

Montana Board of Housing - Board Meeting

Meeting Location: Zoom

Date: January 12, 2026

Time: 8:30 am

Board Chair: Bruce Posey

Remote Attendance: Join our meeting in-person or remotely via Zoom and/or phone

Conference Call: Dial: 1-646-558-8656, Meeting ID: 819 3546 5044, Password: 827364

Register for Webinar: <https://mt.gov.zoom.us/meeting/register/tZUkdOysqD4qHtCIJvQ4oFrt54yXL5dudYfv>

Board Offices: Montana Department of Commerce
 Montana Board of Housing
 301 S. Park Ave., Room 240, Helena, MT 59601
 Phone: 406-841-2840

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 Board.
- Approve prior meeting's minutes
- Accounting & Finance Program (Vicki Bauer)
 - Accounting & Finance Dashboard



- Homeownership Program (Jessica Michel)
 - Homeownership Update
- Mortgage Servicing (Jesse Ennis)
 - Servicing Update
- Multifamily Program (Jason Hanson)
 - Sage Peak Apartments Bond Resolution
 - Alder Ridge Apartments Bond Resolution
 - Multifamily Update
- Operations/Executive Director (Joe DeFilippis + Cheryl Cohen)
 - 2026 MBOH Board Meeting Calendar – July date change
 - Rental Assistance Dashboard
 - Operations / Executive Director Update
- Miscellaneous
- Meeting Adjourns

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

Commerce/MBOH makes every effort to hold meetings at fully accessible facilities. Any person needing reasonable accommodation must notify the MBOH at 406-841-2840 or visit Montana Relay 711: dphhs.mt.gov/detd/mtap/traditionalrelayservice before the scheduled meeting to allow for arrangements.



2026 Montana Board of Housing Calendar

Board meetings are generally held the second Monday of each month, excluding Mondays that conflict with other conferences or networking opportunities. In April and October, a Board training and strategic planning session is held on Monday, with the Board meeting following on Tuesday. All Board meetings begin at 8:30 am.

Board Meetings (Training and Strategic Planning Dates in **Green)**

- Monday, January 12 via Zoom
- Monday, February 9 via Zoom
- Monday, March **16** via Zoom
- **Monday, April 13 – Hamilton, MT**
- Tuesday, April 14 – Hamilton
- Monday, May 11 (Great Northern Hotel, Helena, MT, LOI Presentations)
- Tuesday, May 12 (Great Northern Hotel, Helena, MT, LOI Invitations to Apply)
- Monday, June 8 via Zoom
- **Monday, July 20 via Zoom**
- Monday, August 10 via Zoom
- Monday, September 14 via Zoom
- **Monday, October 19 – Fort Benton, MT**
- Tuesday, October 20 via Zoom (LIHTC 9% Awards & QAP) – Fort Benton
- Monday, November **16** via Zoom
- Monday, December 14 via Zoom (subject to cancellation)



Meeting Location: Distance via Zoom

Date: December 8, 2025

Time: 8:30 am

Roll Call of Board Members:

Bruce Posey, Chair (Present)

Sheila Rice (Present)

Amber Parish (Present)

Jeanette McKee (Present)

Rachel Arthur (Present)

Richard Miltenberger (Present)

Ryan Aikin (Present)

Staff:

Cheryl Cohen, Executive Director

Julie Flynn, Community Housing Manager

Logan Colberg, Executive Assistant

Jason Hanson, Multifamily Manager

Joe DeFilippis, Operations Manager

Bruce Brensdal, Multifamily Program

Vicki Bauer, Finance Manager

Charles Brown, Homeownership Program

Kellie Guariglia, Multifamily Program

Jesse Ennis, Mortgage Servicing Manager

Julles Engel, Community Housing

Jessica Michel, Homeownership Manager

Counsel:

Nathan Bilyeu

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 webpage at [Past Meetings and Minutes](#).

Others:

Angela Getchell	Austin Truckle	Blake Jumper	Cam Hager
Emily Thompson	Jennifer Wheeler	Mina Choo	Larry Phillips
Misty Dalke	Parker Webb	Partick Zhang	Ron Culver
Tyler Currence	Greg Dunfield		

Call Meeting to Order:

00:00:00 Board Chair Bruce Posey called the Montana Board of Housing (MBOH) meeting to order at 8:30 a.m.

00:01:25 Introductions of Board members, Board staff, and attendees were made.

00:04:36 Board Chair Posey asked Public Comment for anything under the Board's jurisdiction but not included on today's agenda.

Approval of Minutes:**November 10 MBOH Board Meeting Minutes – See November Minutes in November's Board Packet**

00:05:50 Motion: Jeanette McKee
Second: Richard Miltenberger
November 10, 2025 MBOH Board meeting minutes were approved unanimously.

Homeownership Program:**Homeownership Update**

00:06:32 Presenter: Jessica Michel

Mortgage Servicing Program:**Servicing Update**

00:11:20 Presenter: Jesse Ennis

Multifamily Program:**Approval of Bond Resolution No. 25-1208-MF10 The Beck Apartments (aka The Highlands)**

00:14:43 Presenter: Jason Hanson

 Motion: Ryan Aikin

 Second: Richard Miltenberger

 The motion to approve Bond Resolution No. 25-1208-MF10 The Beck Apartments (aka The Highlands) in the amount not to exceed \$40,000,000 passed unanimously.

Approval of HB 924 Interest Rates for Loan Programs and Eligible Uses

00:18:40 Presenter: Jason Hanson

 The Board engaged in discussion regarding loan program interest rates and what makes rates favorable in the market.

00:37:00 Public Comment: Tyler Currence inquired whether under Eligible Activities 1, projects required matching credits. Jason Hanson clarified there is no explicit match requirements and projects can bring a variety of possible funding source combinations to the Board.

 Motion: Sheila Rice

 Second: Amber Parish

 The motion to approve Interest Rates for the Multifamily Loan Programs passed unanimously as follows:

- For loans that fall under Eligibility 1, an interest rate of 3.25%.
- For loans that fall under Eligibility 2, an interest rate of 4.25%.
- For loans that fall under Eligibility 3, Board staff will recommend an interest rate to the Board as needed on a case-by-case basis.

Multifamily Update

00:42:22 Presenter: Jason Hanson

Operations/ Executive Director:**Approval of MBOH Board Training Policy**

00:44:50 Presenter: Cheryl Cohen

The Board expressed importance of training Board members appropriately and thanked the staff for the work that goes into the training.

Motion: Rachel Arthur

Second: Ryan Aikin

The motion to approve MBOH Board Training Policy passed unanimously.

Operations/Executive Director Update

00:56:13 Presenter: Joe DeFilippis and Cheryl Cohen

The Board engaged in a discussion regarding the Continuum of Care and the changes at HUD and monitoring the changes affecting individuals as difficult decisions must be made.

Meeting Adjournment:

01:11:33 Meeting was adjourned at 9:42 a.m.

Amber Parish, Secretary

Date

Board Agenda Item

Board Meeting: January 12, 2026

Accounting and Finance Program

INVESTMENT DIVERSIFICATION BAR GRAPH

Diversification is an investment strategy that entails the purchase of a mixture of investments that reduces the exposure to investment risk. Currently, there are limited investments options available that fit within the Board's Investment Policy, so most funds are invested in money market.

- At the end of August, the Board's investment balance, not including new program MBS's, was \$190 million with approximately \$175.3 million deposited in money market, earning 4.17%. The money market balance includes \$19.6 million of debt service and mortgage reserves, as well as \$83.5 million in the 2025A and 2025B Acquisition accounts.
- The remaining \$14.7 million of funds are invested in FNMA and Freddie Mac Bonds and a small MBS from a prior program, with rates ranging from 3.69% to 6.25%.
- The Board's current MBS program is well received by the lenders and as of the end of August, we had purchased \$102.1 million of GNMA MBS and \$4.8 million of FNMA MBS with bond proceeds.

WEIGHTED AVERAGE YIELD TREND GRAPH

MBOH uses the average yield for each investment type and the par value of those same investment types to calculate the weighted average yield.

Montana Department of Commerce | commerce.mt.gov | Montana Board of Housing
P.O. Box 200528 | Helena, MT 59620-0528 | Phone: 406-841-2840 | Fax: 406-841-2841
Montana Relay 711: dphhs.mt.gov/detd/mtap/traditionalrelayservice



- The weighted average yield has decreased year-to-year from 5.29% in August 2024 to 4.28% in August 2025.
- The rate decreased from 4.41% in July to 4.28% in August 2025.
- These averages do not include the rates on the new MBS.

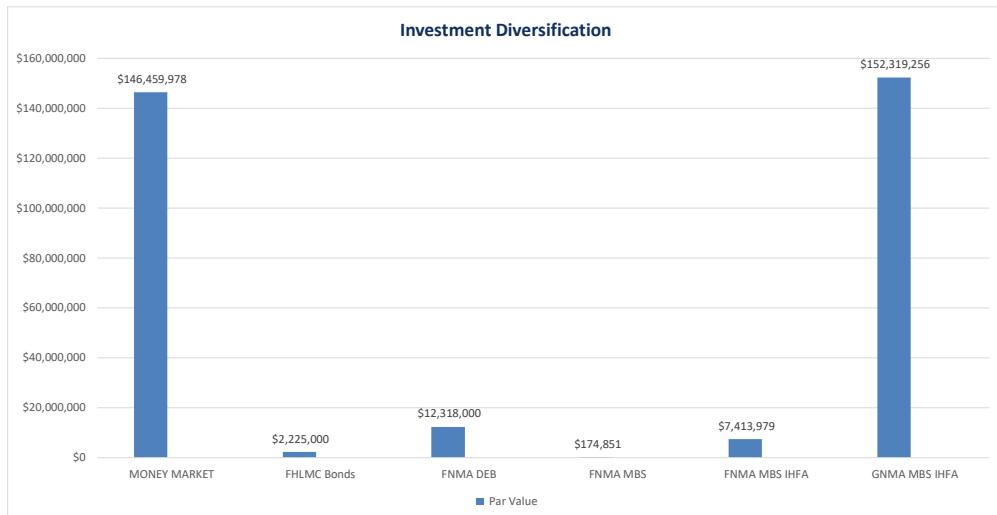
BONDS

- Single Family, Multi Family, Teachers outstanding balances
- We are working with finance team on the 2026A bond issue, that is currently set at \$70,000,000. We will price the bonds in later in January and close the issue in February.



