEETING TO ORDER - 9:00 A.M.
Bill Groff, Chairman
- II. APPROVAL OF MINUTES - MAY 17, 1983
- III. SOLAR WORKS PRESENTATION
Lawrence Drake (15 minutes)
- IV. REVIEW OF INCOME LIMITS
Bill Groff
- V. ELECTION OF OFFICERS
Bill Groff
- VI. STATUS OF 1983A & 1983B BOND ISSUES
Linda Forrey
- VII. OTHER BUSINESS
- VIII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
June 15, 1983

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Tom Battershell, Vice-Chairman (Present)
Joan Bennett, Secretary (Present)
Michael Kennedy, Jr. (Present)
Bruce Moerer (Present)
John Buchanan (Present)
Howard Rosenleaf (Present)

STAFF:

Herbert H. George, Acting Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Cindy Routzahn, Accounting Technician

COUNSEL:

David Jackson, General Counsel
John Oitzinger, Bond Counsel

OTHERS:

James F. Lechner, Montana Home Builders Association
Forrest Bourquin, Lambros Realty, Missoula
Kathy Mann, Lambros Realty, Missoula
Aggie Nielsen, Steinbrenner Agency, Missoula
Helen Garrich, Missoula County Board of Realtors
Ruth Lange, M.A.R.
Lisa Holcomb, Lambros Realty, Missoula
Gary Buchanan, Director, Department of Commerce
Bill Hanson, UPI
Lawrence Drake, Solar Works
James R. Chauncey, Solar Works
David H. Smith, Foster & Marshall
Kent Kleinkopf, Foster & Marshall

The meeting was called to order by Chairman Groff at 9:00 a.m., in the Conference Room of the Department of Commerce, 1424 Ninth Avenue, Helena, Montana.

APPROVAL OF MINUTES:

The chairman then asked if there were any changes or amendments to the minutes of the May 17, 1983 Board meeting. There being none, he declared that they would stand approved as circulated to the Board.

ANNOUNCEMENT OF SELECTION OF ADMINISTRATOR:

Chairman Groff then introduced Gary Buchanan, Director of the Department of Commerce and one of the members of the committee to select a new Administrator for the Department of Housing to succeed Lyle Olson. Mr. Buchanan announced that the committee had a very difficult decision to make in their selection, but after considerable time spent in reviewing the applications and then personal interviews, J. F. McLeod had been selected as Administrator. He will assume his duties on July 18, 1983. Mr. McLeod has extensive experience in banking and housing and will bring this experience with him, which should be of great help to the Board in continuing the great work the Board has been doing for the people of Montana.

It was moved by Mike Kennedy and seconded by Joan Bennett that the actions of the special committee for selection of an administrator be approved, and especially their actions in hiring Mr. McLeod be approved. The motion carried unanimously.

INTRODUCTION OF NEW STAFF MEMBER:

Dave Kraft introduced Cindy Routzahn, who is working with Judy Gillespie in the Mortgage Portfolio accounting area. Cindy came to the Board of Housing from the Bank Examiners.

SOLAR WORKS PRESENTATION:

Mr. Lawrence Drake from Solar Works out of Billings, Montana, made a short presentation of what their firm does and how they envision it could be worked into the Board's Housing objectives. He distributed a pamphlet regarding the Financing of Alternative Energy Homes. He made five suggestions where he thought the Board might be able to encourage solar energy in new construction. He stated that since FHA requires an annual heating requirement be listed with each plan submitted that homes with requirements below a given BTU per square foot could qualify for an increased loan limit. Also FHA allows a 20% increase in loan limit for a qualified alternative energy home and he felt the Board could do the same. Further, he suggested that the upper limit of the appraised value of a home could be raised 10-20% to include the additional cost for the alternative energy features. He also suggested that the building contractor or the home owner could bear the cost of reviewing and qualifying home plans by an independent contractor. Lastly, he stated that the DNR and/or the FHA may be interested in taking an active part in the program.

WRAP AROUND MORTGAGE DISCUSSION:

Dave Jackson, General Counsel for the Board, referred to a memorandum found in the packets of each Board member regarding the question. He stated that one of the things they found in their research was that "due on sale" clauses in mortgages were clearly enforceable after July 1, 1983 because of the St. Germaine Act. On those mortgages made in 1982, the "due on sale" clauses are clearly enforceable because of the language used. It prohibits wrap around financing. Prior to 1982 the clauses may or may not be enforceable because each of the forms, some of them have the proper language and others do not so each will need to be examined individually. A general rule prohibiting wrap around financing would not be feasible at this point because it is a matter of contract and each mortgagor would have a right to the contract which he has with the lender. Mr. Jackson stated his feeling that the Board could proceed along the lines indicated to enforce the clauses where they can but there is no general prohibition which

which the Board should put in place. After the 1st of July the Garn-St. Germaine legislation makes it mandatory and pre-empts any state actions which prohibit "due on sale."

REPORT BY JOAN BENNETT ON REHAB LOANS:

Ms. Bennett reported she had talked with two of the lenders about the need for rehab loans and whether they thought their banks would like the program. Her sources first reported that they do not like to deal with FHA/HUD on Title I loans and probably wouldn't be real interested in a rehab program of any kind because of the difficulties they perceive in running all these programs. The second banker she talked to said very definitely there was a need out there but he didn't really know how the management of his bank would feel about going into low interest rehab loans.

The first banker she talked to suggested that if the Board were really interested in helping low income people they should look into a program of mobile homes. It was suggested that perhaps the Board could circulate a questionnaire among the various lenders to get their feelings on the subject.

The Board then requested Herb George and Linda Forrey to work out a questionnaire of some kind and circulate it among the lenders and see what the over-all feeling is in the state on these home improvement loans.

FOSTER & MARSHALL PRESENTATION:

David H. Smith and Kent Kleinkopf of Foster & Marshall were introduced to the Board and explained something about their activities as an Underwriter in the Pacific Northwest Region during the year 1982. Mr. Smith distributed a sheet showing the ranking of underwriters in the Pacific Northwest Region for the 1982 business year and requested an opportunity to come back to the next Board meeting for the purpose of making a formal presentation and request for Board approval for the admittance of Foster & Marshall to the team of underwriters.

Chairman Groff requested Staff to schedule Foster & Marshall for the next meeting for a thirty minute presentation.

REVIEW OF INCOME LIMITS

Chairman Groff reported that he and Linda Forrey had been to Washington and had spent some time with the Treasury, whose stance has not changed. Treasury is still maintaining that every one of the bonds the Board puts out for every home costs the Federal Government \$13,000. The GAO came out with their figures secondly and they basically backed the figures presented by the Treasury. The biggest complaint in Washington was the fact that states are not following the general guidelines. The purchase price of homes is too high; income limits are out of line. Montana is running right now at 160% of median income. That is not what our law says in the opinion of Treasury and GAO. It was the feeling expressed in Washington that the Board is financing a considerable number of homes that could have been financed by private enterprise, and they strongly advocate somewhere between 100% and 120% of median income if there is going to be an act. A bill on income limits will be voted on by Congress tomorrow. The Board is hoping they get to at least 120%, which would give us a maximum limit of \$28,800.

Linda Forrey then went into detail as to what would happen to the Board of Housing if Congress enacted certain income limits. All members of the Board had an information sheet in their file showing the Profile of the Board's ownership program continuously since 1977 when the Board issued its first series of Bonds. Linda went through this information sheet line by line and explained it in detail to the Board. Tom Battershell moved that the Board take no action at this time towards reviewing income limits until Congress has acted one way or the other, either setting a limit of 100-120% or sunseting the Board. The motion was seconded by John Buchanan and passed unanimously.

ELECTION OF OFFICERS:

The Chairman then noted that it was now time to elect a Chairman, Vice-Chairman and Secretary for the ensuing year. Bruce Moerer moved that the present officers, i.e., William Groff, Chairman, Tom Battershell, Vice-Chairman, and Joan Bennett, Secretary, be re-elected to the same offices they presently hold. John Buchanan moved that the nominations be closed and that the Secretary be instructed to cast a unanimous ballot for the named officers. The motion was seconded by Howard Rosenleaf, and those nominated were unanimously elected to the offices they now hold.

STATUS OF 1983A AND 1983B BOND ISSUES:

Linda Forrey reported that as of June 9, 1983, the Board has purchased \$12.8 million of 1983A program loans and \$1.5 million has been scheduled for purchase on June 16, 1983, which brings the total to \$14.3 million. There still remains almost \$8 million to be delivered by the end of June. She expressed doubt that this would be completed in June because of loan processing delays. Under the 1983A issue there was approximately \$4.2 million allocated to builders for newly constructed residences and none of those loans have yet been purchased.

Under the 1983B issue the Board has purchased less than \$1 million and that is not suprising since delivery of the 83A loans has been much slower than anticipated. In response to a question by Chairman Groff about the feasibility of making another issue in September, Mrs. Forrey reported that although the demand for mortgage funds remains strong, the Board may want to defer a new bond issue until a greater volume of loans have been purchased under the 83A and 83B programs.

REPORT ON BUDGET:

Dave Kraft reported that for the current fiscal year which ends June 30th, the Board has spending authority of \$558,000 and the Board's expenses for operating have been recorded on the statewide budget and accounting system through the end of May and Kraft projected an additional \$77,000 or \$78,000 in expenses to wrap up the year, with a projected balance of spending authority of approximately \$51,000, or a margin of about 10%. Mr. Kraft advised he would give an update on the budget at the July or August meeting after the 1983 FY is all wrapped up.

NEXT MEETING AND POSSIBLE PICNIC:

The next meeting will be held in Kalispell on August 6th. The annual picnic, hosted by First Interstate Bank of Kalispell, will follow the meeting.

It was moved by John Buchanan that the meeting be adjourned. The motion was seconded by Tom Battershell and passed unanimously.

CERTIFIED TO BE CORRECT AND TRUE.

Joan Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

Aug 6, 1983

DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MAY 17, 1983

- I. CALL MEETING TO ORDER - 9:00 A.M.
Bill Groff, Chairman
- II. APPROVAL OF MINUTES - APRIL 8, 1983
- III. REPORT ON "SUNSET" LEGISLATION
Bill Groff
- IV. DISCUSSION OF PRIVATE MORTGAGE INSURANCE FOR
SINGLE FAMILY PROGRAM
Henry Lanier
- V. UPDATE ON 1983A & 1983B BOND ISSUE
Linda Forrey
- VI. APPROVAL OF NEW LENDER
Linda Forrey
- VII. REPORT ON TARGETED AREAS
Linda Forrey
- VIII. OTHER BUSINESS
- IX. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MAY 17, 1983

ROLL CALL OF BOARD MEMBERS: William A. Groff, Chairman (Present)
Tom Battershell, Vice-Chairman (Present)
Joan Bennett, Secretary (Present)
Michael Kennedy, Jr. (Present)
Bruce Moerer (Present)
John Buchanan (Present)
Howard Rosenleaf (Present)

STAFF: Herbert H. George, Acting Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller

COUNSEL: David Jackson, General Counsel
John Oitzinger, Bond Counsel

OTHERS: David Johnson, Anderson ZurMuehlen & Co.
Henry Lanier, The First Boston Corporation
Bill Hanson, UPI, Helena
Garry J. Moes, AP

The meeting was called to order by Chairman Groff at 9:00 a.m. in the Department of Commerce Conference Room, 1424 Ninth Avenue, Helena, Montana.

APPROVAL OF MINUTES

The Chairman then asked if there were any changes or amendments to the minutes of the April 8, 1983 Board meeting. There being none, he declared that they would stand approved as circulated to the Board.

REPORT ON "SUNSET" LEGISLATION

Linda Forrey reported that she and Bill Groff attended the Senate subcommittee hearing on Tax and Debt Management, which is reviewing the mortgage revenue bond "sunset" legislation. The Assistant Secretary for Treasury and the General Accounting Office provided testimony and documentation to the effect that mortgage revenue bond programs are a severe drain of federal tax revenue and should be discontinued. In support of the repeal of the sunset legislation, testimony was also presented by the National Governor's Association,

Housing Finance Agencies and the National Homebuilder's Associations. All of Montana's Congressional delegation support repeal and expressed optimism that these programs will be able to continue. The GAO report, states these programs are serving affluent people to buy homes, and defines "affluent" as persons and families earning \$20,000 annually. In response to the GAO report, CSHA provided statistics and testimony showing that the Housing Finance Agencies are providing assistance to persons and families which cannot afford conventional financing. Copies of the CSHA report will be distributed to Board members.

Chairman Groff stated that Congress may impose income ceilings for local, and county and state MRB issues in the range of 110% or 120% of median income. HUD Denver has projected Montana's median income to be \$24,045 for 1983. Mr. Groff suggested the Board may want to consider modifying its income limits and asked the staff to research and report current construction cost data to build a modest sized home as part of the review process in determining income limits for future programs.

PRIVATE MORTGAGE INSURANCE FOR SINGLE FAMILY PROGRAM

Henry Lanier discussed the mechanics involved in structuring a bond issue utilizing private mortgage insurance as opposed to FHA/VA. He indicated a PMI program would require a new trust indenture and program documents and perhaps an equity contribution. The principal advantage of developing a PMI program would eliminate the current FHA/VA processing bottleneck under the 1982A and 1983A mortgage programs. Mr. Lanier stated it would require six to eight weeks to develop a complete analysis for presentation to the Board.

UPDATE ON 1983A AND 1983B BOND ISSUE

Linda Forrey referred to the status sheets supplied to all Board members and stated that under the 1983A issue the Board has purchased a total of \$8.1 million in mortgage loans which represents 175 loans. Lenders have reported they expect to deliver an additional \$8.5 million by June 2nd but she believes this was overstated. Lenders have also indicated they have \$5,600,000 that is in FHA/VA processing but have not yet made firm commitments to buyers. The FHA direct endorsement program has not been implemented as of this date but FHA will be conducting seminars the end of May. Mr. Buchanan stated that mortgage institutions will still send some of the questionable applications for direct FHA/VA approval. He also pointed out that appraisals that used to come back within a week are now taking up to three or more weeks. Under the 1983B issue, the Board has purchased only two loans representing \$75,900, but that is to be expected considering backlog of loans pending on the 1983A issue.

APPROVAL OF NEW LENDER

Linda Forrey presented the Citizen's State Bank of Choteau's application as a new lender, stating they have submitted the required financial data, adequate errors and omissions coverage and FHA/Va approved mortgagee status. It was moved by Mike Kennedy that Citizen's State Bank of Choteau be approved as a lender. The motion was seconded by Tom Battershell and was approved unanimously.

REPORT ON TARGETED AREAS

Linda Forrey reported that on May 4, 1983, the applications for Blaine and Park Counties were submitted to the HUD office in Denver as well as in Washington. The HUD Denver office has approved the proposed ACEDs and the applications now await official approval from HUD in Washington before transmittal to Treasury.

The Board reviewed Hill County's application for ACED designation. Hill County has requested designation as a targeted area with documentation that their area has lost over 500 jobs in the railroad industry, nearly 400 jobs in local industrial industries, transfer of more than 40 jobs by Mountain Bell, drastic reduction in oil and gas exploration, and depressed agricultural farm prices. Mrs. Forrey recommended their application for submission to HUD and Treasury as a targeted area. It was moved by Joan Bennett and seconded by Mike Kennedy that the Board approve the application of Hill County as a targeted area. The motion carried unanimously.

OTHER BUSINESS

Mr. George stated that a new employee has been hired in the accounting department and that recruitment for a secretarial position will begin shortly. In the event the Board continues to issue bonds, it will be necessary to employ two more people. Upon a motion by Bruce Moerer and seconded by Michael Kennedy, and unanimously approved by the Board, the staff was instructed to prepare a request for two additional employees.

Mr. George reported on the applications submitted to date for the position of Administrator of the Board. These copies were delivered to Mr. Groff and Mr. Battershell with the statement that he had not processed them. They were prepared by the Department of Commerce. Advertising for the position closes on the 18th and thereafter the three members of the committee, Mr. Groff, Mr. Battershell and Gary Buchanan will be able to review the applications and make their selection as to the number they want to interview.

TWIN BRIDGES PROJECT

Mr. George stated that he had talked with the sponsors relative to the Twin Bridges Project on the 16th in the Governor's office about whether they are still interested in going forward with the project. The developers have carved out five acres and they intend to go forward on that basis rather than the whole tract of land down there. The hang-up on the project was that HUD had required them to have a 232 intermediate care facility to build along with the housing for the elderly project if they were going to build 100 units of housing for the elderly. They were getting a lot of resistance from the Nursing Home Association on building an intermediate care facility in Twin Bridges. Now the developers have decided they would go on a personal care unit which is not going to be insurable under FHA but the Board will not be asked to finance that particular segment of the project.

JUNE MEETING

Chairman Groff stated that the Board needed to meet in June for election

of officers and for a review of income limits. It was tentatively agreed that the June meeting would be on Wednesday, June 15, 1983, at 9:00 a.m.

ASSUMPTION POLICY OF BOARD

Linda Forrey stated she had had numerous requests on the Board's assumption policy, particularly on those loans that were originated and sold to the Board in 1982 and thereafter. Loans originating prior to 1982 are freely assumable, providing that the assuming buyer can meet the debt service on the loan. However, under the Mortgage Subsidy Tax Act, there are restrictive requirements in order to assume these loans. After discussion of all facets of the problem, including the Federal law that affects these assumptions, it was moved by Tom Battershell and seconded by Bruce Moerer that the Board adopt the federal eligibility requirements, including purchase price limitations. The motion passed unanimously.

WRAP-AROUND MORTGAGES

Linda Forrey stated that lenders have asked her to address the Board about wrap-around mortgage financing of existing mortgage loans whereby a second mortgage is wrapped around the first mortgage. Past Board policy discouraged the use of "wrap" financing and Mrs. Forrey suggested confirmation of that policy. David Jackson, Board Counsel, was directed to check the law and report his findings at the next meeting.

REVIEW OF FINANCIAL STATEMENT

Dave Kraft discussed in detail the Combined Balance Sheet of the Combined Funds of the Board of Housing for the period ending March 31, 1983, especially the last column entitled "Total (Memo Only)". Each entry was discussed by Mr. Kraft and questions from Board members answered by him.

ADJOURNMENT

There being no further business to come before the meeting, it was adjourned at 11:30 a.m.

CERTIFIED TO BE CORRECT AND TRUE.

Joan K Bennett
JOAN BENNETT, SECRETARY TO THE BOARD

August 6, 1983
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
COLONIAL INN - ACE ROOM
2301 COLONIAL DRIVE
HELENA, MONTANA
APRIL 8, 1983

- I. CALL MEETING TO ORDER - 9:00 - A.M.
William Groff
- II. APPROVAL OF MINUTES - MARCH 24, 1983
- III. MARKETING ANALYSIS OF 1983B BONDS
Henry Lanier
- IV. ALLOCATION OF COMMITMENTS
Linda Forrey
- V. RESOLUTION AND APPROVAL OF PROGRAM DOCUMENTS
John Oitzinger
- VI. APPROVAL OF NEW LENDERS
Linda Forrey
 1. Blaine Bank of MT - Chinook
 2. First State Bank - Fort Benton
 3. First Security Bank - Malta
 4. Bitterroot Valley Bank - Lolo
 5. Montana Bank - Livingston
- VII. APPLICATION FOR TARGETED AREAS
Linda Forrey
- VIII. OTHER BUSINESS
- IX. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

BOARD OF HOUSING MEETING
ACE ROOM, COLONIAL CLUB
2301 COLONIAL DRIVE
HELENA, MONTANA
APRIL 8, 1983

ROLL CALL OF BOARD MEMBERS: William A. Groff, Chairman (Present)
Tom Battershell (Present)
Joan Bennett, Secretary (Present)
Michael Kennedy, Jr. (Present)
Bruce Moerer (Present)
John Buchanan (Present)
Howard Rosenleaf (Present)

STAFF: Herbert H. George, Acting Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Controller

COUNSEL: David Jackson, General Counsel
John Oitzinger, Bond Counsel

OTHERS: David Johnson, Anderson ZurMuehlen & Co.
Henry Lanier, The First Boston Corporation
Jim Dlugosch, Dain Bosworth
K.C. Victor, Hawkins, Delafield & Woods

The meeting was called to order by Chairman Groff at 9:00 a.m., in the Ace Room, of the Colonial Club Inn, 2301 Colonial Drive, Helena, Montana.

APPROVAL OF MINUTES

It was moved by Tom Battershell and seconded by Joan Bennett that the minutes of the Board meeting held March 24, 1983 be approved as circulated to the Board. The motion carried unanimously.

MARKETING ANALYSIS OF 1983B BONDS

Henry Lanier of the First Boston Corporation then was asked to present the Official Statement Supplement for the new issue of 1983 Bonds, and the pricing materials. He stated that one of the purposes of the meeting was to sign the Bond Purchase Agreement, the Supplemental Indenture, and the Official Statement Supplement for \$55,000,000 worth of Montana Board of Housing, Single Family Program Bonds, 1983 Series B. He stated that this will result in mortgages in the amount of \$49,775,000 at a mortgage rate of 9-7/8ths percent. He stated that what the Board members had in front of them is the Supplement for the 1983 Series B issue and the Official Statement

was included for reference only. The Official Statement was previously signed and is not reprinted for each issue but is effective for all successive issues for the year 1983 and is reference. The only paper to be executed by the Board on April 8, 1983, is the Official Statement Supplement, which precedes the Official Statement.

It was moved by Joan Bennett and seconded by Bruce Moerer that the Series 1983B issuance and sale of \$55,000,000 Single Family Program Bonds be approved. The motion carried unanimously. Mr. Lanier then went through the Pricing Materials which had been prepared for the Montana Board of Housing in some depth. He stated that because of the use of one original Official Statement for all issues and only adding the Supplement, the Board was experiencing sharply decreased costs of issuance. First Boston estimated about \$110,000 and he stated he felt this was on the conservative side. In his remarks Mr. Lanier stated that the maximum spread the Board is allowed to take between the Bond yield and the mortgage yield is 112.5 basis points and the Board is taking 111.5, or virtually the whole spread. Mr. Oitzinger cautioned that because of the narrowness of the calculation and the fact that it partially depends on just how you schedule the mortgages being bought, he and Dave Johnson would need some time to review and verify the figures and it may turn out that if the Board approves the deal proposed with the purchase price for the mortgages at 97½, it might be necessary to bump the price up to 97½ in order to narrow the spread and give the Board just a little more room. He did state that legally mathematical errors are not the kind of error that would cause the bonds to become taxable but they still need to review the assumptions under which the analysis is performed and to make sure that a little bit of slippage wouldn't cause the Board to exceed the limit.

Mr. Lanier then went on to discuss the remainder of the booklet entitled "Pricing Materials Prepared for Montana Board of Housing, April 8, 1983." There was considerable discussion regarding the possibility of the Board being in a situation where it might be earning more money on funds invested by it from prepayments, etc., than the rate charged for the mortgages. Various methods of dealing with this situation were discussed and it was noted that the accounting and legal departments were very much aware of the situation and would be on top of it so that the Board would not be in a situation of having to make rebates to the mortgagor.

ALLOCATION OF 1983B COMMITMENTS

Linda Forrey then presented an allocation of 1983B commitments (see Schedule I). The schedule she presented showed in one column the commitment request by the lender and in a second column the allocation recommendation by the Staff. She noted that in some cases the cut was substantial, almost as much as 50% in some cases. Total requests by mortgage lenders came to \$81,147,200, and the recommended allocation was \$32,775,000. The last page of the Schedule lists the 1983B Builder/Developer Commitments and on this, there were requests of \$28,405,260 and a recommendation of \$16,300,000. She stated that it was felt that the allocations for Builders/Developers would provide for approximately 300 new homes for Montana for this year and that on

the conventional commitments to lenders, it is felt that the Board will be financing approximately 700 homes this year.

It was moved by Bruce Moerer and seconded by Howard Rosenleaf that the allocations as proposed by staff be approved. The motion carried unanimously.

RESOLUTION AND APPROVAL OF PROGRAM DOCUMENTS

John Oitzinger then pointed out that the proper procedure to be followed by the Board at this time would be to adopt a resolution approving all of the documents that are necessary to accomplish the transaction and authorize the proper officers of the Board to sign the necessary documents. The resolution would also approve the allocation of 1983B commitments as set forth by Mrs. Forrey.

Mike Kennedy moved that the Board adopt Resolution 83-0408-S6. The motion was seconded by Joan Bennett and passed unanimously. Said Resolution is attached as Exhibit A.

APPROVAL OF NEW LENDERS

Linda Forrey then reported that five banks, Blaine Bank of Montana, of Chinook; First State Bank, of Fort Benton; First Security Bank, of Malta; Bitterroot Valley Bank, of Lolo; and Montana Bank, of Livingston, have all indicated a desire to participate in the Board's program. She reported that all have provided the required financial information and are FHA approved underwriters, and she recommended that all five be approved to participate in the Board's financing program. Mike Kennedy moved, and Tom Battershell seconded the motion that the five banks named above be approved as qualified lenders. Voting on the motion was unanimous.

APPLICATION FOR TARGETED AREAS

Mrs. Forrey explained that the Board has received an application from Livingston, which is in Park County, and from Chinook and Harlem, both in Blaine County, for designation as targeted areas. She went through the application materials submitted, and voiced the opinion that both applications seemed to be well-documented and seem to meet the criteria that was established under the Mortgage Subsidy Bond Tax Act and asked permission from the Board to secure additional information for submission of the applications to HUD and Treasury for both Park County and Blaine County.

It was moved by Joan Bennett and seconded by Mike Kennedy that the Board approve the applications of Park County and Blaine County for designation as targeted areas, and give Linda Forrey permission to secure whatever additional information might be necessary to process the applications. The motion passed unanimously.

OTHER BUSINESS

It was brought to the attention of the Board that although they had appointed Herbert George as Acting Administrator of the Board at the last meeting, he had not been specifically authorized in writing to act on behalf of the Board, and it was proposed that a Resolution be entered into by the Board specifically authorizing the Acting

Administrator to enter into, execute and deliver on behalf of the Board any contracts, agreements, conveyances or other instruments necessary for carrying into effect the business of the Board.

It was moved by Howard Rosenleaf and seconded by Bruce Moerer that the following Resolution No. 83-0408-S7 be adopted by the Board. The motion carried unanimously and the Resolution follows:

RESOLUTION 83-0408-S7

RESOLVED that the Acting Administrator, hereinafter designated, is hereby authorized, until otherwise directed by this Board, to enter into, execute and deliver in the name and on behalf of the Board, any contract, agreement, conveyance and any other instrument that may be necessary for carrying into effect the business of the Board pertaining to their respective positions without further act or resolution of this Board.

Acting Administrator

Herbert H. George

and,

FURTHER RESOLVED that this Resolution shall be effective from the date of recording in the office of the county Clerk and Recorder and until a Resolution rescinding this authority is recorded with the County Clerk and Recorder.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 8TH DAY OF APRIL, 1983.

The problem of Builder/Developer loans in smaller communities was addressed, and it was brought out that often these builders are unable to secure any of the funding from the Board, possibly because they are not sophisticated enough to apply for it in time, or because of the short period allowed to complete the project. Mr. Lanier explained the problems connected with special loans or issues directed solely for these small, one-house builder/developers. The Board directed Mr. Lanier to work up a letter or outline showing how the Board can have an FHA/VA guarantee requirement but also provide for conventional financing, guaranteed under other programs.

It was moved by Bruce Moerer and seconded by Joan Bennett that Linda Forrey have the discretion under new construction to extend the time for completion by two months. The motion passed.

MAY MEETING

It was announced that the next meeting of the Board would be in Helena, on Tuesday, May 17th.

There being no further business to come before the Board, the meeting was declared adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Joan K Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

June 15, 1983

DATED

MONTANA BOARD OF HOUSING
ALLOCATION OF 1983B COMMITMENTS

CITY/TOWN	MORTGAGE LENDER	1983B COMMITMENT REQUEST	1983B COMMITMENT ALLOCATION
Anaconda	First National Bank	\$ 500,000	\$ 300,000
	First Security Bank	200,000	100,000
Baker	The Bank of Baker	100,000	100,000
Belgrade	Valley Bank of Belgrade	332,000	200,000
Bigfork	Flathead Bank of Bigfork	125,000	125,000
Billings	First Bank-Billings	3,000,000	1,000,000
	First Bank West	1,000,000	300,000
	First Citizens Bank	2,185,200	600,000
	First Federal S & L Assn.	900,000	415,000
	First Northwestern Nat'l	2,750,000	1,000,000
	Pioneer Bank	670,000	250,000
	Rimrock Bank	2,000,000	300,000
	Security Bank	4,100,000	1,415,000
	Security Federal S & L Assn.	5,000,000	1,000,000
	Valley Credit Union	4,000,000	450,000
	Western State Bank	700,000	230,000
	Guaranty Co.	1,000,000	300,000
Bozeman	First National Bank	500,000	300,000
	First Security Bank	1,000,000	500,000
	Montana Bank of Bozeman	800,000	400,000
Butte	Montana Bank of Butte	200,000	200,000
Chinook	Blaine Bank of Montana	110,000	110,000
	Western Bank of Chinook	200,000	150,000
Circle	Montana Bank of Circle	300,000	150,000
Columbia Falls	Bank of Columbia Falls	250,000	200,000
	Glacier National Bank	750,000	400,000
Cut Bank	First National Bank	300,000	200,000
Deer Lodge	Deer Lodge Bank & Trust	250,000	150,000
Ennis	First Madison Valley Bank	100,000	100,000
Forsyth	First State Bank	150,000	100,000
Fort Benton	First State Bank	250,000	200,000
Glasgow	First National Bank	200,000	150,000
	First Security Bank	165,000	165,000
Glendive	First Fidelity Bank	750,000	400,000
	First National Bank	400,000	250,000
	First Security Bank	500,000	350,000

CITY/TOWN

MORTGAGE LENDER

Great Falls

Central Bank of Montana	\$ 500,000	\$ 250,000
Eastside Bank of Montana	400,000	200,000
Fidelity Savings & Loan	2,000,000	1,000,000
First Federal Savings & Loan	1,250,000	600,000
First Interstate Bank	500,000	300,000
First National Bank	1,500,000	700,000
First Westside Bank	1,500,000	300,000
Great Falls Federal S & L	2,000,000	500,000
Northwestern Nat'l Bank	1,800,000	1,000,000
The Village Bank	500,000	300,000

Hardin

Big Horn Bank	250,000	100,000
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Harlowton

Continental National Bank	100,000	100,000
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Havre

Citizens Bank of Montana	400,000	300,000
First National Bank	400,000	300,000

Helena

American Federal S & L	500,000	200,000
Bank of Montana	100,000	100,000
First National Bank	500,000	300,000
Northwestern Bank	900,000	450,000
Valley Bank	250,000	200,000

Kalispell

First Federal S & L	300,000	150,000
First Northwestern Nat'l Bank	400,000	300,000
Montana Savings & Loan Assn.	250,000	200,000
Valley Bank of Kalispell	335,000	250,000

Laurel

First Security Bank	250,000	150,000
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Lewistown

First National Bank	250,000	200,000
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Libby

First National Bank	500,000	250,000
United Bank of Libby	250,000	150,000

Livingston

Empire Federal S & L	150,000	100,000
First Nat'l Park Bank	250,000	150,000
First Security Bank	250,000	150,000
Montana Bank	150,000	100,000

Lolo

Bitterroot Valley Bank	500,000	150,000
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Malta

First Security Bank	350,000	200,000
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Miles City

First Citizens Bank	400,000	300,000
First National Bank	600,000	400,000
First Security Bank	1,000,000	400,000

Missoula

First Bank Southside	1,300,000	700,000
First Bank Western	1,000,000	400,000
First Federal S & L	1,500,000	500,000
First Nat'l Montana Bank	1,000,000	300,000
Montana Bank-South Missoula	1,200,000	400,000
Western Federal S & L	2,000,000	750,000

Polson

First Citizens Bank	300,000	200,000
Security State Bank	200,000	200,000

<u>CITY/TOWN</u>	<u>MORTGAGE LENDER</u>		
Ronan	Ronan State Bank	<u>\$ 200,000</u>	<u>\$ 150,000</u>
St. Ignatius	Lake County Bank	<u>120,000</u>	<u>120,000</u>
Sidney	First United Bank	<u>200,000</u>	<u>190,000</u>
	Montana Bank of Sidney	<u>300,000</u>	<u>200,000</u>
	Richland National Bank	<u>300,000</u>	<u>200,000</u>
Superior	MT Bank of Mineral County	<u>150,000</u>	<u>100,000</u>
Three Forks	Security Bank	<u>300,000</u>	<u>200,000</u>
Townsend	State Bank of Townsend	<u>200,000</u>	<u>100,000</u>
Whitehall	Whitehall State Bank	<u>150,000</u>	<u>100,000</u>
Whitefish	Mountain Bank	<u>500,000</u>	<u>200,000</u>
Wolf Point	Citizens First Nat'l Bank	<u>200,000</u>	<u>150,000</u>
	Western National Bank	<u>55,000</u>	<u>55,000</u>
<u>Billings, MT</u>	<u>Streeter Brothers Mtg. Co.</u>	<u>800,000</u>	<u>300,000</u>
<u>Spokane, WA</u>	<u>Bancshares Mortgage Co.</u>	<u>1,500,000</u>	<u>500,000</u>
<u>Seattle, WA</u>	<u>Lomas & Nettleton Co.</u>	<u>5,000,000</u>	<u>1,400,000</u>
<u>gan, UT</u>	<u>Utah Mortgage Loan Corp.</u>	<u>3,000,000</u>	<u>1,000,000</u>
<u>Sacramento, CA</u>	<u>Westland Mortgage Co.</u>	<u>2,500,000</u>	<u>1,000,000</u>
	GRAND TOTALS	<u>\$81,147,200</u>	<u>\$32,775,000</u>

1983B BUILDER/DEVELOPER
COMMITMENTS

<u>CITY/TOWN</u>	<u>LENDER</u>	<u>COMMITMENT REQUEST</u>	<u>COMMITMENT ALLOCATION</u>
Billings	First Bank	\$ 2,186,710	\$ 1,000,000
	First Citizens Bank	1,368,000	750,000
	First Federal S & L	630,000	430,000
	First Northwestern Nat'l	1,630,000	750,000
	Guananty Co.	500,000	300,000
	Pioneer Bank	587,500	250,000
	Rimrock Bank	1,650,000	500,000
	Security Bank	1,950,000	1,250,000
	Security Federal S & L	1,137,000	500,000
Bozeman	Montana Bank of Bozeman	55,000	55,000
Chinook	Western Bank of Chinook	140,000	140,000
Glendive	First National Bank	70,000	70,000
Great Falls	First Federal S & L	452,000	400,000
	First Interstate Bank	500,000	300,000
	First National Bank	231,000	231,000
	Great Falls Federal S & L	250,000	150,000
	Village Bank	40,000	40,000
	Northwestern Bank	767,000	500,000
Helena	Bank of Montana	100,000	100,000
	First National Bank	450,000	300,000
	Northwestern Bank	1,780,000	500,000
	Valley Bank	100,000	100,000
Kalispell	First Interstate Bank	383,000	383,000
	Montana Savings & Loan	500,000	400,000
	Valley Bank of Kalispell	165,000	165,000
Miles City	First National Bank	314,000	314,000
Missoula	First Bank Southside	490,000	490,000
	1st Nat'l Montana Bank	560,000	550,000
	Missoula Bank of Montana	350,000	350,000
	MT Bank of South Missoula	903,000	692,000
Townsend	State Bank of Townsend	150,000	150,000
Billings	Bancshares Mortgage Co.	1,542,200	1,000,000
	Lomas & Nettleton Co.	1,210,000	990,000
	Streeter Bros. Mtg. Co.	280,000	200,000
	Utah Mortgage Loan Corp.	2,600,000	1,000,000
Missoula	Westland Mortgage Co.	<u>2,383,850</u>	<u>1,000,000</u>
	TOTALS	\$28,405,260	\$16,300,000

RESOLUTION 83-0408-S6

RESOLUTION OF THE MONTANA BOARD OF HOUSING
APPROVING AND AUTHORIZING THE EXECUTION OF
A 1983 SERIES B SUPPLEMENTAL TRUST INDENTURE,
A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT
AND AN OFFICIAL STATEMENT SUPPLEMENT,
AND THE ISSUANCE AND SALE OF \$55,000,000 SINGLE
FAMILY PROGRAM BONDS, 1983 SERIES B (FEDERALLY
INSURED OR GUARANTEED MORTGAGE LOANS), PURSUANT
TO THE AFORESAID DOCUMENTS, APPROVAL OF
ALLOCATIONS TO LENDERS, 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, Sections 90-6-101 through 90-6-126,
inclusive, Montana Code Annotated, as amended.

(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 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 82-0322-S1 duly adopted by the Board
on March 22, 1982, the Board adopted and approved forms of a
Mortgage Purchase Agreement and a Servicing Agreement
relating to the FHA Insured, VA Guaranteed Single Family
Program.

(D) Pursuant to a Trust Indenture, dated as of August
16, 1979 (the "Trust Indenture"), a copy of which has been
presented to this meeting, the Board authorized 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; assigned and pledged to the Trustee thereunder all
right, title and interest of the Board to all mortgages,
revenues and other moneys and investments listed therein;
established certain Funds and Accounts for the deposit,
application, transfer and withdrawal of such revenues, moneys

and investments; set the minimum requirements for the Mortgage Loans to be acquired under the Trust Indenture; specified the terms and conditions for the issuance of any series of Bonds; and established 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 1983 Series B Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of April 8, 1983, 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 \$55,000,000 aggregate principal amount of its Single Family Program Bonds, 1983 Series B (Federally Insured or Guaranteed Mortgage Loans) (the "1983 Series B Bonds"). The Supplemental Trust Indenture makes the necessary findings required by the Act, prescribes the maturity, interest rate and redemption provisions for the 1983 Series B 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") and Official Statement Supplement (the "Official Statement Supplement") to be dated April 8, 1983, copies of which have been presented to this meeting and have 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 1983 Series B Bonds and others by a group of investment dealers and bankers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. Incorporated (the "Underwriters").

(G) Pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated as of April 8, 1983, 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 1983 Series B Bonds at the price and upon the terms and conditions therein set forth.

(H) Pursuant to Applications from Mortgage Lenders, Mortgage Purchase Agreements in form previously approved, and a Notice of Acceptance (the "Notice of Acceptance") a form of which has been presented to this meeting and reviewed to the extent necessary, the Board agrees to purchase forward commitment mortgage loans from the lending institutions set

forth on Schedule 1 annexed to this resolution in the amounts set forth opposite their names on such Schedule on the terms and conditions set forth in the Applications, Mortgage Purchase Agreements and Notices of Acceptance.

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, 1983 Series B (Federally Insured or 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 ratified and approved in the form executed by the Chairman of the Board as of August 16, 1979.

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 5.03 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 \$55,000,000 Single Family Program Bonds, 1983 Series B (Federally Insured or Guaranteed Mortgage Loans) is hereby approved. The 1983 Series B 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 1983 Series B 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 1983 Series B Bonds shall be executed in the name of the Board by the Chairman of the Board, and attested to by either the Secretary or the Treasurer 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 1983 Series B Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Indenture) for purposes of authenticating the 1983 Series B Bonds. Coupons

representing interest attached to coupon 1983 Series B Bonds shall be executed by the facsimile signature of the Chairman of the Board.

Section 6. The Official Statement and Official Statement Supplement are hereby made a part of this Resolution as fully as though set forth in full herein and are 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 and Official Statement Supplement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and Official Statement Supplement and as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement and Official Statement Supplement.

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 such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Agreement. The 1983 Series B Bonds are hereby sold to the Underwriters at the price, which results in an interest rate not in excess of one percent (1%) less than the FHA's established single family mortgage rate in effect 30 days prior to issuance of bonds (12%) 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 \$550,000.00 as a good faith deposit and an executed counterpart of the Bond Purchase Agreement.

Section 8. The Notice of Acceptance 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 Administrative Director and any other officer of the Board is hereby authorized and directed to execute and deliver the Notice of Acceptance with such changes, insertions or omissions therein and as may be approved by such officer, such approval to be evidenced conclusively by such execution of the Notice of Acceptance with each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Program for an amount of foreward commitment mortgage loans set forth opposite the name of such lending institution on Schedule 1 and the Administrative Director is hereby further authorized to reallocate any of such commitments, if any, which are not accepted by particular lending institutions.

Section 9. All action previously taken by the officers, Members or staff of the Board with respect to the Single Family Program, the Trust Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement Supplement, the Official Statement Supplement, the Official Statement, the Bond Purchase Agreement, and the 1983 Series B 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, and Treasurer, 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 12. 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 1983 Series B 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 13. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 3th day of April, 1983.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MARCH 24, 1983

- I. CALL MEETING TO ORDER - 9:00 A.M. - William Groff
- II. APPROVAL OF MINUTES - FEBRUARY 10, 1983
- III. PROCEDURE FOR REPLACEMENT OF ADMINISTRATOR- William Groff
APPROVAL OF ACTING ADMINISTRATOR
- IV. REDEMPTION OF 1982A UNEXPENDED BOND PROCEEDS
Henry Lanier
John Oitzinger
- V. STATUS OF 1983A PROGRAM
Linda Forrey
- VI. SURVEY OF DEMAND FOR 1983B ISSUE
Linda Forrey
- VII. REVIEW OF TIME SCHEDULE FOR 1983B BOND ISSUE
- VIII. FEDERAL AND STATE LEGISLATION
Linda Forrey
- IX. BUDGET REPORT
Dave Kraft
- X. OTHER BUSINESS
- XI. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

TENTATIVE AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MARCH 24, 1983

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - FEBRUARY 10, 1983
- III. REDEMPTION OF 1982A UNEXPENDED BOND PROCEEDS
Bill Hayden
Henry Lanier
John Oitzinger
- IV. SURVEY OF DEMAND FOR 1983B ISSUE
Linda Forrey
- V. REVIEW OF TIME SCHEDULE FOR 1983B BOND ISSUE
Henry Lanier
- VI. FEDERAL AND STATE LEGISLATION
Linda Forrey
- VII. BUDGET REPORT
Dave Kraft
- VIII. FURTHER BUSINESS
- IX. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MARCH 24, 1983

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Tom Battershell, Vice Chairman (Present)
Joan Bennett, Secretary (Present)
Michael J. Kennedy, Jr. (Present)
Bruce Moerer (Present)
John Buchanan (Present)
Howard Rosenleaf (Present)

STAFF:

Linda M. Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
David Kraft, Comptroller
Nita Routzahn, Executive Secretary

COUNSEL:

John Oitzinger, Jackson, Oitzinger & Murdo
David Jackson, Jackson, Oitzinger & Murdo

OTHERS:

Henry Lanier, First Boston Corporation
Jay Holt, Hawkins, Delafield & Wood
David Johnson, Anderson ZurMuehlen Co.
Gary Buchanan, Department of Commerce
Leonard Kolla, First Interstate Bank, California
Keith Radabah, First Interstate Bank, Kalispell

The meeting was called to order by Chairman Groff at 9:00 a.m. in the Department of Commerce Conference Room, 1424 9th Avenue, Helena, Montana.

Upon a motion by Michael Kennedy and seconded by Tom Battershell, the Board unanimously approved the minutes of the February 10, 1983 meeting as circulated.

PROCEDURE FOR REPLACEMENT OF ADMINISTRATOR

Due to the untimely death of Mr. Lyle E. Olson on March 14, 1983, Administrator for the Montana Board of Housing, Herbert H. George, Multifamily Program Officer was appointed Acting Administrator for the interim period until a permanent Administrator is selected.

The procedure for selection of the permanent Administrator was established by action of the Board at this meeting by appointment of

a committee consisting of Chairman Groff, Vice Chairman Tom Battershell and Gary Buchanan, Director of the Department of Commerce.

John Oitzinger suggested that a successor be elceted at this meeting for the position of Treasurer which Lyle Olson also held. Chairman Groff recommended Tom Battershell be nominated for the position of temporary Treasurer. There being no other nominations, Mike Kennedy moved and John Buchanan seconded the motion to elect Tom Battershell as Treasurer of the Board until a permanent replacement is selected. The motion carried unanimously.

Chairman Groff suggested that a letter be written and a plaque be presented to May Olson as a memento from the Board.

REDEMPTION OF 1982 SERIES A UNEXPENDED BOND PROCEEDS

Henry Lanier, First Boston Corporation, distributed copies of Schedule and Cash Flow booklets to the Board Members to follow while he explained the procedure to redeem a portion of the 1982 Series A Bonds. He said there are three ways to accomplish this, (1) the Serial bond call, (2) the Term bond call and, (3) the Proportional bond call. He stated that they recommend the Serial bond call as it would be the most beneficial to the Board in future years.

John Oitzinger presented the Board with the following proposed Resolution specifying the aggregate amount of bonds to be called and the amount of bonds to be called and the amount of each maturity to be called and to notify the Trustee to take all necessary action to redeem an aggregate principal amount of approximately \$23,190,000 of 1982 Series A Bonds on June 1, 1983, at a redemption price of 100% of their principal amount. Upon a motion by Bruce Moerer and seconded by Mike Kennedy the Board unanimously approved Resolution No. 83-0324-S4 subject to verification by the Trustee, Bond Counsel and the staff:

RESOLUTION 83-0324-S4

WHEREAS, the Board is advised that there are unused proceeds of the 1983 Series A Bonds in the Trust Indenture dated as of August 16, 1979, in the aggregate amount of approximately \$23,190,000; and

WHEREAS, the Board is permitted by the terms of the 1982 Series A Supplemental Indenture dated April 6, 1982, to apply such moneys to redeem 1982 Series A Bonds at 100% of the principal amount thereof in part on any bond payment date; and

WHEREAS, the Board has considered a cash flow projection giving effect to the redemption of 1982 Series A Bonds of each maturity in the amounts shown on Schedule 1 attached hereto, which projection shows a positive balance at the end of each bond year.

NOW, THEREFORE, BE IT

RESOLVED, that the appropriate officers of the Board be and the same hereby are authorized and directed to notify the Trustee and request that the Trustee take all necessary action to redeem an aggregate principal amount of \$23,190,000 of 1982 Series A Bonds on June 1, 1983, in the amounts shown on Schedule 1 for each maturity.

SCHEDULE 1

<u>MATURITIES CALLED</u>	<u>INTEREST RATE</u>	<u>AMOUNTS CALLED</u>
6-1-1984	8.50	\$ 330,000
6-1-1985	9.00	380,000
6-1-1986	9.50	425,000
6-1-1987	10.00	480,000
6-1-1988	10.50	545,000
6-1-1989	11.00	620,000
6-1-1990	11.50	700,000
6-1-1991	11.75	795,000
6-1-1992	12.00	895,000
6-1-1993	12.30	1,020,000
6-1-1994	12.60	410,000
6-1-1995	12.80	465,000
6-1-1996	13.00	520,000
6-1-2002	13.50	4,975,000
6-1-2008	13.50	<u>10,630,000</u>
TOTAL		\$23,190,000

John Oitzinger stated that he has prepared a press release to be sent out immediately stating the intent of the Board to recall a portion of their 1982 Series A Bonds.

STATUS OF 1983A PROGRAM

Linda Forrey stated that to date the Board has purchased \$317,000 in principal amount of mortgage loans. She said she looks for delivery of the loans to continue to be slow mainly because the FHA office here is short staffed, but she hopes the situation will improve by the middle of May.

SURVEY OF DEMAND FOR 1983B ISSUE

Linda Forrey discussed the various columns on the Request for Commitments from Mortgage Lenders form that had been previously given to the Board members. Mrs. Forrey explained that we are looking for \$67 million in commitments for delivery by September and \$25 million for delivery by December 31, 1983, for a total of over \$92 million. This represents approximately 82% of the lenders responding. The 1983B commitment requests are based on the 1983A program guidelines.

Mrs. Forrey stated that the Invitation letters and Applications have been prepared and with the Board's approval are ready for mailing to the Lenders. There was a lengthy discussion concerning discount points charged to the Seller and it was agreed to change the points from 4% to 5% of the principal amount of the mortgage loans.

Upon a motion by John Buchanan and seconded by Joan Bennett it was decided to do a \$35 million issue. After further discussion, Mike Kennedy made a substitute motion to raise it to a \$40 million issue to be released immediately. The motion was seconded by Bruce Moerer and was approved, with the exception of Chairman Groff, who voted no. The fixed rate of interest on the mortgage loans shall not exceed 10.5%.

Upon a motion by John Buchanan and seconded by Bruce Moerer the Board unanimously approved a Resolution authorizing the distribution of program documents and a Preliminary Official Statement Supplement and negotiations for an offering of 1983 Series B Bonds:

RESOLUTION 83-0324-S5

RESOLUTION OF THE MONTANA BOARD OF HOUSING AUTHORIZING DISTRIBUTION OF PROGRAM DOCUMENTS AND A PRELIMINARY OFFICIAL STATEMENT SUPPLEMENT AND NEGOTIATIONS FOR AN OFFERING OF 1983 SERIES B BONDS FOR THE SINGLE FAMILY PROGRAM

WHEREAS, conditions for single family mortgage bonds have improved recently and may further improve to the point that such an issue is desirable;

WHEREAS, the Board wishes to take all steps necessary to prepare for a favorable time in the market so as to make additional funds available for mortgages at rates which persons of lower income can afford.

NOW THEREFORE, be it resolved by the Montana Board of Housing, (the "Board") as follows:

Section 1. The forms of Invitations and Applications presented to this meeting approved and the appropriate officers of the Board are hereby authorized to distribute the program documents to mortgage lenders.

Section 2. A Preliminary Official Statement Supplement in substantially the form presented to this meeting and containing such amendments and updating of information as the officers 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 3. The Chairman, Vice Chairman and Treasurer are hereby authorized to negotiate the terms and conditions of the sale of the Single Family Program Bonds, 1983 Series B, 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 such date as may be designated.

ADOPTED by the Montana Board of Housing this 24th day of March, 1983.

FEDERAL AND STATE LEGISLATION

Linda Forrey stated that support is gaining in Washington for the elimination of the "sunset" for Mortgage Revenue Bonds. To date they

have 187 co-sponsors for the bill (No. 137) in the House, 31 short of a majority, and 45 co-sponsors in the Senate, which is 6 short of a majority. Mrs. Forrey explained that in respect to State Legislation, Senate bill 250 would permit the Board to sell taxable bonds; remove the interest rate ceiling on notes and bonds issued by the Board and to provide a public hearing on proposed Multifamily projects. Senate bill 251 is an Act to amend the Board of Investments statute, whereby they could enter into an agreement with the Board to purchase loans from us in 12 years. Thus far there has been no opposition to either bill. After a third reading, the bills will be submitted to the Governor's office.

BUDGET REPORT

Dave Kraft commented briefly on where the Board of Housing budget is for the coming biennium in the Legislative process as a part of the whole Department of Commerce budget. He stated its been before the Natural Resources sub-committee, which is comprised of both houses, and from there went before the Full House Appropriations Committee and fared well in both places.

FURTHER BUSINESS

The next meeting of the Board has been scheduled for April, 8, 1983. There being no further business the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Joan K. Bennett
JOAN BENNETT, SECRETARY TO THE BOARD

April 8, 1983
DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
COLONIAL INN - CLARK ROOM
2301 COLONIAL DRIVE
HELENA, MONTANA
FEBRUARY 10, 1983

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. APPROVAL OF MINUTES - JANUARY 25, 1983
- III. BOND PURCHASE AGREEMENT - HENRY LANIER
- IV. LENDER'S COMMITMENTS - LINDA FORREY
- V. APPROVAL OF MORTGAGE PURCHASE AGREEMENT AND OTHER DOCUMENTS - JOHN OITZINGER
- VI. FURTHER BUSINESS
- VII. ADJOURN

PLEASE NOTE THAT THE MEETING WILL TAKE PLACE IN THE CLARK ROOM AT THE COLONIAL INN AT 9:00 A.M. ON FEBRUARY 10, 1983.

(THE CLARK ROOM IS LOCATED ON THE MEZZANINE FLOOR)

LEO

BOARD OF HOUSING MEETING
CLARK ROOM, COLONIAL CLUB
2301 Colonial Drive
Helena, Montana
February 10, 1983

ROLL CALL OF MEMBERS: William A. Groff, Chairman (Present)
Tom Battershell, Vice-Chairman (Present)
Joan Bennett (Secretary) Present
Michael Kennedy, Jr. (Present)
Bruce Moerer (Present)
John Buchanan (Present)
Howard Rosenleaf (Present)

STAFF: Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Comptroller

COUNSEL: John Oitzinger, Jackson, Oitzinger & Murdo
David Jackson, Jackson, Oitzinger & Murdo
Curt Larsen, Jackson, Oitzinger & Murdo

OTHERS: David Johnson, Anderson ZurMuehlen & Co.
Henry Lanier, The First Boston Corp.
Shelby Chodos, The First Boston Corp.
Jim Dlugosch, Dain Bosworth
Terry McNellis, Piper, Jaffray & Hopwood
Jay Holt, Hawkins, Delafield & Woods
Diane Rietano, Hawkins, Delafield & Woods

The meeting was called to order by Chairman Groff at 9:00 a.m., in the Clark Room, Colonial Club Inn, 2301 Colonial Drive, Helena, Montana.

APPROVAL OF MINUTES

It was moved by Mike Kennedy and seconded by Tom Battershell that the minutes of the Board meeting held January 25, 1983, be approved as circulated to the Board. The motion carried unanimously.

BOND PURCHASE AGREEMENT

Henry Lanier of The First Boston Corporation went through a booklet entitled "Pricing Materials Prepared for Montana Board of Housing" and reported that the Board had received the best interest rate on its bonds that the market had seen in the past three years. Schedule A of the booklet reflects the amount of the 1983 Series A Bonds, at \$30,000,000, with Commitment fees of \$246,490. The summary statement also displays the uses for the funds. The mortgage rate is 9.75%; the net interest cost is 9.777%; the true interest cost is 9.846%. The arbitrage yield on the mortgages and the arbitrage yield on the bonds is also listed in Schedule I. These reveal that the Board has a difference between the mortgage yield and the bond yield of about 1.06% and by law it is allowed 1.125% so the Board is taking the maximum amount of spread on the mortgages that it is allowed by law to take within 1/8th of the mortgage rate.

Shelby Chodos then proceeded to walk the Board members through the cash flow summary contained in the booklet. Mr. Lanier interjected that although they had

used very conservative percentages and figures throughout the projection, still the cumulative balance does not go negative but is still positive. Schedule III is a spread sheet showing the State Housing finance issues of both single family program and home improvement loans that have been done since December. The Montana issue is at the top of the list. Mr. Lanier pointed out that on the ratings listed on the schedule, Montana has a double A rating from Moodys but as of the time of the meeting, no rating had been received from S & P. The bond purchase to be signed at this meeting is subject to receiving that double A rating from S & P.

Quickly summarizing Schedule III as far as the Montana issue goes, Mr. Lanier stated that the Montana issue was for 30M. The gross underwriting spread or underwriter's discount was \$28.50, broken down as follows: Average takedown, \$13.63; Net to underwriter, \$.75; Management fee, \$3.00; and Expenses, \$11.12. Net interest cost is 9.777% and the mortgage rate of 9.75%. He stated that the expenses of \$11.12 per thousand covers computer charges, (comprising the bulk of the charge), Trustee's cash flow certificate as of June 30th, and all other cash flows done by First Boston in order to design this issue; legal fees; interest costs incurred by First Boston on behalf of the Montana Board of Housing; travel expenses; all those things actually paid out of pocket by First Boston on behalf of the Montana Board of Housing. The management fee of \$3.00 per thousand covers essentially the work done by First Boston in structuring; it is their fee for working with the Board and developing a program, financing a program, and doing the necessary analyses to figure out the best scenario for the bond call or which is a feasible scenario for a new issue.

Further reviewing the booklet and in Schedule IV Mr. Lanier pointed out that the Montana Board of Housing Bond issue net interest cost on this issue is far closer to the Bond Buyer 20-Bond Index than it is to the Bond Buyer Revenue Bond Index. The Revenue Bond Index is an average market index of revenue bonds such as the present issue and the Bond Buyer index is an average index of bonds that are general obligations, and are the premier credits in the market place. The other schedules in the booklet included a graph of the market indices January 1, 1982 through February 7, 1983, copies of articles from The Bond Buyer for the week of the sale and a glossary of terms.

Following this detailed discussion, Tom Battershell moved that the Board proceed with the bond purchase. The motion was seconded by Joan Bennett. Mr. Oitzinger pointed out that the proper procedure at this point in time would be to adopt a Resolution which would approve all of the documents that are necessary to accomplish the transaction and authorize the proper officers of the Board to sign the necessary documents with certain changes as they may approve. The documents necessary for this transaction include the Official Statement, the Supplemental Indenture which adopts the bond form and all the terms of the bonds, the Bond Purchase Agreement.

Thereupon, Mr. Battershell requested permission to rescind his former motion and make a new motion to adopt RESOLUTION 83-0210-S3. The motion was seconded by Mike Kennedy and passed unanimously. The said resolution is as follows:

RESOLUTION 83-0210-S3

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AND AUTHORIZING THE EXECUTION OF A 1983 SERIES A SUPPLEMENTAL TRUST INDENTURE, A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT SUPPLEMENT, AND THE ISSUANCE AND SALE OF \$30,000,000 SINGLE FAMILY PROGRAM BONDS, 1983 SERIES A (FEDERALLY INSURED OR

GUARANTEED MORTGAGE LOANS), PURSUANT TO THE AFORESAID DOCUMENTS, APPROVAL OF ALLOCATIONS TO LENDERS, 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, Sections 90-6-101 through 90-6-126, inclusive, Montana Code Annotated, as amended.

(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 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 82-0322-S1 duly adopted by the Board on March 22, 1982, the Board adopted and approved forms of a Mortgage Purchase Agreement and a Servicing Agreement relating to the FHA Insured, VA Guaranteed Single Family Program.

(D) Pursuant to a Trust Indenture, dated as of August 16, 1979 (the "Trust Indenture"), a copy of which has been presented to this meeting, the Board authorized 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; assigned and pledged to the Trustees thereunder all right, title and interest of the Board to all mortgages, revenues and other moneys and investments listed therein; established certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; set the minimum requirements for the Mortgage Loans to be acquired under the Trust Indenture; specified the terms and conditions for the issuance of any series of Bonds; and established 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 1983 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of February 10, 1983, 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 \$30,000,000 aggregate principal amount of its Single Family Program Bonds, 1983 Series A (Federally Insured or Guaranteed Mortgage Loans) (the "1983 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 1983 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") and Official Statement Supplement (the "Official Statement Supplement") to be dated February 10, 1983, copy of which have been presented to this meeting and have 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 1983 Series A Bonds and others by a group of investment dealers and bankers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. Incorporated (the "Underwriters").

(G) Pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated as of February 10, 1983, 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 1983 Series A Bonds at the price and upon the terms and conditions therein set forth.

(H) Pursuant to Applications from Mortgage Lenders, Mortgage Purchase Agreements in form previously approved, and a Notice of Acceptance (the "Notice of Acceptance") a form of which has been presented to this meeting and reviewed to the extent necessary, the Board agrees to purchase forward commitment mortgage loans from the lending institutions set forth on Schedule 1 annexed to this resolution in the amounts set forth opposite their names on such Schedule on the terms and conditions set forth in the Applications, Mortgage Purchase Agreements and Notices of Acceptance.

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, 1983 Series A (Federally Insured or 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 ratified and approved in the form executed by the Chairman of the Board as of August 16, 1979.

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 5.03 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 \$30,000,000 Single Family Program Bonds, 1983 Series A (Federally Insured or Guaranteed Mortgage Loans) is hereby approved. The 1983 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 1983 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 In-

denture. The 1983 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 or the Treasurer 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 1983 Series A Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Indenture) for purposes of authenticating the 1983 Series A Bonds. Coupons representing interest attached to coupon 1983 Series A Bonds shall be executed by the facsimilie signature of the Chairman of the Board.

Section 6. The Official Statement and Official Statement Supplement are hereby made a part of this Resolution as fully as though set forth in full herein and are 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 and Official Statement Supplement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and Official Statement Supplement and as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement and Official Statement Supplement.

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 such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Agreement. The 1983 Series A Bonds are hereby sold to the Underwriters at the price, which results in an interest rate of less than one percent (1%) less than the FHA's established single family mortgage rate in effect 30 days prior to issuance of bonds (12%) 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 \$300,000 as a good faith deposit and an executed counterpart of the Bond Purchase Agreement.

Section 8. The Notice of Acceptance 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 Administrative Director and any other officer of the Board is hereby authorized and directed to execute and deliver the Notice of Acceptance with such changes, insertions or omissions therein and as may be approved by such officer, such approval to be evidenced conclusively by such execution of the Notice of Acceptance with each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Program for an amount of forward commitment mortgage loans set forth opposite the name of such lending institution on Schedule 1 and the Administrative Director is hereby further authorized to reallocate any of such commitments, if any, which are not accepted by particular lending institutions.

Section 9. All action previously taken by the officers, Members or staff of the Board with respect to the Single Family Program, the Trust Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement Supplement, the Official Statement Supplement, the Official Statement, the Bond Purchase Agreement, and the 1983 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, and Treasurer, 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 12. 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 1983 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 13. This Resolution shall become effective immediately.

ADOPTED BY THE MONTANA BOARD OF HOUSING this 10th day of February, 1983.

DISCUSSION RE LENDER COMMITMENTS

Linda Forrey then gave a detailed report on the Allocation of 1983A Commitments as to Lenders and as to Builder/Developers. She stated that there was a total mortgage demand throughout the state of almost \$36,000,000. Her recommendation that there be no reductions in the Builder/Developer Commitments, and a reduction in the Lender Commitments from \$31,460,605 to \$22,105,000 was considered by the Board. These allocations were approved as part of the foregoing Resolution, and are incorporated into these Minutes as Schedule 1 and 1A of the Resolution.

OTHER BUSINESS

There was some discussion of an attempt being made by the present Legislature to attach the provisions of I-95 to the Board of Housing. Also, with respect to the Twin Bridges project, it was reported that Montana Power has approached Staff with a desire to buy into it.

NEXT MEETING

The next meeting of the Board of Housing will be on March 31, 1983, at 9 a.m.

There being no further business to come before the meeting, it was thereupon adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Joan K Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

March 24, 1983

DATED

MONTANA BOARD OF HOUSING
ALLOCATION OF 1983A
BUILDER/DEVELOPER COMMITMENTS

CITY	MORTGAGE LENDER	DEVELOPER	LOCATION OF DEVELOPMENT	TYPE OF DEVELOPMENT	# OF UNITS	83A			BOARD APPROVAL
						COMMITMENT REQUEST	STAFF RECOMMENDATION		
Belgrade	Valley Bank	Holly Homes	Belgrade	Single Family Detached	2	\$ 100,000	\$ 100,000	\$	
		Authority Builders	Belgrade	Single Family Detached	2	110,000	110,000	\$	
Bigfork	Flathead Bank	Michael Wood	Bigfork	Single Family Detached	1	20,000	20,000	\$	
		Tim Callaway	Kalispell	Single Family Detached	1	55,000	55,000	\$	
		Daniel Day	Bigfork	Single Family Detached	1	65,000	65,000	\$	
Billings	Pioneer Bank	Kirk Kraft	Daniels, Kimberly & Crist Subdivision, Blgs.	Single Family Detached	4	200,000	200,000	\$	
Billings	Security Bank	ABC Builders	Eagles Nest, Blgs. Condominium Subdivision		6	225,000	225,000	\$	
Billings	Utah Mortgage Corp.	Leland Wells	Wells Garden Estates	Single Family Detached	15	1,000,000	1,000,000	\$	
Bozeman	Montana Bank	B & I Construction	Beaumont Greens Subdivision Belgrade	Single Family Detached	1	55,000	55,000	\$	
Great Falls	First Federal S & L	Tom Mather & Associates	Great Falls	Single Family Detached	5	250,000	250,000	\$	
Havre	1st Security	Michael Bailey	Havre	Single Family Detached	1	40,000	40,000	\$	
Kalispell	First Interstate	Darold Schaffer	Summit Ridge Greenacres West Sunrise Subdivision Kalispell	Single Family Detached	10	520,000	520,000	\$	

Kalispell	Montana S & L	Hughes Homes, Inc.	Happy Valley Flathead County	Single Family Detached	3	\$ 150,000	\$ 150,000	\$
Missoula	First Bank Southside	Northview Development Corp.	Missoula	Single Family Detached	1	55,000	55,000	\$
Missoula	Montana Bank of South Missoula	John March	Plat of Cobban & Dinsmore Addition	Single Family Detached	10	450,000	450,000	\$
Missoula	Westland Mortgage Co.	Twite Construction	New Meadows & Linda Vista Subdivision	Single Family Detached	19	900,000	900,000	\$
					<u>82</u>	<u>\$4,195,000</u>	<u>\$4,195,000</u>	<u>\$</u>

MONTANA BOARD OF HOUSING

ALLOCATION OF
1983A COMMITMENTS

<u>CITY/TOWN</u>	<u>MORTGAGE LENDER</u>	<u>83A COMMITMENT REQUEST</u>	<u>STAFF RECOMMENDATION</u>	<u>BOARD APPROVAL</u>
Anaconda	First Security Bank	\$ 95,821	\$ 50,000	\$
Baker	The Bank of Baker	186,000	100,000	
Bigfork	Flathead Bank of Bigfork	160,000	160,000	
Big Timber	Citizens Bank	250,000	150,000	
Billings	First Bank-Billings	1,000,000	1,000,000	
	First Bank West	500,000	300,000	
	First Citizens Bank	296,900	200,000	
	First Federal S & L	359,050	300,000	
	First Northwestern National	2,200,000	1,136,000	
	Pioneer Bank	339,124	200,000	
	Rimrock Bank	115,705	100,000	
	Security Bank	3,100,000	2,275,000	
	Security Federal S & L	1,000,000	500,000	
	Valley Credit Union	154,700	100,000	
Western State Bank	200,000	200,000		
Boulder	First Boulder Valley Bank	34,605	30,000	
Bozeman	First National Bank	200,000	200,000	
	First Security Bank	859,750	525,000	
	Montana Bank of Bozeman	519,043	345,000	
Butte	First Citizens Bank	397,327	350,000	
Chinook	Western Bank	150,000	100,000	
Circle	Montana Bank of Circle	393,000	100,000	
Columbia Falls	Bank of Columbia Falls	53,900	50,000	
	Glacier National Bank	342,161	250,000	
Cut Bank	First National Bank	300,000	150,000	
Deer Lodge	Pioneer Federal S & L	150,000	100,000	
Ennis	First Madison Valley Bank	35,031	35,000	
Forsyth	First State Bank	135,000	135,000	
Glasgow	First National Bank	157,850	150,000	
	First Security Bank	194,675	150,000	

Glendive	First Fidelity Bank	\$ 500,000	\$ 300,000	\$
	First National Bank	160,000	100,000	
	First Security Bank	500,000	400,000	
Great Falls	Central Bank of MT	200,000	100,000	
	Fidelity Savings & Loan	202,955	200,000	
	First Federal S & L	370,349	250,000	
	First Interstate Bank	717,426	350,000	
	First National Bank	911,768	600,000	
	Great Falls Federal Savings & Loan	585,354	475,000	
	Northwestern Nat'l Bank	269,827	250,000	
	The Village Bank	350,169	200,000	
Harlowton	Continental Nat'l Bank	100,000	100,000	
Havre	Citizens Bank of MT	200,000	150,000	
	First National Bank	104,128	100,000	
	First Security Bank	53,929	50,000	
Helena	American Federal S & L	24,420	-0-	
	Bank of Montana	50,000	-0-	
	First National Bank	245,534	245,000	
	Northwestern Bank	220,487	200,000	
	Valley Bank	100,000	100,000	
Kalispell	First Federal S & L	191,500	150,000	
	First Interstate Bank	881,950	700,000	
	First NW National Bank	219,350	150,000	
	Montana Savings & Loan	250,000	200,000	
Laurel	First Security Bank	100,000	100,000	
Lewistown	First National Bank	97,161	95,000	
Libby	First National Bank	136,419	100,000	
	United Bank of Libby	150,000	100,000	
Livingston	First Security Bank	52,058	50,000	
Miles City	First Citizens Bank	250,000	250,000	
	First National Bank	276,591	225,000	
	First Security Bank	265,000	175,000	
Missoula	First Bank Southside	502,042	500,000	
	First Bank Western	692,949	650,000	
	First Nat'l MT Bank	600,000	600,000	
	Western Federal S & L	700,000	450,000	
Polson	First Citizens Bank	185,000	150,000	
	Security State Bank	100,000	100,000	
Ronan	Ronan State Bank	198,000	164,000	
Sidney	First United Bank	275,000	150,000	
	Montana Bank	225,000	150,000	
	Richland Nat'l Bank	221,147	200,000	
Superior	MT Bank of Mineral County	70,000	50,000	

Whitehall	Whitehall State Bank	\$ <u>63,450</u>	\$ <u>60,000</u>	\$ _____
White Sulphur Springs	First National Bank	<u>150,000</u>	<u>75,000</u>	_____
Wolf Point	Western National Bank	<u>50,000</u>	<u>50,000</u>	_____
Billings, MT	<u>Streeter Brothers Mtg. Co.</u>	<u>312,000</u>	<u>150,000</u>	_____
Spokane, WA	<u>Bancshares Mortgage Co.</u>	<u>300,000</u>	<u>300,000</u>	_____
Seattle, WA	<u>Lomas & Nettleton Co.</u>	<u>2,500,000</u>	<u>1,400,000</u>	_____
Logan, UT	<u>Utah Mortgage Loan Corp.</u>	<u>1,000,000</u>	<u>600,000</u>	_____
Sacramento, CA	<u>Westland Mortgage Co.</u>	<u>700,000</u>	<u>400,000</u>	_____
	GRAND TOTALS	\$ <u><u>31,460,605</u></u>	\$ <u><u>22,105,000</u></u>	\$ _____

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

AGENDA

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
JANUARY 25, 1983

- I. CALL MEETING TO ORDER - 9:00 A.M.
- II. WELCOME
- III. APPROVAL OF MINUTES - DECEMBER 10, 1982
- IV. ELECTION OF OFFICER
 1. Secretary
- V. 1983A SINGLE FAMILY PROGRAM - HENRY LANIER
 - a. Market Conditions
 - b. Builder/Developer Program
 - c. Pool Insurance - Verex
- VI. 1983A SINGLE FAMILY PROGRAM - LINDA FORREY
 - a. Approval of Lenders
 - b. 1982A Commitment Status Report
 - c. Approval of 1983A Forward Commitments
- VII. 1983A SINGLE FAMILY PROGRAM DOCUMENTS - JOHN OITZINGER
 - a. Print and Mail Official Statement and Supplemental
 - b. Program Documents
 - c. Safe Harbor Purchase Prices
 - New - \$70,000
 - Esisting - \$65,000
- VIII. LEGISLATION AND TRANSFER OF HOUSING BUREAU - LYLE OLSON
- IX. BUDGET REPORT - DAVE KRAFT
- X. OTHER BUSINESS
- XI. ADJOURN

BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
January 25, 1983

ROLL CALL OF MEMBERS: William A. Groff, Chairman (Present)
Tom Battershell, Vice-Chairman (Present)
Joan Bennett (Present)
Michael Kennedy, Jr. (Present)
Bruce Moerer (Present)
John Buchanan (Present)
Howard Rosenleaf (Present)

STAFF: Lyle E. Olson, Administrator
Linda M. Forrey, Single Family Program Officer
Dave Kraft, Comptroller

COUNSEL: John Oitzinger, Jackson, Oitzinger & Murdo
David Jackson, Jackson, Oitzinger & Murdo
David Johnson, Anderson ZurMuehlen & Co.

OTHERS: Henry Lanier, The First Boston Corp.
Jim Martling, The First Boston Corp.
Jim Dlugosh, Dain Bosworth
Rod Pakonen, Piper Jaffray
Terry McNellis, Piper Jaffray
Bill Hanson, UPI
Gary Buchanan, Department of Commerce
Phyllis J. Yalovich, Registered Professional Reporter

The meeting was called to order by Chairman Groff at 9:00 a.m., in the conference room of the Department of Commerce, 1424 Ninth Avenue, Helena, Montana.

There being no corrections or alterations to the minutes of the meeting of December 10, 1982, they were approved as circulated to the Board.

John Buchanan and Howard Rosenleaf were introduced as new members of the Board, and were warmly welcomed.

ELECTION OF SECRETARY

It was moved by Tom Battershell and seconded by John Buchanan that Joan Bennett be elected Secretary for the Board by acclamation. The voting was unanimous and Mrs. Bennett was elected to the position of Secretary.

APPROVAL OF LENDERS

Linda Forrey presented the names of Citizens Bank of Big Timber and Montana Bank of South Missoula, as banks having indicated a desire to participate in the Board's program. She advised that both banks appear to have adequate financing and real estate departments and recommended that they be approved. Whereupon, Bruce Moerer moved that Citizens Bank of Big Timber and Montana Bank of South Missoula be approved to participate in the Board's financing program. The voting was unanimous.

1982A COMMITMENT STATUS REPORT

Linda Forrey then went on to explain in detail the 1982 Commitment Status Report which each member had received in his packet of information. She took the report column by column and explained each column, relating the information to the 1983A Forward Commitment Mortgage Loans (In Dollars). She stated that she had not had a response from at least 15 of the lenders, but of those who had responded, they had shown a desire to convert \$15,863,500 of their 1982A commitment to the new 1983A commitment, and in addition requested additional money in the amount of close to \$17,000,000. She had no recommendation to make at this time on these requests since she still had 15 lenders to hear from.

However, in regard to the \$32,766,507 requested in combined 1982A conversion and 1983A new funds, it was the recommendation that the staff be granted permission to review these requests and make whatever reductions, percentagewise, or by other means, that they felt could be disposed of by the June date, when this first issue of 1983A money would be due.

It was moved by Mike Kennedy and seconded by Tom Battershell that the staff review the 1982A commitment status and request for transfer of funds, and the request for new funds from the 1983A issue and report back at the February 10th meeting with their recommendations as to any reductions, cuts, or whatever they feel necessary. The motion passed unanimously.

1983A SINGLE FAMILY PROGRAM

Henry Lanier of The First Boston Corporation presented detailed explanation of the present bond market and how they proposed to offer the 1983A program to the public, by preparing a detailed prospectus with overall information and supplementing it with a short supplement each time they went into the bond market. The supplement would provide updated financial statements and whatever new information was required, but the offering could be ready in a matter of days whereas if they had to come to the Board for approval of a full fledged offering, it would be a matter of months before they could hit the market.

Mr. Lanier went into some detail as to market conditions, and how imperative it is to be able to act swiftly when the market is favorable for the sale of the debentures at a good interest. He also discussed the builder/developer program. He also went into some detail on pool insurance and the requirement for such insurance and the rates various companies quoted. Verex was the company quoting the lowest rates.

1983A SINGLE FAMILY PROGRAM DOCUMENTS

Following further discussion by John Oitzinger, attorney for the Board, it was moved by Tom Battershell and seconded by Bruce Moerer, that the following resolution be adopted:

RESOLUTION 83-0125-S1

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING AN OFFICIAL STATEMENT, A PRELIMINARY OFFICIAL STATEMENT AND SUPPLEMENT PROGRAM DOCUMENTS AND NEGOTIATIONS FOR AN OFFERING OF 1832 SERIES A BONDS FOR THE SINGLE FAMILY PROGRAM

WHEREAS, the Board wishes to take all steps necessary to prepare for a favorable time in the market so as to make funds available for mortgages at rates which persons of lower income can afford.

NOW, THEREFORE, be it resolved by the Montana Board of Housing, (the "Board") as follows:

Section 1. An Official Statement and Preliminary Official Statement Supplement in substantially the form presented to this meeting and containing such amendments and updating of information as the officers of the Board consider necessary, and the distribution of such documents by the underwriters to prospective purchasers of the bonds and other interested persons is hereby approved, ratified and confirmed.

Section 2. The Chairman, Vice-Chairman and Treasurer are hereby authorized to negotiate the terms and conditions of the sale of Single Family Program Bonds, 1983 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 such date as may be designated.

Section 3. The action of the officers of the Board in distributing program documents to mortgage lenders, including invitations, applications, mortgage purchase agreements and servicing agreements in the form presented to this meeting and taking such further action as they consider necessary to effectuate the intent of this Resolution is hereby approved, ratified and confirmed.

ADOPTED by the Montana Board of Housing this 25th day of January, 1983.

Voting on the resolution was unanimous.

Thereafter Mr. Oitzinger explained the Federal "Safe Harbor" limitations governing maximum price the Board could use to finance single family houses. Upon motion made by Tom Battershell, seconded by Joan Bennett, and concurred in by all board members except Chairman Groff, the following resolution was adopted:

RESOLUTION 83-0125-S2

ADOPTING A STATE-WIDE PURCHASE PRICE LIMITATION IN ACCORDANCE WITH SECTION 103A OF THE INTERNAL REVENUE CODE AND THE TEMPORARY REGULATIONS THEREUNDER.

WHEREAS, in furtherance of Section 103A of the Internal Revenue Code of 1954 and of the regulations thereunder (hereinafter called "Federal Tax Law"), the Treasury Department in Revenue Procedure 83-5 released December 29, 1982, has published "safe harbor limitations" for the state of Montana of \$64,500 for new and \$60,800 for previously occupied one-unit single family residences for the period beginning December 29, 1982 and ending December 31, 1983; and,

WHEREAS, under such Regulations, the Board of Housing may rely upon the average area purchase price limitation so published by the Treasury Department in establishing the maximum purchase price permitted for residences financed with the proceeds of bonds issued by the Board during 1983 and thereafter; and,

WHEREAS, the proceeds of bonds issued after September 3, 1982, the Board may establish a maximum selling price of not more than 110% of the amounts set forth above or \$70,950 for new and \$66,880, for previously occupied one-unit single family residences; and,

WHEREAS, for the proceeds of Single Family Program Bonds, 1982 Series A, the Board may establish a maximum selling price of not more than 90% of the amount set forth above or \$58,050 for new and \$54,720 for previously occupied one-unit single family residences,

NOW, THEREFORE, BE IT:

RESOLVED, for mortgage loans acquired by the Board with the proceeds of bonds issued after September 3, 1982, the acquisition cost determined in accordance with Federal Tax law shall not exceed \$70,000 for new and \$65,000 for previously occupied one-unit single family residences; and, be it further

RESOLVED, for mortgage loans acquired by the Board with the proceeds of the Single Family Program Bonds, 1982 Series A, the acquisition cost determined in accordance with Federal Tax law shall not exceed:

(i) \$65,000 for new and \$56,000 for previously occupied one-unit single family residences provided commitments are made to provide financing to mortgagors before March 28, 1983; or

(ii) \$58,000 for new and \$54,700 for previously occupied one-unit single family residences if commitments to provide financing are made after March 28, 1983; and, be it further

RESOLVED, that such limitations shall continue in effect from the date hereof until further action of the Board.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 25th day OF JANUARY, 1983.

LEGISLATION REPORT:

Lyle Olson reported briefly on Senate Bills No. 250 and 251, which have been introduced on behalf of the Board of Housing, authorizing the issuance of taxable or tax exempt bonds, removing the limit on interest rates at which the bonds may be sold, providing for public hearing prior to financing developments for multi-family projects, and 251 authorizing the Board of Investments to enter a Commitment agreement with the Board of Housing to purchase mortgage loans financed by the Board of Housing. These bills are progressing through channels and are being closely monitored by counsel and staff.

Regarding the letter from the Department of Commerce, Centralized Services Division, to the Board of Housing concerning reporting of Board members' food and lodging as part of the compensation they received on Form 1099, staff advised the Board members that they were working with Centralized Services and amended 1099's would be forthcoming, reflecting only the actual pay members received per day.

BUDGET REPORT

Dave Kraft explained the status of the budget for the coming biennium and went into figures for the past year. He explained that the proposed budget for the upcoming biennium represents an increase from \$558,000 to between \$645,000 and \$666,000. This proposed new budget includes provision for nine fulltime employees. Currently the Board has seven employees although it has provision for nine. Total budgeting authority being requested for the coming biennium is \$1,312,298.

It was moved by Mike Kennedy and seconded by Joan Bennett that the report on the budget be adopted. The motion carried.

OTHER BUSINESS

David Johnson of Anderson ZurMuehlen & Co. gave a quick rundown on the 1982 financial statements just completed.

NEXT MEETING

It was announced by the Chairman that the next meeting of the Board would be on Thursday, February 10, 1983, at 9 o'clock a.m.

There being no further business to come before the Board, the meeting adjourned at 11:30 a.m.

CERTIFIED TO BE CORRECT AND TRUE.

Joan K. Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

February 10, 1983

DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
COLONIAL INN-CLARK ROOM
HELENA, MONTANA
DECEMBER 20, 1984

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman William A. Groff
- II. APPROVAL OF MINUTES - NOVEMBER 14, 1984
Chairman William A. Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Public Hearing and matters relating to
Policy Statement
Debt Limit Legislation
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
COLONIAL INN
LEWIS ROOM
2301 COLONIAL DRIVE
HELENA, MONTANA
DECEMBER 20, 1984

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Mike Kennedy, Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant

UNDERWRITERS:

John Geesman, First Boston Corporation

OTHERS:

John Oitzinger, Bond Counsel
Scott Peterson, Boettcher & Company
Douglas Jessop, Sherman & Howard
Don Short, First Trust Montana
James Lechner, Montana Builders Assoc.
Kaye Blythe, Montana Association of Realtors
Ginny Nelson, Montana Association of Realtors
Ken Stone, Montana Association of Realtors
Bob Nelson, Montana Association of Realtors
Gene Gibson, Gibson Construction, G. Falls
Bill Walker, Bill Walker Realty
Cecil Bowen, Butte Realty
Carl Rookhuizen, C.E. Rookhuizen Construction
Billings
Myla Egen, Better Homes & Gardens
Garry Moes, Associated Press

The meeting was called to order by Chairman Bill Groff at 9:10 A.M. in the Lewis Room of the Colonial Inn, Helena, Montana.

There being no corrections or alterations to the minutes of the November 14, 1984 meeting, they were approved and circulated to the Board.

STATUS OF MULTIFAMILY PROGRAM

Herb George gave a report to the Board on the Twin Bridges project. He stated that there was to be a meeting in Denver, December 20, 1984 of the various parties to facilitate the issuance of the firm commitment. If the meeting is successful in resolving the project's problems, the firm commitment should be forthcoming within the next month and would be provided to the Board for its review and discussion.

Herb stated that the Cut Bank project is progressing satisfactorily.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey gave a breakdown of the 1983C (10%) program as of December 13, 1984. She reported that under the Forward Commitment program, there is a balance of \$1.5 million remaining, which represents the excess commitments from the lending institutions. Under the Builder/Developer program, there is \$8.8 million remaining. Overall under the 1983C program, there is still \$10.3 million remaining to be purchased by 12-31-84.

Discussion was held by the Board to determine if the 1983C Builder/Developer program should be extended for an additional 30 days. Mike Kennedy made a motion, seconded by Howard Rosenleaf to extend the Builder/Developer program another 30 days.

After further discussion, Mike Kennedy amended his motion, again seconded by Howard Rosenleaf to extend the Builder/Developer program until January 31, 1985.

Tom Battershell made a motion, seconded by Mike Kennedy, that loans under the Builder/Developer program must be purchased by January 31, 1985, and any remaining funds will be reallocated to the Forward Commitment program. The motion carried.

Linda reported to the Board that under the 1984A program (10-3/8%), as of December 20, 1984, the Board has purchased \$16 million. This figure represents 25% of the proceeds allocated for mortgages. Under the pool program the Board has allocated \$1.2 million from the pool to the Forward Commitment allocation.

HALVORSON LOAN APPLICATION

Linda Forrey discussed with the Board a situation regarding a Board of Housing loan to James Halvorson. Mr. Halvorson assumed a Board of Housing loan in February 1984. They have never resided in the property; but have used it as rental income investment. They want to sell that residence and qualify for the new program.

The Board has a regulation in effect that you cannot obtain a second Board of Housing loan unless you move 30 miles from the residence for which you are seeking financing.

The Halversons maintain that they were not aware that this was a Board of Housing loan at the time they assumed it. They are asking the Board for approval of their financing under the 10% program.

After discussion by the Board, Tom Battershell moved, seconded by Joan Bennett to follow Board policy and deny the Halvorsons request for approval of their financing under the 10% program. The motion carried.

OTHER BUSINESS

Scott Peterson of Boettcher and Company gave a brief presentation to the Board to file an election to carry forward the balance of our unused 1984 federal bonding authority for the Board of Housing.

PUBLIC HEARING

Jay McLeod gave a brief summary to the Board regarding the regulations incorporated in the Congressional mandate that said the Board must submit a policy report as to how the Board is going to best serve the housing needs of low income people in 1985. A hearing was held on December 6, 1984 for this reason. The submission date has been extended 60 days from December 12, 1984 for this report.

There will be more information presented to the Board at the next scheduled meeting. At that time the staff will be better able to present the whole concept of the policy statement.

DEBT LIMITATION LEGISLATION

A discussion was held relative to the upcoming legislature and the Board's need to submit appropriate legislation to increase its authority as to the total amount of notes and bonds outstanding and to address the manner in which bonds sold at a discount would count against our ceiling.

After further discussion and upon motion made by Tom Battershell and seconded by Mike Kennedy, the following resolution was unanimously adopted; 84-1220-S7.

BE IT RESOLVED that the Montana Board of Housing arrange for the introduction of legislation during the 49th Legislature to amend Section 90-6-111 (5) of the Montana Code as follows: The total amount of notes and bonds outstanding at any time, except notes or bonds as to which the Board's obligation has been satisfied and discharged by refunding or for which reserve for payment or other means of payment have been otherwise provided may not exceed \$975 million. The issue price of bonds sold at a discount, not the face amount of the bonds, counts against the statutory ceiling.

MORTGAGE CREDIT CERTIFICATES

Bruce Moerer moved and Mike Kennedy seconded the motion to approve Resolution No. 84-1220-S6 (attached) approving and authorizing the election not to issue qualified Mortgage Bonds and to issue Mortgage Credit Certificates. The motion carried.

SURVEY

Mike Kennedy made a motion to correct resolution #84-1220-S8 (attached) to say \$185,000,000 and to proceed with this resolution for the upcoming year. It was seconded by Howard Rosenleaf and the motion carried.

CSHA CONFERENCE

John Buchanan and Joan Bennett briefed the Board on their trip to Miami, Florida for the CHSA conference.

After some discussion by the Board, Friday, February 1, 1985 was scheduled for the next Board meeting.

There being no further business, Tom Battershell made a motion, seconded by Mike Kennedy to adjourn the meeting. The motion carried unanimously.



Joan Bennett, Secretary to the Board

2-1-85

Dated

RESOLUTION OF THE MONTANA BOARD OF HOUSING APPROVING
AND AUTHORIZING THE ELECTION OF NOT TO ISSUE QUALIFIED
MORTGAGE BONDS AND TO ISSUE MORTGAGE CREDIT CERTIFICATES.

WHEREAS, the Montana Board of Housing (the "Board") desires to take all steps necessary to provide decent, safe and sanitary housing for lower income persons and families as set forth in the Housing Act of 1975, pursuant to Title 90-6-101 thru 90-6-127; and

WHEREAS, under Section 25 of the Internal Revenue Code the Board may use all or part of its Mortgage Revenue Bond Authority described in Section 103(A) to issue Mortgage Credit Certificates; and

WHEREAS, the Board has issued Qualified Mortgage Bonds in calendar year 1984 in an amount less than the total amount of Qualified Mortgage Bonds the Board is authorized to issue; and

WHEREAS, the Board desires not to issue Qualified Mortgage Bonds in an amount equal to the amount of Qualified Mortgage Bonds that it is otherwise entitled to issue in 1984; and

WHEREAS, the Board desires to file an election to issue Qualified Mortgage Credit Certificates in 1985 in an amount not to exceed twenty percent (20%) of its remaining Mortgage Revenue Bond Authority for 1984;

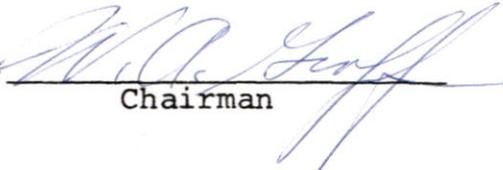
BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING:

1. The Board shall take all necessary steps to effect the election not to issue Qualified Mortgage Bonds (Nonissued Bond Amount) that it is otherwise entitled to issue in 1984.

2. The Administrator of the Board is hereby authorized and directed to execute and deliver any and all documents to the Department of Treasury and/or the Internal Revenue Service for the purpose of making and filing the Mortgage Credit Certificate Election as provided in Section 25 of the Code in an amount not to exceed \$24,999,542.

ADOPTED THIS 20TH DAY OF DECEMBER, 1984.

MONTANA BOARD OF HOUSING

BY: 
Chairman

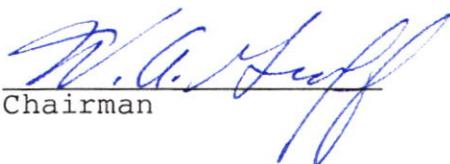
RESOLUTION 84-1220-S8

RESOLVED, the staff is authorized to proceed in conjunction with the Underwriters 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 \$185,000,000 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 20TH DAY OF DECEMBER, 1984.

MONTANA BOARD OF HOUSING

By: 
Chairman

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
COACH HOUSE INN
GARDEN ROOM (Main Floor In The Back)
HELENA, MONTANA
NOVEMBER 14, 1984

- I. CALL MEETING TO ORDER - 9:00 A.M.
Vice Chairman Tom Battershell
- II. APPROVAL OF MINUTES - October 4, 1984
Vice Chairman Tom Battershell
- III. STATUS OF MULTIFAMILY PROGRAM
Jay McLeod
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Discuss Neighborhood Housing Service Loan
Discuss Public Hearing
and Governor's Report on Housing in 1985
Energy Presentation by DNRC representatives
- VI. SET DECEMBER MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
COACH HOUSE INN
GARDEN ROOM
HELENA, MONTANA
NOVEMBER 14, 1984

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Absent)
Thomas Battershell, V. Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Michael Kennedy Jr. (Present)
Bruce Moerer (Absent)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant

OTHER:

Dave Jackson, Board Counsel
John Oitzinger, Bond Counsel
Jim Lechner, Montana Home Builders Association
Keith Colbo, DNRC
Steve Lokken, DNRC
Gerry Moes, Associated Press

The meeting was called to order by Vice Chairman Thomas Battershell at 9:00 A.M. in the Garden Room of the Coach House Inn, Helena, Montana.

There being no corrections or alterations to the minutes of the October 4, 1984 meeting they were approved and circulated to the Board.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod reported to the Board that the Twin Bridges project is still moving forward. The only new development on this project is that there has been a change in contractors.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey reported that the 1983C program is almost at an end. She stated there is \$2 million remaining in the Forward Commitment program and under the Builder/Developer program there is \$13 million, which is to be delivered to the Board by December 31, 1984.

Under the 1984A program (10-3/8%), as of November 8, 1984, the Board has purchased \$3.8 million. The remaining balance is \$53.1 million, which is to be delivered and purchased by the Board by June, 1985.

Linda also discussed with the Board a breakdown of the Single Family Loan Portfolio as a result of the Mortgage Subsidy Bond Tax Act, which was adopted in 1980, relating to 1982A, 1983A, 1983B and 1983C bond issues. The information was provided to assist the Board in developing future housing policies to comply with the Tax Reform Act of 1984.

It was reported to the Board that the Department of HUD and Treasury approved Sanders County as a targeted area.

WYOMING LITIGATION

Discussion was held by the Board regarding a lawsuit that Wyoming Community Development Agency has initiated with respect to their targeted areas that were rescinded in September, 1983. It was reported that the Homeownership Committee will request the CSHA Board of Directors adopt a resolution supporting this lawsuit at the CSHA Annual Housing conference in December.

John Oitzinger explained to the Board what actually happened with this lawsuit and where it stands now. He stated that Wyoming is awaiting a decision by a Senior Federal Judge. Mike Kennedy moved and Joan Bennett seconded that an executive session be called following the meeting to review the parameters of the lawsuit. After much discussion, the motion was called to a vote and was defeated. The Board decided to wait until the Federal Judge handed down his decision on the Wyoming lawsuit.

OTHER BUSINESS

Keith Colbo and Steve Lokken from DNRC gave a presentation on energy efficient housing to the Board.

Dave Kraft gave a brief report to the Board on a new computer system. He stated that we are waiting for the state of Maine to implement their Multifamily modules on this system, so that Section 8 Housing can go and look at the system to see if the application would be a good application for Montana. If so, then there is a plan to pursue this idea further.

Dave Jackson informed the Board that in conjunction with the statement of housing policy for 1985 which is being prepared for submission to the Secretary of the Treasury by the Governor, a public hearing will be held December 6, 1984 to accept both oral and written comments from interested parties. A draft of various proposals for providing housing to low income persons was distributed to each member of the board and they were advised that, subsequent to the public hearing, a policy statement would be prepared and submitted for their consideration at the December Board meeting. Proposals to improve housing assistance for lower income families included (1) registration and ranking of applications by adjusted gross income; (2) process qualified applications from borrowers earning below the state median income before borrowers earning above state median income, and (3) reserving a portion of bond proceeds for lower income persons and families before allocation to other areas of demand. The board members were urged to attend the public hearing in the interest of being informed as to the housing needs of the lower income people.

NEIGHBORHOOD HOUSING SERVICE

Linda recommended that the Board allocate \$100,000 of unused 1983C funds to the Neighborhood Housing Service project in Great Falls. Neighborhood Housing Service together with the lending and business community have rehabed blighted neighborhoods into decent and affordable housing for lower income persons and families. Joan Bennett made a motion, seconded by John Buchanan to reallocate \$100,000 to the Neighborhood Housing Service for a period of 6 months, starting in December, 1984. The motion carried.

Linda also requested that the Board endorse allocating some of the unused 1983C issue for the Butte community. John Buchanan made a motion and seconded by Mike Kennedy to have the staff use their discretion as to allocate funds to the Butte area. The motion carried.

After a brief discussion by the Board a tentative date of December 20, 1984 was scheduled for the next meeting.

There being no further business, the meeting was adjourned.

Joan Bennett
Joan Bennett, Secretary to the Board

12/20/84
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
DOWNSTAIRS CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
OCTOBER 4, 1984

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman William A. Groff
- II. APPROVAL OF MINUTES - AUGUST 30, 1984
Chairman William A. Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
1984A Issue
Meeting with Application Oriented Designs, Inc.
Discuss new MRB/MCC reporting requirements
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
OCTOBER 4, 1984

ROLL CALL OF BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Absent)
Joan Bennett, Secretary (Present)
John Buchanan (Present)
Michael Kennedy, Jr. (Present)
Bruce Moerer (Absent)
Howard Rosenleaf (Absent)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Nita Routzahn, Executive Secretary

OTHERS:

David Johnson, Anderson ZurMuehlen & Co.
Terry Carmody, Montana Association of Realtors
Kaye Blythe, Billings Board of Realtors
James F. Lechner, Montana Home Builders Association
E. J. Boulds, Sharbono Construction
Jay Kohn, KULR TV-Billings, Capitol Bureau
Nancy Stephenson, Director NHS, Great Falls
Jack Bulen, Great Falls

The meeting was called to order by Chairman William Groff at 9:00 A.M. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the August 30, 1984 meeting they were approved as circulated to the Board.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod reported that the Twin Bridges project is now under new management and will request a 30 day extension of their time to submit the deficiencies that appeared in their initial firm commitment submission to HUD.

Mr. McLeod explained that Security Pacific Mortgage Corporation of Denver will replace Mellon Mortgage Co. of Denver as the Servicer in connection with the Twin Bridges project.

He stated that there is nothing new to report at the present time regarding the Cut Bank project.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey reported that since January 1984 the Board has purchased \$82.4 million in mortgage loans under the 1983C program which represents 78% of the total issue. Under the Forward Commitment program 93% of the loans have been delivered and purchased by the Board and under the Builder/Developer program 47% of the loans have been purchased. On September 6th a survey was circulated to the lenders to determine the status of the Builder/Developer commitments and as of that date there was \$5.1 million not yet committed to borrowers. A more recent survey indicated that amount has been reduced to \$3 million. Mrs. Forrey stated that some lenders feel that in the event their builders cannot meet the purchase schedule as is they would have an opportunity to reallocate the builders commitment to other housing units to satisfy the purchase schedule provided the Board could authorize a 30 day extension. Upon a motion by John Buchanan and seconded by Joan Bennett the Board approved granting the lenders a 30 day extension to deliver the balance of the 1983C mortgage loans.

Mrs. Forrey reported that the two lots owned by the Board located at 1811 11th Avenue South in Great Falls have been sold to Greg Giskaas of Great Falls for \$6,000.

APPROVAL OF NEW LENDER

Upon a motion by Joan Bennett and seconded by Michael Kennedy the Board unanimously approved Pacific National Mortgage Co. in Kalispell, Montana as a qualified lending institution to participate in future financing programs of the Board.

APPLICATION ORIENTED DESIGNS, INC.

Dave Kraft reported on Application Oriented Designs, Inc. based in Coral Gable's, Florida. A.O.D. are specialists in designing and installing software modules for State Housing Finance Agencies. The system would enable us to convert our current MPACS reporting system to Automated Loan Information and Control Entry (ALICE). Jay McLeod, Linda Forrey, Dave Kraft, Judy Gillespie, Roger Pederson and Gary Addington will visit Casper, Wyoming on October 15, 1984 for a one day live demonstration of their mini computer and to meet with the President of the A.O.D. The ALICE reporting system would cost approximately \$200,000. The system could save the staff considerable time and money and result in more efficient and accurate reporting.

MRB/MCC REPORTING REQUIREMENT

Jay McLeod stated that the Board will have a new reporting requirement as a result of the Deficit Reduction Act of 1984. He explained that on behalf of the Governor the Board must submit a report to Treasury prior to December 31, 1984 outlining how well we are going to serve low income people in the field of housing in 1985 and after.

NEIGHBORHOOD HOUSING SERVICES PRESENTATION

Nancy Stephenson, Director of the Neighborhood Housing Services located in Great Falls and Jack Bulen requested financial assistance from the Board for the "Centennial House" project in Great Falls. Ms. Stephenson indicated that approximately \$200,000 would be required. The Board expressed an interest in the project and suggested the staff do some research on the project and report back at the next meeting.

PRESENTATION OF 1984 AUDITED FINANCIAL STATEMENTS

Dave Johnson of Anderson ZurMuehlen & Co. presented Financial Statements to the Board Memebers for the period ending June 30, 1984. He said the Board is in sound financial condition. The Board unanimously accepted the financial report as presented. Mr. Johnson recommended that the Board hire additional accounting and program staff.

OTHER BUSINESS

Jay McLeod announced that a joint Seminar with FHA, VA and the Board of Housing will be held in the SRS Auditorium from 8 A.M. to 5 P.M. on Friday, October 26, 1984.

Mr. McLeod informed the Board Members that in conjunction with the 1984A issue we received a letter from Moody's Rating Agency indicating that we have received a AA rating.

NEXT MEETING

The next meeting of the Board is scheduled for Wednesday, November 14, 1984. There being no further business the meeting was adjourned.

Joan Bennett

JOAN BENNETT SECRETARY TO THE BOARD

8-15-84

DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
TELEPHONE CONFERENCE MEETING
THURSDAY-AUGUST 30, 1984

- I. CALL MEETING TO ORDER - 2:00 P.M.
Chairman William A. Groff
- II. BUSINESS
To review and approve allocation of funds
to participants in 1984A Bond Issue.
- III. SET DATE FOR NEXT MEETING
- IV. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
SPECIAL CONFERENCE MEETING
2001 11TH AVENUE
HELENA, MONTANA
AUGUST 30, 1984

ROLL CALL OF

BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett, (Present)
John Buchanan, (Absent)
Mike Kennedy Jr., (Absent)
Bruce Moerer, (Present)
Howard Rosenleaf, (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Meredith McGuire, Administrative Assistant
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation

OTHERS:

Dave Jackson, Board Counsel
John Oitzinger, Bond Counsel

The meeting was called to order at 2:00 P.M. by Chairman Groff in the Board's office, 2001 11th Avenue, Helena, Montana.

Linda Forrey discussed with the Board, the breakdown of the Forward Commitment and the Mortgage Pool requests for the 1984A Single Family Program.

Upon a motion by Howard Rosenleaf and seconded by Joan Bennett, the Board unanimously approved Treasure State Bank, Glasgow, Montana and First Security Bank, West Yellowstone, Montana as "qualified lending institutions" to participate in future financial programs of the Board.

The total Forward Commitment Request for the 1984A Program is \$159,605,413. The Commitment requests to participate in the Mortgage Pool Program total \$29,650.000

After a motion made by Bruce Moerer and seconded by Joan Bennett, the Board unanimously approved the commitment allocations in an aggregate amount of \$56,975,000 for the 1984A Program. Attached is Schedule 1, which is a breakdown of the lenders commitments.

John Oitzinger discussed with the Board a Resolution that approves the allocations to these lenders for the 1984A Forward Commitment Program.

Tom Battershell moved and Howard Rosenleaf seconded the motion to approve Resolution No. 84-0830-S5 (attached) approving allocations to lenders for the 1984A Forward Commitment Program. The motion carried.

A date for the next meeting was tentatively set for October 4, 1984.

There being no further business, the meeting was adjourned.

Joan Bennett

Joan Bennett, Secretary to the Board

October 4, 1984

Dated

RESOLUTION 84-030-S5

RESOLUTION OF THE MONTANA BOARD OF HOUSING
APPROVING ALLOCATIONS TO LENDERS FOR THE 1984A
FORWARD COMMITMENT MORTGAGE PROGRAM

WHEREAS, on August 24, 1984, the Montana Board of Housing (the "Board") in Resolution 84-0824-S4 approved and authorized the issuance and sale of \$75,002,305.30 Single Family Program Bonds, 1984 Series A (Federally Insured or Guaranteed Mortgage Loans) (the "1984 Series A Bonds"); and

WHEREAS, in Paragraph 1 of Resolution 84-0824-S4 the Board stated that at a later date it would approve, ratify and confirm allocations to lenders under the 1984A Forward Commitment Mortgage Program;

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

1. Pursuant to Mortgage Purchase Agreements, Applications from Mortgage Lenders and Notices of Acceptance in the forms previously approved, the Board agrees to purchase mortgage loans pursuant to the 1984A Forward Commitment Program in the aggregate amount of \$55,034,693 and pursuant to the Mortgage Pool Program in the aggregate amount of \$10,000,000 from the lending institutions set forth in Schedule 1 annexed to this resolution in the amounts set forth opposite their names on such Schedule on the terms and conditions set forth in the Applications, Mortgage Purchase Agreements and Notices of Acceptance.

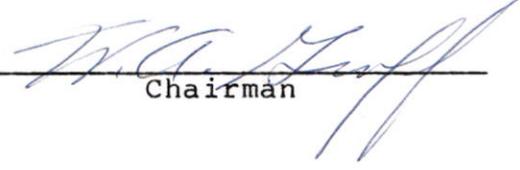
2. The Administrative Director and any other officer of the Board is hereby authorized and directed to execute and deliver the Notices of Acceptance in the forms previously approved by the Board, with such changes, insertions or omissions therein as may be approved by such officer, such approval to be evidenced conclusively by such execution of the Notices of Acceptance with each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Program for an amount of forward commitment mortgage loans set forth opposite the name of such lending institution on Schedule 1, and the Administrative Director is hereby further authorized to reallocate any of such commitments which are not accepted by particular lending institutions.

3. The resolution shall become effective immediately.

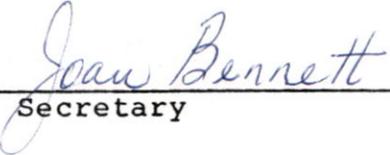
ADOPTED by the Montana Board of Housing this 30 day
of August, 1984.

MONTANA BOARD OF HOUSING

By


Chairman

ATTEST:


Secretary

1	2	3	4	5	6	7	8	9	10
1	1984A COMMITMENTS								
3			FORWARD	FORWARD	1% FORWARD	MORTGAGE POOL	1% MORTGAGE POOL	B4A	B4A
4			COMMITMENT	COMMITMENT	COMMITMENT	RESERVATION	RESERVATION	ERROR	ERROR
5	ID #	ORIGINATOR	ALLOCATIONS	REQUESTS	FEE RECVD	REQUESTS	FEE RECVD	MESSAGE	MESSAGE
100	YELLOWSTONE BANK	ABSAROOKEE						OK	OK
034	NORWEST BANK ANACONDA	ANACONDA						OK	OK
115	FIRST SECURITY BANK	ANACONDA	200,000	200,000	2,000			OK	OK
425	MONTANA BANK OF BAKER	BAKER						OK	OK
510	THE BANK OF BAKER	BAKER	150,000	150,000	1,500			OK	OK
164	VALLEY BANK	BELGRADE	300,000	805,000	8,050			OK	OK
098	CITIZENS BANK	BIG TIMBER						OK	OK
137	FIRST SECURITY BANK	BIG TIMBER						OK	OK
127	FLATHEAD BANK	BIGFORK	350,000	750,000	7,500			OK	OK
038	FIRST BANK BILLINGS	BILLINGS	2,000,000	10,514,000	105,140			OK	OK
537	FIRST BANK WEST BILLINGS	BILLINGS	600,000	1,500,000	15,000			OK	OK
119	FIRST CITIZENS BANK	BILLINGS	1,000,000	4,500,000	45,000	500,000	5,000	OK	OK
725	FIRST FEDERAL SAVINGS	BILLINGS	500,000	1,000,000	10,000			OK	OK
803	GUARANTY CO.	BILLINGS	400,000	1,000,000	10,000			OK	OK
802	METROPOLITAN MORTGAGE CO.	BILLINGS						OK	OK
152	MONTANA BANK OF BILLINGS	BILLINGS						OK	OK
527	NORWEST NATIONAL	BILLINGS	1,000,000	3,000,000	30,000	1,500,000	15,000	OK	OK
153	PIONEER BANK	BILLINGS	500,000	1,500,000	15,000			OK	OK
145	RIMROCK BANK	BILLINGS	350,000	750,000	7,500	500,000	5,000	OK	OK
041	SECURITY BANK NA	BILLINGS	2,000,000	5,000,000	50,000	1,000,000	10,000	OK	OK
780	SECURITY FEDERAL SAVINGS	BILLINGS	2,000,000	6,000,000	60,000	1,000,000	10,000	OK	OK
900	VALLEY CREDIT UNION	BILLINGS						OK	OK
121	WESTERN BANK OF BILLINGS	BILLINGS						OK	OK
	WESTERN STATE BANK	BILLINGS	250,000	500,000	5,000	250,000	2,500	OK	OK
	BILLINGS REQUESTS		10,600,000	35,264,000		4,750,000		OK	OK
114	FIRST BOULDER VALLEY BANK	BOULDER	100,000	200,000	2,000			OK	OK
058	FIRST BANK BOZEMAN	BOZEMAN	350,000	1,000,000	10,000			OK	OK
061	FIRST SECURITY BANK	BOZEMAN	500,000	1,250,000	12,500	250,000	2,500	OK	OK
059	MONTANA BANK OF BOZEMAN	BOZEMAN	350,000	900,000	9,000			OK	OK
	BOZEMAN REQUESTS		1,200,000	3,150,000		250,000		OK	OK
481	POWDER RIVER COUNTY BANK	BROADUS						OK	OK
148	FIRST CITIZENS BANK	BUTTE						OK	OK
003	FIRST METALS BANK & TRUST	BUTTE	300,000	300,000	3,000			OK	OK
002	FIRST NATIONAL BANK	BUTTE						OK	OK
007	MINERS BANK OF MONTANA	BUTTE						OK	OK
010	MONTANA BANK	BUTTE	500,000	500,000	5,000			OK	OK
707	PRUDENTIAL FEDERAL S&L	BUTTE						OK	OK
	BUTTE REQUESTS		800,000	800,000		0		OK	OK
387	BLAINE BANK	CHINOOK						OK	OK
107	WESTERN BANK OF CHINOOK	CHINOOK	200,000	200,000	2,000			OK	OK
117	THE CITIZENS STATE BANK	CHOTEAU	200,000	200,000	2,000			OK	OK
741	MONTANA BANK OF CIRCLE	CIRCLE						OK	OK
142	SECURITY BANK	COLESTRIP						OK	OK
181	BANK OF COLUMBIA FALLS	COLUMBIA FALLS	600,000	1,500,000	15,000	750,000	7,500	OK	OK
144	GLACIER NATIONAL BANK	COLUMBIA FALLS	400,000	1,900,000	19,000			OK	OK
219	YELLOWSTONE BANK	COLUMBIA						OK	OK
518	FIB OF GLACIER COUNTY	CUT BANK						OK	OK
579	FIRST NATIONAL BANK	CUT BANK	250,000	400,000	4,000			OK	OK
500	DEEP LODGE BANK & TRUST	DEEP LODGE						OK	OK
	PIONEER FEDERAL SAVINGS	DEEP LODGE	300,000	400,000	4,000			OK	OK
181	FIRST N. WEST NAT STATE BANK	DILLON	100,000	200,000	2,000			OK	OK
080	STATE BANK & TRUST CO.	DILLON						OK	OK
111	FIRST MADISON VALLEY BANK	ENNIS	150,000	300,000	3,000			OK	OK

1	2	3	4	5	6	7	8	9	10	
327	FIRST STATE BANK	FORSYTH	300,000	515,000	5,150				OK	OK
379	FIRST STATE BANK	FORT BENTON							OK	OK
095	FIRST NATIONAL BANK	GLASGOW	200,000	200,000	2,000				OK	OK
700	FIRST SECURITY BANK	GLASGOW							OK	OK
	TREASURE STATE BANK	GLASGOW	200,000	225,000	2,250				OK	OK
154	FIRST FIDELITY BANK	BLENDIVE	300,000	500,000	5,000				OK	OK
080	FIRST NATIONAL BANK	BLENDIVE	250,000	500,000	5,000				OK	OK
079	FIRST SECURITY BANK	BLENDIVE	250,000	500,000	5,000				OK	OK
540	CENTRAL BANK OF MONTANA	GREAT FALLS	200,000	400,000	4,000				OK	OK
116	EASTSIDE BANK OF MONTANA	GREAT FALLS	200,000	400,000	4,000				OK	OK
770	FIDELITY SAVINGS & LOAN	GREAT FALLS	1,300,000	3,000,000	30,000	500,000	5,000		OK	OK
531	FIRST BANK WEST	GREAT FALLS	200,000	500,000	5,000	300,000	3,000		OK	OK
518	FIRST INTERSTATE BANK	GREAT FALLS	300,000	600,000	6,000	300,000	3,000		OK	OK
015	FIRST NATIONAL BANK	GREAT FALLS	650,000	1,000,000	10,000	300,000	3,000		OK	OK
750	GREAT FALLS FEDERAL SAVINGS	GREAT FALLS	830,000	2,000,000	20,000				OK	OK
017	NORWEST BANK	GREAT FALLS	1,000,000	3,000,000	30,000	500,000	5,000		OK	OK
730	UNITED SAVINGS & LOAN BANK	GREAT FALLS	2,000,000	5,000,000	50,000				OK	OK
124	VILLAGE BANK	GREAT FALLS	750,000	2,000,000	20,000	500,000	5,000		OK	OK
	GREAT FALLS REQUESTS		7,430,000	17,900,000		2,400,000			OK	OK
083	CITIZENS STATE BANK	HAMILTON							OK	OK
082	RAVALLI COUNTY BANK	HAMILTON							OK	OK
525	BIG HORN BANK	HARDIN							OK	OK
476	LITTLE HORN STATE BANK	HARDIN							OK	OK
434	SECURITY STATE BANK	HARLEM							OK	OK
108	CONTINENTAL NATIONAL BANK	HARLOWTON							OK	OK
755	CAPITAL SAVINGS & LOAN	HAVRE							OK	OK
523	CITIZENS BANK OF MONTANA	HAVRE	250,000	400,000	4,000				OK	OK
455	FIRST NATIONAL BANK	HAVRE	350,000	600,000	6,000				OK	OK
134	FIRST SECURITY BANK	HAVRE	150,000	200,000	2,000				OK	OK
	AMERICAN FEDERAL S&L	HELENA	500,000	1,000,000	10,000				OK	OK
	BANK OF MONTANA	HELENA							OK	OK
028	FIRST BANK	HELENA	750,000	2,000,000	20,000	500,000	5,000		OK	OK
760	HOME FEDERAL SAVINGS	HELENA							OK	OK
029	NORWEST BANK	HELENA	1,000,000	2,700,000	27,000	300,000	3,000		OK	OK
151	VALLEY BANK OF HELENA	HELENA	200,000	300,000	3,000				OK	OK
	HELENA REQUESTS		2,450,000	6,000,000		800,000			OK	OK
533	GARFIELD COUNTY BANK	JORDAN							OK	OK
735	FIRST FEDERAL SAVINGS	KALISPELL	750,000	1,200,000	12,000				OK	OK
048	FIRST INTERSTATE BANK	KALISPELL	1,500,000	4,000,000	40,000	500,000	5,000		OK	OK
141	FIRST SECURITY BANK	KALISPELL							OK	OK
790	MONTANA SAVINGS & LOAN	KALISPELL	1,400,000	5,000,000	50,000				OK	OK
047	NORWEST BANK	KALISPELL	400,000	600,000	6,000	400,000	4,000		OK	OK
229	VALLEY BANK	KALISPELL	150,000	250,000	2,500				OK	OK
	KALISPELL REQUESTS		4,200,000	11,050,000		900,000			OK	OK
130	FIRST SECURITY BANK	LAUREL	200,000	400,000	4,000				OK	OK
514	YELLOWSTONE BANK	LAUREL	400,000	1,000,000	10,000				OK	OK
070	FIRST NATIONAL BANK	LEWISTOWN	150,000	250,000	2,500				OK	OK
515	NORWEST BANK	LEWISTOWN	150,000	250,000	2,500				OK	OK
088	FIRST NATIONAL BANK	LIBBY	200,000	300,000	3,000				OK	OK
109	UNITED BANK	LIBBY	450,000	1,000,000	10,000	200,000	2,000		OK	OK
700	EMPIRE FEDERAL S&L	LIVINGSTON							OK	OK
00	FIRST NATIONAL BANK	LIVINGSTON	100,000	200,000	2,000				OK	OK
57	FIRST SECURITY BANK	LIVINGSTON	100,000	150,000	1,500				OK	OK
157	MONTANA BANK OF LIVINGSTON	LIVINGSTON	100,000	150,000	1,500				OK	OK
58	ESTERFOOT VALLEY BANK	LOLO							OK	OK
	FIRST SECURITY BANK	MALTA	250,000	500,000	5,000				OK	OK
105	FIRST CITIZENS BANK	MILES CITY	200,000	500,000	5,000				OK	OK
058	FIRST NATIONAL BANK	MILES CITY	200,000	200,000	2,000	100,000	1,000		OK	OK
524	FIRST SECURITY BANK	MILES CITY	200,000	400,000	4,000				OK	OK

	1	2	3	4	5	6	7	8	9	10
801	CHARTER FIRST MORTGAGE INC	MISSOULA							OK	OK
805	COMMERCE MORTGAGE COMPANY	MISSOULA							OK	OK
011	FIRST BANK SOUTHSIDE	MISSOULA	1,550,000	4,000,000	40,000	2,000,000	20,000		OK	OK
022	FIRST BANK WESTERN	MISSOULA	2,400,000	5,000,000	50,000	2,500,000	25,000		OK	OK
	FIRST FEDERAL S&L	MISSOULA	500,000	1,250,000	12,500	250,000	2,500		OK	OK
021	FIRST NATIONAL MONTANA	MISSOULA	1,000,000	3,000,000	30,000				OK	OK
133	FIRST SECURITY BANK	MISSOULA	1,000,000	4,500,000	45,000	1,500,000	15,000		OK	OK
102	MISSOULA BANK OF MONTANA	MISSOULA							OK	OK
112	MONTANA BANK OF SO. MISSOULA	MISSOULA	800,000	2,000,000	20,000				OK	OK
785	WESTERN FEDERAL SAVINGS	MISSOULA	1,500,000	3,000,000	30,000	2,000,000	20,000		OK	OK
	MISSOULA REQUESTS		8,750,000	22,750,000		8,250,000			OK	OK
139	FIRST CITIZENS BANK	POLSON	450,000	700,000	7,000				OK	OK
091	SECURITY STATE BANK	POLSON	350,000	400,000	4,000				OK	OK
063	MONTANA BANK OF RED LODGE	RED LODGE	150,000	200,000	2,000				OK	OK
147	RONAN STATE BANK	RONAN	400,000	500,000	5,000				OK	OK
507	MONTANA BANK OF ROUNDUP	ROUNDUP	200,000	250,000	2,500				OK	OK
143	1ST UNITED BANK	SIDNEY	250,000	400,000	4,000				OK	OK
386	MONTANA BANK OF SIDNEY	SIDNEY							OK	OK
511	RICHLAND NATIONAL BANK	SIDNEY	300,000	500,000	5,000				OK	OK
526	LAKE COUNTY BANK	ST. IGNATIUS							OK	OK
231	FIRST STATE BANK	STEVENSVILLE							OK	OK
535	MONTANA BANK OF MINERAL CO.	SUPERIOR	150,000	300,000	3,000				OK	OK
235	FIRST STATE BANK OF MONTANA	THOMPSON FALLS	175,000	250,000	2,500				OK	OK
538	SECURITY BANK OF THREE FORKS	THREE FORKS							OK	OK
110	STATE BANK OF TOWNSEND	TOWNSEND	150,000	300,000	3,000				OK	OK
239	FARMERS STATE BANK	VICTOR							OK	OK
	FIRST SECURITY BANK	W. YELLOWSTONE	150,000	175,000	1,750				OK	OK
138	FIRST NATIONAL BANK	WHITE SULPHUR S	200,000	500,000	5,000				OK	OK
105	MOUNTAIN BANK	WHITEFISH	750,000	2,000,000	20,000	500,000	5,000		OK	OK
	WHITEHALL STATE BANK	WHITEHALL	120,000	120,000	1,200				OK	OK
	FIRST NATIONAL BANK	WIBAU							OK	OK
530	CITIZENS FIRST NAT'L BANK	WOLF POINT							OK	OK
270	WESTERN NATIONAL BANK	WOLF POINT	200,000	200,000	2,000				OK	OK
804	BANDSHARES MORTGAGE CO.	BILLINGS	1,500,000	5,500,000	55,000	2,500,000	25,000		OK	OK
	KNUTSON MTE & SERV.	BILLINGS	500,000	8,000,000	80,000	4,000,000	40,000		OK	OK
806	LOMAS & NETTLETON CO.	BILLINGS	2,000,000	5,000,000	50,000	1,000,000	10,000		OK	OK
800	STREETER BROTHERS	BILLINGS	500,000	1,500,000	15,000	500,000	5,000		OK	OK
809	UTAH MORTGAGE LOAN CORP.	BILLINGS	500,000	1,000,000	10,000	250,000	2,500		OK	OK
807	RAINIER MORTGAGE CO.	KALISPELL	500,000	2,000,000	20,000				OK	OK
	UNION MORTGAGE COMPANY	MISSOULA	500,000	5,500,000	55,000	2,500,000	25,000		OK	OK
808	WESTLAND MORTGAGE CO.	MISSOULA	3,300,000	12,151,413	121,514				OK	OK
	TOTAL		56,975,000	159,605,413	1,596,054.13	29,650,000	296,500.00			

08-24-84 DEPOSIT 1,846,304
8-27-84 DEPOSIT 37,650
8-28-84 DEPOSIT 6,600

COMMITMENT DEPOSITS 1,892,554.13
COMMITMENT DEPOSITS CHECK ? 1,892,554.13
TOTAL COMMITMENT REQUESTS 169,255,413.00
GOOD FAITH DEPOSIT 750,000.00
TOTAL DEPOSITS 2,642,554.13

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
DOWNSTAIRS CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
AUGUST 24, 1984

- I. CALL MEETING TO ORDER - 2:00 P.M.
Chairman William A. Groff
- II. APPROVAL OF MINUTES - AUGUST 15, 1984
Chairman William A. Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Presentation by First Interstate Bank of Billings as
a nationally recognized dealer in tax exempt securities.
Discuss precommitment for realtors in bond issues.
- VI. NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
AUGUST 24, 1984

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Absent)
Michael Kennedy, Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Richard Wells, First Boston Corporation
Jim Dlugosch, Dain Bosworth
Dave Smith, Foster & Marshall/American Express
Diane Reitano, Hawkins Delafield & Wood
Rod Pakonen, Piper, Jaffray & Hopwood
Terry McNellis, Piper, Jaffray & Hopwood

OTHERS:

John Oitzinger, Bond Counsel
Peter Dayton, Bond Counsel
Dave Johnson, Anderson ZurMuehlen & Company
Dave Jackson, Jackson, Murdo & Grant
James Lechner, Montana Home Builders Association
Joe Cannata, First Interstate Bank, California
Keith Radabah, First Interstate Bank, Kalispell
Terry Carmody, Montana Association of Realtors
Cathy Mann, Lambrose Realty, Missoula

The meeting was called to order at 2:00 P.M. by Chairman William Groff in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the

August 15, 1984 meeting, and they were approved.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported to the Board that the Cut Bank project was closed in Denver on August 21, 1984. The assignments were accomplished in Cut Bank on August 22, 1984. All documents were approved by HUD.

