

# Montana Board of Housing – Board Training & Strategic Planning

**Meeting Location:** Bitterroot River Inn and Conference Center + Zoom

**Date:** April 13, 2026

**Time:** 8:30 a.m.

**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: 889 8314 2280

Password: 523646

**Register for Webinar:** [mt.gov.zoom.us/meeting/register/tZwkf-qpqjkoEtTQNYgNB23ryez6Nh6ZIGr1](https://mt.gov.zoom.us/meeting/register/tZwkf-qpqjkoEtTQNYgNB23ryez6Nh6ZIGr1)

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](https://dphhs.mt.gov/detd/mtap/traditionalrelayservice) before the scheduled meeting to allow for arrangements. Third-party documents may not be accessible. To request an accessible version, contact [housing@mt.gov](mailto:housing@mt.gov).

**Mo**  
P.O

Montana Relay 711: [dphhs.mt.gov/detd/mtap/traditionalrelayservice](https://dphhs.mt.gov/detd/mtap/traditionalrelayservice)

## Agenda Sunday April 12, 2026

### 6:30pm – Casual Dinner

- Board members and staff are invited to join a casual BYO dinner at Bitterroot Brewing Co, located at 101 Marcus St, Hamilton, MT 59840.

## Agenda Monday April 13, 2026

### 6:00 am to 8:30 am – Breakfast

- Continental Breakfast available in Bitterroot River Inn lobby

### 8:30 am – Introductions & Ice Breaker

- Board member, staff, and partner introductions
- What housing-related topic would you like to learn more about? This could be a housing proposal you've heard about in the news, a program the Board administers that you aren't as familiar with, or an affordable housing program or approach you've heard deployed elsewhere in the country or abroad.

### 9:00 am – Multifamily Program Discussion

- Bond pipeline management
- Tax credit and competitive loan process
- 2028 QAP timeline

### 10:15 am - Break

**M**  
**P.**

### 10:30 am – CLT / Habitat Set-Aside Discussion

- Jessica Michel, Homeownership Program Manager
- Vicki Bauer, Accounting & Finance Manager

### 11:30 am – Hazard Insurance Policy Discussion

- Jesse Ennis, Mortgage Servicing Program Manager
- Jessica Michel, Homeownership Program Manager

### 12:15 pm – Lunch

- The Back Door Deli will be picked up for lunch – Sandwiches with chips, drinks and cookies.

### 1:15 pm – Investment Policy

- Vicki Bauer, Accounting and Finance Manager
- David Jones, CSG Financial Advisors

### 1:35 pm – 2026A Bond Recap and Comparison

- Mina Choo, RBC Capital Market Managing Director
- Vicki Bauer, Accounting and Finance Manager

### 2:05 pm – RFP for Software Solutions Update

- Joe DeFilippis, Operations Manager

### 2:30 pm – NCSHA Legislative Conference Discussion

- Cheryl Cohen, Executive Director

### 3:00 pm – Objectives, Goals, Strategies and Measures (OGSM)

- Cheryl Cohen, Executive Director

### 4:00 pm – Team Building Event

- The Daly Mansion – a guided tour. The Daly Mansion was purchased by the State of Montana in 1986 through the Montana Estate Tax Forgiveness Act, in conjunction with a loan from the National Trust for Historic Preservation. It is operated by the Daly Mansion Preservation Trust (Daly Mansion Preservation Trust), which was started in 1986 by a band of courageous citizens determined to save history. The Mansion was first opened to the public in May 1987, after being closed and boarded up for over 45 years following Margaret Daly's death in 1941.

### 6:00 pm – Dinner Hosted by Montana Board of Housing

- The Edge, located at 140 Bitterroot Plaza Dr, Hamilton.

# Bond Pipeline – Applications Submitted or Closed

<b>Development</b>	<b>Location</b>	<b>Dollar Amount</b>	<b>Units</b>
KP3-Kallispell RD Portfolio	Kalispell	\$15,000,000	116
The Henley I & II	Great Falls	\$54,538,422	330
Wildflower 4	Missoula	\$10,734,536	50
RC3-Sid/Fairview/Crestwood	Sidney/Fairview	\$13,500,000	119
Goldspur at Urban Farms	Bozeman	\$28,000,000	145
Timberwolf	Kalispell	\$31,581,000	240
Mountain View Manor	Whitefish	\$9,700,000	50
Elms Apartments	Kalispell	\$9,037,402	60
Alder Ridge Family	Bozeman	\$44,000,000	240
Sage Peak Senior	Bozeman	\$19,574,000	101
The Beck Apts	Bozeman	\$36,706,926	149
Sheep Mountain 4	Livingston	\$4,158,000	24
Hidden Creek 4 Apartments	Bozeman	\$34,800,000	158
Rocky Mountain Flats	Bozeman	\$63,000,000	296
Anaconda 3	Anaconda	\$32,500,000	164
<b>Total</b>		<b>\$406,830,286</b>	<b>2242</b>



# Bond Pipeline – Projects Intending to Submit

<b>Development</b>	<b>Location</b>	<b>Dollar Amount</b>	<b>Units</b>
Blackwood Grove	Belgrade	\$63,000,000	330
Copper Grove	Bozeman	\$43,000,000	224
Roers Development	Bozeman	\$45,000,000	240
Shorthorn	Helena	\$25,000,000	162
Benton Ave	Helena	\$35,000,000	240
Canyon View	Hamilton	\$4,250,000	24
Eagles Manor	Helena	\$13,500,000	139
GMD Kalispell Family	Kalispell	\$17,000,000	135
Franklin Crossing	Missoula	\$24,000,000	178
Woodward	Bozeman	\$34,000,000	171
North Park	Billings	\$24,800,000	150
BP9 - Blgs Portfolio 9 Project	Billings	\$45,000,000	216
Cottage Park (Sentinel Village)	Missoula/Kalispell	\$9,000,000	60
Towers 4	Billings	\$13,750,000	101
LB Lofts 4 & Laurel Gardens	Billings/Laurel	\$27,000,000	109
<b>Total</b>		<b>\$423,300,000</b>	<b>2479</b>



# Bond Pipeline – Volume Cap

Projects	Dollar Amount	Units
Submitted or Closed	406,830,286	2242
Intending to Submit	423,300,000	2479
<b>Total</b>	<b>830,130,286</b>	<b>4721</b>

Cap Year	Expenditure Year	Dollar Amount
2024	Carry Over	\$82,819,977
2025	Carry Over	\$194,390,000
2026	Current Cap	\$198,812,500
2027	Future Cap Estimate	\$200,000,000
<b>Total</b>		<b>\$676,022,477</b>
Total State Cap 2026		\$397,625,000



# Bond Pipeline – Volume Cap Management

- All new units approved by the Board will have to be inspected by our compliance department on an ongoing basis. The current unit count in the multifamily portfolio is around 10,000 units.
- If tax exempt private activity bond volume cap is oversubscribed, Board staff will schedule bond closings irrelevant of bond resolution approval date. Staff will use factors such as readiness to proceed, amount of bonds, available volume cap, etc. If a project is not proceeding on its implementation schedule or if another project is ready to close, it may be moved in the line of scheduled closings.



# Bond Pipeline – Bozeman Deals

<b>Development</b>	<b>Location</b>	<b>Dollar Amount</b>	<b>Units</b>
Goldspur at Urban Farms	Bozeman	\$28,000,000	145
Alder Ridge Family	Bozeman	\$44,000,000	240
Sage Peak Senior	Bozeman	\$19,574,000	101
The Beck Apts	Bozeman	\$36,706,926	149
Hidden Creek 4 Apartments	Bozeman	\$34,800,000	158
Rocky Mountain Flats	Bozeman	\$63,000,000	296
<b>Total</b>		<b>\$226,080,926</b>	<b>1089</b>
Blackwood Grove	Belgrade	\$63,000,000	330
Copper Grove	Bozeman	\$43,000,000	224
Roers Development	Bozeman	\$45,000,000	240
Woodward	Bozeman	\$34,000,000	171
<b>Total</b>		<b>\$185,000,000</b>	<b>965</b>
<b>Combined Total</b>		<b>\$411,080,926</b>	<b>2054</b>



# Tax Credit & Loan Process

- Income levels targeted
- Project efficiency
- Location considerations
- Geographic distribution
- Community contributions
- No formal presentations, but developers will have 5 minutes to orally summarize their project
- Loan selection – 20% need to be rural projects
- Board members articulate reasons for projects selected



# Tax Credit & Loan Process Cont.

Board members will receive a worksheet to take notes

- List of development criteria:
  - Geographical distributions
  - Rural or Urban
  - QCT or DDA
  - Overall income levels targeted by the project
  - Need for affordable housing in the community
  - Rehab of existing low-income housing stock
  - Sustainable energy savings initiatives



# Tax Credit & Loan Process Conclusion

List of development criteria continued:

- Financial and operational ability of the Applicant
- Past performance of the Applicant
- Cost of construction
- The project is being developed in or near a historic downtown neighborhood
- Frequency of awards
- Preservation of project rental assistance, retention or additions.
- Augmentation and/or sources of funds



# 2028 QAP

## This Year's QAP Process

Does the Board have QAP topics for this year?

Timeline changes:

- Possibly only one workshop meeting
- Possibly only minor changes
- Finish Arms process before legislative session begins



# Board Agenda Item

Board meeting: April 13, 2026

## Homeownership

### Existing Habitat for Humanity Set-Aside and Requested Community Land Trust Set-Aside Discussion

This discussion outlines proposed changes to the Board's existing Habitat for Humanity set-aside and proposes establishing new set-asides for Community Land Trusts and combined Habitat/CLT homes to position these programs to best serve eligible Montana homebuyers and the Board in a financially sustainable manner.