Finance Program Dashboard

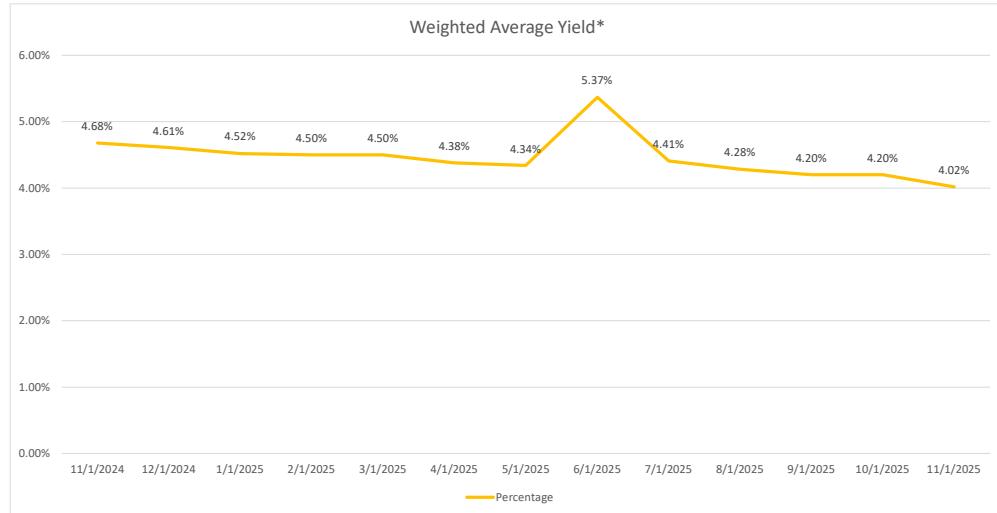
January 12, 2026 (Data as of 11/30/2025)



FNMA: Federal National Mortgage Association (Fannie)

FHLMC: Federal Home Loan Mortgage Corporation (Freddie)

GNMA: Government National Mortgage Association (Ginnie)



*Does not include rate on MBS

Bonds Outstanding (After December 1st Debt Service)

SFI	660,030,000.00
SFII	64,710,000.00
SFXI	7,070,000.00
MF	75,000.00
Teachers	86,366.00
TOTAL	731,971,366.00

HOMEOWNERSHIP PROGRAM DASHBOARD

January 12, 2026

RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH*	5.625	5.63	5.500
Market	5.98	5.92	6.850
10 yr treasury	4.18	4.02	4.580
30 yr Fannie Mae	6.53	6.53	6.530

*Current Setaside 5.375, DPA 5.875

MBS PROGRAM

RESERVATIONS			LOANS PURCHASED BY IHFA		
	<u>December NUMBER</u>	<u>December AMOUNT</u>		<u>December NUMBER</u>	<u>December AMOUNT</u>
Series 2026 A (since 10.21.25)	20	5,424,567		32	8,572,680
Series 2026 A DPA (since 10.21.25)	12	159,606			
80% Combined (20+)	2	451,200		11	1
SET-ASIDE PROGRAMS					
MBOH Plus DPA	2	12,610			
NeighborWorks	1	153,642			
CAP NWMT CLT					
Missoula HRDC XI					
Bozeman HRDC IX					
Home\$tar					
HUD 184					
MT Street CLT					
Sparrow Group					
City of Billings	2	469,626			
Foreclosure Prevent					
Disabled Accessible					
Lot Refi					
FY26 Habitat					
OTHER PROGRAMS					
Veterans (Orig)	3	1,037,651			
912 Mrtg Cr Cert (MCC)	1	204,300			

DECEMBER MBS TURNTIMES

Lender reservation to closing date	16.81	days
Closing Date to compliance submission	26.90	days
Compliance Submission to review time	1.21	days

LOAN PURCHASES BY LENDER

	Nov-25		2025 YTD	
	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>
1ST SECURITY BK MISSOULA 133			7	3
BRAVARA BANK 186			5	5
CHURCHHILL MORTGAGE 869			9	2
CLEARWATER FEDERAL C U 901			1	
CMG 874			4	3
CORNERSTONE HOME LENDING 850			4	1
CROSSCOUNTRY MORTGAGE 863	2	1	27	9
ENVOY 871	1	1	6	5
EVERGREEN MORTGAGE 875	3	1	115	45
FAIRWAY INDEPENDENT MRTG 847	5	4	48	23
FIRST BANK OF MONTANA 073			1	1
FIRST COLONY MORTGAGE 865				

FIRST FEDERAL BANK & TRUST 731				4		
FIRST INTERSTATE BANK-WY 601	1	1		5	3	
FIRST MONTANA BANK 172				3	3	
FLATHEAD HABITAT 991						
GLACIER BANK KALISPELL 735				5		
GUARANTEED RATE 864				8	5	
GUILD MORTGAGE COMPANY 842	6	6		55	35	
HOMETOWN LENDERS 862						
INTREPID CREDIT UNION 903				1	1	
LOWER DOT COM, LLC 873	2	2		46	27	
NEW AMERICAN FUNDING 878				4	2	
NOVUS 872				8	6	
ONE TRUST HOME LOAN 868				5	1	
OPPORTUNITY BANK 700	4	3		83	29	
PRIME LENDING 851				6	2	
SECURITY NATIONAL MTG CO 879				2	2	
STOCKMAN BANK OF MT MILES 524	2	2		88	40	
SYNERGY ONE LENDING 880	4	3		24	16	
UNION HOME MORTGAGE 876				4	4	
UNIVERSAL 843						
VALLEY BNK DIV OF GLACIER BNK 151				8	5	
VIP MORTGAGE 883	2	2		2	2	
WESTERN SECURITY BANK 785	6	6		28	19	
WINTRUST MORTGAGE 867				7	6	
YELLOWSTONE BANK 161				4	1	
Grand Count	38	32		627	306	

NOVEMBER 2025 PORTFOLIO SUMMARY

	# of loans	\$ of loans	% of #	% of \$	
FHA	2,763	402,374,078	48.5%	66.7%	
RD	784	80,855,266	13.8%	13.4%	
VA	389	70,742,955	6.8%	11.7%	
HUD184	34	2,010,321	0.6%	0.3%	
PMI	30	1,815,870	0.5%	0.3%	
Uninsured 1st	267	33,301,683	4.7%	5.5%	
Uninsured 2nd	1,425	12,064,440	25.0%	2.0%	
October 2025 Portfolio Balance	5,692	\$ 603,164,614			
October 2024 Portfolio Balance	5,682	\$ 635,455,209	0.18%	-5.08%	percent of Incr/Decr

Weighted Average Interest Rate 4.798%

rates up to 4%
1540 \$ 185,581,149

rates 4% and above
3358 \$ 374,618,122

RAM PROGRAM NOVEMBER ACTIVITY

<u>Loan Requests</u>	<u>Loans Outstanding</u>	<u>Life of Program</u>	<u>Avail Balance</u>
1	150,000	44	2,780,246.97

DELINQUENCY AND FORECLOSURE RATES

	MONTANA BOARD OF HOUSING			MORTGAGE BANKERS ASSOC.09/30/2025			(most recent available)
	<u>Nov-25</u>	<u>Oct-25</u>	<u>Nov-24</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>	
30 Days	1.37	1.39	1.28	1.37	1.77	2.12	
60 Days	1.09	0.69	0.76	0.49	0.65	0.76	
90 Days	<u>2.55</u>	<u>2.72</u>	<u>2.78</u>	<u>0.67</u>	<u>0.87</u>	<u>1.11</u>	
Total Delinquencies	5.01	4.80	4.82	2.53	3.29	3.99	
In Foreclosure	0.70	0.54	0.28	0.29	0.31	n/a	

Board Agenda Item

Board Meeting: January 12, 2026

Multifamily Program

BOND RESOLUTION NO. 26-0112-MF01 APPROVAL

Sage Peak Apartments in Bozeman, MT

Background:

The Sage Peak Apartments are a 101-unit senior (55+) property located in Bozeman, MT. This is a new construction project costing approximately \$345,281 per unit. DevCo Residential Group is the developer and is requesting a bond amount not to exceed \$21,000,000. This amount includes the buffer. Unit AMI's with average income targeting at 60%.

Staff Recommendation (if any):

Staff supports the proposal noted above.

Motion Option(s):

1. Move to approve Bond Resolution No. 26-0112-MF01 in the amount not to exceed \$21,000,000.
2. No motion, proposal fails.



**Sage Peak
Executive Summary**

Property Description

Sage Peak is located at the corner of S 19th and Graf St in Bozeman, MT. The property will consist of 101 senior (55+)-units split between 59 one-bedrooms and 42 two-bedrooms in one four-story residential buildings. The project will utilize income averaging. The below table depicts set asides by unit type.