Regarding the Twin Bridges project it is still in process at HUD.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey reported that the Board has purchased an additional \$3.4 million of 83C program loans since its August 15, 1984 meeting. The remaining commitments to be purchased by November 29, 1984 represents approximately \$40 million.

RESOLUTIONS APPROVING THE SALE OF SINGLE FAMILY 1984A BONDS

In response to the Board's survey of demand of August 15, 1984, 100 lending institutions have requested \$159.6 million for the Forward Commitment Program and \$29.6 million for the Mortgage Pool Program for a total of \$189.2 million. The Board will have available approximately \$57 million to allocate to lenders for the purchase of the 1984A loans. \$10 million will be reserved for the Mortgage Pool Program which eligible lenders may request a reservation commitment only after it delivers 50% of its Forward Commitment allocation.

A breakdown of the Forward Commitment requests are as follows: Billings - \$35.2 million; Bozeman - \$3.1 million; Butte - \$800,000; Great Falls - \$17.9 million; Helena - \$6 million; Kalispell - \$11 million; Miles City - \$1.1 million; Missoula - \$22.7 million. The 10 mortgage companies servicing statewide requested approximately \$40 million. Approximately \$21.7 million is being requested from small rural lenders. Because the turnaround time to solicit commitment requests was less than 10 days, the staff was unable to recommend commitment allocations to the Board.

Henry Lanier and Richard Wells from First Boston Corporation discussed the breakdown of the pricing materials which summarized the issuing and marketing of the 1984A bonds. Mr. Lanier reported that because of the Board's good name in the market, it was able to achieve a mortgage rate of 10-3/8% for the 1984A loans. John Oitzinger proceeded with the necessary Resolutions and other documents relating to the bond issue. Dave Jackson of Jackson, Murdo & Grant recommended the Board sign the Bond Purchase Agreement. Linda Forrey reported that the Board is in receipt of the Good Faith deposit for \$750,000 in the form of a wire transfer for immediate credit to the Board. The commitment fees including the Mortgage Pool fees are also invested. After a discussion regarding the Resolutions, it was decided that the documents be approved based on a motion by Mike Kennedy and seconded by Howard Rosenleaf and unanimously approved by the Board.

After further discussion by the Board it was decided that there would be a conference call after the commitment allocations have been determined.

OTHER BUSINESS

First Interstate Bank of Billings decided not to appear for their presentation to the Board at this time.

Cathy Mann of Lambrose Realty, Missoula, asked for Board approval for realtors to purchase commitments from lenders under the Board's Single Family Program. Chairman Groff reaffirmed the Board's policy that lenders allocate Board of Housing funds on a first come first served basis and that the purchase of commitments by real estate agents will not be permitted.

There being no further business, the meeting was adjourned.

Joan Bennett

Joan Bennett, Secretary for the Board

8-30-84

Dated

RESOLUTION 84-0824-S4

RESOLUTION OF THE MONTANA BOARD OF HOUSING
APPROVING AND AUTHORIZING THE EXECUTION OF
A 1984 SERIES A SUPPLEMENTAL TRUST INDENTURE,
A BOND PURCHASE AGREEMENT, AND AN OFFICIAL STATEMENT
AND THE ISSUANCE AND
SALE OF \$75,002,305.30 SINGLE
FAMILY PROGRAM BONDS, 1984 SERIES A (FEDERALLY
INSURED OR GUARANTEED MORTGAGE LOANS), PURSUANT
TO THE AFORESAID DOCUMENTS, APPROVAL OF
ALLOCATIONS TO LENDERS, 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, 1984 Series A (Federally
Insured or Guaranteed Mortgage Loans)(the "1984 Series A
Bonds") pursuant to the Montana Housing Act of 1975, Montana
Code Annotated Sections 90-6-101 through 90-6-126, as
amended.

(B) The proceeds of the 1984 Series A Bonds will be
used by the Board for the primary purpose of acquiring newly
originated Mortgage Loans (as defined 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 82-0322-S1 duly adopted by the Board
on March 22, 1982, the Board adopted and approved forms of a
Mortgage Purchase Agreement and a Servicing Agreement
relating to the FHA Insured, VA Guaranteed Single Family
Program.

(D) Pursuant to a Trust Indenture dated as of August
16, 1979 (the "Trust Indenture"), a copy of which has been
presented to this meeting, the Board authorized 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; assigned and pledged to the Trustee thereunder all
right, title and interest of the Board to all mortgages,
revenues and other moneys and investments listed therein;

established certain Funds and Accounts for the deposit, application, transfer and withdrawal of such revenues, moneys and investments; set the minimum requirements for the Mortgage Loans to be acquired under the Trust Indenture; specified the terms and conditions for the issuance of any series of Bonds; and established 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 1984 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of August 24, 1984, 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 \$75,002,305.30 aggregate principal amount of its Single Family Program Bonds, 1984 Series A (Federally Insured or Guaranteed Mortgage Loans). The Supplemental Trust Indenture makes the necessary findings required by the Act, prescribes the maturity, interest rate and redemption provisions for the 1984 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 24, 1984, copies of which have been presented to this meeting and have 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 1984 Series A Bonds and others by a group of investment dealers and bankers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated, Shearson Lehman/American Express, Inc. and D. A. Davidson & Co. Incorporated (the "Underwriters").

(G) Pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated as of August 24, 1984, 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 1984 Series A Bonds at the price and upon the terms and conditions therein set forth.

(H) Pursuant to Applications from Mortgage Lenders, Mortgage Purchase Agreements in the form previously approved, and Notices of Acceptance (the "Notices of Acceptance") forms of which have been presented to this meeting and reviewed to the extent necessary, the Board agrees to purchase mortgage

loans pursuant to the Forward Commitment Program in the aggregate amount of \$55,034,693 and the Mortgage Pool Program in the aggregate amount of \$10,000,000 from the lending institutions set forth on Schedule 1 annexed to this resolution on the terms and conditions set forth in the Applications, Mortgage Purchase Agreements and Notices of Acceptance. The Board will hereafter approve, ratify and confirm the amount of mortgage loans to be purchased from each of the lending institutions set forth on Schedule 1.

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, 1984 Series A (Federally Insured or 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 ratified and approved in the form executed by the Chairman of the Board as of August 16, 1979.

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 5.04 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 \$75,002,305.30 Single Family Program Bonds, 1984 Series A (Federally Insured or Guaranteed Mortgage Loans) is hereby approved. The 1983 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 1984 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 1984 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 or the Treasurer 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 1984 Series A Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be

valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Indenture) for purposes of authenticating the 1984 Series A Bonds.

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 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 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 1984 Series A Bonds are hereby sold to the Underwriters upon the terms and conditions specified in the Bond Purchase Agreement, in return for which the Underwriters shall wire transfer federal funds to the Board in the amount of \$750,000 as a good faith deposit and an executed counterpart of the Bond Purchase Agreement.

Section 8. 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 form submitted to this meeting and the Administrative Director and any other officer of the Board is hereby authorized and directed to execute and deliver the Notices of Acceptance with such changes, insertions or omissions therein as may be approved by such officer, such approval to be evidenced conclusively by such execution of the Notices of Acceptance with each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Program for an amount of forward commitment mortgage loans to be approved by the Board and the Administrative Director is hereby further authorized to reallocate any of such commitments, if any, which are not accepted by particular lending institutions.

Section 9. All action previously taken by the officers, Members or staff of the Board with respect to the Single

Family Program, the Trust Indenture, the Supplemental Trust Indenture, the Preliminary Official Statement the Official Statement, the Bond Purchase Agreement, and the 1984 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, and Treasurer, 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.

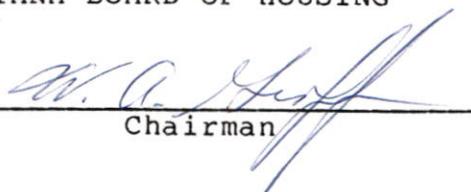
Section 12. The Chairman, Vice Chairman or Administrator of the Board is hereby authorized to issue a certification as to its reasonable expectations regarding the amount and use of the proceeds of the 1984 Series A Bonds as described in Section 1.103-13(a)(2)(ii) of the regulations relating to Section 103(c) of the Internal Revenue Code of 1954, as amended.

Section 13. This Resolution shall become effective immediately.

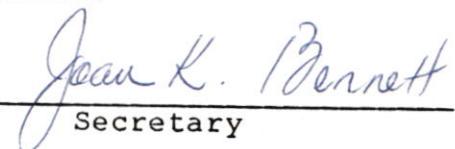
Adopted by the Montana Board of Housing this 24th day of August, 1984.

MONTANA BOARD OF HOUSING

By


Chairman

ATTEST:


Secretary

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING SPECIAL MEETING
DEPARTMENT OF COMMERCE
DOWNSTAIRS CONFERENCE ROOM
HELENA, MONTANA
AUGUST 15, 1984

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman William A. Groff
- II. APPROVAL OF MINUTES - July 25, 1984
Chairman William A. Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
To Consider and Authorize Necessary
Documents and Procedures for a 1984A
Bond Issue
- V. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
AUGUST 15, 1984

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Absent)
John Buchanan (Present)
Michael Kennedy, Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herbert George, Multifamily Program Officer
Nita Routzahn, Executive Secretary

COUNSEL:

Dave Jackson, Jackson, Murdo & Grant
Bob Murdo, Jackson, Murdo & Grant
John Oitzinger, Oitzinger & Mullendore

UNDERWRITERS:

John Geesman, First Boston Corporation
Jim Dinerstein, Dain Bosworth, Inc.

The meeting was called to order by Chairman Bill Groff at 9:00 A.M. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the July 25, 1984 meeting they were approved as circulated to the Board.

STATUS OF MULTIFAMILY PROGRAM

Herbert George reported that the First Interstate Bank of Glacier County in Cut Bank, Montana has requested approval from the Board to act as correspondent and to perform the Servicing required in the purchase of the Cut Bank Hotel/Apartments project. Upon a motion by Michael Kennedy and seconded by Tom Battershell, the Board unanimously approved First Interstate Bank of Glacier County to act as correspondent and Servicer regarding the Cut Bank project.

Mr. George suggested that a Resolution be approved by the Board at

today's meeting as the closing for the project is tentatively scheduled for Tuesday, August 21, 1984. Upon a motion by Michael Kennedy and seconded by Tom Battershell the Board unanimously approved the attached Resolution, No. 84-0815-M1 as to findings and determinations relating to the Cut Bank Hotel/Apartments Project.

Mr. George stated that the firm commitment has been submitted to HUD on the Twin Bridges project. He said that the construction cost has been increased by \$200,000. Mr. George explained that the Board has given them a tentative interest rate of 11½%, subject to revision further down the line, for construction and the long term loan. The Board's financial contribution for the project would be, at the most, \$3½ million.

STATUS OF SINGLE FAMILY PROGRAM

Herbert George reported that he had our Attorney's prepare a summary of the cost of the Board's single family program foreclosures. He stated that the average for the 91 files that were reviewed and on which bills were sent, is less than \$100 per file to the Board.

Jay McLeod discussed the Survey of Demand from the lenders for the proposed 1984A bond issue. He stated that a bond issue could be structured for \$50 million based on the survey figure of \$139,885,000 at an 11% interest rate. John Geesman, First Boston Corporation, stated that the market has rallied since the survey went out and is fairly confident that if we were in the market by the first part of next week we could count on a rate of 10-3/4% or possibly 10-5/8%. Their recommendation is that we make our judgments on a 10-3/4% rate.

Linda Forrey reported on the status of the 1983C Single Family Program as of August 9, 1984. She stated that the Board has purchased \$54,595,585 in Forward Commitment loans and \$8,692,490 in Builder/Developer loans for a total of \$63,288,075 representing 60% delivery. There is \$42,351,925 in outstanding commitments representing 40%.

1984A SERIES BOND ISSUE

The Board discussed at length the size of a new issue and making a change in the Mortgage Pool Application. Upon a motion by Bruce Moerer and seconded by Tom Battershell the Board approved amending Paragraph 13 in the Summary of the Proposed Terms and Conditions to read, Mortgage Lenders will be eligible to participate in the 1984A Mortgage Pool Program only after the Board has purchased 50% of such Lenders' 1984A Forward Commitment Allocation.

John Geesman suggested we agree on an amount for this issue, price on August 20th or 21st and depending on the rate we get, size it up or size it down at that time. Upon a motion by John Buchanan and seconded by Michael Kennedy the Board unanimously approved using \$60 million as a tentative figure.

APPROVAL OF 1984A PROGRAM DOCUMENTS

John Oitzinger, Bond Counsel, reviewed the program documents and Resolutions for the 1984A bond issue. Upon a motion by Tom Battershell and seconded

by Michael Kennedy the Board unanimously approved Resolution No. 84-0815-S1 (attached) authorizing distribution of program documents, subject to amending the Mortgage Pool Program Application, and a Preliminary Official Statement, providing for negotiations for an offering of 1984 Series A Bonds for the Single Family Program, and authorizing lending institutions to enter into commitments with Builder/Developers.

Tom Battershell moved and John Buchanan seconded the motion to approve Resolution No. 84-0815-S2 (attached) adopting a State-wide Purchase Price Limitation in Accordance with Section 103A of the Internal Revenue Code and the temporary regulations thereunder. Chairman Groff voted no. The motion carried.

Linda Forrey reviewed the Resolution for Income Limits, explaining that the prior Resolution currently in effect is effective for the 1982A program and should be modified to apply to the Board's Single Family programs and not to just one issue. The income limits will remain the same. Upon a motion by Mike Kennedy and seconded by Tom Battershell the Board unanimously approved Resolution No. 84-0815-S3. (attached)

The approved program documents will be mailed to the Lenders today.

There will be a conference call on Monday, August 20, 1984 about 10:00 A.M. to price the bonds.

NEXT MEETING

The next meeting will be on Friday, August 24, 1984 at 2:00 P.M. in the Department of Commerce Downstairs Conference Room.

There will be a presentation by First Interstate Bank of Billings at Friday's meeting.

Precommitments for Realtors will also be discussed at Friday's meeting.

There being no further business, Tom Battershell moved that the meeting be adjourned and Michael Kennedy seconded the motion.

Joan Bennett

JOAN BENNETT SECRETARY FOR THE BOARD

August 24, 1984

DATED

RESOLUTION NO. 84-0815-M1

RESOLUTION AS TO FINDINGS
AND DETERMINATIONS RELATING TO THE
CUT BANK HOTEL APARTMENTS PROJECT

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

1. General Recitals. Pursuant to Title 90, Chapter 6, Part 1, Montana Code Annotated, as amended (the "Act"), the Montana Board of Housing (the "Board"), is authorized to finance projects within the State of Montana if it appears, after a properly noticed and held public hearing, that the findings required by Section 90-6-109 of the Act can be positively made for a development of rental units to be owned by a for-profit housing sponsor. The Cut Bank Hotel Apartments, a Montana Limited Partnership (the "Developer"), has in general terms proposed that, subject to the Board's further approval of a final plan of financing, the Board make a mortgage loan to the Developer in the amount of \$525,400 for the purpose of financing a portion of the costs of a project generally consisting of the acquisition and rehabilitation of a 20 unit multifamily rental facility to be located at 14 West Main Street in Cut Bank, Montana, (the "Project").

2. Public Hearing. Notice of a public hearing on the Project was published on July 25, and August 1, 1984, and a public hearing was held on August 6, 1984, on the proposed Project at the time and place specified in said notice and all comments relating to the Project have been heard or received.

3. Findings and Determinations. Based on the Board's staff report, such hearing and the testimony and exhibits presented, the Board hereby finds, determines and declares, as follows:

(a) there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served by the Project;

(b) private enterprise has not provided an adequate supply of decent, safe, and sanitary housing in the housing market area of the Project at rentals or prices which persons or families of lower income can afford or provided sufficient mortgage financing for housing developments for occupancy by persons or families of lower income;

(c) the Developer of the Project will supply well planned, well designed housing, and such Developer is financially responsible;

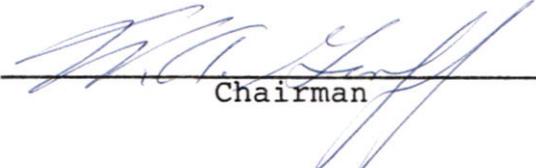
(d) the Project will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, areawide plans, and other public desires;

(e) the Project does not involve the construction of second homes; and

(f) the Project does qualify for federal funds under the Section 8 Program for Housing Assistance.

4. Source of Funds of Board. The Board further determines and finds that there are sufficient Multifamily Program funds available, under the Trust Indenture between the Board and First Trust Company of Montana dated February 23, 1978, as amended by the First Amending Supplemental Indenture dated as of June 26, 1979, and the 1982 Series A Supplemental Trust Indenture between the Board and First Trust Company of Montana dated as of May 27, 1982, for the purpose of financing \$525,400 of the Project costs.

ADOPTED AND APPROVED this 30 day of August, 1984.



Chairman

RESOLUTION 84-0815-S1

RESOLUTION OF THE MONTANA BOARD OF HOUSING AUTHORIZING DISTRIBUTION OF PROGRAM DOCUMENTS AND A PRELIMINARY OFFICIAL STATEMENT, PROVIDING FOR NEGOTIATIONS FOR AN OFFERING OF 1984 SERIES A BONDS FOR THE SINGLE FAMILY PROGRAM, AND AUTHORIZING LENDING INSTITUTIONS TO ENTER INTO COMMITMENTS WITH BUILDER/DEVELOPER

WHEREAS, the Board has previously authorized a demand survey and the preparation of the necessary program documents and bond offering documents for a proposed issue of 1984 Series A Bonds; and

WHEREAS, the Board wishes to take all steps necessary to make additional funds available for mortgages at rates which persons of lower income can afford;

NOW, THEREFORE, be it resolved by the Montana Board of Housing, (the "Board") as follows:

Section 1. The forms of the 1984A Invitation Letter, Summary of the Proposed Terms and Conditions of the 1984A Single Family Mortgage Purchase Program, Forward Commitment Mortgage Purchase Program 1984A Application, Mortgage Pool Program 1984A Application and Form of Certificate of Resolution of Mortgage Lender presented to this meeting are hereby approved and the appropriate officers of the Board are hereby authorized to distribute the program documents to Mortgage Lenders.

Section 2. A Preliminary Official Statement in substantially the form presented to this meeting and containing such amendments and updating of information as the officers 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 3. The Chairman, Vice Chairman and Administrator are hereby authorized to negotiate the terms and conditions of the sale of the Single Family Program Bonds, 1984 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 such date as may be designated.

Section 4. The Board hereby determines that due to economic and other conditions prevailing in the state, it is desirable to permit lending institutions to enter into written commitments with builders and developers with respect to loans to be purchased by the Board.

ADOPTED by the Montana Board of Housing this 15th day of

August, 1984.

MONTANA BOARD OF HOUSING

By: *M. A. Guff*
Chairman

ATTEST:

Jean K. Bennett
Secretary

RESOLUTION 84-0815-S2

ADOPTING A STATE-WIDE PURCHASE PRICE LIMITATION IN ACCORDANCE WITH SECTION 103A OF THE INTERNAL REVENUE CODE AND THE TEMPORARY REGULATIONS THEREUNDER.

WHEREAS, in furtherance of Section 103A of the Internal Revenue Code of 1954 and of the regulations thereunder (hereinafter called "Federal Tax Law"), the Treasury Department has published "safe harbor limitations" for the State of Montana of \$70,400 for new and \$86,800 for previously occupied single family residences for the period beginning August 2, 1984, and ending August 1, 1985; and

WHEREAS, under such regulations, the Board of Housing may rely upon the average area purchase price limitation so published by the Treasury Department in establishing the maximum purchase price permitted for residences purchased after August 2, 1984 and with respect to which the lender made a commitment after August 2, 1984, to provide financing; and

WHEREAS, the Board may establish a maximum selling price of not more than 110% of the amounts set forth above or 120% for targeted areas.

NOW, THEREFORE, be it

RESOLVED, that the acquisition cost determined in accordance with federal tax law for residences purchased after August 2, 1984, and with respect to which the lender made a commitment after August 2, 1984, to provide financing, shall not exceed \$75,000 for both new and previously occupied single family residences; and further

RESOLVED, that the acquisition cost determined in accordance with federal tax law for residences either purchased before August 2, 1984, or with respect to which the lender made a commitment before August 2, 1984 to provide financing, shall not exceed \$70,000 for new and \$65,000 for previously occupied single family residences; and further

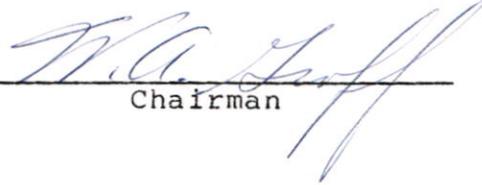
RESOLVED, that after August 2, 1984, the Board shall not approve the assumption of any mortgage loan owned by the Board if the acquisition cost of the residence exceeds the maximum amount permitted under applicable federal "safe harbor limits", as determined in accordance with federal tax law; and further

RESOLVED, that such limitations shall continue in effect from the date hereof until further action of the Board.

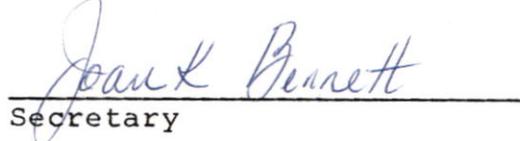
ADOPTED by the Montana Board of Housing this 15th day of August, 1984.

MONTANA BOARD OF HOUSING

By


Chairman

ATTEST:


Secretary

RESOLUTION 84-0815-S3

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 provide through the Board's Single Family Mortgage Purchase Programs.

2. "Current Gross Annual Income" means the greater of income actually received during the last 12 months or 12 times the current monthly rate of income. "Income" means recurring income dependably available during the period which it is computed from salary, wages, pensions, social security, welfare payments, or any other source, 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) \$2,000 for the first dependent child

or

(b) \$4,000 for two or more dependent children

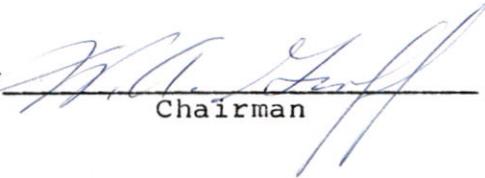
4. "Lower Income" means Adjusted Gross Annual Income of Thirty Four Thousand Five Hundred Dollars (\$34,500) or less; provided, however, that a person or family having gross assets of more than \$70,000 and an excess of assets over liabilities of more than \$35,000 shall not be eligible and further provided 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.

5. Such definitions shall continue in effect from the date hereof until further action of the Board.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 15TH DAY OF AUGUST, 1984.

MONTANA BOARD OF HOUSING

By



Chairman

ATTEST:


Secretary

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
COLONIAL INN
CLARK ROOM - MEZZANINE
JULY 25, 1984

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - JUNE 5, 1984
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Federal Legislation
Tentative Bond Issue
- VI. Adjourn

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
COLONIAL INN - CLARK ROOM
2301 COLONIAL DRIVE
HELENA, MONTANA
JULY 25, 1984

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Michael Kennedy Jr. (Absent)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multi-Family Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Rod Pakonen, Piper Jaffray & Hopwood

OTHERS:

Jim Hass, E.F. Hutton
Dave Johnson, Anderson & ZurMuehlen & Co.
James Lechner, Montana Home Builders Association
Tom Cook, Lee State Bureau

The meeting was called to order by Chairman Bill Groff in the Clark Room of the Colonial Inn, Helena, Montana.

There being no corrections or alterations to the minutes of the June 5, 1984 meeting, they were approved.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported that the closing of the Cut Bank Project will be mid August and that things were going well. The public hearing will be August 6 and Herb will be attending that meeting in Cut Bank.

Regarding the Twin Bridges project, Herb had spoken with Tom Ryan and he reported to Herb that they are trying to arrange for another

person or firm to buy out Mr. Watkins' interest in the project. Other than this information, there has been nothing new on this project.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey gave a status report of the Single Family Program as of July 12, 1984. At that date the Board has purchased \$50,087,215 under the Forward Commitment Program, which represents 70% of the total allocated funds for that program.

Under the Builder/Developer Program the Board has purchased \$5,462,310, which represents 16% of the total commitment allocated for this program.

The Board will be purchasing an additional \$4.2 million July 26, 1984, which will then represent \$60 million total under the 83C Program. This figure represents 57% of the total allocations.

Under the Builder/Developer Program there is \$11.6 million allocated to Borrowers. Loan commitments not issued to borrowers represents approximately \$17 million. The deadline for these commitments under this program expires September 6, 1984, which at that time the Board may reallocate unused commitments.

Linda also reported to the Board the progress with the Van Dam property and that Jerry Kenik was awarded the property with a bid of \$4,500. The transaction was closed July 17, 1984.

Regarding the Rackow property, Linda stated that there was little response from lenders relating to the idea of building a new residence on the property financed by the Board. She had contacted a Real Estate Agency in Great Falls and they will be marketing the property for the Board.

APPROVAL OF LENDERS

Upon a motion by Joan Bennett and seconded by Tom Battershell the Board unanimously approved Knutson Mortgage & Financial Corporation, Minneapolis, Minnesota and Union Mortgage Company, Missoula, Montana as "qualified lending institutions" to participate in future financial programs of the Board.

A decision regarding Whitecap International Inc. approval has been deferred until a later date.

OTHER BUSINESS

Dave Johnson reported to the Board that the audit report will be available for the next scheduled meeting in August.

VA FORECLOSURES

Henry Lanier discussed with the Board the new Federal Legislation, stating that the President signed the new Housing Bill which will last another 3½ years. Henry said he will have further information

on this at the August meeting.

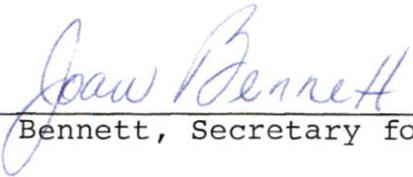
Chairman Groff expressed concern of mortgage losses the Board incurs on VA foreclosures as a result of inflated appraisals at the time the loan is purchased. After a lengthy discussion, Jay McLeod was instructed to meet with VA officials regarding this matter.

AUTHORIZATION TO PROCEED WITH PRELIMINARY REQUESTS FOR COMMITMENTS

After lengthy discussion regarding a tentative bond issue, Tom Battershell moved and Bruce Moerer seconded the motion to circulate a survey of mortgage demand to all lending institutions requesting their preliminary requests for commitments based on a 11%-11.5% mortgage rate. The motion carried.

It was then moved by Tom Battershell and seconded by Howard Rosenleaf to have the staff and Henry Lanier of the First Boston Corporation to schedule the steps required and prepare a timetable in the event the survey and market climate dictated the need for a bond sale. The motion carried.

There being no further business, the meeting was adjourned.



Joan Bennett, Secretary for the Board

8-15-84
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
DOWNSTAIRS CONFERENCE ROOM
HELENA, MONTANA
JUNE 5, 1984

- I. CALL MEETING TO ORDER - 9:00 A.M.
Vice Chairman Tom Battershell
- II. APPROVAL OF MINUTES - May 3, 1984
Vice Chairman Tom Battershell
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Accountant's Contract
Income Limits
Van Dam Property
- VI. NEXT MEETING
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE DOWNSTAIRS CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
JUNE 5, 1984

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Absent)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Michael Kennedy Jr. (Absent)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant

UNDERWRITERS:

John Carhuff, First Boston Corporation
Henry Lanier, First Boston Corporation
John Geesman, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Kent Kleinkopf, Shearson/American Express
Dave Smith, Foster & Marshall/American Express

OTHERS:

Bill Hanson, UPI
Garry Moes, Associated Press
John Northey, Attorney/Legislative Auditor

The meeting was called to order at 9:00 A.M. by Vice Chairman Thomas Battershell in the Department of Commerce Downstairs Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the May 3, 1984 meeting, they were therefore approved.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported to the Board that there has been very little progress on the Cut Bank project. The firm commitment has not been issued. He had talked to the HUD office and they reported that the commitment will be out June 6, 1984. The notice has been sent to the City Clerk to hold the public hearing.

Regarding the Twin Bridges project, Herb stated that he had talked to Tom Ryan and he said there has been very little progress since the last meeting. Herb also stated that DHUD had approved a 30 day extension of the conditional commitment.

Henry Lanier, First Boston Corporation introduced to the Board, John Carhuff, Head of the Public Finance Department for the First Boston Corporation.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey reported to the Board that as of May 31, 1984 the 83C loans that have been purchased are \$45.9 million which represents 43% of the total commitments that were allocated last November. Of that \$45.9 million, \$42.4 million represents existing home sales and \$3.5 million represents new home sales.

Linda also discussed with the Board the Van Dam Property in foreclosure. She stated that the property is a VA guaranty loan, which originated in 1979. At the time of foreclosure the VA had the option to either allow the Board to convey the property back to them or to pay the Board off their loan guaranty amount. Because the outstanding indebtedness was more than the guaranteed amount, the VA paid the Board \$22,713.00. Therefore, the Board was unable to convey the property back to them. There was a physical inspection of the property and it is in very poor condition. As of now, there is still \$47,000 against the property. Total proceeds amount to \$24,400, which leaves a net loss to the Board of \$22,600. Linda asked the Board for a decision as to how to dispose of the property.

John Buchanan moved to sell the Van Dam property to the highest bidder. Bruce Moerer seconded the motion, which carried unanimously.

John Buchanan then made a motion to provide financing for the construction of a home on some vacant property that the Board owns and is having a hard time disposing of, also known as the Rackow property and that Linda Forrey be given the authority to proceed with the liquidating arrangements. Howard Rosenleaf seconded and the motion carried unanimously.

OTHER BUSINESS

A discussion was then held regarding our accountants contract. Dave Kraft, stated that revised bids had been received from Charles Bailey and Company for \$14,990, Anderson & ZurMuehlen \$16,500 and Touche Ross, Seattle, \$22,000. It was pointed out that for professional contracts it was not necessary that the low bid be accepted and because of the fact that they were familiar with

the Board of Housing operation and were acceptable to rating authorities as well, John Buchanan made a motion, seconded by Bruce Moerer and unanimously approved that the firm of Anderson & ZurMuehlen be designated as auditors for the Board and for the fiscal year end of June 30, 1984.

Linda Forrey discussed with the Board the review of the Income Limits. She stated that the income limits are reasonable and working well. Because of the uncertainty in the federal legislation, the Board may want to defer an indepth review of the income limits. After further discussion by the Board it was decided to defer a decision at this time.

Henry Lanier and Jim Dinerstein discussed new financing techniques for a new bond issue with the Board.

Jay McLeod briefly discussed with the Board House Bill 4170 and House Bill 2163.

The next meeting was scheduled for August 24, 1984.

There being no further business, the meeting was adjourned.

Joan Bennett

Joan Bennett, Secretary for the Board

July 25, 1984

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
DOWNSTAIRS CONFERENCE ROOM
HELENA, MONTANA
MAY 3, 1984

- I. CALL MEETING TO ORDER - 9:00A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - April 11, 1984
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Dean Witter Presentation
Accountants Contract
Shady Grove Project-Missoula
Trust Indenture - Henry Lanier
- VI. SET DATE AND TIME FOR NEXT MEETING
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE DOWNSTAIRS CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
MAY 3, 1984

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Michael Kennedy Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant

UNDERWRITERS:

John Geesman, First Boston Corporation
Jim Dlugosch, Dain Bosworth
Jim Dinerstein, Dain Bosworth
Kent Kleinkopf, Shearson/American Express
Dave Smith, Foster & Marshall/American Express

OTHERS:

Keith Waldrop, Dean Witter Reynolds
J. David Dubin, Dean Witter Reynolds
Shelby Chodos, Dean Witter Reynolds
Andrew Laszlo, Dean Witter Reynolds
Terry McNellis, Piper Jaffray & Hopwood
James Lechner, Montana Home Builder Association
Bill Hanson, UPI
Garry Moes, Associated Press
Tom Ryan, Montana Peoples Association
Jim Cordial, Twin Bridges Association
William McFadzean, Twin Bridges Association
Jack Bowersox, Twin Bridges Association

The meeting was called to order at 9:00 A.M. by Chairman William Groff in the Department of Commerce Downstairs Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the April 11, 1984 meeting, they were therefore approved.

STATUS OF MULTIFAMILY PROGRAM

The chairman asked Tom Ryan if there was anyone who would like to take the floor regarding the Twin Bridges project. Mr. Bill McFadzean representing the Twin Bridges Associates reported to the Board that they were moving toward submitting a firm application to the Washington and Denver HUD offices within the near future.

Herb George reported to the Board the situation regarding the breakdown of the cash requirements for the Twin Bridges project. When the sponsors have accumulated the necessary information regarding these requirements, this information will be sent to the staff where after all requirements have been satisfied and a firm commitment has been issued by DHUD, they will make a recommendation to the Board that we sell the necessary bonds to finance the project.

Regarding the Cut Bank project, Herb reported that the firm commitment should be out within the next two weeks.

Herb also informed the Board, of the application received from Security Pacific Mortgage Company out of Denver, requesting approval by the Board to become a servicer and an originator and recommended its approval.

John Buchanan made a motion to approve Security Pacific Mortgage Company as a servicer. Howard Rosenleaf seconded. The motion carried.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey reported to the Board that the Single Family Program is progressing very well. As of May 3, 1984, the Board has purchased \$38.8 million in program loans from the bond proceeds of the 1983C issue, which were approximately \$105 million. Demand for the 10% loans continues to remain strong statewide with lenders requesting additional funds.

As of today, this is the last purchase date in which the lenders can receive the additional $\frac{1}{2}$ % on the loans. For the next purchase date, the loans will be purchased at 97% verses 97 $\frac{1}{2}$ %. There may be a slight decrease in the loan submissions because of the decline in the purchase price.

OTHER BUSINESS

Jay McLeod and Linda Forrey reported to the Board on a project called Shady Grove in West Missoula for which the City of Missoula hopes to get a CDBG grant to buy and level the area and improve it with new single family housing units that would sell for \$30,000 per unit. The blighted area is currently renter occupied by very low income families. The City would like the Board of Housing to handle all of the mortgages. The total cost for this would be \$750,000 to \$800,000. The land will be furnished free as a result of the CDBG grant. This project is in the preliminary stage and it will be at least a year before this develops any further. The

Board would not be approached until next Spring to finance any type of residences in this area.

Dean Witter Reynolds representatives Keith Waldrop, David Dubin, Shelby Chodos and Andrew Laszlo made their presentation to the Board on an outline of their proposal for being the managing underwriters for the Board.

Dave Kraft and Jay McLeod reported to the Board that the office staff met with the staff of the Legislative Auditors after the last Board meeting. The staff decided to send out a questionnaire to the four firms that rebid and will use the responses to the questionnaire to make a final selection.

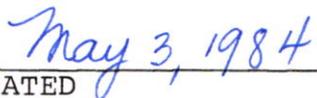
John Geesman from First Boston Corporation gave a report on the outline of the highlights of the advantages for developing a new Trust Indenture. It was decided by the Board to defer a decision for pursuing a new Trust Indenture at this time.

The next meeting was scheduled for June 5, 1984 in the Department of Commerce Downstairs Conference room.

There being no further business, the meeting was adjourned.



JOAN BENNETT, SECRETARY FOR THE BOARD



DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
DOWNSTAIRS CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
APRIL 11, 1984

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - FEBRUARY 16, 1984
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George - Jay McLeod
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Accountants Contract
Review of Financial Statement by
Accountants and Underwriters
- VI. SET DATE AND TIME FOR NEXT MEETING
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE DOWNSTAIRS CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
APRIL 11, 1984

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Michael Kennedy Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston
John Geesman, First Boston
Jim Dinerstein, Dain Bosworth
Kent Kleinkopf, Shearson/American Express
Dave Smith, Foster & Marshall/American Express

OTHERS:

Bill Hanson, UPI
Gary Moes, Associated Press

The meeting was called to order at 9:00 A.M. by Chairman William Groff in the Department of Commerce Downstairs Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the February 16, 1984 meeting they were approved and circulated to the Board.

STATUS OF MULTIFAMILY PROGRAM

Mr. Herb George reported to the Board that the conditional commitment on the Twin Bridges project may be issued within the next 10 days. Regarding this project, there will be around \$850,000 required on the part of the sponsors on cash requirements. If the sponsors are able to satisfy the staff, then we will be in the position to make a recommendation to the Board that we finance the project, which will be around a \$3 million project.

On the Cut Bank project, the conditional commitment has been issued and the firm commitment will be released April 11, 1984. The mortgage amount will be \$525,400. There is a cash requirement, but has not been discussed with the sponsors as of yet. Herb talked to the sponsors consultant who indicated that the \$525,400 would be acceptable. This project is in a position to move forward.

Jay McLeod reported that he, Dave Kraft, Dave Johnson and John Oitzinger met regarding the Cut Bank project. Dave Kraft ran cash flow figures and arbitrage. The permanent rate on this project is 11%. This project seems to fit in our Multifamily Indenture because it takes care of problems that may arise in the Indenture. John Buchanan moved that the Board fund this project. Howard Rosenleaf seconded the motion. The Board unanimously approved.

Henry Lanier discussed the financial side of the Twin Bridges project with the Board. Joan Bennett made a motion that the staff when satisfied, can make the decision to go ahead and prepare documentation for the bond issue regarding the Twin Bridges project. It was seconded by Tom Battershell. After further discussion by the Board regarding this project, it was suggested that the motion be withdrawn until the next Board meeting.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey reported to the Board the recap of the 1983A, 1983B and the 1983C programs. Under the 83A Bond series there has been \$25.8 million in mortgage loans that have been purchased as of February 24, 1984 representing 551 loans. Under the 83 B series, the Board has purchased \$47.6 million representing 966 mortgage loans, as of March 23, 1984.

Under the 83C series, the Board has purchased \$28.7 million in loans within the last three months, which represents 600 loan closings. The mortgage pool fund of \$10 million was allocated to lenders within six weeks. 40% of the \$10 million pool went to Billings, 30% to Great Falls, 20% to Missoula and 10% to small outlying areas. As of April 5, 1984 a total of \$28.7 million has been purchased and there is still \$76.9 million outstanding.

Linda also discussed with the Board the delinquencies and foreclosures. She stated that procedures are being revised in the office on reporting delinquencies and a report will be presented to the Board.

OTHER BUSINESS

Dave Johnson and Henry Lanier reviewed the breakdown of the financial statements with the Board.

A discussion of the selection of an accountant to conduct the annual audit of the Board then ensued. Jay McLeod stated that the selection was being made by the Legislative Auditor and the Legislative Audit Committee with little or no input from the Board of Housing staff.

After further discussion it was moved and seconded that Chairman Bill Groff, Board Counsel Dave Jackson and staff members meet with members of the Legislative Audit staff to determine an appropriate way for the selection of the accountant to be made by the Board of Housing with approval of the selection to be made by the Legislative Auditor.

Bill Groff discussed the proposed Agreement with Evensen-Dodge for financial consulting services. Herb George and Jay McLeod were part of the selection committee which chose Evensen-Dodge out of Minneapolis for the State's Financial Advisor. They presented to the Department of Administration a proposed contract. The Finance Advisory Council will enter into this contract with Evensen-Dodge. Bill Groff has been chosen to serve on this Council.

A copy of the contract with Evensen-Dodge will be presented for signature at the next Board meeting.

Dean Witter requested to make a presentation to the Board upon the Board's approval. They will be on the agenda for the next scheduled meeting.

Linda Forrey reported to the Board that First Bank, Billings has requested the Board's approval to have FBS Mortgage Company out of Minneapolis handle all of their servicing. John Buchanan moved that all Board of Housing servicing should be retained within the state of Montana. Tom Battershell seconded, the motion carried. Bill Groff suggested that the Board's Attorney should draw up a set of rules for servicing, the sale of servicing and the restrictions. This is to be presented to the Board for approval. There should be an Administrative Hearing on the rule.

Henry Lanier discussed the reasons for preparing a new indenture. Upon the Board's approval, Henry will draw up a proposal prior to the next meeting to be given to the Board for review for the next scheduled meeting.

After some discussion by the Board, it was decided that the day for Board meetings be moved from the second Wednesday of every month to the first Thursday of every month. The next scheduled meeting is set for May 3, 1984.

There being no further business, the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TRUE.

Joan Bennett
Joan Bennett, Secretary for the Board

April 11, 1984
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE
UPSTAIRS CONFERENCE ROOM
HELENA, MONTANA
FEBRUARY 16, 1984

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Tom Battershell
- II. APPROVAL OF MINUTES - January 12, 1984
Chairman Tom Battershell
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Sanders County ACED
Washington Trip
Accountants Contract
Boulder Property
- VI. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE UPSTAIRS CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
FEBRUARY 16, 1984

ROLL CALL OF

BOARD MEMBERS: William A. Groff, Chairman (Absent)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Michael Kennedy Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Absent)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Laura Bodle, Administrative Assistant

OTHERS:

Bill Hanson, UPI
Steve Rivero, First Interstate Bank, California
Jim Dlugosch, Dain Bosworth
Dave Johnson, Anderson ZurMuehlen & Co.
Terry McNellis, Piper, Jaffray & Hopwood
Jim Lechner, Montana Home Builders Association

The meeting was called to order at 9:00 A.M. by Vice Chairman Thomas Battershell in the Department of Commerce Upstairs Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the January 12, 1984 meeting they were approved and circulated to the Board.

FINANCIAL STATEMENT

Mr. Dave Johnson reviewed with the Board a computer prepared financial statement. It was moved that Dave Johnson give a presentation to the Board on the breakdown of the financial statement. It will be presented to the Board at the April meeting.

STATUS OF MULTIFAMILY PROGRAM

Mr. Herb George reported to the Board that the Twin Bridges Project is still in process. He had talked with the HUD office in Denver and they had informed him that they had finished their processing at that level. He sent a memorandum to the Denver office to indicate what the rents were that they had approved in Washington, that they could use on issuing the conditional commitment. When the commitment is issued the sponsors will look at the figures to see if they can provide for the amount of front money that is required for the project, to decide if they will go forward with a firm commitment. At that time, we will be preparing for a bond issue. As soon as the firm commitment is issued, we will be ready to sell bonds to finance the project, which should be within the next 30 to 45 days.

He also reported to the Board that we have an application from Cut Bank involving 20 units. They have submitted their application for the firm commitment. The approximate amount of that mortgage will be \$550,000. We are considering financing from the proceeds of some of our accumulation. If that is done, it will not be necessary to sell bonds. That is a decision the Board will make at the appropriate time.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey reported to the Board the status of Single Family programs for the 1983A, 1983B and the 1983C Series.

For the 1983A (9-3/4%) bond program, there is \$500,000 remaining in commitments. The final purchase date for the 83A loans is February 24, 1984. This issue will be completed at that time. The Board has purchased \$25.7 million under this issue.

For the 1983B (9-7/8%), the Board has purchased \$46.3 million of 83B loans with an outstanding balance of \$2.7 million. The final purchase date for this series is also February 24, 1984.

For the 1983C issue, the Board has had three scheduled purchase dates beginning January 12, 1984. The Board has already purchased \$14.4 million. There still remains \$91.2 million, which the Board will be purchasing by November 29, 1984.

Under the 1983C issue the Board reserved \$10 million for the Mortgage Pool program. Whereby lenders which delivered loans quickly would have an opportunity to receive an additional commitment. A list of lenders, which have received mortgage pool funds totaling \$9,870,416 was distributed to Board members. The remaining balance of \$129,584 will be allocated on the next scheduled purchase date.

OTHER BUSINESS

Jay McLeod reported to the Board that the situation regarding the Sunset has not changed.

SANDERS COUNTY-ACED APPLICATION

Linda Forrey also discussed Sanders County being ACED. The Board received a request from the First State Bank of Columbia Falls. Data had been prepared for the Board to consider targeting Sanders County. They qualify in all data elements except one. HUD indicated that the only way they would have a chance to be targeted is if the percentages were equal to the State average. Because of this, there is not much of a chance for approval.

Bruce Moerer moved that the staff use their best judgment regarding this situation with Sanders County. It was seconded by Michael Kennedy.

WASHINGTON TRIP

Jay McLeod discussed with the Board on his trip to Washington D.C. Jay and Herb met with HUD officials and the Congressional Delegation.

ACCOUNTING CONTRACT

Jay also discussed the new Accounting Contract. The Legislative Auditors are reviewing the contract at this time. The Board will have the Department of Commerce Attorneys look at it and the Board's Attorney. He will have the final form to present to the Board by the next meeting.

BOULDER PROPERTY

Linda discussed with the Board the Boulder property that was destroyed by fire, which was caused by electrical wiring. Jay and Linda went to Boulder and inspected the property. The insurance company has offered a settlement of \$33,700 on the property. The garage and the residual value may be as high as \$10,000. It is a VA loan and they have indicated no interest in the property. The Board's option would be either send in a claim to VA for their maximum loan guarantee (which is \$25,000) or the Board could accept the insurance settlement. The borrower indicated that he wants to endorse the insurance settlement proceeds to the Board. In addition, the borrower would pay \$100.00 a month towards the balance of the mortgage. The property does not look to be liquidated at any time soon. The Board is waiting for the written intent of the borrower to see how we should proceed with the settlement of this loan. The current loan balance on the mortgage is \$41,300 and is 90 days delinquent. The Board's exposure is approximately \$8,000. The Board will probably accept the \$100.00 payment towards the mortgage and receive the full insurance settlement proceeds.

It was at the Board's recommendation that the staff should handle this situation using their best judgment.

There being no further business, the meeting was adjourned.

CERTIFIED TO BE CORRECT AND TURE.

Joan Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

April 11, 1984

DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE - CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
JANUARY 12, 1984

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Groff
- II. APPROVAL OF MINUTES - NOVEMBER 4, 1983
Chairman Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert George
- IV. STATUS OF SINGLE FAMILY PROGRAMS
Linda Forrey
- V. OTHER BUSINESS
Lender's Allocation of Commitment Proceeds
Request for ACED Designation
Sunset Legislation
New Staff Person
- VI. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
January 12, 1984

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell (Absent)
Joan Bennett (Present)
John Buchanan (Present)
Michael Kennedy, Jr. (Absent)
Bruce Moerer (Absent)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda M. Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
Dave Kraft, Controller
Laura Bodle, Administrative Assistant
Nita Routzahn, Secretary

COUNSEL:

John Oitzinger, Oitzinger & Mullendore

UNDERWRITERS:

Henry Lanier, First Boston Corporation

OTHERS:

Bill Hanson, UPI

The meeting was called to order at 9:00 a.m. by Chairman William Groff in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the November 4, 1983 meeting they were approved and circulated to the Board.

STATUS OF MULTIFAMILY PROGRAM

Mr. Herbert George reported to the Board that the status of the projects that are under consideration is generally the same. He stated that the Twin Bridges Project commitment has been sent to the Washington, D. C. office for review. The office in Washington, D. C. issued a memorandum which indicates that they are thinking about an adjustment upward of \$257,000 from what the Denver office has now. He stated that the replacement cost which was submitted

to the Washington, D. C. office was \$3,274,000 and the commitment that was recommended by the Denver office was \$2,419,000. The Denver office is considering raising that by \$257,000 which would bring it up to \$2,676,000. He stated that there was another adjustment which might result in a further increase of the mortgage amount which would reduce the amount of equity the sponsors would have to put in. If the sponsors decide not to put that kind of money into the project, the project will die. If they do decide to go with it, it looks like it has a good chance.

The rehabilitation project in Cut Bank will have a mortgage amount of \$555,500. If the Board elects to finance the project, it will be going to the initial closing around March 15, 1984. The sponsors are receptive to a 1.5% Commitment fee, a 2.5% Discount on the long term loan and the Interim financing would be at 10%, Permanent Financing at 11%.

All other projects are in good shape and there are no delinquencies.

John Oitzinger will furnish a letter relative to the legal concerns to the Board regarding the financing of the Cut Bank project.

Henry Lanier, First Boston Corporation discussed the FNMA and the FHLMC, having to do with the Multifamily Program.

Upon a motion by Joan Bennett and seconded by Howard Rosenleaf, the Board unanimously approved sending Jay McLeod and Chairman William Groff to Washington, D. C. to discuss the regulations for the 1983 Housing law.

STATUS OF SINGLE FAMILY PROGRAMS

Mrs. Linda Forrey reported to the Board the status of Single Family Programs for the 1983A, 1983B and the 1983C Series.

Under the 1983A Series (9-3/4%) there is \$539,128 in Builder loans outstanding and unused commitments. The purchase date for the Builder loans has been extended to February, 1984. There were 551 loans purchased under the 1983A program as of January 13, 1984.

Under the 1983B Series (9-7/8%) there has been \$45,004,077 purchased, with a balance of \$4,070,923 remaining to be purchased by February, 1984. The Board has purchased 918 loans under the 1983B program as of January 13, 1984.

Under the 1983C Series (10%), the first purchase date was January 12, 1984. The Board will be funding \$4,286,759 representing 91 loans. The balance of loans to be purchased by November, 1984 is \$101,353,000. Lenders which made applications to participate in the Mortgage Pool Program and delivered 83C loans for purchase on January 12, 1984 were eligible to receive an allocation from the pool fund in the total amount of \$3,302,726.40. Ten million dollars was originally earmarked for the Pool Fund. A list of lenders which received an allocation from the Pool was provided to the Board. The Grand Total of loans that have been purchased since March 1983, exceeds \$75,000,000 which represents 1,560 loans.

OTHER BUSINESS

Linda Forrey also discussed the Request for ACED Designation. The applications are in the review process in the HUD office in Denver. HUD officials reported that ACED applications must satisfy all data elements to qualify as targeted areas. Therefore, the chance of ACED approval appears unfavorable at this time.

Jay McLeod introduced Laura Bodle as a new staff member. Laura came to us from the Board of Nursing, where she had been employed with them for 1 year. She will be taking minutes of future Board meetings.

Henry Lanier, First Boston Corporation reviewed with the Board the Analysis of Distribution for the Series A and B of 1983.

Henry Lanier stated that the SB4170 cleared the House Ways and Means Committee and Rules. It is waiting for action. This bill extends the Sunset. There is an amendment that has been approved by the Ways and Means Committee, which is not attached to SB4170. It was not brought up for a vote, therefore the Sunset was not extended, it went into effect December 31, 1983. As of January 1, 1984 the Board cannot issue Single Family bonds. If the Bill gets through the House, it then goes through the Senate, which has promised action on the Bill by the middle of April. It then goes to conference and then the rest is unknown. He stated the Board could be out of the Single Family Market this year.

Chairman Groff received a letter from the Legislative Auditor, which was read to the Board. He requested a letter from Henry Lanier outlining underwriter requirements as to the stature of the accountants to be engaged for the Annual Audit.

There being no further business, John Buchanan moved to adjourn and Chairman William Groff seconded the motion. The motion carried.

CERTIFIED TO BE CORRECT AND TRUE.

Joan Bennett
JOAN BENNETT, SECRETARY TO THE BOARD

February 16, 1984
DATED

January 31, 1985

The Honorable Jim Waltermire
Secretary of State
State Capitol
Helena, Montana 59601

Dear Secretary Waltermire:

Please be informed that, effective January 7, 1985 I have reappointed Mr. Tom Battershell, 1920 East Sixth Avenue, Helena, Montana 59601, Ms. Joan Bennett, 315 27th Street South, Great Falls, Montana 59401, Mr. Bruce Moerer, Box 188, Chinook, and Mr. Michael J. Kennedy, 2013 Clark Avenue, Billings, Montana 59101 to the Board of Housing in accordance with Section 2-15-1814, MCA.

They will all serve a term ending January 2, 1989.

Sincerely,

TED SCHWINDEN
Governor

cc: Keith Colbo

TS/BISOM/dd
File: Board of Housing

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
JUDICIAL ROOM
COLONIAL INN
HELENA, MONTANA
DECEMBER 6, 1985

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - November 15, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
30 Mile Limitation
Lomas & Nettleton
ACES Program - First Boston
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
JUDICIAL ROOM, COLONIAL INN
2301 COLONIAL DRIVE
HELENA, MONTANA
DECEMBER 6, 1985

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Mike Kennedy (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Mary Ann Petesch, Accounting Technician
Jeannene Maas, Program Specialist
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Michael Jansen, Piper, Jaffray & Hopwood
Jim Dinerstein, Dain Bosworth
Tom Downey, Hawkins, Delafield & Wood
Paul deBary, Hawkins, Delafield & Wood
Gene Hufford, D.A. Davidson & Company

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
Dave Johnson, Anderson ZurMuehlen & Co.
Marilyn Dusenberry, Anderson ZurMuehlen & Co.
Donell Cox, Anderson ZurMuehlen & Co.
Bill Walker, Bill Walker Realty
Mark Lindsay, Helena Homebuilders Assn.

The meeting was called to order by Chairman Bill Groff at 9:00 A.M. in the Judicial Room of the Colonial Inn, Helena, Montana.

There being no corrections or alterations to the minutes of the November 15, 1985 meeting, they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod reported to the Board that a letter was received from Jim Cordial regarding the Twin Bridges project. He stated that Twin Bridges has found another sponsor and other financing.

Next on the agenda was the Cowdrey project and Chairman Groff asked that each Board member take time to read the report on the project and its closing which was presented by Herbert George, Multifamily Program Officer. Additionally, comments on the closing were asked of both the Board's general counsel and bond counsel. The primary concern evidenced by Mr. George is that the final Official Statement as well as other documents do not prominently incorporate a disclaimer absolving the Board from all liability, pecuniary or otherwise, attendant with the project. The Official Statement should include bond counsels supplemental opinion of November 14, 1985 in its entirety; also corrections of inaccurate language in Offering Statement is required. Following considerable discussion, a motion was made by Bruce Moerer, seconded by Mike Kennedy that the parties involved i.e. the underwriters, the underwriter's counsel, Mr. George, the Board's general counsel and the Board's bond counsel meet with the purpose of resolving the matter to Mr. George's satisfaction. The motion carried.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey gave status reports on the Single Family Programs as of December 5, 1985.

Regarding the 1984A program, of the \$1.2 million available for the purchase of mortgage loans at 10-3/8% on a first-come, first-served basis, 17 loan reservations representing \$801,519 have been confirmed as of November 13, 1985. Such reservations are expected to be delivered and purchased by the Board by January 23, 1986.

On the 1985A program, of the \$35.5 million available for mortgage loans, \$35,409,949 is reserved representing 705 loan reservations. 1985A loans in the principal amount of \$21,387,091 have been delivered and purchased representing 60% delivery of the 85A lendable proceeds.

Regarding the 1985B program, on November 26, 1985, mortgage lenders began reserving bond proceeds under the 1985B issue scheduled to close December 12, 1985. Of the \$68 million available for mortgages, 150 loan reservations have been

confirmed in 6 business days for a total amount of \$8,063,507, 15% of such amount is reserved for Adjusted Gross Incomes of \$20,000; 32% for Adjusted Gross Incomes of \$25,000 and 53% for Adjusted Gross Incomes between \$25,000 and \$34,500.

On the 1985 Series B-1 & B-2, a preliminary survey of mortgage demand at 10-1/4% was conducted December 3, 1985. Eight high volume lenders estimated demand of \$49.9 million for a rollout date of July 1986 and \$50.9 million for a rollout date of October 1986.

OTHER BUSINESS

30 MILE LIMITATION

A request was presented to the Board by the Single Family Program Officer to waive the 30 mile limitation on the purchasing of a Board of Housing loan. After discussion by the Board, Mike Kennedy made a motion to deny the request and to leave the rule in effect. The motion was seconded by John Buchanan and the motion carried.

LOMAS & NETTLETON

John Buchanan reported that the committee was still working with staff and Board counsel on the problem with Lomas & Nettleton and they would be prepared to make a recommendation to the Board at the next scheduled meeting.

ACES PROGRAM

Henry Lanier, First Boston Corporation discussed with the Board, the pricing materials for the 1985 Series B-1 and B-2.

Roy Koegen presented to the Board a resolution (attached) to accept the bid for this series.

Tom Battershell made a motion to adopt this resolution. The motion was seconded by Mike Kennedy and carried unanimously.

After discussion by the Board, Bruce Moerer made a motion to give staff authority to set limits on factors on the issuance of bonds.

The next meeting is scheduled for Thursday, January 16, 1986 at 9:00 A.M. in the Department of Commerce Conference Room, Helena, Montana.

There being no further business, the meeting was adjourned.

Joan Bennett
JOAN BENNETT, SECRETARY TO THE BOARD

Jan 14, 1986
DATED

MONTANA BOARD OF HOUSING
SINGLE FAMILY PROGRAM BONDS
1985 SERIES B-1 and
1985 SERIES B-2

(Federally Insured or Guaranteed Mortgage Loans)

\$85,000,000.00

SUPPLEMENTAL RESOLUTION 85-1206-S8

RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE-FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$85,000,000.00 SINGLE FAMILY PROGRAM BONDS, 1985 SERIES B-1 AND SERIES B-2 (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; APPROVING AN ADDITIONAL SUPPLEMENTAL TRUST INDENTURE, OFFICIAL STATEMENT AND OTHER DOCUMENTS; AND AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS.

Adopted: December 6, 1985

Prepared By:

PRESTON, THORGRIMSON,
ELLIS & HOLMAN

Spokane, WA

Seattle, WA

MONTANA BOARD OF HOUSING
SUPPLEMENTAL RESOLUTION 85-_____

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SUPPLEMENTAL RESOLUTION 85-_____

RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE-FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$85,000,000.00 SINGLE FAMILY PROGRAM BONDS, 1985 SERIES B-1 AND SERIES B-2 (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; APPROVING AN ADDITIONAL SUPPLEMENTAL TRUST INDENTURE, OFFICIAL STATEMENT AND OTHER DOCUMENTS; AND AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS.

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-126, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Board intends to issue its Single Family Program Bonds, 1985 Series B (Federally Insured or Guaranteed Mortgage Loans) in the aggregate principal amount of \$74,996,862.25 (the "1985 Series B Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1985 Series B Bonds (the "1985 Series B Mortgage Purchase Program"); and

WHEREAS, the Board intends to issue its Single Family Program Bonds, 1985 Series B-1 and Series B-2 (Federally Insured or Guaranteed Mortgage Loans) in the aggregate principal amount of \$85,000,000.00 (the "1985 Series B-1 and Series B-2 Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1985 Series B-1 and Series B-2 Bonds (the "1985 Series B Mortgage Purchase Program"); and

WHEREAS, the Board has mailed to mortgage lenders throughout the state an Invitation to Participate dated October 28, 1985, Terms and Conditions dated October 28, 1985, as amended, (the "Terms and Conditions") and a form of Mortgage Lender Application (the "Application") with respect to the 1985 Series B Mortgage Purchase Program; and

WHEREAS, by Resolution 82-0322-S1 duly adopted by the Board on March 22, 1982, the Board adopted and approved forms of a Mortgage Purchase Agreement and a Servicing Agreement applicable to the 1985 Series B Mortgage Purchase Program; and

WHEREAS, pursuant to a Trust Indenture dated as of August 16, 1979 between the Board and First Interstate Bank of California, as Trustee and First Interstate Bank of Kalispell, N.A., as Co-Trustee (the "Trust Indenture"), the Board authorized the issuance from time to time of its Single Family Program Bonds (Federally Insured or 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; and

WHEREAS, a 1985 Series B Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of November 1, 1985, has been presented to the Board pursuant to which the Board would authorize the issuance of \$74,996,862.25 aggregate principal amount of its 1985 Series B Bonds; and

WHEREAS, a 1985 Series B Additional Supplemental Trust Indenture (the "Additional Supplemental Trust Indenture") to be dated as of November 1, 1985, has been presented to the Board pursuant to which the Board would authorize the issuance of \$85,000,000.00 aggregate principal amount of its 1985 Series B-1 and Series B-2 Bonds; and

WHEREAS, an Official Statement Supplement (the "Official Statement Supplement") to be dated December 6, 1985, has been presented to the Board, containing certain information relating to the Board, the Trust Indenture, the Additional Supplemental Trust Indenture and the Series B-1 and Series B-2 Bonds, and which will be distributed to the purchasers of the Series B-1 and Series B-2 Bonds and others by a group of investment dealers and brokers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. Incorporated (the "Underwriters"); and

WHEREAS, a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated as of December 6, 1985, between the Board and the Underwriters, has been presented to the Board pursuant to which the Board would agree to sell and the Underwriters would agree to purchase the 1985 Series B-1 and Series B-2 Bonds at the price and upon the terms and conditions therein set forth; and

WHEREAS, applications to participate in the 1985 Series B Mortgage Purchase Program have been received from the lending institutions set forth on Schedule 1 annexed to this resolution, and the Board intends to acquire loans from these institutions on the terms and conditions set forth in the Invitation to Participate, Terms and Conditions, Application and Mortgage Purchase Agreement (together, the "Program Documents");

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

Section 1. Findings.

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of the 1985 Series B-1 and Series B-2 Bonds and the purchase by the Board from proceeds thereof of mortgage loans pursuant to the Program Documents and the Trust Indenture constitute "housing developments" within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board hereby finds:

(i) that there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe, and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford, or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Trust Indenture and in the Program Documents pursuant to which Mortgage Loans are to be purchased are sufficient to insure that the homes will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the "housing sponsors" (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the homes to be financed as stated in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans, and other public desires;

(v) that the homes financed with the proceeds of the 1985 Series B-1 and Series B-2 Bonds do not involve the construction of "second homes," defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that the finding required by Section 90-6-109(2)(1)(f) of the Act is inapplicable because the homes financed by the 1985 Series B-1 and Series B-2 Bonds do not involve direct loans.

Section 2. Approval of 1985 Series B Mortgage Purchase Program. The 1985 Series B Mortgage Purchase Program is hereby ratified and approved; the Program Documents are hereby ratified and approved.

Section 3. Approval of Indenture and Additional Supplemental Trust Indenture. The Trust Indenture is hereby ratified and approved in the form executed by the Chairman of the Board as of August 16, 1979.

The Additional Supplemental Trust Indenture 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 Additional Supplemental Trust Indenture with such changes, insertions or omissions therein as do not change the substance of the Additional 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 direct to attest thereto.

Section 4. Authorization of Bonds. The issuance of the Board's \$85,000,000.00 Single Family Program Bonds, 1985 Series B-1 and Series B-2 (Federally Insured or Guaranteed Mortgage Loans) is hereby authorized and approved. Series B-1 shall be in the principal amount of \$45,000,000.00, and Series B-2 shall be in the principal amount of \$40,000,000.00. Said Bonds may sometimes be referred to as the Subseries Bonds. The 1985 Series B-1 and Series B-2 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 Additional Supplemental Trust Indenture. The 1985 Series B-1 and Series B-2 Bonds shall be prepared in substantially the form set forth in the Additional Supplemental Trust Indenture, with such additions, omissions and changes as are required or permitted by the Indenture and the Additional Supplemental Trust Indenture. The 1985 Series B-1 and Series B-2 Bonds shall be executed in the name of the Board by the Chairman of the Board, and attested to by either the Secretary or the Treasurer 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 1985 Series B-1 and Series B-2 Bonds. Such signatures may be manual or facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Indenture) for purposes of authenticating the 1985 Series B-1 and Series B-2 Bonds.

Section 7. Notice of Acceptance. The Administrator of the Board, his designee or any other officer of the Board is hereby authorized and directed to execute and deliver Notices of Acceptance to each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Mortgage Purchase Program, informing such mortgage lenders of such approval, the interest rate on the mortgage loans, the date on which reservations will be accepted and other program details.

Section 8. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the Single Family Mortgage Purchase Program, the Trust Indenture, the Additional Supplemental Trust Indenture, the Invitation, the Terms and Conditions, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and the 1985 Series B-1 and Series B-2 Bonds is hereby approved, confirmed and ratified.

Section 9. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or of 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 10. Additional Actions Authorized. 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 Treasurer, 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 Additional 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. Execution of Non-Arbitrage Certificate. 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 1985 Series B-1 and B-2 Bonds as described in Section 1.103-13-(a)(2)(ii) of the regulations relating to Section 103(c) and Section 103A(i) of the Internal Revenue Code of 1954, as amended.

Section 12. Effective Date. This Resolution shall become effective immediately.

Until the definitive 1985 Series B-1 and Series B-2 Bonds are prepared, the Board may, if deemed necessary by the Chairman, utilize temporary bonds which shall be typewritten, and which shall be delivered to the purchaser or purchasers of the 1985 Series B-1 and Series B-2 Bonds in lieu of definitive 1985 Series B-1 and Series B-2 Bonds, but subject to the same provisions, limitations, conditions and in the same principal amount as the definitive 1985 Series B-1 and Series B-2 Bonds. The temporary bonds shall be dated as of the date of the 1985 Series B-1 and Series B-2 Bonds, shall be consecutively numbered, shall be substantially of the tenor of such definitive 1985 Series B-1 and Series B-2 Bonds, but with such omissions, insertions and variations as may be appropriate to temporary bonds, and shall be manually signed by the Chairman, the Secretary, and the Trustee.

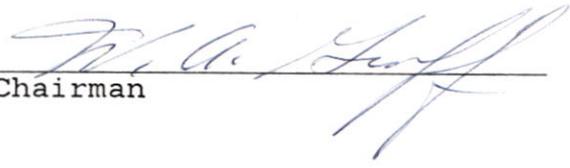
In case any of the officers who shall have signed or attested any of the 1985 Series B-1 and Series B-2 Bonds shall cease to be such officer or officers of the Board before the 1985 Series B-1 and Series B-2 Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Board, such 1985 Series B-1 and Series B-2 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Board as though those who signed and attested the same had continued to be such officers of the Board. Any 1985 Series B-1 or Series B-2 Bond may also be signed and attested on behalf of the Board by such persons as at the actual date of execution of such 1985 Series B-1 or Series B-2 Bond shall be the proper officers of the Board although at the original date of such 1985 Series B-1 or Series B-2 Bond any such person shall not have been such officer of the Board.

Section 5. Approval of Official Statement. The Official Statement 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 evidenced conclusively by such execution of the Official Statement.

Section 6. Sale of the Bonds. The Bond Purchase Agreement 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 such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Agreement. The 1985 Series B-1 and Series B-2 Bonds are hereby authorized to be sold to the Underwriters upon the terms and conditions specified in the Bond Purchase Agreement.

Adopted by the Montana Board of Housing this 6th day of
December, 1985.

MONTANA BOARD OF HOUSING

By 
Chairman

ATTEST:


Secretary

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
NOVEMBER 15, 1985

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - November 5, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Jay McLeod
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Discuss NHS Proposal
Discuss a Program for Using the Balance
of the 1985 Bond Allocation
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
NOVEMBER 15, 1985

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Mike Kennedy (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Absent)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Judy Gillespie, Accountant
Mary Ann Petesch, Accounting Technician
Jeannene Maas, Program Specialist
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Laura Brown, First Boston Corporation
Gordon Hoven, Piper, Jaffray & Hopwood
Michael Jansen, Piper, Jaffray & Hopwood
Jim Dinerstein, Dain Bosworth
Tom Downey, Hawkins, Delafield & Wood
Gene Hufford, D.A. Davidson & Company

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
Bob Murdo, Board Counsel
Dave Johnson, Anderson ZurMuehlen & Co.
Marilyn Dusenberry, Anderson ZurMuehlen & Co.

The meeting was called to order by Chairman Bill Groff in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the November 5, 1985 meeting, they were approved as presented.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey gave a summary to the Board on the 1984A (10-3/8%) issue. As of November 15, 1985 \$800,000 has been reserved.

Regarding the 1985A program, the funds have been fully reserved. As of November 7, 1985, 41% of these reservations have been delivered to the Board.

On the 1985B issue, the Board gave staff authority to start accepting reservations on November 25, 1985, earlier than the first scheduled date.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod reported to the Board that the Cut Bank project did close.

He also reported that the Cowdrey project had closed also and he asked Bond Counsel if all documents have satisfied the Multifamily Program Officer. Mr. Koegen assured Jay that as of the last report, everything was in order.

Regarding the Twin Bridges project, the firm commitment is to run out and there have been no new developments.

OTHER BUSINESS

Joan Bennett discussed with the Board a proposal from the Neighborhood Housing in Great Falls, requesting to set aside \$500,000 to be used for the purchase of housing for people with incomes of less than \$20,000, at 7-3/4% for two years.

After discussion by the Board, John Buchanan made a motion to approve Neighborhood Housings' request to set aside \$500,000 from the 1979A issue, to be used for 8-12 homes for two years. The motion was seconded by Mike Kennedy and carried unanimously.

1985B BOND ISSUE

Henry Lanier, First Boston Corporation explained to the Board the way the ACES program works. This program would be used for the 1985C issue.

Tom Battershell made a motion to give First Boston the approval to proceed with this program with the Boards option to stop it. John Buchanan seconded the motion and carried unanimously.

The next meeting is scheduled for Friday, December 6, 1985 in the Judicial Room of the Colonial Inn, Helena, Montana.

There being no further business, the meeting adjourned.

Joan Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

Dec 6, 1985

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
COACH HOUSE EAST - ROOM 114
2101 11TH AVENUE
HELENA, MONTANA
NOVEMBER 5, 1985

- I. CALL MEETING TO ORDER - 1:15 P.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - October 23, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
1985B Issue
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
ROOM 114, COACH HOUSE EAST
2101 11TH AVENUE
HELENA, MONTANA
NOVEMBER 5, 1985

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Mike Kennedy (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Judy Gillespie, Accountant
Sue Mannix, Accounting Technician
Jeannene Maas, Program Specialist
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Laura Brown, First Boston Corporation
Rod Pakonen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood
Jim Dinerstein, Dain Bosworth
Tom Downey, Hawkins, Delafield & Wood
Mark Semmens, D.A. Davidson & Company

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
Marilyn Dusenberry, Anderson ZurMuehlen & Co.
Mark Lindsey, Helena Homebuilders Assn.
Kathy Mann, Lambrose Realty
Jim Thompson, Buchouser Enterprise

The meeting was called to order by Chairman Bill Groff in Room 114, Coach House East, Helena, Montana.

There being no corrections or alterations to the minutes of the September 25, 1985 meeting, they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported to the Board that the closing for the Cut Bank project is scheduled for Friday, November 8, 1985, in Denver, Colorado.

Regarding the Cowdrey project in Bozeman, Montana, Herb brought the Board up to date on the problems with this project. Herb made a recommendation to the Board that an assignment be prepared assigning all benefits and burdens in connection with the bond issue to the Trustee, with a provision that the Trustee accept the assignment with all of its obligations and responsibilities and that the mortgagor(s) and First Bank Billings as issuer of the letter of credit, acknowledge the assignment.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey gave a summary on the 1985A (9-3/4%) issue as of November 1, 1985. The total reservations to date total \$35.4 million. Of this total, 23% of the reservations were made to incomes of \$20,000 or less, 61% were made to incomes of \$25,000 or less and 16% were made to incomes between \$25,000 & \$34,000.

Linda presented to the Board two requests to transfer servicing of mortgage loans from Pacific National Mortgage, Kalispell, Montana to Bancshares Mortgage, Spokane, Washington and from First Interstate Bank of Hardin, Montana to First Interstate Bank of Billings, Montana.

After discussion by the Board, Mike Kennedy made a motion, seconded by Howard Rosenleaf to give staff the authority to transfer servicing from one lending institution to another.

OTHER BUSINESS

APPROVAL OF NEW LENDER

Upon a motion by Joan Bennett and seconded by Mike Kennedy, the Board approved the First National Bank, Fairfield, Montana, as a qualified lending institution to participate in current and future financing programs of the Board.

1985B ISSUE

Henry Lanier, First Boston Corporation reported to the Board, that the 1985B issue is for \$75 million, with \$68 million available for mortgage loans. The interest rate is set at 9-3/4% with a total of 2½ points.

Henry Lanier and Laura Brown reviewed with the Board the Pricing Materials Book, which shows who took down the bonds on the 1985 B issue, cashflows and how the put options bonds work.

Roy Koegen, Bond Counsel presented to the Board a resolution (attached) authorizing the issuance of \$74,996,862.25 Single Family Program Bonds, 1985 Series B.

Mike Kennedy made a motion to adopt this resolution. The motion was seconded by Bruce Moerer and carried unanimously.

The Bond Purchase Agreement was presented to the Board and was signed by Henry Lanier, First Boston Corporation and William Groff, Chairman of the Board.

Henry Lanier brought the Board up to date on the ACES program. He will make his final presentation to the Board at the next scheduled meeting.

The next meeting is scheduled for Friday, November 15, 1985 in the Department of Commerce Conference Room, Helena, Montana.

There being no further business, the meeting adjourned.

Joan Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

November 15, 1985

DATED

MONTANA BOARD OF HOUSING
SINGLE FAMILY PROGRAM BONDS
1985 SERIES B

(Federally Insured or Guaranteed Mortgage Loans)

\$74,996,862.25

RESOLUTION 85- 1105-S7

RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE-FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$74,996,862.25 SINGLE FAMILY PROGRAM BONDS, 1985 SERIES B (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE CONTRACT; APPROVING A SUPPLEMENTAL TRUST INDENTURE, OFFICIAL STATEMENT AND OTHER DOCUMENTS; AND AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS.

Adopted: November 5, 1985

Prepared By:

PRESTON, THORGRIMSON,
ELLIS & HOLMAN

Spokane, WA

Seattle, WA

MONTANA BOARD OF HOUSING

RESOLUTION 85-_____

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RESOLUTION 85-_____

RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE-FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$74,996,862.25 SINGLE FAMILY PROGRAM BONDS, 1985 SERIES B (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE CONTRACT; APPROVING A SUPPLEMENTAL TRUST INDENTURE, OFFICIAL STATEMENT AND OTHER DOCUMENTS; AND AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS.

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-126, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Board intends to issue its Single Family Program Bonds, 1985 Series B (Federally Insured or Guaranteed Mortgage Loans) in the aggregate principal amount of \$74,996,862.25 (the "1985 Series B Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1985 Series B Bonds (the "1985 Series B Mortgage Purchase Program"); and

WHEREAS, the Board has mailed to mortgage lenders throughout the state an Invitation to Participate dated October 28, 1985, Terms and Conditions dated October 28, 1985, as amended, (the "Terms and Conditions") and a form of Mortgage Lender Application (the "Application") with respect to the 1985 Series B Mortgage Purchase Program; and

WHEREAS, by Resolution 82-0322-S1 duly adopted by the Board on March 22, 1982, the Board adopted and approved forms of a Mortgage Purchase Agreement and a Servicing Agreement applicable to the 1985 Series B Mortgage Purchase Program; and

WHEREAS, pursuant to a Trust Indenture dated as of August 16, 1979 between the Board and First Interstate Bank of California, as Trustee and First Interstate Bank of Kalispell, N.A., as Co-Trustee (the "Trust Indenture"), the Board authorized the issuance from time to time of its Single Family Program Bonds (Federally Insured or 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; and

WHEREAS, a 1985 Series B Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of November 1, 1985, has been presented to the Board pursuant to which the Board would authorize the issuance of \$74,996,862.25 aggregate principal amount of its 1985 Series B Bonds; and

WHEREAS, an Official Statement (the "Official Statement") to be dated November 5, 1985, has been presented to the Board, containing certain information relating to the Board, the Trust Indenture, the Supplemental Trust Indenture and the Bonds, and which will be distributed to the purchasers of the Bonds and others by a group of investment dealers and brokers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. Incorporated (the "Underwriters"); and

WHEREAS, a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated as of November 5, 1985, between the Board and the Underwriters, has been presented to the Board pursuant to which the Board would agree to sell and the Underwriters would agree to purchase the Bonds at the price and upon the terms and conditions therein set forth; and

WHEREAS, applications to participate in the 1985 Series B Mortgage Purchase Program have been received from the lending institutions set forth on Schedule 1 annexed to this resolution, and the Board intends to acquire loans from these institutions on the terms and conditions set forth in the Invitation to Participate, Terms and Conditions, Application and Mortgage Purchase Agreement (together, the "Program Documents");

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

Section 1. Findings.

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of the 1985 Series B Bonds and the purchase by the Board from proceeds thereof of mortgage loans pursuant to the Program Documents and the Trust Indenture constitute "housing developments" within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board hereby finds:

(i) that there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe, and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford, or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Trust Indenture and in the Program Documents pursuant to which Mortgage Loans are to be purchased are sufficient to insure that the homes will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the "housing sponsors" (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the homes to be financed as stated in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans, and other public desires;

(v) that the homes financed with the proceeds of the 1985 Series B Bonds do not involve the construction of "second homes," defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that the finding required by Section 90-6-109(2)(1)(f) of the Act is inapplicable because the homes financed by the 1985 Series B Bonds do not involve direct loans.

Section 2. Approval of 1985 Series B Mortgage Purchase Program. The 1985 Series B Mortgage Purchase Program is hereby ratified and approved; the Program Documents are hereby ratified and approved.

Section 3. Approval of Indenture and Supplemental Indenture. The Trust Indenture is hereby ratified and approved in the form executed by the Chairman of the Board as of August 16, 1979.

The Supplemental Trust Indenture 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 direct to attest thereto.

Section 4. Authorization of Bonds. The issuance of the Board's \$74,996,862.25 Single Family Program Bonds, 1985 Series B (Federally Insured or Guaranteed Mortgage Loans) is hereby authorized and approved. The 1985 Series B 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 1985 Series B 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 1985 Series B Bonds shall be executed in the name of the Board by the Chairman of the Board, and attested to by either the Secretary or the Treasurer 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 1985 Series B Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Indenture) for purposes of authenticating the 1985 Series B Bonds.

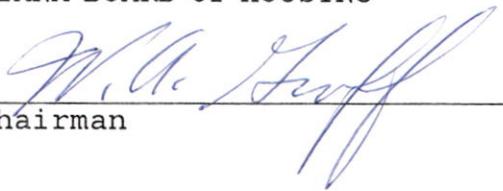
Section 5. Approval of Official Statement. The Official Statement is hereby approved in the form submitted to this meeting and the Chairman or the Vice Chairman of the Board is hereby authorized to execute and deliver the Official Statement with such changes, insertions or omissions therein as do not change the substance of the Official Statement and as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement.

Section 6. Sale of the Bonds. The Bond Purchase Agreement 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 such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Agreement. The 1985 Series B Bonds are hereby authorized to be sold to the Underwriters upon the terms and conditions specified in the Bond Purchase Agreement.

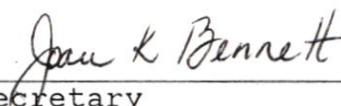
Section 7. Notice of Acceptance. The Administrator of the Board, his designee or any other officer of the Board is hereby authorized and directed to execute and deliver Notices of Acceptance to each of the lending institutions listed on Schedule 1

Adopted by the Montana Board of Housing this 5th day of
November, 1985.

MONTANA BOARD OF HOUSING

By 
Chairman

ATTEST:


Secretary

annexed hereto, each of which is hereby approved as a lender under the Single Family Mortgage Purchase Program, informing such mortgage lenders of such approval, the interest rate on the mortgage loans, the date on which reservations will be accepted and other program details.

Section 8. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the Single Family Mortgage Purchase Program, the Trust Indenture, the Supplemental Trust Indenture, the Invitation, the Terms and Conditions, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and the 1985 Series B Bonds is hereby approved, confirmed and ratified.

Section 9. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or of 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 10. Additional Actions Authorized. 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 Treasurer, 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. Execution of Non-Arbitrage Certificate. 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 1985 Series B Bonds as described in Section 1.103-13(a)(2)(ii) of the regulations relating to Section 103(c) and Section 103A(i) of the Internal Revenue Code of 1954, as amended.

Section 12. Effective Date. This Resolution shall become effective immediately.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
COACH HOUSE EAST - ROOM 114
2101 11TH AVENUE
HELENA, MONTANA
OCTOBER 23, 1985

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - SEPTEMBER 25, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
1985A
1985B
Prepayments Report
Auditor's Report - Anderson ZurMuehlen
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
ROOM 114, COACH HOUSE EAST
2101 11TH AVENUE
HELENA, MONTANA
OCTOBER 23, 1985

ROLL CALL OF

BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Mike Kennedy (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Judy Gillespie, Accountant
Mary Ann Petesch, Accounting Technician
Jeannene Maas, Program Specialist
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Laura Brown, First Boston Corporation
Linda Cooper, First Boston Corporation
Rod Pakonen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood
Jim Dinerstein, Dain Bosworth
Tom Downey, Hawkins, Delafield & Wood
Les Jacobowitz, Hawkins, Delafield & Wood
Gene Hufford, D.A. Davidson & Company

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
Marilyn Dusenberry, Anderson ZurMuehlen & Co.
Gary Carlson, Anderson ZurMuehlen & Co.
Mark Lindsey, Helena Homebuilders Assn.
Ginny Nelson, Montana Assn. of Realtors
Bob Nelson, Montana Assn. of Realtors

The meeting was called to order by Chairman Bill Groff in Room 114, Coach House East, Helena, Montana.

There being no corrections or alterations to the minutes of the September 25, 1985 meeting, they were approved as presented.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey gave a summary of the 1985A (9-3/4%) program. As of October 22, 1985 the Board has confirmed bond proceeds for mortgage Loans for adjusted gross incomes of \$20,000 or less in the amount of \$7 million. With adjusted gross incomes of \$25,000 or less, \$17.6 million has been confirmed. Adjusted gross incomes of \$25,000 to \$34,500, \$7 million has been confirmed which is a total of \$31.6 million of confirmed reservations. A total of \$3.9 million is remaining.

Regarding the 1984A program, there is a total of \$1.4 million of unused proceeds. Beginning November 1, 1985, the Board will recapture the balance of those commitments to be available on a first-come, first-served basis.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported to the Board that the Twin Bridges project is still under consideration. The Land Board has made a decision to release the 9.6 acres for the elderly and personal care project. Negotiations are still being held on letters of credit and where the front end money is coming from.

Regarding the Cut Bank project, the final closing is scheduled for November 8 or November 15, 1985.

Herb reported that the bond closing on the Cowdrey project is scheduled for November 23, 1985, but stated the problems that have arisen with this project. The Board decided to have Herb go ahead and work out these problems before they can proceed with the bond closing.

OTHER BUSINESS

Dave Kraft discussed with the Board the summary of terms under which all single family loans have been originated, including point structures, income limitations, and prepayment assumptions, all of which are to be considered by the Board when originating new loans with prepayments.

AUDIT REPORT

Marilyn Dusenberry of Anderson ZurMuehlen & Company gave a report to the Board on the Examination of Financial Statements for year ending June 30, 1985.

1985B ISSUE

Henry Lanier, First Boston Corporation discussed with the Board the options of the financing techniques for a new bond issue.

After lengthy discussion by the Board, Tom Battershell made a motion to have First Boston proceed with a new bond issue and to use whatever financing techniques were appropriate to achieve a 9-7/8% mortgage rate while at the same time maintaining the maximum flexibility with respect to recycling prepayments into new loans. The motion was seconded by Mike Kennedy and carried unanimously.

After further discussion, Mike Kennedy made a motion to have First Boston continue working with the ACES program and present this program to the Board at the next scheduled meeting. The motion was seconded by Joan Bennett and carried.

The next meeting is scheduled for November 5, 1985, in Room 114 at the Coach House East, Helena, Montana.

There being no further business, the meeting was adjourned.

Joan Bennett
JOAN BENNETT, SECRETARY TO THE BOARD

11/5/85
Date

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
SEPTEMBER 25, 1985

- I. CALL MEETING TO ORDER - 1:15 P.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - August 12, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Jay McLeod
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Call of 1982 Issue
Recycle of 1980A Issue
CSHA Conference
Treasury II Proposal
Approval of Lenders
Lomas & Nettleton Letter
Merrill-Lynch Presentation - Gary Buchanan
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
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MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
SEPTEMBER 25, 1985

ROLL CALL OF

BOARD MEMBERS: William Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Mike Kennedy (Present)
Bruce Moerer (Absent)
Howard Rosenleaf (Absent)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Jeannene Maas, Program Specialist
Dave Kraft, Comptroller
Nita Routzahn, Administrative Assistant
Cyndi Routzahn, Accounting Specialist
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Rod Pakonen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood
Jim Dlugosch, Dain Bosworth
Gene Hufford, D. A. Davidson

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
Bob Murdo, Board Counsel
Pat Giblin, Dougherty, Dawkins, Strand & Yost
Gary Buchanan, Merrill Lynch
Peter Hlavacek, Merrill Lynch
Jim Lechner, Montana Homebuilders Association
Mike Hughes, Montana Homebuilders Association
Bob Anez, Associated Press
Sam Gottlieb, G.S.P.

The meeting was called to order by Chairman Bill Groff at the Department of Commerce Room, Helena, Montana.

There being no corrections or alterations to the minutes of the August 21, 1985 meeting, they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod reported to the Board the status of the Cut Bank project. He stated that the project is approaching final closing. The cost certification is in the stages of completion and closing will be in the early part of October.

Regarding the Twin Bridges project, HUD has come out with a firm commitment.

Bob Murdo, Board Counsel, brought the Board up to date on the Cowdry project, a 32-unit multifamily rental housing facility in Bozeman, Montana.

He presented to the Board a resolution authorizing a project under Title 90, Chapter 6, Part I, Montana Code Annotated, and the issuance and sale of \$800,000 Multifamily Housing Revenue Bonds (Cowdrey Project), to finance the same; approving the form of documentation in connection therewith; and authorizing the execution and delivery of the bonds and documentation.

After some discussion, John Buchanan made a motion to adopt this resolution (attached). The motion was seconded by Mike Kennedy and passed unanimously.

Sam Gottlieb from Gottlieb Sorrin Properties requested the Board's approval to finance two multifamily college housing projects, one in Missoula and one in Bozeman. After discussion by the Board, it was suggested Mr. Gottlieb make formal application for the financing of these projects with the cities of Missoula and Bozeman.

STATUS OF SINGLE FAMILY PROGRAMS

1985A Program. Linda Forrey gave a summary of the 1985A Single Family Program which began processing Reservations for 85A Loans on a first-come, first served, loan by loan basis on September 9, 1985. Of the \$35.5 million available for mortgage loans, confirmed reservations represent 281 loans for a total of \$14.6 million through September 24, 1985. New Construction reservations total \$3.6 million which represents approximately 25% of the total reservations. Confirmed reservations for Low Income Families (Adjusted Gross Incomes of \$20,000 or less) totaled \$2.275 million. The balance to be reserved represents \$20.9 million.

1984A PROGRAM. The balance of the 1984A commitments in the approximate amount of \$1.5 million was recommended to be recaptured and allocated to lenders for builder commitments or for existing housing as needed and after the 1985A program funds were reserved. After discussion by the Board, Tom Battershell made a motion to

refund the 1% commitment fee to those lenders that have unused commitments of \$50,000 or less and to Mortgage Pool Lenders and Lenders which committed to deliver additional mortgages after the standard reallocation date regardless of their undelivered commitment amount. The motion was seconded by Mike Kennedy and passed unanimously.

APPROVAL OF NEW LENDER

Upon a motion by Tom Battershell and seconded by John Buchanan, the Board approved First National Bank of Whitefish, Montana as a qualified lending institution to participate in current and future financing programs of the Board.

MERRILL LYNCH PRESENTATION

Mr. Gary Buchanan and Peter Hlavacek of Merrill Lynch presented to the Board a proposal to include Merrill Lynch to the team of co-managers.

RECYCLE OF 1980 PREPAYMENTS

After lengthy discussion by the Board on the recycling of the 1980 prepayments, it was decided to have staff make a recommendation at the next scheduled meeting as how to recycle the 1980A prepayments. After further discussion, Tom Battershell made a motion and seconded by Mike Kennedy to recycle, if appropriate, prepayments in all of the bond series with the exception of the 1982A series. The motion carried.

REDEMPTION OF CERTAIN 1982A BONDS

Regarding the 1982A Bonds, John Buchanan made a motion in the form of a resolution (attached), which was seconded by Tom Battershell authorizing the trustee to call \$3,105,000 principal amount of 1982 Series A Bonds; directing the preparation of a cash flow certificate; directing that certain certificates be delivered to the trustee; providing for the giving of notice of such redemption; and providing for other matters relating thereto. The motion carried unanimously.

Mike Kennedy made a motion to continue to redeem the 1982A bonds on a six-month basis from prepayments. The motion was seconded by Tom Battershell and carried.

LOMAS & NETTLETON COMPANY

Linda Forrey presented a communication to the Board from Lomas and Nettleton Company which has made a new application to originate loans and sell the servicing of such loans on a loan by loan basis or retain the servicing at their discretion. After lengthy discussion the Board decided to have John Buchanan, Joan Bennett and staff and Board Counsel to meet with Lomas & Nettleton officials and report back at the next scheduled meeting as to how and what Lomas & Nettleton specifically intends to service the Board's loans before a decision is made.

TRANSFER OF NATIONAL FIRST MORTGAGE SERVICING

The Board approved the transfer of servicing of National First Mortgage , Santa Barbara, California to Streeter Brothers Mortgage Company upon a motion by John Buchanan and seconded by Mike Kennedy and approved by the Board.

APPOINTMENT OF TRUSTEE AND INVESTMENT COMMITTEES

Chairman Groff appointed two committees to review and bring back a report to the Board at the next scheduled meeting. John Buchanan was appointed Chairman of the Investment Oversight Committee with Tom Battershell and Bill Groff also serving on the committee. Joan Bennett was appointed Chairperson of the Trustee Review Committee with Mike Kennedy and Bruce Moerer serving on the committee.

NEXT MEETING

The next meeting is scheduled for October 23, 1985 in Room 114 at the Coach House East, Helena, Montana.

There being no further business, the meeting adjourned.

Joan Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

October 23, 1985

DATED

RESOLUTION NO. 85-0925-S6

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AUTHORIZING THE TRUSTEE TO CALL \$3,105,000 PRINCIPAL AMOUNT OF 1982 SERIES A BONDS; DIRECTING THE PREPARATION OF A CASH FLOW CERTIFICATE; DIRECTING THAT CERTAIN CERTIFICATES BE DELIVERED TO THE TRUSTEE; PROVIDING FOR THE GIVING OF NOTICE OF SUCH REDEMPTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY PROGRAM BONDS
1982 SERIES A

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is a Board duly created by the Montana Housing Act of 1975, being MCA 90-6, et seq. (the "Act"); and

WHEREAS, the Board has heretofore entered into a Trust Indenture by and between the Board, the First Interstate Bank of California (formerly the United California Bank) and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), dated August 16, 1979 (the "Indenture"), which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to one or more supplemental trust indentures in accordance with the terms of such Indenture; and

WHEREAS, the Board has heretofore, by a Supplemental Trust Indenture by and between the Board and the First Interstate Bank of California, as Trustee, and the First Interstate Bank of Kalispell, N.A., as Co-Trustee, dated April 6, 1982, (the "Supplemental Indenture"), duly authorized the issuance, sale and delivery of \$55,000,000 principal amount of its Single Family Program Bonds, 1982 Series A (the "1982 Series A Bonds"); and

WHEREAS, the Board has received not less than \$3,105,000 principal amount of mortgage loan prepayments and has determined to redeem certain 1982 Series A Term Bonds, as defined in the Supplemental Indenture by application of such prepayment; and

WHEREAS, the Indenture and the Supplemental Indenture require that certain certificates be obtained and certain notice given prior to the redemption of such 1982 Series A Term Bonds;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: The Board hereby authorizes the Trustee to call for redemption on December 1, 1985, the 1982 Series A Bonds in the aggregate principal amount of \$3,105,000 prior to their stated maturity, in accordance with the provisions of Article III of the

Indenture and Section 2.07 of the Supplemental Indenture, at the price of par plus accrued interest to the date of redemption. The individual 1982 Series A Bonds to be redeemed, or portions thereof, are those bearing the serial numbers and principal amounts as set forth in Annex I attached hereto and incorporated herein by reference.

Section 2: The Treasurer of the Board is hereby directed to prepare, or to cause to be prepared, a cash flow certificate regarding money in the Special Redemption Account, pursuant to Section 5.03(C) of the Indenture and to deliver such certificate to the Trustee. Said certificate shall specify the amount of money to be transferred to the Special Redemption Account and the amount of each maturity to be redeemed in furtherance of the redemption authorized by Section 1 hereof. The cash flow certificate shall also give effect to said redemption of 1982 Series A Bonds.

Section 3: The Trustee is hereby directed to give notice of such redemption, by publication once a week for two successive weeks not less than thirty (30) days prior to the redemption date in newspapers published in New York, New York and Helena, Montana.

The Trustee is also hereby directed to mail a like notice to the owners of all registered 1982 Series A Bonds, but the failure to give such notice shall not affect the validity of such redemption. The notice of redemption shall be substantially in the form set forth as Annex II attached hereto and incorporated herein by reference.

Section 4: Interest shall cease to accrue on those 1982 Series A Bonds called for redemption on the date of redemption, provided sufficient money to effect such redemption is on deposit at the place of redemption on such date.

Section 5: 1982 Series A Bonds may be redeemed by presentation and surrender on or prior to the date of redemption at either of the following locations:

J. Henry Schroeder Bank and Trust Company
Stock Transfer Department
SC1, One State Street
New York, New York 10015

First Interstate Bank of California
Corporate Trust Department, Bond and Coupon Section
21021 Ventura Boulevard
Woodland Hills, California 91364

First Interstate Bank of Kalispell, N.A.
Trust Department
Post Office Box 209, 2 Main Street
Kalispell, Montana 59901

Section 6: The Treasurer of the Board is hereby directed to take, or to cause to be taken by the Trustee, all additional action not inconsistent with the Indenture and the Supplemental Indenture, in order to accomplish the call and redemption of the 1982 Series A Bonds as provided herein.

Section 7: This Resolution shall become effective immediately upon its adoption.

ADOPTED by the Montana Board of Housing this 25th day of September, 1985.

MONTANA BOARD OF HOUSING

By 
Chairman

ATTEST:


Treasurer

ANNEX I

June 1, 2008:

Serial No.

Principal Amount

ANNEX II

NOTICE OF REDEMPTION

MONTANA BOARD OF HOUSING
 SINGLE FAMILY PROGRAM BONDS, 1982 SERIES A
 (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS)

Notice is hereby given that pursuant to Article III of the Trust Indenture dated August 16, 1979, between the Montana Board of Housing (the "Board"), the First Interstate Bank of California (formerly the United California Bank), as Trustee, and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), as Co-Trustee, and Section 2.07 of the 1982 Series A Supplemental Trust Indenture dated April 6, 1982, between the Board, the Trustee and the Co-Trustee, that on December 1, 1985, there will be redeemed through the Special Redemption Account, an aggregate \$3,105,000 principal amount of the above designated Bonds maturing in the years set forth below. The individual Bonds to be redeemed maturing June 1, in the year 2008 have been selected at random by the Trustee. The individual Bonds to be redeemed are those bearing the following serial numbers:

June 1, 2008:

<u>Serial No.</u>	<u>Principal Amount</u>
(to be inserted by Trustee)	

The Bonds specified above are to be redeemed on December 1, 1985, on which date said Bonds shall become due and payable at a redemption price of 100% of the principal amount thereof, together with interest on such principal amount thereof to the date fixed for redemption.

Payment of the amounts due upon such redemption shall be made, on or after such redemption date, upon the presentation and surrender of the Bonds called for redemption at First Interstate Bank of California, _____, New York, New York, _____, or at First Interstate Bank of Kalispell, N.A., _____, Kalispell, Montana, _____. The method of presentation and delivery of the Bonds to either the Trustee or Co-Trustee is at the option and risk of the holder of each Bond. If mail is used, Insured Registered Mail, Return Receipt Requested, is suggested.

On the redemption date, the Bonds to be redeemed shall cease to bear interest.

MONTANA BOARD OF HOUSING

By: First Interstate Bank of
California, as Trustee

RESOLUTION NO. 85-0925-M2

RESOLUTION AUTHORIZING A PROJECT UNDER TITLE 90, CHAPTER 6, PART 1, MONTANA CODE ANNOTATED, AND THE ISSUANCE AND SALE OF \$800,000 MULTIFAMILY HOUSING REVENUE BONDS (COWDREY PROJECT), TO FIANCE THE SAME; APPROVING THE FORM OF DOCUMENTATION IN CONNECTION THEREWITH; AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE BONDS AND DOCUMENTATION

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

Section 1. Authorization and Recitals.

1.01. General Authority. The Board is authorized by Title 90, Chapter 6, Part 1, Montana Code Annotated (the Act) to issue revenue bonds to invest in, purchase or make commitments to purchase, and take assignments from lending institutions of notes, mortgages, and other securities evidencing loans for the construction, rehabilitation, purchase, leasing, or refinancing of housing developments for persons and families of lower income in the State of Montana upon such terms and conditions as the Board shall deem advisable and as shall not conflict with the provisions of the Act.

1.02. Proposed Project and Bonds. Marvin R. Cowdrey and Judy G. Cowdrey, individuals residing in Bozeman, Montana (jointly, the Obligor), have proposed that the Board, acting under and pursuant to the Act, issue and sell to Dougherty, Dawkins, Strand & Yost, Inc., of Minneapolis, Minnesota and Billings, Montana (the Underwriter), Multifamily Housing Revenue Bonds (Cowdrey Project), of the Board (the Bonds), for the purpose of defraying a portion of the costs of acquisition of certain land in Bozeman, Montana and the construction and equipping of buildings and related improvements located thereon so as to be suitable for use as a 32-unit multifamily rental housing facility (the Project). Pursuant to the proposal, the proceeds of the Bonds would be loaned to the Obligor pursuant to a Loan Agreement between First Bank (N.A.) - Billings and the Obligor, which Loan Agreement would be assigned by First Bank (N.A.) - Billings to the Board pursuant to an Assignment of Loan Agreement; the Obligor would agree to apply the proceeds to the payment of costs of the Project and to repay the loan at such times and in such amounts to provide for the prompt payment of the principal of and interest on the Bonds; the Board would pledge and assign

9/25
Approved

to a Trustee, pursuant to an Indenture of Trust, the Board's interest under the Loan Agreement including all loan repayments (but excluding the right of the Board to reimbursement of expenses and to indemnification), to secure the full and prompt payment of the principal of and interest on the Bonds; the Obligor would be obligated to pay all costs of acquiring, constructing and equipping the Project in excess of the Bond proceeds available therefor; and the payment of the principal of and interest on the Bonds would be further secured by a lien on and security interest in the Project from the Obligor to the Trustee under a Combination Trust, Security Agreement and Fixture Financing Statement and by a Letter of Credit issued by First Bank (N.A.) - Billings, in Billings, Montana in the amount of \$800,000 plus 285 days' interest on the Bonds, which Letter of Credit would not secure the payment of the Bonds beyond October 1, 1995. The Project would be held for occupancy in part by persons of low and moderate income within the meaning of Section 103(b)(12)(C) of the Internal Revenue Code of 1954, as amended (the Code), pursuant to a Declaration by the Obligor.

The Bonds would be limited obligations of the Board payable solely from and secured by the payments to be made by the Obligor under the Loan Agreement and proceeds and revenues from the Project and by the Trust Indenture, and would not constitute or give rise to a pecuniary liability of the Board or the State of Montana or a charge against the general credit or taxing powers of the State of Montana.

1.03. Prior Approval and Public Hearing. On March 19, 1985, this Board called for a public hearing on the Project and the issuance of \$800,000 in maximum aggregate face amount of multifamily housing revenue bonds, as required by the Act and Section 103(k) of the Code. The public hearing was duly noticed and held June 17, 1985, at which time all interested persons were given the opportunity to appear and be heard and to submit written comments. On that date, this Board by resolution authorized and approved the issuance of the Bonds and the undertaking of the Project.

1.04. Project Cost. The Obligor has advised this Board, and this Board hereby finds, that the estimated costs of the Project at the present time are approximately as set forth under "Source and Application Funds" in the Preliminary Official Statement furnished to the Board.

All costs of the Project in excess of the proceeds of the Bonds available therefor are required to be paid by the Obligor.

1.05. Documentation. Draft forms of the following documents relating to the Project and the Bonds have been prepared and submitted to the Board, and are hereby directed to be filed with the Administrator:

(a) Loan Agreement (the Loan Agreement), to be dated as of October 1, 1985, between First Bank (N.A.) - Billings and the Obligor;

(b) Assignment of Loan Agreement (the Assignment), to be dated as of October 1, 1985, between First Bank (N.A.) - Billings (the Bank) the Board and the Obligor;

(c) Indenture of Trust (the Indenture), to be dated as of October 1, 1985, between the Board and First Trust Company of Montana, in Billings, Montana, as trustee (the Trustee);

(d) Combination Trust Indenture, Security Agreement and Fixture Financing Statement (the Trust Indenture), to be dated as of October 1, 1985, from the Obligor to a trust indenture trustee for the benefit of the Trustee and the Bank;

(e) Letter of Credit (the Letter of Credit) to be issued by the Bank and to be dated the date of the issuance of the Bonds;

(f) Reimbursement Agreement (the Reimbursement Agreement) to be dated as of October 1, 1985 from the Obligor to the Bank;

(g) Bond Purchase Agreement (the Bond Purchase Agreement), dated September __, 1985, to be executed by the Board, the Underwriter and the Obligor; and

(h) a draft of Preliminary Official Statement (the Preliminary Official Statement), dated September __, 1985, to be used in connection with the offer and sale of the Bonds.

(i) Declaration (the Declaration), to be dated October 1, 1985, by and among the Issuer, the Trustee and the Obligor.

Section 2. Findings.

It is hereby found, determined and declared that:

(a) the Project comprises real and personal properties which shall be suitable for use in connection with a multifamily rental housing facility as contemplated by the Act;

(b) in authorizing the Project the Board's purpose is and in its judgment the effect thereof will be to promote the public welfare by encouraging the location and development of multifamily housing in the State thereby increasing the availability of affordable multifamily housing units for residents of the State, including low and moderate income persons, improving employment opportunities for present and future residents, increasing and balancing the tax base of the State and promoting and stimulating economic activity within the State;

(c) the acquisition, construction and installation of the Project, the issuance and sale of the Bonds, the execution and delivery of the Assignment, the Indenture, the Declaration and the Bond Purchase Agreement and the performance of all covenants and agreements of the Board contained in the Loan Agreement, the Assignment, the Indenture, the Declaration and Bond Purchase Agreement and all other acts and things required under the Constitution and laws of the State of Montana to make the Loan Agreement, the Assignment, the Indenture, the Declaration, the Bond Purchase Agreement and the Bonds valid and binding special obligations of the Board in accordance with their terms, are authorized by the Act;

(d) the issuance and sale of the Bonds, the acquisition, construction and installation of the Project and the financing of the Project by the Board for the benefit of the Obligor is in the public interest of the State and its citizens;

(e) it is desirable that the Obligor be authorized subject to the terms and conditions the Board determines to be necessary, desirable and proper, to provide for the acquisition, construction and installation of the Project by such means as shall be available to the Obligor and in the manner determined by the Obligor;

(f) it is desirable that the Bonds be issued by the Board upon the terms set forth in this resolution and the Indenture, under the provisions of which the Board's interest in the Loan Agreement and in all loan repayments thereunder (but excluding its rights to reimbursement of expenses and indemnification) will be assigned and pledged

to the Trustee as security for the payment of the principal of and interest on the Bonds;

(g) the loan repayments and other amounts to be paid by the Obligor under the Loan Agreement are sufficient (1) to pay the total principal of and interest on the Bonds when and as the Bonds mature and (2) to pay all other costs and expenses of the Board in connection with the Project and the issuance of the Bonds; and the Loan Agreement also provides that the Obligor is required to pay or cause to be paid all expenses of the operation and maintenance of the Project, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and special assessments levied upon or with respect to the Project and payable during the term of the Loan Agreement;

(h) the financing of the Project, the issuance and sale of the Bonds, the execution and delivery of the Loan Agreement, the Assignment, the Declaration and the Indenture and the performance of all covenants and agreements of the Board contained in the Bonds, the Loan Agreement, the Assignment, the Declaration and the Indenture and all other acts and things required under the Constitution and laws of the State of Montana to make the Loan Agreement, the Assignment, the Indenture, the Declaration and the Bonds valid and binding limited obligation of the Board in accordance with their terms, are authorized by the Act;

(i) twenty percent (20%) of the units in the Project will be reserved for occupancy by "persons of low and moderate income" as required by Section 103(b)(4)(A) of the Code;

(j) it is not deemed necessary or advisable to establish a reserve in connection with the retirement of the Bonds or the maintenance of the Project; and

(k) under the provisions of the Act, and as provided in the Loan Agreement and the Indenture and stated on the face of the Bonds, the Bonds are limited obligations of the Board payable solely from loan repayments made by the Obligor (except to the extent payable from proceeds of the Bonds, from disposition of the property subject to the Trust Indenture or from payments under the Letter of Credit) and do not constitute a pecuniary liability of the Board or the State of Montana or a charge against the general credit or taxing powers of the State of Montana.

Section 3. Authorization and Approval of the Project, Loan Agreement, Assignment, Indenture, Trust Indenture, Declaration, Letter of Credit, Reimbursement Agreement and Bond Purchase Agreement.

The Board is hereby authorized to finance part of the costs of the Project, as presently estimated under Section 1.04 hereof, and to pledge and assign the Loan Agreement and the loan repayments due thereunder, all as provided in the Loan Agreement and the Indenture. The forms of the Loan Agreement, the Assignment, the Indenture, the Trust Indenture, Letter of Credit, Reimbursement Agreement, the Declaration and the Bond Purchase Agreement referred to in Section 1.05 hereof are approved, subject to such modifications as are deemed appropriate and approved by the Chairman or the Vice Chairman and the Treasurer, Secretary or any other member of the Board, which approval shall be conclusively evidenced by execution of the Assignment, the Indenture, the Declaration and the Bond Purchase Agreement by such persons. The Assignment as so approved is directed to be executed in the name and on behalf of the Board by the Chairman or the Vice Chairman and the Treasurer, Secretary or any other member of the Board and delivered to the Trustee upon execution thereof by the Obligor. The Indenture as so approved is directed to be executed in the name and on behalf of the Board by the Chairman or the Vice Chairman and the Treasurer, Secretary or any other member of the Board. The Bond Purchase Agreement as so approved is directed to be executed in the name and on behalf of the Board by the Chairman or the Vice Chairman and the Treasurer, Secretary or any other member of the Board upon execution thereof by the Obligor and the Underwriter. Copies of all the documents shall be delivered, filed and recorded as provided therein.

Section 4. Official Statement.

The Bonds will be offered for sale by the Underwriter to the public by means of the Preliminary Official Statement and the Official Statement. The Board hereby consents to the distribution of the Preliminary Official Statement and the Official Statement to prospective purchasers of the Bonds. The Board has not participated in the preparation of the Preliminary Official Statement or the Official Statement, has made no independent investigation with respect to the information contained therein and assumes no responsibility for the sufficiency, accuracy or completeness of such information.

Section 5. The Bonds: Terms, Sale and Execution.

5.01. Authorization. In anticipation of the receipt of the loan repayments from the Obligor, the Board shall proceed forthwith to issue its Multifamily Housing Revenue Bonds (Cowdrey Project), to be dated initially as of October 1, 1985, in the form and upon the terms set forth in the Indenture and this resolution.

5.02 Terms. The Bonds shall be issued in the aggregate principal amount of \$800,000, in the form of bonds registrable as to principal and interest in any denomination which is an integral multiple of \$5,000, of single maturities. The Bonds shall mature on October 1 in years and amounts and shall bear interest at the rates to be determined by the Underwriter and the Obligor, and to be approved by the Chairman or Vice Chairman. The maturity of the Bonds will not exceed 30 years and the average interest rate of the Bonds will not exceed ten percent (10%). The Bonds shall embody such form and be subject to the terms and conditions, including redemption and sinking fund provisions, prescribed by the Indenture.

5.03. Sale. The proposal of the Underwriter to purchase the Bonds at a price of 96% of the principal amount thereof, plus interest accrued to the date of delivery, is hereby found and determined to be reasonable and is hereby accepted. The Chairman and the Secretary or the Treasurer are authorized and directed to prepare and execute the Bonds as prescribed herein and in the Indenture and to deliver them to the Trustee, together with a certified copy of this resolution, the other documents required in the Indenture, and such other certificates, documents and instruments as may be appropriate to effect the transactions herein contemplated.

Section 6. Limitation of Board and State Liability. Notwithstanding anything contained in the Bonds, the Trust Indenture, the Loan Agreement, the Assignment, the Indenture of Trust, the Declaration, the Letter of Credit or the Reimbursement Agreement, the Bonds and the interest thereon do not constitute a debt of the Board or the State of Montana, within the meaning of any constitutional or statutory limitation, and do not constitute or give rise to a pecuniary liability of the Board or the State of Montana or a charge against the general credit or taxing powers of the State of Montana. The Board has no taxing powers. The Bonds and the interest thereon are payable solely from the revenues pledged to the payment thereof pursuant to the Loan

Agreement, and the holders of the Bonds shall never have the right to enforce payment thereof against any property of the Board or the State of Montana except the Project or the Letter of Credit, and the Bonds do not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Board or the State of Montana except the Project, and the agreement of the Board to perform or cause the performance of the covenants and other provisions herein referred to shall be subject at all times to the availability of revenues of the Project or the funds furnished to the Board in accordance with the Loan Agreement, sufficient to pay all costs of such performance or the enforcement thereof.

Section 7. Effective Date.

This resolution shall become effective immediately upon its passage and approval.

PASSED AND APPROVED BY THE MONTANA BOARD OF HOUSING, this ___ day of October, 1985.

STATE OF MONTANA)
)ss:
COUNTY OF LEWIS AND CLARK)

I, _____, Administrator of the Montana Board of Housing, do hereby certify that the foregoing Resolution No. _____ was regularly placed on its agenda for final passage and adoption, and was duly passed and adopted by the Montana Board of Housing at a regular meeting thereof held on the _____ day of October, 1985.

Administrator

(SEAL OF BOARD)

EXHIBIT A

Maturity
(October 1)

Principal
Amount

Interest
Rate

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
AUGUST 12, 1985

- I. CALL MEETING TO ORDER - 1:15 P.M.
Chairman William Groff
- II. APPROVAL OF MINUTES - June 21, 1985
Chairman William Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
1985A Bond Issue
Multifamily Presentation
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
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STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
AUGUST 12, 1985

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Absent)
Mike Kennedy Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herbert George, Multifamily Program Officer
Dave Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Richard McNeil, First Boston Corporation
Jim Dinerstein, Dain Bosworth, Inc.
Gordon Hoven, Piper, Jaffray & Hopwood
Gene Hufford, D.A. Davidson
Tom Downey, Hawkins Delafield & Wood

OTHERS:

Jay Reich, Bond Counsel
Dave Jackson, Board Counsel
Dave Johnson, Anderson ZurMuehlen & Co.
Tim Power, Bancshares Mortgage Company
Bill Hines, Bill Walker Realty
Mark Lindsey, Home Builders Assn., Helena
Sandy Courtnage-Commerce

The meeting was called to order by Chairman Bill Groff at the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the June 21, 1985 meeting, they were approved as presented.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey gave a status report on the 1984A, 10-3/8%, issue. As of the purchase date of August 1, 1985, of the \$67 million originally available, there is approximately \$2.4 million remaining which is subject to reallocation.

APPROVAL OF NEW LENDERS

Upon a motion by Thomas Battershell and seconded by Howard Rosenleaf, the Board approved the following lenders as qualified lending institutions to participate in future financing programs of the Board: Whitecap International of Whitefish, Montana, First Valley Bank of Seeley Lake, Montana and National First Mortgage of Santa Barbara, California. Mutual Mortgage Group of Billings, Montana was not approved.

BIG HORN COUNTY

Linda Forrey reported to the Board that Big Horn County was not approved by HUD/Treasury as an Area of Economic Distress as it did not meet two of the necessary criteria according to their evaluation of the application.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported that there were no new developments on the Twin Bridges project.

Regarding the Cut Bank project, the cost certification has been submitted to HUD. The final closing on this project is expected to be within the next 30 to 60 days.

OTHER BUSINESS

Tom Power from Bancshares Mortgage Company and Jay Reich, Bond Counsel gave a presentation to the Board regarding a Fannie Mae Multifamily program for Montana. Subsequent to the presentation, the Board instructed the staff to work with Bancshares in developing a program.

1985A PROGRAM

Henry Lanier, First Boston Corporation reviewed with the Board

the bid to purchase the 1985 Series A bonds. He described in detail all of the components of the final pricing materials.

Jay Reich, Bond Counsel then presented to the Board Resolution #85-0812-S5 (attached) approving a program to finance Single Family housing and authorizing the issuance of \$39,999,827.55 Single Family Program Bonds, 1985 Series A.

Tom Battershell made a motion to adopt this resolution. It was seconded by Bruce Moerer and the motion carried.

After brief discussion by the Board, Tom Battershell made a motion to adopt a Board Seal. The motion was seconded by Joan Bennett and was passed unanimously. The staff and General Counsel were instructed to obtain an appropriate seal.

The next meeting is scheduled for Wednesday, September 25, 1985 at 1:15 P.M. in the Department of Commerce Conference Room, Helena, Montana.

There being no further business, the meeting was adjourned.

Joan Bennett
JOAN BENNETT, SECRETARY TO THE BOARD

September 25, 1985
DATED

MONTANA BOARD OF HOUSING
SINGLE FAMILY PROGRAM BONDS
1985 SERIES A

(Federally Insured or Guaranteed Mortgage Loans)

\$39,999,827.55

RESOLUTION 85-0812-S5

RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE-FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$39,999,827.55 SINGLE FAMILY PROGRAM BONDS, 1985 SERIES A (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE CONTRACT; APPROVING A SUPPLEMENTAL TRUST INDENTURE, OFFICIAL STATEMENT AND OTHER DOCUMENTS; AND AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS.

Adopted: August 12, 1985

Prepared By:

PRESTON, THORGRIMSON,
ELLIS & HOLMAN

Spokane, WA

Seattle, WA

MONTANA BOARD OF HOUSING

RESOLUTION 85-0812-S5

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RESOLUTION 85-0812-S5

RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE-FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$39,999,827.55 SINGLE FAMILY PROGRAM BONDS, 1985 SERIES A (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE CONTRACT; APPROVING A SUPPLEMENTAL TRUST INDENTURE, OFFICIAL STATEMENT AND OTHER DOCUMENTS; AND AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS.

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-126, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Board intends to issue its Single Family Program Bonds, 1985 Series A (Federally Insured or Guaranteed Mortgage Loans) in the aggregate principal amount of \$39,999,827.55 (the "1985 Series A Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1985 Series A Bonds (the "1985 Series A Mortgage Purchase Program"); and

WHEREAS, the Board has mailed to mortgage lenders throughout the state an Invitation to Participate dated July 9, 1985, as amended (the "Invitation to Participate"), Terms and Conditions dated July 9, 1985, as amended, (the "Terms and Conditions") and a form of Mortgage Lender Application (the "Application") with respect to the 1985 Series A Mortgage Purchase Program; and

WHEREAS, by Resolution 82-0322-S1 duly adopted by the Board on March 22, 1982, the Board adopted and approved forms of a Mortgage Purchase Agreement and a Servicing Agreement applicable to the 1985 Series A Mortgage Purchase Program; and

WHEREAS, pursuant to a Trust Indenture dated as of August 16, 1979 between the Board and First Interstate Bank of California, as Trustee and First Interstate Bank of Kalispell, N.A., as Co-Trustee (the "Trust Indenture"), the Board authorized the issuance from time to time of its Single Family Program Bonds (Federally Insured or 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; and

WHEREAS, a 1985 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of August 1, 1985, has been presented to the Board pursuant to which the Board would authorize the issuance of \$39,999,827.55 aggregate principal amount of its 1985 Series A Bonds; and

WHEREAS, an Official Statement (the "Official Statement") to be dated August 12, 1985, has been presented to the Board, containing certain information relating to the Board, the Trust Indenture, the Supplemental Trust Indenture and the Bonds, and which will be distributed to the purchasers of the Bonds and others by a group of investment dealers and brokers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated and D. A. Davidson & Co. Incorporated (the "Underwriters"); and

WHEREAS, a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated as of August 12, 1985, between the Board and the Underwriters, has been presented to the Board pursuant to which the Board would agree to sell and the Underwriters would agree to purchase the Bonds at the price and upon the terms and conditions therein set forth; and

WHEREAS, applications to participate in the 1985 Series A Mortgage Purchase Program have been received from the lending institutions set forth on Schedule 1 annexed to this resolution, and the Board intends to acquire loans from these institutions on the terms and conditions set forth in the Invitation to Participate, Terms and Conditions, Application and Mortgage Purchase Agreement (together, the "Program Documents");

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

Section 1. Findings.