### Background

On May 30, 2025, Board staff received a request to establish a new CLT set-aside program. The request was to expand the current set-aside rate for CAP NWMT Kalispell CLT and Montana Street Homes CLT to include all CLTs in Montana. See Exhibit A. On September 17, 2025, Board staff received an updated request to establish a Community Land Trust set-aside in the amount of \$3,336,000 at the same rate 2% rate as the Habitat for Humanity set-aside. See Exhibit B and C.

Staff reviewed potential rate options for a new CLT set-aside internally and with our finance team. At the October strategic planning session, Board staff provided "Color of Money" and "History of Board Policies / Evolution of Set-Asides" trainings for Board staff. Both trainings were intended to inform and prepare Board members to consider future set-aside requests and the Board's financial position to fulfill such requests.

Board staff met with CLT affiliates on November 5, 2025 to discuss their set-aside request and requested feedback on our current CLT program loan terms and conditions.

On November 18, 2025, Board staff met with Habitat for Humanity affiliates to discuss the current set-aside program and requested input of any changes that may be needed to the existing terms and conditions. We also solicited their feedback on a combined Habitat/CLT homes program. A combined meeting with both Habitat for Humanity and CLT affiliates was held with Board staff on February 12, 2026.

MBOH recognizes the need for innovative financing structures and programs, including Habitat and CLT models, to lower the purchase price of homes to be within reach of the lower- and moderate-income homebuyers are programs are designed to serve. Staff also acknowledge the importance of offering differentiated rates for programs which provide additional public benefit. Under the Habitat model, borrowers contribute sweat equity in the home construction, reducing total development costs to ensure an affordable purchase price. Under the CLT model, homes constructed or otherwise placed in a land trust create a continuously affordable stock of homes that are available to lower- and moderate-income homebuyers when the current homeowner vacates.

Over the past three years, Habitat for Humanity affiliates have submitted funding requests totaling \$10.67 million to the Board to support Habitat-qualified homebuyers with a 2% interest rate under the Board's established Habitat set-aside. During the same period, MBOH purchased 32 Habitat mortgage loans, representing an investment of just over \$6 million. Over the last three years, the Board has purchased 44 loans in a CLT for just over \$10 million. Six (6) of the CLT loans were combined with Habitat for Humanity.

## Summary of Current CLT and Habitat Set-Asides:

### **CLT Option 1:**

- Must meet published MBOH purchase price limits

- LTV over 80% for MBOH 1<sup>st</sup> mortgage
- Insured by FHA, VA, RD or HUD 184
- Rate equal to Regular Bond Loan Program, currently 5.375%

**CLT Option 2:**

- Must meet published MBOH purchase price limits
- LTV under 80% for MBOH 1<sup>st</sup> mortgage
- Not government insured / no primary mortgage insurance required
- Rate set at 0.25% above the Regular Bond Loan Program, currently 5.625%

**Habitat:**

- To establish the traditional “wrap around” model under the Board’s long-standing Habitat Set-Aside, the Habitat affiliate takes out a 2<sup>nd</sup> mortgage for the monetary difference between the MBOH 1<sup>st</sup> mortgage at 2.0% and the Habitat 2<sup>nd</sup> mortgage at 0.00%. A 3<sup>rd</sup> mortgage for the difference between the 1<sup>st</sup> mortgage plus the 2<sup>nd</sup> mortgage and the appraised value is also included. See example below of how this is calculated.
- Must meet published MBOH income limits; Habitat will continue to serve borrowers at 80% AMI and below.
- LTV under 80% for MBOH 1<sup>st</sup> mortgage
- Not government insured / no primary mortgage insurance required
- Must meet RD underwriting guidelines
- Rate is currently 2.0%

**Habitat – How to calculate the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> mortgage amounts**

1. The lender that Habitat uses figures out how much of a payment the borrower can afford. According to [habitat.org](http://habitat.org), this does not exceed 30% of the homebuyer’s gross monthly income at closing.

- Go to [bretwhissel.net](http://bretwhissel.net) and input the payment amount and use 0.00% for the interest rate. This will give you total of the first mortgage and Habitat 2<sup>nd</sup> mortgage. This must be 80% LTV or less of the purchase price.

Principal	Payments per Year
<input type="text" value="100000.80"/>	<input type="text" value="12"/>
Annual Interest Rate	Number of Regular Payments
<input type="text" value="0.0000"/>	<input type="text" value="360"/>
Balloon Payment	Payment Amount
<input type="text"/>	<input type="text" value="277.78"/>
<input checked="" type="checkbox"/> Show Amortization Schedule	
<input type="button" value="Calculate"/>	

- Then recalculate payment amount using the payment amount the lender says they can afford but calculate it at 2.0% interest rate. This gives you the amount of the MBOH first mortgage. Example: 75,153.00 (rounded up to nearest dollar). This is an MBOH LTV of 60%.

Principal	Payments per Year
<input type="text" value="75152.97"/>	<input type="text" value="12"/>
Annual Interest Rate	Number of Regular Payments
<input type="text" value="2.0000"/>	<input type="text" value="360"/>
Balloon Payment	Payment Amount
<input type="text"/>	<input type="text" value="277.78"/>
<input checked="" type="checkbox"/> Show Amortization Schedule	
<input type="button" value="Calculate"/>	

- $100,000.00 - 75,153.00 = 24,847.00$  for the Habitat 2<sup>nd</sup>.
- Then there is a 3<sup>rd</sup> mortgage for the difference of the 1<sup>st</sup> (75,153.00) plus the 2<sup>nd</sup> (24,847.00) and the purchase price/appraised value (25,000.00).

## New Set-Aside Proposals:

**CLT home loans:**

- Must meet published MBOH income limits
- LTV under 80% for MBOH 1<sup>st</sup> mortgage
- Not government insured / no primary mortgage insurance required
- Underwriting requirements – Fannie Mae DU approve/eligible
- Appraisals must meet Fannie Mae CLT requirements
- Align with the Board's standard set-aside rate at 0.25% less than the MBOH Regular Bond Loan Program, currently 5.125%

**Habitat home loans - no CLT:**

- Must meet published MBOH income limits; Habitat will continue to serve borrowers at 80% AMI and below.
- LTV under 80% for MBOH 1<sup>st</sup> mortgage.
- Not government insured / no primary mortgage insurance required
- Underwriting requirements – increase flexibility to use FHA or RD underwriting guidelines
- Amend current Terms and Conditions to permit down payment assistance from any viable source (not limited to Habitat)
- Rate continues at 2.0%

**Habitat home loans with a CLT:**

- Must meet published MBOH income limits; not limited to >80% AMI under historic Habitat set-aside
- Underwriting requirements – Fannie Mae DU approve/eligible
- Appraisals must meet Fannie Mae CLT requirements
- Proposing rate be set 0.25% below the Board's current standard set-aside. The standard set-aside rate is 0.25% below the MBOH Regular Bond Loan Program

rate. The proposed Habitat/CLT rate is 0.50% less than the MBOH Regular Bond Loan rate.

- MBOH Regular Bond Loan Program rate: 5.375%
- MBOH standard set-aside rate: 5.125%
- Proposed Habitat/CLT set-aside rate: 4.875%

The above proposed rates, with estimated loan production figures, have been discussed internally and with our finance team. It was determined that the above rates are financially feasible and sustainable for the Board.

Under the proposed structures, options utilizing CLTs would be purchased by our Master Servicer, Idaho Housing and Finance Association, pooled into a Mortgage-Backed Security, delivered to Fannie Mae, with the MBS purchased by MBOH to hold as an investment. Stand-alone Habitat loans without CLT may continue to be boarded to MBOH's in-house portfolio. However, in the future, Board staff intend to explore the potential of shifting the servicing of new Habitat loans to IHFA. An analysis of the financial impact under the master servicer contract passthrough rate will need to be conducted. Any future policy proposal to shift new Habitat loans to IHFA will be brought to the Board for its consideration.

### Feedback from Habitat and CLT Affiliates on Proposal:

During the February 12, 2026 meeting with Habitat affiliates and CLT affiliates, Board staff outlined the current proposal for Habitat loans, CLT loans, and combined Habitat/CLT loans. Board staff received feedback from Habitat Flathead requesting the grandfathering in of 6 homes in a CLT as well as indications from Headwaters Community Land Trust, NWMT CLT and Trust Montana for 15 Habitat loans in a CLT over the next 3 years at the 2.0% rate.

General feedback from the CLT affiliates was that they were pleased with the proposed 0.25% reduced set-aside rate for CLT loans but were concerned that Habitat homes in

conjunction with a CLT would be at a higher rate of .50% less than the Regular Bond rate rather than the current 2.0% rate. Concerns that this may disincentivize Habitat from working with a CLT were voiced. However, Habitat made it clear that they would still work with CLTs. Another concern was that the rate for Habitat loans in a CLT should be set the same as the current Habitat rate of 2.0% to be fair to all Habitat borrowers.

### Discussion:

MBOH staff solicit Board member feedback on the proposed set-asides and rate adjustments. Board staff will incorporate this feedback in our continued discussions with Habitat and CLT affiliates to further refine the above proposals. Once consensus is reached, Board staff will bring a final policy proposal to the Board for its consideration and approval.