Bedrooms	Bathrooms	Set Asides	Unit Count
1 BR	1 BA	30%	0
1 BR	1 BA	40%	7
1 BR	1 BA	50%	9
1 BR	1 BA	60%	24
1 BR	1 BA	70%	19
2 BR	2 BA	30%	0
2 BR	2 BA	40%	0
2 BR	2 BA	50%	10
2 BR	2 BA	60%	18
2 BR	2 BA	70%	14

Property management's offices and most of the community amenities consisting of a fireplace, TV, tables and seating, kitchen, and community gathering space, will be located on the ground floor of the building. Additional amenities such as extra storage, an exercise room, and a library will be located on higher floors, with a dog park located just outside of the building. Each home will be outfitted with amenities that include a fully equipped kitchen with a dishwasher, microwave, and refrigerator.

Construction will begin in Q1 of 2024 and is anticipated to conclude in Q4 of 2026. DevCo will seek a new issuance of tax-exempt bonds and 4% LIHTCs through the Montana Board of Housing and record a restrictive covenant(s) legitimizing the property's long-term affordability.

Management

The property will be managed by DevCo Residential Property Management (DRPM), an affiliate of DevCo Residential Group. DRPM manages all of DevCo's Montana assets.

Planned Scope

Sage Peak has a hard cost budget of ~\$14M (\$140K PU), which will cover the following:

- Site Work – trash enclosures, drive aisles, surface parking stalls.
- Building Exteriors – roofing, column wrap, fixtures replacements, patios, siding, paint.
- Common Areas – the aforementioned amenities.
- Unit Interiors – windows, ceiling fans, vinyl flooring, doors, unit signage, full kitchen, HVAC, fire alarms, toilets.

DevCo Mission Statement

DevCo Preservation uses its extensive experience in the management, construction and financing of affordable housing to revitalize existing properties and build long lasting communities. By planning extensive renovations and making long-term affordability commitments DevCo Preservation provides quality, affordable housing in growing markets where it is needed most.

RESOLUTION NO. 26-0112-MF01

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING THE ISSUANCE IN ONE OR MORE SERIES OF ITS MULTIFAMILY HOUSING REVENUE BONDS (SAGE PEAK APARTMENTS PROJECT), SERIES 2026 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$21,000,000; APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE BOND FINANCING AGREEMENT AND OTHER RELATED DOCUMENTS; 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 its bonds and to purchase and make mortgage loans in order to finance housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana; and

WHEREAS, the Board intends to issue one or more series of its Multifamily Housing Revenue Bonds (Sage Peak Apartments Project), Series 2026 in an aggregate principal amount not to exceed \$21,000,000 (the “Bonds”), the proceeds of which will be used to finance a loan to the Borrower (hereinafter defined) for the acquisition, construction and equipping of Sage Peak Apartments, an affordable housing development consisting of 101 units located in Bozeman, Montana (the “Project”); and

WHEREAS, the Bonds will be issued pursuant to a Bond Financing Agreement (the “Financing Agreement”), among the Board, Graf St. Senior Apartments, LLC, a Washington limited liability company, or another affiliate of DevCo, LLC (the “Borrower”), Cedar Rapids Bank and Trust Company (the “Bondholder”) and U.S. Bank Trust Company, National Association (the “Fiscal Agent”), which will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, and/or omissions as approved by an authorized officer; and

WHEREAS, the proceeds of the Bonds will be used to finance a loan (the “Loan”) to the Borrower pursuant to the Financing Agreement among the Board, the Borrower, the Bondholder and the Fiscal Agent, which will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, and/or omissions as approved by an authorized officer; and

WHEREAS, the interest on the Bonds is intended to qualify for a federal tax exemption under Section 142 of the Internal Revenue Code of 1986, as amended (the “Code”), and to ensure that the Bonds maintain their tax exempt status, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) among the

Board, the Borrower and the Fiscal Agent, which will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, and/or omissions as approved by an authorized officer.

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING AS FOLLOWS:

Section 1. Public Hearing and Findings.

(a) The Board hereby finds and determines that the Project financed through the issuance of the Bonds constitutes a “housing development” within the meaning of Section 90-6-103(8) of the Act; and

(b) In accordance with Section 90-6-109 of the Act, following a public hearing, the Board finds:

(i) that there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Financing Agreement and contained in the program documents relating to the loan financed thereby and to be financed are sufficient to ensure that the Project 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 Project to be financed 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 Project to be financed with the proceeds of the Bonds does 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 if the Loan constitutes a direct loan in accordance with Section 90-6-109(1)(f), by virtue of the Board loaning the Bond proceeds to the Borrower pursuant to the Financing Agreement, the Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

Section 2. Approval of Financing Agreement. The Financing Agreement is hereby approved, in the form hereinabove described, and the Chair, the Vice Chair or the Executive Director and Treasurer of the Board (each an “Authorized Officer”) is hereby authorized and directed to select a bondholder and execute and deliver the Financing Agreement, with such changes, insertions or omissions therein as may be approved by such signatory, such approval to be evidenced conclusively by execution of the Financing Agreement.

Section 3. Authorization of the Bonds. The issuance, sale, and delivery of the Board’s Bonds are hereby authorized and approved. The final amount and terms of the Bonds shall be determined by an Authorized Officer, consistent with the terms of the Financing Agreement and subject to the following conditions. The Bonds shall not be general obligations of the Board but shall be limited obligations payable solely and only from Loan payments and any other moneys pledged under the Financing Agreement by the Borrower as required by the Financing Agreement. The Bonds shall mature no later than 40 years from their date of issuance, bear interest at a fixed or floating rate no greater than the net rate paid on the Loan (i.e. net of fees due to the Board and any other parties), be in a principal amount not to exceed \$21,000,000, be subject to optional, special optional, mandatory or sinking fund redemption or tender and have the other terms and provisions as described to the Board and definitively set forth in the Financing Agreement upon execution and delivery as aforesaid in Section 2 hereof. The Bonds shall be executed and delivered substantially in the form set forth in the Financing Agreement, with such additions, omissions and changes as are required or permitted by the Financing Agreement and approved by the signatories thereto. The 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 for purposes of executing and attesting the Bonds, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Bondholder.

Section 4. Approval of Regulatory Agreement. The Regulatory Agreement is hereby approved, in the form hereinabove described, and an Authorized Officer 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 Regulatory Agreement.

Section 5. Approval of Purchase Contract and Sale of the Bonds. The Purchase Contract is hereby approved, in the form described above and the execution of the Purchase Contract by an Authorized Officer is hereby authorized and directed in order to effectuate the sale of the 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. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board within the authority granted herein with respect to the Financing Agreement, the Purchase Contract, the Regulatory Agreement, and the Bonds is hereby approved, confirmed and ratified.

Section 7. Execution of Documents. In the event of the absence or disability of an Authorized Officer, 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 Multifamily Program Manager or the Accounting and Finance Manager, with the same effect as if done by an Authorized Officer 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 8. Execution of No-Arbitrage Certificate. An Authorized Officer is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the Bonds as described in Section 148 of the Code.

Section 9. Additional Actions Authorized. The Chair, the Vice Chair, the Secretary, or any other member of the Board, and the Executive Director and Treasurer, the Multifamily 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 Financing Agreement or the Purchase Contract, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the members and officers named above are hereby designated as Authorized Officers for such purposes. With respect to the issuance of the Bonds authorized by this Resolution, such Authorized Officers are also authorized, with the advice of General Counsel or Bond Counsel, to interpret and apply the Board's Policy for Conduit Multifamily Housing Revenue Bonds (the "Policy") and to waive any requirement of the Policy to the extent such interpretation, application or waiver is consistent with the purpose of the Policy.

Section 10. Effective Date. This Resolution shall become effective immediately.

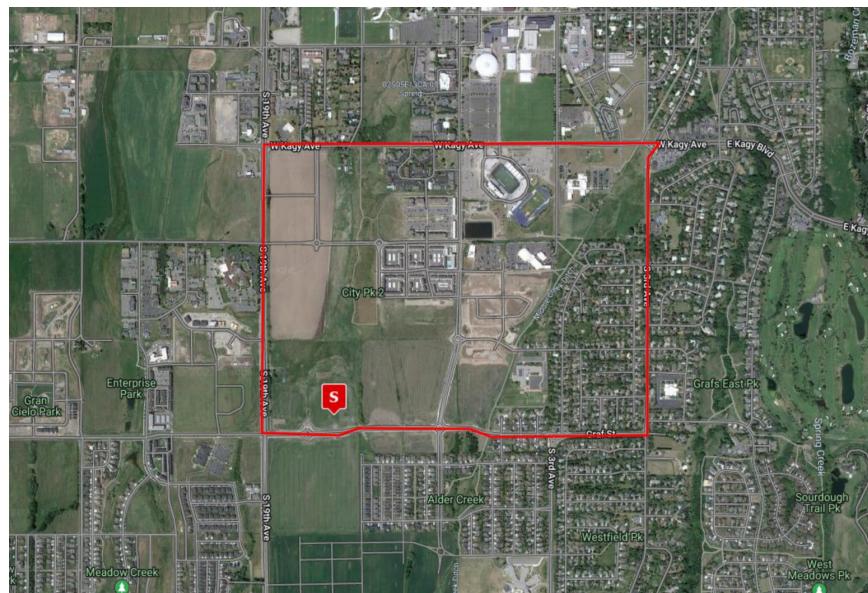
ADOPTED by the Montana Board of Housing this 12th day January, 2026.

