ROLL CALL OF BOARD

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

STAFF: Bruce Brensdal, Executive Director
Chuck Nemec, Accounting
Mary Bair, Multifamily Program
Vicki Bauer, Homeownership Program
Penny Cope, Marketing & Web Specialist
Paula Loving, Administrative Assistant
Angela Heffern, Accounting Program
Kellie Guariglia, Multifamily Program
Charlie Brown, Homeownership Program
Jeannene Maas, Homeownership Program

COUNSEL: Greg Gould, Luxan and Murfitt

UNDERWRITERS: John Wagner, Kutak Rock
OTHERS: Alex Burkhalter, Housing Solutions
Jeff Rupp, District IX HRDC
Elizabeth Andrews, MTUPP-SmokeFree Housing
Gene Leuwer

CALL MEETING TO ORDER

Vice Chairperson Betsy Scanlin called the Montana Board of Housing (MBOH) Board meeting to Order at 8:30 a.m. Introductions were made. Betsy thanked the Board and Staff for allowing her to be a part of MBOH for the last eight years. Betsy thanked Jeff Rupp for his eight years of service on the Board and welcomed
Doug Kaercher to the Board. Bruce Brensdal reviewed the process for the Conference call participation. The Vice Chairman asked for any items not listed on the agenda.

**APPROVAL OF MINUTES**

Sheila Rice moved to approve the October 15, 2012 Board meeting minutes. Jeanette McKee seconded the motion. Vice Chairperson Scanlin asked for comments. Betsy clarified on Page 5 the last paragraph to add at the end of her comment “on the new changes made by the Board. The amended October 15, 2012 Board meeting minutes were approved unanimously. Sheila Rice moved to approve the December 10, 2012 Board meeting minutes and Jeanette McKee seconded the motion. The Vice Chairperson asked for comments. The December 10, 2012 Board meeting minutes were approved unanimously.

**MULTIFAMILY PROGRAM**

Mary Bair provided the Board with the Multifamily Program update. Cascade Ridge in Great Falls, a Tax Credit property, was featured in the Affordable Housing Finance 2012 LIHTC Yearbook.

Mary Bair stated MBOH has received 14 applications for the 2013 Tax Credit Allocation. Due to the temporary restraining order brought by Freedoms Path, these applications have been date stamped, the payment processed, and sealed in a secure location. The Board’s legal Counsel, Greg Gould from Luxan & Murffit, updated the Board on the pending legal matter with Freedoms Path. The litigation that started in 2012 has been continuing the process. In January of 2013, Freedoms Path amended their complaint to include not only the legality of the 2012 Qualified Allocation Plan (QAP), but legality of the 2013 QAP. Freedoms Path did not submit an application for the 2013 Tax Credit Allocation as outlined in the 2013 QAP. In addition, Freedoms Path filed an injunction to prevent the Board from allocating the 2013 Tax Credits. A temporary restraining order was given without the Board’s ability to argue the restraining order. Bruce Brensdal recognized Greg's efforts on this legal issue. The Judge handling this case stated this is well documented and Greg deserves credit for presenting the Board's side so well. Jeanette inquired about the Judge's knowledge in tax credits. Greg didn’t think he had direct Low Income Tax Credit experience, but has had plenty of experience with State agencies and injunctions. Greg’s perception is that the Judge has been listening and asking thorough questions. There is a lot of material to read. The court is located in State District Court – Lewis and Clark County 1st Judicial court. Jeanette inquired what would happen to the 2013 Tax Credits if not allocated within the year. Mary explained that the Board will be able to carry over 2013 Tax Credits into the 2014 year, however, the approximate $33,000 carried over from 2012 would be returned to the National pool if not allocated by December 31, 2013.

Due to the temporary restraining order and unknown timing of any legal ruling, Jeanette McKee moved to allow the Staff to set the timeline of presentation and
allocation of the 2013 Low Income Tax Credits based on the pending litigation. Sheila Rice seconded the motion. Vice Chairperson Scanlin asked for comments. The motion was approved unanimously.

Mary Bair brought the Board the Draft 2014 Qualified Allocation Plan (QAP). Mary reviewed in detail all changes in the proposed Draft 2014 QAP. Jeanette McKee moved to place the Draft 2014 Qualified Allocation Plan out for public comment. Sheila Rice seconded the motion. Vice Chairperson Scanlin asked for comments. The Draft 2014 Qualified Allocation Plan was approved unanimously to be placed out for public comment.

Mary Bair introduced Alex Burkholder from Housing Solutions, who provided an update on the Depot Place in Kalispell. The project is continuing on schedule. Site Manager and Maintenance staff has been hired. There has been great interest in the site from the public. There have been 120 people who have contacted them regarding the units and applications will be sent out in the next week. The hope is to have occupancy starting April 10, 2013. Mary Bair provided an update on Sweetgrass Apartments in Shelby; which is a couple months behind Depot Place. Parkview is under construction. Haggerty Lane and Blackfeet will be breaking ground shortly. Kellie Guariglia updated on Soroptimist Village. The roof has been replaced and within the next month the rehabilitation will start within the next month.

