

Montana Board of Housing - Board Meeting

Meeting Location: Zoom

Date: September 8, 2025

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
- Finance Program (Vicki Bauer)
 - Finance – Verbal Update



- Homeownership Program (Jessica Michel)
 - Participating Lender Approval Request – VIP Mortgage, Inc.
 - Homeownership Update
- Mortgage Servicing (Cheryl Cohen on behalf of Mary Palkovich)
 - Servicing Update
- Multifamily Program (Jason Hanson)
 - Anaconda Portfolio Bond Resolution
 - Hidden Creek 4 Bond Resolution
 - Multifamily Update
- Operations/Executive Director (Joe DeFilippis + Cheryl Cohen)
 - Operations / Executive Director Update
 - HB 924 – Administrative Rules
 - Performance Audit - Status Update
 - Rental Assistance Dashboard
- 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.

2025 Board Calendar

- Monday, October 20 – Training (Havre Inn & Suites, Havre, MT)
- Tuesday, October 21 (Havre Inn & Suites, Havre, MT, LIHTC 9% Awards & QAP)
- Monday, November 10 via Zoom
- Monday, December 8 via Zoom (subject to cancellation)

BOARD MEMBER ATTENDANCE POLICY

Board Members are expected to attend all scheduled Board meetings and training sessions, including attendance in person where a meeting is so designated. It is recognized that Members may be unable to attend some meetings due to conflicts with prior-scheduled commitments or unforeseen circumstances. Members are expected to notify the Board Chair as far in advance as possible if they will be unable to attend.

Members may not have more than two (2) absences from meetings or training sessions within any calendar year, only one (1) of which may be unexcused. Members will be considered absent unless they attend the entire meeting or training session. Please refer to the Montana Board of Housing [Board Attendance Policy](#) adopted May 13, 2024 for details.

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.

- Saturday, October 4 – Tuesday, October 7: NCSHA Annual Conference, New Orleans, LA

Meeting Location: via Zoom

Date: July 14, 2025

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

Mary Palkovich, Mortgage Servicing Manager

Jessica John, Executive Assistant

Jason Hanson, Multifamily Manager

Vicki Bauer, Finance Manager

Jessica Michel, Homeownership Manager

Joe DeFilippis, Operations Manager

Megan Surginer, Office Manager

Julles Engel, Community Housing

Charles Brown, Homeownership Program

Brian Barnes, Multifamily Program

Jesse Ennis, Multifamily Program

Kellie Guariglia, Multifamily Program

Ryan Collver, Multifamily Program

Bruce Brensdal, Multifamily Program

Jen Stepleton, Community Housing

Stacey Purvis, Community Housing

Julie Flynn, Community Housing Manager

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](#).

Counsel:

Nathan Bilyeu, Jackson Murdo and Grant

Others:

Morgan Heckford	Angela Getchell	Marybeth Morand	Patrick Zhang
Christian Pritchett	Don Sterhan	Tyler Currence	Shane Walk
Jeremy West	Andrew Chanania	Austin Trunkle	Maddy Mason
Tiffany Hapney	Cameron Rokich	Emily Strawser	Jennifer Wheeler
David Fine	Hilary Devlin	Gene Leuwer	Roegilene Escleva
Austin Richardson	Seth O'Connell	Mina Choo	Kathleen Rose Dionora

Call Meeting to Order:

00:00:00 Board Chair Bruce Posey called the Montana Board of Housing (MBOH) meeting to order at 8:32 a.m.

00:01:07 Introductions of Board members, Board staff, and attendees were made.

00:04:41 Board Chair Posey asked for public comment on items not listed on the agenda.

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Approval of Minutes:**May 13 MBOH Board Meeting Minutes – See May Minutes in May Board Packet**

00:05:17 Motion: Jeanette McKee

Second: Richard Miltenberger and Sheila Rice

The June 9, 2025 MBOH Board meeting minutes were approved unanimously.

Accounting:**Accounting Update**

00:06:44 Presenter: Vicki Bauer

Homeownership Program:**Approval of Bison Ventures, LLC as a Participating Lender**

00:11:27 Presenter: Jessica Michel

Motion: Jeanette McKee

Second: Sheila Rice

The motion to approve Bison Ventures, LLC as a Participating Lender for Montana Board of Housing passed unanimously.

Approval of Habitat for Humanity Set-Aside Request – Additional Funds

00:15:43 Presenter: Jessica Michel

Motion: Sheila Rice

Second: Amber Parish and Rachel Arthur

The Motion to approve this additional \$1,551,000 set-aside request for a total FY26 Habitat set-aside of \$3,966,000 was passed unanimously.

Approval of Proposed Revisions to Administrative Rules of Montana – Reverse Annuity Mortgage

00:23:57 Presenter: Jessica Michel

Motion: Rachel Arthur

Second: Jeannette McKee

The motion to approve the proposed revisions to Administrative Rules of Montana – Reverse Annuity Mortgage passed unanimously.

Homeownership Update

00:26:48 Presenter: Jessica Michel

Mortgage Servicing Program:**Servicing Update**

00:29:53 Presenter: Mary Palkovich

Multifamily Program:**Approval of Cost per Unit Cap Waiver Request for Riverview Apartments, Blueline Development**

00:34:31 Presenter: Jason Hanson

The Board had several questions and discussion with concerns toward the precedent that approving this waiver would set for other lenders. Jason Hanson (Multifamily Program Manager) answered a few questions for the Board. Nathan Bilyeu (Board Counsel) in answer to a Board Question stated that each determination is looked at on individualized facts and circumstances for determination, the Board as far as legal precedence goes makes the determination upon asking Board staff, and the developer who is attending to determine that the universe of facts and circumstance that justify this exception has no bearing on how the board has to handle these cases legally moving forward. The Board requested that the staff make changes so that these issues are brought to the Board earlier. The Board had a few more questions which were answered by Christian Pritchett (Blueline Development) and David Fine (City of Bozeman Urban Renewal Program Manager). Chair Posey provided comments to developers stressing the critical importance that cost per unit and other data presented to the Board must be true and accurate at all stages in the application and development process. Sheila Rice, Jeanette McKee, and Amber Parish had further comments before the motion came to a vote. No alternative or amendment motion was made.

Motion: Sheila Rice

Second: Richard Miltenberger

The motion to approve the Cost per Unit Cap Waiver was approved by a roll call vote of six. Jeanette McKee voted against the motion.

Approval of Bond Resolution No. 25-0714-MF07

00:55:38 Presenter: Jason Hanson

By approving this resolution, the Board is also approving the cost per unit waiver with current per unit costs at \$371,872.70. Sheila requested that the staff hold a workshop on what the housing agencies are trying to do to control cost. Jason Hanson made note that this resolution was in line with other resolutions from Bozeman at this time. David Fine (City of Bozeman Urban Renewal Program Manager) provided comment on the need of this project for the Bozeman area. Christian Pritchett (Blueline Development) provided comment towards the project before the motion came to a vote.

Motion: Richard Miltenberger

Second: Ryan Aikin and Rachel Arthur

The motion to approve the Bond Resolution No. 25-0714-MF07 in the amount not to exceed \$73,000,000 passed unanimously.

Approval of Bond Resolution No. 25-0714-MF04

01:02:59 Presenter: Jason Hanson

Motion: Sheila Rice and Ryan Aikin

Second: Amber Parish

The motion to approve the Bond Resolution No. 25-0714-MF04 in the amount not to exceed \$40,000,000.

Multifamily Update

01:07:08 Presenter: Jason Hanson

Operations/ Executive Director:**Operations/Executive Director Update**

01:09:50 Presenter: Joe DeFilippis and Cheryl Cohen

Meeting Adjournment:

01:25:56 Meeting was adjourned at 9:57 a.m.

Amber Parish, Secretary

Date

POST-SALE ANALYSIS
\$75,000,000
Montana Board of Housing
Single Family Mortgage Bonds
2025 Series B

KEY RESULTS FOR THE BOARD OF HOUSING

Purpose. The purpose of the 2025 Series B bond issue is to:

1. Finance new first mortgage loan production at the lowest yield possible to provide attractive interest rates for homebuyers,
2. Provide beneficial economics to the Board at or near the maximum spread permitted by the IRS, while retaining as many zero participations as possible to help achieve full spread on future transactions, and
3. Raise bond premium to help cover costs of issuance and amortizing down payment assistance second mortgage loans, reducing the Board's cash need for funding such assistance.

Structure. The financing is a traditionally structured, fixed rate, single-family bond issue with semi-annual interest and principal and the following characteristics:

- \$75 million par amount, which was the same size as the 2025 Series A transaction. The Board has experienced higher loan volumes the last 12 months but particularly during the busier loan production summer months.
- Funding \$74.22 million of new first mortgage loans and \$1.74 million of down payment assistance second mortgage loans.
- Utilized tax-exempt serial bonds, regular term bonds, and Planned Amortization Class (PAC) term bonds in the following amounts and maturities:
 - \$15.6 million of non-AMT serial bonds from June 2026 through December 2037,
 - \$39.7 million in non-AMT regular term bonds between 2040 and 2055, and
 - \$19.7 million of non-AMT premium PAC bonds due in December 2055.
- Included premium of \$2.04 million on the PAC bonds to help fund downpayment assistance loans, underwriters' fee and costs of issuance.
- Provided the Board with an optional par call in less than 8.5 years that, if it proves economically beneficial, can be used to redeem the bonds in the future.

Results.

1. **Cost of Funds.** The bond yield (true interest cost) was 4.747% assuming 100% FHA prepayments.
2. **Mortgage Rates.** The Board's current loan rates are 5.375% for the Regular Loan Program and 5.875% for borrowers receiving downpayment assistance. It is expected that approximately 47% of the loans will have down payment assistance.
3. **Zero Participations.** The issue is expected to consume approximately \$26.3 million of zero participations to achieve full spread if loan rates remain at current levels, which would leave the Board with approximately \$22 million of remaining zero participations to help attain full spread in the future.
4. **Net Economic Benefits.** The transaction is projected to provide approximately \$2.54 million in net present value (at 150% PSA prepayment speed and a 3.4% reinvestment rate and discount rate), approximately 3.6% of the amount of the issue.

Bond Pricing. Following are highlights of the bond sale process:

1. **Timing.** The bonds were priced with a retail and an institutional order period on Tuesday, July 29th, the same day as Maryland's \$95 million sale as shown in the attached listing of comparable transactions.
2. **Retail Interest.** A total of \$43.9 million of retail orders were received, which included \$11.6 million from Montana residents. Retail orders were spread across the short and intermediate serial bonds as well as the term bonds (other than the PAC, which was not offered to retail). This retail performance compares well with that on other Board pricings as illustrated below:

RETAIL ORDERS ON RECENT MBOH FINANCINGS (in \$000s)

Issue	Issue Size	Par Offered to Retail	Retail Orders
2025B	\$ 75,000	\$ 55,295	\$ 43,925
2025A	75,000	55,640	31,675
2024B	56,430	41,080	63,755
2024A	65,000	49,340	29,140
2023C	43,000	32,370	37,315
2023B	43,000	32,450	28,520
2023A	41,000	27,400	23,765

3. **Institutional Interest.** Institutional investors submitted \$246.2 million of orders, of which \$126 million were for the PAC bond. Institutional interest was focused on the term bonds, accounting for over \$239 million or 97% of the institutional orders.
4. **Subscription Levels and Pricing Adjustments.** Strong order flow resulted in every bond maturity (serials and terms) except for 5 of the serials being fully subscribed for after the order period. Several serial bonds were 1x subscribed, but many were 2-3x subscribed for. As a result, 13 of the 24 serial bonds were lowered in yield by 5 bps except for the Dec 2029 serial reduced by 2.5 bps. The (4) non-PAC term bonds were each oversubscribed from 2.8x to 4.0x, and thus the 2040 and 2045 term bond yields were lowered by 2.5 bps and the 2050 and 2055 term bond yields were lowered by 5 bps. The PAC bond received very strong interest with a 6.4x subscription level, and was lowered in yield by 6 bps which resulted in a spread to MMD of +113, 7 bps lower in spread than Maryland's PAC priced the same day.
5. **Underwriting Syndicate.** In addition to RBC Capital Markets as book-running senior manager, BofA Securities, DA Davidson, and Raymond James served as regular co-managers. The selling group consisted of Academy Securities, Fidelity Capital Markets, Piper Sandler, and Wells Fargo.
6. **Underwriter Performance and Compensation.** As shown in the following table, most of the members of the underwriting syndicate contributed to the successful sale. The underwriting fee of \$552,000 or 0.736% of par was reasonable compared to other similarly sized issues in the market.

ORDERS BY FIRM (in \$000s, excluding stock orders)

Manager	Role	Retail	Institutional	Total
RBC Capital Mkts	Senior Manager	\$ 13,460	\$ 246,020	\$ 259,480
BofA Securities	Co-Manager	5,030	200	5,230
D.A. Davidson	Co-Manager	4,860	1,140	6,000
Raymond James	Co-Manager	3,840	-	3,840
Academy Securities	Selling Group	-	-	-
Fidelity Cap Mkts	Selling Group	16,305	-	16,305
Piper Sandler	Selling Group	-	-	-
Wells Fargo	Selling Group	430	-	430
Total		\$ 43,925	\$ 247,360	\$ 291,285

7. **Comparable Transactions.** Montana's bonds were priced the same day as Maryland's \$95 million Aa1/AA+ sale, as well as the week after two very similar state HFA single family non-AMT issues: \$150 million Aaa/- Illinois, and \$196 million Aaa/- Idaho. In general, Montana achieved yield spreads at or through the other recent transactions, with Montana's PAC at a lower yield spread by 4 to 10 bps. Each of Montana's term bonds were at tighter spreads than the recent comps. See the exhibit that follows this memorandum for detailed pricing of comparable recent tax-exempt traditional non-AMT single-family bond issues.

MARKET CONDITIONS

Key Dates: Pricing Date: Tuesday, July 29
Closing Date: Thursday, August 28

Market Commentary. Since the tariff shocks of April, municipal bond supply has averaged more than \$50 billion per month, historically strong supply while met with strong investor demand much of which related to seasonal reinvestment of existing holdings since June. Despite strong demand, muni bond ratios to US Treasuries remain near 2025 highs given recent treasury bond rallies on softer economic data and expectations of FOMC rate cuts beginning in September. Trade negotiations remain in focus while softer jobs reports resulted in recent reduction in treasury yields.

As of late July, municipal bond yields have continued to become more attractive. However, ongoing uncertainties related to trade policies and federal budget cuts, including those affecting Medicaid and education funding, continue to pose risks to the municipal bond market.

Interest Rates. On Tuesday, July 29th, the 10-year US Treasury closed at a yield of 4.32%. As for munis, the 10-year MMD was flat while the 30-year MMD decreased by 2 bps on the day. After experiencing one of the most volatile months of the stock market in U.S. history in April, on par with volatility experienced during the COVID shutdown in 2020, the Great Financial Crisis of 2007 and 2008, and the Great Depression, treasury and municipal markets have since restored functionality with still heightened but significantly less volatility than earlier in the year.

Municipals.

