Montana Board of Housing — Board Meeting

Meeting Location: Zoom

Date: July 20, 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-qpqjkoEtTQNygNB23ryez6Nh6ZlGr1

Board Offices:

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

Agenda Items

- Meeting Announcement
- 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)
    - Accounting & Finance Program Update
- Homeownership Program (Jessica Michel)
    - New Participating Lender Approval – Cornerstone First Mortgage, LLC
    - FY2027 Habitat for Humanity Set-Aside Request
    - Homeownership Update
- Multifamily Program (Jason Hanson)
    - LB Lofts 4% Bond Resolution
    - KP3 Bond Resolution
    - Qualified Allocation Plan Update
    - Multifamily Update
- Mortgage Servicing (Jesse Ennis)
    - Mortgage Servicing Update
- Operations/Executive Director (Joe DeFilippis + Cheryl Cohen)
    - Operations / Executive Director Update
- Miscellaneous
- Meeting Adjourns

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

Commerce/MBOH makes every effort to hold meetings at fully accessible facilities. Any person needing reasonable accommodation must notify the MBOH at 406-841-2840 or visit Montana Relay 711: dphhs.mt.gov/detd/mtap/traditionalrelayservice before the scheduled meeting to allow for arrangements. Third-party documents may not be accessible. To request an accessible version, contact housing@mt.gov.

2026 Montana Board of Housing Calendar

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

Board meetings (training and strategic planning dates in green):

- Monday, July 20 via Zoom
- ~~Monday, Aug. 10 via Zoom - Cancelled~~
- Monday, Sept. 14 via Zoom
- **Monday, Oct. 19 — Miles City, MT**
- Tuesday, Oct. 20 via Zoom (LIHTC 9% Awards and QAP) - Miles City, MT
- Monday, Nov. 16 via Zoom
- Monday, Dec. 14 via Zoom (subject to cancellation)

Conferences and 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.

1. Saturday, Oct. 3-Tuesday, Oct. 6: NCSHA Annual Conference, Detroit, MI

Meeting Location: Virtual via Zoom

Date: June 08, 2026

Time: 8:30 am

Roll Call of Board Members:

Bruce Posey, Chair (Present)

Amber Parish (Absent)

Richard Miltenberger (Present)

Ryan Aikin (Present)

Sheila Rice (Absent)

Jeanette McKee (Present)

Rachel Arthur (Present)

Staff:

Cheryl Cohen, Executive Director

Brian Barnes, Multifamily Program

Joe DeFilippis, Operations Manager

Vicki Bauer, Finance Manager

Kellie Guariglia, Multifamily Program

Ashley Miller, Finance Program

Danyel Bauer, Daily Ops Supervisor

Ryan Cullver, Multifamily Program

Jessica Michel, Homeownership Manager

Jason Hanson, Multifamily Manager

Megan Surginer, Administrative Manager

Jesse Ennis, Mortgage Servicing Manager

Bruce Brensdal, Multifamily Program

Charles Brown, Homeownership Program

Julie Flynn, Community Housing Manager

Jules Engel, Community Housing Team

Counsel:

Nathan Bilyeu

Grace Berner

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

Others:

Mike Cafina	Alex Berghalter	Alex Tim	Andrew Chinania
Andrew Connell	Austin Trunkel	Becki Brandborg	Benjamin Yulich
Chase Huber	Cheryl McNatt	Cole Harden	Diana Langman
Don Sternhan	Drew Page	Gene Leuwer	Grant Schnell
Heather Doty	Heather McMilin	Jared Acremen	Jackie Girard
Jeff Riggs	Jim Atchison	Josh Ariguez	Karissa Trujillo
Katy Fairbanks	Kayla Fox	Larry Phillips	Liz Mogstad
Liz Stance	Logan Anderson	Laurie Lotisce	Matt Belles
Mathew Rohrbach	Melanie Brocke	Mike Robinson	Mike Sparr
Mina Choo	Misty Dalke	Parker Webb	Partick Zhang
Paul Keenan	Ross Butcher	Randy Hafer	Sarah Hudson
Shane Walke	Theresa Doumitt	Tyler Currence	Tyson O'Connell
Seth O'Connell	Virginia Duke	Matt Rosbowski	Joe Walsh
Andrea Davis	Julie Lacy	Mike Nugent	Melanie Brock

Call Meeting to Order:

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

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

00:07:11 Board Chair Posey asked for any public comment for anything under the Board's jurisdiction but not included on today's agenda. No public comment was given.

Approval of Minutes:

May 12 MBOH Board Meeting Minutes – See May Minutes in May's Board Packet

00:08:00 Motion: Richard Miltenberger

Second: Jeanette McKee

May 12, 2026 MBOH Board meeting minutes were approved unanimously.

Homeownership Program:

Income Limit Approval

00:08:50 Presenter: Jessica Michel

Motion: Jeanette McKee

Second: Rachel Arthur

The motion to approve the Program Income Limits at or below the safe harbor limits passed unanimously.

Purchase Price Limit Review with Option to Change

00:11:45 Presenter: Jessica Michel

The Board did not make changes to Purchase Price Limits presented.

Habitat for Humanity FY2027 Set-Aside Request

00:14:20 Presenter: Jessica Michel

Motion: Jeanette McKee

Second: Rachel Arthur

The Board engaged in discussion regarding the timeline of the proposed request and the rate of 2%. After requesting more information from Board staff and Habitat for Humanity affiliates, the Board moved to the next agenda item (Community Land Trust Set-Aside) at 00:22:49, before returning to Habitat for Humanity agenda item at 00:53:30.

00:53:30 The Board returned to discuss concerns regarding the requested 2% rate for six Habitat for Humanity homes on Community Land Trusts in Flathead county, clarifications on the Libby Habitat set-aside request to rehabilitate a home previously purchased by the Libby Habitat affiliate, the servicing of all loans on CLTs by the Board's Master Servicer, and an overview of the Habitat set-aside amounts requested versus used over recent years.

01:03:12 Public comment was given from Matt Rosbowski of Missoula Habitat stating that there is a struggle to find affordable lots for future projects. Mr. Rosbowski also shared positive outcomes for families participating in Missoula Habitat's program.

01:12:53 The Board moved to table the Habitat for Humanity FY27 Set-Aside Request until the July 20, 2026 Board meeting to provide time for staff to clarify information with Habitat affiliates and so that Habitat for Humanity representative(s) can be present to respond to questions about their set-aside request. The vote to table the Habitat for Humanity FY27 Set-Aside Request passed unanimously.

Motion: Richard Miltenberger

Second: Rachel Arthur

Community Land Trust Set-Aside Approval

00:22:49 Presenter: Jessica Michel

The Board engaged in discussion regarding the context of the Community Trust Set-Aside in comparison to other program functions and guidelines. Vicki Bauer provided comments regarding other programs rates comparable to that being requested by Habitat.

Motion: Ryan Aikin

Second: Jeanette McKee

00:52:00 The motion to approve the Community Land Trust Set-Aside at 0.25% below the Regular Bond Loan Program rate and the addition of the Habitat for Humanity Homes in a Community Land Trust at 0.50% below the Regular Band Loan Program rate passed with four Board members voting yes. Chair Posey voted no.

Homeownership Update

01:13:07 Presenter: Jessica Michel

Mortgage Servicing Program:

Servicing Update

01:15:21 Presenter: Jesse Ennis

Rental Assistance Program:

Rental Assistance Update

01:18:37 Presenter: Cheryl Cohen

Operations/Executive Director Update

01:22:50 Presenter: Joe DeFilippis and Cheryl Cohen

Multifamily Program:

Multifamily Update

01:30:53 Presenter: Jason Hanson

Skyview Unit Count Reduction Waiver Request

01:34:52 Presenter: Jason Hanson

Motion: Richard Miltenberger

Second: Ryan Aikin

The motion to approve the restructured Skyview project and reduction in units from 26 to 18 passed unanimously.

Competitive Multifamily Loan Application Break Down

01:38:33 Presenter: Jason Hanson

Lender Presentations

01:47:26 Presenter: Jason Hanson

The full presentations can be found on the recording posted to the Montana Board of Housing past meeting minutes page.

Competitive Multifamily Loan Application Selection

02:47:10 The Board identified their rankings and reasonings for each project presented for the GO Housing-MFHP loan program.

Motion: Jeanette McKee

Second: Rachel Arthur

The motion to approve the following rank-ordering of project applications for the GO Housing-MFHP loan program was approved unanimously.

			Requested	Approved
1.	Granite Heights	Butte	1,100,000	1,100,000
1.	Homes on the Range	Roundup	2,100,000	2,100,000
3.	Churchill Four Plex	Manhattan	1,034,747	1,034,747
4.	Broadway Apartments	Lewistown	4,216,000	4,216,000
5.	The Hogan	Missoula	5,000,000	5,000,000
6.	Wier Building	Roundup	4,303,500	-
			17,754,247	13,450,747
		Amount Available:		13,800,000
		Balance		349,253

By this motion, the Board directs staff to move forward to underwriting and approval. Staff is authorized to finalize underwriting, complete staff-level approvals, and make all loan commitments pursuant to the above rank-ordering of projects.

Lender Presentations Resumed

03:13:30 Presenter: Jason Hanson

The full presentations can be found on the recording posted to the Montana Board of Housing past meeting minutes page.

Competitive Multifamily Loan Application Selection

04:48:10 The Board identified their rankings and reasonings for each project presented for the GO Housing-HMF, MBOH-HMF, and MBOH-MFLP loan programs.

Motion: Ryan Aikin

Second: Rachel Arthur

The motion to approve the following rank-ordering of project applications for the GO Housing-HMF, MBOH-HMF, and MBOH-MFLP loan programs was approved unanimously.

		Requested	Approved
1. Franklin Crossing 4%	Missoula	5,000,000	5,000,000
2. Timberwolf Apartments 4%	Kalispell	2,000,000	2,000,000
3. Glacier View Senior	Columbia Falls	2,300,000	2,300,000
4. Saddlehorn Apartments 9%	Miles City	1,450,000	1,450,000
5. Eagles Manor 4%	Helena	2,500,000	2,500,000
6. Mountain Goat Court	Havre	2,225,000	2,225,000
7. Towers 9%	Billings	1,300,000	1,300,000
8. Canyon View 4%	Hamilton	2,250,000	2,250,000
9. LB Lofts 9%	Billings	2,000,000	2,000,000
10. Towers 4%	Billings	2,500,000	2,500,000
11. Elms Apartments 4%	Kalispell	500,000	500,000
12. LB Lofts Laurel Gardens 4%	Billings/Laurel	5,000,000	5,000,000
13. North Park 4%	Billings	4,000,000	
14. Woodward Flats 4%	Bozeman	2,000,000	-

15. Henley I 4%	Great Falls	3,000,000	-
		38,025,000	29,025,000
		Amount Available:	29,000,000
		Balance	(25,000)

By this motion, the Board directs staff to move forward to underwriting and approval. Staff is authorized to finalize underwriting, complete staff-level approvals, and make all loan commitments pursuant to the above rank-ordering of projects. Additionally, the Board grants flexibility to staff to assign the specific source of funds between the three programs listed above.

Meeting Adjournment:

05:28:00 Meeting was adjourned at 3:05 p.m.

Amber Parish, Secretary

Date

Board Agenda Item

Board Meeting: July 20, 2026

Accounting and Finance Program

Investment Diversification Bar Graph

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

- As of May 31, 94.8% of MBOH funds were held in money market earning 3.50%.
- The remaining funds are invested in Fannie Mae and Freddie Mac Bonds, with rates ranging from 3.69% to 6.25%.
- As of May 31, we held $192.7 million of Ginnie Mae MBS and $9.5 million of Fannie Mae MBS.

Weighted Average Yield Trend Graph

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

- The weighted average yield on investments has decreased year-to-year from 5.37% in June 2025 to 3.60% in May 2026.
- The rate decreased slightly from 3.66% in April to 3.60% in May.
- The averages in this graph do not include the rates on the MBS.

Investment Summary

- The overall investment balance at the end of May, including MBS, was $397.8 million with approximately $185.4 million held in money market. The money market balance included $51.4 million that was used to pay June 1 debt service and $42.3 million in the 2026A Acquisition account.

Bond Summary

- On June 1, we paid bondholders $51.4 million which included $35.6 million of principal and $15.9 million of interest.
- After June 1 debt service payments, the Board has approximately $760 million of bonds outstanding.

In the office, staff are busy finalizing June activity to post to the state's accounting system, which will close July 23. Once that is wrapped up, we will begin working with Eide Bailly to prepare the FY26 financial statement.

We are working with the finance team on the 2026B bond issue that is intended to close on August 27, 2026. This issue will provide $75 million of purchase funds and will refund the 2014A bond issue.

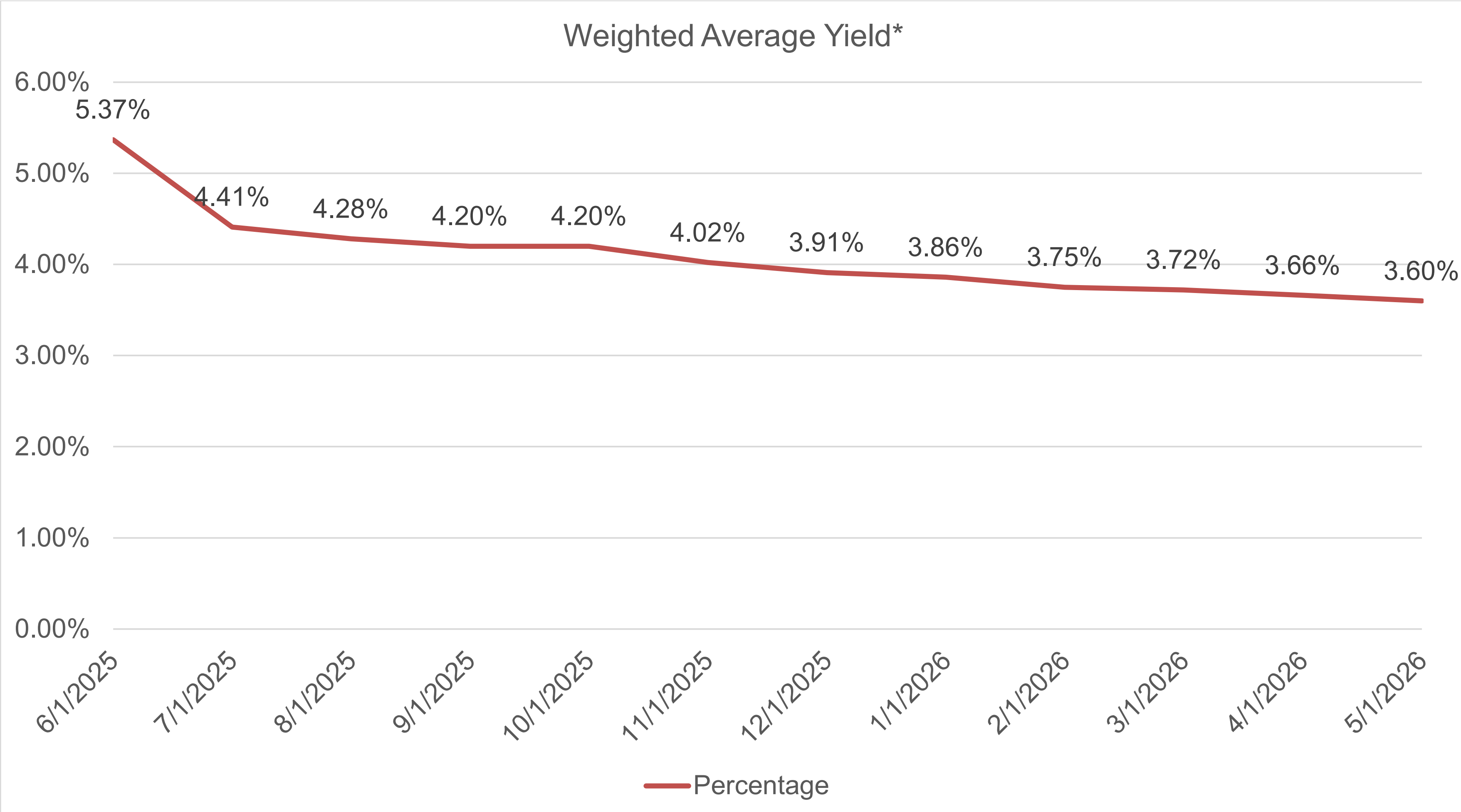
Finance Program Dashboard

July 20, 2026 (Data as of May 31, 2026)

FNMA: Federal National Mortgage Associate (Fannie)

FHLMC: Federal Home Mortage Corporation (Freddie)

GNMA: Government National Mortgage Association (Ginnie)


Weighted Average Yield*
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
5.37%
4.41%
4.28%
4.20%
4.20%
4.02%
3.91%
3.86%
3.75%
3.72%
3.66%
3.60%
6/1/2025
7/1/2025
8/1/2025
9/1/2025
10/1/2025
11/1/2025
12/1/2025
1/1/2026
2/1/2026
3/1/2026
4/1/2026
5/1/2026
Percentage

Bonds Outstanding

After June 1 debt service

SFI	701,190,000.00
SFII	52,390,000.00
SFXI	6,235,000.00
MF	75,000.00
Teachers	86,366.00
Total	**$ 759,976,366.00**

Bond Calls June 1

Princ	Int	Total
28,840,000.00	14,668,005.00	$ 43,508,005.00
5,890,000.00	1,101,940.00	$ 6,991,940.00
835,000.00	109,692.50	$ 944,692.50
		$ -
		$ -
$ 35,565,000.00	**$ 15,879,637.50**	**$ 51,444,637.50**

Board Agenda Item

Board Meeting: July 20, 2026

Homeownership Program

Lender Approval – Cornerstone First Mortgage

Cornerstone First Mortgage was founded by Erik Jorissen in 2008. Following Mr. Jorissen's retirement in 2021, Sean Cahan became Chief Operating Officer. Their headquarters is in San Diego and their team includes 1,500 employees. Their Montana location is located at 609 Pronghorn Trail, Suite C, in Bozeman and is home to six employees.

Cornerstone First Mortgage offers VA, FHA, Conventional, Non-QM and Non-Agency Jumbo loan programs in addition to various state Housing Finance Agency down payment assistance programs. Their growth strategy is focused on expanding their national footprint through the recruitment of high-performing mortgage loan originators and branch leaders. Cornerstone is committed to providing responsible lending solutions that support long-term financial success for their borrowers and the communities they serve.

Cornerstone First Mortgage's application material, quality control plan, and financials have been reviewed and approved by Board 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 Cornerstone First Mortgage as a Participating Lender for MBOH.

Board Agenda Item

Board meeting: July 20, 2026

Homeownership

Habitat for Humanity FY2027 Set-Aside Request

State of Montana Habitat for Humanity affiliates request an annual allocation of set-aside funds each fiscal year. At the end of the fiscal year on June 30, any unused portion of the allocation expires.

In July 2025, the Board approved a final $3,966,000 set-aside allocation for Habitat affiliates for FY2026. As of July 8, 2026, with loans in process, Habitat affiliates have used $2,050,496.20, leaving a balance of $1,915,503.80 that expired June 30, 2026.

MaryBeth Morand, Executive Director of Habitat of Flathead County and the current Habitat for Humanity affiliates Board liaison, has requested set-aside funds for FY2027 in the amount of $7,500,360 with an expiration date of June 30, 2027.

Habitat Community	Habitat Homes	Comments	Requested Amount
Belgrade / Bozeman	3 homes		$840,000
Billings	3 homes		$702,000
Butte	3 homes		$777,600
Hamilton / Ravalli	2 townhomes		$500,000
Helena	5 townhomes		$1,245,760
Libby / Kootenai	1 rehab home		$240,000
Kalispell / Flathead	6 homes on CLT 4 townhomes	Requesting 2% for 6 on CLT	$2,380,000

Missoula	3 homes all CLT	Requesting 2% for 3 on CLT	$815,000
Total			**$7,500,360**

Missoula Habitat for Humanity is requesting the Board grandfather the 2% rate for one townhome and one single family home, both on community land trusts. These homes are scheduled to be completed by mid-September. Borrower applications were processed at the 2% rate using the FY2026 set-aside funds.

Flathead Habitat for Humanity is requesting the Board grandfather the 2% rate for the 6 homes in a community land trust. These loans are scheduled to close by January 2027. Flathead Habitat has already received applications and partnership agreements from potential borrowers using the 2% rate.

Libby Habitat for Humanity is requesting $240,000 for a property that the affiliate owns and is rehabilitating for a new Habitat borrower. The purchase price of the home is $205,000 and rehabilitation costs are approximately $35,000. The home needs new flooring, light fixtures, doors, windows and interior trim throughout, new kitchen cabinets, paint interior and exterior, gutter installation and both bathrooms completely redone including drywall. The new family will earn sweat equity working on this rehabilitation.

Staff Recommendation Option 1:

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Staff recommend the Board approve the Habitat for Humanity FY2027 set-aside allocation in the amount of $4,775,360. Board staff confirm there are adequate funds available for this request. This amount does not include Habitat affiliate requests for 6 homes on CLTs in Flathead nor the one townhome and one single family home on CLTs in Missoula. These Habitat Homes on CLTs can access the recently Board-approved Habitat Homes in CLT set-aside with rate set 0.50% below the Regular Bond Loan Program rate.

Habitat Community	Habitat Homes	Requested Amount
Belgrade / Bozeman	3 homes	$840,000
Billings	3 homes	$702,000
Butte	3 homes	$776,600
Hamilton / Ravalli	4 homes	$500,000
Helena	5 townhomes	$1,245,760
Libby / Kootenai	1 home	$240,000
Kalispell / Flathead	2 townhomes	$470,000
Total:		**$4,774,360**

Staff Recommendation Option 2:

Staff recommend the Board approve the Habitat for Humanity FY2027 set-aside allocation in the amount of $7,500,360. Board staff confirm there are adequate funds available for this request. This amount includes and honors the 2% rate for Habitat borrowers working to purchase Habitat homes on CLTs have signed partnership agreements with Habitat at the 2.0% rate. These borrowers started on their path to homeownership before the Board's June 8, 2026 approval of the new Habitat Homes on CLTs set-aside. Not honoring the 2% rate could jeopardize these borrowers' ability to afford their already-identified Habitat homes. Historically, while the Habitat for Humanity set-aside was a fiscal year set-aside from July 1 to June 30 each year, MBOH has never applied a lock extension fee to Habitat loans as the rate remained consistently at 2%. This had not previously been an area of staff concern as the Habitat set-aside was not used in its entirety.

Directing borrowers in process to the new Habitat Homes on CLT set-aside at 0.50% below the Regular Bond Loan Program rate would not only negatively impact those borrowers and the affiliates working with them but could also raise concerns and challenges with approved Participating Lenders.

For the seven loans reserved by June 30, 2026 (four in Flathead County and three in Missoula County) staff recommends grandfathering these loans at the 2.0% rate, with all closings required no later than January 31, 2027. Staff will work closely with Flathead Habitat for Humanity to promptly reserve all 6 remaining homes in CLTs that are to be closed by January 31,2027 to ensure that these are the final homes grandfathered at a 2% rate.

