



MONTANA HOUSING

- Meeting Location:** **Fairmont Hot Springs Resort / ZOOM**
1500 Fairmont Road – Fairmont MT 59711
Phone 406.797.3241
- Date:** April 12, 2022
- Time:** 8:30 a.m.
- Chairperson:** Sheila Rice
- Remote Attendance:** Join our meetings remotely via Zoom and phone.
To register for Zoom, Click: <https://mt.gov.zoom.us/meeting/register/tZYrcO6pqjoqGtGBdNKNSXKKX8rSgm1rbYyq>
To participate by phone:
Dial 888-556-4567, Meeting ID: 826 7714 1005, Passcode: 737106
- Board Offices:** Montana Housing
301 S Park Ave., Room 240,
Helena MT 59601

AGENDA ITEMS

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

Minutes

- ❖ Approve Prior Board Meeting Minutes

Finance Program (Manager: Ginger Pfankuch)

- ❖ Investment Policy Approval
- ❖ Financial Update

Homeownership Program (Manager: Vicki Bauer)

- ❖ Bond Resolution Approval
- ❖ Homeownership Update

MISSION STATEMENT:

Montana Housing works with community partners across the state, and together we ensure Montana families have access to safe and affordable homes.



MONTANA HOUSING

Mortgage Servicing (Manager: Mary Palkovich)

- ❖ Servicing Update

Multifamily Program (Manager: Nicole McKeith)

- ❖ Housing Montana Fund – Junegrass Request For Gap Financing
- ❖ Multifamily Update

Executive Director/Operations (Cheryl Cohen)

- ❖ Executive Director/Operations Update

Miscellaneous

Meeting Adjourns

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

*We make every effort to hold our meetings at fully accessible facilities. Any person needing reasonable accommodation must notify the Housing Division at 406.841.2840 or TDD 406.841.2702 before the scheduled meeting to allow for arrangements.

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2022 CALENDAR

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- 12 – Board Meeting – Fairmont Hot Springs

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- 16 – Board Meeting – Zoom (Letter of Intent)
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- 14-15 – Housing Conference - Virtual
- 21-24 – Housing Credit Connect - Chicago

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- 11 – No Board Meeting

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- 8 – Board Meeting – Zoom

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- 12 – Strategic Planning Session – Great Falls
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November 2022

- 14 – No Board Meeting

December 2022

- 12 – No Board Meeting

*** All meeting dates are subject to change



MONTANA HOUSING

Zoom Only
April 12, 2022

ROLL CALL OF BOARD

MEMBERS:

Sheila Rice, Chairwoman (Present)	Bruce Posey, Vice-Chairman (Present)
Adam Hertz, Treasurer (Present)	Cari Yturri (Present)
Charles Robison (Excused)	Jeanette McKee (Present)
Tonya Plummer (Present)	

STAFF:

Joe DeFilippis, Operations Manager	Vicki Bauer, Homeownership Program
Ginger Pfankuch, Finance Program	Nicole McKeith, Multifamily Program
Mary Palkovich, Mortgage Servicing Program	Paula Loving, Executive Assistant
Julie Flynn, Community Housing	Bruce Brensdal, Multifamily Program
Theresa Wadsworth, Community Housing	Kellie Guariglia, Multifamily Program

COUNSEL:

Greg Gould, Jackson Murdo & Grant

UNDERWRITERS:

John Wagner, Kutak Rock	
Mina Choo, RBC Capital	Patrick Zhang, RBC Capital

FINANCIAL ADVISORS:

Gene Slater, CSG Advisors

OTHERS:

Alex Burkhalter	Kristyn Berg	Gene Lewuer
Heather McMilin	Sandra Treadaway	Misty Dalke
Joseph Tait	Larry Phillips	Beki Brandborg
Steve Dymoke	Tyler Currence	Madison Youlden
Jennifer Wheeler		

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

CALL MEETING TO ORDER

- 0:00 Chairwoman Sheila Rice called the Montana Board of Housing (MBOH) meeting to order at 8:30 a.m.
- 1:05 Introductions of Board members and attendees were made.
- 5:20 Chairwoman Rice asked for public comment on items not listed on the agenda.

APPROVAL OF MINUTES

February 14, 2022, MBOH Board Meeting Minutes – page 4 of packet

- 6:10 Motion: Cari Yturri
Second: Bruce Posey
The February 14, 2022, MBOH Board meeting minutes were approved unanimously.

FINANCE PROGRAM

Investment Policy – page 7 of packet

- 7:15 Motion: Bruce Posey
Second: Cari Yturri
The Investment Policy was approved unanimously.

Finance Update – page 24 of packet

- 13:10 Presenters: Ginger Pfankuch

HOMEOWNERSHIP PROGRAM

Bond Resolution No. 22-0412-SF01_2022B – page 26 of packet

- 16:05 Motion: Cari Yturri
Second: Jeanette McKee
The Bond Resolution No. 22-0412-SF01_2022B was approved unanimously.

Homeownership Update – page 32 of packet

- 19:30 Presenters: Vicki Bauer

MORTGAGE SERVICING PROGRAM

Servicing Update – page 34 of packet

- 31:30 Presenters: Mary Palkovich

MULTIFAMILY PROGRAM

Junegrass Place – Housing Montana Fund Gap Filler – page 35 of packet

- 38:35 Motion: Bruce Posey
Second: Cari Yturri

The Junegrass Place loan request from the Housing Montana Fund in the amount of \$350,000 was approved unanimously.

Multifamily Update – page 41 of packet

43:05 Presenters: Nicole McKeith

OPERATIONS/EXECUTIVE DIRECTOR

Operations/Executive Update – page 43 of packet

46:50 Presenters: Cheryl Cohen

MEETING ADJOURNMENT

59:10 Meeting was adjourned at 9:29 a.m.

DocuSigned by:

Adam Hertz

B39BAEE79072432

Adam Hertz, Secretary

5/17/2022

Date

Certificate Of Completion

Envelope Id: 497FBAE7F1914B8DB9F081E23F7DB39F	Status: Completed
Subject: Please sign April 2022 Board Minutes	
Source Envelope:	
Document Pages: 3	Signatures: 1
Certificate Pages: 4	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Paula Loving
Time Zone: (UTC-07:00) Mountain Time (US & Canada)	PO Box 200501
	301 S. Park Ave
	Helena, MT 596200501
	ploving@esign.mt.gov
	IP Address: 161.7.91.106

Record Tracking

Status: Original	Holder: Paula Loving	Location: DocuSign
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Signer Events

Adam Hertz
 adamhertz@eralambros.com
 Security Level: Email, Account Authentication (None)

Signature

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Timestamp

Sent: 5/17/2022 3:46:34 PM
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 Signed: 5/17/2022 4:05:22 PM

Signature Adoption: Pre-selected Style
 Signed by link sent to adamhertz@eralambros.com
 Using IP Address: 69.145.153.166

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In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	5/17/2022 3:46:35 PM
Certified Delivered	Security Checked	5/17/2022 4:05:14 PM
Signing Complete	Security Checked	5/17/2022 4:05:22 PM
Completed	Security Checked	5/17/2022 4:05:22 PM

Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

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If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

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electronically from us.

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To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at docontracts@mt.gov and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

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- i. decline to sign a document from within your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to docontracts@mt.gov and in the body of such request you must state your e-mail, full name, US Postal Address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	Allow per session cookies

** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify MT Dept of Commerce as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by MT Dept of Commerce during the course of my relationship with you.



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February 14, 2022

ROLL CALL OF BOARD

MEMBERS:

Bruce Posey, Vice-Chairman (Present)	Jeanette McKee (Present)
Adam Hertz, Treasurer (Present)	Sheila Rice, Chairwoman (Present)
Cari Yturri (Present)	Tonya Plummer (Newly appointed, Excused)
Charles Robison (Present)	

STAFF:

Joe DeFilippis, Operations Manager	Vicki Bauer, Homeownership Program
Ginger Pfankuch, Finance Program	Nicole McKeith, Multifamily Program
Mary Palkovich, Mortgage Servicing Program	Paula Loving, Executive Assistant
Julie Flynn, Community Housing	Bruce Brensdal, Multifamily Program
Charlie Brown, Homeownership Program	Kellie Guariglia, Multifamily Program

COUNSEL:

Greg Gould, Jackson Murdo & Grant

UNDERWRITERS:

Drew Page, Kutak Rock	John Wagner, Kutak Rock
Mina Choo, RBC Capital	Patrick Zhang, RBC Capital

FINANCIAL ADVISORS:

David Jones, CSG Advisors

OTHERS:

Alex Burkhalter	Cassidy Kipp	Gene Lewuer
Heather McMilin	Jacy Head	John Harrington
Joseph Tait	Larry Phillips	Lindseigh Omichinski
Loralee Dalton	Misty Dalke	Steve Dymoke
Tom Grabinski	Traci Clark	Tyler Currence

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CALL MEETING TO ORDER

- 0:00 Chairman Bruce Posey called the Montana Board of Housing (MBOH) meeting to order at 8:31 a.m.
- 2:00 Introductions of Board members and attendees were made.
- 8:00 Chairman Posey asked for public comment on items not listed on the agenda.
Public comment was made by individual, Lindseigh Omichinski

APPROVAL OF MINUTES

November 15, 2021, MBOH Board Meeting Minutes – page 4 of packet

15:15 Motion: Jeanette McKee

Second: Adam Hertz

The corrected November 15, 2021, MBOH Board meeting minutes, including Creekside reconsideration roll call vote – changing “Bruce Posey – Yes” to “Sheila Rice – Yes” were approved unanimously.

FINANCE PROGRAM

Finance Update – page 9 of packet

17:10 Presenters: Ginger Pfankuch

HOMEOWNERSHIP PROGRAM

Habitat For Humanity Portfolio Purchases – page 12 of packet

20:05 Motion: Adam Hertz

Second: Sheila Rice

The Board purchase of the Flathead and Kootenai Valley Partners Habitat for Humanity loan portfolios, using Single Family I Combined Revenue, Special Reserve, and Pre-Ullman funds was approved unanimously.

Income and Purchase Price Limits – page 13 of packet

23:45 Motion: Adam Hertz

Second: Jeanette McKee

The Revised 2021 income limits were approved unanimously.

Homeownership Update – page 15 of packet

27:25 Presenters: Vicki Bauer

MORTGAGE SERVICING PROGRAM

Servicing Update – page 17 of packet

30:20 Presenters: Vicki Bauer

MULTIFAMILY PROGRAM

Junegrass Place Resolution No. 22-0214-MF01 – page 18 of packet

35:45 Motion: Sheila Rice
Second: Adam Hertz
The Resolution No. 22-0214-MF01 for Junegrass Place 4% credits was approved unanimously.