May 30<sup>th</sup>, 2025

Ms. Cheryl Cohen, Executive Director  
Montana Board of Housing  
301 S Park Avenue  
Helena, MT 59620  
[cheryl.cohen@mt.gov](mailto:cheryl.cohen@mt.gov)

Dear Cheryl,

Please consider this letter a request from Trust Montana for set-aside funding for homebuyers of community land trust homes at the set-aside rate (currently 5.25%). Currently, the Board provides set-aside funding for CAP NWMT Kalispell CLT and Montana Street Homes CLT. This proposal, if approved, will allow all the state community land trust homebuyers to access the set-aside rate. Here is a list of the CLTs in the state:

Trust Montana, statewide (Montana Street Homes CLT)	Homes in Deer Lodge, Roberts, Great Fall, Billings
Big Sky Community Housing Trust, Big Sky	Homes in Big Sky
Northwest Montana Community Land Trust, Kalispell (CAP NWMT CLT)	Homes in Kalispell & Flathead
Front Step Community Land Trust, Missoula	Homes in Missoula
Headwaters Community Housing Trust, Bozeman	Homes in Bozeman
Southwest Montana Community Housing Trust, Bozeman	Homes in Gallatin & Park Counties

Please let me know if you have any questions or require additional information. Thank you for your consideration.

Sincerely yours,

Dawn Conklin  
Executive Director

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*A statewide community land trust working to preserve the  
affordability of homes, farms, and communities.*



September 17, 2025

Ms. Cheryl Cohen, Executive Director MBOH

301 S Park Avenue  
Helena, MT 59620

[Cheryl.cohen@mt.gov](mailto:Cheryl.cohen@mt.gov)

Dear Cheryl,

Please consider this letter a request from the Montana CLTs for \$3,336,000 in set-aside rate loans at the same rate as the Habitat for Humanity for homebuyers of community land trust homes. Many Habitat homes are already land trust homes, as the Habitat community sees the value in permanent affordability with land trust homes. This is the list of CLTs and the geographic regions they work in:

Trust Montana, statewide (Montana Street Homes CLT)	Homes in 8 communities across the state
Big Sky Community Housing Trust, Big Sky	Homes in Big Sky
Northwest Montana Community Land Trust, Kalispell (CAP NWMT CLT)	Homes in Kalispell & Flathead
Front Step Community Land Trust, Missoula	Homes in Missoula
Headwaters Community Housing Trust, Bozeman	Homes in Bozeman
Southwest Montana Community Community Housing Trust, Bozeman	Homes in Gallatin & Park Counties

Community land trust homes ensure affordability of the home into the future. When the owners sell, they share their equity from increasing property values with the next owner, and so on, through many owners. The original owners and all subsequent owners benefit from their mortgage payments,

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improvements and 1.5% equity growth per year. The benefit of a lower interest rate from MBOH is that the family builds equity through mortgage payments faster. Another benefit is that lower income buyers are able to afford a home. At today's prices, lower income families struggle to become homebuyers. Across the country, the average time of ownership is 10 years, which creates stability for the family and allows them to move into a fee-simple home that is affordable to them.

Per your instructions, I am attaching a spreadsheet that captures the loans in the past 12 months and the proposed loans over the next 12 months for CLT homes.

Please let me know if you have any questions or require additional information. Thank you for your consideration.

Sincerely yours,

Dawn Conklin  
Executive Director

Attachment: CLT Request for Set-aside funds

CLT	Property Address	City	Sale Price	Close Date	Program	Loan Amount	Set-Aside	Lender
TRUST MONTANA PAST 12 MOS	1709 Montana Street	Missoula	\$ 138,786.00	6/16/2025	Montana Street Homes	\$ 80,000		Opportunity Bank
	456 Clyde Street	Missoula	\$ 212,900.00	6/19/2025	TM Habitat Homes	\$ 160,000		First Security
	18 Skyscape Drive	Belgrade	\$ 187,361.25	3/3/2025	TM Habitat Homes	\$ 181,650		Stockman Bank
TRUST MONTANA NEXT 12 MOS	2901 Elderberry Ave. Unit 4	Red Lodge	\$ 236,000.00	9/25/2024	TM Habitat Homes	\$ 165,000		USDA
	Annafeld Townhome	Billings	\$ 260,000.00	TBD	CoPurchase	\$ 200,000	\$ 200,000	TBD
	Annafeld Townhome	Billings	\$ 260,000.00	TBD	CoPurchase	\$ 200,000	\$ 200,000	TBD
	Annafeld Townhome	Billings	\$ 260,000.00	TBD	CoPurchase	\$ 200,000	\$ 200,000	TBD
FRONT STEP CLT PAST 12 MOS	1400 Burns St #13	Missoula	\$ 200,200.00	8/4/2025	Burns St Commons	\$ 160,000		Stockman Bank/HRC
	1400 Burns St #11	Missoula	\$ 178,000.00	11/22/2024	Burns St Commons	\$ 177,400		Stockman Bank/HRC
	1400 Burns St #10	Missoula	\$ 181,400.00	11/20/2024	Burns St Commons	\$ 135,400		Prime Lending
FRONT STEP CLT NEXT 12 MOS	1017 Holmes St	Missoula	\$ 190,300.00	9/30/2024	Whittier Court	\$ 150,000		Private Financing
	235 S 4th St E. Unit 203	Missoula	\$ 289,900.00	TBD	Rowe Condos - Deed Restricted	\$ 239,900	\$ 239,900	TBD
	1401 Cedar St #18	Missoula	\$ 178,000.00	TBD	Clark Fork Commons	\$ 128,000	\$ 128,000	TBD
BIG SKY CLT PAST 12 MOS	1401 Cedar St #21	Missoula	\$ 178,000.00	TBD	Clark Fork Commons	\$ 128,000	\$ 128,000	TBD
	818 Arapaho Trail	Big Sky	\$ 349,037.00	7/3/2025	MeadowView CLT	\$ 338,531		Evergreen
	2128 Arapaho Trail	Big Sky	\$ 154,054.00	12/1/2024	MeadowView CLT	\$ 151,000		First Security
NORTHWEST MT CLT PAST 12 MO	182A Arapaho Trail	Big Sky	\$ 351,958.00	10/7/2024	MeadowView CLT	\$ 330,000		First Security
	89A Arapaho Trail	Big Sky	\$ 352,987.00	9/3/2024	MeadowView CLT	\$ 340,632		Evergreen
	1245 7th Ave E	Kalispell	\$ 348,000.00	9/5/2024	NWMTCLT Kalispell NSP	\$ 150,575		Stockman Bank
	1924 S. Meadows Drive	Kalispell	\$ 150,000.00	9/16/2024	NWMTCLT Kalispell NSP	\$ 147,283		Stockman Bank
NORTHWEST MT CLT NEXT 12 MO	196 Empire Loop	Kalispell	\$ 230,000.00	10/31/2024	NWMTCLT Kalispell NSP	\$ 230,000		Stockman Bank
	116 Barron Way	Kalispell	\$ 179,000.00	11/1/2024	NWMTCLT Kalispell NSP	\$ 180,303		Glacier Bank
	711 Trailview	Whitefish	\$ 343,750.00	1/10/2025	NWMTCLT TrailView	\$ 193,750		Stockman Bank
	511 Trailview	Whitefish	\$ 481,403.62	4/30/2025	NWMTCLT TrailView	\$ 371,404		Stockman Bank
	505 Trailview Way	Whitefish	\$ 475,924.85	6/24/2025	NWMTCLT TrailView	\$ 305,925		Stockman Bank
	902 7th Street West	Kalispell	\$ 315,000.00	7/30/2025	NWMTCLT + Habitat	\$ 239,736		Glacier Bank
	908 7th Street West	Kalispell	\$ 315,000.00	TBD	NWMTCLT + Habitat	\$ 265,000	\$ 265,000	Glacier Bank
	9th Ave. West	Kalispell	\$ 320,000.00	TBD	NWMTCLT Kalispell NSP	\$ 265,000	\$ 270,000	
HRDC IX PAST 12 MOS	209 3rd Ave East	Columbia Falls	\$ 365,000.00	TBD	Habitat House on CLT land	\$ 315,000	\$ 315,000	
	3424 W Babcock #4	Bozeman	\$255,000.00	9/30/2024	Scattered Site Land Trust	\$ 247,350		Evergreen
HRDC IX NEXT 12 MOS	114 W Reservoir	Livingston	\$275,000.00	8/30/2025	Livingston Land Trust	\$ 220,000	\$ 220,000	Opportunity Bank
	206 W Reservoir	Livingston	\$275,000.00	12/15/2025	Livingston Land Trust	\$ 220,000	\$ 220,000	Unknown
HEADWATERS CLT NEXT 2 MOS	2307B Blue Silos Way	Bozeman	\$ 375,000.00	10/15/2025	Bridger View Neighborhood	\$ 350,000	\$ 350,000	TBD
	2313 Fourhouse Way	Bozeman	\$ 425,000.00	11/15/2025	Bridger View Neighborhood	\$ 400,000	\$ 400,000	TBD
TOTAL SETASIDE REQUEST						\$ 3,335,900		
TOTAL FROM ABOVE						\$ 7,746,839		
NET - Prior year home sales						\$ 4,410,939		

# Board Agenda Item

Board meeting: April 13, 2026

## Mortgage Servicing

### Hazard Insurance Policy Discussion

Hazard insurance premiums are rising on a national level and Montana is no exception. These increases are directly related to higher construction costs from inflation combined with shortages in building materials and labor, frequent and severe weather-related events resulting in more payouts for damage and increases in reinsurance expenses which are passed on to the homeowner. Other factors include increased property values contributing to increased replacements costs, increased frequency of claim history, as well as borrower credit scores. Challenges associated with the rising costs of insurance were included in the [phase III report](#) published by Governor's Housing Task Force on June 11, 2024. See Recommendation 20 in the report for details.