Habitat Community	Habitat Homes	Comments	Requested Amount
Belgrade / Bozeman	3 homes		$840,000
Billings	3 homes		$702,000
Butte	3 homes		$777,600
Hamilton / Ravalli	2 townhomes		$500,000
Helena	5 townhomes		$1,245,760
Libby / Kootenai	1 rehab home		$240,000
Kalispell / Flathead	6 homes on CLT 4 townhomes	Approve at 2% for 6 on CLT	$2,380,000
Missoula	3 homes all CLT	Approve at 2% for 3 on CLT	$815,000
Total			**$7,500,360**

Homeownership Program Dashboard

July 20, 2026

Rates

Rates	Current	Last Month	Last Year
MBOH*	5.375	5.375	5.625
Market	6.120	6.145	6.505
10-year Treasury	4.480	4.470	4.260
30-year Fannie Mae	6.530	6.530	6.530

*Current Set-aside 5.125, DPA 5.625

MBS Program

Reservations: June	Number	Amount
Series 2026A (since 10.21.25)	6	$2,013,461
Series 2026B (since 6.3.26)	46	$14,610,268
Series 2026A DPA (since 10.21.25)	2	$28,200
Series 2026B DPA (since 6.3.26)	27	336,399
80% Combined (20-plus)	10	$2,028,880
Set-aside Programs		
MBOH Plus DPA	18	$1,877,563
NeighborWorks	2	$342,916
CAP NWMT Community Land Trust		
Missoula HRDC XI		
Bozeman HRDC IX		
Home$tart	1	$513,463
HUD 184	1	$399,845

Montana Street Community Land Trust		
Sparrow Group		
City of Billings	1	$181,649
Foreclosure Prevention		
Disabled Accessible		
Lot Refinance		
FY26 Habitat	7	$1,645,483

Other Programs

Veterans Home Loan Program (original)	2	$532,874
912 Mortgage Credit Certificate	5	$1,826,483

Loans Purchased by IHFA: June	Number	Amount
First mortgages	54	$15,300,922

Delinquencies June	30-59 Days	60-89 Days	90-plus Days
First mortgages	20	2	8
DPA			

Foreclosures: June	Amount
FHA first mortgages	4
VA first mortgages	
RD first mortgages	
Conventional mortgages	
DPA	

MBS Turn times: June

Lender reservation to closing date	15.14	days
Closing date to compliance submission	25.52	days
Compliance submission to review time	1.78	days

Loan Purchases by Lender

	2026 YTD	
	First	DPA
First Security Bank 133		
Bravara Bank 186	5	2
Churchill Mortgage 869		
Clearwater FCU 901	2	
CMG Home Loans 874		
Cornerstone Home Lending 850		
Crosscountry Mortgage 863	3	3
Envoy Mortgage 871	1	1
Evergreen Mortgage 875	24	12
Fairway Independent Mtg 847	11	8
First Bank of MT 073		
First Colony Mortgage 865		
First Federal Bank & Trust 731	1	
First Interstate Bank -WY 601	1	1
First Montana Bank 172	1	1
Glacier Bank Kalispell 735	1	
Guaranteed Rate 864	5	4
Guild Mortgage Company 842	20	16
Hometown Lenders 862		

Intrepid Credit Union 903		
Lower Dot Com LLC 873	7	5
New American Funding 878	5	5
Novus Home Mortgage 872	1	1
One Trust Home Loan 868		
Opportunity Bank 700	13	5
Premier Mortgage 884	3	1
Prime Lending 851		
Security National Mtg Co 879		
Stockman Bank MT Miles City 524	16	9
Supreme Lending 885	2	1
Synergy One Lending 880	2	2
Union Home Mortgage 876	1	1
U.S. Bank 617	1	1
Valley Bank Div of Glacier Bnk 151	2	1
V.I.P. Mortgage, Inc, 883	1	1
Western Security Bank 785	8	8
Wintrust Mortgage 867	2	2
Yellowstone Bank 161	3	2
Grand count	**142**	**93**

May 2026 Portfolio Summary	Number	Amount	Percent of number	Percent of amount
FHA	2649	$383,055,261	47.5%	66.6%
RD	748	$76,291,114	13.4%	13.3%
VA	372	$66,724,641	6.7%	11.6%
HUD184	33	$1,940,283	0.6%	0.3%
Private Mortgage Insurance	29	$1,653,974	0.5%	0.3%
Uninsured first	262	$32,527,395	4.7%	5.7%
Uninsured second	1483	$12,725,157	26.6%	2.2%
May 2026 portfolio balance	**5576**	**$574,917,826**		
May 2025 portfolio balance	**5689**	**$629,174,630**	**-2.0%**	**-8.6%**

Weighted average interest rate		**4.550%**
	Number	**Amount**
Rates up to 4%	2281	$217,493,228
Rates 4% and above	3295	$357,424,597

RAM Program June Activity	Number	Amount
Loan requests	1	$150,000
Loans outstanding	36	$2,776,051.06
Life of program	242	$16,616,094
Available balance		$4,988,024.04

Delinquency and Foreclosure Rates

Montana Board of Housing	May-26	Apr-26	May-26
30 days	1.18	1.18	1.27
60 days	0.54	0.59	0.79
90 days	1.04	1.53	1.99
Total delinquencies	2.76	3.3	2.78
In foreclosure	0.5	0.52	0.53

Mortgage Bankers Association Most recent available data 3/31/2026

	Montana	Region	Nation
30 days	1.38	1.67	2.04
60 days	0.48	0.6	0.72
90 days	0.78	1.15	1.39
Total delinquencies	2.63	3.42	4.15
In foreclosure	0.35	0.43	0.64

Mortgage Servicing Program Dashboard

Effective date (06. 30, 2026)

Year Monthly Servicing Report

June

	Last Year 06. 30, 2025	Last Month 05. 31, 2026	This Month 06. 30, 2026
Portfolio total loans	6168	5759	5721
MBOH	5506	5130	5093
BOI residential	288	16	16
Veterans Home Loan Program		265	265
Multifamily Loans	21	21	21
Homeowners Assistance Fund	353	327	326
Principal (all loans)	$715,981,231	$675,065,806	$669,740,148
Escrow (all loans)	$5,305,380	$6,367,807	$7,025,973
Loss draft (all loans)	$900,884	$762,440	$716,335
Loans delinquent (60-plus days)	289	65	50
Actual foreclosure sales in month	3	1	2
Foreclosures total calendar year	5	4	6
Delinquent contents to make	630	521	496
Late fees: number of loans	1023	721	825
Late fees: total amount of revenue	$33,593	$23,167	$26,156
Payoffs	41	48	35
New loans	5	1	0

HUD's National Servicing Center TRSII Scorecard

FY 2026 Q2	Tier 3	Grade C

Loss Mitigation

	Last Year 06. 30, 2025	Last Month 05. 31, 2026	This Month 06. 30, 2026
Active financial packets	0	0	0
Repayment/special forbearances	2	3	5
Partial claims and mods pending (TPPs)	3	1	1
Chapter 13 bankruptcies	6	5	5
Preservation properties	9	8	8
Real estate owned properties	1	3	3
Short sale	0	2	1
Third party (at sale)	0	0	0

Foreclosures

	06. 30, 2026
Foreclosures initiated	27
No. 1 Great Falls	5
No. 2 Billings	4
No. 3 Butte	4
Other cities	14
Total principal balance (all)	$3,512,592

Foreclosure sales scheduled	13
FHA	8
VA	2
USDA/RD	2
Other loan type	1

Board Agenda Item

Board meeting: July 20, 2026

Multifamily Program

Bond Resolution No. 26-0720-MF10 Approval and Per Unit Cost Increase Waiver for LB Lofts 4 /Laurel Gardens

Bond Resolution Background:

LB Lofts 4 is new construction family project with 79 two-bedroom units in Billings. Laurel Gardens, located in Laurel, is an acquisition and rehabilitation project with 30 one-bedroom units. LB Lofts 4 includes four HOME-assisted units. All units will target households eligible at 50% and 60% of Area Median Income. These two projects are included in the LB Lofts 4/Laurel Gardens Bond Resolution. This project is "twinned" with the LB Lofts 9% Housing Credit project.

LB Lofts 4/Laurel Gardens developers, HAB Development and Homeword, are requesting a bond amount not to exceed $29,700,000. This amount includes the buffer.

Per Unit Cost Increase Waiver Background:

In 2024, the combined LB Lofts 4/Laurel Gardens and LB Lofts 9 application Total Project Cost per unit was $282,345. The most recent proforma from June 2026 reflects a current combined Total Project Cost per unit of $388,653, an increase of 37.65%. The 2026 Qualified Allocation Plan, applicable at time of award, stipulates that "Total Project Cost may not exceed $365,000 per Unit." Since that award, the current QAP states, "Total Project Cost may not exceed $395,000 per Unit (Total Project Cost Per Unit Limit) unless and to the extent that Owner obtains a waiver from the MBOH Board. If a Project's Total Project Cost per unit is above $395,000 or has an increase that results in

Total Project Cost per Unit of over $395,000, Owner must request a waiver from the MBOH Board. In addition, if a Project has a 20% Total Project Cost per Unit increase from the time of Award, a waiver request from the MBOH Board is also required.” The current cost caps apply to prior QAPs, as indicated in the current QAP which states, “All Development Cost Limitations in this QAP will apply to all current Applications and Projects and to all Projects awarded Credits under a prior QAP.”

Staff Recommendation (if any):

- Staff recommend the Board approve both the Bond Resolution and the Total Project Cost Per Unit Waiver.

Motion Options(s):

1. Move to approve Bond Resolution No. 26-0720-MF10 in the amount not to exceed $29,700,000.
2. Move to approve the Total Project Cost Per Unit Waiver for exceeding the 20% increase threshold, subject to Total Cost Per Unit not exceeding the current QAP’s Total Project Cost Per Unit limit of $395,000.
3. No motion, proposal fails.

RESOLUTION NO. 26-0720-MF10

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A BORROWING, AND REPAYMENT THEREOF, IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $29,700,000; APPROVING A FUNDING LOAN AGREEMENT, BORROWER 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 borrow and issue evidences of indebtedness concerning repayment thereof and to make loans and purchase 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 borrow on a non-recourse limited obligation basis from Glacier Bank (or such other financial institution as is approved by the Chair, Vice Chair or Executive Director and Treasurer) (the "Funding Lender") an aggregate principal amount not to exceed $29,700,000, in one or more series, the proceeds of which will be used to finance a mortgage loan for the acquisition, construction and equipping of LB Lofts and Laurel Gardens (collectively, the “Project”), an affordable housing development consisting of 109 units in multiple buildings and scattered sites located in Billings, Montana and Laurel, Montana, respectively, and

WHEREAS, the borrowing by the Board will be pursuant to a Funding Loan Agreement, among the Board, the Funding Lender and a fiscal agent to be determined by the Board (the “Fiscal Agent”) (the “Funding Loan Agreement”), and the agreement to repay such borrowing shall be reflected in a non-recourse revenue debt obligation (the “Obligation”) to be issued to the Funding Lender pursuant thereto, which Funding Loan Agreement and Obligation will be in substantially the form approved by the Board with respect to the Sheep Mountain Project financing in 2026 (the “Sheep Mountain Financing”), subject to the terms, conditions and limitations established herein and in the Funding Loan Agreement; and

WHEREAS, the proceeds of the borrowing will be used to finance a loan (the “Mortgage Loan”) to Homefront 4 LBL LG, LLLP, a Montana limited liability limited partnership, or a similar affiliate of Homeword, Inc., pursuant to a Borrower Loan Agreement, by and among the Board, the Borrower and the Funding Lender (the “Borrower Loan Agreement”), which will be in substantially the form used in the Sheep Mountain Financing and

WHEREAS, the interest on the Obligation 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 Obligation maintains its tax exempt status, the Borrower will enter into one or more Regulatory Agreements and Declaration of Restrictive Covenants (the “Regulatory Agreement”), which will be in substantially the same form as such agreement approved by the Board with respect to the Sheep Mountain Financing.

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 above described borrowing and issuance of the Obligation 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 Funding Loan Agreement and contained in the program documents relating to the mortgage 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 Obligation 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 Mortgage Loan constitutes a direct loan, in accordance with Section 90-6-109(1)(f), by virtue of the Board effectuating the loan of the Obligation proceeds to the Borrower pursuant to the Borrower Loan Agreement, the Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

Section 2. Approval of Funding Loan Agreement. The Funding Loan Agreement is hereby approved in the form hereinabove described, and the Chair, the Vice Chair or the Executive Director and Treasurer of the Board (each an “Authorized Officer”) is hereby authorized and directed to select a Fiscal Agent and to execute and deliver the Funding Loan Agreement, 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 Funding Loan Agreement.

Section 3. Authorization and Execution of the Obligation. The execution and delivery of the Board's Obligation to the Funding Lender is hereby authorized and approved. The final amount and terms of the Obligation shall be determined by an Authorized Officer, consistent with the terms of the Funding Loan Agreement and subject to the following conditions. The Obligation shall not be a general obligation of the Board but shall be a limited non-recourse obligation payable solely and only from the Borrower's Mortgage Loan payments and any other moneys pledged under the Funding Loan Agreement by the Borrower as required by the Borrower Loan Agreement, and because such other means of payment have been provided to pay the Board's Obligation, the Obligation is not subject to the limitation described in Section 90-6-111(5) of the Act. The Obligation shall mature no later than 40 years from its date of issuance, bear interest at a fixed or floating rate no greater than the net rate paid on the Mortgage Loan (i.e., net of fees due to the Board and any other parties), be in a principal amount not to exceed $29,700,000, be subject to prepayment and have the other terms and provisions as described to the Board, and definitively set forth in the Funding Loan Agreement upon execution and delivery as aforesaid in Section 2 hereof. The Obligation shall be executed and delivered substantially in the form set forth in the Funding Loan Agreement, with such additions, omissions and changes as are required or permitted by the Funding Loan Agreement and approved by the signatories thereto. The Obligation 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 Governmental Lender Representative (as such term is defined in the Funding Loan Agreement) for purposes of executing and attesting the Obligation, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Obligation shall not be valid or obligatory for any purpose unless the attestation by the authorized officer of the Board shall be a manual signature or the Obligation is authenticated by the manual signature of an authorized officer of the Fiscal Agent.

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

Section 7. Execution of Documents. In the event of the absence or disability of an Authorized Officer, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another member of the Board or by the Multifamily Program Manager or the Accounting and Finance Manager, with the same effect as if done by an Authorized Officer and without the further authorization of the Board. The execution of such documents by such member shall be conclusive evidence of his or her authority to so act.

Section 8. Execution of No-Arbitrage Certificate. An Authorized Officer is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the Obligation as described in Section 148 of the Code, as amended.

Section 9. Additional Actions Authorized. The Chair, the Vice Chair, the Secretary or any other member of the Board, and the Executive Director and Treasurer, the Multifamily Program Manager and the Accounting and Finance Manager, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Funding Loan Agreement and the Borrower Loan Agreement, 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 Governmental Lender Representatives for such purposes. With respect to the issuance of the Obligation authorized by this Resolution, such Authorized Governmental Lender Representatives are also authorized, with the advice of General Counsel or Bond Counsel, to interpret and apply the Board's Policy for Conduit Multifamily Housing Revenue Bonds (the "Policy") and to waive any requirement of the Policy to the extent such interpretation, application or waiver is consistent with the purpose of the Policy.

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

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ADOPTED by the Montana Board of Housing this 20th day of July, 2026.

MONTANA BOARD OF HOUSING

By ______________________________________

Attest:

Bruce Posey, Chair

By ______________________________________

Cheryl Cohen, Executive Director

Date: April 13, 2026

To: Montana Board of Housing

From: Homeword, Inc.

RE: Narrative for LB Lofts and Laurel Gardens 4% tax credit applications;
4% and 9% GO- Montana – HMF loan applications

HomeFront and Homeword are pleased to submit these applications for the 4% Housing Credits and two Growth & Opportunity Housing Trust - Housing Montana Fund requests for our both sides of our twinned project LB Lofts and Laurel Gardens in Billings and Laurel, MT.

The property being submitted is as follows:

Project Names:	LB Lofts & Laurel Gardens 4% and 9%
Property Names:	LB Lofts, Laurel Gardens
Owner Names:	HomeFront 9 LBL LG, LLLP; HomeFront 4 LBL LG LLLP
City:	Billings
County:	Yellowstone
Developer:	Homeword, Inc.
Developer Contact Info:	Heather McMilin
-email & phone #:	heather@homeword.org, 406.532.4663, ext. 36
General Partner Owners:	HF 4 LBL LG, LLC & HF 9 LBL LG, LLC
Management Company:	HomeFront
HC Consultant:	N/A
Property Type:	Family (LB Lofts) & Senior (Laurel Gardens)
Profit/Non-profit:	Non-profit

Minimum Set-aside:

20/50 ________

40/60 ___X_____

Average Income _________

Property Description:

We are excited to present our LB Lofts & Laurel Gardens 4% Housing Credit application and two Growth & Opportunity Housing Trust - Housing Montana Fund requests to Montana Housing staff. These applications are an opportunity to fund and allow this much needed project to move forward. The project is comprised of a rehabilitation of a critical senior project in Laurel with existing rental assistance and a new construction project that recycles bedroom/bathroom modules (PODS - Premanufactured Overhauled Dwelling Solutions), creating new homes in Billings on HomeFront's campus on Sioux Lane in the Heights. This application represents the 4% tax credit project which includes LB Lofts 4%, creating 79 of the 101 total new homes, and Laurel Gardens, preserving 30 existing senior homes.

Laurel Gardens is comprised of 10 one-story buildings originally constructed in 1977 and acquired by HomeFront in 2020. The single level buildings have exterior entries to each home (similar to townhouse-style), primarily duplexes or fourplexes, with one building a triplex and the common areas. LB Lofts 4% has 14 three-story, "garden style" buildings, a mixture of six-plexes and five-plexes.

HomeFront and Homeword have been working diligently since the award of 2025 9% Housing credits. Both organizations recognize and are frustrated by project delays and are working hard to navigate the very troublesome credit market, lending environment and ongoing impacts to material costs. Progress has been made to get this critical project to closing and these applications will make it possible for closing and start of work later this summer/fall. We have identified an equity partner with a fund that will allow us to close and move forward. A credit refresh request for the 9% credits may be necessary depending on the contractor's construction schedule and infrastructure phasing. The proformas supplied with these applications reflect the current underwriting and known costs. The opportunity to apply for Growth & Opportunity Housing Trust - Housing Montana Fund has made this project possible.

Anticipated Amenities and justification for need:

All project amenities included at Laurel Gardens were included as part of the project's original development. No new amenities are proposed. Existing amenities include a community room, common laundry, walking paths, on-site parking and a site manager's/service coordinator office. Unit amenities include air conditioning, window coverings, and pet friendly homes. Phase One of the rehabilitation work was completed in 2023, and was primarily building envelope improvements. Phase Two is primarily interior and building system improvements.

LB Lofts is new construction and will take advantage of being located adjacent to several other HomeFront properties. The LB Lofts site has interior walking paths, outdoor gatherings areas and patios, and on-site parking. There are shared community gardens, a park and playground located directly east of LB Lofts. Unit amenities include a separate deck or patio for each home, in-unit washer/dryer, and air conditioning. Each home has two-bedrooms and two bathrooms, so they will be excellent homes for roommates, people with disabilities and an in-home care giver, aging parent(s) living with an adult child, or households with children.

Loan fund Narrative:

The Montana Legislature and Montana Housing could not have come up with these favorable loan funds at a better time; ongoing market impacts to all aspects of housing development projects couldn't make our work in housing more complicated. These loan funds will allow HomeFront and Homeword to move forward quickly to close LB Lofts and Laurel Gardens and begin construction and the critical rehabilitation by late summer/early fall of 2026.

- HomeFront and Homeword applied to Montana Housing and were awarded 9% Housing Credits for 2025. Homeword has worked closely with Montana Housing on this 4% Housing Credit application. The Department of Commerce has awarded HOME funds to Laurel Gardens, a critical resource for the overall 4% side of this twinned project. The City of Billings has awarded HOME and CDBG funds to the LB Lofts portion of the project. Both HOME programs need HomeFront and Homeword to close this project this summer to maintain this critical funding. HomeFront will be providing project-based vouchers at LB Lofts to assist with the debt necessary to complete this project and provide rental assistance for the residents. These loans compliment the previously awarded housing funds and will allow the project to move forward quickly.

- Current rates for using tax-exempt bonds as a construction loan and retaining a portion of the bonds as the mortgage are not financially feasible for the full amount necessary to acquire, build and rehabilitate these homes, but the project is feasible when paired with Glacier Bank loans for each side of the twinned project. NeighborWorks Montana had applied for and was intending to provide Capital Magnet loans to these projects, but unfortunately were not awarded those favorable funds. These Growth & Opportunity Housing Trust - Housing Montana Funds are the perfect solution for project feasibility.
- The need for new homes has not decreased for the City of Billings. These 101 new homes are crucial to help address the current needs. The senior homes at Laurel Gardens are critical for the Montanans living there; there are limited options for these seniors in Laurel.

We know moving forward to a summer 2026 closing is essential – Raymond James, the tax credit syndicator, and Glacier Bank, the lender, along with Homeword and HomeFront are ready to meet this challenge. We appreciate your consideration for funding.

Sincerely,

Heather McMilin, Homeword Project Development Director

MARKET STUDY SUMMARY

Market Study Company:	Kinetic Valuation Group
Project Name:	Lucy's Lofts
Project Market Area:	301 Sioux Lane, Billings, MT 59105

Is the project, as proposed, viable? YES

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

	Market Rents	% Project Rents Below
0 bedroom		
1 bedroom		
2 bedroom	$ 1,727	-23.00%
3 bedroom		
4 bedroom		
5 bedroom		

Reference page: 69

# of all New Units Needed:	1,254	Reference page:	77
# of units needed for the targeted AMI of the project:	1,254	Reference page:	77
Vacancy Rate:	2.7%	Reference page:	65
Months to Lease-up:	6-8	Reference page:	66
Capture Rate: (projected income eligible tenants who will move in next year/proposed units)	8.1%	Reference page:	77
Absorption Rate: (proposed units/existing LIH, market area units required)	37.1%	Reference page:	78
Penetration Rate: (existing LIH units/total eligible households)	7.7%	Reference page:	78
Number of LI households that can afford rent of proposed project:	1,254	Reference page:	77

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

0.99 miles to grocery store (convenience store does not count)

0.38 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	Intermountain Health Heights Clinic	0.38
2	Western Security Bank	0.42
3	Walgreens	0.44
4	Cenex Zip Trip	0.49
5	Windsor Estate Community Center	0.55
6	Wal-Mart Supercenter	0.59
7	USPS	0.60
8	Lake Elmo Dr & Milton Rd	0.64
9	Bench Elementary	0.64
10	Lake Elmo State Park	0.92
11	Albertson's Grocery Store	0.99
13	Medicine Crow Middle School	
14	Skyview High School	1.83
15	Billings Public Library	2.37
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MARKET STUDY SUMMARY

Market Study Company:	Kinetic Valuation Group
Project Name:	Laurel Gardens
Project Market Area:	313 South 8th Avenue, Laurel, MT 59044

Is the project, as proposed, viable? YES

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

	Market Rents	% Project Rents Below
0 bedroom		
1 bedroom	$ 1,025	-10.2%
2 bedroom		
3 bedroom		
4 bedroom		
5 bedroom		

Reference page: 62

# of all New Units Needed:	95	Reference page:	69
# of units needed for the targeted AMI of the project:	95	Reference page:	69
Vacancy Rate:	1.1%	Reference page:	56
Months to Lease-up:	N/A	Reference page:	57
Capture Rate: (projected income eligible tenants who will move in next year/proposed units)	4.7%	Reference page:	70
Absorption Rate: (proposed units/existing LIH, market area units required)	31.0%	Reference page:	70
Penetration Rate: (existing LIH units/total eligible households)	4.5%	Reference page:	70
Number of LI households that can afford rent of proposed project:	95	Reference page:	69

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

0.56	miles to grocery store (convenience store does not count)
15.50	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).