MONTANA BOARD OF HOUSING

Attest:

By _____
Bruce Posey, Chair

By _____
Cheryl Cohen, Executive Director



MARKET STUDY SUMMARY

Market Study Company:	Novogradac
Project Name:	Sage Peak
Project Market Area:	The PMA includes the cities of Bozeman, Valley West, Four Corners, Story, Cowan, Belgrade, Holland and Powers, as well as portions of Camona, Churchill, and Patterson.

Is the project, as proposed, viable?

YES

Average (comparable/acheivable) market unit rents in immediate area and the percent the proposed project rents are below these rents.

	Market Rents	% Project Rents Below	
0 bedroom			
1 bedroom	\$ 1,900	39.0-61.0%	
2 bedroom	\$ 2,100	23.0%-46.0%	
3 bedroom			
4 bedroom			
5 bedroom			

Reference page:
93

of all New Units Needed: 379 Reference page: 102

of units needed for the targeted AMI of the project: 1,149 Reference page: 101

Vacancy Rate: 3.3% Reference page: 91

Months to Lease-up: 4 Reference page: 105

Capture Rate:
(projected income eligible tenants who will move in next year/proposed units) 26.6% Reference page: 102

Absorption Rate:
(proposed units/existing LIH, market area units required) 65.4% Reference page: 106

Penetration Rate:
(existing LIH units/total eligible households) 10.1% Reference page: 104

Number of LI households that can afford rent of proposed project: 1,002 Reference page: 104

Distance (miles) to: (only fill this out at full market study)

1.0 miles to grocery store (convenience store does not count)
2.5 miles to medical services appropriate and available to all prospective tenants (e.g., hospital, doctor offices, etc.) and are one of the following:

A Project is located within 1½ miles of the specified amenity or essential service.

Public or contracted transportation (not including taxi or school bus service) is reasonably available to the specified amenity or service (i.e., the Project is located within ¼ mile of fixed bus stop or on a same day call basis) (or letter from provider committing to establish such service); or

Where applicable, the specified amenity or service is available via a no-charge delivery service to the Project Location (all distances must be as specified in the Project's market study).

All other services and distance to each.

	Other Service	Distance (mi)
1	Enterprise Park	0.4 miles
2	Stockman Bank	0.7 miles
3	Town & Country Foods	1.0 mile
4	Cenex Gas Station	1.4 miles
5	Grant & Willson Bus Stop	1.5 miles
6	Bozeman Police Department	1.6 miles
7	Fire Department	1.7 miles
8	CVS Pharmacy	2.1 miles
9	Dollar Tree	2.1 miles
10	Post Office	2.3 miles
11	Bozeman Health Deaconess Regional Medical Center	2.5 miles
13	Bozeman Public Library	2.6 miles
14	Bozeman Senior Social Center	2.8 miles
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City	Bozeman
County	Gallatin
Project Name	Sage Peak
HC Requested	15,494,710

<u>Unit Numbers</u>	<u>Target</u>	
0-bdrm	20%	-
0-bdrm	30%	-
0-bdrm	40%	-
0-bdrm	50% (Low HM)	-
0-bdrm	50%	-
0-bdrm	60%	-
0-bdrm	70%	-
0-bdrm	80%	-
0-bdrm	0%	-
0-bdrm	0%	-
1-bdrm	20%	-
1-bdrm	30%	-
1-bdrm	50% (Low HM)	-
1-bdrm	40%	7
1-bdrm	50%	9
1-bdrm	60%	24
1-bdrm	70%	19
1-bdrm	80%	-
1-bdrm	0%	-
1-bdrm	0%	-
2-bdrm	20%	-
2-bdrm	30%	-
2-bdrm	40%	-
2-bdrm	50% (Low HM)	-
2-bdrm	50%	10
2-bdrm	60%	18
2-bdrm	70%	14
2-bdrm	80%	-
2-bdrm	0%	-
2-bdrm	0%	-
3-bdrm	20%	-
3-bdrm	30%	-
3-bdrm	40%	-
3-bdrm	50% (Low HM)	-
3-bdrm	50%	-
3-bdrm	60%	-
3-bdrm	70%	-

3-bdrm	80%	-
3-bdrm	0%	-
3-bdrm	0%	-
4-bdrm	20%	-
4-bdrm	30%	-
4-bdrm	40%	-
4-bdrm	50% (Low HM)	-
4-bdrm	50%	-
4-bdrm	60%	-
4-bdrm	70%	-
4-bdrm	80%	-
4-bdrm	0%	-
4-bdrm	0%	-
other	20%	-
other	30%	-
other	40%	-
other	50% (Low HM)	-
other	50%	-
other	60%	-
other	70%	-
other	80%	-
other	0%	-
other	mkt	-
other	mgr(60%)	-
Total Units		101
Average Income Targeting		60.00%

Square Footage

Income Restricted Units	62,241
Managers Unit(s)	-
Supportive Services	-
Common Space	-
Market/Commercial	-
Total	
	62,241

Unit Rents

0-bdrm	20%	-
0-bdrm	30%	-
0-bdrm	40%	-
0-bdrm	50% (Low HM)	-
0-bdrm	50%	-
0-bdrm	60%	-
0-bdrm	70%	-
0-bdrm	80%	-

0-bdrm	0%	-
0-bdrm	0%	-
1-bdrm	20%	-
1-bdrm	30%	-
1-bdrm	40%	818
1-bdrm 50% (Low HM)		-
1-bdrm	50%	1,041
1-bdrm	60%	1,264
1-bdrm	70%	1,487
1-bdrm	80%	-
1-bdrm	0%	-
1-bdrm	0%	-
2-bdrm	20%	-
2-bdrm	30%	-
2-bdrm	40%	-
2-bdrm 50% (Low HM)		-
2-bdrm	50%	1,251
2-bdrm	60%	1,519
2-bdrm	70%	1,787
2-bdrm	80%	-
2-bdrm	0%	-
2-bdrm	0%	-
3-bdrm	20%	-
3-bdrm	30%	-
3-bdrm	40%	-
3-bdrm 50% (Low HM)		-
3-bdrm	50%	-
3-bdrm	60%	-
3-bdrm	70%	-
3-bdrm	80%	-
3-bdrm	0%	-
3-bdrm	0%	-
4-bdrm	20%	-
4-bdrm	30%	-
4-bdrm	40%	-
4-bdrm 50% (Low HM)		-
4-bdrm	50%	-
4-bdrm	60%	-
4-bdrm	70%	-
4-bdrm	80%	-
4-bdrm	0%	-
4-bdrm	0%	-
other	20%	-
other	30%	-

other	40%	-
other	50% (Low HM)	-
other	50%	-
other	60%	-
other	70%	-
other	80%	-
other	0%	-
other	mkt	-
other	mgr(60%)	-
Total Monthly Rents		138,554
vacancy factor		5.00%
Adjusted Rent		131,626
other/commercial income		7,525
total rent		139,151
x 12 months		12
Total Annual Income		1,669,816

Expenses

Administration	43,430
Management	66,793
Maintenance	87,870
Operating	260,277
Taxes	-
Replacement Reserve	35,350
Total Expenses	493,720

Net Income Before Debt Service	1,176,096
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Financing Sources

Hard Loan	14,712,000
Hard Loan	720,000
Soft Loan	2,833,921
Soft Loan	909,531
State HOME	-
State CDBG	-
State NHTF	-
Other	100
Deferred Dev Fee	3,319,826
HC Equity Competitive	-
HC Equity Non-Competitive	<u>12,378,000</u>
Total Sources:	34,873,378

% of Project Financed by HC:	35.49%
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Return on Sale of HTC

HTC Requested	15,494,710
HTC Equity	12,378,000
HTC Return on Sale	0.799

Ratios

Rent (Income)	1,669,816
Operating Expenses	458,370
Replacement Reserves	35,350
Net Income Available for DS	1,176,096
Total Debt Service	\$994,222
Debt Coverage Ratio (DCR)	1.18
Total Expense Ratio	1.12

Project Costs

Land	2,539,804
Building/Acquisition	-
Site Work	870,391
Construction / Rehab	21,448,545
Soft Costs	5,346,280
Developer Fees	4,149,782
Reserves	<u>518,575</u>
Total Project Costs	<u>34,873,378</u>
Supportive Services Costs	-
Residential Costs	34,873,378

Costs versus Sources

Total Project Costs	34,873,378
Total Financing Sources	<u>34,873,378</u>
Difference	0

Project Cost Limitations

	<u>Limits</u>	
General Requirements	6.00%	4.85%
Contractor Overhead	2.00%	1.62%
Contractor Profit	6.00%	4.85%
Developer Fees	15.00%	15.00%
Soft Cost	40 or 45%	37.61%

Per Unit Comparison

	<u>Limits</u>
Cost per unit total	n/a
Cost per unit residential only	\$365,000
Cost per unit Const / Rehab	n/a
Credits per unit	n/a
Operating Cost per unit	\$3,000 min
Replacement Reserves	\$350 min

Per Square Foot Comparison

Construction / Rehab per sq ft	344.6
Total Project Cost per sq ft	560.3
Credits per sq ft	248.95
Credits per sq ft (residential only)	248.95

Utilities Paid by (Tenant / Owner)

Tenant

Market Study Data:

Vacancy Rates	3.30%
Absorption Rate	65.40%
Months to Absorb	4
Average Project Rent	-
Average Market Rent	2,000
Units needed for Targeted AMI's	1,149

Market Rents

0-bdrms	-
1-bdrms	1,900
2-bdrms	2,100
3-bdrms	-
4-bdrms	-
other	-

Board Agenda Item

Board Meeting: January 12, 2026

Multifamily Program

BOND RESOLUTION NO. 26-0112-MF02 APPROVAL

Alder Ridge Apartments in Bozeman, MT

Background:

The Alder Ridge Apartments are a 240-unit family property located in Bozeman, MT. This is a new construction project costing approximately \$365,522 per unit. DevCo Residential Group is the developer and is requesting a bond amount not to exceed \$55,000,000. This amount includes the buffer. Unit AMI's with average income targeting at 60%.