Additional factors affecting the municipal bond market include:

- Supply. In 2024, the supply of new issue municipal bonds was the highest of the last five years at \$534 billion, a 43% increase to the \$373 billion issued in 2023. As of July 31st, The Bond Buyer's 30-day visible supply for negotiated offerings stood at \$14.2 billion, well above the \$12.3 billion weekly average year-to-date.
- Demand. Over the last 18 months, while outflows continued from traditional bond mutual funds, municipal exchange traded funds ("ETFs") grew, helping to retain a more positive tone to investor demand in the muni market. A favorable market for municipal issuers has continued, evidenced by attractive MMD/Treasury ratios.
- Ratios. Showing the greater sensitivity of treasury yields to global investor sentiment and other market changes, ratios between the 10-year MMD index and the 10-year treasury bond yields and the 30-year MMD and the 30-year treasury yields often do not move in sync. Spreads between the 10-year and 30-year MMD index levels and their respective US Treasury yields are important indicators for institutional investors in tax-exempt bonds and remain favorable to HFAs. On the date of pricing for 2025B, the 10-year MMD/Treasury ratio was 77%, compared to ratios in the 59-67% range throughout 2024 and early 2025.

Board Agenda Item

Board Meeting September 8, 2025

Homeownership Program

LENDER APPROVAL – VIP Mortgage, Inc.

VIP Mortgage, Inc. was founded in 2006. They started in Scottsdale, Arizona with two loan officers and have grown to 20 branches across the United States with over 643 employees. Their Montana branch is located at 2001 11th Ave., Building A, Suite 28, in Helena, and they plan to expand to other communities in the state.

VIP Mortgage, Inc. specializes in a wide range of financing solutions, including Conventional, FHA, VA, USDA, HUD 184, and Reverse Mortgages. Leading with their H.E.A.R.T culture and values in conjunction with their VIP Foundation that invests in the communities they serve VIP Mortgage uses their charitable initiative and partnerships to make a lasting impact on serving others and building relationships for life.

VIP Mortgage's application material, quality control plan, and financials have been reviewed and approved by staff, and they meet all requirements for becoming a Montana Board of Housing Participating Lender. Their full application and financial information are available for Board members to review upon request.

PROPOSAL

Staff requests the Board approve VIP Mortgage, Inc. as a Participating Lender for Montana Board of Housing.

HOMEOWNERSHIP PROGRAM DASHBOARD

September 8, 2025

RATES

	CURRENT	LAST MONTH	LAST YEAR
MBOH*	5.625	5.63	5.750
Market	6.25	6.51	6.228
10 yr treasury	4.33	4.34	3.870
30 yr Fannie Mae	6.53	6.53	6.530

*Current Setaside 5.375, DPA 5.875

MBS PROGRAM

RESERVATIONS

August NUMBER	August AMOUNT
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Series 2025 A (since 1.30.25)	1	319,113
and Series 2025 B (since 6.9.25)	56	16,354,602

Series 2025 A DPA (since 1.30.25)	27	303,257
and Series 2025 B DPA (since 6.9.25)	2	267,120
80% Combined (20+)		

SET-ASIDE PROGRAMS

MBOH Plus DPA	9	109,325
NeighborWorks	2	457,851
CAP NWMT CLT		
Missoula HRDC XI		
Bozeman HRDC IX		
Home\$tart	3	598,671
HUD 184		
MT Street CLT		
Sparrow Group		
City of Billings		
Foreclosure Prevent		
Disabled Accessible		
Lot Refi		
FY25 Habitat	1	255,517

OTHER PROGRAMS

Veterans (Orig)	
912 Mrtg Cr Cert (MCC)	

LOANS PURCHASED BY IHFA

August NUMBER	August AMOUNT	
63	18,533,686	First Mtg only

DELINQUENCIES

10-29 days	30-59 days	60-119+ days
	First Mortgages	
	6	1

10-29 days	DPA 30-89 days	90-119+ days
	2	1

FORECLOSURES

JULY MBS TURNTIMES

Lender reservation to closing date	18.9	days
Closing Date to compliance submission	27.30	days
Compliance Submission to review time	1.90	days

LOAN PURCHASES BY LENDER

	Jul-25 1st	DPA	2025 YTD 1st	DPA
1ST SECURITY BK MISSOULA 133	3	1	4	1
BANK OF COMMERCE 086				
BAY EQUITY LLC 853				
BRAVARA BANK 186	1	1	4	4
CHURCHHILL MORTGAGE 869			5	
CLEARWATER FEDERAL C U 901	1		1	
CMG 874	2	2	4	3
CORNERSTONE HOME LENDING 850			2	
CROSSCOUNTRY MORTGAGE 863	2	1	18	6
ENVOY 871			2	1
EVERGREEN MORTGAGE 875	12	3	59	24
FAIRWAY INDEPENDENT MRTG 847	4	1	23	8
FIRST BANK OF MONTANA 073			1	1
FIRST COLONY MORTGAGE 865				
FIRST FEDERAL BANK & TRUST 731			1	
FIRST INTERSTATE BANK-WY 601	3	1	4	2
FIRST MONTANA BANK 172			1	1
FIRST SECURITY BOZEMAN 061				
FLATHEAD HABITAT 991				

GLACIER BANK KALISPELL 735			2	
GUARANTEED RATE 864			7	5
GUILD MORTGAGE COMPANY 842	6	4	37	19
HOMETOWN LENDERS 862				
INTREPID CREDIT UNION 903			1	1
LOWER DOT COM, LLC 873	13	8	28	15
NEW AMERICAN FUNDING 878			1	
NOVUS 872	1	1	6	6
ONE TRUST HOME LOAN 868			3	
OPPORTUNITY BANK 700	8	2	57	14
PIONEER SAVINGS AND LOAN 710				
PRIME LENDING 851	1	1	5	1
SECURITY NATIONAL MTG CO 879	2	2	2	2
STOCKMAN BANK OF MT MILES 524	13	5	55	21
SYNERGY ONE LENDING 880	3	1	11	6
UNION HOME MORTGAGE 876			2	2
UNIVERSAL 843				
US BANK 617				
VALLEY BNK DIV OF GLACIER BNK 151	2	1	7	5
WESTERN SECURITY BANK 785	1	1	16	9
WINTRUST MORTGAGE 867	4	4	5	5
YELLOWSTONE BANK 161	1	1	3	1
Grand Count	83	40	377	163

JULY 2025 PORTFOLIO SUMMARY

	# of loans	\$ of loans	% of #	% of \$	
FHA	3,099	491,357,793	51.3%	68.0%	
RD	823	88,052,710	13.6%	12.2%	
VA	454	90,707,686	7.5%	12.6%	
HUD184	34	2,055,135	0.6%	0.3%	
PMI	30	1,870,726	0.5%	0.3%	
Uninsured 1st	286	37,805,863	4.7%	5.2%	
Uninsured 2nd	1,316	10,844,633	21.8%	1.5%	
May 2025 Portfolio Balance	6,042	\$ 722,694,547			
May 2024 Portfolio Balance	5,559	\$ 600,947,116	8.69%	20.26%	percent of Incr/Decr

Weighted Average Interest Rate 4.698%

rates up to 4%	
2369	\$ 237,080,307
rates 4% and above	
3673	\$ 485,614,240

RAM PROGRAM MAY ACTIVITY

<u>Loan Requests</u>	<u>Loans Outstanding</u>	<u>Life of Program</u>	<u>Avail Balance</u>
0	46 2,715,685.63	251 16,516,329	3,534,659.68

DELINQUENCY AND FORECLOSURE RATES

	MONTANA BOARD OF HOUSING			MORTGAGE BANKERS ASSOC.03/31/2025			(most recent available)
	<u>Aug-25</u>	<u>Jul-25</u>	<u>Aug-24</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>	
30 Days	1.44	1.71	1.56	1.50	1.74	2.12	
60 Days	1.00	0.71	0.90	0.47	0.58	0.70	
90 Days	<u>2.10</u>	<u>1.91</u>	<u>2.37</u>	<u>0.64</u>	<u>0.8</u>	<u>1.09</u>	
Total Delinquencies	4.54	4.33	4.83	2.61	3.12	3.91	
In Foreclosure	0.40	0.51	0.27	0.31	0.31	0.48	

Mortgage Servicing Program Dashboard
Effective 08/31/25

2025 Monthly Servicing Report

MONTH	Last Year	Last Month	This Month
	8/31/2024	7/30/2025	8/31/2025
PORTFOLIO TOTAL LOANS	6274	6137	6108
MBOH	5599	5481	5452
BOI	293	285	286
MULTIFAMILY	19	21	21
HAF - HOMEOWNERS ASSISTANCE FUND	363	350	349
PRINCIPAL (ALL LOANS)	\$ 701,696,423	\$ 711,789,958	\$ 708,459,578
ESCROW (ALL LOANS)	\$ 5,365,053	\$ 6,091,230	\$ 7,121,900
LOSS DRAFT (ALL LOANS)	\$ 750,964	\$ 863,394	\$ 863,643
LOANS DELINQUENT (60+ DAYS)	304	334	283
ACTUAL FORECLOSURE SALES IN MONTH	0	3	2
FORECLOSURES TOTAL CALENDAR YEAR	4	5	5
DELINQUENT CONTACTS TO MAKE	781	552	659
LATE FEES - NUMBER OF LOANS	967	1083	944
LATE FEES - TOTAL AMOUNT OF REVENUE	\$ 29,362	\$ 35,615	\$ 31,042
PAYOFFS	42	31	31
NEW LOANS	81	2	4

HUD's National Servicing Center TRSII SFDMS Reporting
Expected Jan-Mar Q2 2025 in May - Not Released to Servicers yet

LOSS MITIGATION	Last Year	Last Month	This Month
	8/31/2024	7/30/2025	8/31/2025
ACTIVE FINANCIAL PACKETS	0	4	2
REPAYMENT/SPECIAL FORBEARANCES	0	2	2
COVID 19 FORMAL FORBEARANCES	0	0	0
PARTIAL CLAIMS & MODS PENDING	13	11	19
CHAPTER 13 BANKRUPTCIES	7	6	5
PRESERVATION PROPERTIES	9	9	6
REAL ESTATE OWNED PROPERTIES	3	1	1
SHORT SALE	0	1	0
3RD PARTY (@ SALE)	0	1	1

FORECLOSURES

	8/31/2025
FORECLOSURES INITIATED	21
#1 BILLINGS	5
#2 KALISPELL	3
#3 HELENA/GREAT FALLS	2
OTHER CITIES	11
TOTAL PRINC BALANCE (ALL)	\$ 3,341,009
FORECLOSURE SALES SCHEDULED	14
FHA	11
VA	1
USDA/RD	2
OTHER LOAN TYPE	0

Board Agenda Item

Board Meeting: September 8, 2025

Multifamily Program

BOND RESOLUTION NO. 25-0908-MF08 APPROVAL

Anaconda Portfolio: Mount Haggin Homes (80 Family Units); Cedar Park Homes (44 Family Units); and PJ Hagan Manor (40 Family Units).

Background:

Anaconda Portfolio consists of three projects listed above with a total of 164-unit family projects located in Anaconda, MT. This is an acquisition rehabilitation project costing approximately \$333,337 per unit. Good Housing Partnership is the developer and is partnering with Anaconda Housing Authority and is requesting a bond amount not to exceed \$37,000,000. This amount includes the buffer. Unit AMI's will target 60% AMI but all units have project based rental assistance.

Staff Recommendation (if any):

Staff supports the proposal noted above.

Motion Option(s):

1. Move to approve Bond Resolution No. 25-0908-MF08 in the amount not to exceed \$37,000,000.
2. No motion, proposal fails.

Montana Department of Commerce | commerce.mt.gov | Montana Board of Housing
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Montana Relay 711: dphhs.mt.gov/detd/mtap/traditionalrelayservice



RESOLUTION NO. 25-0908-MF08

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 (ANACONDA PORTFOLIO PROJECT), SERIES 2025 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$37,000,000; APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE TRUST INDENTURE, LOAN 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 (Anaconda Portfolio Project), Series 2025 in an aggregate principal amount not to exceed \$37,000,000 (the “Bonds”), the proceeds of which will be used to finance a loan to the Borrower (hereinafter defined) for the acquisition, rehabilitation and equipping of (i) Mount Haggin Homes, (ii) Cedar Park Homes, and (iii) PJ Hagan Manor (collectively, the “Project”), an affordable housing development consisting of 164 units located in multiple buildings and scattered sites located in Anaconda, Montana; and

WHEREAS, the Bonds will be issued pursuant to a Trust Indenture (the “Indenture”), between the Board and U.S. Bank Trust Company, National Association, or such other bond trustee agreed to by the Board and the hereinafter defined Borrower, as trustee, (the “Trustee”), which Indenture will be in substantially the form approved by the Board with respect to its Multifamily Housing Revenue Bonds (Montana 6 Portfolio Project), Series 2025 (the “Montana 6 Portfolio Project Financing”) whereby the Board would be authorized to issue the Bonds subject to the terms, conditions and limitations established herein and in the Indenture; and

WHEREAS, the proceeds of the Bonds will be used to finance a loan (the “Loan”) to Anaconda LIH Solutions, LP, a Montana limited partnership, or a similar affiliate of Good Housing Partnership, LLC (the “Borrower”), pursuant to a Loan Agreement between the Board and the Borrower (the “Loan Agreement”) which will be in substantially the form approved by the Board with respect to the Montana 6 Portfolio Project Financing; 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 Declarations of Restrictive Covenants (the “Regulatory Agreement”) which will be in substantially the form approved by the Board in connection with the Montana 6 Portfolio Project Financing; and

WHEREAS, the Bonds will be purchased and sold pursuant to a Bond Purchase Agreement (the “Purchase Contract”) among the Board, the Borrower, and FMSbonds, Inc., or such other underwriter agreed to by the Board and the Borrower, as initial purchaser (the “Purchaser”), which Purchase Contract will be in substantially the form approved by the Board in connection with the Montana 6 Portfolio Project Financing, pursuant to which the Board would agree to sell, and the Purchaser would agree to purchase, the 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. 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 Indenture 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 Loan Agreement, the Project qualifies for federal funds through its receipt of 4% federal low income housing tax credits.

Section 2. Approval of Indenture. The Indenture 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 trustee and execute and deliver the Indenture, with such changes, insertions or omissions therein as may be approved by such signatory, such approval to be evidenced conclusively by execution of the Indenture.

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 Indenture 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 Indenture by the Borrower as required by the Indenture. 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 \$37,000,000, 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 Indenture 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 Indenture, with such additions, omissions and changes as are required or permitted by the Indenture 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 Trustee.

Section 4. Approval of Loan Agreement. The Loan Agreement is hereby approved, in the form hereinabove described, and an Authorized Officer is hereby authorized to execute and deliver the Loan Agreement, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by execution of the Loan Agreement as set forth herein.

Section 5. 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 6. 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 7. 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 Indenture, the Loan Agreement, the Purchase Contract, the Regulatory Agreement, and the Bonds is hereby approved, confirmed and ratified.

Section 8. 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 9. 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 10. 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 Indenture, the Loan 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 11. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 8th day September, 2025.

MONTANA BOARD OF HOUSING

Attest:

By _____
Bruce Posey, Chair

By _____
Cheryl Cohen, Executive Director

Cover Letter

Anaconda LIH Solutions, LP will consist of three properties, Mount Haggin Homes, Cedar Park Homes, and PJ Hagan Manor, located in Anaconda, MT. As part of the redevelopment of these sites, each of the properties will receive new project-based Section 8 HAP contracts with a 20-year term from HUD in order to facilitate significant renovations throughout the properties consisting of 164 total units. As part of this preservation, the properties are being sold to Anaconda LIH Solutions, LP that will have the Housing Authority of the City of Anaconda (HACA) as the general partner through HACA Property LLC.