<u>All other services and distance to each.</u>

	Other Service	Distance (mi)
1	Lions Family Park	0.05
2	Laurel Senior Citizen Center	0.09
3	First Congregational Church of Laurel	0.24
4	Conoco	0.29
5	Laurel Public Library	0.44
6	Albertsons	0.56
7	Yellowstone Bank	0.57
8	CVS	0.67
9	USPS	0.85
10	St. Vincent Regional Hospital	15.50
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City		**Billings / Laurel**
County		**Yellowstone**
Project Name		**LB Lofts & Laurel Gardens - Combined**
HC Requested		20,157,790

Unit Numbers	**Target**	
1-bdrm	50% (Low HM)	1
1-bdrm	50%	24
1-bdrm	50% (High HM)	4
2-bdrm	50% (Low HM)	2
2-bdrm	50%	56
2-bdrm	60%	39
2-bdrm	50% (High HM)	4
other	mgr(60%)	1
Total Units		132
Average Income Targeting		53.25%

Square Footage	
Income Restricted Units	100,671
Managers Unit(s)	1,290
Supportive Services	-
Common Space	18,336
Market/Commercial	-
Total	120,297

Unit Rents		
1-bdrm	50% (Low HM)	998
1-bdrm	50%	998
1-bdrm	50% (High HM)	998
2-bdrm	50% (Low HM)	1,459
2-bdrm	50%	1,459
2-bdrm	60%	1,459
2-bdrm	50% (High HM)	1,459
other	mkt	998
other	mgr(60%)	1,212
Total Monthly Rents		178,511
vacancy factor		5.00%
Adjusted Rent		169,585
other/commercial income		118
total rent		169,703
x 12 months		12
Total Annual Income		2,036,441

Expenses

Administration	173,500
Management	100,320
Maintenance	229,665
Operating	371,329
Taxes	13,159
Replacement Reserve	46,200
Total Expenses	934,173
Net Income Before Debt Service	1,102,268

Financing Sources

Hard Loan	8,300,000
Hard Loan	7,000,000
Soft Loan	1,300,000
Soft Loan	-
State HOME	1,400,000
State CDBG	145,000
State NHTF	-
Other	-
Other	982,000
Other	1,668,519
Other	11,332,138
Deferred Dev Fee	3,135,939
HC Equity Competitive	4,874,513
HC Equity Non-Competitive	11,976,030
Total Sources:	52,114,139
% of Project Financed by HC:	32.33%

Return on Sale of HTC

HTC Requested	20,157,790
HTC Equity	16,850,543
HTC Return on Sale	0.836

Ratios

Rent (Income)	2,036,441
Operating Expenses	887,973
Replacement Reserves	46,200
Net Income Available for DS	1,102,268
Total Debt Service	$971,762
Debt Coverage Ratio (DCR)	1.13
Total Expense Ratio	1.07

Project Costs

Land	130,000
Building/Acquisition	6,670,657
Site Work	2,933,588
Construction / Rehab	31,584,775
Soft Costs	3,783,119
Developer Fees	6,200,000
Reserves	812,000
Total Project Costs	52,114,139
Supportive Services Costs	-
Residential Costs	52,114,139

Costs versus Sources

Total Project Costs	52,114,139
Total Financing Sources	52,114,139
Difference	(0)

Project Cost Limitations

	Limits	
General Requirements	6.00%	4.25%
Contractor Overhead	2.00%	1.59%
Contractor Profit	6.00%	4.82%
Developer Fees	15.00%	13.79%
Soft Cost	40 or 45%	24.24%

Per Unit Comparison

	Limits	
Cost per unit total	n/a	388,653
Cost per unit residential only	$365,000	388,653
Cost per unit Const / Rehab	n/a	261,503
Credits per unit	n/a	152,711
Operating Cost per unit	$3,000 min	6,727
Replacement Reserves	$350 min	350

Per Square Foot Comparison

Construction / Rehab per sq ft	262.56
Total Project Cost per sq ft	433.21
Credits per sq ft	167.57
Credits per sq ft (residential only)	197.70

Utilities Paid by (Tenant / Owner) Tenant and Owner

Market Study Data:

Vacancy Rates	2.7%
Absorption Rate	37.1%
Months to Absorb	6
Average Project Rent	1,429
Average Market Rent	1,376
Units needed for Targeted AMI's	1,254

Market Rents	
0-bdrms	-
1-bdrms	1,025
2-bdrms	1,727
3-bdrms	-
4-bdrms	-
other	-

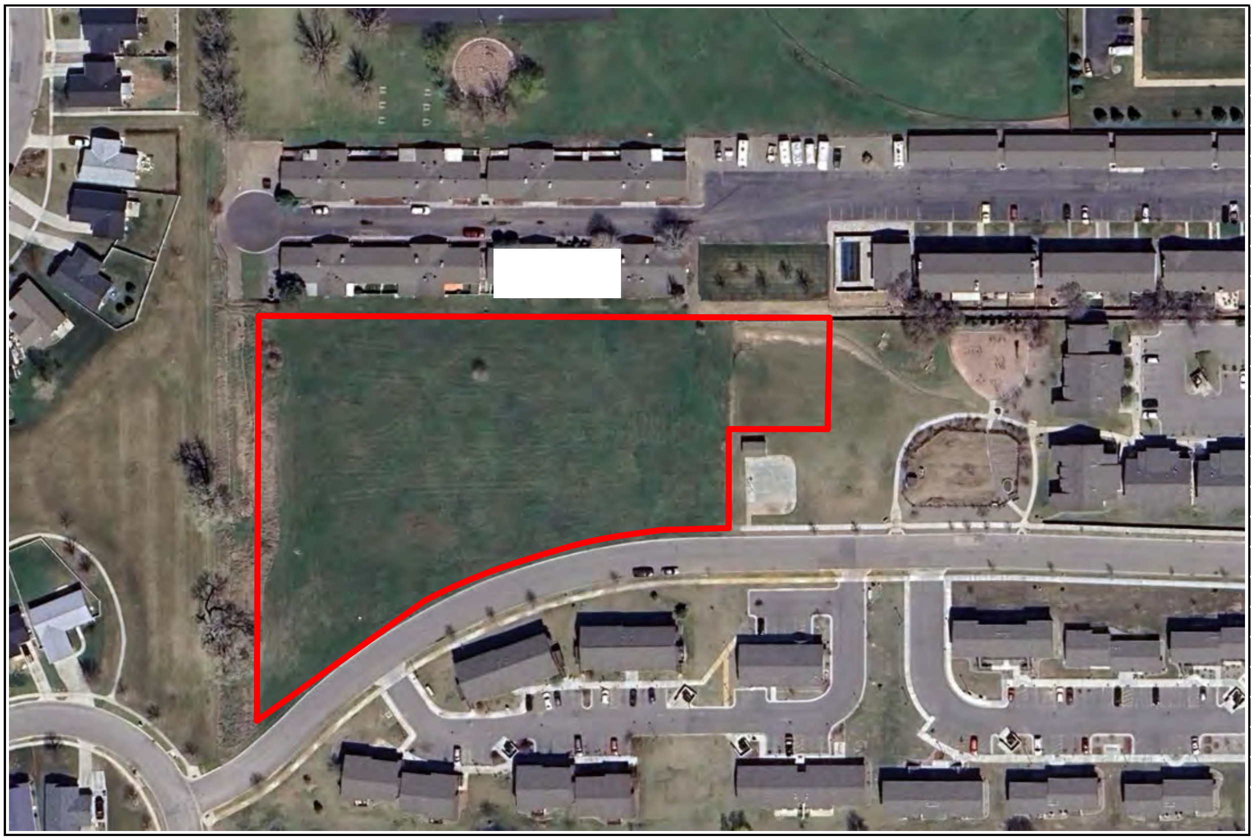
Economic Benefit (Direct and Indirect)

Jobs Supported	-
Wages Paid	-

KVG
Kinetic Valuation Group

Location Map

The map below illustrates the location of the Subject.



CONCEPT DESIGN DRAWINGS

Concept "U2"

Site Aerial Perspective 01

UPPER SIDING COLOR

QUARRY GRAY

LOWER SIDING COLOR

TS
TIMBERLAND SUEDE

RW
REDWOOD RED

RB
RAPIDS BLUE

AERIAL VIEW
3/4" = 1'-0"

STATE OF MONTANA · BILLINGS · ALLEN F. RAPACZ · 1385 · 10-02-23 · MONTANA · LICENSED ARCHITECT

Date	10-02-23
Issue	PRELIMINARY
Drawn by	Author

REVISIONS

NUMBER	REVISION DESCRIPTION	DATE

LAUREL GARDENS
EXTERIOR UPGRADES & NEW MINI SPLIT SYSTEMS
LAUREL, MONTANA

SCHUTZ FOSS
ARCHITECTS, P.C.
ARCHITECTURE · INTERIORS · PLANNING
BILLINGS, MT · GILLETTE, WY
www.schutzfoss.com

SIDING COLORS

Project No. 2209

9.2

10/2/2023 3:55:19 PM

HomeFront
Partners for a Better Billings

Homeword

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

July 8, 2026

RE: LB Lofts & Laurel Gardens 20% Total Project Cost per Unit increase Waiver Request

Dear Montana Housing Board and Staff,

HomeFront and Homeword have been updating MBOH and Staff of our project progress over the past few months. We reported on significant financial impacts to the project that included resource impacts and well as significant cost increases from the time of our original 9% application. Now that we have worked diligently and brought the project back to a financially feasible position, we are formally requesting a Waiver for the 20% budgetary increase on the overall per unit cost for LB Lofts 9% project, originally awarded in October 2024.

Our overall combined cost per unit at the time of the 9% application was originally projected to be $282,345. We are now, at the time of the 4% application, reflecting an updated per unit cost of $388,653. This cost per unit is still within the currently approved cost per unit cap in the QAP - $395,000 per unit. That said, there remains the need for this 9% waiver request per the QAP requirements in Section G.1: “In addition, if a Project has a 20% Total Project Cost per Unit increase from the time of Award, a waiver request from the MBOH Board is also required.”. As the 4% project paired with this 9% project is going before the Board for a bond resolution on July 20th, this is the appropriate time to request this waiver.

The LB Lofts 9% application was submitted in August 2024; it included our projections for the 4% LB Lofts and Laurel Gardens project at the time. Our costs were based on the architectural estimates provided for the market at the time – construction costs as well as equity pricing and lending terms. Not long after our award in late October 2024, we sent out our RFP for equity. Like many others in the Country, we did not receive any equity responses – all existing partners had a freeze on equity due to the results of the 2024 elections and expected market changes as a result. We waited and reissued the Equity RFP again the following Spring, but ongoing Federal changes continued to negatively impact our markets.

HomeFront and Homeword continued to work on solutions, refining the project and making the project more attractive for investors. In late 2025, an RFP for preconstruction/construction estimating services was issued and awarded. Langlas Construction took the 60% design documents and did a thorough cost review and estimate. In early 2026, their estimates came in much higher than originally projected (approximately 160% of the original estimates over and above inflation, affected by federal tariff impacts and other market impacts), and the project team then worked to find cost savings and secure resources for the twinned project to make both projects feasible again.

The project team worked with Langlas on design refinements. Another general contractor generously donated services and did a similar estimate exercise, confirming Langlas' numbers and suggesting additional design saving solutions for us to explore. The project team refined the design and came to a budget that was more reasonable and potentially feasible. The positive by product of this exercise yielded one additional home at LB Lofts – the key savings came when we decided to move from a design with mixed 5-unit and 6-unit buildings to all 6-unit buildings. This eliminated one building entirely, but increased the overall amount of homes, results in significant time/cost savings, and is expected to simplify operations.

HomeFront and Homeword worked diligently to secure all the funding - State and the City soft funds, MT GO Housing loans; HomeFront committed additional resources as soft loans to the project, and thanks to increased availability and interest from tax credit syndicators, we secured equity with Raymond James and construction financing with Glacier Bank.

The numbers presented in the 4% HC application to Montana Housing and represented in the Bond Resolution are what we believe are feasible for this twinned project. We have continued to move toward closing and expect to start site work in late August. Laurel Gardens work will begin when the Environmental Review Record is complete and all agencies have issued a Finding or No Significant Impact and HUD has approved the assignment of the existing HAP contract.

We appreciate your patience and appreciate your consideration of this LB Lofts & Laurel Gardens 20% Total Project Cost per Unit increase Waiver Request for our LB Lofts 9% project.

Sincerely,

Heather McMililn
Homeword Project Development Director

Board Agenda Item

Board meeting: July 20, 2026

Multifamily Program

Bond Resolution No. 26-0720-MF11 Approval

Kalispell Portfolio 3: Two Mile Vista, Westwind Village and Kalispell Senior

Background:

KP3 is an acquisition and rehabilitation project with a cost per unit of $200,154. Two Mile Vista is a family community consisting of 42-, one-, two- and three-bedroom units with many family friendly amenities. Westwind Village is a family community consisting of 34 one- and two-bedroom units. Kalispell Senior is an elderly community for residents 62 and older with 39 one-bedroom units and one two-bedroom unit. The property provides residents with many common area spaces such a community library, kitchen and a community garden.

All three projects are existing USDA-Rural Development Section 515 properties. Westwind Village and Kalispell Senior are currently Housing Tax Credit properties.

All unit AMI’s will target 60% of Area Median Income. The developer, Kalispell Investment Group LP, is requesting a bond amount not to exceed $13,000,000. This amount includes the buffer.

Staff Recommendation (if any):

- Staff support the proposal noted above.

Motion Options(s):

1. Move to approve Bond Resolution No. 26-0720-MF11 in the amount not to exceed $13,000,000.
2. No motion, proposal fails.

RESOLUTION NO. 26-0720-MF11

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A BORROWING, AND REPAYMENT THEREOF, IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $13,000,000; APPROVING A FUNDING LOAN AGREEMENT, BORROWER 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 borrow and issue evidences of indebtedness concerning repayment thereof and to make loans and purchase 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 borrow on a non-recourse limited obligation basis from Glacier Bank (or such other financial institution as is approved by the Chair, Vice Chair or Executive Director and Treasurer) (the “Funding Lender”) an aggregate principal amount not to exceed $13,000,000, in one or more series, the proceeds of which will be used to finance a mortgage loan for the acquisition, rehabilitation and equipping of (i) Two Mile Vista, (ii) Kalispell Senior, and (iii) Westwind Village (collectively, the ”Project”), an affordable housing development consisting of 116 units in multiple buildings located in Kalispell, Montana, and

WHEREAS, the borrowing by the Board will be pursuant to a Funding Loan Agreement, among the Board, the Funding Lender and a fiscal agent to be determined by the Board (the “Fiscal Agent”) (the “Funding Loan Agreement”), and the agreement to repay such borrowing shall be reflected in a non-recourse revenue debt obligation (the “Obligation”) to be issued to the Funding Lender pursuant thereto, which Funding Loan Agreement and Obligation will be in substantially the form approved by the Board with respect to the Great Falls Portfolio financing in 2024 (the "Great Falls Portfolio Financing"), subject to the terms, conditions and limitations established herein and in the Funding Loan Agreement; and

WHEREAS, the proceeds of the borrowing will be used to finance a loan (the "Mortgage Loan") to Kalispell Investment Group, LP, a Montana limited partnership, or a similar affiliate of Bettencourt Properties, Inc., or subsidiaries of affiliates thereof (collectively, the "Borrower") pursuant to a Borrower Loan Agreement, by and among the Board, the Borrower and the Funding Lender (the "Borrower Loan Agreement"), which will be in substantially the form used in the Great Falls Portfolio Financing; and

WHEREAS, the interest on the Obligation 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 Obligation maintains its tax exempt status, the Borrower will enter into one or more Regulatory Agreements and Declaration of Restrictive Covenants (the "Regulatory Agreement"), which will be in substantially the same form as such agreement approved by the Board with respect to the Great Falls Portfolio Financing.

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 above described borrowing and issuance of the Obligation 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 Funding Loan Agreement and contained in the program documents relating to the mortgage 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 Obligation 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 Mortgage Loan constitutes a direct loan, in accordance with Section 90-6-109(1)(f), by virtue of the Board effectuating the loan of the Obligation proceeds to the Borrower pursuant to the Borrower Loan Agreement, the Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

Section 2. Approval of Funding Loan Agreement. The Funding Loan Agreement is hereby approved in the form hereinabove described, and the Chair, the Vice Chair or the Executive Director and Treasurer of the Board (each an "Authorized Officer") is hereby authorized and directed to select a Fiscal Agent and to execute and deliver the Funding Loan Agreement, 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 Funding Loan Agreement.

Section 3. Authorization and Execution of the Obligation. The execution and delivery of the Board's Obligation to the Funding Lender is hereby authorized and approved. The final amount and terms of the Obligation shall be determined by an Authorized Officer, consistent with the terms of the Funding Loan Agreement and subject to the following conditions. The Obligation shall not be a general obligation of the Board but shall be a limited non-recourse obligation payable solely and only from the Borrower's Mortgage Loan payments and any other moneys pledged under the Funding Loan Agreement by the Borrower as required by the Borrower Loan Agreement, and because such other means of payment have been provided to pay the Board's Obligation, the Obligation is not subject to the limitation described in Section 90-6-111(5) of the Act. The Obligation shall mature no later than 40 years from its date of issuance, bear interest at a fixed or floating rate no greater than the net rate paid on the Mortgage Loan (i.e., net of fees due to the Board and any other parties), be in a principal amount not to exceed $13,000,000, be subject to prepayment and have the other terms and provisions as described to the Board, and definitively set forth in the Funding Loan Agreement upon execution and delivery as aforesaid in Section 2 hereof. The Obligation shall be executed and delivered substantially in the form set forth in the Funding Loan Agreement, with such additions, omissions and changes as are required or permitted by the Funding Loan Agreement and approved by the signatories thereto. The Obligation 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 Governmental Lender Representative (as such term is defined in the Funding Loan Agreement) for purposes of executing and attesting the Obligation, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Obligation shall not be valid or obligatory for any purpose unless the attestation by the authorized officer of the Board shall be a manual signature or the Obligation is authenticated by the manual signature of an authorized officer of the Fiscal Agent.

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

Section 7. Execution of Documents. In the event of the absence or disability of an Authorized Officer, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another member of the Board or by the Multifamily Program Manager or the Accounting and Finance Manager, with the same effect as if done by an Authorized Officer and without the further authorization of the Board. The execution of such documents by such member shall be conclusive evidence of his or her authority to so act.

Section 8. Execution of No-Arbitrage Certificate. An Authorized Officer is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the Obligation as described in Section 148 of the Code, as amended.

Section 9. Additional Actions Authorized. The Chair, the Vice Chair, the Secretary or any other member of the Board, and the Executive Director and Treasurer, the Multifamily Program Manager and the Accounting and Finance Manager, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Funding Loan Agreement and the Borrower Loan Agreement, 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 Governmental Lender Representatives for such purposes. With respect to the issuance of the Obligation authorized by this Resolution, such Authorized Governmental Lender Representatives are also authorized, with the advice of General Counsel or Bond Counsel, to interpret and apply the Board's Policy for Conduit Multifamily Housing Revenue Bonds (the "Policy") and to waive any requirement of the Policy to the extent such interpretation, application or waiver is consistent with the purpose of the Policy.

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

[Remainder of Page Intentionally Left Blank]

ADOPTED by the Montana Board of Housing this 13th day of July, 2026.

MONTANA BOARD OF HOUSING

By ______________________________________
Bruce Posey, Chair

Attest:

By ______________________________________
Cheryl Cohen, Executive Director

Montan Board of Housing
301 South Park Ave., Rm 240
Helena, MT 59601

Re: Kalispell Investment Group, LP / Tax-Exempt and 4% Credit Financing
Projects: Two Mile Vista, Kalispell Senior and Westwind Village (the “Kalispell Portfolio”)

To whom it may concern:

Two Mile Vista, Kalispell Senior and Westwind Village are three existing contiguous, affordable, multifamily communities located in Kalispell, Montana. Two Mile Vista is a family community consisting of 6 two-story walk-up and townhome buildings, containing 42 units consisting of 1-, 2- and 3-bedroom units. Two Mile Vista has a separate common building that houses the manager’s office, laundry facilities and maintenance shop. The project has a playground and outdoor seating. Kalispell Senior is an elderly community for 62 and older, consisting of a single two-story elevator serviced building, containing 39 one-bedroom units and one two-bedroom unit. Kalispell Senior has a community room, with library and kitchen area, outdoor seating area, community garden, laundry facilities, manager’s office and maintenance shop. Westwind Village is a family community consisting of 5 two-story walk-up buildings, containing 34 units consisting of 1- and 2-bedroom units. Westwind Village has a separate common building that houses the manager’s office, laundry facilities and maintenance shop. All three projects are existing USDA Rural Development Section 515 properties, in which two of the projects were previously in the tax credit program. Kalispell Senior’s tax credit extended use compliance period has expired. Westwind Village’s tax credit extended use compliance period will expire at the end of this year, 2026. USDA’s affordability restrictions have expired on Two Mile Vista, making this deal at-risk of market conversion. Kalispell Senior has the option to opt out of the USDA program and remove its affordability restrictions with the prepayment of the USDA RD 515 loan, as does Westwind Village at the end of 2026, when the tax credit extended use period expires. Making both these projects also at-risk of losing their affordability and converting to market rate housing.

All projects were built between 1986-1995, and are in fair overall condition. All buildings are of wood frame construction on concrete slab foundations, with either a pitched or flat roof, and T1-11 siding exteriors. The projects are all zoned RA-1 (Residential Apartment) which allows for multifamily units as a conditional permitted use. The rehabilitation of the Kalispell Portfolio will address significant capital expenditures to ensure the viability of the projects for the term of the extended use period. Siding, roofs and windows will be replaced. Existing baseboard heating will be replaced throughout the portfolio with mini-split heat pump systems with AC, along with water heaters. Cabinetry and flooring will be replaced throughout the family projects and on an as needed basis for the senior community. Exterior lighting will be replaced throughout and interior lighting at Westwind Village. Common areas will be modernized and upgraded to address accessibility. New playgrounds and community outdoor seating areas will be provided. Energy savings measures will be implemented when possible and Montana Board of Housing’s Design requirements will be met when applicable. The rehab will be preformed while tenants are in place and there is no intention to permanently relocate any of the existing residents. A relocation plan along with a budgeted line item of $290,000 is planned to facilitate any temporary relocation that is required during the rehab.

The Kalispell Portfolio will be owned by Kalispell Investment Group, LP, a Montana limited partnership, whose partners are Bettencourt Properties, Inc. (the “Administrative General Partner”) and The Beneficial Housing Foundation (the “Managing General Partner”). Ronald D. Bettencourt, is the President of Bettencourt Properties, Inc., and is a long time real estate developer and contractor with over 37 years of experience developing and building market rate single family, multifamily and affordable housing communities throughout the Central and Northen regions of California. Formally a principal and founder of the CBM Companies, formed in 1982, which developed and owned more than 3200 units throughout the Western United States. Kimberley McClintock, the CEO of The Beneficial Housing Foundation (“BFH”), which was formed in 2009 to provide and manage affordable housing to low and moderate income families and seniors. BHF has participated in partnership, as the Managing General Partner, in more than 40 LIHTC properties with multiple for-profit entities. Sunset Development Partners ("SDP") and City Development Partners ("CDP") are co-developing the Kalispell Portfolio. Karen Buckland the President of SDP, is a seasoned affordable housing executive with 25 years of experience preserving and developing affordable housing communities. Ms. Buckland has personally closed or overseen more than 7,000 units be acquired and rehabilitated using low income housing tax credits across 9 states including Montana. Paul Buckland the President of CDP, and formerly a Managing Director in the Community Development and Investment Division at Wells Fargo Bank. Paul was responsible for tax credit investments in multiple western states, and during his 24 year tenure at Wells Fargo, he originated over $3B in low-income housing tax credits and was considered a bank specialist in public tax-exempt financial transactions. Prior to Wells Fargo Paul worked at the tax credit syndicator, WNC and Associates, where he was responsible for the closing of over $200MM in Rural Development 515 Transactions. White Cap Coastal ("WCC") will be the General Contractor, which is also owned by Ronald D. Bettencourt. WCC has been licensed for more than 22 years and is an experienced builder of affordable and market rate communities. WCC has extensive experience handling occupied rehabs, having completed more than 33 in-place rehabs, as well as experience developing in cold weather climates. The management agent will be Infinity Property Management & Investments, LLC ("IPM") which was founded in 1987 and specializes in Rural Development, Equal Housing, HOME, Section 8, California HCD, RHCP and Tax Credit requirements. IPM currently manages over 100 communities in 8 states, and currently oversees 19 communities in the State of Montana.

The total development costs of the project is estimated to be $23,641,913 and the financing for the Kalispell Portfolio proposes tax-exempt and taxable bond financing, along with 4% low income housing tax credits issued by Montana Board of Housing. Glacier Bank has provided a financing commitment for construction proceeds totaling $14,300,000 for a period of up to 36 months, with an expected interest rate of 6.50-7%. Monthly payments will be interest only during this period. Upon completion of construction Glacier Bank's construction proceeds will be bought down to a permanent loan in the amount of $11,172,000. The perm loan financing will have a 17-year term 35-year amortization with an estimated rate of 6.5%. The tax credit investor, The Richman Group, has provided a financing commitment to purchase the 4% tax credits at a price of $0.77 and is expected to provide equity contributions in the amount of $7,915,302. All three projects currently have financing in the form of a USDA Rural Development 515 loan. USDA Rural Development has committed to transferring the exiting loans to the Kalispell Investment Group, LP in the consolidated amount of $3,116,726 with a new term of 30-years, 50-year amortization and effective 1% interest rate. Existing replacement reserves at the time of closing are estimated to be $482,272 and will be transferred as a funding source to the Kalispell Portfolio. The projects have committed to fund net operating income of at least $477,407, and the Developer has agreed to defer developer proceeds in the amount of $507,206 or any additional amount necessary, should there be any shortfalls in the portfolio's financing. Additionally, the project is on the City of Kalispell's City Counsel meeting's April 14th agenda for approval of the real estate tax exemption the owner will pursue post closing.

The development and financing team for the Kalispell Portfolio have significant experience overseeing the acquisition and rehabilitation of communities identical to the Kalispell Portfolio and look forward to working with Montana Board of Housing on the recapitalization of Two Mile Vista, Kalispell Senior and Westwind Village Apartments.

Kindest Regards,

Kalispell Investment Group, LP,

Ronald D. Bettencourt
President of the Administrative General Partner

Kimberley McClintock
CEO of the Managing General Partner

EXECUTIVE SUMMARY

It is the opinion of the analyst that a market exists for the 42-unit complex designed for families, and that there is no need for additional alterations of any kind. This recommendation is made based on the information included in this report and assuming that the project will be completed as detailed in this report. Any changes to the subject as proposed could alter the findings in this report.