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of the 1985 Series A Bonds and the purchase by the Board from proceeds thereof of mortgage loans pursuant to the Program Documents and the Trust Indenture constitute "housing developments" within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board hereby finds:

(i) that there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe, and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford, or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Trust Indenture and in the Program Documents pursuant to which Mortgage Loans are to be purchased are sufficient to insure that the homes will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the "housing sponsors" (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the homes to be financed as stated in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans, and other public desires;

(v) that the homes financed with the proceeds of the 1985 Series A Bonds do not involve the construction of "second homes," defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that the finding required by Section 90-6-109(2)(1)(f) of the Act is inapplicable because the homes financed by the 1985 Series A Bonds do not involve direct loans.

Section 2. Approval of 1985 Series A Mortgage Purchase Program. The 1985 Series A Mortgage Purchase Program is hereby ratified and approved; the Program Documents are hereby ratified and approved.

Section 3. Approval of Indenture and Supplemental Indenture. The Trust Indenture is hereby ratified and approved in the form executed by the Chairman of the Board as of August 16, 1979.

The Supplemental Trust Indenture 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 direct to attest thereto.

Section 4. Authorization of Bonds. The issuance of the Board's \$39,999,827.55 Single Family Program Bonds, 1985 Series A (Federally Insured or Guaranteed Mortgage Loans) is hereby authorized and approved. The 1985 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 1985 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 1985 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 or the Treasurer 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 1985 Series A Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Indenture) for purposes of authenticating the 1985 Series A Bonds.

Section 5. Approval of Official Statement. The Official Statement 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 evidenced conclusively by such execution of the Official Statement.

Section 6. Sale of the Bonds. The Bond Purchase Agreement 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 such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Agreement. The 1985 Series A Bonds are hereby authorized to be

sold to the Underwriters upon the terms and conditions specified in the Bond Purchase Agreement.

Section 7. Notice of Acceptance. The Administrative Director, his designee or any other officer of the Board is hereby authorized and directed to execute and deliver Notices of Acceptance to each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Mortgage Purchase Program, informing such mortgage lenders of such approval, the interest rate on the mortgage loans the date on which reservations will be accepted and other program details.

Section 8. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the Single Family Mortgage Purchase Program, the Trust Indenture, the Supplemental Trust Indenture, the Invitation, the Terms and Conditions, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and the 1985 Series A Bonds is hereby approved, confirmed and ratified.

Section 9. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or of 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.

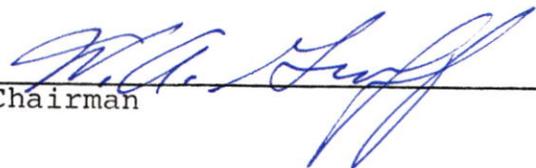
Section 10. Additional Actions Authorized. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board or any other member of the Board and the Administrator, and Treasurer, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or 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. Execution of Non-Arbitrage Certificate. 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 1985 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.

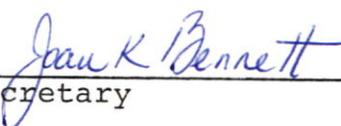
Section 12. Effective Date. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 12th day of August, 1985.

MONTANA BOARD OF HOUSING

By 
Chairman

ATTEST:


Secretary

LENDERS ESTIMATED DELIVERY
OF 1985A MORTGAGE LOANS

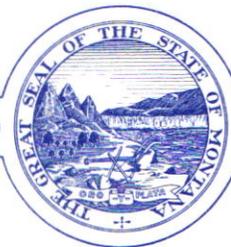
<u>CITY/TOWN</u>	<u>LENDING INSTITUTION</u>	<u>ESTIMATED DELIVERY</u>
Anaconda	First Security Bank	\$ 250,000
Belgrade	Valley Bank of Belgrade	250,000
Bigfork	Flathead Bank of Bigfork	250,000
Big Timber	Citizens Bank & Trust Co.	100,000
Billings	American Bank	450,000
Billings	First Bank Billings, N.A.	6,500,000
Billings	First Bank West	700,000
Billings	First Citizens Bank	800,000
Billings	First Federal Savings & Loan	2,000,000
Billings	First Interstate Bank, NA	3,000,000
Billings	First Interstate Bank-Billing Heights	1,250,000
Billings	First Interstate Bank West	450,000
Billings	Guaranty Company	1,000,000
Billings	Montana Bank	850,000
Billings	Norwest Bank	1,500,000
Billings	Security Federal Savings & Loan	3,000,000
Billings	Streeter Brothers Mtg.	650,000
	Billings Total	<hr/> \$ 22,150,000
Boulder	First Boulder Valley Bank	100,000
Bozeman	First Security Bank	500,000
Bozeman	Montana Bank	500,000
	Bozeman Total	<hr/> \$ 1,000,000
Butte	First Bank Butte	500,000
Butte	Montana Bank of Butte	500,000
Butte	Norwest Bank Anaconda/Butte	500,000
	Butte Total	<hr/> \$ 1,500,000

<u>CITY/TOWN</u>	<u>LENDING INSTITUTION</u>	<u>ESTIMATED DELIVERY</u>
Chinook	Blaine Bank of Montana	\$ 100,000
Circle	Montana Bank	\$ 200,000
Columbia Falls	Bank of Columbia Falls	1,500,000
Columbia Falls	Glacier National Bank	1,500,000
Cut Bank	First National Bank	300,000
Cut Bank	First Interstate Bank of Clacier Co.	600,000
Deer Lodge	Pioneer Federal Savings & Loan	500,000
Dillon	Norwest Bank Dillon	200,000
Ennis	First Matidson Valley Bank	500,000
Forsyth	First State Bank	250,000
Fort Benton	First State Bank of Fort Benton	250,000
Glasgow	First National Bank	200,000
Glasgow	First Security Bank	150,000
Glendive	First Fidelity Bank	300,000
Glendive	First National Bank	300,000
Glendive	First Security Bank	300,000
Great Falls	Central Bank of Montana	200,000
Great Falls	Fidelity Savings & Loan	3,000,000
Great Falls	First Interstate Bank	500,000
Great Falls	First National Bank	1,000,000
Great Falls	First Westside National Bank	600,000
Great Falls	Great Falls Federal Savings & Loan	2,500,000
Great Falls	Norwest Bank	1,750,000
Great Falls	United Savings Bank	1,400,000
Great Falls	Village Bank	1,500,000
	Great Falls Total	<hr/> \$12,450,000
Hardin	First Interstate Bank	300,000
Havre	Citizens Bank of Montana	400,000
Havre	First National Bank	1,000,000
Havre	First Security Bank	300,000
	Havre Total	<hr/> \$1,700,000

<u>CITY/TOWN</u>	<u>LENDING INSTITUTION</u>	<u>ESTIMATED DELIVERY</u>
Helena	American Federal Savings & Loan	\$ 2,500,000
Helena	First National Bank & Trust Co.	1,500,000
Helena	Norwest Bank	800,000
Helena	Valley Bank	350,000
		<hr/>
	Helena Total	\$ 5,150,000
Kalispell	First Federal Savings Bank	3,000,000
Kalispell	First Interstate Bank	3,000,000
Kalispell	Montana Federal Savings Bank	4,000,000
Kalispell	Norwest Bank	1,500,000
Kalispell	Valley Bank	1,000,000
		<hr/>
	Kalispell Total	\$ 12,500,000
Laurel	First Security Bank	250,000
Laurel	The Yellowstone Bank	500,000
Lewistown	Norwest Bank	500,000
Libby	First National Bank	200,000
Libby	United Bank	375,000
Livingston	First National Park Bank	150,000
Livingston	First Security Bank	200,000
Lolo	Bitterroot Valley Bank	250,000
Malta	First State Bank of Malta	150,000
Malta	First Security Bank	200,000
Miles City	First Interstate Bank	125,000
Miles City	First Security Bank & Trust	300,000
		<hr/>
	Miles City Total	\$ 425,000

<u>CITY/TOWN</u>	<u>LENDING INSTITUTION</u>	<u>ESTIMATED DELIVERY</u>
Missoula	First Bank Southside	\$ 2,500,000
Missoula	First Bank Western	4,500,000
Missoula	First Federal Savings & Loan	1,000,000
Missoula	First National Montana Bank	3,000,000
Missoula	First Security Bank	2,000,000
Missoula	Montana Bank of South Missoula	2,500,000
Missoula	Western Federal Savings	4,000,000
	Missoula Total	<hr/> \$ 19,500,000
Polson	The Security State Bank	300,000
Polson	First Citizens Bank of Polson	250,000
Red Lodge	Montana Bank of Red Lodge, N.A.	200,000
Roundup	Montana Bank of Roundup	250,000
Ronan	Ronan State Bank	400,000
Sidney	First United Bank	300,000
Sidney	Richland National Bank & Trust	500,000
Superior	Montana Bank of Mineral County	150,000
Thompson Falls	First State Bank of Montana	150,000
Townsend	State Bank of Townsend	750,000
West Yellowstone	First Security Bank	180,000
White Sulphur Springs	First National Bank	500,000
Wolf Point	Western National Bank	200,000
Spokane, WA	Bancshares Mortgage Company	1,500,000
Missoula	Union Mortgage Company	1,750,000
Minneapolis, MN	Knutson Mortgage & Financial Corp.	10,000,000
Kalispell	Rainier Financial Services Company	1,000,000
Sacramento, CA	Westland Mortgage Service Company	6,000,000
Dallas, TX	Lomas & Nettleton Company	3,500,000
	GRAND TOTAL	\$115,430,000

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
MONTANA ROOM
COLONIAL INN
HELENA, MONTANA
AUGUST 1, 1985

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - June 21, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Approval of New Lenders
1985A Bond Issue
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

N O T I C E

THE MONTANA BOARD OF HOUSING MEETING SCHEDULED FOR
9:00 A.M. ON AUGUST 1, 1985 IN THE MONTANA ROOM AT
THE COLONIAL INN HAS BEEN CANCELLED AND WILL BE RE-
SCHEDULED FOR A LATER DATE.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
LEWIS ROOM - COLONIAL INN
2301 COLONIAL DRIVE
HELENA, MONTANA
JUNE 21, 1985

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - MAY 15, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert George
- IV. STATUS OF SINGLE FMAILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Servicing Assignment
Review Income Limits
Election of Officers
1985A Bond Issue
- VI. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
LEWIS ROOM - COLONIAL INN
2301 COLONIAL DRIVE
HELENA, MONTANA
JUNE 21, 1985

ROLL CALL OF
BOARD MEMBERS:

William Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant
Cyndi Routzahn, Accounting Technician

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Gene Hufford, D. A. Davidson & Company
Jim Dinerstein, Dain Bosworth
Gordon Hoven, Piper Jaffray & Hopwood
Joy Holt, Hawkins Delafield & Wood

OTHERS:

Roy Koegen, Bond Counsel
Jay Reich, Bond Counsel
Dave Jackson, Board Counsel
Bob Murdo, Board Counsel
David Johnson, Anderson ZurMuehlen & Co.
Pat Giblin, Dougherty Dawkins Strand & Yost
James Lechner, Montana Homebuilders Assn.
Mark Lindsay, Helena Homebuilders Assn.
Kaye Blythe, Billings Board of Realtors
Ken Stone, Montana Assn. of Realtors
Cheri Spatzierath, Montana Assn. of Realtors
Bob Nelson, Montana Assn. of Realtors
Ginny Nelson, Montana Assn. of Realtors
Brad Schneff, Bill Walker Realty
Greg Hahn, Bill Walker Realty

John Buchanan made the motion to approve the assignment of the servicing agreements to out of state servicers which was seconded by Howard Rosenleaf. The motion carried.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported that there were no new developments on the Twin Bridges project.

Regarding the Cut Bank project, the cost certification is being prepared and should be submitted to HUD within the near future.

Herb discussed with the Board a 32 unit Multifamily project proposal for Bozeman, Montana. The proposal is being made by Pat Giblin of Daugherty Dawkins Strand & Yost. It was presented to the Board with the understanding that the Board and staff would have minimal involvement. Herb explained to the Board how this project is being planned and the problems that may arise.

Bob Murdo, Board Counsel presented an inducement resolution enabling sponsors to continue with the processing of this proposal. He reviewed the inducement resolution with the Board and explained how the Industrial Development Bonds would work.

After lengthy discussion John Buchanan made a motion to adopt the Inducement Resolution (attached). It was seconded by Mike Kennedy and passed unanimously.

OTHER BUSINESS

INCOME LIMITS

After a brief discussion by the Board, in the form of the attached resolution, Tom Battershell made a motion to reaffirm the income limits. Joan Bennett seconded the motion and was passed unanimously.

ELECTION OF OFFICERS

Tom Battershell made a motion to nominate Bill Groff as Chairman. It was seconded by Mike Kennedy. The motion carried unanimously.

John Buchanan moved the nomination of the following: Tom Battershell, Vice Chairman, Joan Bennett, Secretary and Jay McLeod, Treasurer. It was seconded by Bruce Moerer. The motion carried unanimously.

The meeting was called to order by Chairman Bill Groff at the Lewis Room in the Colonial Inn, Helena, Montana.

There being no corrections or alterations to the minutes of the May 15, 1985 meeting, they were therefore approved.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey reported as of June 20, 1985, 1984A Mortgage Loans in the principal amount of \$57,326,732 or 86% of the total forward commitments have been delivered for purchase. Of the remaining commitments lenders confirm that approximately \$9.6 million is in the final processing and closing stages. Upon a motion by John Buchanan, seconded by Mike Kennedy, the Board granted a 30-day extension of time to delivery such loans for purchase. In the event a reallocation of insignificant amounts of unused commitments is necessary, the mortgage lender may forfeit its 1% commitment fee. The 3% penalty may be waived subject to timely delivery by the assignee lender.

STATUS OF ACEDs

Linda reported that the application from Big Horn County for ACED designation continues to be under review by HUD and additional data has been requested by HUD, Washington.

The ACED application for Valley County does not conform to the required data to become a targeted area. In the event the conditions do change, they may resubmit an application at a later date.

POLICY STATEMENT ON DELINQUENT/FORECLOSURES

The status of the delinquencies and foreclosures was briefed with the Board. A policy statement was drafted for lenders to use in the servicing of delinquent loans and foreclosures. It was recommended to the Board to send this policy statement on delinquent loans and foreclosures to all servicers.

Joan Bennett made a motion to adopt this recommendation as Board policy. It was seconded by Mike Kennedy and passed unanimously.

ASSIGNMENT OF LOMAS & NETTLETON SERVICING TO BANCSHARES

Dave Jackson, Board Counsel made a recommendation to the Board that Bancshares Mortgage be permitted to accept the servicing for both Lomas & Nettleton and First Security Realty Services.

1985A BOND ISSUE

Henry Lanier, First Boston Corporation reported to the Board that they had put together the preliminary documents and cash flow for a new bond issue. He also gave a recap of the bond market.

Jay Reich, Bond Counsel discussed with the Board a new approach on the 1985 bond issue, which would be based on a first-come, first-serve basis, with minimum fees from the lenders.

After lengthy discussion by the Board, John Buchanan made a motion to instruct Bond Counsel to prepare a \$40 million issue on a first-come, first-serve basis. It was seconded by Tom Battershell and passed unanimously.

It was also decided by the Board to have staff prepare a letter to all lenders stating that the Board is issuing \$40 million on a first-come, first-serve basis and outline in brief what will be required.

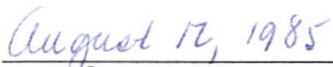
The Board decided that there will be a series of conference calls the week before the next scheduled meeting to approve the sale and to give the underwriters the authority to go to market.

The next scheduled meeting will be Friday, July 25, 1985 at 9:00 A.M. at the Coach House East, Room 114, Helena, Montana.

There being no further business the meeting was adjourned.



JOAN BENNETT, SECRETARY TO THE BOARD



Dated

RESOLUTION 85-0621-S 4

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 Board's Single Family Mortgage Purchase Programs.

2. "Current Gross Annual Income" means the greater of income actually received during the last 12 months or 12 times the current monthly rate of income. "Income" means recurring income dependably available during the period which it is computed from salary, wages, pensions, social security, welfare payments, or any other source, 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) \$2,000 for the first dependent child
- or
- (b) \$4,000 for two or more dependent children

4. "Lower Income" means Adjusted Gross Annual Income of Thirty Four Thousand Five Hundred Dollars (34,500) or less; provided, however, that a person or family having gross assets of more than \$70,000 and an excess of assets over liabilities of more than \$35,000 shall not be eligible; and provided further 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.

5. Such definitions shall continue in effect from the date thereof until further action of the Board.

ADOPTED BY THE MONTANA BOARD OF HOUSING THIS 21 DAY OF June, 1985.

RESOLUTION NO. 85-0621-M1

RESOLUTION RELATING TO A PROJECT AND REVENUE BONDS UNDER TITLE 90, CHAPTER 6 PART 1, MONTANA CODE ANNOTATED; PRELIMINARY APPROVING AND AUTHORIZING MULTIFAMILY HOUSING DEVELOPMENT REVENUE BONDS OR NOTES IN THE MAXIMUM AMOUNT OF \$800,000 FOR M. R. AND JUDY COWDREY FOR THE CONSTRUCTION OF A 32 UNIT MULTIFAMILY RENTAL FACILITY IN BOZEMAN MONTANA

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

1. General Recitals: The Board, at its regularly scheduled meeting on March 29, 1985 authorized the Board's Multifamily Program Officer to conduct a public hearing on a proposed multifamily housing project under Title 90, Chapter 6, Part 1, Montana Code Annotated, as amended, (the "Act"). The proposed facility was described to the Board as consisting of the acquisition and construction of a 32 unit multifamily rental facility to be located in the City of Bozeman on the corner of West Koch and So. 22nd Avenue (the "Project") and to be owned by M. R. and Judy Cowdrey (the "Borrowers"). The Borrowers have requested the issuance of revenue bonds or notes by the Board in the maximum aggregate face amount of up to \$800,000, as authorized by the Act, to defray the costs of the Project and costs and expenses incident to the financing.

2. Public Hearing: The Boards Multifamily Program Officer published notice of the public hearing in the Bozeman Chronicle and the Helena Independent Record. The hearing was held in the Board's offices on June 17, 1985. All persons who appeared were afforded an opportunity to express their views with respect to the proposal to undertake and finance the Project.

3. Findings and Determination: Based on the public hearing, such other facts and circumstances as the Board deems relevant, the Board hereby finds, determines and declares, as follows:

(a) There exists within the Bozeman area a shortage of decent, safe and sanitary housing at rentals which persons and families of lower income can afford;

(b) Although such housing has been provided by private enterprise in the Bozeman area, it has not been provided in an amount sufficient to meet the need;

(c) It appears that the Borrowers are financially responsible and will supply a well planned and designed multifamily rental facility;

(d) The Project will be of public use and provide a public benefit;

(e) The Project does not involve the construction of second homes;

(f) The Project does not qualify for federal funds, although some of the tenants of the facility may qualify for federal subsidies;

(g) The Project comprises real and personal properties which shall be suitable for a multifamily housing facility as contemplated by the Act;

(h) In authorizing the acquisition, construction and equipment of the Project, and the financing thereof by the issuance and sale of the Board's revenue bonds or notes and the loaning of the proceeds thereof to the Borrowers, the Board's purpose is, and in its judgment the effect thereof will be, to promote the public welfare by encouraging the location and development of multifamily housing in Bozeman thereby increasing the availability of affordable multifamily housing units for residents of Bozeman, including low and moderate income persons, improving employment opportunities for present and future residents, increasing and balancing the tax base of the area and promoting and stimulating economic activity in the Bozeman vicinity;

(i) The Board is authorized by the Act to issue revenue bonds or notes, to make, undertake commitments to make, and participate in making mortgage loans to housing sponsors to defray all or a portion of the costs of the acquisition and construction of projects and to enter into a loan agreement or other documentation with project sponsors providing for payments from the sponsors in amounts at least sufficient to provide for the full and prompt payment of the principal of and interest on the bonds or notes as due and requiring the project sponsors to pay all costs of maintaining and insuring the projects, including taxes thereon;

(j) At least twenty percent (20%) of the units in the Project will be reserved for occupancy by persons of low and moderate income as required by Section 103(b)(4)(A) of the Internal Revenue Code of 1954, as amended; and

(k) Any bonds or notes issued by the Board for financing of the Project will state on their face that the bonds or notes do not constitute or give rise to a pecuniary liability of the Board or the State of Montana or a charge against the Board's or the State of Montana's general credits, taxing powers or

assets. It is the Board's intention that the holders of any bonds, or notes issued for the financing of the Project may look only to the Borrowers, the Borrowers' credit facility or the Project for payment of the bonds or notes.

4. Preliminary Approval and Authorization: The Board hereby preliminarily approves the Project and the issuance of the Board's Multifamily Housing Revenue Bonds (Notes) (M.R. and Judy Cowdrey Project) (the "Bonds") in the maximum aggregate face amount of up to \$800,000 for the purpose of defraying all or a portion of the costs acquiring and constructing the Project and costs and expenses incident to the financing. The Project will be located in the City of Bozeman, Montana on the corner of West Koch and South 22nd. The Bonds shall mature over a term not to exceed 30 years and shall bear interest at a rate or rates allowable by law and contain such other terms and provisions as shall be agreed upon by the Board, the Borrowers and the purchasers of the Bonds. The Borrowers shall, pursuant to a loan agreement or other similar document (the Loan Agreement), agree to acquire and construct the Project; to operate and maintain the Project and keep it properly insured; to pay all taxes and assessments on or against the Project; and to make loan repayments sufficient to pay the principal of, premium, if any, and interest on the Bonds and all costs and expenses of the Board and any trustee in connection with the Project; and to establish and maintain all necessary reserves therefor. The Bonds will be secured by a trust indenture or mortgage and a pledge and assignment of the loan repayments under the Loan Agreement and such other security devices as shall be deemed advantageous. Prior to issuance of the Bonds the Board will require an opinion of bond counsel satisfactory to the Board that no federal, state or local laws, ordinances or regulations will be violated by the issuance of the Bonds and that the Bonds will be limited obligations of the Board payable only from revenues of the Project, funds of the Borrowers, or funds of the Borrowers' credit facility. This Resolution does not obligate the Board directly or indirectly to issue bonds. It only evidences its intent to take official action on the Project pursuant to the regulations promulgated under Section 103 of the Internal Revenue Code of 1954, as amended. The actual determination to issue the Bond will be made at a later date when the structure of the issue has been solidified.

5. Payment of Board's Costs: The Borrowers have agreed to pay directly any and all costs incurred by the Board in connection with the Project whether or not the project is approved, whether or not the Project is carried to completion, and whether or not the Bonds are executed.

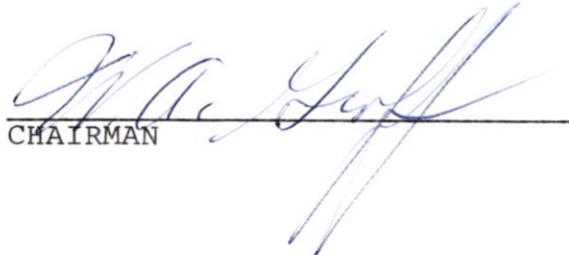
6. Board's Counsel Approval: The Board's Counsel shall approve all agreements to be entered into by the Board in connection with the issuance of the Bonds and such agreements shall be authorized and approved by this Board after due

consideration prior to their execution by the Board's designated officers.

7. Ratification: All acts and doings of any officer or agent of the Board in furtherance of the purpose and intent of this Resolution, including without limitation, the publication of Notice of Public Hearing are hereby ratified, confirmed and made the act and deed of this Board.

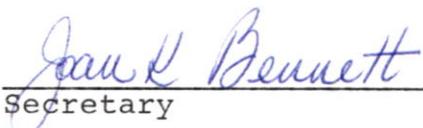
8. Conflicting Resolutions Repealed: All resolutions and orders of parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, repealed and this Resolution shall be in immediate effect from and after its adoption.

PASSED AND APPROVED BY THE MONTANA BOARD OF HOUSING,
this _____ day of June, 1985.



CHAIRMAN

ATTEST:



Secretary

(SEAL)

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
MAY 15, 1985

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - APRIL 23, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
First Bank Loan Originations
Servicers Agreements
ACED - Valley County
1985A Bond Issue
Merrill Lynch Presentation
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
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HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
MAY 15, 1985

ROLL CALL OF
BOARD MEMBERS:

William Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Mike Kennedy (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant

UNDERWRITERS:

John Geesman, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Gene Hufford, D.A. Davidson
Gordon Hoven, Piper, Jaffray & Hopwood
Rod Pakonen, Piper, Jaffray & Hopwood
Jay Holt, Hawkins, Delafield & Wood

OTHERS:

Roy Koegen, Bond Counsel
Jay Riech, Bond Counsel
Dave Jackson, Board Counsel
Marilyn Dusenberry, Anderson ZurMuehlen & Co.
James Lechner, Montana Home Builders Assn.
Bill Walker, Montana Assn. of Realtors
Ken Stone, Montana Assn. of Realtors
Cherie Spatzienath, Faith Realty

The meeting was called to order by Chairman Bill Groff at the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the April 23, 1985 meeting, they were therefore approved.

FIRST BANK SYSTEM

Mike Kennedy made a motion to permit First Bank Billings to request funds for all First Banks and have First Bank Billings allocate those funds to other First Banks in the state. The motion was seconded by Tom Battershell and passed unanimously.

1984A SINGLE FAMILY PROGRAM

A summary of the 1984A program as of May 9, 1985 was presented to the Board representing the purchase of \$38,798,651 of 84A loans leaving a balance of \$27,982,601 to be funded by June 20, 1985. With three remaining purchase dates, Linda Forrey estimated at least \$4.5 million of 84A loans is expected to be purchased May 23, 1985 and conservatively speaking an additional \$10-\$15 million should be delivered by June 20, 1985. Recent delivery of 84A has been less than anticipated because lenders have converted builder commitments to existing housing in order to meet the Board's final purchase date and due to recent allocations from the Mortgage Pool Fund. Mortgage lenders maintain all commitments are in process and closing phases and should be delivered as scheduled.

VALLEY COUNTY

Valley County submitted an application to request Board approval as a targeted area. The staff will be prepared to make a formal recommendation at the next meeting.

STATUS OF 1985A PROGRAM STRUCTURE

Jay Reich, bond counsel to the Board, then presented the results of a work session among staff, underwriters, bond counsel and board counsel relevant to the disposition of the 1984A bond proceeds and the structuring of a 1985A bond issue. Mr. Reich reported that the consensus of the work group was to set the 1985A issue schedule ahead at least thirty days so that those lenders with a 1984A allocation could meet the final purchase date of June 20, 1985 without conflict from a new issue. Mr. Reich also reported that it was the consensus that those proceeds, allocated but undelivered as mortgage loans by June 20, 1985 should be disposed of in an appropriate manner. A number of suggestions were considered and after considerable discussion, it was determined that the staff should prepare a communication to all lenders stating that any lender with a 1984A allocation would not be eligible for any 1985A bond proceeds until the balance of its 1984A allocation had been delivered to the Board as mortgage loans.

This was made into a motion by Tom Battershell and seconded by Mike Kennedy. The motion was brought to a vote and passed unanimously.

The next meeting is scheduled for Friday, June 21, 1985 at 9:00 A.M. in the Lewis Room at the Colonial Inn, 2301 Colonial Drive, Helena, Montana.

There being no further business, the meeting was adjourned.

Joan R Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

6-21-85

DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE BUILDING
1424 9TH AVENUE
HELENA, MONTANA
APRIL 23, 1985

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - March 29, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Discuss Legislation
Survey for a 1985A Issue
Bond Counsel Recommendation
Evenson & Dodge Workshop to Follow Meeting
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
APRIL 23, 1985

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Absent)
Mike Kennedy (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Judy Gillespie, Accounting Supervisor
Laura Bodle, Administrative Assistant

OTHER:

Henry Lanier, First Boston Corporation
John Geesman, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Gene Hufford, D.A. Davidson
Gordon Hoven, Piper, Jaffray & Hopwood
Don Wyszynski, Evensen-Dodge, Inc.
Diane Reitano, Paine Webber
Gene Gibson, Gibson Construction, G. Falls
Ginny Nelson, Montana Assn. of Realtors
Barbara Berudt, Montana Assn. of Realtors
Bob Nelson, Montana Assn. of Realtors
Mark Lindsay, Hamlin Construction.

The meeting was called to order by Chairman Bill Groff at 9:00 A.M. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the March 29, 1985 meeting, they were therefore approved.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported to the Board that the Twin Bridges project is still proceeding to commitment. He stated that it is in the process of evaluation for mortgage credit at HUD.

Regarding the Cut Bank project, it is completed and it is in cost certification status. As soon as this step has been completed, final endorsement will be accomplished.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey gave a breakdown of the 1984A (10-3/8%) program. Of the \$66.9 million available for mortgage loans \$36.5 million had been purchased by the Board which leaves a remaining balance of \$30.5 million to be purchased by June 20, 1985. The percentage delivered as of April 25, 1985 is 54%.

OTHER BUSINESS

Jay McLeod reported to the Board that the Boards bonding increased authority was signed into law by the Governor on April 12, 1985.

BOND COUNSEL

Tom Battershell made a motion in the form of a resolution (attached) to recommend the firm of Preston, Thorgrimson, Ellis & Holman as Bond Counsel. The motions was seconded by Mike Kennedy and unanimously passed.

D.A. DAVIDSON

Tom Battershell made another motion in the form of a resolution (attached) to add D.A. Davidson to the underwriting team and that the Board of Housing will not consider the addition of any other underwriters to it's financing team until the Board decides to request written proposals. The motion was seconded by Mike Kennedy and passed unanimously.

Joan Bennett made a motion to hire a faciliator to meet with the Board to discuss goal setting and objectives. The motion was seconded by Howard Rosenleaf. After some discussion held by the Board, it was brought to vote and passed unanimously.

SURVEY FOR 1985 ISSUE

Linda Forrey reported to the Board that a survey was sent out to all lending institutions in the state for a single family

bond issue. As of this date, 70% have responded thus far. Mortgage lenders have estimated that they could deliver existing housing loans at a contract rate not to exceed 11% by December 1985 in the amount of \$64.7 million. New construction would be \$22 million for a total of \$86.7 million. For delivery by March 31, 1986, existing housing, \$91.3 million and new construction \$31.1 million for a total of \$122.4 million. Lenders reported they could deliver existing housing loans of \$116.8 million and new housing loans of \$45 million for a total of \$162 million by June 30, 1986.

Mike Kennedy made a motion in the form of a resolution (attached) to the Board to proceed with a possible issuance of new bonds. It was seconded by Bruce Moerer and the motion carried unanimously.

LOMAS & NETTLETON

Linda Forrey presented a letter from the Lomas & Nettleton Company requesting that the Board authorize them to assign their servicing to another servicer. Lomas & Nettleton services 385 mortgage loans for a total of \$18,896,612. On numerous occasions Lomas & Nettleton has performed unsatisfactory particularly since they moved their servicing operations to California. Lack of communication and missing loan documents, and unnecessary delays in filing foreclosure claims have been key areas of concern.

After some discussion, the Board decided to have staff meet with Board Counsel to prepare a letter to Lomas & Nettleton outlining the provisions of the assignment to another servicer.

The next meeting is scheduled for Wednesday, May 15, 1985 at 9:00 A.M. in the Department of Commerce Conference Room. June's meeting is tentatively scheduled for Wednesday, June 12, 1985.

There being no further business the meeting was adjourned.



JOAN BENNETT, SECRETARY TO THE BOARD

5-15-85

DATED

RESOLUTION TO APPROVE NEW BOND COUNSEL

WHEREAS, the Montana Board of Housing at its regularly scheduled meeting on February 21, 1985, passed a motion to have a committee review and consider applications for Board Bond Counsel and to have such committee report its recommendation to the Board at the April, 1985, meeting; and

WHEREAS, Tom Battershell, Joan Bennett, John Buchanan and Bruce Moerer were appointed as the Bond Counsel Selection Committee with the staff assistance of Jay McLeod and Linda Forrey; and

WHEREAS, Requests for Proposals from Bond Counsel were sent out and thirteen responses were received; and

WHEREAS, the Bond Counsel Selection Committee reviewed the proposals on March 29, 1985, and selected four proposals for further consideration and interviews; and

WHEREAS, the Bond Counsel Selection Committee conducted interviews of four firms on April 12th and, after deliberation, reached a majority decision to recommend the firm of Preston, Thorgrimson, Ellis & Holman to the Board as Bond Counsel;

NOW THEREFORE, it is

RESOLVED that the Montana Board of Housing selects the Law Firm of Preston, Thorgrimson, Ellis and Holman as the Board's Bond Counsel, and further

RESOLVED that the Board staff negotiate an appropriate fee agreement with the Law Firm of Preston, Thorgrimson, Ellis & Holman as Bond Counsel.

MONTANA BOARD OF HOUSING

By:

W. A. Goff
Chairman

RESOLUTION ON ADDING D.A. DAVIDSON & CO.
AS AN UNDERWRITER FOR THE BOARD

WHEREAS, the Montana Board of Housing, at its regularly scheduled meeting on February 21, 1985, passed a motion to eliminate D.A. Davidson and Foster Marshall as underwriters for the Board; and

WHEREAS, D.A. Davidson & Co. has requested that it be again added to the underwriting team for the Board; and

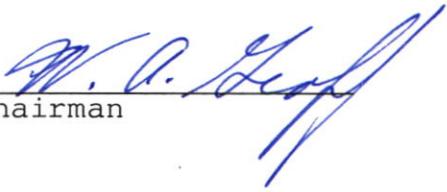
WHEREAS, the Board staff has received numerous contacts from other underwriters interested in serving as underwriter.

NOW THEREFORE, it is

1. Resolved that D.A. Davidson & Co. is added to the team of underwriters for the Montana Board of Housing;

2. Resolved that the Montana Board of Housing will not consider the addition of any other underwriters to its financing team until the Board decides to request written proposals from underwriters and conduct a review of the entire underwriting team.

MONTANA BOARD OF HOUSING

By: 
Chairman

RESOLUTION TO PROCEED WITH
SINGLE FAMILY PROGRAM BONDS 1985 SERIES A

WHEREAS, the Montana Board of Housing (the "Board") is authorized to engage in financing of single family housing and to issue additional Single Family Program Bonds (Federally Insured or Guaranteed Mortgage Loans) pursuant to the Montana Housing Act of 1975, Montana Code Annotated, sections 90-6-101 through 90-6-126, as amended, and

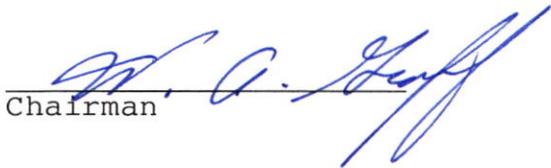
WHEREAS, the Board desires to proceed with the issuance by the Board of additional Single Family Program Bonds.

NOW THEREFORE, it is

RESOLVED that certain members, officers and staff of the Board proceed with the necessary financing arrangements and discussions with underwriters and bond counsel relating to the issuance of ~~\$50,000,000 aggregate principal amount~~ of its Single Family Program Bonds, 1985 Series A (Federal Insured or Guaranteed Mortgage Loans) pursuant to the Montana Housing Act of 1975, Montana Code Annotated, sections 90-6-101 through 90-6-126, as amended.

MONTANA BOARD OF HOUSING

BY:


Chairman

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

Special Meeting
Montana Board of Housing
26 9th Street South
Great Falls, Montana
April 12, 1985

Board Members Present:

Thomas Battershell, Acting Chairman
Joan Bennett
John Buchanan
Mike Kennedy, Jr.
Bruce Moerer
Howard Rosenleaf

Staff Members:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer

Others:

Henry Lanier, First Boston Corporation
John Geesman, First Boston Corporation

The special meeting was called to order at 3:00 P.M. by Acting Chairman Battershell who stated that Henry Lanier and John Geesman were present to conduct a workshop regarding all of the costs involved in a bond issue. The Chairman encouraged participation and questions by Board members and staff so that everyone would have a better understanding of issue costs.

Messrs. Lanier and Geesman then proceeded with a three hour presentation during which all of the costs attendant with a bond issue were thoroughly discussed.

There being no further business, the meeting adjourned.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

Bond Counsel Selection Committee
Montana Board of Housing
26 9th Street South
Great Falls, Montana
April 12, 1985

Committee Members Present:

Tom Battershell, Chairman
Joan Bennett
John Buchanan
Bruce Moerer

Also Present:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer

A meeting of the Bond Counsel Selection Committee was called to order at 8:45 A.M. by Chairman Battershell who stated that the four firms selected for interview, Orrick, Herrington & Sutcliffe, Kutak Rock & Campbell, Dorsey & Whitney, and Preston, Thorgrimson, Ellis & Holman had, in the order named, been allocated an hour each for its presentation beginning at 9:00 A.M. and that each of the firms had been given a list of items which the Committee was interested in discussing.

The Committee then conducted the interviews which were completed at 12:30 P.M. Subsequent to the interviews a lengthy deliberation took place among the Committee members with participation, when requested, by staff persons which resulted in a majority decision by the Committee to recommend the firm of Preston, Thorgrimson, Ellis & Holman to the Board as Bond Counsel.

There being no further business the Committee adjourned.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

Bond Counsel Selection Committee
Montana Board of Housing
Sunrise Construction Offices
1643 N. Montana Avenue
March 29, 1985

Committee Members Present:

Thomas Battershell, Chairman
Joan Bennett
John Buchanan
Bruce Moerer

Also Present:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer

As the Board meeting was closing, Tom Battershell announced a continuation of the meeting at the offices of Sunrise Construction, 1643 North Montana Avenue, for those members of the Bond Counsel Selection Committee.

The meeting of the Bond Counsel Selection Committee was called to order at 12:30 P.M. by Chairman Tom Battershell who stated that the meeting was called for the purpose of selecting a law firm for recommendation to the Board as Bond Counsel. Chairman Battershell also stated that in response to a Request For Proposal sent to various legal firms in the region, thirteen proposals had been received and that each committee member had been furnished a copy.

After considerable review, discussin and deliberation, the Committee selected four proposals for further consideration.

The committee then decided that the selected applicants should be asked to have representatives present for an interview and evaluation at a Committee meeting to be held in Great Falls, Montana on April 12, 1985.

There being no further business, the meeting adjourned.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1429 9TH AVENUE
HELENA, MONTANA
MARCH 29, 1985

- I. CALL MEETING TO ORDER - 10:15 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - February 21, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Discuss Legislation
Discuss Policy Statement
Discuss Proceeds Reallocation
Discuss Bond Counsel Selection
Presentation - Pat Giblin
Presentation - Bob and Marcia Peterson
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
MARCH 29, 1985

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Mike Kennedy, Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Laura Bodle, Administrative Assistant

OTHERS:

John Geesman - First Boston Corp.
Gene Hufford - D.A. Davidson & Co.
Jim Dinerstein - Dain Bosworth
Rod Pakonen - Piper, Jaffray & Hopwood, Inc.
Gordon Hoven - Piper, Jaffray & Hopwood, Inc.
Dave Jackson - Board Counsel
Pat Giblin - Dougherty, Dawkins, Strand & Yost
Marv Eicholtz - Department of Administration
Dave Ashley - Department of Administration
Tom Wester - Helena Homebuilders Assn.
Darold Schaffer - Flathead Homebuilders Assn.
Gene Gibson - Gibson Construction, G. Falls
Dan Mann - Faith Realty, G. Falls
Barbara Berudt - Montana Assn. of Realtors
Mark Kelley - NPRC, Helena
Marcia Peterson - Golden Villa, Missoula
Robert Peterson - Golden Villa, Missoula
Jay Kirby - Golden Villa, Missoula
Mark Fisher - Golden Villa, Missoula

The meeting was called to order by Chairman Bill Groff at 10:15 A.M. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the February 21, 1985 meeting, they were therefore approved.

STATUS OF MULTIFAMILY PROGRAM

Herb George updated the Board on the Twin Bridges project. He stated that the firm commitment should be forthcoming in approximately 60 days.

Regarding the Cut Bank project, it will be coming up for final endorsement within the next 60 days. This project will be available for rental in a comparatively short time.

STATUS OF 1984A SINGLE FAMILY PROGRAM

Linda Forrey furnished a breakdown of the 1984A (10-3/8%) Commitment Status Report as of February 28, 1985. Lenders reported \$25.7 million of 84A loans have been closed or committed to borrowers. \$8.8 million is uncommitted because of two unrelated reasons: extreme weather conditions have delayed new housing construction and recent mortgage pool fund allocations which require additional loan processing time. \$5.2 million remains unallocated in the Mortgage Pool Fund at February 28, 1985. Of the \$66,975,000 available for mortgage loans \$27.1 million is delivered leaving a balance of \$35.3 million to be purchased by June 20, 1985.

After review of the status report, Tom Battershell made a motion to allocate the balance of the Mortgage Pool Fund to areas of strong demand subject to 20-day notice to lenders participating in the pool program. Motion seconded by Howard Rosenleaf and carried.

As of March 28, 1985 lenders reported only \$2.4 million of 84A commitments were not issued to borrowers and a list of lenders with uncommitted funds was provided to the Board. A motion was made by Tom Battershell, seconded by Howard Rosenleaf and approved by the Board to reallocate the uncommitted amounts subject to 20-day notice to the affected lenders.

STATUS OF 1983C SINGLE FAMILY PROGRAM

In response to Tom Battershell's inquiry on the status of the 1983C reallocation of commitments authorized at December 20, 1984 meeting, it was reported that the \$1.5 million was in the process of being reallocated until a question arose as to whether

commitment fee refunds adversely affect the Board's cash flows. Because such commitment amounts were minimal and new commitment fees are received upon reallocation, John Buchanan made a motion, seconded by Howard Rosenleaf to refund commitment fees on the Forward Commitment and Builder/Developer programs and that a 1% commitment fee be requested from lenders, such loans to be purchased at 97% and that the reallocation process be completed within the next week. Motion carried.

PRELIMINARY REQUEST FOR COMMITMENTS

After a thorough analysis of the 1983C and 1984A Single Family Programs, Mike Kennedy made a motion to authorize the staff to circulate a lender survey to determine prospective housing needs for 1985. Motion seconded by Joan Bennett and unanimously approved.

OTHER BUSINESS

Pat Giblin of Dougherty, Dawkins, Strand & Yost presented to the Board a proposal to request authority from the Board to issue tax exempt financing for a multifamily unit in Bozeman, Montana.

After lengthy discussion by the Board, Bruce Moerer made a motion to have the Board authorize the staff and Board Counsel to proceed with an evaluation of the project.

After further discussion Bruce amended his motion to include the authorization of a public hearing with no commitments from the Board. The motion was seconded by John Buchanan and passed unanimously.

GOLDEN VILLA

Robert and Marcia Peterson along with Jay Kirby and Mark Fisher gave a presentation to the Board on a multifamily project in Missoula, Montana.

1985 LEGISLATION

Jay McLeod reported to the Board that the legislation for increasing the bonding authority passed both Houses and is back in the Senate. It should be ready for an early signature from the Governor.

He also reported that the Board did receive budget approval for all positions except a home improvement position.

A discussion was held as to the need for the Board to become better informed about the costs associated with a bond issue. The consensus was that the underwriter(s) as well as Evenson and Dodge, consultants to the State, be contacted as to a time and place for a workshop to be conducted.

SPECIAL TAX OPINION ON LOAN ASSUMPTIONS

Dave Jackson, Board Counsel reported to the Board that the withdrawal of targeted area status will not effect the assumption policies in those areas. The opinion provides that loan originations in 1982 and thereafter are assumable subject to certain requirements. Such requirements shall be determined based on the date of loan origination and not the date of assumption.

The next meeting is scheduled for Tuesday, April 23, 1985 to begin at 9:00 A.M. in the Department of Commerce Conference Room.

There being no further business, the meeting adjourned.

Joan Bennett

JOAN BENNETT, SECRETARY TO THE BOARD

April 22, 1985

DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
FEBRUARY 21, 1985

- I. CALL MEETING TO ORDER - 1:00 P.M.
Chairman William A. Groff
- II. APPROVAL OF MINUTES - February 1, 1985
Chairman William A. Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Discuss Results of Hearing
To Be Held February 21st at 10:00 A.M.
Discuss 1984 Policy Statement
Discuss 1985 Legislation
- VI. SET NEXT MEETING
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
FEBRUARY 21, 1985

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Present)
Mike Kennedy, Jr. (Present)
Bruce Moerer (Absent)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
John Geesman, First Boston Corporation
Rod Pakonen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood
Jim Dlugosch, Dain Bosworth Inc.

OTHERS:

Jay Holt, Hawkins, Delafield & Wood
Diane Reitano, Paine Webber
Dave Jackson, Board Counsel
Peter Dayton, Bond Counsel
Dave Johnson, Anderson ZurMuehlen Co.
Steve Rivero, First Interstate Bank of
California
Kaye Blythe, Montana Assn. of Realtors
Jim Cordial, Montana Peoples Association
Tom Ryan, Montana Peoples Association
Ken Hendrix, City Council of Twin Bridges
Craig Ballou, City Council of Twin Bridges
Marie McAlear, Madison County Commission
Gene Gibson, Gibson Construction-Great Falls
Kathryn Dickson

The meeting was called to order by Chairman Bill Groff at 1:00 P.M. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the February 1, 1985 meeting, they were therefore approved.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey reported to the Board the status of the 1984A (10-3/8%) program. As of February 14, 1985, the Board has purchased \$24.9 million with a balance of \$42 million to be purchased by June 1985. As of February 14, 1985, \$3.3 million has been allocated to the Forward Commitment Program from the Mortgage Pool Fund, which leaves a remaining balance of \$6.6 million.

Big Horn County

Linda also presented Big Horn Countys application for targeted area status. She stated that they do satisfy all the required data elements and that it was the staffs recommendation to submit their application to the Department of HUD and Treasury for approval as an Area of Chronic Economic Distress.

John Buchanan made a motion seconded by Mike Kennedy to approve Big Horn County and submit their application to HUD. The motion carried.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported to the Board the he and Jay McLeod attended a city council meeting in Twin Bridges on February 14, 1985 to discuss the special improvement district that is being considered in connection with the Twin Bridges project.

Tom Ryan and Jim Cordial from the Montana Peoples Association gave an updated report to the Board on the progress of the Twin Bridges project.

OTHER BUSINESS

Public Hearing

Jay McLeod gave a brief report on the public hearing in regards to the policy report that must be submitted to the Treasury by March 11, 1985. He stated that the hearing went very well and that there were no major changes in the policy.

1985 Legislation

Jay McLeod also gave a brief report on the progress of the Board's 1985 legislation. He stated that Senate Bill 224 which provides for an increase in bonding authority and for the evaluation of discount bonds had passed third reading in the Senate on February 5, 1985. He also mentioned our budget problems would likely be resolved; however, it was the consensus that the Board would not get authority to hire a person to handle a Home Improvement Program.

Assumption Policy

Linda Forrey explained that for purposes of mortgage assumptions in the six targeted counties that were rescinded by the Treasury Department in 1983, IRS regulations provide that the determination of whether a mortgage can be assumed is based on the federal eligibility requirements at the time of assumption and not when the loan was originally placed. In recognition of the potential impact this regulation may have on assumptions in these counties, Tom Battershell made a motion seconded by Mike Kennedy to have staff work with Board Counsel to determine how the Board should proceed. After discussion Tom Battershell amended his motion again seconded by Mike Kennedy to include a visit to IRS officials in Washington, D.C. to obtain a waiver of the first time homebuyers requirement in the six counties whose targeted status was withdrawn. The motion was unanimously approved.

Committee to Review Bond Counsel Applications

John Buchanan made a motion, seconded by Mike Kennedy to have the Chairman appoint a committee to review and consider applications for the job of Board Bond Counsel and that the committee report their recommendation to the Board at the April 1985 meeting. The motion carried.

Chairman Bill Groff appointed Tom Battershell as Chairman, John Buchanan Joan Bennett and Bruce Moerer to serve on this committee. The chairman also recommended that Jay McLeod, Administrator, sit in on these meetings and give his input regarding this situation.

Tom Battershell made a motion to eliminate two bond underwriters, D.A. Davidson and Foster Marshall. The motion was seconded by John Buchanan.

After discussion by the Board the motion was put to vote. Tom Battershell, Mike Kennedy, Howard Rosenleaf and John Buchanan voted yes. Bill Groff and Joan Bennett voted no. The motion carried.

The next meeting is tentatively scheduled for the third week in March, subject to call of the Chairman.

There being no further business, the meeting was adjourned.

Joan Bennett
Joan Bennett, Secretary to the Board

3-29-85
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING MEETING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
FEBRUARY 1, 1985

- I. CALL MEETING TO ORDER - 1:00 P.M.
Chairman William A. Groff
- II. APPROVAL OF MINUTES - December 20, 1984
Chairman William A. Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Approve Big Horn County as ACED
Approve First State Bank-Malta as a Lender
Discuss 1984 Policy Statement
Discuss 1985 Legislation
Shady Grove Project Presentation (Missoula) Mike Barton
Juniper Tree Project Presentation (Billings) Lloyd Sinclair
- VI. SET NEXT MEETING
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
FEBRUARY 1, 1985

ROLL CALL OF
BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Present)
Joan Bennett (Present)
John Buchanan (Absent)
Mike Kennedy, Jr. (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Jim Dinerstein, Dain Bosworth, Inc.

OTHERS:

Dave Jackson, Board Counsel
Peter Dayton, Bond Counsel
Mike Barton, City of Missoula
Kaye Blythe, Montana Assn. of Realtors
Barbara Berudt, Montana Assn. of Realtors
Ginny Nelson, Montana Assn. of Realtors
Ken Stone, Montana Assn. of Realtors
Gene Gibson, Gibson Construction-Great Falls

The meeting was called to order by Chairman Bill Groff at 9:00 A.M. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the December 20, 1984 meeting, they were therefore approved.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported to the Board that the Twin Bridges Project is still being discussed and processed at HUD. There has been some progress made but nothing definite at this time.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey furnished to the Board a detailed accounting of the 1983C Mortgage Purchase Program. As of February 7, 1985 the Board will purchase \$1,880,865 of mortgage loans. As a result, \$1,837,661 represents the unused commitments held by lending institutions. Upon reconciliation of the remaining commitments, such amounts will be reallocated.

Under the 1984A program, the Board has purchased \$22.9 million of mortgage loans as of January 31, 1985, which leaves a balance of \$44 million to purchase by June 20, 1985. Because lenders in the pool program must deliver 50% of their 84A commitment before they become eligible to receive pool funds, the Mortgage Pool Funds have not been allocated as quickly as anticipated. As of January 31, 1985, \$2,797,915 has been allocated which leaves a balance of \$7.2 million of unallocated pool funds. Upon a motion by Mike Kennedy and seconded by Howard Rosenleaf, the Board authorized the staff to waive the 50% requirement and refund the reservation fees after the pool is allocated.

OTHER BUSINESS

APPROVAL OF NEW LENDER

Upon a motion by Howard Rosenleaf and seconded by Joan Bennett, the Board unanimously approved the First State Bank of Malta, Montana as a qualified lending institution to participate in future financing programs of the Board.

1984 POLICY STATEMENT

Dave Jackson, Board Counsel discussed with the Board the 1984 policy statement (attached). Upon a motion made by Mike Kennedy and seconded by Joan Bennett, the Board unanimously approved the policy statement. Based upon the results of the Public Hearing and the Board meeting of February 21, 1985, this report is required to be filed with the revenue service by March 11, 1985.

1985 LEGISLATION

Jay McLeod reported there was a hearing in the Senate Finance and Claims Standing Committee on Senate Bill 224 to increase our bonding authority from \$675 million to \$975 million and to determine the manner in which discount bonds count against this ceiling. This bill received a do pass recommendation.

The staff had an initial budget hearing before one of the House Subcommittees on the Boards current level and modified level budget requests. Additional hearings will be required before the budget is finally approved.

SHADY GROVE PROJECT

Mike Barton from the City of Missoula gave a presentation to the Board on the Shady Grove project.

After lengthy discussion by the Board, Joan Bennett made a motion seconded by Tom Battershell to recommend that the staff move on this project without commitment.

NEXT MEETING

The next meeting of the Board is scheduled for Thursday, February 21, 1985 to begin at 1:00 P.M. in the Department of Commerce Conference Room.

There being no further business, the meeting was adjourned.



JOAN BENNETT, SECRETARY TO THE BOARD



DATED

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING

DEPARTMENT OF COMMERCE CONFERENCE ROOM

1424 NINTH AVENUE

HELENA, MONTANA

DECEMBER 4, 1986

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - November 6, 1986
Chairman Joan Bennett
- III. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey, Single Family Program Officer
- IV. OTHER BUSINESS
Discuss Letter to 12 1/2% Mortgagers
Discuss Bond Calls
Discuss Analysis of Budget
Discuss Budget Cut Impact
Update on Position Descriptions
Update on Annual Information Statement
Update MCC Program
Public Meeting Report - Dave Jackson
Goal Setting Session
- V. SET NEXT MEETING DATE
- VI. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
DECEMBER 4, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Absent)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Richard Kain, Assistant Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Jeannene Maas, Program Specialist
Judy Gilleppe, Accounting Specialist
Meredith McGuire, Administrative Assistant
Cyndi Routzahn, Accounting Specialist
Jo Anne Berg, Administrative Assistant

UNDERWRITERS:

Laura Brown, First Boston Corporation
Gordon Hoven, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room.

There being no corrections or additions to the minutes of the November 6, 1986 meeting, they were approved as presented.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey, Single Family Program Officer, updated the Board on the availability of funds under the Single Family Program. Currently, \$2.6 million remains available for mortgage loans at 9 3/4%. Little activity has been seen in the Single Family program in the past 30 days.

NEIGHBORHOOD HOUSING SERVICES

Linda Forrey presented an update from the Neighborhood Housing Services program in Great Falls. Of their allocation of \$750,000, approximately \$234,000 is reserved, with a balance of \$516,000. The organization has requested an additional \$250,000, since the amounts remaining will be used in a short amount of time. After discussion by the Board, John Buchanan moved that an additional \$250,000 be allocated. Howard Rosenleaf seconded the motion, and it carried, with George Swords and Brad Walterskirchen voting nay.

BOND CALLS

Dave Kraft, Comptroller, presented a review of extraordinary redemptions that have occurred under the Bond issues 1982A through 1985B.

LETTER TO 12½% MORTGAGORS

Roy Koegen, Bond Counsel, and David Jackson, Board Counsel, presented their opinions regarding the legality of either contacting mortgagors with 12½% mortgages, or utilizing a mailing list for interested parties to encourage borrowers to refinance their loans at a lower rate. From the standpoint of the privacy law, Dave Jackson is of the opinion that a list of mortgagors cannot be distributed, and mortgagors should not be contacted. From the bond standpoint, Roy Koegen is of the opinion that the liability issue is not a factor, because it has been done by other housing agencies without detriment. No action was taken.

BUDGET ANALYSIS

Dave Kraft presented FY'88, and FY'89 requested budget levels and compared the requested budgets to what the Office of Budget and Program Planning has recommended for those budget years. Given OBPP levels, in FY'88 the Board of Housing could issue \$70 million in bonds, and in FY'89, \$0. If the requested levels were granted, the Board could issue \$160 million in FY'88 and \$75 million in FY'89.

BUDGET CUT IMPACTS

Dave Kraft informed the Board about the budget cuts mandated by the Governor's Office of Budget and Program Planning for FY'87, the current operating year. In April, 5% of the Board's budget was cut (\$62,699), and in November, an additional 2% was cut (\$23,948).

CHARGES FOR STATEWIDE AUDIT

Jay McLeod, Administrator, reported that the Governor's Office has billed the Board \$11,600, a rate of 5.8¢/\$1,000 of bonds issued in 1985. Once again, the Board reaffirmed its policy that the use of Board funds for non-program uses was restricted by its trust indentures.

UPDATE ON POSITION DESCRIPTIONS

Richard Kain, Assistant Administrator, informed the Board that Newell Anderson has reviewed all position descriptions and suggested minor changes, which will be made. The descriptions will be then sent to Keith Colbo for his approval and signature.

UPDATE ON MCC PROGRAM

Richard Kain presented an outline of Treasury Department imposed regulations concerning a Mortgage Credit Certificate program, and then followed up with recommendations made by staff. Discussion was held concerning the implications of various components of this type of program, and it was decided to formally adopt Resolution #86-1204-S11 (attached), to use \$40 million of the Board's bonding authority to issue \$10 million in Mortgage Credit Certificates. George Swords moved to adopt the resolution, Howard Rosenleaf seconded the motion, and it carried unanimously.

ANNUAL INFORMATION STATEMENT

Dave Kraft reported that the Annual Information Statement is at the printers, with a delivery date of December 19 or before.

PUBLIC MEETING LAW

Dave Jackson presented a draft of Rule 2, which clarified the means by which the Board shall give notice of its meetings. Dave Jackson recommended that notice of all meetings be posted on a bulletin board at the Board's office, and that a mailing list be utilized for sending notice to newspapers and parties that have requested notice. When statewide public meetings are held, notice will be mailed to the seven daily newspapers in the state, in addition to interested parties. The public meeting law allows enough flexibility that if the need arise a meeting can be called on short notice, as long as it is posted as required. Brad Walterskirchen moved that Rule 2 (see attached) be adopted. George Swords seconded the motion, and it carried unanimously.

CARRYFORWARD ALLOCATION

Jay McLeod reported on a recent meeting with the Department of Administration concerning the 1986 Bonding Authority. All unused allocations were recaptured on December 1, and then reallocated. Board of Housing has \$150 million available, up from \$125 million. This allocation can be carried forward into 1987 and 1988, and an additional \$70 million will be available in 1987.

GOAL SETTING

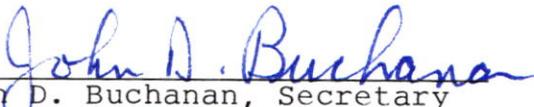
Dave Jackson led a discussion on Board goals, with discussion to continue at the next Board meeting. Once the remainder of the goals have been finalized, a summary will be presented.

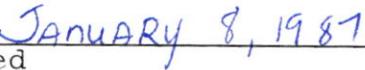
COUNSEL CONTRACTS

Jay McLeod reported that the contracts for Board and Bond Counsels were in need of approval by the Board. Following a brief discussion, George Swords moved that they be approved. Howard Rosenleaf seconded the motion, and it carried unanimously.

The next meeting was set for January 8, 1987, at the Department of Commerce Conference Room, Helena, Montana.

There being no further business, the meeting adjourned.


John D. Buchanan, Secretary


Dated

RESOLUTION NO. 86-12-04 S-11

A RESOLUTION OF THE MONTANA BOARD OF HOUSING ESTABLISHING A MORTGAGE CREDIT CERTIFICATE PROGRAM TO BE USED IN CONJUNCTION WITH A QUALIFIED SINGLE FAMILY PROGRAM; DESCRIBING THE PARAMETERS OF THE PROGRAM; DIRECTING THE ADMINISTRATOR TO OBTAIN THE CERTIFICATION OF THE GOVERNOR OF THE STATE OF MONTANA AND TO FILE AN ELECTION WITH THE INTERNAL REVENUE SERVICE OF THE UNITED STATES OF AMERICA PRIOR TO DECEMBER 31, 1986 TO IMPLEMENT SUCH MORTGAGE CREDIT PROGRAM; AND TO FURTHER AUTHORIZE THE ADMINISTRATOR TO GIVE NOTICE AS REQUIRED BY THE FEDERAL TAX LAWS OF THE IMPLEMENTATION OF THE PROGRAM.

MONTANA BOARD OF HOUSING

MORTGAGE CREDIT CERTIFICATE PROGRAM

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING AS FOLLOWS:

WHEREAS, Section 25 of the Internal Revenue Code of 1986 authorizes the Montana Board of Housing (the "Board") to forego the issuance of a portion of its qualified mortgage bonds and develop in lieu thereof a mortgage credit certificate program, whereby a borrower may receive a credit against his income tax, under rules and regulations established by the Board pursuant to the requirements of the federal tax laws; and

WHEREAS, the Board desires to provide the widest range of alternatives to low, moderate and middle income borrowers to enable them to finance the acquisition of a principal residence, or to finance improvements to their principal residence, at the lowest effective cost to such borrowers; and

WHEREAS, For such purpose the Board intends to implement a mortgage credit certificate program, and in connection therewith to elect to not issue \$40 million of qualified mortgage bonds which it could otherwise issue in calendar year 1987; and

WHEREAS, to maximize the subsidies available to low, moderate and middle income persons, it is the intention of the Board that the mortgage credit certificate program and the existing tax-exempt single-family mortgage loan program of the Board have common parameters to the maximum extent possible;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, AND ORDERED AS FOLLOWS:

Section 1: The mortgage credit certificate program, which is described in Exhibit A attached hereto and incorporated herein by

reference, is hereby approved in substance, and the Administrator is hereby directed to refine the program to maximize the availability of lower cost financing to low, moderate and middle income persons under a mortgage credit certificate program. The final terms of the Program shall be approved by resolution of the Board.

Section 2: The Board hereby elects, pursuant to Section 25 of the Internal Revenue Code of 1986 not to issue \$40 million of qualified mortgage bonds during the calendar year 1987, and instead to use such portion of its "state ceiling" authority to implement the mortgage credit certificate program described in Exhibit A. The Board is hereby authorized and directed to obtain the certification of the Governor of the State of Montana and to file an election, as required by the federal tax laws, with the Internal Revenue Service of the United States of America prior to December 31, 1986 upon the advice of counsel.

Section 3: The Administrator shall give notice to the public of the Program as required by the federal tax laws prior to the implementation of the mortgage credit certificate program.

Adopted by the Montana Board of Housing this 4th day of December, 1986.

MONTANA BOARD OF HOUSING

By: Joan K Bennett
Chairman

Attest:
By: John A. Buchanan
Secretary

Approved as to Form:

By: Roy J. Kasper /s/

EXHIBIT A

MONTANA BOARD OF HOUSING

SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM
Program Parameters

The mortgage credit certificate program (the "Program") will be established pursuant to Section 25 of the Internal Revenue Code of 1986 (the "Code"), to complement the Board's tax-exempt bond financed low interest rate single-family mortgage program (the "Bond Program"). The following is an outline of the general parameters of the Program.

(1) The Program will follow the same general parameters applicable to the types of properties and types of borrowers which qualify for financing through the Bond Program.

(2) The Program will be conducted through the end of the second calendar year following the calendar year for which the Board makes an election under Section 25 of the Code (December 31, 1988 for the election made for 1986), unless a longer period is permitted by the federal tax laws.

(3) The Board shall issue qualified mortgage credit certificates (within the meaning of Section 25 of the Code and the Department of Treasury regulations adopted under such section) under the Program. The Board shall require applicants for such certificates to provide such information as is necessary to establish that any certificate issued to such applicant will meet all the requirements for a qualified mortgage credit certificate.

(4) The mortgage credit certificates are not to be used in conjunction with the debt of any particular lenders.

(5) The mortgage credit certificates will not be transferable, except to the extent permitted by Section 25 of the Code and the Department of the Treasury regulations adopted under such section and approved in writing by the Board.

(6) The mortgage credit certificates will not be used for or with respect to any particular developers, unless the certification required by Section 25 of the Code and Department of Treasury regulations adopted under such section is delivered in connection therewith.

(7) The certificate credit rate (within the meaning of Section 25(d)(1) of the Code) on the mortgage credit certificates shall not be less than 10 percent nor more than 50 percent.

(8) The maximum amount of mortgage credit certificates that may be issued will be an amount such that the sum of the products determined by multiplying (i) the certified indebtedness amount of each

mortgage credit certificate issued under the Program, by (ii) the certificate credit rate with respect to each certificate, will not exceed \$10 million.

(9) The Board Administrator shall report to the Internal Revenue Service as required under Section 25 of the Code and the Department of Treasury regulations adopted under such section.

(10) Where the credit certificate rate exceeds 20 percent, then no mortgage credit shall be such that a taxpayer (or any person related to such taxpayer) is allowed a credit in excess of \$2,000 per year.

(11) With respect to each loan, each lender shall be required to maintain records concerning, and/or report to the Internal Revenue Service, the following information: (1) the borrower's name, address and social security number, (2) the name of the issuer of the certificate, the date of issue, the certified debt amount, and the certified credit rate on the certificate, and (3) all other information required under Section 25 of the Code and the Department of Treasury regulations adopted under such section.

(12) No borrower will be required to pay fees other than the fees permitted under Section 25 of the Code and the Department of Treasury regulations issued under such section. To the extent so permitted, a processing fee may be charged by the Board to each borrower to defray the costs of administering the Program.

(13) The same income limits used in the Bond Program will be used in the Program, provided that if monies are set aside for a particular area in a particular city or county, the Administrator shall coordinate and cooperate with such cities or counties and/or the State of Montana to maximize the utilization of the mortgage credit certificates.

(14) It is the intention of the Board that the Program be targeted to lower income persons who can most effectively use the amount of the credit.

(15) At least to the extent required under Section 25(c)(2)(A)-(iii)(IV) of the Code and the Department of Treasury regulations issued under such section, a portion of the mortgage credit certificates shall be set aside to be used only with respect to loans made for residences in certain targeted areas.

8.111.202 MEETINGS OF THE BOARD. (1) All meetings of the board are open to the public pursuant to 90-6-105, MCA. Notice of the board's regular meetings shall be given by (a) posting a statement of the time and place of the meeting on a bulletin board at the entrance to the Board's offices, (b) mailing the said notice to a newspaper of general circulation in Helena, Montana, and (c) mailing said notice to any interested parties who have notified the Board in writing.

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

(3) In the case of matters determined by the Board to be of significant interest to the public, notice may be given by the means in (1) above, and by any additional appropriate means of notice, given sufficiently prior to a final decision to permit public comment on the matter.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING

LEWIS ROOM
COLONIAL INN
HELENA, MONTANA

NOVEMBER 6, 1986

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - October 2, 1986
Chairman Joan Bennett
- III. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey, Single Family Program Officer
- IV. OTHER BUSINESS
Signature Resolution
Allocation of Volume Cap
Update of AOD Installation
Update on Annual Information Statement
Discuss MCC Program
Discuss Redemptions and Recycling
Discuss Goal Setting
- V. SET NEXT MEETING DATE
- VI. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
LEWIS ROOM, COLONIAL INN
HELENA, MONTANA
NOVEMBER 6, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Richard Kain, Assistant Administrator
Dave Kraft, Comptroller
Jeannene Maas, Program Specialist
Meredith McGuire, Administrative Assistant
Cyndi Routzahn, Accounting Specialist
Jo Anne Berg, Administrative Assistant

UNDERWRITERS:

Jo Anne Kennedy, First Boston Corporation
Laura Brown, First Boston Corporation
Doug Birbrower, First Boston Corporation
Michael Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
Vicky Miller, Montana Assoc. of Realtors &
Knutson Mortgage Corp.
James F. Lechner, Montana Home Builders Assoc.

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Lewis Room of the Colonial Inn, Helena, Montana.

There being no corrections or alterations to the minutes of the October 2, 1986 meeting, they were approved as presented.

STATUS OF SINGLE FAMILY PROGRAM

Jeannene Maas, Program Specialist, updated the Board on the status of funds in the Single Family Program. Currently there is \$2.6 million available for mortgage loans. The 1985A and 1985B Series are 99% purchased.

SIGNATURE RESOLUTION

Jay McLeod, Administrator, presented the final form of the Certificate of Resolution (see attached), which was approved at the September 4, 1986 Board meeting. A motion was made by Howard Rosenleaf and seconded by Brad Walterskirchen that the Resolution be adopted, and it carried unanimously.

VOLUME CAP

Jay McLeod, Administrator, reported on recent information received regarding the volume cap put on the State for funding projects such as the Board's. He stated that by executive order of the Governor, \$125 million will be available in 1986, which can be carried forward to 1987, upon adoption of an appropriate resolution by the Board. Roy Koegen, Bond Counsel, presented Resolution No. 86-1106-S9 (see attached) which expressed the Board's intent to carryforward it's allocation into 1987. George Swords moved that the Resolution be adopted, and Brad Walterskirchen seconded the motion, which carried unanimously.

COMPUTER INSTALLATION

Dave Kraft, Comptroller, reported that the hardware and software was installed, and that testing and training had been completed. Parallel systems were run for one month, and servicers should be receiving their first billing under the new system by the 15th of November.

APPROVAL OF NEW SERVICER

Jeannene Maas presented to the Board a request from First Citizens Bank of Columbia Falls to become an approved servicer for Board of Housing loans. Following some discussion by the Board, Brad Walterskirchen moved that they be approved, and George Swords seconded his motion, which carried unanimously.

ANNUAL INFORMATION STATEMENT

Jay McLeod and Roy Koegen reported that with two changes, the annual information statement will be ready for printing. It is anticipated that it will be in final form prior to the next Board meeting.

MCC PROGRAM

Discussion was held about the advantages and drawbacks to implementing a Mortgage Credit Certificate program. Jay McLeod reported on the workshop in St. Paul that dealt with this issue, and stated that in states that have implemented a program, limited success was being experienced, due to changes in the tax laws and uninformed lenders. After further discussion regarding the impact on staff, and the start-up costs, John Buchanan moved that the Board elect not to issue \$40 million in qualified mortgage revenue bonds in 1986, and in lieu thereof, issue \$10 million in Mortgage Credit Certificates. Bruce Moerer seconded the motion, which carried unanimously.

REDEMPTIONS AND RECYCLING

Jo Anne Kennedy, First Boston Corporation, presented updated consolidated cash flows for the Single Family I and Single Family II indentures. As a result of this updated information, First Boston's recommendation was that prepayments under the Single Family II program be used to call bonds, to alleviate the drag on the cash flow. George Swords moved that Resolution #86-1106-S10, (see attached) which directed staff to call bonds as prepayments become available be adopted. Bruce Moerer seconded the motion, and it carried unanimously. Jo Anne Kennedy reported that the Single Family I indenture was much healthier, and the \$3.6 million available under this indenture could be recycled. Deducting what was committed to Shady Grove and Neighborhood Housing Services projects, \$1.7 million is available. Allocation of these funds was tabled until a later date.

BUDGET UPDATES

Richard Kain, Assistant Administrator, presented the quarterly budget status.

Discussion was held concerning the possibilities of requests for funds transfers to the State General Fund. Contact with Legislators was discussed as a means of reaffirming that Board funds are unavailable as a revenue source for the State's general budget.

Dave Kraft reported that OBPP has reduced the Board's budget by 33% in FY'88 and 37% in FY'89, and that negotiations were commencing to alleviate the cuts. The consensus was that because the Board of Housing funds do not affect the State General Fund, their budget recommendations should be realigned to more accurately reflect our actual expenses.

GOAL SETTING SESSION

A workshop resume' from Mr. Bates was presented to the Board. After discussion, it was decided that each member should review the goals, and that time to prioritize each goal and set up time frames for implementation should be allocated at the next Board meeting. Dave Jackson, Board Counsel, will arrange for a facilitator to oversee the process.

OTHER BUSINESS

Chairman Joan Bennett asked for comments from the floor. Mr. James Lechner, Executive Director of the Montana Home Builders Association, addressed the Board and stated that the Board's decision to elect not to issue \$40 million in Mortgage Revenue Bonds, and in turn to elect to issue \$10 million in Mortgage Credit Certificates was an action that met with his disapproval. He further stated that he did not favor the Board issuing Mortgage Credit Certificates to borrowers who were potential purchasers of manufactured housing. Jay McLeod stated that under Federal regulations and Federal law, the Mortgage Credit program was open to borrowers of not only single family housing, but also manufactured housing, as well as applicants for home improvement and rehabilitation loans, and that the Board was simply acting under these Federal mandates by providing a Mortgage Credit Certificate program.

Brad Walterskirchen inquired of staff about the possibility of recycling funds under terms and conditions that were presented at the last board meeting. Discussion ensued, and it was determined that the Single Family II trust indenture could not support another bond issue, and that under the taxable market, a new trust indenture would not provide competitive mortgage rates without contributions from the Board, which would adversely affect the cash flows.

The next meeting was scheduled for Thursday, December 4, 1986, at 9:00 a.m., in the Department of Commerce Conference Room, Helena, Montana.

There being no further business, the meeting adjourned.



John D. Buchanan, Secretary

December 4, 1986
Dated

CERTIFICATE OF RESOLUTION
MONTANA BOARD OF HOUSING

The Chairman then stated that by virtue of the resignation of Herbert H. George and the appointments of Richard Kain as Assistant Administrator and Jeannene R. Maas as Program Specialist of the Board of Housing and because certain firms with which the Board does business on a day to day basis have requested that the authority to act on behalf of the Board by the Administrator, Assistant Administrator, the Single Family Program Officer, the Program Specialist, the Comptroller, and such other employees, officers and agents of the Board as the Administrator may from time to time designate, be set forth in a resolution of the Board which may be used in conducting the business of the Board.

Upon motion duly made and seconded, it was

RESOLVED, the Administrator, the Assistant Administrator, the Single Family Program Officer, the Program Specialist and the Comptroller, hereinafter designated, and such other employees, officers and agents as the Administrator may from time to time designate, are hereby authorized, until otherwise directed by this Board, to enter into, execute and deliver in the name and on behalf of the Board, any contract, agreement, conveyance and any other instrument that may be necessary for carrying into effect the business of the Board pertaining to their respective positions and as may be assigned by the Administrator without further act or resolution of this Board.

Administrator	Jay McLeod
Assistant Administrator	Richard Kain
Single Family Program Officer	Linda M. Forrey
Comptroller	Dave Kraft
Program Specialist	Jeannene R. Maas

and

FURTHER RESOLVED, that this resolution supersedes the resolutions of the Board setting forth the authority of staff adopted August 6, 1983, and September 4, 1986, and shall be effective from the date of recording in the office of the county clerk and recorder and until a resolution rescinding or superseding this authority is recorded with the county clerk and recorder.

RJKM6C/20

RESOLUTION NO. 86-1106-S9

A RESOLUTION OF THE MONTANA BOARD OF HOUSING DETERMINING TO CARRYFORWARD ITS 1986 VOLUME CAP ALLOCATION TO 1987; AUTHORIZING THE ADMINISTRATOR TO EXECUTE CERTAIN CERTIFICATES WITH REGARD THERETO; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING
VOLUME CAP CARRYFORWARD

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-126, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Internal Revenue Code of 1986 limits the dollar volume of private activity bonds which can be issued in each state per year and provides that the governor of each state determine, by executive order, the method of allocation of such volume cap; and

WHEREAS, single family mortgage revenue bonds are now classified as private activity bonds and, accordingly, are subject to the volume cap limitation and allocation; and

WHEREAS, the Governor of Montana has executed an executive order which, inter alia, allocates \$125,000,000 of the volume cap to the Board; and

WHEREAS, Section 146(f) of the Internal Revenue Code of 1986 sets forth a procedure whereby the Board may "carry-forward" its 1986 volume cap allocation to 1987; and

WHEREAS, the Board is desirous of carrying forward all of its \$125,000,000 1986 volume cap allocation to 1987;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: Carryforward Determination. The Board hereby determines to carryforward all of its \$125,000,000 1986 volume cap allocation to 1987, or such greater amount that may be allocated to the Board, to be used for the purposes set forth in the carryforward election attached hereto and marked Exhibit "A", and hereby made a part hereof.

Section 2: Authorization for Execution. The Administrator of the Board is hereby authorized and directed to execute said

election and to execute all other and appropriate documents or certificates in connection therewith.

Section 3: Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect hereto is hereby approved, confirmed and ratified.

Section 4: Execution of Documents. In the event of the absence or disability of the Administrator of the Board, or if for any other reason the Administrator is unable to execute the documents referred to in this Resolution, such documents may be executed by the Assistant Administrator with the same effect as if done by the Administrator and without further authorization of the Board. The execution of such documents by such person shall be conclusive evidence of the Assistant Administrator's authority to so act.

Section 5: Additional Actions Authorized. The Administrator of the Board or any member 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 herein 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.

Section 6: Effective Date. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 6th day of November, 1986.

MONTANA BOARD OF HOUSING

By: Joan K. Bennett
Chairman

Attest:

By: John D. Burkana
Secretary

CARRYFORWARD ELECTION UNDER SECTION 146(f)

This election is made pursuant to Section 146 of the Internal Revenue Code of 1986.

(A) The issuing authority is the Montana Board of Housing (the "Board"); its address is 2001 Eleventh Avenue, Helena, Montana 59620, and its taxpayer identification number is 81-0428319.

(B) The Board's private activity bond limit for the calendar year 1986 is \$125,000,000.00

(C) The aggregate amount of private activity bonds issued by the Board in calendar year 1986 is \$00.00.

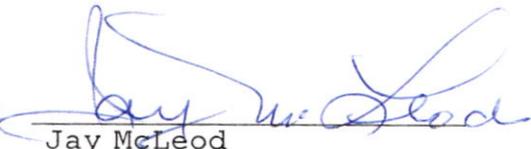
(D) The unused private activity bond limit of the Board for the calendar year 1986 is \$125,000,000.00.

(E) The Board hereby elects to carry forward all of its unused private activity bond limit for calendar year 1986, \$125,000,000.00 for the following purposes:

- (1) \$40,000,000 of the carryforward will be used for issuing Mortgage Credit Certificates (MCC's).
- (2) \$85,000,000 of the carryforward will be used for issuing qualified mortgage bonds.

The undersigned is the Administrator of the Montana Board of Housing and is authorized to execute this election.

DATED this 6th day of November, 1986.

By: 

Jay McLeod
Administrator

RESOLUTION NO. 86-1106-S10

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AUTHORIZING THE TRUSTEE TO REDEEM BONDS ISSUED UNDER THE SINGLE FAMILY II INDENTURE FROM PREPAYMENTS; DIRECTING THAT STAFF DETERMINE THE AMOUNT OF BONDS OF EACH SERIES ISSUED THEREUNDER TO BE CALLED; DIRECTING THE PREPARATION OF A CASH FLOW CERTIFICATE WITH RESPECT TO EACH CALL; DIRECTING THAT CERTAIN CERTIFICATES BE DELIVERED TO THE TRUSTEE; PROVIDING FOR THE GIVING OF NOTICE OF SUCH REDEMPTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY II PROGRAM BONDS
REDEMPTION

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is a Board duly created by the Montana Housing Act of 1975, being MCA 90-6, et. seq. (the "Act"); and

WHEREAS, the Board has heretofore entered into a Trust Indenture by and between the Board, the First Interstate Bank of California (formerly the United California Bank) and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), dated August 16, 1979 (the "Indenture"), which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to one or more supplemental trust indentures in accordance with the terms of such Indenture; and

WHEREAS, the Board has heretofore entered into the following supplemental trust indentures (collectively hereafter referred to as the "Supplemental Indentures"):

1. A Supplemental Trust Indenture by and between the Board and the United California Bank, as Trustee, and The Conrad National Bank of Kalispell, as Co-Trustee, dated August 16, 1979, which authorized the issuance, sale, and delivery of \$100,000,000.00 principal amount of its Single Family Program Bonds, 1979 Series A (the "1979 Series A Bonds");
2. A Supplemental Trust Indenture by and between the Board and the United California Bank, as Trustee, and the Conrad National Bank of Kalispell, as Co-Trustee, dated April 25, 1980, which authorized the issuance, sale, and delivery of \$50,000,000.00 principal amount of its Single Family Program Bonds, 1980 Series A (the "1980 Series A Bonds");

3. A Supplemental Trust Indenture by and between the First Interstate Bank of California, as Trustee, and the First Interstate Bank of Kalispell, N.A., as Co-Trustee, dated April 6, 1982, which authorized the issuance, sale, and delivery of \$55,000,000.00 principal amount of its Single Family Program Bonds, 1982 Series A (the "1982 Series A Bonds");
4. A Supplemental Trust Indenture by and between the First Interstate Bank of California, as Trustee, and the First Interstate Bank of Kalispell, N.A., as Co-Trustee, dated February 10, 1983, which authorized the issuance, sale, and delivery of \$30,000,000.00 principal amount of its Single Family Program Bonds, 1983 Series A (the "1983 Series A Bonds");
5. A Supplemental Trust Indenture by and between the First Interstate Bank of California, as Trustee, and the First Interstate Bank of Kalispell, N.A., as Co-Trustee, dated April 8, 1983, which authorized the issuance, sale, and delivery of \$55,000,000.00 principal amount of its Single Family Program Bonds, 1983 Series B (the "1983 Series B Bonds");
6. A Supplemental Trust Indenture by and between the First Interstate Bank of California, as Trustee, and the First Interstate Bank of Kalispell, N.A., as Co-Trustee, dated November 4, 1983, which authorized the issuance, sale, and delivery of \$114,998,229.35 principal amount of its Single Family Program Bonds, 1983 Series C (the "1983 Series C Bonds");
7. A Supplemental Trust Indenture by and between the First Interstate Bank of California, as Trustee, and the First Interstate Bank of Kalispell, N.A., as Co-Trustee, dated as of August 24, 1984, which authorized the issuance, sale, and delivery of \$75,002,290.00 principal amount of its Single Family Program Bonds, 1984 Series A (the "1984 Series A Bonds");
8. A Supplemental Trust Indenture by and between the First Interstate Bank of California, as Trustee, and the First Interstate Bank of Kalispell, N.A., as Co-Trustee, dated as of August 1, 1985, which authorized the issuance, sale, and delivery of \$39,999,625.15 principal amount of its Single Family Program Bonds 1985 Series A (the "1985 Series A Bonds"); and
9. A Supplemental Trust Indenture by and between the First Interstate Bank of California, as Trustee, and the First Interstate Bank of Kalispell, N.A., as Co-Trustee, dated as of November 1, 1985, which authorized the issuance, sale, and delivery of \$159,996,862.25 principal amount of

its Single Family Program Bonds, 1985 Series B (the "1985 Series B Bonds").

Said bonds are collectively referred to as the Single Family II Program Bonds.

WHEREAS, the Board has received and will receive mortgage loan prepayments in connection with said Single Family II Program Bonds and has determined to redeem all of such Single Family II Program Bonds as it has mortgage loan prepayment to do.

WHEREAS, the First Interstate Bank of Denver, N.A. (hereinafter referred to as the "Trustee") has been appointed as the successor trustee to the First Interstate Bank of California; and

WHEREAS, the Indenture and the Supplemental Indenture require that certain certificates be obtained and certain notice given prior to the redemption of such Single Family II Program Bonds;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, AS FOLLOWS:

Section 1: The Board hereby authorizes the Trustee to call for redemption prior to their dated date of maturity, in accordance with Article III of the Indenture, such Single Family II Program Bonds of each individual series as it can from available mortgage loan prepayments at the price of par plus accrued interest to the date of redemption. Such Single Family II Program Bonds shall be called on the earliest possible redemption date. Said redemption shall be based upon a certificate signed by the Administrator or Assistant Administrator, and countersigned by the comptroller of the Board specifying:

- (a) the individual bonds of each series authorized by the Supplemental Indenture to be redeemed;
- (b) the serial numbers and principal amounts of such Single Family II Program Bonds to be redeemed; and
- (c) the maturity of each said Single Family II Program Bond to be redeemed.

Section 2: The Treasurer of the Board is hereby directed to prepare, or to cause to be prepared, for each such redemption a cash flow certificate regarding money in the Special Redemption Account, pursuant to Section 5.03(C) of the Indenture and to deliver such certificate to the Trustee. Said certificate shall specify the amount of money to be transferred to the Special Redemption Account and the amount of each maturity to be redeemed in furtherance of the redemption authorized by Section 1 hereof. The cash flow certificate shall also give effect to said redemption of such Single Family II Program Bonds.

Section 3: The Trustee is hereby directed to give notice of such redemption, by publication once a week for two successive weeks not less than thirty (30) days prior to the redemption date in newspapers published in New York, New York and Helena, Montana.

The Trustee is also hereby directed to mail a like notice to the owners of all registered Single Family II Program Bonds, but the failure to give such notice shall not affect the validity of such redemption. The notice of redemption shall be substantially in the form set forth as Annex I attached hereto and incorporated herein by reference. The Trustee shall give such additional notice as may be required by a Supplemental Trust Indenture pertaining to the bonds redeemed.

Section 4: Interest shall cease to accrue on those Single Family II Program Bonds called for redemption on the date of redemption, provided sufficient money to effect such redemption is on deposit at the place of redemption on such date.

Section 5: Single Family II Program Bonds may be redeemed by presentation and surrender on or prior to the date of redemption at any of the following locations:

J. Henry Schroeder Bank and Trust Company
Stock Transfer Department
SC1, One State Street
New York, New York 10015

First Interstate Bank of Denver, N.A.
Trust Department
633 Seventeenth Street
Denver, Colorado 80270

Section 6: The Treasurer of the Board is hereby directed to take, or to cause to be taken by the Trustee all additional action not inconsistent with the Indenture and the Supplemental Indentures, in order to accomplish the call and redemption of the Single Family II Program Bonds as provided herein.

Section 7: This Resolution shall become effective immediately upon its adoption.

ADOPTED by the Montana Board of Housing this 6th day of November, 1986.

MONTANA BOARD OF HOUSING

By: Jean K Bennett
Chairman

ATTEST:

By: John D. Buchanan
Secretary

The method of presentation and delivery of the Bonds for payment is at the option and risk of the holder of each Bond. If mail is used, Insured Registered Mail, Return Receipt Requested, is suggested.

On the redemption date, the Bonds to be redeemed shall cease to bear interest.

MONTANA BOARD OF HOUSING

By: First Interstate Bank of
Denver, N.A., as Trustee

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING

DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA

OCTOBER 2, 1986

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - SEPTEMBER 4, 1986
Chairman Joan Bennett
- III. STATUS OF MULTIFAMILY PROGRAM
Jay McLeod, Administrator
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey, Single Family Program Officer
- V. FINANCIAL REPORT(s)
Dave Kraft, Comptroller
- VI. OTHER BUSINESS
Discuss Goal Setting Workshop
Status of Accounting Installation
Status of Updating Personnel Files
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
OCTOBER 2, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Richard Kain, Assistant Administrator
Linda Forrey, Single Family Program Officer
Jeannene Maas, Program Specialist
Jo Anne Berg, Administrative Assistant

UNDERWRITERS:

Jo Anne Kennedy, First Boston Corporation
Laura Brown, First Boston Corporation
Gordon Hoven, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson

OTHERS:

Roy J. Koegen, Bond Counsel
Bob Murdo, Board Counsel
David Johnson, Anderson, ZurMuehlen & Co.

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the September 4, 1986 meeting, they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod, Administrator, reported on the status of the Multifamily Program. The Tax Reform Bill is likely to effect this program, and a deep subsidy will probably be necessary in order for multifamily programs to operate effectively.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey, Single Family Program Officer, presented to the Board an update on the Single Family Programs. \$5 million is available for mortgage loan reservations under both Single Family programs. For the months of August and September, \$1 million has been reserved in each month.

FINANCIAL REPORT

David Johnson, Anderson, ZurMuehlen & Co., presented to the Board the Audited Financial Report for the year ending June 30, 1986.

OTHER BUSINESS

GOAL SETTING WORKSHOP

Pending the informational summary, all those who attended the Workshop expressed feelings that the workshop was worthwhile, and that all who were involved in setting it up should be commended on the appropriateness of the materials.

ACCOUNTING INSTALLATION

Richard Kain, Assistant Administrator, reported that the new system was installed, and training was underway. Parallel systems will be run for a period of time, and total implementation is scheduled for March 1, 1987 at the latest.

UPDATING PERSONNEL FILES

Richard Kain reported that position descriptions and the organizational chart will be finalized and presented at the November Board meeting.

TAX REFORM

Jay McLeod and Roy Koegen, Bond Counsel, presented updated information as it effects Board programs. Roy Koegen will prepare a ruling on the carry over allocation, as it pertains to Mortgage Credit Certificates. Staff time and need will be analyzed by Linda Forrey, and further discussion will be held at the next meeting.

PREPAYMENT FUNDS PROGRAM

Jo Anne Kennedy and Laura Brown, First Boston Corporation, presented consolidated cash flow summaries. Discussion was held pertaining to the cash flows as they would be affected by

recycling of mortgage prepayments for the Single Family I Indenture. Without invading the Debt Service Reserve Fund, \$4,539,104 would be available for mortgage loans. If the Debt Service Reserve Fund was invaded two times, \$6,447,300 would be available for loans. Underwriters' recommendation was that \$6,447,300 be recycled. After further discussion, a motion was made by John Buchanan to recycle the \$6.4 million, pending issuance of a legal opinion by Bond Counsel on the proposed Terms and Conditions as presented. The motion was seconded by Brad Walterskirchen, and carried unanimously.

RESOLUTION TO CALL BONDS

Roy Koegen presented Resolution #86-1002-S8 (attached), which authorized the Trustee to call \$7.02 million of the 1982A bonds. Upon motion by George Swords, and seconded by Howard Rosenleaf, the motion carried unanimously.

Underwriters, staff and counsel will research the feasibility of calling additional bonds and will present their findings at the next meeting.

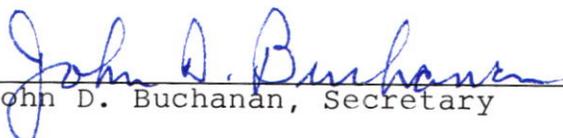
STANDARD AND POOR

Richard Kain reported on a meeting September 11, 1986 between Samuel E. Shaw, Vice President, Mary Novick and Curt Sampson, representatives of Standard and Poor's Corporation and staff members. He stated that the meeting lasted over three hours and that staff responded to sixty some questions asked by the Standard and Poor people regarding the general operation of the Board and its programs.

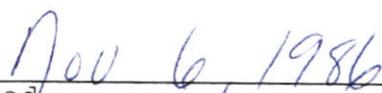
Michael Kennedy moved that the Board hold it's next scheduled meeting in Billings. The motion was seconded by George Swords. The motion failed, with Mr. Swords and Mr. Kennedy voting aye and the remainder of the Board voting nay.

The next meeting was scheduled for November 6, 1986, at 9:00 a.m. in the Lewis Room of Colonial Best Western Inn, Helena, Montana.

There being no further business, the meeting adjourned.



John D. Buchanan, Secretary



Dated

RESOLUTION NO. 86- 1002-S8

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AUTHORIZING THE TRUSTEE TO CALL \$7,020,000 PRINCIPAL AMOUNT OF 1982 SERIES A BONDS; DIRECTING THE PREPARATION OF A CASH FLOW CERTIFICATE; DIRECTING THAT CERTAIN CERTIFICATES BE DELIVERED TO THE TRUSTEE; PROVIDING FOR THE GIVING OF NOTICE OF SUCH REDEMPTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING
SINGLE FAMILY PROGRAM BONDS
1982 SERIES A

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is a Board duly created by the Montana Housing Act of 1975, being MCA 90-6, et seq. (the "Act"); and

WHEREAS, the Board has heretofore entered into a Trust Indenture by and between the Board, the First Interstate Bank of California (formerly the United California Bank) and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), dated August 16, 1979 (the "Indenture"), which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to one or more supplemental trust indentures in accordance with the terms of such Indenture; and

WHEREAS, the Board has heretofore, by a Supplemental Trust Indenture by and between the Board and the First Interstate Bank of California, as Trustee, and the First Interstate Bank of Kalispell, N.A., as Co-Trustee, dated April 6, 1982, (the "Supplemental Indenture"), duly authorized the issuance, sale and delivery of \$55,000,000 principal amount of its Single Family Program Bonds, 1982 Series A (the "1982 Series A Bonds"); and

WHEREAS, the Board has received not less than \$7,020,000 principal amount of mortgage loan prepayments and has determined to redeem certain 1982 Series A Term Bonds, as defined in the Supplemental Indenture by application of such prepayment; and

WHEREAS, the First Interstate Bank of Denver, N.A. (hereinafter referred to as the "Trustee") has been appointed as the successor trustee to the First Interstate Bank of California; and

WHEREAS, the Indenture and the Supplemental Indenture require that certain certificates be obtained and certain notice given prior to the redemption of such 1982 Series A Term Bonds;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: The Board hereby authorizes the Trustee to call for redemption on December 1, 1986, the 1982 Series A Bonds in the aggregate principal amount of \$7,020,000 prior to their stated maturity, in accordance with the provisions of Article III of the Indenture and Section 2.07 of the Supplemental Indenture, at the price of par plus accrued interest to the date of redemption. The individual 1982 Series A Bonds to be redeemed, or portions thereof, are those bearing the serial numbers and principal amounts as set forth in Annex I attached hereto and incorporated herein by reference. The sum of \$2,825,000 of said 1982 Series A Bonds will be called from the June 1, 2005 scheduled sinking fund redemption; the sum of \$3,365,000 of said 1982 Series A Bonds will be called from the June 1, 2006 scheduled sinking fund redemption; and the sum of \$830,000 of said 1982 Series A Bonds will be called from the June 1, 2007 scheduled sinking fund redemption; all of the June 1, 2008 maturity.

Section 2: The Treasurer of the Board is hereby directed to prepare, or to cause to be prepared, a cash flow certificate regarding money in the Special Redemption Account, pursuant to Section 5.03(C) of the Indenture and to deliver such certificate to the Trustee. Said certificate shall specify the amount of money to be transferred to the Special Redemption Account and the amount of each maturity to be redeemed in furtherance of the redemption authorized by Section 1 hereof. The cash flow certificate shall also give effect to said redemption of 1982 Series A Bonds.

Section 3: The Trustee is hereby directed to give notice of such redemption, by publication once a week for two successive weeks not less than thirty (30) days prior to the redemption date in newspapers published in New York, New York and Helena, Montana.

The Trustee is also hereby directed to mail a like notice to the owners of all registered 1982 Series A Bonds, but the failure to give such notice shall not affect the validity of such redemption. The notice of redemption shall be substantially in the form set forth as Annex II attached hereto and incorporated herein by reference.

Section 4: Interest shall cease to accrue on those 1982 Series A Bonds called for redemption on the date of redemption, provided sufficient money to effect such redemption is on deposit at the place of redemption on such date.

Section 5: 1982 Series A Bonds may be redeemed by presentation and surrender on or prior to the date of redemption at any of the following locations:

J. Henry Schroeder Bank and Trust Company
Stock Transfer Department
SC1, One State Street
New York, New York 10015

First Interstate Bank of Denver, N.A.
Trust Department
633 Seventeenth Street
Denver, Colorado 80270

Section 6: The Treasurer of the Board is hereby directed to take, or to cause to be taken by the Trustee all additional action not inconsistent with the Indenture and the Supplemental Indenture, in order to accomplish the call and redemption of the 1982 Series A Bonds as provided herein.

Section 7: This Resolution shall become effective immediately upon its adoption.

ADOPTED by the Montana Board of Housing this 2nd day of October, 1986.

MONTANA BOARD OF HOUSING

By Joan K. Bennett
Chairman

ATTEST:

John D. Buchanan
Secretary

ANNEX I

June 1, 2008:

Serial No.

Principal Amount

ANNEX II

NOTICE OF REDEMPTION

MONTANA BOARD OF HOUSING
 SINGLE FAMILY PROGRAM BONDS, 1982 SERIES A
 (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS)

Notice is hereby given that pursuant to Article III of the Trust Indenture dated August 16, 1979, between the Montana Board of Housing (the "Board"), the First Interstate Bank of California (formerly the United California Bank), as Trustee, and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), as Co-Trustee, and Section 2.07 of the 1982 Series A Supplemental Trust Indenture dated April 6, 1982, between the Board, the Trustee and the Co-Trustee, that on December 1, 1986, there will be redeemed through the Special Redemption Account, an aggregate \$7,020,000 principal amount of the above designated Bonds maturing in the years set forth below. The individual Bonds to be redeemed maturing June 1, in the year 2008, have been selected at random by the Trustee from the sinking fund redemption as follows: The sum of \$2,825,000 of said 1982 Series A Bonds will be called from the June 1, 2005 scheduled sinking fund redemption; the sum of \$3,365,000 of said 1982 Series A Bonds will be called from the June 1, 2006 scheduled sinking fund redemption; and the sum of \$830,000 of said 1982 Series A Bonds will be called from the June 1, 2007 scheduled sinking fund redemption. The individual Bonds to be redeemed are those bearing the following serial numbers:

June 1, 2008:

<u>Serial No.</u>	<u>Principal Amount</u>
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(to be inserted by Trustee)

The Bonds specified above are to be redeemed on December 1, 1986, on which date said Bonds shall become due and payable at a redemption price of 100% of the principal amount thereof, together with interest on such principal amount thereof to the date fixed for redemption.

Payment of the amounts due upon such redemption shall be made, on or after such redemption date, upon the presentation and surrender of the Bonds called for redemption at any of the following locations:

J. Henry Schroeder Bank and Trust Company
Stock Transfer Department
SC1, One State Street
New York, New York 10015

First Interstate Bank of Denver, N.A.
Trust Department
633 Seventeenth Street
Denver, Colorado 80270

The method of presentation and delivery of the Bonds for payment is at the option and risk of the holder of each Bond. If mail is used, Insured Registered Mail, Return Receipt Requested, is suggested.

On the redemption date, the Bonds to be redeemed shall cease to bear interest.

MONTANA BOARD OF HOUSING

By: First Interstate Bank of
Denver, N.A., as Trustee

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

SPECIAL MEETING

MONTANA BOARD OF HOUSING

DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
SEPTEMBER 4, 1986

- I. CALL MEETING TO ORDER - SEPTEMBER 4, 1986
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - August 7, 1986
Chairman Joan Bennett
- III. STATUS OF MULTIFAMILY PROGRAM
Jay McLeod
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. FINANCIAL REPORT(s)
Dick Kain
- VI. OTHER BUSINESS
Consider Various Options
As to 1985 B-1 and B-2
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
SEPTEMBER 4, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Dick Kain, Assistant Administrator
Linda Forrey, Single Family Program Officer
David Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Jeannene Maas, Program Specialist
Laura Glueckert, Administrative Assistant

UNDERWRITERS:

Jo Anne Kennedy, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Mark Semmens, D.A. Davidson
Bob Sonnek, Piper, Jaffray & Hopwood

OTHERS:

Roy J. Koegen, Bond Counsel
Dave Jackson, Board Counsel
David Johnson, Anderson, ZurMuehlen & Co.
Richard Wells, Solomon Brothers, Inc.
Mark Lindsay, Helena Homebuilders Assn.

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the June 19, 1986 meeting, they were approved as presented.

1985 SERIES B1 & B2

Jo Anne Kennedy, First Boston Corporation discussed with the Board the options with the 1985 Series B1 and B2 issues.

After lengthy discussion, George Swords made a motion to redeem all of the 1985 Series B1 and B2. The motion was seconded by Brude Moerer and carried unanimously.

Discussion was held by the Board as to the recycling of prepayments.

John Buchanan made a motion that Bruce Moerer, Brad Walterskirchen and George Swords be on a committee to present a program regarding the recycling of prepayments to the Board at the next scheduled meeting. The motion was seconded by Brad Walterskirchen and carried unanimously.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod reported to the Board there are no projects pending under the Multifamily program at this time.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey presented to the Board a status report on all Single Family issues. Regarding the 1980 A issue, there is a balance of \$3.7 million remaining out of \$4.4 million. Under the 1985 Series A, there is a balance of \$68 thousand, with 96% of the reservations purchased under this program. Under 1985B, \$56 thousand remains to be reserved, with 92% of the reservations being purchased as of this date. Under the 1984A series, there is a balance of \$55 thousand, 65% of those reservations being purchased. Combining all four series, there is a balance of \$4 million yet to be reserved.

FINANCIAL REPORT

Dave Kraft, Comptroller reported to the Board that the June 30, 1986 audit report was delivered to staff. A presentation will be made to the Board at the next meeting by a representative of Anderson ZurMuehlen & Company.

Dave also updated the Board on the progress of the new computer system, which should be in operation by year end.

Discussion was held by the Board to authorize Dick Kain and Jeannene Maas to sign documents on behalf of the Board. Upon a

motion by John Buchanan, seconded by Howard Rosenleaf, and unanimously approved, Dick Kain and Jeannene Maas were authorized to sign documents on behalf of the Board.

The next meeting was scheduled for Thursday, October 2, 1986 at 9:00 A.M., in the Department of Commerce Conference Room, Helena, Montana.

There being no further business, the meeting adjourned.

John D. Buchanan
John Buchanan, Secretary

October 2, 1986
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

WORKSHOP AGENDA

MONTANA BOARD OF HOUSING

BOARD OFFICE
2001 11TH AVENUE
HELENA, MONTANA
AUGUST 6, 1986
5:00 P.M.

A WORKSHOP WILL BE CONDUCTED FOR BOARD MEMBERS FOR THE
PURPOSE OF CONSIDERING THE VARIOUS ASPECTS OF THE 1985
B1/B2 ISSUE.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING

DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA

AUGUST 7, 1986

I. CALL MEETING TO ORDER - 9:00 a.m.

Chairman Joan Bennett

II. APPROVAL OF MINUTES - July 27, 1986

Chairman Joan Bennett

III. STATUS OF MULTIFAMILY PROGRAM

Herbert H. George

IV. STATUS OF SINGLE FAMILY PROGRAM

Jeannene R. Maas

V. OTHER BUSINESS

Standard and Poor Visit

1985 Tax Reform

1985 B1 and B2

VI. SET NEXT MEETING DATE

VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
AUGUST 7, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
David Kraft, Comptroller
Judy Gillespie, Accountant
Cyndi Routzahn, Accounting Specialist
Jeannene Maas, Program Specialist
Laura Glueckert, Administrative Assistant

UNDERWRITERS:

Jo Anne Kennedy, First Boston Corporation
Laura Brown, First Boston Corporation
Mike Ward, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Michael Jansen, Piper, Jaffray & Hopwood
Gorden Hoven, Piper, Jaffray & Hopwood
Mark Semmens, D.A. Davidson

OTHERS:

Roy J. Koegen, Bond Counsel
Dave Jackson, Board Counsel
David Johnson, Anderson, ZurMuehlen & Co.
Marilyn Dusenberry, Anderson, ZurMuehlen & Co.
John Kellog, City of Missoula

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the June 19, 1986 meeting, they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod reported to the Board that the Cowdrey project was all in order. He stated all that needed to be done was to have the Board execute the Supplemental Indenture of Trust and needed Bond Counsel's opinion.

Roy Koegen, Bond Counsel stated that all documents were received and were in order. An approving opinion was drafted and presented to Mr. George, which he approved and was signed by Counsel and then was presented to the Board.

SINGLE FAMILY PROGRAM

Jeannene Maas, presented a breakdown summary on all bond issues. Regarding the 1984A issue, there are 26 reservations for a total of \$1.2 million. Loans purchased to date total \$741 thousand representing 59% delivery with a balance of \$20,432.00. Under the 1985 Series A issue, the Board has reserved \$35.5 million. Loans purchased as of August 7, 1986 are \$33.6 million, which represents 95% delivery. The balance to be reserved stands at \$31,299.00. Under the 1985 Series B issue, the Board has reserved \$37.8 million, which represents 84% delivery with a balance to be reserved of \$17,954.00. On the 1980 A issue, the Board has 8 reservations totaling \$389 thousand with a balance to be reserved of \$4.6 million.

OTHER BUSINESS

SHADY GROVE

John Kellog from the City of Missoula, updated the Board on the progress of the Shady Grove project in Missoula, Montana.

After discussion by the Board, Bruce Moerer made a motion to set aside \$1.2 million from the 1977 Series B issue (6-7/8%) for this project. The motion was seconded by George Swords and passed unanimously.

STANDARD & POOR

Jay McLeod reported to the Board that three persons from Standard & Poor will make a visit to the Boards office September 11, 1986.

After discussion by the Board it was decided to have First Boston prepare a presentation for staff to present to Standard & Poor.

MILLER RESIDENCE

Dave Jackson, Board Counsel brought the Board up to date on the Miller Residence in Laurel, Montana, which received fire damage.

He reported that this was a pre-Ullman loan, in which case the original loan required an owner occupied certificate; however, subsequent assumptions do not require owner occupied certification. The Servicer was authorized to negotiate the damage claim draft and the only condition put on the use of the funds, was that they go back into the restructure of the premises.

Brad Walterskirchen discussed with the Board the liability on assumptions that are post-Ullman.

Bond Counsel advised the Board that if the assuming borrower is released of liability through the 2210 process through FHA, then the original mortgagor may be released of liability by the Montana Board of Housing.

1985 B1 & B2

Jo Anne Kennedy and Mike Ward, First Boston Corporation, discussed with the Board the mechanics of the 1985 Series B1 and B2.

After lengthy discussion by the Board, John Buchanan made a motion to authorize First Boston to go to market with \$25 million at 8%. The motion was seconded by George Swords.

After further discussion, John Buchanan amended his motion to state \$50 million at 7½%, \$85 million at 7%, with no demand over 7½%.

The motion was then amended again to state \$50 million at 7½%, \$25 million at 8%, with no demand over 8%. George Swords seconded the motion and carried unanimously.

ANNUAL INFORMATION STATEMENT

Roy Koegen, Bond Counsel stated that an Annual Information Statement had been sent out to a limited number of bondholders and recommended to the Board to send out this statement October 1 of each year and to include audited statements through June of that year.

George Swords made this recommendation into a form of a motion. It was seconded by Bruce Moerer and carried unanimously.

The next meeting was scheduled for Thursday, September 11, 1986 in Room 212A of the Coach House East, Helena, Montana.

There being no further busienss, the meeting adjourned.

John D. Buchanan
John Buchanan, Secretary

Sept. 4, 1986
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING

DEPARTMENT OF COMMERCE CONFERENCE ROOM

1424 9TH AVENUE

HELENA, MONTANA

JULY 17, 1986

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - June 19, 1986
Chairman Joan Bennett
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert H. George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. FINANCIAL REPORT(s)
David Kraft
- VI. OTHER BUSINESS
Review Income Limits
Determination on Miller Residence
Discuss Annual Information Statement
Discuss 1985B1 and B2 Scheduling
Update H.R. 3838 and Senate Finance Bill
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
JULY 17, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Absent)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Absent)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
David Kraft, Comptroller
Judy Gillespie, Accountant
Cyndi Routzahn, Accounting Specialist
Meredith McGuire, Administrative Assistant
Mary Ann Petesch, Accounting Technician
Jeannene Maas, Program Specialist
Laura Glueckert, Administrative Assistant

UNDERWRITERS:

Laura Brown, First Boston Corporation
Michael Jansen, Piper, Jaffray & Hopwood
Jim Dinerstein, Dain Bosworth
Mark Semmens, D.A. Davidson

OTHERS:

Roy J. Koegen, Bond Counsel
Dave Jackson, Board Counsel
David Johnson, Anderson, ZurMuehlen & Co.
James Lechner, Montana Homebuilders Assn.
Bill Walker, Montana Association of Realtors
Newell Anderson
Ken Miller
Peggy Miller

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the June 19, 1986 meeting, they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported he had been informed by the Denver office that the Section 8 set-aside had been recaptured. He stated a letter was sent asking it be reallocated to Montana. In reply, it was stated the set-aside had not been recaptured and it appears the set-aside is still in Montana and this should be verified in writing soon.

Regarding the Cowdrey project, documents had been presented to Bond Counsel to resolve the discrepancies of the original documents.

Roy Koegen, Bond Counsel has reviewed these documents and stated that they do conform to the changes which have been insisted upon. Once these documents are in proper order, Mr. Koegen will give his opinion in the form and content that the Board requires.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey, presented a summary of the current mortgage offerings. Beginning with the 1984 Series A, total reservations as of July 15, 1986 are \$1,030,341. The balance to be reserved is \$247,410. Under the 1985 Series A program, the Board has reserved \$35.3 million with a remaining balance of \$209,000. Loans purchased as of July 17, 1986 are \$33.9 million which represents 95% of the lendable proceeds. Under the 1985 Series B program, as of July 15, 1986, the total reservations are \$37.6 million with a remaining balance of \$255,000. Loans purchased as of July 10, 1986 are \$30.8 million, which represents 82% of the lendable proceeds.

FINANCIAL REPORT

Dave Kraft, Comptroller, presented comparative financial statements for the period of July 1, 1985 through May 31, 1986.

OTHER BUSINESS

INCOME LIMITS

Jay McLeod advised the Board that under Rule 103 A, the income limits are to be reviewed annually. At present the limits are \$34,500 for a Single person or married couple plus \$2,000 credit for each dependent up to a maximum of 2 dependents (i.e. a family of four may have an income of \$38,500).

After discussion by the Board, Mike Kennedy made a motion that the Board will continue to use the current income limits. The motion was seconded by Brad Walterskirchen and passed unanimously.

MILLER RESIDENCE

Mr. Miller presented his argument regarding his property located in Laurel, Montana which received fire damage in May, 1986.

After discussion by the Board, it was decided that Bond Counsel will research the legal aspect of the problem and report back to the Board and Mr. Miller.

1985 B1 & B2

Laura Brown, First Boston Corporation discussed with the Board the scheduling for the 1985 Series B1 and B2 issues.

Brad Walterskirchen discussed with the Board the problem with closing a new construction loan within 150 days. After further discussion by the Board, Mr. Walterskirchen made a motion to extend the number of days to 180 days for new construction. Mike Kennedy seconded the motion and carried unanimously.

Chairman Joan Bennett announced to the Board that Richard Kain will be coming on staff as an assistant to Jay McLeod.

Newell Anderson gave a presentation to the Board on the progress that has been made on the review of the Board of Housings' system and staff.

Laura Brown, First Boston Corporation advised the Board that Henry Lanier has resigned from First Boston and Jo Anne Kennedy will be replacing him.

SEATTLE WORKSHOP

Roy Koegen updated the Board on the goal-setting seminar scheduled to be held September 16 & 17, 1986 in Seattle, Washington.

Mr. Koegen also updated the Board on the Annual Information Statement.

APPROVAL OF NEW SERVICER

Linda Forrey presented to the Board a request from First Interstate Bank, Kalispell and First Interstate Bank, Great Falls to transfer their servicing to First Interstate Bank, Casper, Wyoming.

After some discussion by the Board Mike Kennedy made a motion to approve First Interstate Bank, Casper, Wyoming as a new servicer of mortgage loans currently being serviced by First Interstate Mortgage Company, Denver, Colorado. Bruce Moerer seconded the motion and passed unanimously.

The next meeting was scheduled for Thursday, August 7, 1986 in the Department of Commerce Conference Room, Helena, Montana.

There being no further business, the meeting was adjourned.

John D. Buchanan
John D. Buchanan, Secretary

August 7, 1986
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING

DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA

JUNE 19, 1986

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - May 22, 1986
Chairman Joan Bennett
- III. STATUS OF MULTIFAMILY PROGRAM
Herbert H. George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. FINANCIAL REPORT(s)
David Kraft
- VI. OTHER BUSINESS
Discuss Legislative Session
Discuss 1985B Recall
Discuss 1985B1 and B2
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
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STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
JUNE 19, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Absent)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
David Kraft, Comptroller
Judy Gillespie, Accountant
Cyndi Routzahn, Accounting Specialist
Sue Mannix, Accounting Technician
Jeannene Maas, Program Specialist
Jo Anne Berg, Secretary

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Laura Brown, First Boston Corporation
Michael Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood
Gene Hufford, D. A. Davidson & Company

OTHERS:

Roy J. Koegen, Bond Counsel
Bob Murdo, Board Counsel
Ginny Nelson, Montana Assoc. of Realtors
Vicky Miller, Knutson Mortgage Company

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the May 22, 1986 Board meeting, and the May 28, 1986 Telephone Conference meeting, they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Herbert George, Multifamily Program Officer, reported that the State Land Board had cancelled the option for the Twin Bridges site, and that he was working with Section 8 Housing Division concerning the feasibility of allocating the set-aside for projects elsewhere.

The concerns relative to revisions to documents for the Cowdry project bond issue were discussed. These revisions have been agreed upon; however, the Dorcy law firm has not furnished the executed revisions necessary to cure objections to original documents.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey, Single Family Program Officer, presented a summary of current mortgage offerings. The 1985B Series has a balance of \$31 million, and 78% of the reserved loans are delivered. The 1985A Series has a balance of \$272,000, and 95% of the reserved loans have been delivered. Additionally, she reported that lenders have been notified of the availability of funds from various bond series, and that the funds would be reserved under the terms and conditions of the 1985 B Series.

FINANCIAL REPORT

David Kraft, Comptroller, presented comparative financial statements for the period of July 1, 1985 through April 30, 1986.

OTHER BUSINESS

1985B-1 AND 1985B-2

Henry Lanier, First Boston Corporation, presented an update on the remarketing of the 1985B-1 bonds, which will come due on October 1, 1986, at the same time as the 1985B-2 bonds. Discussion was held concerning options for the bonds on October 1, and it was determined that a survey of lenders would be conducted in mid-July, so that First Boston Corporation could give adequate notice to the Trustee regarding the disposition of the bonds.

Roy Koegen, Bond Counsel, presented Resolution #86-0619-S7 (see attached), which amended the Supplemental Trust Indenture and allowed for extension of time for the bondholders to decide to retain 1985B-1 and 1985B-2 bonds. Mike Kennedy moved that the Resolution pass, and it was seconded by Howard Rosenleaf. There being no further discussion, the motion carried unanimously.

ANNUAL INFORMATION STATEMENT

Roy Koegen informed the Board that the Final Draft of the Annual Information Statement would be sent to Staff. After discussion by the Board, Mike Kennedy moved that, pending staff approval, the Annual Information Statement be approved and distributed. The motion was seconded by George Swords, and carried unanimously.

SENATE FINANCE BILL

Roy Koegen presented a memo which outlined the housing issues in H.R. 3838 and the Senate Finance Committee bill on tax reform. A discussion ensued with the consensus being that the Senate bill would be the better one for the Board.

SEATTLE WORKSHOP

Roy Koegen presented possibilities concerning a workshop for Board members. After discussion by the Board, it was moved by Board member Kennedy that the goal-setting workshop be held in the Seattle area on September 16th & 17th. The motion was seconded by Howard Rosenleaf, and carried, with George Swords opposing.

LEGISLATIVE SESSION

Jay McLeod, Administrator, reported that no developments were apparent toward Board funds, and that the session would be monitored for indication of such action.

The next meeting was scheduled for July 17, 1986, in the Department of Commerce Conference Room.

There being no further business, the meeting was adjourned.

John D. Buchanan
John D. Buchanan, Secretary

July 17, 1986
Dated

RESOLUTION NO. 86-0619-S7

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AUTHORIZING THE FIRST AMENDMENT TO THE 1985 SERIES B ADDITIONAL SUPPLEMENTAL TRUST INDENTURE IN ORDER TO ENHANCE BONDHOLDER RIGHTS BY EXTENDING THE PERIOD OF TIME FOR BONDHOLDERS TO DECIDE WHETHER TO MAKE AN ELECTION TO RETAIN 1985 SERIES B-1 OR SERIES B-2 BONDS; MAKING CERTAIN FINDINGS WITH RESPECT THERETO AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

1985 SERIES B-1 AND SERIES B-2 BONDS

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-126, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Board has issued its Single Family Program Bonds, 1985 Series B-1 and Series B-2 (Federally Insured or Guaranteed Mortgage Loans) in the aggregate principal amount of \$85,000,000.00 (the "1985 Series B-1 and Series B-2 Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1985 Series B-1 and Series B-2 Bonds (the "1985 Series B Mortgage Purchase Program"); and

WHEREAS, pursuant to a Trust Indenture dated as of August 16, 1979, between the Board and First Interstate Bank of California, as Trustee, and First Interestate Bank of Kalispell, N.A., as Co-Trustee (the "Trust Indenture"), the Board authorized the issuance from time to time of its Single Family Program Bonds (Federally Insured or Guaranteed Mortgage Loans), subject to the terms, conditions and limitations established in the Trust Indenture and in one or more supplemental trust indentures authorizing the issuance of a specified series of Bonds; and

WHEREAS, a 1985 Series B Additional Supplemental Trust Indenture (the "Additional Supplemental Trust Indenture") dated as of November 1, 1985, was presented to the Board pursuant to which the Board authorized the issuance of \$85,000,000.00 aggregate principal amount of its 1985 Series B-1 and Series B-2 Bonds; and

WHEREAS, Section 9.01 of the Trust Indenture provides that a supplemental trust indenture may be amended without the consent of the bondholders if such amendment does not adversely effect the rights of the bondholders; and

WHEREAS, the Board is desirous of amending the Additional Supplemental Trust Indenture in order to enhance bondholder rights by extending the time during which bondholders may make an election to retain the 1985 Series B-1 and Series B-2 Bonds on applicable Reset Dates.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: The Board hereby finds the following:

(a) The five (5) day time period provided by Section 2.11 of the Additional Supplemental Trust Indenture for Bondholders to make an election to retain the 1985 Series B-1 or Series B-2 Bonds on applicable Reset Dates is commercially impracticable in that the Remarketing Agent (as defined in the Additional Supplemental Indenture) has been advised by the Bondholders that it is impracticable to make a considered decision within the five (5) day period originally provided by the Additional Supplemental Trust Indenture; and

(b) By extending the period of time for which Bondholders to make an election to retain the 1985 Series B-1 Bonds or Series B-2 Bonds, the Board will be enhancing and otherwise increasing the Bondholders rights and in no regard will such amendment impair or reduce the Bondholders rights.

Section 2: The proper officials of the Board are hereby directed to cause to be prepared and to execute the First Amendment to the Additional Supplemental Trust Indenture wherein Section 2.11 is amended to extend the period of time to make an election to retain the 1985 Series B-1 or Series B-2 Bonds from five (5) days to fifteen (15) days and to extend the notice to be given by the Tender Agent from thirty-five (35) days to forty-five (45) days.

Section 3: All action previously taken by the officers, members or staff of the Board with respect to the Additional Supplemental Trust Indenture and the 1985 Series B-1 and Series B-2 Bonds is hereby approved, confirmed and ratified.

Section 4: In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or of 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 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, and Treasurer, 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 and the Additional Supplemental Trust Indenture, 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 6: This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 19th day of June, 1986.