Bridger Peaks Resolution No. 22-0214-MF02 – page 35 of packet

43:45 Motion: Jeanette McKee
Second: Sheila Rice
The Resolution No. 22-0214-MF01 for Bridger Peaks Apartments 4% credits was approved unanimously.

Highland Manor Loan Structure and Amount – page 52 of packet

45:30 Motion: Cari Yturri
Second: Sheila Rice
The Highland Manor request to change to a amortization and 30 year term and increase the total loan amount to \$1,132,000 was approved unanimously.

Creekside Site Location Change – page 58 of packet

47:45 Motion: Adam Hertz
Second: Jeanette McKee
The Creekside Commons request for a location site change was approved unanimously.

Multifamily Update – page 67 of packet

54:30 Presenters: Nicole McKeith

OPERATIONS/EXECUTIVE DIRECTOR

Operations/Executive Update – page 69 of packet

1:03:00 Presenters: Joe DeFilippis

MEETING ADJOURNMENT

9:44:30 Meeting was adjourned at 9:44 a.m.

Adam Hertz, Secretary

Date

BOARD AGENDA ITEM

PROGRAM

Finance Program

AGENDA ITEM

Investment Policy Approval

BACKGROUND

The Board has an investment policy that is regularly reviewed, updated, as needed, and approved by members of the Board. This guidance and assures indentured funds are invested pursuant to the Board’s bond trust indentures. It also gives guidance for the investment of non-indentured funds.

During the audit reviews for fiscal year 2021, the audit committee had questions about the Board investments that are held with the Trustee and whether they should be invested with/by the Board of Investments. This question was directed to Greg Gould, Board Counsel.

Mr. Gould provided a legal opinion on the investment questions that have been raised which is included in your packet. He has also provided us with a redline version of the investment policy that clarifies some items.

Section I (pg 2) now provides differentiation between the investment of indenture funds and non-indenture funds.

Section II (pg 2) is now more specific, ensuring adherence to the Housing Act of 1975 and the Board’s bond indentures, as well as other agreements.

Section III (pg 2) has some clarifying language under the control section which allows investments by the Accounting and Finance Manager or other authorized officer. This section also spells out the requirement that the Indenture Trustee ensure that Indenture requirements are followed.

Section IV.B (pg 3) has been updated to summarize sections 90-6-112 and 90-6-116 MCA

(Summary) The Board is authorized to provide by resolution for the terms of bonds and notes, including vesting the bond trustee with property, rights, powers, and duties as the Board determines. In the discretion of the Board, its bonds may be secured by a trust indenture, which may contain provisions for protecting and enforcing the rights and remedies of the bondholders, including provisions for the custody, safeguarding and

BOARD AGENDA ITEM

application of all money, the payment of bond proceeds and revenues and method of disbursement, and safeguards and restrictions the Board considers necessary.

The Board's Indentures provide for investment of indenture funds by the Trustee in authorized investments at the written direction of an authorized officer of the Board.

Section V (pg 3) adds that investments be made in accordance with the requirements of the indenture and IRS code and spells out the description of the Prudent Expert Principle.

Section IX.A.4.5 (pg 7) has been omitted as this information is now included in the purpose and scope.

Other updates include grammatical and other minor clarifying language.

PROPOSAL

Staff recommends the Board approve the attached clean revised copy of the Investment Policy.



HOUSING DIVISION - MONTANA BOARD OF HOUSING

Investment Policy

POLICY NAME:	MBOH Investment Policy
POLICY ID:	AF_Inv_Final
PROGRAM:	Accounting
POLICY OWNER: <ul style="list-style-type: none"> ▪ job title ▪ approves revisions 	Accounting and Finance Manager
DOCUMENT LOCATION:	HDSHARE > Internal Controls > FY2020_HD_Policies > AF

DOCUMENT REVISION HISORY					
EFFECTIVE DATE	DESCRIPTION OF CHANGE	AUTHOR	DATE AUTHORED	APPROVAL	DATE APPROVED
10/19/2020	Updated to new format	AF Mgr	9/28/2020	Board	10/19/2020
4/12/2022	Update language	JMG	3/18/22		



I. PURPOSE AND SCOPE

The purpose of this policy is to give guidance to the program managers, the Accounting and Finance Manager generally, and the Montana Board of Housing (“Board”) regarding investment of funds held and invested by a trustee pursuant to the Board’s bond trust indentures. Other Board (non-indenture) funds are deposited in the appropriate state treasury account and invested through the unified investment program under the direction of the Board of Investments. Board moneys (non-indenture) held by the State Treasurer in the Housing Authority Enterprise Fund may be invested in any investments permitted for State funds. All Funds invested with the State that are not needed for current operating expenses shall be invested in the State’s Short-Term investment pool.

II. GOAL/OBJECTIVE

The goal/objective of this policy is to ensure Board adherence with the Housing Act of 1975 and the Board’s bond indentures and other agreements with its bondholders and noteholders (“Indenture” or “Indentures”).

III. RISK ASSESSMENT

Hazard: Investments are not made according to State and Indenture requirements

Risk: Government fines; non-taxable bonds could become taxable; loss of investments or investment value

Risk Level: Low

Control: All investments are prepared by the Accounting and Finance Manager or other authorized officer following investment procedures based on this policy. Indenture Trustees also review the policy and are required to ensure that all Indenture requirements are followed.

IV. POLICY

A. Investment Committee

1. The Board shall have an Investment Committee which shall be responsible for oversight of the Investment of assets of the Montana Board of Housing.
2. Membership of the Committee: All members will be on the committee with the Board Chairman designating the Chairman of the committee.
3. Frequency of Meetings: The committee shall meet at least once a year.
4. Functions of the Investment Committee of the Board shall be:



- a) To review compiled investment reports
- b) To review the function of the investment policy for potential enhancement
- c) To review the return on assets of the Board, including reviewing a report that shows the status of any negative or positive rebate earnings for each bond series
- d) To address any staff concerns regarding investments or the investment policy
- e) To monitor compliance with the investment policy

B. Sections 90-6-112 and 116, Montana Code Annotated Provisions of Bond Resolutions; Trust Indenture: (Summary) The Board is authorized to provide by resolution for the terms of bonds and notes, including vesting the bond trustee with property, rights, powers, and duties as the Board determines. In the discretion of the Board, its bonds may be secured by a trust indenture, which may contain provisions for protecting and enforcing the rights and remedies of the bondholders, including provisions for the custody, safeguarding and application of all money, the payment of bond proceeds and revenues and method of disbursement, and safeguards and restrictions the Board considers necessary. The Board's Indentures provide for investment of indenture funds by the Trustee in authorized investments at the written direction of an authorized officer of the Board.

V. PRUDENT EXPERT PRINCIPLE

All Investments shall be made in accordance with the requirements of the particular Indenture and the Internal Revenue Code, and the Board's officers, in directing which permitted investments the Trustee shall make, shall act in accordance with the prudent expert principle which requires an investment manager to: (a) discharge the 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 investment holdings 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 the duties solely in the interest of and for the benefit of the portfolio.



VI. PRIMARY CONCERNS

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

VII. LEVERAGED INVESTMENT

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

VIII. SALES OF INVESTMENT

Should be limited to the following:

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

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

IX. TYPES OF INVESTMENTS

- A. The Board may invest in the following securities providing such securities meet the requirements of Section 17-6-103, MCA:
 - 1. Direct obligations of or obligations guaranteed by the United States of America, which includes certificates of ownership in the guaranteed portion of loans guaranteed by the Rural Housing and Community Development Service of the United States Department of Agriculture (formerly the Farmers Home Administration), participation certificates in obligations of the General Services Administration, obligations guaranteed by the U.S. Maritime Administration pursuant to Title XI, Small Business Administration guaranteed participation certificates and guaranteed pool certificates, mortgage-backed securities and pool



certificates guaranteed by the Government National Mortgage Association, and Veterans Administration guaranteed REMIC securities and passthrough certificates;

2. Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:
 - a) Farm Credit System or predecessors (the Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives);
 - b) Federal Home Loan Bank System;
 - c) Export-Import Bank of the United States;
 - d) Federal National Mortgage Association, (only senior debt obligations or mortgage-backed securities, but excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts and excluding interest-only strips);
 - e) Federal Home Loan Mortgage Corporation, (only senior debt obligations and participation certificates, but excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts and excluding interest-only strips);
 - f) Tennessee Valley Authority;
 - g) Federal Financing Corporation;
3. Certificates of deposit issued by, or time deposits with any financial institution (including a trustee, a lender or a paying agent) insured by the Federal Deposit Insurance Corporation (FDIC) and provided further that such time deposits or certificates of deposit, to the extent not insured by the FDIC, are fully secured by obligations of the type specified in parts A and B above which have a market value, exclusive of accrued interest, at least equal to the amount of such deposits. In no case shall the investment result in a reduction of the ratings by Standard & Poor's Rating Services or by Moody's Investors Services on the applicable bond series.
4. Repurchase agreements or guaranteed investment agreements but only if:



- a) The agreement is fully collateralized in an amount equal to 102% of the principal and interest of the agreement, by obligations of the type specified in A, B or C above and which collateral is delivered out and held by the Trustee or its agent, and the collateral is marked to market at least weekly; and
 - b) The agreement is with (i) a financial institution as described under part C above (and including the subsidiary of a foreign bank) organized under the laws of the United States of America or any state thereof and subject to supervision by the appropriate authorities of either the United States of America or the state under which whose laws it is organized, or (ii) a financial institution (i.e. banks, insurance companies, etc.) organized under the laws of the United States of America or any state thereof and either (a) whose unsecured obligations are rated in either of the two highest rating categories by the agency or agencies rating the indenture or (b) whose obligations under such agreement are unconditionally guaranteed by such a financial institution which is rated as provided in 2(ii)(a).
 - c) In no case shall the investment result in a reduction of the ratings by the agency or agencies rating the applicable bond series; and
 - d) The Agreements shall be written to give the Board the maximum practical flexibility in the case of a downgrade in the rating of the provider.
5. In no case may the Board or a trustee invest in any one financial institution an amount in excess of the net worth of that financial institution or its guarantor.

X. Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interest in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that



could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Montana Board of Housing. Employees and officers shall disclose any material interest in financial institutions to the Executive Director and/or the Board within 30 days of acquiring a material interest. The Board and/or the Executive Director shall be updated as changes in material interests occur.