All of the units will be fully rehabilitated receiving substantial improvements including new cabinets, new flooring, painting, systems upgrades where needed, and addressing of all the deferred maintenance issues. The financial partners are: Cinnaire who will serve as the tax credit investor and the limited partner in the limited partnership; and Ready Capital (formerly Red Stone), who will do a private placement using the tax-exempt bonds for the construction loan and permanent loan. The developers will be HACA along with GHP, a Bozeman-based affordable housing development company. HACA will provide property management with project-based voucher administration from the Public Housing Authority of Butte (PHAB). The architect is Architect's Alaska, who has substantial experience working on affordable housing projects throughout the Country and within the State of Montana. As part of this development, the income restrictions on this property will be extended for 55 years with a target area median income of 60% on all units. We believe this restriction is essential in preserving the affordability of all three properties for the foreseeable future. Each of the three properties are located near all essential amenities including grocery stores, medical services, schools, and the Smelter City Senior Center.

As noted in the market studies, the surrounding community has a low average vacancy rate below 3%, the capture rate is less than 10% and the tenant paid rents are 18% or more below adjusted market rents (please refer to the attached pages of the relevant market studies) which substantiates the market need. As noted previously, the intent of this redevelopment is to preserve the affordability of all properties going forward and to improve the housing stock in Anaconda. In an effort to preserve the affordability, a project-based Section 8 rental contract of 20-years will be placed on each of the HUD properties as part of the financing. The development team has the experience necessary for a successful execution and continued operations. GHP has substantial experience developing low-income housing tax credit properties, especially in Montana. PHAB has substantial experience managing/developing LIHTC properties and HUD subsidized properties, as they went through a similar conversion in 2021.

GHP has developed a relocation plan specific to the three properties. The relocation strategy will be presented to the residents and updates are being made as the construction phasing is being planned. Any temporary relocation activities will occur after the notice to proceed is issued and approved by the lender and investor. HACA and PHAB are working with GHP to strategically plan and phase the rehabilitation so the residents are relocated temporarily out of their units for less than 4 weeks. HACA, PHAB and GHP are working to minimize the inconveniences for the residents and to ensure that residents are efficiently relocated to a temporary comparable unit and ultimately relocated back to the site in an apartment that meets their household composition. The temporary relocation will occur over a 6 to 12-month construction period; relocation and re-occupancy activities are scheduled to begin within 30 days of closing. The relocation will affect all units and households as the renovations are substantial in each unit. All existing households will be offered the right to return to a unit based on the current household

composition. While it is expected that most residents will experience temporary, on-site relocation, if off-site relocation is required due to few vacant units, the residents will be temporarily relocated to a local extended-stay hotel at no cost to them in order to vacate the buildings as needed for the General Contractor during the renovation. The Relocation Plan outlines all of the measures that will be taken to manage the logistics and costs of the relocation process in such a way as to minimize the disruption to the residents. All costs will be covered through the development budget including moving, storage and supplies.

The substantial rehabilitation of Mount Haggin Homes, Cedar Park Homes, and PJ Hagan Manor is intended to improve the housing stock in and to preserve the affordability of these 164 units in Anaconda, Montana. We are confident in our development team and financing partner's ability to deliver a successful LIHTC redevelopment project. If additional information is necessary, please let us know.

Mount Higgins



Cedar Park Homes



PJ Higgins Manor



MARKET STUDY SUMMARY

Market Study Company:	Kinetic Valuation Group
Project Name:	Cedar Park Homes Apartments
Project Market Area:	Anaconda, Butte, Deer Lodge and surrounding areas

Is the project, as proposed, viable?

Average (comparable/achievable) 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			
2 bedroom	\$ 1,430	18.7%	
3 bedroom	\$ 1,720	27.7%	
4 bedroom	\$ 1,980	29.0%	Reference page: <input type="text" value="70"/>
5 bedroom			

of all New Units Needed: Reference page:

of units needed for the targeted AMI of the project: Reference page:

Vacancy Rate: Reference page:

Months to Lease-up: Reference page:

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

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

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

Number of LI households that can afford rent of proposed project: Reference page:

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

miles to grocery store (convenience store does not count)

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).

MARKET STUDY SUMMARY

Market Study Company:	Kinetic Valuation Group
Project Name:	Mount Haggin Homes Apartments
Project Market Area:	Anaconda, Butte, Deer Lodge and surrounding areas

Is the project, as proposed, viable?

Average (comparable/achievable) 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	\$ 1,275	22.9%	
2 bedroom	\$ 1,495	21.3%	
3 bedroom	\$ 1,765	29.3%	
4 bedroom	\$ 2,035	30.8%	
5 bedroom			
			Reference page: <input type="text" value="75"/>

of all New Units Needed: Reference page:

of units needed for the targeted AMI of the project: Reference page:

Vacancy Rate: Reference page:

Months to Lease-up: Reference page:

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

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

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

Number of LI households that can afford rent of proposed project: Reference page:

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

miles to grocery store (convenience store does not count)

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	Anaconda Catholic Community	0
2	First Montana Bank	0
3	Smelter City Senior Citizen Center	0
4	United States Postal Service	0
5	Thrift Drug Pharmacy	0
6	Community Hospital of Anaconda	0
7	Family Dollar	0
8	Fred Moodry Intermediate School	0
9	Hearst Free Library	0
10	Anaconda Junior/Senior High	0
11	Lincoln Primary School	0
13	Exxon	0
14	Washoe Park	1
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MARKET STUDY SUMMARY

Market Study Company:	Kinetic Valuation Group
Project Name:	PJ Hagan Manor Apartments
Project Market Area:	Anaconda, Butte, Deer Lodge and surrounding areas

Is the project, as proposed, viable?

Average (comparable/achievable) 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	\$ 1,200	18.3%	
2 bedroom			
3 bedroom			
4 bedroom			
5 bedroom			

Reference page:

of all New Units Needed: Reference page:

of units needed for the targeted AMI of the project: Reference page:

Vacancy Rate: Reference page:

Months to Lease-up: Reference page:

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

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

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

Number of LI households that can afford rent of proposed project: Reference page:

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

miles to grocery store (convenience store does not count)

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).

City	Anaconda
County	Deer Lodge
Project Name	Anaconda Portfolio
HC Requested	22,396,850

Unit Numbers	Target	
1-bdrm	60%	66
2-bdrm	60%	56
3-bdrm	60%	36
4-bdrm	60%	6
other	mgr(60%)	-
Total Units		164
Average Income Targeting		60.00%

Square Footage	
Income Restricted Units	126,370
Common Space	10,628
Total	136,998

<u>Unit Rents</u>		
1-bdrm	60%	1,041
2-bdrm	60%	1,152
3-bdrm	60%	1,614
4-bdrm	60%	1,902
other	mgr(60%)	-
Total Monthly Rents		202,734
vacancy factor		5.00%
Adjusted Rent		192,597
other/commercial income		118
total rent		192,715
x 12 months		12
Total Annual Income		2,312,584

Expenses	
Administration	65,600
Management	76,860
Maintenance	224,600
Operating	636,080
Taxes	42,860
Replacement Reserve	57,400
Total Expenses	1,103,400

Net Income Before	
Debt Service	1,209,184

Financing Sources

Hard Loan	15,104,835
Hard Loan	15,596,594
Soft Loan	632,943
Other	850,000
Deferred Dev Fee	3,895,602
HC Equity Non-Competitive	18,587,342
Total Sources:	<hr/> 54,667,316
% of Project Financed by HC:	34.00%

Return on Sale of HTC

HTC Requested	22,396,850
HTC Equity	18,587,342
HTC Return on Sale	0.830

Ratios

Rent (Income)	2,312,584
Operating Expenses	1,046,000
Replacement	57,400
Net Income Available	1,209,184
Total Debt Service	\$1,050,857
Debt Coverage Ratio (DCR)	1.15
Total Expense Ratio	1.07

Project Costs

Land	990,000
Building/Acquisition	25,270,000
Site Work	-
Construction / Rehab	12,629,855
Soft Costs	8,165,665
Developer Fees	6,492,669
Reserves	1,119,128
Total Project Costs	<hr/> 54,667,316
Supportive Services Costs	-
Residential Costs	54,667,316

Costs versus Sources

Total Project Costs	54,667,316
Total Financing Sources	54,667,316
Difference	<hr/> 0

Project Cost Limitations

	<u>Limits</u>	
General Requirements	6.00%	4.63%
Contractor Overhead	2.00%	1.54%
Contractor Profit	6.00%	4.63%
Developer Fees	15.00%	14.09%
Soft Cost	40 or 45%	37.69%

Per Unit Comparison

	<u>Limits</u>	
Cost per unit total	n/a	333,337
Cost per unit residential only	\$365,000	333,337
Cost per unit Const / Rehab	n/a	77,011
Credits per unit	n/a	136,566
Operating Cost per unit	\$3,000 min	6,378
Replacement Reserves	\$350 min	350

Per Square Foot Comparison

Construction / Rehab per sq ft	92.19
Total Project Cost per sq ft	399.04
Credits per sq ft	163.48
Credits per sq ft (residential only)	177.23

Utilities Paid by (Tenant / Owner)

Owner

Market Study Data:

Vacancy Rates	5.0%
Absorption Rate	N/A
Months to Absorb	N/A
Average Project Rent	1,236
Average Market Rent	1,643
Units needed for Targeted AMI's	1,400

Market Rents

0-bdrms	-
1-bdrms	1,275
2-bdrms	1,495
3-bdrms	1,765
4-bdrms	2,035
other	-

Board Agenda Item

Board Meeting: September 8, 2025

Multifamily Program

BOND RESOLUTION NO. 25-0908-MF09 APPROVAL

Hidden Creek 4 Apartments in Bozeman, MT.

Background:

Hidden Creek 4 Apartments is a 158-unit family project located in Bozeman, MT. This is a new construction project costing approximately \$354,764 per unit. United Housing Partners, LLC is the developer and is requesting a bond amount not to exceed \$40,000,000. This amount includes the buffer. Unit AMI's will target 30% - 70%.

Staff Recommendation (if any):

Staff supports the proposal noted above.

Motion Option(s):

1. Move to approve Bond Resolution No. 25-0908-MF09 in the amount not to exceed \$40,000,000.
2. No motion, proposal fails.

RESOLUTION NO. 25-0908-MF09

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING THE ISSUANCE OF ITS MULTIFAMILY HOUSING REVENUE BONDS (HIDDEN CREEK 4 APARTMENTS), SERIES 2025, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$40,000,000; APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE TRUST INDENTURE, LOAN AGREEMENT, PRELIMINARY OFFICIAL STATEMENT, OFFICIAL STATEMENT 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 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 its Multifamily Housing Revenue Bonds (Hidden Creek 4 Apartments), Series 2025 in an aggregate principal amount not to exceed \$40,000,000 (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 Hidden Creek 4 Apartments, a 158-unit affordable housing development located in Bozeman, Montana (the “Project”); and

WHEREAS, the Bonds will be issued pursuant to a Trust Indenture (the “Indenture”) between the Board and U.S. Bank Trust Company, National Association as trustee, or any other trust company or bank having the powers of a trust company that is in good standing with the State of Montana, duly authorized to exercise trust powers in the State with a reported capital, surplus and retained earnings of not less than \$100,000,000, and selected by an Authorized Officer, as defined herein (the “Trustee”), which will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, omissions as approved by an authorized officer; and

WHEREAS, the proceeds of the Bonds will be used to finance a loan (the “Mortgage Loan”) to Hidden Creek 4 Housing Associates LLLP, a Montana limited liability limited partnership, or another affiliate of Human Resource Development Council of District IX, Inc. or United Housing Partners LLC (the “Borrower”), pursuant to a loan agreement by and between the Board and the Borrower (the “Loan Agreement”), which will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, 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 (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”), which will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, omissions as approved by an authorized officer; and

WHEREAS, a Bond Purchase Agreement (the “Purchase Contract”) to be dated the date of sale of the Bonds among the Board, the Borrower, and the underwriter of the Bonds (the “Underwriter”), will be prepared in substantially the form on file with the Multifamily Program Manager with such changes, additions, omissions as approved by an authorized officer, pursuant to which the Board would agree to sell, and the Underwriter would agree to purchase, the Bonds at the prices and upon the terms and conditions therein set forth; and

WHEREAS, a draft of a Preliminary Official Statement (the “Preliminary Official Statement”) is to be prepared containing certain information relating to the Board, the Indenture, and the Bonds in substantially the form on file with the Multifamily Program Manager with such changes, additions, omissions as approved by an authorized officer, and which is to be used by the Underwriter in connection with the sale of the Bonds to investors.

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 Indenture 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 which is 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 Loan Agreement, the Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

Section 2. Approval of Indenture. The Indenture 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 trustee and to execute and deliver the Indenture, with such changes, insertions or omissions therein as may be approved by such signatory, such approval to be evidenced conclusively by such execution of the Indenture.

Section 3. Authorization of the Bonds. The execution 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 Indenture 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 Indenture by the Borrower as required by the Indenture. 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 \$40,000,000 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 Indenture 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 Indenture, with such additions, omissions and changes as are required or permitted by the Indenture 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 Trustee.

Section 4. Approval of Loan Agreement. The Loan Agreement is hereby approved in the form hereinabove described, and an Authorized Officer is hereby authorized to execute and deliver the Loan Agreement, 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 Loan Agreement.

Section 5. 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 6. Approval of Preliminary Official Statement and Official Statement. A Preliminary Official Statement for the Bonds is hereby approved in the form described above, with such changes, insertions or omissions therein as may be approved by an Authorized Officer. Each such person is hereby authorized to execute and deliver a final Official Statement substantially in the form of the Preliminary Official Statement with such changes, insertions or omissions therein as may be required to finalize the pricing terms of the Bonds.

Section 7. Approval of Purchase Contract and Sale of the Bonds. A Purchase Contract for the Bonds 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 8. 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 Indenture, the Loan Agreement, the Regulatory Agreement, the Preliminary Official Statement, the Purchase Contract and the Bonds is hereby approved, confirmed and ratified.

Section 9. 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 10. 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 11. 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 Indenture, the Loan 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 12. Effective Date. This Resolution shall become effective immediately. This Resolution replaces and supersedes Resolution No. 25-0714-MF04 in its entirety.

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ADOPTED by the Montana Board of Housing this 8th day of September, 2025.

MONTANA BOARD OF HOUSING

Attest:

By _____
Bruce Posey, Chair

By _____
Cheryl Cohen, Executive Director

August 5, 2024

Montana Board of Housing
PO Box 200528
Helena MT 59620-0528

Dear Board of Housing:

This letter with attachments meets the requirements of the Qualified Allocation Plan (QAP) as it relates to submission of a 4% Low Income Tax Credit (LIHTC) Application.

Executive Summary:

United Housing Partners LLC (UHP) in partnership with the Human Resource Development Council (HRDC) propose to build 182 affordable apartments in Bozeman, Montana at 1221 Durston Road on land currently owned by Gallatin County (the County) by twinning 9% & 4% Low Income Housing Tax Credits (LIHTCs) along with a Glacier Bank Back 2 Back loan, a Montana Housing Multifamily Loan, Housing Trust Funds (HTF), Capital Magnet Funds, and other soft loans. This structure will allow the Montana Board of Housing to leverage a single 9% LIHTC award to create 182 new LIHTC homes, eight community land trust (CLT) homes, and a daycare.