The Montana Board of Housing Mortgage General Terms and Conditions for the MBOH MBS Regular Bond Loan Programs (which is considered part of the Mortgage Purchase and Servicing Guide), last updated in October 2024, includes the following policies and exhibits pertaining to Hazard Insurance:

*Section 16(a)(i): The maximum deductible amount is the greater of \$1,500 or 1% of the dwelling coverage for all perils except wind and hail. Wind and hail insurance can be the greater of \$2,500 or 1% of the dwelling coverage. For flood insurance, the required deductible for a flood insurance policy for a first mortgage is the minimum specified by the National Flood Insurance Program (NFIP) for the area in which the property is located.*

This language is replicated in other MBOH loan program Terms and Conditions.

The Servicing Policy Manual approved by the Board in May 2023 includes the following policy language with respect to Hazard Insurance:

*Section D(2)(d): Deductible Limitations: The deductible shall NOT exceed the higher of \$1,500 or 1% of the face amount of the policy unless a higher maximum is required by state law or investor (see special requirements for flood hazard insurance below).*

This language is replicated in several sections of the Servicing Policy Manual pertaining to Planned Unit Developments, Condominiums and Cooperative Projects, and Income Producing Properties.

#### **Summary of Challenges with Current Policy:**

- Borrower compliance with the MBOH hazard insurance policy has resulted in the unintended consequence of higher annual premiums. These increased premiums create escrow shortages and raise the risk of delinquency due to higher monthly payments which the borrower may not be able to afford.
- Of the 5,850 loans in the Board's in-house servicing portfolio, approximately 220 borrowers now have Forced Placed Insurance. The number of borrowers on Forced Placed insurance has continued to increase in recent years.
- While there is a concern that borrowers will be unable to afford a higher premium (staff are frequently seeing policies with a \$5,000 deductible or more), this is already a challenge for some borrowers at the Board's current \$1,500 or 1% of face value maximum deductible limit.
- Only 95 borrowers have an active insurance claim, which is roughly 2% of our portfolio. A vast majority of our portfolio may never make an insurance claim and realize the benefit of a lower deductible, but all borrowers are currently impacted by the higher premiums charged by insurance companies to comply with the Board's current policy.

- The longstanding deductible threshold has served us well since its adoption; however, evolving market conditions within the insurance industry now necessitate an update. Revising this policy will help ensure our borrowers can balance affordability with coverage that remains adequate and sustainable. Allowing this change would align with industry standards, give more flexibility for borrowers to shop for the most advantageous policy for them, with the likely benefit of lowering their escrow portion and their overall monthly payment.

**Fannie Mae Hazard Insurance Policy: Chapter B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties (02/07/2024)**

Minimum coverage amount: The policy must settle claims on a replacement cost basis.

Hazard insurance maximum deductible: 5% of the policy face amount. Applies to all insurance perils (fire, wind, hail, etc.).

**Other Housing Finance Agency Hazard Insurance Policies:**

**IHFA:**

Minimum coverage amount: Equal to the loan amount or replacement cost.

Hazard insurance maximum deductible: 5% or \$10,000, whichever is less.

**PROPOSAL**

Staff requests that the Board approve the proposed updates to the General Terms and Conditions for the MBOH MBS Regular Bond Loan Programs (a part of the MBOH Mortgage Purchase and Servicing Guide) and the MBOH Servicing Policy Manual Hazard Insurance Policy as follows:

Update our deductible guidelines to mirror the Fannie Mae guide and IHFA's policy by increasing our maximum deductible to 5% of the policy face amount or \$10,000, whichever is less. This would include all perils, such as fire, wind, hail, etc.

# HOUSING DIVISION – MONTANA BOARD OF HOUSING

## Investment Policy

<b>PROCEDURE NAME:</b>	MBOH Investment Policy
<b>PROCEDURE OWNER:</b> ▪ Job title ▪ approves revisions	Accounting and Finance Manager
<b>PROCEDURE PERFORMER:</b> ▪ Job title	Accounting and Finance Manager
<b>DOCUMENT LOCATION:</b>	K:\Internal Controls\HD_Policies and Procedures_Current_2025\AF\Final

### DOCUMENT REVISION HISTORY

EFFECTIVE DATE	VERSION NUMBER	DESCRIPTION OF CHANGE	AUTHOR	DATE AUTHORED	APPROVAL	DATE APPROVED
10/19/2020	001	Updated to new format	AF Mgr	9/28/2020	Board	10/19/2020
4/12/2022	002	Update language	JMG	3/18/22	Board	4/12/2022
10/13/2022	003	Update references	AF Mgr	10/13/22	Board	4/18/2023
	004	Update	AF Mgr	04/03/2026	Board	

## I. PURPOSE

The purpose of this policy is to give guidance to the program managers, the Accounting and Finance Manager generally, and the Montana Board of Housing (“Board”) regarding investment of funds held and invested by a trustee pursuant to the Board’s bond trust indentures.

Other Board (non-indenture) funds are deposited in the appropriate state treasury account and invested through the unified investment program under the direction of the Board of Investments. Board moneys (non-indenture) held by the State Treasurer in the Housing Authority Enterprise Fund or otherwise invested with the State shall be invested in the State’s Short-Term investment pool.

## II. GOAL/OBJECTIVE

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

## III. RISK ASSESSMENT

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

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

Risk Level: Low

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

## IV. POLICY

### 1. Investment Committee

- a. The Board shall be responsible for oversight of the Investment of assets of the Montana Board of Housing.
- b. Frequency of Board Review: The Board shall perform the review and other functions specified below at least once a year.
- c. Functions of the ~~of the~~ Board shall be:
  - i. *To review compiled investment reports*
  - ii. *To review the function of the investment policy for potential enhancement*
  - iii. *To review the return on assets of the Board*

- iv. *To address any staff concerns regarding investments or the investment policy*
- v. *To monitor compliance with the investment policy*

2. Sections 90-6-112 and 116, Montana Code Annotated

Provisions of Bond Resolutions; Trust Indenture: (Summary) The Board is authorized to provide by resolution for the terms of bonds and notes, including vesting the bond trustee with property, rights, powers, and duties as the Board determines. In the discretion of the Board, its bonds may be secured by a trust indenture, which may contain provisions for protecting and enforcing the rights and remedies of the bondholders, including provisions for the custody, safeguarding and application of all money, the payment of bond proceeds and revenues and method of disbursement, and safeguards and restrictions the Board considers necessary.

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

## V. PRUDENT EXPERT PRINCIPLE

All Investments shall be made in accordance with the requirements of the particular Indenture and the Internal Revenue Code, and the Board's officers, in directing which permitted investments the Trustee shall make, shall act in accordance with the prudent expert principle which requires an investment manager to: (a) discharge the duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims; (b) diversify investment holdings to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so; and (c) discharge the duties solely in the interest of and for the benefit of the portfolio.

## VI. PRIMARY CONCERNS

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

## VII. LEVERAGED INVESTMENT

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

## VIII. SALES OF INVESTMENT

Should be limited to the following:

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

Sales other than the above-mentioned should be approved by the Executive Director.

## IX. TYPES OF INVESTMENTS

1. The Board may invest in the following securities provided that such investments meet the requirements of this policy:
  - a. Direct obligations of or obligations guaranteed by the United States of America, which includes certificates of ownership in the guaranteed portion of loans guaranteed by the Rural Housing and Community Development Service of the United States Department of Agriculture (formerly the Farmers Home Administration), participation certificates in obligations of the General Services Administration, obligations guaranteed by the U.S. Maritime Administration pursuant to Title XI, Small Business Administration guaranteed participation certificates and guaranteed pool certificates, mortgage-backed securities and pool certificates guaranteed by the Government National Mortgage Association, and Veterans Administration guaranteed REMIC securities and passthrough certificates;
  - b. Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following:
    - i. *Farm Credit System or predecessors (the Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives);*
    - ii. *Federal Home Loan Bank System;*
    - iii. *Export-Import Bank of the United States;*

- iv. *Federal National Mortgage Association (only senior debt obligations or mortgage-backed securities, but excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts and excluding interest-only strips);*
  - v. *Federal Home Loan Mortgage Corporation (only senior debt obligations and participation certificates, but excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts and excluding interest-only strips);*
  - vi. *Tennessee Valley Authority;*
  - vii. *Federal Financing Corporation;*
- c. Certificates of deposit issued by, or time deposits with, any bank or trust company organized under the laws of the State, any national banking association which is a member of the Federal Reserve System, or any savings and loan association (including the trustee, a lender or a paying agent), which is insured by the Federal Deposit Insurance Corporation (FDIC) and provided that any such lender has capital stock, surplus and undivided profits aggregating at least \$1,000,000, and provided further that such time deposits or certificates of deposit, to the extent not insured by the FDIC, are fully secured by obligations of the type specified in parts 1 and 2 above which have a market value, exclusive of accrued interest, at least equal to the amount of such deposits. In no case shall the investment result in a reduction of the ratings by Standard & Poor's Rating Services or by Moody's Investors Services on the applicable bond series.
- d. Repurchase agreements or guaranteed investment agreements but only if:
- i. *The agreement is fully collateralized as to both principal and interest by obligations of the type specified in part 1 or 2 above and which collateral is delivered out and held by the Trustee or its agent, and the collateral is marked to market at least weekly; and*



## X. Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interest in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Montana Board of Housing. Employees and officers shall disclose any material interest in financial institutions to the Executive Director and/or the Board within 30 days of acquiring a material interest. The Board and/or the Executive Director shall be updated as changes in material interests occur.