XI. Authorized Management

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

XII. Internal Control Structure

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

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

XIII. Investment Report

The Accounting & Finance Manager shall prepare, and present to the Board, an investment report at least quarterly, including a management summary that provides an analysis of the



status of the current investment portfolio transactions made over the last quarter. The summary will be prepared in a manner which will allow the Board to determine if the investment activities during the reporting period have conformed to the investment policy. The report should include:

- A. Listing of individual securities held at the end of the reporting period.
- B. Average weighted yield to maturity of the investment portfolio
- C. Listing of investments by maturity date
- D. Percentage of total portfolio which each type of investment represents

XIV. Responsibility

- A. Investment officers acting in accordance with these Investment Guidelines shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
- B. It is the responsibility of those Agency staff authorized to direct investments, primarily the Accounting & Finance Manager, to keep abreast of the latest developments within the investment community. Particular attention should be paid to both interest rate trends and items relating to the credit of and the Montana Board of Housing's exposure to various dealers, banks and securities.
- C. Each Trustee and rating agency will be furnished copies of this policy, and amendments to it.

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April 1, 2022

Cheryl Cohen, Executive Director
Montana Board of Housing
P.O. Box 200528
Helena, MT 59620-0528

Re: Deposit and Investment of MBOH Bond Indenture Funds

Dear Cheryl:

You have asked for my opinion whether Montana law requires that the Montana Board of Housing (“Board”) deposit its bond indenture funds into the State treasury for investment under the State’s Unified Investment Program administered by the Board of Investments pursuant to Mont. Code Ann. § 17-6-201(4). It is my opinion that Montana law authorizes the Board to pledge and transfer such funds to a trustee pursuant to a trust indenture for purposes of securing the bonds, and that Montana law does not require deposit and investment of such funds in the State treasury or the State’s Unified Investment Program.

Background

For purposes of this opinion, it is my understanding that all Board funds are held by a trustee according to the terms of the Board’s bond trust indentures or deposited in the State treasury and invested in the State’s Unified Investment Program for investment by the Board of Investments pursuant to Mont. Code Ann. Title 17, Chapter 6.¹ This opinion addresses only the Board’s bond indenture funds.

The bond indenture funds in question are held and invested primarily in accordance with the provisions of three substantially identical trust indentures, each a trust indenture between the Board and its bond trustee² (“Trustee”) dated March 10, 1977 (amended and restated in 1997), August 16, 1979, and January 1, 2009 collectively, the “Trust Indenture” or “Indenture”). The

¹ This understanding was confirmed by Board Accounting and Finance Manager, Ginger Pfankuch, in a telephone conversation on March 9, 2022.

² The current trustee under the Indentures is Wilmington Trust, National Association.

Indenture constitutes a contract among the Board, the Trustee and the bondholders, and the Indenture provisions are made for the benefit of the bondholders.³ Indenture, p. 2.⁴

Under the Indenture, to secure payment on the bonds, the Board transfers and pledges to the Trustee all bond proceeds, all of the Board's interest in the Board's single-family mortgage program loans and related mortgage backed securities, and all revenues from the loans, securities and bond funds. Indenture, pp. 1-2. The Indenture requires that the Board pay all such revenues to the Trustee to be held and administered pursuant to the Indenture. Indenture, Section 5.05, p. 33.

The Indenture requires that the proceeds of sale and delivery of the bonds be deposited into specified accounts or funds held by the Trustee under the Indenture. Indenture, Section 4.01, p. 29. The Indenture specifies the particular manner in which each such fund must be applied. Indenture, Article V, pp. 30-40. All funds deposited with Trustee must be held in trust and applied only in accordance with the Indenture. Indenture, Section 5.11, p. 39.

Funds held by the Trustee under the Indenture are not paid into or held in the State's capital reserve account established and governed by Mont. Code Ann. §§ 90-6-107(2) and 90-6-119⁵. Bond proceeds are payable into the capital reserve account only to the extent provided in the resolutions or indentures of the Board authorizing the bond issuance. Mont. Code Ann. § 90-6-119(1)(b). The capital reserve account provisions were intended, at the time the Act was adopted, to provide an avenue for the State to provide funds by appropriation to support MBOH bonds if required by investors; this approach has never been used or funded.

The Indenture does not provide for any bond proceeds or funds to be paid into or deposited into the capital reserve account, and in fact the Indenture specifically says that no such capital reserve fund is established by the Indenture. The Indenture does establish a "debt reserve account," but such account is not an account or subaccount within, or in any way related to, the State capital reserve account referred to in Mont. Code Ann. §§ 90-6-107(2) and 90-6-119. Indenture, Section 5.14, p. 40.

The Board may request disbursement of certain indenture funds to pay program expenses, including transfer of an annually budgeted amount to the State Treasurer to be disbursed for program expenses. Indenture, Section 5.05(f)(i) and (iv), pp. 34-35. However, until funds are disbursed from the Indenture, funds are held by the Trustee and remain subject to the Indenture.

³ The Board also issues multifamily bonds and obligations to raise funds that are loaned for particular multifamily housing projects. Such bonds and bond funds are subject to substantially similar trust indentures.

⁴ Citations are to the Trust Indenture dated March 10, 1977 (amended and restated in 1997).

⁵ The capital reserve account is an account within the Housing Authority Enterprise Fund established under Mont. Code Ann. § 90-6-107. The capital reserve account "consists of the aggregate money *retained by the board under existing agreements with bondholders* as the minimum capital reserve requirement described in 90-6-119 for each bond issue sold by the board." Mont. Code Ann. § 90-6-107(2) (emphasis added).

Funds held by the Trustee under the Indenture must be invested or deposited *by the trustee* in authorized investments at the written direction of an authorized officer of the Board. Indenture, Section 5.12, p. 39.

The Board's Statutory Bond Authority

The Montana Housing Act of 1975 ("Act") grants the Board broad authority to issue bonds⁶ under terms the Board determines necessary to provide sufficient funds for achieving its purposes. *See* Mont. Code Ann. § 90-6-111. Unless otherwise provided by Board resolution, such bonds are obligations of the Board payable out of any revenue, assets, or money of the Board, subject only to agreements with the holders of particular notes or bonds pledging particular revenue, assets, or money. Mont. Code Ann. § 90-6-111(3).

The Act grants the Board broad authority with respect to such bonds and their terms, subject to existing agreements with bond holders, such authority including but not limited to the following provisions in bond resolutions:

- pledge part or all of the revenues, property or assets of the Board, including mortgages and obligations securing them, to secure payment of the bonds;
- provide for the use and disposition of gross income and principal payments from mortgages owned by the Board;
- set aside reserves of funds in the hands of trustees, paying agents, and other depositories and the regulation and disposition of such reserves;
- limit the purpose to which bond proceeds may be applied and pledged;
- limit issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bonds;
- vest property, rights, powers, and duties in a trustee as the Board determines; and
- include any other matters of like or different character which in any way affect the security or protection of the holders of the notes or bonds.

Mont. Code Ann. § 90-6-112.

Moreover, the Act authorizes the Board to enter into a trust indenture to secure the bonds, and to provide for the bond proceeds and revenues to be paid to and held by the trustee:

In the discretion of the board, the bonds may be secured by a trust indenture between the board and a corporate trustee, which may be a trust company or bank having the power of a trust company within or without the state. A trust indenture may contain provisions for protecting and enforcing the rights and remedies of the bondholders which are reasonable and proper and not in violation of law, including covenants setting forth the duties of the board in relation to the exercise of its powers and the custody, safeguarding, and application of all money. The board may provide by a trust indenture for the payment of

⁶ These authorities also apply to Board issuance of "notes," but for the sake of brevity only bonds are referenced in this opinion.

the proceeds of the bonds and the revenues to the trustee under the trust indenture of another depository and for the method of disbursement, with safeguards and restrictions it considers necessary.

Mont. Code Ann. § 90-6-116; *see also* Mont. Code Ann. § 90-6-112(9) (Board may vest property in trustee).

The Board's bond resolutions are part of the Board's contract with bondholders. Mont. Code Ann. § 90-6-112. Any pledge made by the Board is valid and binding from the time the pledge is made, and the revenues, funds and property pledged and thereafter received by the Board are subject immediately to the lien of the pledge. Mont. Code Ann. § 90-6-113. The Board's bonds do not constitute a debt or liability or obligation or a pledge of the faith and credit of the state but are payable solely from the revenues or assets of the Board. Mont. Code Ann. § 90-6-123. By statute, the State has pledged that "it will not in any way impair the obligations of any agreement between the board and the holders of notes and bonds issued by the board...." Mont. Code Ann. § 90-6-126.

The Montana Supreme Court has recognized and upheld the constitutionality of the Act's provisions authorizing the holding of bond indenture funds by a trustee rather than depositing and investing funds in the State treasury and investment under the Unified Investment Program. In *Huber v. Groff*, 171 Mont. 442, 558 P.2d 1124 (1976), plaintiff challenged the constitutionality of the Act on numerous grounds. Among other challenges, the plaintiff claimed that the Act violated Article VIII, Section 13 of the Montana Constitution⁷ because the Act allows bond funds to be handled by the trustee under a bond trust indenture, rather than being handled as other State funds, including investment by the State under the Unified Investment Program. *Huber*, 171 Mont. at 445, 458-59, 558 P.2d at 1125, 1133.

The Court recited the language of the Act now included in Mont. Code Ann. § 90-6-116⁸, discussed above, providing that the Board's bonds may be secured by a trust indenture, which may contain provisions for protecting and enforcing the rights and remedies of the bondholders such as providing for payment of bond proceeds and revenues of the trustee under the trust indenture of another depository, and for the method of disbursement, with safeguards and restrictions as it determines. *Huber*, 171 Mont. at 458-59, 558 P.2d at 1133.

The Court also referenced the chapter of the Montana code titled "Deposits and Investments," which includes the code section that establishes the State's Unified Investment Program, Mont. Code Ann. § 17-6-201. This section provides that the Board of Investments has the primary authority to invest state funds and that another agency may not invest State funds unless otherwise provided by law. Mont. Code Ann. § 17-6-201(4) (emphasis added). The Court noted that the Deposits and Investments chapter of the code provides:

⁷ This provision requires that the legislature provide for a Unified Investment Program for public funds and public retirement and state compensation fund assets and establishes certain restrictions on investment of such funds.

⁸ Formerly Section 35-513, R.C.M. 1947.

Nothing in this chapter shall impair or otherwise affect any covenant entered into pursuant to law by any agency or institution respecting the segregation, deposit, and investment of any revenues or funds pledged for the payment and security of bonds or other obligations authorized to be issued by such agency, and all such funds shall be deposited and invested in accordance with such covenants notwithstanding any provision of this chapter.

Mont. Code Ann. § 17-6-105(5). Recognizing that the Act authorizes the Board of Housing to enter into bond indentures requiring that bond funds be held and invested by the trustee, the Court stated:

The Constitution's provision for the unified investment fund does not require that all agencies participate regardless of the nature of the agency. Where, as here, *the agency is not using state funds and is setting up what amounts to its own specialized investment fund with a particular purpose*, it is reasonable to allow, *as the legislature did*, the agency to take care of its own funds in a manner appropriate to its function.