MARKET STUDY SUMMARY

Market Study Company:	Gill Group
Project Name:	Two Mile Vista
Project Market Area:	Flathead County
Mini or Full Market Study:	Full Market Study

"(if a mini market study fill out fields below that pertain, leave others blank)

Is the project, as proposed, viable? YES

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

	Market Rents	% Project Rents
0 bedroom	$ 1,300	0.0% to 21.8%
1 bedroom	$ 1,475	0.0%
2 bedroom	$ 1,650	0.0%
3 bedroom		
4 bedroom		
5 bedroom		

Reference page: 124

# of all New Units Needed:	865	Reference page: 68
# of units needed for the targeted AMI of the project:	16, 25, 41	Reference page: 68
Vacancy Rate:	2.8%	Reference page: 65
Months to Lease-up:	Zero	Reference page: 63
Capture Rate: (projected income eligible tenants who will move in next year/proposed units)	4.7%	Reference page: 68
Absorption Rate: (proposed units/existing LIH, market area units required)	0.0%	Reference page: 63
Penetration Rate: (existing LIH units/total eligible households)	0.1%	Reference page: 66
Number of LI households that can afford rent of proposed project:	8,650	Reference page: 59

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

0.8 miles miles to grocery store (convenience store does not count)

0.9 miles 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

All other services and distance to each.

	Other Service	Distance (mi)
1	North Green Briar Park	0.2
2	Three Rivers Bank of Montana	0.5
3	The River	0.5
4	USPS	0.6
5	Gateway Mall	0.7
6	Albertsons Pharmacy	0.8
7	Albertsons	0.8
8	Montana Laser and Medical Center	0.9
9	Appleway Conoco	1.0
10	Russell Elementary School	1.2
11	Greyhound Bus Station	1.8
13	Flathead County Library	1.9
14	Sheriff-Civil Department	2.0
15	Kalispell Fire Department	2.0
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EXECUTIVE SUMMARY

It is the opinion of the analyst that a market exists for the 34-unit complex designed for families, and that there is no need for additional alterations of any kind. This recommendation is made based on the information included in this report and assuming that the project will be completed as detailed in this report. Any changes to the subject as proposed could alter the findings in this report.

MARKET STUDY SUMMARY

Market Study Company:	Gill Group
Project Name:	Westwood Village
Project Market Area:	Flathead County
Mini or Full Market Study:	Full Market Study

"(if a mini market study fill out fields below that pertain, leave others blank)

Is the project, as proposed, viable? YES

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

	Market Rents	% Project Rents
0 bedroom		
1 bedroom	$ 1,015	-42.9%
2 bedroom	$ 1,165	-41.6%
3 bedroom		
4 bedroom		
5 bedroom		

Reference page: 123

# of all New Units Needed:	703	Reference page: 69
# of units needed for the targeted AMI of the project:	631, 703	Reference page: 69
Vacancy Rate:	2.8%	Reference page: 67
Months to Lease-up:	Zero	Reference page: 67
Capture Rate: (projected income eligible tenants who will move in next year/proposed units)	4.7%	Reference page: 69
Absorption Rate: (proposed units/existing LIH, market area units required)	0.0%	Reference page: 65
Penetration Rate: (existing LIH units/total eligible households)	0.2%	Reference page: 67
Number of LI households that can afford rent of proposed project:	7,034	Reference page: 61

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

0.8 miles miles to grocery store (convenience store does not count)

0.9 miles 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

<u>All other services and distance to each.</u>

	Other Service	Distance (mi)
1	North Green Briar Park	0.2
2	Three Rivers Bank of Montana	0.5
3	The River	0.5
4	USPS	0.6
5	Gateway Mall	0.7
6	Albertsons Pharmacy	0.8
7	Albertsons	0.8
8	Montana Laser and Medical Center	0.9
9	Appleway Conoco	1.0
10	Russell Elementary School	1.2
11	Greyhound Bus Station	1.8
13	Flathead County Library	1.9
14	Sheriff-Civil Department	2.0
15	Kalispell Fire Department	2.0
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EXECUTIVE SUMMARY

It is the opinion of the analyst that a market exists for the 40-unit complex designed for seniors, and that there is no need for additional alterations of any kind. This recommendation is made based on the information included in this report and assuming that the project will be completed as detailed in this report. Any changes to the subject as proposed could alter the findings in this report.

MARKET STUDY SUMMARY

Market Study Company: Gill Group
Project Name: Kalispell Senior
Project Market Area: Flathead County
Mini or Full Market Study: Full Market Study

"(if a mini market study fill out fields below that pertain, leave others blank)

Is the project, as proposed, viable? YES

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

	Market Rents	% Project Rents
0 bedroom	N/A	N/A
1 bedroom	$ 1,350	0.0%
2 bedroom	$ 1,550	0.0%
3 bedroom	N/A	N/A
4 bedroom	N/A	N/A
5 bedroom	N/A	N/A

Reference page: 120

# of all New Units Needed: 156 Reference page: 68

# of units needed for the targeted AMI of the project: 295, 312 Reference page: 68

Vacancy Rate: 1.8% Reference page: 65

Months to Lease-up: Zero Reference page: 63

Capture Rate: 12.8% Reference page: 68
(projected income eligible tenants who will move in next year/proposed units)

Absorption Rate: 0.0% Reference page: 63
(proposed units/existing LIH, market area units required)

Penetration Rate: 0.2% Reference page: 66
(existing LIH units/total eligible households)

Number of LI households that can afford rent of proposed project: 3,120 Reference page: 59

Distance (miles) to: (only fill this out at full market study)
0.8 miles miles to grocery store (convenience store does not count)
0.9 miles 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

All other services and distance to each.

	Other Service	Distance (mi)
1	North Green Briar Park	0.2
2	Three Rivers Bank of Montana	0.5
3	The River	0.5
4	USPS	0.6
5	Gateway Mall	0.7
6	Albertsons Pharmacy	0.8
7	Albertsons	0.8
8	Montana Laser and Medical Center	0.9
9	Appleway Conoco	1.0
10	Russell Elementary School	1.2
11	Greyhound Bus Station	1.8
13	Flathead County Library	1.9
14	Sheriff-Civil Department	2.0
15	Kalispell Fire Department	2.0
16		
17		

City	**Kalispell**
County	**Flathead**
Project Name	**Kalispell Investment Group, LP - Two Mile Vista, Westwind Village and Kalispell Senior**
HC Requested	10,280,610

Unit Numbers	**Target**	
1-bdrm	50%	27
1-bdrm	60%	27
1-bdrm	0%	1
2-bdrm	50%	26
2-bdrm	60%	25
2-bdrm	60%	3
3-bdrm	50%	2
3-bdrm	60%	2
3-bdrm	60%	1
2bd-Westwind	mgr(60%)	1
3bd-Two Mile	mgr(60%)	1
Total Units		116
Average Income Targeting		55.00%

Square Footage	
Income Restricted Units	94,728
Managers Unit(s)	1,860
Supportive Services	-
Common Space	2,851
Market/Commercial	-
Total	99,439

Unit Rents

	1-bdrm	50%	1,335
	1-bdrm	60%	1,335
	1-bdrm	0%	1,028
	2-bdrm	50%	1,465
	2-bdrm	60%	1,465
	2-bdrm	60%	1,231
	3-bdrm	50%	1,650
	3-bdrm	60%	1,650
	3-bdrm	60%	1,294
Total Monthly Rents			159,420
vacancy factor			5.00%
Adjusted Rent			151,449
other/commercial income			1,000
total rent			152,449
x 12 months			12
Total Annual Income			1,829,393

Expenses

Administration	43,910
Management	127,224
Maintenance	181,710
Operating	392,203
Taxes	20,073
Replacement Reserve	40,600
Total Expenses	805,720
Net Income Before Debt Service	1,023,673

Financing Sources

Hard Loan	6,800,000
Hard Loan	4,373,000
Soft Loan	3,116,726

Other	482,272
Other	447,407
Deferred Dev Fee	507,206
HC Equity Competitive	-
HC Equity Non-Competitive	7,915,302
Total Sources:	23,641,913
% of Project Financed by HC:	33.48%

Return on Sale of HTC

HTC Requested	10,280,610
HTC Equity	7,915,302
HTC Return on Sale	0.770

Ratios

Rent (Income)	1,829,393
Operating Expenses	765,120
Replacement Reserves	40,600
Net Income Available for DS	1,023,673
Total Debt Service	$889,263
Debt Coverage Ratio (DCR)	1.15
Total Expense Ratio	1.08

Project Costs

Land	1,505,000
Building/Acquisition	6,107,272
Site Work	-
Construction / Rehab	9,737,510
Soft Costs	3,356,509
Developer Fees	2,511,622
Reserves	424,000
Total Project Costs	23,641,913
Supportive Services Costs	-
Residential Costs	23,641,913

Costs versus Sources

Total Project Costs	23,641,913
Total Financing Sources	23,641,913
Difference	-

Project Cost Limitations

	Limits	
General Requirements	6.00%	4.65%
Contractor Overhead	2.00%	1.55%
Contractor Profit	6.00%	4.65%
Developer Fees	15.00%	13.08%
Soft Cost	40 or 45%	37.04%

Per Unit Comparison

	Limits	
Cost per unit total	n/a	200,154
Cost per unit residential only	$365,000	200,154
Cost per unit Const / Rehab	n/a	83,944
Credits per unit	n/a	88,626
Operating Cost per unit	$3,000 min	6,596
Replacement Reserves	$350 min	350

Per Square Foot Comparison

Construction / Rehab per sq ft	97.92
Total Project Cost per sq ft	237.75
Credits per sq ft	103.39
Credits per sq ft (residential only)	106.44

Utilities Paid by (Tenant / Owner) Tenant

Market Rents	
0-bdrms	-
1-bdrms	1,300
2-bdrms	1,475

3-bdrms	1,650
4-bdrms	-
other	-

Subject Photos

Subject Signage


Subject Exterior

Subject Photos

View of Sign

View of Exterior

Subject Photos

View of Sign

View of Exterior

Board Agenda Item

Board Meeting: July 20, 2026

Multifamily Program

2028 Qualified Allocation Plan – Review of Proposed Changes and Public Hearing

Background:

Every state Housing Credit allocating agency is required by Internal Revenue Service Section 42 to have a Qualified Allocation Plan. The QAP is the policy document governing the administration of MBOH's Housing Credit program and acts as a standard for our other loan programs.

This year's revision includes two major and several minor proposed changes, as outlined below. The July 20 Board meeting will also service as the public hearing for this years' QAP revisions. Public comments will be accepted through July 31, 2026, with final Board approval to be considered at our September 14, 2026 meeting.

A public working groups session was held on June 11, 2026.

Major Changes:

- Page 17-18: Remove maximum bond language of 60% of Total Project Cost and add language that Board staff will work to award no more than 45% of Total Project Cost as possible.
- Page 80: Board staff propose an increase in compliance fees from $45 to $55 per low-income unit and to remove the additional fee for Average Income.

Minor Changes:

- Change year from 2027 to 2028.
- Update approval dates.
- Page 9: Deleting the words "in Montana" would allow us to consider projects and experience in other states and allow highly qualified developers to work on new projects.
- Pages 11, 18 and 31: Added language "The Board may delay award of a bond resolution to manage the number of units in communities that have received previous awards." This will help Board staff better manage the flow of projects to not overwhelm a community.
- Page 13: Change the due date for Pre-Application submission to the first Monday in April. This adds consistency for when Full-Applications are due the first Monday in August.
- Page 16: Added language will define de minimis as no more than 5%.
- Page 22: Added language to document the expectation of Section 508 federal digital accessibility compliance with all documents submitted, encouraging applicants to use a cover letter template that meets Section 508 requirements and removes the two-page limit.
- Page 37: Added Commerce media requirements.
- Page 68: Accessible units will allow the option of a removable cabinet with finished floors.

Other Public Comments:

- Incorporate Green Globes certification, a green building standard from the Green Building Initiative, a 501C3 nonprofit organization.

Motion Option(s):

1. No motion needed.

2028~~7~~

Qualified

Allocation Plan

NOTICE REGARDING APPLICABLE VERSION OF QAP

This 2028~~7~~ QAP will govern the Montana Board of Housing's award of low-income housing tax credits (Housing Credit or Credit) allocated to Montana by the federal government for 2028~~7~~. The process for award of 2028~~7~~ Housing Credits begins with the deadline for submission of Pre-Applications.

The Applicable QAP for certain other processes, procedures and fees may be the QAP for an earlier or later year.

Please contact MBOH staff with questions regarding the Applicable QAP.

TABLE OF CONTENTS

I. INTRODUCTION AND APPLICABLE QAP

The Low Income Housing Tax Credit is established under Section 42 of the Internal Revenue Code of 1986 (Section 42). Montana Board of Housing (MBOH) is responsible for allocation of the Housing Credit.

This qualified allocation plan (QAP) is established by the MBOH Board.

The QAP was released for public comment in ~~September~~June 2026~~5~~, a public hearing was held on ~~October 20~~July 13, 2026~~5~~ and was approved by MBOH at its ~~November 10~~September 14, 2026~~5~~ public meeting.

The Governor of Montana, Greg Gianforte, approved the plan as the final 2028~~7~~ QAP on ~~November 24~~, 2026~~5~~.

A. APPLICABLE QAP

The Applicable QAP means, unless otherwise specified:

1. The QAP for the Housing Credit year for which the Application is or was submitted, evaluated and Awarded HCs:

- for purposes of substantive issues relating to: Award; Development Evaluation Criteria; Scoring; Selection Criteria; and Selection Standard for such Award; including but not limited to underwriting assumptions and limitations unless specifically noted; and
- for purposes of the fee amounts charged for: Pre-Application; Full-Application; Reservation Agreement; Carryover Allocation (Initial Allocation); 10% Cost Certification; and Final Allocation;

2. The QAP most recently adopted (both approved by the Montana Governor and adopted by the Board as an administrative rule) (Adopted) for purposes of: notice and approval of Substantial Changes to a Project; Reservation Agreement (other than the

fee amount); Declaration of Restrictive Covenants; Carryover Allocation (Initial Allocation) (other than the fee amount); 10% Cost Certification (other than the fee amount); Final Allocation (other than the fee amount); Compliance requirements and compliance audits; any post-Award procedures; and fees and fee amounts for post-Credit Refresh Project changes, Reservation Agreement, Declaration of Restrictive Covenants, Carryover Allocation (Initial Allocation), 10% Cost Certification and Final Allocation.

3. The QAP most recently Adopted as of the date of submission of a Credit Refresh application for purposes of: a Credit Refresh application; consideration and determination regarding a Credit Request application; payment of MBOH legal fees relating to or required as a result of a Credit Refresh application or Credit Refresh; and Post-Credit Refresh Project changes, Reservation Agreement, Declaration of Restrictive Covenants, Carryover Allocation (Initial Allocation), 10% Cost Certification and Final Allocation (not including fees and fee amounts for such post-award items).

5. For purposes of Application, evaluation, and Awarding Housing Credits with respect to 4% Projects, the QAP most recently Adopted as of the date of Application submission.

B. REQUIRED FORMS

All Forms submitted to MBOH in or as part of the Application, development, underwriting, Allocation, 10% Cost Certification, compliance, or other processes under this QAP must be the most current version available on the MBOH website or application platform.

II. ELIGIBLE APPLICANTS AND LIMITS

Each Pre-Application and Full-Application will identify an Applicant (Applicant) who is and will remain responsible to MBOH for the Pre-Application and Full-Application.

A. FIRST HOUSING CREDIT PROJECT MUST BE COMPLETED

An Applicant who previously received an Award for an In-Process Project that was its first 9% Housing Credit Project ~~in Montana~~, including projects in which it has an Identity of Interest, may not receive an Award for another Housing Credit Project until the In-Process Project has been either issued Form(s) 8609 or the Credits have been returned/rescinded. The foregoing rule does not apply to a subsequent Housing Credit Application if the Developer partners with an Experienced Developer who will be entitled under a written agreement to receive at least 50% of the Developer Fee on the subsequent Project.

Commented [BB1]: Would allow for projects and experience in other states to count.

B. PROJECT AND DEVELOPER MAXIMUMS

The maximum award of 9% LIHTCs to any one Project is $8,500,000. MBOH will award no more than $8,500,000 of 9% Credits to any one Developer in any Credit year based on the percentage of the Developer Fee specified in a written development agreement. This maximum does not apply to 4% applications.

C. APPLICANT CANNOT EXCEED CUMULATIVE CREDIT MAXIMUM

An Applicant is not eligible to submit a Pre-Application or a Full Application for 9% Credits if an Award of Credits for the Applicant Project would cause the Applicant's Cumulative Credit Amount to exceed $30 million in total 9% Credits (Cumulative Credit Maximum). The Cumulative Credit Maximum applies in addition to the Maximum Credit Award provisions.

For purposes of the Cumulative Credit Maximum:

1. An Applicant's Cumulative Credit Amount is the sum of:
   - the Applicant's share(s) of the ten-year amount of Credits awarded to any In-Process Project(s), and the Applicant's share of the ten-year amount of Credits requested for the Applicant Project.
2. The Applicant's share of the ten-year amount of Credits awarded to any In-Process Project is 100%, unless the Applicant is a co-Developer, co-Owner or

Consultant; in such event, the Applicant's share is the same percentage of the Project's ten-year Credit amount as the greater of the percentage of Developer Fee the Applicant is entitled to receive or the percentage interest that Applicant owns in the Project.

3. Applicant must provide any documents and information as requested by MBOH for purposes of determining whether an Applicant is eligible under this Cumulative Credit Maximum to submit a Pre-Application or Full-Application.

D. OTHER DISQUALIFYING CONDITIONS

If any member of the Development Team has delinquent late fees due and payable to MBOH at any time from submission of Pre-Application through the Award Determination Meeting, the Pre-Application or Full-Application will be ineligible for an Award of Credits until such fees are paid in full. If such late fees are not paid in full within ten (10) business days of written notice, the Application will receive no further consideration.

MBOH may reject any Pre-Application or Full-Application containing a Development Team member involved in a request for a qualified contract in Montana.

III. APPLICATION/AWARD PROCESS

A. PRE-APPLICATIONS AND FULL-APPLICATIONS

1. 9% CREDIT APPLICATIONS

Applicants may apply for an Award of 9% Credits (including an Award for a Project combining 9% Credits and other Credit sources) by submitting a Pre-Application with all Threshold requirements no later than 5:00 pm Mountain Time on the applicable deadline.

Only those Applicants invited to do so by the Board may submit Full-Applications for 9% Credits. Invited Applicants must complete and submit an Application with all Threshold Requirements no later than 5:00 pm Mountain Time on the applicable deadline.

2. 4% CREDIT APPLICATIONS

Applicants may apply at any time for an Award of 4% Credits for projects with tax-exempt financing under the volume limitation on private activity bonds. Applications funded with private activity bonds will be placed in the pipeline when they receive bond resolution approval. The bond resolution will be scheduled on the board agenda considering the planned bond closing date. Applicants can submit a Pre-Application to request an Inducement Resolution, but no fee or mini-market study is required with the Pre-Application.

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.

The Board may delay award of a bond resolution to manage the number of units in communities that have received previous awards.

Commented [BB2]: This will help to manage flow of projects to not overwhelm a community.

No invitation is required to submit a Ful- Application for 4% Credits. Applicants must submit a complete Full-Application with all Threshold requirements at least eight (8) weeks before the scheduled MBOH Board meeting at which the Application is to be considered. Changes to the Application that require MBOH to re-underwrite the Application will restart the minimum period.

3. COMBINED APPLICATIONS

Projects with multiple sites will submit a Pre-Application and Full-Application for each site. Each Pre-Application and Full-Application must include a separate Pre-Application Attachment and Full-Application Proforma (Excel) that provides the Project numbers attributable to each site as well a combined Full-Application Proforma (Excel) for the entire project.

Applicants for Credits for Twinned 4%/9% Projects must submit a separate Pre-Application and Full-Application for 4% and 9% Credits. The narrative included must include justification regarding the need for both credit types.
All cost and underwriting limitations in this QAP will be applied for Twinned 4%/9% and multiple site Projects on a separate and/or combined basis.

Projects with multiple sites and Twinned 4%/9% will submit all Threshold items below on a combined basis with the following exceptions:

- Pre-Application Attachments and Proforma (Excel)s will be submitted for multiple sites, 4% and 9% Projects separately, as well as on a combined basis.
- If any threshold items have identical document only submit one, but if they have separate documents, submit all documents and label accordingly.
- Identical documents and Full-Application Proforma (Excel) will be included in the site with the most units or for Twinned 4%/9% in the 9% application.

4. PROJECT CHANGES FROM PRE-APPLICATION TO FULL APPLICATION

Applicants may not change the general project location (city/town), type (e.g., family or elderly), Applicant and Developer specified in the Pre-Application in any resulting Full-Application unless approved by MBOH. MBOH will consider other information in the Pre-Application (e.g., cost information, number of units, unit sizes, income targeting, rents, hard and soft loan sources) to be the Applicant's best estimates which may be changed in the Full-Application.

5. PUBLIC COMMENTS FOR ALL PROJECT TYPES

Written public comment on a project will be accepted up to two weeks before the meeting a project is being considered. If comments are received in the two weeks prior to the meeting they will be directed to make oral comments at the meeting.

B. INCOMPLETE PRE-APPLICATION OR FULL-APPLICATION

Applicant must respond to a written MBOH request (including but not limited to any email request) within 10 working days, unless the request specifies a different time period. Failure to respond within such time period may result in the Application being ineligible.

MBOH staff may ask an Applicant to submit additional information for either a Pre-Application or Full-Application with an incomplete or missing Threshold Requirement or a Threshold Requirement submission not meeting industry standards. Failure to submit the information and pay the applicable fee within the specified time will result in MBOH not considering the Application further.

C. FIRST AWARD ROUND

The following First Award Round deadlines and events for 9% Applications are scheduled in calendar year 2026:

- Pre-Application Submission ~~2nd~~1st Monday in April
- Applicant Presentations/Board Invitations to Apply May Board Meeting
- Full-Application Submission First Monday in August
- Award Determination October or November Board Meeting

Commented [BB3]: Will be consistent with first Monday in August.

In the event that any deadline falls upon a weekend or holiday observed by Montana State government, the submission deadline will be the next business day thereafter.

D. SECOND AWARD ROUND (IF ANY)

The Board may decide in its discretion to hold a second award round for 9% Applications that is any one or a combination of the following:

- limited to those Applicants that submitted a Pre-Application in the First Award Round, but not invited to submit a Full-Application (a “Semi-Open Round”);
- limited to those Applicants invited to submit an Full-Application, but not awarded Housing Credits in the first award round (a “Closed Round”); or

- open to submission of Pre-Applications by any interested party (an “Open Round”).

MBOH will announce such round on its website, including all applicable submission requirements and deadlines/dates.

E. CHANGES AND WAIVERS

MBOH may extend or change any of the deadlines and dates in the QAP by posting on MBOH’s website. The MBOH Board, in its discretion, may waive any requirement of this QAP if it determines such waiver to be in the best interests of MBOH or the Credit program.

F. BOARD CONSIDERATION AND DETERMINATION

1. PRE-APPLICATION

MBOH staff will present Pre-Application’s for 9% Credits at the Board meeting in the month specified or established in accordance with the QAP schedule. The Board will provide an opportunity for Applicants to present and for public comment on proposed Projects and Applications. The Board may ask questions of Applicants and discuss proposed Projects, but such questions and discussion shall not be binding upon MBOH in any later Award Determination or other MBOH process. Applicant presentations will include any comments from any party on the Development Team, videos, and presentation materials. Public comment will include in-person comments, live conference call comments and written comments. Comments are subject to reasonable limitation by the Chair.

- There will be no formal evaluation or scoring of Pre-Applications beyond assuring that the Pre-Application Threshold Requirements are met.

- Pre-Applications generally should reflect Projects that will meet all QAP requirements (including the Development Evaluation Criteria) and credits will not be awarded for Full-Applications that fail to meet QAP requirements or that change the general project location (city/town), type (e.g., family or elderly), or Applicant and Developer specified in the Pre-Application (subject to any waiver approved by the Board).

- However, all Pre-Application meeting the Pre-Application Threshold Requirements will be presented to the Board, along with staff comments identifying any areas in which the Pre-Application proposal fails to meet other QAP requirements (including the Development Evaluation Criteria).

- Pre-Application will not be refused further consideration based solely upon divergence from QAP requirements other than Pre-Application Threshold Requirements, but the Board may decline to consider any Pre-Application for invitation to submit a full application if the Board determines the Project cannot or is unlikely to meet any QAP requirements at full application.

After considering the Pre-Application, presentations, questions, answers and discussion, the Board will select up to eight Projects to submit Applications according to the Selection Standard and based upon consideration of any of the Selection Criteria permitted to be considered for purposes of an Award under this QAP, but no formal evaluation or scoring of Pre-Applications will be done or considered. The Board may invite additional Projects if there is an increase in Housing Credits, or other conditions allow for additional Projects to be selected for Award.