MONTANA BOARD OF HOUSING


Chairman

ATTEST:


Secretary

(S E A L)

1985 SERIES B-1 AND SERIES B-2

FIRST AMENDMENT TO THE
ADDITIONAL SUPPLEMENTAL TRUST INDENTURE

by and between

MONTANA BOARD OF HOUSING

and

FIRST INTERSTATE BANK OF DENVER, N.A.
Denver, Colorado

As Trustee

and

FIRST INTERSTATE BANK OF KALISPELL, N.A.
Kalispell, Montana

As Co-Trustee

1985 SERIES B-1 AND SERIES B-2
ADDITIONAL SUPPLEMENTAL TRUST INDENTURE
FIRST AMENDMENT

Dated as of June 1, 1986

Relating to
Montana Board of Housing
\$85,000,000.00
Single Family Program Bonds, 1985 Series B-1 and Series B-2
(Federally Insured or Guaranteed Mortgage Loans)

THIS FIRST AMENDMENT TO THE ADDITIONAL SUPPLEMENTAL TRUST INDENTURE (the "Additional Supplemental Indenture"), dated as of June 1, 1986, by and between the MONTANA BOARD OF HOUSING (the "Board"), a Board created by the Montana Housing Act of 1975, and FIRST INTERSTATE BANK OF DENVER, a banking corporation incorporated under the laws of the State of Colorado and authorized by such laws to execute trust powers, as Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., a national banking association incorporated under the laws of the United States and authorized under such laws to execute trust powers, as Co-Trustee:

WITNESSETH:

WHEREAS, the Board is authorized by the Montana Housing Act of 1975, now codified at MCA 90-6 et seq., to purchase notes, Mortgages and other securities evidencing loans for the construction or purchase of housing developments for Persons and families of lower income in the State of Montana; and

WHEREAS, the Board and the Trustee have heretofore entered into a Trust Indenture dated as of August 16, 1979, which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to a supplemental indenture, in accordance with the terms of such Trust Indenture; and

WHEREAS, the Board has heretofore, by Resolution 85-1105-57, authorized the issuance of \$74,996,862.25 principal amount of 1985 Series B Bonds (the "1985 Series B Bonds") and has authorized the execution of a Supplemental Indenture dated as of November 1, 1985 with respect to the 1985 Series B Bonds; and

WHEREAS, the Board has heretofore, by Resolution No. 85-12-6-S8, authorized the issuance of \$85,000,000 principal amount of 1985 Series B-1 and Series B-2 Bonds (the "1985 Series B-1 and Series B-2 Bonds"); and

WHEREAS, the execution and delivery of this First Amendment to the Additional Supplemental Indenture has been authorized by a resolution duly adopted by the Board, under the authority and in accordance with the provisions of the Act and on the basis of the findings hereinabove recited, for the purpose of extending the time for Bondholders to make an election to retain 1985 Series B-1 or Series B-2 Bonds on applicable Reset Dates for the purpose of extending the notice to be given by the Tender Agent from thirty-five (35) days to forty-five (45) days.

THIS FIRST AMENDMENT TO THE ADDITIONAL SUPPLEMENTAL TRUST INDENTURE FURTHER WITNESSETH, that the Board hereby agrees and covenants with the Trustee for the equal and proportional benefit of the respective holders, from time to time, of the Bonds, or any part thereof, as follows:

Section 1: Section 2.11 of the Additional Supplemental Indenture is hereby amended to provide as follows:

SECTION 2.11. Mandatory Tender. The Subseries Bonds are subject to mandatory tender by the applicable Reset Date to the Tender Agent for purchase by the Remarketing Agent on the applicable Reset Date at a price of par plus accrued interest to the applicable Reset Date unless the Bondholder of a Subseries Bond executes an Election and delivers said Election to the Tender Agent prior to the Reset Date except to the extent that such Subseries Bond has been called for redemption on such date.

The Tender Agent shall give notice to the affected Bondholders not later than ~~thirty-five--(35)~~ forty-five (45) days prior to the applicable Reset Date of the mandatory tender for purchase, the Election and reset of interest rate applicable to such Subseries Bond to be determined as set forth above. Bondholders have the right to elect to retain Subseries Bonds by executing the Election and delivering, such Election to the Tender Agent not later than ~~five--(5)~~ fifteen (15) days after the mailing of such notice. Such Election shall be irrevocable and shall be binding on subsequent purchasers or transferees of such Subseries Bonds. If an Election is not so delivered to the Tender Agent prior to the applicable date, the applicable Bondholders will be deemed to have irrevocably elected to tender their Subseries Bonds to the Tender Agent for resale by the Remarketing Agent, except to the extent that such Subseries Bond has been called for redemption on such date. The Remarketing Agreement provides that the tender of the Subseries Bonds for which no Election has been delivered shall be on the following dates:

<u>Subseries</u>	<u>Mandatory Tender Date</u>
B-1	July 1, 1986
B-2	October 1, 1986

Prior to each Reset Date, the Tender Agent is required by the Remarketing Agreement to notify the Trustee, the Board and the Remarketing Agent of the amount of Subseries Bonds whose holders have delivered an Election and the Remarketing Agent is required to notify the Board and the Trustee of the amount of the Subseries Bonds for which a permanent interest rate has been established and the amount of the Subseries Bonds for which interest rates have been reset for a three month period.

Upon the Reset Date, the Board and the Trustee shall be entitled to treat the person to whom a Subseries Bond has been remarketed as the full and only owner thereof and the owner of such Subseries Bonds shall not be entitled to payment (including any interest to accrue after the Reset Date) and the Remarketing Record Date other than to receive under the Remarketing Agreement, the amount equal to the principal amount of such Subseries Bonds and interest accrued to the applicable Reset Date. Subseries Bonds so remarketed shall be deemed transferred by such Bondholder and such Bondholder shall have recourse solely to the funds held by the Tender Agent pursuant to the Remarketing Agreement or, if applicable, funds held in the Redemption Account for the redemption or purchase by the Board, and the Trustee shall not recognize any further transfer of such Subseries Bond. The proceeds of the sale of any remarketed Subseries Bonds shall be paid by check or wire transfer (at the expense of such Bondholder) upon request prior to the respective Reset Date of the Remarketing Agent by such Bondholder, which request will include an account number and any other necessary information for such purpose. Unless such Subseries Bonds are to be purchased or redeemed by the Board, the Trustee shall register the transfer of such Subseries Bonds and issue and deliver new Subseries Bonds to the Remarketing Agent and its subsequent transferees notwithstanding such nondelivery by any such Bondholder as provided above.

Section 2: This First Amendment to the Supplemental Indenture shall take effect immediately.

Section 3: If any one or more of the covenants or agreements provided in this First Amendment to the Additional Supplemental Indenture on the part of the Board or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this First Amendment to the Supplemental Indenture.

Section 4: This First Amendment to the Additional Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5: This First Amendment to the Additional Supplemental Indenture shall be applied and construed in accordance with the laws of the State of Montana.

IN WITNESS WHEREOF, the Board has caused these presents to be signed in its name and behalf by its Chairman and attested to by its Treasurer as of the 19th day of June, 1986.

MONTANA BOARD OF HOUSING

By Joan K Bennett
Chairman

ATTEST:

Treasurer

IN WITNESS WHEREOF, the Trustee evidences the acceptance of the trusts hereby created and have caused these presents to be signed in their behalf all as of the 19th day of June, 1986.

FIRST INTERSTATE BANK OF DENVER, N.A., as Trustee

By _____
Vice President

By _____
Trust Officer

ATTEST:

Assistant Trust Officer

(S E A L)

IN WITNESS WHEREOF, the Co-Trustee evidences the acceptance of the trusts hereby created and have caused these presents to be signed in their behalf all as of the 19th day of June, 1986.

FIRST INTERSTATE BANK OF KALISPELL, as Co-Trustee

By _____
Vice President and Trust Officer

ATTEST:

Trust Officer

(S E A L)

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MAY 28, 1986

Notice having been given, a special telephone meeting of the Montana Board of Housing was held at 10:00 a.m., Wednesday, May 28, 1986.

Board members participating were:

Joan Bennett, Chairman
Bruce Moerer, Vice Chairman
John D. Buchanan
Michael Kennedy
George Swords II
Brad Walterskirchen

Board member Howard Rosenleaf was absent.

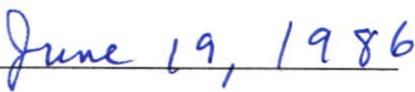
Also participating in the meeting were staff members Jay McLeod, Linda Forrey, Jeannene Maas, and Bond Counsel Roy Koegen.

The purpose of the meeting was to amend Section 1 of Resolution No. 86-0522-S5, which was adopted at its regularly scheduled meeting May 22, 1986, by changing the redemption dates for the call of the 1985 Series B Bonds from July 15, 1986 to August 15, 1986.

After a short discussion and upon motion duly made by George Swords, and seconded by Bruce Moerer, Resolution No. 86-0528-S6, which is attached and by reference is incorporated herein was unanimously passed.

There being no further business, the meeting adjourned.


John D. Buchanan, Secretary


Dated

RESOLUTION NO. 86-0528-S6

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AMENDING RESOLUTION NO. 86-0522-S5 AUTHORIZING THE TRUSTEE TO CALL NOT TO EXCEED \$42,000,000 PRINCIPAL AMOUNT OF 1985 SERIES B BONDS, TO CHANGE THE DATE OF REDEMPTION; AMENDING THE NOTICE OF REDEMPTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY PROGRAM BONDS
1985 SERIES B

(FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS)

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is a Board duly created by the Montana Housing Act of 1975, being MCA 90-6, et seq. (the "Act"); and

WHEREAS, the Board has heretofore entered into a Trust Indenture by and between the Board, the First Interstate Bank of California (formerly the United California Bank) and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), dated August 16, 1979 (the "Indenture"), which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to one or more supplemental trust indentures in accordance with the terms of such Indenture; and

WHEREAS, the Board has heretofore, by a Supplemental Trust Indenture by and between the Board and the First Interstate Bank of California, and the First Interstate Bank of Kalispell, N.A., dated November 1, 1985, (the "Supplemental Indenture"), duly authorized the issuance, sale and delivery of \$74,996,862.25 principal amount of its Single Family Program Bonds, 1985 Series B (the "1985 Series B Bonds"); and

WHEREAS, the Board has heretofore, by Resolution No. 86-0320-S1 adopted March 20, 1986, appointed the First Interstate Bank of Denver, N.A. as successor Trustee to the First Interstate Bank of California, which successor trustee is hereafter referred to as the Trustee; and

WHEREAS, interest rates have decreased since the delivery of the 1985 Series B Bond proceeds, which decrease has made it impracticable for the Board to purchase mortgages at competitive rates of interest; and

WHEREAS, the Board has heretofore, by Resolution No. 86-0522-S5, adopted May 22, 1986, authorized the Trustee to call 1985 Series B Bonds from unused 1985 Series B Bond proceeds currently on deposit in the 1985 Series B Program Fund and from allocable portions of the respective reserve funds and the Revenue Fund; and

WHEREAS, the Board now desires to change the date of said redemption;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, AS FOLLOWS:

Section 1: SECTION 1 OF RESOLUTION NO. 86-0522-S5 AMENDED

Section 1 of Resolution No. 86-0522-S5 is hereby amended to provide as follows:

Section 1: In accordance with the provisions of Article III of the Indenture and Section 2.07 of the Supplemental Indenture, the Board hereby authorizes the Trustee to call 1985 Series B Bonds, in an aggregate principal amount not to exceed \$42,000,000, for redemption prior to their stated maturity, on ----- August 15, 1986, at the price of par plus accrued interest to the date of redemption, from unused proceeds on deposit in the 1985 Series B Program Fund and from allocable portions of the respective reserve funds and the Revenue Fund. The individual 1985 Series B Bonds, or portions thereof, to be redeemed are those bearing the serial numbers and in the principal amounts as set forth in Annex I attached hereto and incorporated herein by reference.

The exact dollar amount of the 1985 Series B Bonds to be called shall be determined by the Trustee and shall be based upon the amount of unused 1985 Series B Bond proceeds currently on deposit in the 1985 Series B Bond Program Fund and other allocable amounts in the reserve funds or the Revenue Fund.

Section 2: NOTICE OF REDEMPTION AMENDED

The form of the Notice of Redemption provided for in Section 3 of Resolution No. 86-0522-S5 shall be amended to provide for the redemption date of August 15, 1986. Said amended Notice of Redemption shall be substantially in the form set forth as Annex II attached hereto and incorporated herein by reference. Said Notice of Redemption shall be published and mailed as provided in Section 3 of Resolution No. 86-0522-S5.

Section 3: RATIFICATION

All actions heretofore taken by the Board and its officers and employees, with respect to the redemption of 1985 Series B Bonds referred to herein, are hereby ratified and approved.

Section 4: SEVERABILITY

If one or more of the provisions of this Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then said provision shall be null and void, and shall be deemed separable from the remaining provisions of this resolution, and shall in no way affect the validity of the other provisions of this Resolution.

Section 5: EFFECTIVE DATE

This Resolution shall become effective immediately upon its adoption.

ADOPTED by the Montana Board of Housing this 28th day of May, 1986.

MONTANA BOARD OF HOUSING

Joan K Bennett
Chairman

ATTEST:

John D. Buchans
Secretary

ANNEX I

Serial No.

Principal Amount

ANNEX II

NOTICE OF REDEMPTION

MONTANA BOARD OF HOUSING
 SINGLE FAMILY PROGRAM BONDS, 1985 SERIES B
 (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS)

Notice is hereby given that pursuant to Article III of the Trust Indenture dated August 16, 1979, between the Montana Board of Housing (the "Board"), the First Interstate Bank of California (formerly the United California Bank), as Trustee, and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), as Co-Trustee, and also pursuant to Section 2.07 of the 1985 Series B Supplemental Trust Indenture dated November 1, 1985, between the Board, the Trustee and the Co-Trustee, on August 15, 1986, there will be redeemed through the Special Redemption Account, an aggregate \$_____ principal amount of the above-designated Bonds maturing in the years set forth below. The individual Bonds to be redeemed are those bearing the serial numbers in the principal amounts as set forth below:

<u>Serial No.</u>	<u>Principal Amount</u>
-------------------	-------------------------

(to be inserted by Trustee)

The Bonds specified above are to be redeemed on August 15, 1986, on which date said Bonds shall become due and payable at a redemption price of 100% of the principal amount thereof, together with interest on such principal amount thereof to the date fixed for redemption.

Payment of the amounts due upon such redemption shall be made on or after such redemption date, upon the presentation and surrender of the Bonds called for redemption at any of the following locations:

J. Henry Schroeder Bank and Trust Company
 Stock Transfer Department
 SC1, One State Street
 New York, New York 10015

First Interstate Bank of Denver, N.A.
 633 17th Street
 Denver, Colorado 80270
 Attn: Trust Department

First Interstate Bank of Kalispell, N.A.
 Trust Department
 Post Office Box 209, 2 Main Street
 Kalispell, Montana 59901

The method of presentation and delivery of the Bonds for payment is at the option and risk of the owner of each Bond. If mail is used, Insured Registered Mail, Return Receipt Requested, is suggested.

On the redemption date, the Bonds to be redeemed shall cease to bear interest.

MONTANA BOARD OF HOUSING

By: First Interstate Bank of
Denver, N.A., as Successor
Trustee

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
MAY 22, 1986

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - May 1, 1986
Chairman Joan Bennett
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. FINANCIAL REPORT(s)
Dave Kraft
- VI. OTHER BUSINESS
Discuss 1985 Tax Reform
Transfer of Trustee Update
Discuss General Fund
Discuss 1985B - B1 & B2
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
MAY 22, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
David Kraft, Comptroller
Judy Gillespie, Accountant
Cyndi Routzahn, Accounting Specialist
Mary Ann Petesch, Accounting Technician
Jeannene Maas, Program Specialist
Jo Anne Berg, Secretary

UNDERWRITERS: Henry Lanier, First Boston Corporation
Laura Brown, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Mike Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

OTHERS:

Roy J. Koegen, Bond Counsel
Dave Jackson, Board Counsel
James Lechner, Montana Homebuilders Association

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the May 1, 1986 meeting, they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Herbert George, Multifamily Program Officer, reported that additional documents were received pertaining to the Cowdrey project. Some affidavits required further work and should be in place soon.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey, Single Family Program Officer, presented to the Board a summary of the Single Family Program, which is essentially unchanged from the May 1, 1986 meeting. \$31.5 million had been reserved, with \$36.7 million unreserved. 40%, or \$27.3 million has been purchased in the 1985 Series B issue.

FINANCIAL REPORT

David Kraft, Comptroller, presented the Board's comparative financial statements for the period from December 31, 1985 through March 31, 1986.

OTHER BUSINESS

TAX REFORM

Roy Koegen, Bond Counsel, presented to the Board a memo concerning the Senate Finance Committee proposal, which would retain the Sunset provision, and subject Single Family Mortgage Bonds to the targeted area rules as provided by current law. Updates will be provided as required.

TRUSTEE UPDATE

Roy Koegen reported that assets have been transferred to the Successor Trustee, and that Staff is completing reconciliation. Bondholder information has yet to be transferred.

GENERAL FUND

Roy Koegen reported that the Governor's office has determined not to expropriate funds from the Board's General Fund. To assist in this matter, Dave Jackson, Board Counsel, reported that William Groff will work as a liason between the Board and the upcoming special session of legislature, its committees and such other groups or agencies as may be necessary.

CAPITAL FINANCE ADVISORY COUNCIL

Jay McLeod, Administrator, reported on the Council meeting attended by Chairman Joan Bennett and him. He advised the Board that further fees to support the State Legislative Audit Program are proposed, and that the Board may be subject to such fees. Roy Koegen agreed to draw up guidelines on the various types of costs and charges permitted under the Trust Indenture.

PREPAYMENT FUNDS

Henry Lanier, First Boston Corporation, presented information to the Board from recent cash flows. After discussion by the Board and staff, Bruce Moerer moved that the staff develop a program for reallocating 1979A, 1984A, and 1985A funds on a first-come, first-serve basis. John Buchanan seconded the motion, which carried unanimously. In addition, George Swords moved that the first 30 days be set aside for borrowers with incomes of \$20,000.00 or less, and the next 30 days be set aside for borrowers of \$25,000.00 or less. Brad Walterskirchen seconded the motion, and it carried unanimously.

1985B, B1, AND B2

Because of the substantial decrease in mortgage interest rates over the past few months and the attendant slowdown in the Board's purchase of mortgage loans, a discussion ensued regarding the disposition of 1985B, B-1, and B-2 bond issues. The underwriters informed the Board that, without a buy-down of the interest rate by the Board, a refunding of the 1985B unused proceeds would probably produce a mortgage rate of 8 5/8% or 8 1/2% at the lowest which, in the opinion of the Board, would not offer enough spread to be competitive with rates currently offered by lenders.

After further discussion and upon motion made by George Swords, seconded by Bruce Moerer, Resolution No. 86-0522-S5, which is attached and by reference is incorporated herein, was passed with Board Member Kennedy voting nay and Board Member Buchanan abstaining.

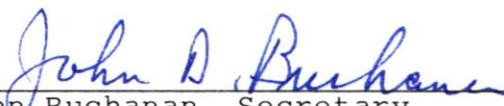
STANDARD & POORS

Roy Koegen, Bond Counsel, presented Resolution #86-0522-S4, (see attached), which clarified the Board's position with respect to the remarketing of bonds. Mike Kennedy moved adoption of the resolution and Howard Rosenleaf seconded. The motion was carried unanimously.

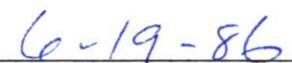
Roy Koegen discussed the idea of a workshop for Board members, and asked that Board members set aside a weekend for this workshop.

The next meeting was scheduled for June 19, 1986, in the Department of Commerce Conference Room.

There being no further business, the meeting was adjourned.



John Buchanan, Secretary



Dated

RESOLUTION NO. 86-0522-S4

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AGREEING TO TAKE CERTAIN ACTION WITH RESPECT TO THE REMARKETING OF ITS 1985 SERIES B-1 AND B-2 BONDS; CONFIRMING CERTAIN MATTERS IN REGARD THERETO; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

\$85,000,000
SINGLE FAMILY PROGRAM BONDS, 1985 SERIES B-1 AND B-2
(FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS)

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is authorized by the Montana Housing Act of 1975, now codified at MCA 90-6, et seq., to purchase notes, mortgages and other securities evidencing loans for the construction or purchase of housing for persons and families of low income in the State of Montana;

WHEREAS, the Board has heretofore entered into a Trust Indenture dated as of August 16, 1979, which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to a supplemental indenture, in accordance with the terms of such Trust Indenture;

WHEREAS, the Board has heretofore, by Supplemental Resolution No. 85-1206-S8, adopted December 6, 1985, authorized the issuance of \$85,000,000 principal amount of Single Family Program Bonds, 1985 Series B-1 and 1985 Series B-2 (the "1985 Series B-1 and B-2 Bonds") and has authorized the execution of an Additional Supplemental Trust Indenture, dated as of November 1, 1985, (the "Additional Supplemental Trust Indenture") with respect to the 1985 Series B-1 and B-2 Bonds; and

WHEREAS, the Board desires to make certain provisions with respect to the remarketing of the 1985 Series B-1 and B-2 Bonds and to confirm certain matters in regard thereto;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: The Board will notify Standard & Poor's Corporation of its intentions with respect to the remarketing of the 1985 Series B-1 Bonds sixty (60) days prior to July 1, 1986, or whenever practicable, and with respect to the remarketing of the 1985 Series B-2 Bonds sixty (60) days prior to October 1, 1986. If the 1985 Series B-1 Bonds are remarketed on July 1, 1986, on a three (3) month basis

as provided in the Additional Supplemental Indenture, the Board will notify Standard & Poor's Corporation of its remarketing intentions sixty (60) days prior to October 1, 1986.

Section 2: If the Board determines to remarket the 1985 Series B-1 and B-2 Bonds, it will notify the registered owners thereof that it has applied for a rating from Standard & Poor's Corporation and anticipates that the 1985 Series B-1 and B-2 Bonds will be rated AA by said agency. In the event the Board determines to remarket the 1985 Series B-1 Bonds for a three (3) month period, it will notify the registered owners thereof that it has applied for a rating from Standard & Poor's Corporation and anticipates that the 1985 Series B-1 Bonds will be rated AA/A1+ by said agency.

Section 3: The Board hereby confirms that under the provisions of the Additional Supplemental Trust Indenture, the registered owners of the 1985 Series B-1 and B-2 Bonds at the time said Bonds are remarketed have the right to retain said Bonds pursuant to the terms of the Additional Supplemental Trust Indenture and the Remarketing Agreement dated as of December 12, 1985, by and among the First Interstate Bank of California, as Trustee, the Montana Board of Housing and the First Boston Corporation, as amended. The First Interstate Bank of Denver, N.A., has assumed the responsibility of the First Interstate Bank of California under said Remarketing Agreement. In the event that the 1985 Series B-1 and B-2 Bonds cannot be remarketed, the Board has the right to redeem said Bonds according to the terms and conditions of the Additional Supplemental Trust Indenture. Said Bonds to be so redeemed (including Bonds to which an Election has been made) will be redeemed as soon as possible after the giving of ten (10) days notice as provided by the Additional Supplemental Indenture.

Section 4: If any one or more of the provisions of this Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of the Resolution, and shall in no way affect the validity of the other provisions of this Resolution.

Section 5: This Resolution shall become effective immediately upon its adoption.

ADOPTED by the Montana Board of Housing this 22nd day of May, 1986.

MONTANA BOARD OF HOUSING

ATTEST:

John D. Buchanan
Secretary

Joan R. Bennett
Chairman

RESOLUTION NO. 86-0522-S5

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AUTHORIZING THE TRUSTEE TO CALL NOT TO EXCEED \$42,000,000 PRINCIPAL AMOUNT OF 1985 SERIES B BONDS; DIRECTING THE PREPARATION OF A CASH FLOW CERTIFICATE; DIRECTING THAT CERTAIN CERTIFICATES BE DELIVERED TO THE TRUSTEE; PROVIDING FOR THE GIVING OF NOTICE OF SUCH REDEMPTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY PROGRAM BONDS
1985 SERIES B

(FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS)

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is a Board duly created by the Montana Housing Act of 1975, being MCA 90-6, et seq. (the "Act"); and

WHEREAS, the Board has heretofore entered into a Trust Indenture by and between the Board, the First Interstate Bank of California (formerly the United California Bank) and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), dated August 16, 1979 (the "Indenture"), which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to one or more supplemental trust indentures in accordance with the terms of such Indenture; and

WHEREAS, the Board has heretofore, by a Supplemental Trust Indenture by and between the Board and the First Interstate Bank of California, and the First Interstate Bank of Kalispell, N.A., dated November 1, 1985, (the "Supplemental Indenture"), duly authorized the issuance, sale and delivery of \$74,996,862.25 principal amount of its Single Family Program Bonds, 1985 Series B (the "1985 Series B Bonds"); and

WHEREAS, the Board has heretofore, by Resolution No. 86-0320-S1 adopted March 20, 1986, appointed the First Interstate Bank of Denver, N.A. as successor Trustee to the First Interstate Bank of California, which successor trustee is hereafter referred to as the Trustee; and

WHEREAS, interest rates have decreased since the delivery of the 1985 Series B Bond proceeds, which decrease has made it impracticable for the Board to purchase mortgages at competitive rates of interest; and

WHEREAS, the Board has determined to call 1985 Series B Bonds from unused 1985 Series B Bond proceeds currently on deposit in the 1985 Series B Program Fund and from allocable portions of the respective reserve funds and the Revenue Fund;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, AS FOLLOWS:

Section 1: In accordance with the provisions of Article III of the Indenture and Section 2.07 of the Supplemental Indenture, the Board hereby authorizes the Trustee to call 1985 Series B Bonds, in an aggregate principal amount not to exceed \$42,000,000, for redemption prior to their stated maturity, on July 15, 1986, at the price of par plus accrued interest to the date of redemption, from unused proceeds on deposit in the 1985 Series B Program Fund and from allocable portions of the respective reserve funds and the Revenue Fund. The individual 1985 Series B Bonds, or portions thereof, to be redeemed are those bearing the serial numbers and in the principal amounts as set forth in Annex I attached hereto and incorporated herein by reference.

The exact dollar amount of the 1985 Series B Bonds to be called shall be determined by the Trustee and shall be based upon the amount of unused 1985 Series B Bond proceeds currently on deposit in the 1985 Series B Bond Program Fund and other allocable amounts in the reserve funds or the Revenue Fund.

Section 2: The Treasurer of the Board is hereby directed to prepare, or to cause to be prepared, a cash flow certificate regarding money in the Special Redemption Account, pursuant to Section 5.03(c) of the Indenture, and to deliver such certificate to the Trustee. Said certificate shall specify the amount of money to be transferred to the Special Redemption Account and the amount of each maturity to be redeemed in furtherance of the redemption authorized by Section 1 hereof. The cash flow certificate shall also give effect to said redemption of 1985 Series B Bonds.

Section 3: The Trustee is hereby directed to give notice of such redemption, by publication once a week for two successive weeks in Authorized Newspapers (as defined in the Indenture) published in New York, New York and Helena, Montana, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date.

The Trustee is also hereby directed to mail a like notice to the owners of all registered 1985 Series B Bonds, but the failure to give such notice shall not affect the validity of such redemption.

The Notice of Redemption shall be substantially in the form set forth as Annex II attached hereto and incorporated herein by reference.

Section 4: Interest shall cease to accrue on those 1985 Series B Bonds called for redemption on the date of redemption, provided sufficient money to effect such redemption is on deposit at the place of redemption on such date.

Section 5: 1985 Series B Bonds may be redeemed by presentation and surrender on or prior to the date of redemption at any of the following locations:

J. Henry Schroeder Bank and Trust Company
Stock Transfer Department
SC1, One State Street
New York, New York 10015

First Interstate Bank of Denver, N.A.
633 17th Street
Denver, Colorado 80270
ATTN: Trust Department

First Interstate Bank of Kalispell, N.A.
Trust Department
Post Office Box 209, 2 Main Street
Kalispell, Montana 59901

Section 6: The Treasurer of the Board is hereby directed to take, or to cause to be taken by the Trustee, all additional action not inconsistent with the Indenture and the Supplemental Indenture, in order to accomplish the call and redemption of the 1985 Series B Bonds as provided herein.

Section 7: If one or more of the provisions of this Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then said provision shall be null and void, and shall be deemed separable from the remaining provisions of this Resolution, and shall in no way affect the validity of the other provisions of this Resolution.

Section 8: This Resolution shall become effective immediately upon its adoption.

ADOPTED by the Montana Board of Housing this 22nd day of May, 1986.

MONTANA BOARD OF HOUSING

Joan K. Bennett

Chairman

ATTEST:

John D. Buchanan

Secretary

I, the undersigned Secretary of the Montana Board of Housing, hereby certify that the foregoing resolution is a full, true and correct copy of a resolution duly passed and adopted at a regular meeting of the Board of Directors of said District, duly held at the regular meeting place thereof on May 22, 1986, of which meeting all members of said Board had due notice, and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

AYES, and in favor thereof, Board Members: Bennet, Moerer,
Rosenleaf, Swords, Walterstirchen

NAYS, Board Members: Kennedy

ABSENT, Board Members: None

ABSTAIN, Board Members: Buchanan

I further certify that I have carefully compared the same with the original resolution on file and of record in my office; that said resolution is a full, true and correct copy of the original resolution adopted at said meeting; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand on May 22, 1986.


Secretary

ANNEX I

Serial No.

Principal Amount

ANNEX II

NOTICE OF REDEMPTION

MONTANA BOARD OF HOUSING
 SINGLE FAMILY PROGRAM BONDS, 1985 SERIES B
 (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS)

Notice is hereby given that pursuant to Article III of the Trust Indenture dated August 16, 1979, between the Montana Board of Housing (the "Board"), the First Interstate Bank of California (formerly the United California Bank), as Trustee, and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), as Co-Trustee, and also pursuant to Section 2.07 of the 1985 Series B Supplemental Trust Indenture dated November 1, 1985, between the Board, the Trustee and the Co-Trustee, on July 15, 1986, there will be redeemed through the Special Redemption Account, an aggregate \$_____ principal amount of the above-designated Bonds maturing in the years set forth below. The individual Bonds to be redeemed are those bearing the serial numbers in the principal amounts as set forth below:

<u>Serial No.</u>	<u>Principal Amount</u>
-------------------	-------------------------

(to be inserted by Trustee)

The Bonds specified above are to be redeemed on July 15, 1986, on which date said Bonds shall become due and payable at a redemption price of 100% of the principal amount thereof, together with interest on such principal amount thereof to the date fixed for redemption.

Payment of the amounts due upon such redemption shall be made on or after such redemption date, upon the presentation and surrender of the Bonds called for redemption at any of the following locations:

J. Henry Schroeder Bank and Trust Company
 Stock Transfer Department
 SC1, One State Street
 New York, New York 10015

First Interstate Bank of Denver, N.A.
 633 17th Street
 Denver, Colorado 80270
 Attn: Trust Department

First Interstate Bank of Kalispell, N.A.
 Trust Department
 Post Office Box 209, 2 Main Street
 Kalispell, Montana 59901

The method of presentation and delivery of the Bonds for payment is at the option and risk of the owner of each Bond. If mail is used, Insured Registered Mail, Return Receipt Requested, is suggested.

On the redemption date, the Bonds to be redeemed shall cease to bear interest.

MONTANA BOARD OF HOUSING

By: First Interstate Bank of
Denver, N.A., as Successor
Trustee

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
MAY 1, 1986

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - March 20, 1986
Chairman Joan Bennett
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Discuss Tax Reform - 1985
Update Transfer of Trustee Functions
Discuss Annual Information Statement
Discuss 1985B, B-1, B-2
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
MAY 1, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herbert H. George, Multifamily Program Officer
David Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Judy Gillespie, Accountant
Sue Mannix, Accounting Technician
Laura Glueckert, Administrative Assistant
Jo Anne Berg, Secretary

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Laura Brown, First Boston Corporation
Gordon Hoven, Piper, Jaffray & Hopwood
Michael Jansen, Piper, Jaffray & Hopwood
Robert Sonnek, Piper, Jaffray & Hopwood
Jim Dinerstein, Dain Bosworth
Gene Hufford, D. A. Davidson

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
James Lechner, Montana Homebuilders Association

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the March 20, 1986 meeting, they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Herbert George, Multifamily Program Officer, reported that documents pertaining to the Cowdrey project have been received, and that they require further revision.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey, Single Family Program Officer, presented to the Board a summary of the Single Family Program. As of April 23, 1986, the Board has reserved \$31.5 million of the 1985 B (9 3/4%) Series, leaving a balance of \$36.7 million. As of May 1, 1986, the Board has purchased \$26.2 million of the \$31.5 million reserved, leaving \$5.3 million reserved but not yet purchased.

Lendable proceeds for the 1985A Single Family Program as of April 16, 1986 in the principal amount of \$35,543,056.00 showed a remaining balance to be reserved in the amount of \$456,931.00. As of April 24, 1986, the principal amount of mortgage loans purchased represents \$33,148.954.00

OTHER BUSINESS

TAX REFORM

Roy Koegen, Bond Counsel, informed the Board that there were no new developments in the Tax Reform issues, and that he would provide the Board with written information if developments warrant.

TRUSTEE FUNCTIONS

Roy Koegen advised the Board that effective May 1, 1986, First Interstate Bank of Denver, N.A. is the new Trustee for the Single Family II program, replacing First Interstate Bank of California. First Interstate Bank of California will publish a notice of resignation as required by the Trust Indenture.

ANNUAL INFORMATION STATEMENT

Roy Koegen informed the Board that Staff is reviewing a draft of the Annual Information Statement. Copies and comments will be distributed to Board members for review prior to the next scheduled meeting.

MORTGAGE ACCOUNTING SYSTEM

David Kraft, Comptroller, presented to the Board a proposal from Applied Orientation Designs to incorporate a new accounting system. After discussion by the Board, George Swords made a motion to direct and authorize the staff to enter into a contract for a turnkey Mortgage Accounting System. The motion was seconded by Bruce Moerer and carried unanimously.

FINANCIAL STATEMENT

David Kraft presented the Board's financial condition as of February 20, 1986 for review and discussion.

BUDGET AND PROGRAM PLANNING PROPOSAL

A discussion was held regarding a proposal from the Governor's Office Budget and Program Planning to look at the Board's General Fund of approximately \$1.2 million as a revenue source for \$500,000. Board members voiced concern over the proposal, as well as Bond Counsel and Underwriters, all of whom stated that all assets of the Board, including its General Fund, are pledged to its bondholders and, as such, must be free from expropriation. After further discussion, it was the decision of the Board to ask a member of the firm of Evenson and Dodge, Inc., financial consultant to the State, to write a letter stating his concerns. Also, the Board, on motion made by John Buchanan, seconded by Bruce Moerer, and carried unanimously, requested General Counsel to ask former Board Chairman William A. Groff to act as Board representative and liason with the upcoming special budget session of the legislature.

SURVEY RESULTS

Linda Forrey presented to the Board the preliminary results of the survey sent to lenders concerning the rollout of the 1985B1 Issue. The survey indicated that lenders would use \$72 million at 7 3/4%, with significantly less at higher interest rates.

1985B1

Henry Lanier, First Boston Corporation, briefly discussed the alternatives for the 1985B1 bonds. He requested postponement of action to allow time to incorporate current information on the State market in his recommendations to the Board.

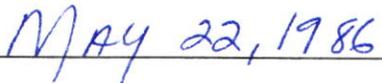
Roy Koegen requested that Henry Lanier draft a press release that states the Board is considering calling some of the 1985 Series B Bonds. A motion was made by George Swords and was seconded by Michael Kennedy. The motion was carried unanimously.

The next meeting was scheduled for May 22, 1986, in the Department of Commerce Conference Room.

There being no further business, the meeting was adjourned.



John Buchanan, Secretary



Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
DNRC BUILDING - YELLOWSTONE ROOM *
CORNER 6TH AVENUE AND SANDERS
HELENA, MONTANA
MARCH 20, 1986

- I. WELCOME NEW BOARD MEMBER - George W. Swords II
- II. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Joan Bennett
- III. APPROVAL OF MINUTES - February 20, 1986
Chairman Joan Bennett
- IV. STATUS OF MULTIFAMILY PROGRAM
Herb George
- V. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- VI. OTHER BUSINESS
Trustee Report
Discuss Assumptions - Montana Power Co. & others
Discuss letter from Computer Services - Dave Kraft
Discuss 1985 B, B1 and B2 - Henry Lanier
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

* YELLOWSTONE ROOM #040, GROUND LEVEL OF BUILDING
BACKDOOR (NORTHSIDE) IS BEST ACCESS.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DNRC BUILDING - YELLOWSTONE ROOM
CORNER 6TH AVENUE & SANDERS
HELENA, MONTANA
MARCH 20, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Mike Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Jeannene Maas, Program Specialist
Cyndi Routzahn, Accounting Specialist
Judy Gillespie, Accountant
Meredith McGuire, Administrative Assistant
Mary Ann Petesch, Accounting Technician
Laura Glueckert, Administrative Assistant
Jo Anne Berg, Secretary

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Laura Brown, First Boston Corporation
Gordon Hoven, Piper, Jaffray & Hopwood
Michael Jansen, Piper, Jaffray & Hopwood
Gene Hufford, D. A. Davidson
Paul deBary, Hawkins, Delafield & Wood

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
Dave Johnson, Anderson, ZurMuehlen & Company
James Lechner, Montana Homebuilders Assn.
Don Crossley, Montana Power Company
Barbara Berndt, Montana Assn. of Realtors
Ginny Nelson, Montana Assn. of Realtors

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Yellowstone Room of the DNRC Building, Helena, Montana.

There being no corrections or alterations to the minutes of the February 20, 1986 meeting, they were approved as presented.

The first order of business was to welcome new Board member, George Swords II.

Dave Kraft discussed with the Board the letter from Application Oriented Designs, Inc., in regards to a new computer system for the Mortgage Accounting program.

After discussion by the Board, John Buchanan made a motion authorizing staff to proceed and contact AOD and instruct them to meet with the Board to prepare an evaluation and plan for a new computer system. The motion was seconded by Bruce Moerer and carried unanimously.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported to the Board that the revised documents for the Cowdrey project will be in order by the next scheduled meeting, if Bill Johnstone keeps his promise.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey presented to the Board a status report on the 1985B (9 3/4%) Series. As of March 11, 1986, a total of \$30 million has been reserved, which represents 44% of the total proceeds for loans, leaving a balance of \$38.2 million. As of March 20, 1986, the Board has purchased \$20 million or 65% of the \$30 million that has been reserved.

OTHER BUSINESS

ELECTION OF VICE CHAIRMAN

With the resignation of Thomas Battershell, Vice Chairman, the election of a new Vice Chairman was in order, and John Buchanan entered into nomination the name of Bruce Moerer as Vice Chairman of the Board. Howard Rosenleaf moved that the nominations be closed and that Bruce Moerer be elected by unanimous ballot. The motion was seconded by Brad Walterskirchen and carried unanimously.

TRUSTEE REPORT

Roy Koegen, Bond Counsel, presented to the Board Resolution #86-

0320-S1 (attached), authorizing the appointment of a successor trustee; authorizing the execution of an agreement between the successor trustee and the Board; and providing for other matters relating thereto.

Roy Koegen also presented to the Board a draft of a letter to First Interstate Bank of California, advising them that the relationship has broken down between First Interstate and the Board, and that the conclusion had been reached to replace them as trustee.

After discussion by the Board, Bruce Moerer made a motion to adopt this resolution. The motion was seconded by Howard Rosenleaf and carried unanimously.

ASSUMPTIONS

Linda Forrey presented to the Board from the Montana Power Company a request to buy out Board of Housing properties and take title in their name until they can find a qualified buyer under the Board's program requirements.

Roy Koegen, Bond Counsel, advised the Board that the loans need to be owner-occupied and for first time home buyers. He stated that it would be in violation of the Internal Revenue Code.

MOODY'S INVESTOR SERVICE

Jay McLeod requested the Board's approval of a letter sent to Moody's Investors Service regarding Board intentions in certain events. The letter was requested by Moody's Investor Service to help them rate the 1985 B1 and B2 issues.

After discussion by the Board, a motion was made by George Swords to authorize Bond Counsel to prepare a resolution (86-0320-S2) to adopt the three points covered in the letter. The motion was seconded by Howard Rosenleaf and carried unanimously.

NEIGHBORHOOD HOUSING SERVICE

Joan Bennett presented to the Board a letter from the Neighborhood Housing Service in Great Falls requesting an additional \$500,000.00 for housing to people with adjusted gross incomes of \$20,000.00 or less.

John Buchanan made a motion to approve an additional \$250,000.00 until the Board starts to purchase these loans and then at that time extend the amount if need be; and to contact other agencies notifying them of the availability of these funds for such projects. George Swords seconded the motion and it carried unanimously.

TAX REFORM ACT OF 1985 (HR 3838)

Roy Koegen, Bond Counsel, led a discussion of how the various proposals (there are four in number, HR 3838, President's Proposal, Packwood Proposal, Durenberger Proposal) would affect present law. The consensus was that, because of so many proposals, a discussion should wait until a sure sense of direction was forthcoming from the Senate.

1985 SERIES B, B1, AND B2

Henry Lanier, First Boston Corporation, discussed with the Board the remarketing of bonds on the 1985 B1 series.

Henry Lanier also discussed with the Board a proposal to prepare an Annual Information Statement to be sent to all bond holders updating them on the status of all bond issues.

George Swords made a motion to permit Bond Counsel to proceed with the preparation of an Annual Information Statement. The motion was seconded by Bruce Moerer and carried unanimously.

Henry Lanier presented Collateralized Mortgage Obligation Scenarios and requested that the Board consider the CMO as an investment alternative. He also cautioned the Board to consider the appropriateness of a CMO type of investment in meeting program objectives.

RESOLUTION TO CALL BONDS

Roy Koegen, Bond Counsel, presented to the Board for its consideration, Resolution #86-0320-S3 which authorizes the call of \$2,455,000.00 principal amount of 1982 Series A Bonds. After discussion, and upon motion made by John Buchanan, seconded by Brad Walterskirchen, Resolution #86-0320-S3 (attached) was unanimously passed.

The next meeting is scheduled for Thursday, May 1, 1986, in the Department of Commerce Conference Room, Helena, Montana.

There being no further business, the meeting adjourned.

John D. Buchanan
John Buchanan, Secretary

May 1, 1986
Dated

RESOLUTION NO. 86-0320-S1

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AUTHORIZING THE APPOINTMENT OF A SUCCESSOR TRUSTEE; AUTHORIZING THE EXECUTION OF AN AGREEMENT BETWEEN THE SUCCESSOR TRUSTEE AND THE BOARD; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is a Board duly created by the Montana Housing Act of 1975, being MCA 90-6, et seq. (the "Act"); and

WHEREAS, the Board has heretofore entered into a Trust Indenture by and between the Board, the First Interstate Bank of California (formerly the United California Bank) (the "Trustee"), and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), dated August 16, 1979 (the "Indenture"), which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to one or more supplemental trust indentures in accordance with the terms of such Indenture; and

WHEREAS, Section 8.08B of the Indenture authorizes the Board to remove the Trustee at any time upon filing with the Trustee an instrument in writing for such cause as shall be determined in the sole discretion of the Board; and

WHEREAS, the Trustee has indicated its intention to resign as Trustee; and

WHEREAS, the Board is desirous of appointing First Interstate Bank of Denver, N.A. as the successor Trustee to First Interstate Bank of California;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: First Interstate Bank of Denver, N.A. (the "Successor Trustee") is hereby appointed as the Successor Trustee to First Interstate Bank of California for the Trust Indenture, Supplemental Trust Indentures, and Additional Supplemental Trust Indenture described in Exhibit A, attached hereto and incorporated herein by reference.

Section 2: The Agreement between the Successor Trustee and the Board is hereby approved in substantially the form attached hereto, marked Exhibit B, and incorporated herein by reference. The Administrator of the Board is hereby authorized and directed to execute the

Agreement on behalf of the Board and to make such changes and alterations in said Agreement as he deems appropriate.

Section 3: The Administrator of the Board is hereby authorized to do all things necessary, including the provision of notice as required by the Indenture, to permit the Successor Trustee to assume the duties of the Trustee under the Agreement set forth as Exhibit B.

Section 4: This Resolution shall become effective immediately upon its adoption.

ADOPTED by the Montana Board of Housing this 20th day of March, 1986.

MONTANA BOARD OF HOUSING

By Joan K. Bennett
Chairman

ATTEST:

John D. Buchona
Secretary

EXHIBIT A

1. TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and UNITED CALIFORNIA BANK, Los Angeles, California, As Trustee and THE CONRAD NATIONAL BANK OF KALISPELL, Kalispell, Montana, As Co-Trustee, August 16, 1979, Relating to Montana Board of Housing Single Family Program Bonds (Federally Insured or Guaranteed Mortgage Loans)
2. 1980 SERIES A SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and UNITED CALIFORNIA BANK, Los Angeles, California, As Trustee and THE CONRAD NATIONAL BANK OF KALISPELL, Kalispell, Montana, As Co-Trustee, April 25, 1980, Relating to \$50,000,000 Single Family Program Bonds, 1980 Series A (Federally Insured or Guaranteed Mortgage Loans)
3. 1982 SERIES A SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, April 6, 1982, Relating to \$55,000,000 Single Family Program Bonds, 1982 Series A (Federally Insured or Guaranteed Mortgage Loans)
4. 1983 SERIES A SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, February 10, 1983, Relating to \$30,000,000 Single Family Program Bonds, 1983 Series A (Federally Insured or Guaranteed Mortgage Loans)
5. 1983 SERIES B SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, April 8, 1983, Relating to \$55,000,000 Single Family Program Bonds, 1983 Series B (Federally Insured or Guaranteed Mortgage Loans)
6. 1983 SERIES C SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, November 4, 1983, Relating to Montana Board of Housing \$114,998,229.35 Single Family Program Bonds, 1983 Series C (Federally Insured or Guaranteed Mortgage Loans)
7. 1984 SERIES A SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, August 24, 1984, Relating to Montana Board of Housing \$75,002,290.00 Single Family Program Bonds, 1984 Series A (Federally Insured or Guaranteed Mortgage Loans)

8. 1985 SERIES A SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, 1985 SERIES A TRUST INDENTURE, Dated as of August 1, 1985, Relating to Montana Board of Housing \$39,999,625.15 Single Family Program Bonds, 1985 Series A (Federally Insured or Guaranteed Mortgage Loans)
9. 1985 SERIES B SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, 1985 SERIES B TRUST INDENTURE, Dated as of November 1, 1985, Relating to Montana Board of Housing \$74,996,862.25 Single Family Program Bonds, 1985 Series B (Federally Insured or Guaranteed Mortgage Loans)
10. 1985 SERIES B-1 AND SERIES B-2 ADDITIONAL SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, 1985 SERIES B-1 AND SERIES B-2 ADDITIONAL SUPPLEMENTAL TRUST INDENTURE, Dated as of November 1, 1985, Relating to Montana Board of Housing \$85,000,000.00 Single Family Program Bonds, 1985 Series B-1 and Series B-2 (Federally Insured or Guaranteed Mortgage Loans)

AGREEMENT FOR TRUSTEE SERVICES

This Agreement is made as of this _____ day of _____, 1986, by and between the MONTANA BOARD OF HOUSING (the "Board") and FIRST INTERSTATE BANK OF DENVER, N.A. (the "Trustee").

WHEREAS, the Board is duly created by the Montana Housing Act of 1975, being MCA 90-6, et seq. (the "Act"); and

WHEREAS, the Board has heretofore entered into a Trust Indenture by and between the Board, the First Interstate Bank of California (formerly the United California Bank) and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell) (the "Co-Trustee"), dated August 16, 1979 (the "Indenture"), which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to one or more supplemental trust indentures in accordance with the terms of such Indenture; and

WHEREAS, the Board has entered into that certain Trust Indenture, Supplemental Trust Indentures, and Additional Supplemental Trust Indenture, authorizing various series of its Single Family Program Bonds, all as more particularly described in Attachment 1 hereto; and

WHEREAS, the Board is now desirous of entering into an agreement with the Trustee; and

WHEREAS, the Trustee has reviewed the documents described in Attachment 1 hereto and is desirous of accepting the trusts, obligations and responsibilities of the Trustee thereunder;

NOW, THEREFORE, IT IS HEREBY AGREED BY THE BOARD AND THE TRUSTEE AS FOLLOWS:

Section 1: The Trustee hereby agrees to assume all of the obligations of the Trustee under the Trust Indenture, Supplemental Trust Indentures, and Additional Supplemental Trust Indenture, as described in Attachment 1, attached hereto and incorporated herein by reference.

Section 2: The Trustee will immediately assume control of all funds, accounts and records of the prior Trustee and compile written summaries of the status of all funds and accounts, including account balances and investment rates, to be filed with the Board within thirty (30) days of the date hereof, and after each thirty-day period thereafter for a period of six months.

Section 3: The Trustee services and the fees relating to each such service are as follows:

A. BASIC TRUSTEE SERVICES

1. Acceptance Charge. There will be no acceptance charge for the Trustee's examination and execution of the basic documents and all additional closing documents supporting the issuance of the series of bonds listed in Section 1 above, including preparation and setting up of the Trustee's records, and authentication and delivery of each series of bonds.

2. Annual Administration Charge. The annual administration charge will be the same as under the present schedule with the First Interstate Bank of California, and will cover ordinary administrative duties so long as no defaults exist. This fee will be payable in advance. There will be no change in these charges for the above series of bonds for the life of said bonds.

3. Counsel Fees. There will be no legal fee for services of counsel to the Trustee for the examination of the basic documents supporting the issuance of the above listed series of bonds.

B. OTHER TRUSTEE SERVICES

1. Custodial Services. There will be an annual charge per \$1,000 value of assets held by the Trustee on behalf of the Board, based upon averages:

50¢ on first	\$ 1,000,000
30¢ on next	4,000,000
20¢ on next	5,000,000
10¢ on value over	10,000,000

There will be no custodial charge applied to funds invested in any "mutual fund" consisting of governmental obligations for which the Trustee acts in any capacity as advisor or sub-advisor and for which it is compensated for such services. Additionally, there will be no custodial charge for moneys held in reserve funds.

2. Holding of Mortgages and Loan Collateral. There will be no fee for the holding of mortgages and loan collateral, so long as the Co-Trustee performs those services.

C. REGISTERED MUNICIPAL BOND SERVICES

1. Initial Activity. For the initial set-up of a new issue on file, preparation of standing instructions, the inventory of new certificates, and administrative coordination, there will be a flat fee of \$500 charged.

2. Original Issuance. For original issuance, there will be no charge for instructions or for input issuance instructions. To balance and prepare certificates, the following charges will apply:

0 - 1,000	\$1.25/Certificate
1,001 - 3,000	\$.90/Certificate
3,001 - 4,000	\$.60/Certificate
Over - 4,000	Appraisal

Certificates shall conform to industry standard, be compatible for printing by computer and allow for a single certificate for all denominations, and matrix, if protection is required. A ten-day turnaround from receipt of instructions and inventory of bonds to closing date shall be allowed. In all other cases, a 50% surcharge over the issuance fee shall be applied.

The issuance fee shall prevail for 45 days after the closing date, with an item fee of \$1.25 on retransfer.

3. Ongoing Regular Services. Ongoing regular services are as follows:

Account maintenance
 Postings and Certificate transfer
 Handling of stop transfer
 Semiannual interest checks
 - Prepare and mail checks
 - "1099" preparation (if necessary)
 - Certified interest list
 One additional set of labels

The annual fee for said services is \$3.00 per bondholder account per annum plus \$1.25 per certificate issued (which includes authentication or countersigning of each certificate).

The minimum annual fee (exclusive of the initial activity fee) is \$750.00.

Note: A serial bond shall be considered to be single issue if a common certificate can be used.

4. Other Services. The fee for payments of principal at maturity or on redemption of an entire issue will be as follows:

1/10 of 1% of the first \$500,000 principal amount
 1/20 of 1% for the next \$500,000 principal amount
 1/30 of 1% for the next \$4,000,000 principal amount
 1/40 of 1% for the next \$20,000,000 principal amount
 1/50 of 1% for in excess of \$25,000,000 principal amount

The fee for partial redemptions or purchase of securities by tender or in open market shall be 1/8 of 1% of the principal amount involved.

The fee for destruction of bonds shall be 10¢ per bond, with a minimum charge of \$50 for each destruction.

5. Calls/Maturity. The following fees shall apply:

Examination and Cancellation	No Charge
Partial call, per bondholder	\$6.25
Full call, per bondholder	\$5.00
Maturity, per bondholder	\$5.00

6. Out-of-pocket Expenses. All out-of-pocket expenses incurred by the Trustee in attending an out-of-town closing (including signature company services and the charges of correspondent banks for examination and packaging the bonds) and any other closing expenses shall be billed at cost. All other out-of-pocket expenses including but not limited to registered mail and express charges, postage and any special printing costs required by the Board shall be billed at cost.

D. PAYING AGENT SERVICES AND MISCELLANEOUS SERVICES

1. Out-of-pocket Expenses. All out-of-pocket expenses, disbursements and counsel fees (including such counsel's disbursements and expenses) incurred in the performance of the Trustee's duties as paying agent and those of any authenticating agent shall be billed at cost.

2. Unspecified Fees. Fees for any services not specifically covered above, such as those required in the event coupon bonds would be available at some future date, etc., shall be based on an analysis and appraisal of services to be rendered, and shall be mutually agreed upon in writing.

The fees set forth above shall be subject to modification should circumstances warrant, as may agreed upon in writing by the parties hereto.

Section 4: The Trustee shall pay the Co-Trustee a percentage of its annual administration charge as compensation for the Co-Trustee, as arranged to the mutual satisfaction of the Trustee and the Co-Trustee.

Section 5: The Trustee hereby agrees to indemnify and hold harmless the Board from all acts or activities performed, required to be performed, or failed to be performed by First Interstate Bank of California.

Section 6: The Trustee hereby agrees to become a party to the Remarketing Agreement by and among First Interstate Bank of California, as trustee, Montana Board of Housing, and First Boston Corporation, dated as of December 12, 1985, and the First Interstate Bank of Denver, N.A., hereby assumes all of the obligations of the trustee thereunder.

Section 7: The Trustee has reviewed the documents described in Attachment 1 hereto and hereby accepts the trusts, obligations and responsibilities of the Trustee thereunder.

Section 8: The Trustee shall submit to the Board, within thirty (30) days of execution of this Agreement, a written opinion of counsel to the Trustee in form satisfactory to the Board that the Trustee is legally authorized to accept the trusts, obligations and responsibilities under this Agreement, and upon execution of this Agreement the terms and conditions of the documents described in Attachment 1 hereto are binding and enforceable against the Trustee.

Section 9: If anything in this Agreement conflicts with the provisions of the documents described in Attachment 1 hereto, said Trust Indenture, Supplemental Trust Indentures, or Additional Supplemental Trust Indenture shall control.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives as of the day first above written.

MONTANA BOARD OF HOUSING

By _____
Administrator

FIRST INTERSTATE BANK OF
DENVER, N.A.

By _____

(Name)

(Title)

ATTACHMENT 1

1. TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and UNITED CALIFORNIA BANK, Los Angeles, California, As Trustee and THE CONRAD NATIONAL BANK OF KALISPELL, Kalispell, Montana, As Co-Trustee, August 16, 1979, Relating to Montana Board of Housing Single Family Program Bonds (Federally Insured or Guaranteed Mortgage Loans)
2. 1980 SERIES A SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and UNITED CALIFORNIA BANK, Los Angeles, California, As Trustee and THE CONRAD NATIONAL BANK OF KALISPELL, Kalispell, Montana, As Co-Trustee, April 25, 1980, Relating to \$50,000,000 Single Family Program Bonds, 1980 Series A (Federally Insured or Guaranteed Mortgage Loans)
3. 1982 SERIES A SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, April 6, 1982, Relating to \$55,000,000 Single Family Program Bonds, 1982 Series A (Federally Insured or Guaranteed Mortgage Loans)
4. 1983 SERIES A SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, February 10, 1983, Relating to \$30,000,000 Single Family Program Bonds, 1983 Series A (Federally Insured or Guaranteed Mortgage Loans)
5. 1983 SERIES B SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, April 8, 1983, Relating to \$55,000,000 Single Family Program Bonds, 1983 Series B (Federally Insured or Guaranteed Mortgage Loans)
6. 1983 SERIES C SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, November 4, 1983, Relating to Montana Board of Housing \$114,998,229.35 Single Family Program Bonds, 1983 Series C (Federally Insured or Guaranteed Mortgage Loans)
7. 1984 SERIES A SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, August 24, 1984, Relating to Montana Board of Housing \$75,002,290.00 Single Family Program Bonds, 1984 Series A (Federally Insured or Guaranteed Mortgage Loans)

8. 1985 SERIES A SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, 1985 SERIES A TRUST INDENTURE, Dated as of August 1, 1985, Relating to Montana Board of Housing \$39,999,625.15 Single Family Program Bonds, 1985 Series A (Federally Insured or Guaranteed Mortgage Loans)
9. 1985 SERIES B SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, 1985 SERIES B TRUST INDENTURE, Dated as of November 1, 1985, Relating to Montana Board of Housing \$74,996,862.25 Single Family Program Bonds, 1985 Series B (Federally Insured or Guaranteed Mortgage Loans)
10. 1985 SERIES B-1 AND SERIES B-2 ADDITIONAL SUPPLEMENTAL TRUST INDENTURE by and between MONTANA BOARD OF HOUSING and FIRST INTERSTATE BANK OF CALIFORNIA, Los Angeles, California, As Trustee and FIRST INTERSTATE BANK OF KALISPELL, N.A., Kalispell, Montana, As Co-Trustee, 1985 SERIES B-1 AND SERIES B-2 ADDITIONAL SUPPLEMENTAL TRUST INDENTURE, Dated as of November 1, 1985, Relating to Montana Board of Housing \$85,000,000.00 Single Family Program Bonds, 1985 Series B-1 and Series B-2 (Federally Insured or Guaranteed Mortgage Loans)

RESOLUTION NO. 86-0320-S2

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AGREEING TO TAKE CERTAIN ACTION WITH RESPECT TO THE REMARKETING OF ITS 1985 SERIES B-1 AND B-2 BONDS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING
\$85,000,000
SINGLE FAMILY PROGRAM BONDS, 1985 SERIES B-1 AND B-2
(FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS)

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is authorized by the Montana Housing Act of 1975, now codified at MCA 90-6, et seq., to purchase notes, mortgages and other securities evidencing loans for the construction or purchase of housing for persons and families of low income in the State of Montana;

WHEREAS, the Board has heretofore entered into a Trust Indenture dated as of August 16, 1979, which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to a supplemental indenture, in accordance with the terms of such Trust Indenture;

WHEREAS, the Board has heretofore, by Supplemental Resolution No. 85-1206-S8, adopted December 6, 1985, authorized the issuance of \$85,000,000 principal amount of Single Family Program Bonds, 1985 Series B-1 and 1985 Series B-2, (the "1985 Series B-1 and B-2 Bonds") and has authorized the execution of an additional supplemental indenture, dated as of November 1, 1985, with respect to the Series 1985 B-1 and B-2 Bonds; and

WHEREAS, the Board desires to make certain provisions with respect to the remarketing of the 1985 Series B-1 and B-2 Bonds;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: The Board, when the 1985 Series B-1 or B-2 are remarketed, will establish a mortgage rate sufficient to ensure adequate revenues to pay the principal of and interest on the 1985 Series B-1 or B-2 Bonds as each may respectively become due.

Section 2: The Reset Date (as defined in the Remarketing Agreement) with respect to the 1985 Series B-1 Bonds will not be extended to October 1, 1986, unless there will be sufficient investment earnings on the 1985 Series B-1 Bond proceeds to pay the remarketing fees and the debt service attributable to the 1985 Series B-1 Bonds to October 1, 1986. If the Reset Date with respect to the 1985 Series

B-1 Bonds is extended to October 1, 1986, the 1985 Series B-1 Bond proceeds will be invested only in United States Government obligations or in United States Government Agency obligations.

Section 3: The 1985 Series B-1 and B-2 Bonds will be retired if the Board is unsuccessful in remarketing all or part of the 1985 Series B-1 and B-2 Bonds, and if there is no extension of the Reset Date with respect to the 1985 Series B-1 Bonds.

Section 4: If any one or more of the provisions of this Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of the Resolution, and shall in no way affect the validity of the other provisions of this Resolution.

Section 5: This Resolution shall become effective immediately upon its adoption.

ADOPTED by the Montana Board of Housing this 20th day of March, 1986.

MONTANA BOARD OF HOUSING

By Joan K. Bennett
Chairman

ATTEST:

John D. Buchanan
Secretary

RESOLUTION NO. 86-0320-S3

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AUTHORIZING THE TRUSTEE OR THE SUCCESSOR TRUSTEE TO CALL \$2,455,000 PRINCIPAL AMOUNT OF 1982 SERIES A BONDS; DIRECTING THE PREPARATION OF A CASH FLOW CERTIFICATE; DIRECTING THAT CERTAIN CERTIFICATES BE DELIVERED TO THE TRUSTEE OR THE SUCCESSOR TRUSTEE; PROVIDING FOR THE GIVING OF NOTICE OF SUCH REDEMPTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY PROGRAM BONDS
1982 SERIES A

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is a Board duly created by the Montana Housing Act of 1975, being MCA 90-6, et seq. (the "Act"); and

WHEREAS, the Board has heretofore entered into a Trust Indenture by and between the Board, the First Interstate Bank of California (formerly the United California Bank) and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), dated August 16, 1979 (the "Indenture"), which provides for the issuance, from time to time, of Single Family Program Bonds pursuant to one or more supplemental trust indentures in accordance with the terms of such Indenture; and

WHEREAS, the Board has heretofore, by a Supplemental Trust Indenture by and between the Board and the First Interstate Bank of California, as Trustee, and the First Interstate Bank of Kalispell, N.A., as Co-Trustee, dated April 6, 1982, (the "Supplemental Indenture"), duly authorized the issuance, sale and delivery of \$55,000,000 principal amount of its Single Family Program Bonds, 1982 Series A (the "1982 Series A Bonds"); and

WHEREAS, the Board has received not less than \$2,455,000 principal amount of mortgage loan prepayments and has determined to redeem certain 1982 Series A Term Bonds, as defined in the Supplemental Indenture by application of such prepayment; and

WHEREAS, the Indenture and the Supplemental Indenture require that certain certificates be obtained and certain notice given prior to the redemption of such 1982 Series A Term Bonds;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: The Board hereby authorizes the Trustee, or the successor Trustee, to call for redemption on June 1, 1986, the 1982 Series A Bonds in the aggregate principal amount of \$2,455,000 prior to their stated maturity, in accordance with the provisions of Article III of the Indenture and Section 2.07 of the Supplemental Indenture, at the price of par plus accrued interest to the date of redemption. The individual 1982 Series A Bonds to be redeemed, or portions thereof, are those bearing the serial numbers and principal amounts as set forth in Annex I attached hereto and incorporated herein by reference. Said 1982 Series A Bonds will be called from the June 1, 2007 scheduled sinking fund redemptions of the June 1, 2008 maturity.

Section 2: The Treasurer of the Board is hereby directed to prepare, or to cause to be prepared, a cash flow certificate regarding money in the Special Redemption Account, pursuant to Section 5.03(C) of the Indenture and to deliver such certificate to the Trustee or to the successor Trustee. Said certificate shall specify the amount of money to be transferred to the Special Redemption Account and the amount of each maturity to be redeemed in furtherance of the redemption authorized by Section 1 hereof. The cash flow certificate shall also give effect to said redemption of 1982 Series A Bonds.

Section 3: The Trustee, or the successor Trustee, is hereby directed to give notice of such redemption, by publication once a week for two successive weeks not less than thirty (30) days prior to the redemption date in newspapers published in New York, New York and Helena, Montana.

The Trustee, or the successor Trustee, is also hereby directed to mail a like notice to the owners of all registered 1982 Series A Bonds, but the failure to give such notice shall not affect the validity of such redemption. The notice of redemption shall be substantially in the form set forth as Annex II attached hereto and incorporated herein by reference.

Section 4: Interest shall cease to accrue on those 1982 Series A Bonds called for redemption on the date of redemption, provided sufficient money to effect such redemption is on deposit at the place of redemption on such date.

Section 5: 1982 Series A Bonds may be redeemed by presentation and surrender on or prior to the date of redemption at any of the following locations:

J. Henry Schroeder Bank and Trust Company
Stock Transfer Department
SC1, One State Street
New York, New York 10015

First Interstate Bank of California
Corporate Trust Department, Bond and Coupon Section
21021 Ventura Boulevard
Woodland Hills, California 91364

First Interstate Bank of Kalispell, N.A.
Trust Department
Post Office Box 209, 2 Main Street
Kalispell, Montana 59901

Section 6: The Treasurer of the Board is hereby directed to take, or to cause to be taken by the Trustee or the successor Trustee, all additional action not inconsistent with the Indenture and the Supplemental Indenture, in order to accomplish the call and redemption of the 1982 Series A Bonds as provided herein.

Section 7: This Resolution shall become effective immediately upon its adoption.

ADOPTED by the Montana Board of Housing this 20th day of March, 1986.

MONTANA BOARD OF HOUSING

By

Joan K Bennett
Chairman

ATTEST:

John D. Buchanan
Secretary

ANNEX I

June 1, 2008:

Serial No.

Principal Amount

ANNEX II

NOTICE OF REDEMPTION

MONTANA BOARD OF HOUSING
 SINGLE FAMILY PROGRAM BONDS, 1982 SERIES A
 (FEDERALLY INSURED OR GUARANTEED MORTGAGE LOANS)

Notice is hereby given that pursuant to Article III of the Trust Indenture dated August 16, 1979, between the Montana Board of Housing (the "Board"), the First Interstate Bank of California (formerly the United California Bank), as Trustee, and the First Interstate Bank of Kalispell, N.A. (formerly the Conrad National Bank of Kalispell), as Co-Trustee, and Section 2.07 of the 1982 Series A Supplemental Trust Indenture dated April 6, 1982, between the Board, the Trustee and the Co-Trustee, that on June 1, 1986, there will be redeemed through the Special Redemption Account, an aggregate \$2,455,000 principal amount of the above designated Bonds maturing in the years set forth below. The individual Bonds to be redeemed maturing June 1, in the year 2008, have been selected at random by the Trustee from the June 1, 2007 scheduled sinking fund redemptions. The individual Bonds to be redeemed are those bearing the following serial numbers:

June 1, 2008:

<u>Serial No.</u>	<u>Principal Amount</u>
(to be inserted by Trustee)	

The Bonds specified above are to be redeemed on June 1, 1986, on which date said Bonds shall become due and payable at a redemption price of 100% of the principal amount thereof, together with interest on such principal amount thereof to the date fixed for redemption.

Payment of the amounts due upon such redemption shall be made, on or after such redemption date, upon the presentation and surrender of the Bonds called for redemption at any of the following locations:

J. Henry Schroeder Bank and Trust Company
 Stock Transfer Department
 SC1, One State Street
 New York, New York 10015

First Interstate Bank of California
 Corporate Trust Department, Bond and Coupon Section
 21021 Ventura Boulevard
 Woodland Hills, California 91364

First Interstate Bank of Kalispell, N.A.
Trust Department
Post Office Box 209, 2 Main Street
Kalispell, Montana 59901

The method of presentation and delivery of the Bonds for payment is at the option and risk of the holder of each Bond. If mail is used, Insured Registered Mail, Return Receipt Requested, is suggested.

On the redemption date, the Bonds to be redeemed shall cease to bear interest.

MONTANA BOARD OF HOUSING

By: First Interstate Bank of
California, as Trustee

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 449-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DAIN BUILDING
MINNEAPOLIS, MINNESOTA
FEBRUARY 27, 1986

Notice having been given a special telephone meeting of the Montana Board of Housing was called to order by Chairman Joan Bennett at 10:00 A.M., February 27, 1986, from the offices of Dain Bosworth Incorporated, Minneapolis, Minnesota.

Board members participating were:

Joan Bennett, Chairman
Mike Kennedy
Bruce Moerer
Brad Walterskirchen

Also in attendance were:

Jay McLeod, Administrator
Dave Kraft, Comptroller
Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
James Dinnerstein, Dain Bosworth

Henry Lanier, First Boston Corporation, was also a telephone participant.

The purpose of the meeting was to hear the report of the Trustee Review Committee and to make a decision regarding the selection of a successor trustee.

After considerable discussion, and upon motion duly made by Bruce Moerer, seconded by Mike Kennedy, the following resolution was passed unanimously: RESOLVED, that, the First Interstate Bank of Denver, N.A. be, and it hereby is appointed successor trustee to the First Interstate Bank of California, Los Angeles, California and the Administrator and Bond Counsel are hereby directed to take all necessary and appropriate actions to terminate First Interstate Bank of California as Trustee and to appoint First Interstate Bank of Denver, N.A. as successor trustee bank and, BE IT FURTHER RESOLVED, that, in keeping with Section 8.09 of the Trust Indenture, Bond Counsel be instructed to give proper notice to the predecessor Trustee and publish notice of such appointment in Authorized Newspapers.

There being no further business, the meeting adjourned.

John D. Buchanan
Joan Bennett, Chairman

March 20, 1986
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
ROOM 114 COACH HOUSE EAST
2101 11TH AVENUE
HELENA, MONTANA
FEBRUARY 20, 1986

- I. WELCOME NEW BOARD MEMBER - Brad Walterskirchen
- II. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Joan Bennett
- III. APPROVAL OF MINUTES - January 16, 1986
Chairman Joan Bennett
- IV. STATUS OF MULTIFAMILY PROGRAM
Jay McLeod
- V. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- VI. OTHER BUSINESS
Trustee Update
Bondholder Letter
Policy on Assignment of Servicing
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
ROOM 114, COACH HOUSE EAST
2101 11TH AVENUE
HELENA, MONTANA
FEBRUARY 20, 1986

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
John Buchanan (Absent)
Mike Kennedy (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Jeannene Maas, Program Specialist
Cyndi Routzahn, Accounting Specialist
Laura Bodle, Administrative Assistant

UNDERWRITERS:

Laura Brown, First Boston Corporation
Brendan O'Halloran, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Gorden Hoven, Piper, Jaffray & Hopwood

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
James Lechner, Montana Homebuilders Assn.
Bill Walker, Bill Walker Realty

The meeting was called to order by Chairman Joan Bennett at 9:00 A.M. in Room 114, Coach House East, Helena, Montana.

There being no corrections or alterations to the minutes of the January 16, 1986 meeting, they were approved as presented.

The first order of business was to welcome new Board member, Brad Walterskirchen. The Chairman then announced that Board member Tom Battershell, had resigned stating that the press of other activities would prevent him from serving the Board in a manner he felt appropriate.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod reported to the Board that the revised documents for the Cowdrey project have not been received and stated they should be in order by the next meeting.

STATUS OF SINGLE FAMILY PROGRAM

Jay McLeod reported to the Board the status on the 1985A and 1985B series issues.

Regarding the 1985A program, there is a balance of \$328,124 remaining.

Regarding the 1985B issue, approximately \$25 million has been reserved as of February 19, 1986, which leave \$41.4 million remaining.

ASSIGNMENT OF SERVICING

Jay discussed with the Board a policy for Assignment of Servicing.

After discussion by the Board, Mike Kennedy made a motion to adopt the policy for Assignment of Servicing. Howard Rosenleaf seconded the motion and it carried unanimously.

OTHER BUSINESS

TRUSTEE

Bruce Moerer brought the Board up to date on the proposals the Board has received for a new trustee. It was decided that Norwest Bank of Minneapolis, Minnesota and First Interstate Bank of Denver, Colorado were the best qualified.

Bruce Moerer made a motion to authorize staff and committee to visit the trust departments of Norwest Bank of Minneapolis and First Interstate Bank of Denver and make a recommendation to the Board as to the committees choice for trustee. The motion was seconded by Howard Rosenleaf and carried unanimously.

BOND HOLDER LETTER

Laura Brown, First Boston Corporation, presented to the Board a draft of a proposed letter for all bond holders advising them of the current activities of the Board and advising them of the new trustee selection.

After discussion by the Board, Mike Kennedy made a motion that the staff proceed with the mailing of this letter once it is in final form. The motion was seconded by Howard Rosenleaf and carried unanimously.

Investment Policy

Roy Koegen, Bond Counsel, reported to the Board that a draft had been prepared for guidelines on an Investment Policy. He stated that when he received comments from staff, a copy would be sent to the committee.

Chairman Joan Bennett appointed Brad Walterskirchen to serve on this Investment Policy Committee.

The draft for the Investment Policy will be presented at the next scheduled meeting.

HOUSE BILL 3838

Laura Brown, First Boston Corporation and Roy Koegen, Bond Counsel, discussed with the Board House Bill 3838, the Tax Reform Act of 1985, which is now in the U.S. Senate for consideration.

The bill incorporates a number of provisions which severely curtails the distribution of the proceeds as well as the issuance of mortgage revenue bonds. One of the provisions of the bill is to reduce the annual ceiling for housing bonds to 85 million dollars with one third available for single family home owners, one third available for multifamily housing and one third available for distribution at the Governor's discretion. Another provision in the bill calls for sunseting the issuing of single family MRBs on December 31, 1987.

After considerable discussion of the various provisions and their effect on the Board's activities, the staff was directed to send a letter to the Governor outlining the Board's concerns and asking his support in the directing of at least 75 million of the proposed allocation to the Board of Housing.

SURCHARGE ON BONDS

Dave Jackson, Board Counsel, brought the Board up to date on the proposed surcharge on the amount of bonds issued by the Board to support the state wide audit. The matter is still under consideration and Counsel was of the opinion that because the Board does not use the audit service, it should continue to negotiate the proposed charge.

1985 SERIES A, B, B1, & B2

Laura Brown, First Boston Corporation reviewed with the Board, the Analysis of Distribution on the 1985 A, B, B1 and B2 issues.

The next meeting is scheduled for Thursday, March 20, 1986 in the Yellowstone Room in the Department of Natural Resource Building, Helena, Montana.

There being no further business, the meeting adjourned.

John D. Buchanan
John Buchanan, Secretary

February 20, 1986
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA
MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 9TH AVENUE
HELENA, MONTANA
JANUARY 16, 1986

- I. CALL MEETING TO ORDER - 9:00 A.M.
Chairman Bill Groff
- II. APPROVAL OF MINUTES - December 6, 1985
Chairman Bill Groff
- III. STATUS OF MULTIFAMILY PROGRAM
Herb George
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
- V. OTHER BUSINESS
Westland Mortgage Servicing
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
JANUARY 16, 1986

ROLL CALL OF

BOARD MEMBERS:

William A. Groff, Chairman (Present)
Thomas Battershell, Vice Chairman (Absent)
Joan Bennett (Present)
John Buchanan (Present)
Mike Kennedy (Present)
Bruce Moerer (Present)
Howard Rosenleaf (Present)

STAFF:

Jay McLeod, Administrator
Linda Forrey, Single Family Program Officer
Herb George, Multifamily Program Officer
Dave Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Meredith McGuire, Administrative Assistant
Judy Gillespie, Accountant
Sue Mannix, Accounting Technician
Jeannene Maas, Program Specialist
Laura Bodle, Administrative Assistant
Jo Berg, Secretary

UNDERWRITERS:

Henry Lanier, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Rod Pakonen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood
Gene Hufford, D.A. Davidson & Company

OTHERS:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
Bob Anex, Associated Press

The meeting was called to order by Chairman Bill Groff at 9:00 A.M. in the Department of Commerce Conference Room, Helena, Montana.

There being no corrections or alterations to the minutes of the December 6, 1985 meeting, they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Herb George reported to the Board that the documents for the Cowdrey project are being revised to the Multifamily Program Officer's satisfaction and should be in order by the next scheduled meeting.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey gave status reports on all Single Family programs as of January 16, 1986.

Regarding the 1984A (10-3/8) program, there is a total of \$801,519 in reservations. A sum of \$476,233 is unreserved at this time.

Linda Forrey made a recommendation to the Board to reallocate the unreserved amount into builder and/or existing housing commitment allocations.

After discussion by the Board, John Buchanan made a motion to give staff the authority to reallocate the unused portion of the 1984A program. Mike Kennedy seconded the motion and it carried unanimously.

Under the 1985A program, funds are fully reserved. Approximately 77% has been delivered to the Board under this issue.

On the 1985B issue, \$20.5 million has been reserved as of January 16, 1986.

OTHER BUSINESS

Approval of New Lender

Linda presented to the Board an application for Western Mortgage Loan Corporation, Missoula, Montana requesting to become an approved lender, but stated that all documentation was not submitted as required.

After discussion by the Board, John Buchanan made a motion, seconded by Joan Bennett, to approve Western Mortgage Loan Corporation as a qualified lending institution to participate in current and future financing programs of the Board subject to receipt of all required documents. The motion carried.

Lomas & Nettleton

John Buchanan brought the Board up to date with Lomas & Nettleton, stating that a policy for servicing is being prepared and should be in final form for the next Board meeting.

Election of Officers

Chairman Groff stated that he had discussed the matter with the Governor and was submitting his resignation as a member of the Montana Board of Housing. Chairman Groff went on to say that the relationship with the members of the Board and staff had been a pleasant one and that he had been privileged to have been a guiding member from the Board's infancy to its present status.

Mike Kennedy responded by saying that Chairman Groff would be missed and that he spoke for the whole Board by saying that the counsel, expertise and experience which Chairman Groff brought to the Board of Housing was the needed catalyst for the Board to grow into a predominant position in housing in Montana.

With the resignation of Chairman Groff, the election of a new Chairman was in order and Mike Kennedy entered in nomination the name of Joan Bennett as Chairman of the Board, John Buchanan moved that the nominations be closed and that Joan Bennett be elected by unanimous ballot. The motion carried.

Mike Kennedy then entered in nomination the name of John Buchanan as Secretary. Bruce Moerer moved that the nominations be closed and that John Buchanan be elected by unanimous ballot. The motion carried.

1985 Series B

Roy Koegen, Bond Counsel, requested that the Board and First Boston execute an additional document to clarify a provision relating to the Remarketing Agreement on the 1985 Series B bonds.

In addition, Bond Counsel requested that the Board and First Boston execute a document pertaining to the treatment of payments received under the 1985 Series B program.

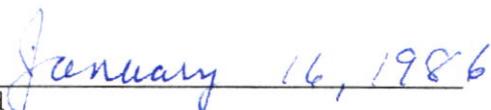
Bruce Moerer made a motion to authorize Bond Counsel to execute these two documents on the 1985 Series B issue. The motion was seconded by Mike Kennedy and carried unanimously.

The next meeting is scheduled for Thursday, February 20, 1986 in Room 114 at the Coach House East, Helena, Montana.

There being no further business, the meeting adjourned.



John Buchanan, Secretary



Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

DECEMBER 4, 1987

DEPARTMENT OF COMMERCE CONFERENCE ROOM

1424 NINTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - November 4, 1987 meeting
Chairman Joan Bennett
- III. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- IV. SINGLE FAMILY PROGRAM - Linda Forrey
 - A. Purchase/Reservation Update (87A and 87B)
 - B. MCC Program Update
 - C. Delinquency Reports
 - D. Presentation and Review of New Lender Application
- V. LOW INCOME HOUSING TAX CREDIT PROGRAM - Dick Kain
- VI. STATUS OF ADVERTISEMENT FOR MULTIFAMILY PROGRAM OFFICER
Dick Kain
 - A. Designation of Board Application Review, Interview
and Selection Committee
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
DECEMBER 4, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John D. Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Absent)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF: Richard A. Kain, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Jeannene R. Maas, Program Specialist
Jo Anne Berg, Administrative Assistant

UNDERWRITERS: Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel
Pam Martin, Bond Counsel

OTHER: James F. Lechner, Montana Homebuilders Assoc.
Mark B. Lindsay, Helena Homebuilders Assoc.

The meeting was called to order at 9:00 a.m. by Chairman Joan Bennett.

There were no additions or corrections to the minutes of the November 4, 1987 meeting, and they were approved as presented.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey updated the Board on the status of the 1987 Series A and Series B Single Family Mortgage programs. Approximately \$15.5 million in mortgage loans have been purchased in the 1987A Series (340 loans) with 57 outstanding reservations representing \$2.05 million. The average loan amount is approximately \$45,600, and the average income is \$24,000. In the 1987B series 49 loans have been purchased in the amount of \$2.4 million, and 321

reservations are outstanding representing \$14 million. Approximately \$2.2 million is available in the low income pool, for homebuyers with incomes of \$25,000 and under. On December 14, 1987, the remaining low income funds will be allocated to all qualified borrowers on a first-come, first-served basis. A statewide housing summary, and allocation by lender summary were also presented.

Effective December 2, 1987, 175 Mortgage Credit Certificates have been issued, which utilized approximately \$1.8 million in credit authority. 36 reservations are outstanding, for a credit amount of approximately \$375,000. \$2,266,104 million in credit authority has been allocated or reserved to date.

Quarterly delinquency reports were presented. For September 30, 1987, the Single Family I indenture showed 2.76% in total delinquencies, with .31% in foreclosure. The Single Family II indenture showed 5.54% in total delinquencies, with 1.7% in foreclosure. Both indentures combined showed 5.09% total delinquencies, with 1.5% in foreclosure. The number of loans liquidated through foreclosure, deed-in-lieu, or assignment for the year was presented for Board review and discussion.

Linda presented an application from Valley Bank of Belgrade to become an approved lender/servicer in the Board's bond program. Valley Bank of Belgrade had been requested to reapply for Board approval due to recent FDIC involvement. The financial data has been supplied for the past few months for analysis, and shows a stronger financial picture. Upon staff recommendation, Brad Walterskirchen moved that Valley Bank of Belgrade be approved to participate in Board programs. John Buchanan seconded the motion, and it carried unanimously.

Linda Forrey also announced that, effective December 11, 1987, she will resign as Single Family Program Officer for the Board of Housing.

BOARD COUNSEL REPORT

Dave Jackson reported that settlement documents and a check for \$13,742.16 were forward to First Interstate Bank of California through First Interstate Bank of Denver. These were forwarded to resolve disputed fees charged the Board. Dave Jackson is of the opinion that the matter between the Board and First Interstate Bank of California has been resolved.

BOND COUNSEL REPORT

Pam Martin, tax attorney for Preston, Thorgrimson, Ellis and Holman, updated the Board on guidelines for utilizing the Low Income Housing Tax Credit, and on what Technical Corrections legislation should clarify.

Roy Koegen presented Resolution No. 87-1204-S4 (see attached), which determined to carry forward the 1987 volume cap allocation

of \$70 million, plus an additional \$27.5 million to 1988, and authorized the administrator to execute documents relative to the carryforward election. Upon motion by Michael Kennedy, which was seconded by Bruce Moerer, the Board adopted the Resolution.

LOW INCOME HOUSING TAX CREDIT PROGRAM

Dick Kain updated the Board on recent developments toward the implementation of the Low Income Housing Tax Credit Program in Montana. A committee consisting of Joan Bennett and John Buchanan met November 12, 1987 in Great Falls, with board and bond counsel and representatives from NCSHA. Policy and criteria were adopted, and Pam Martin developed the allocation package, which was mailed on November 25, 1987, in anticipation of allocating credits by December 31, 1987.

MULTIFAMILY PROGRAM OFFICER

A job announcement and advertisement for the Multifamily Program Officer position were presented to the Board, and they were advised that the position will most likely be filled by mid-January.

Dick Kain presented a letter from Loren Schledewitz, who is interested in having the Board pursue a new multifamily bond issue. Discussion was held about the feasibility of a multifamily issue at the present time.

Bond Counsel requested that the Board adopt a 1987 Annual Policy Statement to be filed with the Internal Revenue Service by December 31, 1987. Bruce Moerer moved that the Board conduct a public hearing and complete the annual policy report presented for filing with the IRS. George Swords seconded the motion, which carried unanimously.

EXECUTIVE SESSION

At 10:00 a.m., Joan Bennett requested the Board meet in executive session to discuss matters relative to litigation against the Board. The meeting reopened at 10:30 a.m.

NEXT MEETING DATE

The next meeting was set for January 7, 1988, in the Department of Commerce Conference Room.

There was no further business, and the meeting adjourned.

John D. Buchanan
John D. Buchanan, Secretary

Jan 7, 1988
Dated

RESOLUTION NO. 87-1204-S4

A RESOLUTION OF THE MONTANA BOARD OF HOUSING DETERMINING TO CARRYFORWARD ITS 1987 VOLUME CAP ALLOCATION TO 1988; AUTHORIZING THE ADMINISTRATOR TO EXECUTE CERTAIN CERTIFICATES WITH REGARD THERETO; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING
VOLUME CAP CARRYFORWARD

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-126, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Internal Revenue Code of 1986 limits the dollar volume of private activity bonds which can be issued in each state per year and provides that the governor of each state determine, by executive order, the method of allocation of such volume cap; and

WHEREAS, single family mortgage revenue bonds are now classified as private activity bonds and, accordingly, are subject to the volume cap limitation and allocation; and

WHEREAS, the Governor of Montana has executed an executive order which, inter alia, allocates \$70,000,000 of the volume cap to the Board; and

WHEREAS, Section 146(f) of the Internal Revenue Code of 1986 sets forth a procedure whereby the Board may "carry-forward" its 1987 volume cap allocation to 1988; and

WHEREAS, the Board is desirous of carrying forward all \$70,000,000 of its 1987 volume cap allocation, plus an additional amount of \$27,500,000, to 1988;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: Carryforward Determination. The Board hereby determines to carryforward \$70,000,000 of its 1987 volume cap allocation, plus an additional amount of \$27,500,000, to 1988, or such greater amount that may be allocated to the Board, to be used for the purposes set forth in the carryforward election.

Section 2: Authorization for Execution. The Administrator of the Board is hereby authorized and directed to execute said election and to execute all other and appropriate documents or certificates in connection therewith.

Section 3: Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect hereto is hereby approved, confirmed and ratified.

Section 4: Execution of Documents. In the event of the absence or disability of the Administrator of the Board, or if for any other reason the Administrator is unable to execute the documents referred to in this Resolution, such documents may be executed by the Assistant Administrator with the same effect as if done by the Administrator and without further authorization of the Board. The execution of such documents by such person shall be conclusive evidence of the Assistant Administrator's authority to so act.

Section 5: Additional Actions Authorized. The Administrator of the Board or any member 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 herein 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.

Section 6: Effective Date. This Resolution shall become effective immediately.

Adopted by the Montana Board of Housing this 4th day of December, 1987.

MONTANA BOARD OF HOUSING

By: Joan Bennett
Chairman

Attest:

By: John D. Buchanan
Secretary

CARRYFORWARD ELECTION UNDER SECTION 146(f)

This election is made pursuant to Section 146 of the Internal Revenue Code of 1986.

(A) The issuing authority is the Montana Board of Housing (the "Board"); its address is 2001 Eleventh Avenue, Helena, Montana 59620, and its taxpayer identification number is 81-0428319.

(B) The Board's private activity bond limit for the calendar year 1987 is \$70,000,000.00.

(C) The aggregate amount of private activity bonds issued by the Board in calendar year 1987 is \$40,000,000.00, which amount was deducted from the 1986 volume cap carryforward.

(D) The Board used an aggregate amount of \$40,000,000 of its 1986 carryforward for its mortgage credit certificate program.

(E) The unused private activity bond limit of the Board for the calendar year 1987 is \$70,000,000.00.

(F) The Board hereby elects to carry forward all of its unused private activity bond limit for calendar year 1987, \$70,000,000.00, plus an additional amount \$27,500,000, for the following purposes:

- (1) \$7,500,000 of the carryforward will be used for issuing Mortgage Credit Certificates (MCC's).
- (2) \$90,000,000 of the carryforward will be used for issuing qualified mortgage bonds.

The undersigned is the Administrator of the Montana Board of Housing and is authorized to execute this election.

DATED this 4th day of December, 1987.

MONTANA BOARD OF HOUSING

By:


Richard A. Kain, Administrator

RESOLUTION NO. 87-1204-S5

A RESOLUTION OF THE LOW INCOME HOUSING TAX CREDIT PROGRAM SUBCOMMITTEE OF THE MONTANA BOARD OF HOUSING WITH RESPECT TO RECOMMENDATIONS FOR THE LOW INCOME HOUSING TAX CREDIT PROGRAM OF THE BOARD; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

(Low Income Housing Tax Credit Program)

BE IT RESOLVED BY THE LOW INCOME HOUSING TAX CREDIT PROGRAM SUBCOMMITTEE OF THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is a Board duly created by the Montana Housing Act of 1975, being MCA 90-6, et seq. (the "Act"); and

WHEREAS, the Board has appointed a subcommittee to make recommendations with respect to a low income housing tax credit program of the Board; and

WHEREAS, that subcommittee has met and made certain verbal recommendations to the Board staff and its consultants, and has directed its staff and consultants to prepare a complete package of materials for the Board for its approval or rejection;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, AND ORDERED as follows:

Section 1: The staff of the Board and its consultants are directed to draft proceedings implementing the recommendations of the subcommittee at its special meeting held on November 12, 1987.

ADOPTED by the Low Income Housing Tax Credit Program Subcommittee of the Montana Board of Housing this 4th day of December, 1987.

LOW INCOME HOUSING TAX CREDIT
PROGRAM SUBCOMMITTEE, MONTANA
BOARD OF HOUSING

By: Joan Bennett
Chairman

RESOLUTION NO. 87-1204-S6

A RESOLUTION OF THE MONTANA BOARD OF HOUSING ADOPTING AND APPROVING THE RECOMMENDATIONS OF THE LOW INCOME HOUSING TAX CREDIT PROGRAM SUBCOMMITTEE FOR THE LOW INCOME HOUSING TAX CREDIT PROGRAM; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

(Low Income Housing Tax Credit Program)

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is a Board duly created by the Montana Housing Act of 1975, being MCA 90-6, et seq. (the "Act"); and

WHEREAS, the Low Income Housing Tax Credit Program Subcommittee of the Board (the "Subcommittee") has met and made certain recommendations and presented certain documents with respect to the Low Income Housing Tax Credit Program for the Board; and

WHEREAS, the staff and consultants of the Board have reviewed and approved the recommendations of the Subcommittee with respect to the Low Income Housing Tax Credit Program, and have incorporated such recommendations into the Program documents;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, AND ORDERED as follows:

Section 1: The Low Income Housing Tax Credit Program, as presented to the Board this date, is hereby adopted, accepted and approved.

Section 2: The Administrator of the Board is hereby directed to take all necessary and appropriate action to implement the Low Income Housing Tax Credit Program.

ADOPTED by the Montana Board of Housing this 4th day of December, 1987.

MONTANA BOARD OF HOUSING

By: Joan Bennett
Chairman

ATTEST:

John D. Buchanan
Secretary

MUTUAL RELEASE

KNOW ALL PERSONS BY THESE PRESENTS:

This agreement is made and entered into this 30th day of November, 1987, by and between First Interstate Bank of California (hereinafter "FICAL") and the Montana Board of Housing (hereinafter "Board").

WHEREAS, FICAL's predecessor, United California Bank, and the Board entered into a trust indenture dated as of August 16, 1979 (hereinafter "Indenture"), wherein FICAL agreed to act as trustee;

WHEREAS, on March 20, 1986, the Board appointed a successor trustee to FICAL, and FICAL and the Board have agreed to fully resolve and settle the claims arising from their respective obligations under the Indenture,

NOW THEREFORE, in consideration of the sum of Thirteen Thousand Seven Hundred Forty Two and 16/100 Dollars (\$13,742.16), lawful money of the United States of America, paid to FICAL by the Board and other valuable consideration, the receipt of which is hereby acknowledged, FICAL and the Board do hereby on behalf of themselves and their successors and assigns, mutually release and forever discharge each other from each and every claim, and all claims, demands, actions or causes of action, of whatsoever kind and nature, either in law or in equity, which they have or may have arising out of or in any way

connected with that certain Indenture and from any and all claims, rights, demands, obligations, actions, or causes of action arising therefrom or in any way connected therewith including bad faith, and do further hereby covenant and agree, for themselves, their successors and assigns, that neither of the parties, nor anyone on behalf of them, will hereafter institute or suffer to be instituted or prosecuted any suit or action to recover of or from the other party, or from their successors or assigns, or any one or more of them, or from any other persons, firms or corporations whomsoever, damages or compensation of any kind, character or description, from which they now have or claim to have arising out of the aforementioned matter.

FICAL and the Board each represent, warrant and covenant that no promise or other agreement not herein expressed has been made to them or by them, and in executing this release they are not relying upon any statement or representations made by the parties hereby released, or by their agents or servants concerning the nature, extent or duration of any of the losses or damages which they allegedly incurred as a result of the aforementioned matter, or concerning any other thing or matter, but are relying solely upon their own judgment.

The undersigned individuals warrant that this release has been duly and regularly executed with a full understanding thereof.

Each person whose signature appears on this release warrants

TO 447 C
(Individual)

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS.

On 1st of December 1987 before me, the undersigned, a Notary Public in and for said State, personally appeared Russell K. Snow, Jr., Senior Vice President of First Interstate Bank, LTD.

STAPLE HERE

to be the person _____ whose name _____ subscribed to the within instrument and acknowledged that He executed the same.

WITNESS my hand and official seal.

Signature *Elizabeth S. Gealogo*
Elizabeth S. Gealogo

Name (Typed or Printed)

MS-1015 10/86



OFFICIAL SEAL
ELIZABETH S. GEALOGO
Notary Public-California
Principal Office In
Los Angeles County
My Comm. Exp. Mar. 2, 1990.

(This area for official notarial seal)

that he or she has authority to execute this release on behalf of the party for which he or she signs and to legally bind such party hereto.

IN WITNESS WHEREOF, we, have hereunto signed this Release this 30th day of November, 1987.

FIRST INTERSTATE BANK
OF CALIFORNIA, N.A.

MONTANA BOARD OF HOUSING

By: *Samuel L. Smith*
Its: Senior Vice President

By: *Jack K. Bennett*
Its: Chairman

ATTEST:

ATTEST:

By: _____
Its: _____

By: *John D. Buchanan*
Its: Secy

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

LOW INCOME HOUSING CREDIT PROGRAM

NOVEMBER 12, 1987

- I. Review Existing Draft and Explain Intentions (Dick Kain)
 - A. Board Comments (Joan and John)
 - B. Technical Comments and Criticisms (Ronne and Mike)
 - C. Compare Draft With Washington State Criteria and Process (Pam and Roy)
- II. Formalize for 1987 (All)
 - A. Allocation Setaside and RFP Schedule
 - B. Allocation Criteria
 - C. General Project Selection and Allocation Criteria
 - D. Fees
 - E. Allocations Approved by LIHC Board Committee
- III. Formalize for 1988 and 1989 (All)
 - A. Annual Reservation Setaside and RFP Schedule
 - B. Reservation Criteria
 - C. General Project Selection and Allocation Criteria
 - D. Application and Binding Reservation Process
 - E. Fees
 - F. Reservations and Allocations Approved by Board
- IV. Develop RFP Package (All)
 - A. Documents for Application
 - B. Program and Policy Overview/Narrative
 - C. Binding Reservation Documents
 - D. Allocation Documents
- V. Develop Form of Public Notice for RFP Process (Dave and Roy)

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The Low Income Housing Credit Committee will meet at 9:00 a.m. on Thursday, November 12, 1987, in the Board Room of Fidelity Savings and Loan, 121 Fourth Street North, Great Falls, relative to the implementation of the program in Montana.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

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HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

NOVEMBER 4, 1987

ROOM 160, SAM W. MITCHELL BUILDING

FIFTH STREET & ROBERTS

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - September 29, 1987 meeting
Chairman Joan Bennett
- III. REPORT OF AUDITORS ON FY'87 AUDIT
Anderson ZurMuehlen & Co.
- IV. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- V. QUARTERLY BUDGET UPDATE - Dave Kraft
- VI. DECEMBER 1, 1987 BOND CALL - Dave Kraft
- VII. SINGLE FAMILY PROGRAM - Linda Forrey
 - A. Purchase/Reservation Update (87A & 87B)
 - B. MCC Program Update
 - C. Presentation and Review of New Lender Application
- VIII. UPDATE ON ANNUAL CSHA CONFERENCE
Bruce Moerer & Brad Walterskirchen
- IX. LOW INCOME HOUSING TAX CREDIT PROGRAM - Dick Kain
- X. UNDERWRITERS UPDATE - Dan Irvin
- XI. SET NEXT MEETING DATE
- XII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
ROOM 160, SAM W. MITCHELL BUILDING
HELENA, MONTANA
NOVEMBER 4, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John D. Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Absent)

STAFF:

Richard A. Kain, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Jo Anne Berg, Administrative Assistant

UNDERWRITERS:

Daniel R. Irvin, First Boston Corporation
Gordon Hoven, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

COUNSEL:

Roy J. Koegen, Bond Counsel
Dave Jackson, Board Counsel

OTHER:

Marilyn Dusenberry, Anderson ZurMuehlen & Co.
Norman C. Dahle, Oregon Landmark
William Pengrey, Oregon Landmark
Mark Lindsay, Helena Homebuilders Association

The meeting was called to order at 9:00 a.m. by Chairman Joan Bennett.

There were no additions or corrections to the minutes of the September 29, 1987 meeting and they were approved as presented.

REPORT OF AUDITORS ON FY'87 AUDIT

Marilyn Dusenberry, Anderson ZurMuehlen and Company, presented the Report on Examination of Financial Statements for the Year Ending June 30, 1987, and reviewed recommendations made as a result of the examination.

BOARD COUNSEL REPORT

Dave Jackson reported that First Interstate Bank of California has indicated a willingness to enter into a mutual release agreement upon payment of \$13,742.16, in order to resolve ongoing matters under negotiation. After discussion by the Board, George Swords moved that payment be made and the issue resolved. Mike Kennedy seconded the motion, which carried unanimously.

QUARTERLY BUDGET UPDATE

Dave Kraft presented year-to-date expenditures as of September 30, 1987, and reported that projected budget expenditures show the need for a budget amendment, due to increases in Trustee fees relative to new bond issues and bond call activity, and ever-increasing foreclosure expenses.

SEPTEMBER 30, 1987 FINANCIAL STATEMENTS

Dave Kraft presented financial statements as of September 30, 1987, which show \$623 million total assets, \$576 million total liabilities, and a \$47 million fund balance.

REVIEW OF PREPAYMENTS AND CALLS

Dave Kraft presented a review of prepayment and bond call activity in connection with 1987 Series B and the October 1, 1987 and December 1, 1987 redemptions, and updated the Board on the status of the various funds available for investment or redemption.

STATUS OF SINGLE FAMILY PROGRAMS

Linda Forrey reported that as of October 30, 1987, the 1987 Series A showed 119 reservations outstanding, with 276 loans purchased for a total of 395 loans in the series. Based on the number of loans purchased, the average loan amount is \$45,800, and the average income is \$24,400.

The 1987 Series B program shows 285 loan reservations made, with no loans purchased to date. \$5.3 million remains available in the low income pool, with the regular income pool being completely reserved.

Forty-eight lenders are approved to participate in the Mortgage Credit Certificate Program. As of October 27, 1987, 102 MCCs were issued, with a total credit amount of \$1,093,641.60. 44 reservations are outstanding. \$1,565,439 in credit amount is either reserved or issued.

Linda Forrey presented an application to become an approved lender/servicer in the Board's bond program from Plaza Mortgage Company of Medford, Oregon, with branch offices in Billings and Missoula. After review and discussion, John Buchanan moved that Plaza Mortgage be approved to participate in Board programs. George Swords seconded the motion, and it carried unanimously.

An updated allocation summary for Neighborhood Housing Services, Inc., Great Falls, was presented. Discussion was held relative to extending the December 31, 1987 initial setaside expiration date. Bruce Moerer moved that the setaside expiration date be extended to December 31, 1988. John Buchanan seconded the motion and it carried unanimously.

THIRTY MILE LIMIT WAIVER REQUEST

Dick Kain presented a request from a borrower in Great Falls to waive the current rule which precludes a borrower from utilizing Board financing on a property within 30 miles of another Board loan previously held by that borrower. Dave Jackson informed the Board that waiving the rule would require a policy change and a review of treasury regulations relative to the first-time homeowner requirement. Staff was instructed to write a letter to the borrower denying the request for the waiver, based on the policy requirements.

UPDATE ON CSHA CONFERENCE

Bruce Moerer updated the Board on the annual conference of the Council of State Housing Agencies held in Boston from October 27 through October 30, which he and Brad attended. Of primary concern were the extension of the sunset of mortgage revenue bonds, and the implementation of Low Income Housing Credit programs. Bruce recommended that letters be written to the Governor and the Congressional delegation, asking for their support in extending the sunset, as tax credit programs do not address the needs of lower income Montanans as fully as the mortgage purchase program does. An overview of current Low Income Housing Programs was discussed, which showed that only 16% of the current year's allocation is reserved or pending application. It is estimated that only 30-40% of the available credit will be utilized nationwide in 1987.

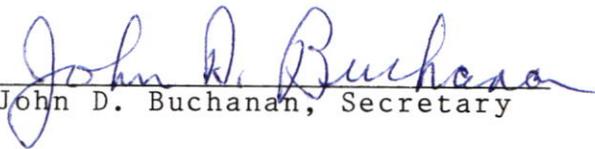
LOW INCOME HOUSING TAX CREDIT PROGRAM

Dick Kain presented a draft policy and process for review and discussion by the Board. Roy Koegen reported that with appropriate documentation, legal protection could be afforded the Board, and the program could move forward without the necessary Technical Corrections legislation to Tax Reform Act of 1986 being passed by Congress. A committee work session was scheduled for November 12, 1987, in Great Falls, and John Buchanan moved that the Board move toward implementation of the program and allocation of credits in 1987. Bruce Moerer seconded the motion, which carried unanimously.

UNDERWRITERS UPDATE

Dan Irvin reported that the current volatile market conditions would caution against moving toward a new issue at present, and that the Single Family II cash flow certificates giving effect to the December 1, 1987 bond call show that the Board has met the asset to liability ratio commitments made to Standard & Poor's. The Board may want to consider alternating new bond issues under the two single family indentures for increased flexibility.

The next meeting was scheduled for December 4, 1987, in the Conference Room of the Department of Commerce Building. There was no further business and the meeting adjourned.


John D. Buchanan, Secretary

Dec. 4, 1987
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

SEPTEMBER 29, 1987

SCOTT HART AUDITORIUM

303 SANDERS

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 8:30 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - September 9, 1987 meeting
September 15, 1987 special meeting
September 16, 1987 special meeting
September 18, 1987 special meeting
- III. BOARD COUNSEL REPORT - Dave Jackson
First Interstate Bank of California
- IV. BOND COUNSEL REPORT - Roy Koegen
 - A. Penalty on Reservation extension for new construction
 - B. Redemption of high coupon bonds from excess revenues
 - C. Proposed amendment to Single Family I indenture
- V. INVESTMENT REPORT - Dave Kraft
- VI. SINGLE FAMILY PROGRAM - Linda Forrey
 - A. Purchase/Reservation Update
 - B. MCC Program Update
 - C. Draft MCC Policy - establishing allowable time period from the date of loan closing to date of MCC application
 - D. Presentation and review of new lender application
- VII. UNDERWRITERS UPDATE - Dan Irvin
- VIII. SET NEXT MEETING DATE
- IX. PUBLIC MEETING WITH CONSTITUENTS - 11:00 a.m. to 12:30 p.m.
- X. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
SCOTT HART AUDITORIUM
HELENA, MONTANA
SEPTEMBER 29, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Absent)
John D. Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF: Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Jo Anne Berg, Administrative Assistant

UNDERWRITERS: Daniel R. Irvin, First Boston Corporation
Doug Birbrower, First Boston Corporation
Michael Jansen, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

COUNSEL: Roy J. Koegen, Bond Counsel
Bill Mantle, Bond Counsel
Dave Jackson, Board Counsel
Paul deBary, Underwriter Counsel

OTHER: Gerry Hudson, Intermountain Mortgage, Billings
Tim Filz, Attorney, Intermountain Mortgage
Mark Lindsay, Helena Homebuilders Association
Wade Pennington, Yates, Wood, MacDonald
Daniel Wood, National Partnership Management Inc.
Rich Robeson, KULR-TV
Tom Murrin, National First Mortgage
Lynn R. Moon, City of Helena
Roger Pedersen, Montana Dept. of Commerce
Don Opitz, Ahmann-Heller Real Estate
Norm Slead, Ahmann-Heller Real Estate
Kathy Macefield, City of Helena Planning Dept.
Bob Ary, Associated Press
Charles Rehbein, Aging Services Bureau

Herb George, Seniors Office
Julie Begler, Whitecap Mortgage
Beverly Voight, Whitecap Mortgage
Jill Kennedy, Friendship Center of Helena, Inc.
Charles Briggs, Governor's Office
Edward C. Schroeder, Housing Consultant
Laura Bennett, Citizen

The meeting was called to order at 8:30 a.m. by Chairman Joan Bennett, in the Scott Hart Auditorium.

There were no additions or corrections to the minutes of the regular business meeting of September 9, 1987, or the special telephone meetings of September 15, September 16, and September 18, and they were approved as presented.

BOARD COUNSEL REPORT

Dave Jackson reported that negotiations were continuing in the matter between First Interstate Bank of California and the Board, and that he anticipated mailing additional information within the next week.

RESERVATION EXTENSION PENALTY

Bill Mantle reported that, from the bond standpoint, reservation extension fees of this type are allowable, but must be included in the mortgage yield computation. After discussion by the Board, it was decided to continue to look at all options, but to make no changes in current program policy.

INTERMOUNTAIN MORTGAGE COMPANY

Gerry Hudson and Tim Filz of Intermountain Mortgage Company in Billings presented information for the review of the Board pertaining to their request to originate loans under the Board's bond program and MCC program. After review, discussion was held centering around the agreements between Intermountain Mortgage and Streeter Brothers Mortgage, and the financial statements presented. John Buchanan moved that the Board approve Intermountain's participation in the Board programs. The motion was seconded by George Swords. Michael Kennedy then moved that the company be approved contingent upon Board Counsel review and approval of a written repurchase agreement between Intermountain and Streeter Brothers. Brad Walterskirchen seconded this motion. After further discussion, the second motion carried unanimously.

REDEMPTION OF BONDS FROM EXCESS RESERVES

Bill Mantle and Dave Jackson reported that Roy Koegen's research indicated that bonds can be redeemed under the 1979 Indenture from liquidation of excess reserve funds, and that December, 1988 is the earliest that the bonds could be redeemed.

AMENDMENT TO SINGLE FAMILY I INDENTURE

Bill Mantle and Dave Jackson presented a proposed amendment to the Single Family I indenture regarding the level of collateralization for repurchase agreements as authorized investments. Upon motion by Michael Kennedy, which was seconded by John Buchanan, the amendment was adopted unanimously.

INVESTMENT REPORT

Dave Kraft presented a listing of Board non-mortgage investments as of August 31, 1987, as requested by the Investment Committee. The listing covered the Single Family I and Single Family II indentures, the Multifamily Indenture, the Financial Programs fund, and the Bondholder Reserve Fund.

STATUS OF BOND PROGRAM

Linda Forrey updated the Board on the 1987A Mortgage Purchase Program. Of the \$17.9 million available for mortgages, approximately \$11 million in reservations are outstanding and \$6.7 million in qualifying loans have been purchased as of September 24, 1987. A balance of \$196,000 will be used up in the reservations that are pending. \$2.2 million of the issue went to new construction. A total of 391 loans are either reserved or funded.

The updated Housing Profile by County, which is based on loans purchased, shows that 85% of the funds are going to first-time homebuyers, and 60% of the homeowners have an annual income of \$25,000 or less.

STATUS OF MORTGAGE CREDIT CERTIFICATE PROGRAM

Linda Forrey updated the Board on the status of the MCC Program. As of September 24, 1987, \$436,320 was reserved, \$490,048 in MCCs were issued, for a total of \$926,368. The average MCC amount was \$10,889, and the average loan amount was \$55,000. The loans were either FHA or VA. \$9,066,000 remains in credit authority.

DRAFT POLICY ON MCC APPLICATION EXTENSION

Bill Mantle reported that Mortgage Credit Certificate regulations do not allow for a period of time after closing and before applying for the MCC, as the borrower would show a present ownership interest in a residence. George Swords moved that Board policy coincide with law. Brad Walterskirchen seconded the motion, which carried unanimously.

POLICY ON LENDER QUALIFICATION REVIEW

Discussion was held relative to guidelines used during review of lender applications for participation. After discussion, George

Swords moved that staff draft a policy relative to lender/servicer approval. The motion was seconded by Howard Rosenleaf and it carried unanimously.

UNDERWRITER UPDATE

Daniel Irvin updated the Board on the 1987 Series B issue. He reported that the deal was closed earlier that day. The overall structure was reviewed, and future options for the issue were discussed.

PUBLIC MEETING WITH CONSTITUENTS

Joan Bennett introduced the Board members to those participating in the meeting. Wade Pennington and Daniel Wood expressed concerns over the implementation of the Low Income Housing Credit program. The dilemmas in dealing with tax law in new programs were recognized. Herb George of the Senior's Office presented information on the numbers of senior citizens. Nationally, there are 25 million persons age 65 and over, and in Montana there are 90-100,000 seniors. 75-85% of them own their own homes, but subsist on Social Security. Funds are not available for a higher quality lifestyle. The ideas of a reverse mortgage or sale/lease-back program were introduced. Mr. George encouraged the Board to look at this type of program, as long as it was implemented and run as a public service, and not for profit, as it is not for everyone, and counseling for the participants and families would be recommended. Lynn Moon of the City of Helena felt that there is a need for rehabilitation loans for elderly as well as other persons in the area. Homeless people, which is an increasing problem in the area, have nothing available on the city or county level. Kathy Macefield of the City of Helena Planning Department addressed the needs of renters. Low income persons and families cannot afford to purchase a home, but the needs for weatherization in rentals, and other needs could be addressed more fully. Jill Kennedy of the Friendship Center, which shelters transient families and battered women, said there is a shortage of subsidized housing, especially two-bedroom units. Their shelters for the homeless, which have a capacity of 28, are usually filled. Roger Pedersen of Section 8 Housing for the State of Montana reported that the current waiting list in Montana exceeds 3,300. The need for Section 8 housing is double the actual allocation.

The next meeting was set for November 3 and 4 in Helena, with a review of goals on the afternoon of the 3rd, and the regular business meeting in the morning on the 4th, in Room 136 of the Mitchell Building.

There was no further business, and the meeting adjourned.

John D. Buchanan
John D. Buchanan, Secretary

Nov. 4, 1967
Dated

SUPPLEMENTAL TRUST INDENTURE

by and between

MONTANA BOARD OF HOUSING

and

NORWEST BANK MINNEAPOLIS, N.A.
(formerly Northwestern National Bank of Minneapolis)
Minneapolis, Minnesota

As Trustee

and

NORWEST CAPITAL MANAGEMENT & TRUST CO., MONTANA
(formerly Northwestern Union Trust Company)
Helena, Montana

As Co-Trustee

Dated as of September 29, 1987

Relating to
Montana Board of Housing
Single Family Mortgage Purchase Program
(FHA Insured or VA Guaranteed Mortgage Loans)

THIS SUPPLEMENTAL TRUST INDENTURE (the "Supplemental Indenture"), dated as of September 29, 1987, is made by and between the MONTANA BOARD OF HOUSING (the "Board"), a Board created by the Montana Housing Act of 1975, and NORWEST BANK MINNEAPOLIS, N.A., (formerly Northwestern National Bank of Minneapolis), a national banking association incorporated under the laws of the United States of America and authorized by such laws to execute trust powers, as Trustee, and NORWEST CAPITAL MANAGEMENT & TRUST CO., MONTANA (formerly Northwestern Union Trust Company), a trust company incorporated under the laws of the State of Montana and authorized under such laws to execute trust powers, as Co-Trustee, (said Trustee and Co-Trustee being referred to collectively herein as the "Trustees"), for the purpose of amending the Trust Indenture dated as of March 10, 1977, by and between the Board and the Trustees, relating to the Board's Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans).

WITNESSETH:

WHEREAS, the Board and the Trustees have heretofore entered into a Trust Indenture dated as of March 10, 1977 (the "Indenture"), which provides for the issuance, from time to time, of Single Family Mortgage Bonds pursuant to supplemental indentures, in accordance with the terms of such Indenture; and

WHEREAS, Section 9.02 of the Indenture provides that modification or amendment of the Indenture may be made by a supplemental indenture without the consent of the holders of bonds of any series issued pursuant to the Indenture, provided that such modification or amendment will not affect the obligations, covenants, agreements, limitations, conditions and restrictions of and upon the Board in relation to the holders of such bonds; and

WHEREAS, the Board and the Trustees now desire to amend the provisions of the Indenture relating to the investment and deposit of funds held pursuant to said Indenture, with respect to funds invested in repurchase agreements;

THIS SUPPLEMENTAL INDENTURE FURTHER WITNESSETH, that the Board hereby agrees and covenants with the Trustees for the equal and proportional benefit of the respective holders, from time to time, of all series of bonds issued pursuant to the Indenture or any supplemental indenture thereunder, as follows:

Section 1: AMENDMENT TO SECTION 11.05 OF INDENTURE

Section 11.05 of the Indenture is hereby amended to add a new subsection (H) to provide as follows:

(H) To the extent that any funds subject to the pledge of this Indenture are invested in repurchase agreements with financial institutions whose senior unsecured long-term debt obligations are not rated at

least as high as the ratings on the Bonds by Moody's Investors Service and Standard & Poor's Corporation such repurchase agreements shall be continuously collateralized at a level of 100% with Government Obligations. Such Government Obligations provided as collateral for such repurchase agreements shall be either held by the Trustee or held by a party which is independent of the owner of such collateral, so as to ensure that the Board has a least a first security interest in such Government Obligations.

Section 2: FINDING THAT BONDHOLDER CONSENT NOT REQUIRED

It is hereby found and determined that the aforementioned amendment enhances the security of the holders of all series of bonds issued pursuant to the Indenture and any supplemental indenture thereunder, and that consequently, pursuant to Section 9.02 of the Indenture, the consent of such bondholders to such amendment is not required.

Section 3: EFFECTIVE DATE

This Supplemental Indenture shall take effect immediately.

IN WITNESS WHEREOF, the Board has caused these presents to be signed in its name and behalf by its Chairman and attested to by its Treasurer, and the Trustee and the Co-Trustee have caused these presents to be signed in their behalf all as of the 29th day of September, 1987.

MONTANA BOARD OF HOUSING

By

Joan K Bennett
Chairman

ATTEST:

Richard A. Kani
Treasurer

NORWEST BANK MINNEAPOLIS, N.A.,
as Trustee

By Patricia A. Fisher
Patricia A. Fisher,
Assistant Vice President

NORWEST CAPITAL MANAGEMENT
& TRUST CO., MONTANA,
as Co-Trustee

By M. J. Mahoney
Its V.P.

(SEAL)

ATTEST:

By Elizabeth Lynn Logan
Its A.T.O.

MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE BONDS
1987 SERIES B

(FHA Insured or VA Guaranteed Mortgage Loans)

(1987 Series B-1 and 1987 Series B-2)
\$20,000,000

NOTICE OF PUBLIC HEARING

Notice is hereby given of the Intent of the Montana Board of Housing to hold a public hearing on the Board's proposed issuance of \$20,000,000 in family mortgage bonds to finance single family homes for qualified families.

The hearing will be held at 9:00 a.m. on Monday, September 28, 1987 in the Board's Conference Room. The Montana Board of Housing is located at 2001 11th Avenue, Helena, Montana. Persons wishing to make oral comments should notify the Board in writing no later than Monday, September 28, 1987, of their intention to make remarks. Oral comments are limited to five minutes; however, written comments will be accepted and included in the record of the public hearing.

Dated: September 18, 1987.

MONTANA BOARD OF HOUSING



By: /s/Richard A. Kain
Administrator

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

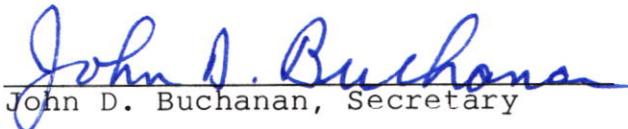
2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, a Public Hearing on the Board's proposed issuance of \$20,000,000 in mortgage bonds was opened at 9:00 a.m. on September 28, 1987, in the Board's offices. The meeting was attended by Bond Counsel Roy Koegen, Administrator Richard A. Kain, and Linda Forrey, Single Family Program Officer, Dave Kraft, Comptroller, and Jo Anne Berg, Administrative Assistant. No comments were heard and the hearing closed at 9:10 a.m.


John D. Buchanan, Secretary

Sept. 29, 1987
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting on Friday, September 18, 1987 at 11:00 a.m. to discuss additional steps necessary to issue bonds. This meeting will be via telephone conference call.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

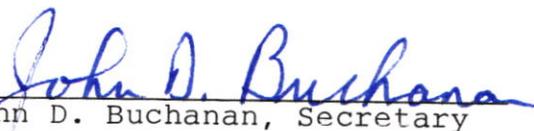
Notice having been given, the Board of Housing held a special telephone conference meeting on Friday, September 18, 1987. Board members participating were Joan Bennett, Chairman, John Buchanan, Michael Kennedy, Howard Rosenleaf, George Swords, and Brad Walterskirchen. Dan Irvin of First Boston Corporation, and Roy Koegen, Bond Counsel, Dave Jackson, Board Counsel, and Paul deBary, Underwriter Counsel, as well as staff members Dick Kain, Linda Forrey, Dave Kraft, Cyndi Routzahn, Judy Gillespie, Nita Routzahn, and Jo Berg also participated.

Dan Irvin updated the Board on the placement of the 1987 Series B bonds. After a brief discussion, George Swords moved that the interest rate be 9 1/8% with the point structure as in the 1987 Series A. Howard Rosenleaf seconded the motion, and it carried unanimously.

Roy Koegen presented Resolution #87-0918-S3 (see attached) which 1) approved the Bond Purchase Agreement, 2) authorized the Supplemental Trust Indenture, 3) authorized the execution of the Official Statement, and 4) authorized future changes in the documents as needed. After discussion on the resolution and items contained in it, Michael Kennedy moved the resolution be adopted. George Swords seconded the motion, which carried unanimously.

Discussion was held about the final steps in the issue of the bonds. The closing of the issue will be September 29, 1987, in Helena. It was decided that the Board meeting date would be changed to coincide with the closing.

There was no further business and the meeting adjourned.