Mary provided to the Board with the Reverse Annuity Mortgage (RAM) program update. MBOH is receiving more requests for RAM loans and therefore, staff may be requesting an allocation of multifamily funds to the RAM loan program in the future. Mary brought two RAM exception requests. The first request was an increase of the Cash Advance request. A single woman in Roundup requested a cash advance of $20,000. MBOH’s current limit is $10,000. This lump sum would allow her to pay off a car loan and some outstanding bills and would increase her monthly income by $211. The second request came from a single woman in Bozeman. The request was a cash advance in the amount of $68,000. The advance would allow her to pay off her existing mortgage, make repairs to the home and pay several outstanding bills. If approved, her monthly income would be increased from $469 to $1,212. Jeanette McKee moved to approve both RAM exception requests and Sheila Rice seconded the motion. Vice Chairperson Scanlin asked for comments. The two Reverse Annuity Mortgage program exception requests were approved unanimously.

**FINANCE PROGRAM**

Chuck Nemec presented the Finance update. The 10-year US Treasury was trading at 1.98%. On January 30, 2013, Moody's downgraded Genworth, which is involved with our Single Family I.

MBOH received the Annual Financial Report, audited by the Legislative Audit Division. Sheila inquired about parity relation. Jeanette inquired about the overall total loss over the last five years.
Chuck Nemec provided to the Board the Moody’s-Rated Single Family Whole Loan Program Ratings, Outlooks and Bond Outstanding. Single Family I is rated as As1 with the Outlook is stable.

Chuck Nemec and Vicki Bauer reviewed the Moody's report on MBOH's delinquencies and Foreclosures rates.

Chuck Nemec reviewed the Edward Jones Distribution Summary - Series 2012. The Bond issuance was in August 12, 2012. This issuance was a hybrid, which included $25 million for New Board loans (2009 Series D) and refinance of Board Series. (Make note of the Montana investors)

Chuck Nemec reviewed with the Board the MBOH Investment Report - Diversification & Average Yield as of December 31, 2012. The average yield was .92

**HOMEOWNERSHIP PROGRAM**

Vicki Bauer provided the Homeownership Program update. Vicki reviewed the Reservation Report. There have been 88 new reservations since the last Board meeting. The Average interest rate is 3.65% and MBOH's current rate is 3.375%. With the interest rate rising, MBOH will utilize the remaining $5 million left in the current bond series. Therefore, the need for a new funding source will be needed in the next couple of months. Sheila inquired about the Veteran's Loan Program. Vicki stated the current rate as of February 21, 2013 is 2.186%. Bruce Brensdal provided a history of the Veteran's Loan Program. In the 2011 Legislative session, Senator Cliff Larson introduced the program utilizing $15 million of Coal Tax to finance Veteran's loans. These loans are bought by Board of Investments.

Vicki Bauer reviewed the status of the Down Payment Assistance Program and the Mortgage Credit Certificate Program.

Vicki Bauer reviewed the Setaside program. The only programs utilizing the Setaside program are the Foreclosure Prevention and West Edge Condominiums. Vicki presented a request from District IX Human Resource Development Council (HRDC) in Bozeman - West Edge Condominium Project. West Edge is an affordable homeownership condo project being developed by Gallatin County and District IX HRDC. Vicki introduced Jeff Rupp, District IX HRDC President, who provided a brief history of the West Edge Condominiums program. The project was funded by the Department of Commerce's Neighborhood Stabilization Program (NSP) funds. Initially, the units were occupied by renters and at current, the project has reached a 77% owner occupancy rate. Due to the challenges presented by rental units, FHA certification process, District IX HRDC requested an extension of the expiration date of the Setaside to December 31, 2013 and to increase the number of units to be financed with Board funds. Sheila Rice moved to approve Staff's recommendation to extend the expiration date to December 31, 2013 and to increase the number of units to be financed with Board funds. Jeanette McKee seconded the program. Vice Chairperson
Scanlin asked for comments. Sheila stated she empathized with District IX’s pains with the NSP program due to the ever-changing regulations during its inception. Jeanette clarified that this request would be an exception to the overall rule and not changing the rule. Vicki clarified that this request is a case by case basis. Vicki inquired whether there was a unit limit for the funds and the Board decided there was no unit limit. Jeanette McKee amended the motion to be a case by case and Sheila Rice seconded the motion. The West Edge Condominium Setaside request to extend the expiration date to December 31, 2013 and to increase the number of units to be financed with Board funds was approved unanimously.

**EXECUTIVE DIRECTOR**

Bruce Brensdal stated the March meeting will be left open in case MBOH is allowed to move forward with the 2013 Tax Credit Allocation.

Penny Cope updated the Board on the Housing Day at the Rotunda. Sheila Rice recognized the Board of Housing staff for their work on Housing Day. The key goal of Housing Day is to bring awareness to Legislature and this day was a huge success. Penny reminded the Board of the Mountain Plains Housing Summit on May 6-8, 2013 and the Housing Conference on May 21-23, 2013. If planning on attending, register and MBOH will be able to pay for the Board’s registration fee.

Bruce provided a short legislative update.

Meeting adjourned at 11:20 a.m.

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J.P. Crowley, President

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Date