2. AWARD

At the Award determination meeting, MBOH staff will provide information for 9% Project Applications. Applicants should be available to the Board to answer questions regarding their respective Applications, but there will be no Applicant presentations. MBOH will provide an opportunity for public comment on proposed Projects and Applications. Applicants will have a brief opportunity to make comments and respond to any information presented regarding their Applications.

MBOH staff materials provided to the Board will show Tribal Projects, Small Rural Projects and other Projects in separate groupings. In considering Applications for Award, the Board may first consider Tribal or Small Rural Projects. The Board may, but is not required by this provision, to select any Tribal or Small Rural Project for an Award. After any such initial consideration, the Board will consider Award of remaining Credits to any Applicant. The Board will select Applications to receive an Award of 9% Credits, if any, in accordance with the Award determination process set forth in Section VII (Award Determination).

G. REMAINING CREDITS

If the remaining amount of available Credits is insufficient to fully fund an additional Project, before Awarding a Project in an amount less than requested by the Applicant (except for any de minimis reduction, no more than 5%) the Board may:

- prioritize the remaining Projects for an Award from the remaining Credits;
- make any remaining Credits available in a future cycle;
- increase the amount of Housing Credits reserved for a previously Awarded Project based upon the Project's application for an increase submitted under Subsection K;
- elect to Award less than all available Credits;
- elect to not Award any such remaining Credits; or
- adopt any other reasonable option permitted under this QAP.

If the Board prioritizes remaining Projects for an Award, the first priority Project for an Award will be allowed 30 days to re-submit its Application resized to the amount of Credits remaining available. If MBOH determines that the development is financially feasible, it will enter into a Reservation Agreement. If the first or a later priority Project fails to submit or is not feasible, MBOH will invite the next priority Project(s) to submit a resized Application.

H. FORWARD COMMITMENTS

MBOH does not commit Credits from future years, except:

Commented [BB4]: This will define de minimis?

- during the current year full Application cycle as the Board determines necessary in an amount up to 10% of the Credits requested to fully fund a Project; or
- at any time outside the competitive cycle for purposes of funding repair or replacement of a Project building due to a life/safety emergency as determined by MBOH.

The Applicant must submit a Pre-Application and the Board must invite the Applicant to submit an Application before making an Award. The Application must meet all QAP requirements.

I. AMOUNT OF HOUSING CREDIT ALLOCATION

An Award of Housing Credits under this QAP will be limited to the amount of Credits that MBOH deems necessary to make the development financially feasible and viable as a qualified affordable Housing Credit Project throughout the Compliance Period.

In determining the amount of Credits necessary, MBOH will consider:

- the sources and uses of funds and the total financing planned for the Project;
- grants made with federal funds directly to a Project, which will reduce basis;
- proceeds expected to be generated by the Housing Credits; and
- the reasonableness of the development and operational costs of the Project.

A similar analysis will be done at the time of 10% Cost Certification and at Final Cost Certification prior to issuing IRS Form(s) 8609. Neither the selection of a Project to receive an Award of Housing Credits nor the amount of Credits to be allocated constitutes a representation or warranty that the Owner or Developer should undertake the development, or that no risk is involved for the Investor.

J. MAXIMUM BOND AMOUNT FOR 4% CREDIT PROJECTS

~~The amount of private activity bonds allowed per Project may not exceed 60% of Total Project Costs.~~

If tax exempt private activity bond volume cap is oversubscribed Board staff will work with projects to reduce the amount of private activity bond cap used by the project. Factors such as the 25% test and financial needs of the project will be considered. Staff will work to award no more than 45% of Total Project Cost as possible.

Staff may delay award of a bond resolution to manage the number of units in communities that have received previous awards.

Commented [BB5]: This will help reduce the amount of volume cap used by each project.

Commented [CC6R5]: Capitalized Total Project Cost as defined term

Commented [BB7]: This will help to manage flow of projects to not overwhelm a community.

K. REQUEST FOR INCREASE IN AMOUNT OF CREDIT RESERVATION

MBOH may use returned or unreserved Housing Credits to increase the amount reserved for a Project after making the first round Awards based on the following factors:

- The nature and amount of additional costs, loss of anticipated funding sources or other gap in available Project funding.
- Significant factors leading to the need for additional Credits.
- Availability and Applicant's use of measures to mitigate or obtain alternative funding sources to address any funding gap.
- The need for the additional Credits to make the Project feasible.
- Availability of returned or unreserved Credits.
- Any anticipated potential need for returned or unreserved Credits to fund Projects that would otherwise be funded or require greater funding under the Corrective Award set aside.

An Owner seeking an increase must submit a written application at least 30 days before the Board meeting at which the Owner seeks consideration. The request must include new financials, supporting documentation for the cost increases (e.g., higher than expected bids or material costs), and supporting documentation addressing each of the above-specified factors. Staff will present a recommendation at a later MBOH Board meeting for consideration. MBOH will not approve any increase beyond that necessary to make the Project feasible.

L. CREDIT REFRESH REQUEST

An Owner may apply for and the Board will consider a Credit Refresh as provided in Section X.

IV. APPLICABLE FEES

The amount(s) of and due dates for all fees required or imposed by this QAP are as specified in the most current MBOH Housing Credit Fee Schedule (Fee Schedule). All fee amounts may be adjusted by MBOH from time to time and are nonrefundable unless otherwise specified.

The Developer/Owner of any Project awarded Credits will be required to reimburse MBOH for legal fees and other expenses incurred by MBOH with respect to any non-standard request, change, document, or other matters relating to aspects of qualifying for or obtaining Housing Credits. Such fees and expenses must be paid within 30 days of MBOH's submission of an invoice. MBOH shall not be required to complete any pending process, approval or other action until such fees and expenses are paid in full.

V. SET ASIDES

A. NONPROFIT

Unless otherwise specifically provided in the Board's Award resolution, MBOH will meet the 10% nonprofit set-aside requirement with all Awards to Projects involving a Qualified Nonprofit Organization. MBOH will not award more than 90% of the state's Credit ceiling to Projects not involving a Nonprofit. By submitting an Application involving a Nonprofit, the Applicant consents to designation of such Project as the Project receiving the nonprofit set aside.

B. CORRECTIVE AWARD

Such portion of the state's annual federally-allocated Credit ceiling is reserved and set-aside as is necessary for any Project submitted in a prior round or year, if:

- a final order of a court of competent jurisdiction determines or declares that such Applicant was entitled to an Award in such prior round or year or requires MBOH to make an Award or Allocation of Credits to such Project;
- a final order of a court of competent jurisdiction invalidates or sets aside an Award to an approved Project from such prior round or year and a Reservation Agreement was executed by MBOH and such Applicant prior to issuance of such court order, unless such court order determines that such Project was not eligible or qualified under the applicable QAP to receive an Award of Credits; or
- MBOH, upon further consideration of any Award Determination as required by and in accordance with the order of a court of competent jurisdiction, determines that such Project was entitled to an Award in such prior round or year.

All requirements and conditions of this Corrective Award set aside provision must be met to receive an Award under this set aside. The amount of any Corrective Award shall be as specified by the court, or if no Award amount is specified by the court, as determined by MBOH in accordance with this QAP. The Corrective Award set aside shall be funded first from returned or unreserved Credits from a prior year. Awards under this Corrective Action set aside may be made from returned or unreserved Credits from a prior year and/or the current year's Credits at any MBOH Board meeting after the final court order has been issued and presented to MBOH. Such Award need not await the annual Application and Award cycle.

Where a court orders that an amount of the current year's Credits be set aside for a Project pending the decision of the court, if the court's decision is not received before the end of the current year, the Credits set aside will become classified as the next year's Credits.

If the court orders MBOH to Award Credits to any Project under this set-aside, the Project must submit an updated Application so MBOH can verify that the amount of Credits requested or some other amount is justified, unless otherwise ordered by the court.

C. GENERAL RULES REGARDING SET ASIDES

MBOH will determine in which set-aside a Project will be reviewed (subject to its eligibility), regardless of its eligibility for any other set-aside.

In the event there are insufficient Credits available to fully fund all set aside categories, the respective set asides categories shall be funded in the following order of priority: (1) Nonprofit; and (2) Corrective Award.

VI. THRESHOLD REQUIREMENTS

Threshold Requirements are mandatory for all Pre-Applications and Full-Applications. Except as provided, Pre-Applications and Full-Applications received not meeting all Threshold Requirements or other requirements of this QAP will receive no further consideration.

Pre-Application and Full-Application Threshold Requirement submissions must be complete and must meet industry standards. As provided in III.B, MBOH staff may ask an Applicant to submit additional information for any incomplete or missing item or any item not meeting industry standards. Failure to submit the information and pay the applicable fee within the specified time will result in MBOH not considering the Application further.

All projects must have an additional 35 years of affordability beyond the initial 15-year Compliance Period (total Extended Use Period of 50 years).

A. MATERIALS AND INFORMATION SUBMITTED

Submit all requirements using the application platform. A link to the platform can be found on MBOH's website. A Pre-Qualification Intake form should be submitted two weeks prior to deadline.

It is expected that all submitted materials are compliant with Section 508 federal digital accessibility requirements, to the best of the submitter's ability.

Commented [BB8]: Document the expectation of 508 ADA compliance whenever possible.

1. PRE-APPLICATION

Pre-Application must include:

- Fee for 9% Credit Projects
- Narrative
- Attachment (Excel)
- Mini-Market Study & Summary Sheet for 9% Credit Projects (MBOH will accept full market studies but they are not required at Pre-Application)

2. FULL-APPLICATION

Full-Applications must include:

1. Application Fee
2. Cover Letter: Summarize the Project, using template in platform is highly recommended to meet Section 508 federal digital accessibility requirements~~, limited to 2~~ pages.
   a. The Project name must be selected at application. This name may be changed only upon prior approval of MBOH staff.
3. Proforma (Excel)
   a. Fully complete all tabs needed for Housing Credits.
   b. Include a fully completed Proforma (Excel) for each Project
   c. a separate Proforma (Excel) for the 4% and 9% portions of a Twinned Project or if multiple sites for each site.
   d. For Twinned Projects or multiple site projects, also include a Proforma (Excel) for the entire Project on a combined basis.
   e. Include combined Proforma (Excel) in the 9% side of a Twinned Project and if a multiple site project include in the site with most units.
4. Land or Property Control
5. Zoning

Commented [BB9]: Will encourage using template with ADA 508 requirements and removes 2 page limit.

   a. Documentation from the city or county affirmatively stating how zoning requirements are met or addressed.
   b. Acquisition/Rehabilitation and Rehabilitation Projects may meet this requirement by providing documentation that the Project will not require a change in zoning requirements.
6. Utilities
   a. Letter or email from providers verifying:
      - Utilities are or will be available to the property.
      - The provider has the capacity to handle the load to be added by the Project.
      - Present proximity of utilities to the Project location.
   b. Documentation must address water, sewer, electricity, and as applicable, gas, propane, and garbage pickup.
   c. Acquisition/Rehabilitation and Rehabilitation Projects need only provide a letter or email from the utility provider documenting the expected utility load and the providers' ability to meet such additional load.
   d. Documentation must not be older than 18 months from application date.
   e. MBOH staff may in its discretion require the Applicant to provide updated documentation.
7. Preliminary Financing Letter
   a. Letter from lender stating the proposed loan terms and conditions.
   b. The letter must formally express interest in financing the Project as represented in the Application.
8. Equity Letter: Letter of interest with the anticipated price based on the market at time of the Application.
9. Novogradac Rent Limits: Provide Novogradac Rent and Income Calculator results for the project (Novogradac calculator available on MBOH's website).
10. Utility Schedule: Copy of schedule used in Proforma (Excel).
11. Qualified Management Company Agreement
    a. Provide a copy of the written agreement evidencing the company's commitment to provide management services.

   b. Upon written notice from MBOH that the Management Company is not a Qualified Management Company, the Applicant must submit to MBOH within ten (10) days a written designation of a Qualified Management Company and a copy of the written agreement.
12. Management Education Certifications: Documentation that at least one member of the Management Company and one other member of the Development Team who is directly and actively involved with the Project has been trained by a Nationally Recognized LIHTC Compliance Training Company within the preceding four years.
13. Full Market Study
   a. Prepared and signed by a disinterested third-party analyst.
   b. Market Studies must be completed within six (6) months prior to the submission date of the Application, must have the market analyst complete a physical inspection of the market area within one (1) year of the Application and must adhere to minimum full market study requirements in the MBOH Mini/Full Market Study Requirements available on the MBOH website or application platform.
   c. Documents the following targets:
      - Vacancy Rate is at or below 7%;
      - Absorption Rate is less than 5 months; and
      - Proposed Project Rents are at least 10% below adjusted market rents.
14. Market Analyst Certification Form
15. Market Study Summary Sheet
16. Appraisal/CMA
   a. Meets the requirements of the Appraisal checklist available on the MBOH website or application platform; CMA may be accepted when an Appraisal is not feasible.
   b. Completed Appraisal checklist.
   c. Appraisal/CMA will be prepared by an independent professional entity that is qualified to prepare the report.

   d. A CMA or appraisal is not required to be submitted for property located within the exterior boundaries of an Indian reservation. To qualify for this exception, the Application must include documentation demonstrating that the property is located within the exterior boundaries of an Indian reservation.
17. Site Plan
18. Preliminary Floor Plan: Design Professional’s preliminary floor plan and elevations/photos of existing properties for the Project.
19. Parking Plan & Laundry Services
   a. Short narrative that describes reasoning for providing number of parking spaces, and adherence to parking requirements of local zoning and ADA.
   b. Short narrative that describes laundry services being provided.
20. Legal Ownership Entity and Development Team
   a. Organizational document of the entity that will have legal ownership of the project from the state where it is organized or other documents acceptable to Montana Housing if available at application. This formal document will be required if the project is selected.
   b. Organizational Owners Chart, include the following:
      - legal name of entities at all ownership levels
      - type of entity (LLC, LP, LLP, etc.)
      - state in which entity is organized
      - principal of each entity
      - ownership percentage of each entity and principal
   c. Signature block for Project Owner entity(ies) in a WORD document.
   d. The Application must list all affordable housing, including Tax Credit Projects in Montana or any other state developed, owned, managed, or consulted on by Applicant and any member of the Development Team, whether or not such Projects were successfully completed.
   e. All Development Team members must sign, and the Application must include the completed and signed Information Release Form, providing consent to the release of information by other third parties.

21. Broadband
    a. Explain how the project will meet the broadband requirements.
    b. Infrastructure installation is required for all New Construction and Rehabilitation Projects. If this requirement is unfeasible the Applicant must submit a waiver request. This request must contain justification and detailed documentation.
22. Narrative addressing each of the Development Evaluation Criteria in Section VII and providing a specific explanation demonstrating how the Application meets each of these criteria.
    a. Documentation of each of the following Development Evaluation Criteria items (if applicable):
        - Project-based rental subsidy contract or other document(s)
        - Location in Small Town or Tribal Area
        - Local community revitalization or similar plan (affordable housing stock and/or QCT)
        - State, tribal and/or federal historic preservation designations
        - Local community input
        - Location in QCT
        - Local entity commitment (communications/relationships)
        - Design requirements (applicable certifications)
        - Any additional Development Evaluation Criteria items requiring documentation.

    b. Narrative references to the Market Study must cite the specific page and paragraph of the Market Study.

23. Public Housing Authority Waiting List: Documentation of the number of households on the current Housing Choice Voucher waiting list from the local public housing authority and/or the contracted HCV provider in which the Project is located.
24. Public Notice

a. Public Notice to the community in which the Project is located must be provided. Acceptable forms of public notice include: box advertisement in newspaper, attendance at neighborhood community meetings, social media post in 3 community group pages, or other form of notice acceptable to MBOH.
b. The notice form chosen must be released within 90 days to the Full Application Due date.
c. Public Notice information must include:

(Name of Developer, address, telephone number), a (for-profit/nonprofit) organization, hereby notifies all interested persons of (city, town, community name) that we are planning to develop, (Name of Project) an affordable multi- family rental housing complex on the site at (street location). This complex will consist of (number) (one bedroom, two bedroom, or three bedroom) units for (elderly persons/families). This Project (will/will not) be exempt from property taxes.

An Application (will be/has been) submitted to the Montana Board of Housing for federal Tax Credits financing. You are encouraged to submit comments regarding the need for affordable multi-family rental housing in your area to the Montana Board of Housing, PO Box 200528, Helena, MT 59620-0528; FAX (406) 841-2841, or electronically at https://housing.mt.gov/Contact

25. Sponsor Application Indemnification & Certification Form.
26. Nonprofit Set-aside: Applications seeking to qualify for the nonprofit set aside must provide:
    - A copy of the IRS determination letter documenting such organization's 501(c)(3) or (4) status.
    - An affidavit by the organization's managing partner or member certifying that the organization is not and during the Compliance Period will not be affiliated with or controlled by a for-profit organization.

- Documentation that one of the exempt purposes of the organization includes the fostering of low-income housing.

27. Developer Fee Agreement: If the project has co-developers or a consultant, provide a copy of the executed Developer Fee agreement, Consultant Fee agreement, or other documentation demonstrating how development/consulting fees will be split or paid.
28. Release of Information Form: For projects that include a Developer with no previous history with the Montana Housing Credit Program.
29. QCT / DDA Map, if applicable.
30. Discretionary Basis Boost: Explanation and justification for a request for discretionary basis boost, if applicable.
31. Elderly Exemption: If the Project is an Elderly Property, specify which exemption for housing for older persons will apply.
32. CNA
    a. A capital needs assessment (CNA) for Rehabilitation Applications on the USDA Rural Development Capital Needs Assessment template or similar form
    b. A minimum of a 15-year projection for all capital needs that will be replaced, refinished, repaired, upgraded, or otherwise rehabilitated.
    c. Detailed narrative explaining the scope, details, and expectations of the Rehabilitation.
    d. All items will be listed and identified by unit number.
    e. The CNA must be less than 1 year old as of the date of Application submission or include an update within the most recent 6 months.
    f. CNA will be prepared by a professional entity that is qualified to conduct the assessment.
33. Relocation Plan: For Applications proposing Rehabilitation or replacement of existing Units
    - a preliminary relocation plan addressing the logistics of moving tenants out of their Units and providing temporary housing during the Rehabilitation or replacement, the probable length of time tenants will be out of their Units and

returning tenants to their Units or replacement Units upon completion of the Rehabilitation or replacement.

34. Property Tax Exemption
    a. For Applications proposing a property tax exemption for rental housing providing affordable housing to lower-income tenants pursuant to Mont. Code Ann. § 15-6- 221, include narrative of intent to request the exemption.
    b. If the Application does not include such documentation, MBOH will underwrite the Project as if no exemption was or will be received.
35. Operating Reserve Letter: If the operating reserve requirement is not met, an acceptable third-party source document is required.
36. Eventual Homeownership: For Projects targeted for Eventual Homeownership, provide the documents and information specified in the Eventual Home Ownership section.

B. OTHER REQUIREMENTS

In addition to Applications or Projects failing to meet other requirements, MBOH will return and will not consider for an Award of Credits:

1. Projects for which the Market Study and other available market information fails to demonstrate adequate market need within the proposed community.
2. Projects that are not financially feasible based upon MBOH underwriting standards.
3. Projects with no participation by an entity with a demonstrated track record of quality experience in completed development or management of Tax Credit Projects. In evaluating the track record of participating entities, MBOH will consider
    - whether the Applicant, Owner, Developer, General Partner, Management Company, and Consultant have developed and operated housing Projects with the highest quality either in Montana or another state,
    - amount of active local community participation used to develop Projects, and

- the compliance track record and specialized training of the proposed Management Company. New Developers may meet this requirement through a partner who is an Experienced Developer.

4. No one who is actively involved in the actual construction process has experience with Cold Weather Development and Construction (defined as one or more Projects located above the 40 degrees north parallel), as reported on the MBOH Cold Weather Experience Form.
5. If the Applicant or any member of the Applicant's Development Team is debarred from federal programs or Federal Home Loan Bank, prohibited from applying by another state housing agency for disciplinary reasons, or based on the "Disqualification" section in Appendix D.

VII. DEVELOPMENT EVALUATION CRITERIA AND SELECTION

A. BOARD CONSIDERATION, FACTORS AND DEVELOPMENT EVALUATION CRITERIA

The Development Evaluation Criteria are only one of several considerations the MBOH Board takes into account and do not control the selection of Projects that will receive an Award of Credits. For purposes of this QAP and selections, Awards and Allocations, the Selection Criteria include all the requirements, considerations, factors, limitations, Development Evaluation Criteria, set asides, priorities, preferences and data set forth in this QAP and all federal requirements.

In addition to Development Evaluation Criteria in the following subsections, the MBOH Board may consider the following factors in selecting Applications:

- geographical distribution;
- rural or urban location;
- QCT or DDA location;

- overall income levels targeted by the Projects (including but not limited to deeper targeting of income levels);
- need for affordable housing in the community (including but not limited to current Vacancy Rates);
- Rehabilitation of existing low-income housing stock;
- sustainable energy savings initiatives;
- financial and operational ability of the Applicant to fund, complete and maintain the Project through the Extended Use Period;
- past performance of an Applicant in initiating and completing Tax Credit Projects;
- cost of construction, land and utilities, including but not limited to costs/Credits per square foot/unit;
- the Project is being developed in or near a historic downtown neighborhood;
- frequency of Awards in the respective areas where Projects are located considering how additional supply will affect the market;
- preservation of project rental assistance units in or to an existing project; and/or
- augmentation and/or sources of funds.

Commented [BB10]: Beef up language to consider need for units in the market and over building market, to much to fast.

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.

DEVELOPMENT EVALUATION CRITERIA

1. LOWER INCOME TENANTS

All Projects must meet the federally-required minimum set aside requirements, *i.e.*, the 20-50 test, 40-60 test or average income (AI) and related MBOH procedures, restrictions and requirements.
In addition, Applications must comply with one of the subsections below.

INCOME AND RENT LEVEL TARGETING

Projects applying for 9% Credits with any minimum set aside (i.e., 20-50 or 40-60 or Average Income) will reflect a weighted Average Income targeted of 53% or below.

Projects applying for 4% Credits will be allowed to have a weighted average income target of 60% or below. Average Income will not be allowed unless 100% of the units are restricted.

Rents at 20% are allowed to income qualify up to 29%, 30% are allowed to income qualify up to 39%; 40% are allowed to income qualify to 49% AMI; 50% are allowed to income qualify to 55% AMI (40-60 election must apply). MBOH will calculate Average Income targeting percentage based on the area median income rent maximum allowed.

If the project has a manager's unit, it will be considered a 60% unit and calculated as such.

PROJECT-BASED RENTAL SUBSIDY

The Project has existing or committed project-based rental subsidy for at least 50% of the Units. The Application must provide a copy of the relevant contract or other documentary proof of subsidy from the provider. MBOH staff will verify claimed subsidies with the funding source.

2. PROJECT CHARACTERISTICS

Applications must comply with one of the subsections below.

AMENITIES

For purposes of this subsection, an Amenity is a grocery store (convenience store does not count) or medical services appropriate and available to all prospective tenants (e.g., hospital, doctor offices, etc.). An Application will qualify with respect to an Amenity if one of the following applies:

- The Project is located within 1½ miles of the Amenity.
- Public or contracted transportation (not including taxi or school bus service) is reasonably available to the Amenity (i.e., the Project is located within ¼ mile of fixed bus stop or on a same day call basis, the Applicant submits a letter from a transportation provider committing to establish such service; or
- The Amenity is available via a no-charge delivery service to the Project location (all distances must be as specified in the Project's market study).

* For scattered site projects, all site locations must meet the criteria.

SMALL TOWN/TRIBAL DESIGNATED AREA

The site is located in a municipality with a population of less than 10,000 according to the population figures provided by the 2020 American Community Survey (Small Town); or

The site is located in a tribal designated area which is defined as an area of land within an Indian reservation that is held and governed by a federally recognized Native American tribal nation (Tribal Area).

AFFORDABLE HOUSING STOCK

The Application proposes the preservation of existing affordable housing stock, including as part of a local (not national, state or regional) community revitalization plan or similar plan.

HISTORIC PRESERVATION

The Application proposes the Adaptive Re-use and/or Rehabilitation of buildings with local, state, tribal and/or federal historic preservation designations.

3. LOCAL INVOLVEMENT

Applications must comply with one of the subsections below.

COMMUNITY INPUT

Application includes documentation of at least one of the following forms of local community input, as shown by evidence provided in the Application:

- local neighborhood meetings held expressly for this Application;
- local charrettes held expressly for this Application with supporting documents, concept drawings, and input from local community;
- other appropriate form of local community input specifically designed to gather local community input for this Application; and/or
- City or County Commission meeting.

In order to qualify the event must meet the following criteria:

- not part of another public or design meeting unless the minutes demonstrate that a portion of the meeting was specifically dedicated to community input for this Application;

- Application includes minutes, copies of any written or electronic comments received, and documentation outreach efforts;
- held within 6 months before the Application deadline.