Huber, 171 Mont. at 458-59, 558 P.2d at 1133. *See also* 44 Mont. Op. Atty Gen. No. 42 (November 20, 1992) (the Act authorizes the Board to provide by trust indenture for payment of bond proceeds and revenues to trustee rather than investing funds through Unified Investment Program). *Huber* makes it clear that the Unified Investment Program provisions of Title 17, chapter 6 do not apply to or require investment of the Board's bond indenture funds in the Unified Investment Program.

The Act also establishes the Housing Authority Enterprise Fund ("Fund") and generally requires funds received by the Board to be deposited in the Fund:

There is a housing authority enterprise fund in the proprietary fund type as provided for in 17-2-102(2). All funds from the proceeds of bonds issued under this part, fees, and other money received by the board, money appropriated by the legislature for the use of the board in carrying out this part, and money made available from any other source for the use of the board must be deposited in the housing authority enterprise fund.

Mont. Code Ann. § 90-6-107(1). The Act also provides that 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 must be deposited in the housing authority enterprise fund." Mont. Code Ann. § 90-6-104(13).

The Montana Attorney General issued the above-referenced opinion in 1992 addressing the interplay between the Act's bond indenture provisions and the Fund. The Attorney General concluded, based upon Section 90-6-116, that the Act authorizes the Board to enter into a trust indenture and deposit and invest the bond proceeds and revenues directly with the trustee. The Attorney General concluded that all other Board funds must be deposited with the state treasurer

for participation in the Unified Investment Program and/or deposited in the Fund pursuant to Mont. Code Ann. §§ 90-6-107(1) and 90-6-104(13).⁹

At the time the AG issued this opinion, the directive in Mont. Code Ann. §§ 90-6-107(1) to deposit “all funds ... received by the board” into the Fund was qualified by the phrase “except where otherwise provided by law.” This language was removed by Senate Bill 491 in the 2007 legislature. Mont. L. 2007, Ch. 426. SB 491 changed the name of the Affordable Housing Revolving Loan Account to the Housing Montana Fund and provided for disbursement of Housing Montana Fund moneys for certain housing loans and housing vouchers under programs unrelated to the Board’s bond programs. There was no discussion during legislative committee hearings on SB 491 regarding the purpose or intent of removing this language. Further, there is nothing in the bill title or otherwise indicating any intent to modify or limit the Board’s statutory authority to enter into a trust indenture and deposit and invest bond proceeds and revenues directly with the trustee.

Had the legislature amended the statute to require that bond indenture funds be deposited in the Fund, such action would have violated the State’s pledge in Section 90-6-126 that it will not impair in any way the obligations of any agreement between the Board and the bondholders. Especially given the major impact of any such change, the lack of any reference to any such change in the bill title, the lack of testimony regarding any such change and the lack of revision to the Act’s broad authorization of bond trust indentures, this statute as amended cannot be read to remove the Board’s authority to enter into a trust indenture and deposit and invest the bond proceeds and revenues directly with the trustee.

In any event, the removal of the exception language does not change the effect of the statute with respect to the issue addressed in this opinion. Based upon the language of the current Fund statute, only those bond proceeds actually received by the Board must be deposited in the Fund (“funds from the proceeds of bonds ..., fees, and other money *received by the board...*”). The directive to deposit bond proceeds into the Fund applies *only* to any bond proceeds actually received by the Board, for example, funds disbursed by the Trustee to the Board to pay program expenses pursuant to Indenture Section 5.05(f)(iv) (discussed above).

This interpretation is consistent with the provisions of the Act as a whole and gives effect to all of the Act’s provisions. Reading the Fund statute to require deposit of bond indenture funds in the Fund rather than with the trustee as required under the indenture, would conflict directly with and render ineffective the specific provisions of Mont. Code Ann. §§ 90-6-112 and 116 permitting deposit of bond funds with the trustee pursuant to the indenture.

Moreover, the bondholders have a pledge of all indenture moneys and a covenant that those moneys only be invested in permitted investments as defined in the Indenture. Any act by the legislature to require deposit of bond indenture funds in the Fund rather than with the Trustee

⁹ The AG Opinion seems to differentiate between deposit in the Fund and deposit in the State treasury for participation in the Unified Investment Program. It does not appear that these options are mutually exclusive. It is my understanding that all Board non-indenture funds are deposited in the Fund, which is a State treasury sub-account, and invested in the Unified Investment Program under the direction of the Board of Investments.

under the Indenture, and an interpretation that the statute so requires, would be inconsistent with and violate the terms of the Indenture and the State's pledge to the bondholders that it will not impair in any way the obligations of any agreement between the Board and the bondholders. Any such interpretation is unreasonable and untenable.

The Act clearly and unequivocally authorizes the Board to enter into bond trust indentures and to pledge and transfer bond funds to the trustee to be held, invested and disposed of in accordance with the terms of the indenture. Neither the Act nor the Unified Investment Program provisions of the code require that indenture funds be deposited in the State treasury or the Fund or invested under the Unified Investment Program.

Conclusion

Therefore, for the reasons stated above, it is my opinion that Montana law authorizes the Board to pledge and transfer the proceeds and revenues of bonds (along with other assets such as principal and interest payments on mortgages) to a trustee pursuant to a trust indenture for purposes of securing the bonds. Montana law does not require deposit and investment of such funds in the Housing Authority Enterprise Fund, the State treasury or the State's Unified Investment Program.

Please feel free to contact me should you have any further questions or concerns.

Sincerely,

GREGORY G. GOULD



JACKSON, MURDO & GRANT, P.C.

GGG/gg

c: Ginger Pfankuch
John Wagner
Drew Page

BOARD AGENDA ITEM

PROGRAM

Finance Program

AGENDA ITEM

Program Update

BACKGROUND

The Board's total investments at end of February 2022, including \$84.6 million in money market, was \$156.9 million. This included an increase of \$32 million from the issuance of the 2022A bonds that closed in February 2022.

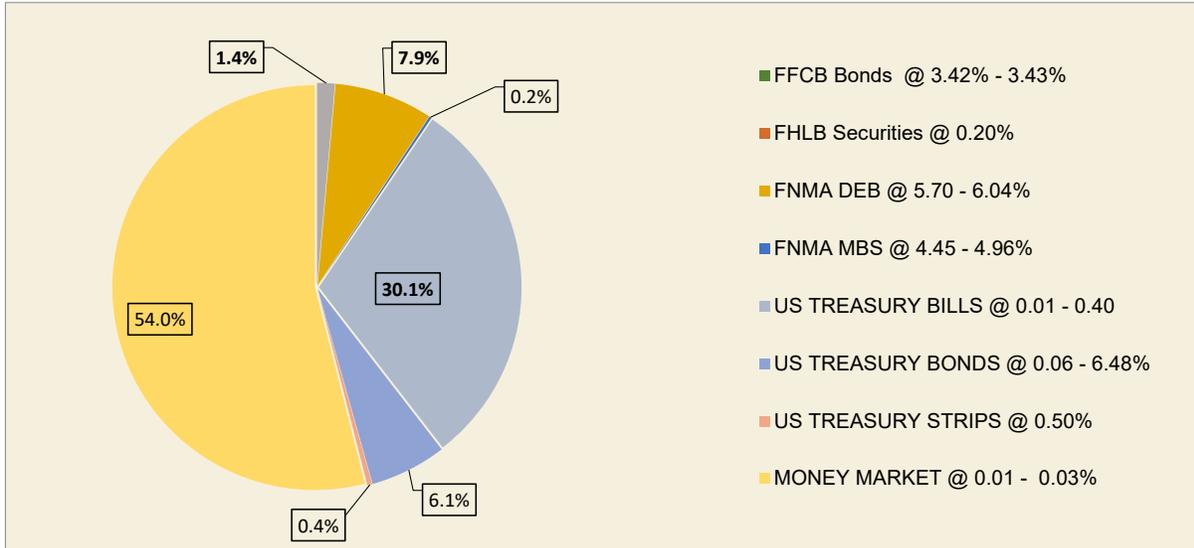
\$5.5 million in Treasury Bills matured in January 2022. We were able to purchase an additional \$46 million in Treasury bills, bonds, and strips that will mature in November 2022, December 2022, and February 2022. This purchase has restored more diversification in the Board portfolio with the percentage in money market falling to 54%.

Investments and their maturities are listed on the second page of the packet. The breakdown of maturities is listed at the bottom of the first page with money market being listed as available now and the majority of the remaining investments maturing in one to five years.

Accounting & Finance Dashboard

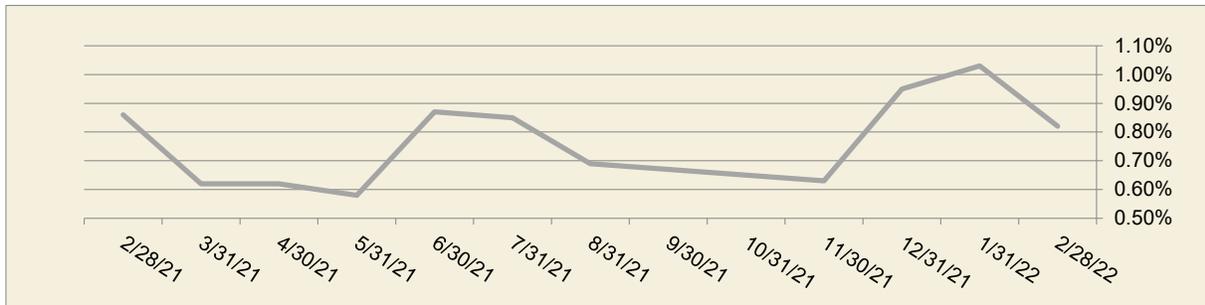
Data as of February 28, 2022

INVESTMENT DIVERSIFICATION



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

WEIGHTED AVERAGE YIELD TREND



PORTFOLIO MATURITY

For February 28, 2022

Available Now	< 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years	21 to 25 years	Grand Total
\$ 84,679,925	\$ 51,294,000	\$ 18,404,000	\$ 2,225,000	\$ 246,766	\$ 54,301	\$ -	\$ 156,903,992

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Approval of Bond Resolution 22-0412-SF01_2022B

BACKGROUND

The attached Resolution approves the issuance of fixed or variable rate Mortgage Revenue Bonds in an aggregate principal amount not to exceed \$75,000,000 to finance loans or refund previously issued bonds or for both.

The resolution is written to give us the flexibility to issue bonds under any of the three indentures and to refund bonds from any of the three indentures.