John D. Buchanan, Secretary

Dated Sept. 29, 1987

MONTANA BOARD OF HOUSING

RESOLUTION NO. 87-0918-S3

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MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE BONDS
1987 SERIES B

(FHA Insured or VA Guaranteed Mortgage Loans)

\$20,000,000.00

RESOLUTION NO. 87-0918-S3

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$20,000,000.00 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE BONDS, 1987 SERIES B (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; APPROVING A SUPPLEMENTAL TRUST INDENTURE, OFFICIAL STATEMENT AND OTHER DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

Adopted: September 18, 1987

Prepared By:

PRESTON, THORGRIMSON, ELLIS & HOLMAN

Spokane, Washington

Seattle, Washington

RESOLUTION NO. 87-0918-S3

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$20,000,000.00 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE BONDS, 1987 SERIES B (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; APPROVING A SUPPLEMENTAL TRUST INDENTURE, OFFICIAL STATEMENT AND OTHER DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY MORTGAGE BONDS, 1987 SERIES B
(FHA INSURED OR VA GUARANTEED MORTGAGE LOANS)

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Board intends to issue its Single Family Mortgage Bonds, 1987 Series B (FHA Insured or VA Guaranteed Mortgage Loans) in the aggregate principal amount of \$20,000,000.00 (the "1987 Series B Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1987 Series B Bonds (the "1987 Series B Mortgage Purchase Program"); and

WHEREAS, the Board has mailed to mortgage lenders throughout the state an Invitation to Participate dated as of September 1, 1987, Terms and Conditions dated as of September 1, 1987 (the "Terms and Conditions"), and a form of Mortgage Lender Application (the "Application") with respect to the 1987 Series B Mortgage Purchase Program; and

WHEREAS, the Board has reviewed forms of a Mortgage Purchase Agreement and a Servicing Agreement applicable to the 1987 Series B Mortgage Purchase Program; and

WHEREAS, pursuant to a Trust Indenture dated as of March 10, 1977 (the "Trust Indenture"), among the Board, Northwestern National Bank of Minneapolis (now known as Norwest Bank Minneapolis, N.A.), Minneapolis, Minnesota, as Trustee, and Northwestern Union Trust Company (now known as Norwest Capital

Management & Trust Co., Montana), Helena, Montana, as Co-Trustee, the Board authorized 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 Trust Indenture and in one or more supplemental indentures authorizing the issuance of a specified series of Bonds; and

WHEREAS, a 1987 Series B Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of September 1, 1987, has been presented to the Board pursuant to which the Board would authorize the issuance of \$20,000,000.00 aggregate principal amount of its 1987 Series B Bonds; and

WHEREAS, a Preliminary Official Statement (the "Preliminary Official Statement") dated September 11, 1987, has been presented to the Board, containing certain information relating to the Board, the Trust Indenture, the Supplemental Trust Indenture and the Bonds, and which will be distributed to the purchasers of the Bonds and others by a group of investment dealers and brokers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated, and D.A. Davidson & Co. Incorporated (the "Underwriters"); and

WHEREAS, a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated September 18, 1987, between the Board and the Underwriters, has been presented to the Board pursuant to which the Board would agree to sell and the Underwriters would agree to purchase the Bonds at the price and upon the terms and conditions therein set forth; and

WHEREAS, applications to participate in the 1987 Series B Mortgage Purchase Program have been received from the lending institutions set forth on Schedule 1 annexed to this resolution, and the Board intends to acquire loans from these institutions on the terms and conditions set forth in the Invitation to Participate, Terms and Conditions, Application, and Mortgage Purchase Agreement (together, the "Program Documents");

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

Section 1. Findings.

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of the 1987 Series B Bonds and the purchase by the Board from proceeds thereof of mortgage loans pursuant to the Program Documents and the Trust Indenture constitute "housing developments" within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board hereby finds:

(i) that there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe, and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford, or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Trust Indenture and in the Program Documents pursuant to which Mortgage Loans are to be purchased are sufficient to insure that the homes will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the "housing sponsors" (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the homes to be financed as stated in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans, and other public desires;

(v) that the homes financed with the proceeds of the 1987 Series B Bonds do not involve the construction of "second homes," defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that the finding required by Section 90-6-109(1) (f) of the Act is inapplicable because the homes financed by the 1987 Series B Bonds do not involve direct loans.

Section 2. Approval of 1987 Series B Mortgage Purchase Program. The 1987 Series B Mortgage Purchase Program is hereby ratified and approved; the Program Documents are hereby ratified and approved.

Section 3. Approval of Trust Indenture and Supplemental Trust Indenture. The Trust Indenture is hereby ratified and approved in the form executed by the Chairman of the Board as of March 10, 1977.

The Supplemental Trust Indenture 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 4. Authorization of Bonds. The issuance of the Board's Single Family Mortgage Bonds, 1987 Series B (FHA Insured or VA Guaranteed Mortgage Loans), in the aggregate principal amount of \$20,000,000.00, is hereby authorized and approved. The 1987 Series B Bonds shall mature, bear interest, be subject to optional, special optional, mandatory and sinking fund redemption and have the other terms and provisions as set forth in the Supplemental Trust Indenture. The 1987 Series B 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 1987 Series B Bonds shall be executed in the name of the Board by the Chairman of the Board, and attested to by either the Secretary or the Treasurer, 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 1987 Series B Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Trust Indenture) for purposes of authenticating the 1987 Series B Bonds.

Section 5. Approval of Preliminary Official Statement. The Preliminary Official Statement 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 Preliminary Official Statement and as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement.

Section 6. Sale of the Bonds. The Bond Purchase Agreement 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 such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase

Agreement. The 1987 Series B Bonds are hereby authorized to be sold to the Underwriters upon the terms and conditions specified in the Bond Purchase Agreement.

Section 7. Notice of Acceptance. The Administrator of the Board, his designee, or any other officer of the Board is hereby authorized and directed to execute and deliver Notices of Acceptance to each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Mortgage Purchase Program, informing such mortgage lenders of such approval, the interest rate on the mortgage loans, the date on which reservations will be accepted and other program details.

Section 8. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the Single Family Mortgage Purchase Program, the Trust Indenture, the Supplemental Trust Indenture, the Invitation, the Terms and Conditions, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and the 1987 Series B Bonds is hereby approved, confirmed and ratified.

Section 9. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or of 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 10. Additional Actions Authorized. 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 Treasurer, 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. Execution of Non-Arbitrage Certificate. 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 1987 Series B Bonds as described in Section 1.103-13(a)(2)(ii) of Treasury Regulations and Section 143 of the Internal Revenue Code of 1986.

Section 12. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 18th day of September, 1987.

MONTANA BOARD OF HOUSING

By Joan K. Bennett
Chairman

ATTEST:

John D. Buchana
Secretary

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting on Wednesday, September 16, 1987, at 2:30 p.m. This meeting will be a telephone conference call for the purpose of discussing the next steps necessary to issue bonds.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Montana Board of Housing held a telephone conference call meeting on September 16, 1987. Those Board members participating were Joan Bennett, Chairman, John Buchanan, Michael Kennedy, George Swords, and Brad Walterskirchen. Dan Irvin and Doug Birbrower of First Boston, and Dick Kain, Linda Forrey, Dave Kraft, and Jo Berg of the staff also participated.

Dan Irvin updated the Board on the progress towards the pricing on the 1987 Series B Issue. It was decided to hold a telephone conference call meeting on Friday, September 18, 1987, at 11:00 a.m. to pursue the finalization of the 1987B issue.

There was no further business, and the meeting adjourned.


John D. Buchanan, Secretary

Dated Sept. 29, 1987

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting on Tuesday, September 15, 1987 at 3:00 p.m. This meeting will be a telephone conference call held to discuss the next steps necessary to issue bonds.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

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HELENA, MONTANA 59620-0528

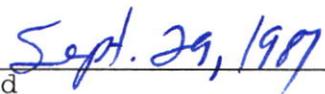
Notice having been given, the Montana Board of Housing met in a telephone conference call on September 15, 1987. Board members participating were Joan Bennett, Chairman, Bruce Moerer, Vice Chairman, John Buchanan, Howard Rosenleaf, Michael Kennedy, and Brad Walterskirchen. Doug Birbrower and Dan Irvin of First Boston Corporation, and staff members Richard Kain, Linda Forrey, Dave Kraft and Jo Berg also participated.

Dan Irvin updated the Board on current developments in the market, and the possibilities for pricing a new issue for Montana. It was recommended that Dan update staff on market conditions early in the day on September 16, and if conditions are favorable for a 9-1/4% rate with an arbitrage spread of 1.075%, move to pricing the new issue at that time. If the pricing takes place, the Board will meet via telephone on September 16 to give the verbal award. If conditions are not favorable on the 16th, underwriters will continue to update staff on a daily basis, and if the "window of opportunity" opens prior to the weekend, the pricing will occur then.

Dan also pointed out the indenture's required contribution to the refunding portion of the issue to cover the cost of issuance. This contribution will occur because Treasury regulations will not allow the cost of issue on current refundings to be paid from the proceeds of the bond issue.

There was no further business, and the meeting adjourned.


John D. Buchanan, Secretary


Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

SEPTEMBER 9, 1987

BOZEMAN PUBLIC LIBRARY

220 EAST LAMME

- I. CALL MEETING TO ORDER - 8:30 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - August 12, 1987 meeting
- August 28, 1987 special meeting
Chairman Joan Bennett
- III. BOND CALL REPORT (October 1, 1987) - Dave Kraft
- IV. SINGLE FAMILY PROGRAM - Linda Forrey
 - A. Discussion of Draft Policy on Reservation Period for New Construction
 - B. Purchase/Reservation Update
 - C. MCC Program Update
- V. UNDERWRITERS UPDATE - Dan Irvin
- VI. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- VII. REVIEW OF MULTIFAMILY OFFICER POSITION DESCRIPTION -
Dick Kain
- VIII. SET NEXT MEETING DATE
- IX. PUBLIC MEETING WITH CONSTITUENTS - 11:00 a.m. to 12:30 p.m.
- X. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
BOZEMAN PUBLIC LIBRARY
220 EAST LAMME
BOZEMAN, MONTANA
SEPTEMBER 9, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John D. Buchanan (Absent)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF: Richard A. Kain, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller

UNDERWRITERS: Dan Irvin, First Boston Corporation
Jim Dinerstein, Dain Bosworth, Inc.
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
Paul deBary, Underwriter Counsel

OTHER: D. J. Jones, Jones & Sons Constructions
Capi Velenza, Lomas & Nettleton
Denise Hayman, Battered Women's Network
Geri Godech, Foundation Capitol Corp.
Barb Clarke, First Bank Bozeman
JoAnne Peterson Thren, Bozeman Housing Coalition
Marcia Youngman, Bozeman Housing Coalition
David R. Johannessen
Marla Johannessen, prospective homebuilders
Vickie Molitor, Valley Bank of Belgrade
Lynn Robson, Women in Transition

The meeting was called to order at 8:30 a.m. by Chairman Joan Bennett, in the meeting room of the Bozeman Public Library.

There were no additions or corrections to the minutes of the August 12, 1987 regular meeting or the August 28, 1987 special meeting, and they were approved as presented.

SINGLE FAMILY II REDEMPTION

Dan Irvin, First Boston Corporation, presented an analysis of redemption of High Coupon Bonds from excess Reserve funds under the Single Family II Trust Indenture. The redemption process will be studied further by bond counsel and underwriter counsel.

EXECUTIVE SESSION

Joan Bennett, Chairman, asked that the Board meet in Executive Session to discuss litigation involving the Board. Participating in the session were Board members Joan Bennett, Bruce Moerer, Michael Kennedy, Howard Rosenleaf, George Swords and Brad Walterskirchen, Board Counsel Dave Jackson, Bond Counsel Roy Koegen, and Administrator Dick Kain.

OCTOBER 1, 1987 BOND CALL REPORT

Dave Kraft, Comptroller, presented a report on the redemption from prepayments by series.

SINGLE FAMILY PROGRAMS

Linda Forrey gave an overview of the draft policy on passing the 1/4% penalty for the extension of the reservation period on new construction to the builder or borrower. After lengthy discussion of the various proposals contained in the draft, it was decided that Bond Counsel will research and propose at the next Board meeting a method whereby the lender would be able to pass the penalty onto the builder. The Board's policy would remain unchanged in this area.

Linda then presented three sets of reports on the status of the 1987 Series A mortgage funds. The Series Allocation Summary, as of September 3, 1987, indicated unreserved balances of approximately \$11,000 in the Low Income Pool, and \$34,000 in the Regular Income Pool. The average reservation amount is \$45,242.67, and the average annual income is \$24,039.37. The Series Allocation Analysis by Lender indicated the amount reserved and purchased by Lender. Finally, the Statewide Housing Profile provides a summary of loans purchased by county, the average loan and income amounts, and other profile statistics.

The Board was updated on the status of the Mortgage Credit Certificate program. As of September 2, 1987, 30 certificates have been issued, representing an allocation in credit in the amount of \$325,898.80. Additionally, there are 23 MCC reservations outstanding, representing \$254,787.40 in credit

authority. The average MCC amount issued is \$10,863.29; the average loan amount is \$54,316.47; and the average annual family income is \$29,124.43.

U.S. Bancorp Mortgage Company, Portland, Oregon, was presented as a new lender. U.S. Bancorp recently acquired Bancshares Mortgage Company of Spokane, Washington, which was an approved lender/servicer in the Board's program. Staff requested that U.S. Bancorp be approved as a lender/servicer subject to a meeting between Board staff and those individuals who will be originating and servicing Board loans. George Swords moved that U.S. Bancorp be approved as a lender/servicer under those terms, and Howard Rosenleaf seconded the motion, which carried unanimously.

UNDERWRITERS UPDATE

Dan Irvin, First Boston Corporation, presented an analysis of sources and uses of funds for an alternative minimum tax (AMT) versus a non-AMT issue. As a result of the increase in the discount rate from 5.5% to 6% by the Federal Reserve Bank on September 4, 1987, the Government and Municipal markets have reacted negatively, with interest rates moving significantly upward. The Board then instructed underwriters and staff to pursue a new issue combining within the issue structure a current refunding from prepayments with new money. The size of the issue will be \$20 million, with the same point structure as 1987 Series A. The maximum mortgage rate from the structure that is acceptable to the Board is 9 1/4%.

BOARD COUNSEL REPORT

Dave Jackson, Board Counsel, presented a letter from Denis Hart, Vice President, First Interstate Bank of California, offering a counterproposal to resolve the issue of outstanding fees being claimed by First Interstate Bank. Board Counsel will further review this matter and report back at the next Board meeting.

MULTIFAMILY PROGRAM OFFICER POSITION DESCRIPTION

Dick Kain presented the draft of the Multifamily Program Officer Position Description for Board approval. The draft was approved, and the position description will be finalized. It is anticipated that the position will be advertised in December.

PUBLIC MEETING

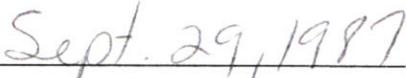
Joan Bennett, Chairman, introduced the Board to those participating in the public meeting. Karen Couch of Human Resources Development Council, which administers the Section 8 housing program in Bozeman, Gallatin County, and Park County, stated that there is a two-year waiting list for Single Family homes in the area. Clearly there is a preference for Single Family homes over projects. Lynn Robson, of Women in Transition, is currently working with over 200 displaced homemakers in the

Bozeman area. For the most part these are single parent families. There is a severe lack of affordable and livable Single Family rental properties for these families within Bozeman. The closest available supply of rentals is in Belgrade, and logistically, it is extremely difficult for these families to live in Belgrade and commute to Bozeman to find work. In Lynn's opinion, transitional housing is needed until employment is obtained, and some financial strength is established. Denise Hayman, representing the Battered Women's Network, which provides up to two months shelter for battered women, said that last year they housed approximately 50 women and 80 children. Denise stated that in order to provide adequate shelter, they would need ten two-to-three bedroom units. Marcia Youngman of the Bozeman Housing Coalition, stated that the average monthly rental for a livable 2-bedroom home in Bozeman is \$350 to \$400, and that what most lower income families can afford is \$200 to \$250 a month. The effect of these figures is that people of lower income cannot afford to rent decent homes in Bozeman. Marcia perceives a need for an additional 25 to 50 units, and suggests that projects built to meet this need would be 10 to 12 units in size, contain a mix of subsidized and market rate units, and have a meeting room and day care facilities. David Johannessen, representing himself, encouraged the Board to pursue another Single Family Bond issue, as the 1987 Series A funds did not begin to satisfy the demand in the Bozeman area.

The next meeting was set for October 1, 1987, at 8:30 a.m., in the Scott Hart Auditorium in Helena, with the final public meeting following the business meeting.

There was no further business and the meeting adjourned.


John D. Buchanan, Secretary


Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting on Friday, August 28, 1987 at 8:30 a.m. This meeting will be a telephone conference call held to discuss the next steps necessary to issue bonds.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

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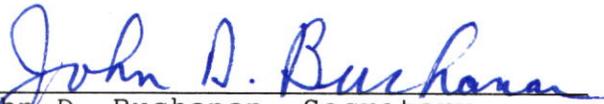
HELENA, MONTANA 59620-0528

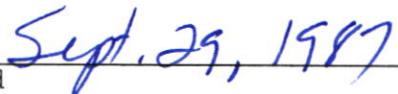
August 28, 1987

Notice having been given, the Montana Board of Housing met in a telephone conference call at 8:30 a.m. on Friday, August 28, 1987. Board members participating were Joan Bennett, Chairman, John Buchanan, Michael Kennedy, George Swords and Brad Walterskirchen. Richard A. Kain of the staff and Dan Irvin, First Boston Corporation, also participated.

Dan Irvin gave an overview on the potential structure of the Tender Option Bond within the structure of the proposed new issue. Discussion followed on the request of the provider of the Tender Option Bond being a co-manager on the proposed issue. George Swords moved to accept the provider as a co-manager on the proposed issue as a related function of providing the Tender Option Bond. After further discussion, John Buchanan seconded the motion, and the motion carried unanimously.

There was no further business, and the meeting adjourned at 9:10 a.m.


John D. Buchanan, Secretary


Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

AUGUST 12, 1987

MISSOULA COUNTY COURTHOUSE ANNEX

200 WEST BROADWAY

COUNTY COMMISSIONERS MEETING ROOM

- I. CALL MEETING TO ORDER - 8:30 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - July 16, 1987 meeting
Chairman Joan Bennett
- III. COMMITTEE REPORT - First Interstate Bank of California
- IV. SINGLE FAMILY PROGRAM - Linda Forrey
 - A. MCC Program Update
 - B. 1987A Purchase/Reservation Update
 - C. Delinquency Reports
- V. UNDERWRITERS MARKET UPDATE - Dan Irvin
- VI. STATUS OF SHADY GROVE, MISSOULA SET-ASIDE - Linda Forrey
- VII. NEIGHBORHOOD HOUSING SERVICES, INC. - GREAT FALLS
Request for Additional Set-aside - Linda Forrey
- VIII. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- IX. SET NEXT MEETING DATE
- X. PUBLIC MEETING WITH CONSTITUENTS - 11:00 a.m. to 12:30 p.m.
- XI. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
MISSOULA COUNTY COURTHOUSE ANNEX
200 WEST BROADWAY, ROOM 201
MISSOULA, MONTANA
AUGUST 12, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Absent)
George Swords II (Absent)
Brad Walterskirchen (Absent)

STAFF: Richard A. Kain, Administrator
Dave Kraft, Comptroller
Jo Anne Berg, Administrative Assistant

UNDERWRITERS: Daniel Irvin, First Boston Corporation
Mike Jansen, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

COUNSEL: Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel

OTHER: John Kellogg, City of Missoula, CDBG
Vicki Barta, First Interstate Bank
Tee W. Tyler, United Western Mortgage
Roger Linhart, United Western Mortgage
Marlene Griffith, Western Federal Savings
Ron Halls, Western Federal Savings
Nancy Rhoads, Western Federal Savings
Larry DeGarmo, Poverello Center
Bill Groff
Michael Moraskie, The Salvation Army
Willard Wylie, Senior Citizens Center
Dawn Simmons, Montana Bank of South Missoula
Larry Banister, N.W. Financing & Services
Claudia E. Hall, N.W. Financing & Services
Ruby Willard, First American Title
Cecil Barnier, Missoula Housing Authority
Pearl Bruno, Missoula Area Agency on Aging
Julie Turnille, First Federal Savings & Loan
Scott Hollenbeck, ERA Properties 2000
James Corrigan, Dist. XI Human Resources Council
Jim Morton, Dist. XI Human Resources Council
Douglas G. Bardwell, Western Federal Savings
Erika Colness, KUFM, NPR News

The meeting was called to order at 8:30 a.m. by Chairman Joan Bennett, in the County Commissioners Meeting Room of the Missoula County Courthouse Annex.

There were no additions or corrections to the minutes of the July 16, 1987 Board meeting and they were approved as presented.

EXECUTIVE SESSION

Joan Bennett, Chairman, asked that the Board meet in executive session to discuss litigation involving the Board. Participating were Board members Joan Bennett, Bruce Moerer, John Buchanan, and Michael Kennedy, Administrator Richard Kain, Board Counsel Dave Jackson, and Bond Counsel Roy Koegen.

FIRST INTERSTATE BANK CALIFORNIA

Bruce Moerer reported on the current status of negotiations with First Interstate Bank of California, and presented a draft letter and draft release suggested by Board Counsel. After discussion, John Buchanan moved that the Board, in order to resolve the issue permanently, direct Board Counsel and staff to formalize and forward the documents to First Interstate Bank, along with a check for \$13,742.16 for non-disputed out-of-pocket expenses. Michael Kennedy seconded the motion, which carried unanimously.

STATUS OF SINGLE FAMILY PROGRAMS

MCC PROGRAM

Dick Kain updated the Board on lender participation and MCC reservation/issuance. Currently 39 lenders are approved, and approximately 20 requests for reservations have been received, which equal \$1 million in total loan amount and \$200,000 in actual credit amount.

1987 SERIES A PROGRAM

Dick Kain presented information on current available funds in the 1987A Series. The Regular Income Pool has \$14,708 available, with \$10,736,312, the balance, being reserved by August 6, 1987, in thirteen days. The Low Income Pool has \$5,541,723. A summary of allocation by community was presented. Statistical data shows that the average reservation amount is \$49,000, and the annual gross income of the borrowers is \$26,000, on the average. Applications for existing residences exceed those for new construction by a ratio of ten to one.

DELINQUENCY REPORT

The June 30, 1987 delinquency reports were presented to the Board by Dick Kain. The Board's overall delinquency rate is below the Montana average, and far below the national average. Due to the Veterans Administration no-bid foreclosure process, six

properties are in the Board's inventory. A property management plan is being pursued in anticipation of an increase in properties owned.

APPROVAL OF NEW PARTICIPATING LENDER

Dick Kain presented to the Board a request from BankWest, Kalispell, to participate in Board programs. Bruce Moerer moved that BankWest be an approved Board lender. Michael Kennedy seconded the motion, which carried unanimously.

UNDERWRITERS UPDATE

Dan Irvin, First Boston Corporation, updated the Board on the status of the bond market. With the uncertainty about the increasing of the Federal debt ceiling, the bond market has been nervous, with the Treasury rates edging up, although tax exempt bond rates have held fairly stable. Discussion was held about the perceived demand for low interest Board money, with concerns centering around the rapid depletion of the 1987A issue, and the difficulty in putting out bond proceeds in the winter months. After further discussion, Bruce Moerer moved that the Board proceed toward a \$20 million issue, that underwriters be directed to review the available alternatives and proceed with putting a new issue together using a structure similar to the 1987 Series A issue, and that staff be authorized to notice bond calls from prepayments on October 1, 1987. John Buchanan seconded the motion and it carried unanimously.

SHADY GROVE PROJECT, MISSOULA

Dick Kain introduced John Kellogg of the City of Missoula, who expressed appreciation, on behalf of the Missoula City Council, for the Board's support via the \$1.2 million setaside for the Shady Grove Project. Due to excessive construction bids, the Project is returning the setaside.

NEIGHBORHOOD HOUSING SERVICES GREAT FALLS

Dick Kain presented a request from Nancy Stephenson, Executive Director of Neighborhood Housing Services Great Falls, for an additional \$500,000. An update of the status of funds already set aside for the project was also presented. John Buchanan moved that the additional request be granted. Bruce Moerer seconded the motion, which carried unanimously.

BOARD AND BOND COUNSEL REPORT

Dave Jackson reported that, with the exception of topics discussed in the Executive Session, neither he nor Roy Koegen had any matters to present.

OTHER BUSINESS

Discussion was held about new FHA policies.

Dick Kain presented a draft of the position description for the Multifamily Program Officer. The Board will review the draft, give their comments to Dick by the end of August, and discuss the topic at the next regular meeting.

An update on the status of Low Income Housing Tax Credit was presented, including Montana's progress as well as other states' progress.

The next meeting was scheduled for Wednesday, September 9, 1987, in Bozeman. The Board then recessed briefly.

PUBLIC MEETING

Joan Bennett, Chairman, introduced the Board to those participating in the meeting. Cecil Barnier of the Missoula Public Housing Agency presented a recent survey on the need for affordable housing for families with incomes under \$11,200. He also informed the Board that Public Housing waiting lists had 500-600 families, with an average of a two year wait. Mr. Barnier presented to the Board a report prepared in 1986 by John McQuiston of the University of Montana, which indicates that in the Missoula area, 1700 additional people would qualify for public housing, but have not applied. Michael Moraski of the Salvation Army in Missoula stated they serve "transitional residents," those moving to Missoula from elsewhere. They house the residents in motels for lack of another facility. Larry DeGarmo said the Poverello Center serves primarily single people. The needs of families are met more easily than the needs of the single person, and the Center hopes to provide, in addition to a place to sleep, a day program. They have noticed a real increase in demands from families. Jim Morton said the Human Resources Development Council would like to provide temporary housing and job counseling. They also see a severe need for low interest rate homeownership programs similar to what FmHA does in rural areas. Pearl Bruno of the Area Agency on Aging presented the results of a survey which showed that elderly prefer single family dwellings, and that apartment living is preferred over congregate living. Builders need financing alternatives to provide housing for the elderly. Roger Linhart, who represents the Homebuilders Association in Missoula, requested that the Board consider a commitment program for builders.

There was no further business, and the meeting adjourned.

John D. Buchanan
John D. Buchanan, Secretary

Dated

Sept. 29, 1987

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING

JULY 16, 1987

KALISPELL CITY HALL

312 FIRST AVENUE EAST

CITY COUNCIL CHAMBERS

- I. CALL MEETING TO ORDER - 8:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - June 4, 1987 meeting
June 9, 1987 special meeting
(conference call)
June 11, 1987 special meeting
(conference call)
Chairman Joan Bennett
- III. STATUS OF SINGLE FAMILY PROGRAM - Linda Forrey
 - A. Purchase/Reservation Update
 - B. MCC Lender Participation & Program Update
 - C. Discussion of Reservation Period for New Construction
 - D. 1987 Series A Lender Participation Review and
Program Update
- IV. STATUS OF FY87 MBOH BUDGET - Dave Kraft
- V. LOW INCOME HOUSING CREDIT PROGRAM - Dick Kain
- VI. GOAL SETTING -QUARTERLY REPORT - Dave Jackson, Board
Counsel
- VII. SET NEXT MEETING DATE
- VIII. PUBLIC MEETING WITH CONSTITUENTS - 10:45 a.m. to Noon
- IX. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

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HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
KALISPELL CITY HALL
CITY COUNCIL CHAMBERS
KALISPELL, MONTANA
JULY 16, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Absent)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF: Richard A. Kain, Administrator
Dave Kraft, Comptroller

UNDERWRITERS: Daniel Irvin, First Boston Corporation

COUNSEL: Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel

OTHER: Keith Radabah, First Interstate Bank, Kalispell
Mary Fetter, Flathead Valley Community College
Colleen Allison, Mayor of Columbia Falls
Sherry Turnrose, First Interstate Bank, Kalispell
Jay Yost, First Interstate Bank, Kalispell
Gene Thompson, President, Montana Landlords
Association, Kalispell
Susan Moyer, Kalispell Community Development
Ross Plambelk, Kalispell Community Development
Rhonda Bakke, Pacific Power
Gary Brandean, Brendan House
Steve Herbily, Flathead Regional Development
Office
Jan Sandberg, Student
Marvin Hobbs, Flathead Board of Realtors
John Swenson, Montana Power Company
Jody Marshall, BankWest
Greg Bain, Contractor/Montana Homebuilders Assoc.

The meeting was called to order at 8:00 a.m. by Chairman Joan Bennett, in the City Council Chambers of the Kalispell City Hall.

The minutes of the June 4, 1987 regular meeting, and the June 9, 1987 and June 11, 1987 telephone conference meetings were approved as presented.

FIRST INTERSTATE CALIFORNIA

Dick Kain, Bruce Moerer, Dave Jackson, Roy Koegen, and Dave Kraft reported on a meeting with a representative from First Interstate Bank of California regarding statements received as past due from the former trustee, First Interstate Bank California. Bruce Moerer gave the Board an overview of the events leading to the billing. A committee of Bruce Moerer and John Buchanan was appointed, and will present recommendations at the August meeting.

STATUS OF SINGLE FAMILY PROGRAMS

PURCHASE/RESERVATION UPDATE

Dick Kain updated the Board on the status of funds remaining for purchase of mortgage loans. \$1,070,000 in mortgages have been purchased since June. With the exception of the Neighborhood Housing Services setaside of \$1.25 million, funds for mortgage loans are fully expended.

The \$1.2 million setaside for the Shady Grove Project in Missoula, which is in jeopardy due to high construction cost estimates, has not been confirmed. A letter will be written to the project director, asking for justification for the setaside prior to the August meeting.

MCC PROGRAM

Dick Kain presented a list of 34 approved MCC lenders that are participating in the program. All local realtor associations were contacted as to the interest in additional MCC seminars. If interest warrants, additional seminars will be scheduled. The Montana Association of Realtors has received a supply of the MCC brochures, and they will distribute to the local realtors. A press release will be published the weekend prior to July 27, 1987, the date for implementation of the program.

RESERVATION PERIOD FOR NEW CONSTRUCTION

Discussion was held about the length of the reservation period for new construction (180 days). Brad Walterskirchen requested that, at some point, the Board consider a longer period, due to the number of variables, such as weather, that are involved in completing a new residence. Alternatively, the Board could consider passing the penalty to the builder or borrower rather than having the lender absorb the costs. The Builder-Developer programs of previous programs were discussed, and caution was

advised by the Board, to avoid abuses if a similiar program was implemented. Consideration was given to charging an additional fee to builders to ensure completion of the project, or of allowing the lender to pass the discount to the builder or the borrower if the project is not completed in a timely manner. A draft policy on passing the 1/4% penalty fee to the builder/borrower will be presented at the September meeting.

1987 SERIES A PROGRAM

Dick Kain presented a list of 73 approved lenders for the 1987 Series A Program, and reported their estimated demand is \$61.8 million. On July 20th, the reservations can be accepted. Compared to the conventional FHA/VA markets at this time, the Board funds are 1 to 1 1/2 points lower.

BUDGET STATUS REPORT

Dave Kraft presented a June 30, 1987 budget status. Fiscal year end activity wil expend the appropriation, with outstanding bills and accruals. The various bond calls, which were not budgeted in the fiscal year, and the extensive liquidation expenses, which were budgeted at half of what was spent, created excess depletion of the appropriation.

LOW INCOME HOUSING CREDIT

Dick Kain updated the Board on the responses to date on the request for input on program development and allocation. A press release was also published. To date, two responses were received. The temporary Treasury regulations were also presented. Discussion was held about matters contained in the regulations. It was suggested that the application process and selection criteria be set up, with the understanding that once the remaining clarificiation from the Treasury Department, IRS, and technical corrections legislation is obtained, the processes may change.

FNMA SELLER/SERVICER REQUEST - NHS GREAT FALLS

Dick Kain presented a list of approved FNMA lenders in our area. There are no approved lenders in Montana, and the Board reached the conclusion that, due to staff limitations and the perceived lack of active need for the program in Montana at this time, it was not feasible for the Board to be involved. The approved lender list will be sent to NHS with an explanation of the Board's position.

GOAL SETTING

Dave Jackson presented the quarterly update of progress in goal setting, and steps taken to date to achieve the stated goals. Bruce Moerer presented a plan to review the current goals and set new goals at the November Board meeting, which would allow incorporating information from CSHA's Annual Convention. It was

advised by the Board, to avoid abuses if a similiar program was implemented. Consideration was given to charging an additional fee to builders to ensure completion of the project, or of allowing the lender to pass the discount to the builder or the borrower if the project is not completed in a timely manner. A draft policy on passing the 1/4% penalty fee to the builder/borrower will be presented at the September meeting.

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BUDGET STATUS REPORT

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LOW INCOME HOUSING CREDIT

Dick Kain updated the Board on the responses to date on the request for input on program development and allocation. A press release was also published. To date, two responses were received. The temporary Treasury regulations were also presented. Discussion was held about matters contained in the regulations. It was suggested that the application process and selection criteria be set up, with the understanding that once the remaining clarificiation from the Treasury Department, IRS, and technical corrections legislation is obtained, the processes may change.

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GOAL SETTING

Dave Jackson presented the quarterly update of progress in goal setting, and steps taken to date to achieve the stated goals. Bruce Moerer presented a plan to review the current goals and set new goals at the November Board meeting, which would allow

agreed that the plan is appropriate, and that the Annual Goal Setting will occur in November.

The next meeting date was set for August 12, and will be held in Missoula, Montana.

PUBLIC MEETING

After an introduction by Chairman Joan Bennett the public meeting was conducted by Administrator Dick Kain.

Comments from community and regional development agencies, homebuilders, realtors and lenders centered around the needs of lower income persons and families, and senior citizens, for affordable housing. The possibilities of home equity conversion programs were discussed, as well as the need for accessing information on existing programs.

Colleen Allison, Mayor of Columbia Falls, gave extensive comments on the need for elderly housing in her area. Approximately 40% of the population of Columbia Falls are elderly. Colleen shared with the Board an overview of an equity/SID conversion program they have instituted for the elderly and the handicapped in Columbia Falls.

Susan Moyer and Ross Plambelk of the Kalispell Community Development Agency summed up the Section 8 waiting lists for smaller families, and the needs for elderly housing in Kalispell. Ross also expressed the need for a program to enable those earning \$12,000 or less annually to be able to purchase a home.

Gene Thompson, President, Montana Landlords Association, stated that there is an ample supply of vacant rental units in the area, but income levels are such that individuals or families cannot afford the monthly rent payments.

There was no further business to discuss, and the meeting adjourned.

John D. Buchanan
John D. Buchanan, Secretary

August 13, 1987
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting on Thursday, June 11, 1987 at 3:00 p.m. This meeting will be a telephone conference call held to discuss the next steps necessary to issue bonds.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

JUNE 11, 1987

Notice having been given, the Montana Board of Housing met in a telephone conference call at 3:00 p.m. on Thursday, June 11, 1987. Board members participating were Joan Bennett, Chairman, Bruce Moerer, Vice Chairman, and John Buchanan, Michael Kennedy, Howard Rosenleaf, George Swords, and Brad Walterskirchen. Staff members participating were Richard A. Kain, Linda Forrey, Dave Kraft, Meredith McGuire, Jeannene Maas, Nita Routzahn, and Jo Anne Berg. Dan Irvin, First Boston Corporation, Roy Koegen, Bond Counsel, Dave Jackson, Board Counsel, Les Jacobowitz, Underwriter Counsel, and Mark Semmens, D.A. Davidson, also participated.

Dan Irvin gave an overview of the proposed mortgage rates and point structure, and the resultant impact on the arbitrage yield spread and the true yield spread. After discussion about the point structure, John Buchanan moved that the reservation fee be 1%, and that we purchase the loans at 99%. The motion, seconded by Bruce Moerer, carried unanimously.

Board member Kennedy was excused at this point in the meeting due to prior commitments.

Roy Koegen presented Resolution 87-0611-S2 (see attached) which established the Bondholder Reserve fund. George Swords moved the resolution be adopted, and it was seconded by Bruce Moerer, and carried unanimously.

Resolution 87-0611-S3 (see attached) was also presented, which authorized the issuance of \$20,000,000.00 in 1987 Series A Single Family Mortgage Bonds, and approved the sale of the bonds pursuant to a bond purchase agreement, as well as approved a supplemental trust indenture, official statement and other program documents. After discussion, George Swords moved to adopt the resolution, and it was seconded by Brad Walterskirchen. It carried unanimously.

Discussion was held pertaining to the mortgage loan interest rate. After discussion as to the effect on the indenture, and the marketability of various rates, George Swords moved that the mortgage rate be set at 8 3/4%. The motion, seconded by Bruce Moerer, carried unanimously.

There was no further business, and the meeting adjourned.

John D. Buchanan
John D. Buchanan, Secretary

August 13, 1987
Dated

RESOLUTION NO. 87-0611-S2

A RESOLUTION OF THE MONTANA BOARD OF HOUSING DETERMINING TO CREATE A BONDHOLDER RESERVE FUND AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY MORTGAGE BONDS, 1987 SERIES A
(FHA INSURED OR VA GUARANTEED MORTGAGE LOANS)

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-126, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, pursuant to a Trust Indenture dated as of March 10, 1977 (the "Trust Indenture"), between the Board and Northwestern National Bank of Minneapolis (now known as Norwest Bank Minneapolis, N.A.), Minneapolis, Minnesota, as Trustee, and Northwestern Union Trust Company (now known as Norwest Capital Management & Trust Co., Montana), Helena, Montana, the Board authorized the issuance from time to time of its Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans), herein referred to as the "Single Family I Program"; and

WHEREAS, the Board intends to issue its Single Family Mortgage Bonds, 1987 Series A (FHA Insured or VA Guaranteed Mortgage Loans) in the aggregate principal amount of \$20,000,000.00 (the "1987 Series A Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1987 Series A Bonds (the 1987 Series A Mortgage Purchase Program"); and

WHEREAS, the Board has been advised by The First Boston Corporation that it would be advantageous to the Board to create a special bondholder reserve fund in order to provide for enhanced bondholder security; and

WHEREAS, the Board has been advised that the providing of a special bondholder reserve fund will benefit the Board's single family mortgage program and may result in higher bond ratings and lower interest rates;

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

Section 1. Bondholder Reserve Fund. There is hereby created, and shall be maintained by the Board, a separate fund designated the Montana Board of Housing Bondholder Reserve Fund (the "Bondholder Reserve Fund"). The Administrator of the Board is hereby directed to transfer \$1,389,000 from the Board's Financial Program Fund to the Bondholder Reserve Fund.

The Bondholder Reserve Fund shall be held as additional bondholder security, subject to the uses as provided for herein, for the Board's Single Family I Program.

Monies in the Bondholder Reserve Fund may be used to replenish amounts in the Mortgage Reserve Fund, the Mortgage Purchase Account, the Debt Service Reserve Fund or Debt Service Fund for any bonds issued or to be issued to finance Single Family I Program Bonds, or any similar fund or account created under subsequent indentures and supplemental indentures. The Board may also withdraw money from the Bondholder Reserve Fund if, in the opinion of the Board, such withdrawal is necessary to further the purposes and programs of the Board.

Section 2. Ratification of Prior Actions. All actions previously taken by the officers, members or staff of the Board with respect to the 1987 Series A Mortgage Purchase Program and the 1987 Series A Bonds are hereby approved, confirmed and ratified.

Section 3. Severability. If any one or more of the provisions of this Resolution should be held by a court of competent jurisdiction to be contrary to law, then such provision shall be deemed severable from, and shall in no way affect the validity of, the remaining provisions of this Resolution.

Section 4. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 11th day of June, 1987.

MONTANA BOARD OF HOUSING

By Joan K Bennett
Chairman

ATTEST:

John D. Buchanan
Secretary

MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE BONDS
1987 SERIES A

(FHA Insured or VA Guaranteed Mortgage Loans)

\$20,000,000.00

RESOLUTION NO. 87-0611-S3

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$20,000,000.00 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE BONDS, 1987 SERIES A (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; APPROVING A SUPPLEMENTAL TRUST INDENTURE, OFFICIAL STATEMENT AND OTHER DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

Adopted: June 11, 1987

Prepared By:

PRESTON, THORGRIMSON, ELLIS & HOLMAN

Spokane, Washington

Seattle, Washington

MONTANA BOARD OF HOUSING

RESOLUTION NO. 87-0611-S3

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RESOLUTION NO. 87-0611-S3

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$20,000,000.00 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE BONDS, 1987 SERIES A (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; APPROVING A SUPPLEMENTAL TRUST INDENTURE, OFFICIAL STATEMENT AND OTHER DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY MORTGAGE BONDS, 1987 SERIES A
(FHA INSURED OR VA GUARANTEED MORTGAGE LOANS)

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-126, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Board intends to issue its Single Family Mortgage Bonds, 1987 Series A (FHA Insured or VA Guaranteed Mortgage Loans) in the aggregate principal amount of \$20,000,000.00 (the "1987 Series A Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1987 Series A Bonds (the 1987 Series A Mortgage Purchase Program"); and

WHEREAS, the Board has mailed to mortgage lenders throughout the state an Invitation to Participate dated as of June 15, 1987, Terms and Conditions dated as of June 15, 1987 (the "Terms and Conditions"), and a form of Mortgage Lender Application (the "Application") with respect to the 1987 Series A Mortgage Purchase Program; and

WHEREAS, the Board has reviewed forms of a Mortgage Purchase Agreement and a Servicing Agreement applicable to the 1987 Series A Mortgage Purchase Program; and

WHEREAS, pursuant to a Trust Indenture dated as of March 10, 1977 (the "Trust Indenture"), between the Board and Northwestern National Bank of Minneapolis (now known as Norwest Bank Minneapolis, N.A.), Minneapolis, Minnesota, as Trustee, and

Northwestern Union Trust Company (now known as Norwest Capital Management & Trust Co., Montana), Helena, Montana, as Co-Trustee, the Board authorized 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 Trust Indenture and in one or more supplemental indentures authorizing the issuance of a specified series of Bonds; and

WHEREAS, a 1987 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of June 1, 1987, has been presented to the Board pursuant to which the Board would authorize the issuance of \$20,000,000.00 aggregate principal amount of its 1987 Series A Bonds; and

WHEREAS, a Preliminary Official Statement (the "Preliminary Official Statement") dated June 5, 1987, has been presented to the Board, containing certain information relating to the Board, the Trust Indenture, the Supplemental Trust Indenture and the Bonds, and which will be distributed to the purchasers of the Bonds and others by a group of investment dealers and brokers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated, and D.A. Davidson & Co. Incorporated (the "Underwriters"); and

WHEREAS, a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated June 11, 1987, between the Board and the Underwriters, has been presented to the Board pursuant to which the Board would agree to sell and the Underwriters would agree to purchase the Bonds at the price and upon the terms and conditions therein set forth; and

WHEREAS, applications to participate in the 1987 Series A Mortgage Purchase Program have been received from the lending institutions set forth on Schedule 1 annexed to this resolution, and the Board intends to acquire loans from these institutions on the terms and conditions set forth in the Invitation to Participate, Terms and Conditions, Application, and Mortgage Purchase Agreement (together, the "Program Documents");

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

Section 1. Findings.

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of the 1987 Series A Bonds and the purchase by the Board from proceeds thereof of mortgage loans pursuant to the Program Documents and the Trust Indenture constitute "housing developments" within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board hereby finds:

(i) that there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe, and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford, or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Trust Indenture and in the Program Documents pursuant to which Mortgage Loans are to be purchased are sufficient to insure that the homes will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the "housing sponsors" (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the homes to be financed as stated in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans, and other public desires;

(v) that the homes financed with the proceeds of the 1987 Series A Bonds do not involve the construction of "second homes," defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that the finding required by Section 90-6-109(2)(1)(f) of the Act is inapplicable because the homes financed by the 1987 Series A Bonds do not involve direct loans.

Section 2. Approval of 1987 Series A Mortgage Purchase Program. The 1987 Series A Mortgage Purchase Program is hereby ratified and approved; the Program Documents are hereby ratified and approved.

Section 3. Approval of Trust Indenture and Supplemental Trust Indenture. The Trust Indenture is hereby ratified and approved in the form executed by the Chairman of the Board as of March 10, 1977.

The Supplemental Trust Indenture 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 4. Authorization of Bonds. The issuance of the Board's Single Family Mortgage Bonds, 1987 Series A (FHA Insured or VA Guaranteed Mortgage Loans), in the aggregate principal amount of \$20,000,000.00, is hereby authorized and approved. The 1987 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 1987 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 1987 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 or the Treasurer, 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 1987 Series A Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Trust Indenture) for purposes of authenticating the 1987 Series A Bonds.

Section 5. Approval of Preliminary Official Statement. The Preliminary Official Statement 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 Preliminary Official Statement and as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement.

Section 6. Sale of the Bonds. The Bond Purchase Agreement 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 such Chairman or Vice Chairman, such approval to be

evidenced conclusively by such execution of the Bond Purchase Agreement. The 1987 Series A Bonds are hereby authorized to be sold to the Underwriters upon the terms and conditions specified in the Bond Purchase Agreement.

Section 7. Notice of Acceptance. The Administrator of the Board, his designee, or any other officer of the Board is hereby authorized and directed to execute and deliver Notices of Acceptance to each of the lending institutions listed on Schedule 1 annexed hereto, each of which is hereby approved as a lender under the Single Family Mortgage Purchase Program, informing such mortgage lenders of such approval, the interest rate on the mortgage loans, the date on which reservations will be accepted and other program details.

Section 8. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the Single Family Mortgage Purchase Program, the Trust Indenture, the Supplemental Trust Indenture, the Invitation, the Terms and Conditions, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and the 1987 Series A Bonds is hereby approved, confirmed and ratified.

Section 9. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or of 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 10. Additional Actions Authorized. 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 Treasurer, 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. Execution of Non-Arbitrage Certificate. 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 1987 Series A Bonds as described in Section 1.103-13(a)(2)(ii) of Treasury Regulations and Section 143 of the Internal Revenue Code of 1986.

Section 12. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 11th day of June, 1987.

MONTANA BOARD OF HOUSING

By Joan K. Bennett
Chairman

ATTEST:

John D. Buchanan
Secretary

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting via a telephone conference call at 1:30 p.m. on Tuesday, June 9, 1987, for the purpose of discussing the possibilities of a new bond issue.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

JUNE 9, 1987

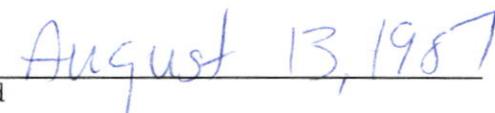
Notice having been given, a special meeting of the Montana Board of Housing was held at 1:30 p.m. by means of a telephone conference call. Participating in the call were Board members Joan Bennett, Chairman, Bruce Moerer, Vice Chairman, John Buchanan, Michael Kennedy, Howard Rosenleaf, George Swords, and Brad Walterskirchen; Dan Irvin, Jim Meany, Laura Brown and Doug Birbrower of First Boston Corporation; and Richard Kain, Linda Forrey, Dave Kraft and Jo Anne Berg of the staff.

After discussion relative to the effects of the initial offering of 1987 Series A Bonds, John Buchanan moved that the Board offer a verbal commitment to proceed with the sale of term bonds at 8 5/8% and super sinker bonds at 8 1/8%. George Swords seconded the motion, which carried unanimously.

As a condition of a AA rating on the bonds, Moody's Investors Service has requested a letter from the Board agreeing to limit the number of Veterans Affairs guaranteed loans to less than 25% of the lendable proceeds. George Swords moved the Board reply to that effect. Howard Rosenleaf seconded the motion, and it carried unanimously.

After a short recess, the Board reconvened without Board member Rosenleaf. Dan Irvin of First Boston Corporation presented additional information on the spread between the potential mortgage rates and bond yield rates, and requested that the Board meet via telephone conference call on Thursday at 3:00 p.m. to effect the required signatures necessary for the sale of the bonds, and to adopt program documents. There was no further business, and the meeting adjourned.


John D. Buchanan, Secretary


Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

JUNE 4, 1987

GREAT FALLS CIVIC CENTER

PARK DRIVE AND CENTRAL AVENUE

GALLERY ROOM

- I. CALL MEETING TO ORDER - 8:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - May 7, 1987 Meeting
Chairman Joan Bennett
- III. SIGNATURE RESOLUTION - Dave Jackson - Board Counsel
- IV. STATUS OF SINGLE FAMILY PROGRAM - Linda Forrey
 - A. Purchase/Reservation Update
 - B. New Safe Harbor Limits
 - C. Status of Change in Servicing Related to Recent FDIC Action
 - D. MCC Lender Participation Update
 - E. Present Proposed MCC Public Awareness Process
- V. UNDERWRITERS UPDATE - Dan Irvin, First Boston Corporation
- VI. NEIGHBORHOOD HOUSING SERVICES - Nancy Stephenson, Exec. Dir.
Request for Additional Setaside
- VII. LOW INCOME HOUSING CREDIT PROGRAM - Richard Kain
- VIII. SET NEXT MEETING DATE
- IX. PUBLIC MEETING WITH CONSTITUENTS - 10:30 a.m. to Noon
- X. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
GREAT FALLS CIVIC CENTER
GALLERY ROOM
GREAT FALLS, MONTANA
JUNE 4, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Absent)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Absent)
Brad Walterskirchen (Present)

STAFF:

Richard A. Kain, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Jo Anne Berg, Administrative Assistant

UNDERWRITERS:

Jo Anne Kennedy, First Boston Corporation
Dan Irvin, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Mark Semmens, D. A. Davidson & Co.
Michael Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL:

Roy Koegen, Bond Counsel
Paul deBary, Underwriter Counsel
Bob Murdo, Board Counsel

OTHER:

Nancy Stephenson, Neighborhood Housing Services
John C. Bulen, Neighborhood Housing Services
Cherie Stone, McDonald Realty
Orel Miller, Great Falls Realty
Ken Lindstrand, McDonald Realty
Lee Niebuhr, Red Carpet Vesta Realty
Elsie Lee, President, Mont. Senior Citizens Assoc.
Nona Munroe, McDonald Realty

Bonita "Bonnie" Mather, Gray Realty
Denise A. Kelley, McDonald Realty
Janis Jackson, First Bank Great Falls
Walline Campbell, First Bank Great Falls
Jim Romenesko, St. Vincent dePaul Society
Ruth Olson, St. Vincent dePaul Society
Joe E. Thompson, Great Falls Rescue Mission
H. Dan Herrig, Alan Herrig Realty
Jerry Hagfeldt, Classic Real Estate
Jim Skinner, The James Co. Realtors
Joy Wheeler, Classic Real Estate
Betty Spindler, The James Co. Realtors
Vicky Miller, Knutson Mortgage Company
Ronda Tompers, Knutson Mortgage Company
Marva Hoard, Coldwell Banker Cogswell Real Estate
Judy Clayton, Coldwell Banker Cogswell Real Estate
Barbara Mittal, Great Falls Tribune
Mark Good, Concerned Citizens' Coalition
Marie Schreiber, Concerned Citizens' Coalition
Debra Wallace, Concerned Citizens' Coalition
Kevin Hager, Great Falls Housing Authority
George Kilgore, Opportunities, Inc.
Russell G. Eklund, Eklund Enterprises Homebuilder
David Steen, Steen Builders Co.
Rose Gehl, Montana Realty
Bonnie Beuning, Montana Realty
Judy Shields, Cogswell/Coldwell Banker
George Creighton, Cogswell/Coldwell Banker
Ken Hoovestol, Great Falls Realty
Tom Mather, Tom Mather & Assoc.
Kent Davick, Bruce Nelson Realty
Bill Thrasher, Realty Market
Faye Olson, Realty Market
Linda McNeill, Opportunities, Inc.
Ken Stone, McDonald Realty

The meeting was called to order at 8:00 a.m. by Chairman Joan Bennett, in the Gallery Room of the Great Falls Civic Center.

The minutes of the May 7, 1987 meeting were presented and approved as amended.

SIGNATURE RESOLUTION

Bob Murdo, Board Counsel, presented a certificate of resolution (see attached) to allow Richard A. Kain to sign as Administrator, and to delete Jay McLeod as Administrator. Upon motion made by Michael Kennedy and seconded by Brad Walterskirchen, the resolution carried unanimously.

STATUS OF SINGLE FAMILY PROGRAMS

Linda Forrey updated the Board on funds available to reserve for mortgage loans, and on the funds disbursed since the May 7, 1987 meeting. Effective June 1, 1987, setaside funds remain available for Neighborhood Housing Services of Great Falls and Shady Grove in Missoula. All other bond programs have been fully reserved, except the remaining balance in 1984A Series, which represents commitment fees, and the 1980A Series recycled funds.

The new Treasury Department Purchase Price Limits were presented. These limits, effective May 11, 1987, allow a cap of \$101,700 for new housing and \$97,900 for existing housing. The Board's limit of \$75,000 for new and existing housing is within the limits.

The Board was updated on the change in the servicing for Board of Housing loans related to recent action taken by the Federal Deposit Insurance Corporation at the Bank of Columbia Falls, Deer Lodge Bank & Trust Company, and United Bank of Libby.

The Mortgage Credit Certificate Program is accepting applications from lenders, with approximately 25 applications received to date. The brochure will be ready soon, and it is felt that distribution will increase public awareness. The seminars held in May had good attendance, and the lenders were prepared to discuss the program. It was suggested that further seminars be held to inform realtors about the availability and qualifications for the program. Linda Forrey will contact the realtors associations in the various cities in the state to investigate the demand for additional seminars, and if appropriate, will conduct seminars in early July. When the brochures are available, the Montana Association of Realtors will be contacted on their willingness to distribute the brochures to their members.

UNDERWRITERS UPDATE

Dan Irvin, First Boston Corporation, presented preliminary Consolidated New Issue Cash Flows, which contained proposed bond structures, effect of various mortgage structures on consolidated cash flows, overview of recent housing issues, and upcoming negotiated offerings. Howard Rosenleaf moved that the Board authorize First Boston to proceed with mailing the Preliminary Official Statement to investors. Michael Kennedy seconded the motion. The motion carried unanimously.

Detailed discussion ensued relating to Mortgage Rate and point structure. The parameters, under which the underwriters will proceed, include an interest rate capped at 8 3/4% and no more than 3 1/2 points under a thirty year mortgage, with the size of the issue being \$20 million. Conference calls will be scheduled for June 9, 1987 for the verbal bid award, and June 11, 1987, for the written bid award and execution of documents.

It was further discussed that the program documents be structured to state that a cancellation of a current reservation of the 9 3/4% mortgage funds would preclude the said individual from participation in the 1987A Program. A reaffirmation was given that reservation fees will only be refunded when the potential borrower fails to qualify for a FHA or VA loan, and that adequate proof of non-qualification must be submitted for a refund to be considered.

In closing, the underwriters were requested to prepare and furnish the Administrator, on a quarterly basis, a detail breakdown of their expenses that they are accruing.

NEIGHBORHOOD HOUSING SERVICES

Nancy Stephenson, Executive Director of Great Falls Neighborhood Services, updated the Board on the status of the area covered by NHS, and presented a request for an additional \$250,000 setaside for use in financing new or existing homes. Of the initial \$1mm in setaside, \$970,000 is either reserved or buy-sell agreements have been executed. NHS has requests for an additional \$160,000 in funds. After discussion, Howard Rosenleaf moved that the Board allocate the additional requested setaside. Mike Kennedy seconded the motion, which carried, with Brad Walterskirchen opposing.

The Board was also asked to investigate the possibility of acting as a Fannie Mae seller/servicer for multifamily rehab loans in the secondary mortgage market. Bond Counsel was instructed to explore the legal aspects of participating in that capacity. Staff was instructed to contact Fannie Mae in Los Angeles and inquire as to where Fannie Mae seller/servicers may be located within the State. Beyond that, the potential exposure that would be involved may preclude the Board's ability to involve itself in being a seller/servicer.

MARCH FINANCIAL REPORTS

Richard Kain presented March, 1987 financial data for the Board's review.

LOW INCOME HOUSING TAX CREDIT

Richard Kain updated the Board on the progress with the Low Income Housing Credit Program. Press releases were sent out, and the Board was presented with a summary of the program. A public comment period is in progress ending June 26, 1987. A letter from the Anaconda Housing Authority was presented asking that no further new subsidized housing be allocated in their locale, because the Anaconda Housing Authority has trouble utilizing the units they currently have.

The Blue Book (General Explanation of the Tax Reform Act of 1986) was released on May 4, 1987. However, due to the size of the book (1700 pages), it is unclear where the LIHC is now available for allocation.

PUBLIC MEETING

Joan Bennett, Chairman, gave a brief introduction to the intent and purpose of the public meeting. The meeting, conducted by Richard Kain, elicited comments from a variety of concerns within the Great Falls area. These comments will be used to assist the Board in developing housing programs within the state. The general consensus is that short-term, emergency housing is quite adequate within the area. The crucial need for housing is for the very low income persons who do not qualify for programs that are already in place. A home improvement program is another need. The need for a centralized area for information was discussed. Builders expressed concerns that the reservation period for new construction (currently 180 days) would be too short in a situation when single family bonds were issued in a time during the year in which inclement weather would prohibit the construction of a new house. Additionally, the Board was requested to contact the Veterans Administration and ask that Montana be placed in a region where economic conditions were similar in relation to the method used by the VA to calculate veterans' residual income. Currently, Montana is in a region with Washington and California, where disposable income is higher, and the residual for a veteran is also higher, and not reflective of income levels in Montana.

The next meeting date is set for July 16, 1987, in Kalispell. There was no further business and the meeting adjourned.

John D. Buchanan
John D. Buchanan, Secretary

August 13, 1987
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING
MAY 7, 1987

BILLINGS PUBLIC LIBRARY
510 NORTH BROADWAY

3RD FLOOR CONFERENCE ROOM (SOUTH ENTRANCE)

- I. CALL MEETING TO ORDER - 8:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - April 9, 1987 meeting
Chairman Joan Bennett
- III. STATUS OF MULTIFAMILY PROGRAM
Richard Kain
 - A. Low Income Housing Credit
 - B. Update on Required June 1, 1987 response to HUD (Refunding FAF Projects)
- IV. STATUS OF SINGLE FAMILY PROGRAM
Linda Forrey
 - A. MCC Program Implementation and Seminar Update
 - B. Adopt MCC Program Documents (Resolution)
 - C. Demand Survey
- V. OTHER BUSINESS
 - A. Legislative Update - Richard Kain
 - B. Underwriters Update - Dan Irvin, First Boston Corp.
- VI. SET NEXT MEETING DATE
- VII. PUBLIC MEETING WITH CONSTITUENTS - 10:00 a.m. to Noon
- VIII. ADJOURN
- IX. MORTGAGE CREDIT CERTIFICATE - LENDER SEMINAR
1:30 p.m. to 3:30 p.m.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
BILLINGS PUBLIC LIBRARY MEETING ROOM
510 NORTH BROADWAY
BILLINGS, MONTANA
MAY 7, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Absent)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF: Richard A. Kain, Administrator
Linda Forrey, Single Family Program Officer
Jeannene R. Maas, Program Specialist

UNDERWRITERS: Dan Irvin, First Boston Corporation
Laura Brown, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Mark Semmens, D.A. Davidson & Co.

OTHERS: Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
James Lechner, Montana Homebuilders Assoc.
Marie Hanson, Montana Senior Citizens Assoc.
Larry J. Davis, Res. Construction
LaVonne Peck, Dist. 7 H.R.D.C.
Lucy Brown, Housing Authority of Billings
Charlie Hamway, Billings Multi-List Service
Eleanor Dickinson, First Federal Savings, Billings
Myla M. Egan, Hannah Agency, Billings
Jim Pickons, Hannah Agency, Billings
Kaylene Hauck, Valley Fed. Credit Union, Billings
Paul Holley, Billings Gazette
Peggy Cabe, First Bank Billings
Agnes Hoffman, First Interstate Bank Billings
Mary Lynne Arthun, Bancshares Mortgage, Billings
Rev. Tommy Thomas, Montana Rescue Mission
John Walsh, City of Billings, Community Develop.
Huntley Child, Floberg Realtors
Kaye Blythe, RE/MAX
Tim Powers, First Federal Savings, Billings
Steve Zimmerer, Home Mortgage Company, Billings
Tom McKerlick, City of Billings

The meeting was called to order by Chairman Joan Bennett at 8:00 a.m. in the Third Floor meeting room of the Billings Public Library.

There were no additions or corrections to the minutes of the April 9, 1987 meeting, and they were approved as presented.

PROCLAMATION

Michael Kennedy, Board Member, in his official capacity as Deputy Mayor of Billings, welcomed the Montana Board of Housing to Billings, and presented a proclamation declaring May 7, 1987, as Montana Board of Housing Day in the City of Billings.

LOW INCOME HOUSING CREDIT

Richard A. Kain, Administrator, gave a status report on the Low Income Housing Credit. The Executive Order was received on May 5, 1987, and identified the Board of Housing as the administering agency. A brief overview of the program was presented to the Board. A committee of Joan Bennett, John Buchanan and Dick Kain was formed to help coordinate the implementation of the program. Notice will be published in the main newspapers throughout the state, which will acknowledge the Board's role in administering the program, and announce a public comment period of 45 days to gather information in order to assist the Board in determining policy matters. The vacant multifamily position will have its position description revised for the inclusion of responsibility for the Low Income Housing Credit. The position description will be reviewed by the Board, and then the position will be advertised.

FAF PROJECT

Dick Kain called on Roy Koegen, Bond Counsel, and Dan Irvin, First Boston Corporation to present their recommendations on the June 1, 1987 response to HUD requests for refunding FAF projects. After discussion by the Board, John Buchanan moved that the Board respond to HUD that, based on extensive review, it is not economically feasible to refund the Board's only FAF project, Grandview Project in Missoula. George Swords seconded the motion, and it carried unanimously.

STATUS OF SINGLE FAMILY PROGRAMS

Linda Forrey, Single Family Program Officer, updated the Board on the status of mortgage loan reservations. As of May 1, 1987, a total of \$2.2 million remains available for reservations. Since the last meeting, approximately \$500,000 in new reservations have been received and processed, due to the rising interest rates.

MORTGAGE CREDIT CERTIFICATE PROGRAM

Linda Forrey updated the Board on the Mortgage Credit Certificate seminars conducted in Helena on May 5th, and Butte and Bozeman on May 6th. A question had arisen whether an MCC may be reserved before July 26, 1987. Based on the opinion of Bond Counsel, John Buchanan moved that issuance and reservations of MCCs would not be accepted prior to July 27, 1987. Brad Walterskirchen seconded the motion, which carried unanimously.

RESOLUTION #87-5-07-S1

Linda Forrey presented Resolution #87-5-07-S1, which resolved to adopt program documents developed for the Mortgage Credit Certificate Program. Brad Walterskirchen moved that the documents be adopted, and Mike Kennedy seconded the motion. It carried unanimously.

The Mortgage Credit Certificate brochure was presented for adoption. After review by the Board, Howard Rosenleaf moved that the contents of the brochure be adopted. Brad Walterskirchen seconded the motion, which carried unanimously.

Linda Forrey brought up for discussion the mechanism to use in approving lenders for participation in the Mortgage Credit Certificate Program. After discussion, Brad Walterskirchen moved that staff approve lenders based on the definition of a lender, as contained in the Lender Participation Agreement. George Swords seconded the motion, and it carried unanimously.

DEMAND SURVEY

Linda Forrey presented current results of the recent demand survey authorized by the Board at the April 9, 1987 meeting. At the conclusion of MCC Seminars, any lender feelings or sentiments garnered as related to the demand for new mortgage funds will be summed up and provided to the Board.

LEGISLATIVE UPDATE AND OTHER BUSINESS

Dick Kain updated the Board on the '89 biennium budget as appropriated by the legislature. For FY'88, approximately \$1,074,520 has been appropriated, and for FY'89, approximately \$1,072,860 was appropriated.

A letter was presented from John Grant, Jackson, Murdo, Grant & Larsen, pertaining to the recent Chunkapura rehearing.

Finally, an invitation from the Department of Housing and Urban Development was presented, which requested the Board set aside an allocation of \$1 million of the available 1980A recycled funds, for use in the Billings area HUD/FHA auction of foreclosed properties. After discussion by the Board, Brad Walterskirchen moved that the Board continue to provide funds to low and moderate income persons and families on a first-come, first-served basis, rather than allocate the funds to HUD. The motion was seconded by John Buchanan, and it carried unanimously.

BOND ISSUE

Dan Irvin, First Boston Corporation, presented a proposal to issue \$20 million in bonds under the Single Family I Trust Indenture. The scenarios included mortgage interest rates from 9 3/8% down to 7 1/2%. The resultant impact on the fund balances and cash flows of the Single Family I Indenture was discussed at length. The item was then tabled until after the Public Meeting portion of the meeting.

PUBLIC MEETING

The public meeting was opened at 10:30 a.m. for comments from constituents. Extensive comments on housing needs in the Billings area were given by Lucy Brown of the Billings Public Housing Agency and the Rev. Tommy Thomas of the Montana Rescue Mission. Also, a request was received to review designation of Billings/Yellowstone County as a targeted area. Linda Forrey will check with the Department of Housing and Urban Development, and the Treasury Department on the criteria needed for such designation, and will communicate that information to Tom McKerlick of the Billings Community Development Authority for followup. The meeting adjourned for lunch at 12:00 noon.

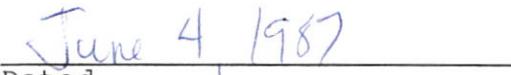
The Board meeting reconvened at 1:00 p.m.

Further discussion was held on the proposed scenarios for issuing Mortgage bonds under the Single Family I Indenture. George Swords moved that staff be authorized to proceed, in conjunction with the First Boston Corporation and bond counsel, with preparation of the necessary documents for presentation at the next Board meeting, relating to a bond issue under the terms of the Single Family I Trust Indenture of up to \$20 million. They were further instructed to dedicate the balance of the Financial Program Fund to support the proposed issue, and that mortgage loans shall be made on a first-come, first-served basis, and any commitment fees for the reservation of funds may be refunded only if required under Federal laws. The targeted interest rate would be under 9%. The motion was seconded by Mike Kennedy, and it carried unanimously.

The next meeting was scheduled for June 4, 1987, in Great Falls. There was no further business, and the meeting adjourned.



John D. Buchanan



Dated

RESOLUTION NO. 87-5-07-S1

A RESOLUTION OF THE MONTANA BOARD OF HOUSING ESTABLISHING THE TERMS OF ITS MORTGAGE CREDIT CERTIFICATE PROGRAM TO BE USED IN CONJUNCTION WITH A QUALIFIED SINGLE FAMILY PROGRAM; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

MONTANA BOARD OF HOUSING

MORTGAGE CREDIT CERTIFICATE PROGRAM

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING AS FOLLOWS:

WHEREAS, Section 25 of the Internal Revenue Code of 1986 authorizes the Montana Board of Housing (the "Board") to forego the issuance of a portion of its qualified mortgage bonds and develop in lieu thereof a mortgage credit certificate program (the "Program"), whereby a borrower may receive a credit against his income tax, under rules and regulations established by the Board pursuant to the requirements of the federal tax laws; and

WHEREAS, the Board desires to provide the widest range of alternatives to low, moderate and middle income borrowers to enable them to finance the acquisition of a principal residence at the lowest effective cost to such borrowers; and

WHEREAS, for such purpose the Board intends to implement a mortgage credit certificate program, and in connection therewith to elect to not issue \$40 million of qualified mortgage bonds which it could otherwise issue in the calendar year 1987; and

WHEREAS, to maximize the subsidies available to low, moderate and middle income persons, it is the intention of the Board that the mortgage credit certificate program and the existing tax-exempt single family mortgage loan program of the Board have common parameters to the maximum extent possible;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED AS FOLLOWS:

Section 1: The final terms of the Program, as refined to maximize the availability of lower cost financing to low, moderate and middle income persons under the Program, are hereby approved. Said final terms are contained in the Lender Participation Agreement and Exhibits A through F, inclusive, attached thereto, and in the Invitation to Participate and Exhibits A and B, attached hereto, both of which attachments are incorporated herein by reference as though set forth in full herein.

Section 2: The Administrator shall give notice to the public of the Program as required by the Internal Revenue Code of 1986 prior to its implementation.

Section 3: RATIFICATION

All actions (not inconsistent with the provisions of this Resolution) heretofore taken by the Board, and its employees, with respect to the Program, are hereby in all respects ratified, approved and confirmed.

Section 4: SEVERABILITY

If any one or more of the covenants or agreements provided in this Resolution to be performed on the part of the Board shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Resolution and shall in no way affect the validity of the other provisions of this Resolution.

Section 5: REPEALER

All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and shall have no further force or effect.

Adopted by the Montana Board of Housing this 7th day of May, 1987.

MONTANA BOARD OF HOUSING

Joan K. Bennett

 JOAN K. BENNETT, Chairman

ATTEST:

John A. Buchanan

 JOHN A. BUCHANAN, Secretary

87-5-07-51

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
APRIL 9, 1987

DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - March 8, 1987 meeting
Chairman Joan Bennett
- III. STATUS OF MULTIFAMILY PROGRAM
Richard A. Kain, Assistant Administrator
 - A. Refunding of Bonds Issued to Finance FAF Projects
 - B. Low Income Housing Credit
- IV. STATUS OF SINGLE FAMILY PROGRAMS
Linda Forrey, Single Family Program Officer
 - A. MCC Program Implementation Update
 - B. Review of MCC Program Documents
- V. OTHER BUSINESS
 - A. Legislative Update - Richard A. Kain
 - B. Goal Setting - Dave Jackson, Board Counsel
 - C. AOD System Update - Dave Kraft, Comptroller
 - D. Bond Redemption 6/1/87 - Dave Kraft, Comptroller
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
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STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
APRIL 9, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Absent)
John Buchanan (Absent)
Michael Kennedy (Present)
Howard Rosenleaf (Absent)
George Sword II (Present)
Brad Walterskirchen (Present)

STAFF:

Richard A. Kain, Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Jeannene Maas, Program Specialist
Cyndi Routzahn, Accounting Specialist
Jo Anne Berg, Administrative Assistant

UNDERWRITERS:

Dan Irvin, First Boston Corporation
Mike Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Company

OTHER:

Roy Koegen, Bond Counsel
Dave Jackson, Board Counsel
Mark Lindsay, Helena Homebuilders Assoc.

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room.

There were no additions or corrections to the minutes of the March 5, 1987 meeting, and they were approved as presented.

APPOINTMENT OF ADMINISTRATOR

After brief discussion as to necessary steps, George Swords moved that appropriate letters be sent to the Department of Commerce to facilitate the appointment of Richard A. Kain as Administrator of the Board of Housing. Michael Kennedy seconded the motion, which carried unanimously.

NEWELL ANDERSON REPORT

Joan Bennett, Chairman, asked for input from the Board on the recommendations contained in the report Mr. Anderson prepared for the Department of Commerce on the Board of Housing. Many of the recommendations were incorporated into short and long-term goals recently adopted.

STATUS OF MULTIFAMILY PROGRAMS

FAF PROJECTS

Richard A. Kain, Administrator, updated the Board on the status of HUD's request to refund bonds as interest rates drop for projects subsidized under Section 8 authority. Roy Koegen, Bond Counsel, and Dan Irvin, First Boston Corporation, recommended that the Board reply indicate that it was not economically feasible, and that Official Statement and security law problems preclude the Board's ability to refund these bonds.

LOW INCOME HOUSING CREDIT

Richard Kain reported that the executive order is forthcoming, designating the administration of LIHC programs to the Board, and that draft program policies have been formulated for Board review.

STATUS OF SINGLE FAMILY PROGRAMS

Linda Forrey, Single Family Program Officer, reported that mortgage purchase programs are basically unchanged since last report, with approximately \$3.3 million available in all issues with which to purchase mortgages.

A memo recently sent to servicers to update them on servicing delinquent loans was reviewed.

MCC PROGRAM IMPLEMENTATION

Linda Forrey presented a draft of a MCC information brochure. Following discussion by the Board, it was decided to make certain changes before printing and distribution.

Dave Jackson, Board Counsel, will prepare public notice of the implementation of the Mortgage Credit Certificate program, for publishing in major newspapers within the State.

Roy Koegen, Bond Counsel, presented program documents, and asked that recommendations and changes be reported to Linda Forrey within the next week.

Tentatively, seminars are scheduled for early May. A seminar in Billings will coincide with the Board's regularly scheduled meeting on May 7th.

OTHER BUSINESS

LEGISLATIVE UPDATE

Richard Kain presented a memo sent to the Department of Commerce and the Governor, outlining the Board's concerns with a recent Supreme Court (Chunkapura decision) which prevents deficiency judgments in trust indenture judicial foreclosures.

Copies of letters to the Congressional delegation were presented, which the Chairman prepared in lieu of attending CSHA's March Legislative Conference in Washington, D.C.

Senate Bill 230, which proposes a surcharge on bonds issued, is awaiting the Governor's signature.

At this time in the budget process, no further changes are anticipated in the Board's budget for the next biennium.

GOAL SETTING

Dave Jackson updated the Board on goals that have been implemented, and action taken on those pending. Copies will be made prior to the next meeting, and the next quarterly report will be at the July meeting.

MORTGAGE ACCOUNTING UPDATE

Dave Kraft, Comptroller, reported that the new accounting system is in its seventh cycle, and that it is streamlined, and functioning without major problems. Numerous positive comments have been received from servicers, and the Board recognizes these comments are a result of the work done by Judy Gillespie, Accounting Specialist, in setting up the method of exception reporting.

BUDGET STATUS

Dave Kraft reported that 67% of the budget is expended, with 25% of the fiscal year remaining.

JUNE 1, 1987 BOND REDEMPTION

Dave Kraft reported that the June 1, 1987 bond redemption of approximately \$12.3 million will be structured to maximize the Board's flexibility to provide optimum cash flows. Dan Irvin reported that cash flows look positive under the most conservative scenarios.

TRUSTEE REPORT

Roy Koegen reported that a letter had been sent to First Interstate Bank of California stating that the recent billing would not be paid, due to the understanding that when trusteeship was transferred to the successor trustee, all bills were current. To date, no reply has been received.

DEMAND SURVEY

Brad Walterskirchen expressed the concerns of the members of the Board about the ability to move rapidly toward a new bond issue if the factors allowed that action. After discussion, it was decided to survey lenders, and see if interest in Board programs warrants a new issue.

EXECUTIVE SESSION

After a brief recess, the Board met in executive session for a status report on litigation involving the Board.

The next meeting was scheduled for May 7, 1987 in Billings, with the meeting scheduled for 8:00 a.m., followed by a survey of constituents scheduled for 10:00 a.m. A seminar on the MCC program and other aspects of the Single Family Program is planned for 1:30 p.m.

There was no further business, and the meeting was adjourned.

John D. Buchanan
John D. Buchanan, Secretary

May 7, 1987
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MARCH 5, 1987

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - FEBRUARY 5, 1987
Chairman Joan Bennett
- III. STATUS OF MULTIFAMILY PROGRAMS
Richard A. Kain, Assistant Administrator
- IV. STATUS OF SINGLE FAMILY PROGRAMS
Linda Forrey, Single Family Program Officer
- V. OTHER BUSINESS
Legislative Update
CSHA Update
Underwriter Update
Demand Survey
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
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HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
MARCH 5, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Richard Kain, Assistant Administrator
Linda Forrey, Single Family Program Officer
Dave Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Jeannene Maas, Program Specialist
Jo Anne Berg, Administrative Assistant

UNDERWRITERS:

Jo Anne Kennedy, First Boston Corporation
Laura Brown, First Boston Corporation
Dan Irvin, First Boston Corporation
Gordon Hoven, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

OTHER:

Roy J. Koegen, Bond Counsel
Dave Jackson, Board Counsel
James F. Lechner, Montana Home Builders Assoc.
Mark B. Lindsay, Hamlin Construction

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room.

There were no additions or corrections to the minutes of the February 5, 1987 meeting, and they were approved as presented.

STATUS OF MULTIFAMILY PROGRAM

Jay McLeod, Administrator, reported on the Department of Housing and Urban Development's draft proposal to reduce their Section 8 contribution on properties that used the Financing Adjustment Factor (FAF), which provided for increased Section 8 payments to assist a project in financing a loan at a permanent interest rate of 12% when the project processing and loan amount was based on an 8% permanent loan rate. The Board is the mortgagee for one project which used this FAF financing, Grand View Place, Missoula, Montana. Under terms of a letter agreement between the Board and HUD which was executed at the time the loan was made, HUD has proposed that the Board refund the bonds that were issued to finance the project, at a lower rate of interest which, in turn, would reduce the amount of the Section 8 contribution. A plan must be in place by May 1, 1987, and the matter has been referred to Bond Counsel for consideration.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey, Single Family Program Officer, presented Reservation/Purchase Summary as of March 4, 1987. No significant changes have occurred in the past month.

A copy of an article by Neighborhood Housing Services of Great Falls was distributed, which illustrated the allocation of the funds that the Board has set aside for their use.

A draft was presented of a brochure devised for the Mortgage Credit Certificate program. A schedule for the development and start-up of the program was presented for discussion. The newly revised income limits were noted, which were included due to updated HUD income limits.

RESIGNATION

Jay McLeod, Administrator, announced his imminent retirement, and asked the Board to accept his resignation effective March 27, 1987. The Board expressed appreciation for Jay's abilities and expertise within the Board programs.

LEGISLATIVE UPDATE

Richard Kain, Assistant Administrator, updated the Board on SB230, which proposes to add a surcharge to bonds issued. Joan Bennett, Chairman, has written Keith Colbo, Director of the Department of Commerce, and asked for his assistance in expressing the Board's concerns to the Governor and the Legislature about the proposed surcharge.

Within the next week, the Board's budget will be presented to the House Appropriations Committee, and then to the Senate Finance and Claims Committee. The process will be monitored, and additional information will be mailed as it becomes available.

CSHA UPDATE

Richard Kain reported on the Low Income Housing Credit, a product of the Tax Reform Act of 1986. Mr. Kain attended a recent meeting pertaining to the LIHC, and presented updated information to the Board on the effect and use of the credit. The Board reaffirmed their intent to participate in the program, once the appropriate documentation is in place.

UNDERWRITERS UPDATE

Jo Anne Kennedy, First Boston Corporation, updated the Board on consolidated cash flows for the Single Family I Trust Indenture.

DEMAND SURVEY

Linda Forrey presented the current results of the demand survey conducted over the past month. With interest rates of between 7% and 9%, indications are that there is very limited demand for Board funds. After further discussion, the Board decided that with low demand and economic uncertainty within the State, no costs should be incurred, and at present, the Board should not issue new bonds.

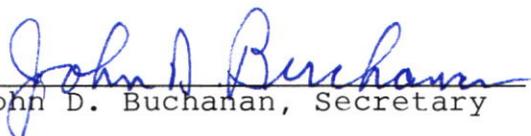
REPORT ON LITIGATION

Joan Bennett, Chairman, asked that the Board recess and reconvene in executive session to discuss litigation involving the Board.

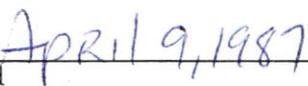
The closed portion of the session was attended by Board members, Board Counsel, Bond Counsel, Administrator, and Assistant Administrator. A status report was given regarding litigation entitled Linda Forrey, Plaintiff, vs. State of Montana, et al.

The next meeting was scheduled for April 9, 1987 at the Department of Commerce Conference Room.

There was no further business, and the meeting adjourned.



John D. Buchanan, Secretary



Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
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STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING

DEPARTMENT OF COMMERCE CONFERENCE ROOM

1424 NINTH AVENUE

HELENA, MONTANA

FEBRUARY 5, 1987

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - JANUARY 8, 1987
Chairman Joan Bennett
- III. STATUS OF SINGLE FAMILY PROGRAMS
Linda Forrey, Single Family Program Officer
- IV. STATUS OF LOW INCOME HOUSING TAX CREDIT PROGRAM
Richard A. Kain, Assistant Administrator
- V. QUARTERLY BUDGET REPORT
Richard A. Kain, Assistant Administrator
- VI. OTHER BUSINESS
Legislative Update
Underwriters Update
Goal Setting
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
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HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
FEBRUARY 5, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Absent)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Richard Kain, Assistant Administrator
Linda Forrey, Single Family Program Officer
David Kraft, Comptroller
Cyndi Routzahn, Accounting Specialist
Jeannene Maas, Program Specialist
Jo Anne Berg, Administrative Assistant

UNDERWRITERS:

Jo Anne Kennedy, First Boston Corporation
Laura Brown, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Gordon Hoven, Piper, Jaffray & Hopwood
Mike Jansen, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

OTHER:

Jay Reich, Bond Counsel
Dave Jackson, Board Counsel
James F. Lechner, Montana Homebuilders Assoc.
Mark Lindsay, Montana Homebuilders Assoc.
Bob Campbell, Shearson Lehman Brothers
Bruce Petrie, Shearson Lehman Brothers
Maud Smith, Shearson Lehman Brothers

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room.

There were no additions or corrections to the minutes of the January 8, 1987 meeting, and they were approved as presented.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey, Single Family Program Officer, presented updated information on the funds available for the purchase of mortgage loans. Approximately \$500,000 in loans reserved is outstanding, and \$3.8 million is remaining in the various pool funds.

STATUS OF MCC PROGRAM

Linda Forrey presented updated staff recommendations for the implementation of a Mortgage Credit Certificate program. Staff has recommended a processing fee of \$150, with \$100 to the lender, and \$50 to the Board. The MCC would be issued before or after the closing of the loan, under a conditional commitment-type program. Providing 1/3 of financing to targeted areas without regard to income would present difficulties; therefore, the staff would recommend using Treasury income limits in all areas. Lastly, the initial understanding that 50% of proceeds go to first time homebuyers in targeted areas was clarified. George Swords then moved that the staff recommendations be approved, and that the public hearing be planned to coincide with a seminar for lenders and other parties interested in the program. Brad Walterskirchen seconded the motion, and it carried unanimously.

LOW INCOME HOUSING TAX CREDIT

Richard Kain, Assistant Administrator, updated the Board on the intent and purpose of Low Income Tax Credits. It is anticipated that the Governor, by Executive Order, will designate the Board of Housing to administer the program for the State of Montana. A short discussion was held as to the method the credits would be allocated, and in this connection, bond counsel stated he would send the Board information on the State of Washington's program.

QUARTERLY BUDGET REPORT

Richard Kain presented the Budget Status as of December 31, 1986.

OTHER BUSINESS

LEGISLATIVE UPDATE

Richard Kain presented copies of Senate Bill 230, and its amendment, which deals with the allocation of bonding authority, and proposes to assess bond issuing agencies \$.30/1000 as a means of generating revenue for the State General Fund to cover the cost of the Statewide Audit for FY'88. The bill proposes to

allocate \$42 million of the \$150 million available in 1988 to the Board. The House budget committee has recommended the Governor's Office of Budget and Program Planning levels for the next biennium, and the appropriations process will be monitored.

Legislation merging Board of Investments and Economic Development Board has not been presented. Involvement of the Board of Housing in the merger proposal has apparently been abandoned.

UNDERWRITING TEAM UPDATE

Jo Anne Kennedy, First Boston Corporation, reported on behalf of the underwriting team that consolidated cash flows as presented for Single Family II still stand, although the amount of prepayments and the upcoming bond calls will strengthen the cash flows.

Preliminary information indicates the Single Family I indenture to be strong enough to support another issue, and the team recommends that a \$30 million offering be structured and presented for the March meeting. In the meantime, a demand survey will be conducted in the lending community to see if it is feasible to have an issue if the rates are favorable.

GOAL SETTING

A draft of the Goal Implementation Schedule was presented. Michael Kennedy moved they be accepted as presented (see attached). The motion was seconded by John Buchanan, and carried unanimously.

REPORT ON LITIGATION

John Buchanan moved the Board close the meeting, in accordance with Section 2-3-203, MCA, for the purpose of discussing litigation involving the Board. The motion was seconded by Brad Walterskirchen and carried unanimously.

The closed portion of the session was attended by Board members in attendance, Board Counsel, the Administrator, Assistant Administrator, and Keith Colbo, Director of the Department of Commerce, Brinton Markle, chief counsel of the Department of Commerce, and John H. Maynard, chief defense counsel of the tort claims division of the Department of Administration. A discussion was held regarding the nature of litigation filed February 2, 1987, in the First Judicial District of the State of Montana, under Cause No. CDV-87-124, entitled Linda Forrey, Plaintiff, vs. State of Montana, et al, and necessary arrangements for defense of the Board and other defendants.

The next meeting was scheduled for March 5, 1987 at the Department of Commerce Conference room. George Swords moved that the May meeting be held in Billings and the June meeting in Great Falls. Mike Kennedy seconded the motion, and it carried, with Bruce Moerer and Brad Walterskirchen voting nay.

There was no further business and the meeting adjourned.

John D. Buchanan
John D. Buchanan, Secretary

March 5, 1987
Dated

MONTANA BOARD OF HOUSING GOAL IMPLEMENTATION SCHEDULE
FOR 1987

MISSION STATEMENT

To provide decent, safe, sanitary and affordable housing for lower income individuals and families in the state of Montana.

EXTERNAL GOALS

GOAL I: Develop ways to better serve our constituents.

A. By determining needs that will benefit all sizes of communities so that needed programs can be developed.

Plan for Accomplishment

Assess needs one-to-one with lenders, other interested parties. What unique situations does your community have that the Board can address?

Keep in contact with trade groups.

Investigate the possibilities of rehab programs, other new programs.

Assess needs for handicap housing, elderly housing, shelters for transients in various communities.

Responsible Party

Dick, Linda

Goal Date

By 1/8/87, a preliminary plan will be presented.

B. By investigating all possible programs.

Plan for Accomplishment

Find out what other programs are available - research from Federal registry, trade publications (as received by all Board members), Journal of Housing (NAHRO), network with other agencies, professionals. Rely on investment bankers to send us information on new programs. Act as a clearinghouse for the smaller communities to find out what other programs are available. (Diversity of the Board members).

Where do you centralize this information? Where do you access this information?

Responsible Party

Board members, staff

Goal Date

Ongoing

C. By assessing the quality of housing in the state of Montana and by determining the housing needs of the State.

Plan for Accomplishment

Develop the capacity to collect meaningful statistical data as to the number of substandard dwellings, the need for single family or multifamily housing. Join with other agencies within the state and make a concerted effort to gather data on a continuing basis.

Responsible Party

Dick, Linda

Goal Date

January 8, 1987

D. By developing a marketing program

Develop a generic pamphlet that describes the Board programs and goals.

Develop a pamphlet that explains any new programs, such as the MCC program.

Utilize press releases when new programs are developed, targeting borrowers as well as lenders.

Dual marketing needs. 1) Keep the lenders involved and informed. 2) Encourage low-income people to apply.

GOAL II: ESTABLISH A COALITION, A NETWORK OF GROUPS CONCERNED ABOUT LOW-INCOME HOUSING (LOW-INCOME GROUPS, REALTORS, BUILDERS).

Plan for Accomplishment

a. Develop mailing list of contact organizations (low-income coalition, lenders, bankers, realtors, etc.)(Identified Influence Group).

b. Solicit their opinions and ask for their assistance.

Responsible Party

Jo, Linda, Dick

Goal Date

January 8, 1987

GOAL III: MAXIMIZE THE BOARD'S RELATIONSHIP WITH TRUSTEE, UNDERWRITERS, BOND COUNSEL AND BOARD COUNSEL, ACCOUNTANTS, ETC.:

A. By developing a new indenture

Plan for Accomplishment

1. Ask bond counsel about our options under the new tax law, and if a new indenture is advisable (look at worst scenario costs of the indenture), looking at PMI, etc.
2. Ask First Boston for alternatives on a new indenture - tax-exempt vs. taxable bonds, different methods of financing, etc.
3. Investigate the aspects of utilizing other underwriting agencies, and consider the possibility of a bid basis for underwriting new indenture. Who can do the best job in getting new programs financed for us.

Responsible Party

Board to Staff to counsel to underwriters

Goal Date

January 8, 1987 (for #1)

B. By requiring full explanation of their recommendations.

Plan for Accomplishment

1. Letter from Jay requesting five or ten day lead time when appropriate - to allow time for reading prior to scheduled Board meetings. Underwriters, Bond & Board Counsel, Staff, etc.

Responsible Party

Jay

Goal Date

January 8, 1987

GOAL IV: DEVELOP A BETTER RELATIONSHIP WITH SERVICERS:

A. Develop a more effective way of communicating.

Plan for Accomplishment

1. New Servicer Manual
2. FHA-type meetings in three or four locations to explain servicing procedures/policies (assumptions, delinquent loans, etc.)

Responsible Party

Linda

Goal Date

By February 5, 1987, a preliminary plan will be in place.

B. Develop a better system for educating them re/board programs.

Plan for Accomplishment

Servicer meeting on AOD and other reporting problems and concerns

Responsible Party

Dave and Judy

Goal Date

Staff to report at 2/5/87 Board meeting, with implementation scheduled by 6/30/87

GOAL V: DEVELOP STRONGER RELATIONSHIPS WITH THE EXECUTIVE AND LEGISLATIVE BRANCHES OF BOTH NATIONAL AND STATE GOVERNMENTS:

A. By meeting regularly with executive and legislative leadership to communicate needs and report progress.

Plan for Accomplishment

1. Develop a fact sheet for use in expressing concerns and explaining programs.
2. Express concerns in budget committee meetings.
3. Utilize expertise and variety of concerns within Board.

Responsible Party

Board members

Goal Date

Ongoing

B. By developing a strategy to protect our general fund.

The consensus: This is a dead issue at present, although close monitoring needs to be done to prevent reoccurrence.

C. By developing a strategy to secure an adequate budget to carry out programs of the board.

Plan for Accomplishment

1. Develop and present a narrative for use during the budget process.

Responsible Party

All

Goal Date

Ongoing

D. By developing a strategy
for lobbying.

Plan for Accomplishment

1. Dick and Jay are registered lobbyists.
2. Monitor bills that are introduced, to avoid letting items slip through that will affect the Board's ability to function.
3. Board members, as public officials appointed by the Governor, are exempt from the public disclosure act.
4. Potential for Bill Groff to lobby.
5. Mail proposed legislation to Board members as necessary, and follow up with phone calls.

Responsible Party

Dick Kain will monitor legislation.

Board and staff will lobby as necessary.

Dave Jackson & Joan will contact Bill Groff.

Goal Date

Ongoing throughout session

E. By developing a format
for quality appointments.

This is to be deleted.

INTERNAL GOALS

GOAL I: STRENGTHEN BOARD/STAFF RELATIONSHIPS:

A. By allowing more time for in-depth discussion of board actions and policies under consideration.

Plan for Accomplishment

1. Plan work sessions as necessary, to allow time for review of information prior to decisions are made.
2. Provide an advance board packet (goal III B)

Responsible Party

Chairman and Staff

Goal Date

Ongoing

B. By allowing more time for staff reports on budgets, lender/servicer problems, reservation/refunding problems, etc.

Plan for Accomplishment

On a time-by-time, case-by-case basis, matters affecting policy should be presented to the Board. (response to constituents as complaints or questions arise pertaining to Board programs/methods.)

Responsible Party

Dick and Brad

Goal Date

Ongoing

GOAL II: STRENGTHEN STAFFING AT THE BOH:

A. By analyzing job descriptions.

Plan for Accomplishment

1. Approval of position descriptions by Department of Commerce and then implement performance appraisals.

Responsible Party

Dick

Goal Date

Two-four weeks

Plan for Accomplishment

2. Review of Newell's report

Responsible Party

Board

Goal Date

2/5/87

B. By analyzing future staffing needs.

Plan for Accomplishment

1. EPP Plan (for '88-89 biennium) to Board members
2. Board members participate in next EPP process (February '88)

Responsible Party

Dave

Goal Date

2/5/87

GOAL III: DEVELOP A PLAN FOR THE CONTINUING EDUCATION OF BOARD MEMBERS:

A. By presenting reports on the activities of other HFAs.

Plan for Accomplishment

Attendance at CSHA conferences

Collect information from investment houses

Disseminate information received from other housing agencies, NAHRO, COSCO, realtors, bankers, S & L, homebuilders meetings.

Circulate trade bulletins.

Plan Board "retreat" to plan programs, and update goals (on an annual basis)

Responsible Party

Bruce

Goal Date

May 1, 1987

B. By researching all possible avenues of securing or upgrading low-income housing.

As in Goal III A, with an emphasis on the research rather than education.

Responsible Party

All (Staff, Board, Counsel, Underwriters)

Goal Date

Ongoing

GOAL IV: IDENTIFY FUTURE OFFICE SPACE AND EQUIPMENT NEEDS:

Plan for Accomplishment

Responsible Party

Goal Date

Staff to develop a plan, in conjunction with personnel needs.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

AGENDA

MONTANA BOARD OF HOUSING

DEPARTMENT OF COMMERCE CONFERENCE ROOM

1424 NINTH AVENUE

HELENA, MONTANA

JANUARY 8, 1987

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - December 4, 1986
Chairman Joan Bennett
- III. STATUS OF SINGLE FAMILY PROGRAM AND MCC PROGRAM
Linda Forrey, Single Family Program Officer
- IV. REVIEW OF ANNUAL INFORMATION STATEMENT
David Kraft, Comptroller
- V. OTHER BUSINESS
Update Legislative Budget Presentation
Update Carry Forward Election
Discuss Proposed Reorganization
Goal Setting
- VI. SET NEXT MEETING DATE
- VII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

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HELENA, MONTANA 59620

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE
HELENA, MONTANA
JANUARY 8, 1987

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Absent)
George Swords II (Absent)
Brad Walterskirchen (Present)

STAFF:

Jay McLeod, Administrator
Richard Kain, Assistant Administrator
Linda Forrey, Single Family Program Officer
David Kraft, Comptroller
Jeannene Maas, Program Specialist
Cyndi Routzahn, Accounting Specialist
Jo Anne Berg, Administrative Assistant

UNDERWRITERS:

Laura Brown, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Gordon Hoven, Piper, Jaffray & Hopwood
Michael Jansen, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

OTHERS:

Jay Reich, Bond Counsel
Dave Jackson, Board Counsel
Maud Smith, Shearson Lehman Brothers
Bruce Petrie, Shearson Lehman Brothers
Mark Lindsay, Helena Home Builders Assoc.

The meeting was called to order by Chairman Joan Bennett at 9:00 a.m. in the Department of Commerce Conference Room.

There were no additions or corrections to the minutes of the December 4, 1986 meeting, and they were approved as presented.

STATUS OF SINGLE FAMILY PROGRAM

Linda Forrey, Single Family Program Officer, presented summary information on the availability of funds for the purchase of Single Family Mortgage Loans. As of January 1, 1987, approximately \$3.7 million is available, with the majority remaining in the 1980A Fund. A breakdown of purchases by purchase date, amount purchased, and the aggregate amount purchased to date was also presented.

STATUS OF MCC PROGRAM

Linda Forrey presented Treasury Department-imposed guidelines pertaining to Mortgage Credit Certificate programs, and staff recommendations on structuring the program. Conservative estimates as to projected start-up cost were also presented. Included was opinion from bond counsel that staff recommendations fall within the Internal Revenue Code. Discussion was held regarding the most advantageous credit rate, the possibility of allowing assumptions of the certificates, and the use of certificates for personal property vs. real property dwellings. The date of sunset was also in question. Jay Reich, Bond Counsel, suggested a profile of potential borrowers be developed, so that the maximum benefit be realized. After discussion, John Buchanan moved that staff proceed with necessary steps to implement a Mortgage Credit Certificate program, with the exceptions as noted excluded. Mike Kennedy seconded the motion, and it carried unanimously.

ANNUAL INFORMATION STATEMENT

David Kraft, Comptroller, presented the Annual Information Statement, and informed the Board that copies had been mailed to nearly all of the approximately 4,000 registered bondholders. The Statement shall be updated yearly with current financial data and new program activity.

LEGISLATIVE BUDGET PRESENTATION

David Kraft presented comparisons of the Governor's Office of Budget and Program Planning and Legislative Fiscal Analyst budget recommendations for the next biennium. The Legislative Fiscal Analyst recommendations will give the Board the ability to issue \$145 million in bonds in 1988, and \$0 in 1989, compared to OBPP limits of \$70 million in 1988 and \$0 in 1989. House subcommittee budget hearings will be January 14 through 19, and Joan Bennett or Bruce Moerer will present the budget request on behalf of the Board.

CARRYFORWARD ALLOCATION

Jay McLeod, Administrator, reported that the Board carried forward into 1987 \$125 million in bonding authority. With the proposed \$70 million available in 1987, the Board will have the authority to issue approximately \$190 million in bonds in 1987, with the expectation that figures will be similar in 1988.

PROPOSED REORGANIZATION

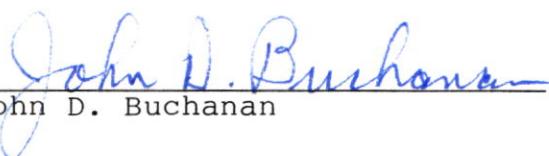
John Buchanan reported on the December 30, 1986 meeting regarding reorganization of the State's investment, bonding and loan programs. The proposal merged the Board of Housing with the Boards of Science and Technology and Health Facilities. The result of the meeting was that the Governor would be presented with a request to study the recommendations.

GOAL SETTING

Dave Jackson, Board Counsel, presented a summary of goals for 1987, as organized at the December 4, 1986 meeting. The remainder of the goals were defined, and a draft will be presented at the next Board meeting.

The next meeting was set for February 5, 1987, at 9:00 a.m. in the Department of Commerce Conference Room.

There being no further business, the meeting adjourned.



John D. Buchanan

Feb. 5, 1987
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

NOTICE OF SPECIAL MEETING

A special meeting of the Montana Board of Housing will be held in the offices of the Board at 8:00 p.m. on Wednesday, January 7, 1987, for the purpose of discussing bond indenture cash flows and such other matters that may properly come before the meeting.

Jay McLeod

Administrator

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE
FSI PLAZA

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620

JANUARY 7, 1987

Notice having been given, a special meeting of the Montana Board of Housing was held from 8:00 to 10:30 p.m., at the Board's office.

Board members participating were:

Joan Bennett, Chairman
Bruce Moerer, Vice Chairman
John D. Buchanan
Michael Kennedy
Brad Walterskirchen

Board members Howard Rosenleaf and George Swords were absent.

Also participating were staff members Jay McLeod, Richard Kain, and Dave Kraft, and underwriters Jim Dinerstein and Michael Jansen.

Discussion of the November 6, 1986 consolidated cash flows was the subject matter of the meeting. Matters being explained and discussed included sources of input numbers, trustee involvement in the process, staff involvement, typical modeling assumptions, and validation criteria.

The underwriting team will be meeting in the near future to review the modeling assumptions used in the cash flows and will report back on their review at the February board meeting.

There were no further topics, and the meeting adjourned.


John D. Buchanan

Feb 5, 1987
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

DECEMBER 15, 1988

UPSTAIRS CONFERENCE ROOM*

DEPARTMENT OF COMMERCE BUILDING

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 8:30 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - November 10, 1988, Business Meeting
Chairman Joan Bennett
- III. FORMALIZE FUNCTIONING OF AUDIT COMMITTEE
Bruce Moerer
- IV PRESENTATION AND REVIEW OF DRAFT INVESTMENT POLICY
Brad Walterskirchen
- V. ACCOUNTING AND REPORTING - Dave Kraft
 - A) Presentation of 10/31/88 Financial Statements
- VI. LOW INCOME HOUSING TAX CREDIT PROGRAM - Dick Kain
- VII. UNDERWRITERS UPDATE - Randy Hynote
- VIII. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- IX. SINGLE FAMILY PROGRAM - David Haviland
 - A. MCC Program Update
 - B. Update - 1988 Series A and Series B
 - C. Quarterly Delinquency Reports
 - D. Presentation and Review of New Lender Application
- X. NEW MCC PROGRAM - Roy Koegen
 - A. Qualification Requirements for Borrowers on Current Waiting List
 - B. Presentation of Resolution/Election to Establish Program
- XI. OTHER BUSINESS
- XII. SET NEXT MEETING DATE
- XIII. ADJOURN

***NOTE MEETING LOCATION**

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
UPSTAIRS CONFERENCE ROOM
DEPARTMENT OF COMMERCE BUILDING
HELENA, MONTANA
DECEMBER 15, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy (Present)
Mike McKee (Present)
Howard Rosenleaf (Absent)
George Swords II (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS: Randy Hynote, Goldman, Sachs & Co.
Mark Semmens, D. A. Davidson & Co.
Laurel Esterlein, Merrill Lynch
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel

OTHERS: Terry Alborn, Junkermier, Clark, Campanella,
Stevens, P.C., Accountants

The meeting was called to order at 8:30 a.m., by Chairman Joan Bennett. The minutes of the November 10, 1988, business meeting were presented, and amended to include the requirement that originators of Board loans must meet the capital requirements of their regulatory agency. The minutes of this meeting were approved as amended.

The Investment Committee, consisting of Brad Walterskirchen, Chairman, Michael Kennedy, and Joan Bennett, reviewed and approved the minutes of their November 9, 1988, meeting, and presented those minutes to the Board.

AUDIT COMMITTEE

Bruce Moerer, acting as chairman of the Board's Audit Committee, presented policy relative to the functioning of the Audit Committee, and moved that the Board adopt the final version of the policy. Mike McKee seconded the motion, and it carried unanimously.

DRAFT INVESTMENT POLICY

Brad Walterskirchen, acting as chairman of the Investment Oversight Committee, presented a draft of the purposes and membership of the committee, and the draft of the investment policy. After revision to incorporate the purposes and membership into the policy, and to allow attachment of copies of statutes relative to the Board's ability to invest, Brad Walterskirchen moved the Board adopt the amended investment policy. Michael Kennedy seconded the motion, which carried unanimously.

OCTOBER 31, 1988, FINANCIAL STATEMENTS

Dave Kraft, Comptroller, presented the Board's October 31, 1988, financial statements.

LOW INCOME HOUSING TAX CREDIT PROGRAM

Richard A. Kain, Administrator, presented summaries of program expenses and fees received for the Low Income Housing Tax Credit Program. Expenses from inception to June 30, 1988, were \$11,396.23, and \$22,439.68 in fees were received. From July 1, 1988, through November 30, 1988, expenses were \$5,895.25, and \$4,662.81 in fees were received. An analysis of 1988 and 1989 tax credits reserved or allocated was also presented, which indicated the Board has allocated \$206,450.39 in 1988 credits to five projects containing 102 units of low income rental housing, and has reserved \$6,556.00 in 1989 tax credits for one project containing 36 units of low income rental housing. December 1, 1988, was the submission deadline for applications to be considered in 1988. No applications were received for Board action.

REAL ESTATE OWNED

Dick Kain presented an updated listing of Board of Housing Real Estate Owned. Of the 31 properties currently in the Board's inventory, 21 are listed for sale at present. Four properties have been sold in the past four months, and there are signed purchase agreements for three properties contained on the listing. Four units in a condominium complex are rented, and staff is pursuing the rental of other properties currently in inventory.

The Board's Sales Guide, adopted in February, 1988, was presented. Recent bond counsel opinion has determined that the Board's Mortgage Credit Certificate and Mortgage Bond Programs could be utilized by interested purchasers, as long as all qualifications of the program were met. Upon motion by Bruce Moerer, which was seconded by Mike McKee, the Board unanimously amended the sales guide to allow the use of Board financing.

UNDERWRITER UPDATE

Randy Hynote, Goldman, Sachs & Co., updated the Board on current market conditions, and advised the Board that he is continuing to research the ability of issuers to utilize current refunding bonds, which recent Technical Corrections legislation apparently eliminated.

BOARD COUNSEL REPORT

Dave Jackson, Board Counsel, presented a draft of legislation to allow the Board to implement a reverse annuity mortgage program for elderly homeowners. Two changes were requested by the senior's office, to clarify the homeowner's ability to reside in the residence after the ten-year mortgage period, and that payment of the loan would not be required from the estate or the heirs.

SINGLE FAMILY PROGRAMS

MORTGAGE CREDIT CERTIFICATE PROGRAM

David Haviland, Single Family Program Officer, updated the Board on the Mortgage Credit Certificate Program, effective December 8, 1988. Of the initial \$10,000,000 in available authority, the Board has issued 992 certificates, for \$9,814,899.20, and has reserved authority for 13 certificates, for \$135,301.00. \$24,522.80 is available, which will be allocated to borrowers on the waiting list. The average loan amount is \$49,470.26, and the average borrower income is \$27,250.89. David also advised the Board that two certificates were revoked, for \$25,277.00.

1988 SERIES A

David Haviland presented the 1988A Series Allocation Summary, which indicated that of the initial \$18,971,195.00, the Board has purchased 396 mortgage loans, for \$17,595,150.52, and has reserved funds for 28 mortgage loans, for \$1,375,863.00. The series is depleted, as only \$181.48 is available for reservation. The average loan amount is \$44,432.19, and the average borrower income is \$23,997.15. The Statewide Housing Profile indicated 12% of the loans purchased were guaranteed by VA, and it also showed that 3% of the loans purchased were related to new construction.

1988 SERIES B

A listing of lenders approved to participate in the 1988 Series B issue was presented, and the Board was advised that over 100 reservation packages were received on December 14, 1988, which was the first day the reservations could be submitted. It is anticipated that the 8.5% mortgage funds will be fully reserved fairly rapidly, especially in consideration of the spread between conventional FHA and VA rates, which was 1.5% or more.

QUARTERLY DELINQUENCY REPORTS

David Haviland presented Quarterly Delinquency Reports for the period ending September 20, 1988. A comparison of the Board's delinquency rates to the U.S. total, the mountain region total, and Montana FHA delinquencies was also presented. The percentage of delinquent loans in the Board's portfolio shows a very slight decrease since last quarter. An analysis of loans liquidated by type indicated a slight drop in the number liquidated since the same quarter for 1987.

NEW LENDER APPLICATION

David Haviland presented application materials from the Toole County State Bank, Shelby, Montana. After review of the information presented, Mike McKee moved that Toole County State Bank be approved to participate in the Board's bond program, contingent upon receipt of a copy of the required Errors & Omissions policy. George Swords seconded the motion, and it carried unanimously.

REQUEST FOR REVENUE RULING

Roy Koegen, Bond Counsel, presented an analysis of the new tax act's effect on Mortgage Credit Certificate programs. He also advised the Board that, in his firm's opinion, Montana Board of Housing's election, in 1987, to establish the first Mortgage Credit Certificate program was not technically correct, and he recommended the Board apply for a revenue ruling to allow for an extension of time to correctly file the election. After discussion of the costs and reasons for this process, George Swords moved that counsel proceed to apply for the revenue ruling. This motion was seconded by Mike Kennedy, and carried unanimously.

NEW MORTGAGE CREDIT CERTIFICATE PROGRAM

Roy Koegen advised the Board that the appropriate election to convert Mortgage Revenue Bonding Authority to Mortgage Credit Certificates had been prepared and given to Dick Kain on December 15, 1988, for signature. Roy will attend to the filing of the election with the Internal Revenue Service. This will allow the Board to proceed with implementation of a new Mortgage Credit Certificate program.

The Board was advised that, in the opinion of bond counsel, two categories of income limits could be established for the new program by the Board, as long as the limits were below the Federally established income limits. Discussion concerning 47 potential qualifying borrowers on the waiting list for Mortgage Credit Certificates ensued, and it was discovered that borrowers with loans closed prior to application for an MCC, and borrowers who requested reservation of a Mortgage Credit Certificate prior

to closing of the loan were on the waiting list. After further discussion about the waiting list, George Swords moved that the waiting list containing all 47 borrowers be incorporated into the Board's new Mortgage Credit Certificate program, contingent upon the eventual qualification of the borrowers. The motion was seconded by Bruce Moerer, and carried, with Brad Walterskirchen and Mike McKee voting nay. George Swords then moved that the Board proceed with a new Mortgage Credit Certificate program, incorporating guidelines adopted by the Board at the November 10, 1988, meeting; that the program include a two-tier income limit, with the first tier including the 47 borrowers on the MCC waiting list, and the second tier being the \$30,000 annual family income, with adjustments of \$1,000 per dependent up to \$2,000; that \$60,000,000 in revenue bond authority be converted to \$15,000,000 of Mortgage Credit Certificates; and that the appropriate resolution and public notice be prepared by bond counsel prior to December 31, 1988. This motion was seconded by Bruce Moerer, and carried unanimously.

OTHER BUSINESS

Dick Kain advised the Board his research into the use of employment recruitment firms to assist the Board in filling the vacant multifamily program officer position indicated the cost would be prohibitive, and that contact with a Department of Housing and Urban Development consultant was also non-productive. The position will be re-advertised within the state, and the Board will attempt to fill the position as a training position.

The next meeting was set for Thursday, January 12, 1989, in the Yellowstone Room of the Department of Natural Resources and Conservation Building, in Helena.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

JANUARY 12, 1989
Dated

MONTANA BOARD OF HOUSING
INVESTMENT POLICY
(12/15/88)

Investments of funds by the Board must recognize the following objectives and guidelines:

I. Purpose of Committee:

Responsible for the oversight of the investment of the assets of the Montana Board of Housing

Membership on Committee:

Three-member committee appointed by the Chairman, with term on committee to coincide with Board term.

Frequency of Meetings:

The committee shall meet at least twice a year.

Functions of the Investment Oversight Committee of the Board shall be:

(i) To ensure that quarterly investment reports are presented to the Board at its regular business meeting, and that one set of the monthly trustee reports for the calendar quarter are sent to the chairman of the committee in advance of the meeting.

(ii) To meet semi-annually, to review the trustee investment reports, to review the functioning of the investment policy for potential enhancement, to review the return on assets of the Board, to address any staff concerns, and to monitor the progress toward the achievement of the investment policy.

II. MCA 90-6-104, which outlines the general powers of the Board, includes a clause (#13) which states:

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

III. All investments must be made in accordance with the prudent expert rule, as contained in the MCA 17-6, the particular indenture, and the Internal Revenue Service Code of 1986, as amended.

IV. Eligibility, security, liquidity and rate of return on investments are of primary concern. The Board has a responsibility in the investment of funds to seek the highest rate of return available in the market consistent with the requirements of legality, security, liquidity and cash flow requirements of each fund for which they are invested.

V. The Board may invest in the following securities:

(i) Direct obligations of, or obligations which are guaranteed by, the United States of America;

(ii) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following, provided that they are backed by the full faith and credit of the United States of America: Federal Farm Credit Bank; Federal Home Loan Bank; Federal National Mortgage Association; Federal Home Loan Mortgage Corporation; or Government National Mortgage Association;

(iii) Repurchase agreements with Depositories, acting as principal, for securities described in (i) and (ii) above, so long as the securities delivered are delivered in an amount equal to 100% of the principal and accrued interest of the repurchase agreement, if such securities are delivered to the Trustee or are supported by a safekeeping receipt issued by a qualified depository so as to ensure the first security interest in such obligations; and

(iv) Investment agreements with Investment Providers fully collateralized by obligations described in clause (i) or (ii);

(v) Federally insured certificates of deposit, with pledging as required by MCA 17-6-103.

VI. In no case may the Board or the Trustee invest in any one financial institution an amount in excess of the net worth of that financial institution.

VII. The trustees will be furnished copies of this policy, and any amendments to it.

RESOLUTION NO. 88-12-15-S4

A RESOLUTION OF THE MONTANA BOARD OF HOUSING ESTABLISHING ITS 1988 MORTGAGE CREDIT CERTIFICATE PROGRAM AND DESCRIBING THE PARAMETERS OF THE PROGRAM; DIRECTING THE ADMINISTRATOR TO OBTAIN THE CERTIFICATION OF THE GOVERNOR OF THE STATE OF MONTANA AND TO FILE AN ELECTION WITH THE INTERNAL REVENUE SERVICE OF THE UNITED STATES OF AMERICA BY DECEMBER 31, 1988 TO IMPLEMENT SUCH MORTGAGE CREDIT CERTIFICATE PROGRAM; DIRECTING THE ADMINISTRATOR TO GIVE NOTICE OF THE PROGRAM AS REQUIRED BY THE FEDERAL TAX LAWS; AND DIRECTING THE ADMINISTRATOR TO OTHERWISE IMPLEMENT THE PROGRAM.

MONTANA BOARD OF HOUSING
MORTGAGE CREDIT CERTIFICATE PROGRAM

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING AS FOLLOWS:

WHEREAS, Section 25 of the Internal Revenue Code of 1986, as amended (the "Code"), authorizes the Montana Board of Housing (the "Board") to elect not to issue a portion of the qualified mortgage bonds it is otherwise authorized to issue and to develop in lieu thereof a mortgage credit certificate program, whereby a borrower may receive a credit against his income tax, under rules and regulations established by the Board pursuant to the requirements of Section 25 of the Code; and

WHEREAS, the Board desires to provide the widest range of financing alternatives to lower income persons and families to enable them to finance the acquisition of a principal residence at the lowest effective cost to such borrowers; and

WHEREAS, The Board now intends to establish and implement its 1988 mortgage credit certificate program, and in connection therewith to elect not to issue \$60 million of qualified mortgage bonds which it could otherwise issue in calendar year 1988;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, AND ORDERED AS FOLLOWS:

Section 1: The 1988 mortgage credit certificate program (the "1988 MCC Program"), which is described in Exhibit A attached

hereto and incorporated herein by this reference, is hereby approved in substance, and the Administrator is hereby authorized and directed to refine the program to maximize the availability of lower effective cost financing to lower income persons and families under the 1988 MCC Program. The final terms of the 1988 MCC Program shall be approved by subsequent resolution of the Board.

Section 2: The Board hereby elects, pursuant to Section 25(c)(2) of the Code, not to issue \$60,000,000 of qualified mortgage bonds or other private activity bonds during the calendar year 1988, and instead to use such portion of its bond "volume cap" authority to implement the 1988 MCC Program. The Administrator is hereby authorized and directed to obtain the applicable "volume cap" certification of the Governor of the State of Montana and to file the Board's election not to issue bonds with the Internal Revenue Service of the United States of America by December 31, 1988.

Section 3: The Administrator is hereby authorized and directed to give notice to the public of the 1988 MCC Program as required by the federal tax laws prior to issuance of any mortgage credit certificates under such program.

Adopted by the Montana Board of Housing on the 15th day of December, 1988.

MONTANA BOARD OF HOUSING

By Joan K. Bennett
Chairman

Attest:

By [Signature]
Secretary

EXHIBIT A

MONTANA BOARD OF HOUSING

1988 MORTGAGE CREDIT CERTIFICATE PROGRAM
Program Parameters

The 1988 mortgage credit certificate program (the "1988 MCC Program") is being established pursuant to Section 25 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Department of Treasury regulations adopted under such Section (the "Regulations"). The following is an outline of the general parameters of the 1988 MCC Program.

(1) The 1988 MCC Program will be conducted in all cases in such a manner as to comply with the mortgage credit certificate requirements imposed by Section 25 of the Code and the Regulations thereunder. The 1988 MCC Program will also be subject to Board imposed guidelines to the extent such guidelines are consistent with (or to the extent permitted by Section 1.25-4T(a)(2) of the Regulations, more stringent than) such statutory and regulatory requirements, as follows:

(a) The Board imposed guidelines for the 1988 MCC Program are the same as the Board imposed guidelines for the Board's previous mortgage credit certificate program, approved by Board Resolution No. 86-12-04 S-11 (the "1986 MCC Program"), except that the staff recommended changes to the 1986 MCC Program guidelines, as described on Schedule I attached hereto and incorporated herein by this reference, shall apply to the 1988 MCC Program; and

(b) Notwithstanding subparagraph (1)(a), the 1986 MCC Program's Board imposed income limits shall apply under the 1988 MCC Program for loans which: (i) were the subject of a mortgage credit certificate application initially made under the 1986 MCC Program; (ii) qualified for a mortgage credit certificate under the 1986 MCC Program; (iii) were on the Board's MCC Waiting List as of September 23, 1988; and (iv) were not the subject of a mortgage credit certificate issued under the 1986 MCC Program because the Board used its full mortgage credit certificate authority under such program before certificates were issued for such loans. The loans to which the 1986 MCC Program income limits will apply are listed on Schedule II, attached hereto and incorporated herein by this reference.

(2) The 1988 MCC Program will be conducted through the end of the second calendar year following the calendar year for which the Board makes an election under Section 25 of the Code (through

December 31, 1990), unless a longer period is permitted by the federal tax laws.

(3) The Board shall issue qualified mortgage credit certificates (within the meaning of Section 25 of the Code and the Regulations thereunder) under the 1988 MCC Program. The Board shall require applicants for such certificates and lenders to provide such information as is necessary to establish that any certificate issued to such applicant will meet all the requirements for a qualified mortgage credit certificate. The Board may continue to require certifications substantially similar to those required under the 1986 MCC Program or may modify such certifications as long as such certifications comply with Section 25 of the Code and the Regulations thereunder.

(4) The mortgage credit certificates are not to be used in conjunction with the debt of any particular lenders.

(5) The mortgage credit certificates will not be used for or with respect to any particular developers, unless the certification required by Section 25 of the Code and the Regulations thereunder is delivered in connection therewith.

(6) The maximum amount of mortgage credit certificates that may be issued under the 1988 MCC Program is an amount such that the sum of the products determined by multiplying (i) the certified indebtedness amount of each mortgage credit certificate issued under the 1988 MCC Program by (ii) the certificate credit rate with respect to each certificate will not exceed \$15 million.

(7) On behalf of the Board, the Administrator shall report to the Internal Revenue Service as required under Section 25 of the Code and the Regulations thereunder.

(8) For each loan with respect to which the Board issues a mortgage credit certificate under the 1988 MCC Program, the lender shall be required to maintain records concerning, and/or report to the Internal Revenue Service, all information required under Section 25 of the Code and the Regulations thereunder.

(9) No borrower will be required to pay fees other than the fees permitted under Section 25 of the Code and the Regulations thereunder. Processing fees will be charged by the Board to each borrower in accordance with the Board's guidelines to defray the costs of administering the 1988 MCC Program.

(10) At least to the extent required under Section 25(c)(2)(A)(iii)(V) of the Code and the Regulations thereunder, a portion of the mortgage credit certificates to be issued under the 1988 MCC Program shall be set aside to be used only with respect to loans made for residences located in certain targeted areas.

PRESENT BOARD-IMPOSED
GUIDELINES
(1986 MCC Program)

1. MCC lender is staff approved and
signs Lender Participation Agreement

2. Errors & Omission insurance and
fidelity coverage required from MCC
lender

3. MCC used with purchase of Single
Family Residence (have the ability
to issue MCC with purchase or
rehabilitation)

4. Acquisition Cost - maximum
\$75,000 for new or existing

5. Income limits vary by area
from \$30,015 to \$41,020

6. Methods of issuing MCC

a. Issue MCC after loan closing
without reservation

b. Issue MCC after loan closing,
with reservation prior to loan
closing

7. Reservation refunds not allowed

8. Reservation period 180 days

9. MCC issued on a first-come,
first-serve basis

10. MCC fee from borrower-\$150
Portion to lender - \$100
Portion to Board - \$50

11. Credit rate for tax credit 20%

12. MCC shall not be used to replace
a bond program reservation or
existing BOH loan

13. No assumption

14. Certificate holder and lender
responsible for notification to BOH
if borrower or property no longer
eligible for the MCC

15. MCC not issued to borrower on
the purchase of Board-owned Single
Family residence

STAFF RECOMMENDED CHANGES
(As adopted by the Board
November 10, 1988)

1. Recommend no change

2. Recommend these coverages no
longer be required

3. Recommend no change

4. Recommend no change

5. Income limit - \$30,000, with
addition of \$1,000 per dependent
to maximum addition of \$2,000.
Adopted by the Board 9/13/88

6.

a. Recommend drop this method of
MCC issuance

b. Recommend this be only method
of MCC issuance

7. Recommend no change

8. Recommend no change

9. Recommend no change

10. Proposed increase to \$200.
Portion to lender - \$100
Portion to Board - \$100

11. Recommend no change - reviewed
at the June Board meeting.

12. Recommend no change

13. Recommend no change

14. Recommend no change

15. Recommend an MCC be available
to new borrowers on purchase of
Board-owned Single Family
Residence

MCC Waiting List
as of 9/23/88

The following includes requests for Reservation packages (R) and loans closed as MCC loans (C).