QUALIFIED CENSUS TRACT/LOCAL COMMUNITY REVITALIZATION PLAN

The Project is located in a qualified census tract (QCT), and its development contributes to or involves existing housing as part of a local (not national, state or regional) community revitalization plan or similar plan. The Application must include any such local community revitalization plan and identify where in the plan such existing housing may be found.

COMMUNICATION/RELATIONSHIPS

The Application includes a commitment by a local entity to provide of at least one of the following:

- screening and referring of individuals as prospective tenants;
- on-site service coordination to Project tenants;
- donation of land or sale at a reduced price;
- funds to develop infrastructure or for other uses;
- significant waivers of local government fees; or
- other forms of significant monetary or in-kind support.

For purposes of this item, a local entity includes a provider serving the Project locality from a physical office in the region of the state where the Project is located even if the provider does not maintain an office in the Project locality.

4. DESIGN REQUIREMENTS

Refer to the Design Appendix for applicable design requirements. Any requirement deemed mandatory is required for all Projects.

5. TENANT POPULATIONS WITH SPECIAL HOUSING NEEDS

Applications must comply with one of the subsections below.

FAMILY PROJECTS

An Application for a family Project will commit to targeting at least 10% of its Units for at least one of the following identified needs:

- individuals with children or large families (three or more bedrooms);
- meeting Section 504 fully accessible requirements (other than features for persons with hearing or visual disabilities, which can be limited to 5% of units);
- targeted as Permanent Supportive Housing for persons with disabilities (Application must describe the strategy that will be used to market available units to disabled persons throughout the Extended Use Period); or
- targeted to veterans, victims of domestic violence, or youth aging out of foster care.

Units may be counted more than once or in more than one category.

For Permanent Supportive Housing, Owners and Management Companies will:

- not give a preference based on disability type (actual or perceived) or being a client of a particular service provider;
- use standard leases with the same rights available to and responsibilities expected of other households, including duration of tenancy (cannot be transitional);
- ensure participation in any supportive services is entirely voluntary (not a formal or implied condition of occupancy);
- not segregate units within the Project by tenant need category; and
- not engage in medical, therapeutic, or other activities regulated by the U.S. Centers for Medicare & Medicaid Services with respect to the tenants.

ELDERLY PROJECTS

Application for a New Construction Elderly Property will meet Section 504 fully accessible requirements on 20% of units (other than features for persons with hearing or visual disabilities, which can be limited to 10% of units).

B. AWARD DETERMINATION

The MBOH Board will select Applications to receive an Award that it determines best meet the most pressing affordable housing needs of low-income people in Montana, taking into consideration:

- all of the requirements, considerations, factors, limitations, Development Evaluation Criteria, set asides, priorities and data (including without limitation the following data provided to the Board for purposes of the Award Determination meeting: (i) the statistical data regarding previous Credit allocations in the MBOH Statistical Data Form, and (ii) other available data, determined by MBOH staff to be appropriate, useful and timely, relating to need for affordable housing in various locations and of various types across the State) set forth in this QAP and all federal requirements (together referred to in this QAP as the "Selection Criteria"); and
- all other information provided to the MBOH Board regarding the applicant Projects.

The Development Evaluation Criteria are only one of several considerations taken into account by the MBOH Board and do not control the selection of Projects that will receive an Award of Housing Credits.

If the MBOH Board Awards Credits to an Applicant where the Award is not in keeping with the Selection Criteria of this QAP, it will publish a written explanation that will be made available to the general public.

MEDIA ANNOUNCEMENTS

The Montana Department of Commerce will issue an initial press release announcing all awardees. Commerce kindly asks recipients to refrain from issuing their own news

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releases, social media posts or public announcements until after Commerce has made its official announcement. This ensures a coordinated and consistent message regarding the awards. Once the initial press release has been issued, awardees are welcome to share their news. Commerce appreciates being tagged on Facebook or LinkedIn social posts by awardees.

VIII. UNDERWRITING ASSUMPTIONS AND LIMITATIONS

These underwriting assumptions will be used at Application, 10% Cost Certification and Final Cost Certification.

A. PRO-FORMA COMPONENTS

1. OPERATING EXPENSES

MBOH will evaluate operating expenses and Vacancy Rate underwriting assumptions for all Projects for reasonableness, taking into account the type of housing, unit sizes, intended target group of the housing and location. Staff may require the Applicant to provide additional justification and documentation.

2. DEBT COVERAGE RATIO

The ratio of net operating income (rental income less operating expenses, not including expenses for amortization, depreciation or mortgage-related interest, and reserve payments) to foreclosable, currently amortizing debt service obligations (Debt Coverage Ratio or DCR) should be between:

- 1.15 and 1.35 in the first year of normal operation if projected to trend upward;
- 1.10 and 1.50 during the entire first 15 years of normal operation if projected to trend downward.

Applications must justify DCRs outside these ranges in a narrative. MBOH will consider the reasonableness of the Project’s proposed rent levels, operating expenses, reserve payments, projected Vacancy Rates, debt service obligations, Soft Costs and amount of Credits requested. If the DCR, as underwritten by MBOH at Application, is above the ranges specified above without acceptable justification, MBOH will reduce the amount of Credits requested or the rent levels proposed.

3. TOTAL EXPENSE COVERAGE RATIO

MBOH will consider, on a case-by-case basis, projects which materially deviate from a 1.10 Expense Coverage Ratio.

4. OPERATING RESERVES

Owners must establish and maintain minimum operating reserves in an amount equal to at least four months of projected operating expenses, debt service payments, and annual replacement reserve payments. The specific requirements for reserves, including the term for which reserves must be held, must be included in the limited partnership or operating agreement. Using an acceptable third party source, this requirement can be met by cash, bond, letter of credit from a financial institution, or a Developer guarantee that a syndicator has accepted the responsibility for a reserve.

Project replacement and operating reserves and reserve accounts required by applicable law, the QAP or the LURA must be retained by the Project (and transferred to the new owner as applicable) in or as part of any sale, transfer or exchange of the Project. The Owner shall not withdraw or retain any such reserves or reserve accounts in or as part of any sale, transfer or exchange of the Project and the Board may void any sale, transfer or exchange of the Project that violates this requirement.

5. REPLACEMENT RESERVES

Owners must contribute replacement reserves in an amount equal to at least $350 per unit annually. Exceptions may be made for certain special needs or supportive housing developments. Exceptions must be documented and will be reviewed on a case-by-case basis. The specific requirements for reserves, including the term for which reserves must be held, must be included in the limited partnership or operating agreement.

Project replacement and operating reserves and reserve accounts required by applicable law, the QAP or the LURA must be retained by the Project (and transferred to the new owner as applicable) in or as part of any sale, transfer or exchange of the Project. The Owner shall not withdraw or retain any such reserves or reserve accounts in or as part of any sale, transfer or exchange of the Project and the Board may void any sale, transfer or exchange of the Project that violates this requirement.

6. UTILITY ALLOWANCES

The MBOH approved utility allowances are the following:

- Montana Department of Commerce Section 8 Utility Allowances
- USDA Rural Development
- HUD Utility Schedule Model (HUSM)
- Energy Consumption Model (ECM)

Refer to the ECM Form on the MBOH website for the most current checklist of required items.

Projects may use their own calculated HUSM or ECM from Pre-Application to Placed in Service, but as of Placed in Service must have obtained MBOH approval of HUSM or ECM according to the following timelines. Requests for approval of HUSM or ECM allowance amounts and annual approval requests must be submitted to MBOH at least 90 days before the projected start date or anniversary approval date. Numbers used for approval request submission must not be more than 30 days old at time of submission. Utility allowances provided by utility providers will not be considered or accepted.

7. ADDITIONAL UNDERWRITING ASSUMPTIONS

MBOH will use the following underwriting assumptions for underwriting all Applications.

a. Vacancy rates:
   - 10% - 20 units and less
   - 7% - more than 20 and up to 50 units
   - 5% - more than 50 units or 100% project-based rental assistance

b. Rent Trending: 2%

c. Expense Trending: 3%

d. Reserves Trending: as proposed in Application but not to exceed 3%

e. Operating expenses per unit: $3,000-$8,000 annually

8. SOURCES AND USES CERTIFICATION

Applicants must certify that they have disclosed all of a Project's sources and uses, as well as its total financing, and must disclose to MBOH in writing any planned changes in sources until MBOH issues Form(s) 8609.

B. SUBSTANTIAL REHABILITATION

All Acquisition/Rehabilitation and Rehabilitation Projects must meet the following minimum expenditure standard (Substantial Rehabilitation Standard). Newer Construction Acquisition/Rehabilitation projects may apply for a staff discretionary waiver for a lesser per unit amount. The Substantial Rehabilitation Standard is expenditures of:

- $50,000 of Hard Cost Per Unit for 9% & 4% Projects

Rehabilitation Projects must meet all requirements of the CNA and the Application must also include a list of items in each unit that will be replaced, refinished, repaired, upgraded, or otherwise rehabilitated.

C. EVENTUAL HOMEOWNERSHIP

Some or all Project units may be converted to homeownership after the end of the 15-year compliance period, subject to the following requirements, the provisions of the Code and MBOH approval. As these projects will be rental housing for a minimum of 15 years, they will be underwritten as a rental project according to the same underwriting criteria as full-term Projects.

The following conditions apply and must be met as a condition of MBOH approval of homeownership conversion and release of converted units or property from any applicable LURA:

1. Intention to convert must be expressed in the Housing Credit Application.
2. Only 100% Housing Credit projects are eligible.
3. The Units must be single family detached, townhouse, or condominium units for which an instrument conveying title to the homebuyer can be recorded.
4. Units must be marketed solely to the existing rental resident.
5. Units that are not sold to the existing rental resident must remain rental units subject to the LURA for its full term.
6. Prior to sale or transfer of units, the owner must submit a comprehensive and detailed plan for the homeownership conversion that includes or provides for at least the following:
    - Terms of sale and transfer.
    - Tenant eligibility requirements for purchase or transfer of unit, including minimum length of tenancy in rental unit to be eligible for purchase or transfer.
    - Restrictions on any subsequent sales or transfers. i.e eligibility of buyers, limits on equity transfer etc. A revised LURA may be needed to ensure compliance.
    - Mandatory homeownership classes for potential homeowners.

- Repair or replacement of heating system, water heater, roof and other major building systems prior to sale or transfer.
- Post-transfer repair and maintenance of units, including:
    - repair/replacement in event of failure of major systems/components;
    - allocation of financial responsibility for such repairs/maintenance; and
    - financial and other resources available to assist homeowners with repairs and maintenance.
- Transfer to homeowner at closing of pro rata portion of Project replacement and operating reserves and reserve accounts required by applicable law, the QAP or the LURA (total required reserves divided by total number of units in Project). No such reserves will be withdrawn or retained by the Project owner.
- For single family detached units (not including tribal properties), the parcel of land on which the unit is located must be owned by or transferred to a community land trust or resident owned cooperative designed to preserve housing affordability.
- Standard owner's policy of title insurance paid for by Project owner.
- Homeowner insurance coverage will be in place at the time of sale or transfer with continuous coverage for a period of at least one-year after transfer and plan for continuation of coverage and payment of premiums thereafter.
- Limitation on homeowner retention of equity upon subsequent sales.
- Mandatory homeowner occupancy of unit as primary residence after transfer.

7. Prior to conversion and transfer of units, the owner must also submit copies of the following:
    - All transaction documents between or among each buyer, the Project owner and any other necessary party (e.g., BIA for tribal properties)

(including copies of executed documents once executed), including all of the following as applicable:
  - Purchase/sale agreement.
  - Ground lease/sublease with homeowner.
  - Deed or other instrument conveying home to homeowner.
  - Restrictive covenants.
  - Right of first refusal.
  - Any other agreements.
- If not included in the foregoing transaction documents, the following additional documents:
  - Document(s) establishing binding limitations on homeowner retention of equity upon subsequent sales.
  - Document(s) establishing binding requirement on homeowner to occupy home as primary residence after transfer.
  - Document(s) providing for transfer of pro rata share of project reserves to buyer at closing.
  - Document(s) showing Project reserves, calculation of each unit's pro rata share of reserves and providing for transfer of such pro rata share of Project reserves to each homeowner at closing.
- Title commitment for standard owner's policy of title insurance, including legal descriptions for all units being transferred in form allowing recording of LURA releases in county real property records.
- Evidence of required homeowner insurance coverage.
- Written certification by Project owner that all project units are being sold and transferred to existing unit tenants, or, if not being sold and transferred to existing tenants, that such units will remain rental units subject to the low income, rent restrictions and other requirements of the LURA, with a list of names of existing tenants for all project homes and identifying all such existing tenants who are buying their homes under the homeownership conversion.

8. Submission of the homeownership plan required in (5) and the documents required in (6) constitutes the Project owner's binding commitment that any conversion, sale and transfer will be in accordance with such submitted plan and documents.
9. The Project, including all units to be sold and transferred, must be in compliance with applicable Housing Credit physical condition standards at the time of sale or transfer, as determined by MBOH inspection.
10. Homeownership conversion, including transfer of ownership, may not proceed until and unless approved in writing by MBOH. All Project units will remain subject to the LURA for its full term until and unless released in writing by MBOH. MBOH will release transferred units from the LURA only if MBOH has approved the conversion, regardless of whether the conversion or transfer of ownership has been initiated or completed.
11. Following closing and transfer of units, the Project owner must submit a written request for partial release of units from the LURA, together with copies of all executed transaction documents for each unit, including the recorded deed or other instrument of conveyance, the final owner's title insurance policy and documentation of reserve transfers. Upon receipt and approval of such request and documentation, MBOH will provide the Project owner with executed partial releases for each unit transferred. The Project owner will be responsible for recording of release documents and all recording fees.

D. 130% BASIS BOOST

Applications for Projects not located in an area designated by HUD as a difficult development area (DDA) or a QCT may request Housing Credits calculated at up to 130% of eligible basis. The documentation must explain why the Project would not be feasible without the boost. MBOH also may consider any one of the following factors:

- Tribal or Small Rural Project;
- qualification of the building for Rural Development funding;

- targeting of more than 75% of Project units to 50% or below AMI level;
- includes historical preservation, preservation or replacement of an existing affordable housing Project (replacement must replace the same Project with the same or similar affordability requirements); or
- achievement of financial feasibility.

E. NON-HOUSING AMENITIES; NO COMMERCIAL USE OF AMENITIES

Luxury amenities will not be considered or funded with Credits. Luxury amenities include, but are not limited to swimming pools, golf courses, and similar amenities. Projects may include swimming pools, golf courses, and other similar amenities only if funded by sources other than Housing Credits (this requirement does not apply to garages or car ports). Standard parking spaces required by zoning must be included in tenant paid rent.

Amenities provided will not be used for Commercial Purposes, which means use of any Project Amenities, common space or other Project property or facilities by others than Project tenants for which the Project owner or management receives any compensation (e.g., rent payments) for such use, whether in cash or in kind.

F. HOUSING CREDIT PROCEEDS

Applications must estimate expected Credit proceeds. Within 60 days after the partnership or operating agreement is signed by all parties, the Applicant must provide MBOH with a copy of the executed agreement to avoid a late fee. Prior to issuance of IRS Form(s) 8609, MBOH will require the accountant's certification to include gross syndication proceeds and costs of syndication.

G. DEVELOPMENT COST LIMITATIONS

All Development Cost Limitations in this QAP will apply to all current Applications and Projects and to all Projects awarded Credits under a prior QAP. In the event a more favorable limit was used in a prior QAP the project. will be allowed to use it.

1. HARD COSTS

All Applications must provide justification for development costs. Even for those projects meeting specific QAP limitations, MBOH will evaluate cost per Unit and cost per square foot for all Projects for reasonableness, taking into account the type of housing, other development costs, unit sizes, the intended target group of the housing, where the Project will be located, and other relevant factors.

MBOH may decline to Award Credits to a Project where it determines that costs do not reflect the optimal use of Housing Credits.

TOTAL PROJECT COST PER UNIT LIMIT

Total Project Cost may not exceed $395,000 per Unit (Total Project Cost Per Unit Limit) unless and to the extent that Owner obtains a waiver from the MBOH Board. If a Project's Total Project Cost per unit is above $395,000 or has an increase that results in Total Project Cost per Unit of over $395,000, Owner must request a waiver from the MBOH Board. In addition, if a Project has a 20% Total Project Cost per Unit increase from the time of Award, a waiver request from the MBOH Board is also required.

Projects that issue bonds and then invest the proceeds until needed may net the investment earning from the interest cost for the project uses (e.g. the Cash Back Forward Structure).

Owners must notify and explain to MBOH a greater than 10% increase in Total Project Cost per Unit from the amount at the time of Award. The notification(s) must be included in the Quarterly Report for the period in which the increase occurs. Failure to notify and explain such cost increases to MBOH may result in being ineligible for a waiver.

COMMUNITY SERVICES FACILITY COST EXCLUSION

For purposes of the Total Project Cost Per Unit limit, costs of Community Service Facilities may be deducted from Total Project Cost if the Application includes:

- a calculation of the costs of the Community Service Facility(ies) that is reasonable and consistent with the Proforma (Excel) for the Project and that specifically itemizes the costs reasonably attributable or allocable to such building or partial building;
- a written certification that the Project's Total Project Cost Per Unit will be within the limit in this QAP upon exclusion of such Community Service Facility costs;
- the Applicant's agreement that, upon request, it will provide MBOH staff with supporting cost documentation, a CPA certification or other information to support the cost calculation, and will pay the cost of an independent third party expert analysis if required by MBOH; and
- Applicant's agreement that MBOH will deny an exclusion if staff determines that such cost calculation is unreasonable or not supported by appropriate documentation or certification.

2. ADDITIONAL COST LIMITATIONS

MBOH will reduce amounts in excess of the following cost limitations, as calculated in Proforma (Excel).

BUILDER'S OVERHEAD

Builder's Overhead, the builder's overhead shown in the Applicant's properly completed Proforma (Excel) (Cost Limitations and Requirements), is limited to a maximum of 2% of Construction Costs.

GENERAL REQUIREMENTS

General Requirements are limited to a maximum of 6% of Construction Costs.

BUILDER PROFIT

Builder Profit, the builder's profit shown in the Applicant's properly completed Proforma (Excel) (Cost Limitations and Requirements), will be limited to a maximum of 6% of Construction Costs.

DEVELOPER FEES

Developer Fees will be limited to a maximum of 15% of Total Project Cost.

For purposes of this Developer Fee limit, Total Project Cost does not include Developer Fees, Project reserves or land costs. HC Consultant fees (amount must be disclosed) will be included as part of and subject to the limit on Developer Fees. Architectural, engineering, and legal services are considered to be professional services, and fees for such services are not included as Developer Fees for purposes of this limitation.

DISCLOSURE OF TRANSACTIONS INVOLVING RELATED PARTIES

Applicants and Owners must disclose all transactions with Related Parties; failure to do so may result in the Project not receiving an Award. MBOH may reduce Developer Fees, Builder Profit or other Soft Costs on Projects involving Related Party transactions.

LIMITATION ON SOFT COSTS

The Soft-Cost-to-Hard-Cost Ratio (Soft Cost Ratio) for the Project, based upon the Application's Proforma (Excel), may not exceed:

- 40% for 9% or 45% for 4% or Twinned Projects

If the Soft Cost Ratio for a Project exceeds the applicable maximum, applications must justify soft costs outside these ranges in a narrative. MBOH will consider the reasonableness of the Project's proposed rent levels, operating expenses, reserve payments, projected Vacancy Rates, debt service obligations, and amount of Credits requested. MBOH will allow the Applicant to specify how and by what amount its Soft Costs will be reduced in writing within ten (10) business days. The Application will reflect such adjustments for all purposes under the HC program. If the Applicant fails to communicate its adjustments within the required time, MBOH will return the Application. Projects must meet this limit at Pre-Application, Full-Application, 10% Cost Certification and Final Cost Certification. The board may approve a waiver to the Soft Cost cap on a case-by-case basis; this limit applies to all current and prior projects.

PROFESSIONAL FEES

The application platform must address and provide justification for professional fees. MBOH will compare these fees as a percentage to construction costs for reasonableness.

ADDITIONAL DUE DILIGENCE

MBOH may require due diligence in the form of additional cost certification for Projects MBOH considers to be at high risk for unreasonable costs. This additional due diligence may include audits of contracts among or between Development Team members or contractors and/or sampling of subcontractor invoices to verify consistency with the developer cost certification.

IX. MBOH COMMUNICATIONS

MBOH may communicate with Applicants to provide interpretive guidance or for purposes of clarifying, verifying or confirming any information.

MBOH may query an Applicant or other persons regarding any concerns related to an Application or the management, construction or operation of a proposed or existing low-income housing Project. Questionable or illegal housing practices or management, or insufficient or inadequate response may be grounds for Disqualification of an Application.

MBOH may contact local community officials to discuss relevant evaluation criteria. MBOH may also contact any other third parties to confirm or seek clarification regarding any information in the Application.

MBOH will provide notice of the Project to the chief executive officer (or the equivalent) of the local jurisdiction within which the Project is proposed to be located and provide such individual a reasonable opportunity to comment on the Project.

X. RESERVATION, CARRYOVER ALLOCATION, CREDIT REFRESH AND FINAL ALLOCATION

The requirements in this section apply to all Projects Awarded Credits.

A. RESERVATION AGREEMENT

After an Award of Credits, MBOH will provide a Reservation agreement (Reservation Agreement) to the Owner. The Owner must return the signed Reservation Agreement to MBOH by March 1 of the year following the Award (or by such other date specified by MBOH as necessary to preserve the Credits). The Owner must meet the requirements and conditions described and provide the documentation required by the Reservation Agreement to receive a Carryover Allocation (Initial Allocation) or Final Allocation of Housing Credits.

MBOH will revoke an approved Reservation and terminate the Reservation Agreement when a Project fails to make successful progress toward completion or otherwise fails to perform its obligations under the Reservation Agreement and the Applicable QAP.

If an unsuccessful Applicant, or a party associated with such Applicant, commences any legal action or proceeding challenging MBOH's Award Determination or process, MBOH will make a Carryover Allocation (Initial Allocation) or Final Allocation of Housing Credits as required by an executed Reservation Agreement to the same extent it would have been bound to do in absence of the legal challenge, unless the court determines that such Applicant was not eligible or qualified under the applicable QAP to receive an Award of Housing Credits or MBOH otherwise determines that it is precluded by Court order from doing so. If a court determines in any such action or proceeding that MBOH must Award Credits to one or more unsuccessful Applicants from such round or year, such Award or Awards will be made using any available returned or unreserved Housing Credits or current year's Credits.

B. CARRYOVER ALLOCATION

To receive a Carryover Allocation, the Owner must submit to MBOH, no later than December 1 of the year following the Award (or by such other date specified by MBOH as necessary to preserve the Credits), the executed Reservation Agreement, Proof of Ownership, executed and recorded Restrictive Covenants, and the Reservation fee. MBOH will issue a Carryover Allocation Agreement to the Owner for execution and return to MBOH. The Carryover Allocation Agreement must be executed and returned to MBOH prior to December 31 of the same year.

C. 10% COST CERTIFICATION

The Owner must submit certification and related documentation as required by the Carryover Allocation Agreement demonstrating that Owner meets the 10% test under Section 42 (10% Cost Certification) no later than the first anniversary of the date on which MBOH executed the Carryover Allocation Agreement. Refer to the 10% checklist on the application platform for the most current checklist of 10% Cost Certification submission requirements. Failure to submit any required documentation, pay the required fee, submit certification for 10% documentation, or meet the 10% Test will cause forfeiture of Awarded, reserved or allocated Housing Credits.

D. LURA/DECLARATION OF RESTRICTIVE COVENANTS

When submitted to MBOH, the executed and recorded Declaration of Restrictive Covenants/ Land Use Restriction Agreement (Restrictive Covenants or LURA) must be accompanied by documentation confirming that the proposed LURA contains the accurate legal description of the Project land (e.g., most current ALTA Survey or title commitment).

By execution and recording of the LURA the Owner waives the right to request that MBOH locate a nonprofit qualified buyer as provided in Section 42 (Qualified Contract Process). The Extended Use Period specified in the LURA may not be terminated early through the Qualified Contract Process and the Owner must comply with the Restrictive Covenants for the entire Extended Use Period as provided in the LURA. All Projects must have an additional 35 years of affordability beyond the initial 15-year Compliance Period (total Extended Use Period of 50 years).

Prior to issuance of Form(s) 8609, documentation must be submitted evidencing the first priority position of the Restrictive Covenants. If such evidence does not show that the Restrictive Covenants are in a first priority position, MBOH will require a subordination agreement from the owner or holder of any prior-recorded lien or encumbrance as a condition of issuance of IRS Form(s) 8609, unless such prior lien or encumbrance is required by a federal agency to have priority over the Restrictive Covenants or MBOH otherwise determines in writing that subordination is not required.