In addition to the donated land (5.61 acres), the County has committed \$2.45mm in American Rescue Plan Act (ARPA) funding. The City of Bozeman has also committed an additional \$2mm (Gallatin Impact) toward the Project. Hidden Creek will include 8 extreme low-income apartments for beneficiaries earning 30% area median income (AMI) or lower. Using Income Averaging (IA), the Project will have a weighted average income restriction of 60% across all dwellings and include the following unit mix:

Project & Unit Mix Summary							
	Bedrooms	Baths	Sqft	30% Units	60% Units	70% units	Total Units
9% Project	1 Bedroom	1	597	0	20	0	20
9% Project	2 Bedroom	1	852	0	0	0	0
9% Project	3 Bedroom	2	1,113	0	0	0	0
TOTAL 9% Project		20	11940	0	20	0	20
	Bedrooms	Baths	Sqft	30% Units	60% Units	70% units	Total Units
4% Project	1 Bedroom	1	597	0	68	0	68
4% Project	2 Bedroom	1	852	8	48	24	80
4% Project	3 Bedroom	2	1,113	0	0	0	0
4% Project	4 Bedroom	2	1,330	0	14	0	14
TOTAL 4% Project		176	127,376	8	130	24	162
TOTAL All Buildings		196	139316	8	150	24	182

Financing Plan:

Hidden Creek 4 and Hidden Creek 9 will be managed as separate projects with one set of financials for Hidden Creek 4 and another for Hidden Creek 9 kept by the same management company. Common project expenses will be split prorata based on unit count with 88% of expenses going to Hidden Creek 4 and 12% of expenses going to Hidden Creek 9. Project specific expenses such as, but not limited to, financial audits will not be split prorata and will be billed directly to Hidden Creek 4 or Hidden Creek 9.

Hidden Creek 9 will be financed with a construction loan of \$4.5mm that will be paid off with a permanent Multifamily Loan Program Loan from Montana Housing of \$1,075,249 and 9% LIHTC equity of \$5,348,499.

Hidden Creek 4 will be financed with a construction loan of \$35mm, a back to back tax exempt permanent loan of \$16,968,921, an ARPA loan of \$2,450,000, \$1.9mm in National Housing Trust Funds, a \$2mm Capital Magnet Fund Loan, a City of Bozeman Loan of \$2mm, reinvestment income from the \$19.1mm in short term tax exempt mm bonds, 4% LIHTC equity estimated at \$23.5mm, and a substantial deferred developer fee.

Hidden Creek 4 permanent financing: at Stabilization the construction loan will be paid off with a permanent loan from Glacier Bank and the LIHTC equity. HRDC's status as a 501c(3) will allow the Project to qualify for a property tax

exemption (15-6-221(1)(a)(i), MCA) as well as qualify for the Board's non-profit set aside. A summary of all permanent sources is shown below.

SOURCES OF FUNDS	Total	Per-Unit	% Total	4% Project	9% Project
First Mortgage	\$18,044,170	\$102,057	29.5%	\$16,968,921	\$1,075,249
ARPA	\$2,450,000	\$13,462	3.9%	\$2,450,000	\$0
National HTF	\$1,900,000	\$10,440	3.0%	\$1,900,000	\$0
Seller Note (Land)	\$1,640,000	\$8,021	2.3%	\$1,459,780	\$180,220
Capital Magnet Fund	\$2,000,000	\$10,989	3.2%	\$2,000,000	\$0
Bozeman City Loan	\$2,000,000	\$10,989	3.2%	\$2,000,000	\$0
LIHTC Equity (Federal)	\$28,865,749	\$153,058	44.2%	\$23,517,250	\$5,348,499
Bond Reinvestment Income	\$2,063,411	\$6,781	2.0%	\$2,063,411	\$0
Additional Deferred Dev Fee	\$7,105,942	\$33,644	9.7%	\$7,105,942	\$0
	\$66,069,272	\$363,018	100%	\$59,465,304	\$6,603,968

Project Based Vouchers:

Hidden Creek included thirty 30% AMI units both at LOI submission and when the County and City committed a combined \$4.45mm toward the Project. UHP still hopes to include these in the final project, however, without project-based vouchers (PBV) for these HTF units there is no way financially feasible to include more than eight.

Gallatin County doesn't have a housing authority (HA). HRDC serves as the regional Field Agency (FA), overseeing and administering the County's Housing Choice Vouchers. FAs are not able to project base vouchers the way HAs are. This means PBVs in Bozeman would have to be assigned out of the State's voucher allotment.

If Montana Housing decides to release a competitive proposal to project base a number of the state's HCVs, UHP will apply for 30 PBVs at Hidden Creek. Unfortunately, the 2025 QAP threshold would not allow the Project to include underwriting for these vouchers without a commitment, so they were removed for this application.

The removal of these vouchers reduces the amount of debt Hidden Creek 4 can raise from \$20,338,969 to \$16,968,921¹. This is \$3,335,048 lost in loan proceeds.

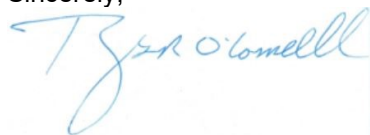
Justification for Need:

Bozeman is ground zero for the affordable housing crisis. According to Realtor.com, the median list price of homes for sale in Bozeman is \$862,900 as of June 2024². Gallatin County has prioritized finding a solution and both the County and the City of Bozeman have shown a willingness to make significant financial commitments to deliver Hidden Creek to their community. Finding a project that combines more funding sources to leverage the max \$650,000 annual 9% credits will be difficult, particularly in the current market environment. Adding the eight CLT homes and the County owned daycare only furthers the impact.

The third-party market study found 0 vacancies in existing LIHTC units and a need for 2,244 additional restricted units in Bozeman². This is why both Mayor Terry Cunningham and Gallatin Commissioner Zach Brown both appeared in person to sing its praises at the Board's May LOI presentations, where Commissioner Brown was quoted as saying, "The total cash and land contributions for this project are close to \$7mm. This community will never have this opportunity again."

Hidden Creek Apartments is the result of three and a half years of work by Gallatin County, UHP, and HRDC. It is also a blueprint for future public private housing solutions. The sponsor cannot deliver these \$23,517,250 in 4% non-competitive tax credits without securing a 9% award in 2025. UHP and HRDC thank the Board for their consideration!

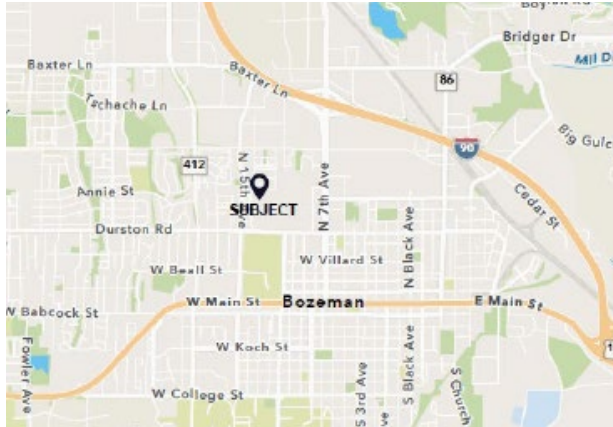
Sincerely,



Tyson O'Connell
Tyson@uhousingpartners.com
406-531-4745

¹ 7_PrelimFinLet_HC4

² 13_FullMktStudy_HC 4



SITE & NEIGHBORHOOD PHOTOS



LOOKING SOUTHEAST AT THE SITE



LOOKING SOUTH ALONG THE SITE'S EASTERN BORDER



NORTH – JUNIPER STREET LOOKING WEST



MARKET STUDY SUMMARY

Market Study Company:	Prior & Associates
Project Name:	Hidden Creek Apartments 4%
Project Market Area:	City of Bozeman

Is the project, as proposed, viable?

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

	Market Rents	% Project Rents Below	Reference page:
0 bedroom			
1 bedroom	\$ 1,909	30.1%-40.8%	
2 bedroom	\$ 2,178	27.2%-39.2%	
3 bedroom	\$ 2,490	N/A	
4 bedroom	N/A		
5 bedroom			68

of all New Units Needed: Reference page:

of units needed for the targeted AMI of the project: Reference page:

Vacancy Rate: Reference page:

Months to Lease-up: Reference page:

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

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

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

Number of LI households that can afford rent of proposed project: Reference page:

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

miles to grocery store (convenience store does not count)
 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	Convenience Store	0.4 miles
2	Grocery Store	0.4 miles
3	Specialty Market	N/A
4	Neighborhood Shopping Center	0.4 miles
5	Community Shopping Center	0.5 miles
6	Big Box Retail Store	0.6 miles
7	Shopping Mall	1.5 miles
8	Elementary School	0.5 miles
9	Middle School	3.2 miles
10	High School	0.8 miles
11	Head Start	0.9 miles
13	University	1.5 miles
14	Recreation Center	0.5 miles
15	Community Center	one mile
16	Park	Adjacent
17	Library	1.5 miles
18	Bus Stop	0.1 mile
19	Hospital	Two miles
20	Medical Clinic	0.3 miles
21	Government Offices	1.2 miles
22	Post Office	1.1 miles
23	Police Station	1.1 miles
24	Fire Station	1.4 miles
25	Pharmacy	0.4 miles
26	Senior Center	0.8 miles
27	Childcare Center	0.5 miles
28		
29		
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49		
50		

County	Gallatin
Project Name	Hidden Creek 4 Apartments
Developer / General Ptnr	Hidden Creek Developers LLC
Set-aside	Non-Profit
HC Requested	28,090,470
Project Type	Family
Construction Type	New Const
Projected Construction Start	Aug-25
Projected Completion	Sep-27

<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-bdrm		-
1-bdrm	20%	-
1-bdrm	30%	16
1-bdrm	50% (Low HM)	-
1-bdrm	40%	-
1-bdrm	50%	-
1-bdrm	60%	-
1-bdrm	70%	48
1-bdrm	80%	-
1-bdrm		-
1-bdrm		-
2-bdrm	20%	-
2-bdrm	30%	20
2-bdrm	40%	-
2-bdrm	50% (Low HM)	-
2-bdrm	50%	-
2-bdrm	60%	-
2-bdrm	70%	60
2-bdrm	80%	-
2-bdrm		-
2-bdrm		-
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		-
3-bdrm		-
4-bdrm	20%	-
4-bdrm	30%	4

County	Gallatin		
Project Name	Hidden Creek 4 Apartments		
Developer / General Ptnr	Hidden Creek Developers LLC		
	4-bdrm	40%	-
	4-bdrm	50% (Low HM)	-
	4-bdrm	50%	-
	4-bdrm	60%	-
	4-bdrm	70%	10
	4-bdrm	80%	-
	4-bdrm		-
	4-bdrm		-
	other	20%	-
	other	30%	-
	other	40%	-
	other	50% (Low HM)	-
	other	50%	-
	other	60%	-
	other	70%	-
	other	80%	-
	other		-
	other	mkt	-
	other	mgt(60%)	-
	Total Units		158
	Average Income Targeting		59.87%
<u>Square Footage</u>			
	Income Restricted Units		132,539
	Managers Unit(s)		-
	Supportive Services		-
	Common Space		2,520
	Market/Commercial		-
	Total		135,059
<u>Unit Rents</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-bdrm		-
	1-bdrm	20%	-
	1-bdrm	30%	1,225
	1-bdrm	40%	-
	1-bdrm	50% (Low HM)	-
	1-bdrm	50%	-
	1-bdrm	60%	-
	1-bdrm	70%	1,331
	1-bdrm	80%	-
	1-bdrm		-

County			Gallatin
Project Name			Hidden Creek 4 Apartments
Developer / General Ptnr			Hidden Creek Developers LLC
	1-bdrm		-
	2-bdrm	20%	-
	2-bdrm	30%	1,557
	2-bdrm	40%	-
	2-bdrm	50% (Low HM)	-
	2-bdrm	50%	-
	2-bdrm	60%	-
	2-bdrm	70%	1,582
	2-bdrm	80%	-
	2-bdrm		-
	2-bdrm		-
	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		-
	3-bdrm		-
	4-bdrm	20%	-
	4-bdrm	30%	2,663
	4-bdrm	40%	-
	4-bdrm	50% (Low HM)	-
	4-bdrm	50%	-
	4-bdrm	60%	-
	4-bdrm	70%	2,006
	4-bdrm	80%	-
	4-bdrm		-
	4-bdrm		-
	other	20%	-
	other	30%	-
	other	40%	-
	other	50% (Low HM)	-
	other	50%	-
	other	60%	-
	other	70%	-
	other	80%	-
	other		-
	other	mkt	-
	other	mgt(60%)	-
Total Monthly Rents			240,260
vacancy factor			7.00%
Adjusted Rent			223,442
other/commercial income			5,538
total rent			228,980
x 12 months			12
Total Annual Income			2,747,757

County	Gallatin
Project Name	Hidden Creek 4 Apartments
Developer / General Ptnr	Hidden Creek Developers LLC
<u>Expenses</u>	
Administration	128,363
Management	106,256
Maintenance	304,287
Operating	425,486
Taxes	-
Replacement Reserve	55,300
Total Expenses	<u>1,019,692</u>
Net Income Before Debt Service	1,728,065
<u>Financing Sources</u>	
Hard Loan	21,834,916
Hard Loan	-
Soft Loan	500,000
Soft Loan	2,000,000
State HOME	-
State CDBG	-
State NHTF	1,517,100
Other	3,206,667
Other	2,462,500
Other	1,423,736
Other	256,000
Deferred Dev Fee	5,397,063
HC Equity Competitive	-
HC Equity Non-Competitive	<u>22,005,047</u>
Total Sources:	60,603,029
% of Project Financed by HC:	36.31%
<u>Return on Sale of HTC</u>	
HTC Requested	28,090,470
HTC Equity	22,005,047
HTC Return on Sale	0.783
<u>Ratios</u>	
Rent (Income)	2,747,757
Operating Expenses	964,392
Replacement	55,300
Net Income	1,728,065
Total Debt Service	1,563,499
Debt Coverage Ratio (DCR)	1.11
Total Expense Ratio	1.06
<u>Project Costs</u>	
Land	1,459,780
Building/Acquisition	-
Site Work	4,375,695

County	Gallatin
Project Name	Hidden Creek 4 Apartments
Developer / General Ptnr	Hidden Creek Developers LLC
Construction / Rehab	34,850,825
Soft Costs	11,302,534
Developer Fees	7,560,844
Reserves	1,053,351
Total Project Costs	60,603,029
Supportive Services Costs	-
Residential Costs	60,603,029

Costs versus Sources

Total Project Costs	60,603,029
Total Financing Sources	60,603,029
Difference	-

Project Cost Limitations

	<u>Limits</u>	
General Requirements	6.00%	4.20%
Contractor Overhead	2.00%	1.40%
Contractor Profit	6.00%	4.20%
Developer Fees	15.00%	15.00%
Soft Cost	40.00%	46.36%

Per Unit Comparison

	<u>Limits</u>	
Cost per unit total	n/a	383,563
Cost per unit residential only	\$350,000	383,563
Cost per unit Const / Rehab	n/a	247,425
Credits per unit	n/a	177,788
Operating Cost per unit	\$3,000 min	6,104
Replacement Reserves	\$300 min	350

Per Square Foot Comparison

Construction / Rehab per sq ft	258.04
Total Project Cost per sq ft	448.72
Credits per sq ft	207.99
Credits per sq ft (residential only)	211.94

Utilities Paid by (Tenant / Owner)

Tenant

Market Study Data:

Vacancy Rates	2.4%
Absorption Rate	4970.0%
Months to Absorb	8
Average Project Rent	1,647
Average Market Rent	2,192
Units needed for Targeted AMI's	2,244