Staff Recommendation (if any):

Staff supports the proposal noted above.

Motion Option(s):

1. Move to approve Bond Resolution No. 26-0112-MF02 in the amount not to exceed \$55,000,000.
2. No motion, proposal fails.



**Alder Ridge
Executive Summary**

Property Description

Alder Ridge is located at the corner of S 19th and Graf St in Bozeman, MT. The property will consist of 240 family-units split between 96 one-bedrooms, 80 two-bedrooms, 48 three-bedrooms, and 16 four-bedrooms across 8 four-story walkup residential buildings. A centrally located community center will be provided as well. Community amenities will offer residents a playground, outdoor grilling and picnic areas, extra storage space, a dog park, an exercise room, community kitchen, amazon lockers, and an on-site property manager. Each home will be outfitted with amenities that include a fully equipped kitchen with a dishwasher, microwave, and refrigerator.

Construction will begin in Q1 of 2024 and is anticipated to conclude in Q4 of 2026. DevCo will seek a new issuance of tax-exempt bonds and 4% LIHTCs through the Montana Board of Housing and will extend the affordability commitments. 100% of the units will be set at 60% set asides.

Management

The property will be managed by DevCo Residential Property Management (DRPM), an affiliate of DevCo Residential Group. DRPM manages all of DevCo's Montana assets.

Planned Scope

Alder Ridge has a hard cost budget of ~\$47M (\$198K PU), which will cover the following:

- Site Work – trash enclosures, drive aisles, surface parking stalls.
- Building Exteriors – roofing, column wrap, fixtures replacements, patios, siding, paint.
- Common Areas – the aforementioned amenities.
- Unit Interiors – windows, ceiling fans, vinyl flooring, doors, unit signage, full kitchen, HVAC, fire alarms, toilets.

DevCo Mission Statement

DevCo Preservation uses its extensive experience in the management, construction and financing of affordable housing to revitalize existing properties and build long lasting communities. By planning extensive renovations and making long-term affordability commitments DevCo Preservation provides quality, affordable housing in growing markets where it is needed most.

RESOLUTION NO. 26-0112-MF02

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING THE ISSUANCE IN ONE OR MORE SERIES OF ITS MULTIFAMILY HOUSING REVENUE BONDS (ALDER RIDGE APARTMENTS PROJECT), SERIES 2026 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000; APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE BOND FINANCING AGREEMENT AND OTHER RELATED DOCUMENTS; 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 its bonds and to purchase and make mortgage loans in order to finance housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana; and

WHEREAS, the Board intends to issue one or more series of its Multifamily Housing Revenue Bonds (Alder Ridge Apartments Project), Series 2026 in an aggregate principal amount not to exceed \$55,000,000 (the "Bonds"), the proceeds of which will be used to finance a loan to the Borrower (hereinafter defined) for the acquisition, construction and equipping of Alder Ridge Apartments, an affordable housing development consisting of 240 units located in Bozeman, Montana (the "Project"); and

WHEREAS, the Bonds will be issued pursuant to a Bond Financing Agreement (the "Financing Agreement"), among the Board, Alder Ridge Apartments, LLC, a Montana limited liability company, or another affiliate of DevCo, LLC (the "Borrower"), Cedar Rapids Bank and Trust Company (the "Bondholder") and U.S. Bank Trust Company, National Association (the "Fiscal Agent"), which will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, and/or omissions as approved by an authorized officer; and

WHEREAS, the proceeds of the Bonds will be used to finance a loan (the "Loan") to the Borrower pursuant to the Financing Agreement among the Board, the Borrower, the Bondholder and the Fiscal Agent, which will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, and/or omissions as approved by an authorized officer; and

WHEREAS, the interest on the Bonds is intended to qualify for a federal tax exemption under Section 142 of the Internal Revenue Code of 1986, as amended (the "Code"), and to ensure that the Bonds maintain their tax exempt status, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") among the Board, the Borrower and the Fiscal Agent, which will be in substantially the form on file with the

Multifamily Program Manager with such changes, additions, and/or omissions as approved by an authorized officer.

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING AS FOLLOWS:

Section 1. Public Hearing and Findings.

(a) The Board hereby finds and determines that the Project financed through the issuance of the Bonds constitutes a “housing development” within the meaning of Section 90-6-103(8) of the Act; and

(b) In accordance with Section 90-6-109 of the Act, following a public hearing, the Board finds:

(i) that there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Financing Agreement and contained in the program documents relating to the loan financed thereby and to be financed are sufficient to ensure that the Project 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 Project to be financed 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 Project to be financed with the proceeds of the Bonds does 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 if the Loan constitutes a direct loan in accordance with Section 90-6-109(1)(f), by virtue of the Board loaning the Bond proceeds to the Borrower pursuant to the Financing Agreement, the Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

Section 2. Approval of Financing Agreement. The Financing Agreement is hereby approved, in the form hereinabove described, and the Chair, the Vice Chair or the Executive Director and Treasurer of the Board (each an “Authorized Officer”) is hereby authorized and directed to select a bondholder and execute and deliver the Financing Agreement, with such changes, insertions or omissions therein as may be approved by such signatory, such approval to be evidenced conclusively by execution of the Financing Agreement.

Section 3. Authorization of the Bonds. The issuance, sale, and delivery of the Board’s Bonds are hereby authorized and approved. The final amount and terms of the Bonds shall be determined by an Authorized Officer, consistent with the terms of the Financing Agreement and subject to the following conditions. The Bonds shall not be general obligations of the Board but shall be limited obligations payable solely and only from Loan payments and any other moneys pledged under the Financing Agreement by the Borrower as required by the Financing Agreement. The Bonds shall mature no later than 40 years from their date of issuance, bear interest at a fixed or floating rate no greater than the net rate paid on the Loan (i.e. net of fees due to the Board and any other parties), be in a principal amount not to exceed \$55,000,000, be subject to optional, special optional, mandatory or sinking fund redemption or tender and have the other terms and provisions as described to the Board and definitively set forth in the Financing Agreement upon execution and delivery as aforesaid in Section 2 hereof. The Bonds shall be executed and delivered substantially in the form set forth in the Financing Agreement, with such additions, omissions and changes as are required or permitted by the Financing Agreement and approved by the signatories thereto. The 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 for purposes of executing and attesting the Bonds, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Bondholder.

Section 4. Approval of Regulatory Agreement. The Regulatory Agreement is hereby approved, in the form hereinabove described, and an Authorized Officer 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 Regulatory Agreement.

Section 5. Approval of Purchase Contract and Sale of the Bonds. The Purchase Contract is hereby approved, in the form described above and the execution of the Purchase Contract by an Authorized Officer is hereby authorized and directed in order to effectuate the sale of the 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. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board within the authority granted herein with respect to the Financing Agreement, the Purchase Contract, the Regulatory Agreement, and the Bonds is hereby approved, confirmed and ratified.

Section 7. Execution of Documents. In the event of the absence or disability of an Authorized Officer, 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 Multifamily Program Manager or the Accounting and Finance Manager, with the same effect as if done by an Authorized Officer 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 8. Execution of No-Arbitrage Certificate. An Authorized Officer is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the Bonds as described in Section 148 of the Code.

Section 9. Additional Actions Authorized. The Chair, the Vice Chair, the Secretary, or any other member of the Board, and the Executive Director and Treasurer, the Multifamily 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 Financing Agreement or the Purchase Contract, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the members and officers named above are hereby designated as Authorized Officers for such purposes. With respect to the issuance of the Bonds authorized by this Resolution, such Authorized Officers are also authorized, with the advice of General Counsel or Bond Counsel, to interpret and apply the Board's Policy for Conduit Multifamily Housing Revenue Bonds (the "Policy") and to waive any requirement of the Policy to the extent such interpretation, application or waiver is consistent with the purpose of the Policy.

Section 10. Effective Date. This Resolution shall become effective immediately.

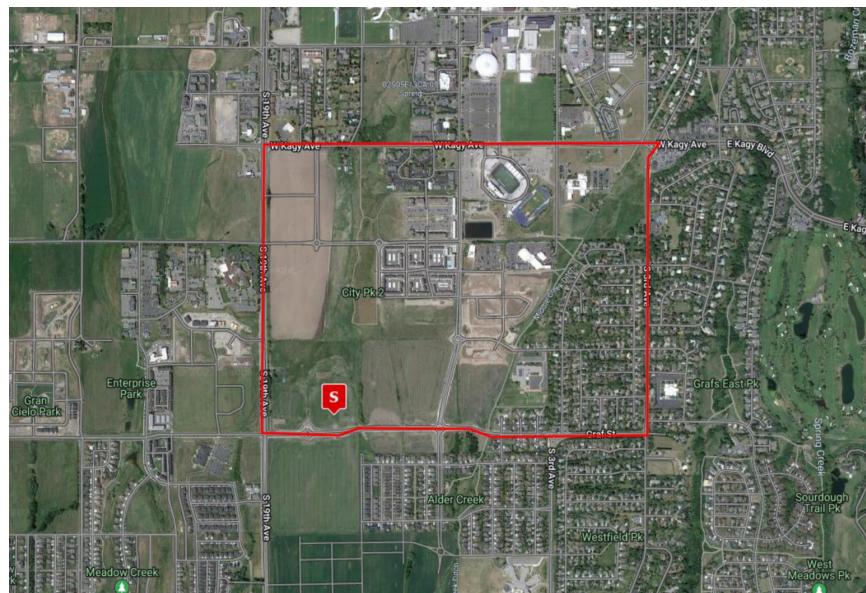
ADOPTED by the Montana Board of Housing this 12th day January, 2026.