For Projects constructed or to be constructed on leased ground, the LURA is not required to have priority over the ground lease. However, the LURA and ground lease shall include such provisions as are satisfactory to MBOH to assure to the greatest practicable extent that the Project will be subject to all LURA restrictions for the full Extended Use Period.

E. REFRESHING CREDITS

MBOH may approve conversion of previously awarded Credits from the original Credit year of the Credits Awarded to a more recent Credit year (Credit Refresh) for Projects that have been issued a Carryover Allocation and for which MBOH has approved the 10% Cost Certification.

To request a Credit Refresh, the Owner must submit a revised Proforma (Excel), narrative with justification for request, along with the fee as specified in the Fee Schedule. Upon receipt of the application and staff evaluation, the application will be placed on the agenda for consideration at the next MBOH Board meeting. The Owner or its representative must appear at the meeting to answer Board questions regarding the application and the factors leading to the submission of the application.

The MBOH Board may approve or deny the Credit Refresh or may defer action on the application pending additional information or compliance with specified conditions. The Board may place any one or more conditions on approval or further consideration of an application.

In making its determination, MBOH may consider any or all of the following:

- The diligence, or lack of diligence, by the Development Team, Owner or other Project participant in seeking to complete the development, approval, construction and opening of the Project.
- Any factors beyond the control of the Development Team, Owner or other Project participant, significantly contributing to the need for the Credit Refresh.
- The likelihood that the Project will be completed and Placed in Service within a reasonable time, under the circumstances, if approved.
- The likelihood that the Project will not be completed or Placed in Service if denied.
- The need for the Project, as determined in the original Application and Award processes.
- Any significant changes in market conditions or other factors that affect the financial feasibility of or need for the Project.
- Any other factor or factors that the Board deems relevant to the determination.

The amount of Credits reserved through a Credit Refresh shall not exceed the amount of Credits originally allocated or the maximum Credit Award under the Applicable QAP. All requirements of the Applicable QAP and applicable law shall apply as if such Reservation were the original.

F. FINAL ALLOCATIONS/8609

Refer to the 8609 checklist on the application platform for the most current checklist of items required for issuance of Form(s) 8609. Final Allocation of all Credits is subject to payment in full of the applicable fees specified in the Fee Schedule.

MBOH will assess a late fee if it does not receive all required items within 6 months of the last building Placed in Service date. MBOH may make a site visit and conduct a file audit prior to issuance of Form(s) 8609. Owners must send a copy of each completed and signed Form(s) 8609 back to MBOH within 3 months of issuance.

G. PUBLIC NOTIFICATION

Any public relations actions by a recipient of Credits must specifically state that a portion of the funding is from MBOH, including radio, television, and printed advertisements (excluding rental ads), public notices, and signs at construction sites.

H. CHANGES TO PROJECT OR APPLICATION

MBOH must approve any changes in the implementation schedule greater than 60 days. Owners must submit notification in writing with justification to MBOH within 10 business days of the change.

MBOH must specifically approve any of the following listed changes (Substantial Changes) in the project as set forth in the Application. The Applicant must notify MBOH in writing at least 30 days before implementing any change to or of:

- A member of the Development Team, including the Applicant, occurring prior to Placed in Service;
- Developer Fee agreement or Consultant Fee agreement;
- Participating local entity;
- Total Project Cost per Unit in a percentage or dollar amount that requires notification to MBOH or a waiver of the Total Project Cost Per Unit Limit;

- Quality or durability of construction;
- Number of units or unit composition;
- Site or floor plan;
- Square footage of Project building(s);
- Project amenities;
- Income or rent targeting;
- Rental subsidies;
- Any mandatory tenant obligation (*e.g.*, adding payment of utilities);
- Target group;
- Project location;
- Sources and uses (to the extent any line item of the Sources of Funds or any section of the Uses of Funds of the Proforma (Excel) changes by 10% or more);
- Common Area square footage, location or purposes;
- Housing Credits required for the Project;
- Extended Use Period;
- Any item that would have resulted in a lower Development Evaluation Criteria score under the Applicable QAP or failure to meet any mandatory Development Evaluation Criteria or Threshold Requirement; or
- Any other significant feature, characteristic or aspect of the Project.

If MBOH staff denies approval of any such Substantial Change, the Applicant may request Board review and must inform MBOH staff if the proposed change requires immediate or urgent review and approval. Any requested changes may incur additional fees.

XI. QUARTERLY REPORTS

Refer to the Quarterly Report Form on the application platform for the most current checklist of items and applicable due dates. The quarterly reporting requirements apply to all Projects that have an award of credits. The Project must submit the written quarterly status reports by the 10th day of every calendar quarter. Late reports will result in a fine in accordance with the Fee Schedule.

XII. QUALIFIED CONTRACT PROCESS

MBOH has adopted certain requirements and procedures applicable to the qualified contract process. These requirements and procedures are set forth in a separate Montana Board of Housing publication entitled the Montana Board of Housing, Qualified Contract Process (the “Qualified Contract Process” or “QCP”). The QCP governs eligibility, submission, consideration, determination and other aspects of a request for a qualified contract as provided in Section 42.

MBOH may update and revise the QCP from time to time through the administrative rule adoption process. Any updated or revised version of the QCP adopted as rule will replace and supersede the current version of the QCP as provided in the adopted rule. The current version of the QCP is available on the MBOH website.

APPENDIX: A

DEFINITIONS

APPENDIX A: DEFINITIONS

Terms used in this QAP shall have the same meaning as in Section 42 and implementing regulations unless otherwise indicated. As used in this QAP, the following definitions apply unless the context clearly requires a different meaning:

"4% Credits" means HCs that may be Awarded in accordance with the applicable QAP to Projects with tax-exempt financing under the volume limitation on private activity bonds and, except as otherwise provided by this QAP for Applications combining 4% and 9% Credits, outside the competitive allocation process applicable to 9% Credits.

"9% Credits" means HCs that may be Awarded through the competitive allocation process in accordance with the Applicable QAP.

"Absorption Rate" means the number of months projected in the Application's market study for a Project to become fully leased, using the calculations listed in MBOH's full market study requirements.

"Acquisition" means obtaining title, lease or other Land and Property Control over a property for purposes of an HC Project. Acquisition includes purchase, lease, donation or other means of obtaining Land or Property Control.

"Acquisition/Rehabilitation" means Acquisition of a property with one or more existing buildings and renovation meeting the Substantial Rehabilitation Standard for existing buildings on the property that are part of a Project.

"Adaptive Reuse" means the process of reusing an existing building for a purpose other than which it was originally built or designed for.

"Allocation" means an Initial Allocation or a Final Allocation.

"Available Annual Credit Allocation" is defined as the Credit ceiling allocated to MBOH by the federal government for the previous calendar year.

"Common Area" means any space in the building(s) on the Project property that is not in the units (except manager units), i.e. hallways, stairways, community rooms, laundry rooms, garages/carports, manager units, etc.

"Community Service Facility" means a building or part of a building constructed and included as part of and on the same tract of land as a Project: (a) that provides services designed to serve primarily individuals whose income is within the percentage(s) of area median income to be served by the Project (but are not limited to serving such individuals or Project residents exclusively); and (b) that charges service fees, if any, which are affordable to individuals whose income is within the percentage(s) of area median income to be served by the Project. Community Service Facilities are not required to meet Section 42 Community Service Facility requirements for inclusion in adjusted basis in order to qualify for the cost exclusion under the development cost limitations provisions of this QAP (except as included in this definition).

"Construction Costs" means all costs listed on the Proforma (Excel), Uses of Funds, under the Site Work and Construction and Rehab sections.

"Consultant" or "HC Consultant" means an individual or entity advising a Developer or Owner with respect to the HC Application and/or development process.

"Design Professional" means a housing/building design professional.

"Developer" means the individual(s) and/or entity(ies) specifically listed and identified as the developer on the application platform, responsible for development, construction and completion of an HC Project.

"Development Evaluation Criteria" means the development evaluation criteria set forth in the Development Evaluation Criteria and Selection section of this QAP.

"Development Team" means and includes the Applicant, Owner, Developer, General Partner, Qualified Management Company, and HC Consultant identified as such in the Application.

"Disqualify" or "Disqualification" means, with respect to an Application, that the Application is returned to the Applicant by MBOH without scoring and without consideration for an Award of HCs, as authorized or required by this QAP.

"Elderly Property" means an elderly property Project as defined in federal law for which a Fair Housing Act exemption for housing for older persons will apply.

"Expense Coverage Ratio" means, with respect to a Project with no hard debt included in the Proforma (Excel), the ratio of the Project's operating income to expenses.

"Experienced Developer" means a Developer who was entitled by written agreement to receive at least 50% of the Developer Fees on a prior low-income housing tax credit Project that has achieved 100% qualified occupancy and for which the applicable state housing finance agency has conducted a compliance audit which revealed no significant problems.

"Final Allocation" means, with respect to HCs, MBOH issuance of an IRS Form(s) 8609 (Low Income Housing Credit Allocation Certificate) for a Project after building construction or Rehabilitation has been completed according to the Project Application and any MBOH or MBOH Board-approved changes and the building has been Placed in Service.

"Form" means the most current version of any MBOH form referenced in this QAP. All Forms are available on the MBOH website or application platform.

"General Requirements" means the contractor's miscellaneous administrative and procedural activities and expenses that do not fall into a major-function construction category and are Project-specific and therefore not part of the contractor's general overhead, categorized in accordance with NCSHA standards and shown in the Applicant's properly completed Proforma (Excel).

"Hard Costs" means and includes building Acquisition costs, Site Work costs and Construction and Rehab costs, as shown in the Applicant's properly completed Proforma (Excel), Uses of Funds.

"Identity of Interest" between an Applicant and an In-Process Project means that the Applicant or a member of the Development Team for the Applicant Project: (i) has an interest in the ownership or developer fee payable for the In-Process Project; (ii) is the sole General Partner or the Managing General Partner of an entity formed for purposes of the In-Process Project; or (iii) is a Housing Credit Consultant for the development or construction phase of the In-Process Project and is entitled to receive a portion of the Developer Fee. The Applicant does not have an Identity of Interest with an In-Process Project solely because a person or entity involved in or providing support for the Applicant Project is or was also involved in or providing support for the In-Process Project, e.g., participating as a nonprofit entity for purposes of obtaining a tax exemption, or providing community or supportive services for the Project, so long as such person or entity is not entitled to a portion of the Developer Fee.

"Initial Allocation" or "Carryover Allocation" means the Carryover Allocation by MBOH of HCs from a particular year's federal LIHTC allocation to the state for purposes of later Final Allocation to a particular Project, as documented by and subject to the requirements and conditions set forth in a written Reservation Agreement, the Applicable QAP and federal law.

"In-Process Project" means any 9% Credit Project for which MBOH and the taxpayer previously have entered into and executed a Reservation Agreement but for which all building have not been placed in service. The term does not include any Project for which MBOH has rescinded the Credits or the Applicant has returned the Credits.

"Land or Property Control" means legally binding documentation of title or right to possession and use of the property, or the right to acquire title or right to possession and use of the property, for purposes the Project, including but not limited to documentation of fee ownership, lease, buy/sell agreement, option to purchase or lease, or other right, title or interest that will allow the Owner to acquire Proof of Ownership for purposes of Carryover.

"Large Project" means, for purposes of the Soft Cost Ratio limitation, a Project with more than 24 Housing Credit units.

"Pre-Application" means all information required under Pre-Application thresholds..

"New Construction" means construction of one or more new buildings.

"Owner" means the legal entity that owns the Project.

"Project Square Footage" means such portion of the total square feet applicable to low-income Units and Common Areas and used for the applicable square footage calculation in the Proforma (Excel) Project Information. Project Square Footage includes all building square footage available to or serving tenants, including units, management unit(s) and offices, Common Area, balconies, patios, storage and parking structures, and should reflect measurement to include total building envelope from outside wall to outside wall.

"Proof of Ownership" means evidence of title or right to possession and use of the property for the duration of the Compliance Period and any Extended Use Period plus one year, e.g., a recorded deed or an executed lease agreement.

"Qualified Management Company" means a Management Company that meets the education requirements specified in Appendix B, and is not disqualified by MBOH to serve as a Management Company on existing, new or additional Tax Credit Properties or Projects, based upon the company's: (a) failure to complete timely any required training; (b) failure to have or maintain any required certification; (c) record of noncompliance, or lack of cooperation in correcting or refusal to correct noncompliance, on or with respect to any Tax Credit or other publicly subsidized low-income housing property; or (d) delinquent MBOH late fees (unless the Management Company demonstrates to the satisfaction of MBOH that such noncompliance or lack of cooperation was beyond such company's control).

"Qualified Nonprofit Organization" or "Nonprofit" means, with respect to a Project, an organization exempt from federal income tax under Section 501(c) (3) or (4) of the Internal Revenue Code, which is not and during the Compliance Period will not be affiliated with or controlled by a for-profit organization, whose exempt purposes include the fostering of low income housing, which owns an interest in the Project, which will materially participate in the development and operation of the Project throughout the Compliance Period, and which is not affiliated with or controlled by a for-profit organization.

"Rehabilitation" or "Rehab" means an Acquisition/Rehabilitation or rehabilitation Project that meets the Substantial Rehabilitation Standard.

"Related Party" means an individual or entity whose financial, family or business relationship to the individual or entity in question permits significant influence over the other to an extent that one or more parties might be prevented from fully pursuing its own separate interests. Related parties include but are not limited to: (a) family members (sibling, spouse, domestic partner, ancestor or lineal descendant); (b) a subsidiary, parent or other entity that owns or is owned by the individual or entity; (c) an entity with common control or ownership (e.g., common officers, directors, or shareholders or officers or directors who are family members of each other); (d) an entity owned or controlled through ownership or control of at least a 50% interest by an individual (the interest of the individual and individual's family members are aggregated for such purposes) or the entity (the interest of the entity, its principals and management are aggregated for such purposes); and (e) an individual or entity who has been a Related Party in the last year or who is likely to become a Related Party in the next year.

"Reservation" means the conditional setting aside by MBOH of HCs from a particular year's federal LIHTC allocation to the state for purposes of later Carryover Allocation (Initial Allocation) and/or Final Allocation to a particular Project, as documented by and subject to the requirements and conditions set forth in a written Reservation Agreement, the Applicable QAP and federal law.

"Selection Criteria" means and includes all of the requirements, considerations, factors, limitations, Development Evaluation Criteria, set asides, priorities and data set forth in this QAP and all federal requirements.

"Selection Standard" means the standard for selection of Projects to receive an Award of HCs set forth in the Award Determination subsection, i.e., the MBOH Board's determination that one or more Projects best meet the most pressing affordable housing needs of people within the state of Montana as more specifically set forth in such subsection. The Selection Standard also applies for purposes of the selection of Projects invited to submit Full-Applications through the Pre-Application process.

"Small Rural Project" means a Project: (a) for which the submitted Tax Credit Application requests Tax Credits in an amount up to but no more than $5,000,000 of ten year credits of the state's Available Annual Credit Allocation, and (b) proposed to be developed and constructed in a location that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula.

"Soft Costs" means the costs of professional work and fees, interim costs, financing fees and expenses, syndication costs, soft costs and Developer's fees as shown in the Applicant's properly completed Proforma (Excel), Uses of Funds. Soft Costs do not include operating or replacement reserves.

"Soft-Cost-to-Hard-Cost Ratio" or "Soft Cost Ratio" means total Soft Costs divided by the sum of total Hard Costs (as calculated in the Proforma (Excel)) and land value (the highest value of what is shown in a comparative market analysis, appraisal or arm's length sale). Land value is added regardless of whether land is donated, leased, purchased or otherwise acquired.

"Total Project Cost" means all costs shown in Proforma (Excel) Uses of Funds line "Total Projects Costs without Project Reserves" (except as provided in the Development Cost Limitations provisions of this QAP with respect to exclusion of Community Service Facility costs). Total Project Cost does not include Project Reserves.

"Tribal" means an application sponsored by a Tribally Designated Housing Entity (TDHE) or other tribally sponsored entity.

"Twinned Projects" or "Twinned 4%/9% Projects" means one or more 4% Projects and one or more 9% Projects developed and constructed on a coordinated basis by a single Development Team where each of the included Projects is legally separate and distinct, physically distinct (e.g., separate buildings, located on separate fee or ground lease parcels, separate condominium units, etc.), financed, developed and constructed pursuant to separate contracts or contract schedules, managed and maintained under separate contracts and with separate accounting and finances, all in accordance with applicable IRS requirements, and where the 4% and 9% Projects share access to and use of facilities, such as for parking, Common Areas, reciprocal utility or maintenance easements or other similar items, pursuant to recorded covenants, conditions, restrictions, agreements and/or easements providing for or based upon a reasonable allocation of costs between the Projects in accordance with applicable IRS requirements. This definition is intended to be descriptive rather than to establish separate Montana requirements for such Projects, which Projects must meet all applicable IRS and other legal requirements.

"Proforma (Excel)" means the most current Proforma (Excel) available on the application platform.

"Unit" means any residential apartment or single-family home.
"Vacancy Rate" means percentage of vacant affordable units in the Application's market area

APPENDIX: B DESIGN REQUIREMENTS

BASELINE PROJECT REQUIREMENTS:

All Projects must MEET or EXCEED THE ADOPTED State of Montana Building Code Requirements, whether or not the State of Montana building code has been adopted in the Project's jurisdiction.

Information herein describing the requirements for New Construction also applies to Acquisition/Rehabilitation projects per the International Existing Building Code; Each requirement applies if existing construction is being replaced or walls are being removed and remodeled.

Words and phrases used in this Design Requirements Appendix have the meaning set forth in the IBC or applicable adopted governing code.

If a Project must comply with Section 504 requirements, but any item in Exhibit B exceeds that requirement, the Project must comply with the Exhibit B requirement. In other words, the most stringent requirement shall apply.

The developer may request a waiver or exception on any item in the Design Appendix (except where otherwise stated). The request must be in writing and include justifying documentation demonstrating substantial good cause for the requested waiver or exception from the minimum requirements. MBOH staff will consider the request and may in its discretion approve or deny the request.

All Design Requirements in this QAP will apply to all current Applications and Projects and to all Projects awarded Credits under a QAP for 2025 or later.

PROJECT ACCESSIBILITY REQUIREMENTS:

At least 5% of Project total number of Units must be "accessible" as defined in the International Building Code (IBC) AND THE ADOPTED ICC A117.1 as well as the applicable adopted governing code; even when project funding does not require section 504 compliance.

Accessible UNITS ONLY: *For New Construction this base requirement is to exceed IBC and ICC requirements by defining that 5% of the overall unit count is to be a fully accessible unit not just a Type A design. For Acq/Rehab projects if cabinets are replaced this requirement applies.*

a. Provide open area under kitchen sink, at the workspace and lavatory locations in the accessible unit. Removable cabinet fronts with finished floors is allowed.

Commented [BB12]: This will be allowed

ALL ACCESSIBLE, TYPE A AND TYPE B UNITS MUST: *For New Construction this is not required for units not labeled as such, i.e., a standard unit in a building on a non accessible floor does not have to comply. For Rehab projects if water closets are replaced this requirement applies. For Rehab projects if operable parts are not being relocated this requirement does not apply.*

a. Have water closet flush controls on the open side of the room.

b. Design all applicable described operable parts no less than 15" above the finished floor & no greater than 48" above the finished floor, regardless of floor level.

PROJECT ADAPTABILITY REQUIREMENTS:

Blocking (reinforcement in the wall framing) is required at all bathrooms for future grab bar installation, regardless of the location in the building. *For Rehab's, if you are not opening walls to reconstruct units, then this does not apply.*

36" wide doors and cased or drywall openings intended for user passage are required at all Units and all Common Area doors at all levels of a Project regardless of the location in the building. The exceptions are linen, storage, clothes closets not greater than 24" deep max, and pantries not designed for user pass through. *For Rehab's, if you are not opening walls to reconstruct units, then this does not apply.*

Lever door hardware with push button locking (other than dwelling unit entry or patio/deck door where deadbolt is allowed) required at all Units regardless of the location in the building. This includes all types of closet doors except bi-pass doors. *For Rehab's, if you are not replacing door hardware, then this does not apply.*

TYPE B SPECIFIC REQUIREMENTS

Type "B" Units are limited to the ground floor only when there is no elevator. If an elevator is present, then all Units on all levels accessed by the elevator are to be type "B".

Ensure all Units labeled as a type “B” have the ability to add a strobe along with the horn to a Unit by modifying the device if a reasonable accommodation is requested.

Removeable cabinets are required at all type “B” Units. This is to ensure the adaptability of the kitchen in the future if a reasonable accommodation is requested. Removeable cabinets can be achieved per the Fair Housing Act Design Manual detail graphic on how to install the base cabinet. The countertop and sink or lavatory must remain in place and flooring and wall protection must be present when the cabinet is removed in order to qualify as removeable. *For New Construction, the locations of the removeable cabinets are the kitchen sink, the kitchen workspace and the bathroom lavatory. For Rehab this applies only if the cabinets are being replaced.*

Electrical panel: the operable parts must be at a max 48” above the finished floor in all type “B”, “accessible” or type “A” Units per code in accordance with all applicable codes.

PROJECT VISITABLE REQUIREMENTS:

No step entry required at all building entries, patio and decks, unless project complies with site impracticality per the International Building Code determination which must be verified by Architect.

PROJECT LIVEABLILITY REQUIREMENTS:

WINDOWS

Egress windows are required in all bedrooms. Historic preservation projects may allow operable windows, only if dimensionally the width and height cannot meet code. *For Rehab’s, egress is required only if windows are being replaced, is feasible to achieve within the existing opening in the wall and if allowed through the State Historic Preservation Office review.*

ENERGY SAVING MEASURES

The following are required in all Units:

1) Energy star appliances: *Only if New Construction or Acq/Rehab projects are providing and or replacing they must meet this requirement. Meaning Dishwasher's are not required but if provided it does need to be energy star certified.*
    - dishwasher, refrigerator/freezer, clothes washer, range hood
    - energy star ceiling fans – living rooms only
    - energy star bathroom exhaust fans
2) Energy conservation: *For Acq/Rehab projects this applies only if replacing.*
    - LED exterior lighting
3) Water conservation: *For New Construction when providing. For Acq/Rehab projects this applies only if replacing.*
    - Water flow saving devices: kitchen faucets=1.5gpm, shower heads=1.5gpm, other faucets=1.0gpm
    - Water closet = 1.28 gpf
    - Rain sensing landscape irrigation system or equivalent
    - Water efficient landscaping entire project
    - On-site recycling of construction materials during construction for cardboard and wood at a minimum.
4) On site Recycling - as a way to save energy from a waste and transportation perspective
    - On-site recycling of construction materials during construction for cardboard and wood at a minimum. *Only required if jurisdiction the project is located in offers this service.*

HEALTHY INTERIOR ENVIRONMENT

The following healthy interior measures are required when providing or replacing:

LOW VOC PAINTS, STAINS, ADHESIVES & SEALANTS INTERIOR ONLY

Interior paints, coatings & primers must have a VOC content less than or equal to the thresholds provided by the most recent version of SCAQMD 1113 available at time of product specification for all interior paints, coatings and primers.

VOC emissions verified as compliant with CDPH Standard Method for all wall finish paints.

All wallpaper used must be phthalate free.

Interior adhesives and sealants must have a VOC content less than or equal to the thresholds provided by the most recent version of SCAQMD 1168 available at time of product specification for all interior adhesives and sealants.

SMOKE FREE LIVING

For all Projects, the Owner (and any Management Company) must establish and implement a written policy that prohibits smoking in the Units and the indoor Common Areas of the Project, including a non-smoking clause in the lease for every Project Unit. The Owner (and any Management Company) rather than MBOH will be responsible to establish, implement and enforce such written policy and lease clause. The Owner and Management Company also must make educational materials on tobacco treatment programs, including the phone number for the Montana Tobacco Quit Line, available to all tenants of the Project. The Montana Tobacco Use Prevention Program Smokefree Housing Project can provide educational materials and smokefree signage to property owners and managers free of charge, as requested. If smoking is allowed outside on the Project property, it is recommended that the written smoking policy require that smoking be restricted to areas no closer than 25 feet from all building entrances and exits. The written policy must provide appropriate exceptions for bona fide cultural or religious practices.

PASSIVE RADON SYSTEM

At minimum all Projects require a passive radon system. The developer is required to provide compliance documentation from an accredited professional Radon Mitigation Specialist.

LEAD BASED PAINT

Must comply with HUD's "Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance," known as the Lead Safe Housing Rule, 24 CFR Part 35. Developer must provide MBOH with documentation from a certified professional Abatement Contractor of Project compliance with the Lead Safe Housing Rule.