County	Gallatin
Project Name	Hidden Creek 4 Apartments
Developer / General Ptnr	Hidden Creek Developers LLC

Market Rents

0-bdrms	-
1-bdrms	1,909
2-bdrms	2,178
3-bdrms	2,490
4-bdrms	N/A
other	-

Acq Rehab Info:

Reserves kept by existing owner	-
Other cash out by existing owner	-
Current Debt on Property	-
	-
	-
	-
	-

Development Evaluation Criteria and Selection

Lower Income Tenants

Income and Rent Level Targeting.	60%
Project-Based Rental Subsidy.	NO

Project Characteristics

Amenities	Grocery Store
Small Town / Tribal Designation Area	na
Affordable Housing Stock	na
Historic Preservation	na

Local Involvement

Community Input	Local Community Input
QCT / Local Community Revitalization Plan	na
Communication / Relationships	Local Entity Participation

Green Building and Energy Conservation Standards

Meets Requirements

Tenant Populations with Special Housing Needs

Family Projects	Family Project
Elderly Projects	na

Multifamily Program Dashboard

September 8, 2025

Coal Trust Multifamily Homes Program, Multifamily Loan Program and Housing Montana

Fund Loan Programs

Available After Commitments

CTMH	\$783,372
MFLP	\$875,323
HMF - AHRLF	\$397,902

Projects Underway					
Amount	Program/Project	City/Units	Year Awarded	Recipient	Est. Completion
7,500,000	4%Centennial Village	Great Falls	2025	Vitus Development LLC	TBD
12,000,000	4%Aspen Village	Great Falls	2025	Vitus Development LLC	TBD
42,000,000	4%Montana 6	Scattered	2025	NWMT Affordable Housing	TBD
2,200,000	4%/MF/Rocky Mountain Flats	Bozeman	2025	Blueline Development, Inc	TBD
30,000,000	Goldspur at Urban Farm	Bozeman	2025	Roers Bozeman Affordable Apartments Owner LLC	May-27
4,702,040	9%/CT/HMF/MF/Skyview	Billings	2025	GL Development	Feb-27
6,500,000	9%/4%LB Lofts	Billings/Laurel	2025	Homeword/HomeFront	Sep-26
6,500,000	9%Opportunity Place	Missoula	2025	42-44 Developers	May-26
6,500,000	9%/4%/MF/Hidden Creek	Bozeman	2025	United Housing/HRDC	Oct-26, Sep-27
6,500,000	9%/CT/Polson Gardens	Polson	2025	Housing Solutions	Jul-26
6,500,000	9%/CT/The Homestead	Dillon	2025	The Housing Company	Jun-26
7,500,000	4%/Franklin School	Great Falls	2024	Vitus Development LLC	TBD
2,500,000	CT/Alpenglow II	Whitefish/18	2024	Housing Whitefish	Fall-27
30,460,886	9%/CT/4%Twin Creek	Helena/72	2024	United Housing Partners	Sep-25, Apr-26
8,050,000	9%/CT/Riverstone Senior	Hamilton/23	2024	Housing Solutions	Apr-26
27,155,000	4%/The Aurora	Billings	2024	Kamaka Affordable Housing, LLC	Jul-26
13,197,880	9%/4%/MidtownAspen	Bozeman/46	2024	Boundry Dev & HRDC	Jun-26
8,200,000	9%/CTMitchell Court	Billings/32	2024	GL Development	Feb-26
10,963,840	4%/The Manor	Hamilton/60	2024	Sapphire Lutheran Homes	Mar-26
82,575,000	4%/Westlake	Bozeman/216	2023	Devco Preservation	Sep-25
58,551,220	4%/HMF/Beaumont	Bozeman/155	2023	Rueter Walton Development	Jun-25
7,414,040	4%/Big Fork Senior	Big Fork/24	2023	Bigfork Senior Housing	Jul-25
6,435,000	9%/ANHA LIHTC #2	Agency/23	2023	Apsaalook Nation HA	Oct-26
6,500,000	9%/MF/Cabinet Affordable	Libby/24	2023	Cabinet Affordable Housing	Oct-25
41,961,750	9%/4%/Creek Side Apartments	Missoula/161	2023	Homeword	Dec-25,Sep-27

Quarterly Report Status Updates - Verbal Report

The Homestead

Skyview Residences

Casa Loma

ANHA 2

Board Agenda Item

Board Meeting: September 8, 2025

Operations / Executive Director

BOARD MEETINGS

- The next Board meeting will be held on Monday and Tuesday, October 20-21, 2025, at 8:30 a.m. in Havre, Montana at the Best Western Plus (1425 Hwy 2 NW) and will also be available via Zoom. Board members are strongly encouraged to attend in-person.

BOARD MEMBER OPPORTUNITIES

- The 2025 NCSHA Annual Conference & Showplace will be held in New Orleans October 4-7. Registration is open. The Annual Conference & Showplace brings together HFA Executive Directors, staff, and board members and their industry partners to explore solutions to the affordable housing community's toughest, fast-moving challenges. If you are interested in attending the conference, please email Cheryl Cohen cheryl.cohen@mt.gov.
 - Bruce Posey, Jeanette McKee, and Richard Miltenberger are all registered for the conference.
- Baatz Block Apartments Open House at 400-302 S. 2nd Ave in Great Falls on Monday, September 15 at 3:00 pm.
- TENTATIVE – Celebration of Completion for Junegrass Place at 1079 N. Meridian Rd. in Kalispell on October 15, 2025 at 3:00 pm.

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



CONTRACTS / PROCUREMENT

- WaterfallCalc.com LLC is routed for renewal (this is what Mortgage Servicing uses for borrowers to apply for loss mitigation assistance).
- MRI/HAPPY software is being reviewed for renewal (this is the system that the Rental Assistance team uses for the Housing Choice Voucher program).
- Builders Patch has been routed for ITPR approval and renewal. Builders Patch is the platform Multifamily staff use for reporting LIHTC.

PERSONNEL

- We welcome Logan Colberg to the team as our new Executive Assistant. Logan was raised in Helena and recently graduated from the University of Montana with a bachelor's in business administration. She has over 3 years' experience working for multiple law firms in Missoula.
- We welcome Tasha Harris to the Mortgage Servicing team as a Loan and Bond Specialist. She was previously contracted as a temporary worker in Servicing and has over 10 years of banking experience
- Katelyn Reich re-joins the Mortgage Servicing team as a Loan and Bond Specialist with Loss Mitigation. Katelyn previously worked for Mortgage Servicing in a similar position.
- Katey Belschner, MBOH Mortgage Accounting Specialist, has taken another position with DPHHS. Her last day was September 5, 2025. We are actively recruiting for this position.

COMMUNITY HOUSING

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- The application deadline for the Community Development Block Grant-Housing, HOME Investment Partnerships Program and Housing Trust Fund is September 17, 2025. Eligible activities include new construction or rehabilitation of multi-family housing and single-family development. Note that applications for HOME Program downpayment assistance are accepted at any time, as are CDBG applications for single-family rehabilitation programs. Currently, Commerce has approximately \$3,150,000 available in (2024 and 2025) CDBG funds for activities to rehabilitate affordable housing and address homelessness, \$2,713,000 for HOME-eligible activities, including homebuyer assistance, and \$2,821,000 for HTF.
- The Uniform Application has been revamped, and new Application Pro Forma and Subsidy Review spreadsheets are available for projects undertaking 1) multi-family construction or rehabilitation activities and 2) development of single-family homes for sale.
- There is increased activity providing HOME funds for downpayment assistance, with renewed interest in using HOME funds for that purpose.
- Staff are wrapping up their site visits to 71 properties financed with CDBG, CDBG-CV, ESFG, HOME, HOME-ARP and HTF proceeds.

HOMEOWNER ASSISTANCE FUND

- A total of 3,278 applications have been submitted to all statewide programs as of August 28, 2025.
- HAF has spent over \$20 million in all programs.
- Multiple program updates will go in effect on September 2, 2025, including:

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- Assisting with up to 6 months of forward mortgage payments for those households who have a mortgage payment that is 30% or more than their gross income.
- Assisting with up to 6 months of forward mortgage payments for those households at or below 80% AMI.
- Raising the cap of assistance for Lien Prevention from \$10,000 to \$15,000 per household.
- Raising the cap of assistance for Utility Assistance from \$1,500 to \$2,000 per household.
- Raising the cap for Home Repairs assistance to \$100,000 for applicants whose applications are currently in an Awaiting Bids state OR Bid Review state.
- Partnering with Northwestern Energy for an insert advertising the HAF program to be sent to all Montana customers in an upcoming bill.
- In September, HAF staff will be traveling to Ravalli County to do a presentation about the HAF program at a county treasurer's conference.

EXECUTIVE DIRECTOR

- Cheryl Cohen, Michael O'Neil, Geoff Anderson, and Spenser Merwin met with Senator Daines on August 13, 2025 to discuss HUD's approval of Montana's revised Fair Market Rents, the resulting impact on Montana's Housing Choice Voucher 2025 federal budget authority, and efforts to include language in an appropriations bill later this year to allow Montana until December 31, 2026 to expend the significant increase in our budget authority before HUD can take off-



setting actions. We'd like to thank Good Housing Partners for hosting this meeting at the Bozeman office.

- In addition to working to insert language into an appropriations bill, Senator Daines and his staff also encouraged us to draft a letter to HUD Secretary Turner to propose other solutions to HUD's FMR methodology. A follow up meeting was held Thursday, September 4, 2025 with other states and NCSHA to begin work on this letter.
- Commerce Research and Information Services is working on a rent comparisons document, as requested by Senator Daines. This document will compare Montana high cost areas like Bozeman, Flathead County, and Missoula to other high cost mid-sized cities across the country.
- **HB 924 Updates:**
 - MOU executed with MBOI on August 5, 2025.
 - Meeting with DOR scheduled for September 15, 2025.
 - Working to assign Veterans' Home Loan Program loans from MBOI to MBOH (about 300 loans).
 - Proposed Administrative Rule changes were submitted to the Governor's Office on Friday, August 29, with comments provided on the same date.
 - Proposed Administrative Rule changes were filed with the Secretary of State on September 2, 2025. A public hearing will be held on Wednesday, October 8, 2025 at 12:00 pm and the last day for public comment will be October 10, 2025.
- Status update to the prior 2023 performance audit - *Supporting Low-Income Housing: The Montana Board of Housing and Its Role in Awarding Tax Credits (23P-04)* – was provided to the Legislative Auditor on August 14, 2025.



**MONTANA
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DEPARTMENT OF COMMERCE

NOTICE OF PROPOSED RULEMAKING

MAR NOTICE NO. 2025-345.1

Summary

Amendment of ARM 8.111.501, 8.111.502, 8.111.503, 8.111.504, 8.111.505, 8.111.506, 8.111.507 pertaining to the Housing Montana Fund; amendment of ARM 8.111.701, 8.111.702, 8.111.703, 8.111.704, 8.111.705, 8.111.706, 8.111.707 pertaining to the Montana Veterans' Home Loan Act; and amendment of ARM 8.111.801, 8.111.802, 8.111.803, 8.111.804, 8.111.805, 8.111.806 and 8.111.807 pertaining to the Coal Trust Multifamily Homes Program.

Hearing Date and Time

Wednesday, October 8, 2025, at 12:00 p.m.

Virtual Hearing Information

The Department of Commerce will hold a public hearing via zoom to consider the proposed amendment of the above-stated rules.

Video: <https://mt-gov.zoom.us/j/88196386475?pwd=m6LYPCy4uk065vNezZbx1C140lcey4.1>

Webinar ID: 881 9638 6475

Passcode: 760996

Comments

Interested persons may submit data, views, or arguments orally at the Zoom hearing. Written data, views, or arguments may be submitted to Jada Maynor by email:

DOCadministrativerules@mt.gov; or by mail: P.O. Box 200501, Helena, MT 59620. Comments must be received by Friday, October 10, 2025, at 5:00 p.m.

Accommodations

The agency will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. Requests must be made by Wednesday, October 1, 2025, at 5:00 p.m.

Contact

Jada Maynor
(406) 841-2596
jada.maynor@mt.gov

General Reasonable Necessity Statement

The board of housing is proposing to update the administrative rules for its Housing Montana Fund, Veterans' Home Loan Program, and the Coal Trust Multifamily Homes Program. These administrative rule amendments are necessary to implement House Bill 924 passed by the 2025 Legislature and signed into law by Governor Gianforte. HB 924 moves the VHLP and CTMH program from the Coal Trust Tax Fund, administered by the Board of Investments, to a new Montana Housing Trust within the Montana Growth and Opportunity Trust at the Department of Revenue. The administrative rule subchapters for these two programs must be amended to remove obsolete terms, such as the CTMH interest rate tied to the Coal Trust Tax Fund average performance yield. Finally, HB 924 references the board's existing Housing Montana Fund, which was established by the state legislature in 1999 and is maintained at and administered by the board using the board's resources. The bill does not direct any transfer of the existing HMF program funds or loans to the department of revenue but rather establishes a new going-forward HMF. To implement HB 924, the board is proposing to leverage and amend existing administrative rules for the HMF and to make those same rules applicable to the new Montana Housing Trust – Housing Montana Fund.

Rulemaking Actions

AMEND

The rules proposed to be amended are as follows, stricken matter interlined, new matter underlined:

8.111.501 PURPOSE OF REGULATIONS

- (1) ~~These rules are enacted by the board to provide explanation and guidance for loans from the housing Montana fund loan account authorized by 90-6-133(2) and 90-6-134, MCA, pursuant to the criteria and procedures described in ARM 8.111.503 through 8.111.507. These rules are enacted by the board to provide explanation and guidance for loans from the housing Montana fund loan account authorized by Title 90, Chapter 6, part 1, MCA.~~
- (2) These rules implement the requirements of the Montana housing trust within the Montana growth and opportunity trust, authorized by [sections 1 and 26, Chapter 775, Laws of 2025].

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): 90-6-134, MCA

8.111.502 DEFINITIONS

When used in these rules, unless the context clearly requires a different meaning:

- (1) "Application" means the ~~Montana Board~~ board of Housing Loan application ~~process published made available by the board, a copy details of which may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site~~ www.housing.mt.gov-website www.commerce.mt.gov/housing.
- (2) "Board" means the Montana Board of Housing created by 2-15-1814, MCA.
- (3) "GO Housing" means the Montana housing trust in the GO Trust established by [section 26, Chapter 775, Laws of 2025].
- (4) "GO Trust" means the Montana growth and opportunity trust established as a permanent fund by [section 1, Chapter 775, Laws of 2025], and funded by annual transfers of volatile revenue as provided for in [section 5, Chapter 775, Laws of 2025].
- ~~(3)~~(5) "Median income" means median income as determined by the U.S. Department of Housing and Urban Development, with adjustments for smaller or larger families.
- ~~(4)~~(6) "HMF loan" means a loan made from the housing Montana fund loan account authorized by ~~90-6-133(2)(a) and 90-6-134~~ Title 90, chapter 6, part 1, MCA, and described in ARM 8.111.503 through 8.111.507.

- ~~(5)(7)~~ "Rural area" means any area within the state that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula. "MHT-HMF loan" means a loan made from GO Housing, authorized by [section 26, Chapter 775, Laws of 2025], and described in ARM 8.111.503 through 8.111.507.
- (8) "Rural area" means any area within the state that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, Missoula, or any municipality which as of the date of application has a population greater than any of the seven listed herein.
- ~~(6)(9)~~ "Small city or town municipality" means any municipality city or town within the state that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula, or any municipality which as of the date of application does not have a population greater than any of the seven listed herein.