MONTANA BOARD OF HOUSING

Attest:

By _____
Bruce Posey, Chair

By _____
Cheryl Cohen, Executive Director



MARKET STUDY SUMMARY

Market Study Company:	Novogradac
Project Name:	Alder Ridge
Project Market Area:	The PMA includes the cities of Bozeman, Valley West, Four Corners, Story, Cowan, Belgrade, Holland and Powers, as well as portions of Camona, Churchill, and Patterson.

Is the project, as proposed, viable?

YES

Average (comparable/acheivable) market unit rents in immediate area and the percent the proposed project rents are below these rents.

	Market Rents	% Project Rents Below	
0 bedroom			
1 bedroom	\$ 1,900	39.0%	
2 bedroom	\$ 2,200	37.0%	
3 bedroom	\$ 2,600	39.0%	
4 bedroom	\$ 2,900	41.0%	
5 bedroom			Reference page: 83

of all New Units Needed: 1,774 Reference page: 90

of units needed for the targeted AMI of the project: 5,069 Reference page: 90

Vacancy Rate: 3.6% Reference page: 80

Months to Lease-up: 10 Reference page: 94

Capture Rate: 13.5% Reference page: 90
(projected income eligible tenants who will move in next year/proposed units)

Absorption Rate: 63.5% Reference page: 94
(proposed units/existing LIH, market area units required)

Penetration Rate: 5.7% Reference page: 92
(existing LIH units/total eligible households)

Number of LI households that can afford rent of proposed project: 5,069 Reference page: 89

Distance (miles) to: (only fill this out at full market study)

1.0 miles to grocery store (convenience store does not count)
2.5 miles to medical services appropriate and available to all prospective tenants (e.g., hospital, doctor offices, etc.) and are one of the following:

A Project is located within 1½ miles of the specified amenity or essential service.

Public or contracted transportation (not including taxi or school bus service) is reasonably available to the specified amenity or service (i.e., the Project is located within ¼ mile of fixed bus stop or on a same day call basis) (or letter from provider committing to establish such service); or

Where applicable, the specified amenity or service is available via a no-charge delivery service to the Project Location (all distances must be as specified in the Project's market study).

All other services and distance to each.

	Other Service	Distance (mi)
1	Enterprise Park	0.4 miles
2	Stockman Bank	0.7 miles
3	Morning Star Elementary School	0.7 miles
4	Sacajawea Middle School	0.8 miles
5	Town & Country Foods	1.0 mile
6	Cenex Gas Station	1.4 miles
7	Grant & Willson Bus Stop	1.5 miles
8	Fire Department	1.7 miles
9	CVS Pharmacy	2.1 miles
10	Bozeman High School	2.1 miles
11	Dollar Tree	2.1 miles
13	Post Office	2.3 miles
14	Bozeman Health Deaconess Regional Medical Center	2.5 miles
15	Bozeman Public Library	2.6 miles
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City	Bozeman
County	Gallatin

Project Name	Alder Ridge
HC Requested	40,090,130

<u>Unit Numbers</u>	<u>Target</u>	
0-bdrm	20%	-
0-bdrm	30%	-
0-bdrm	40%	-
0-bdrm	50% (Low HM)	-
0-bdrm	50%	-
0-bdrm	60%	-
0-bdrm	70%	-
0-bdrm	80%	-
0-bdrm	0%	-
0-bdrm	0%	-
1-bdrm	20%	-
1-bdrm	30%	-
1-bdrm	50% (Low HM)	-
1-bdrm	40%	-
1-bdrm	50%	-
1-bdrm	60%	96
1-bdrm	70%	-
1-bdrm	80%	-
1-bdrm	0%	-
1-bdrm	0%	-
2-bdrm	20%	-
2-bdrm	30%	-
2-bdrm	40%	-
2-bdrm	50% (Low HM)	-
2-bdrm	50%	-
2-bdrm	60%	80
2-bdrm	70%	-
2-bdrm	80%	-
2-bdrm	0%	-
2-bdrm	0%	-
3-bdrm	20%	-
3-bdrm	30%	-
3-bdrm	40%	-
3-bdrm	50% (Low HM)	-
3-bdrm	50%	-
3-bdrm	60%	48
3-bdrm	70%	-
3-bdrm	80%	-

3-bdrm	0%	-
3-bdrm	0%	-
4-bdrm	20%	-
4-bdrm	30%	-
4-bdrm	40%	-
4-bdrm	50% (Low HM)	-
4-bdrm	50%	-
4-bdrm	60%	16
4-bdrm	70%	-
4-bdrm	80%	-
4-bdrm	0%	-
4-bdrm	0%	-
other	20%	-
other	30%	-
other	40%	-
other	50% (Low HM)	-
other	50%	-
other	60%	-
other	70%	-
other	80%	-
other	0%	-
other	mkt	-
other	mgr(60%)	-
Total Units		240
Average Income Targeting		60.00%

Square Footage

Income Restricted Units	209,793
Managers Unit(s)	-
Supportive Services	-
Common Space	-
Market/Commercial	-
Total	209,793

Unit Rents

0-bdrm	20%	-
0-bdrm	30%	-
0-bdrm	40%	-
0-bdrm	50% (Low HM)	-
0-bdrm	50%	-
0-bdrm	60%	-
0-bdrm	70%	-
0-bdrm	80%	-
0-bdrm	0%	-

0-bdrm	0%	-
1-bdrm	20%	-
1-bdrm	30%	-
1-bdrm	40%	-
1-bdrm	50% (Low HM)	-
1-bdrm	50%	-
1-bdrm	60%	1,254
1-bdrm	70%	-
1-bdrm	80%	-
1-bdrm	0%	-
1-bdrm	0%	-
2-bdrm	20%	-
2-bdrm	30%	-
2-bdrm	40%	-
2-bdrm	50% (Low HM)	-
2-bdrm	50%	-
2-bdrm	60%	1,486
2-bdrm	70%	-
2-bdrm	80%	-
2-bdrm	0%	-
2-bdrm	0%	-
3-bdrm	20%	-
3-bdrm	30%	-
3-bdrm	40%	-
3-bdrm	50% (Low HM)	-
3-bdrm	50%	-
3-bdrm	60%	1,702
3-bdrm	70%	-
3-bdrm	80%	-
3-bdrm	0%	-
3-bdrm	0%	-
4-bdrm	20%	-
4-bdrm	30%	-
4-bdrm	40%	-
4-bdrm	50% (Low HM)	-
4-bdrm	50%	-
4-bdrm	60%	1,882
4-bdrm	70%	-
4-bdrm	80%	-
4-bdrm	0%	-
4-bdrm	0%	-
other	20%	-
other	30%	-
other	40%	-

other	50% (Low HM)	-
other	50%	-
other	60%	-
other	70%	-
other	80%	-
other	0%	-
other	mkt	-
other	mgr(60%)	-
Total Monthly Rents		351,082
vacancy factor		5.00%
Adjusted Rent		333,528
other/commercial income		18,000
total rent		351,528
x 12 months		12
Total Annual Income		4,218,336

Expenses

Administration	112,000
Management	168,692
Maintenance	203,000
Operating	627,000
Taxes	-
Replacement Reserve	84,000
Total Expenses	1,194,692

Net Income Before Debt Service	3,023,643
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Financing Sources

Hard Loan	37,468,000
Hard Loan	1,500,000
Soft Loan	4,648,004
Soft Loan	2,689,197
State HOME	-
State CDBG	-
State NHTF	-
Other	100
Deferred Dev Fee	8,590,086
HC Equity Competitive	-

HC Equity Non-Competitive	<u>32,830,000</u>
Total Sources:	<u>87,725,387</u>
% of Project Financed by HC:	37.42%

Return on Sale of HTC

HTC Requested	40,090,130
HTC Equity	32,830,000
HTC Return on Sale	0.819

Ratios

Rent (Income) 4,218,336

Operating Expenses 1,110,692

Replacement Reserves 84,000

Net Income Available for DS	3,023,643
Total Debt Service	\$2,496,728
Debt Coverage Ratio (DCR)	1.21
Total Expense Ratio	1.14

Project Costs

Land	5,247,353
Building/Acquisition	371,171
Site Work	1,035,494
Construction / Rehab	56,375,105
Soft Costs	12,775,202
Developer Fees	10,556,358
Reserves	<u>1,364,704</u>
Total Project Costs	<u>87,725,387</u>
Supportive Services Costs	-
Residential Costs	87,725,387

Costs versus Sources

Total Project Costs	87,725,387
Total Financing Sources	<u>87,725,387</u>
Difference	0

Project Cost Limitations

	<u>Limits</u>
General Requirements	6.00%
Contractor Overhead	2.00%
Contractor Profit	6.00%
Developer Fees	15.00%
Soft Cost	40 or 45%
	4.97%
	1.66%
	4.97%
	14.96%
	36.44%

Per Unit Comparison

	<u>Limits</u>
Cost per unit total	n/a
Cost per unit residential only	\$365,000
Cost per unit Const / Rehab	n/a
Credits per unit	n/a
Operating Cost per unit	\$3,000 min
Replacement Reserves	\$350 min
	365,522
	365,522
	239,211
	167,042
	4,628
	350

Per Square Foot Comparison

Construction / Rehab per sq ft	268.72
Total Project Cost per sq ft	418.15
Credits per sq ft	191.09
Credits per sq ft (residential only)	191.09

<u>Utilities Paid by (Tenant / Owner)</u>	Tenant
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Market Study Data:

Vacancy Rates	3.60%
Absorption Rate	63.50%
Months to Absorb	10
Average Project Rent	-
Average Market Rent	2,400
Units needed for Targeted AMI's	5,069

Market Rents

0-bdrms	-
1-bdrms	1,900
2-bdrms	2,200
3-bdrms	2,600
4-bdrms	2,900
other	-

Multifamily Program Dashboard

January 12, 2026

MBOH Multifamily Loan Programs

Available After Commitments

GO Housing - HMF (New)	\$16,620,945	Funds held by DOR
GO Housing-MFHP (Old CT)	\$13,181,315	Funds held by DOR
MBOH-MF	\$3,621,051	Funds held by MBOH
MBOH-HMF	\$1,636,390	Funds held by MBOH

Projects Underway

Amount	Program/Project	City/Units	Year Awarded	Recipient	Est. Completion
40,000.00	4%/ The Beck Apts	Bozeman/149	2025	LLC	TBD
8,500,000	9%/Saddle Horn Apts	Miles City/30	2026	CR Builders	Apr-27
8,500,000	9%/4%/Wild Flower Apts	Missoula/96	2026	Missoula Housing Authority	Feb-28, Jul-27
7,500,000	9%/4%/Towers	Billings/145	2026	Homeword	Sep-27, TBD
6,700,000	9%/4%/Sheep Mtn Res	Livingston/48	2026	Boundary Development	Nov-27, TBD
8,336,000	9%/Outpost at Kalispell	Kalispell/24	2026	Mach LLC	Jun-27
37,000,000	4%/Anaconda Portfolio	Anaconda/164	2025	Good Housing Partnership	Feb-27
7,500,000	4%/Centennial Village	Great Falls/48	2025	Vitus Development LLC	Dec-25
12,000,000	4%/Aspen Village	Great Falls/60	2025	Vitus Development LLC	Apr-26
42,000,000	4%/Montana 6	Scattered/232	2025	NWMT Affordable Housing	Aug-25
2,200,000	4%/MF/Rocky Mountain Flats	Bozeman/296	2025	Blueline Development, Inc	Dec-27
				Roers Bozeman Affordable	
30,000,000	4%Goldspur at Urban Farm	Bozeman/145	2025	Apartments Owner LLC	Apr-28
4,702,040	9%/CT/HMF/MF/Skyview	Billings/26	2025	GL Development	Oct-27
33,500,000	9%/4%LB Lofts	Billings/Laurel	2025	Homeword/HomeFront	Nov-27
6,500,000	9%Opportunity Place	Missoula/24	2025	42-44 Developers	Aug-26
46,500,000	9%/4%/MF/Hidden Creek	Bozeman/178	2025	United Housing/HRDC	Nov-27, Feb-28
6,500,000	9%/CT/Polson Gardens	Polson/24	2025	Housing Solutions	Apr-26
6,500,000	9%/CT/The Homestead	Dillon/20	2025	The Housing Company	Sep-26
7,500,000	4%/Franklin School	Great Falls/40	2024	Vitus Development LLC	Mar-26
8,050,000	9%/CT/Riverstone Senior	Hamilton/23	2024	Housing Solutions	Jan-26
				Kamaka Affordable Housing,	
27,155,000	4%/The Aurora	Billings/156	2024	LLC	Jul-26
13,197,880	9%/4%/Midtown Aspen	Bozeman/46	2024	Boundary Dev & HRDC	Jun-26
8,200,000	9%/CT Mitchell Court	Billings/32	2024	GL Development	Jan-26
10,963,840	4%/The Manor	Hamilton/60	2024	Sapphire Lutheran Homes	Jun-26
6,435,000	9%/ANHA LIHTC #2	Agency/20	2023	Apsáalooke Nation HA	Dec-26
41,961,750	9%/4%/Creek Side Apartments	Missoula/161	2023	Homeword	Dec-25, Sep-26
6,500,000	9%/MF/Cabinet Affordable	Libby/24	2023	Cabinet Affordable Housing	Jan-26
7,700,000	9%/MF/Meadowlark Senior	Butte/26	2023	Northwest Real Estate Capital Group	Jan-26

Mortgage Servicing Program Dashboard

Effective 12/31/25

2025 Monthly Servicing Report

MONTH	Last Year	Last Month	This Month
PORTRFOILIO TOTAL LOANS	12/31/2024	11/30/2025	12/31/2025
MBOH	6347	5988	5950
BOI RESIDENTIAL	5676	5347	5308
VETERANS HOME LOAN PROGRAM	290	19	18
MULTIFAMILY	21	18	19
HAF - HOMEOWNERS ASSISTANCE FUND	360	339	339
PRINCIPAL (ALL LOANS)	\$737,128,857	\$696,726,385	\$693,862,261
ESCROW (ALL LOANS)	\$4,273,387	\$4,623,746	\$5,792,231
LOSS DRAFT (ALL LOANS)	\$905,558	\$902,133	\$818,981
LOANS DELINQUENT (60+ DAYS)	262	295	306
ACTUAL FORECLOSURE SALES IN MONTH	0	0	2
FORECLOSURES TOTAL CALENDAR YEAR	8	7	9
DELINQUENT CONTACTS TO MAKE	688	738	712
LATE FEES - NUMBER OF LOANS	969	985	1051
LATE FEES - TOTAL AMOUNT OF REVENUE	\$29,881	\$32,750	\$34,877
PAYOFFS	23	31	37
NEW LOANS	37	1	1

HUD's National Servicing Center TRSII Scorecard FY2025: Tier 3 / Grade D

LOSS MITIGATION	Last Year	Last Month	This Month
	12/31/2024	11/30/2025	12/31/2025
ACTIVE FINANCIAL PACKETS	0	1	0
REPAYMENT/SPECIAL FORBEARANCES	0	29 / 19	20 / 17
PARTIAL CLAIMS & MODS PENDING (TPPs)	0	24	14
CHAPTER 13 BANKRUPTCIES	7	5	5
PRESERVATION PROPERTIES	9	7	7
REAL ESTATE OWNED PROPERTIES	1	1	1
SHORT SALE	0	1	0
3RD PARTY (@ SALE)	0	0	0

FORECLOSURES

FORECLOSURES INITIATED	40
#1 BILLINGS	8
#2 GREAT FALLS	6
#3 BUTTE	4
OTHER CITIES	22
TOTAL PRINC BALANCE (ALL)	\$7,226,365
FORECLOSURE SALES SCHEDULED	23
FHA	21
VA	0
USDA/RD	2
OTHER LOAN TYPE	0

Board Agenda Item

Board Meeting: Monday, January 12, 2026

Operations/Executive Director

2026 MBOH Board Meeting Calendar – July Meeting Date Change

Please see attached 2026 MBOH Board meeting and training calendar with a proposed date change to the July 2026 Board meeting. The July Board meeting was originally scheduled for Monday, July 13. However, the dates for the NCSHA Executive Director Workshop were recently announced (July 12 – 15, 2026 in Denver, CO). To ensure the Executive Director's availability for the July 2026 Board meeting, staff recommend shifting the meeting to Monday, July 20, 2026.

PROPOSAL

Staff recommends the Board approve the updated 2026 MBOH Board meeting calendar.



2026 Montana Board of Housing Calendar

Board meetings are generally held the second Monday of each month, excluding Mondays that conflict with other conferences or networking opportunities. In April and October, a Board training and strategic planning session is held on Monday, with the Board meeting following on Tuesday. All Board meetings begin at 8:30 am.

Board Meetings (Training and Strategic Planning Dates in **Green)**

- Monday, January 12 via Zoom
- Monday, February 9 via Zoom
- Monday, March **16** via Zoom
- **Monday, April 13 – Hamilton (TBD – Bitterroot River Inn)**
- Tuesday, April 14 – Hamilton (TBD – Bitterroot River Inn)
- Monday, May 11 (Great Northern Hotel, Helena, MT, LOI Presentations)
- Tuesday, May 12 (Great Northern Hotel, Helena, MT, LOI Invitations to Apply)
- Monday, June 8 via Zoom
- Monday, July **20** via Zoom
- Monday, August 10 via Zoom
- Monday, September 14 via Zoom
- **Monday, October 19 – Livingston**
- Tuesday, October 20 via Zoom (LIHTC 9% Awards & QAP) - Livingston
- Monday, November **16** via Zoom
- Monday, December 14 via Zoom (subject to cancellation)



Conferences & Networking Opportunities

Board members will receive updates on conference agendas, early bird registration deadlines and related logistics from Board staff as more detailed information is available.