Lender	Borrower	Mortgage Credit Requested	Income
Northwest Financing	York (C)	\$13,031	\$36,529
Streeter Brothers	Reiter (C)	12,134	34,453
Fidelity S&L	Broadus (R)	7,057	17,100
Fidelity S&L	Evans (R)	7,681	17,255
Intermountain Mortgage	McClintock (R)	12,230	22,980
Plaza Mortgage	Cassett (R)	10,602	28,850
Western Federal Savings	Rogers (R)	6,000	28,314
Knutson Mortgage	Murray (R)	9,207	30,367
Knutson Mortgage	Gilles (C)	9,425	29,599
Plaza Mortgage	Jensen (R)	10,047	33,000
United Western Mortgage	Heil (R)	10,842	39,047
United Western Mortgage	Truett (R)	7,570	18,060
United Western Mortgage	Klug (R)	10,941	31,744
United Savings Bank	Resler (R)	11,897	32,420
United Savings Bank	Rossa (R)	13,633	27,980
First Interstate Billings	Griffin (R)	9,394	28,020
First Interstate Billings	Bellinger (R)	9,493	26,004
BankWest	Anderson (R)	9,400	26,484
BankWest	Chemmanur (R)	9,333	33,120
BankWest	Brown (R)	7,475	18,000
Plaza Mortgage	Hoffman (C)	7,239	29,827
BankWest	Prichard (R)	11,273	24,316
United Savings Bank	McGavic (R)	11,100	27,060
Streeter Brothers	Leone (C)	12,456	30,060
Knutson Mortgage	Swilling (R)	12,820	27,820
Intermountain Mortgage	Beam (R)	13,920	32,280
First Interstate Billings	Kanning (R)	9,434	25,380
Western Federal Savings	Smith (C)	10,706	23,031
United Savings Bank	Wenzek (R)	12,450	35,200
1st Federal Savings Bank	Webbor (C)	10,400	30,540
Knutson Mortgage	Riehl	Information Not Available	
1st Federal Savings Bank	Keltgen (C)	5,316	20,755
1st Federal Savings Bank	Marchant (C)	7,380	26,796
1st Federal Savings Bank	Anderson (C)	7,970	29,232
1st Federal Savings Bank	Slayton (C)	6,180	21,600
1st Federal Savings Bank	Michael (C)	7,560	25,812
1st Federal Savings Bank	Sandelin (C)	8,578	28,884
1st Federal Savings Bank	Madden (C)	7,810	21,996
1st Federal Savings Bank	Seymour (C)	6,200	29,616
Western Federal Savings	Ishler	Information Not Available	
Northwest Financing	McMahon (C)	15,131	32,280
Northwest Financing	Purse (C)	11,740	24,000
Jefferson National	Burch (C)	14,135	33,156
Jefferson National	DeLong (C)	13,494	24,924
Jefferson National	Jones	13,534	26,952
Jefferson National	Spangie	11,335	24,096
Jefferson National	Oliver	9,473	25,332

(e) the availability and cost of housing in particular areas; and
 (f) needs of particular persons or families due to age or physical handicaps.

(17) "Rehabilitation" means the repair, reconstruction, or improvement of an existing structure to provide decent, safe, and sanitary housing or to conform housing with state or local health, building, fire prevention, and safety codes as determined by the board.

History: En. 35-503 by Sec. 3, Ch. 461, L. 1975; amd. Sec. 1, Ch. 163, L. 1977; R.C.M. 1947, 5-503; amd. Sec. 1, Ch. 357, L. 1979; amd. Sec. 11, Ch. 274, L. 1981; amd. Sec. 1, Ch. 90, L. 1983; amd. Sec. 1, Ch. 359, L. 1983.

Cross-References

Federal Housing Administrator, 32-1-435.
 Servicemen's Readjustment Act of 1944,
 2-2-420.

National Housing Act loans, 32-2-501 through
 32-2-503.
 Mortgages, 71-1-107.
 Reserve funds and appropriations, 90-6-119.

90-6-104. General powers of the board. The board may:

- (1) sue and be sued;
- (2) have a seal;
- (3) adopt all procedural and substantive rules necessary for the administration of this part, including rules concerning its mortgage, construction, and temporary lending programs;
- (4) make contracts, agreements, and other instruments necessary or convenient for the exercise of its powers under this part;
- (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 part;
- (6) enter into agreements under its rules with sponsors, mortgagors, or lending institutions for the purpose of regulating the analysis, planning, development, and management of housing developments financed in whole or in part by the proceeds of its loans or securities and mortgage purchase programs;

(7) enter into agreements or other transactions with, and accept grants and the cooperation of, any governmental agency in furtherance of this part, including but not limited to the development, leasing, maintenance, operation, and financing of any housing development;

(8) accept services, appropriations, gifts, grants, bequests, and devise and utilize or dispose of them in carrying out this part;

(9) acquire real or personal property or any right, interest, or easement therein by gift, purchase, transfer, foreclosure, lease, or otherwise; hold, sell, assign, lease, encumber, mortgage, or otherwise dispose thereof; hold, sell, assign, or otherwise dispose of any mortgage or loan owned by it or in its control or custody; release or relinquish any right, title, claim, interest, easement, or demand, however acquired, including any equity or right of redemption; do any of the foregoing by public or private sale, with or without public bidding; commence any action to protect or enforce any right conferred upon it by any law, mortgage, contract, or other agreement; bid for and purchase property at any foreclosure or other sale or acquire or take possession of it in lieu of foreclosure; and operate, manage, lease, dispose of, and otherwise deal with such property in any manner necessary or desirable to protect its interests and the holders of its bonds or notes and consistent with any agreement with such holders;

(10) service and contract and pay for the servicing of loans;
 (11) provide general technical services in the analysis, planning, design, processing, construction, rehabilitation, and management of housing developments for persons and families of lower income where these services are not otherwise available;

(12) provide general consultative services to housing developments for persons and families of lower income and the residents thereof with respect to counseling and training in management, home ownership, and maintenance where these services are not otherwise available;

(13) invest any funds not required for immediate use, subject to any agreements with its bondholders and noteholders, as provided in Title 17, chapter 6, except all investment income from funds of the board less the cost for investment as prescribed by law shall be deposited in the housing authority enterprise fund;

(14) sell its loans or securities to the federal national mortgage association or any other agency or instrumentality of the United States and invest in the capital stock issued by the association or other agency or instrumentality to the extent, if any, required as a condition of such sale;

(15) consent, whenever it deems it necessary or desirable in fulfilling its purposes, to the modification of the rate of interest, time, and payment of any installment of principal or interest, security, or any other term of any contract, mortgage, mortgage loan, mortgage loan commitment, construction loan, advance contract, or agreement of any kind, subject to any agreement with bondholders and noteholders;

(16) collect reasonable interest, fees, and charges in connection with making and servicing its loans, notes, bonds, commitments, and other evidences of indebtedness and in connection with providing technical, consultative, and project assistance services. Interest fees and charges shall be limited to the amounts required to pay the costs of the board, including operating and administrative expenses and reasonable allowances for losses which may be incurred.

(17) procure insurance against any loss in connection with its mortgages and mortgage loans and other assets or property in amounts and from insurers as the board considers desirable or necessary;

(18) act as agent for governmental agencies concerning acquisition, construction, leasing, operation, or management of a housing development;

(19) issue notes and bonds and replace lost, destroyed, or mutilated notes and bonds;

(20) develop special programs for housing developments for veterans of the armed forces of the United States who are unable to acquire safe and sanitary housing through lending institutions by conventional means; and
 (21) lend money to the board of investments to establish the Montana economic development guaranty fund created by 17-5-1520.

History: En. 35-504 by Sec. 5, Ch. 461, L. 1975; R.C.M. 1947, 35-504; amd. Sec. 1, Ch. 249, L. 1983; amd. Sec. 29, Ch. 686, L. 1983; amd. Sec. 31, Ch. 701, L. 1983; amd. Sec. 15, Ch. 581, L. 1987.

Compiler's Comments

1987 Amendment: In (21) changed "economic development board" to "board of investments".

Cross-References

Adoption and publication of rules, Title 2, ch. 4, part 3.

re-en. Sec. 182, *Ch. 29*, 1935; amd. Sec. 1, Ch. 35, L. 1963; amd. Sec. 1, Ch. 259, L. 1969; amd. Sec. 1, Ch. 293, 1973; amd. Sec. 1, Ch. 14, L. 1974; R.C.M. 1947, 79-301(2), (4); amd. Sec. 2, Ch. 158, L. 1979; amd. Sec. 11, Ch. 421, L. 1985.

Cross-References

Giving security for deposit prohibited — State-chartered building and loan association exceptions, 32-1-447.
 — equality of rights, 32-2-111.
 Federal Deposit Insurance Corporation, Title 32-3-611.
 Credit unions — insurance on share accounts, 32, ch. 1, part 6.

17-6-103. Security for deposits of public funds. The following kinds of securities may be pledged or guarantees may be issued to secure deposits of public funds:

- (1) direct obligations of the United States;
- (2) securities as to which the payment of principal and interest is guaranteed by the United States;
- (3) securities issued or fully guaranteed by the following agencies of the United States or their successors, whether or not guaranteed by the United States:

- (a) commodity credit corporation;
 - (b) federal intermediate credit banks;
 - (c) federal land bank;
 - (d) bank for cooperatives;
 - (e) federal home loan banks;
 - (f) federal national mortgage association;
 - (g) government national mortgage association;
 - (h) small business administration;
 - (i) federal housing administration; and
 - (j) federal home loan mortgage corporation;
- (4) general obligation bonds of the state or of any county, city, school district, or other political subdivision of the state;
- (5) revenue bonds of any county, city, or other political subdivision of the state, when backed by the full faith and credit of such subdivision or when the revenues pledged to the payment of the bonds are derived from a water or sewer system and the issuer has covenanted to establish and maintain rates and charges for the system in an amount sufficient to produce revenues equal to at least 125% of the average annual principal and interest due on all bonds payable for such revenues during the outstanding term of such bonds;
 - (6) interest-bearing warrants of the state or of any county, city, school district, or other political subdivision of the state issued in evidence of claims in an amount which, with all other claims on the same fund, do not exceed the amount validly appropriated in the current budget for expenditure from the fund in the year in which they are issued;
 - (7) obligations of housing authorities of the state secured by a pledge of annual contributions or by a loan agreement made by the United States or any agency thereof providing for contributions or a loan sufficient with other funds pledged to pay the principal of and interest on the obligations when due. Subject to rules prescribed by the department of commerce, the bonds and other obligations made eligible for investment in 32-1-424(3) and 7-15-4505 may be used as security for all deposits of public funds or obligations for which depository bonds or any kind of bonds or other securities are required or may by law be deposited as security.

(8) general obligation bonds of other states and of municipalities, counties, and school districts of other states;

(9) undertaking or guarantees issued by a surety company authorized to do business in the state;

(10) first mortgages and trust indentures on real property. The depository shall, on a quarterly basis, certify to the state treasurer that sufficient first mortgages and trust indentures on real property are available and segregated to secure deposits of public funds. The board of investments shall determine the amount of security required.

(11) bonds issued pursuant to Title 7, chapter 12, parts 21, 41, and 42;

(12) bonds issued pursuant to Title 90, chapter 6, part 1;

(13) revenue bonds issued by any unit of the university system of the state of Montana;

(14) advance refunded bonds secured by direct obligations of the United States treasury held in irrevocable escrow; and

(15) linked deposit loan obligations incurred under 80-14-203. (*Subsection (15) terminates June 30, 1989—sec. 6, Ch. 57, L. 1987.*)

History: Ap. p. Sec. 4, Ch. 298, L. 1973; amd. Sec. 2, Ch. 160, L. 1975; amd. Sec. 1, Ch. 92, L. 1977; Sec. 79-307, R.C.M. 1947; Ap. p. Sec. 2, Ch. 5, Ex. L. 1933; amd. Sec. 2, Ch. 37, L. 1935; re-en. Sec. 5309.36, R.C.M. 1935; amd. Sec. 109, Ch. 431, L. 1975; Sec. 35-145, R.C.M. 1947; R.C.M. 1947, 35-145, 79-307; amd. Sec. 3, Ch. 158, L. 1979; amd. Sec. 1, Ch. 185, L. 1979; amd. Sec. 1, Ch. 437, L. 1979; amd. Sec. 5, Ch. 540, L. 1979; amd. Sec. 7, Ch. 274, L. 1981; amd. Sec. 1, Ch. 287, L. 1983; amd. Sec. 1, Ch. 62, L. 1985; amd. Sec. 4, Ch. 57, L. 1987; amd. Sec. 56, Ch. 370, L. 1987.

Compiler's Comments

1987 Amendments: Chapter 57 inserted (15).

Chapter 370 in (11) inserted reference to part 42.

Cross-References

Deposit security, 7-6-207.

Investment of certain money in county warrants, 7-6-2701.

Call for payment of warrants drawing interest, 7-6-4502.

Investment of municipal money in city or town warrants, 7-6-4603.

Authorization for additional indebtedness for water or sewer systems, 7-7-108.

County general obligation bonds, Title 7, ch. 7, part 22.

Municipal general obligation bonds, Title 7, ch. 7, part 42.

Municipal revenue bonds, Title 7, ch. 7, part 44.

Public obligations as authorized security, 17-5-1123.

Surety defined, 28-11-401.

What real property may be mortgaged — debts secured, 71-1-201.

Trust indenture considered to be mortgage on real property, 71-1-305.

17-6-104. Interest on deposits — conformity with federal law. (1)

The board of investments may require the payment of quarter annual interest on daily balances of collected funds at a rate to be agreed upon between the depository banks, building and loan associations, savings and loan associations, credit unions, and the board of investments, which rate shall be fixed semiannually during the months of July and January of each year.

(2) The interest requirements on deposits of public funds made under the law of the state of Montana or otherwise by county or city treasurers or town clerks may not at any time be in violation of any act of the congress of the United States or of any rule or regulation of the federal reserve system, federal home loan bank system, or the federal deposit insurance corporation, federal savings and loan insurance corporation, national credit union administration, or any other fiscal agency of the United States of which the banks, building and loan associations, savings and loan associations, or credit unions of this state may be members or debtors.

History: (1) En. Sec. 183, Rev. C. 1907; en. Sec. 1, Ch. 129, L. 1909; re-en. Sec. 182, R.C.M. 1921; amd. Sec. 1, Ch. 85, L. 1923; amd. Sec. 1, Ch. 80, L. 1929; amd. Sec. 1, Ch. 62, L. 1935;

Part 2

Investments

Part Cross-References

Investment of public funds, Art. VIII, sec. 13, Mont. Const.

Investment of coal tax revenues, 90-6-211.

17-6-201. Unified investment program — general provisions. (1) The unified investment program directed by Article VIII, section 13, of the 1972 Montana constitution to be provided for public funds shall be administered by the board of investments in accordance with the prudent expert principle, which requires any investment manager to:

(a) discharge his duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims;

(b) diversify the holdings of each fund within the unified investment program to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so; and

(c) discharge his duties solely in the interest of and for the benefit of the funds forming the unified investment program.

(2) Retirement funds may be invested in common stocks of any corporation provided that no investment may be made at any time which would cause the book value of such investments in any retirement fund to exceed 50% of the book value of such fund or would cause the stock of one corporation to exceed 2% of the book value of such retirement fund.

(3) (a) Nothing contained in this section prevents the investment in any business activity in Montana, including activities that continue existing jobs or create new jobs in Montana.

(b) The board is urged under the prudent expert principle to invest up to 3% of retirement funds in venture capital companies. Whenever possible, preference should be given to investments in those venture capital companies which demonstrate an interest in making investments in Montana.

(c) In discharging its duties, the board shall consider the preservation of purchasing power of capital during periods of high monetary inflation.

(4) The board has the sole authority to invest state funds. No other agency may invest such state funds. The board shall direct the investment of state funds in accordance with the laws and constitution of this state. The board has the power to veto any investments made under its general supervision.

(5) The board shall:

(a) assist agencies with public money to determine if, when, and how much surplus cash is available for investment;

(b) determine the amount of surplus treasury cash to be invested;

(c) determine the type of investment to be made;

(d) prepare the claim to pay for the investment; and

(e) keep an account of the total of each investment fund and of all the investments belonging to such fund and a record of the participation of each treasury fund account therein.

(6) The board may:

(a) execute assignments of conveyance transferring all real property obtained through foreclosure of any investments purchased under the provisions of 17-6-211 when full payment has been received therefor;

(b) direct the withdrawal of any funds deposited by or for the state treasurer pursuant to 17-6-101 and 17-6-105;

(c) direct the sale of any securities in the program at their full and true value when found necessary to raise money for payments due from the treasury funds for which the securities have been purchased.

(7) The cost of administering and accounting for each investment fund shall be deducted from the income therefrom, except that such costs of the nonexpendable trust funds shall be paid from income otherwise receivable from the pooled investment fund, and the amounts required for this purpose shall be appropriated by the legislature from the respective investment funds.

(8) (a) The director of the department of administration annually may prepare a statewide cost allocation plan to distribute program costs incurred by state agencies that are funded through the general fund to the programs served by the agencies. Except as provided in subsection (8)(b), the cost to an agency of providing services to a program funded through an account in the state special revenue fund as defined in 17-2-102 must be deducted by the board from the account's investment earnings according to the statewide cost allocation plan. Amounts deducted by the board must be credited to the general fund.

(b) No deduction for program costs as provided in subsection (8)(a) may be made if an account's cash on hand is pooled for investment in the treasury cash account defined in 17-6-202.

History: (1), (2), (5) thru (7) En. Sec. 5, Ch. 298, L. 1973; amd. Sec. 1, Ch. 203, L. 1977; Sec. 79-308, R.C.M. 1947; (3), (4) En. 82A-204 by Sec. 1, Ch. 272, L. 1971; amd. Sec. 90, Ch. 326, L. 1974; amd. Sec. 82A-204, R.C.M. 1947; R.C.M. 1947, 79-308, 82A-204(4); amd. Sec. 1, Ch. 395, L. 1981; amd. Sec. 11, Ch. 281, L. 1983; amd. Sec. 19, Ch. 677, L. 1983; amd. Sec. 2, Ch. 183, L. 1985; amd. Sec. 3, Ch. 418, L. 1985; amd. Sec. 1, Ch. 158, L. 1987; amd. Sec. 1, Ch. 335, L. 1987; amd. Sec. 12, Ch. 581, L. 1987.

Compiler's Comments

1987 Amendments: Chapter 158 inserted (8).
Chapter 335 in (3)(a), at end of introductory clause after "Montana" deleted "if the investment meets the standard of care required by this section"; and inserted (3)(b).

Chapter 581 in (1), in introductory clause after "board of investments", deleted "and the Montana economic development board" and after "in accordance with" deleted "Article VIII, section 13, of the Montana constitution and"; in (3)(c) substituted "board" for "board of investments" and the Montana economic development

board"; in (4), in first sentence after "board", deleted "of investments" and at end deleted "other than the Montana in-state investment fund"; and in (5) and (6), at beginning after "board", deleted "of investments".

Cross-References

Accurate accounting records and interaccount loans, 17-2-107.

U.C.C. — secured transactions — sales of accounts, contract rights, and chattel paper, Title 30, ch. 9.

Proceedings in foreclosure suits, 71-1-222.

17-6-202. Investment funds — general provisions. (1) For each treasury fund account into which state funds are segregated by the department of administration pursuant to 17-2-106, individual transactions and totals of all investments shall be separately recorded to the extent directed by the department.

(2) However, the securities purchased and cash on hand for all treasury fund accounts not otherwise specifically designated by law or by the provisions of a gift, donation, grant, legacy, bequest, or devise from which the fund

account originates to be invested shall be pooled in an account to be designated "treasury cash account" and placed in one of the investment funds designated in 17-6-203. The share of the income for this account shall be credited to the general fund.

(3) If, within the list in 17-6-203 of separate investment funds, more than one investment fund is included which may be held jointly with others under the same separate listing, all investments purchased for that separate investment fund shall be held jointly for all the accounts participating therein, which shall share all capital gains and losses and income pro rata.

History: En. Sec. 6, Ch. 298, L. 1973; amd. Sec. 7, Ch. 540, L. 1977; R.C.M. 1947, 79-309(part).

Cross-References

Accurate accounting records and interaccount loans, 17-2-107.

17-6-203. Separate investment funds. Separate investment funds shall be maintained as follows:

(1) the nonexpendable trust funds, including all public school funds and funds of the Montana university system and other state institutions of learning referred to in sections 2 and 10, Article X, of the 1972 Montana constitution. The principal and any part thereof of each and every fund constituting the Montana nonexpendable trust fund type shall be subject to payment at any time when due under the statutory provisions applicable thereto and according to the provisions of the gift, donation, grant, legacy, bequest, or devise through or from which the particular fund arises.

(2) a separate investment fund, which may not be held jointly with other funds, for money pertaining to each retirement or insurance system now or hereafter maintained by the state, including those now maintained under the following statutes:

(a) the highway patrolmen's retirement system described in Title 19, chapter 6;

(b) the public employees' retirement system described in Title 19, chapter 3;

(c) the game wardens' retirement system described in Title 19, chapter 8;

(d) the teachers' retirement system described in Title 19, chapter 4; and

(e) the industrial accident insurance program described in Title 39, chapter 71, part 23;

(3) a pooled investment fund, including all other accounts within the treasury fund structure established by 17-2-102;

(4) the fish and wildlife mitigation trust fund established by 87-1-611;

(5) a fund consisting of gifts, donations, grants, legacies, bequests, devises, and other contributions made or given for a specific purpose or under conditions expressed in the gift, donation, grant, legacy, bequest, devise, or contribution on the part of the state of Montana to be observed. If such gift, donation, grant, legacy, bequest, devise, or contribution permits investment and is not otherwise restricted by its terms, it may be treated jointly with other such gifts, donations, grants, legacies, bequests, devises, or contributions.

(6) a fund consisting of coal severance taxes allocated thereto under section 5, Article IX, of the Montana constitution; the principal of this trust

MBOH AUDIT COMMITTEE FUNCTIONS
(12/15/88)

Purpose of Committee:

Responsible for oversight of the financial reporting process of the Montana Board of Housing

Membership on Committee:

Three member committee appointed by the Chairman, with term on committee to coincide with Board term

Frequency of Meetings:

The committee will meet at least twice a year, at the beginning and the end of the annual audit, with the independent auditors. The independent auditors have unrestricted access to the committee

Functions of Committee:

A. Reviewing External Audit Scope and Approach

A meeting of the audit committee and independent auditors normally allows the committee to be aware of the audit scope and approach before the fieldwork actually begins. This meeting will normally be conducted in January and the following items will be addressed:

1. Independent auditor reviews with the Audit Committee the auditor's responsibility for the detection of errors, irregularities and illegal acts.
2. Independent auditor reviews, with the Committee, the Board of Housing's internal control structure as reviewed and documented by the auditor.
3. Independent auditor reviews, with the Committee, the specific audit approach by major area, as a result of the auditor's assessment of the internal control structure.

4. Audit Committee communicates to independent auditor areas of concern not covered by auditor.
- B. Reviewing Financial Statements and Audit Findings
- After the completion of the audit, the audit committee will meet again with the independent auditor to review the financial statements and determine if the objectives of the audit were met. The review should take place, theoretically, before the financials are issued publicly. The following items should be communicated by the auditor.
1. Whether or not the financial statements are prepared in accordance with generally accepted accounting principles.
 - a. Inform Audit Committee of initial selection of, and changes in, significant accounting policies.
 - b. Also, inform the Committee about methods used to account for significant unusual transactions.
 2. Management judgments and accounting estimates.
 - a. Auditor should inform the Committee about the process used by management in formulating sensitive accounting estimates and the auditor's conclusions regarding the reasonableness of these estimates.
 3. Reportable conditions in control structure (replaces comments about internal control).
 4. Changes in the initial audit scope and approval.
 - a. Specific audit changes in relation to depleted or additional audit procedures.

5. Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the entity's financial statements or the auditor's report.
 - a. Application of accounting principles.
 - b. Disclosure of financial statements.
 - c. Restrictions on audit scope by management.
6. Difficulties encountered with management in performing the audit.
 - a. Unreasonable management timetables.
 - b. Management delay of audit start.
 - c. Management withholding of information.
 - d. Failure of client's personnel to be available or complete audit schedules on a timely basis.
7. Implication of audit adjustments.
 - a. Proposed corrections of financial statements detected by applying audit procedures.
 - b. Implications of proposed adjustments for the control structure and future financial statements.
8. Other information accompanying the financial statements.
 - a. Auditor's responsibility for other information containing audited financial statements.
 - b. Procedures performed and results.
9. Reporting all irregularities and illegal acts detected during audit.

NOTICE OF PUBLIC HEARING
MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE SENIOR BONDS
1988 Series B
(FHA Insured or VA Guaranteed Mortgage Loans)
\$25,000,000

NOTICE OF PUBLIC HEARING

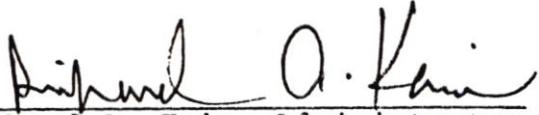
Notice is hereby given of the intent of the Montana Board of Housing to hold a public hearing on the Board's proposed issuance of \$25,000,000 of single family mortgage bonds to finance single family homes for qualified families in Montana.

The hearing will be held at 1:00 p.m. on Thursday, November 10, 1988, in the Board's conference room. The Montana Board of Housing is located at 2001 Eleventh Avenue, Helena, Montana. Oral comments are limited to five minutes; however, written comments will be accepted and included in the record of the public hearing.

Dated: October 24, 1988.

MONTANA BOARD OF HOUSING

By:


Richard A. Kain, Administrator
2001 Eleventh Avenue
Helena, MT. 59620
Telephone No. (406) 442-3040

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, a Public Hearing was held on the Board's proposed issuance of \$25,000,000 of single family mortgage bonds to finance single family homes for qualified families in Montana.

The hearing opened at 1:00 p.m. on Thursday, November 10, 1988, and was attended by Richard A. Kain, Administrator, and David J. Haviland, Single Family Program Officer. No comments were heard and the hearing closed at 1:15 p.m.

Brad Walterskirchen, Secretary

Dec. 15, 1988

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

NOVEMBER 10, 1988

ROOM 160, SAM W. MITCHELL BUILDING*

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 8:30 a.m.*
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - October 11, 1988, Business Meeting
- October 18, 1988, Conference Call Meeting
- October 28, 1988, Conference Call Meeting
Chairman Joan Bennett
- III. UNDERWRITERS UPDATE - Randy Hynote
- IV. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- V. SINGLE FAMILY PROGRAM - David Haviland
 - A. MCC Program Update
 - B. Update - 1988 Series A
 - C. Lender Qualification Guidelines
 - D. Servicer Qualification Guidelines
 - E. NHS Great Falls - Setaside Request
- VI. PROPOSED GUIDELINES FOR NEW MCC PROGRAM
David Haviland and Roy Koegen
- VII. ACCOUNTING AND REPORTING - Dave Kraft
 - A. FY89 Budget Amendment
- VIII. OTHER BUSINESS
- IX. SET NEXT MEETING DATE
- X. ADJOURN

* NOTE MEETING TIME AND MEETING LOCATION

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
ROOM 160, SAM W. MITCHELL BUILDING
HELENA, MONTANA
NOVEMBER 10, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy (Present)
Mike McKee (Present)
Howard Rosenleaf (Present)
George Swords II (Absent)

STAFF:

Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS:

Randy Hynote, Goldman, Sachs & Co.
Gene Hufford, D. A. Davidson & Co.
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL:

Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel
Mike Ormsby, Bond Counsel

OTHERS:

Mark Lindsay, Helena Home Builders Assoc.

The meeting was called to order at 8:30 a.m. by Chairman Joan Bennett. There were no additions or corrections to the minutes of the October 11, 1988, business meeting, or the October 18, 1988, and October 28, 1988, conference call meetings, and they were approved as presented.

UNDERWRITER UPDATE

Randy Hynote, Goldman, Sachs & Co., presented a bond market update. The market remains stable with no significant changes expected. Randy also advised the Board that the 1988 Series B bonds were successfully marketed, and that the mortgage rate produced of 8.50% is one of the lowest accomplished this year. Closing of the bond sale has been scheduled for November 17, 1988, in Helena.

BOND COUNSEL REPORT

Roy Koegen advised the Board that Preston, Thorgrimson, Ellis & Holman has taken the policy position that the Board itself is not a party to the option agreement in the 1988 Series B structure.

SINGLE FAMILY PROGRAM

MCC PROGRAM UPDATE

David Haviland, Single Family Program Officer, advised the Board that 27 reservations for Mortgage Credit Certificates, for \$287,942.80 in credit authority, remain outstanding, as of October 31, 1988. The Board has issued 981 Mortgage Credit Certificates, for \$9,698,103.20 in authority. \$6,797.20 in authority is available for reservation. As of October 11, 1988, 43 MCC requests were on a waiting list, for approximately \$425,000.00 in credit authority. Since October 11, 1988, the Board has filled two of those requests for Mortgage Credit Certificates, as a result of the cancellation of two reservations for credit authority. The Board was also advised that all lenders who have borrowers with reservations outstanding were notified that the loans must close prior to December 31, 1988, or the borrowers could not be issued the certificates.

1988 SERIES A UPDATE

David Haviland advised the Board that as of November 7, 1988, the Board has purchased 382 loans with proceeds from the 1988 Series A issue for \$16,963,865.64. 41 reservations are outstanding, for \$1,933,173.00. \$74,156.36 is available, and the lenders on the waiting list have been advised of the availability of this money. Two mortgage loan reservation packages are forthcoming that will utilize the remaining funds.

1988 SERIES B UPDATE

The Invitation to Participate in 1988 Series B, and the Terms and Conditions were presented for Board review. The Board was advised that they were mailed to lenders on November 1, 1988. 64 lenders have applied to participate to date, and have indicated a demand for \$67,000,000 of 1988 Series B, 8.50%, 30-year mortgage funds.

LENDER QUALIFICATION GUIDELINES

The Board reviewed lender qualification guidelines relative to the requirement for financial statements and the Errors and Omissions and Fidelity insurance coverage requirements. In an effort to apply consistent requirements to lenders applying to participate in Board bond programs, financial statement requirements have been expanded to include annual audited financial statements, or equivalent regulatory agency reports, and, upon corporate or regulatory agency restructuring, the financial statements must cover the period of time from restructure to date of application. Additionally, the financial statements must exhibit total capital as a percentage of average

addition of \$1,000 per dependent, up to a maximum of \$2,000; 3) requiring reservation of the certificate before closing; 4) increasing the fee to the borrower to \$200, with \$100 going to the lender, and \$100 to the Board; and 5) allowing the purchasers of Board-owned property to apply for an MCC if the program requirements are met. Brad Walterskirchen moved that the Board adopt the recommended changes for a new Mortgage Credit Certificate program, and to allow the borrowers currently on the waiting list to apply, if they are eligible under the new requirements. Bond Counsel will provide the Board with a letter relative to qualification requirements for those borrowers on the waiting list. Howard Rosenleaf seconded the motion, which carried unanimously.

After review of available Mortgage Revenue Bond authority, Brad Walterskirchen then moved that the Board notify the Internal Revenue Service of its intent to convert \$60,000,000 in 1988 Mortgage Revenue Bond authority, contingent on the availability of that amount after it makes a carryforward election on December 1, 1988. Additionally, staff and bond counsel were requested to prepare documents, publish the required ninety-day public notice, and prepare to issue certificates, all prior to December 31, 1988. The motion was seconded by Mike McKee, and carried unanimously.

FY89 BUDGET AMENDMENT

Dave Kraft, Comptroller, reported that the Board's requested \$996,702.00 budget amendment request appears to meet statutory certification requirements, and will be reviewed by the Legislative Finance Committee on November 17, 1988. The bulk of the increase is requested due to increasing foreclosure expenses, trustee fees related to extraordinary bond redemptions, and new bond issues in 1987 and 1988.

INVESTMENT COMMITTEE REPORT

Brad Walterskirchen reported that the initial meeting of the Investment Committee, held on November 9, 1988, resulted in a draft investment policy, which will be submitted for review and consideration at the December Board meeting. The committee proposes to meet semiannually, and to provide a list of current investments to the Board on a quarterly basis.

OTHER BUSINESS

Dick Kain updated the Board on the quest for a new Multifamily Program Officer, and reported that no qualified candidates have applied. Since the position was advertised two times, in-state, and then in-state and out-of-state, another method of recruiting will be attempted, with the possibility of sending the most qualified person to another Housing Finance Agency for hands-on experience in multifamily programs. Dick will look into the use of professional management firms in identifying qualified candidates.

assets of at least 6%, or capital requirements of their regulatory agency. As a result of a change in rating agency requirements, fidelity insurance coverage is no longer required, but will continue to be required for older issues. After review of the recommended changes, Mike McKee moved they be approved subject to board counsel approval. Howard Rosenleaf seconded the motion, which carried unanimously. These revisions will be incorporated by Board Counsel into the Administrative Rules of the Board.

SERVICER QUALIFICATION GUIDELINES

David Haviland presented draft Servicer Qualification Guidelines for Board consideration. The Board has not had requirements for servicers applying to service Board loans, but because of consolidation of servicing, the necessity has arisen for developing standards for servicers as well as originating lenders. The requirements include maintenance of an office in the state, evidence of current corporate and ownership structure of a year or more, insurance coverage as required by the indentures under which the servicer would be bound, and approval by FHA and/or VA to service loans. Additionally, the servicer would be required to provide audited or equivalent regulatory agency financial reports, plus current (60 days) financial statements indicating a positive return on assets, and capital as a percentage of average assets of at least 6%, or capital requirements of their regulatory agency. After discussion, Brad Walterskirchen moved that, subject to minor revisions and review by Board Counsel, the Board adopt the servicer qualification guidelines. Howard Rosenleaf seconded the motion, which carried unanimously.

NEIGHBORHOOD HOUSING SERVICES, INC., GREAT FALLS

David Haviland presented a request from Neighborhood Housing Services, Inc., Great Falls, to set aside an additional \$500,000 in recycled 7-3/4%, 25 year mortgage funds. The request was tabled, as there is not enough information at present to determine whether the Board has funds available for recycling into mortgage loans.

GUIDELINES FOR PROPOSED NEW MCC PROGRAM

The Board reviewed information from Pam Martin, Preston, Thorgrimson, Ellis & Holman, relative to the effect the sunset extension will have the Board's ability to convert Mortgage Revenue Bond Authority into Mortgage Credit Certificates. The MCC program has been extended through 1989, and if the Board elects to use 1988 bonding authority, the new federally imposed income limits for smaller households (3 persons and less) will not be applicable. After review of this information, the Board reviewed changes in the existing program that staff has recommended. The changes are: 1) no longer requiring Errors & Omissions and Fidelity insurance coverage from the lender; 2) establishing the income limit as adopted by the Board at the September 13, 1988, meeting. This limit is \$30,000, with the

A letter from Floberg Realty in Billings, requesting that the Board return to previous higher income limits, was presented. The Board consensus was that the lower income limits enable the Board to better serve lower income Montanans.

Edward D. Jones Co. wrote to the Board, requesting consideration to be placed in a selling group for future bond issues.

The next meeting date was set for December 15, 1988, in the Upstairs Conference Room of the Department of Commerce Building in Helena.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

1-12-89

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The Investment Committee of the Montana Board of Housing will hold a meeting on Wednesday, November 9, 1988, at 2:00 p.m. This meeting will be held in the Board's office located at 2001 Eleventh Avenue, Helena, Montana

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

The Investment Advisory Committee of the Montana Board of Housing held a meeting on November 9, 1988, at 2:00 p.m. Those present were Committee Members Joan Bennett, Mike Kennedy, and Brad Walterskirchen, and Administrator Dick Kain.

After review of previous actions relative to the formation of the Investment Committee, the committee drafted an investment policy, to present to the entire Board at the December meeting.

There was no further business, and the meeting adjourned.

Brad Walterskirchen, Chairman

Dec. 15, 1988

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting on Friday, October 28, 1988, at 10:15 a.m., via telephone conference call. The Board will discuss the next steps necessary to issue the 1988 Series B Mortgage Revenue Bonds.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Board of Housing held a telephone conference call meeting on October 28, 1988, for the purpose of reviewing the next steps necessary to issue 1988 Series B bonds. Board members participating were: Joan Bennett, Chairman; Bruce Moerer, Vice Chairman; Brad Walterskirchen, Secretary; and members Howard Rosenleaf and Michael J. Kennedy. Staff participants were: Dick Kain, David Haviland, Dave Kraft, Jo Berg, Ellen Faber, Laura Glueckert, Meredith McGuire, Sue Mannix, and Carrie Welsh. Others participating were: Roy Koegen, Bond Counsel; Randy Hynote and Barry Gottfried, Goldman, Sachs & Co.; Stan Dirks, Underwriter Counsel; and Bob Murdo, Board Counsel.

Randy Hynote updated the Board on events since the October 11, 1988, Board meeting, and advised the Board that a verbal award was given on October 25, 1988. The structure of the issue is a combination of \$10,510,000 non-AMT and \$13,490,000 AMT Senior Bonds, as well as \$1,000,000 in AMT Subordinate Bonds, for a total of \$25,000,000. The Senior Bonds are a special obligation of the Board, and the Subordinate Bonds are a general obligation of the Board. The structure will provide a mortgage interest rate of 8.5%, with 3-1/2 points.

Roy Koegen then presented Resolution 88-10-28-S3 (attached), which authorizes execution of the indenture, gives authority to make changes in the documents, if necessary, and authorizes execution of the Bond Purchase Agreement and the Official Statement. After review of the contents, Bruce Moerer made a motion that the Board adopt Resolution #88-10-28-S3. Howard Rosenleaf seconded the motion and it carried unanimously.

The closing of the bond sale is expected to be November 17, 1988, in Helena.

There was no further business, and the meeting adjourned.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

Nov. 10, 1988
Dated

MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE SENIOR BONDS
1988 SERIES B

MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE SUBORDINATE BONDS
1988 SERIES B-2

(FHA Insured or VA Guaranteed Mortgage Loans)

\$25,000,000

RESOLUTION NO. 88-10-28-S3

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$25,000,000 AGGREGATE PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE SENIOR BONDS, 1988 SERIES B AND SINGLE FAMILY MORTGAGE SUBORDINATE BONDS, 1988 SERIES B-2 (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE CONTRACTS; APPROVING THE TRUST INDENTURE, THE OFFICIAL STATEMENTS AND OTHER DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

Adopted October 28, 1988

Prepared by

PRESTON, THORGRIMSON, ELLIS & HOLMAN

Spokane, Washington

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RESOLUTION NO. 88-10-28-S3

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$25,000,000 AGGREGATE PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE SENIOR BONDS, 1988 SERIES B (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) AND SINGLE FAMILY MORTGAGE SUBORDINATE BONDS, 1988 SERIES B-2 (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO BOND PURCHASE CONTRACTS; APPROVING A TRUST INDENTURE, THE OFFICIAL STATEMENTS AND OTHER DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY MORTGAGE SENIOR BONDS, 1988 SERIES B AND
SINGLE FAMILY MORTGAGE SUBORDINATE BONDS, 1988 SERIES B-2
(FHA INSURED OR VA GUARANTEED MORTGAGE LOANS)

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Board intends to issue its Single Family Mortgage Senior Bonds, 1988 Series B (FHA Insured or VA Guaranteed Mortgage Loans) and Single Family Mortgage Subordinate Bonds, Series B-2 (FHA Insured or VA Guaranteed Mortgage Loans) (the "Subordinate Bonds") in the aggregate principal amount of \$25,000,000 (collectively the "1988, Series B Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1988 Series B Bonds (the "1988 Series B Mortgage Purchase Program"); and

WHEREAS, the Board has mailed to mortgage lenders throughout the state an Invitation to Participate dated as of October 28, 1988, Terms and Conditions dated as of October 28, 1988 (the "Terms and Conditions"), and a form of Mortgage Lender Application (the "Application") with respect to the 1988 Series B Mortgage Purchase Program; and

WHEREAS, the Board has reviewed forms of a Mortgage Purchase Agreement and a Servicing Agreement applicable to the 1988 Series B Mortgage Purchase Program; and

WHEREAS, pursuant to a Trust Indenture dated as of October 1, 1988 (the "Trust Indenture"), among the Board, and First Interstate Bank of Denver, N.A., as Trustee, has been presented to the Board, whereby the Board would be authorized to issue the 1988 Series B Bonds, subject to the terms, conditions and limitations established in the Trust Indenture; and

WHEREAS, a Preliminary Official Statement for the Senior Bonds (the "Preliminary Official Statement") dated October 21, 1988, and an Official Statement for the Senior Bonds (the "Senior Bond Official Statement") dated October 28, 1988, has been presented to the Board, containing certain information relating to the Board, the Trust Indenture, and the Bonds, and which will be distributed to the purchasers of the Senior Bonds and others by a group of investment dealers and brokers represented by Goldman, Sachs & Co., D.A. Davidson Co., Incorporated, Merrill Lynch Capital Markets, Piper, Jaffrey & Hopwood Incorporated, and Meridian Capital Markets, Inc. (the "Underwriters"); and

WHEREAS, an Official Statement for the Subordinate Bonds (the "Subordinate Bond Official Statement") dated October 28, 1988, has been presented to the Board, containing certain information relating to the Board, the Trust Indenture, and the Bonds, and which will be distributed to the purchasers of the Subordinate Bonds and others by Goldman, Sachs & Co. ("Goldman"); and

WHEREAS, a Bond Purchase Contract (the "Senior Bond Purchase Contract"), dated October 28, 1988, between the Board and the Underwriters, has been presented to the Board pursuant to which the Board would agree to sell and the Underwriters would agree to purchase the Senior Bonds at the price and upon the terms and conditions therein set forth; and

WHEREAS, a Bond Purchase Contract (the "Subordinate Bond Purchase Contract"), dated October 28, 1988, between the Board and Goldman, has been presented to the Board pursuant to which the Board would agree to sell and Goldman would agree to purchase the Subordinate Bonds at the price and upon the terms and conditions therein set forth; and

WHEREAS, applications to participate in the 1988 Series B Mortgage Purchase Program will be received from the lending institutions, and the Board intends to acquire loans from these institutions on the terms and conditions set forth in the Invitation to Participate, Terms and Conditions, Application, and Mortgage Purchase Agreement (together, the "Program Documents"); and

WHEREAS, the Board is of the opinion that it is in the best interests of the Board and the residents of the State of Montana to provide for the issuance of its bonds in book-entry form and, accordingly, now desires to provide for the issuance of its bonds in book-entry form; and

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING as follows:

Section 1. Findings.

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of the 1988 Series B Bonds, and the purchase by the Board from proceeds thereof of mortgage loans pursuant to the Program Documents and the Trust Indenture constitute "housing developments" within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board hereby finds:

(i) that there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe, and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford, or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Trust Indenture and in the Program Documents pursuant to which Mortgage Loans are to be purchased are sufficient to insure that the homes will be well planned and well designed so as to constitute decent safe and sanitary housing and that the "housing sponsors" (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the homes to be financed as stated in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans, and other public desires;

(v) that the homes financed with the proceeds of the 1988 Series B Bonds do not involve the construction of

"second homes," defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that the finding required by Section 90-6-109(1) (f) of the Act is inapplicable because the homes financed by the 1988 Series B Bonds do not involve direct loans.

Section 2. Approval of 1988 Series B Mortgage Purchase Program. The 1988 Series B Mortgage Purchase Program is hereby ratified and approved; the Program Documents are hereby ratified and approved.

Section 3. Approval of Trust Indenture Dated as of October 1, 1988. The Indenture of Trust dated as of October 1, 1988, 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 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. Authorization of Bonds. The issuance of the Board's Single Family Mortgage Senior Bonds, 1988 Series B and Single Family Mortgage Subordinate Bonds, 1988 Series B-2 (FHA Insured or VA Guaranteed Mortgage Loans), in the aggregate principal amount of \$25,000,000 (the "1988 Series B Bonds"), is hereby authorized and approved. The 1988 Series B Bonds shall mature, bear interest, be subject to optional, special optional, mandatory and sinking fund redemption and have the other terms and provisions as set forth in the Trust Indenture. The 1988 Series B Bonds shall be prepared in substantially the form set forth in the Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture. The 1988 Series B Bonds shall be executed in the name of the Board by the Chairman of the Board, and attested to by either the Secretary or the Treasurer, 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 1988 Series B Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Trust Indenture) for purposes of authenticating the 1988 Series B Bonds.

Section 5. Approval of Preliminary Official Statement, Senior Bond Official Statement and Subordinate Bond Official Statement. The Preliminary Official Statement, the Senior Bond Official Statement and the Subordinate Bond Official Statement are 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 Senior Bond Official Statement and the Subordinate Bond Official Statement with such changes, insertions or omissions therein as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Senior Bond Official Statement and the Subordinate Bond Official Statement.

Section 6. Sale of the Bonds. The Senior Bond Purchase Contract, dated October 28, 1988, and the Subordinate Bond Purchase Contract, dated October 28, 1988, are 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 Contracts with such changes, insertions or omissions therein as do not change the substance of the Bond Purchase Contracts and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Contracts. The 1988 Series B Bonds are hereby authorized to be sold to the Underwriters upon the terms and conditions specified in the Bond Purchase Agreement.

Section 7. Notice of Acceptance. The Administrator of the Board, his designee, or any other officer of the Board is hereby authorized and directed to execute and deliver Notices of Acceptance to each of the lending institutions to be approved by the Administrator or his designee, each of which is hereby approved as a lender under the 1988 Series B Mortgage Purchase Program, informing such mortgage lenders of such approval, the interest rate on the mortgage loans, the date on which reservations will be accepted and other program details.

Section 8. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the 1988 Series B Mortgage Purchase Program, the Trust Indenture, the Invitation, the Terms and Conditions, the Preliminary Official Statement, the Senior Bond Official Statement, the Subordinate Bond Official Statement, the Senior Bond Purchase Contract, the Subordinate Bond Purchase Contract, and the 1988 Series B Bonds is hereby approved, confirmed and ratified.

Section 9. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or of 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 10. Additional Actions Authorized. 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 Treasurer, 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, and the Bond Purchase Contract, 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. Execution of Non-Arbitrage Certificate. 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 1988 Series B Bonds as described in Section 1.103-13(a)(2)(ii) of Treasury Regulations and Section 143 of the Internal Revenue Code of 1986, as amended.

Section 12. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 28th day of October, 1988.

MONTANA BOARD OF HOUSING

By Jean K. Bennett
Chairman

ATTEST:

B. [Signature]
Secretary

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a Special Meeting via telephone conference call. This meeting is scheduled for Tuesday, October 18, 1988, at 3:00 p.m.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

OCTOBER 18, 1988

Notice having been given, the Montana Board of Housing held a special telephone conference call meeting. Participants in the call were: Joan Bennett, Chairman, Michael J. Kennedy, Mike McKee, Howard Rosenleaf, George Swords, Brad Walterskirchen, Board Counsel Dave Jackson, and Dick Kain and Jo Berg of the staff. Chairman Bennett advised the Board that Bond Counsel contacted her since the October 11, 1988, meeting, and once again expressed serious concerns over the form of the subordinate bond as a special obligation of the Board. After discussion which centered around the Board's ability to complete the 1988 Series B issue if this item remained in dispute, Mike McKee moved that the subordinate bond portion of the issue be a general obligation of the Board. The motion was seconded by George Swords and carried unanimously.

There was no further business, and the meeting adjourned.

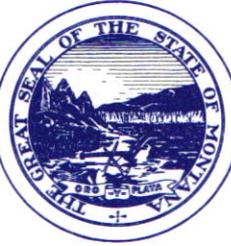
A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

Nov. 10, 1988

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The Investment Committee of the Montana Board of Housing will hold a meeting on Tuesday, October 11, 1988, at 1:00 p.m., in the Board's office at 2001 11th Avenue, Helena, Montana.

THIS MEETING WAS CANCELED OCTOBER 10, 1988, DUE TO CONFLICTS.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

OCTOBER 11, 1988

CONFERENCE ROOM, DEPARTMENT OF COMMERCE BUILDING

1424 NINTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 8:30 a.m.*
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - September 12, 1988 Audit Committee Meeting
- September 13, 1988 Business Meeting
- September 26, 1988 Conference Call Meeting
Chairman Joan Bennett
- III. SINGLE FAMILY PROGRAM - David Haviland
 - A. MCC Program Update
 - B. Update 1988 A and JVAH Missoula
 - C. Lender Qualification Guidelines
 - D. Review - Policy on Assignment of Servicing
and Servicer Qualification Guidelines
 - E. Review - Proposed Guidelines for new MCC Program
 - F. Demand Survey
- IV. UNDERWRITERS UPDATE - Randy Hynote
- V. ACCOUNTING AND REPORTING - Dave Kraft
 - A. Results of Operations - FY88
 - B. Quarterly Budget Reports
 - C. Report on 12/1/88 Bond Call
- VI. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- VII. OTHER BUSINESS
- VIII. SET NEXT MEETING DATE
- IX. ADJOURN

* NOTE MEETING TIME

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE, HELENA, MONTANA
OCTOBER 11, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy (Present)
Mike McKee (Present)
Howard Rosenleaf (Absent)
George Swords II (Absent)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS: Randy Hynote, Goldman, Sachs & Co.
Mark Semmens, D. A. Davidson & Co.
Laurel Esterlein, Merrill Lynch
Mike Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: Dave Jackson, Board Counsel
Pam Martin, Bond Counsel
Jay Reich, Bond Counsel
Stan Dirks, Underwriter Counsel
Orrick, Herrington & Sutcliffe
Stephen Spitz, Underwriter Counsel
Orrick, Herrington & Sutcliffe

OTHERS: Eleanor Dickinson, 1st Federal Saving Bank
Billings
Mary Lynne Arthun, U.S. Bancorp Mortgage
Billings
Ken Stone, Stone Realty, Great Falls
Cherie Stone, Stone Realty, Great Falls
Bill Chopel, ERA Home & Ranch, Billings
Mark Lindsay, Helena Home Builders Assoc.

The meeting was called to order at 8:30 a.m. by Chairman Joan Bennett. There were no additions or corrections to the minutes of the September 12, 1988, Audit Committee meeting, or the September 26, 1988, special telephone conference call meeting of the Board, and they were approved as presented. The minutes of

the September 13, 1988, regular Board meeting were amended to include directions to staff pertaining to the Mortgage Credit Certificate program, and the minutes were approved as amended.

MCC PROGRAM UPDATE

David J. Haviland, Single Family Program Officer, updated the Board on the status of the Mortgage Credit Certificate program, effective October 4, 1988. Of the \$10 million in available authority, the Board has issued \$9,263,243.80, or 937 certificates. 71 reservations, or \$724,093.00 remain to be issued. The average MCC amount is \$9,886.07; the average loan amount is \$49,430.33; and the average borrower income is \$27,193.47. \$5,506.20 in authority is available. Processing statistics indicated that in the first two weeks of September, 108 applications were processed. There are 45 applications on the waiting list. If existing reservations are canceled, these will be worked on a first-come, first-served basis.

1988 SERIES A PROGRAM UPDATE

David Haviland updated the Board on the status of the 1988A program. The Board has purchased 348 mortgage loans, for \$15,733,910.74, and has 78 reservations outstanding, for \$3,210,722.00. \$26,562.26 is available for reservation. The average loan amount on reservation is \$41,163.00; on purchase, the loan amount is \$45,212.38. The average borrower income is \$23,954.05. 13% of the loans were VA guaranteed. 88% of the proceeds went to first-time homebuyers, and 2% went to new construction.

JVAH (MISSOULA) STATUS REPORT

David Haviland advised the Board that of the initial \$874,000.00 allocation to the JVAH site, the Board has purchased seven loans, for \$328,221.95, and has seven reservations outstanding, for \$328,419.00. The remaining allocation is \$217,359.05. Of the fourteen loans purchased or reserved, eleven are to first time homebuyers, two are for single parent families, and one is for a disabled person. The average reservation amount is \$46,917.00 and the average borrower income is \$19,758.00.

LENDER QUALIFICATION GUIDELINES

David Haviland presented draft lender qualification guidelines relative to the Board's requirement that qualified and approved lenders submit financial statements as requested by the Board. Discussion was held about the requirements for federally regulated institutions versus non-regulated institutions. The Board requested that staff continue to research the means to develop an equitable method for determining the financial requirements, and that staff present alternative proposals at the next meeting.

ASSIGNMENT OF SERVICING/SERVICER QUALIFICATION GUIDELINES

David Haviland presented a proposed policy change relative to assignment of servicing. The policy change requires advance notification to the Board, and requires that certain conditions be met before the servicing change can be effected. Additionally, staff would have the ability to provide approval to the transaction. After further discussion, Brad Walterskirchen moved that the changes in assignment of servicing be enacted. The motion was seconded by Mike McKee, and carried unanimously.

Proposed servicer qualification guidelines were then presented for Board review and discussion. Seven items were presented, and, after further review, it was decided to continue to research the matter, and discuss action at a later date.

PROPOSED MCC PROGRAM GUIDELINES

David Haviland presented suggested changes to the existing Mortgage Credit Certificate Program guidelines, in the event the Board is able to convert Mortgage Revenue Bond authority to establish a new Mortgage Credit Certificate program. A letter from Pam Martin, dated September 20, 1988, was presented, which indicated, among other things, that the Board's ability to convert MRB authority to MCC authority expired December 31, 1987. Congress is currently discussing technical corrections legislation, which would restore the ability to convert MRB authority; however, until such legislation is passed, a new MCC program cannot be established.

The Board reviewed the suggested changes, and it was decided to adopt a wait-and-see attitude, to allow enough time for Congress to pass technical corrections legislation. If the necessary bills have not passed by the next meeting, it was proposed that the Board, at the November meeting, make a carryforward election to allocate the authority, and begin a required 90-day notice period. These steps will enable the Board to issue MCCs at the earliest possible date, if legally able to do so.

In the meantime, Bond Counsel will look at possible transition to a new MCC program for those borrowers who may have closed an MCC loan only to find that no credit authority remained in the existing program. Counsel will also assist the staff in formulation of a public notice to effectuate a new program.

DEMAND SURVEY

David Haviland presented the results of the recent demand survey for a 1988B bond issue, which indicated demands of \$64,752,500 at a mortgage rate of 8-3/4%, and \$42,392,500 at a rate of 9-1/4%, and advised the Board that, in his opinion, there is sufficient demand for a Board financing. Current conventional FHA or VA rates, effective October 7, 1988, appear to be at 9 3/4% or 10%. A comparison, city by city, of what was used in the last three issues was also presented for Board perusal.

The Board was advised that in the 1988A series, staff placed a limit of 10% for financing of units in a condominium complex or planned unit development. This limit was enacted because of overexposure in certain developments, and subsequent delinquencies and foreclosures, and the VA no-bid procedure. After discussion, the Board instructed staff to use their discretion, but that Board action was not required.

Bond counsel will review the possibility of mortgage loan funds from a 1988B issue being used to finance the Board's Real Estate Owned.

NEIGHBORHOOD HOUSING SERVICES - GREAT FALLS

A request from Nancy Stephenson, Executive Director of Neighborhood Housing Services, Inc., Great Falls, was presented. She requested that the Board extend the loan delivery date from December 31, 1988, to April 1, 1989, in order to have the time to effectively utilize the remaining setaside. NHS desires to use the last \$73,385.50 to finance the construction of a new home in the targeted area. Upon motion made by Bruce Moerer, and seconded by Brad Walterskirchen, the Board extended the cutoff date for Neighborhood Housing Services to April 1, 1989.

UNDERWRITERS UPDATE

Randy Hynote, Goldman, Sachs & Company, updated the Board on current bond market activity, and advised them that the Cash Flows for Single Family I and Single Family II indentures were completed. The effect of the scheduled December 1, 1988, bond call is now being analyzed.

Discussion was held about the progress toward a new \$25 million bond issue, and the Board reviewed the proposed structure of the issue. After discussion between the Board and Bond Counsel, Bruce Moerer moved that the proposed structure be revised to make the subordinate bond, which will comprise up to 4% of the issue, a general obligation of the Board, with the remaining percentage of bonds being a special obligation. The motion died for lack of a second. Mike McKee then moved that the Board authorize the underwriters to proceed with the initially discussed structure, and make the subordinate bond a special obligation of the Board. Brad Walterskirchen seconded the motion. Jay Reich, Bond Counsel, stated bond counsel concerns with the subordinate bond being a special obligation of the Board. The motion carried, with Bruce Moerer voting nay. Plans are to mail the preliminary Official Statement within ten days, and continue to monitor market conditions. Once the spread between obtainable mortgage rate and conventional mortgage rates in Montana reach the desired one percent or better, staff is authorized to instruct underwriters to proceed with the sale of the bonds.

Randy Hynote then presented to the Board the workings of a variable interest rate issue currently being considered, which involves short-term variable rate bonds. This issue would be

structured so that as demand and rates permit, a portion of the issue could be converted from the short-term bonds into long-term mortgage revenue bonds. Discussion was held about the workings of such an issue, and it was decided to consider the issue at the next meeting, depending upon action in Congress to extend the sunset of Mortgage Revenue Bonds.

RESULTS OF OPERATIONS - FISCAL YEAR 1988

Dave Kraft, Comptroller, presented the audited financial statements prepared by Junkermier, Clark, Campanella, Stevens, in connection with their audit of the Montana Board of Housing.

QUARTERLY BUDGET UPDATE

Dave Kraft updated the Board on the status of the Fiscal Year 1988 budget at fiscal year end, and presented the quarterly budget status report as of September 30, 1988. He advised the Board that, as a result of increasing foreclosure expenses, property management expenses, and trustee fees, the Board will need to request a budget amendment in this fiscal year.

DECEMBER 1, 1988, BOND CALL

Dave Kraft advised the Board that \$7,615,000.00 in prepayments has been identified and scheduled for a bond call on December 1, 1988. Since December, 1986, the Board has utilized prepayments in the amount of \$60,837,629.00 to call bonds.

OTHER BUSINESS

Richard A. Kain, Administrator, advised the Board that neither of the two applicants interviewed for the Multifamily Program Officer position had the necessary qualifications to function in the position, and that a different approach to filling the position must be determined.

Dick also advised the Board that Requests for Proposals would be sent to First Interstate Bank Denver, N.A., and Norwest Bank Minnesota, N.A., for trustee services, once the official statement for the proposed 1988B issue was finalized.

The next meeting was scheduled for Thursday, November 10, 1988, in Room 160 of the Sam W. Mitchell Building, beginning at 8:30 a.m.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

Nov. 10, 1988
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting via telephone conference call on Monday, September 26, 1988, at 4:00 p.m., for the purpose of review of the Board's annual audit.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

September 26, 1988

Notice having been given, the Montana Board of Housing held a telephone conference call meeting for the purpose of reviewing and responding to recommendations made by Junkermier, Clark, Campanella, Stevens, CPA's. Participating in the conference call meeting were: Joan Bennett, Bruce Moerer, Brad Walterskirchen, Mike Kennedy, Mike McKee, Dick Kain, Dave Kraft, David Haviland, and Jo Berg.

Bruce Moerer, chairman of the Audit Committee, presented three recommendations made by the auditors in the FY88 audit. The first recommendation was that the Board update multifamily servicer files for Fidelity Insurance and errors and omission coverage, and the second was that expenses on interim financial statements be grouped as on the 1988 annual audited financial statements, to more accurately reflect expenses by category when reported to the Board. Staff drafted recommendations that the Board begin updating multifamily servicer files, and regroup expenses as recommended. After a brief discussion, Mike McKee moved that the staff's responses be accepted. The motion was seconded by Joan Bennett, and carried unanimously.

The final recommendation was that the Board use a related party checklist for Board members and staff. The staff developed no response to this recommendation. Discussion was held about current procedures in place. The Board and Board Counsel are of the opinion that Montana Code Annotated sets forth a code of ethics for Board members and state employees which covers identification of related party transactions. After further discussion, Joan Bennett moved that the Board should not concur with the third recommendation, since current policy appears to be adequate to avoid conflict of interest problems. However, it was decided to have the audit committee investigate developing a complete related party checklist at the January meeting of the committee. Brad Walterskirchen seconded the motion, which carried unanimously.

There was no further business and the meeting adjourned.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

Dated Oct. 11, 1988

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

SEPTEMBER 13, 1988

CONFERENCE ROOM, DEPARTMENT OF COMMERCE BUILDING*

1424 NINTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 8:30 a.m.*
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - August 9, 1988 RFP Committee Meeting
- August 10, 1988 Business Meeting
- August 11, 1988 RFP Committee Conference
Call Meeting
- August 17, 1988 Special Board
Conference Call Meeting
Chairman Joan Bennett
- III. AUDIT COMMITTEE REPORT - Bruce Moerer
- IV. REVERSE ANNUITY MORTGAGE PROGRAM - Dick Kain
- V. LOW INCOME HOUSING TAX CREDIT PROGRAM - Dick Kain
- VI. UNDERWRITERS UPDATE - Randy Hynote
- VII. SINGLE FAMILY PROGRAM - David Haviland
 - A. Review of Income Limits for MCC and Bond Programs
 - B. Underwriting Criteria - VA Loans
 - C. MCC Program Update
 - D. Purchase/Reservation Update - 1988A
- VIII. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- IX. OTHER BUSINESS
- X. SET NEXT MEETING DATE
- XI. ADJOURN

* NOTE MEETING LOCATION AND MEETING TIME

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE, HELENA, MONTANA
SEPTEMBER 13, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy (Present)
Mike McKee (Present)
Howard Rosenleaf (Present)
George Swords II (Absent)

STAFF:

Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS:

Randy Hynote, Goldman, Sachs & Co.
Mark Semmens, D. A. Davidson & Co.
Laurel Esterlein, Merrill Lynch
Mike Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL:

Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel
Stan Dirks, Underwriter Counsel

OTHERS:

Herbert H. George, Seniors Office
Hank Hudson, Seniors Office
Rick Sullivan, First Interstate Bank Denver
Marji Carlstedt, First Interstate Bank Denver

The meeting was called to order at 8:30 a.m., by Chairman Bennett. There were no additions or corrections to the minutes of the August 9, 1988 RFP Committee Meeting, the August 10, 1988 Business Meeting, the August 11, 1988 RFP Committee Conference Call, or the August 17, 1988 Special Board Conference Call meeting. These minutes were approved as presented.

REVERSE ANNUITY MORTGAGE PROGRAM

Dick Kain presented draft legislation for the Board's review and approval. The draft legislation contained several items of policy, and after comments from the Board, and Herb George and Hank Hudson of the Seniors Office, the following inclusions in the legislation were approved:

1. Bruce Moerer moved that the Board set the minimum age for participation in the Board's reverse annuity mortgage program at 68. Mike McKee seconded the motion, which carried, with Mike Kennedy opposing.

2. Brad Walterskirchen moved that the form of the dwelling follow FHA definition of a one to four family dwelling, but exclude condominiums because of the complications with associations. Howard Rosenleaf seconded the motion, which carried unanimously.

3. Bruce Moerer moved that the loan term be ten years. This motion was seconded by Brad Walterskirchen, and carried unanimously.

4. Mike McKee moved that the loans be split term, to allow the borrower the ability to occupy the residence at the end of the loan term of ten years. Howard Rosenleaf seconded the motion, which carried unanimously.

5. Mike McKee moved that the borrowers have the option of prepaying the loan. Bruce Moerer seconded the motion, which carried unanimously.

These five items will be included in a final draft of the legislation. The Board will consider additional policy matters at future meetings.

AUDIT COMMITTEE REPORT

Bruce Moerer reported on the Audit Committee meeting held on September 12, 1988. Terry Albarn of Junkermier, Clark, Campenella, Stevens, CPAs reviewed the findings of the audit. Staff will draft responses to audit findings and review them with the Board via a telephone conference call. The audit will be completed by the September 30, 1988, deadline. Bruce also advised the Board that the audit committee intends to meet twice a year, in January, and during the audit period. The audit committee checklist as drawn up by Terry Albarn was formalized.

LOW INCOME HOUSING TAX CREDIT PROGRAM

Dick Kain presented an application for reservation of 1988 tax credits from Canyon Villas, Fort Benton, Montana, a FmHA 515 project containing ten units of low income rentals in two buildings. Upon motion by Bruce Moerer, the Board established a qualified basis of \$400,410.00, and authorized the administrator

to enter a reservation agreement for \$16,017.00 in 1988 tax credits for the project. This motion was seconded by Brad Walterskirchen, and carried unanimously.

An application for reservation of 1988 tax credits from Hillside Apartments, Plains, Montana, was presented. This project is a FmHa 515 project, and contains nine units of low income rental housing in two buildings. Bruce Moerer moved that the Board establish a qualified basis of \$307,116.00, and directed the administrator to enter into a reservation agreement for \$12,285.00 in 1988 credit authority. This motion was seconded by Mike Kennedy and carried unanimously.

An application for 1988 credit was presented from Kober Construction, Billings, along with a copy of a recent IRS ruling, which determined that credits allocated by the Board in 1987 to the South Forty project were valid. The South Forty project requested an additional allocation of 1988 tax credits for unit air conditioners that were installed this summer. After discussion, Mike Kennedy moved that the Board deny the 1988 allocation to South Forty project, on the basis that the air conditioner units were not a factor in the financial feasibility of the project. Howard Rosenleaf seconded the motion, which carried, with Bruce Moerer voting nay.

UNDERWRITERS UPDATE

Randy Hynote updated the Board on the new underwriting team's process of familiarization with Board procedures and requirements, and advised the Board that cash flows will be updated by the end of the week. A market review was presented, and recommendations for future Board directions were also presented. After discussion, Bruce Moerer moved that the Board authorize staff to circulate a survey of mortgage lenders, to determine the feasibility of entering the bond market in the next few weeks. Additionally, counsel, and underwriters were directed to draft a new indenture by September 30, 1988, under which future bonds could be issued. This motion was seconded by Howard Rosenleaf, and carried unanimously.

SINGLE FAMILY PROGRAM

REVIEW OF INCOME LIMITS FOR MCC AND BOND PROGRAMS

David Haviland presented a review of income limits, and recommendations that the Board establish a uniform statewide income limit for future MCC and bond programs. After discussion, Brad Walterskirchen moved that the Board establish \$30,000.00 as the annual gross income limit, with adjustments of \$1,000 per dependent up to a maximum addition of \$2,000, as recommended. Howard Rosenleaf seconded the motion, which carried unanimously.

UNDERWRITING CRITERIA FOR VA LOANS

The Board was presented data relative to underwriting criteria applied to FHA versus VA loans. VA loan amounts often are in excess of the appraised value of the property. As a result of the VA no-bid foreclosure process, the Board has received homes into inventory. Because of anticipated losses on the eventual disposition of the homes, and the recent reduction in the maximum available VA guaranty, staff recommended applying downpayment criteria to minimize the Board's exposure on VA loans. After review of the information, Bruce Moerer moved that the Board require FHA downpayment requirements be applied to VA loans, to limit the Board's exposure on future loans. Mike McKee seconded the motion, which carried, with Brad Walterskirchen opposing.

MCC PROGRAM UPDATE

David Haviland updated the Board on the status of the Mortgage Credit Certificate program, effective September 9, 1988. With applications processed through September 2, 1988, the Board has issued 854 certificates, for \$8,433,430.00. 87 reservations are outstanding, for \$579,646.00 in authority. A balance of \$682,536.00 remains, which will allow the Board to issue approximately 70 more certificates. It is anticipated that the Board will have allocated the entire \$10 million in credit authority by September 16, 1988. The average loan amount is \$49,376.00, and the average borrower income is \$27,183.00. A quarterly review of costs and revenues for the program was also presented for Board review. Discussion was held about the feasibility of the Board allocating additional MCC authority. It was determined that staff would pursue the preparation of guidelines for a new MCC program for presentation at the October Board meeting.

1988 SERIES A PURCHASE/RESERVATION UPDATE

David Haviland advised the Board that, effective September 9, 1988, \$67,841.00 is available for mortgage loans, of the initial \$18,971,195.00. The average loan amount is \$45,767.00, and the average reservation amount is \$43,773.00. The average borrower income is \$23,956.00. The Statewide Housing Profile indicates that the average borrower age is 32. 12% of the loans purchased are VA guaranteed, for 34 loans. 70% of the VA loans were originated in Great Falls.

REVIEW OF LENDER APPLICATION

David Haviland presented a completed Lender Qualification Data Form and current financial statements from Peoples Bank of Deer Lodge, and advised the Board that review indicates required

insurance, FHA status, and a positive return on assets and positive equity position. After review, Howard Rosenleaf moved that Peoples Bank of Deer Lodge be approved as a servicer in the Board bond programs, but that they must first complete a three-month probationary period. Brad Walterskirchen seconded the motion, which carried unanimously.

BOARD COUNSEL REPORT

Dave Jackson advised the Board that policy adopted at the August 10, 1988 meeting relative to lender qualifications was not effective until such time as they are included in the Administrative Rules of the Board.

OTHER BUSINESS

Dick Kain advised the Board that a committee of himself and Bruce Moerer will conduct interviews for the Multifamily Program Officer position the week of September 21, 1988.

The next meeting was scheduled for October 11, 1988, in the Department of Commerce Conference Room. An Investment Committee meeting will be held on October 11, 1988, at 1:00 p.m., in the Board's offices.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary



Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The Audit Committee of the Montana Board of Housing will hold a meeting on September 12, 1988, in the offices of the Board, located at 2001 11th Avenue. The meeting will begin at 1:00 p.m., and the purpose will be to review findings of the Board's Fiscal Year 1988 Audit.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

September 12, 1988

Notice having been given, the Audit Committee of the Montana Board of Housing held a special meeting in the Board's office, at 1:00 p.m. Those participating were Bruce Moerer, Committee Chairman, Joan Bennett and Mike McKee as members of the committee, Mike Kennedy, Board Member, and Terry Alborn, Junkermier, Clark Campenella Stevens, P.C. The purpose of the meeting was to review preliminary findings of the Board's Fiscal Year 1988 audit, and to formally organize the committee's purpose.

The findings of the audit will be reviewed by the entire Board, after the staff has drafted responses to the recommendations. The audit will be completed by the September 30, 1988, deadline. Additionally, it was decided that the committee would meet twice a year, once in January, and as needed during the annual audit.

There was no further business, and the meeting adjourned.



Bruce Moerer, Committee Chairman

Dated

Oct. 12, 1988

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting via telephone conference call, at 10:00 a.m., on Wednesday, August 17, 1988. The purpose of this special meeting will be to finalize the selection of the Investment Banking Team.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

August 17, 1988

Notice having been given, the Montana Board of Housing held a telephone conference call meeting for the purpose of finalizing the selection of the Investment Banking Team. Board members participating were: Joan Bennett, Chairman, Brad Walterskirchen, Secretary, Michael Kennedy, Mike McKee, and George Swords. Also participating were Dave Jackson, Board Counsel, and staff members Dick Kain, Dave Kraft, David Haviland, and Jo Berg.

Dick Kain reviewed the proceedings that were followed during the interview process for the benefit of the Board, and advised the Board that of the three firms interviewed for Senior Banker, the RFP Committee felt that the firm Goldman Sachs was the outstanding applicant for the position. Reference checks with other state housing finance agencies confirmed the Committee's selection. Of the five firms interviewed for co-managers on the team, the RFP Committee selected the firms D. A. Davidson & Co., Piper, Jaffray & Hopwood, and Merrill Lynch as the outstanding applicants. Reference checks were done on only Merrill Lynch, as the Committee felt that the other two firms' qualifications and representatives were familiar to the Board.

After a brief discussion about the procedures followed, George Swords moved that the Committee's recommendations be affirmed, and that the Board's new underwriting team consist of Goldman Sachs as lead underwriter, with D. A. Davidson & Company, Piper, Jaffray & Hopwood, and Merrill Lynch as co-managers. The motion was seconded by Brad Walterskirchen, and carried unanimously. Mike McKee did not participate in the tally, as he felt he was unfamiliar with the process and results. The Board instructed staff to draft a letter of understanding for finalization at the September 13, 1988 meeting of the Board.

There was no further business, and the meeting adjourned.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

Sept. 13, 1988

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The RFP Committee will meet via telephone conference call at 2:30 p.m., on Thursday, August 11, 1988.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

August 11, 1988

Notice having been given, the RFP Committee of the Montana Board of Housing held a telephone conference call meeting at 2:30 p.m., on Thursday, August 11, 1988. Those participating in the meeting were Committee members Joan Bennett, Brad Walterskirchen, and Bruce Moerer, and Dick Kain, Administrator.

Dick Kain reported that he had confirmed that Randy Hynote would be providing account coverage as the senior banker for Goldman, Sachs & Company. However, based on a conversation with Henry Lanier of Shearson Lehman, Bruce Petrie would be the banker assigned to the day-to-day coverage for the Montana Board of Housing, with Henry functioning as a resource to Bruce.

The committee moved to remove Shearson Lehman from the co-banker position, and replace them with Merrill Lynch, contingent on Laurel Esterlein providing account coverage to the Montana Board of Housing, and completion of reference checks.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

Sept. 13, 1988

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

AUGUST 10, 1988

ROOM 160, SAM W. MITCHELL BUILDING*

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - July 19, 1988 RFP Committee Meeting
- July 19, 1988 Goal Setting Meeting
- July 20, 1988 Business Meeting
Chairman Joan Bennett
- III. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- IV. SINGLE FAMILY PROGRAM - David Haviland
 - A. MCC Program Update
 - B. Purchase/Reservation Update - 1988A
 - C. Quarterly Delinquency Reports
 - D. Review of Peoples Bank of Deer Lodge as an approved servicer
 - E. Presentation and Review of Draft Lender Qualification Guidelines
- V. PROPOSED FUNCTION OF AUDIT COMMITTEE - Terry Alborn, JCCS
- VI. REVERSE ANNUITY MORTGAGE PROGRAM - Dick Kain
- VII. OTHER BUSINESS
- VIII. SET NEXT MEETING DATE
- IX. ADJOURN

* NOTE MEETING LOCATION

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
ROOM 160, SAM W. MITCHELL BUILDING
HELENA, MONTANA
AUGUST 10, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy (Present)
Mike McKee (Absent)
Howard Rosenleaf (Present)
George W. Swords II (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS: Mike Jansen, Piper, Jaffray & Hopwood
Mark Semmens, D.A. Davidson & Co.

COUNSEL: Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel
Pamela Martin, Bond Counsel

OTHERS: Terry Alborn, Junkermier Clark Campenella Stevens, CPAs
James Lechner, Montana Building Industry
Mark Lindsay, Helena Home Builders Assoc.
Tom Cook, Lee Newspapers

The meeting was called to order at 9:00 a.m. by Chairman Joan Bennett. There were no additions or corrections to the minutes of the July 19, 1988 RFP Committee meeting or the July 19, 1988 Goal Setting Session, and they were approved as presented. The minutes of the July 20, 1988, business meeting were amended to include Chairman Bennett as a member of the Audit Committee, and they were approved as amended.

BOARD COUNSEL REPORT

Dave Jackson advised the Board that as a result of a July 22, 1988 meeting between himself, David Haviland, Dick Kain, David Anderson and Van Vannoy of Jefferson National Mortgage Co., issues relative to the Jefferson National Mortgage Company request to participate in the bond program have been resolved, and Jefferson National Mortgage will reapply under the conditions of the Board's March 8, 1988, action.

A listing of updated goals, both new and carried over from the last goal-setting session, was also presented for Board review and discussion.

BOND COUNSEL REPORT

Pamela Martin presented a memo to the Board, which dealt with a request from South Forty, Ltd., Billings, Montana. The partnership has requested a reservation of 1988 Low Income Housing Tax Credits, which was initially denied in January, 1988, because the South Forty project had received an allocation for 1987. Upon review of the details of the request, and the recommendations of Bond Counsel, George Swords moved that the Board reserve the requested allocation of 1988 Low Income Housing Tax Credits, through September 30, 1988, pending an IRS ruling as to South Forty's ability to use the 1988 credit. Bruce Moerer seconded the motion. After further discussion, it carried unanimously.

Roy Koegen presented findings relative to the Board's requirement that lenders participating in Board programs have Fidelity and E&O Coverage. The matter was tabled for a later meeting.

SINGLE FAMILY PROGRAMS

MORTGAGE CREDIT CERTIFICATE PROGRAM

David Haviland presented statistics as of August 8, 1988, relative to the reservation and issuance of Mortgage Credit Certificates. There are 46 reservations outstanding, for \$441,428.00. The Board has issued 762 certificates, for \$7,543,351.20. The average loan amount is \$49,500.00, and the average borrower income is \$27,300.00. \$2,008,063.80 in authority remains available for reservation or issuance of Mortgage Credit Certificates. A review of certificates by county was presented and a breakdown of the number of loans processed by month since July, 1987, was also presented. 32 Mortgage Credit Certificates have been processed in the first six days of August.

A series of letters between Jefferson National Mortgage and the Board was presented, along with information on seven Mortgage Credit Certificates that were either reserved and not issued, or the loan was closed as a Mortgage Credit Certificate loan, in the period of time between the time that Whitecap Mortgage Company

ceased to exist (December 31, 1987), and the approval of Jefferson National Mortgage Company, (March 8, 1988) as a Board MCC lender. After review by the Board, and upon counsel's opinion that the certificates could be issued, George Swords moved that the seven borrowers be issued certificates jointly with Jefferson National. Howard Rosenleaf seconded the motion, which carried unanimously.

1988 SERIES A PROGRAM

David Haviland presented a report on the 1988A Series, as of August 8, 1988, which showed that of the initial \$18,971,195.00 in lendable proceeds, \$21,181.69 is available in the low income pool, and \$25,122.68 is available in the regular income pool. 278 reservations are outstanding, for \$12,096,217.00, and the Board has purchased 142 loans, for \$6,836,673.63. The average loan amount is \$48,159 and the average income is \$23,821.00. A listing of loans purchased by lender was presented, as was the Statewide Housing Profile, which indicated that the average borrower age is 33, and 10% of the loans are VA guaranteed.

JOINT VENTURE IN AFFORDABLE HOUSING

An update on the JVAH project in Missoula was presented for Board review. Nine reservations are outstanding, for \$422,253.00. Of the nine reservations, eight of the borrowers are first-time homebuyers, and one is a single parent. The average reservation amount is \$46,916.00, and the average income is \$17,665.35.

QUARTERLY DELINQUENCY REPORTS

The quarterly delinquency reports for the period ending June 30, 1988 were presented for Board review and discussion. The Single Family I indenture shows an increase in total delinquencies and total foreclosures; the Single Family II indenture shows a decrease in total delinquencies and foreclosures. The Delinquency Analysis shows that as of June 30, 1988, 483 loans have been foreclosed in FY88.

PEOPLES BANK OF DEER LODGE

A listing of loans currently serviced by Peoples Bank of Deer Lodge was presented for Board review. Through the action of FDIC, Deer Lodge Bank & Trust was taken over and purchased by Peoples Bank of Deer Lodge. Over the last 15 months, several letters and telephone calls have failed to result in completed servicing agreements by Peoples Bank. They have been notified that they are not an approved lender/servicer in Board programs. After review and discussion, George Swords moved that unless Peoples Bank of Deer Lodge fulfill their obligation to complete the required steps necessary to become an approved lender by September 1, 1988, the servicing of the loans will be assigned to another servicer. Bruce Moerer seconded the motion, which carried unanimously.

LENDER QUALIFICATION GUIDELINES

David Haviland presented a reworked draft of lender qualification guidelines for Board review and discussion. After consideration of the draft, George Swords moved that the draft lender enhancements qualification guidelines be implemented and added to the existing lender qualification guidelines, and the draft amendment presented be tabled until a later date. Bruce Moerer seconded the motion, which carried unanimously.

AUDIT COMMITTEE

Terry Alborn, Junkermier Clark Campenella Stevens, P.C., CPAs, presented a memo to the Board outlining his recommendations on the functions of the newly formed audit committee. Bruce Moerer was appointed chairman of the committee, and a meeting of the committee was scheduled for September 12, 1988, at 1:00 p.m., in the Board's offices, so that the committee can review the findings of the audit that is currently in progress.

REVERSE ANNUITY MORTGAGE PROGRAM

Dick Kain presented a listing of policy considerations for the Board's review, and asked that the Board actively consider the decisions required to implement a reverse annuity mortgage program at the September meeting. He advised the Board that draft legislation to establish such a program within the Montana Board of Housing is being drawn up with the assistance of Brint Markle, attorney for the Department of Commerce.

OTHER BUSINESS

Dick Kain advised the Board that the bill to extend the sunset of Mortgage Revenue Bonds passed the House of Representatives on a vote of 380 to 20. The Senate is on recess until September, and the bill will be considered in the Finance Committee after recess. Active lobbying is being done with key members of the Senate, including Max Baucus.

The next meeting was scheduled for Tuesday, September 13, 1988, in the Department of Commerce Conference Room.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

Dated

Sept. 13, 1988

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The RFP Committee will meet on August 9, 1988, beginning at 9:00 a.m., in the Conference Room of the Department of Commerce Building, 1424 Ninth Avenue, Helena, Montana. The purpose of the meeting will be to conduct interviews with investment bankers selected to participate on the Board's underwriting team.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

August 9, 1988

Notice having been given, the RFP Committee met at 9:00 a.m. in the Conference Room of the Department of Commerce Building, in Helena, for the purpose of interviewing investment bankers for the position of senior banker and co-bankers on the Board's underwriting team. Committee members participating were Joan Bennett, Brad Walterskirchen, and Bruce Moerer. Others attending the meeting were Board members George Swords, Mike Kennedy, and Howard Rosenleaf, as well as Dick Kain, Administrator.

The firms Drexel Burnham, Goldman Sachs, and Paine Webber were interviewed for the position of senior banker. Following the interviews for senior banker, the firms Shearson Lehman, Merrill Lynch, D.A. Davidson, Dain Bosworth, and Piper, Jaffray & Hopwood were interviewed for the three co-banker positions.

At the conclusion of the interviews, the committee reviewed their individual evaluations, and selected Goldman Sachs to be the senior banker, contingent on assurances that Randy Hynote would be the banker assigned to cover the Montana Board of Housing, and the completion of reference checks. The committee selected the firms D. A. Davidson, and Piper, Jaffray & Hopwood to serve as co-managers, and selected Shearson Lehman, contingent on Henry Lanier providing account coverage, and the completion of reference checks.

The administrator was instructed to confirm account coverages, perform reference checks, and arrange for a conference call with the committee to report on his findings.

The meeting adjourned at 6:10 p.m.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

Sept. 13, 1988

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

JULY 20, 1988

CONFERENCE ROOM, DEPARTMENT OF COMMERCE BUILDING

1424 NINTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - June 22, 1988 meeting
Chairman Joan Bennett
- III. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- IV. BUDGET UPDATE - Dave Kraft
- V. INTRODUCTION OF AUDITORS - Dave Kraft
- VI. REPORT ON REAL ESTATE OWNED - Dick Kain
- VII. SINGLE FAMILY PROGRAM - David Haviland
 - A. MCC Program Update
 - B. Purchase/Reservation Update (1987A, 1987B, & 1988A)
 - C. Status of JVAH Project, Missoula
 - D. Presentation & Review of New Lender Application
 - E. Presentation & Review of Draft Lender Qualification Guidelines
- VIII. OTHER BUSINESS
- IX. SET NEXT MEETING DATE
- X. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
CONFERENCE ROOM, DEPARTMENT OF COMMERCE BUILDING
1424 NINTH AVENUE, HELENA, MONTANA
JULY 20, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy (Present)
Mike McKee (Absent)
Howard Rosenleaf (Present)
George Swords II (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS: Mark Semmens, D. A. Davidson Co.
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel
Mike Omsby, Bond Counsel

OTHER: Larry Peterson, South Forty Limited
Ted Kober, South Forty Limited
Glenn Kudrna, South Forty Limited
Terry Alborn, Junkermier Clark Campenella Stevens, CPAs

The meeting was called to order at 9:00 a.m. by Chairman Joan Bennett. There were no additions or corrections to the minutes of the June 22, 1988, meeting, and they were approved as presented.

SOUTH FORTY LIMITED

Ted Kober and Glenn Kudrna presented a request for Board review of reservation of Low Income Housing Tax Credits for a 100-unit project located in Billings, Montana. After review of the information presented, the Board referred the matter to Bond Counsel.

BOARD COUNSEL REPORT

Dave Jackson reported that Jefferson National Mortgage Company intends to prepare a complaint based on the Board's denial of Jefferson's request to participate in the 1988 Series A bond program. The company has been placed on notice that they must respond to serious servicing and Mortgage Credit Certificate underwriting questions that staff has uncovered. If a response is not heard by July 22, 1988, the company faces possible suspension in the Mortgage Credit Certificate program, and loss of servicing of their current portfolio of Board loans.

BOND COUNSEL REPORT

Roy Koegen updated the Board on the extension of the sunset of Mortgage Revenue Bonds. The House Committee Ways and Means Committee has proposed extending the program for two more years, with income and cost limitations. After adoption by the full House, it must pass the Senate Finance Committee and then the full Senate.

BUDGET UPDATE

Dave Kraft advised the Board that at fiscal year-end, June 30, 1988, \$1,711,000 was spent.

INTRODUCTION OF AUDITORS

Dave Kraft introduced Terry Alborn of the firm Junkermier Clark Campenella Stevens, CPAs. Terry Alborn is the partner in charge of the Board of Housing's annual audit.

APPOINTMENT OF COMMITTEES

Joan Bennett requested Bruce Moerer, Howard Rosenleaf, and new Board member Mike McKee serve on the Audit Committee with her, and asked Terry Alborn for input into structure of the committee. Brad Walterskirchen, Mike Kennedy, and Chairman Bennett were appointed to the Investment Committee.

REAL ESTATE OWNED

Dick Kain updated the Board on the status of real estate owned by the Board as a result of VA's no-bid foreclosure procedure. As of July 20, 1988, the Board has 23 properties in inventory, 20 of which are in eastern Montana. On July 6th, Dick Kain inspected properties owned in Miles City and on July 7th, Mike Kennedy and Dick inspected properties in Billings and Laurel. The Board is actively marketing the properties, and has property managers in place for all but the newest properties.

SINGLE FAMILY PROGRAM

MORTGAGE CREDIT CERTIFICATE PROGRAM

David Haviland updated the Board on the reservation and issuance of Mortgage Credit Certificates in Montana. As of June 30, 1988, 666 certificates were issued, for a credit amount of \$6,615,184.40. 31 reservations are outstanding, for \$321,872.60. A total of \$6,937,057.00 in authority is issued or reserved, for a balance of \$3,055,786.00. The average loan amount is \$49,663.00, and the average borrower income is \$27,348.00.

BOND PROGRAM

David Haviland updated the Board on the availability of mortgage funds under the 1987A, 1987B, and 1988A series. As of July 19, 1988, 1987A has \$145.44 remaining for reservation, out of the initial \$17,918,367.00. Four reservations remain outstanding, for \$173,300.00. 388 loans have been purchased to date, for \$17,744,921.56. 15% of the loans purchased were VA guaranteed, and 85% were FHA insured. 11.9% of the funds went to new construction. The average loan amount is \$45,734.33, and the average borrower income is \$24,078.61.

As of July 19, 1988, in the 1987B program, \$5,822.84 remains available for reservation, out of the initial \$18,934,973.00. Nine reservations are outstanding, for \$442,297.00. 398 loans have been purchased, for \$18,486,853.16. 14% of the loans were VA guaranteed, and 86% were FHA insured. 11% of the funds went to new construction. The average loan amount is \$46,449.37, and the average borrower income is \$25,476.67.

In the 1988A series, \$18,971,195.00 was initially available on June 15, 1988. The regular income pool, in the amount of \$11,382,717.00, was fully reserved in six business days. The low income pool, initially set aside for borrowers with incomes of \$20,000.00 and under, and set aside for borrowers of \$25,000.00 and under on July 15, 1988, has \$4,016,009.00 available as of July 17, 1988. It is anticipated that these funds will be fully reserved by August 13, 1988. The average reservation amount is \$45,500.00; the average borrower income is \$24,517.00. 6 1/2% of the funds were reserved for new home construction.

STATUS OF JVAH PROJECT - MISSOULA

David Haviland updated the Board on the availability of funds for the Joint Venture in Affordable Housing project in Missoula. \$328,419.00 of the \$874,000.00 have been reserved, with a balance of \$545,581.00 remaining. The average loan amount is \$46,917, and the average income is \$17,652.30. Six of the borrowers are first-time homebuyers, and one borrower is a single parent.

NEW LENDER APPLICATION

David Haviland presented a request from Village Bank of Great Falls to participate as a lender in the Board's bond programs. Financial data shows a positive return, with a 10% capital asset ratio. The VA has approved Village Bank of Great Falls, and FHA approval is pending. After review and discussion, Brad Walterskirchen moved that Village Bank of Great Falls be approved to participate in Board programs. George Swords seconded the motion, which carried unanimously.

REVIEW OF DRAFT LENDER QUALIFICATION GUIDELINES

David Haviland presented a draft of enhancements to existing policy and procedure in qualifying lenders requesting to participate in Board programs. After discussion by the Board, it was decided to add additional enhancements before adopting the changes.

OTHER BUSINESS

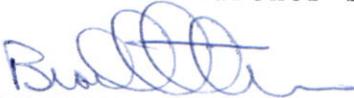
Joan Bennett reviewed one point discussed in semiannual goal setting, which was annual assessment of the underwriting team. He also presented an article about Chairman Bennett, that was in a recent issue of Neighborhood, a publication of Neighborhood Housing Services, Inc., of Great Falls. A proposal was recently received from Palace Hotel in Missoula. The developer is requesting funding for rehabilitation of the building for 70 units of low income housing.

Bruce Moerer moved that, in light of the RFP committee review of applications, three firms be interviewed to act as Senior Manager of the Underwriting team. The three firms selected were Drexel Burnham, Paine Webber, & Goldman Sachs. Brad Walterskirchen seconded the motion, which carried unanimously.

Bruce then moved that five firms be interviewed for the three available co-manager positions on the underwriting team. The five firms selected were: D.A. Davidson Co.; Piper, Jaffray & Hopwood; Dain Bosworth; Merrill Lynch; and Shearson Lehman Hutton. Brad Walterskirchen seconded this motion, which also carried unanimously.

The next meeting was set for August 10, 1988, in Room 160 of the Mitchell Building. The RFP Committee will hold interviews of the prospective underwriters on August 9, 1988, in the Department of Commerce Conference Room.

There was no further business, and the meeting adjourned.

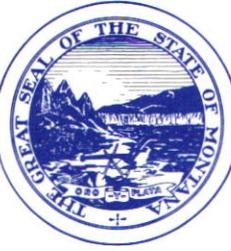


Brad Walterskirchen, Secretary

Sept. 13, 1988

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The RFP Committee will meet on July 19, 1988, at 1:00 p.m. to review submitted proposals. The meeting will be held in the Conference Room of the Board's Counsel, Jackson, Murdo, Grant & Larsen, located at 203 North Ewing, Helena, Montana.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

JULY 19, 1988

Notice having been given, the RFP Committee of the Montana Board of Housing met at 1:00 p.m., in the offices of Jackson, Murdo, Grant & Larsen, Board Counsel. Those participating were committee members Joan Bennett, Bruce Moerer, and Brad Walterskirchen. Other Board members participating were George Swords, Howard Rosenleaf, and Mike Kennedy. Dick Kain and Dave Kraft of the staff also participated.

The committee reviewed and evaluated the twelve responses to the request for proposals from investment bankers, and in so doing, established the size of the Board's underwriting team as one senior manager and three co-managers.

The committee selected the firms Drexel Burnham Lambert, Goldman Sachs, and Paine Webber as those to be interviewed for the Senior Manager position.

The firms D. A. Davidson, Piper, Jaffray & Hopwood, Shearson Lehman, Dain Bosworth, and Merrill Lynch will be interviewed for the three co-manager positions.

The committee will conduct interviews on August 9, 1988, in the Department of Commerce Conference Room, 1424 Ninth Avenue, Helena, Montana.

There was no further business, and the committee meeting adjourned at 3:30 p.m.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

Dated

Sept. 13, 1988

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting for the purpose of semi-annual goal setting. The meeting will be held at the Conference Room of the Board's Counsel, Jackson, Murdo, Grant & Larsen, located at 203 North Ewing. The meeting will commence at 3:00 p.m., on July 19, 1988.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

JULY 19, 1988

Notice having been given, the Montana Board of Housing held a special meeting for the purpose of semi-annual goal setting. The meeting was held in the offices of Jackson, Murdo, Grant & Larsen, Board Counsel, and was conducted by Dave Jackson. Board members Joan Bennett, Bruce Moerer, Brad Walterskirchen, Michael Kennedy, Howard Rosenleaf, and George Swords, and staff members Dick Kain, David Haviland, and Dave Kraft participated in the process. The Board reexamined the designated ongoing goals, and reviewed the progress made on the goals that were established in January, 1988. Further investigative work will be done by Howard Rosenleaf on the availability of union trust funds as a mechanism to either fund the construction of low-income housing, or to act as a credit enhancement on Montana Board of Housing bond issues.

The Board identified eight new goals to pursue in the next six months:

1. Updating elected members and candidates for the legislature, labor unions, realtors, home builders, lenders, housing authorities and local governments of not only the Board role in housing lower income Montanans, but also of the unchallenged housing needs of our state.
2. Establishment of an Investment Committee of the Board.
3. Establishment of an Audit Committee of the Board.
4. Utilization of Montana Board of Housing single family housing inventory as transitional housing shelters.
5. Returning the Section 8 Housing Bureau to the Montana Board of Housing.
6. Establishment and funding of a housing trust fund.
7. Investigation of the use of reserves in challenging housing needs.
8. The annual review of underwriters.

No further business was discussed and the goal setting session adjourned at 6:00 p.m.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

Sept. 13, 1988
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

JUNE 22, 1988

ROOM 111, ON THE MAIN FLOOR

DNRC BUILDING, 1520 EAST SIXTH AVENUE*

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 8:30 a.m.**
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - May 10, 1988 meeting
May 23, 1988 special meeting
Chairman Joan Bennett
- III. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- IV. PRESENTATION OF DRAFT - REQUEST FOR PROPOSALS
Dave Jackson & Dick Kain
- V. LOW INCOME HOUSING TAX CREDIT PROGRAM - Dick Kain
- VI. INVESTMENT REPORT - Dave Kraft
- VII. STATUS OF SELECTION OF AUDITORS - Dave Kraft
- VIII. SINGLE FAMILY PROGRAM - David Haviland
 - A. MCC Program Update and Review of 20% Credit Rate
 - B. Purchase/Reservation Update (1987A & 1987B)
 - C. Status of 1988A
 - D. Annual Income Limit Review
- IX. JVAH PROJECT MISSOULA - SETASIDE REQUEST - Dick Kain
- X. UNDERWRITERS UPDATE - Marie DeRosa
- XI. OTHER BUSINESS
- XII. SET NEXT MEETING DATE
- XIII. ADJOURN

* Note meeting location

** Note meeting time

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
ROOM 111, DNRC BUILDING
1520 EAST SIXTH AVENUE, HELENA, MONTANA
JUNE 22, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Absent)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Anne Berg, Program Assistant

UNDERWRITERS: JoAnne Kennedy, First Boston
Marie DeRosa, First Boston
Tom Bradshaw, First Boston
Jim Dinerstein, Dain Bosworth
Mark Semmens, D. A. Davidson & Co.
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel

OTHER: Mark Lindsay, Helena Home Builders Assoc.

The meeting was called to order at 8:30 a.m. by Chairman Joan Bennett. There were no additions or corrections to the minutes of the May 10, 1988 regular business meeting or the May 23, 1988 special meeting, and they were approved as presented.

BOARD COUNSEL REPORT

Dave Jackson, Board Counsel, presented a request from Jefferson National Mortgage Corporation, Whitefish, to participate in the Board's Single Family Bond Program, and updated the Board on the series of events following the Board's denial of their

application at the March, 1988, meeting. The initial denial was based on negative income stream and equity erosion during the first three months of operation of the Corporation. After review of the application, and discussion, Bruce Moerer moved that Jefferson National be approved to participate as a lender/servicer in the bond program. Howard Rosenleaf seconded the motion, and after further discussion, withdrew his second. The motion died for lack of a second. Further review of the information led the Board to conclude that the application lacked documentation to support their request to participate. Brad Walterskirchen moved that the Board not act on Jefferson National's request, and instructed staff to correspond with them and ask for the necessary documentation. Howard Rosenleaf seconded the motion, which carried, with Bruce Moerer voting nay.

BOND COUNSEL REPORT

Roy Koegen advised the Board that legislation to extend the sunset of Mortgage Revenue Bonds may not pass. Dick Kain advised the Board that it probably would, since 77 of 100 senators and 362 of 435 representatives are co-sponsoring.

REQUEST FOR PROPOSALS

Dave Jackson and Dick Kain presented a draft timetable, listing of investment bankers to be included, and questionnaire relative to the Board's investment banker proposal process. After suggestions from Board and Underwriters about additions to the process, Brad Walterskirchen moved that the draft be finalized and mailed. Howard Rosenleaf seconded the motion, which carried unanimously.

Chairman Bennett appointed Bruce Moerer, Brad Walterskirchen and herself to the committee of the Board that will review the proposals received, select firms to be interviewed, conduct interviews, and make recommendations to the full Board.

LOW INCOME HOUSING TAX CREDIT PROGRAM

Dick Kain presented three applications for allocation or reservation of 1988 and 1989 Low Income Housing Tax Credits. The first application was from Ruby Worstell, requesting tax credits for the rehabilitation of a one bedroom home in Havre. The qualified basis is \$10,000, and the requested allocation of 1988 credit is \$900.00. Using the correct Treasury rates for the placed-in-service date arrives at a credit amount of \$913.00. Upon motion by Michael Kennedy, which was seconded by Brad Walterskirchen, \$913.00 in 1988 credit was allocated to 1423 7th Avenue, Havre, Montana.

Polson, Ltd. requested reservation of 1988 credit for Cherry Hill Village in Polson. The project is new construction with federal subsidy and consists of 54 units. The qualified basis is \$2,185,024.00, and Polson, Ltd. has requested \$87,400.00 in credits. Upon motion by Howard Rosenleaf, which was seconded by Michael Kennedy, the Board reserved \$87,400.00 in 1988 credits for Cherry Hill Village, and authorized the Administrator to consummate a binding reservation agreement.

Joseph B. Reber & Sons Partnership requested reservation of 1989 credit for Tower Hill Apartments, Helena. The project will have substantial rehabilitation, and has 36 out of 50 low income rental units. The qualified basis is \$72,853.00, and \$6,556.00 in credit was requested. Upon motion by Brad Walterskirchen and seconded by Michael Kennedy, \$6,556.00 in 1989 credit was reserved, and the Administrator was directed to consummate a binding reservation agreement.

A summary of operating expenses and income to May 31, 1988, was also presented for Board review.

INVESTMENT REPORT

Dave Kraft presented investments by type and maturity date for the 1977 Single Family, 1978 Multifamily, and 1979 Single Family indentures, for the Board's review. Discussion was held about the status of an Investment Committee. It was decided that the semi-annual goal setting process would include reformation of an Investment Committee and its associated duties.

AUDITOR SELECTION

Dave Kraft advised the Board that the Legislative Audit Committee has selected Junkemier, Clark, Campenella, Stevens to conduct the Board's fiscal year 1988 audit.

MORTGAGE CREDIT CERTIFICATE PROGRAM

David Haviland updated the Board on the reservation and issuance of Mortgage Credit Certificates. As of June 21, 1988, 635 certificates have been issued, for \$6,319,038.20 in credit. 33 reservations are outstanding, for \$339,293.60. A balance of \$3,334,511.20 in authority remains available. The average loan amount is \$49,756.21; the average income is \$27,450.50. Both these figures have dropped since last report. At the current rate of application, the remaining authority will be expended in September or October, 1988.

A review of the 20% credit rate was presented. The data indicated that for the borrowers utilizing the program, 20% achieves the best use of the credit, given an average loan amount of \$50,000.00, and an average interest rate of 10%.

SINGLE FAMILY BOND PROGRAM

David Haviland updated the Board on the status of the 1987A program, as of June 20, 1988. Of the \$17,918,367.00 in lendable proceeds, \$17,661,413.56 in loans (386) have been purchased. \$228,185.00, or 5 reservations are outstanding. \$28,768.44 is available for reservation. The average loan amount is \$45,754.95 and the average income is \$24,072.21. 10% of the proceeds have gone to new construction.

In the 1987B series, the Board has purchased \$18,232,383.58 (394 loans) of the available \$18,934,973.00. 10 reservations are outstanding, for \$605,078.00, and \$97,511.42 remains for reservation. The average loan amount is \$46,275.08, and the average income is \$25,410.86. 7% of the proceeds have gone to new construction.

The 1988A series allocation summary indicates that in two days of accepting reservations, to June 17, 1988, the Board reserved \$8,006,642.00 of the available \$18,971,195.00. \$4,179,554.00 remains available for families with incomes over \$20,000.00, and \$6,784,888.00 is available for families with incomes under \$20,000.00. The average income is \$26,558.87, and the average reservation amount is \$49,120.50. 9% of the funds are reserved for new construction. A listing of participating lenders was presented for Board review.

INCOME LIMIT REVIEW

David Haviland presented an overview of the Board's current income limits, which range from \$30,015 to \$41,020, for an average of \$32,341. The new April, 1988, HUD maximum limits were also presented. These new maximums range from \$32,315 to \$43,540, for an average of \$34,215. After review and discussion, it was suggested that the Board consider changing income limits when new MCC and Bond programs are implemented.

REQUEST FOR ASSIGNMENT OF SERVICING

David Haviland presented a request from Goldome-Rainier Corporation of Seattle, Washington, to assume the servicing of loans originated by Rainier Financial Services, formerly of Kalispell. After review of the request, and discussion about the Board's policy that requires servicers to maintain an in-state office, Howard Rosenleaf moved that the Board's policy not be changed, and that the Board assist Goldome in finding an in-state servicer for the loans. Michael Kennedy seconded the motion, and it carried unanimously.

JVAH PROJECT SETASIDE REQUEST

Dick Kain presented a request from Lloyd Twite of Missoula to allocate an additional \$17,423.00 in 6-7/8% mortgage funds to the JVAH project. This request is made due to errors in calculations of the loan amount for the homes as contained in the original setaside request. After review, Howard Rosenleaf moved that the request be denied, as the funds are unavailable for recycling. The motion was seconded by Michael Kennedy and carried unanimously.

UNDERWRITER UPDATE

Marie DeRosa updated the Board on recent market activity, indenture management relative to prepayments, and the evaluation of the excess revenues in the Multifamily Indenture. Jo Anne Kennedy advised the Board that First Boston has restructured the housing group, and that Marie DeRosa would be assigned to the West Coast to facilitate communications between the Board and First Boston.

OTHER BUSINESS

Dick Kain advised the Board that the Multifamily Program Officer vacancy will be advertised in Multifamily News, the NAHRO Monitor, and newspapers in Montana in July, with anticipation that the position will be filled in the near future.

The next meeting was set for July 20, 1988, in the Conference Room of the Department of Commerce Building. The semi-annual Goal-Setting review will be in the afternoon of July 19, 1988.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

July 20 1988
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting for the purpose of matters relative to the pre-closing of the 1988 Series A bonds. This meeting will be held at 4:30 p.m. on Monday, May 23, 1988, in the offices of the Board's counsel, Jackson, Murdo, Grant & Larsen, 203 North Ewing, Helena, Montana.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Montana Board of Housing held a special meeting at 4:30 p.m., Monday, May 23, 1988, in the offices of the Board's counsel, Jackson, Murdo, Grant & Larsen. Board members attending were: Joan Bennett, Chairman; Bruce Moerer, Vice Chairman; Michael Kennedy; Howard Rosenleaf; and Brad Walterskirchen. Also participating were Dick Kain, Administrator; David Haviland, Single Family Program Officer; Dave Kraft, Comptroller; Dave Jackson, Board Counsel; Roy Koegen, Bond Counsel; and Marie DeRosa and Ellen Duffy, First Boston Corporation.

Roy Koegen presented Resolution #88-05-23-S2 (attached) for the Board's review. The resolution is intended to adopt the existing income limits for Board programs so as to be in compliance with previously adopted 1988 Series A program documents. Mike Kennedy moved that the Board adopt the resolution. Bruce Moerer seconded the motion, and it carried unanimously.

Discussion was held about the continuing evaluation of the current underwriting team. Brad Walterskirchen moved that staff and counsel be instructed to prepare a draft Request for Proposal for presentation at the June 22, 1988, Board meeting. The finalized version would be used to solicit proposals from investment bankers to participate on the underwriting team as senior(s) and co-underwriters. The current underwriting team will be included in the RFP process. The motion was seconded by Bruce Moerer, and carried unanimously.

There was no further business, and the meeting adjourned.

Brad Walterskirchen, Secretary

June 22, 1988

Dated

CERTIFICATE REGARDING RESOLUTION

I, Richard A. Kain, Administrator and Treasurer of the Montana Board of Housing (the "Board"), DO HEREBY CERTIFY:

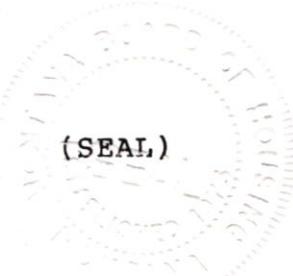
1. That the attached Resolution No. 88-05-23-S2 (herein called the "Resolution") is a true and correct copy of a resolution of the Board, as finally adopted at a special meeting of the Board held on May 23, 1988, and on file in the office of the Board.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a legally sufficient number of Board Members voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption or passage of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Board this 24th day of May, 1988.



Richard A. Kain
Administrator and Treasurer
Montana Board of Housing



(SEAL)

RESOLUTION NO. 88-05-23-S2

A RESOLUTION OF THE MONTANA BOARD OF HOUSING ADOPTING
INCOME LIMITS WITH RESPECT TO ITS SINGLE FAMILY
MORTGAGE PROGRAM AND PROVIDING FOR OTHER MATTERS
PROPERLY RELATING THERETO

BE IT RESOLVED by the Members of the Board of the Montana
Board of Housing, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is duly
organized and existing under and by virtue of the Constitution
and laws of the State of Montana; and

WHEREAS, the Board is authorized to establish income limits
with respect to its single family mortgage programs; and

WHEREAS, Section 143(f) of the Internal Revenue Code of
1986, as amended (the "Code"), establishes certain maximum income
limits with respect to persons benefiting from the issuance of
single family mortgage bonds; and

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

Section 1. The Board hereby establishes as the maximum
income limits for its single family mortgage program the income
limits set forth in § 143(f) of the Code, as said limits may be
amended from time to time.

Section 2. This resolution shall become effective
immediately upon its passage and adoption.

ADOPTED by the Montana Board of Housing this 23rd day of
May, 1988.

MONTANA BOARD OF HOUSING

ATTEST:

By: Joak Bennett
Its: Chairman

Beall
Secretary

CERTIFICATE OF RESOLUTION

The Chairman then stated that by virtue of the resignation of Linda Forrey and the appointment of David J. Haviland as Single Family Program Officer of the Board of Housing and because certain firms with which the Board does business on a day to day bases have requested that the authority to act on behalf of the Board by the Administrator, the Single Family Program Officer, and such other employees, officers and agents of the Board as the Administrator may from time to time designate, be set forth in a resolution of the Board which may be used in conducting the business of the Board.

Upon motion duly made and seconded, it was

RESOLVED, the Administrator, the Single Family Program Officer, hereinafter designated, and such other employees, officers and agents as the Administrator may from time to time designate, are hereby authorized, until otherwise directed by this Board, to enter into, execute and deliver in the name and on behalf of the Board, any contract, agreement, conveyance and any other instrument that may be necessary for carrying into effect the business of the Board pertaining to their respective positions and as may be assigned by the Administrator without further act or resolution of this Board.

Administrator
Single Family Program Officer

Richard A. Kain
David J. Haviland

and

FURTHER RESOLVED, that this resolution supersedes the resolutions of the Board setting forth the authority of staff adopted August 6, 1983, September 4, 1986, November 6, 1986 and June 4, 1987, and shall be effective from the date of recording in the office of the county clerk and recorder and until a resolution rescinding or superseding this authority is recorded with the county clerk and recorder.

STATE OF MONTANA)
) : ss.
County of Lewis and Clark)

I, Brad Walterskirchen, being duly sworn, depose and say that I am Secretary of the Montana Board of Housing; that I have compared the foregoing copy of resolution of the Board adopted at a meeting of the Board on May 10, 1988, and that the same is a full, true and correct copy of the original resolution on file with the Board.

SUBSCRIBED AND SWORN TO before me this 10th day of May, _____, 1988.

Brad Walterskirchen

Notary Public for State of Montana
Residing at Helena, Montana
My Commission expires: June 25 1990

David L. Jackson
203 N. Ewing
Helena, MT 59601

Return to:

PUT OF RECORD AT
BY *Jim Galt*
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QUE BATTLETT, CLERK & REC.
LEWIS & CLARK CO., MONT.

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REC'D
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MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE BONDS
1988 Series A

(FHA Insured or VA Guaranteed Mortgage Loans)

(1988 Series A)
\$20,000,000

NOTICE OF PUBLIC HEARING

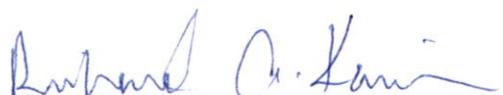
Notice is hereby given of the Intent of the Montana Board of Housing to hold a public hearing on the Board's proposed issuance of \$20,000,000 in family mortgage bonds to finance single family homes for qualified families.

The hearing will be held at 9 a.m. on Monday, May 16, 1988, in the Board's conference room. The Montana Board of Housing is located at 2001 Eleventh Avenue, Helena, Montana. Oral comments are limited to five minutes; however, written comments will be accepted and included in the record of the public hearing.

Dated: April 28, 1988.

MONTANA BOARD OF HOUSING

By:


Richard A. Kain, Administrator
2001 Eleventh Avenue
Helena, MT 59620
Telephone No. (406) 442-3040

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

May 16, 1988

Notice having been given, a Public Hearing was held on the Board's proposed issuance of \$20,000,000 in mortgage bonds to finance single family homes for qualified Montanans.

The Hearing was opened at 9:00 a.m., and was attended by Richard A. Kain, Administrator, and Jo Anne Berg, Program Assistant. No comments were heard and the hearing closed at 9:10 a.m.

Brad Walterskirchen, Secretary

June 22, 1988
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

MAY 10, 1988

DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - April 5, 1988 meeting
April 18, 1988 special meeting
April 28, 1988 special meeting
Chairman Joan Bennett
- III. ELECTION OF SECRETARY - Dave Jackson
- IV. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- V. SINGLE FAMILY PROGRAM
 - A. MCC Program Update - Jeannene Maas
 - B. Purchase/Reservation Update (1987A & 1987B)
Meredith McGuire
 - C. Quarterly Delinquency Reports - Jeannene Maas
- VI. UNDERWRITERS UPDATE - JoAnne Kennedy
- VII. QUARTERLY BUDGET UPDATE - Dave Kraft
- VIII. STATUS OF SELECTION OF AUDITORS - Dave Kraft
- IX. PRESENTATIONS
 - A. First Boston Corporation
 - B. D. A. Davidson
 - C. Dain Bosworth
 - D. Piper, Jaffray & Hopwood
- X. OTHER BUSINESS
- XI. SET NEXT MEETING DATE
- XII. ADJOURN

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
1424 NINTH AVENUE, HELENA, MONTANA
MAY 10, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy (Present)
Howard Rosenleaf (Absent)
George Swords II (Present)

STAFF:

Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jeannene Maas, Program Specialist
Meredith McGuire, Administrative Assistant
Jo Anne Berg, Program Assistant
Carrie Welsh, Secretary

UNDERWRITERS:

Jo Anne Kennedy, First Boston Corporation
Marie DeRosa, First Boston Corporation
Rick Phelps, First Boston Corporation
Jim Dinerstein, Dain Bosworth
Mark Semmens, D. A. Davidson
Mike Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL:

Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel

OTHERS:

James Lechner, Montana Home Builders Assoc.
Mark B. Lindsay, Helena Home Builders Assoc.
Dave Lewis, Board of Investments

The meeting was called to order at 9:05 a.m. by Chairman Joan Bennett. There were no additions or corrections to the minutes of the April 5, 1988 regular business meeting, the April 18, 1988, special telephone meeting, the April 28, 1988, special telephone meeting, or the May 3, 1988 special telephone meeting. The minutes of those meetings were approved as presented.

ELECTION OF SECRETARY

Michael Kennedy moved that, because of John Buchanan's resignation, effective April 4, 1988, Brad Walterskirchen be elected Secretary to the Board of Housing, and that his election be effective as of the date of John Buchanan's resignation. George Swords seconded the motion, which carried unanimously.

SINGLE FAMILY PROGRAM OFFICER

Richard Kain, Administrator, introduced David J. Haviland, who is the Board's new Single Family Program Officer, effective April 11, 1988.

BOARD COUNSEL REPORT

Dave Jackson, Board Counsel, presented a certificate of resolution (see attached) which authorizes Richard A. Kain, Administrator, and David J. Haviland, Single Family Program Officer, to sign documents as required. Upon motion by Michael Kennedy, and seconded by Brad Walterskirchen, the resolution carried unanimously.

MCC PROGRAM UPDATE

Jeannene Maas presented data relative to the Mortgage Credit Certificate program, effective May 6, 1988. There are 47 outstanding reservations, for \$469,092.00. 466 certificates have been issued, for \$4,750,980.00. A total of 513 MCCs have either been reserved or issued, for a total of \$5,220,072.00. A balance of \$4,772,700.00 in credit authority remains available. The average loan amount is \$50,976.00; the average credit amount is \$10,195.00; and the average gross family income is \$27,937.00. 65% of the allocation has gone to targeted areas, and of the Certificates issued in targeted areas, 26% have gone to previous homeowners, and 74% have gone to first-time homeowners.

A summary of Mortgage Credit Certificates processed monthly since program inception in July, 1987, was presented, which indicated that the momentum of the program is building, with 69 processed in March, 93 in April, and 30 in the first five days of May.

A summary of costs of the Mortgage Credit Certificate program, effective March 31, 1988, was also presented. This summary showed that fees collected are covering the costs of administering the program.

RESERVATION/PURCHASE UPDATE - 1987A AND 1987B

Meredith McGuire updated the Board on the status of the 1987A program as of May 6, 1988. Of the \$17,918,367.00 available for purchase of qualified mortgage loans, \$17,485,663.56, or 382 loans, have been purchased. \$323,172.00, or 7 reservations were outstanding. A balance of \$109,521.44 remains available for reservation. The average loan amount was \$45,774.00, and the

average gross family income was \$24,017.00. 15% of the loans purchased were VA guaranteed, and 85% were FHA insured. The average borrower age was 32. 9% of the loans were for new construction, and 91% were for existing housing.

An analysis of the 1987B program as of May 6, 1988, shows that of the \$18,934.973.00 available for purchase, \$17,871.663.12, or 387 loans, have been purchased. \$1,051,580.00, or 19 reservations were outstanding. A balance of \$11,759.88 remains available for reservation. The average loan amount was \$46,179.93, and the average gross family income was \$25,419.00. 14% of the loans purchased were VA guaranteed, and 86% were FHA insured. The average borrower age was 32. 6% of the loans were for new construction, and 94% were for existing housing.

QUARTERLY DELINQUENCY REPORTS

Jeannene Maas presented the quarterly delinquency reports for the Single Family I and Single Family II indentures, which showed that as of March 31, 1988, 5.01% of the combined total loans were 30 to 90 days past due, with 1.70% in foreclosure. A delinquency analysis showed that as of April 18, 1988, 128 loans were pending liquidation, 214 loans were foreclosed, 166 deeds-in-lieu of foreclosure were processed, and 10 loans were assigned to FHA in FY88.

UNDERWRITERS UPDATE

Jo Anne Kennedy, First Boston Corporation, updated the Board on the pricing of the 1988 Series A issue. As a result of aggressive pricing, the Board will be able to obtain a mortgage rate of 8.75% on the \$19,998,793.15 issue. \$18,971,195.05 will be available for mortgage loans, with the bond closing scheduled for May 24, 1988, in Helena.

QUARTERLY BUDGET UPDATE

Dave Kraft, Comptroller, advised the Board that the budget amendment request was approved by the Legislative Finance Committee. This amendment will give the Board the necessary \$616,791 in spending authority projected to cover expenses related to foreclosures, property management, trustee fees and legal fees for FY88.

A status report of expenditures, as of March 31, 1988, was presented for Board review.

A memo from the Governor's Office of Budget and Program Planning was presented, which recommended that the Board's requests for modifications in the 1990-1991 budget be approved. These requests involve the 501(c)(3) non-profit organization, the reverse equity program for elderly homeowners, a home improvement loan program, and the addition of one FTE, as well as an increase in spending authority to cover projected increases in foreclosure expenses.

STATUS OF SELECTION OF AUDITORS

Dave Kraft advised the Board that the Office of the Legislative Auditor had received bids from six firms to conduct the Board's 1987-88 audit. A final determination has not been made at this time on the firm that the Legislative Auditor will recommend to the Legislative Audit Committee.

UNDERWRITERS PRESENTATIONS

Jo Anne Kennedy, Marie DeRosa, and Rick Phelps of First Boston, Mark Semmens of D. A. Davidson & Company, Jim Dinerstein of Dain Bosworth, and Mike Jansen and Gordon Hoven of Piper, Jaffray & Hopwood updated the Board, as requested, on their individual firm's commitment to the Board of Housing and housing finance, and their respective firm's ideas and distribution relative to the 1987A and 1987B issues.

OTHER BUSINESS

Dick Kain advised the Board that Senator Melcher signed on to co-sponsor S.1522, to extend the sunset of Mortgage Revenue Bonds until 1992. 70% of the Senators are co-sponsoring, and 77% of the Representatives are co-sponsoring.

Dick also updated the Board on the progress with the JVAH project in Missoula. Lloyd Twite has obtained the lots in Hillview Heights #6 from the City of Missoula. Dick Kain and Howard Rosenleaf attended the ground breaking ceremony on May 3, 1988. The ceremony received excellent media coverage.

BOARD OF INVESTMENTS

Dave Lewis, Executive Director of Board of Investments, asked for Board input on matters relative to Board of Investments' accessing the Board of Housing's computer system to perform mortgage accounting for Board of Investments Single Family loans. As part of the negotiations, Board of Investments was requested to provide additional megabits on the Board of Housing's two available disc drives, to ensure that the Board of Housing's ability to utilize the maximum memory capacity was not jeopardized. Mr. Lewis contended that the Board of Housing will have the same capacity that it currently is using, and that Board of Investments' sharing of costs should not include additional capacity for Board of Housing. George Swords moved that the Board of Investments enlarge Board of Housing's disc drives, to make up for loss of the third disc drive to be used by Board of Investments. After discussion and clarification, Bruce Moerer seconded the motion. Brad Walterskirchen and Michael Kennedy voted nay, and the motion carried on Chairman Bennett's aye vote.

A special meeting was tentatively set for May 23, 1988, at 4:30 p.m., in the offices of Jackson, Murdo, Grant & Larsen at 203 North Ewing in Helena. The regular business meeting was scheduled for 9:00 a.m. on June 22, 1988, in the Conference Room of the Department of Natural Resources and Conservation building, 1520 East Sixth Avenue, in Helena.