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): 90-6-134, MCA

8.111.503 HMF AND MHT-HMF LOAN ELIGIBLE LOAN ACTIVITIES

- (1) The board may make an HMF or MHT-HMF loan for the following purposes:
- (a) matching funds for public or private funds available from other sources for the development of housing for low-income or moderate income households;
 - (b) bridge financing necessary to make development of housing for low-income or moderate income households feasible;
 - (c) acquisition of existing housing stock for the purpose of preservation of or conversion to housing for low-income or moderate income households;
 - (d) preconstruction technical assistance as described in 90-6-134(4), MCA, for housing for low-income and moderate income households in rural areas and small municipalities ~~small cities and towns~~;
 - (e) acquisition of land for housing developments, land banking, and land trusts; and
 - (f) short-term, site-based housing vouchers for needy individuals.

- (2) A~~n~~ HMF or MHT-HMF loan may not be made that will replace existing or available funding for eligible activities.
- (3) Both HMF loans and MHT-HMF loans are subject to the requirements in § 90-6-133(1)(b), MCA, that 20% of money allocated to HMF and the MHT-HMF must be disbursed to rural areas.

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): 90-6-134, MCA

8.111.504 HMF AND MHT-HMF LOAN APPLICANT ELIGIBILITY

- (1) Organizations eligible for HMF or MHT-HMF loans are agencies or programs of state government, local governments, tribal governments, local housing authorities, nonprofit community or neighborhood based organizations, regional or statewide nonprofit housing assistance organizations, and for-profit housing developers.
- (2) The applicant, including the development team, must document to the satisfaction of the board, experience and/or expertise in the development or management of housing for low and/or moderate income households. Criteria considered by the board includes, but are not limited to:
 - (a) number of years experience and/or expertise in development or management of housing for low and/or moderate income households;
 - (b) number of housing developments and units developed or managed;
 - (c) involvement in other low and moderate income housing programs of the board, federal agencies and tribal and local governments; and
 - (d) successful completion of other housing development projects.

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): 90-6-134, MCA

8.111.505 HMF AND MHT-HMF LOAN APPLICATION PROCEDURES

- (1) An application must be submitted using the board's uniform approved application and process loan supplement.
- (2) At the time the application is submitted, an applicant must also submit:
 - (a) a description of the efforts made by the applicant to coordinate the loan with other housing assistance programs administered by the board or any other governmental or nongovernmental entity; the federal government, state agencies, tribal government, local public housing authorities, and local governments;
 - (b) an explanation of how the loan will not replace existing or available funding for the project, including: an explanation of how the loan will not replace existing or available funding for the project, including a detailed description of the public benefit obtained from program funding, including construction phase funding, if applicable, compared to funding from other existing and available funding sources with substantially similar terms and conditions; and
 - i. a detailed description of the public benefit obtained from program funding; and
 - ii. construction phase funding, if applicable, compared to funding from other existing and available funding sources with substantially similar terms and conditions; and
 - (c) a description of the priority the lien of the board will have in relationship with the liens of other lenders on the project.
- (3) ~~Applications that are substantially incomplete will not be processed but will be returned to the applicant.~~ Applications for use of funds under ARM 8.111.503(1)(d) and (f) must include a detailed narrative of the applicant's efforts to obtain funding from other source(s) and the outcomes of such efforts.
- ~~(4)~~ Applications that are substantially incomplete will not be processed but will be returned to the applicant.
- ~~(4)(5)~~ Applicants must demonstrate project development progress through submission of quarterly progress reports from the time of preliminary loan application approval through loan closing. Quarterly progress reports must be submitted in accordance with the requirements of and using the quarterly report form for the board's Housing Credit program. Copies of the housing credit quarterly report form process and requirements may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site www.housing.mt.gov website www.commerce.mt.gov/housing.

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): 90-6-134, MCA

8.111.506 HMF AND MHT-HMF LOAN TERMS AND CONDITIONS

- (1) ~~An HMF or MHT-HMF loan made pursuant to ARM 8.111.503(1)(a) and (c) shall:~~
 - (a) provide for complete amortization at maturity through substantially equal monthly payments of principal and interest;
 - (b) have an amortization period not to exceed 40 years and a term not to exceed 30 years, ~~both~~ as approved by the board based ~~upon~~ on the loan amount, ~~additional~~ other project funding sources and obligations, and other relevant factors; and
 - (c) bear interest at an annual rate as approved by the board:
 - (i) ~~not less than 2% for a project that is for households of 30% or less of median income in the area;~~
 - (ii) ~~not less than 3% for a project that is for households between 31% and 50% of median income in the area;~~
 - (iii) ~~not less than 4% for a project that is for households between 51% and 80% of median income in the area;~~
 - (iv) ~~not less than 6% for a project that is for households between 81% and 95% of median income in the area; and~~
 - (v) ~~a rate blended from those rates provided for in (1)(c)(i), (ii), (iii), and (iv) for a project that contains units for different area median income household groups.~~
 - (d) ~~be subject to a late charge of 4% of the monthly payment due for each monthly payment that is not made within 15 days of its due date; and~~
 - (e) ~~be secured by a lien (perfected either by a mortgage or a trust indenture) against the real property benefited by the loan.~~
- (2) ~~As a condition of the loan, the project owner must commit to income targeting and maximum rent requirements and restrictions and related transfer, compliance, and enforcement restrictions, through execution and recording of a regulatory agreement establishing such provisions as covenants running with the project property for the longer of thirty years or the duration of the loan obligation. The~~

~~board may waive such requirement if the project is subject to a substantially similar agreement in favor of the board under the Housing Credit or another board loan program. A HMF and MHT-HMF loan made pursuant to ARM 8.111.503(1)(b) and (e) shall:~~

- ~~_____ (a) have a short term loan;~~
- ~~_____ (b) have affordability restrictions, limitations on resale for use other than as low or moderate _____ income affordable housing, and provide for recapture of the interest savings an applicant _____ received by borrowing from the program rather than at market rates;~~
- ~~_____ (c) bear interest at an annual rate as approved by the board that reflects the short term; and~~
- ~~_____ (d) comply with loan-to-value and other required loan provisions as approved by the board.~~

(3) ~~The board may approve HMF loans: A HMF loan or MHT-MHF loan made pursuant to ARM 8.111.503(1)(d) and (f) shall be subject to terms and conditions, as approved by the board, which shall ensure a reasonable likelihood of repayment.~~

- ~~(a) to provide permanent financing, with loan closing and disbursement occurring after completion of construction and three months of stabilized occupancy; or~~
- ~~(b) on a case-by-case basis, to provide financing prior to completion of construction, where the applicant demonstrates and the board finds additional public benefit from such financing compared to funding from other existing and available funding sources with substantially similar terms and conditions, such as but not limited to allowing project financial feasibility or providing for an increased number of affordable housing units. As a condition of approving such pre-construction financing, the board may require additional security, risk management measures, and other loan terms, including but not limited to additional collateral and third party construction and disbursement monitoring obtained or provided and paid for by the borrower, investor, or other lender.~~

~~_____ (4) As a condition of the loan made pursuant to ARM 8.111.503(1)(b) or (e), the property owner must _____ execute and record a land use restriction agreement or similar covenant running with the land _____ that includes the following:~~

- ~~_____ (a) income targeting;~~
- ~~_____ (b) maximum rent requirements and restrictions;~~
- ~~_____ (c) related transfer, compliance, and enforcement restrictions; and~~
- ~~_____ (d) a term of the longer of thirty years or the duration of the loan obligation.~~

The board may waive such requirement if the project is subject to a substantially similar agreement in favor of the board under another board loan program.

(5) A MHF loan or MHT-HMF loan must:

_____ (a) be subject to a late fee of 4% of the monthly payment due for each monthly payment that is _____ not made within 15 days of its due date; and

_____ (b) be secured by a lien perfected either by a mortgage or a trust indenture against the real _____ property benefited by the loan.

(6) The board may approve HMF or MHT-HMF loans:

_____ (a) to provide permanent financing, with loan closing and disbursement occurring after _____ completion of construction and three months of stabilized occupancy; or

_____ (b) to provide financing prior to completion of construction, when the board determines _____ determines additional public benefit such as but not limited to the following:

- i. allowing project financial feasibility;
- ii. facilitating bridge financing during the construction phase; or
- iii. providing an increased number of affordable housing units.

_____ (c) as a condition of approving such pre-construction or bridge financing, the board may require _____ additional security , risk management measures, and other loan terms. Examples of such _____ conditions include additional collateral, third-party construction, and disbursement _____ monitoring obtained or provided and paid for by the borrower, investor, or other lender.

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): 90-6-133, 90-6-134, MCA

8.111.507 CRITERIA FOR APPROVAL OF HMF OR MHT-HMF LOAN

- (1) The board will review the following criteria ~~in~~ when considering an application for ~~an~~ a HMF or MHT-HMF loan:

 - (a) the applicant's experience in managing or developing housing for low and/or moderate income households;

- (b) the percentage of the units in the project that will be available for low and/or moderate income households;
- (c) the need for low and moderate income housing in the community where the project is to be located; and
- (d) the priority to be given the board's proposed lien for the HMF or MHT-HMF loan in relation to the amount of the HMF or MHT-HMF loan ~~and the priority given the liens and the amount of the loans of the other lenders on the project.~~;
- (e) the priority of the liens and the amount of the loans of the other lenders on this project.

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): 90-6-134, MCA

8.111.701 PURPOSE AND OBJECTIVE

- (1) These rules are enacted by the board to provide explanation and guidance for the Veterans' Home Loan Program, authorized by the~~adopted to implement the~~ Montana Veterans' Home Loan Act, Title 90, chapter 6, part 6, sections 1 through 6, MCA. ~~These rules provide explanation and guidance to loan applicants and participating lenders and servicers.~~
- (2) These rules are further enacted by the board to implement the Montana housing trust within the Montana growth and opportunity trust, authorized by [sections 1 and 26, Chapter 775, Laws of 2025]. These rules provide explanation and guidance to loan applicants, participating lenders and servicers.

Authorizing statute(s): 90-6-104, 90-6-106, MCA

Implementing statute(s): 90-6-104, 90-6-106, MCA

8.111.702 DEFINITIONS

The definitions contained in ARM 8.111.502 are incorporated and apply to the rules in this subchapter. As used in these rules this subchapter, the following words and phrases have the following meanings:

- (1) "Act" means the Montana Veterans' Home Loan Act, Title 90, chapter 6, part 6, sections 1 through 6, MCA.
- ~~(2)~~—"Board" means the Montana Board of Housing established under ~~2-15-1814~~, MCA.
- ~~(3)~~~~(2)~~ "Deceased eligible veteran" means an eligible veteran who was killed in the line of duty while in military service.
- ~~(4)~~~~(3)~~ "Eligible veteran" means an individual who is in military service or has been in military service and was discharged under honorable conditions.
- ~~(5)~~~~(4)~~ "First time home buyer" means an individual who has not previously owned an interest in real property occupied by the individual as their primary residence. An applicant must provide proof of first time home buyer status satisfactory to the board.
- ~~(6)~~~~(5)~~ "Guide" means the board's Mortgage Purchase and Servicing Guide referenced in ARM 8.111.305 and available on the board's website at www.commerce.mt.gov/housing.
- ~~(7)~~~~(6)~~ "Honorable conditions" means a discharge or separation from service characterized by the applicable military authority as under honorable conditions. The term includes honorable discharge and general discharge, but does not include a dishonorable discharge or other administrative discharge characterized by military regulation as other than honorable.
- ~~(8)~~~~(7)~~ "Montana resident" means an individual who has established and maintains a permanent place of abode within the state of Montana and has not established residence elsewhere although the individual may be temporarily absent from the state. An applicant must provide proof of Montana residence satisfactory to the board.
- ~~(9)~~~~(8)~~ "~~Program~~VHLP" means the Montana Veterans' Home Loan Program established by the Act and administered by the board pursuant to these rules.
- ~~(10)~~~~(9)~~ "Property" means the residential real property purchased or to be purchased with a ~~veteran's~~VHLP loan.
- ~~(11)~~~~(10)~~ "Military ~~Service~~service" means:
 - (a) Membership in the Montana National Guard;
 - (b) Membership in the federal reserve forces of the armed forces of the United States pursuant to Title 10 of the U.S. Code; or
 - (c) Service on federal active duty pursuant to Title 10 of the U.S. Code.

~~(12)~~(11) "Veteran's VHLP loan" means a mortgage loan funded from money allocated to GO Housing and made pursuant to the Act and these rules.

Authorizing statute(s): 90-6-104, 90-6-106, MCA

Implementing statute(s): 90-6-104, 90-6-106, MCA

8.111.703 APPLICANT ELIGIBILITY REQUIREMENTS

- (1) To qualify for a ~~veteran's~~VHLP loan, an applicant must:
 - (a) be a Montana resident;
 - (b) be an eligible veteran or a deceased eligible veteran's surviving spouse who is not and has not remarried since the death of the deceased eligible veteran;
 - (c) be a first time home buyer; and
 - (d) have successfully completed a homebuyer education class approved by the board.
- (2) There is no income limit for ~~veteran's~~VHLP loan eligibility.

Authorizing statute(s): 90-6-104, 90-6-106, MCA

Implementing statute(s): 90-6-104, 90-6-106, MCA

8.111.704 APPLICATION PROCEDURES

- (1) Application for a ~~veteran's~~VHLP loan must be made using the same process established by the board for regular bond program loans, as specified in the guide.
- (2) In addition to other documents required by the guide, the application materials submitted to the participating lender must include:
 - (a) a completed application on an application form approved by the board; and
 - (b) satisfactory proof of eligibility under ARM 8.111.703.

- (3) Additional information and forms for the program may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's ~~web site~~website ~~www.commerce.mt.gov/housing~~www.housing.mt.gov. Such additional information and forms include but are limited to requirements for satisfactory proof of eligibility, requirements for satisfactory proof of Montana residence and first-time home buyer status, board-approved homebuyer education classes, participating lender information, lender reservation and purchase forms, current statewide allowable purchase price, and current program interest rates.

Authorizing statute(s): 90-6-104, 90-6-106, MCA

Implementing statute(s): 90-6-104, 90-6-106, MCA

8.111.705 LENDER AND SERVICER REQUIREMENTS AND LIMITS

- (1) The program will be governed by and subject to the Act and ~~these~~the rules in this subchapter.
- (2) ~~Veteran's~~VHLP loans shall be originated and serviced using the processes established for the board's regular bond program loans, as specified in the guide, subject to the following:
 - (a) where the provisions of the guide are inconsistent with the Act or these rules, the provisions of the Act or these rules shall govern;
 - (b) terms defined in the Act or ~~these rules~~this subchapter shall have the meaning provided in the Act or ~~these rules~~this subchapter where used in the guide; and
 - (c) the sections of the guide pertaining to requirements of the Internal Revenue Service and the bond indentures, as more specifically identified in the guide, shall not apply for purposes of the ~~veteran's~~VHLP loan program.
- (3) To participate as a lender under the ~~veteran's~~VHLP ~~loan~~ program, a lender must be a board-approved participating lender under the requirements of ARM 8.111.305. The lender must comply with the applicable provisions of the guide.
- (4) A single lender may reserve or originate no more than ten ~~veteran's~~VHLP loans until at least a total of ~~\$10 million~~\$8 million in loans has been originated by all lenders under the ~~veteran's~~VHLP loan program. The board may waive the ten-loan limit where necessary to provide an opportunity for an eligible applicant to obtain a loan where the loan is not otherwise available to the applicant from another

participating lender. Once a total of ~~\$10 million~~ 8 million in loans has been originated by all lenders under the ~~veteran's~~ VHLP loan program, the ten-loan limit shall no longer apply to any lender.