## XI. Authorized Management

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

## XII. Internal Control Structure

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

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

### XIII. Investment Report

The Accounting & Finance Manager shall prepare, and present to the Board, an investment report at least ~~semi-annually~~ quarterly, including a management summary that provides an analysis of the status of the current investment portfolio transactions made over the last quarter. The summary will be prepared in a manner which will allow the Board to determine if the investment activities during the reporting period have conformed to the investment policy. The report should include:

1. Listing of individual securities held at the end of the reporting period.
2. Average weighted yield to maturity of the investment portfolio
3. Listing of investments by maturity date
4. Percentage of total portfolio which each type of investment represents

### XIV. Responsibility

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

# Montana Board of Housing

April 2026



Capital  
Markets

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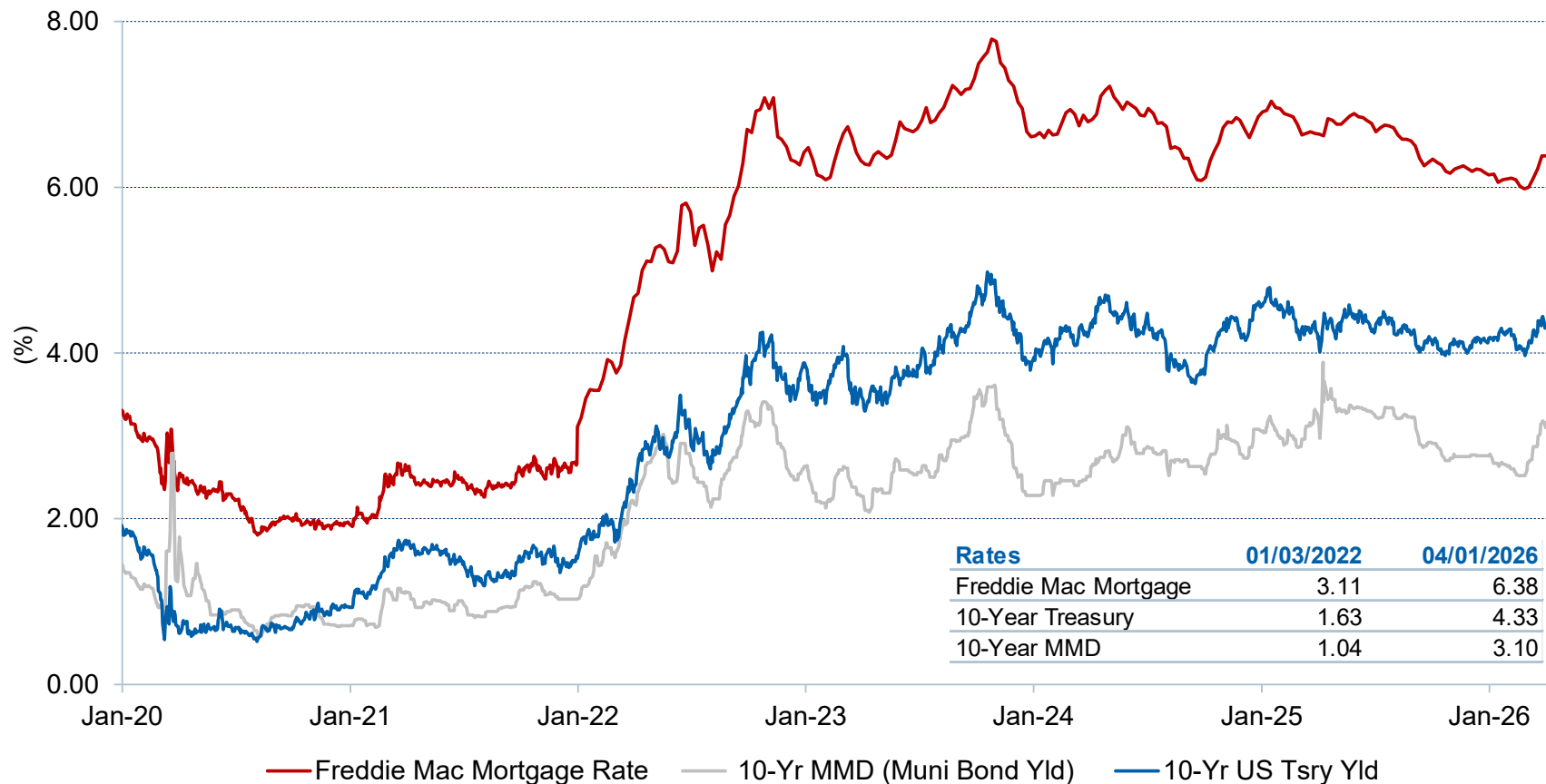
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## HFAs Issue Tax-Exempt Bonds (borrow money) to Make Mortgages to First Time Homebuyers

- HFAs can issue bonds at low rates because interest on the bonds are tax-exempt (MMD)
- Because interest on the bonds are tax-free, IRS sets requirements (private activity volume cap – determined by state population, income/purchase price limits, 1<sup>st</sup> time home buyer, etc).
- Spread between mortgage rates and bond rates = annuity for 30 year life of loan (limited to 1.125%)
- Mortgage rates have more than doubled since 2022. When rates are high, HFAs can be more impactful



Source: Bloomberg

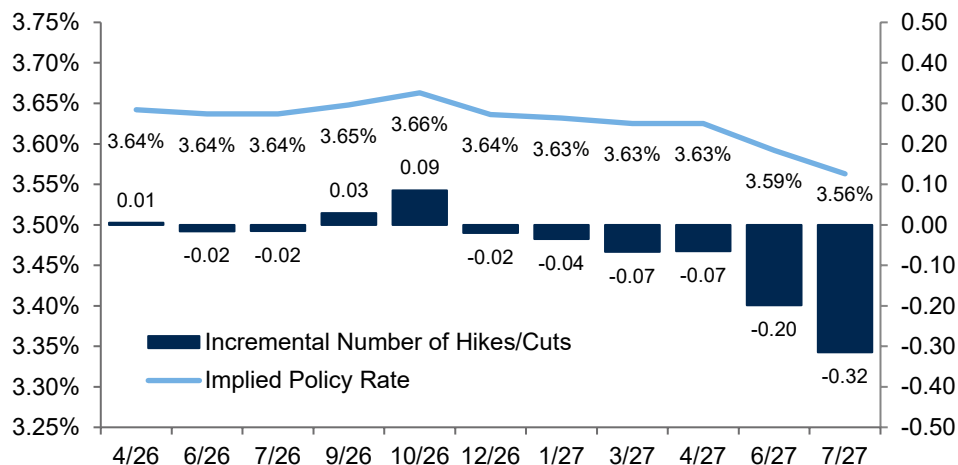
# Economic Overview Reflects Monetary Policy Focus, Tariff Implications and Geopolitical Tensions

*"I want to emphasize, nobody knows, the economic effects could be smaller or much bigger. We just don't know"*  
 - Fed Chair Jerome Powell (March 18, 2026)

## Market Commentary – Municipal Bonds

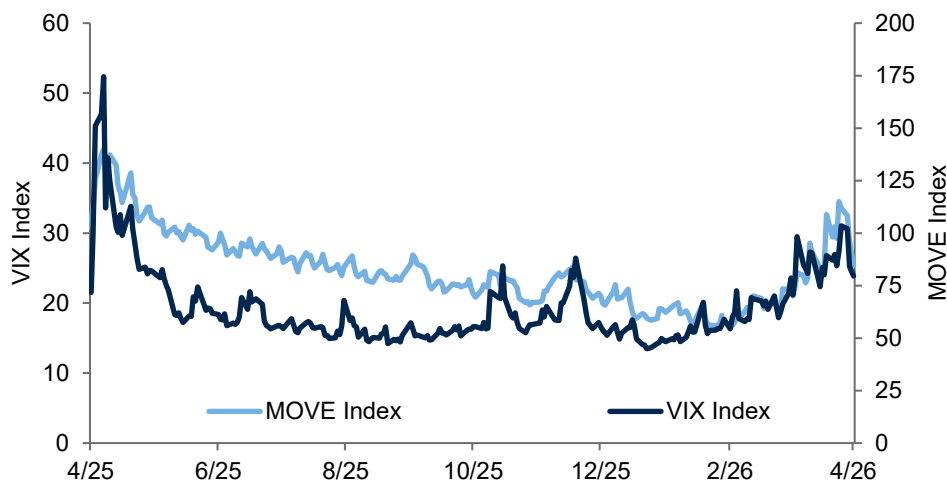
- Municipal bonds improved slightly relative to Treasuries last week, driving the MMD/UST relationship narrower by 0-1 ratios
- The market tone was constructive last week, and deals were well-received
- This week's calendar is expected to total \$8.1bn
- Municipal bond funds reported \$923mm of inflows last week
- The SIFMA index reset 5bp lower last week to 2.37%

## Futures Market – Fed Funds Rate Hike/Cut Probability (Current Target Rate: 3.50% - 3.75%)



Note: 25bps equates to one hike or cut

## Treasury and Equity Volatility are Elevated



## Economic Indicators

Indicator	Actual	Forecast	Prior
<b>Inflation</b>			
CPI YoY (January)	2.40%	2.40%	2.40%
PCE YoY (December)	2.80%	2.90%	2.90%
PPI YoY (January)	3.40%	2.90%	2.90%
<b>Labor</b>			
Unemployment Rate (February)	4.30%	4.00%	4.40%
Nonfarm Payrolls (February)	178K	65K	-133K
Initial Jobless Claims (wkly.)	202K	212K	211K
<b>Production</b>			
GDP QoQ (Q4)	0.70%	1.40%	4.40%

Sources: Bloomberg; Refinitiv; RBC Capital Markets as of COB April 2, 2026

## 2026 Series A Bond Issue Sources & Uses and Spread Summary

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MBOH priced 2026 Series A Bonds on January 21 and closed February 26, 2026.