Kutak prepared this resolution in the same form as the one approved for the 2022A issue. Even though this resolution allows for a Floating Rate Note as a variable rate option, we intend to issue fixed interest rate bonds under the SFI Indenture to purchase new money mortgage loans and potential refund the 2012A/2009D issue.

As of March 31, 2022, we had fully reserved the funds provided from the proceeds of the 2022A issue that closed on February 17, 2022, and we are now reserving loans in the bridge for the 2022B issue. We have begun working with the finance team to structure the next issue, monitoring and changing interest rates to keep us competitive while mitigating risk. This resolution will allow us to move forward with the 2022B bond issue that will carry us into summer buying season.

Our current lending rates are 4.50% for first mortgages with no DPA, 4.75% for first mortgages with DPA and the set-aside rate is set at 4.25%.

PROPOSAL

Staff requests that the Board approve the attached resolution.

RESOLUTION NO. 22-0412-SF01_2022B

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING THE ISSUANCE AND DELIVERY OF, AND AUTHORIZING THE DETERMINATION OF CERTAIN TERMS OF, ONE OR MORE NEW ISSUES OF SINGLE FAMILY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000, WITH FIXED OR VARIABLE RATES, TO FINANCE LOANS, REFUND OUTSTANDING BONDS OR BOTH; APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE SUPPLEMENTAL TRUST INDENTURE, PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT IF THE BONDS ARE SOLD TO THE PUBLIC, CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATED THERETO; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

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 and refund its bonds and to purchase mortgage loans or mortgage-backed securities 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 (the “State”); and

WHEREAS, the Board has previously implemented mortgage purchase programs in order to finance single family dwellings in the State for families and persons of lower income; and

WHEREAS, the Board intends to issue its Single Family Mortgage Bonds, Single Family Program Bonds or Single Family Homeownership Bonds, in one or more series or subseries in an aggregate principal amount not to exceed \$75,000,000 with fixed or variable rates (the “New Series Bonds”), under the provisions of either the Trust Indenture dated March 7, 1977, as restated and amended, the Trust Indenture dated August 16, 1979, as amended, or the Trust Indenture dated as of December 1, 2009 (each, the “General Indenture”), each between the Board and Wilmington Trust, National Association (as successor trustee), as trustee, which New Series Bonds will be used to finance mortgage loans to provide additional moneys to finance single family dwellings in the State pursuant to the Mortgage Purchase and Servicing Guide and the forms of the Invitation to Participate and Notice of Acceptance previously approved by the Board, and to fund certain reserve funds, if necessary, or to refund bonds previously issued for such purpose; and

WHEREAS, a Supplemental Trust Indenture (the “Supplemental Indenture”) (together with the General Indenture under which the New Series Bonds are to be issued, which it supplements, the “Trust Indenture”), between the Board and Wilmington Trust, National Association (as successor trustee), as Trustee, will be prepared in substantially the form of such document previously approved by the Board and used in connection with the issuance of the Single Family Mortgage Bonds, 2022 Series A (the “2022 Series A Bonds”) with appropriate changes as hereinafter described, whereby the Board would issue the New Series Bonds subject to the terms, conditions and limitations established in the Trust Indenture; and

WHEREAS, if the New Series Bonds are to be sold to the public, a Preliminary Official Statement (the “Preliminary Official Statement”) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the marketing of the 2022 Series A Bonds, containing certain information relating to the Board, the Trust Indenture and the New Series Bonds, and which will be distributed to the prospective purchasers of such New Series Bonds and others by a group of investment dealers and brokers represented by RBC Capital Markets, LLC (the “Underwriters”); and

WHEREAS, a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the sale of the 2022 Series A Bonds containing the agreement of the Board to annually update certain financial and operating information in the final Official Statement (as hereinafter described) and to timely provide notice of the occurrence of certain specified events; and

WHEREAS, a purchase contract (the “Purchase Contract”), to be dated the date of sale of the New Series Bonds, between the Board and the Underwriters (or if the New Series Bonds are sold to a single institutional investor, such investor) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the sale of the 2022 Series A Bonds, pursuant to which the Board would agree to sell and the New Series Bonds purchaser would agree to purchase the New Series Bonds, at the prices and upon the terms and conditions therein set forth;

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 New Series Bonds, and the purchase by the Board from proceeds thereof of mortgage loans or mortgage-backed securities as contemplated by 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 previously found and hereby confirms:

(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 contained in the program documents relating to the mortgage loans financed thereby and to be financed are sufficient to ensure 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 financed and to be financed which are referred to 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 and to be financed with the proceeds of the New Series Bonds do not involve the construction of “second homes,” which are 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 findings required by Section 90-6-109(1)(f) of the Act are inapplicable because the homes financed by the New Series Bonds do not involve direct loans.

Section 2. Approval of Supplemental Indenture. A Supplemental Indenture for each series of New Series Bonds is hereby approved in the form described above (and reflecting the provisions of the New Series Bonds consistent with the parameters set forth in the following Section) and the Chair or the Vice Chair of the Board is hereby authorized and directed to execute and deliver the Supplemental Indenture with such changes, insertions or omissions therein as may be approved by such Chair or Vice Chair, such approval to be evidenced conclusively by such execution of the Supplemental Indenture, and the Secretary or any other member of the Board or the Treasurer is hereby authorized and directed to attest thereto.

Section 3. Authorization of Bonds. The issuance, sale and delivery of the Board’s New Series Bonds, in one or more series or subseries, is hereby authorized and approved, subject to the following provisions. The New Series Bonds shall be issued in an aggregate principal amount (not to exceed \$75,000,000), mature on the date or dates (but no more than 40 years from the date of issuance), bear interest at the rate or rates (which may be fixed or variable rate, initially not exceeding 6.0% per annum and in no case to exceed 14%), be sold to the bond purchaser(s) for an amount (but not less than 98.5% of the principal amount of the Bonds), be subject to optional, special optional, mandatory and sinking fund redemption, be subject to mandatory or optional tenders and convertible into fixed or variable rate bonds, be issued under the related General Indenture, and have such other terms and provisions, all as are determined by the Chair and Executive Director (with the advice of such members of the Board as are available upon the pricing of such New Series Bonds) and definitively set forth in the related Supplemental Indenture or Purchase Contract upon execution and delivery as authorized in Sections 2 and 5 hereof. The New Series Bonds shall be executed and delivered substantially in the form set forth in the Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture. The New Series Bonds shall be executed in the name of the Board by the Chair or the Vice Chair of the Board, and attested to by the Secretary or the Treasurer, each of whom is hereby appointed as an Authorized Officer (as such term is defined in the Trust Indenture) for purposes of executing and attesting the New Series Bonds. Such signatures may be in facsimile, provided, however, that such New Series Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee.

Section 4. Approval of Preliminary Official Statement and Official Statement. If the New Series Bonds are to be sold to the public through the Underwriters, a Preliminary Official Statement for a series of New Series Bonds is hereby approved in the form described above, with such changes, insertions or omissions therein as may be approved by the Executive Director, and the Chair or the Vice Chair of the Board is hereby authorized to execute and deliver a final official statement (the “final Official Statement”) substantially in the form of the Preliminary Official Statement with such changes, insertions or omissions therein as may be approved by the Chair or Vice Chair, such approval to be evidenced conclusively by such execution of the final Official Statement.

Section 5. Approval of Purchase Contract and Sale of the Bonds. A Purchase Contract for a series of New Series Bonds is hereby approved in the form described above and the execution of the Purchase Contract by the Chair, the Vice Chair or Executive Director of the Board is hereby authorized and

directed in order to effectuate the sale of the related New Series Bonds with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Purchase Contract.

Section 6. Authorization of Standby Bond Purchase Agreement, Continuing Covenant Agreement and/or Remarketing Agreement. If any New Series Bonds are subject to optional or mandatory tender, the Chair or Vice Chair of the Board or the Executive Director are authorized to negotiate, execute and deliver one or more (1) standby bond purchase or similar agreements with a financial institution, with a rating of no less than “A1” or the equivalent by Moody’s Investors Service, Inc., whereby such institution agrees to purchase (or provide the Board with funds to purchase) tendered bonds, (2) continuing covenant agreements with the purchaser of such New Series Bonds which agreements may set forth additional covenants with respect to such New Series Bonds, and/or (3) remarketing agreements with any Board approved underwriter with respect to the remarketing of any tendered bonds; such agreements to have such terms and conditions, and provide for the payment by the Board of such fees, as are determined by the Chair and Executive Director to be in the best interests of the Board, such determinations to be evidenced conclusively by the execution thereof.

Section 7. Approval of Continuing Disclosure Agreement. A Continuing Disclosure Agreement for a series of New Series Bonds is hereby approved in the form described above, and the Chair or Vice Chair of the Board or the Executive Director is authorized and directed to execute and deliver the same with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Continuing Disclosure Agreement.

Section 8. Approval of Program Documents. The Executive Director and Single Family Program Manager are hereby authorized to continue to use the form of the Mortgage Purchase and Servicing Guide, Invitation to Participate and Notice of Acceptance presently in use, and to the extent they deem necessary and appropriate, the Executive Director and Single Family Program Manager are authorized to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, to continue the Single Family Program.

Section 9. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the Trust Indenture, a Preliminary Official Statement, a Purchase Contract and the New Series Bonds is hereby approved, confirmed and ratified.

Section 10. Execution of Documents. In the event of the absence or disability of the Chair, the Vice Chair 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 or by the Single Family Program Manager or the Accounting and Finance Manager, with the same effect as if done by the Chair, the Vice Chair 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. Execution of Tax Certificate and Declaration of Intent. The Chair, the Vice Chair or the Executive Director of the Board is hereby authorized to issue certifications as to the Board’s reasonable expectations regarding the amount and use of the proceeds of the New Series Bonds as described in Section 148 of the Internal Revenue Code of 1986, as amended. The Board also hereby declares its intention, within the meaning of Section 1.150-2 of the Internal Revenue Code regulations, to facilitate continuous funding of its Single Family Program (as described above) by, from time to time, financing mortgage loans and then issuing bonds in an amount to be determined by the Board in one or more series within 18 months thereof to reimburse itself for such financing, which reimbursement amount is presently expected to not exceed \$75,000,000 (or such greater reimbursement amount as may from time to time be

determined by written declaration of the Executive Director), provided that this declaration does not obligate the Board to issue any such bonds.

Section 12. Additional Actions Authorized. The Chair, the Vice Chair, the Secretary or any other member of the Board, and the Executive Director and Treasurer, the Single Family Program Manager and the Accounting and Finance Manager, 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 a Purchase Contract, to take such other action (including, without limitation, making any bond designations) as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and to modify any other agreement or obligation of the Board (including, without limitation, notes or bonds) to substitute a comparable interest rate index for the London Inter Bank Offered Rate (“LIBOR”) if LIBOR is discontinued, and the members and officers named above are hereby designated as Authorized Officers for such purposes.