- (5) ~~Veteran's~~ VHLP loans will be serviced by the board or its designee. Servicing fees shall be as set by the board and posted in the program terms and conditions and on the board's website. A servicing release premium will be paid by the board to the lender.
- (6) Lenders must provide the board and the legislative auditor access to all records and documents related to veteran's program loans.

Authorizing statute(s): 90-6-104, 90-6-106, MCA

Implementing statute(s): 90-6-104, 90-6-106, MCA

8.111.706 QUALIFYING PROPERTY

- (1) The property to be purchased with a ~~veteran's~~ VHLP loan must be:
 - (a) located in the state of Montana; and
 - (b) ~~actually~~ occupied by the borrower as the borrower's primary residence;
 - (c) ~~if manufactured housing, de-titled and fixed to a permanent foundation.~~
- (2) Depending on the type of property the following conditions must be met:
 - (a) if manufactured housing, must be a two-section or larger, de-titled and fixed to a permanent foundation. The board may approve exceptions on a case-by-case basis considering factors such as the appraisal, property conditions, and insurability of the home;
 - (b) if a condominium, the property must meet mortgage purchase approval guidelines and hazard insurance requirements contained in the guide and as further defined in the MBOH MBS Regular Bond Loan Programs General terms and Conditions. The guide and terms and conditions are available on the board's website at www.commerce.mt.gov/housing; and
 - (c) if the property is on a community land trust, the mortgage insurer must approve the property for the loan.

Authorizing statute(s): 90-6-104, 90-6-106, MCA

Implementing statute(s): 90-6-104, 90-6-106, MCA

8.111.707 LOAN TERMS AND CONDITIONS

- (1) The amount of a loan may not exceed 95% of the value of the statewide allowable purchase price determined by the board.
- (2) The borrower must contribute a minimum of \$2,500 of the borrower's own funds toward the down payment for the purchase of the property or the closing costs of the loan, with no cash back to the borrower at closing.
- (3) The lender may charge and collect lender fees not exceeding the amount allowable under the board's regular bond program. No points may be charged. Except as permitted by law, all fees must be paid by the borrower or seller and will not be paid or financed by the board. Where permitted by law, a borrower may use the minimum contribution to pay closing costs and may borrow the maximum loan amount allowed by the mortgage insurer for the loan.
- (4) Loans must meet FHA, VA, ~~RD~~, or HUD 184 underwriting standards as specified by the board and must be guaranteed by FHA, VA, ~~RD~~, or HUD 184. Loans guaranteed by VA must have full guarantee only with no prior entitlements used and not restored.
- (5) Loans will be 30-year, fixed rate loans.
- (6) Loan interest rates will be one percent below ~~the lower of the Federal National Mortgage Association's 60-day delivery rate or~~ the board's regular bond home loan mortgage program. The interest rate will be posted on the board's ~~web site~~website and updated ~~every two weeks~~periodically.
- (7) Loans must be documented with a standard promissory note used by FHA, Fannie Mae, or Freddie Mac; secured by a first priority trust indenture under the Montana Small Tract Financing Act, Title 71, chapter 1, part 3, MCA; and covered by a lender's policy of title insurance.
- (8) The loan agreement must provide that taxes and insurance payments will be escrowed, including hazard and mortgage insurance. Hazard insurance must meet the standards specified in the guide and the terms and conditions specified in the lender's contract with the board.
- (9) The loan documents shall provide that, in the event the borrower ceases to occupy the property as the borrower's primary residence, the loan interest rate shall increase by one percent per annum six months after such event and, at the option

of the board, the entire loan indebtedness shall become immediately due and payable 12 months after such event.

- (a) The board or its designee may require the borrower to periodically verify continued occupancy of the property as a primary residence, and failure to comply with such verification requests shall constitute a default under the loan, except for good cause shown.
- (b) Upon written request of the borrower, the board in its sole discretion may extend or decline to extend the 12-month repayment period based upon the borrower's inability to sell the property despite good faith efforts, considering the following factors:
 - (i) prompt and continuing listing of the property for sale;
 - (ii) reasonableness of the listing price and other offering terms;
 - (iii) any offers the borrower has received and refused;
 - (iv) market conditions;
 - (v) preservation of the loan collateral; and
 - (vi) any other factors deemed relevant by the board.

Authorizing statute(s): 90-6-104, 90-6-106, MCA

Implementing statute(s): 90-6-104, 90-6-106, MCA

8.111.801 PURPOSE OF REGULATIONS

- (1) These rules are enacted by the board to provide explanation and guidance for loans from the ~~Montana housing trust~~ within the Montana growth opportunity trust account authorized by [section 26, Chapter 775, Laws of 2025], 417-6-308(6), MCA, and Title 90, chapter 6, part 1, MCA, pursuant to the criteria and procedures described in ARM 8.111.801 through 8.111.807.

Authorizing statute(s): Ch. 460, Sec. 1, L. 2019

Implementing statute(s): Ch. 460, Sec. 1, L. 2019

8.111.802 DEFINITIONS

When used in these rules, unless the context clearly requires a different meaning: The definitions contained in ARM 8.111.502 are incorporated and apply to the rules in this subchapter. When used in this subchapter, the following words and phrases have the following meanings:

- (1) ~~"Application" means the Montana Board of Housing Loan Process made available published by the board, details a copy of which may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site www.housing.mt.gov. website www.commerce.mt.gov/housing.~~
- (2) ~~"Board" means the Montana Board of Housing created by 2-15-1814, MCA.~~
- (3)(1) ~~"CTMH" "MHT-MHF" means the Montana Housing Trust – Multifamily Homes Program Coal Trust Multifamily Homes program authorized by [section 26, Chapter 775, Laws of 2025], 17-6-308(6), MCA, and Title 90, chapter 6, part 1, MCA., and Title 90, chapter 6, part 1, MCA.~~
- (4)(2) ~~"Low-income" means households whose incomes do not exceed 80% of the median income in the area as determined by the US Department of Housing and Urban Development with adjustments for smaller and larger families.~~
- (5)(3) ~~"Moderate-income" means households whose incomes are between 81% and 95% of the median income for the area as determined by the US Department of Housing and Urban Development with adjustments for smaller and larger families.~~
- (6)(4) ~~"Multifamily rental housing project" means a project that is two or more rental units.~~
- (7)(5) ~~"Total development cost" means all costs shown in the application on the Uses of Funds. line "Total Projects Costs without Grant Admin." Total project cost does not include grant administration costs.~~

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): ter 774, Sections 16 and 17, L. 2023]

8.111.803 MHT-MFHP ~~CTMH~~-LOAN ELIGIBLE LOAN ACTIVITIES

- (1) The board may make a MHT-MFHP ~~CTMH~~ loan for the development and preservation of multifamily rental housing projects that provide housing for low-income or moderate-income households and for the following purposes:

- (a) development and construction of multifamily rental housing projects;
 - (b) acquisition and/or rehabilitation of existing multifamily rental housing projects for the purpose of preservation of or conversion to housing for low-income or moderate-income households;
 - (c) acquisition of land for multifamily rental housing projects including land trusts and for mobile or manufactured homes;
 - (d) development or preservation of mobile home parks as defined in 70-33-103, MCA; or
 - (e) other purposes authorized in 90-6-137, MCA, which the board determines are consistent with MHT-MFHP ~~CTMH~~ loan program objectives, requirements, and which provide sufficient assurances of repayment of GO Housing ~~coal~~ trust funds.
- (2) A MHT-MFHP ~~CTMH~~ loan may not be used to replace existing or available sources of funding for eligible loan activities.
 - (3) Projects funded with a MHT-MFHP ~~CTMH~~ loan must be subject to property taxes, except those projects located on tribal lands.

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): 17-6-308, 90-6-137, MCA

8.111.804 ~~CTMH~~MHT-MFHP LOAN APPLICANT ELIGIBILITY

- (1) Organizations eligible for MHT- MFHP ~~CTMH~~ loans are agencies or programs of state government, local governments, tribal governments, local housing authorities, nonprofit community or neighborhood based organizations, regional or statewide nonprofit housing assistance organizations, and for-profit housing developers.

Authorizing statute(s): 90-6-136

Implementing statute(s): 17-6-308, 90-6-137, MCA [Chapter 774, Sections 16 and 17, L. 2023]

8.111.805 MHT-MFHP ~~CTMH~~ LOAN APPLICATION PROCEDURES

- (1) An application must be submitted.
- (2) At the time the application is submitted, an applicant must also submit:
 - (a) a description of the efforts made by the applicant to coordinate the loan with other housing assistance programs administered by the board, the federal government, state agencies, tribal government, local public housing authorities, local governments, and private entities;
 - (b) an explanation of how the loan will not replace existing or available funding for the project; ~~including a detailed description of the public benefit obtained from program funding, including construction phase funding, if applicable, compared to funding from other existing and available funding sources with substantially similar terms and conditions; and~~
 - (c) ~~for mobile home park projects, documentation of lot rents for comparable mobile home parks in the market area and an explanation demonstrating that proposed lot rents will be reasonable and affordable for prospective residents; a detailed description of the public benefit obtained from program funding;~~
 - (d) when applicable, construction phase funding compared to funding from other existing and available funding sources with substantially similar terms and conditions; and
 - (e) for mobile home park projects, documentation of lot rents for comparable mobile home parks in the market area and an explanation demonstrating that proposed lot rents will be reasonable and affordable for prospective residents.
- (3) Applications that are substantially incomplete ~~as determined by the board staff~~ will not be processed but will be returned to the applicant.
- (4) Applicants must demonstrate project development progress through submission of quarterly progress reports from the time of preliminary loan application approval through loan closing. Quarterly progress reports must be submitted in accordance with the requirements of and using the quarterly report form for the housing credit ~~Housing Credit~~ program. Copies of the housing credit quarterly report form and requirements may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's website www.commerce.mt.gov/housing. ~~web site www.housing.mt.gov.~~

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): 17-6-308, 90-6-137, MCA [Chapter 774, Sections 16 and 17, L. 2023]

8.111.806 MHT-MFHP CTMH-LOAN TERMS AND CONDITIONS

- (1) A MHT-MFHP CTMH-loan shall:
 - (a) provide for complete amortization at maturity through substantially equal monthly payments of principal and interest;
 - (b) have an amortization period not to exceed 40 years and a term not to exceed 30 years, both as approved by the board based upon the loan amount, additional project funding sources and obligations, and other relevant factors;
 - (c) be subject to a late charge of 4% of the monthly payment due for each monthly payment that is not made within 15 days of its due date;
 - (d) be secured by a first priority mortgage or trust indenture on the project property; and
 - (e) not exceed 95% of total development cost.
- (2) The board and the MHT-MFHP CTMH-loan recipient must each pay half of the loan servicing fees as determined by the board.
- (3) A MHT-MFHP CTMH-loan shall bear interest at an annual rate as approved by the board.~~equal to .0625% plus the Average Coal Trust Investment Performance rate effective as of preliminary loan application submission, or at the Average Coal Trust Investment Performance rate effective within 30 days before loan closing, if such later effective rate is at least 1/8 of a percent lower than the rate effective at preliminary loan application submission. For purposes of this rule, the Average Coal Trust Investment Performance rate is such rate determined by the Board of Investments and posted on its website at~~
https://investmentmt.com/_shared/LoanPrograms/Rates/In-State-Rate-Sheet-MCHP.pdf.
- (4) At least 75% of the project units or lots must be targeted to residents at or below 95% of area median income.
- (5) Maximum rents must apply to project units or lots.
 - (a) For projects consisting of mobile home parks, land trusts, or land for mobile or manufactured homes, maximum rents must be reasonable and affordable to prospective residents, as determined by the board based upon the documentation and explanation submitted by the applicant and other relevant information obtained by the board.
 - (b) For other projects, maximum rents will be calculated according to income targeting standards applicable to the housing credit ~~Housing Credit~~

program. Copies of the income targeting standards for the housing credit ~~Housing Credit~~ program may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site ~~www.housing.mt.gov~~ website www.commerce.mt.gov/housing.

- (c) As a condition of the loan, the project owner must commit to the income targeting and maximum rent requirements and restrictions in accordance with (3) and (4), and related transfer, compliance and enforcement restrictions, through execution and recording of a regulatory agreement establishing such provisions as covenants running with the project property for the longer of thirty years or the duration of the loan obligation. The board may waive such requirement if the project is subject to a substantially similar agreement in favor of the board under the ~~Housing Credit~~ or another board loan program.
- (6) The board may approve MHT-MFHP ~~CTMH~~ loans:
 - (a) to provide permanent financing, with loan closing and disbursement occurring after completion of construction and three months of stabilized occupancy; or
 - (b) on a case-by-case basis, to provide financing prior to completion of construction, where the applicant demonstrates and the board finds additional public benefit from such financing compared to funding from other existing and available funding sources with substantially similar terms and conditions; Public benefits may include ~~such as but not limited to allowing~~ project financial feasibility or providing for an increased number of affordable housing units. As a condition of approving such pre-construction financing, the board may require additional security, risk management measures, and other loan terms; These additional terms may include ~~including but not limited to~~ additional collateral and third-party construction and disbursement monitoring obtained or provided and paid for by the borrower, investor, or other lender.

Authorizing statute(s): 90-6-136, MCA

Implementing statute(s): 17-6-308, 90-6-137, MCA

8.111.807 CRITERIA FOR APPROVAL OF MHT-MFP ~~CTMH~~ LOAN

- (1) The board will review the following criteria when ~~in~~ considering an application for a MHT-MFHP ~~CTMH~~ loan:
- (a) the applicant's experience in managing or developing housing for low-income and/or moderate-income households;
 - (b) the percentage of the units in the project that will be available for low-income or moderate-income households;
 - (c) the need for low-income and moderate-income housing in the community where the project is to be located;
 - (d) project location;
 - (e) the loan size and whether it maximizes the geographical distribution of the loan program; and
 - (f) the use of other funds to leverage the use of MHT-MFHP ~~CTMH~~ funds.

Authorizing statute(s): Ch. 460, Sec. 1, L. 2019

Implementing statute(s): Ch. 460, Sec. 1, L. 2019

Small Business Impact

The board proposes to adopt rules that impact eligible applicants for its Housing Montana Fund, Veterans' Home Loan Program, and the Coal Trust Multifamily Homes Program. The HMF and CTMH programs provide financing in the form of a loan for the development, acquisition, rehabilitation, and/or preservation of low- and moderate-income housing. Eligible applicants for HMF and CTMH include "agencies or programs of state government, local governments, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, and for-profit housing developers." For the VHLP program, eligible applicants are Montana veterans and MT National Guard members, but the board works with approved participating lenders to originate these loans, which are then purchased and serviced by the board.

Some of the eligible applicants for HMF and CTMH may qualify as small businesses. Specifically, some for-profit housing developers and nonprofit community organizations may qualify as a small business and would be a class or group impacted by these proposed rules. Additionally, participating lenders who partner with the board to originate VHLP loans may qualify as a small business.