- Monday January 12- Friday January 16: HFA Institute, WA D.C
- Monday, March 9 – Wednesday, March 11: NCSHA Legislative Conference, WA D.C.
- Monday, May 18 – Wednesday, May 20: Montana Housing Partnership Conference, Fairmount Hot springs, MT
- Monday June 2 – Friday June 5: Housing Credit Connect St. Louis, MO
- Saturday, October 3 – Tuesday, October 6: NCSHA Annual Conference, Detroit, MI



Rental Assistance Dashboard

January 2026 Dashboard (Data as of November 30, 2026)

Totals

	<u>Previous Month</u>	<u>Current Month</u>	<u>Change</u>
Paid Units	7,167	7,134	(33)
Budgeted Units		8,317	
All Section 8 HAPs	5,555,596	5,571,633	16,037
All Waitlists	2,939	3,269	330

Rental Assistance Tenant Based Programs

	<u>Month</u>	<u>10/31/2025</u>	<u>11/30/2025</u>	<u>Change</u>	<u>Year</u>
					<u>HAP</u>
Housing Choice Voucher (HCV)					
Paid Units (Two Year Tool)	3,125	3,120	(5)		
Current Month Payment Amount	2,262,247	2,259,271	(2,976)	24,076,633	
Veterans Affairs Supportive Housing (VASH)					
Number Units Paid (Two Year Tool)	271	274	3		
Payment Amount	190,184	186,967	-3,217	1,879,123	
Moderate Rehabilitation (ModRehab)					
Paid Units (71 Authorized)	67	48	-19		
Payment Amount	41,032	29,052	-11,980	611,070	
Mainstream Vouchers					
Number Units Paid	22	20	-2		
Payment Amount	19,693	14,620	-5,073	188,921	
Project Based VASH					
Number Units Paid	4	5	1		
Payment Amount	1,370	9,352	7,982	13,960	
NOTE: 1/2026 Utilization on Two Year Tool combines VASH and PBVASH					
EHV					
Number Units Paid	53	49	-4		
Payment Amount	44,312	39,646	-4,666	478,583	

Rental Assistance Project Based Programs

Project-Based Section 8				
Contracts	85	85	0	
Units Paid (4132 Authorized with 8bb)	3,612	3,605	-7	
Housing Assistance Payment Amount	2,984,291	3,024,292	40,001	

811 Project Rental Assistance Demo (FY)

Rental Assistance Contracts (RAC)	2	-2	
Units leased(grant requires 82)	13	13	0
Housing Assistance Payment Amount	12,467	8,433	-4,034

Original grant is terminating; transitioning to annual contracts.

NOTE: 811 HAP disbursed and balance numbers are from eLOCCS 1/2/2026 current

Rental Assistance Waiting Lists

Regional Field Agencies	<u>11/21/2025</u>	<u>1/5/2026</u>	<u>Change</u>	<u>Vouchers issued since Waitlist re-opening 7/1/2025</u>		
				<u>11/21/2025</u>	<u>1/5/2026</u>	<u>Change</u>
Action for Eastern Montana	115	86	-29	18	22	4
HomeFront Billings	350	408	58	25	36	11
Billings HRDC (outside city limits)	66	71	5	45	58	13
Bozeman	341	351	10	49	62	13

Butte	186	198	12	45	55	10
Helena	100	85	-15	14	38	24
Kalispell	266	286	20	14	26	12
Lewistown	9	12	3	18	24	6
Missoula	552	558	6	19	33	14
Opportunities Inc (Great Falls & Havre)	109	222	113	297	363	66
Moderate Rehabilitation Billings	222	289	67			
Moderate Rehabilitation Chinook	0	0	0			
Moderate Rehabilitation Great Falls	464	511	47			
Moderate Rehabilitation Helena	0	0	0			
Moderate Rehabilitation Missoula	159	192	33			
TOTAL	2939	3269	330	544	717	173

Approximately 700 vouchers issued from 7/1/25 - 12/31/2025

Approximately 450 Housing Choice Vouchers on the street; 605 including VASH and mover vouchers

Board Agenda Item

Board Meeting: January 12, 2026

Operations / Executive Director

BOARD MEETINGS

- The next Board meeting will be held on Monday February 9, 2026, at 8:30 a.m. via Zoom.

BOARD MEMBER OPPORTUNITIES

- Save the date – NCSHA LegCon – March 9-11, 2026. Come to Washington this March to help NCSHA educate your legislators about the impact of federal housing programs in your state and the need to expand housing resources. NCSHA is bringing to LegCon key members of Congress and their staffs, senior federal officials, and industry leaders to get their insights on the 2026 legislative agenda — information that will help you advocate most effectively for our affordable housing priorities. Please contact Cheryl Cohen and Logan Colberg if you are interested in attending LegCon.

CONTRACTS / PROCUREMENT

- Emphasys contract was due for renewal on December 31, 2025. We are in final negotiations with Emphasys on this renewal.



- Frontier Strategies, Inc. contract (consultant for software business needs) will be renewed for another 3-6 months. No additional funding was included in the renewal; the extension allows for hours remaining in the original contract to be used to support MBOH software business needs in 2026.

PERSONNEL

- Jason Krebs accepted the position as the new Housing Choice Voucher Supervisor. Jason previously served as our Housing Choice Voucher Waitlist Coordinator.
- The Multifamily Development team hired Emy Stueve for the 0.5 budgeted position on its allocation team. Emy previously worked for the Mortgage Servicing team as the Property Preservation and Conveyance Coordinator, and prior to that worked on the Multifamily Development compliance team.
- Doug Jensen accepted the new Loss Mitigation Supervisor position. The supervisor duties will be in addition to his current Program Specialist position in Homeownership where he coordinates all foreclosure activities in conjunction with the Board's foreclosure attorneys.
- Katelyn Reich, who was serving on the servicing loss mitigation team as the early default Loan and Bond Specialist, shifted positions to fill the Loan and Bond Specialist on the loss mitigation team vacated by Michelle Todd. Her new position is focused on FHA and other reporting for Mortgage Servicing; Katelyn has previous experience in this reporting position from her prior tenure with the Board. We are currently recruiting for the early default Loan and Bond Specialist position.



HOMEOWNERS ASSISTANCE FUND

- A total of 3,685 applications have been submitted to all statewide programs as of December 26, 2025.
- HAF has spent over \$25 million on all programs.
- Various programmatic changes have been implemented in an effort to spend down HAF dollars including, but not limited to, increasing the Area Median Income for eligible applicants from 100% to 150%.
- The Home Repairs program has 105 applications with fully completed repairs, 127 applications in a state of construction, and 10 remaining applications waiting for a selected contractor to start work.

COMMUNITY HOUSING

- The group is busy conducting start up calls with new award recipients.
- We have experienced an uptick in downpayment assistance closings ensuring income-eligible homebuyers can access the competitive housing market in Montana.
- Several rental properties have concluded or are nearing completion of construction activities and are either leasing up or getting residents settled back into renovated apartments.
- Over 90% of Montana's CDBG-CV funds have been disbursed with 11 of the 15 awards fully spent. As this program winds down, we're reminded these funds were used all over the state to complete a wide variety of activities to improve indoor air quality and accessibility of nursing homes, transitional homes, emergency shelters and community facilities; increase or improve access to



affordable homes; and provide funds to increase those served at a food bank and to install software to improve a county hospital's data management.

- 40% of the HOME-ARP funds have been disbursed, with one of the five projects being completed.
- With our third one-time-only program, the state-funded Emergency Shelter Facility Grant program, 62% of funds have been expended with 6 of the 10 shelters having completed their projects.
- We continue to watch for updates on the 2026 HUD budget as it makes its way through Congress. The current Continuing Resolution expires January 31, 2026.

EXECUTIVE DIRECTOR

- The Legislative Audit Committee is scheduled to meet January 15-16, 2026. The agenda will include the audit of the FY25 MBOH Financial Statements as well as a review of the 2023 Performance Audit and implementation of its recommendations.
 - With the FY25 MBOH Financial Statement audit, no new findings or recommendations will be included. There is one recommendation from FY24 that is not fully implemented. This recommendation relates to user roles in our software and requirements that user roles align with the Principal of Least Privilege. This means that employees should only have access to system functionality that is required for them to perform their jobs. In a few cases, our current software does not have designated user roles that fully align with PoLP. Board staff have documented these deviations from state policy in Decision Briefs which acknowledge the potential risks and the steps we are taking to mitigate those risks.



- With the 2023 Performance Audit, please see enclosed letter for details. We did not implement Recommendation #3 regarding a “structured system for evaluating projects against set, board-approved criteria as a primary basis for awarding LIHTC.”
- Board staff have received inquiries from developers who were previously awarded a Coal Trust Multifamily Homes program loan. In some cases, these projects have not yet closed, and developers have asked whether the interest rate can be reduced to the 3.25% rate approved by the Board in our new Multifamily Loan Program Guidelines. The interest rates under the CTMH program were tied to the average performance yield of the Coal Trust Tax Fund, as posted by the Montana Board of Investments. The interest rates locked for these projects average around 4.00%. Since these loans were approved under the parameters of HB 819 in the 2023 Legislative Session, which specifically tied interest rates to the Coal Trust Tax Fund average performance yield, there is not an ability to modify the rates to the new 3.25% rate as this would not align with the legislative intent or statute in effect at the time of loan approval. The Board does not have the legal authority to approve deviations from the interest rate formula prescribed by the Legislature when allocating funds under HB 819 in the 2023 Legislative Session.



LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Alexa O'Dell
William Soller
Miki Cestnik

January 5, 2026

Marta Bertoglio
Director
Montana Department of Commerce
P.O. Box 200501
Helena, MT 59601-0501

Dear Director Bertoglio:

In fall 2025, we conducted follow-up work to assess the implementation of the audit recommendations in the performance audit titled *Supporting Low-Income Housing: The Montana Board of Housing and Its Role in Awarding Housing Tax Credits* (23P-04). Our follow-up review determined 2 recommendations were implemented, 1 recommendation was being implemented, 1 recommendation was partially implemented, and 1 recommendation was not implemented.

The Legislative Audit Committee respectfully requests an agency representative attend the January 15, 2026, meeting in the capitol to discuss the recommendations' implementation status. The agenda has been drafted and your agency is scheduled for 1:35 p.m.

You can access the audit report and follow-up memorandum through our agency website at <https://leg.mt.gov/lad/audit-reports> or request a hard copy by contacting us at 444-3122. If you have any questions, please contact me.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "William Soller".

William Soller, Deputy Legislative Auditor
Performance Audits

By Email

cc: Cheryl Cohen, Executive Director, Montana Board of Housing
Bruce Posey, Chairman, Montana Board of Housing