Section 13. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 12th day of April, 2022.

MONTANA BOARD OF HOUSING

By _____
Chair

Attest:

By _____
Treasurer/Executive Director

Homeownership Program Dashboard

April 1, 2022

RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH*	4.500	3.13	2.50
Market	4.61	3.77	3.03
10 yr treasury	2.32	1.72	1.69
30 yr Fannie Mae	4.20	3.28	2.60

*Current Setaside 4.25, DPA 4.75

LOAN PROGRAMS

	<u>March RESERVATIONS</u>	<u>AMOUNT</u>	<u>TOTAL NUMBER</u>	<u>AMOUNT</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE</u>
REGULAR PROGRAM						
Series 2022A (since 11.1.21)	46	11,061,705	140	31,237,332	31,386,836	149,503
Series 2022A DPA (since 11.1.21)	27	281,394	76	755,586	930,000	174,414
80% Combined (20+)	2	480,000	14	2,489,840	Since July 2021	reg bond funds
SET-ASIDE PROGRAMS						
MBOH Plus	1	6,700	24	153,461	Since July 2021	1,190,862
Set-aside Pool	4	639,594	39	6,881,105	Since July 2021	Pre-Ullman funds
NeighborWorks	1	112,917	8	1,116,949		
CAP NWMT CLT			1	167,565		
Missoula HRDC XI			1	222,222		
Bozeman HRDC IX			16	3,128,668		
Home\$tart	1	201,286				
HUD 184						
Dream Makers			1	133,333		
Sparrow Group			12	2,112,368		
City of Billings	2	325,391				
Foreclosure Prevent					50,000	50,000
Disabled Accessible					Ongoing	862,950
Lot Refi					2,000,000	726,440
FY21 Habitat	3	449,499	7	977,847	2,553,807	1,575,960
OTHER PROGRAMS						
Veterans (Orig)	6	1,631,761	412	80,774,757	Revolving	185,512
911 Mrtg Cr Cert (MCC)	5	1,473,941	145	37,561,008	75,000,000	37,438,992

FEBRUARY CHANGES

	<u># loans</u>	<u>Princ Bal</u>
Jan Balance	5,115	463,161,599.60
Feb Purchases (1st)	29	6,037,625.60
Feb Purchases (2nd)	16	155,327.00
Feb Amortization		(1,432,471.92)
Feb Payoffs	(44)	(4,838,663.11)
Feb Foreclosures		
Feb Balance	5,116	463,083,417.17

2022 YTD

	<u># loans</u>	<u>Princ Bal</u>
	5,113	462,354,775.04
	63	12,988,612.37
	31	294,428.04
		(2,725,532.43)
	(90)	(9,722,078.26)
	(1)	(106,787.59)
	5,116	463,083,417.17

Dec-21

Feb-22

DELINQUENCY AND FORECLOSURE RATES

MONTANA BOARD OF HOUSING

MORTGAGE BANKERS ASSOC. 12/2022

(most recent available)

	<u>Feb-22</u>	<u>Jan-22</u>	<u>Feb-21</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>
30 Days	1.51	1.56	1.57	1.17	1.37	1.67
60 Days	0.80	0.55	0.85	0.38	0.48	0.56
90 Days	<u>2.52</u>	<u>3.30</u>	<u>4.65</u>	<u>1.58</u>	<u>1.9</u>	<u>2.41</u>
Total Delinquencies	4.83	5.41	7.07	3.13	3.75	4.64
In Foreclosure	0.49	0.51	0.16	0.24	0.17	0.42

LOAN PURCHASES BY LENDER

	Feb-22		2022 YTD		2021	
	1st	DPA	1st	DPA	1st	DPA
FIRST SECURITY BOZEMAN 061					1	1
1ST COMMUNITY BK GLASGOW 095					5	5
1ST SECURITY BK MISSOULA 133					5	1
VALLEY BANK RONAN 159					4	
YELLOWSTONE BANK BILLINGS 161					1	
FIRST MONTANA BANK, BUTTE 172						
AMERICAN BANK CENTER 186			1		5	3
STOCKMAN BANK OF MT MILES 524	1		10	5	45	27
FIRST INTERSTATE BANK-WY 601	1		1		14	7
U.S. BANK N.A. 617						
OPPORTUNITY BANK 700	16	9	24	14	93	41
FIRST FEDERAL BANK & TRUST 731					3	1
GLACIER BANK KALISPELL 735	2		2		8	2
WESTERN SECURITY BANK 785	2	1	4	1	10	7
MANN MORTGAGE 835	7	6	18	10	62	36
GUILD MORTGAGE COMPANY 842					23	22
UNIVERSAL 843					31	27
FAIRWAY INDEPENDENT MRTG 847			1	1	19	18
CORNERSTONE HOME LENDING 850					7	7
PRIMELENDING 851					1	
BAY EQUITY LLC 853					13	12
LENDUS LLC 854			2		12	5
PARAMOUNT RES MTG GRP 855					1	1
CHERRY CREEK MORTGAGE 856					3	1
OPEN MORTGAGE 857						
MAJOR MORTGAGE AMCAP 858						
PACIFIC RESIDENTIAL 859						
MISSOULA FEDERAL C U 901					5	
Grand Count	29	16	63	31	371	224

MBOH FEBRUARY PORTFOLIO

	# of loans	\$ of loans	% of #	% of \$	
FHA	2,689	295,270,424	53%	64%	
RD	948	95,123,142	19%	21%	
VA	319	42,124,263	6%	9%	
HUD184	43	3,069,120	1%	1%	
PMI	38	2,832,007	1%	1%	
Uninsured 1st	201	18,980,469	4%	4%	
Uninsured 2nd	878	5,683,992	17%	1%	
	5,116	\$ 463,083,417			
February 2021 Balance	5,534	\$ 499,961,065	-7.55%	-7.38%	percent of Incr/Decr
Serviced by MBOH	5,038	\$ 456,969,009	98%	99%	

Weighted Average Interest Rate 3.731%

	# of loans	\$ of loans	
0 - 2.99%	1029	\$ 91,526,676	rates up to 4%
3 - 3.99%	1684	\$ 208,324,273	
4 - 4.99%	928	\$ 98,455,275	rates 4% and above
5 - 5.99%	1011	\$ 50,073,362	
6 - 6.99%	416	\$ 13,545,564	
7 - 7.99%	48	\$ 1,158,267	2403 \$ 163,232,468

Mortgage Servicing Program Dashboard Effective 03/31/22

	Last Year	Last Month	This Month
MONTH	MAR 2021	FEB 2022	MAR 2022
PORTFOLIO TOTAL LOANS	5,100	5413	5406
MBOH	4762	5072	5055
BOI	322	311	311
MULTI FAMILY	16	16	16
HAF Homeownership Assistant Fund	NA	14	24
PRINCIPAL (all loans)	\$489,556,134.29	\$521,459,949.91	\$521,363,567.06
ESCROW (all loans)	\$6,704,618.28	\$6,361,452.86	\$6,530,890.94
LOSS DRAFT (all loans)	\$995,911.28	\$707,468.00	\$707,912.31
LOANS DELINQUENT (60+ days)	282	278	235
ACTUAL FORECLOSURE SALES IN MONTH	1	0	1
FORECLOSURES TOTAL CALENDAR YEAR	2	1	2
DELINQUENT CONTACTS TO MAKE	572	667	589
LATE FEES - NUMBER OF LOANS	538	780	720
LATE FEES - TOTAL AMOUNT	\$15,341.10	\$20,990.91	\$19,482.64
PAYOFFS	102	40	63
NEW LOANS/TRANSFERS	29	59	56

2022 Monthly Servicing Report

LOSS MITIGATION	MAR 2022	HUD's National Servicing Center TRSII SFDMS Reporting FY 2022 Q1 Score 91.44% Tier 1 - Grade A
ACTIVE FINANCIALPACKETS	1	
REPAYMENT/SPECIAL FORBEARANCE	2	
COVID19 FORMAL FORBEARANCE (FEB 22)	114	
HAMPS, PARTIAL CLAIMS & MODS PNDG	10	
CHAPTER 13 BANKRUPTCIES	12	
PRESERVATION PROPERTIES	7	
REAL ESTATE OWNED PROPERTIES	2	
SHORT SALE	0	
DEED IN LIEU	0	

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Junegrass Apartments- Housing Montana Fund Gap Filler

BACKGROUND

Junegrass Apartments in Kalispell is 138 new construction units being developed by GMD & Homeword. The project was awarded 2022 9% credits, and also leverages 4% credits.

The developer is requesting \$350,000 from the Housing Montana Fund with a 30-year term and amortization to cover increased construction costs for the 4% side of this project. The loan would close prior to the construction period.

PROPOSAL

Staff supports approving the request for \$350,000 from the Housing Montana Fund to loan into the project with a term and amortization that is approved by staff and needed by project for successful completion.



March 29, 2022

Nicole McKeith
Multifamily Program Manager
Montana Housing
301 S. Park Avenue
Helena, MT 59620-0528

Re: Junegrass Place 4%/9% – Kalispell

Nicole,

Per our phone conversation earlier this week, our general contractor is in the final stages of bidding out Junegrass Place and the results to date are staggering. Rotherham Construction is a highly competent contractor and has built our last 4 tax credit projects in Montana. In recent years we typically experienced cost increases of 3-5%. Rotherham's current cost estimate (for the exact same buildings we are currently finishing in Bozeman at Arrowleaf Park, is **17% higher!** We are hearing of other projects in Montana with similar experiences so this is definitely not unique to Junegrass.

It is also very common that project bids come in somewhat high and we have always found a way to value engineer or other creative financing to make the project feasible. However, with this large of a funding gap we are forced to seek addition funding sources.

Our proposed solution is as follows:

- Approximately \$769,000 in addition tax credit equity from a supplemental 9% credit request of \$95,000 in annual credits in the upcoming round.
- \$350,000 Housing Montana Fund for Junegrass 4%.
- \$400,000 NeighborWorks Montana for Junegrass 4%.

We would request that the \$350,000 Housing Montana Fund be provided with a 30 year term and amortization, however, it would be our intent to pay off this loan (and the NeighborWorks Montana loan) at permanent loan conversion, or approximately 2 years in the spring of 2024. The repayment would be the result of an increased permanent loan based on an increase in the 2023 Area Median Income and also from project cost savings throughout the development.

The Housing Montana Fund and NeighborWorks funding will effectively bridge the project to the 2023 AMI release and permanent loan sizing.