The impact on for-profit and nonprofit housing developer applicants includes new opportunities to apply for favorable financing to support low- and moderate-income housing development. The impact on small business lenders under these rules would include new opportunities to provide financing to support low- and moderate-income housing development.

The proposed rule will not increase or decrease a monetary amount that a person shall pay or will receive.

Bill Sponsor Notification

[bill_sponsor_info]

Interested Persons

The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Written requests may be mailed or delivered to the contact person above or may be made by completing a request form at any rules hearing held by the department.

Rule Reviewer

Amy Barnes

Approval

Mandy Rambo, Deputy Director

August 14, 2025

William Soller
Deputy Legislative Auditor
Legislative Audit Division
Room 160, State Capitol
PO Box 201705
Helena MT 59620-1705

Dear Mr. Soller:

Please find our response below to your July 15, 2025 letter requesting the progress implementation status of each of the five recommendations contained in the performance audit titled *Supporting Low-Income Housing: The Montana Board of Housing and Its Role in Awarding Tax Credits (23P-04)*.

Recommendation #1:

We recommend the Montana Board of Housing use a more data-informed method to identify where and what types of affordable housing are most needed across the state and to inform policy in the LIHTC program.

Status: Partially Implemented

Since the conclusion of the performance audit, the Board has implemented a new information system and application platform for its LIHTC and other multifamily loan programs. This system, known as Builders Patch, is in the process of rolling out a new [Housing Count](#) feature. The intent of Housing Count is to provide “a public data project



to track and analyze the rental housing shortage across the county, highlighting where additional units are needed most.”

Our team met with Builders Patch on July 30, 2025 to discuss options to populate State of Montana data on a county-by-county basis. We’ve subsequently connected the Builders Patch team with Commerce’s economist, Ben Gill, to have a more detailed discussion involving the data sets Builders Patch Housing Count is leveraging and whether those data sets are the most reliable options for Montana’s rural and frontier areas. Builders Patch has indicated that they can partner with the Board and the Commerce Research and Information Services team to pull in data sets that will be the most current and statistically reliable options.

To visualize the potential direction we are moving, legislative auditors can view Housing Count for [New York State](#), which is already broken down by county and include what the Board would likely view as the most pertinent data points to inform both the development community and Board members about where affordable housing is needed the most. These data points include: (1) number of Extremely Low-Income and Very Low-Income Renter households; (2) what percentage of the renter population in each county is ELI and VLI; (3) number and percentage of renter households who are rent-burdened paying more than 30% of their monthly income toward housing costs; and, (4) projected number/shortage of affordable homes by county, along with a supply and demand ratio. Once developed, the Montana Housing Count data can be provided to both developers and Board members to inform new housing proposals and the selection of LIHTC applications.

Additionally, over the next several months, our team will be assessing our available agency funds to determine the highest and best uses for any available resources we may identify. One of the options under discussion is to leverage available agency resources to fund a statewide housing needs assessment. While the Board remains



concerned about the utility and shelf-life of such as assessment, other states have deployed this option – in addition to the HUD-required needs assessment and market analysis contained in 5-Year Consolidated Plans – primarily as a vehicle to validate current market conditions and establish a “baseline” from which to measure future progress. Such assessments can be valuable for legislative advocacy at both the state and federal level.

Board members have asked our team to work with RBC Capital Markets and CSG Financial Advisors to assess our available agency funds for other possible program deployments as well, such as augmenting or expanding the Habitat for Humanity set-aside and/or establishing a broader set-aside for Community Land Trusts. Our internal assessment work will be underway for the next several months. We anticipate sharing our initial synopsis and recommendations with the Board at its October 20, 2025 strategic planning/training session in Havre, MT.

Recommendation #2:

We recommend the Montana Board of Housing prioritize LIHTC projects serving the lowest-income Montanans and increase its consideration of the needs of specific populations through increased training to staff and Board members, better outreach, and the implementation of policy incentives.

Status: Partially Implemented

During its 2026 Qualified Allocation Plan revision (approved by Governor Gianforte on November 25, 2024), as well as the 2027 QAP revision currently underway, the Board has considered adding more explicit preference for projects targeting lower-income tenants as well as whether to incorporate one or more set asides to incentivize certain types of projects. Through its deliberative workshops with developers, Board members, our LIHTC consultant, and legal counsel, the Board has decided against incorporating any specific set-aside populations at this time.



In its 2026 QAP revision, the Board incorporated the following language in the “Board consideration, factors, and development evaluation criteria section”:

The MBOH Board gives preference to Projects serving the lowest-income tenants through a combination of income targeting requirements and Application evaluation processes. “Low-income” households eligible for LIHTC units are households earning up to 80 percent of AMI. This QAP gives preference to the lowest-income tenants by requiring that all Projects meet not only the federally-required minimum set aside requirements (i.e., 20-50, 40-60 or average income), but also meet the considerably lower overall income targeting thresholds of weighted average targeted income of 53% AMI or below for 9% Projects using the 20-50 or 60-40 test, or 60% AMI or below for 4% Projects or Projects using the Average Income set aside. This approach gives preference to the lowest-income tenants while recognizing that the extent of targeting units to the lowest income levels is necessarily constrained by available financial resources for the Project. A blend of units up to 80% AMI typically is required for Project financial feasibility. In evaluating and selecting Projects for an award of Credits, the MBOH Board will specifically consider and compare the extent to which Projects would serve the lowest-income tenants. Such consideration and comparisons are not absolute or controlling with respect to Project selection for Credit awards, as this factor must be considered and balanced together with other criteria and considerations under this QAP.

In its 2027 QAP revision, the Board is addressing a “loop hole” in the 4% tax credit program whereby the developer, when using the Income Averaging method, was required to maintain a weighted targeting average of 60% AMI or below. However, the 9% tax credit program has and continues to require the weighted targeting to be 53% AMI. The 2027 QAP revision proposes to align both the 9% and 4% programs to require



the 53% weighted targeting when the Income Averaging method is used. This small adjustment will ensure consistency across all LIHTC developments.

This recommendation also touches on increasing outreach to expand the potential pool of applicants, particularly to vulnerable or underserved populations. As the Board approaches administrative rulemaking for House Bill 924 (which establishes the new Montana Growth and Opportunity Trust and within the GO Trust, a Montana Housing Trust, providing statutory appropriations for affordable housing uses for the first time in state history), we are making concerted efforts to hold informal stakeholder feedback sessions with a broad array of organizations and stakeholders. In addition to discussing HB 924 rulemaking in conjunction with our QAP workshops with developers, Board staff has convened meetings to solicit feedback from public housing authorities, community land trust organizations, economic development agencies, the MT League of Cities and Towns, MACo, and the MT Continuum of Care. The Board's goal is to ensure the revised rules for affordable housing programs under HB 924 will support a wide range of applicants, rural and urban.

The Board is also closely monitoring proposals at the federal level that may have significant implications for affordable housing developments aiming to serve the lowest-income (ELI) households. These proposals include substantial changes to and significantly decreased funding for a wide range rental assistance programs, including Project Based Vouchers that can be incorporated into Montana's LIHTC developments. The President's FY26 proposed budget includes combining all rental assistance programs into a single block grant to states, but at half of the current funding levels.

Additionally, the recent Executive Order titled [Ending Crime and Disorder on America's Streets](#) includes direction to the U.S. Department of Housing and Urban Development and the U.S. Department of Health and Human Services, including "to the extent permitted by law, ending support for "housing first" policies". Much of the permanent



supportive housing targeting formerly homeless ELI households developed using LIHTC across the country – including a small number of PSH projects here in Montana – are “housing first” in orientation.

Given uncertainties in both funding and policies at the federal level, the Board is hesitant to implement any additional rules or prioritization at this time for newly proposed developments. Instead, the Board is preparing for the potential of needing to assist portfolio projects to re-tool their operations in response to these and other federal changes.

Recommendation #3:

We recommend the Montana Board of Housing implement a structured system for evaluating projects against set, board-approved criteria as a primary basis for awarding LIHTC.

Status: Not Implemented

During its 2026 Qualified Allocation Plan revision (approved by Governor Gianforte on November 25, 2024), as well as the 2027 QAP revision currently underway, the Board has considered implementing a structured system for evaluating projects against set, Board-approved criteria as a part of its basis for awarding Housing Credits. Through its deliberative workshops with developers, Board members, our LIHTC consultant, and legal counsel, the Board has decided against adopting a prescriptive point-scoring methodology.

Board staff and general counsel have continued to provide guidance and training to Board members, with a particular emphasis on transparency and providing detailed explanations for their recommendations and selections of projects to receive awards. Board members received a Housing Credits & Multifamily Loans training on April 14, 2025 which included a discussion of the selection criteria contained within the QAP and



the need for Board members to clearly articulate their rationale for their project selections at public meetings. The LIHTC 9% Letter of Intent presentations were held on May 12, 2025 with Board members selecting which projects to invite for full application on May 13, 2025. Board members were thorough in their remarks and feedback received from developers following the May 13, 2025 selections has been positive.

Finally, Board members have continued to be invited to and encouraged to participate in QAP revision workshops. Our QAP workshops held in 2024 and 2025 have typically included at least 2 Board members.

Recommendation #4:

We recommend the Montana Board of Housing develop a conflict of interest policy and clarify its ex parte communication policy.

Status: Implemented

In its June 4, 2024 written response to the performance audit, the Board's Corrective Action outlined that the Board adopted an annual conflict of interest disclosure requirement for Board members beginning in January 2024. The Board provided conflict of interest training to its members in April 2024. The Board has developed and, at its May 13, 2024 meeting, adopted a conflict of interest policy. Board members were asked to complete the 2025 conflict of interest policy form, including declaration of any conflicts, in March of 2025. The 2025 conflict of interest policy training was provided to Board members on April 14, 2025.

With respect to an ex parte communications policy, the Board long ago developed and adopted, and – at time of the performance audit - maintained, a written ex parte communication policy. The Board historically has provided ex parte communications training to its members at least annually. In response to this recommendation, the Board



initiated a review of its then-current policy and presented an updated ex parte communications policy to the Board at its October 2024 meeting. The new ex parte communications policy was adopted at the Board's December 9, 2024 public meeting. Board members received and signed the new ex parte communications policy in March-April 2025. The 2025 ex parte communications policy training for Board members was held on April 14, 2025.

Recommendation #5:

We recommend the Montana Board of Housing either seek legislation to make training required for board members or develop a policy to implement a training requirement and schedule.

Status: Implemented

In its June 4, 2024 written response to the performance audit, the Board agreed to develop and adopt a policy regarding training, including content, frequency and mandatory attendance. The Board also noted that the May 13, 2024 Board Attendance Policy requires attendance at Board trainings. The Board Attendance Policy was distributed and completed by all Board members in May 2024 and again distributed and completed by Board members in March-April 2025. A list of training courses provided to Board members since the conclusion of the performance audit in June of 2024 is provided below.

October 21, 2024

- 2025 – 2029 Consolidated Plan (including needs assessment and market analysis) and Fair Housing Equity Plan
- Ex Parte Communication Policy
- Objectives, Goals, Strategies, and Measures (OGSM)
- Reverse Annuity Mortgage program – policy parameters and portfolio overview



April 14, 2025

- Board Governance
- Ex Parte Communication Policy
- Board Member Conflict of Interest Policy
- Board Member Attendance Policy
- Housing Credits and Multifamily Loans 101
- Mortgage Revenue Bond 101

We are currently working to identify what trainings will be provided during the Board's October 20, 2025 training/strategic planning day. This training day will likely include a Color of Money presentation (essentially an Accounting and Finance 101 of our various fund sources), as well as a review of the Board's policy decisions over its recent history. As Executive Director, I've also held multiple one-on-one meetings with our most recently appointed Board member (appointment made after the 2025 legislative session ended). The new Board member has watched/reviewed the October 2024 and April 2025 trainings, and indicated a Color of Money training and overview of the Board's historic policy decisions would be the most helpful trainings at this time.

In closing, we appreciate the opportunity to provide legislative auditors with a status update on the recommendations included in the Montana Board of Housing's Performance Audit 23P-04.

Warm Regards,

Cheryl Cohen
Executive Director

Bruce Posey
Board Chair



cc: Marta Bertoglio, Commerce Director
Mandy Rambo, Commerce Deputy Director
Nathan Bilyeu, MBOH General Counsel



Rental Assistance Dashboard
September 8, 2025 (Data as of August 29, 2025)

Totals

	<u>Previous Month</u>	<u>Current Month</u>	<u>Change</u>
Paid Units	3,448	3,734	286
Budgeted Units		8,317	
All Section 8 HAPs	2,231,758	2,246,209	14,451
All Waitlists	1,902	2,140	238

Rental Assistance Tenant Based Programs

	<u>Month 7/31/2025</u>	<u>8/29/2025</u>	<u>Change</u>	<u>Year HAP</u>	<u>HUD Budget</u>	<u>Fees</u>	<u>Term</u>
Housing Choice Voucher (HCV)							CY2025
Paid Units (3625 Agency contracts)	2,859	2,834	(25)			149,019	
Current Month Payment Amount	1,969,799	1,975,478	5,679	15,600,098		1,232,083	
Veterans Affairs Supportive Housing (VASH)							CY2025
Number Units Paid (321 Authorized)	245	250	5			13,921	
Payment Amount	164,012	170,151	6,139	1,247,718		100,236	
Moderate Rehabilitation (ModRehab)							
Number Contracts			0				
Paid Units (297 Authorized)	68	65	-3			3,432	
Payment Amount	37,847	37,019	-828	473,109		36,465	
Mainstream							
Number Units Paid	24	24	0			1,290	
Payment Amount	18,381	18,511	130	140,352		10,925	
Project Based VASH							
Number Units Paid	0	2	2			0	
Payment Amount	0	1,370	1,370	1,370		0	
EHV							
Number Units Paid	53	53	0			3,101	
Payment Amount	41,237	43,299	2,062	344,743		26,347	

Rental Assistance Project Based Programs

Project-Based Section 8						Admin Earnings
Contracts	89	89	0			131,097
Units Paid (4132 Authorized with 8bb)	3,587	3,440	-147			Contract Extension
Payment Amount	2,952,666	2,784,711	-167,955			
Calendar Year Admin Earnings						1,066,356
811 Project Rental Assistance Demo (FY)					1,927,968	160,664 Five Year
Rental Assistance Contracts (RAC)			0	Disbursed:	1,333,887	Balance: 594,081
Units (grant requires 82)	22	21	-1			8 Units Kalispell
Payment Amount	14,082	11,572	-2,510			40 Units Missoula
						5 Units Ronan
						21 Units Boz/Belgrade
						74

Rental Assistance Waiting Lists

<u>7/31/2025</u>	<u>8/29/2025</u>	<u>Change</u>	<u>Waitlist re-opening 7/1/202X</u>
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Regional Field Agencies

Action for Eastern Montana	136	120	-16
HomeFront Billings	199	219	20
Billings HRDC (outside city limits)	31	44	13
Bozeman	304	289	-15
Butte	93	101	8
Helena	145	115	-30
Kalispell	219	227	8
Lewistown	0	15	15
Missoula	451	462	11
Opportunities Inc (Great Falls & Havre)	79	92	13
Moderate Rehabilitation Billings	47	88	41
Moderate Rehabilitation Chinook	5	7	2
Moderate Rehabilitation Great Falls	139	260	121
Moderate Rehabilitation Helena	16	26	10
Moderate Rehabilitation Missoula	38	75	37
TOTAL	1902	2140	238

As of 8/28/2025, 173 vouchers have been issued to waitlist applicants.