There was no further business and the meeting adjourned.



Brad Walterskirchen, Secretary

June 22, 1988

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting on Tuesday, May 3, 1988, at 12:15 p.m. via telephone conference call. The Board will discuss the next steps necessary to issue the 1988A Series Mortgage Revenue Bonds.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

The Montana Board of Housing held a special telephone conference call meeting on Tuesday, May 3, 1988, at 12:15 p.m. for the purpose of reviewing the final pricing materials pertaining to 1988 Series A Single Family Mortgage Bonds, and effecting the execution of the documents required to finalize the sale of the bonds. Board members participating were: Joan Bennett, Chairman; Bruce Moerer, Vice Chairman; Michael J. Kennedy; Howard Rosenleaf; George Swords; and Brad Walterskirchen. Staff members participating were Dick Kain, Dave Kraft, David Haviland, Meredith McGuire, Judy Gillespie, Jeannene Maas, Nita Routzahn, and Jo Berg. Also participating were: Dave Jackson, Board Counsel; Roy Koegen, Board Counsel; Paul deBary and Dudley Perry, Underwriter Counsel; Jo Anne Kennedy, Marie DeRosa, Ellen Duffy, of First Boston, and Gene Hufford of D. A. Davidson Co.

Marie DeRosa updated the Board on recent changes in the pricing structure of the offering. The Serial Bonds, with maturities from 1990 to 2003, have rates from 5.4% to 7.6%. The Supersinker Term Bonds, with maturities from 2004 to 2012, have rates of 7.25%. The term bonds with maturities ranging from 2013 to 2017, have rates of 8.50%. The PROFITS that mature in 2018 and 2019 have a rate of 8.40%. The structure will allow a mortgage interest rate of 8.75% with 3½ points over a 30-year term. The total cost per bond will be \$18.14/\$1,000 bond. The size of the issue is \$19,998,793.15, and \$18,971,195.00 will be available in lendable proceeds.

Roy Koegen presented the Official Statement, and advised the Board that changes will be made to allow notice of redemption by first class mail, rather than publication. The December 31, 1987 delinquency statistics will also be included. The Bond Purchase Contract was presented. Changes will be made in the delivery of the funds relative to the underwriters discount, and the cost of issuance fund. A supplemental indenture, dated February 1, 1988, authorizing the option of book entry bonds, and redemption notice by first class mail for bonds issued after February 1, 1988, was presented, as was a supplemental indenture dated April 1, 1988, which authorized 1988 Series A-1 and 1988 Series A-2 bonds.

After review of those documents, Resolution #88-05-3-S1 was presented, which authorizes the execution of the supplemental trust indentures, approves the official statement, authorizes the execution by the Chairman of the bond purchase agreement, and confirms the sale of the bonds. Following a brief discussion, George Swords moved the Board adopt Resolution #88-05-3-S1 (attached) to formalize the sale of the bonds. Bruce Moerer seconded the motion, which carried unanimously. Since no Secretary to the Board has been elected, Brad Walterskirchen was appointed to Acting Secretary, to attest the documents. Final closing is scheduled for May 24, 1988. There was no further business, and the meeting adjourned.



Secretary

May 10, 1988
Dated

MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE BONDS
1988 SERIES A-1 AND 1988 SERIES A-2

(FHA Insured or VA Guaranteed Mortgage Loans)

\$19,998,793.15

RESOLUTION NO. 88-05-3-S1

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$19,998,793.15 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE BONDS, 1988 SERIES A-1 AND 1988 SERIES A-2 (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; APPROVING TWO SUPPLEMENTAL TRUST INDENTURES, THE OFFICIAL STATEMENT AND OTHER DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

Adopted: May 3, 1988

Prepared By:

PRESTON, THORGRIMSON, ELLIS & HOLMAN

Spokane, Washington

Seattle, Washington

MONTANA BOARD OF HOUSING

RESOLUTION NO. 88-05-3-S1

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RESOLUTION NO. 88-05-3-S1

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$19,998,793.15 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE BONDS, 1988 SERIES A-1 AND 1988 SERIES A-2 (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; APPROVING TWO SUPPLEMENTAL TRUST INDENTURES, THE OFFICIAL STATEMENT AND OTHER DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY MORTGAGE BONDS, 1988 SERIES A-1 AND 1988 SERIES A-2
(FHA INSURED OR VA GUARANTEED MORTGAGE LOANS)

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Board intends to issue its Single Family Mortgage Bonds, 1988 Series A-1 and 1988 Series A-2 (FHA Insured or VA Guaranteed Mortgage Loans) in the aggregate principal amount of \$19,998,793.15 (collectively the "1988 Series A Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1988 Series A Bonds (the 1988 Series A Mortgage Purchase Program"); and

WHEREAS, the Board has mailed to mortgage lenders throughout the state an Invitation to Participate dated as of May 3, 1988, Terms and Conditions dated as of May 3, 1988 (the "Terms and Conditions"), and a form of Mortgage Lender Application (the "Application") with respect to the 1988 Series A Mortgage Purchase Program; and

WHEREAS, the Board has reviewed forms of a Mortgage Purchase Agreement and a Servicing Agreement applicable to the 1988 Series A Mortgage Purchase Program; and

WHEREAS, pursuant to a Trust Indenture dated as of March 10, 1977 (the "Trust Indenture"), among the Board, Northwestern National Bank of Minneapolis (now known as Norwest Bank Minnesota, National Association), Minneapolis, Minnesota, as Trustee, and Northwestern Union Trust Company (now known as

Norwest Capital Management & Trust Co., Montana), Helena, Montana, as Co-Trustee, the Board authorized 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 Trust Indenture and in one or more supplemental indentures authorizing the issuance of a specified series of Bonds; and

WHEREAS, a 1988 Series A Supplemental Trust Indenture (the "Supplemental Trust Indenture"), to be dated as of April 1, 1988, has been presented to the Board pursuant to which the Board would authorize the issuance of \$19,998,793.15 aggregate principal amount of its 1988 Series A Bonds; and

WHEREAS, a Preliminary Official Statement (the "Preliminary Official Statement") dated April 25, 1988, has been presented to the Board, containing certain information relating to the Board, the Trust Indenture, the Supplemental Trust Indenture and the Bonds, and which will be distributed to the purchasers of the Bonds and others by a group of investment dealers and brokers represented by The First Boston Corporation, Dain Bosworth Incorporated, Piper, Jaffray & Hopwood Incorporated, and D.A. Davidson & Co. Incorporated (the "Underwriters"); and

WHEREAS, a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated May 3, 1988, between the Board and the Underwriters, has been presented to the Board pursuant to which the Board would agree to sell and the Underwriters would agree to purchase the Bonds at the price and upon the terms and conditions therein set forth;

WHEREAS, applications to participate in the 1988 Series A Mortgage Purchase Program will be received from the lending institutions, and the Board intends to acquire loans from these institutions on the terms and conditions set forth in the Invitation to Participate, Terms and Conditions, Application, and Mortgage Purchase Agreement (together, the "Program Documents");

WHEREAS, the Board is of the opinion that it is in the best interest of the Board and the residents of the State of Montana to provide for the issuance of its bonds in book-entry form and, accordingly, now desires to provide for the issuance of its bonds in book-entry form.

WHEREAS, the bonds of the Board are now issued only in registered form so that the Board knows the names and addresses of its bond owners or their nominees.

WHEREAS, the Board has been advised that a substantial savings will result to the Board of notice of redemption of its bonds is given by first-class mail instead of by publications.

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING as follows:

Section 1. Findings.

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of the 1988 Series A-1 and 1988 Series A-2 Bonds (collectively the "1988 Series A Bonds") and the purchase by the Board from proceeds thereof of mortgage loans pursuant to the Program Documents and the Trust Indenture constitute "housing developments" within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board hereby finds:

(i) that there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe, and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford, or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Trust Indenture and in the Program Documents pursuant to which Mortgage Loans are to be purchased are sufficient to insure that the homes will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the "housing sponsors" (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the homes to be financed as stated in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans, and other public desires;

(v) that the homes financed with the proceeds of the 1988 Series A Bonds do not involve the construction of "second homes," defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that the finding required by Section 90-6-109(1) (f) of the Act is inapplicable because the homes financed by the 1988 Series A Bonds do not involve direct loans.

Section 2. Approval of 1988 Series A Mortgage Purchase Program. The 1988 Series A Mortgage Purchase Program is hereby ratified and approved; the Program Documents are hereby ratified and approved.

Section 3. Approval of Supplemental Trust Indenture dated as of February 1, 1988. The Supplemental Trust Indenture dated as of February 1, 1988, 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 4. Approval of Trust Indenture and Supplemental Trust Indenture Dated as of April 1, 1988. The Trust Indenture, as supplemented, is hereby ratified and approved in the form executed by the Chairman of the Board as of March 10, 1977.

The Supplemental Trust Indenture dated as of April 1, 1988, 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. Authorization of Bonds. The issuance of the Board's Single Family Mortgage Bonds, 1988 Series A-1 and 1988 Series A-2 (FHA Insured or VA Guaranteed Mortgage Loans), in the aggregate principal amount of \$19,998,793.15 (collectively the "1988 Series A Bonds"), is hereby authorized and approved. The 1988 Series A Bonds shall mature, bear interest, be subject to optional, special optional, mandatory and sinking fund redemption and have the other terms and provisions as set forth in the Supplemental Trust Indenture. The 1988 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 1988 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 or the Treasurer, 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 1988 Series A Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Trust Indenture) for purposes of authenticating the 1988 Series A Bonds.

Section 6. Approval of Preliminary Official Statement. The Preliminary Official Statement dated April 25, 1988 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 Preliminary Official Statement and as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Official Statement.

Section 7. Sale of the Bonds. The Bond Purchase Agreement, dated May 3, 1988, 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 such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Agreement. The 1988 Series A Bonds are hereby authorized to be sold to the Underwriters upon the terms and conditions specified in the Bond Purchase Agreement.

Section 8. Notice of Acceptance. The Administrator of the Board, his designee, or any other officer of the Board is hereby authorized and directed to execute and deliver Notices of Acceptance to each of the lending institutions to be approved by the Administrator or his designee, each of which is hereby approved as a lender under the Single Family Mortgage Purchase Program, informing such mortgage lenders of such approval, the interest rate on the mortgage loans, the date on which reservations will be accepted and other program details.

Section 9. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the Single Family Mortgage Purchase Program, the Trust Indenture, the Supplemental Trust Indenture, the Invitation, the Terms and Conditions, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and the 1988 Series A Bonds is hereby approved, confirmed and ratified.

Section 10. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or of 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. Additional Actions Authorized. 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 Treasurer, 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 Indentures, 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 12. Execution of Non-Arbitrage Certificate. 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 1988 Series A Bonds as described in Section 1.103-13(a)(2)(ii) of Treasury Regulations and Section 143 of the Internal Revenue Code of 1986, as amended.

Section 13. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 3rd day of May, 1988.

MONTANA BOARD OF HOUSING

By *Jan K. Bennett*
Chairman

ATTEST:

Beall
Secretary

SUPPLEMENTAL TRUST INDENTURE

by and between

MONTANA BOARD OF HOUSING

and

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION
(formerly Northwestern National Bank of Minneapolis)
Minneapolis, Minnesota

As Trustee

and

NORWEST CAPITAL MANAGEMENT & TRUST CO., MONTANA
(formerly Northwestern Union Trust Company)
Helena, Montana

As Co-Trustee

Dated as of February 1, 1988

Relating to
Montana Board of Housing
Single Family Mortgage Purchase Program
(FHA Insured or VA Guaranteed Mortgage Loans)

THIS SUPPLEMENTAL TRUST INDENTURE (the "Supplemental Indenture"), dated as of February 1, 1988, is made by and between the MONTANA BOARD OF HOUSING (the "Board"), a Board created by the Montana Housing Act of 1975, and NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, (formerly Northwestern National Bank of Minneapolis), a national banking association incorporated under the laws of the United States of America and authorized by such laws to execute trust powers, as Trustee, and NORWEST CAPITAL MANAGEMENT & TRUST CO., MONTANA (formerly Northwestern Union Trust Company), a trust company incorporated under the laws of the State of Montana and authorized under such laws to execute trust powers, as Co-Trustee, (said Trustee and Co-Trustee being referred to collectively herein as the "Trustees"), for the purpose of amending the Trust Indenture dated as of March 10, 1977, by and between the Board and the Trustees, relating to the Board's Single Family Mortgage Bonds, 1988 Series A (FHA Insured or VA Guaranteed Mortgage Loans).

WITNESSETH:

WHEREAS, the Board and the Trustees have heretofore entered into a Trust Indenture dated as of March 10, 1977 (the "Indenture"), which provides for the issuance, from time to time, of Single Family Mortgage Bonds pursuant to supplemental indentures, in accordance with the terms of such Indenture; and

WHEREAS, Section 9.02 of the Indenture provides that modification or amendment of the Indenture may be made by a supplemental indenture without the consent of the holders of bonds of any series issued pursuant to the Indenture, provided that such modification or amendment will not affect the obligations, covenants, agreements, limitations, conditions and restrictions of and upon the Board in relation to the holders of such bonds; and

WHEREAS, Section 8.03 of the Indenture provides that an indenture supplemental to the Indenture may be executed by the Board and the Trustees modifying any of the provisions of the Indenture provided that such supplemental indenture by its terms is 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 such supplemental indenture becomes effective; and

WHEREAS, Section 8.03 of the Indenture further provides that any such supplemental indenture shall become effective upon execution by the Board and the Trustees; and

WHEREAS, Section 7.04 of the Indenture provides that notice of redemption of its Bonds be given by publication in Authorized Newspaper.

WHEREAS, the Bonds of the Board are now issued solely in registered form so that the Board knows the names and addresses of the registered owners of its Bonds or of their nominees.

WHEREAS, a substantial savings will result to the Board if it does not need to give notice of redemption by publication in Authorized Newspapers.

WHEREAS, the Board and the Trustees now desire to amend the Indenture to permit Notice of Redemption to be given by first-class mail.

WHEREAS, the Board and the Trustees now desire to amend the provisions of the Indenture to permit its single family mortgage bonds to be registered with a central depository institution and to provide for book-entry modes of transferring beneficial ownership of such bonds;

THIS SUPPLEMENTAL INDENTURE FURTHER WITNESSETH, that the Board hereby agrees and covenants with the Trustees for the equal and proportional benefit of the respective holders, from time to time, of its bonds, as follows:

Section 1: AMENDMENT TO SECTION 1.01 OF INDENTURE

Section 1.01 of the Indenture is hereby amended to add the following definitions:

Beneficial Owner shall mean a person who is the actual purchaser of a Book-Entry Bond.

Bond Depository shall mean a place or institution that holds securities certificates for safekeeping and maintains a recordkeeping system such that the securities held can be sold and transferred without the physical movement of their corresponding certificates.

Participant shall mean a securities broker or dealer, bank, trust company, clearing corporation or other institution whose securities are held and transferred through a Bond Depository.

Book-Entry Bonds shall mean the Board's Single Family Mortgage Bonds (FHA Insured or VA Guaranteed Mortgage Loans) issued after the effective date of this Supplemental Indenture and registered in the name of a Bond Depository.

Registered Owner or Registered Owners shall mean the person or persons whose names and addresses shall appear on the Bond Register maintained by the Trustee, as the owner or owners of a specific Bond or Bonds.

Bond Register shall mean the registration records of the Board, maintained by the Trustee, on which shall appear the names and addresses of the Registered Owners of the Bonds.

Section 2: AMENDMENT TO ARTICLE VI OF THE INDENTURE

Article VI of the Indenture is hereby amended to add a new section designated Section 6.14 to provide as follows:

SECTION 6.14. Registration and Transfer of Book-Entry Bonds. The Book-Entry Bonds of any particular series may be initially issued in the form of a separate, single authenticated, fully registered, certificated bond in the amount of each separate stated maturity of the Book-Entry Bonds. Upon initial issuance, the ownership of such Book-Entry Bond may be registered in the registry books kept by the Trustees in the name of the nominee of a Bond Depository or in the name of the Bond Depository. With respect to Book-Entry Bonds registered in the registry books kept by the Trustees in the name of a nominee of a Bond Depository or in the name of a Bond Depository, the Board and the Trustees shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Bond Depository, its nominee or any Participant with respect to any ownership interest in the Book-Entry Bonds, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than the nominee or Bond Depository, of any notice with respect to the Book-Entry Bonds, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than the nominee of a Bond Depository or a Bond Depository, of any amounts with respect to the principal of, premium if any, or interest on the Book-Entry Bonds. The Board and the Trustees may treat as and deem the nominee of a Bond Depository or Bond Depository to be the absolute owner of each Book-Entry Bond for the purpose of paying the principal of, premium if any, and interest on such Book-Entry Bond, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, and for all other purposes whatsoever. The Trustees shall pay all principal of, premium if any, and interest on the Book-Entry Bonds only to or upon the order of the nominee of a Bond Depository or a Bond Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to the principal of, premium if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No person other than the nominee of a Bond Depository or a Bond Depository shall receive an authenticated Book-Entry Bond evidencing the obligation of the Board to make payments of principal of, premium if any, and interest pursuant to this Indenture. Upon delivery by the nominee of a Bond Depository or a Bond Depository to the Trustees of written notice to the effect that the Bond Depository has determined to substitute a new nominee in place of the existing nominee, the Trustees shall issue a new registered Book-Entry Bond to

the new nominee of the Bond Depository in exchange for each Book-Entry Bond surrendered which was registered in the name of the old nominee.

Upon receipt by the Board and the Trustees of written notice from the Bond Depository to the effect that the Bond Depository is unable or unwilling to discharge its responsibilities under a letter of representations or any other contract pursuant to which the Bond Depository agrees to act as depository for the Board's Book-Entry Bonds, unless the Board elects to substitute a depository that is willing and able to undertake the functions of the Bond Depository hereunder upon reasonable and customary terms can be found, then the Book-Entry Bonds shall no longer be restricted to being registered in the registry books of the Board kept by the Trustees in the name of the nominee of the Bond Depository, but may be registered in whatever name or names the Beneficial Owners transferring or exchanging Book-Entry Bonds shall designate, in accordance with the provisions of this Indenture.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of a nominee of a Bond Depository or a Bond Depository, all payments with respect to the principal of, premium if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, to such nominee of a Bond Depository or Bond Depository. In the event of a redemption, acceleration, or other early withdrawal (e.g., tenders made and accepted in response to the invitation of the Board or Trustees, if any) necessitating a reduction in the aggregate principal amount of Book-Entry Bonds Outstanding or an advance refunding of part of the Book-Entry Bonds Outstanding, the Bond Depository or its nominee, in its discretion, (a) may request the Board or Trustees, if any, to issue and authenticate a new Book-Entry Bond or (b) shall make an appropriate notation on the Book-Entry Bond certificate indicating the date and amounts of such reduction in principal, except in the case of final maturity, in which case the certificate must be presented to the Board or Trustees, if any, prior to payment. Notwithstanding the provisions of Section 7.05, it shall not be necessary for the Bond Depository or its nominee to surrender any Book-Entry Bond which is to be paid or redeemed in part, if appropriate acknowledgment of payment or redemption is received by the Trustees.

In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Board or the Trustees with respect to any consent or other action to be taken by Bondholders, the Board or the Trustees, as the case may be, shall establish a record date for such consent or other action and give the nominee or Bond Depository notice of such record date not less than fifteen calendar days in advance of such record date to the extent possible.

Section 3: AMENDMENT TO ARTICLE VII OF THE INDENTURE

Article VII of the Indenture is hereby amended to add a new section, designated Section 7.06, to provide as follows:

SECTION 7.06. Mailed Notice of Redemption. Unless waived by the Registered Owner of any Bond to be redeemed, notice of any such redemption shall be sent by the Trustee by first-class mail, postage prepaid, not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption, to the Registered Owner of each Bond to be redeemed at the address shown on the registration books of the Board maintained by the Trustee. This requirement shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the Registered Owner of any Bond to be redeemed.

The Section is an alternative method of providing notice of redemption under circumstances under which all Bonds to be redeemed are Registered Bonds, and shall apply to all Bonds issued after February 1, 1988.

Section 4: FINDING THAT BONDHOLDER CONSENT NOT REQUIRED

It is hereby found and determined that the aforementioned amendment by its terms is applicable only to the obligations, covenants, agreements, limitations, conditions and restrictions of and upon the Board in relation to the Holders of the Book-Entry Bonds or any Series of Bonds to be issued after the this Supplemental Indenture becomes effective. It is hereby further found and determined that the aforementioned amendment will not affect the obligations, covenants, agreements limitations, conditions and restrictions of and upon the Board in relation to the Holders of any Series of Bonds other than the Book-Entry Bonds and any Series of Bonds issued after this amendment becomes effective. Consequently, pursuant to Sections 8.03 and 9.02 of the Indenture, the consent of such Bondholders to such amendment is not required.

Section 5: EFFECTIVE DATE

This Supplemental Indenture shall take effect immediately upon its execution by the Board and the Trustees.

IN WITNESS WHEREOF, the Board has caused these presents to be signed in its name and behalf by its Chairman and attested to by its Treasurer, and the Trustee and the Co-Trustee have caused these presents to be signed in their behalf all as of the first day of February, 1988.

MONTANA BOARD OF HOUSING

By

Jean K. Bennett
Chairman

ATTEST:

Donald A. Kani
Treasurer

NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION, as Trustee

By _____
Patricia A. Fisher,
Assistant Vice President

NORWEST CAPITAL MANAGEMENT
& TRUST CO., MONTANA,
as Co-Trustee

(S E A L)

By _____
Its _____

ATTEST:

By _____
Its _____

1988 SERIES A-1
and
1988 SERIES A-2

SUPPLEMENTAL TRUST INDENTURE

by and between

MONTANA BOARD OF HOUSING

and

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION
(formerly Northwestern National Bank of Minneapolis)
Minneapolis, Minnesota

As Trustee

and

NORWEST CAPITAL MANAGEMENT & TRUST CO., MONTANA
(formerly Northwestern Union Trust Company)
Helena, Montana

As Co-Trustee

Dated as of April 1, 1988

Relating to
Montana Board of Housing
\$19,998,793.15
Single Family Mortgage Bonds, 1988 Series A-1
and 1988 Series A-2
(FHA Insured or VA Guaranteed Mortgage Loans)

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THIS 1988 SERIES A SUPPLEMENTAL TRUST INDENTURE (the "1988 Series A Supplemental Indenture"), dated as of April 1, 1988, by and between the MONTANA BOARD OF HOUSING (the "Board"), a Board created by the Montana Housing Act of 1975, and NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, (formerly Northwestern National Bank of Minneapolis), a national banking association incorporated under the laws of the United States of America and authorized by such laws to execute trust powers, as Trustee, and NORWEST CAPITAL MANAGEMENT & TRUST CO., MONTANA (formerly Northwestern Union Trust Company), a trust company incorporated under the laws of the State of Montana and authorized under such laws to execute trust powers, as Co-Trustee, (said Trustee and Co-Trustee being referred to collectively herein as the "Trustees"), hereby agree as follows:

W I T N E S S E T H :

WHEREAS, the Board is authorized by the Montana Housing Act of 1975, now codified at MCA 90-6 et seq., (the "Act"), to purchase notes, Mortgages and other securities evidencing loans for the construction or purchase of housing developments for Persons and families of lower income in the State of Montana; and

WHEREAS, the Board finds that there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford within the housing market area to be served by the housing developments to be assisted as herein provided; that private enterprise has not provided an adequate supply of such housing at such rentals or prices, or provided sufficient Mortgage financing therefor so that the provisions of the Act and of this 1988 Series A Supplemental Indenture constitute a valid public purpose of primary benefit to all citizens of the State; and

WHEREAS, the Board and the Trustees have heretofore entered into a Trust Indenture dated as of March 10, 1977, which provides for the issuance, from time to time, of Single Family Mortgage Bonds pursuant to a supplemental indenture, in accordance with the terms of such Trust Indenture; and

WHEREAS, the Board and the Trustees have heretofore entered into a Supplemental Trust Indenture dated as of February 1, 1988 (the "Supplemental Indenture"), which amends the Trust Indenture to permit bonds issued under said Indenture (subsequent to the effective date of said Supplemental Indenture) to be registered with a central depository institution and provides for book-entry modes of transferring beneficial ownership and which further provides for the giving notice of redemption of bonds by mailed notice; and

tered assigns, the Principal Amount (specified above), on the Maturity Date (specified above), unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this Bond at the Corporate Trust Office of Norwest Bank Minnesota, National Association, Minneapolis, Minnesota, as trustee, or at the Corporate Trust Office of Norwest Capital Management & Trust Co., Montana, Helena, Montana, as co-trustee (collectively, the "Trustee"), or any successor thereto, and to pay interest on such Principal Amount from the Date of Original Issue (specified above) or the date from which interest has been paid as duly provided for at the Interest Rate (specified above), until the Board's obligation with respect to the payment of such Principal Amount shall be discharged, payable on the first days of April and October of each year, commencing October 1, 1988. Interest hereon shall be payable by check or draft mailed from the Corporate Trust Office of the Trustee to the person in whose name this bond is registered at the close of business on the fifteenth day of the calendar month next preceding each semiannual interest payment date. The principal, Redemption Price, if any, and interest on this bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; provided, however, that interest on this fully registered bond shall be paid by check or draft as set forth above.

The State of Montana is not liable hereon and this bond is not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, or the interest on, this bond. The Board has no taxing power.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall be manually signed by the Trustee.

This bond is one of a duly authorized series of bonds of the Board designated "Montana Board of Housing Single Family Mortgage Bonds, 1988 Series A (FHA Insured or VA Guaranteed Mortgage Loans)" (herein called the "1988 Series A Bonds") issued by the Board in the aggregate principal amount of \$19,998,793.15 under and pursuant to (i) the Act, (ii) the Trust Indenture by and among the Board, the Trustee, and the Co-Trustee, dated as of March 10, 1977, as supplemented (herein called the "Indenture"), and (iii) the 1988 Series A Supplemental Trust Indenture by and among the Board, the Trustee, and the Co-Trustee, dated as of April 1, 1988 (herein called the "1988 Series A Supplemental Indenture"; the Indenture as supplemented and the 1988 Series A Supplemental Indenture are herein collectively called the "Indentures").

Reference is hereby made to the Indentures, as the same may be amended and supplemented from time to time, for a description of the rights, limitation of rights, obligations, duties and immunities of the Board, the Trustee, the Co-Trustee, and the

CERTIFICATE OF AUTHENTICATION

This bond is one of the 1988 Series A Bonds described in the within mentioned Indenture and 1988 Series A Supplemental Indenture.

NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION

By _____ (manual signature)
 Authorized Signature

Dated: _____

[FORM OF PROFITS BONDS]

MONTANA BOARD OF HOUSING

SINGLE FAMILY MORTGAGE BOND
 1988 SERIES A

(FHA Insured or VA Guaranteed Mortgage Loans)

No. AP _____ \$6,785,000.00

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Authentication</u>	<u>CUSIP Number</u>
8.40%	April 1, 2019	May 24 1988	

Registered Owner: Cede & Co.

Principal Amount: _____ DOLLARS

MONTANA BOARD OF HOUSING (the "Board"), an agency of the State of Montana (the "State"), created by and duly organized and existing pursuant to the Montana Housing Act of 1975, as amended (the "Act"), acknowledges itself indebted and for value received hereby promises to pay, but only from the sources and as hereafter described, to the Registered Owner (specified above), or registered assigns, the Principal Amount (specified above), unless this Bond shall have been called for prior redemption and payment shall have been made or provided for. The Principal Amount or Compounded Amount is payable at maturity or upon earlier redemption upon presentation and surrender of this Bond at the Corporate Trust Office of Norwest Bank Minnesota, National Association, Minneapolis, Minnesota, as trustee, or at the Corporate Trust Office of Norwest Capital Management & Trust Co., Montana, Helena, Montana, as co-trustee (collectively, the "Trustee"), or, at the option of the Registered Owner, at the

principal office of the Trustee, or any successor thereto. The Principal Amount and redemption premium, if any, on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; provided, however, that interest on this fully registered Bond shall be paid by check or draft as set forth below.

The following table sets forth the Compounded Amount of this Bond for purposes of redemption, representing the principal amount at original issuance, plus an allowance for compound interest thereon on each April 1 and October 1, from October 1, 1988, to April 1, 2003, of the 1988 Series A Bonds scheduled to mature on April 1, 2019. The Compounded Amount is set forth in the following table:

<u>Date</u>	<u>Compounded Amount</u>
May 24, 1988	\$ 1,472.95
October 1, 1988	1,516.37
April 1, 1989	1,580.06
October 1, 1989	1,646.42
April 1, 1990	1,715.57
October 1, 1990	1,787.63
April 1, 1991	1,862.71
October 1, 1991	1,940.94
April 1, 1992	2,022.46
October 1, 1992	2,107.40
April 1, 1993	2,195.92
October 1, 1993	2,288.14
April 1, 1994	2,384.25
October 1, 1994	2,484.38
April 1, 1995	2,588.73
October 1, 1995	2,697.46
April 1, 1996	2,810.75
October 1, 1996	2,928.80
April 1, 1997	3,051.81
October 1, 1997	3,179.99
April 1, 1998	3,313.54
October 1, 1998	3,452.71
April 1, 1999	3,597.73
October 1, 1999	3,748.83
April 1, 2000	3,906.28
October 1, 2000	4,070.35
April 1, 2001	4,241.30
October 1, 2001	4,419.44
April 1, 2002	4,605.05
October 1, 2002	4,798.46
April 1, 2003	5,000.00

After April 1, 2003, interest on the Principal Amount hereof will be paid at the Interest Rate (specified above), until the Board's obligation with respect to the payment of such Principal Amount shall be discharged, payable on April 1 and October 1 of

each year, commencing October 1, 2003. Such interest shall be payable by check or draft mailed from the Corporate Trust Office of the Trustee to the person in whose name this Bond is registered at the close of business on the fifteenth day of the calendar month next preceding each such semiannual interest payment date. The principal, Redemption Price, if any, and interest on this bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; provided, however, that interest on this fully registered bond shall be paid by check or draft as set forth above.

The State of Montana is not liable hereon and this bond is not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, or the interest on, this bond. The Board has no taxing power.

The State of Montana is not liable hereon and this bond is not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, or the interest on, this bond. The Board has no taxing power.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall be manually signed by the Trustee.

This bond is one of a duly authorized series of bonds of the Board designated "Montana Board of Housing Single Family Mortgage Bonds, 1988 Series A (FHA Insured or VA Guaranteed Mortgage Loans)" (herein called the "1988 Series A Bonds") issued by the Board in the aggregate principal amount of \$19,998,793.15 under and pursuant to (i) the Act, (ii) the Trust Indenture by and among the Board, the Trustee, and the Co-Trustee, dated as of March 10, 1977, as supplemented (herein called the "Indenture"), and (iii) the 1988 Series A Supplemental Trust Indenture by and among the Board, the Trustee, and the Co-Trustee, dated as of April 1, 1988 (herein called the "1988 Series A Supplemental Indenture"; the Indenture and the 1988 Series A Supplemental Indenture are herein collectively called the "Indentures").

Reference is hereby made to the Indentures, as the same may be amended and supplemented from time to time, for a description of the rights, limitation of rights, obligations, duties and immunities of the Board, the Trustee, the Co-Trustee, and the owners of the Bonds issued thereunder. Capitalized terms used herein shall have the same meaning as in the Indentures. (All bonds issued under the Indenture, including the 1988 Series A Bonds, are herein collectively called the "Bonds".) Certified copies of the Indentures are on file in the Corporate Trust Office of the Trustee and in the office of the Board.

Reference is hereby further made to the Indenture, as amended or supplemented, and the the Supplemental Indenture for the security and source of payment of the 1988 Series A Bonds; the method by which and the purpose for which the Indentures may be amended or supplemented; the method by which the 1988 Series A Bonds may be transferred or exchanged; and the provisions applicable to the optional, special optional, mandatory and sinking fund redemption of the 1988 Series A Bonds.

In case an Event of Default, as defined in the Indenture, shall occur, the principal of this 1988 Series A Bond may be declared due and payable in the manner and with the effect provided in the Indentures.

It is hereby certified and recited by the Board that all acts, conditions and things necessary to be done in order to make the 1988 Series A Bonds the legal, valid and binding general obligations of the Board in accordance with their terms, have been done, have happened and have been performed in regular and due form, and that the issuance of the 1988 Series A Bonds does not exceed or violate any constitutional, statutory or other limitation upon the amount of indebtedness prescribed by law or the Indentures.

IN WITNESS WHEREOF, the Board has caused this bond to be executed in its name and on its behalf by the facsimile signature of its Chairman, attested by the facsimile signature of its Secretary, and its seal to be impressed hereon, as of the twenty fourth day of May, 1988.

MONTANA BOARD OF HOUSING

By (manual signature)
Chairman

ATTEST:

(manual signature)
Secretary

(S E A L)

CERTIFICATE OF AUTHENTICATION

This bond is one of the 1988 Series A Bonds described in the within mentioned Indenture and 1988 Series A Supplemental Indenture.

NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION

By _____ (manual signature)
Authorized Signature

Dated: _____

[FORM OF ASSIGNMENT]

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Name of Transferee: _____

Address (including zip code): _____

Tax Identification No.: _____

the within 1988 Series A Bond and hereby irrevocably constitutes and appoints

_____ ,
to transfer said 1988 Series A Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Registered Owner

Registered Owner

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within 1988 Series A Bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

Bank, Trust Company or Member Firm
of the New York Stock Exchange

Authorized Officer

THIS SUPPLEMENTAL INDENTURE FURTHER WITNESSETH, that the Board hereby agrees and covenants with the Trustee for the equal and proportional benefit of the respective holders, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.

(a) All terms which are defined in Section 1.01 of the Indenture shall have the same meanings, respectively, in this 1988 Series A Supplemental Indenture as such terms are given in the Indenture.

(b) In addition, as used in this 1988 Series A Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Bond Year," for the purpose of this Supplemental Indenture, shall mean October 1 through September 30.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any Treasury Regulations promulgated thereunder.

"Compounded Amount" shall mean, as of any date of computation with respect to a Bond with no interest payable until a specified date (PROFITS) or prior redemption, the principal amount on each April 1 and October 1, as shown in the form of said Bond, through April 1, 2003, and with respect to any calculation on a date other than such date, the interest accrued to the preceding compounding date plus interest on both the principal amount and such accrued interest from such preceding compounding date to the redemption date at the rate equal to the interest rate

of such Bond calculated on a straight line monthly basis assuming six 30-day months between each April 1 and October 1.

"Current Interest Bonds" shall mean the 1988 Series A Bonds with respect to which interest is payable semiannually until maturity or prior redemption and which include the Serial Bonds and the Term Bonds.

"Debt Service" shall mean, with respect to any particular Bond Year and any Series of Bonds, an amount equal to the sum of (a) all interest payable on Outstanding Bonds of such Series during such Bond Year, plus (b) the Principal Installment or Installments payable on Outstanding Bonds of such Series during such Bond Year.

"Event of Default" shall mean any of those events defined as Events of Default by Section 10.02 of the Indenture.

"Indenture" shall mean the Trust Indenture by and among the Board, the Trustee, and the Co-Trustee, dated as of March 10, 1977, together with this 1988 Series A Supplemental Indenture and any other Supplemental Indentures thereto.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"PROFITS" shall mean the 1988 Series A-1 Bonds due to mature on April 1, 2019.

"Program Documents" shall mean the Invitation to Participate and Terms and Conditions, dated as of May 3, 1988, as amended, the 1988 Series A Mortgage Program Application, the Notice of Acceptance, the Mortgage Purchase Agreement, the Servicing Agreement and other documents describing the 1988 Series A Single Family Mortgage Purchase Program of the Board.

"Program Expenses" shall mean all the Board's expenses of administering the Program under the Indenture and the Act and shall include, without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; insurance premiums, legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Trustee, any Depositories and Paying Agents; Costs of Issuance not paid from proceeds of Bonds; and payments to pension, retirement, health and hospitalization funds; and any other expenses required or permitted to be paid by the Board under the provisions of the Indenture and any Supplemental Indenture, all to the extent properly allocable to the Program.

"Redemption Fund" shall mean the Fund so designated established pursuant to Section 4.02 of the Indenture.

"Serial Bonds" shall mean the 1988 Series A-2 Bonds due to mature on April 1, 1990 through April 1, 2003.

"Term Bonds" shall mean the 1988 Series A Bonds due to mature on April 1, 2012, and on April 1, 2017, payable semiannually on April 1 and October 1 of each year commencing on October 1, 1988, and to maturity or prior redemption.

"1988 Series A Bonds" shall mean the Bonds of the Board of the Series authorized by this 1988 Series A Supplemental Indenture and designated "Montana Board of Housing Single Family Mortgage Bonds, 1988 Series A-1 and 1988 Series A-2 Bonds (FHA Insured or VA Guaranteed Mortgage Loans)."

"1988 Series A Supplemental Indenture" shall mean this 1988 Series A Supplemental Trust Indenture by and among the Board, the Trustee, and the Co-Trustee, dated as of April 1, 1988, including any other supplemental indentures hereto.

ARTICLE II

AUTHORIZATION AND TERMS OF 1988 SERIES A BONDS

SECTION 2.01. Principal Amount, Designation and Series.

Pursuant to the provisions of the Indenture, a series of Bonds of the Board entitled to the benefits, protection and security of the provisions of such Indenture is hereby authorized in the aggregate initial issue amount of \$19,998,793.15. The 1988 Series A-1 Bonds, in the initial issue amount of \$9,413,793.15, and the 1988 Series A-2 Bonds in the initial amount of \$10,585,000.00 shall be designated "Montana Board of Housing Single Family Mortgage Bonds, 1988 Series A-1 and the 1988 Series A-2 (FHA Insured or VA Guaranteed Mortgage Loans)." Said 1988 Series A-1 and 1988 Series A-2 Bonds may sometimes be referred to, collectively, as the 1988 Series A Bonds.

SECTION 2.02. Purposes. The 1988 Series A Bonds are authorized to provide moneys for the purchase of Mortgage Loans by the Board and the making of deposits in amounts required by this 1988 Series A Supplemental Indenture to be paid into the Debt Service Reserve Fund, Mortgage Reserve Fund and Mortgage Purchase Account from the proceeds of such Bonds.

SECTION 2.03. Date, Maturities and Interest Rates. The Current Interest Bonds shall be dated April 15, 1988, and the 1988 Series A PROFITS maturing April 1, 2019, shall be dated their date of delivery, subject to the provisions of Section 6.01 of the Indenture with respect to dates of fully registered Bonds. The Current Interest Bonds shall mature on the dates and in the aggregate principal amounts and shall bear interest from the date, payable on October 1, 1988 and semiannually thereafter on each April 1 and October 1 until payment of the principal has been made or provided thereof at the rates per annum as set forth below:

<u>Maturity Date</u>	<u>Issuance Amount</u>	<u>Interest Rate</u>
April 1, 1990	\$ 125,000.00	5.40%
April 1, 1991	175,000.00	5.70%
April 1, 1992	225,000.00	5.90%
April 1, 1993	275,000.00	6.10%
April 1, 1994	325,000.00	6.30%
April 1, 1995	350,000.00	6.60%
April 1, 1996	425,000.00	6.75%
April 1, 1997	450,000.00	6.90%
April 1, 1998	300,000.00	7.00%
April 1, 1999	325,000.00	7.20%
April 1, 2000	335,000.00	7.30%
April 1, 2001	450,000.00	7.40%
April 1, 2002	525,000.00	7.50%
April 1, 2003	550,000.00	7.60%
April 1, 2012	5,750,000.00	7.25%
April 1, 2017	7,415,000.00	8.50%
April 1, 2019	1,998,793.15	8.40%

The PROFITS shall be dated their date of delivery, shall accrete in value from the date of delivery at the rate of 8.40% compounded semiannually each April 1 and October 1, commencing October 1, 1988, to and including April 1, 2003, at which date they cease to accrete in value and the Compounded Amount on April 1, 2003 (the "Principal Amount") remains the same until maturity. The compounded amounts shall be interpolated on a straight-line basis assuming six 30-day months between each April 1 and October 1. After April 1, 2003, the PROFITS bear interest, payable semiannually on each April 1 and October 1 of each year, commencing October 1, 2003 at the rate per annum of 8.40%.

SECTION 2.04. Denominations, Numbers and Letters. The 1988 Series A Current Interest Bonds shall be issued as fully registered Bonds in denominations of \$5,000 principal amount or any integral multiple thereof. The 1988 Series A PROFITS shall be issued as fully registered bonds in denominations of \$5,000 of Compounded Amount at maturity and integral multiples thereof. Each fully registered 1988 Series A Current Interest Bond shall be identified by a legend consisting of the letters "A_R" followed by the number of the Bond. Each fully registered 1988 Series A PROFITS shall be identified by a legend consisting of the letters "AP" followed by the number of the Bond. All 1988 Series A Bonds shall be numbered consecutively from 1 upwards.

SECTION 2.05. Paying Agents and Place of Payment. The Trustee and Co-Trustee are hereby appointed the Paying Agents for the 1988 Series A Bonds.

Interest on the 1988 Series A Bonds shall be payable by check or draft mailed from the Corporate Trust Office of the Trustee to the Person in whose name each 1988 Series A Bond is registered at the close of business on the fifteenth day of the calendar month

next preceding each semiannual interest payment date. The principal, Redemption Price, if any, and interest on the 1988 Series A Bonds are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; provided, however, that interest on the fully registered 1988 Series A Bonds shall be paid by check or draft as set forth above.

SECTION 2.06. Optional Redemption, Prices and Terms. The Serial Bonds and Term Bonds shall be subject to redemption prior to their maturity, at the option of the Board, on or after April 1, 1998, in whole or in part at any time (and by lot if less than all of a maturity is to be redeemed), upon notice pursuant to Article VII of the Indenture, at the respective Redemption Prices (expressed as percentages of the principal amount, or in the case of PROFITS the Compounded Amount, of such 1988 Series A Bonds or portions thereof to be redeemed) set forth below, in each case together with accrued interest to the redemption date:

<u>Period During Which Redeemed</u> <u>(both dates inclusive)</u>	<u>Optional</u> <u>Redemption Prices</u>
April 1, 1998 through March 31, 1999	102.0%
April 1, 1999 through March 31, 2000	101.5%
April 1, 2000 through March 31, 2001	101.0%
April 1, 2001 through March 31, 2002	100.5%
April 1, 2002 and thereafter	100.0%

SECTION 2.07. Special Optional Redemption. The 1988 Series A Bonds shall be subject to redemption at the option of the Board, in whole or in part at any time prior to maturity upon notice pursuant to Article VII of the Indenture, at a Redemption Price equal to 100% of the principal amount of the Current Interest Bonds to be redeemed, plus interest accrued to the redemption date, or in the case of PROFITS, 100% of the Compounded Amount thereof to the date of redemption plus, in the case of PROFITS redeemed after April 1, 2003, interest accrued to the date of redemption, in an amount equal to:

(1) unexpended 1988 Series A Bond proceeds on deposit in the Mortgage Purchase Account and related amounts on deposit in the Mortgage Reserve Fund and the Debt Service Reserve Fund to the extent allocable to such unexpended amounts in the Mortgage Purchase Account;

(2) amounts received as the result of termination payments (including Prepayments as a whole or in part) with respect to Mortgage Loans purchased from the proceeds of any Series of Bonds or from other amounts permitted to be deposited in the Special Redemption Account held under the Indenture;

(3) amounts in the Bond Fund in excess of the amount required to meet accrued interest, Sinking Fund Installments, and Debt Service on any Series of Bonds; or

(4) the amount by which the funds on deposit in the Mortgage Reserve Fund and Debt Service Reserve Fund are in excess of the amounts required to be on deposit therein pursuant to the Indenture on any Series of Bonds.

If less than all of the 1988 Series A Bonds are to be redeemed, the 1988 Series A Bonds shall be redeemed from such maturities (and amounts within a maturity) as the Board shall direct; except as provided below in Sections 2.08, 2.09 and 2.10 of this Supplemental Indenture. The particular 1988 Series A Bonds within any maturity to be redeemed in part are to be selected by the Trustee by lot at all events.

SECTION 2.08. Mandatory Redemption of the 1988 Series A Term Bonds Due April 1, 2012 from Prepayments. The Board is required to redeem the 1988 Series A Term Bonds due April 1, 2012, as provided in Section 2.07 of this Supplemental Indenture, to the extent that Prepayments (including foreclosure, insurance or other termination payments) are received with respect to Mortgage Loans financed with the proceeds of the 1988 Series A Bonds.

Any such amount to be applied to such redemption shall be rounded to the next lowest \$5,000 principal amount. The Trustee shall apply any such amount described above to the redemption of 1988 Series A Bonds not later than the next ensuing 1988 Series A Bond payment date occurring more than 60 days after deposit in the Redemption Fund. The 1988 Series A Bonds to be redeemed pursuant to this Section 2.08 shall be redeemed in accordance with Section 4.09 of the Indenture except as provided herein.

SECTION 2.09. Manner of Redemptions From Unexpended Proceeds and Prepayments.

(a) Except as provided above in Section 2.08 and below in paragraph (b) of this Section 2.09, to the extent that unexpended 1988 Series A Bond proceeds in the Mortgage Purchase Account or Prepayments of Mortgage Loans purchased from proceeds of the 1988 Series A Bonds shall be used to redeem 1988 Series A Bonds as provided above in Section 2.07, 1988 Series A Bonds of each maturity then Outstanding shall be redeemed in an amount which reflects, as nearly as practicable, the ratios of the amount of Outstanding 1988 Series A Bonds then in such maturity to the total amount of 1988 Series A Bonds Outstanding.

(b) Notwithstanding the provisions of subsection (a) hereof, the Board shall be permitted to redeem 1988 Series A Bonds from unexpended 1988 Series A Bond proceeds in the Mortgage Purchase Account and from Prepayments of Mortgage Loans made with proceeds of the 1988 Series A Bonds in a manner other than as described in paragraph (a) of this Section 2.09 if letters shall

have been received from Standard & Poor's Corporation and Moody's Investors Service which state that such other manner of redeeming 1988 Series A Bonds shall not adversely affect Standard & Poor's and Moody's ratings on the Bonds.

(c) To the extent that unexpended 1988 Series A Bond proceeds in the Mortgage Purchase Account shall be used to redeem 1988 Series A Bonds as provided above in Section 2.07, 1988 Series A Bonds due April 2012 shall be redeemed in an amount which reflects, as nearly as practicable, the ratios of the amount of Outstanding 1988 Series A Bonds then in such maturity to the total amount of 1988 Series A Bonds Outstanding.

SECTION 2.10. Sinking Fund Redemption.

(a) The 1988 Series A Term Bonds due to mature on April 1, 2012 are subject to mandatory redemption prior to maturity upon notice pursuant to Article VII of the Indenture, in part by lot on or after April 1 in the years 2004 through 2011, inclusive, at 100% of the principal amount thereof or portions thereof to be so redeemed plus interest accrued to the redemption date, from sinking fund installments which are required to be paid in amounts sufficient to redeem such Term Bonds in the principal amounts specified for each of the dates shown below:

<u>Date</u>	<u>Principal Amount</u>
April 1, 2004	\$ 320,000.00
April 1, 2005	380,000.00
April 1, 2006	440,000.00
April 1, 2007	510,000.00
April 1, 2008	605,000.00
April 1, 2009	695,000.00
April 1, 2010	775,000.00
April 1, 2011	995,000.00
April 1, 2012*	1,030,000.00

* Maturity

(b) The 1988 Series A Term Bonds due to mature on April 1, 2017 are subject to mandatory redemption prior to maturity upon notice pursuant to Article VII of the Indenture, in part by lot on April 1 in the years 2013 through 2016, inclusive, at 100% of the principal amount thereof or portions thereof to be so redeemed plus interest accrued to the redemption date, from sinking fund installments which are required to be paid in amounts sufficient to redeem such Term Bonds in the principal amounts specified for each of the dates shown below:

<u>Date</u>	<u>Principal Amount</u>
April 1, 2013	\$ 1,205,000.00
April 1, 2014	1,350,000.00
April 1, 2015	1,500,000.00
April 1, 2016	1,650,000.00
April 1, 2017*	1,710,000.00

* Maturity

(c) The PROFITS due to mature on April 1, 2019 are subject to mandatory redemption prior to maturity upon notice pursuant to Article VII of the Indenture, in part by lot on April 1, 2018, at 100% of the Principal Amount thereof or portions thereof to be so redeemed plus interest accrued to the redemption date from a sinking fund installment which is required to be paid in an amount sufficient to redeem \$3,205,000.00 of the then current Principal Amount of such Bonds.

Except as provided in Sections 2.06, 2.07, 2.08 and 2.09 of this Supplemental Indenture, if less than all of the 1988 Series A Bonds of like maturity are to be redeemed pursuant to Sections 2.06, 2.07, 2.08, 2.09 or 2.10 of this Supplemental Indenture, unless otherwise provided in such sections, the particular 1988 Series A Bonds within a maturity to be redeemed shall be selected in \$5,000 principal amounts by the Trustee by lot in such manner as the Trustee in its discretion may deem fair and appropriate.

SECTION 2.11. Moneys Available. The Board shall not direct the Trustee to give notice of optional redemption as herein provided unless it has on deposit in the Optional Redemption Account within the Redemption Fund sufficient moneys to pay the principal of and interest on the 1988 Series A Bonds to be so redeemed.

SECTION 2.12. Execution of 1988 Series A Bonds. The Chairman of the Board is hereby authorized and directed to execute the 1988 Series A Bonds and the Secretary of the Board is hereby authorized and directed to attest such signature, by use of their manual or facsimile signatures, and the seal of the Board shall be impressed or imprinted thereon.

Only such of the 1988 Series A Bonds as shall bear thereon a Certificate of Authentication, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such Certificate of Authentication shall be conclusive evidence that the 1988 Series A Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of the Indenture.

SECTION 2.13. No Recourse on 1988 Series A Bonds. All covenants, stipulations, promises, agreements and obligations of the Board contained in this 1988 Series A Supplemental Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Board and not of any director, member,

officer or employee of the Board in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of, or interest on the 1988 Series A Bonds or for any claim based thereon or on this 1988 Series A Supplemental Indenture, either jointly or severally, against any director, member, officer or employee of the Board or any Person executing said Bonds.

ARTICLE III

APPLICATION OF PROCEEDS OF 1988 SERIES A BONDS

SECTION 3.01. Application of 1988 Series A Bond Proceeds. In accordance with Article III of the Indenture, the proceeds of the sale and delivery of the 1988 Series A Bonds, exclusive of underwriters' discount, original issue discount, and any amount received as accrued interest thereon, shall be deposited in the Funds and Accounts set forth below:

(a) To the Mortgage Reserve Fund, \$185,920, being an amount sufficient so that the moneys on deposit in such Fund shall at least equal the Mortgage Reserve Requirement;

(b) To the Debt Service Reserve Fund, \$980,000, being an amount sufficient so that the moneys on deposit in such Fund shall at least equal the Debt Service Reserve Requirement;

(c) To a separate account which is hereby created, designated "1988 Series A Mortgage Purchase Account" (the "Mortgage Purchase Account"), \$18,591,771.15, to be applied to purchase Mortgage Loans pursuant to the Program Documents;

(d) To a separate account which is hereby created, designated "1988 Series A Costs of Issuance Account" (the "Costs of Issuance Account"), \$47,772, to be used to pay Costs of Issuance and shall be used to pay the Costs of Issuance on the 1988 Series A-1 Bonds. The Costs of Issuance allocated to the 1988 Series A-2 Bonds shall be paid from other moneys of the Bonds. Any excess in the Costs of Issuance Account shall be transferred into the Mortgage Purchase Account; and

SECTION 3.02. Accrued Interest. The amount, if any, received as accrued interest upon the delivery of the 1988 Series A Bonds shall be deposited in the Interest Account in the Bond Fund in accordance with Section 3.01(2) of the Indenture.

SECTION 3.03. Reservation Fees. Reservation fees paid to the Board pursuant to the Program Documents shall be deposited in the appropriate Mortgage Purchase Account and used for the acquisition of Mortgage Loans.

SECTION 3.04. Covenants as to Application of 1988 Series A Bond Proceeds. The Board hereby agrees that it will apply the proceeds of the sale and delivery of the 1988 Series A Bonds in

accordance with the Indenture and this 1988 Series A Supplemental Indenture.

ARTICLE IV

DETERMINATIONS, POLICIES AND COVENANTS

SECTION 4.01. Board Policy. 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 Code) who has applied for a Mortgage Loan to be purchased by the Board 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 4.02. Notice to Rating Agencies. The Board hereby covenants and agrees that, to the extent practicable, prior to any of the following events, the Board will notify Moody's Investors Service and Standard & Poor's Corporation (the "Rating Agencies") of such event and deliver such cash flow projections as are reasonably requested by such Rating Agencies:

(a) The making of a determination to extend the original Mortgage Loan acquisition period relating to the 1988 Series A Bonds beyond June 1, 1989.

(b) The amendment to the Indenture, amendment to this Supplemental Indenture, or authorization of a new Series of Bonds.

(c) The resignation of the Trustee or the appointment of a successor Trustee.

(d) The direction by the Board to the Trustee to remit funds to the State for deposit into the "state housing finance account" free and clear of any lien or pledge of the Indenture pursuant to Section 4.10(c) of the Indenture, but only if such remittance would cause the ratio of assets held under the Indenture to Bonds outstanding under the Indenture on the date of such remittance to fall below 103%.

SECTION 4.03. Determination of Debt Service Reserve Fund Bonds. Pursuant to Sections 2.02(3) and 4.09(I) of the Indenture, the Board hereby designates as Debt Service Reserve Fund Bonds those Serial Bonds maturing on the dates and in the principal amounts as follows:

<u>Maturity</u>	<u>Aggregate Principal Amount</u>
April 1, 1990	\$ 125,000.00
April 1, 1991	15,000.00
April 1, 1995	240,000.00
April 1, 1996	425,000.00
April 1, 1997	175,000.00

SECTION 4.04. No Resignation of Trustee. The Trustee shall not resign its office until a successor Trustee has been duly and lawfully appointed by the Board and has, in writing, assumed its duties as successor Trustee.

ARTICLE V

TAX COVENANTS

SECTION 5.01. Covenants as to Section 143 of the Code. The Board shall not permit, at any time or times, any proceeds of the 1988 Series A Bonds to be used, directly or indirectly, in a manner which would result in the exclusion of any 1988 Series A Bond from the treatment afforded by subsection (a) of Section 103 of the Code, as from time to time amended, by reason of the classification of such Bond other than as a "Qualified Mortgage Bond" within the meaning of Section 143 of the Code and, without limiting the generality of the foregoing, the Board shall:

(a) Include restrictions in all agreements relating to the purchase of Mortgage Loans with the proceeds of the 1988 Series A Bonds so as to permit the financing of Mortgage Loans only in compliance with Section 143 of the Code and establish and maintain reasonable procedures to ensure compliance with the requirements of Section 143. Any failure to meet such requirements shall be corrected by the Board within a reasonable period after such failure is discovered.

(b) The Board shall ensure that not more than the amount of Qualified Mortgage Bonds permitted by Section 146 of the Code are issued during the 1988 calendar year.

(c) The Board shall attempt with reasonable diligence for at least one year after the date of sale and delivery of the 1988 Series A Bonds to place the portion of lendable proceeds of the 1988 Series A Bonds required so to be placed in qualified Mortgages in "targeted areas" within the meaning of Section 143.

(d) Pursuant to the requirements of Section 143 of the Code, the Board hereby elects to credit to borrowers who receive Mortgage Loans financed from the proceeds of the 1988 Series A Bonds an amount equal to the amount of certain investment earnings on non-mortgage investments, plus the amount of any income attributable to such earnings on such investments, to the extent such investment earnings and such income exceed the amount that would

have been earned on such investments if the investments were earning a return equal to the yield, computed in accordance with Section 143, on the 1988 Series A Bonds. The Board covenants to credit such amount or amounts to such borrower or borrowers in a manner consistent with the requirements of Section 143 of the Code. In order to ensure compliance with Section 143 of the Code, the Board shall establish accounting procedures for the Board and the Trustee to determine the amount of such excess investment earnings. The Trustee shall provide the information requested by the Board regarding the investment of funds held in trust by the Trustee in a timely manner so that the Trustee and the Board may determine the amount of such excess investment earnings and act accordingly. In the event the Board is unable to perform such calculations it shall so advise the Trustee in writing and the Trustee on behalf of the owners of the Bonds shall perform such duties as are prescribed for the Board in such accounting procedures. Any such credit to borrowers shall be effected by reducing the amount of principal due on each Mortgage Loan then consistent with the requirements of Section 143 of the Code.

(e) The Board shall establish such other separate sub-accounts within the Funds established pursuant to the Indenture as are necessary to adequately trace the direct and indirect proceeds and investment proceeds of the 1988 Series A Bonds in accordance with the requirements of Section 143 of the Code.

(f) Attached hereto as Exhibit A is an Accounting Procedures Memorandum, the terms of which are incorporated herein by this reference. Pursuant to the terms thereof, the Board and the Trustee shall continuously monitor (or cause to be so monitored) the non-mortgage investments made directly or indirectly with the proceeds of the 1988 Series A Bonds and shall take immediate and appropriate action to reduce the amount invested in non-mortgage investments with a yield materially higher than the yield on the 1988 Series A Bonds as may be required by Section 143 of the Code. So long as the Trustee shall comply with the requirements set forth in Exhibit A hereto, the Trustee shall not be responsible for any loss of tax-exempt status with respect to the 1988 Series A Bonds.

(g) The Board hereby covenants that the use of the proceeds of the 1988 Series A Bonds will comply with the requirements of Section 143 of the Code.

SECTION 5.02. Other Tax Covenants.

(a) The Board shall establish procedures to ensure that no proceeds of the 1988 Series A Bonds (or investment proceeds thereof) are used to provide facilities described in Section 147(e) of the Code and that no more than 3.5% of the aggregate face amount of the 1988 Series A Bonds are used to pay for costs of issuance (within the meaning of the Code) of the 1988 Series A Bonds.

(b) The Board will not take any action or permit any action to be taken that would result in the 1988 Series A Bonds being considered federally guaranteed within the meaning of Section 149(b) of the Code. The Board will comply with the information reporting requirement of Section 149(e) of the Code.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Effective Date. This 1988 Series A Supplemental Indenture shall take effect immediately upon its adoption and execution.

SECTION 6.02. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this 1988 Series A Supplemental Indenture to be performed by or on the part of the Board or any Fiduciary should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this 1988 Series A Supplemental Indenture.

SECTION 6.03. Counterparts. This 1988 Series A Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 6.04. Applicable Law. This 1988 Series A Supplemental Indenture shall be applied and construed in accordance with the laws of the State of Montana.

SECTION 6.05. Table of Contents and Section Headings Not Controlling. The Table of Contents and the Headings of the several Sections of this 1988 Series A Supplemental Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this 1988 Series A Supplemental Indenture.

IN WITNESS WHEREOF, the Board has caused these presents to be signed in its name and behalf by its Chairman and attested to by its Treasurer, and, to evidence its acceptance of the trusts hereby created, the Trustee and the Co-Trustee have caused these presents to be signed in their behalf all as of the first day of April, 1988.

MONTANA BOARD OF HOUSING

By Joan K Bennett
Chairman

ATTEST:

Richard A. Lami
Treasurer

NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION, as
Trustee

By _____
Patricia A. Fisher,
Assistant Vice President

NORWEST CAPITAL MANAGEMENT
& TRUST CO., MONTANA,
as Co-Trustee

By _____
Its _____

(S E A L)

ATTEST:

By _____
Its _____

EXHIBIT A

ACCOUNTING PROCEDURES MEMORANDUM

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special telephone conference call meeting at 9:30 a.m. on Thursday, April 28, 1988, to discuss current developments toward a possible issue of 1988 Series A bonds.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Montana Board of Housing held a special telephone conference call meeting on April 28, 1988, at 9:30 a.m. Board members participating were Joan Bennett, Michael Kennedy, George Swords, and Brad Walterskirchen. Others participating were Marie DeRosa and Ellen Duffy of First Boston Corporation; Paul deBary, Underwriter Counsel; Dave Jackson; Board Counsel; and staff members Dick Kain, Dave Kraft, David Haviland, Meredith McGuire, Jeannene Maas, Judy Gillespie, and Jo Berg.

Marie DeRosa updated the Board on the market's reaction to the preliminary official statement, which was mailed on April 27, 1988. The reaction to the offering has been very favorable, with the rates of the term bonds at 8.5%, the PROFITS at 8.5%, and the Super-sinker at 7.25%. The serials with maturities of from 1990 to 2003 were priced at rates from 5.5% to 7.7%. The offered structure would allow a mortgage rate of 8.8%, for an issue of just under \$20 million. The net proceeds of the issue available for mortgage loans would be approximately \$18,120,000 .

A brief discussion was held concerning current conventional 30-year mortgage rates. In Billings, the rate was 10% with 4 points; in Great Falls, the rate was 10% with 2 3/8 points; and in Helena, the rates were 10% with 2 1/4 points or 9.5% with 5 1/4 points. Brad Walterskirchen expressed concerns that the conventional rates may drop, which would erode the Board's preferred 1-point spread to conventional rates.

After further discussion, George Swords moved that, contingent on Roy Koegen's approval to proceed with pricing, and as long as the mortgage rate is 8.8% or lower, that the Board proceed with the pricing of the 1988 Series A bonds. Brad Walterskirchen seconded the motion, which carried unanimously.

There was no further business and the meeting adjourned.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Secretary

May 10, 1988

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL TELEPHONE MEETING

The Montana Board of Housing will hold a special telephone conference call meeting on April 18, 1988, at 1:00 p.m., for the purpose of reviewing current developments in the bond market.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

The Montana Board of Housing held a special telephone conference call meeting on April 18, 1988, at 1:00 p.m. Board members participating were: Joan Bennett, Chairman; Bruce Moerer, Vice Chairman; Howard Rosenleaf; George Swords; and Brad Walterskirchen. Jo Anne Kennedy and Marie DeRosa of First Boston Corporation, Board Counsel Dave Jackson, Bond Counsel Roy Koegen, and Underwriter Counsel Paul deBary, as well as Dick Kain, David Haviland, Dave Kraft, and Jo Berg of the staff also participated.

Marie DeRosa updated the Board on the recently proposed structure of 1988 Series A, which would make use of prepayments, in the form of a current refunding, in the amount of \$9.695 million. The mortgage rate achieved using the proposed structure could be 8.9%, with an issue size of \$20 million.

After discussion about current FHA mortgage rates, which appear to be from 9 1/2% with 5 7/8 points up to 10% with 2 3/4 points, and the preliminary costs of issuing the 1988A Series bonds, George Swords moved that the preliminary official statement be mailed to investors. The motion was seconded by Howard Rosenleaf. After further discussion about the parameters under which the Board could actually price an issue, the motion carried unanimously, after it was determined that no parameters be set, and that First Boston would contact Dick Kain with updated information.

Dick Kain advised the Board that Senator Melcher has signed on as a co-sponsor to S.1552, to extend the sunset of mortgage revenue bonds to 1992.

There was no further business, and the meeting adjourned.

A handwritten signature in blue ink, appearing to read "Bull" followed by several loops.

Secretary

Dated

~~April~~ May 10, 1988

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

APRIL 5, 1988

ROOM 160, SAM W. MITCHELL BUILDING*

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - March 8, 1988 meeting
March 24, 1988 special meeting
Chairman Joan Bennett
- III. BOARD COUNSEL REPORT - David Jackson
BOND COUNSEL REPORT - Roy Koegen
- IV. SINGLE FAMILY PROGRAM
 - A. MCC Program Update - Jeannene Maas
 - B. Purchase/Reservation Update (1987A & 1987B)
Meredith McGuire
- V. UNDERWRITERS UPDATE - JoAnne Kennedy
- VI. MRB EXTENSION UPDATE - Dick Kain
- VII. MBOH REO LISTINGS - Dick Kain
- VIII. OTHER BUSINESS
- IX SET NEXT MEETING DATE
- X. ADJOURN

*Note meeting location

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
ROOM 160, SAM W. MITCHELL BUILDING
HELENA, MONTANA
APRIL 5, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John D. Buchanan (Absent)
Michael J. Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Absent)

STAFF:

Richard A. Kain, Administrator
Dave Kraft, Comptroller
Jeannene Maas, Program Specialist
Meredith McGuire, Administrative Assistant
Jo Anne Berg, Program Assistant

UNDERWRITERS:

Jo Anne Kennedy, First Boston Corporation
Mary Petersen, First Boston Corporation
Jim Dinerstein, Dain Bosworth, Inc.
Mike Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

COUNSEL:

Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel

OTHER:

David Haviland
James F. Lechner, Montana Home Builders Assoc.
Mark Lindsay, Helena Home Builders Assoc.
David Johnson, Anderson ZurMuehlen & Co., P.C.

The meeting was called to order at 9:10 a.m. by Chairman Joan Bennett. There were no additions or corrections to the minutes of the March 8, 1988, regular meeting, or the March 24, 1988, special telephone meeting, and they were approved as presented.

BOARD COUNSEL REPORT

Dave Jackson, Board Counsel, advised the Board that the recent efforts to make available the resources of the Board of Housing's MicroVax computer equipment to facilitate mortgage accounting for the Board of Investments has resulted in a letter of understanding. This letter covers, among other things, costs and charges resulting from the additional hardware, as well as sharing in the maintenance of the equipment. Mr. Jackson stated that he had reviewed the letter of understanding, and felt comfortable with recommending the Board authorize the administrator to sign the agreement. Michael Kennedy moved that the letter of understanding be signed. His motion, which was seconded by Bruce Moerer, carried unanimously.

BOND COUNSEL REPORT

Roy Koegen, Bond Counsel, informed the Board that, as a result of Chairman Bennett's interaction, Senator Max Baucus signed on as a co-sponsor of S.1552 to extend the sunset of Mortgage Revenue Bonds to 1992. He also informed the Board that he continues to make necessary changes in the supplemental indenture, in anticipation of a new issue.

SINGLE FAMILY PROGRAM

MORTGAGE CREDIT CERTIFICATE PROGRAM UPDATE

Jeannene Maas updated the Board on the number of MCCs issued and reserved, as of April 1, 1988. 30 MCCs are reserved, for \$318,000.00. 357 certificates are issued, for \$3,701,000.00. The total committed is \$4,019,000.00, which leaves \$5,973,000.00 in available credit authority. The average MCC amount is \$10,368.00, the average loan amount is \$51,841.00, and the average borrower income is \$28,181.00. In the last 60 days, nearly 100 MCCs have been either reserved or issued.

A listing of the number of MCCs reserved or issued by the 58 participating lenders was also presented for the Board's review.

PURCHASE/RESERVATION UPDATE - 1987A AND 1987B

Meredith McGuire presented the Series Allocation Summary for 1987 Series A, as of April 1, 1988, which showed that of the original \$17,918,367.00 available for the purchase of loans, 379 loans have been purchased, for \$17,390,410.56. The report also showed that 10 reservations were outstanding, for \$447,185.00, which leaves a balance of \$10,321.00 available for reservation. The average loan is for \$45,885.00, and the average borrower income is \$23,982.00. The Series Allocation Analysis by Lender was presented. The Statewide Housing Profile by county was also presented, which showed the average borrower age is 32, 84% of the loans purchased were FHA insured, and 16% were VA guaranteed, and 91% of the proceeds have gone to existing housing, and 9% have gone to new construction.

The 1987B Series Allocation Summary as of April 1, 1988, showed that of the original \$18,934,973.00 available for the purchase of loans, 374 loans have been purchased, for \$17,114,296.36. 31 reservations were outstanding, for \$1,749,352.00. Two reservations have just been received, which, when processed, will leave a balance of \$9,500.00 available for reservation. The average loan amount is \$45,760.00, and the average borrower income is \$25,429.00. The Series Allocation Analysis by Lender was presented. The Statewide Housing Profile showed the average borrower age is 32, and that 86% of the loans purchased were FHA insured, and 14% were VA guaranteed. 95% of the proceeds went to existing housing, and 5% went to new construction.

Meredith also updated the Board on the transfer of servicing from the eleven First Banks in Montana to First Bank Loan Servicing Center, Sioux Falls. First Bank Western, Missoula, First Bank Southside, Missoula, and First Bank Havre have transferred servicing, with First Bank and First Bank West in Billings to be completed by week's end.

UNDERWRITER UPDATE

Jo Anne Kennedy, First Boston, presented a memorandum dated April 4, 1988, from First Boston to the Board, which showed various structures available to the Board if a new issue appeared feasible. Current obtainable mortgage rates would not, at present, make it feasible to enter the market using either profit bonds or option bonds. A summary of costs associated with either structure was also presented. The Board directed the underwriting team to continue to monitor the market, and to look at the possibility of a current refunding issue utilizing prepayments. If the opportunity presents itself, the Board agreed to a telephone conference meeting to further discuss the potential of a new issue.

MRB EXTENSION DATE

Dick Kain presented a memo dated March 28, 1988, from the National Council of State Housing Agencies, which reviewed testimony given before the Senate Finance Committee of Tax and Debt Management, chaired by Senator Max Baucus. The testimony centered on the extension of the sunset of Mortgage Revenue Bonds, and was given on March 28, 1988. To date, 275 representatives have signed on as co-sponsors of H.R. 2640, and 63 senators have signed on to S. 1552, both of which are intended to extend the sunset to 1992. Dick took the opportunity to publicly thank Jim Lechner of the Montana Home Builders Association, Dave Jackson, Preston, Thorgrimson, et al, Montana Association of Realtors, and Joan Bennett, among others, for their efforts in contacting Montana's delegation and lobbying their support for the extension. Senator Melcher is the only member of our Congressional delegation who is yet to sign on as a co-sponsor.

REAL ESTATE OWNED

Dick Kain presented the Notice to Participating Brokers, which was mailed on March 24, 1988, advising of the nine Montana Board of Housing owned homes available for sale. Over 130 brokers have requested to be placed on the mailing list for information on the sale of Board-owned properties.

SUMMARY OF PUBLIC MEETINGS

Dick Kain presented a summary of the critical housing needs that had been received at public meetings around the State last summer and fall, and advised the Board that the summary had been mailed to those who provided the input.

JVAH PROPOSAL - BUTTE

Dick Kain informed the Board that a request was received from Roger Linhart, United-Western Mortgage in Missoula, for a setaside of \$1.1 million of the 6 7/8% mortgage funds for a JVAH project located in Butte. Mr. Linhart was advised that the RFP period had closed, and that funds were not available for recycling at the previously assumed level. Howard Rosenleaf updated the Board on a meeting he had with Don Peoples, Executive of Butte-Silver Bow County, and a realtor in Butte, relative to the requested setaside.

FIRST BANK BILLINGS/MONTANA PEOPLES ACTION COALITION

Dick advised the Board of interest in using recycled 6 7/8% funds in renovating areas of the south side of Billings. Doug Aden, First Bank Billings, is working with Montana Peoples Action and the City of Billings to facilitate an arrangement similar to Neighborhood Housing Services, Inc., in Great Falls.

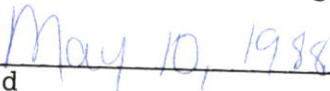
REVIEW COMMITTEE

Michael Kennedy moved that, in keeping with the Board's review and goal setting process, a committee be established to pursue management review of the current underwriting team. The underwriting team was requested to make presentations at the next meeting of the Board, so that the team's goals and objectives are understood, as well as the Board's. The means to evaluate the effectiveness of the team will also be discussed at that meeting. The motion was seconded by Howard Rosenleaf, and carried unanimously.

The next meeting was set for May 10, 1988, in the Conference Room of the Department of Commerce Building in Helena. There was no further business and the meeting adjourned.



Secretary



Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special telephone conference call meeting at 9:00 a.m. on Thursday, March 24, 1988, for the purpose of an update on recent trends in the bond market.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

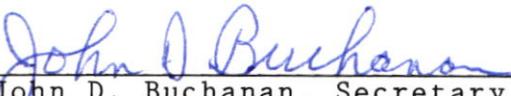
(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, Board members Joan Bennett, John Buchanan, Howard Roseneleaf, Michael Kennedy, George Swords, and Brad Walterskirchen met in a telephone conference call at 9:00 a.m., on Thursday, March 24, 1988. Board member Bruce Moerer was unable to participate. Those participating from staff were Dick Kain, Dave Kraft, and Jo Berg. JoAnne Kennedy, Jim Scanlon, Doug Birbrower, Mary Peterson, and Jim Meany of First Boston were also participating.

JoAnne Kennedy formally advised that Board that Dan Irvin had resigned from First Boston, to take a position with another firm. JoAnne presented a review of recent steps taken toward the issue of 1988 Series A bonds. From recent research with D. A. Davidson, it appears that offering bonds at present would be well accepted by Montana investors, as there is a shortage of Montana bonds. George Swords presented mortgage rates in Billings as of March 23, 1988. 10 1/2% rate had 1 point, 10% had 2 points, 9 1/2% had 5.25 points, and 9% had 8 points. After further discussion, and concerns about the spread between the achievable mortgage rate and the conventional rate, it was decided to survey current mortgage rates available throughout the state, and have First Boston run cash flows given current market conditions and using profit bonds. JoAnne will contact Chairman Bennett with updated information.

There was no further business, and the meeting adjourned.


John D. Buchanan, Secretary

April 4, 1988

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

MARCH 8, 1988

ROOM 111, ON THE MAIN FLOOR

DNRC BUILDING, 1520 EAST SIXTH AVENUE*

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - February 11, 1988 meeting
Chairman Joan Bennett
- III. BOARD COUNSEL REPORT - John Grant
BOND COUNSEL REPORT - Pam Martin
- IV. SINGLE FAMILY PROGRAM
 - A. MCC Program Update - Jeannene Maas
 - B. Purchase/Reservation Update (1987A & 1987B)
Meredith McGuire
 - C. Presentation and Review of New Lender Applications
Dick Kain
- V. UNDERWRITERS UPDATE - Dan Irvin
- VI. PRESENTATION ON REQUEST TO MOVE JVAH PROJECT SITE IN MISSOULA
Lloyd Twite
- VII. PRESENTATION AND REVIEW OF ASSIGNMENT OF SERVICING REQUEST
Cut Bank Hotel Apartments - John Grant & Dave Kraft
- VIII. STATUS OF REQUESTS FOR PROPOSALS ON 1977 SERIES B
(6 7/8% Mortgage Funds) - Dick Kain
- IX. OTHER BUSINESS
- X. SET NEXT MEETING DATE
- XI. ADJOURN

*Note meeting location

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
ROOM 111, DNRC BUILDING
HELENA, MONTANA
MARCH 8, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John D. Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF: Richard A. Kain, Administrator
Dave Kraft, Comptroller
Jeannene Maas, Program Specialist
Meredith McGuire, Administrative Assistant
Jo Anne Berg, Program Assistant

UNDERWRITERS: Dan Irvin, First Boston Corporation
Jim Dinerstein, Dain Bosworth, Inc.
Mark Semmens, D. A. Davidson & Co.
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: John Grant, Board Counsel
Pamela Martin, Bond Counsel

OTHER: Earl Johnson, First Bank Helena
William Holmlund, W. E. Holmlund Accounting
Lloyd Twite, Twite Construction, Missoula
Roger Linhart, United-Western Mortgage

The meeting was called to order at 9:00 a.m. by Chairman Joan Bennett.

There were no additions or corrections to the minutes of the February 11, 1988, regular business meeting, or the March 1, 1988, special telephone conference meeting, and they were approved as presented.

BOARD COUNSEL REPORT

John Grant reported that an indemnity agreement has been signed and received from First Interstate Bank of Denver, and that the problems pertaining to the December 1, 1987, 1982 Series A bond call have been rectified by First Interstate Bank of Denver.

MCC PROGRAM UPDATE

Jeannene Maas updated the Board on the reservation and issuance of Mortgage Credit Certificates. As of March 3, 1988, the Board has issued 295 certificates, for a total credit amount of \$3,093,585.80. 33 reservations for credit are outstanding, for a credit amount of \$320,578.40. \$6,578,678.80 in credit authority remains. The average income is \$28,300, the average MCC amount is \$10,486, and the average loan amount is \$52,400. 58 lenders are participating in the program. An invitation to participate will be mailed to those lenders not yet participating, in an attempt to make the program more fully available statewide to qualifying homebuyers.

1987A AND 1987B PURCHASE/RESERVATION UPDATE

Meredith McGuire presented current statistics for 1987 Series A and 1987 Series B. 1987A has 10 outstanding reservations, and Board has purchased 374 loans for \$17,128,299. \$64,000 is available for reservation. The average loan amount is \$45,798, and the average gross income is \$24,040. The average age of the purchaser is 32, and 90% of the funds have gone to first-time homebuyers.

Under the 1987B Series, 48 reservations are outstanding, and 346 loans have been purchased, for a total of \$15,859,100. \$6,000 is available for reservation. The average loan amount is \$45,836, and the average income is \$24,970. The average age is, again, 32, and 86% of the funds have gone to first-time homebuyers.

PRESENTATION AND REVIEW OF NEW LENDERS

Dick Kain presented a request from First Bank Loan Servicing Center in Sioux Falls, South Dakota to become an approved Board servicer. The mortgage loan servicing for the eleven First Banks in Montana, which includes approximately 1,800 Montana Board of Housing loans, is scheduled to be centralized at the Servicing Center. Earl Johnson, Chairman of First Bank Helena, expressed his view that consolidation is becoming economically necessary, in order for banks to stay competitive in commercial banking. After discussion, George Swords moved that First Bank Loan Servicing Center in Sioux Falls, South Dakota, become an approved Board servicer, subject to a trial period of three months. The motion was seconded by Howard Rosenleaf, and carried unanimously.

Dick Kain presented a request from Jefferson National Mortgage Company, which recently acquired Whitecap Mortgage of Whitefish, an approved lender/servicer in the Board's programs. Jefferson National has requested approval as a lender/servicer in the Board's bond program. After review of the company's financial picture, John Buchanan moved that Jefferson National Mortgage be approved as a lender/servicer. Bruce Moerer seconded the motion. Further discussion ensued relative to the negative income stream of Jefferson National Mortgage and the consequential erosion of equity during the 113 days that Jefferson National has been in

place. The motion was then voted upon and failed to pass, with John and Bruce voting aye. George Swords then moved that Jefferson National be approved as a servicer of the current portfolio of Board of Housing loans, which had previously been serviced by Whitecap Mortgage, and to deny approval, at this time, as a lender in the bond program. Howard Rosenleaf seconded the motion, and it carried unanimously.

UNDERWRITER UPDATE

Dan Irvin presented an analysis of costs involved in a potential issue using an option bond, and compared the costs associated without the option bond. As of today, an issue using option bonds could produce a mortgage rate of 8.80% and without the option bond, a rate of 8.90% could be obtained. After discussion, the consensus of the Board was that the spread between the achievable rate and the conventional market was not great enough to issue a new series of bonds at present.

Dan presented information relative to the availability of funds to recycle under the Single Family I indenture. Since the Program Operating Fund is used to support new issues under the rating agencies worst case scenarios, the amount of cash available to recycle is approximately \$1.1 million.

The underwriters will continue to monitor the market for spreads, and will interact with the staff on market movements.

REQUEST TO MOVE JVAH SITE IN MISSOULA

Lloyd Twite and Roger Linhart presented information on their request for approval to move the proposed JVAH project site to a location on Longview Street in Hillview Heights, which is owned by the City of Missoula, pending their ability to obtain the proposed lots from the city. The new site has lots with approximately 80 feet of frontage, versus only 40 to 50 feet, all improvements are in and ready to build upon, and the area would not require subdivision review, and thus, construction of the homes could begin immediately. George Swords moved that the Board approve moving the project site, and that if the bid process was unsuccessful, the original site remained acceptable. Bruce Moerer seconded the motion, which carried unanimously. Dick advised the Board that Roy Koegen reviewed the indentures, and approved the setaside. A definition of a disabled person was drawn up, and the Board is poised to reserve and purchase the loans under the setaside.

PRESENTATION AND REVIEW OF ASSIGNMENT OF SERVICING REQUEST

John Grant and Dave Kraft presented a request from Security Pacific Mortgage to transfer their servicing of the Cut Bank Hotel Apartments loan to GMAC. After discussion, John Buchanan moved that, subject to Board counsel approval of the assignment

of servicing agreement, the servicing of the loan be transferred to GMAC. George Swords seconded the motion, and it carried unanimously.

REQUESTS FOR 6 7/8% MORTGAGE FUNDS

Dick Kain advised the Board that requests for proposals utilizing the 6 7/8% recycled mortgage funds were mailed to 20 cities, 7 Public Housing Agencies, and the Montana Home Builders Association, with formal responses to be returned by March 4, 1988. Although several phone calls were received on the potential uses of the funds, no formal requests were received.

A request for an additional \$500,000 from Neighborhood Housing Services, Inc., of Great Falls was presented. This request was tabled at the February 11, 1988 meeting, pending the mailing of the requests for proposals. George Swords moved that, in light of the analysis that was presented earlier, which indicated significantly less funds were available for recycling than had been previously assumed, the request be denied. Bruce Moerer seconded the motion, which carried unanimously.

OTHER BUSINESS

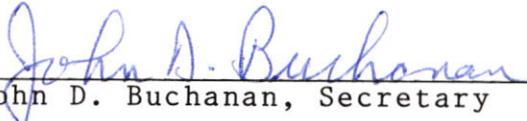
Dick Kain reminded the Board that they had received significant information relative to the sunset of Mortgage Revenue Bonds, to be used by each of them in writing to Montana's congressional delegation, and updated them on the progress toward enlisting the congressional delegation's support. The state associations of realtors, home builders, bankers, and savings & loans will be contacted, and will be requested to assist in the effort, both at the state level and at the national level.

A letter from the Governor's Advisory Council on Aging was presented, which supports the Board's effort to establish a 501 (c)(3) non-profit organization, and a reverse equity mortgage program for seniors.

Loren Schledowitz of Culbertson has again contacted staff requesting Board involvement with him as the developer of seven to nine units of new low income elderly housing in Culbertson.

The next meeting was scheduled for Tuesday, April 5, at 9:00 a.m. in room 160 of the Mitchell Building.

There was no further business, and the meeting adjourned.


John D. Buchanan, Secretary


Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting, via a telephone conference call, on Tuesday, March 1, 1988, at 9:00 a.m. M.S.T. The purpose of this special meeting is to review current trends in the bond market.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Board of Housing met on March 1, 1988, at 9:00 a.m. by telephone conference call. Board members participating in the meeting were Joan Bennett, Bruce Moerer, Michael Kennedy, Howard Rosenleaf, George Swords, and Brad Walterskirchen. John Buchanan was unable to participate. Others participating included Dan Irvin of First Boston Corporation, and Dick Kain, Dave Kraft, Jeannene Maas, Meredith McGuire, and Jo Berg of the Board's staff. Dan Irvin updated the Board on the status of the tax-exempt bond market, and advised them that an issue is ready to mail at any time, as the Board deems appropriate. Discussion was held about the benefits and disadvantages of using an option bond if the Board moves into the market. Trends as of today indicate that with an option bond, the Board could produce a mortgage rate of 8.66%, and without an option bond, 8.75% could be obtained. Dan will present an analysis at the March 8, 1988, meeting, on the savings associated with option bonds in the current market environment. There was no further business, and the meeting adjourned.

John D. Buchanan

John D. Buchanan, Secretary

Dated

March 8, 1988

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

FEBRUARY 11, 1988

ROOM 160, SAM W. MITCHELL BUILDING*

FIFTH STREET & ROBERTS

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - January 7, 1988 meeting
Chairman Joan Bennett
- III. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- IV. SINGLE FAMILY PROGRAM
 - A. MCC Program Update - Jeannene Maas
 - B. Purchase/Reservation Update (1987A & 1987B)
 - C. Presentation and Review of New Lender Application
 - D. Demand Survey
Meredith McGuire
- V. UNDERWRITERS UPDATE - Dan Irvin
- VI. PRESENTATION OF JVAH PROJECT IN MISSOULA
Roger Linhart, United Western Mortgage Co.
Mike Wetherell, DHUD
- VII. NEIGHBORHOOD HOUSING SERVICES, INC. - GREAT FALLS
Request for Additional Setaside - Dick Kain
- VIII. QUARTERLY BUDGET UPDATE - Dave Kraft
- IX. PRESENTATION AND REVIEW OF DRAFT PROPERTY MANAGEMENT
PROCEDURES - Dick Kain
- X. LOW INCOME TAX CREDIT PROGRAM UPDATE - Dick Kain
- XI. SET NEXT MEETING DATE
- XII. ADJOURN

*Note Meeting Location

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
ROOM 160, SAM W. MITCHELL BUILDING
HELENA, MONTANA
FEBRUARY 11, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John D. Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF:

Richard A. Kain, Administrator
Dave Kraft, Comptroller
Jeannene Maas, Program Specialist
Meredith McGuire, Administrative Assistant
Jo Anne Berg, Administrative Assistant

UNDERWRITERS:

Dan Irvin, First Boston Corporation
Mark Semmens, D. A. Davidson & Co.
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL:

Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel
Paul deBary, Underwriter Counsel
Dudley Perry, Underwriter Counsel

OTHER:

Mark Lindsay, Helena Home Builders Assoc.
James Lechner, Montana Home Builders Assoc.
Roger Linhart, United Western Mortgage, Missoula
Mike Wetherell, HUD/FHA, Helena
Lloyd Twite, Twite Construction, Missoula

The meeting was called to order at 9:00 a.m. by Chairman Joan Bennett.

There were no additions or corrections to the minutes of the January 7, 1988 meeting, and they were approved as presented.

BOARD COUNSEL REPORT

Dave Jackson advised the Board that based on communications received from First Interstate Bank of Denver, they have agreed to indemnify the Board, and take steps necessary to rectify problems pertaining to the December 1, 1987, 1982 Series A bond call. Counsel recommended instructing First Interstate to proceed with what they, as Trustee, consider to be the most expedient means to correct the situation, as long as the Board is indemnified.

MCC PROGRAM UPDATE

Jeannene Maas updated the Board on the status of authority available to issue Mortgage Credit Certificates. As of February 10, 1988, 267 certificates have been issued, for a total of \$2,842,137.20. 23 reservations are outstanding, for a total of \$227,471.20. A letter was sent to realtors on February 1, 1988, updating them on the availability of the Tax Credit for homebuyers, thanking them for their participation in the program, and providing them with an updated list of the 57 lenders participating in the program.

DEMAND SURVEY

Dick Kain presented the results of the demand survey authorized by the Board at the January meeting. The survey was mailed to lenders who participated in the 1987A and/or 1987B issues. Of the 85 surveys mailed, 67 were returned, which showed a demand of \$68,531,500 at 8½%, \$61,786,000 at 9%, and \$31,795,000 at 9½%. A comparison of 1987A and 1987B purchases and reservations by area versus demand by area was also presented. Discussion ensued about the recent decline in interest rates, with VA rates dropping to 9½%.

UNDERWRITER UPDATE

Dan Irvin updated the Board on current market conditions, and presented a suggested outline of events, if the Board considered entering the market. Currently, the best mortgage interest rate available would be 8.8%. After discussion, the Board instructed the underwriters to continue to monitor the market for spreads of 3/4 of 1% or greater between conventional mortgage rates and the rate to be potentially produced on the issue. Underwriters were further instructed to size the issue at \$20 million, and to interact with Dick Kain and staff on the market spreads during the interim.

SINGLE FAMILY MORTGAGE PURCHASE PROGRAM

Dick Kain updated the Board on the status of the 1987 Series A and 1987 Series B, as of February 11, 1988. The Board has purchased 365 loans under 1987 Series A, for \$16,715,707.74, and 43 reservations are outstanding, for \$1,197,781.00. Under 1987 Series B, the Board has purchased 316 loans, for \$14,509,582.87.

127 reservations are outstanding, for \$4,226,732.00. The average family income is approximately \$25,000, and the average purchase price is \$45,000. Approximately \$200,000 in funds remain available for reservation in the 1987 Series B issue.

JVAH PROJECT - REQUEST FOR SETASIDE

Roger Linhart, Mike Wetherell, and Lloyd Twite presented a request for a setaside of \$874,000 in 1977B funds, which are available for recycling at 6 7/8%. This project, which would be located in Missoula, would incorporate innovative financing, and would involve cooperation between local governments, and the Department of Housing and Urban Development, and would be targeted to lower income individuals and families. Following discussion by the Board, John Buchanan moved that the Board set aside \$874,000 for the JVAH project, consisting of 19 loans, with an expiration date of December 31, 1988. The Board set additional limitations on the funds: 1. the purchase price ceiling would be \$46,000; 2. the annual family income would be \$22,000 or under; 3. the asset limitation would be \$70,000; 4. the borrowers would be first-time homeowners, or single parents, or disabled; 5. the mortgages would be 30-year, FHA insured loans, with a 1% reservation fee, 1% origination fee, and 1/2% discount fee, purchased at par. These funds were set aside pending counsel approval after review of the 1977 indenture. This motion was seconded by George Swords, and carried unanimously.

NEIGHBORHOOD HOUSING SERVICES

Dick Kain presented a letter from Nancy Stephenson, Executive Director of Neighborhood Housing Services, Inc., in Great Falls. They have requested an additional setaside of \$500,000 in 1977B 6 7/8% mortgage funds. After discussion about a means of informing other local governments and non-profit organizations about the limited availability of these funds, Brad Walterskirchen moved that the NHS request be tabled until next meeting, and that letters be sent to other organizations to advise them of the availability of funds. The motion was seconded by Howard Rosenleaf, and carried, with John Buchanan voting nay.

QUARTERLY BUDGET UPDATE

Dave Kraft presented the Board's budget status as of January 31, 1988, which showed a definite trend toward overexpenditures, due to increases in foreclosure fees, legal fees, property management expenses, and trustee fees. A budget amendment has been submitted, and will be reviewed by a legislative finance committee in late March. After review and discussion, George Swords Moved acceptance of the analysis. Brad Walterskirchen seconded the motion, which carried unanimously.

PROPERTY MANAGEMENT PROCEDURE

Dick Kain presented a draft property management/sales procedure guide, and a proposed contract for property managers. The procedure has been drafted because of the VA no-bid policy, in which VA pays the Board the guaranteed portion on a liquidated loan, and then the property is placed in the Board's inventory for marketing, rather than the VA's. There are currently 13 homes in the Board of Housing inventory.

After further discussion, Bruce Moerer moved that the presented procedures be approved. Brad Walterskirchen seconded the motion, which carried unanimously.

LOW INCOME HOUSING TAX CREDIT

Dick Kain presented a summary of expenses to date incurred in implementing the Low Income Housing Tax Credit Program. Expenditures have been \$10,800, with \$18,700 being collected in fees.

An application and staff recommendation was presented for reservation of 1988 Low Income Housing Tax Credits for a project in Bozeman, which has 28 units of qualified one-, two-, and three-bedroom units. The qualified basis is \$1,201,000, and the project has requested \$93,040 in credit. George Swords moved that the Board reserve \$93,040 in 1988 Low Income Housing Tax Credits for the Heritage Apartments, 15 West Lamme, Bozeman, Montana, and that the administrator be directed to consummate a binding reservation agreement. Brad Walterskirchen seconded the motion, which carried unanimously.

OTHER BUSINESS

Dick Kain presented the job announcement for the Single Family Program Officer, and advised that it would be advertised in-state through February 29, 1988.

The Board Annual Information Statement was presented for review, as was the 1988 Economic Outlook for Montana, published by the University of Montana.

The Board was updated on the recent committee meeting in San Francisco, which was attended by Dick. The consensus of NCSHA is that if the ability to issue Mortgage Revenue Bonds sunsets, it will not be reinstated. Letters will be written to the congressional delegation, and homebuilders and realtors organizations, to request their support for the bills that have been introduced in both of the Houses of Congress extending the sunset from December 31, 1988 to December 31, 1992. Representative Ron Marlenee has recently signed on as a sponsor of the sunset extension.

The next meeting was set for Tuesday, March 8, 1988, in the Conference Room of the Department of Natural Resources and Conservation Building, located at 1520 East Sixth Avenue in Helena.

There was no further business, and the meeting adjourned.

John D. Buchanan
John D. Buchanan, Secretary

March 8, 1988
Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

JANUARY 7, 1988

DEPARTMENT OF COMMERCE CONFERENCE ROOM

1424 NINTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - December 4, 1987 Meeting
Chairman Joan Bennett
- III. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- IV. GOAL SETTING - Dave Jackson
- V. SINGLE FAMILY PROGRAM
 - A. Purchase/Reservation Update (87A and 87B)
Meredith McGuire
 - B. MCC Program Update
Jeannene Maas
- VI. REVIEW OF 1987 ALLOCATIONS OF LOW INCOME HOUSING TAX CREDIT
Dick Kain
- VII. UNDERWRITERS UPDATE - Dan Irvin
- VIII. SET NEXT MEETING DATE
- IX. ADJOURN.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DEPARTMENT OF COMMERCE CONFERENCE ROOM
HELENA, MONTANA
JANUARY 7, 1988

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Present)
John D. Buchanan (Present)
Michael Kennedy (Present)
Howard Rosenleaf (Present)
George Swords II (Present)
Brad Walterskirchen (Present)

STAFF: Richard A. Kain, Administrator
Dave Kraft, Comptroller
Meredith McGuire, Administrative Assistant
Jeannene R. Maas, Program Specialist
Jo Anne Berg, Administrative Assistant

UNDERWRITERS: Dan Irvin, First Boston Corporation
Mike Jansen, Piper, Jaffray & Hopwood
Mark Semmens, D. A. Davidson & Co.

COUNSEL: Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel

OTHER: Mark Lindsay, Helena Homebuilders Association

The meeting was called to order at 9:00 a.m. by Chairman Joan Bennett.

There were no additions or corrections to the minutes of the December 4, 1987 meeting, and they were approved as presented.

EXECUTIVE SESSION

Chairman Joan Bennett requested at 9:10 a.m. that the Board meet in closed executive session to discuss litigation affecting the Board. The meeting reopened at 9:30 a.m.

BOND COUNSEL REPORT

Roy Koegen, Bond Counsel, advised the Board that the ability to issue Mortgage Revenue Bonds is scheduled to sunset on December 31, 1988, and that the National Council of State Housing Agencies is developing a concerted plan to lobby congressional delegates for support to extend the sunset. Dick Kain has been appointed co-chairperson for Region One, which includes Montana, Washington, Oregon, Idaho, California, Nevada, Alaska and Hawaii. Contact will be maintained with Montana's congressional delegation, and their support for legislation to extend the Board's ability to issue Mortgage Revenue Bonds will be requested.

GOAL SETTING

Dave Jackson, Board Counsel, presented a listing of new 1988 goals as established in the November, 1987 Goal Setting Session, and requested that the Board discuss the feasibility of the goals and prioritize their importance, so that the new goals, as they relate to new programs, could be identified for the Executive Planning Process, which is upcoming for the next biennium. Discussion ensued centering around three previously identified goals: 1) a home improvement program; 2) implementation of a 501 (c)(3) non-profit organization as a mechanism to revitalize multifamily programs; and 3) utilizing non-profit status to function through HUD 202(b) programs for the elderly and handicapped. Dick Kain reviewed the research gathered on the feasibility of each of the proposed programs, as well as three additional perceived needs, a reverse-annuity program for elderly homeowners, transitional housing, and shelter housing. After extended discussion, Brad Walterskirchen moved that the Board set up a 501 (c)(3) non-profit organization to revitalize new multifamily construction, including elderly and handicapped housing, with acquisition of existing multifamily housing from the Department of Housing and Urban Development to be considered only if private enterprise fails to show an interest in the acquisition of federally insured troubled projects. Secondly, the Board should consider developing a home improvement program and a reverse annuity program within the state. Bruce Moerer seconded the motion, which carried unanimously.

Dave Jackson requested that, instead of developing and reviewing goals quarterly, the Board go through the process semiannually, in January and July. The Board agreed to his plan.

Internal goals were discussed briefly, and staff was directed to continue implementation of the goals.

STATUS OF SINGLE FAMILY PROGRAM

1987 SERIES A AND SERIES B PURCHASE/RESERVATION UPDATE

Meredith McGuire, Administrative Assistant, presented status reports on the number of reservations outstanding, and the number

of loans purchased, for the 1987A and 1987B Series. As of January 7, 1988, the 1987A series has 44 reservations outstanding for a total of \$1,393,419. 353 mortgage loans have been purchased, for a total of \$16,120,683. The average loan amount is \$45,668, and the average family income is \$24,023. As of January 7, 1988, the 1987B series has 211 outstanding reservations, for a total of \$8,510,484. 222 loans have been purchased, for a total of \$10,398,578. The average loan amount in the 1987B series is \$46,840, and the average family income is \$24,964. 1987A has \$404,264.59 available from cancelled reservations for mortgage loans, and 1987B has \$25,910.19 available.

Staff was instructed to send out a demand survey, with interest rates of 8.5%, 9%, and 9.5%, and underwriters were requested to start structuring a new issue for presentation at the next Board meeting, if the survey indicated sufficient demand for Board of Housing funds.

Dan Irvin advised the Board that recent cash flows show the Single Family I indenture could support a new issue of up to \$30 million at present, and that the Single Family II indenture could support a new issue near mid-year. He also warned that if the sunset of Mortgage Revenue Bonds occurs, and then is restored, the Board's \$200 million existing 1988 issuing authority could be lost.

MORTGAGE CREDIT CERTIFICATE PROGRAM

Jeannene Maas, Program Specialist, updated the Board on the Mortgage Credit Certificate Program. As of December 31, 1987, 209 certificates have been issued, and 42 reservations are outstanding. \$2.7 million in credit authority has been utilized, and \$7.3 million in authority remains. The average loan amount is \$53,300, and the average family income is \$28,900. 56 lenders are participating in the program. A summary of operating costs of the MCC program from implementation to December 1, 1987 was also presented for Board review and discussion.

ALLOCATION OF LOW INCOME HOUSING TAX CREDIT

Dick Kain advised the Board that the Low Income Housing Tax Credit Committee met by telephone conference on December 23, 1987, and allocated \$623,347.94 in credit authority to eight projects containing 180 qualified low income units. Minutes of the meeting were presented for Board review. Mike Kennedy moved that they be approved, and Bruce Moerer seconded the motion, which carried unanimously.

POSITION VACANCIES

Dick Kain advised the Board that of the six applicants who applied for the Multifamily Program Officer position, none met minimum qualifications. The Board recommended that the position

be readvertised in-state, out-of-state, and through trade publications.

The Board also requested that the Single Family Program Officer position be advertised within the state only.

The next meeting date was set for February 11, 1988, in Room 160 of the Sam W. Mitchell Building, located at Fifth Street and Roberts, in Helena, Montana.

There was no further business and the meeting adjourned.

John D. Buchanan
John D. Buchanan, Secretary

March 8, 1988
Dated

STATE OF MONTANA
DEPARTMENT OF COMMERCE
BEFORE THE MONTANA BOARD OF HOUSING

NOTICE OF
PUBLIC HEARING

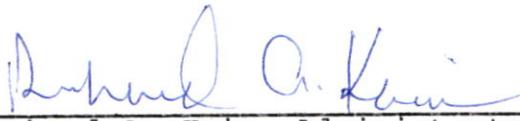
TO: All Interested Persons

On Wednesday, December 30, 1987, at 8 o'clock a.m., the Montana Board of Housing will conduct a public hearing in its conference room at 2001 Eleventh Avenue, Helena, Montana, to consider the publishing of an annual policy statement report with respect to housing, development, and low income housing assistance which the board will follow for issuing qualified mortgage bonds and mortgage credit certificates to the greatest extent feasible (taking into account prevailing interest rates and conditions in the housing market) to assist lower income families to afford home ownership before assisting higher income families.

A copy of the entire proposed annual policy statement report may be obtained by contacting Richard A. Kain, administrator of the Montana Board of Housing, 2001 Eleventh Avenue, Helena, Montana 59620; Telephone No. (406) 444-3040. Beginning December 31, 1987, a copy of the final policy report may be obtained by contacting such office.

Interested persons may present their data, views, or arguments, either orally or in writing, at the hearing. Written data, views or arguments may also be submitted to Richard A. Kain, the administrator of the Montana Board of Housing, 2001 Eleventh Avenue, Helena, Montana 59620.

MONTANA BOARD OF HOUSING

By: 
Richard A. Kain, Administrator

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, a Public Hearing was held on the Board's proposed Annual Policy Statement with respect to housing, development, and low income housing assistance which the Board will follow for issuing qualified mortgage bonds and mortgage credit certificates to assist lower income persons and families within the state of Montana.

The hearing was opened at 8:00 a.m. on December 30, 1987, with Board Counsel Dave Jackson and Jo Berg, Administrative Assistant, participating. No comments were heard, and the hearing closed at 8:15 a.m.



John D. Buchanan, Secretary



Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF LOW INCOME HOUSING TAX CREDIT COMMITTEE SPECIAL TELEPHONE MEETING

The Low Income Housing Tax Credit Committee will hold a special telephone meeting on December 23, 1987, at 3:00 p.m., to review and act upon the allocation of tax credits for 1987.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Low Income Housing Tax Credit Committee consisting of Joan Bennett and John Buchanan held a special telephone meeting at 3:00 p.m. on December 23, 1987, for the purpose of reviewing applications for the Low Income Housing Tax Credit, and allocation of the 1987 Credits. Others participating in the conference call were Dick Kain, Dave Kraft, Dave Jackson and Jo Berg.

A total of eight applications were reviewed. The committee established the maximum qualified basis and allocated 1987 housing credit dollar amounts as follows:

Oregon Landmark - Three for the Elmore Hotel Project, Great Falls. Requesting Tax Credits for acquisition with substantial rehabilitation and no federal subsidy. The project has 60 low income rental units, and has elected a 40/60 setaside. The qualified basis is \$2,260,642 for rehabilitation, and \$709,221 for acquisition. The total amount of allocation approved was \$231,826.00, subject to the receipt of the certificate of occupancy.

Cameron Worstell for 620/622 1st Avenue, Havre. Requesting Tax Credits for acquisition with substantial rehabilitation and no federal subsidy. The project has 3 low income rental units, and 2 market rental units, for a total of 5 units. One unit has 3 or more bedrooms. Mr. Worstell has elected a 40/60 setaside. The qualified basis is \$22,200 for the rehabilitation, and \$24,000 for acquisition. The total amount of allocation approved was \$2,958.00.

Cameron Worstell for 220/222 11th Street, Havre. Requesting Tax Credits for substantial rehabilitation without federal subsidy. The project has two low income rental units, one of which has three or more bedrooms. Mr. Worstell has elected a 40/60 setaside. The qualified basis is \$14,000. The total allocation approved was \$1,260.00.

South Forty Limited Partnership for South Forty, located at 769 Fallow Lane, Billings. Requesting Tax Credits for new construction without federal subsidy. The project has 100 low income rental units. The partnership has elected the 40/60 setaside. The qualified basis is \$4,228,000. The total amount of allocation approved was \$380,520.00, subject to the receipt of the certificate of occupancy.

Robert and Barbara Morelli for Morelli Rentals, located at 508 and 508½ 4th Avenue, Havre. Requesting Tax Credits for substantial rehabilitation without federal subsidy. The project has two low income rental units, one of which has three or more bedrooms. The Morellis have elected the 40/60 setaside. The qualified basis is \$28,000. The total amount of allocation approved was \$2,520.00.

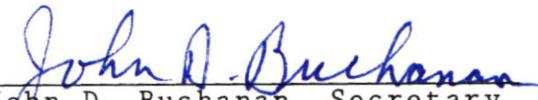
Jay Cook for 8th Street West Apartments, 301 and 303 8th Street West, Whitefish. Requesting Tax Credits for new construction without federal subsidy. The project has one low income rental unit out of two total units. Mr. Cook has elected the 40/60 setaside. The qualified basis is \$21,688.59. The total amount of allocation approved was \$1,951.97.

Jay Cook for 8th Street West Apartments, 305 and 307 8th Street West, Whitefish. Requesting Tax Credits for new construction without federal subsidy. The project has one low income rental unit out of two units. Mr. Cook has elected the 40/60 setaside. The qualified basis is \$21,688.59. The total amount of allocation approved was \$1,951.97.

Cameron and Ruby Worstell for 1427½ 4th Street, Havre. Requesting Tax Credits for substantial rehabilitation with federal subsidy. The project has two units, one of which is a low income rental unit. Mr. and Mrs. Worstell have elected the 40/60 setaside. The qualified basis is \$9,000. The total amount of allocation approved was \$360.00.

The total amount of credit allocated for 1987 was \$623,347.94.

There was no further business, and the meeting adjourned.


John D. Buchanan, Secretary


Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

DECEMBER 15, 1989

DOWNSTAIRS CONFERENCE ROOM

DEPARTMENT OF COMMERCE BUILDING

1424 NINTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Tom Mather
- II. APPROVAL OF MINUTES
November 20, 1989 Investment Committee Meeting
November 20, 1989 Business Meeting
Chairman Tom Mather
- III. REVIEW OF REAL ESTATE OWNED - Dick Kain
- IV. SINGLE FAMILY PROGRAM UPDATE - David Haviland
 - A. MCC Program Update
 - B. Status of 1989 Series A
 - C. Review - Results of 5% Lender Limit
1989 Series A
- V. UNDERWRITERS UPDATE - Randy Hynote
- VI. OTHER BUSINESS
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DOWNSTAIRS CONFERENCE ROOM
DEPARTMENT OF COMMERCE BUILDING
1424 NINTH AVENUE
HELENA, MONTANA
DECEMBER 15, 1989

ROLL CALL OF

BOARD MEMBERS: Tom Mather, Chairman (Present)
Mike McKee, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Russ Dahl (Absent)
Joe Gerbase (Present)
George McCallum (Present)
Howard Rosenleaf (Present)

STAFF:

Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Kelly Peters, Comptroller
Jo Anne Berg, Program Assistant

UNDERWRITERS:

Mark Semmens, D. A. Davidson & Company
Laurel Esterlein, Merrill Lynch Capital Markets

COUNSEL:

Dave Jackson, Jackson, Murdo & Grant, P.C.
Board Counsel
Jim Arundel, Kutak, Rock & Campbell
Bond Counsel

The meeting was called to order at 9:00 a.m. by Chairman Tom Mather.

APPROVAL OF MINUTES

The minutes of the November 20, 1989 Investment Committee Meeting and November 20, 1989 Business Meeting were presented, and approved as presented.

INTRODUCTION OF COMPTROLLER

Richard A. Kain, Administrator, introduced Kelly Peters, the Board's new Comptroller, to the members of the Board.

REVIEW OF REAL ESTATE OWNED

Dick Kain updated the Board on the current Real Estate Owned portfolio, and advised the Board that of the 59 Veterans Administration Trustee Sales held from January 1, 1989 to December 1, 1989, 19 properties entered the Board's inventory (32%). The Board has sold 23 homes during this period with an average loss of \$10,033.00 on each sale. The average time in inventory for the homes sold was thirteen months.

Currently, the Board has 27 homes in inventory, for a total indebtedness of \$891,640.81. Five of the properties are rented, and the remainder were listed for sale via an updated sales list dated December 8, 1989. 193 real estate firms participate in the Board's sales program.

SINGLE FAMILY PROGRAM UPDATE

MCC PROGRAM UPDATE

David J. Haviland, Single Family Program Officer, presented the Mortgage Credit Certificate Report, as of December 13, 1989, which indicated that the Board has issued 192 certificates, for \$1,896,658.40, and has 43 reservations outstanding, for \$400,850.00. The average borrower income is \$25,563.37, and the average purchase price is \$49,963.22. The Board has \$12,702,491.60 in remaining credit authority. At the current rate of use, the remaining credit authority will last 22 months. The Board cannot issue this allocation beyond December 31, 1990, based on Treasury regulations.

1989 SERIES A

David Haviland presented the Series Allocation Summary, as of December 13, 1989, which indicated that of the initial \$23,239,041.00 in lendable proceeds, the Board has 19 reservations outstanding, for \$901,737.00, and has purchased 505 loans, for \$22,199,177.71. The average purchase price is \$43,958.76; the average borrower income is \$23,578.08; the average borrower age is 32; 6% of the loans were VA guaranteed; and the proceeds funded 21 new homes. As of December 13, 1989, the Board has \$138,126.29 available in lendable proceeds.

5% LENDER LIMIT

At the request of the Board, David Haviland presented a review of use of 1989 Series A lendable proceeds by lenders in smaller communities in Montana. With the Board's 1989 Series A issue, the Board adopted a procedure that in cities and towns of over 5,000 in population, no more than 5% of lendable proceeds could be reserved by any one lender in a given community during the first 60 days of the program, to assist the Board in the goal of ensuring the availability of funds for rural Montana homebuyers. For the 1988 Series A and 1988 Series B, small town lenders used approximately \$2.1 million, and for the 1989 Series A issue,

small town lenders utilized approximately \$3.5 million. Additionally, several positive comments were received from rural lenders. The Board consensus was to continue setting a 5% limit in the first 60 days of the programs.

UNDERWRITER'S UPDATE

Mark Semmens, D. A. Davidson & Company, updated the Board on current market trends, which remains stable. A bond issue with a similar structure to 1989 Series A would provide a mortgage rate of approximately 8.2%. The Board discussed the need for a new bond issue at length. In light of the extension of the sunset of Mortgage Revenue Bonds, and the continuing decline in conventional FHA and VA mortgage rates, a poll of the Board was conducted. Tom Mather and George McCallum expressed a desire to proceed toward a new bond issue; Mike McKee, Brad Walterskirchen, Howard Rosenleaf and Joe Gerbase felt that the Board should wait for more favorable conditions. The matter was tabled until the January meeting.

THIRTY-MILE RULE

Dick Kain presented a request from a homebuyer in Chinook to waive the Board's thirty-mile rule, to allow him to purchase his new home using a Mortgage Credit Certificate. Dave Jackson, Board Counsel, reviewed the history of the rule, which was implemented in 1980, and published in the Administrative Rules of Montana, as well as the new Mortgage Credit Certificate Program documents. Both Dave Jackson and Jim Arundel, Bond Counsel, felt there were legal and policy reasons for not granting a waiver. Upon counsel's recommendation, Joe Gerbase moved the Board deny the waiver request. The motion was seconded by Mike McKee, and carried, with George McCallum voting nay. After further discussion about the necessity for the rule in the Mortgage Credit Certificate Program, Joe Gerbase moved the Board adopt Resolution No. 89-12-15-S5 (attached), and suspend the thirty-mile rule for the Mortgage Credit Certificate program, retroactive to the implementation of the new program, in June, 1989. The motion was seconded by George McCallum, and carried, with Mike McKee voting nay. Revised documents will be sent to participating lenders.

OTHER BUSINESS

Dick Kain presented an overview of program accomplishments for calendar year 1989, prepared at the request of the Department of Commerce. He also presented a recent article from City and State, which outlined the use of taxable bonds in first-time homebuyer programs.

Brad Walterskirchen expressed the Board's regret at the recent passing of former Board member, George Swords of Billings.

SET NEXT MEETING DATE

The next meeting was set for January 19, 1990, in the Conference Room of the Department of Commerce Building. The Audit Committee will present the Board's audited financial statements for the year ending June 30, 1989. A goal-setting session will be held at 4:00 on January 18, 1990, in the Board's office.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

Jan. 19, 1990

Dated

A RESOLUTION OF THE MONTANA BOARD OF HOUSING AMENDING THE TERMS OF ITS MORTGAGE CREDIT CERTIFICATE PROGRAM TO BE USED IN CONJUNCTION WITH A QUALIFIED SINGLE FAMILY PROGRAM; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

MONTANA BOARD OF HOUSING
MORTGAGE CREDIT CERTIFICATE PROGRAM

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board"), at a special meeting held by conference call on June 26, 1989, at 3 p.m., voted to adopt certain changes to its Mortgage Credit Certificate Program, one of which was to add the requirement which has been used for its bond program that a second loan for a person or family could be approved if the person or family relocates its principal residence by more than thirty statutory miles (the "30-mile rule");

WHEREAS, the Board incorporated the 30-mile rule in its Mortgage Credit Certificate Program Lender Participation Agreement and Invitation to Participate dated July, 1989;

WHEREAS, the Board, at its regular meeting on December 15, 1989, voted to affirm the application of the 30-mile rule to its bond program and to rescind and suspend indefinitely the 30-mile rule only as it applies to the MCC program,

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED AS FOLLOWS:

Section 1: The terms of the Board's Mortgage Credit Certificate Program are hereby amended to remove the 30-mile rule requirement and the language of the Lender Participation Agreement and Invitation to Participate shall be amended to reflect this change.

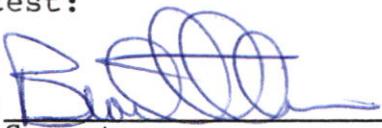
Section 2: All resolutions or parts thereof in conflict with this resolution are, to the extent of such conflict, hereby repealed, and shall have no further force or effect.

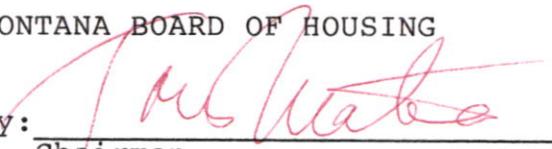
Section 3: This Resolution shall become effective retroactively as of June 26, 1989.

Adopted by the Montana Board of Housing this 15th day of December, 1989.

MONTANA BOARD OF HOUSING

Attest:

By: 
Secretary

By: 
Chairman

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

NOVEMBER 20, 1989

DOWNSTAIRS CONFERENCE ROOM^a

DEPARTMENT OF COMMERCE BUILDING

1424 NINTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 1:00 p.m.^b
Chairman Tom Mather
- II. APPROVAL OF MINUTES - October 20, 1989 Meeting
Chairman Tom Mather
- III. INVESTMENT COMMITTEE REPORT - Brad Walterskirchen
- IV. LOW INCOME HOUSING TAX CREDIT PROGRAM - Dick Kain
- V. SINGLE FAMILY PROGRAM UPDATE - David Haviland
 - A. MCC Program Update
 - B. Status of 1989 Series A
 - C. Quarterly Delinquency Report - September 20, 1989
 - D. Survey of Mortgage Demand
- VI. VARIABLE INTEREST RATE BOND ISSUE - Randy Hynote
- VII. OTHER BUSINESS
- VIII. SET NEXT MEETING DATE
- IX. ADJOURN

^a Note Meeting Location

^b Note Meeting Time

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DOWNSTAIRS CONFERENCE ROOM
DEPARTMENT OF COMMERCE BUILDING
1424 NINTH AVENUE
HELENA, MONTANA
NOVEMBER 20, 1989

ROLL CALL OF

BOARD MEMBERS: Tom Mather, Chairman (Present)
Mike McKee, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Russ Dahl (Present)
Joe Gerbase (Present)
George McCallum (Absent)
Howard Rosenleaf (Present)

STAFF:

Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Judy Gillespie, Accounting Specialist
Jo Berg, Program Assistant

UNDERWRITERS:

Randy Hynote, Goldman, Sachs & Company
Gene Hufford, D. A. Davidson & Co.
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL:

Bob Murdo, Jackson, Murdo & Grant
Board Counsel
John Wagner, Kutak, Rock & Campbell
Bond Counsel

OTHER:

Mark Lindsay, Helena Home Builders Assoc.

The meeting was called to order at 1:00 p.m. by Chairman Tom Mather.

APPROVAL OF MINUTES

The minutes of the October 20, 1989 Board meeting were presented and approved as presented.

INVESTMENT COMMITTEE REPORT

Brad Walterskirchen, Chairman of the Investment Committee, reported that the Committee met on October 20, 1989 in the Board's office, and reviewed trustee investment reports, return on assets, existing investment policy, functioning of the committee, and staff concerns. The Committee plans to meet again in February or March.

LOW INCOME HOUSING TAX CREDIT PROGRAM

Richard A. Kain, Administrator, presented four applications for reservation or allocation of 1989 low income housing tax credits for Board review. After review, Joe Gerbase moved the Board allocate \$43,221.00 in 1989 tax credits for the substantial rehabilitation of the Pattee Street Apartments in Missoula. The project contains 22 low income units out of 22 units, and has an eligible basis of \$634,288.00, and a qualified basis of \$469,288.00, and was placed in service in June, 1989. The motion was seconded by Howard Rosenleaf and carried unanimously.

Mike McKee moved the Board approve a carryover of 1989 tax credits and reserve \$8,521.50 in tax credits for the new construction of the McDonald Rental project in Missoula. The project will contain four low income units out of four, and have an eligible basis of \$95,000.00 and a qualified basis of \$95,000.00. The anticipated placed-in-service date is February 28, 1990. Russ Dahl seconded the motion, which carried unanimously.

An application was presented from HDA Apartments, L.P., for carryover of 1989 allocation for a nine-plex located in Billings. The new project has an anticipated placed-in-service date of February 28, 1990, and all nine units are designed low income elderly units. The eligible and qualified basis is \$295,000.00. The motion, made by Brad Walterskirchen, and seconded by Joe Gerbase, reserved \$26,462.00 in tax credits for the project, and carried unanimously.

An application for allocation of 1989 tax credits for the Kennedy Rentals project in Great Falls was presented. The project consists of two buildings with 16 units. Seven units are low income units, one of which is a large family unit of three or more bedrooms, and nine units are market rate units. Building #1 was substantially rehabilitated, with an eligible basis of \$71,250.00 for the rehabilitation and \$106,250.00 for the acquisition; and a qualified basis of \$29,283.00 for the rehabilitation and \$43,668.00 for the acquisition. Building #2 has had minor rehabilitation, and has an eligible basis of \$17,000, and a qualified basis of \$8,500.00. Upon motion by Howard Rosenleaf, which was seconded by Brad Walterskirchen, the Board allocated \$4,635.25 in 1989 tax credits to the project.

Dick Kain updated the Board on a reservation of tax credits for the Franklin School Project in Great Falls, and advised them that the reservation, when made in March, 1989, contained a placed-in-service date of November. Acquisition of the building was finally completed in November, 1989, and the anticipated placed-in-service date is now in 1990.

SINGLE FAMILY PROGRAM

MORTGAGE CREDIT CERTIFICATE PROGRAM

Dick Kain and David Haviland reviewed the MCC program update, which indicated that of the initial \$15,000,000.00 in tax credits, the Board has issued 151 certificates for \$1,508,450.40, and has an additional 35 reservations, for \$330,290.80. The average purchase price is \$50,646.18, and the average income is \$25,955.21. \$13,161,258.80 in tax credits remains. 31% of the certificates were issued to Great Falls residents; 21% to Missoula County residents; and 15% to Yellowstone County residents.

1989 SERIES A

Dick Kain and David Haviland presented the Series Allocation Summary for the 1989 Series A bond issue, which indicated that of the initial \$23,239,041.00 in lendable proceeds, the Board has purchased 488 loans, for \$21,424,564.30, and has 38 outstanding reservations for \$1,746,535.00. The average purchase price is \$43,902.79, and the average borrower income is \$23,567.38. The Series Allocation Analysis by lender was presented, as was the Statewide Housing Profile, which indicated that 6% of the loans purchased were VA; 43 purchasers were previous homeowners; the average purchaser age was 32; and 14 homes were new construction.