We have had preliminary discussions with NeighborWorks Montana and they believe the short term loan would be approved.

Attached is a summary of our sources and uses comparing our numbers at applications to our current numbers. In particular, we have structured to keep our development fees proportional to the figures at the time of application.

Thank you for your consideration of this funding request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Dymoke', written in a cursive style.

Steve Dymoke
Partner

EXHIBIT ONE
JUNEGRASS SOURCE AND USE COMPARISON

9% Project (24 units)

SOURCES		July 2021	Mar 2022		
DEBT	Mortgage	1,430,010	1,588,857	158,847	Closing under 2022 AMI - projected increase. Expenses up to reflect rising costs. Lower interest rate negotiated and locked for perm / const. debt
	DDF	205,172	19,044	(186,128)	
EQUITY	TC Investor	4,062,594	4,640,836	578,242	Pricing down - \$0.81. Extra \$95,000 in annual 9% credits - intent to apply for 2023 credits Loss of 45L Credits due to program expiration.
	Energy and 45L Credits	154,948	135,329	(19,619)	
	NOI	28,964	28,545	(419)	
	Total	<u>5,881,688</u>	<u>6,412,611</u>	<u>530,923</u>	
 USES					
	Land	1,068,000	1,068,000	0	Land priced fixed
	Hard Construction	3,287,321	3,747,448	460,127	Material and Labor costs up substantially
	Soft Construction	327,337	313,087	(14,250)	Down because of revised allocation to 4% project
	Third Party Reports	18,742	15,645	(3,097)	Some savings negotiated on reports
	Lender Financing Costs	85,243	90,684	5,441	Higher based on percentage of loan size
	Bond COI	0	0	0	
	Const Period Interest	200,000	220,000	20,000	Higher interest due to carrying cost on higher costs
	Soft Costs	181,229	215,700	34,471	Higher TC fees due to new allocation, addition of syndicator underwriting fee
	Reserves	98,835	51,661	(47,174)	Negotiated Operating Reserve down from 6 to 3 months
	Developer Fee	<u>614,981</u>	<u>690,385</u>	<u>75,404</u>	
		5,881,688	6,412,610	530,922	
	Cash Developer Fee	409,809	671,341	261,532	

4% Project (114 Units)

SOURCES

		Sept 2021	Mar 2022		
DEBT	Tax Exempt Bonds	11,154,652	13,172,278	2,017,626	Closing under 2022 AMI - projected increase. Expenses up to reflect rising costs.
				0	
				0	
	GMD Development Loan		750,000	0	Contribution from GMD to lower deferred fee
				0	
	DDF	2,513,835	2,573,825	59,990	
EQUITY	TC Investor	12,620,330	13,360,016	739,686	Increased costs have increased basis
	Solar Tax Credits	542,269	653,029	110,760	Increased cost of solar system generates greater credits
	NOI	172,711	203,951	31,240	
	Total	27,003,797	30,713,099	3,709,302	

USES

	Land	0	0	0	
	Hard Construction	19,637,728	23,047,142	3,409,414	Material and Labor costs up substantially
	Soft Construction	1,603,765	1,553,755	(50,010)	Insurance savings negotiated
	Third Party Reports	73,010	52,435	(20,575)	Some savings negotiated on reports
	Lender Financing Costs	299,678	351,351	51,673	Increased lending costs due to larger loan
	Bond COI	79,750	105,750	26,000	Increased lending costs due to larger loan
	Const Period Interest	800,000	1,111,000	311,000	
	Soft Costs	545,920	620,237	74,317	Syndicator underwriting fee
	Reserves	507,970	271,429	(236,541)	Negotiated Operating Reserve down from 6 to 3 months
	Developer Fee	3,455,976	3,600,000	144,024	
	Total	27,003,797	30,713,099	3,709,302	
	Cash Developer Fee	942,141	1,026,175	84,034	

0

SUMMARY TOTAL PROJECT (Residential, Parking, Commercial)

		Aug 2020	Feb 2022	
DEBT	Conv Loan / TE Bonds	12,584,662	14,761,135	2,176,473
				0
				0
	GMD Development Loan		750,000	750,000
				0
	DDF	2,719,007	2,592,869	(126,138)
EQUITY	TC Investor	16,682,924	18,000,852	1,317,928
	Solar Tax Credits	697,217	788,358	91,141
	NOI	201,675	232,496	30,821
	Total	32,885,485	37,125,710	4,240,225

350,000 from MBOH short term financing and \$400,000 from NWMT, lent to GMD. GMD bets on cost savings and AMI increase to solve. Otherwise we pay it off.

USES

Land	1,068,000	1,068,000	0
Hard Construction	22,925,049	26,794,590	3,869,541
Soft Construction	1,931,102	1,866,842	(64,260)
Third Party Reports	91,752	68,080	(23,672)
Lender Financing Costs	384,921	442,035	57,114
Bond COI	79,750	105,750	26,000
Const Period Interest	1,000,000	1,331,000	331,000
Soft Costs	727,149	835,937	108,788
Reserves	606,805	323,090	(283,715)
Developer Fee	4,070,957	4,290,385	219,428
Total	32,885,485	37,125,709	4,240,224
Cash Developer Fee	1,351,950	1,697,516	345,566

9% Active Tax Credit Projects

<u>Project</u>	<u>City</u>	<u>HC Year</u>	<u>Developer</u>	<u>Status</u>
Riverview Apts	Big Sky	2022	Blueline	Ground Breaking Summer 2022
Bicentennial Apts	Dillon	2022	Dawson Holdings	Rehab start date Summer 2022
Baatz Block Apts	Great Falls	2022	Homeword	Rehab Planned Start for Early 2023
Tapestry Apts	Billings	2022	CLDI	Ground Breaking Summer 2022
Junegrass 4/9	Kalispell	2022	GMD/ Homeword GL/North Fork	Working towards closing- HMF
Laurel Depot	Laurel	2021	Development	Working through additions of subsidy
MRM Unified Campus	Billings	2021	MT Rescue Mission	Closing soon
Jackson Court	Billings	2021	GL Development Apsalooke Nation	Working through additions of subsidy
AHNA LIHTC 1	Crow Agency	2021	Housing Authority	Closing April 2022
Creekside Commons	Kalispell	2021	Housing Solutions	Working through site change
Crowley Flats	Lewistown	2021	Homeword	Construction starting Spring '22
Timber Ridge Apts	Bozeman	2020	Summit Housing Group Wishcamper	Under Construction
Fire Tower Apts	Helena	2020	Development	Grand Opening Summer 2022
Burnt Fork Place	Stevensville	2020	HRC/Housing Solutions	Waiting for 8609's
Skyview	Missoula	2020	Housing Solutions	Waiting for 8609's

Private Activity Bonds/ 4% Tax Credits

<u>Project</u>	<u>City</u>	<u>Amount</u>	<u>Developer</u>	<u>Status</u>
2022				
Comstock I, II & III	Bozeman	\$ 15,000,000.00	Devco Preservation	Waiting for Full App
GMD/Homeword TBD F	Kalispell	\$ 26,000,000.00	GMD	Waiting for Full App
Spruce Grove	Laurel / Bridger	\$ 7,000,000.00	GL Development	Closing April
2021				
Highland Manor	Havre	\$ 3,000,000.00	Echo Enterprise	Increasing Coal Trust Loan
Bridger Peaks	Bozeman	\$ 8,500,000.00	Devco Preservation	Closing Spring 2022
Castlebar	Bozeman	\$ 15,000,000.00	Devco Preservation Blueline, Missoula	Under Construction
Villagio	Missoula	\$ 43,000,000.00	Housing Auth	Under Construction- Gap Financing
Bitterroot Valley Apartm	Hamilton	\$ 6,000,000.00	Summit Housing Group Blueline, Homeword, Missoula Housing	Under Construction
Trinity	Missoula	\$ 36,000,000.00	Authority HRDC/Good Housing	Under Construction- Gap Financing
Boulevard	Bozeman	\$ 7,000,000.00	Partners HRDC/Good Housing	Under Construction
Darlinton Miles Sherwoo	Bozeman	\$ 30,500,000.00	Partners	Under Construction
2020				
Arrowleaf	Bozeman	\$ 19,000,000.00	GMD Development 2 LLC & HRDC	Grand opening June 2022

Perennial Park	Bozeman	\$ 26,000,000.00	GMD Development 2 LLC & HRDC	Grand opening June 2022
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Multi-Family Loan Programs

3/31/2022

Coal Trust Loans

Available Balance	\$	6,396.00
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Loans in Process:

Highland Manor	\$	1,132,000.00
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Oakwood Village	\$	3,600,000.00
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Housing Montana Fund

Available Balance	\$	763,058.00	.-\$350,000 for Junegrass
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TANF

Available Balance	\$	509,656.00
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RAM

Active Loans		51
Outstanding Balance	\$	1,627,306.00
Available Balance	\$	1,396,816.00

BOARD AGENDA ITEM

PROGRAM

Operations / Executive Director

BOARD MEETINGS

The next scheduled board meetings are Tuesday, May 16 - 17, 2022 and will be held virtually via Zoom. Developers will present Letter of Intent for full Housing Credit application invitations.

BOARD TRAINING OPPORTUNITIES

Board members are strongly encouraged to participate in the following upcoming events. Please contact Paula Loving to register.

- Mountain Plains Regional Housing Summit, May 2 – 4, Billings
- Montana Housing Partnership Conference, June 14 – 15, virtual

CONTRACTS / PROCUREMENT

- Contracts with Acorn Mortgage Consulting and CSG Financial Advisors are in route for renewal.
- Contracts with legal advisors are up for renewal at end of June 2022.

GSE SELLER/SERVICER UPDATE

- Previously provided information: Team is continuing to work with Acorn Mortgage Consulting, LLC on business model comparisons (Montana Housing as Seller / Servicer, Montana Housing as Seller / Servicer using a Sub-Servicer, or Montana Housing using a Master Servicer).
- We are resuming quarterly operational check-ins with Freddie Mac this month.