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### Final Sources & Uses of Funds

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#### Sources:

2026 Series A Bonds Par	\$70,000,000.00
2026 Series A Bonds Premium	2,076,139.50
<b>Total</b>	<b>\$ 72,076,139.50</b>

#### Uses:

2026 Series A Program Fund	\$71,295,639.50
Cost of Issuance	780,500.00
<b>Total</b>	<b>\$ 72,076,139.50</b>

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### Spread Summary

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Mortgage Yield (5.625% mortgage rate)	5.74%
Bond Yield	4.29%
<b>Unadjusted Spread *</b>	<b>1.45%</b>

\* Allowable max spread = 1.125%; apprx. \$4.2mm of zeros created

## 2026 Series A Bond Sale - Pricing Progression (January 21, 2026)

Maturity	Type	Prelim Par	Prelim CPN/YLD	Adjustment	Final CPN/YLD	MT Retail	NA Retail	Total Retail	Institutional	Total	Balance	Subscription
12/01/2026	Serial	375	2.600%	-	2.600%	-	400	400	-	400	-	1.1
06/01/2027	Serial	570	2.650%	-	2.650%	-	535	535	-	535	35	0.9
12/01/2027	Serial	580	2.650%	-	2.650%	40	465	505	-	505	75	0.9
06/01/2028	Serial	590	2.700%	-	2.700%	710	65	775	-	775	-	1.3
12/01/2028	Serial	600	2.700%	-	2.700%	710	155	865	-	865	-	1.4
06/01/2029	Serial	610	2.750%	N/A	-	110	-	110	-	110	500	0.2
12/01/2029	Serial	625	2.750%	-	2.750%	25	5	30	-	30	595	0.0
06/01/2030	Serial	635	2.800%	N/A	-	-	60	60	-	60	575	0.1
12/01/2030	Serial	645	2.850%	-	2.850%	200	10	210	-	210	435	0.3
06/01/2031	Serial	660	2.900%	-	2.900%	70	185	255	-	255	405	0.4
12/01/2031	Serial	670	2.950%	-	2.950%	65	260	325	-	325	345	0.5
06/01/2032	Serial	685	3.000%	-	3.000%	-	10	10	-	10	675	0.0
12/01/2032	Serial	700	3.050%	-0.050%	3.000%	875	1,150	2,025	-	2,025	-	2.9
06/01/2033	Serial	570	3.150%	-0.025%	3.125%	605	435	1,040	-	1,040	-	1.8
12/01/2033	Serial	590	3.200%	-	3.200%	85	400	485	-	485	105	0.8
06/01/2034	Serial	605	3.300%	-	3.300%	-	400	400	-	400	205	0.7
12/01/2034	Serial	560	3.350%	-	3.350%	-	815	815	-	815	-	1.5
06/01/2035	Serial	575	3.450%	-	3.450%	95	200	295	-	295	280	0.5
12/01/2035	Serial	595	3.500%	-	3.500%	45	390	435	-	435	160	0.7
06/01/2036	Serial	615	3.600%	-	3.600%	200	450	650	-	650	-	1.1
12/01/2036	Serial	565	3.600%	-	3.600%	235	250	485	250	735	-	1.3
06/01/2037	Serial	590	3.700%	-	3.700%	-	890	890	-	890	-	1.5
12/01/2037	Serial	610	3.750%	-	3.750%	120	945	1,065	-	1,065	-	1.7
06/01/2038	Serial	635	3.800%	-	3.800%	35	735	770	-	770	-	1.2
12/01/2038	Serial	660	3.850%	-	3.850%	-	705	705	660	1,365	-	2.1
12/01/2041	Term	4,230	4.150%	-	4.150%	445	795	1,240	4,855	6,095	-	1.4
12/01/2046	Term	8,125	4.700%	-0.050%	4.650%	1,215	4,310	5,525	34,600	40,125	-	4.9
12/01/2051	Term	11,570	4.850%	-0.050%	4.800%	7,705	5,250	12,955	49,105	62,060	-	5.4
12/01/2055	Term	12,530	4.900%	-0.050%	4.850%	8,555	9,595	18,150	70,000	88,150	-	7.0
06/01/2056	PAC	18,430	3.270%	-0.010%	3.260%	130	-	130	36,860	36,990	-	2.0
<b>Total: (\$M)</b>		<b>70,000</b>				<b>22,275</b>	<b>29,865</b>	<b>52,140</b>	<b>196,330</b>	<b>248,470</b>	<b>4,390</b>	

Note: Par value in \$000's, order summary at the end of Institutional Order Period

## 2026 Series A Bond Sale - Syndicate Order Summary

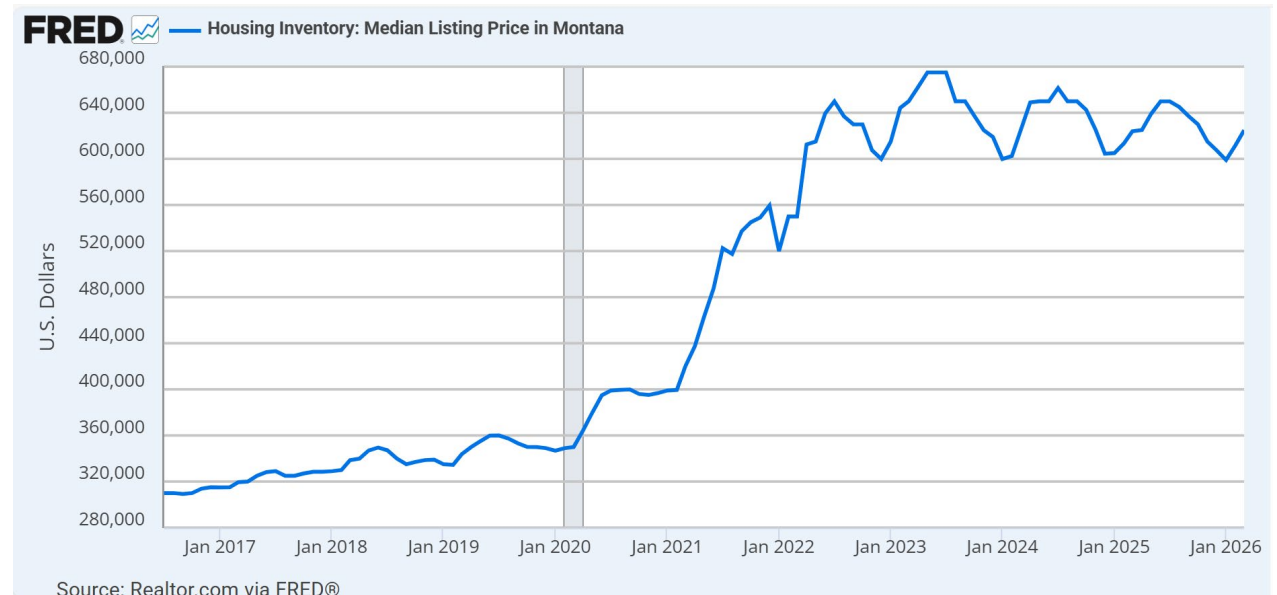
Underwriter	Institutional		Montana Retail		National Retail		Member		Total	
	Order	Allotment	Order	Allotment	Order	Allotment	Order	Allotment	Order	Allotment
<b>Manager</b>										
RBC Capital Markets	\$222,225	\$39,895	\$18,675	\$13,665	\$10,490	\$3,545	-	-	\$251,390	\$57,105
BofA Securities	-	-	440	305	3,120	2,205	8,000	-	11,560	2,510
D.A. Davidson	-	-	1,380	1,865	1,050	-	6,560	495	8,990	2,360
Raymond James	-	-	1,290	740	2,540	965	8,000	-	11,830	1,705
<b>Selling Group</b>										
Academy Securities	-	-	-	-	-	-	-	-	-	-
Fidelity	-	-	480	35	5,450	3,260	2,965	2,965	8,895	6,260
Piper Sandler	-	-	-	-	-	-	-	-	-	-
Wells Fargo Bank	-	-	10	-	100	60	-	-	110	60
<b>Total</b>	<b>222,225</b>	<b>39,895</b>	<b>22,275</b>	<b>16,610</b>	<b>22,750</b>	<b>10,035</b>	<b>25,525</b>	<b>3,460</b>	<b>292,775</b>	<b>70,000</b>

## Montana vs National Comparison – affordability and delinquencies

Montana leads the nation in unaffordability (comparing home listing price vs median income)  
 Montana Listing price has more than doubled in the past 10 years (\$309,900 in July 2016)

Affordability by State: Median list price vs Median income - as of March 2025 (Realtor.com/economic research)

		Med list price	Med income	80% LTV	Mthly PMT@ 6%	Monthly income	% PMT/Income
1	Montana	\$634,523	\$69,683	\$507,618	\$3,043	\$5,807	52.4%
2	Hawaii	822,065	91,385	657,652	3,943	7,615	51.8%
3	New York	664,622	81,057	531,698	3,188	6,755	47.2%
4	California	756,185	92,605	604,948	3,627	7,717	47.0%
5	Massachusetts	781,758	96,584	625,406	3,750	8,049	46.6%
6	Idaho	571,023	72,949	456,818	2,739	6,079	45.1%
7	Oregon	563,896	78,022	451,117	2,705	6,502	41.6%
8	Nevada	492,789	71,942	394,231	2,364	5,995	39.4%
9	Washington	636,445	93,297	509,156	3,053	7,775	39.3%
10	Utah	602,230	88,438	481,784	2,889	7,370	39.2%
	US	424,900	82,675	339,920	2,038	6,890	29.6%



Source: Realtor.com and Mortgage Bankers Association

### From White House:

- **Ban on Investors Buying Single Family Homes**
- **Directs FNMA/Freddie Mac to buy \$200b of MBS**
  - ✓ **NCSHA Suggests NIBP version 2 (FNMA/Freddie Mac buying HFA bonds instead)**
- **50-Year Mortgages**
- **USDA Loans – “fast-tracking” approval process**
- **Cut Environmental Regulations to simplify permit approval process**

### Other Initiatives:

- **Carving out Single Family Mortgage Revenue Bonds from Private Activity Cap**

# Board Agenda Item

Board meeting: April 13, 2026

## Operations

### Request For Proposal

For more than forty (40) years, the Board has used its current software for its Accounting and Finance, Loan Origination and Tracking, Mortgage Servicing and Multifamily Compliance operations.