QUARTERLY DELINQUENCY REPORTS

Quarterly delinquency statistics, as of September 20, 1989, were presented for Board review. The Board's overall delinquency rate of 3.64% compares to a Montana rate of 4.46%; Mountain Region rate of 4.75%; and national rate of 4.53%. 1.11% of the Board's loans are in foreclosure.

DEMAND SURVEY

The results of the demand survey dated October 27, 1989 were presented. For the three months of December, 1989, January and February, 1990, 51 lenders responded with an estimated demand of \$37,524,850.00, for 738 loans. For the seven months of March through September, 1990, the lenders estimated demand of \$70,256,125.00, for 1,398 loans. Realtor response indicates demand of \$24,800,000, for 482 loans, for December through February; and \$50,425,500, for 1,003 loans, for March through September.

RFP COMMITTEE

Dick Kain advised the Board that the form of the Request for Proposal for General Counsel was approved, and advertisements will be run in the Helena newspaper. Tom Mather appointed Joe Gerbase, Annie Bartos, Chief Legal Counsel for the Department of Commerce, and himself to the committee to review responses and conduct interviews.

EXTENSION OF SUNSET

John Wagner, Bond Counsel, advised the Board that House and Senate leadership were working to reach an agreement on the budget reconciliation bill, which would include an extension of Mortgage Revenue Bond and Mortgage Credit Certificate programs.

UNDERWRITERS UPDATE

Randy Hynote, Goldman, Sachs & Company, updated the Board on current market trends. With a similar structure to recent bond issues, the Board could achieve a mortgage interest rate of 8.3%.

Considerable discussion was held about a proposed variable rate bond issue, which may be considered depending on the extension of the sunset in Congress. After review, Joe Gerbase moved that underwriters and counsel begin preparing for a variable interest rate bond issue for presentation to the Board at its next meeting, if Congress does not approve the extension of the sunset of Mortgage Revenue Bonds by December 1, 1989. Mike McKee seconded the motion, which carried unanimously.

SET NEXT MEETING DATE

The next meeting was set for December 15, 1989, at 9:00 a.m., in the Downstairs Conference Room of the Department of Commerce Building.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

12-15-89

Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The Investment Committee of the Montana Board of Housing will hold a meeting on November 20, 1989, at 10:30 a.m., in the Board's offices at 2001 11th Avenue, Helena, Montana.

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Investment Committee of the Montana Board of Housing held a meeting on November 20, 1989 at 10:30 a.m. Participating in the meeting were Brad Walterskirchen, Committee Chairman, Joe Gerbase, Russ Dahl, and Dick Kain.

The Committee reviewed the August 31, 1989 investment portfolios for the Single Family I, Single Family II and Multifamily Indentures; trustee reports for September, 1989; bond yields for all series since 1982A; and fiscal year 1989 interest income on investments.

Staff was requested to mail the investment agreements for the 1989A Series, to aid the committee in understanding the functioning of investment agreements. Additionally, for the next Committee meeting, staff will research and prepare monthly investment returns per series; an analysis of float; investment portfolios for the Housing Trust and Financial Program Funds; and investing with in-state lending institutions.

There was no further business, and the meeting adjourned at 12:30 p.m.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Chairman

12-15-89

Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

OCTOBER 20, 1989

DIRECTOR'S CONFERENCE ROOM

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION BLDG.

1520 EAST SIXTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Tom Mather
- II. APPROVAL OF MINUTES - September 21, 1989 Audit Committee Meeting
September 22, 1989 Regular Business Meeting
Chairman Tom Mather
- III. INTRODUCTION OF DANA BUNTING & KEN ROGOZINSKI
(Standard & Poor's Corporation) - Randy Hynote
- IV. UNDERWRITER'S UPDATE - Randy Hynote
- V. SINGLE FAMILY PROGRAM UPDATE - David Haviland
 - A. MCC Program Update
 - B. Status of 1989 Series A Lendable Proceeds
 - C. Survey of Mortgage Demand - 1989 Series B
- VI. QUARTERLY BUDGET REPORT - September 30, 1989 - Dick Kain
- VII. OTHER BUSINESS
- VIII. SET NEXT MEETING DATE
- IX. ADJOURN

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DIRECTOR'S CONFERENCE ROOM
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION BUILDING
1520 EAST SIXTH AVENUE
HELENA, MONTANA
OCTOBER 20, 1989

ROLL CALL OF

BOARD MEMBERS: Tom Mather, Chairman (Present)
Mike McKee, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Russ Dahl (Present)
Joe Gerbase (Present)
George McCallum (Present)
Howard Rosenleaf (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Jo Berg, Program Assistant

UNDERWRITERS: Randy Hynote, Goldman, Sachs & Company
Mike Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: Bob Murdo, Jackson, Murdo & Grant
Board Counsel
John Wagner, Kutak, Rock & Campbell
Bond Counsel

OTHER: Ken Rogozinski, Standard & Poor's Corporation
Dana Bunting, Standard & Poor's Corporation
Don Chance, Montana Building Industry Assoc.
Mark Lindsay, Helena Home Builders Assoc.

The meeting was called to order at 9:00 a.m. by Chairman Tom Mather.

APPROVAL OF MINUTES

The minutes of the September 21, 1989 Audit Committee meeting and the September 22, 1989 Business meeting were presented and approved as presented.

BOND COUNSEL

Richard A. Kain, Administrator, introduced John Wagner of Kutak, Rock and Campbell, and advised the Board the contract for Bond Counsel was approved on October 19, 1989, by the Legal Services Review Committee.

STANDARD & POOR'S CORPORATION

Dana Bunting and Ken Rogozinski of Standard & Poor's Corporation reviewed the intent of their October 19, 1989 biennial visit to the Board's offices, material reviewed with staff, and the methods involved in rating of the Board's bond issues.

UNDERWRITER'S UPDATE

Randy Hynote, Goldman, Sachs & Company, updated the Board on recent market trends. Since the September meeting, there were significant fluctuations as a result of the stock market dip, and at the present time, a new issue would produce a mortgage interest rate of 8.3 to 8.35%.

Randy also advised the Board that an extension to the sunset of Mortgage Revenue Bonds was stricken from the Senate version of the budget reconciliation bill. It appears the sunset is likely on December 31, 1989, with the strong possibility that a bill to extend the sunset may not be approved until mid- to late-1990. Randy recommended the Board begin to plan for the sunset, and consider a variable rate bond issue before year end, of sufficient size to meet nine month's worth of demand.

NEIGHBORHOOD HOUSING SERVICES, INC., GREAT FALLS

David J. Haviland, Single Family Program Officer, presented a request from Neighborhood Housing Services, Inc., Great Falls, to extend the expiration date of their current 6-7/8% setaside to June, 1990. Howard Rosenleaf moved the Board extend the expiration date to June 1, 1990. The motion was seconded by Brad Walterskirchen, and carried unanimously.

MORTGAGE CREDIT CERTIFICATE PROGRAM

David Haviland updated the Board on the Mortgage Credit Certificate program. Of the initial \$15,000,000.00 in available authority the Board has issued 91 MCCs, for \$926,735.40, and has 45 reservations outstanding, for \$449,239.80. Of the 91 certificates issued, 28 were issued to borrowers on the waiting list, for \$270,073.60. The average purchase price of the home was \$51,282.93 and the average borrower income was \$26,502.03. \$13,624,024.80 in authority is available for reservation.

1989 SERIES A UPDATE

David Haviland presented the Series Allocation Analysis for the 1989 Series A bond issue. Of the initial \$23,239,041.00 in

lendable proceeds, the Board has purchased 459 loans, for \$20,123,567.90, and has outstanding reservations for 67 loans, for \$3,068,828.00. The average purchase price is \$43,842.19; the average borrower income is \$23,526.51; and about two million of the funds were used for new homes. The remaining \$46,645.00 was fully reserved on October 18, 1989. The Series Allocation by Lender was presented, as was the Statewide Housing Profile, which indicated 6% of the loans were VA guaranteed.

DEMAND SURVEY

David Haviland presented the results of the 1989 Series B demand survey. 61 lenders responded with a demand of approximately \$42 million, which was down significantly from demand surveys for the Board's five previous issues. Seven realtors responded to the survey, out of 25, indicating a demand for \$45 million. The possibility of an issue smaller than \$25 million was discussed, as was the Board's desire to provide continuous mortgage funds. After extensive discussion, Joe Gerbase moved the Board re-survey the lenders for presentation at the next meeting. George McCallum seconded the motion, which carried. Brad Walterskirchen voted nay, based on his opinion that it will not be reliable because it is too close to the current survey. Tom Mather also voted nay, based on his desire to provide continuous mortgage funds.

QUARTERLY BUDGET STATUS

Dick Kain presented the Board's quarterly budget status report, as of September 30, 1989. With the budget year 25% completed, the Board has spent 14% of its \$2,243,441.00 appropriation.

OTHER BUSINESS

Bob Murdo, Board Counsel, advised the Board a revenue ruling from the Internal Revenue Service on the Board's 1986 Mortgage Credit Certificate Election was received, and that an extension to file the election was granted and the election has been filed.

The next meeting was set for Monday, November 20, 1989, at 1:00 p.m. in the Downstairs Conference Room of the Commerce Building. The Investment Committee will meet at 10:30 a.m. in the Board's office.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

Nov. 20, 1989

Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

SEPTEMBER 22, 1989

DIRECTOR'S CONFERENCE ROOM*

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION BLDG.

1520 EAST SIXTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 1:00 p.m.**
Chairman Tom Mather
- II. APPROVAL OF MINUTES - August 15, 1989 - RFP Committee Meeting
August 24, 1989 - RFP Committee Meeting
August 25, 1989 - Regular Business Meeting
September 11, 1989 - Conference Call Meeting
Chairman Tom Mather
- III. AUDIT COMMITTEE REPORT - George McCallum
- IV. LOW INCOME HOUSING TAX CREDIT PROGRAM - Dick Kain
- V. UNDERWRITER'S UPDATE - Randy Hynote
- VI. SINGLE FAMILY PROGRAM UPDATE - David Haviland
 - A. Status of 1989 Series A Lendable Proceeds
 - B. MCC Program Update
- VI. OTHER BUSINESS
- VII. SET NEXT MEETING DATE
- VIII. ADJOURN

* Note Meeting Location

** Note Meeting Time

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DIRECTOR'S CONFERENCE ROOM
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION BUILDING
1520 EAST SIXTH AVENUE
HELENA, MONTANA
SEPTEMBER 22, 1989

ROLL CALL OF

BOARD MEMBERS: Tom Mather, Chairman (Present)
Mike McKee, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Absent)
Russ Dahl (Present)
Joe Gerbase (Present)
George McCallum (Present)
Howard Rosenleaf (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Jo Berg, Program Assistant

UNDERWRITERS: Mark Semmens, D. A. Davidson & Company
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: Dave Jackson, Board Counsel
Jackson, Murdo & Grant
Jim Arundel, Bond Counsel
Kutak, Rock & Campbell

OTHER: Collette Maxwell, First Federal Savings
& Loan of Missoula

The meeting was called to order at 1:00 p.m., by Chairman Tom Mather.

APPROVAL OF MINUTES

The minutes of the August 15, 1989 RFP Committee Meeting, the August 24, 1989 RFP Committee Meeting, August 25, 1989 Regular Business Meeting, and September 11, 1989 Conference Call Meeting were presented, and approved as presented.

AUDIT COMMITTEE REPORT

George McCallum, Chairman of the Audit Committee, advised the Board that the committee met with Terry Alborn of Junkermier, Clark, Campanella, Stevens, P.C., on Thursday, September 21, 1989, and the Board's audit is essentially completed. No significant deficiencies were detected during the audit. The final report will be available in November or December.

INTRODUCTION OF BOND COUNSEL

Richard A. Kain, Administrator, introduced Jim Arundel of the firm Kutak, Rock & Campbell. Mr. Arundel outlined his firm's experience with Housing Agencies, as well as his background. Dick Kain advised the Board that the contract was approved by Department of Commerce, and submitted to the Legal Services Review Committee for their review and approval.

LOW INCOME HOUSING TAX CREDIT

Dick Kain presented four applications for reservation of 1989 Low Income Housing Tax Credits. The first application was from Laurel Apartments, Laurel, Montana, which is a FmHA-financed substantial rehabilitation project containing eight units for the elderly. After review, Mike McKee moved the Board establish the eligible and qualified bases of \$231,000.00, and reserve \$9,240.00 in 1989 Credits for the project. The motion was seconded by Russ Dahl and carried, with Joe Gerbase abstaining.

An application from Ruby Worstell, who purchased and is rehabilitating a five-plex with four large (three-bedroom) units in Havre, Montana, was presented. After review, Mike McKee moved the Board establish the eligible and qualified bases of \$65,000.00 for the acquisition and \$10,000.00 for rehabilitation of the building, and reserve \$3,500.00 in 1989 Low Income Housing Tax Credits. The motion was seconded by Howard Rosenleaf, and carried, with Joe Gerbase abstaining.

An application was presented for the Pioneer Apartments in Scobey, Montana. The project is an 18-unit complex for the elderly, and is a substantial rehabilitation project financed by FmHA 515. Eleven of which are designated as Low Income rental units. After review, Russ Dahl moved the Board establish the eligible basis of \$600,789.00, the qualified basis of \$363,117.00, and reserve \$14,525.00 in 1989 Credits. The motion was seconded by George McCallum, and carried, with Joe Gerbase abstaining.

The final application was for the Burnt Fork Manor in Stevensville, Montana. The project is a new 30 unit elderly project (in two buildings), financed by FmHA 515. After review,

George McCallum moved the Board establish the eligible and qualified bases of \$513,718.00 for one building, and \$587,107 for the other building, and reserve \$44,033.00 in 1989 Low Income Housing Tax Credits for the project. The motion carried, with Mike McKee voting nay, and Joe Gerbase abstaining.

UNDERWRITER UPDATE

Mark Semmens, D. A. Davidson & Company, updated the Board on current market trends, and advised the Board that an issue similar to the 1989 Series A issue would produce an 8.3 to 8.35% interest rate in today's market. Predictions are that the market will not fluctuate much throughout the rest of the year.

SINGLE FAMILY PROGRAM UPDATE

1989 SERIES A UPDATE

David Haviland, Single Family Program Officer, presented the Series Allocation Summary for the 1989 Series A issue, which revealed that of the initial \$23,239,041.00 in lendable proceeds, the Board has purchased 423 loans for \$18,585,541.35, and has 95 reservations outstanding, for \$4,352,824.00. \$300,675.65 remains available for reservation. The average purchase amount was \$43,937.45, and the average family income was \$23,566.14. The Series Allocation Analysis was presented for review, which reflected the breakdown of funds reserved and loans purchased, by lender. The Statewide Housing Profile, by city or county, indicated that 6% of the 1989 Series A loans were guaranteed by Veterans Administration, the average borrower age was 32, and 65% of the proceeds went to married couples.

DEMAND SURVEY

Discussion was held about the need for a survey of the demand for Board funds within the State. David Haviland presented the survey used prior to 1989 Series A, and reviewed recent suggestions to include a waiting list when the funds are fully reserved, as a gauge to demand, and restructuring the size and income limits for the low income pool. Additional discussions centered around a setaside for the Board's Real Estate Owned Program. After discussion, Joe Gerbase moved that staff be instructed to circulate a demand survey, incorporating a waiting list, allocation of 25% of the proceeds to the low income pool, with the income limit set at \$23,000.00 for the first 60 days, and setting aside 1% of the proceeds for the first 60 days, for use by borrowers who purchase Board-owned properties. The motion was seconded by George McCallum, and carried unanimously. The results of the demand survey, and an overview of the recent lender requests in the demand survey versus actual use by lender, will be presented at the October meeting.

MORTGAGE CREDIT CERTIFICATE PROGRAM UPDATE

David Haviland presented Mortgage Credit Certificate Program data, which indicated that of the initial \$15,000,000.00 in MCC Credit Authority, the Board has issued 45 certificates, for \$445,033.20, and has 32 reservations outstanding, for \$326,804.40. \$14,228,162.40 in authority remains. The average purchase price is \$59,706.84, and the average borrower income is \$26,732.67. Listings of MCCs by lender and by county were also presented. The Board was advised that document changes were implemented to change lender qualification requirements, and amended invitations will be mailed to lenders across the state.

The next meeting was set for October 20, 1989, at 9:00 a.m., in the Director's Conference Room of the DNRC Building.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

Oct. 20, 1989
Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The Audit Committee of the Montana Board of Housing will hold a meeting on Thursday, September 21, 1989, at 4:30 p.m. in the office of the Board of Housing at 2001 11th Avenue, Helena, Montana. The Committee will review the results of the recent audit conducted by Junkermier, Clark, Campanella, Stevens, P.C.

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Audit Committee of the Montana Board of Housing held a meeting at 4:30 p.m. on September 21, 1989, in the Board's office. The meeting was attended by George McCallum, Chairman of the Committee; Committee members Mike McKee and Howard Rosenleaf; Dick Kain, Administrator; and Terry Alborn, of Junkermier, Clark, Campanella & Stevens, P.C.

The Committee met to review: 1) the intent of the auditor's report; 2) the combined June 30, 1989 financial statements and footnotes; and 3) the discussion draft of the opinion and management letters.

There was no further business, and the meeting adjourned at 6:00 p.m.


George McCallum, Chairman

Oct. 20, 1989
Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a telephone conference call meeting on Monday, September 11, 1989, at 3:30 p.m. to review certain aspects of the MCC2 program that commenced in August, 1989.

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Montana Board of Housing held a telephone conference call meeting on Monday, September 11, 1989, at 3:40 p.m. Participating in the meeting were: Tom Mather, Chairman; Mike McKee, Vice Chairman; Brad Walterskirchen, Secretary; and members Joe Gerbase, George McCallum, and Howard Rosenleaf. Also participating were: Board Counsel Dave Jackson, staff members Dick Kain, David Haviland, and Jo Berg; and Chuck Johnson of the Great Falls Tribune.

Dave Jackson reviewed tax attorney's opinion received from Kutak, Rock & Campbell relative to the Board's requirements for lender participation in the MCC Program II. Suggestions from Kutak, Rock and Campbell are that the Board adopt a resolution to notify all lenders that potential MCC holders cannot be prohibited from seeking financing at the lender of their choice. The firm is of the opinion that amendments to the Board's documents are required to ensure compliance with Section 25(c) of the Internal Revenue Code of 1986, as amended. Additionally, the Board has the option of maintaining a list of participating lenders (although MCC holders cannot be required to obtain financing from those lenders on the list) and seeking a ruling from the Commissioner of the Internal Revenue Service to limit participation by certain lenders if a significant economic benefit to MCC holders results.

Discussion was held about the opinion, and the effect of the Board's Administrative Rules, from which the Lender Participation Requirements are drawn. Dave Jackson is of the opinion that the Administrative Rules as published will not limit participation in the MCCII program to lenders other than approved ones, if the Board so desires.

After review of the opinion, Joe Gerbase moved the Board adopt Resolution #89-09-11-S4, which is attached and incorporated into these minutes. The motion was seconded by George McCallum, and carried unanimously.

There was no further business, and the meeting adjourned.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

Oct. 20, 1989

Dated

RESOLUTION NO. 89-09-11-S4

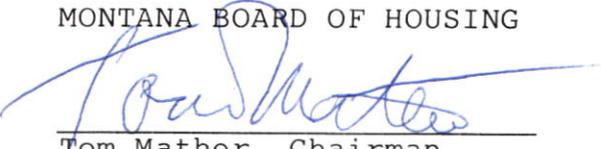
A RESOLUTION OF THE MONTANA BOARD OF HOUSING CLARIFYING THE BOARD'S LENDER PARTICIPATION REQUIREMENTS FOR THE MORTGAGE CREDIT CERTIFICATE PROGRAM II IMPLEMENTED IN AUGUST, 1989.

The Board has been advised by counsel that the use of MCCs cannot be limited to indebtedness incurred from particular lenders by the action of any party to an MCC that directly or indirectly prohibits a potential MCC holder from obtaining financing from one or more lenders or that directly or indirectly requires a potential MCC holder to obtain financing from one or more lenders.

Therefore, the Board wishes to inform all potential lenders for MCC Program II that nothing contained in the Invitation to Participate and Lender Participation Agreements circulated under the Board's memorandum dated July 25, 1989 or in the MCC Program Procedures circulated under the Board's memorandum dated August 4, 1989 will be construed or administered by the Board to limit the use of MCCs to indebtedness incurred from particular lenders. Any amendments to the MCC Program II documents will be made as soon as possible. Until amended documents are available, lenders may continue to use current versions of the MCC Program II documents.

Under the amended documents, information concerning lenders who wish to participate in MCC Program II will still be collected under an Invitation to Participate, Lender Participation Agreements and MCC Program Procedures in order for the Board to ensure that all eligibility requirements for the issuance of qualified MCCs are met and to assist the Board in its duty to collect information concerning the operation of MCC programs which is of interest to the Internal Revenue Service in its formulation of regulatory guidance for MCC programs.

MONTANA BOARD OF HOUSING


Tom Mather, Chairman

ATTEST:


Brad Walterskirchen, Secretary

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

AUGUST 25, 1989

GLACIER ROOM*

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION BLDG.

1520 EAST SIXTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Tom Mather
- II. APPROVAL OF MINUTES - July 17, 1989 Regular Meeting
Chairman Tom Mather
- III. RFP COMMITTEE REPORT - Joe Gerbase
- IV. JEFFERSON NATIONAL MORTGAGE COMPANY, Kalispell, Montana
- V. REVERSE ANNUITY MORTGAGE PROGRAM - Dick Kain
- VI. UNDERWRITER'S UPDATE - Randy Hynote
- VII. SINGLE FAMILY PROGRAM UPDATE - David Haviland
 - A. Quarterly Delinquency Reports - 6/30/89
 - B. Status of 1989 Series A Lendable Proceeds
 - C. MCC Program Update
 - D. Continuous Reservation System
- VIII. OTHER BUSINESS
- IX. SET NEXT MEETING DATE
- X. ADJOURN

* Note Meeting Location

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
GLACIER ROOM, DNRC BUILDING
1520 EAST SIXTH AVENUE
HELENA, MONTANA
AUGUST 25, 1989

ROLL CALL OF

BOARD MEMBERS: Tom Mather, Chairman (Present)
Mike McKee, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Russ Dahl (Present)
Joe Gerbase (Present)
George McCallum (Present)
Howard Rosenleaf (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Jo Anne Berg, Program Assistant

UNDERWRITERS: Randy Hynote, Goldman, Sachs & Company
Mark Semmens, D. A. Davidson & Company

COUNSEL: Dave Jackson, Jackson, Murdo & Grant, P.C.
Board Counsel

OTHER: Terry Alborn, Junkermier, Clark, Campanella,
Stevens, P.C.
Larry Williams, Jefferson National Mortgage
Hank Hudson, Governor's Office on Aging

The meeting was called to order at 9:10 a.m., by Chairman Tom Mather.

APPROVAL OF MINUTES

The minutes of the July 17, 1989 meeting were presented, were amended relative to the approval of the minutes of the June 22, 1989 Audit Committee meeting, and were approved as amended.

RFP COMMITTEE REPORT

Joe Gerbase advised the Board that nine proposals to serve as the Board's Bond Counsel were submitted for review by the Committee, and of the nine requests received, the Committee selected three

firms - Kutak, Rock and Campbell, Sherman and Howard, and Preston, Thorgrimson, Ellis & Holman - as the firms to interview for the position of the Board's Bond Counsel. The Committee conducted formal interviews on August 24, 1989, and recommended to the Board that the firm of Kutak, Rock and Campbell be selected to serve as Bond Counsel, subject to final reference checks, based on the outstanding scoring in the evaluation of the firm. George McCallum moved the Committee's report be accepted. The motion was seconded by Mike McKee, and carried unanimously. Joe Gerbase then moved that the Board retain the firm of Kutak, Rock and Campbell, contingent on reference checks and approval of the Department of Commerce and the Legal Services Review Committee. This motion was seconded by Mike McKee and carried unanimously.

JEFFERSON NATIONAL MORTGAGE COMPANY

Larry Williams, President of Jefferson National Mortgage Company, presented a request to the Board to approve Jefferson National Mortgage Company as a Mortgage Credit Certificate lender. His request was based on two counts: 1) his perception that the firm has made necessary changes to ensure longevity; and 2) the Administrative Rules of the Board requiring lenders to meet certain qualifications to participate in the MCC program are contrary to Treasury guidelines. Financial statements for the period ending June 30, and July 31, 1989 were presented which indicated a year-to-date negative return on average assets, and the company meets the 6% net worth requirement of the Board's Administrative Rules and MCC program documents. The profit and loss statement for the month of July indicated a positive income, but the year-to-date income indicated a substantial loss.

Mr. Williams distributed copies of MCC regulations from the 1989 Commerce Clearing House - Index Standard Federal Tax Report concerning IRS temporary regulations for MCC programs. The report does not reflect amendments made to MCC regulations since 1986. Mr. Williams made the case based on his review of the Commerce Clearing House information that the Board's present methods of approving and qualifying lenders for the MCC program were in violation of the IRS regulations.

After considerable Board discussion, including comments from Board Counsel Dave Jackson concerning the effect of Administrative Rules, Joe Gerbase moved that legal opinion be obtained concerning lender qualification guidelines implemented with the new MCC program relative to conformity with IRS regulations. The motion was seconded by Russ Dahl and carried unanimously. Mr. Williams' request was tabled pending the legal opinion from Dave Jackson, and will be reconsidered by the Board at a telephone conference call meeting when the opinion is rendered.

REVERSE ANNUITY MORTGAGE PROGRAM

Richard A. Kain, Administrator, introduced Hank Hudson of the Governor's Office on Aging, and reviewed the Reverse Annuity Mortgage Program as passed into law, as well as rules adopted by the Board at the April 13, 1989 meeting. After review of the program, as developed to date, Howard Rosenleaf moved the Board commit \$730,300.00 from the Housing Trust Fund to fund the pilot

program of the Reverse Annuity Mortgage Program. The motion was seconded by Brad Walterskirchen, and carried unanimously. Brad Walterskirchen then moved to set the initial mortgage interest rate to provide a 7% rate of return on the funds. The motion was seconded by Mike McKee, and carried unanimously.

UNDERWRITERS UPDATE

Randy Hynote updated the Board on market trends in the last month. Around the first of August, some bond issues were structured that produced a mortgage rate near 8%, but since that time market conditions have deteriorated, and are expected to remain where they are at, with periodic fluctuations. Randy requested the Board allow the underwriters to take preliminary steps to structure a new bond issue, so that when Bond Counsel is ready to proceed, the Board can offer an issue during the lower rate environments.

SINGLE FAMILY PROGRAMS

QUARTERLY DELINQUENCY REPORTS

David Haviland, Single Family Program Officer, presented the Board's delinquency statistics as of June 20, 1989. The quarterly reports for the past five quarters (June, 1988 through June 1989) have shown a 1.5% decrease in overall delinquencies, and the percentage of loans in foreclosure has improved since the highs experienced in September, 1988, and December, 1988. Board of Housing's delinquency rates compare favorably to Montana, regional and national rates.

1989 SERIES A

David Haviland presented the Series Allocation Analysis for the Board's 1989 Series A bond issue, which indicated that of the initial \$23,239,041.00 in lendable proceeds, the Board has purchased 369 loans, for \$15,972,873.10, and has reserved funds for 139 loans, for \$4,540,212.00. As of August 22, 1989, the Board has \$736,130.05 available in lendable funds, as a result of cancellations of loan reservations. Lenders have been notified three times that funds are available not only in 1989 Series A (\$730,000), but also in 1988 Series B (\$175,000) and 1988 Series A (\$30,000). The Series Allocation Analysis was presented for 1989 Series A, which breaks down the loans purchased and reserved by lender. The Statewide Housing Profile was also presented, which showed that of the 369 loans purchased under 1989 Series A, 34 homebuyers were previous homebuyers in targeted areas, and 20 of the loans were VA guaranteed loans.

MORTGAGE CREDIT CERTIFICATE PROGRAM

David Haviland advised the Board that as of August 21, 1989, the Board has issued 25 Mortgage Credit Certificates, for \$241,218.00 in credit authority, to 25 of the borrowers on the September 1988 MCC waiting list. Additionally, the Board has seven MCC reservations outstanding, for \$74,591.80 in authority. A list of lenders approved to participate in the MCC program was also presented.

CONTINUOUS RESERVATION SYSTEM

David Haviland reviewed the continuous funding systems in North Dakota, South Dakota, Wyoming, and the continuous reservation systems of Utah and Idaho. Discussion was held about the feasibility of initiating a continuous reservation system in Montana, similar to the Idaho and Utah programs. Discussion centered around the current lack of demand for the Board's 1989A, 1988B, and 1988A issues, the changes in the Board's documents that would be necessary, and the additional staff requirements a new system would require. David suggested that in the next bond issue, the Board consider incorporating a waiting list as a gauge of demand. If the amount of the waiting list exceeded a specified amount within 45 days, the Board would then pursue a new bond issue.

OTHER BUSINESS

Dick Kain updated the Board on legislation to extend the sunset of Mortgage Revenue Bonds, and advised the Board that the House Ways and Means Committee has tentatively approved a two-year extension, pending discussions on reducing the capital gains tax included in the bill.

The Board was advised that Dave Kraft, Comptroller, resigned effective August 24, 1989, to take a position in the private sector, and that the Accounting Section also lost another staff member, who resigned to return to college.

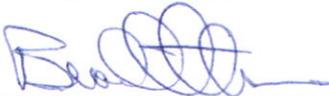
COMMITTEE REPORTS

Brad Walterskirchen, Chairman of the Investment Committee, reported that Joe Gerbase and Russ Dahl have agreed to sit on the Investment Committee, which will meet in October.

George McCallum requested the Board approve the minutes of the June 22, 1989, Audit Committee meeting, which were approved upon motion of Howard Rosenleaf.

The next meeting was set for September 22, 1989, at 1:00 p.m., in the Director's Conference Room of the Department of Natural Resources and Conservation Building.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

Dated

Oct. 20, 1989

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

The RFP Committee of the Montana Board of Housing will conduct interviews for the position of the Board's bond counsel, beginning at 1:30 p.m. on Thursday, August 24, 1989. The interviews will be conducted in the Upstairs Conference Room of the Department of Commerce Building, 1424 Ninth Avenue, Helena, Montana.

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the RFP Committee of the Montana Board of Housing met on August 24, 1989, at 1:30 p.m., in the Upstairs Conference Room of the Department of Commerce Building in Helena. The meeting was attended by Committee Members Joe Gerbase, Tom Mather, and Dick Kain, for the purpose of interviewing municipal bond attorneys for the position of the Board's bond counsel.

The firms of Kutak, Rock & Campbell; Preston, Thorgrimson, Ellis & Holman; and Sherman & Howard were interviewed for the position of bond counsel.

At the conclusion of the interviews, the committee reviewed their individual evaluations, and selected Kutak, Rock & Campbell to be bond counsel, subject to the completion of reference checks.

The committee's selection will be presented to the full Board for consideration, at its meeting on August 25, 1989.

The meeting adjourned at 5:05 p.m.



Joe Gerbase, Chairman

Oct. 20, 1989

Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

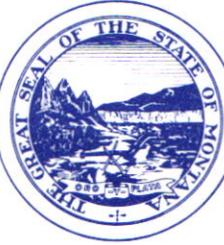
(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The RFP Committee of the Montana Board of Housing will hold a telephone conference call meeting on Tuesday, August 15, 1989, at 1:00 p.m., for the purpose of screening responses and arriving at a list of firms to be interviewed for the Board's Bond Counsel position.

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the RFP Committee of the Montana Board of Housing held a telephone conference call meeting at 1:00 p.m. on August 15, 1989. Those participating in the meeting were Joe Gerbase, Tom Mather, and Dick Kain.

The committee reviewed their evaluations of the nine responses to the request for proposal for bond counsel, and selected the firms of Kutak, Rock & Campbell; Preston, Thorgrimson, Ellis & Holman; and Sherman & Howard as those to be interviewed for the position.

The interviews will be conducted by the RFP Committee on the afternoon of August 24, 1989, in the Upstairs Conference Room of the Department of Commerce Building, 1424 Ninth Avenue, Helena, Montana.

There was no further business, and the meeting adjourned at 1:30 p.m.



Joe Gerbase, Chairman

Oct. 20, 1989

Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

JULY 17, 1989

DOWNSTAIRS CONFERENCE ROOM

DEPARTMENT OF COMMERCE BUILDING

1424 NINTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 2:00 p.m.*
Chairman Tom Mather
- II. APPROVAL OF MINUTES - June 23, 1989, Regular Meeting
June 26, 1989, Special Meeting
Chairman Tom Mather
- III. APPOINTMENT TO INVESTMENT COMMITTEE - Chairman Tom Mather
- IV. QUARTERLY BUDGET REPORT - June 30, 1989 - Dave Kraft
- V. REVIEW OF REAL ESTATE OWNED SALES PROGRAM - Dick Kain
- VI. UNDERWRITER'S UPDATE - Randy Hynote
- VII. SINGLE FAMILY PROGRAM UPDATE - David Haviland
 - A. Neighborhood Housing Services, Inc. Great Falls
Setaside Extension Request
 - B. Status of New MCC Program
 - C. Overview of the Logistics of Established Continual
Mortgage Loan Reservation Systems
 - D. Status of 1989 Series A Lendable Proceeds
- VIII. OTHER BUSINESS
- IX. SET NEXT MEETING DATE
- X. ADJOURN

* Note 2:00 p.m. starting time

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DOWNSTAIRS CONFERENCE ROOM
DEPARTMENT OF COMMERCE BUILDING
1424 NINTH AVENUE
HELENA, MONTANA
JULY 17, 1989

ROLL CALL OF

BOARD MEMBERS: Tom Mather, Chairman (Present)
Mike McKee, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Russ Dahl (Absent)
Joe Gerbase (Present)
George McCallum (Present)
Howard Rosenleaf (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS: Randy Hynote, Goldman, Sachs & Company
Mark Semmens, D. A. Davidson & Co.
Gordon Hoven, Piper, Jaffray & Hopwood
Mike Jansen, Piper, Jaffray & Hopwood

COUNSEL: Dave Jackson, Jackson, Murdo & Grant,
Board Counsel
Stan Dirks, Orrick, Herrington & Sutcliffe,
Underwriter Counsel

OTHER: Don Chance, Montana Building Industry Assoc.

The meeting was called to order at 2:00 p.m., by Chairman Tom Mather.

APPROVAL OF MINUTES

Tom Mather, Chairman, presented the minutes of the June 23, 1989 regular meeting, and the June 26, 1989 special telephone meeting, and they were approved as presented.

APPOINTMENT TO INVESTMENT COMMITTEE

Tom Mather requested Brad Walterskirchen remain as Chairman of the Board's Investment Committee, and instructed him to select additional members.

QUARTERLY BUDGET REPORT

Dave Kraft, Comptroller, presented the estimated June 30, 1989, budget status report. The estimated figures indicate the Board will have spent \$1.8 million of the appropriated \$2.022 million. The items for which the Board requested and received a budget amendment, trustee fees, foreclosure expenses, and property management expenses, were, as projected, a large part of the Board's expenditures.

REAL ESTATE OWNED PROGRAM

Richard A. Kain, Administrator, updated the Board on the Real Estate Owned Program. Discussion was held about methods of increasing the sales of the homes listed for sale, which centered on the Board writing its own contracts to facilitate sales, and setting aside a percentage of lendable proceeds of future bond issues to Real Estate Owned priced at \$30,000 or under. For Real Estate Owned financed with bond proceeds, the Board, as the seller, would pay certain of the closing costs normally paid by the buyer. Staff was directed to continue researching the feasibility of those enhancements to the sales program.

UNDERWRITER UPDATE

Randy Hynote, Goldman, Sachs & Company, updated the Board on current market trends. A bond issue with similar components as the Board's 1989 Series A issue would, in today's conditions, provide a mortgage interest rate of 8.25% or 8.30%. Discussion was held about possibility of pursuing a new bond issue at present, but due to uncertainty about further downward movements in conventional FHA and VA rates, and the expiration, on June 30, 1989, of the Bond Counsel contracts, the matter was tabled.

A breakdown of bond allotments for the 1989 Series A bond issue was also presented, which indicated the distribution and sales of the Board's bonds between the underwriting team.

REQUEST FOR PROPOSALS - BOND COUNSEL

Dick Kain advised the Board that Tom Mather and Joe Gerbase had reviewed the draft Request for Proposal, as had the Department of Commerce, and that the Request for Proposals, in its final form, will be mailed on July 18, 1989. Tom Mather then appointed Joe Gerbase as Chairman of the RFP Committee, and selected himself and Dick Kain to serve on the Committee.

SINGLE FAMILY PROGRAM UPDATE

REQUEST FOR EXTENSION - NEIGHBORHOOD HOUSING SERVICES

David Haviland presented a request from Nancy Stephenson, Executive Director of Neighborhood Housing Services, Inc., Great Falls to extend the expiration date of the August, 1987, \$500,000 setaside of 6-7/8% mortgage funds to October 1, 1989. Upon motion made by Brad Walterskirchen and seconded by Mike McKee, the Board unanimously approved the request for extension of the expiration to October 1, 1989.

STATUS OF NEW MCC PROGRAM

David Haviland advised the Board that he anticipates mailing Mortgage Credit Certificates to those eligible borrowers on the waiting list by July 21, 1989. Of the 47 on the waiting list, 6 were issued certificates with the 1986 MCC authority, 23 are ready to receive certificates with the 1988 authority, 11 were determined non-qualifying, and staff is waiting for requested information from the lenders on the remaining seven. The new Mortgage Credit Certificate Program documents were printed, and it is anticipated that documents will be mailed to the lenders by July 24, 1989, with a press release and letters to the Montana Realtor's Association and Montana Building Industry Association following on July 25, 1989. Plans are to begin taking reservations for Mortgage Credit Certificates on Monday, August 14, 1989.

CONTINUOUS RESERVATION SYSTEMS

David Haviland presented an overview of the methods used by surrounding states to continuously provide mortgage loan funds to qualified borrowers. After discussion, a poll of the Board indicated support for a program to provide continuous funds, but staffing concerns and commitments to other programs were cited as deterrents. Staff was directed to research the establishment of a continuous mortgage loan reservation system, including required additional staff, and present the topic for further discussion.

1989 SERIES A UPDATE

David Haviland presented the Series Allocation Summary, which indicated that of the initial \$23,239,041.00 in lendable proceeds, the Board has purchased \$7,291,356.72, for 165 loans. The funds are fully reserved, as of July 7, 1989, and a waiting list has been established. The average borrower age for the loans purchased was 32; the average income was \$23,921.00; eleven of the 165 homeowners were previous homeowners; and nine of the loans were guaranteed by the Veterans Administration. The Series Allocation Analysis, which is a breakdown of funds by lenders,

indicated that rural lenders reserved funds in the highest dollar amount since 1987. This data, coupled with positive comments from rural lenders, substantiates the appropriateness of the Board's action to set a 5% lender cap during the first 60 days of the program.

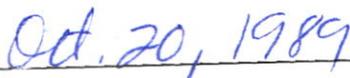
SET NEXT MEETING

The next meeting was scheduled for August 25, 1989, in the Glacier Room of the Department of Natural Resources and Conservation Building. The RFP Committee will conduct interviews of those firms selected as potential bond counsel, on August 24, 1989.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary



Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting via telephone conference call, for the purpose of review and adopt new Mortgage Credit Certificate Program documents. This meeting will be at 3:00 p.m., Monday, June 26, 1989.

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Board of Housing held a telephone conference call meeting on June 26, 1989, at 3:00 p.m., for the purpose of reviewing and adopting documents for a new Mortgage Credit Certificate Program. Participating in the meeting were: Tom Mather, Chairman; Mike McKee, Vice Chairman; Brad Walterskirchen, Secretary; and members Russ Dahl, Joe Gerbase, George McCallum, and Howard Rosenleaf, as well as Dave Jackson, Board Counsel, and staff members Dick Kain, David Haviland, and Jo Berg. David Haviland reviewed the changes to the program documents adopted by the Board at the November, 1988, meeting. Those changes were: 1. removing the requirements for fidelity and errors and omissions insurance coverage for lenders; 2. establishing income limits of \$30,000 with the addition of \$1,000 per dependent up to a maximum addition of \$2,000; 3. requiring reservation of the MCC prior to loan closing; 4. increasing the fee from \$150.00 to \$200.00, with the Board receiving \$100.00, and the lender \$100.00; and 5. allowing the purchasers of Board-owned property to apply for an MCC, if qualified. The staff-proposed enhancements were also reviewed. Those changes were: 1. addition of Lender Qualification Guidelines adopted by the Board; 2. addition of the 30-mile rule; 3. addition of a Mortgage Credit Certificate Worksheet; 4. addition of a Buyer's Notice of Potential Benefit; and 5. addition of a Buyer's Confirming Affidavit and Certification. After discussion relative to the need for the Mortgage Credit Certificate Worksheet, and the Board's perceived liability, and the recommendation that references to air conditioning units in manufactured housing be deleted, Brad Walterskirchen moved the Board adopt the program documents as presented, after deleting references to air conditioning. George McCallum seconded the motion, which carried unanimously.

There was no further business, and the meeting adjourned.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

A handwritten date in blue ink, "July 17, 1989".

Dated

RESOLUTION NO. 89-06-26-S3

A RESOLUTION OF THE MONTANA BOARD OF HOUSING ESTABLISHING THE TERMS OF ITS MORTGAGE CREDIT CERTIFICATE PROGRAM TO BE USED IN CONJUNCTION WITH A QUALIFIED SINGLE FAMILY PROGRAM; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

MONTANA BOARD OF HOUSING

MORTGAGE CREDIT CERTIFICATE PROGRAM

BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING AS FOLLOWS:

WHEREAS, Section 25 of the Internal Revenue Code of 1986, as amended (the "Code"), authorizes the Montana Board of Housing (the "Board") to elect not to issue a portion of the qualified mortgage bonds it is otherwise authorized to issue and to develop in lieu thereof a mortgage credit certificate program, whereby a borrower may receive a credit against his income tax, under rules and regulations established by the Board pursuant to the requirements of Section 25 of the Code; and

WHEREAS, the Board desires to provide the widest range of financing alternatives to lower income persons and families to enable them to finance the acquisition of a principal residence at the lowest effective cost to such borrowers; and

WHEREAS, the Board now intends to establish and implement its 1988 mortgage credit certificate program (the "Program"), and in connection therewith, elected by Resolution No. 88-12-15-S4 on December 15, 1988 not to issue \$60 million of qualified mortgage bonds which it could otherwise have issued in calendar year 1988, and executed and filed such election with the Internal Revenue Service on December 29, 1988;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED AS FOLLOWS:

Section 1: The issuance of mortgage credit certificates under the Program as approved by this Resolution will further the purpose of Montana Laws, Montana Code Annotated, §§ 90-6-101 through 90-6-127, and § 2-15-1814, by assisting in the alleviation of the existing serious shortage of decent, safe, and sanitary residential housing available in the State of Montana at prices affordable to persons and families of low income.

Section 2: The final terms of the Program, as refined to maximize the availability of lower cost financing to lower income persons and families under the Program, are hereby approved. Said final terms are contained in the Lender Participation Agreement and Exhibits A through I inclusive, attached hereto, and in the Invitation to Participate and Exhibits A and B, attached hereto, both of which attachments are incorporated herein by reference as though set forth in full herein.

Section 3: RATIFICATION

All actions (not inconsistent with the provisions of this Resolution) heretofore taken by the Board, and its employees, with respect to the Program, are hereby in all respects ratified, approved and confirmed.

Section 4: SEVERABILITY

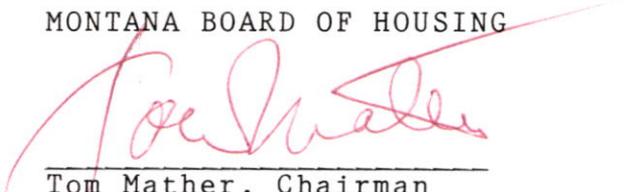
If any one or more of the covenants or agreements provided in this Resolution to be performed on the part of the Board shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Resolution and shall in no way affect the validity of other provisions of this Resolution.

Section 5: REPEALER

All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and shall have no further force or effect.

Adopted by the Montana Board of Housing this 23rd day of June, 1989.

MONTANA BOARD OF HOUSING



Tom Mather, Chairman

ATTEST:



MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

JUNE 23, 1989

DOWNSTAIRS CONFERENCE ROOM

DEPARTMENT OF COMMERCE BUILDING

1424 NINTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Tom Mather
- II. APPROVAL OF MINUTES - May 18, 1989, meeting
Chairman Tom Mather
- III. AUDIT COMMITTEE REPORT - George McCallum
- IV. REVIEW OF REAL ESTATE OWNED SALES PROGRAM - Dick Kain
- V. LOW INCOME HOUSING TAX CREDIT PROGRAM - Dick Kain
- VI. UNDERWRITER'S UPDATE - Randy Hynote
- VII. SINGLE FAMILY PROGRAM UPDATE - David Haviland
 - A. Presentation and Review of New Lender Application
Citizens State Bank, Hamilton
 - B. Annual Review of Income Limits
 - C. Status of 1989 Series A Lendable Proceeds
 - D. Review and Approval of Program Documents - New MCC Program
- VIII. ELECTION OF BOARD OFFICERS
- IX. OTHER BUSINESS
- X. SET NEXT MEETING DATE
- XI. ADJOURN

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DOWNSTAIRS CONFERENCE ROOM
DEPARTMENT OF COMMERCE BUILDING
1424 NINTH AVENUE
HELENA, MONTANA
JUNE 23, 1989

ROLL CALL OF

BOARD MEMBERS: Tom Mather, Chairman (Present)
Mike McKee, Vice Chairman (Present)
Brad Walterskirchen, Secretary (Present)
Russ Dahl (Present)
Joe Gerbase (Present)
George McCallum (Present)
Howard Rosenleaf (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS: Randy Hynote, Goldman, Sachs & Company
Mark Semmens, D.A. Davidson & Co.
Michael Jansen, Piper, Jaffray & Hopwood
Brian Ranallo, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: David L. Jackson, Board Counsel

The meeting was called to order at 9:00 a.m., by Chairman Tom Mather.

APPROVAL OF MINUTES

Tom Mather, Chairman, presented the minutes of the May 18, 1989 Board meeting, and they were approved as presented.

REPORT ON AUDIT COMMITTEE MEETING

George McCallum, Chairman of the Audit Committee, advised the Board that the Committee met with Terry Albarn of the firm Junkermier, Clark, Campanella, Stevens, P.C., on June 22, 1989, reviewed the firm's proposal to perform the Board's Fiscal Year 1989 Audit, and approved the proposal at a fee of \$17,400.00, based on 395 hours of work. If the audit is completed in less time, the fee will be less. The committee also reviewed the intended audit scope as presented by Junkermier, Clark, Campanella, Stevens.

REQUESTS FOR PROPOSALS - BOARD AND BOND COUNSEL

Richard A. Kain, Administrator, advised the Board that contracts for the personal services of Board and Bond Counsel expire June 30, 1989. It has been decided to request proposals for these services. However, the process has been initiated to temporarily extend the Board counsel contract until such time as the advertisement and selection process is completed.

REAL ESTATE OWNED

Dick Kain presented the Board's May 31, 1989 listing of properties for sale by the Board, a June 7, 1989, detailed listing of the 37 properties in inventory, and reviewed procedures followed by the Board when a property enters the Board's inventory. Discussion was held about methods to enhance the Board's ability to market the properties, and Dick Kain was requested to report at the July meeting on the feasibility of the Board financing the properties as the need arises.

LOW INCOME HOUSING TAX CREDITS

Dick Kain gave a brief overview of the Low Income Housing Tax Credit Program, and activity to date in 1989. Dick then presented an application for reservation of 1989 Low Income Housing Tax Credits from Kalispell Investment Group II, for the Kalispell Senior Center Apartments, Kalispell, Montana. The Board was advised that this project, a FmHA 515 new 80-unit project, had not received a FmHA funding commitment for the current year, and that the only potential source of funding may be out of reverted allocations that will be distributed sometime in the fall. Upon recommendation of Dick Kain, George McCallum moved the request for reservation be tabled until the next submission date of September 1, 1989, in order to ascertain the viability of the project. Mike McKee seconded the motion, which carried unanimously.

UNDERWRITERS UPDATE

Randy Hynote, Goldman, Sachs & Company, updated the Board on current market trends and developments, and advised them that an issue similar to the Board's 1989 Series A issue would today produce a mortgage interest rate of 8.5%.

The concept of providing a continuous source of mortgage money was discussed, and it was recommended that the the Board continue to study the concept, keeping in mind the advent of the Mortgage Credit Certificate Program, and competition with the private sector.

SINGLE FAMILY PROGRAM UPDATE

PRESENTATION OF NEW LENDER APPLICATION

David Haviland, Single Family Program Officer, presented a request from Citizens State Bank, Hamilton, to be approved to participate in the Board's single family bond program. After review of the information submitted, which meets the Board criteria for approval, Brad Walterskirchen moved the Board approve Citizens State Bank of Hamilton as a qualified participating lender. Mike McKee seconded the motion, which carried unanimously.

ANNUAL REVIEW OF INCOME LIMITS

David Haviland reviewed the Board's current income limits for the single family programs, as required by the Administrative Rules governing the Board's programs. The current income limits, by family size, are: \$28,100 for families of one or two persons; \$31,000 for a three person family; and \$32,000 for a four or more person family. The methods of determining maximum allowable income limits, and the reasons for implementing federally imposed income limits, was also discussed.

1989 SERIES A UPDATE

David Haviland advised the Board that of the initial \$23,239,041.00 in lendable proceeds, the Board has purchased 68 loans for \$3,088,228.00, and has outstanding reservations for 343 loans, for \$15,374,406.00. The average loan amount (purchased) is \$45,415.00, and the average borrower income is \$23,919.29. As of June 22, 1989, \$4,756,823.40 remains available in the Low Income Pool, and \$19,583.60 remains in the Regular Income Pool. The two pools combine on July 6, 1989, and the Board will accept reservations from all qualified borrowers. The Series Allocation Analysis was presented, which analyzed loans reserved and purchased, by lender. The Statewide Housing Profile presented data relative to the 68 purchased loans, which indicated the Board has purchased loans for six previous homeowners, and 62 first-time homeowners.

MORTGAGE CREDIT CERTIFICATE PROGRAM

David Haviland presented the documents for the 1988 Mortgage Credit Certificate Program, for Board review and discussion. After review, Joe Gerbase moved that the adoption of the documents be tabled for a telephone conference to be held no later than June 30, 1989, to allow time for further review by the Board. Tom Mather amended the motion to hold the telephone conference meeting no later than June 26, 1989. Mike McKee seconded the motion, which carried unanimously.

ELECTION OF OFFICERS

Dave Jackson, Board Counsel, advised the Board that, by virtue of the appointment of new Board members by the Governor, it is necessary for the Board to elect the Board's officers. Upon motion duly made and seconded, it was resolved that the Chairman, Vice Chairman, Secretary, and Treasurer, hereinafter designated, are duly elected to the stated offices and to serve in said capacity, and to perform the attendant duties until their successors are elected. Tom Mather's appointment by the Governor as chairman was affirmed, and Michael E. McKee was elected Vice Chairman, Brad Walterskirchen was elected Secretary, and Richard A. Kain was elected Treasurer.

SET NEXT MEETING DATE

The next meeting was scheduled for July 17, 1989, at 2:00 p.m., in the Department of Commerce Conference Room, and a telephone conference call meeting was scheduled for June 26, 1989, at 3:00 p.m.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

July 17, 1989

Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting at 6:30 p.m., on June 22, 1989, at the Montana Club Building, Helena, Montana. The Board's investment banking team will describe the procedures involved in structuring and issuing the Board's bond issues.

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The Audit Committee of the Montana Board of Housing will hold a meeting on June 22, 1989, at 2:00 p.m., in the Board's office at 2001 11th Avenue. The Committee will review the proposal of Junkermier, Clark, Campanella, Stevens, P.C., to perform the Board's FY89 audit, and will consider other matters as necessary.

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Audit Committee of the Montana Board of Housing held a meeting on June 22, 1989, at 1:00 p.m., in the Board's offices at 2001 11th Avenue, Helena, Montana. Participating in the meeting were: George McCallum, Chairman of the Committee; Tom Mather, Chairman of the Board; and committee members Mike McKee and Howard Rosenleaf. Also present was Terry Albarn of the firm Junkermier, Clark, Campanella, Stevens, P.C. The committee reviewed the proposal of Junkermier, Clark, Campanella, Stevens, P.C., to perform the Board's Fiscal Year 1989 audit, and approved the proposal at a fee of \$17,400.00, based on 395 hours of work. If the audit is completed in less time, the fee will be less. Terry Albarn outlined the scope of the audit to be performed, and discussion was held about the proposed audit.

The committee will meet with the auditors at the completion of the audit, prior to release of the audit, and any findings will be reviewed.

There was no further business, and the committee meeting adjourned.


George McCallum, Chairman


Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING
MAY 18, 1989
DOWNSTAIRS CONFERENCE ROOM
DEPARTMENT OF COMMERCE BUILDING
1424 NINTH AVENUE
HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.
Chairman Tom Mather
- II. INTRODUCTION OF NEW BOARD MEMBERS - Dick Kain
- III. APPROVAL OF MINUTES - April 13, 1989 meeting
Chairman Tom Mather
- IV. SINGLE FAMILY PROGRAM UPDATE - David Haviland
 - A. Final Status Report on 1988 Series B Lendable Proceeds
 - B. Status of 1989 Series A Lendable Proceeds
 - C. Quarterly Delinquency Reports - March 31, 1989
 - D. Presentation and Review of New Lender Application
All American Mortgage Company, Billings
 - E. Review of Downpayment Requirements on VA Mortgage Loans
- V. ACCOUNTING AND REPORTING - Dave Kraft
 - A. Presentation of March 31, 1989, Financial Statements
 - B. Report on June 1, 1989, Bond Call
- VI. LEGISLATIVE UPDATE - Dick Kain
- VII. OTHER BUSINESS
- VIII. SET NEXT MEETING DATE
- IX. ADJOURN

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DOWNSTAIRS CONFERENCE ROOM
DEPARTMENT OF COMMERCE BUILDING
1424 NINTH AVENUE
HELENA, MONTANA
MAY 18, 1989

ROLL CALL OF

BOARD MEMBERS: Tom Mather, Chairman (Present)
Russ Dahl (Present)
Joe Gerbase (Present)
George McCallum (Present)
Mike McKee (Present)
Howard Rosenleaf (Absent)
Brad Walterskirchen (Absent)

STAFF:

Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Anne Berg, Program Assistant

UNDERWRITERS:

Mark Semmens, D. A. Davidson & Co.
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL:

Bob Murdo, Board Counsel

The meeting was called to order at 9:10 a.m., by Tom Mather, Chairman.

INTRODUCTION OF NEW BOARD MEMBERS

Richard A. Kain, Administrator, introduced the newly appointed Board members: Tom Mather, Chairman, Great Falls; Russ Dahl, Glasgow; Joe Gerbase, Billings; and George McCallum, Plains.

APPROVAL OF MINUTES

Tom Mather, Chairman, presented the minutes of the April 13, 1989, Board meeting, and they were approved as presented.

SINGLE FAMILY PROGRAM UPDATE

1988 SERIES B

David J. Haviland, Single Family Program Officer, presented a final update on the 1988 Series B bond issue. Of the initial \$23,293,112.00, the Board has purchased 470 mortgage loans, for \$21,236,960.53, and has 40 reservations outstanding, for \$2,023,619.00, of which \$1,260,552.00 is reserved for new homes. Of the loans purchased, the average purchase amount was \$45,185.02; the average borrower income was \$23,880.16. Both of these figures are down slightly from the 1988 Series A and 1987 Series B issues. The balance remaining to be reserved is \$32,532.47. The Series Allocation Analysis for the series was presented, which indicates the distribution of the funds among the participating lenders. The Statewide Housing Profile was also presented, which, among other things, indicates the number of loans purchased for previous homeowners (48) and first time homebuyers (422), and indicates the number of FHA insured loans (425) and VA guaranteed loans (45), as well as the number of new homes (20) and existing housing (450).

1989 SERIES A

David Haviland reviewed the Series Allocation Summary for the 1989 Series A bond issue. Reservations for loans under the program were accepted beginning May 5, 1989. At that point, conventional market for FHA and VA mortgage loans were 10.50% to 10.75% with a similar point structure, compared to 8.77% for the 1989A Series. As of May 18, 1989, the Board has reserved \$5,746,000.00 for 128 loans. \$105,800.00 is reserved for new construction. The average reservation amount is \$43,792.54, and the average borrower income is \$24,549.12. The 1989 Series A issue will provide home financing for 510 to 515 Montana families. 78 lenders were approved for the 1989A bond issue.

The Board was advised that as a result of the May 16, 1989, closure of Knutson Mortgage Corporation's Great Falls office, their status as an approved lender in the bond program had been revoked, and the ten 1989 Series A confirmed loan reservations will be allowed to be moved to other approved Great Falls lenders. Also, their status as an approved servicer has been revoked, and staff will work with Knutson's head office in Bloomington, Minnesota, on the assignment of their loan servicing.

In May, U.S. Bancorp Mortgage Company closed their Montana office in Billings, and staff will work with U.S. Bancorp on the assignment of their loan servicing.

QUARTERLY DELINQUENCY REPORTS

David Haviland presented quarterly delinquency reports as of March 20, 1989. As of March 20, 1989, 4.28% of the Board's loans were delinquent, and 1.16% were in foreclosure. Compared

with national, regional, and Montana figures, the Board's delinquency rates are lower, according to information supplied from the Mortgage Bankers Association of America.

PRESENTATION OF NEW LENDER APPLICATION

David Haviland presented a request from All American Mortgage Company, Billings, to be an approved lender in the Board's Bond Program. All American's request was tabled at the April 13, 1989, meeting, pending further information from the lender. After review of the additional requested information relative to the firm's financial stability, ability to repurchase loans, FHA and VA underwriting experience, and potential conflicts of interest, Mike McKee moved that All American Mortgage Company's request to be approved be denied. The motion was seconded by Russ Dahl, and carried unanimously.

REVIEW OF VA DOWNPAYMENT REQUIREMENTS

At the request of the Chairman, David Haviland presented information relating to the Board's requirement that loans guaranteed by the Veterans Administration have the same downpayment requirement as loans insured under the FHA 203(b) program. This requirement was adopted by the Board in September, 1988, in response to a decrease in the VA loan guaranty amount, the no-bid foreclosures of VA loans, and the resultant losses incurred when the no-bid properties are taken into the Board's inventory and eventually sold. Tom Mather, Chairman, requested this information be provided to the real estate community, to enable their understanding for the necessity of the down payment requirement on VA guaranteed loans.

MARCH 31, 1989 FINANCIAL STATEMENTS

Dave Kraft, Comptroller, presented the Board's financial statements as of March 31, 1989, for Board review and discussion.

JUNE 1, 1989 BOND CALL

Dave Kraft presented information relative to the scheduled June 1, 1989 bond call, and outlined the recent bond calls.

LEGISLATIVE UPDATE

Dick Kain advised the Board that Senate Joint Resolution 17, introduced in the final days of the Legislative Session, had passed, which requests Montana's Congressional delegation to research the effect of loan servicing being sold to out of state servicers. Additionally, Senate Joint Resolution 20 passed and established an interim subcommittee to study the need for and the effectiveness of the state loan programs, including the Board of Housing's Mortgage Revenue Bond, Mortgage Credit Certificate, Multifamily, and Low Income Housing Tax Credit programs.

Dick Kain presented information relative to the Board's budget request, approved by the recent Legislative session, and advised the Board that the Board was appropriated \$2.2 million in spending authority for Fiscal year 1990, and \$2.1 million for fiscal year 1991.

APPOINTMENT OF AUDIT COMMITTEE MEMBER

Tom Mather, Chairman, appointed George McCallum to the Board's standing Audit Committee, and requested he serve as chair of the committee. The Audit Committee will hold a meeting the afternoon prior to the June Board meeting.

SET NEXT MEETING DATE

The next meeting was scheduled for June 23, 1989, in the Department of Commerce Downstairs Conference Room.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

June 23, 1989
Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

APRIL 13, 1989

YELLOWSTONE ROOM, DNRC BUILDING*

1520 EAST SIXTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 10:00 a.m.*
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - March 16, 1989, Business Meeting
- March 23, 1989, Conference Call Meeting
Chairman Joan Bennett
- III. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- IV. REVERSE ANNUITY MORTGAGE PROGRAM - Dick Kain
- V. QUARTERLY BUDGET STATUS REPORT - Dave Kraft
- VI. UPDATE 1988 SERIES B AND 1989 SERIES A - David Haviland
- VII. UNDERWRITERS UPDATE - Randy Hynote
- VIII. LEGISLATIVE UPDATE - Dick Kain
- IX. OTHER BUSINESS
- X. SET NEXT MEETING DATE
- XI. ADJOURN

*Note meeting location and starting time

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
YELLOWSTONE, ROOM, DNRC BUILDING
1520 EAST SIXTH AVENUE
HELENA, MONTANA
APRIL 13, 1989

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Absent)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy, Jr. (Present)
Mike McKee (Present)
Howard Rosenleaf (Absent)
George Swords (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS: Randy Hynote, Goldman, Sachs & Company
David Stephens, Goldman, Sachs & Company
Mark Semmens, D. A. Davidson & Co.
Laurel Esterlein, Merrill Lynch
Mike Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel
Stan Dirks, Underwriter Counsel

OTHER: Mike Letson, Director, Department of Commerce
LeDean Lewis, American Association of Retired Persons
Hank Hudson, Seniors Office, Department of Family
Services

The meeting was called to order at 10:15 a.m. by Chairman Joan Bennett. The minutes of the March 16, 1989, business meeting were amended relative to: 1. establishment of a subcommittee of the Board charged with review of material concerning policy and procedure changes; and 2. clarifying the procedures of the Mortgage Credit Certificate program, whereby the 1988 program will not be made available for reservation requests until the time the 1989 Series A lendable proceeds are fully reserved. The proceeds will be considered fully reserved when a waiting list is established. The minutes of the March 16th meeting were approved as amended. The minutes of the March 23, 1989, conference call meeting were approved as presented.

BOARD COUNSEL REPORT

Dave Jackson, Board Counsel, reported there were no developments to report.

BOND COUNSEL REPORT

Roy Koegen, Bond Counsel, reported that the 1989 Series A bond issue closed as planned on April 13, 1989, and that funds were transferred to the trustee.

INTRODUCTION OF COMMERCE DEPARTMENT DIRECTOR

Mike Letson, Director of the Department of Commerce, was introduced to the Board.

1988 SERIES B UPDATE

David J. Haviland, Single Family Program Officer, updated the Board on the status of the 1988 Series B, and reported that of the initial \$23,293,112.00 in lendable proceeds, the Board has reservations for 125 loans, or \$5,997,238.00, and has purchased 385 loans, for \$17,253,792.19. \$42,081.81 remains available for reservation. 10% of the funds have been reserved for new home purchases, and the average purchase amount is \$44,815.04, down slightly from 1988 Series A. The average borrower income is \$23,844.61, which is also slightly down from 1988 Series A. The Series Allocation Analysis was also presented, as was the Statewide Housing Profile, which indicated 8% of the loans purchased were guaranteed by the Veterans Administration, and the average borrower age was 32. Discussion ensued relative to the length of time after origination that a lender could submit loans for purchase, which is 45 days, and about the length of the reservation period, 120 days for existing housing, and 180 days for new construction.

1989 SERIES A UPDATE

David Haviland reported that an Invitation to Participate in 1989 Series A was mailed to lenders on March 30, 1989, and that plans are to begin reserving funds on May 5, 1989.

NEW LENDER APPLICATION

David Haviland presented an application from All American Mortgage, Billings, Montana, to be an approved and qualified lender in the Board's bond program. Financial statements and other data supplied were reviewed, and questions were raised concerning the firm's ability to repurchase mortgage loans, if requested by the Board. Additional concerns raised included FHA and VA loan underwriting experience, as well as related party transactions and conflicts of interest. After further discussion, and upon Board Counsel recommendation, Mike McKee moved that the matter of approving All American Mortgage be tabled for one month, to allow for further review. The motion was seconded by Brad Walterskirchen, and carried unanimously.

QUARTERLY BUDGET STATUS

Dave Kraft, Comptroller, presented the quarterly budget status report for the nine months ending March 31, 1989, and reported that operating expenses are being incurred at approximately the rate planned. In the first three quarters, the Board has spent almost \$600,000 relating to 301 foreclosures. Additionally, the Board is aware of another \$305,000 of foreclosure expenses not yet processed for payment. The Board continues to be reimbursed for about 78% of such expenses through FHA/VA claim processes.

UNDERWRITER UPDATE

Randy Hynote, Goldman, Sachs & Company, advised the Board that the 1989 Series A closing was smooth and uneventful. He complimented all those who worked on the transaction. The current market indicates similar conditions to when the Board initially sold the offering, on March 22, 1989. The market deteriorated immediately following, and then recovered. The current funds should remain attractive to borrowers for the next several months.

REAL ESTATE OWNED

Richard A. Kain, Administrator, advised the Board that the possibility of utilizing lock boxes for Board-owned property, to facilitate better access for showing of the homes, is being investigated. Discussion was held about the possibility of utilizing exclusive listings through multiple listing services, instead of open listings, as a means of further enhancing the Board's ability to market the properties.

LEGISLATIVE UPDATE

Dick Kain advised the Board that National Council of State Housing Agencies continues to lobby for the extension of the sunset of mortgage revenue bonds to 1992. Since the last meeting, Representative Pat Williams has signed onto the House legislation to extend the sunset.

A copy of S.J.R. 20, to set up an interim group to study Montana's loan programs, including Montana Board of Housing programs, which was introduced in late March, was presented. The resolution has passed the Senate, and was transmitted to the House.

REVERSE ANNUITY MORTGAGE PROGRAM

Dick Kain introduced LeDean Lewis of A.A.R.P., and Hank Hudson of the Seniors Office, and thanked them for their assistance in getting the Reverse Annuity Mortgage legislation passed and signed. Numerous policy and procedure decisions remain to be decided, before the October 1, 1989, effective date of the legislation. Certain of these decisions must be made to allow the Seniors Office and A.A.R.P. time to develop the required counseling network.

Discussion was held about the policy and procedure items that had been prepared. After review, Mike McKee moved that the Board adopt the following: 1. utilization of the FHA appraisal process to determine property value; 2. use a maximum appraisal to loan percentage of 80%; 3. establish the maximum loan amount of \$40,000, and the minimum amount of \$15,000; 4. requiring joint owners of property be co-borrowers, with rights of survivorship; 5. defined annual family income and established income limits, adjusted for household size, of \$9,500 for a one person household, \$10,900 for a two person household, and \$12,250 for three persons and up; 6. allow up to \$600 in a cash advance to cover closing costs, if requested, and add that amount to the initial loan balance; 7. allow up to \$2,500 in a cash advance to pay off any liens or cover emergency repairs on the home, if requested, and add that amount to the initial loan balance. The motion was seconded by Brad Walterskirchen, and carried unanimously. Items that remain to be determined include the commitment amount for the program from the Housing Trust Fund, and expected rate of return (mortgage rate) on the funds.

MCC PROGRAM

Brad Walterskirchen moved that once the Mortgage Credit Certificate documents are prepared and the program is ready to implement, the Board pursue the issuance of certificates to those borrowers on the waiting list, if they are qualified. The motion was seconded by George Swords, and carried unanimously.

The next meeting was set for May 18, 1989, in the Downstairs Conference Room of the Department of Commerce building.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

June 23, 1989

Dated

NOTICE OF PUBLIC HEARING
MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE BONDS
1989 Series A
(FHA Insured or VA Guaranteed Mortgage Loans)
\$25,000,000

NOTICE OF PUBLIC HEARING

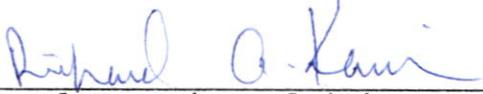
Notice is hereby given of the intent of the Montana Board of Housing to hold a public hearing on the Board's proposed issuance of \$25,000,000 in mortgage revenue bonds to finance single family homes for qualified families in Montana.

The hearing will be held at 8:00 a.m. on Monday, April 10, 1989, in the Board's conference room. The Montana Board of Housing is located at 2001 Eleventh Avenue, Helena, Montana. Oral comments are limited to five minutes; however, written comments will be accepted and included in the record of the public hearing.

Dated: March 22, 1989.

MONTANA BOARD OF HOUSING

By:


Richard A. Kain, Administrator
2001 Eleventh Avenue
Helena, MT 59620
Telephone No. (406) 444-3040

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, a Public Hearing was held on the Board's proposed issuance of \$25,000,000 of mortgage revenue bonds, 1989 Series A, to finance single family homes for qualified families in Montana.

The hearing opened at 8:00 a.m., on Monday, April 10, 1989, and was attended by Richard A. Kain, Administrator, and Jo Berg, Program Assistant. No comments were heard or received, and the hearing closed at 8:07 a.m.

A handwritten signature in blue ink that reads "Richard A. Kain".

Richard A. Kain, Administrator

A handwritten date in blue ink that reads "4/11/89".

Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting on Thursday, March 23, 1989, at 3:00 p.m., via telephone conference call. The Board will discuss the next steps necessary to issue the 1989 Series A Mortgage Revenue Bonds.

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

Notice having been given, the Montana Board of Housing held a telephone conference call meeting on March 23, 1989, for the purpose of reviewing the next steps necessary to issue 1989 Series A bonds. Board members participating were: Joan Bennett, Chairman; Bruce Moerer, Vice Chairman; Brad Walterskirchen, Secretary; and members Howard Rosenleaf, Michael J. Kennedy, Mike McKee, and George Swords. Staff members participating were: Dick Kain, David Haviland, Dave Kraft, Meredith McGuire, Judy Gillespie, Sue Mannix, Laura Glueckert, and Jo Berg. Others participating were: Randy Hynote, Goldman, Sachs & Company; Dave Jackson, Board Counsel; Roy Koegen, Bond Counsel; and Steve Spitz, Underwriter Counsel.

Randy Hynote updated the Board on events since the March 16, 1989, Board meeting, and advised them that a verbal award was given on March 21, 1989. The initial structure was reworked to eliminate tender option bonds, and is composed of \$11,000,000 of non-AMT bonds with an 8.00% rate, due in 2018, \$2,555,000 of AMT serial bonds at rates of 7.00% to 7.75%, due 1991 through 2004, \$1,455,000 of AMT bonds with an 8.10% rate, due in 2009, \$8,990,000 of AMT bonds with an 8.30% rate, due in 2020, and \$1,000,000 of subordinate AMT bonds, with a 9.20% rate, due in 2001. This structure will provide a mortgage interest rate of 8.77%, with 3-1/2 points. Underwriting costs and expenses were reviewed.

Roy Koegen presented Resolution 89-03-23-S2 (attached), which authorized the issuance of the \$25,000,000 in bonds, approved the Trust Indenture, Official Statement, and other documents, and gave authority to execute the bond purchase contracts and other documents relating to the issuance of the bonds. After review of the Resolution, Michael Kennedy moved the Board adopt Resolution 89-03-23-S2. George Swords seconded the motion, which carried unanimously.

The meeting of the Board, previously scheduled for April 6, 1989, was rescheduled to April 13, 1989, at 10:00 a.m., in the Yellowstone Room of the Department of Commerce Building. The date was changed to coincide with the bond closing, scheduled for April 13, 1989, with preclosing scheduled for April 12, 1989.

There was no further business, and the meeting adjourned.

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Secretary

4-13-89

Dated

MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE SENIOR BONDS
1989 Series A

MONTANA BOARD OF HOUSING
SINGLE FAMILY MORTGAGE SUBORDINATE BONDS
1989 Series A-2

(FHA Insured or VA Guaranteed Mortgage Loans)

\$25,000,000

RESOLUTION NO. 89-03-23-S2

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$25,000,000 AGGREGATE PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE SENIOR BONDS, 1989 SERIES A AND SINGLE FAMILY MORTGAGE SUBORDINATE BONDS, 1989 SERIES A-2 (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO BOND PURCHASE CONTRACTS; APPROVING THE TRUST INDENTURE, THE OFFICIAL STATEMENTS AND OTHER DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

Adopted March 23, 1989

Prepared by

PRESTON, THORGRIMSON, ELLIS & HOLMAN

Spokane, Washington

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RESOLUTION NO. 89-03-23-S2

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A PROGRAM TO FINANCE SINGLE FAMILY HOUSING; AUTHORIZING THE ISSUANCE OF \$25,000,000 AGGREGATE PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE SENIOR BONDS, 1989 SERIES A (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) AND SINGLE FAMILY MORTGAGE SUBORDINATE BONDS, 1989 SERIES A-2 (FHA INSURED OR VA GUARANTEED MORTGAGE LOANS) TO CARRY OUT SAID PROGRAM OF FINANCING; APPROVING THE SALE OF SAID BONDS PURSUANT TO BOND PURCHASE CONTRACTS; APPROVING A TRUST INDENTURE, THE OFFICIAL STATEMENTS AND OTHER DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

MONTANA BOARD OF HOUSING

SINGLE FAMILY MORTGAGE SENIOR BONDS, 1989 SERIES A AND
SINGLE FAMILY MORTGAGE SUBORDINATE BONDS, 1989 SERIES A-2
(FHA INSURED OR VA GUARANTEED MORTGAGE LOANS)

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended (the "Act") to issue revenue bonds and to purchase mortgage loans 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; and

WHEREAS, the Board intends to issue its Single Family Mortgage Senior Bonds, 1989 Series A (FHA Insured or VA Guaranteed Mortgage Loans) (the "Senior Bonds") and Single Family Mortgage Subordinate Bonds, 1989 Series A-2 (FHA Insured or VA Guaranteed Mortgage Loans) (the "Subordinate Bonds") in the aggregate principal amount of \$25,000,000 (collectively the "1989 Series A Bonds") and has formulated a program pursuant to the Act to acquire mortgage loans with the proceeds of the 1989 Series A Bonds (the "1989 Series A Mortgage Purchase Program"); and

WHEREAS, the Board has mailed to mortgage lenders throughout the state an Invitation to Participate dated as of March 23, 1989, Terms and Conditions dated as of March 23, 1989 (the "Terms and Conditions"), and a form of Mortgage Lender Application (the "Application") with respect to the 1989 Series A Mortgage Purchase Program; and

WHEREAS, the Board has reviewed forms of a Mortgage Purchase Agreement and a Servicing Agreement applicable to the 1989 Series A Mortgage Purchase Program; and

WHEREAS, a Trust Indenture dated as of March 1, 1989 (the "Trust Indenture"), among the Board, and First Interstate Bank of Denver, N.A., as Trustee, has been presented to the Board, whereby the Board would be authorized to issue the 1989 Series A Bonds, subject to the terms, conditions and limitations established in the Trust Indenture; and

WHEREAS, a Preliminary Official Statement for the Senior Bonds (the "Preliminary Official Statement") dated March 17, 1989, and an Official Statement for the Senior Bonds (the "Senior Bond Official Statement") dated March 23, 1989, has been presented to the Board, containing certain information relating to the Board, the Trust Indenture, and the 1989 Series A Bonds, and which will be distributed to the purchasers of the Senior Bonds and others by a group of investment dealers and brokers represented by Goldman, Sachs & Co., D.A. Davidson Co., Incorporated, Merrill Lynch Capital Markets (Merrill Lynch, Pierce, Fenner & Smith, Incorporated), and Piper, Jaffrey & Hopwood Incorporated, (the "Underwriters"); and

WHEREAS, an Official Statement for the Subordinate Bonds (the "Subordinate Bond Official Statement") dated March 23, 1989, has been presented to the Board, containing certain information relating to the Board, the Trust Indenture, and the 1989 Series A Bonds, and which will be distributed to the purchasers of the Subordinate Bonds and others by Goldman, Sachs & Co. ("Goldman"); and

WHEREAS, a Bond Purchase Contract (the "Senior Bond Purchase Contract"), dated March 23, 1989, between the Board and the Underwriters, has been presented to the Board pursuant to which the Board would agree to sell and the Underwriters would agree to purchase the Senior Bonds at the price and upon the terms and conditions therein set forth; and

WHEREAS, a Bond Purchase Contract (the "Subordinate Bond Purchase Contract"), dated March 23, 1989, between the Board and Goldman, has been presented to the Board pursuant to which the Board would agree to sell and Goldman would agree to purchase the Subordinate Bonds at the price and upon the terms and conditions therein set forth; and

WHEREAS, applications to participate in the 1989 Series A Mortgage Purchase Program will be received from the lending institutions, and the Board intends to acquire loans from these

institutions on the terms and conditions set forth in the Invitation to Participate, Terms and Conditions, Application, and Mortgage Purchase Agreement (together, the "Program Documents"); and

WHEREAS, the Board is of the opinion that it is in the best interests of the Board and the residents of the State of Montana to provide for the issuance of its bonds in book-entry form and, accordingly, now desires to provide for the issuance of its bonds in book-entry form; and

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING as follows:

Section 1. Findings.

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of the 1989 Series A Bonds, and the purchase by the Board from proceeds thereof of mortgage loans pursuant to the Program Documents and the Trust Indenture constitute "housing developments" within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board hereby finds:

(i) that there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe, and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford, or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Trust Indenture and in the Program Documents pursuant to which Mortgage Loans are to be purchased are sufficient to insure that the homes will be well

planned and well designed so as to constitute decent, safe and sanitary housing and that the "housing sponsors" (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the homes to be financed as stated in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans, and other public desires;

(v) that the homes financed with the proceeds of the 1989 Series A Bonds do not involve the construction of "second homes," defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that the finding required by Section 90-6-109(1) (f) of the Act is inapplicable because the homes financed by the 1989 Series A Bonds do not involve direct loans.

Section 2. Approval of 1989 Series A Mortgage Purchase Program. The 1989 Series A Mortgage Purchase Program is hereby ratified and approved; the Program Documents are hereby ratified and approved.

Section 3. Approval of Trust Indenture Dated as of March 1, 1989. The Trust Indenture dated as of March 1, 1989, 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 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. Authorization of Bonds. The issuance of the Board's Single Family Mortgage Senior Bonds, 1989 Series A (FHA Insured or VA Guaranteed Mortgage Loans) and Single Family Mortgage Subordinate Bonds, 1989 Series A-2 (FHA Insured or VA Guaranteed Mortgage Loans), in the aggregate principal amount of \$25,000,000 (the "1989 Series A Bonds"), is hereby authorized and approved. The 1989 Series A Bonds shall mature, bear interest, be subject to optional, special optional, mandatory and sinking fund redemption and have the other terms and provisions as set forth in the Trust

Indenture. The 1989 Series A Bonds shall be prepared in substantially the form set forth in the Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture. The 1989 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 or the Treasurer, 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 1989 Series A Bonds. Such signatures may be in facsimile, provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee, which persons are hereby designated as Authorized Officers of the Board (as such term is defined in the Trust Indenture) for purposes of authenticating the 1989 Series A Bonds.

Section 5. Approval of Preliminary Official Statement, Senior Bond Official Statement and Subordinate Bond Official Statement. The Preliminary Official Statement, the Senior Bond Official Statement and the Subordinate Bond Official Statement are 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 Senior Bond Official Statement and the Subordinate Bond Official Statement with such changes, insertions or omissions therein as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Senior Bond Official Statement and the Subordinate Bond Official Statement.

Section 6. Sale of the Bonds. The Senior Bond Purchase Contract, dated March 23, 1989, and the Subordinate Bond Purchase Contract, dated March 23, 1989, are hereby approved in the form submitted to this meeting and the Chairman, the Vice Chairman or Administrator of the Board is hereby authorized and directed to execute and deliver the Bond Purchase Contracts with such changes, insertions or omissions therein as do not change the substance of the Bond Purchase Contracts and as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Bond Purchase Contracts. The 1989 Series A Bonds are hereby authorized to be sold to the Underwriters upon the terms and conditions specified in the Bond Purchase Agreement.

Section 7. Notice of Acceptance. The Administrator of the Board, his designee, or any other officer of the Board is hereby authorized and directed to execute and deliver Notices of Acceptance to each of the lending institutions to be approved by the Administrator or his designee, each of which is hereby approved as a lender under the 1989 Series A Mortgage Purchase Program, informing such mortgage lenders of such approval, the interest rate

on the mortgage loans, the date on which reservations will be accepted and other program details.

Section 8. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the 1989 Series A Mortgage Purchase Program, the Trust Indenture, the Invitation, the Terms and Conditions, the Preliminary Official Statement, the Senior Bond Official Statement, the Subordinate Bond Official Statement, the Senior Bond Purchase Contract, the Subordinate Bond Purchase Contract, and the 1989 Series A Bonds is hereby approved, confirmed and ratified.

Section 9. Execution of Documents. 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 10. Additional Actions Authorized. 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 Treasurer, 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, and the Bond Purchase Contracts, 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. Execution of Non-Arbitrage Certificate. 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 1989 Series A Bonds as described in Section 1.103-13(a)(2)(ii) of Treasury Regulations and Section 143 of the Internal Revenue Code of 1986, as amended.

Section 12. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 23rd day of
March, 1989.

MONTANA BOARD OF HOUSING

By Paul K. Bennett
Chairman

ATTEST:

B. [Signature]
Secretary

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

MARCH 16, 1989

DOWNSTAIRS CONFERENCE ROOM

DEPARTMENT OF COMMERCE BUILDING

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 9:00 a.m.*
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - February 16, 1989, Meeting
Chairman Joan Bennett
- III. BOND COUNSEL REPORT - Roy Koegen
BOARD COUNSEL REPORT - Dave Jackson
- IV. SINGLE FAMILY PROGRAM - David Haviland
 - A. Quarterly Delinquency Reports - 12/31/88
 - B. Update 1988 Series B
 - C. Yellowstone County Targeted Area Request
 - D. Demand Survey
- V. UNDERWRITERS UPDATE - Randy Hynote
- VI. PRESENTATION OF 12/31/88 FINANCIAL STATEMENTS - Dave Kraft
- VII. LOW INCOME HOUSING TAX CREDIT PROGRAM - Dick Kain
- VIII. LEGISLATIVE UPDATE - Dick Kain
- IX. OTHER BUSINESS
- X. SET NEXT MEETING DATE
- XI. ADJOURN

*Note meeting time

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DOWNSTAIRS CONFERENCE ROOM
DEPARTMENT OF COMMERCE BUILDING
HELENA, MONTANA
MARCH 16, 1989

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Absent)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy, Jr. (Present)
Mike McKee (Present)
Howard Rosenleaf (Absent)
George Swords (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS: Randy Hynote, Goldman, Sachs & Company
Mark Semmens, D. A. Davidson & Company
Gordon Hoven, Piper, Jaffray & Hopwood
Gary Buchanan, Merrill Lynch

COUNSEL: Dave Jackson, Board Counsel
Roy Koegen, Bond Counsel

OTHER: Terry Alborn, Junkermier, Clark, Campanella,
Stevens, P.C.,
Mary Lynne Arthun, U.S. Bancorp Mortgage Co., Billings
Eleanor J. Dickinson, First Federal Savings Bank,
Billings
Don Mann, Jefferson National Mortgage, Kalispell

The meeting was called to order at 9:00 a.m. by Chairman Joan Bennett. The minutes of the February 16, 1989, meeting were presented, and amended to clarify the Investment Committee request for information relative to holding Board investments in Montana financial institutions. The February 16, 1989, minutes were approved as amended.

BOND COUNSEL REPORT

Roy Koegen, Bond Counsel, advised the Board that a Preliminary Official Statement for a 1989 Series A bonds issue had been printed for discussion, in the event the Board decides to pursue a new issue, and that certain matters relative to technical corrections legislation and recapture provisions remained to be resolved.

BOARD COUNSEL REPORT

Dave Jackson, Board Counsel, reported that staff and counsel were pursuing the establishment of the Housing Trust Fund.

MORTGAGE CREDIT CERTIFICATE PROGRAM

Roy Koegen advised the Board that the status of the Board's Internal Revenue Service ruling request was being monitored, and that no preliminary response was yet received.

Richard A. Kain, Administrator, reviewed staff concerns with proceeding into a new Mortgage Credit Certificate program, until the outcome of the Revenue ruling is known. Additionally, staff has concerns that borrowers with Certificates are not aware of the potential benefits and hazards of the tax credit, and that program enhancements are needed so that borrowers have appropriate information before applying for the certificate, and before filing their federal tax return.

After discussion, Brad Walterskirchen moved that staff be instructed to proceed with necessary policy and procedural guideline changes, and that a subcommittee of the Board be appointed to review with the staff their recommended changes to the Mortgage Credit Certificate program, as well as guideline and policy changes requiring Board action in other programs. The subcommittee would meet prior to the April Board meeting, and present their recommendations to the full Board at the April meeting. George Swords seconded the motion, which carried unanimously. Chairman Bennett then appointed Brad Walterskirchen, Mike McKee, and Howard Rosenleaf to a subcommittee charged with review of information prepared by staff for presentation at Board meetings.

REVIEW OF INCOME LIMITS

David Haviland presented revised income limits precipitated by a February 6, 1989, Section 8 income limit release from HUD. The Technical Corrections and Miscellaneous Revenue Act of 1988 requires distinction between small families (two or less) and large families (three or more). After review of the information, George Swords moved that for all future programs, the income limit for small families (two or less persons) be set at \$28,100; for families of three persons at \$31,000; and for families of four or more persons at \$32,000. This motion was seconded by Brad Walterskirchen, and carried unanimously.

5% RESERVATION CAP

In an attempt to ensure that all potential Montana Board of Housing mortgagors have equal access to mortgage funds through a local lender of their choice, David Haviland presented a recommendation that in certain cities and towns of over 5,000 in population, no more than 5% of the available bond proceeds could be reserved by any one lender in a given community, during the first 60 days of a given bond program. On the 61st day, those lenders who had reached the 5% limitation could submit reservations contingent on the availability of bond proceeds. After discussion, George Swords moved that staff recommendations be incorporated into future bond programs. Mike McKee seconded the motion, and it carried unanimously.

DEMAND SURVEY

David J. Haviland, Single Family Program Officer, presented the results of the demand survey mailed to lenders who participated in the Board's 1988 Series B issue. The lenders surveyed indicated a demand of \$71,484,200.00, or 1,381 loans, at a mortgage interest rate of 8-3/4%, and \$58,584,200.00, or 1,182 loans, at a 9-3/4% mortgage interest rate. A letter from Gloria Neuhardt, President of the Billings Board of Realtors, was also presented, which expressed a need for a new bond issue for homebuyers in the Billings area.

UNDERWRITERS UPDATE

Randy Hynote, Goldman, Sachs & Company, updated the Board on current trends in the housing bond market, and advised the Board that an issue with a similar structure to the recent 1988 Series B would produce a mortgage rate of 8-3/4% under today's conditions.

1989 SERIES A

After discussion, George Swords moved that the Board authorize underwriters, counsel, and staff to proceed toward a \$25,000,000 bond issue, incorporating terms similar to the 1988 Series B issue, with the changes required by actions at today's meetings. Additionally, requests for reservations in the new Mortgage Credit Certificate program would not be accepted until the reservation process had been completed, and a waiting list established, for the 1989 Series A issue. The motion was seconded by Brad Walterskirchen, and carried unanimously.

QUARTERLY DELINQUENCY REPORTS

David Haviland presented servicer delinquency comparison reports for all loans being serviced, as well as loans being serviced under each of 1987A, 1987B, and 1988A programs, for the period ending February 28, 1989.

1988 SERIES B UPDATE

David Haviland presented the Series Allocation Summary as of March 13, 1989, for 1988 Series B, which indicated that of the initial \$23,293,112.00, the Board had purchased \$13,105,560.61,

or 290 loans, and had outstanding reservations for \$10,148,321.00, or 221 loans. \$39,230.29 remains available for reservation, and a borrower on the waiting list will utilize that amount. The average borrower income was \$23,858.63; the average purchase price was \$45,191.58. 9.8% of the proceeds went to new construction, compared to 6% for 1988 Series A. The Series Allocation Analysis was presented for Board review, as was the Statewide Housing Profile, which indicated the average borrower age of 32, and that half of the proceeds went to borrowers with annual incomes over \$25,000.00, and half went to borrowers with incomes under \$25,000.00.

YELLOWSTONE COUNTY TARGETED AREA REQUEST

A letter to Mike Mathew, Yellowstone County Commissioner, was presented, which outlined progress toward Yellowstone County's application to be designated as an Area of Chronic Economic Distress (ACED). Staff will continue to assist Yellowstone County in their application process.

NEIGHBORHOOD HOUSING SERVICES, INC., GREAT FALLS

A letter from Nancy Stephenson, Executive Director of Neighborhood Housing Services, Inc., Great Falls, was presented, in which she requested an extension, to June 1, 1989, to submit loans for purchase under the 6-7/8% setaside. Brad Walterskirchen moved the Board approve the request for the extension to June 1, 1989, and George Swords seconded the motion, which carried unanimously.

CONSOLIDATED FINANCIAL REPORTS

Dave Kraft, Comptroller, presented the Board's consolidated financial statements, as of December 31, 1988.

INVESTMENT COMMITTEE REPORT

Brad Walterskirchen, Chairman of the Investment Committee, advised the Board that the committee held its first semi-annual meeting on March 15, 1989, and reviewed quarterly trustee reports, return on assets, and the investment policy. The committee was satisfied with the Board's investment status. The request for information pertaining to the Board's ability to hold assets in Montana financial institutions was explored, and the committee's conclusion was to continue exploring the possibility, and to monitor scheduled debt service requirements, and if Montana institutions are able to provide adequate security, and return on the assets, the Board may be able to consider this possibility.

LOW INCOME HOUSING TAX CREDIT

Dick Kain presented an application for reservation of 1989 Low Income Housing Tax Credits for the Franklin School Project, Great Falls. The developers, Pingree & Dahle, propose to rehabilitate the building to provide 39 three-bedroom low income rental units. Pingree and Dahle requested a reservation of \$230,475.00 in 1989

Low Income Housing Tax Credits. Staff recommendations were to approve reservation of \$201,000 (20% of the Board's 1989 available credit, the maximum established by the Board), and to consider a waiver to this project on the 20% cap. After review, Brad Walterskirchen moved the Board waive the 20% cap for this project, and establish an eligible basis of \$120,000.00 for the acquisition and \$2,507,500.00 for the rehabilitation. The project would then be eligible to reserve \$230,475.00 in 1989 Low Income Housing Tax Credits. George Swords seconded the motion, which carried unanimously.

LEGISLATIVE UPDATE

Dick Kain advised the Board that S.B. 115, Reverse Annuity Mortgage Loan Act, was transmitted to the House of Representatives on the 45th day of the session, passed the house, and was submitted to the Governor's office. He requested that, in anticipation of the Governor's approval, the Board work on necessary policy decisions so that the American Association of Retired Persons and the Senior's Office, Department of Family Services, can begin developing the necessary network of counselors.

SUNSET LEGISLATION

Dick Kain advised the Board that legislation has been introduced in both houses of Congress to extend the sunset of Mortgage Revenue Bonds to 1992. 43 senators, including Senator Burns, have signed on, as well as 61 representatives. Contact will be made with the Montana delegation, to request their support.

REAL ESTATE OWNED

Dick Kain presented an updated listing of Board-owned property offered for sale. The listing was mailed to participating Brokers on March 15, 1989. Since December, four properties have sold. The Board has 35 homes in inventory, and is listing 25 of them for sale. Four homes in Billings are being rented. The Veterans Administration continues to decline properties, and the Board continues to receive the properties into its inventory.

NEXT MEETING DATE

The next meeting was set for April 6, 1989, in the Downstairs Conference Room of the Department of Commerce Building.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

May 18, 1989
Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF COMMITTEE MEETING

The Investment Committee of the Montana Board of Housing will hold its semi-annual meeting on March 15, 1989, at 3:00 p.m. in the Board's office at 2001 Eleventh Avenue, Helena, Montana.

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

The Investment Committee of the Montana Board of Housing met at the Board of Housing's office on March 15, 1989, at 3:00 p.m. Committee members Brad Walterskirchen, Joan Bennett, and Mike Kennedy were present, as well as Dave Kraft, Comptroller.

The concept of investing cash held by the trustee (not yet invested in term securities) within Montana financial institutions was discussed at length. The conclusion was that the negatives outweigh the positives. The committee, with the help of staff, will continue to monitor the concept by sampling Certificate of Deposit and Repo rates offered by Montana institutions, and comparing them with offers obtained by trustees near scheduled debt service dates.

Additionally, in connection with the investing in Montana institutions concept, the possibility of amending Section IV of the investment policy, to provide for an exception to obtaining the greatest return in such cases was discussed. No action was taken or recommended.

Other topics discussed, without action taken, were: 1. the possibility of all mortgage payments going direct to the trustees, rather than indirectly via a co-trustee; 2. whether or not servicers were confused by having to wire mortgage payments direct to the trustee for 1988 Series B.

In compliance with the Investment Policy, the committee reviewed quarterly trustee reports and return on assets, examined the Investment Policy for potential enhancements, and addressed staff concerns.

The committee requested that copies of the Board's investment accrual reports be furnished to them at quarter end, to assist in the review of the return on assets.

There was no further business, and the meeting adjourned

A handwritten signature in blue ink, appearing to read "Brad Walterskirchen".

Brad Walterskirchen, Chairman

4-13-89

Dated

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

FEBRUARY 16, 1989

DOWNSTAIRS CONFERENCE ROOM

DEPARTMENT OF COMMERCE BUILDING

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 8:30 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - January 12, 1989, Meeting
Chairman Joan Bennett
- III. BOND COUNSEL REPORT - Roy Koegen
 - A. Housing Trust Fund Resolution
 - B. Status of Revenue Ruling Request
- IV. BOARD COUNSEL REPORT - Dave Jackson
- V. UNDERWRITERS UPDATE - Randy Hynote
- VI. LEGISLATIVE UPDATE - Dick Kain
- VII. ACCOUNTING AND REPORTING - Dave Kraft
Quarterly Investment Reports 12/31/88
- VIII. SINGLE FAMILY PROGRAM - David Haviland
 - A. Update 1988 Series B
 - B. Quarterly Delinquency Reports - 12/31/88
 - C. MCC (1986) Program Update
 - D. Neighborhood Housing Services, Inc. Setaside Request
- IX. OTHER BUSINESS
- X. SET NEXT MEETING DATE
- XI. ADJOURN

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
DOWNSTAIRS CONFERENCE ROOM
DEPARTMENT OF COMMERCE BUILDING
HELENA, MONTANA
FEBRUARY 16, 1989

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Absent)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy, Jr. (Present)
Mike McKee (Present)
Howard Rosenleaf (Present)
George Swords II (Present)

STAFF: Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Meredith McGuire, Program Specialist
Jo Berg, Program Assistant

UNDERWRITERS: Randy Hynote, Goldman, Sach & Company
Mark Semmens, D. A. Davidson & Co.
Mike Jansen, Piper, Jaffray & Hopwood
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL: Dave Jackson, Board Counsel
Pam Martin, Bond Counsel

OTHER: Mike Mathew, Yellowstone County Commissioner

The meeting was called to order at 8:30 a.m. by Chairman Joan Bennett. There were no additions or corrections to the minutes of the January 12, 1989, meeting, and they were approved as presented.

HOUSING TRUST FUND RESOLUTION

Dave Jackson, Board Counsel, presented Resolution 89-0216-S1 (see attached), which establishes a Housing Trust Fund by transferring the funds currently held within the Bondholder Reserve Fund. The resolution outlined the purpose and uses of the Fund, and authorized the Administrator to take necessary steps to effectuate the establishment. After review, George Swords moved that the Board adopt Resolution 89-0216-S1 as presented. Howard Rosenleaf seconded the motion, which carried unanimously.

REVENUE RULING REQUEST

Pam Martin, Bond Counsel, advised the Board that as a result of technical errors in the Board's 1986 Mortgage Credit Certificate election, Counsel has requested, on the Board's behalf, an Internal Revenue Service ruling with respect to the election. The final ruling will take three to six months.

GOAL SETTING SUMMARY

Dave Jackson presented a summary of goals established at the Board's goal setting session in January, and the Board was requested to prioritize the goals and return the information to Dick Kain before the next Board meeting.

UNDERWRITERS UPDATE

Randy Hynote, Goldman, Sachs & Company, advised the Board that National Council of State Housing Agencies, and a number of other interested parties, were gearing up to lobby for extension of the sunset of Mortgage Revenue Bonding Authority. The market trends in the past month have been downward in rate, with a volatile upward trend since February 1st. An issue similar to 1988 Series B would produce a mortgage interest rate of 8.65 to 8.70% today. A breakdown of underwriter's sale performance for the 1988 Series B issue was presented for Board review.

LEGISLATIVE UPDATE

Richard A. Kain, Administrator, advised the Board the S.B. 115, the Reverse Annuity Mortgage Loan Act, passed the Senate, and will be transmitted to the House on the 45th day. The Board's budget was reviewed by Committee, and approved. Several bills were introduced relative to deficiency judgments, and were being monitored, as well as some bills that have the potential for affecting the servicers of Board loans.

QUARTERLY INVESTMENT REPORTS

Dave Kraft, Comptroller, presented quarterly investment reports, as of December 31, 1988, for Board review and discussion. Future quarterly investment reports will contain an added field, yield to maturity per investment. After review, the Investment Committee scheduled a meeting for the next Board meeting, and requested information on the feasibility of holding investments in Montana financial institutions.

SINGLE FAMILY PROGRAM

1988 SERIES B

David Haviland, Single Family Program Officer, advised the Board that of the initial \$23,293,112.00 available for reservation, \$9,604,506.00 is reserved for 208 loans, and the Board has purchased 232 loans, for \$10,409,863.52, as of February 10, 1989.

A balance of \$3,278,742.48 remained to be reserved. However, all funds were transferred to the Regular Income Pool for all eligible borrowers on February 13, 1989, and it is anticipated that the volume of reservation packages received Monday and Tuesday, February 13th and 14th, will fully reserve the 1988 Series B funds. The average reservation amount was \$46,175.50; the average loan purchase amount was \$44,870.10; and the average borrower income was \$23,751.94. The Statewide Housing Profile indicated that 212 of the loans purchased were FHA insured, and 20 were VA guaranteed, and the average borrower age was 32.

QUARTERLY DELINQUENCY REPORTS

David Haviland presented delinquency statistics for the period ending December 20, 1988, which indicated a delinquency rate of 4.47% for both indentures. 1.85% of the loans were in foreclosure as of December 20, 1988. The percentage of delinquent loans appears to be moving downward; however, loans in foreclosure are moving upward. Overall, the Board's delinquency rates are very favorable compared to national delinquency rates. Delinquency reports by servicer will be presented at the March Board meeting.

REQUEST FOR TARGETING YELLOWSTONE COUNTY

Mike Mathew, County Commissioner, Yellowstone County, requested Board assistance in getting Yellowstone County back to a targeted status, which would allow borrowers to utilize Board financing if they were previous homeowners, rather than first-time homeowners. Staff has been attempting to contact the appropriate individuals at the Department of Housing and Urban Development, Denver, in order to determine the requirements for targeted status. The Board emphasized the need for staff to interact with DHUD on the request.

MORTGAGE CREDIT CERTIFICATE PROGRAM

David Haviland presented a final report on the 1986 Mortgage Credit Certificate program. Of the initial \$10,000,000 in credit authority, the Board allocated 9,970,701.40 to 1,006 borrowers. The average loan amount was \$49,556.17; the average borrower income was \$27,279.52. Three certificates were revoked, for \$25,277.00. Seven borrowers on the waiting list were issued certificates, and three of the borrowers were determined not eligible. The remaining waiting list will potentially be eligible for the new program, scheduled to begin in May, 1989.

NEIGHBORHOOD HOUSING SERVICES, INC., GREAT FALLS

A request for a setaside of \$500,000.00 in 7-3/4% mortgage funds was presented for Board review. This item was tabled at the November 10, 1988, meeting, pending cash flow data. Dave Kraft presented data relative to the cash flows for the 1979 Series A and 1980 Series A under recycling scenarios and no-recycling scenarios. It appears that there are sufficient funds to fulfill

Neighborhood Housing Services, Great Falls, request for \$500,000.00. Dave Kraft recommended utilizing excess revenues rather than prepayments if the Board chooses to set aside the funds. David Haviland presented recommendations for requirements on loans originated under the requested setaside. The income limit was recommended to be \$22,000, with \$1,000 for each dependent up to two dependents, and the purchase price was recommended at \$50,000. The loans will be FHA insured or VA guaranteed, with VA loans meeting FHA 203(b) downpayment requirements. Additional requirements called for 30 year mortgages, with a 1% reservation fee, 1% origination fee, and 1/2% discount to the seller. The purchaser must be a first time homebuyer, single parent, or disabled, must occupy the property as their primary residence, and have an asset limit of \$70,000. Additionally, purchasers assuming the loan must meet first time homeownership requirement, asset and income limitations, and must occupy the property. The thirty mile rule shall apply. The Board will purchase the loans at par, by March 1, 1990. After review and discussion, George Swords moved that the Board allocate \$500,000 to Neighborhood Housing Services, Great Falls, and that staff recommendations be incorporated into the setaside request, but that the purchase price be set at \$55,000. The motion was seconded by Howard Rosenleaf. and it carried, with Brad Walterskirchen voting nay, based on his desire to see a purchase price of \$60,000. Mike Kennedy also voted nay.

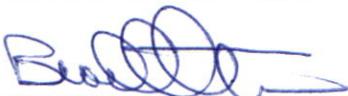
OTHER BUSINESS

Dick Kain presented a draft analysis from National Council of State Housing Agencies, which indicated the percentages of allocations nationwide for 1988 Low-Income Housing Tax Credits. Montana allocated 20.42% of its available credit in 1988.

Brad Walterskirchen requested that staff initiate a demand survey for presentation at the March Board meeting, to assist in determining if the Board should pursue a new bond issue.

The next meeting was set for March 16, 1989, in the Department of Commerce Conference Room.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

4-13-89

Dated

RESOLUTION NO. 89-0216-S1

A RESOLUTION OF THE MONTANA BOARD OF HOUSING ESTABLISHING THE HOUSING TRUST FUND AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

BE IT RESOLVED BY THE CHAIRMAN AND MEMBERS OF THE MONTANA BOARD OF HOUSING, as follows:

WHEREAS, the Montana Board of Housing (the "Board") is authorized by the Montana Housing Act of 1975, Montana Code Annotated, Section 90-6-101 through 90-6-127, as amended, to assist both private enterprise and governmental agencies in meeting critical housing needs in Montana; and

WHEREAS, the Board, by Resolution No. 87-0611-S2 adopted June 11, 1987, has heretofore created a fund known as the Bondholder Reserve Fund in order to provide additional security for a series of its bonds designated Single Family Mortgage Bonds, 1987 Series A (the "1987 Series A Bonds"); and

WHEREAS, the Board has determined that it is no longer necessary to provide said security and that the money in said fund may now be put to a better use in order to assist in meeting the critical housing needs in Montana;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: CREATION OF HOUSING TRUST FUND

There is hereby created, and shall be caused to be maintained by the Board a trust fund separate and distinct from all other funds of the Board, to be known as the Montana Board of Housing Trust Fund (the "Housing Trust Fund"). The Administrator is hereby authorized and directed to transfer all money in the Bondholder Reserve Fund created by Resolution No. 87-0611-S2 to the Housing Trust Fund to be used as provided in this Resolution.

Section 2: PURPOSE OF HOUSING TRUST FUND

The Housing Trust Fund shall be used to finance in whole or in part future housing needs and the establishment of new programs as deemed necessary by the Board, including, but not limited to, the proposed Reverse Annuity Mortgage Program which has been introduced in the 1989 legislative session, and any loans or grant projects that will provide housing for lower income persons and families with special housing needs.

Section 3: ELIGIBLE APPLICANTS

Those that may receive assistance from the Housing Trust Fund are individuals, local governments, local housing

authorities, nonprofit community or neighborhood-based organizations, and regional or statewide nonprofit housing assistance organizations. The Board retains the right to direct the application of money in the Housing Trust Fund.

Section 4: USE OF HOUSING TRUST FUND

The Board may use moneys from the Housing Trust Fund to provide assistance to eligible recipients seeking to construct, rehabilitate, or finance housing-related services for lower income persons and families.

Section 5: TRUSTEE

The Administrator is hereby authorized and directed to select a trustee to administer and manage the Housing Trust Fund as provided by the terms of this Resolution and as directed by the Board, upon such terms as the Administrator deems just and reasonable.

Section 6: FURTHER ACTION

The Administrator, in conjunction with general counsel and bond counsel, is hereby authorized and directed to do all things necessary to implement the Housing Trust Fund and to accomplish the purpose of this Resolution.

Section 7: RATIFICATION OF PRIOR ACTIONS

All actions previously taken by the officers, members or staff of the Board with respect to the Housing Trust Fund are hereby approved, confirmed and ratified.

Section 8: SEVERABILITY

If any one or more of the provisions of this Resolution should be held by a court of competent jurisdiction to be contrary to law, then such provision shall be deemed severable from, and shall in no way affect the validity of, the remaining provisions of this Resolution.

Section 9: EFFECTIVE DATE

This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 16th day of February, 1989.

MONTANA BOARD OF HOUSING

ATTEST:



Secretary

By: Jean K Bennett
Chairman

TRUST AGREEMENT

TRUST AGREEMENT dated June 9, 1989, between THE MONTANA BOARD OF HOUSING, hereinafter referred to as the "Settlor" and the FIRST INTERSTATE BANK OF DENVER, N.A., hereinafter referred to as the "Trustee."

FIRST

The Settlor, by Resolution No.89-0216-S1, adopted on February 16, 1989, has created a fund known as the Housing Trust Fund, and to effectuate such, Settlor hereby assigns and delivers to the Trustee \$1,585,343.06 to hold the same separate and distinct from all other funds of the Settlor, together with any other money which may hereafter be assigned or delivered to the Trustee in accordance with this Agreement, to finance in whole or in part future housing needs and the establishment of new programs as deemed necessary by the Settlor, including, but not limited to, the Reverse Annuity Mortgage Program to be established pursuant to the authority given the Settlor by Senate Bill 115 of the Fifty-First Montana Legislature, and any loans or grant projects that will provide housing for lower income persons and families with special housing needs. The Settlor recognizes that the Housing Trust Fund is also available generally as security for bond holders relying on the Settlor's pledge of its general obligation.

SECOND

The Beneficiaries of the Housing Trust Fund are individuals, local governments, local housing authorities, nonprofit community and neighborhood-based organizations, and regional or statewide nonprofit housing assistance organizations.

THIRD

The Settlor may direct the use of money in the Housing Trust Fund to provide assistance to eligible recipients seeking to construct, rehabilitate or finance housing-related services for lower income persons and families.

FOURTH

The Settlor, or any other person, may at any time add additional money to the Housing Trust Fund, and any money so transferred shall become part of the Trust and subject to the terms and conditions of this Agreement.

FIFTH

The Housing Trust Fund hereby created shall be revocable and may be amended or terminated by the Settlor either in whole or in part.

SIXTH

The Trustee shall have all powers granted to trustees by Montana law, which statutes are hereby incorporated herein by this reference.

The Trustee shall continue to have all the rights, powers and duties herein vested in it until the complete distribution of all money held by the Trustee.

All moneys required to be deposited with or paid to the Trustee under any provisions of this Agreement shall be held by the Trustee in trust and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the interests created by this Agreement.

The Trustee agrees to keep proper books, records and accounts in which complete and correct entries shall be made of all transactions relating to the receipt, disbursement, investment, allocation and application of moneys held pursuant to this Agreement.

The Trustee shall furnish to the Settlor monthly statements of activity and assets held under this Agreement.

Any moneys held by the Trustee under this Agreement shall be invested or reinvested by the Trustee, in accordance with written directions given to the Trustee by an authorized officer, herein defined to be the administrator or comptroller of the Settlor as permitted, in authorized investments as permitted under the Settlor's investment policy.

SEVENTH

A. The Settlor may remove the Trustee at any time by an instrument in writing filed with the Trustee. However, no removal shall take effect until a successor Trustee has been appointed.

B. The Trustee and any successor Trustee may resign at any time from the trust hereby created by giving 45 days written notice by registered or certified mail to the Settlor; provided, however, that such resignation shall not take effect and the Trustee shall not resign or in any way cease the performance of its duties hereunder until the appointment of a successor. In the event that no successor Trustee is appointed within 45 days of the giving of such notice, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

C. Any appointment, acceptance or resignation shall be made by a written and acknowledged instrument signed and delivered to (i) the then acting Trustee, if any, and (ii) the Settlor.

D. No Trustee acting hereunder, whether originally named or appointed as provided herein, shall be required to furnish any bond or security of any kind for the faithful performance of its duties.

EIGHTH

The Trustee hereby accepts the Agreement and agrees to faithfully perform all other duties as Trustee to the best of its ability.

NINTH

This Agreement and the use of the Housing Trust Fund shall be construed, regulated and governed by and under the laws of the State of Montana.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

MONTANA BOARD OF HOUSING

Richard A. Kuni
Administrator

Subscribed and sworn to before me this 9th day of June, 1989.

(SEAL)

Maudith McLuise
Notary Public for the State of Montana
Residing at East Helena, Montana
My commission expires 6/8/92

FIRST INTERSTATE BANK OF DENVER, N.A., Trustee

Regill
Trust Officer

Subscribed and sworn to before me this 14th day of June, 1989.

(SEAL)

Vicki J. Blumentrath
Notary Public for the State of Colorado
Residing at Aurora, Colorado
My commission expires 11/2/92

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

AGENDA

MONTANA BOARD OF HOUSING

JANUARY 12, 1989

YELLOWSTONE ROOM, DNRC BUILDING*

1520 EAST SIXTH AVENUE

HELENA, MONTANA

- I. CALL MEETING TO ORDER - 8:30 a.m.
Chairman Joan Bennett
- II. APPROVAL OF MINUTES - December 15, 1988 Meeting
Chairman Joan Bennett
- III. ACCOUNTING AND REPORTING - Dave Kraft
 - A. Assignment of Servicing - Grandview Place, Missoula
 - B. Review of co-paying agents - 1979 Indenture
 - C. Quarterly Budget Report
- IV. SINGLE FAMILY PROGRAM - David Haviland
 - A. Update - 1988 Series B
 - B. Update - JVAH Project, Missoula
- V. UNDERWRITERS UPDATE - Randy Hynote
- VI. BOARD COUNSEL REPORT - Dave Jackson
BOND COUNSEL REPORT - Roy Koegen
- VII. OTHER BUSINESS
- VIII. SET NEXT MEETING DATE
- IX. ADJOURN

*NOTE MEETING LOCATION

MONTANA BOARD OF HOUSING



STAN STEPHENS, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

MONTANA BOARD OF HOUSING
YELLOWSTONE ROOM, DNRC BUILDING
1520 EAST SIXTH AVENUE
HELENA, MONTANA
JANUARY 12, 1989

ROLL CALL OF

BOARD MEMBERS: Joan Bennett, Chairman (Present)
Bruce Moerer, Vice Chairman (Absent)
Brad Walterskirchen, Secretary (Present)
Michael J. Kennedy (Present)
Mike McKee (Present)
Howard Rosenleaf (Present)
George Swords II (Present)

STAFF:

Richard A. Kain, Administrator
David J. Haviland, Single Family Program Officer
Dave Kraft, Comptroller
Jo Berg, Program Assistant

UNDERWRITERS:

Mark Semmens, D. A. Davidson & Co.
Laurel Esterlein, Merrill Lynch
Gordon Hoven, Piper, Jaffray & Hopwood

COUNSEL:

Bob Murdo, Board Counsel
Roy Koegen, Bond Counsel

The meeting was called to order at 8:30 a.m., by Chairman Joan Bennett. The minutes of the December 15, 1988, Board meeting were presented, and approved as presented.

ASSIGNMENT OF SERVICING, GRANDVIEW PLACE, MISSOULA

Dave Kraft, Comptroller, presented a request from Colwell Financial Corporation to transfer servicing of the multifamily mortgage loan for Grandview Place, Missoula, to Southmark Mortgage Corporation of America. After review of the documentation supplied by the two corporations, which was reviewed by Dave Jackson, Board Counsel, Mike McKee moved that the Board approve the transfer of servicing from Colwell Financial Corporation to Southmark Mortgage. The motion was seconded by George Swords and carried unanimously.

REVIEW OF CO-PAYING AGENTS, 1979 INDENTURE

Dave Kraft presented letters from Rick Sullivan, Trust Officer for the Board's Single Family II Indenture, requesting removal of Morgan Bank and Bankers Trust Company as co-paying agents for certain series of bonds issued under the Single Family II indenture. Mr. Sullivan suggested their removal, in that First Interstate Bank of Denver can perform the functions being performed by the co-paying agents, which should result in cost savings to the Board, and enhanced abilities to track bonds issued, redeemed and outstanding. After review, Howard Rosenleaf moved that the Board remove Morgan Bank and Bankers Trust Company as co-paying agents. Mike McKee seconded the motion, which carried unanimously.

QUARTERLY BUDGET REPORT

Dave Kraft presented the Board's budget status report for the six-month period ending December 31, 1988, and projected budget status at fiscal year end, June 30, 1989.

SINGLE FAMILY PROGRAMS

1988 SERIES B

David Haviland, Single Family Program Officer, updated the Board on the status of the 1988 Series B issue, as of January 9, 1989. Of the initial \$23,293,112.00, the Board has reserved \$12,411,945.00, for 267 loans, and has purchased three loans, for \$123,804.00. \$3,560,467.20 remains available for reservation in the regular income pool, and \$7,196,895.80 is available in the low income pool, for a total of \$10,757,363.00. 7% of the funds reserved were for VA loans.

JVAH PROJECT - MISSOULA

David Haviland advised the Board that seventeen loans were purchased under the setaside designated for the JVAH project in Missoula. \$796,279.12 of the allocation of \$874,000.00 was utilized for the loans. The average loan purchased was \$46,839.95, and the average income was \$19,297.41. Twelve borrowers were first-time homeowners, four were single parents, and one was disabled.

TERMINATION OF SERVICING

David Haviland reviewed events leading up to the transfer of servicing of 143 Board of Housing loans from Northwest Financing and Services, Missoula, to Western Federal Savings, Missoula, and advised the Board that the transfer was completed. After review, George Swords moved that the Board express support for on-site audits of servicers, at the staff discretion, and that sufficient monies be included in the budget for the next biennium. Brad Walterskirchen expressed opposition to the motion, stating that it should be an administrative decision, and that Board action

could place undue pressure on staff to accomplish audits, when there is not sufficient money or staffing to proceed. Mr. Swords' motion was then seconded by Mike McKee, and carried, with Brad Walterskirchen opposing.

UNDERWRITER UPDATE

Mark Semmens, D. A. Davidson & Co., updated the Board on the bond market, and advised the Board that indications point to the Board's ability to enter the market under favorable conditions, when the 1988 Series B funds are expended.

BOARD COUNSEL REPORT

Bob Murdo, Board Counsel, stated he had nothing to report. Dick Kain expressed his appreciation for Board Counsel Dave Jackson's assistance in resolving matters relative to the transfer of servicing between Northwest Financing & Western Federal Savings. The advice and comfort level given during the proceedings was appropriate and timely.

BOND COUNSEL REPORT

Roy Koegen, Bond Counsel, advised the Board that he had prepared Resolution 88-12-15-S4, which implements the Board's new Mortgage Credit Certificate Program, provides for the general program parameters, and included the two-income tier to incorporate those borrowers caught when the first program ended. The required ninety-day notice has been reviewed by Board and Bond Counsel, and will be published before January 31, 1989. The election to convert \$60 million in bonding authority to \$15 million in tax credits was filed with the Internal Revenue Service prior to December 31, 1988, as required.

BONDHOLDER RESERVE FUND

Bob Murdo outlined the purpose of the Bondholder Reserve Fund, which was established in 1987 to provide enhanced bondholder security for the 1987 Series A bond issue. After discussion, Brad Walterskirchen moved that the Board establish a Housing Trust Fund, by transferring of the funds currently within the Bondholder Reserve Fund. The Housing Trust Fund would be used to address future housing needs by establishing new programs as deemed necessary by the Board, including but not limited to the proposed Reverse Annuity Mortgage Program, which is being introduced in the 1989 legislative session. The motion was seconded by Mike Kennedy, and carried unanimously. The Housing Trust Fund will be administered by the trustee currently administering the Bondholder Reserve Fund. Staff and counsel are directed to formulate a resolution to formalize the establishment of the fund, including that it be administered by a trustee, and present it to the Board for approval at the February 16, 1989, meeting.

OTHER BUSINESS

Joan Bennett requested the Board review the request for a setaside of \$500,000 of 7-3/4%, 25-year mortgage funds from Neighborhood Housing Services, Inc., which was tabled at the November 10, 1988, meeting. Staff was instructed to obtain cash flow data on the amounts of 7-3/4% funds available for recycling, so the Neighborhood Housing Service request could be considered at the February meeting.

Dick Kain updated the Board on the 1990-1991 budget request, which will be presented by Joan Bennett to the Natural Resources and Commerce Joint Appropriations Subcommittee within the next ten days. On January 10, 1989, approval was received from the Governor's office to have legislation introduced to implement the Reverse Annuity Mortgage Program, and Senator J.D. Lynch, Butte, has expressed interest in being the primary sponsor for the legislation.

Roy Koegen advised the Board that the Revenue Ruling Request, as discussed at the December meeting, was being prepared this week by Pam Martin.

The next meeting was set for February 16, 1989, in the Department of Commerce Conference Room.

GOAL SETTING SESSION

With Bob Murdo acting as facilitator, the Board reviewed the progress made on the nineteen goals established at the last goal setting session on July 19, 1988.

Certain of the goals that were accomplished were removed from the list, as they were not considered to be ongoing goals. Three new goals were added: 1) discussing with the new administration the formation of a Governor's Housing Task Force which would include identified groups interested in housing needs; 2) emphasize the need for monitoring Montana Board of Housing mortgage loan servicers for adequacy of performance; and 3) develop an orientation process for new Board members, including planning a future Board retreat.

There was no further business, and the meeting adjourned.



Brad Walterskirchen, Secretary

Feb. 16, 1989

Dated

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-3040

HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting on Thursday, January 12, 1989, at 7:30 a.m., at Jorgenson's Restaurant, Helena, Montana.

MONTANA BOARD OF HOUSING



TED SCHWINDEN, GOVERNOR

2001 ELEVENTH AVENUE

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HELENA, MONTANA 59620-0528

NOTICE OF SPECIAL MEETING

The Montana Board of Housing will hold a special meeting on Wednesday, January 11, 1989, at 7:00 p.m., at Jorgenson's Restaurant, Helena, Montana.