PERSONNEL UPDATE

- Montana Housing is in various recruitment stages for the following positions:
 - Multifamily Programs Officer (0.5 FTE)
 - Mortgage Accountant
 - Quality Control Specialist for Homeownership and Mortgage Servicing
 - Community Housing Program Specialist
 - HAF Application Reviewers (5 FTE) and HAF Accounting & Compliance Specialists (2 FTE)

BOARD AGENDA ITEM

- New Employees
 - Administrative Assistant – Annabel Eggar
 - Loan & Bond Specialist – Emma Lee Caldwell
 - Community Housing Program Specialist – Madison Fernandez
 - HAF Accounting / Compliance Specialist – Patsy Rasch
 - Federal Reporting Compliance Specialist – Erika Cooney

EMERGENCY RENTAL ASSISTANCE UPDATE

- Working on new marketing campaign to inform citizens of expanded program eligibility.
- At time of program inception, we estimated between 7,000 to 8,000 potentially eligible applicants with an average award of \$5,600 per household for a total estimated expenditure of \$44 million.
- Through April 5, 2022, 14,757 complete applications have been submitted, with 9,293 applications approved (6,881 new and 2,412 continued assistance) awarding over \$51.3 million in rent and utility assistance! The average award – including continued assistance – is now over \$7,450 per approved household. Approximately 1,000 applications are currently under review
- Montana’s estimated rent debt remains one of the lowest in the country, with only South Dakota, North Dakota, Wyoming and Vermont having lower estimated rent debt. National Equity Atlas has a rent debt in America map that includes county and state level data, based on March 2 – March 14, 2022 Census Household Pulse Survey. This survey estimates 10,000 households in Montana are behind on rent with total rent debt of \$18.6 million – all data being estimates.
- Staff has demonstrated responsible public stewardship of these funds. Approximately 1,300 potentially fraudulent applications requesting nearly \$25 million in assistance have been flagged, isolated and ultimately denied.

HOMEOWNER ASSISTANCE FUND UPDATE

- We’re beginning Sprint 3 of 5 on April 11 with ServiceNow for development of HAF online application and processing system.
- Treasury released draft pre-decisional Guidance on Compliance and Reporting Responsibilities on March 30, 2022. The HAF team is reviewing to identify all business needs for the ServiceNow application development.

BOARD AGENDA ITEM

- We are planning to offer more robust ServiceNow training for our staff. We're coordinating with ServiceNow and ITSD on a rapid learning training package to include digital job aids, demonstration videos and hands-on learning workshops.
- The state budget office approved seven (7) additional modified FTEs for administration of the HAF program. Recruitment is underway for these positions.
- Previously shared information: The Montana HAF Plan was finalized and submitted to the U.S. Department of the Treasury on September 28, 2021. As has been the experience with most other states, Treasury provided Montana Housing with a list of follow-up questions in mid-November and requested responses within 30-days. Montana Housing submitted the requested information on December 14, 2021. Treasury formally approved the Montana HAF Plan on January 18, 2022.

Section 8 Program Dashboard

March 31, 2022

HCV, HUD-VASH, MOD REHAB, PBS8, 811 PRA DEMO PROGRAMS:

CURRENT PERIOD: March 2022

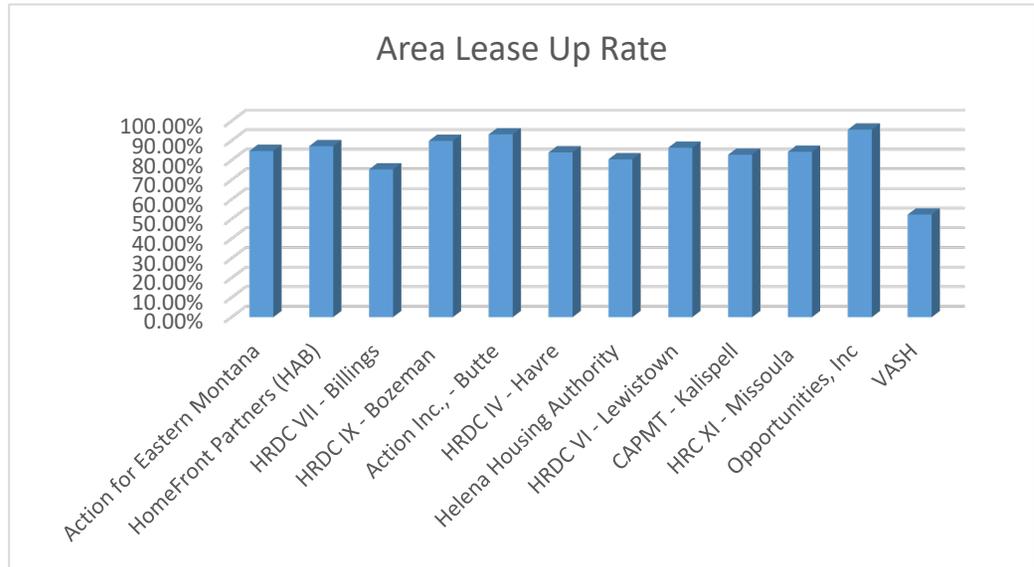
	<u>Month</u>	<u>Month</u>		<u>Year</u>	<u>HUD</u>	<u>Date</u>	
SECTION 8 PROGRAMS	<u>Feb-2022</u>	<u>Mar-2022</u>	<u>Change</u>	<u>HAP</u>	<u>Budget</u>	<u>Fees</u>	<u>Term</u>
Housing Choice Voucher (HCV)					15,426,099	117,444	CY 2022
PBS8 Opt-Out Conversion Funding							
Paid Units (3625 Agency contracts)	3,055	3,043	-12				
Current Month Payment Amount	1,513,543	1,523,155	9,613	4,534,935		352,280	
Veterans Affairs Supportive Housing (VASH)							CY2022
Number Units Paid (321 Authorized)	200	199	-1			7,475	
Payment Amount	95,630	96,085	455	292,280		22,412	
Moderate Rehabilitation (ModRehab)							
Number Contracts			0				
Paid Units (297 Authorized)	222	215	-7			7,770	
Payment Amount	114,593	121,081	6,488	345,150		22,940	
Mainstream							
Number Units Paid	21	23	2			981	
Payment Amount	11,200	12,318	1,118	35182		2690	
Project Based VASH							
Number Units Paid	35	37	2			1,221	
Payment Amount	20,846	22,745	1,899	63,735		3,664	
Project-Based (PBS8)							Admin Earnings
Contracts	89	89	0			84,943	
Units Paid (4132 Authorized with 8bb)	3,564	3,378	-186			Contract Extension	
Payment Amount	2,055,804	67,197	-1,988,607				
Calendar Year Admin Earnings						254,828	
811 Project Rental Assistance Demo (FY)					1,900,000	157,000	Five Year
Rental Assistance Contracts (RAC)			0	Disbursed:	677,836	Balance:	1,222,164
Units (grant requires 82)	28	28	0			8 Units Kalispell	
Payment Amount	17,677	16,358	-1,319			40 Units Missoula	
						5 Units Ronan	
						21 Units Bozeman/Belgrade	
						74	

TOTALS

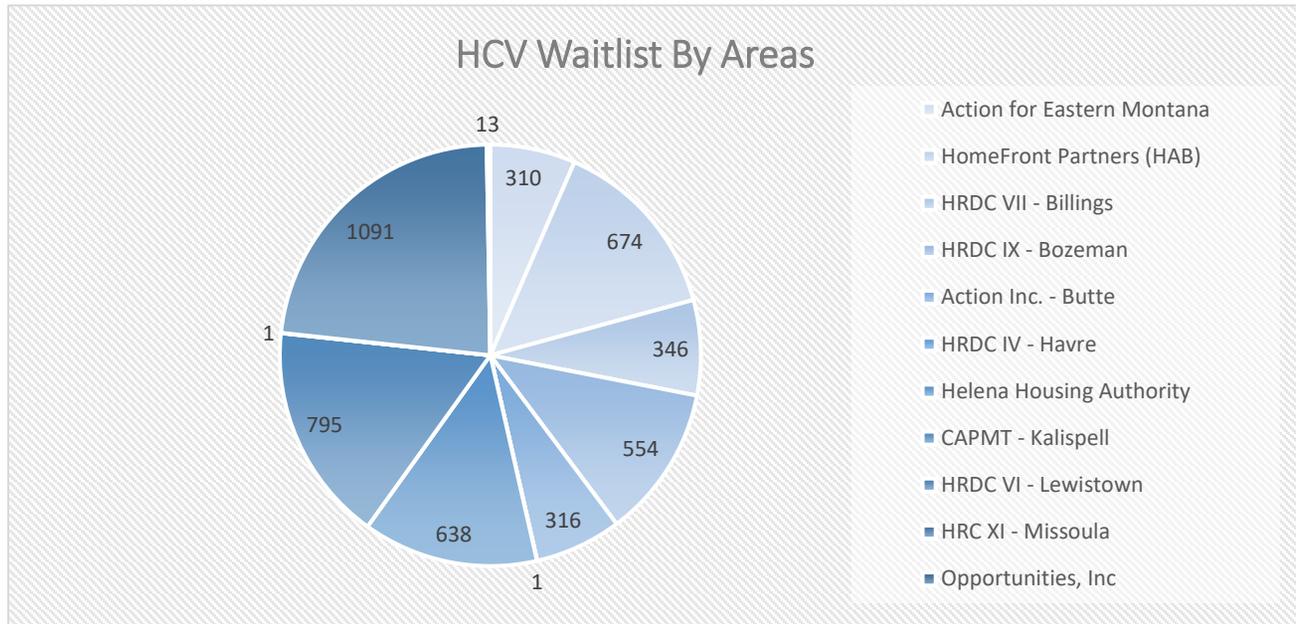
	<u>Previous Month</u>	<u>Current Month</u>	<u>Change</u>
Paid Units:	7,104	6,900	-204
Budgeted Units:		8,317	
All Section 8 HAPs	3,818,093	1,846,621	-1,971,471

Housing Choice Voucher Program Waiting List as of April 1, 2022

Agency	Contract	4/1/2022	Lease up %
Action for Eastern Montana	190	161	84.74%
HomeFront Partners (HAB)	460	401	87.17%
HRDC VII - Billings	150	113	75.33%
HRDC IX - Bozeman	425	382	89.88%
Action Inc., - Butte	280	261	93.21%
HRDC IV - Havre	200	168	84.00%
Helena Housing Authority	225	181	80.44%
HRDC VI - Lewistown	125	108	86.40%
CAPMT - Kalispell	355	294	82.82%
HRC XI - Missoula	415	350	84.34%
Opportunities, Inc	550	526	95.64%
VASH	367	192	52.32%



Waiting List No. as of April 1, 2022	
Action for Eastern Montana	310
HomeFront Partners (HAB)	674
HRDC VII - Billings	346
HRDC IX - Bozeman	554
Action Inc. - Butte	316
HRDC IV - Havre	1
Helena Housing Authority	638
CAPMT - Kalispell	795
HRDC VI - Lewistown	1
HRC XI - Missoula	1091
Opportunities, Inc	13
Total State Waiting List	4739



***** The Annual Purge started April 1, 2022 - Montana Housing sends out Waiting List Status Updates to every applicant to verify their contact information. Failure to respond will result in removal from the HCV Waiting List. This process usually reduces the entire waiting list by 50%.**