The MBOH Software Solutions RFP is set up for potential vendors to bid on one or more of the operational areas above. Additionally, all potential vendors will be required to bid on a section titled 'General Requirements.' General Requirements include overarching business requirements such as work/process queues, dashboards, reporting requirements, etc.

There are 280 total business requirements that will be scored (if a vendor were to bid on all areas) along with a cost worksheet that includes integration with external systems and other solutions, implementation, data migration, any customization of requirements that are not standard functionality, training, and support.

<b><u>Date</u></b>	<b><u>Event</u></b>
4/6/2026	Solicitation Posts
4/10/2026	Evaluation Committee Briefing
4/17/2026	Pre-Proposal Call
5/15/2026	Q&A Board / Contract Exceptions Closes
6/1/2026	State Response to Q&A/Exceptions Due
6/19/2026	Solicitation Closes
*8/3/2026	Evaluation Consensus Committee Meeting
*8/7/2026	Demonstration Invitations

## Operations

- \*8/11/2026 - 8/14/2026      Demonstrations Conducted this week (not Monday 8/10)  
(This may change depending on number of Demonstrations  
and Vendor Schedule)
- \*8/26/2026                      Notice of Intent to Award
- \*9/2/2026                        Contract(s) can be Negotiated / Executed

“\*” indicates the events that are NOT posted publicly, giving the evaluation team flexibility.

# 2026 NCSHA Legislative Conference

## Housing Finance Agencies on the Hill

Tuesday, April 21 – Thursday, April 23, 2026

### Attendees

- Cheryl Cohen, Montana Department of Commerce, Housing Division Administrator | Montana Board of Housing, Executive Director
- Bruce Posey, Chair, Montana Board of Housing
- Richard Miltenberger, Board Member, Montana Board of Housing
- Ryan Aikin, Board Member, Montana Board of Housing

## Bipartisan Legislation to Expand and Strengthen Housing Programs

### Affordable Housing Credit Improvement Act

Two provisions from AHCIA were enacted into law on July 4, 2025, as part of the One Big Beautiful Bill Act. These provisions included a 12 percent increase in annual Housing Credit authority and a 25 percent bond financing threshold for 4 percent Housing Credit developments (decreased from previous 50 percent threshold).

There are numerous other beneficial clauses from AHCIA that were not included in the OBBB. Of specific interest to Montana:

1. Allow states to award a 30 percent basis boost for multifamily bond-financed 4% Housing Credit developments, if necessary for financial feasibility. This change would align the basis boost with the 9% Housing Credit program.
2. Provide basis boost for Housing Credit developments in rural areas and on Indian Country. In our experience, development costs in rural/Indian Country areas are greater than the cost to develop in Montana's large seven cities.



This is due to lack of qualified contractors (limited competition on bids), limited labor pools (including potential lack of housing for construction workers themselves), and costs to bring in construction materials.

### **21<sup>st</sup> Century ROAD to Housing Act**

This significant, bipartisan legislation offers a wide range of reforms and incentives to streamline federal regulations and provide flexible financing options to increase the supply of affordable homes. Given the substantial nature of this legislation, we highlight the following provisions we view of most benefit to Montana communities:

1. The Community Investment and Prosperity Act would raise the cap on bank public welfare investments, including affordable housing, from 15 to 20 percent.
2. Permanently authorize HUD's Community Development Block Grant Disaster Recovery (CDBG-DR) program.
3. Expand Community Development Block Grant Eligible Activities to include the construction of new affordable housing.
4. Reauthorize and reform the HOME Investment Partnerships Program to provide greater flexibility in the use of HOME funds.
5. Streamline the NEPA review process and expand categorical exclusions for affordable housing activities.
6. Create a new competitive grant program at HUD to support state, local and tribal governments to implement planning activities, including updates to local regulatory processes.
7. The Housing Supply Expansion Act eliminates the permanent chassis requirement and establishes HUD's authority over construction, safety, and energy efficiency standards for manufactured homes.
8. Reauthorize Preservation and Reinvestment for Community Enhancement (PRICE) grants to support preservation of existing manufactured homes and manufactured communities, including repair and improvement costs.
9. The Rural Housing Services Reform Act would authorize necessary technology improvements and staffing at USDA-Rural Development.



The above nine priorities specifically pertain to programs administered by the Montana Department of Commerce and the administratively attached Montana Board of Housing and/or address federal regulatory barriers we frequently encounter as we work to support Montana communities across the state.

## **Challenges with Existing Federal Affordable Housing Programs**

### **Housing Opportunity Through Modernization Act of 2016**

We seek the support of the Montana federal delegation to encourage HUD to prioritize the full implementation of the Housing Opportunity Through Modernization Act of 2016 (HOTMA). After 10 years, HOTMA is still only partially implemented. We understand delays relate to necessary changes in information technology systems. However, we presently have no insight into the potential timeline for full implementation. The status quo necessitates that PHAs maintain both pre-HOTMA and post-HOTMA policies in our Administrative Plans, causing confusion for administration and participating families.

### **Building America, Buy America**

BABA, while well-intended, has the unintended consequence of significantly increasing the costs to construct new or rehabilitate existing affordable housing. Given Montana's already small (\$3 million per year) allocations of HOME and Housing Trust Fund, this cost escalation – often 20% or more - will result in an overall decrease in the number of affordable homes these programs can support each year. Technical assistance has been limited, so Commerce contracted with the Montana Manufacturing Extension Center to research iron, steel, and construction materials and manufactured products that are made in the USA to support our developer community in complying with BABA. Last year, a project receiving federal funds through Commerce to provide homes to families experiencing homelessness lost the opportunity to use \$360,000 of a \$1.3 million grant because the contractor for the project was unable to find products made in the USA to complete utility work before the funds expired.



## Challenges with the Administration of Federal Housing Programs

Commerce and the Board of Housing are charged with the administration of a wide range of federal housing programs. We work diligently to ensure these programs are deployed in compliance with all applicable laws and prioritize prudent financial management and stewardship of these critically needed investments with federal taxpayer funds.

Over the last year, we have experienced significant roadblocks in obtaining technical assistance and direction from HUD. While we do not know if these challenges are related to reductions in force, a common refrain we hear from colleagues at HUD is that they are trying their very best but have limited capacity. Response times from HUD have significantly increased and/or we do not receive a response at all. To provide a few examples:

1. We submitted several requests for assistance on the new SAVE report to ensure all participants in our Public Housing Authority rental assistance programs are U.S. citizens or are otherwise eligible under federal law. These requests were submitted initially to the email address provided by HUD in directive letters received, then to another email address provided as the first could not address our questions, and to multiple other HUD personnel. While we have been able to address most entries appearing on the new SAVE report, this continues to be a work-in-process as we navigate new requirements with the resources currently at our disposal. We do concur with the necessity to ensure all participants receiving federal assistance meet eligibility requirements.
2. To administer various programs, our employees and contracted providers must have approved access to various HUD Secure Systems. Over the last year, the process of adding new users or updating roles of existing users has been highly problematic. Presently, we are waiting up to several weeks for HUD to complete necessary tasks to authorize user access, resulting in new employees at a standstill unable to perform their hired job functions.



3. Transaction work involving contracts with the Section 811 Project Rental Assistance program are now outstanding since at least September 2025. We regularly email our HUD contacts to request status updates. Assigned HUD personnel for this program continues to evolve and we, and the property owners associated with these contracts, are at a standstill.
4. Official HUD communications and the availability of technical assistance have declined across all Public and Indian Housing and Community Planning and Development programs. Examples include:
  - HUD PIH staff can no longer participate in Two Year Tool calls with Public Housing Authorities. The Two-Year Tool is an essential cash management tool to ensure PHAs are administering funds prudently and responsibly.
  - We no longer receive official HUD email communications on routine updates, such as increases in income and purchase price limits for various programs.
  - We did not receive the official communication on the new SAVE report with a 30-day deadline. We learned of this directive letter via a post on a HUD social media channel several days after the letter, which was not dated, was issued.
  - We often learn of changes to HUD employee roles and responsibilities “through the grapevine” or when we email the HUD employee last designated only to learn they are no longer involved.

To address the above challenges, we urge Montana’s federal delegation to elevate these concerns to HUD and advise HUD take action to provide:

- Setting up meetings with Commerce and Board of Housing to hear our concerns and ensure that we have appropriate contacts for the programs we administer.
- Increase communications with partners on programs, including changes to programs, rules or guidance.
- Providing more timely responses to questions received from partners.



**Program 74 Housing MT: 2027 Biennium Objectives, Goals, Strategies and Measures**

<b>Objective/Mission:</b>	Ensure Commerce’s housing programs are equitably available to all potentially eligible individuals and developers
<b>Goals:</b>	Identify and reduce or eliminate potential barriers impacting constituents from accessing or applying to housing programs

Strategy	Initiative	Who	Measure
Our work unites the state: no longer east and west, urban and rural	<p>Increase outreach to and communication with a broader range of stakeholders</p> <p>Identify, engage and provide technical assistance to underserved communities and special populations limited capacity</p> <p>May 30, 2025 Update: Housing Coordinating Team meetings are currently held on a quarterly basis. However, the CY2025 Q1 meeting was not held due to various uncertainties at the federal level and Montana’s legislative session. HCT meetings will be scheduled for summer, fall, and winter 2025. If HB 924 is signed into law, HCT meetings and other stakeholder convenings will be held to gather feedback on administrative rule development and to provide technical assistance on how to apply, focusing on underserved communities and special populations with limited capacity.</p> <p>February 28, 2026 Update: Our highest attended Housing Coordinating Team call recorded in recent years at 88 attendees was held on December 11, 2025. The topic was HB 924, the</p>	Multifamily Program Manager	Increase frequency of and attendance at Housing Coordinating Team meetings

	<p>newly established Montana Housing Trust and the Board’s new Multifamily Loan Program Guidelines. Housing Coordinating Team meetings were also held:</p> <ul style="list-style-type: none"> <li>• July 10, 2025, featuring Garth Rieman, Director of Housing Advocacy and Strategic Initiatives with NCSHA to provide a “Washington Update”.</li> <li>• August 14, 2025, featuring Rachel Rohner, HUD-VASH Geriatric Specialist with the U.S. Department of Veteran Affairs speaking to site-based housing and service needs for homeless veterans.</li> </ul>		
<p>Our work unites the state: no longer east and west, urban and rural</p>	<p>August 11, 2025 Update: Draft and adopt administrative rules – with robust consideration of informal and formal stakeholder feedback - to implement HB 924, the new Montana Growth and Opportunity Trust. The Board’s goal in its rulemaking and program application roll-out is to ensure these new resources are equitably accessible by eligible applicants throughout the state, urban and rural.</p> <p>February 28, 2026: Board staff held a series of combined Qualified Allocation Plan and HB 924 working sessions with stakeholders on May 7, June 12, and August 7, 2025. Feedback was additionally solicited at the Montana NAHRO call on July 10 with local Public Housing Authorities, July 30 with economic development, CLT organization, and the Continuum of Care, and August 12 with MT League of Cities and Towns and MACo. Leveraging all feedback received, the Board published notice of the proposed administrative rules on September 26, held the required public comment period and hearing, and adopted the final rules on November 8, 2025. Pre-application meetings were held in January 2026 and all final applications are due April 13. Loan applications will be presented to the Board at its June 2026 Board meeting. To date, Board staff are tracking 15 potential applications requesting \$32.5mm.</p>	<p>MBOH Executive Director</p>	<p>Administrative rules adopted by October 12, 2025.</p> <p>Hold first application round for HB 924 multifamily rental development funds in spring 2026</p>

<b>Objective/Mission:</b>	All constituents and stakeholders engaged in Commerce’s housing programs receive exemplary and timely customer service
<b>Goal:</b>	Establish baseline metrics to measure current levels of customer satisfaction, including prompt and accurate routing of constituents calls and emails

Strategy	Initiative	Who	Measure
Improve customer service, accountability and efficiency	<p>Deploy customer satisfaction survey to Montana Board of Housing borrowers to establish baseline performance results</p> <p>May 30, 2025 Update: This initiative will be a focus in the 3rd quarter of CY2025 following completion of escrow analysis and semi-annual property tax payments. A demand ticket was submitted in March 2025 to the State Information Technology Services Division requesting support with an Avaya end-of-phone-call customer service survey; a meeting between MBOH and SITSD staff will be held in the coming weeks. In addition, a survey to be deployed to borrowers via email has been drafted (10 questions with ratings Very Positive; Somewhat Positive; Neutral; Somewhat Negative; Negative). The Mortgage Servicing Program Manager is working with our servicing software vendor to pull borrower email addresses from the servicing system.</p> <p>February 28, 2026: Due to significant turnover in the Mortgage Servicing Team, including the Program Manager, the survey planned for deployment in the first half of FY26 (Q3 of CY2025) was not deployed. This activity remains on our work plan for the second half of FY26.</p>	Mortgage Servicing Program Manager	Customer Satisfaction Survey Results

<b>Objective/Mission:</b>	Improve the digital experience of Commerce housing program customers; Increase back-office efficiencies and Information System security
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**Goal:** Leverage existing and deploy new technology

Strategy	Initiative	Who	Measure
<p>Bring the State of Montana's technology into the 21<sup>st</sup> century</p>	<p>Increase utilization of and pursue enhancements for web-based applications (Montana Grants and Loans ServiceNow portal)</p> <p>May 30, 2025 Update: Community Housing application opportunities will not be open until the fall of 2025. This initiative will be prioritized in advance of these application opportunities. One or more members of the Community Housing team are continuing to participate in Montana Grants and Loans ServiceNow core team meetings. Recent updates to the ranking process in ServiceNow will facilitate the team utilizing that functionality to manage the task of reviewing and ranking applications during the September 2025 funding opportunities.</p> <p>February 28, 2026: The Community Housing team continues to participate in the Montana Grants and Loans portal for its HOME, HTF, and CDBG Housing programs. Proposed enhancements to the system to support their programs were not approved to proceed at prior PI Planning quarterly meetings but the Program Manager continues to discuss enhancement needs with Commerce IT.</p> <p>Deploy new asset management software for enhanced monitoring of multifamily rental portfolio</p> <p>May 30, 2025 Update: New multifamily software was launched February 2025, including virtual training opportunities for developers. Low-Income Housing Tax Credit Letters of Intent submissions were received in the new system in April 2025. The software vendor's team sponsored and attended the Montana Housing Partnership Conference in May 2025. Their team provided office hours during the conference for developers and presented with</p>	<p>Community Housing Program Manager</p> <p>Multifamily Program Manager</p>	<p>100% of HOME, HTF and CDBG applications available via portal</p> <p>Representation in core team for enhancement projects</p> <p>Utilize system for task management for at least one funding opportunity</p> <p>Decrease # of manual processes and excel spreadsheets year-over-year</p>

	<p>information technology staff from Department of Administration and Department of Natural Resources and Conservation on use of AI at a session titled “Getting Comfortable with AI: Building a Safe-to-Fail Sandbox.” MBOH multifamily staff are now participating in a newly formed stakeholder working group with the vendor and are continuing to implement various asset management and AI functionality. Initial feedback from developers has been positive. The new system includes both front-end application submission, review and processing as well as asset management functionality. The application portal has already replaced a sizable “Uniform Application” excel document.</p> <p>February 28, 2026: With the implementation of our new application software, the MBOH Multifamily Development team discontinued use and manual data entry into its two largest tracking application/funded projects/status spreadsheets – the Tax Credit Summary and Multifamily Summary spreadsheets. All pre-applications and full applications for Housing Credit allocations and all MBOH multifamily loan programs are being submitted within the new software system.</p>		
<p>Bring the State of Montana’s technology into the 21<sup>st</sup> century</p>	<p>Establish Master Servicer Data Transfer Workflow for Loan Purchases</p> <p>May 30, 2025 Update: New Master Servicer business model, including data transfer between MBOH Homeownership and the Master Servicer, launched November 1, 2024. MBOH implemented new Single-Family Lock Guidelines which include that the loan file must be delivered, receive MBOH compliance approval, and be purchased by the Master Servicer within 60 days of the original lock date to avoid assessment of extension fees. The MBOH Homeownership Dashboard provided to the Board at public meetings include mortgage loan cycle times.</p> <p>Lender loan reservation to closing date (participating lender driven):</p> <ul style="list-style-type: none"> <li>December 2024 – 15.62 days</li> </ul>	<p>Homeownership Program Manager</p>	<p>Reduce mortgage loan cycle time year-over-year</p>

- January 2025 – 19.11 days
- February 2025 – 16.52 days
- March 2025 – 17.60 days
- April 2025 – 19.50 days
- July 2025 – 18.48 days
- December 2025 – 16.81 days

Closing date to compliance file submission date (participating lender driven):

- December 2024 – 9.86 days
- January 2025 – 11.70 days
- February 2025 – 13.50 days
- March 2025 – 13.30 days
- April 2025 - 15.50 days
- July 2025 – 28.34 days
- December 2025 – 26.90 days

Compliance submission file review time (MBOH policy requires review of compliance file within 10 business days):

- December 2024 - 1.51 days
- January 2025 - 1.11 days
- February 2025 - 2.00 days
- March 2025 – 1.23 days
- April 2025 - 1.32 days
- July 2025 – 3.0 days
- December 2025 – 1.21 days

	<p>During the first five months of the new Master Servicer model, 28 of the 173 first position loans purchased had extension fees applied for a rate of 16%. These fees are intended to incentivize participating lenders to promptly submit clean loan files for review and purchase.</p> <p>From July to December 2025, reservation of loan to closing decreased 1.67 days, closing date to compliance package submission decreased 1.44 days, and compliance package received to review complete decreased by 1.79 days.</p>		
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