ASBESTOS

Must comply with 'Level of Environmental' review as outlined in HUD's adopted policies for Rehabilitation, and any applicable Jurisdictional Requirements.

Montana Department of Environmental Quality (DEQ) administers the following:

- National Emissions Standards for Hazardous Air Pollutants (NESHAP) 40 CFR Part 61, subparts A (General Provisions) and M (National Emission Standard for Asbestos)
- Administrative Rules of Montana (ARM) Title 17, Chapter 74, Subchapter 3 (Asbestos Control)
- Montana Code Annotated (MCA), Title 75, Chapter 2, Part 5 (Asbestos Control)

The most restrictive requirement applies. Developer must provide documentation from an accredited professional Abatement Contractor Project compliance with the applicable regulations.

UNIT FUNCTIONALITY

The following are required of all Units:

1. One linen closet in a common area (not in a bedroom)
    a. No greater than 24” in depth clear; minimum of 24” wide door
    b. 3 shelves minimum
    c. This can be combined in a Coat Closet

2. One pantry cabinet or closet
    a. No greater than 24” in depth; minimum of 24” wide door or opening
    b. 3 shelves minimum

3. Accessible common laundry for entire building which includes clothes washers & clothes dryers (or any combination of the following)
    a. One clothes washer & one clothes dryer per every 8 Units in a Project & must be on an accessible route (these can be coin operated machines); or
    b. Washer and dryer hookups in each Unit, must construct a closet with a depth of a minimum 36” deep clear inside (appliance specification must be verified), using a 6’-0” wide door opening for side by side applications and where allowed by code, stackable units will use the same depth as noted above with a 3’-0” wide door opening

DURABILITY

The following are required of all Units:

1. Flooring
   Hard surfaces must be a minimum of 12 millimeter wear layer (0.3 mm). All hard surface flooring must be floor score certified for air quality. Carpet must be a minimum of 26 ounces (face weight). Must be green label plus certified for all carpet related flooring. No exceptions will be considered for flooring.

2. Cabinets

Cabinets are required at a minimum to comply with Architectural Woodwork Institute standards at the economy grade level. Must have no added formaldehyde. Must contain cabinet fronts made from solid wood. Must have front stiles pocket-drilled and assembled with screws for rugged durability. Side and back panels must be made from 3/8" vinyl covered particleboard minimum.

AMENITIES ON SITE

FAMILY HOUSING

One on-site play area required. If a play structure is provided it must have fall protection. One bench is required within the play area. If another public option is available within a reasonable distance (generally within a block), MBOH staff may in its discretion waive this this requirement.

SENIOR HOUSING

Covered outdoor seating is required and a Common Area room for library space or seating area.

PARKING

The parking plan that is required by local code is the minimum requirement. Any type of parking that is being charged for and is excluded from basis will not be considered.

GREEN INITIATIVES:

Developer must choose and comply with one option as a discretionary additional requirement for the development.

ENERGY CONSERVATION

CHOOSE 1 OF THE FOLLOWING 3 FOR NEW CONSTRUCTION PROJECTS

1. Building envelope components exceeding the adopted International Energy Conservation Code (IECC); includes windows, doors, insulation values in roof and walls and crawlspace, basement or slab on grade. Each must be 5% over the applicable IECC value.
2. Energy Star Certification per the applicable Energy Star Homes Program Revision and Implementation Timeline (see energystar.gov)
3. Enterprise Green Communities certification per the applicable Enterprise Green Communities Criteria based on project timeline (see greencommunitiesonline.org)

CHOOSE 1 OF THE FOLLOWING 2 FOR REHABILITATION PROJECTS

BLOWER DOOR

Owner/Developer to hire a qualified energy consultant to perform Blower Door testing and to certify 50% of the total number of dwelling units in the existing building or buildings comply with the adopted State of Montana IECC level of Air Changes per Hour (ACH) at the time the project is awarded. The Developer or Builder must notify MBOH at least one week in advance of the date and time that tests will be performed and MBOH staff must be permitted to attend and observe such testing. Proof of such testing must be submitted to MBOH to qualify for issuance of Form 8609(s), in the form of a report that identifies the building and the unit number on the site. The Owner must provide that report to the Architect to remedy the findings if any occur that do not meet the ACH or are higher than the adopted ACH. The Owner and Architect upon signing the certification at the end of the project will be certifying that the work is completed and complies with the ACH.

INFRARED

Owner/Developer to hire a qualified energy consultant to perform Infrared tests on 50% of the total number of dwelling units in the existing building or buildings before and after the construction. At the time of testing there must be a 20 degree temperature difference from outdoors to inside the Unit. MBOH shall be notified and invited to attend one week in advance of the tests. While you need to test 50% of the dwelling units total on the site, you also need a representative sampling of the Common Areas as applicable to only one building on the site, ie Community Building or Space if it is attached to an existing dwelling unit building or a Common Laundry room if it is attached to an existing dwelling unit building. If any of the common areas are in their own buildings, they are not required to be tested. The Before and After Test Result Reports shall be submitted to MBOH within 30 days after the tests. The reports shall indicate the imaging and call out the finding that needs repair to ensure the envelope is properly insulated and sealed. The Owner must provide that report to the Architect to remedy the finding. The Owner and Architect upon signing the certification at the end of the project will be certifying that the work is completed and fixed.

CERTIFICATION

Upon Project completion, the architect and the Owner must each certify the Project by providing their signature on their letterhead per the MBOH Architect Certification within the Proforma (Excel) that indicates all mandatory and discretionary work is completed and installed. If the Owner has hired a third party, that party must certify.

APPENDIX: C COMPLIANCE MONITORING

APPENDIX C: COMPLIANCE MONITORING

A. OVERVIEW

Federal law requires the Montana Board of Housing (MBOH) to monitor compliance and outline procedures for notifying the Internal Revenue Service (IRS) of any instances of non-compliance. The Qualified Allocation Plan (QAP) authorizes MBOH to conduct compliance monitoring and outlines procedures for notifying the IRS of instances of non-compliance. The following compliance processes and requirements apply to all Projects Awarded Credits

For additional information regarding MBOH compliance requirements and procedures, see the Montana Housing Compliance Manual (2024) (Compliance Manual), copies of which may be obtained by contacting the Board of Housing by mail at P.O. Box 200528, Helena, MT 59620-0528, by telephone at (406) 841-2845 or (406) 841-2838, or at the board's web site www.commerce.mt.gov.

B. MAXIMUM RENTS AND TENANT OBLIGATIONS

Rents and total tenant obligations to the landlord, including any mandatory tenant-paid items, must be limited to the levels and items specified in (1) the Application and/or Declaration of Restrictive Covenants, (2) the applicable HUD income and rent levels and (3) the Applicable QAP, including the Payment Subsidy limitation below. The requirements within this section applies to all existing projects and new projects.

A Project must adjust rents to accommodate tenants that receive subsidy through state and/or federally assisted voucher-based programs (Voucher Holders). State and/or federally assisted voucher-based programs include but are not limited to Housing Choice Vouchers, Veterans Affairs Supportive Housing, Mainstream, Emergency Housing Voucher, and any other similar iteration or program. Voucher-based programs specify the maximum allowable rent (Payment Standard) corresponding to the voucher size of the participant based on county payment standards. A Project must adjust the rent amount for a Voucher Holder and may not charge the Voucher Holder rent exceeding the Payment Standard applicable to the Voucher Holder if the Project rent amount is within the greater of 5% or $50 of the current voucher Payment Standard applicable to the Voucher Holder. MBOH staff may grant exceptions; together with supporting documentation that justifies a substantial financial hardship to the property the Owner or management company seeking an exception must submit a written request for an exception.

For existing tenants, rent increases in any calendar year shall not exceed the lesser of any rent increases permitted as a result of any increase in the Area Median Income (“AMI”) or ten percent (10%) of the then-current rent amount. No more than one rent increase per calendar year is allowed. Tenants must be notified 60 days in advance of any increase. For units that are receiving rental assistance the tenant paid rent and all rent reasonableness tests will need to be considered for the rental assistance program being used.

MBOH staff may grant exceptions to this limit as necessary to reflect actual cost increases.

Exception requests, together with supporting cost and rent documentation, must be submitted at least ninety (90) days in advance of the desired effective date of any requested rent increase in excess of the limit.

Rent increases (whether or not in excess of the foregoing limits) based upon the addition of any mandatory tenant obligation (*e.g.*, adding tenant payment of utilities where not so specified in the Application) are also subject to MBOH approval.

C. COMPLIANCE FEES

Commented [BB13]: We intend to raise this fee from $45 to $55 a low income unit and remove the additional for Average Income.

The compliance monitoring fee is payable annually at the time of the Owner's Submission of the Owner's Certificate of Continuing Program Compliance for the time period being submitted. Refer to the Fee Schedule on the website for current fees.

A late fee will be assessed if the complete Annual Compliance Package is not received by the deadline. Failure to submit corrections on noncompliance by the deadline set by MBOH will result in an initial late fee and an additional per-week fee until all required documentation is received by MBOH. A one-time extension may be granted if a written request is submitted to MBOH no later than 10 days prior to the deadline. If an extension is granted and the extension deadline passes without MBOH receipt of the complete documentation, a per-week fee will be imposed until all required documentation is received by MBOH.

D. MANAGEMENT CHANGES

Written notification of changes to property management companies, managers, site managers, or changes to points of contact must be submitted to MBOH prior to or immediately upon implementation of the change. Changes not received by MBOH prior to change or immediately upon change, or within a 15-day grace period, will result in an initial late fee and monthly late fees thereafter until written notification is received.

A property management company must be a Qualified Management Company. Replacement of a management company with a company that is not a Qualified Management Company or failure to timely submit such notification to MBOH may trigger issuance of an IRS Form 8823.

E. OWNERSHIP CHANGES

Prior to a sale, transfer or exchange, the Owner must notify in writing and obtain the written agreement of any buyer, successor or other person acquiring the Project or any interest therein that such acquisition is subject to the requirements of the Restrictive Covenants, Section 42 and the Applicable QAP.

The Owner shall notify MBOH of any such sale, transfer or exchange and submit the following forms (available on MBOH's website) within ten business days of the closing of any such sale, transfer or exchange:

- Property Change Information Form
- Purchaser Agreement
- Release of Information Form

The Board may void any sale, transfer or exchange of the project if the buyer, successor or other person fails to assume in writing the requirements of the Restrictive Covenants, Section 42 of the Code and the Applicable QAP.

The Owner must provide MBOH with at least 120 days advance written notice prior to offering or listing any Project or Project real property for sale, assignment, transfer or exchange or entering into any agreement for such transaction. MBOH may notify prospective buyers of any proposed offering or listing, and such prospective buyers may submit offers to Owner to purchase such property.

The Owner shall notify MBOH within ten business days of the filing of any judicial foreclosure action, receipt of any notice of trustee's sale or receipt or submission of any proposal for a deed in lieu of foreclosure with respect to any project or project property and provide MBOH with copies of the complaint, notice of trustee's sale or deed in lieu of foreclosure proposal, as applicable. MBOH may notify the United States Secretary of the Treasury if it has reason to believe that any potential foreclosure sale or deed in lieu of foreclosure is part of an arrangement to terminate the LURA restrictions.

F. EDUCATION REQUIREMENTS

During the legislative session of 2023, the Montana Legislature passed HB 0358, titled "An act revising property manager license laws; exempting from the property manager license requirement owners of real estate, related owners, and entities owned by related owners; eliminating the exemption for persons acting as managers of certain government-subsidized housing; amending Section 37-51-602, MCA; and providing an immediate effective date and a retroactive applicability date." The most significant change under HB 0358 was removal of the exemption from licensing requirements for managers "of a housing complex for low-income individuals subsidized either directly or indirectly by the state, any agency or political subdivision of the state, or the government or an agency of the United States." Prior to the passage of HB 0358, property managers of affordable housing properties were exempt from the property management licensing requirements, but HB 0358 has eliminated this exemption. The legislation became effective January 1, 2023, and any manager hired January 1, 2023 or later must have their required property manager's license.

Qualified Management Company personnel responsible for providing or explaining information for tenant qualification or qualifying tenants and verifying compliance must be certified in LIHTC compliance by one of the Nationally Recognized LIHTC Compliance Training Companies. Personnel must attend a certification class with a Nationally Recognized LIHTC Compliance Training Company at least once every four years. For each of the other three years, all property managers and property

Management Company personnel are strongly encouraged to attend annual MBOH compliance training.

The Qualified Management Company and site manager for an HC property must be trained and certified before the property is Placed in Service. New site managers hired for existing HC properties must be certified within six months. New property management companies hired for existing properties must be certified before they assume management of a property. Training requirements must be met to maintain Qualified Management Company status.

Persons responsible for qualifying tenants and verifying compliance must also attend Fair Housing training at least once every four years. The manager for a HC property must complete such training before the property is Placed in Service.

Such Fair Housing training must include and cover the following subjects and requirements:

1. Protected Classes;
2. Accessibility requirements;
3. Reasonable accommodation/modification;
4. Applicant screening;
5. Disparate impact;
6. Domestic violence issues;
7. Occupancy standards;
8. Section 504; and
9. Service Animals.

In the event a management company fails to meet the certification or training requirements MBOH will notify the management company and the Owner of such noncompliance and the date by which such noncompliance must be corrected. If such noncompliance is not corrected by such date, the Owner will be required to pay the applicable fees specified in the Fee Schedule for each week that such noncompliance remains uncorrected.

G. RECORDKEEPING AND RECORD RETENTION

1. **Recordkeeping**: Owners must keep records for each qualified low-income building in the Project that show for each year in the compliance period:
   - (i) the total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
   - (ii) the percentage of residential rental units in the building that are low-income units;
   - (iii) the rent charged on each residential rental unit in the building (including any utility allowances);
   - (iv) the number of occupants in each low-income unit, but only if rent is determined by the number of occupants in each unit under Section 42(g)(2) (as in effect before the amendments made by the Omnibus Budget Reconciliation Act of 1989);
   - (v) the low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented;
   - (vi) the annual income certification of each low-income tenant per unit (for an exception to this requirement, see Section 42(g)(8)(B));
   - (vii) documentation to support each low-income tenant's income certification (other than as covered by the special rule for a 100% low-income building) as determined under Section 8 or by a public housing authority;
   - (viii) the eligible basis and qualified basis of the building at the end of the first year of the credit period; and
   - (ix) the character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d).
2. **Record retention**: Owners must retain the records described in G(1) for at least six (6) years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period, however,

must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.

3. **Inspection record retention**: Owners must retain the original local health, safety, or building code violation reports or notices that were issued by the State or local government unit (as described in Treasury Regulation § 1.42-5 (c)(1)(vi)) for MBOH's inspection under the inspection provisions of this appendix. Retention of the original violation reports or notices is not required once MBOH reviews the violation reports or notices and completes its inspection, unless the violation remains uncorrected.
4. **Data Collection:** All property Owners must submit, as part of the annual compliance submission, operating income and cost information for the property's latest fiscal period, including a current balance of replacement and operating reserve accounts and, at least annually and upon the request of MBOH, copies of the project's most current financial statements (may include at the board's request profit and loss statement and balance sheet).

H. ANNUAL COMPLIANCE SUBMISSION

The Owners Certificate of Continuing Program Compliance must be submitted annually throughout the Extended Use Period for each property. The certificate must be signed by the Owner and notarized.

Owners must file the annual certifications on the Form provided by MBOH. MBOH may file an IRS Form 8823 if the Owner fails to submit an annual certification before the deadline.

A checklist of the materials required for submission follows:

- Annual Owner's Certification
- Income/Expense Report
- Reserves Form
- Property Contact Information Form

- HC/Fair Housing Certifications
- Tenant Recertification
- Paying compliance fees

These materials must be submitted to MBOH by the deadline for the property's annual reporting period. Management company policy will outline which staff members are responsible for each of the tasks.

The Owners Certificate of Continuing Program Compliance, Tenant Income Certifications (TIC) and other Annual Compliance package items must be submitted on or before the 25th of the month following the assigned annual period. Federal regulations stipulate there must be no more than 12 months between certifications.

I. CERTIFICATION AND REVIEW

1. **Certification**: Owners must certify at least annually to MBOH that, for the preceding twelve (12) month period:
   - (i) the Project met the requirements of the 20-50 test under Section 42(g)(1)(A), the 40-60 test under Section 42(g)(1)(B), whichever is applicable to the Project (see Section 42(g)(1)(C) if Average Income is selected as the minimum set-aside on IRS Form 8609);
   - (ii) there was no change in the applicable fraction (as defined in Section 42(c)(1)(B)) of any building in the Project, or that there was a change, and a description of the change;
   - (iii) the Owner has received an annual income certification from each low-income tenant, and documentation to support that certification consistent with Treasury Regulation § 1.42-5(b)(1)(vii) (other than as covered by the special rule for a one hundred percent (100%) low-income building);
   - (iv) each low-income Unit in the Project was rent-restricted under Section 42(g)(2);
   - (v) all Units in the Project were for use by the general public, including the requirement that no finding of discrimination under the Fair Housing Act

occurred for the Project (meaning an adverse final decision by HUD or a substantially equivalent state or local fair housing agency or MBOH, or an adverse judgment from a federal court);

(vi) the buildings and low-income Units in the Project were suitable for occupancy, taking into account local health, safety, and building codes and inspection standards specified in subsection J, and the State or local government unit responsible for making local health, safety, or building code inspections did not issue a violation report for any building or low-income Unit in the Project (Owner must attach any violation report or notice to its annual certification and state whether the violation has been corrected);

(vii) there was no change in the eligible basis (as defined in Section 42(d)) of any building in the Project, or if there was a change, the nature of the change;

(viii) all tenant facilities included in the eligible basis under Section 42(d) of any building in the Project were provided on a comparable basis without charge to all tenants in the building;

(ix) if a low-income Unit in the building became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available Unit of comparable or smaller size to tenants having a qualifying income before any Units in the Project were or will be rented to tenants not having a qualifying income;

(x) if the income of tenants of a low-income Unit in the Project increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available Unit of comparable or smaller size in the Project was or will be rented to tenants having a qualifying income; and

(xi) an extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an Owner cannot refuse to lease a Unit in the Project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937;

(xii) all low-income units in the project were used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(i)(3)(B)(iii) or single-room-occupancy units rented on a month-by-month basis under Section 42(i)(3)(B)(iv));

(xiii) no tenants in low-income Units were evicted or had their tenancies terminated other than for good cause and no tenants had an increase in the gross rent with respect to a low- income Unit not otherwise permitted under Section 42;

(xiv) the Project complied with the Violence Against Women Reauthorization Act of 2013 and tenant protections were incorporated into the lease forms, tenant selection plans, and policies related to Unit transfers;

(xv) the Owner meets the requirements of the nonprofit set-aside if the Project was allocated as such; and

(xvi) no unauthorized changes in ownership or management agent(s) have occurred.

2. **Review and Inspection**: MBOH must perform the following reviews and inspections:

(i) MBOH will review the certifications submitted under Subsections H and I for compliance with the requirements of Section 42. MBOH may review the low-income certifications at its discretion.

(ii) With respect to each tax credit Project, MBOH will conduct on-site inspections and review low-income certifications (including documentation to support the low-income certifications and the rent records for the tenants).

(iii) On-site inspections conducted by MBOH must satisfy both the requirements of Treasury Regulation § 1.42-5(d) and the requirements of subsections (iii)(A) through (D) below. The low-Income certification review conducted by MBOH must satisfy the requirements of subsections (iii)(A) through (D) below.

(A) Timing. MBOH must conduct on-site inspections of all buildings in the low- income housing Project and must review low-income certifications of the low-income housing Project:

(1) By the end of the second calendar year following the year the last building in the low-income housing Project is placed in service; and

(2) At least once every 3 years thereafter.

(B) Number of low-income units. MBOH must conduct on-site inspections and low- income certification review of not fewer than the lesser of:

(1) 20% of the low-income Units in the low-income housing Project rounded up to the nearest whole number of Units: or

(2) the minimum number of low-income Units in the low-income housing Project set forth in the following table:

Units in Property	Sample Size	22-24	14
1	1	25-27	15
2	2	28-30	16
3	3	31-35	17
4	4	36-39	18
5	5	40-45	19
6-7	6	46-51	20
8	7	52-59	21
9-10	8	60-67	22
11-12	9	68-78	23
13-14	10	79-92	24
15-16	11	93-110	25
17-18	12	111-120	26
19-21	13	121-166	27

(C) Selection of low-income Units for inspection and low-income certifications for review:

(1) Random Selection. MBOH will randomly select low-income Units and tenant records to be inspected and reviewed. MBOH generally will not select the same low-income Units of a low-income housing Project for on-site inspection and low-income certification review, because doing so would give prohibited advanced notice. MBOH may choose a different number of Units for on-site inspections and for low-income certification review, provided it chooses at least the minimum number of low-income Units in each case. MBOH must select the units for inspections and for low-income certification separately and in a random manner.

(2) Advance notification limited to reasonable notice. MBOH must select the low-income Units to inspect and low-income certifications to review in a manner that does not give advance notice that a particular low-income Unit (or low-income certifications for a particular low-income Unit) will or will not be inspected (or reviewed) for a particular year. MBOH may notify the Owner of the low-income Units for on-site inspection only on the day of inspection. However, MBOH may give an Owner reasonable notice that an inspection of the Project and of not-yet-identified low-income Units or review of low-income certifications will occur. The notice serves to enable the Owner to assemble needed documentation for low-income certifications for review and to notify tenants of the possibility of physical inspection of their Units.

(3) Meaning of reasonable notice. For purposes of subsection C(2), reasonable notice is generally no more than 15 days. The notice period begins on the date MBOH informs the Owner that an on-site inspection of a Project and low-income Units or low-income certification review will occur. Notice of more than 15 days,

however, may be reasonable in extraordinary circumstances that are beyond MBOH's control and that prevent MBOH from carrying out within 15 days an on-site inspection or low-income certification review. Extraordinary circumstances include, but are not limited to, natural disasters and severe weather conditions. In the event of extraordinary circumstances that result in a reasonable-notice period longer than 15 days, MBOH must select the relevant Units and conduct the same-day on-site inspection or low-income certification review as soon as practicable.

(4) Applicability of reasonable notice limitation when the same units are chosen for inspection and file review. If MBOH chooses to select the same units for on-site inspections and low-income certification review, MBOH may complete both the inspections and review before the end of the day on which the units are selected.

3. **Frequency and form of certification**: The certifications and reviews required by this subsection will be made annually covering each year of the fifteen (15) year compliance period and the project's extended use period. The Owner certifications will be made under penalty of perjury.

J. INSPECTIONS

1. **In general**: MBOH has the right to perform an on-site inspection of any tax credit Project at least through the end of the extended use period.

   (i) **Inspection standard**: For the on-site inspections of buildings and low-income Units required by this appendix, MBOH will review any local health, safety, or building code violations reports or notices retained by the Owner in order to determine whether the buildings and units satisfy, as determined by MBOH, the uniform physical condition standards for public housing established by HUD (24 CFR 5.703) (as effective January 1, 2001) or the National Standards for the Physical Inspection of Real Estate

(NSPIRE) if adopted by the IRS for purposes of the low-income housing tax credit program.

The HUD physical condition standards do not supersede or preempt local health, safety, and building codes. A tax credit project under Section 42 must continue to satisfy these codes. MBOH will report any violation of these codes to the IRS.

K. NOTIFICATION OF NONCOMPLIANCE

1. **In general**: MBOH will give the notice described in subsection K(2) to the Owner of a tax credit Project and the notice described in subsection K(3) to the IRS.
2. **Notice to Owner**: MBOH will provide prompt written notice to the Owner of a tax credit Project if MBOH does not receive the certification described in subsection I(1), or does not receive or is not permitted to inspect the tenant income certifications, supporting documentation, and rent records described in subsection I(2)(ii), or discovers by inspection, review, or in some other manner, that the project is not in compliance with the provisions of Section 42. If the project is within the compliance period (first 15 years of affordability period), the Owner will receive notice from MBOH of any filing of IRS Form 8823 for non-compliance.
3. **Notice to Internal Revenue Service:**

   (i) In general: During the project's compliance period, MBOH will file IRS Form 8823, "Low-Income Housing Credit Agencies Report of Noncompliance," with the IRS no later than 45 days after the end of the correction period (as described in subsection K(4), including extensions permitted under that paragraph) and no earlier than the end of the correction period, whether or not the noncompliance or failure to certify is corrected. MBOH will explain on IRS Form 8823 the nature of the noncompliance or failure to certify and indicate whether the Owner has corrected the noncompliance or failure to certify. Any change in either the applicable fraction or eligible basis under subsection I(1)(ii) and I(1)(vii) respectively, that results in a decrease in the qualified basis of the project under Section 42(c)(1)(A) is noncompliance that will be reported to the

IRS under subsection K(3). If the noncompliance or failure to certify is corrected within three (3) years after the end of the correction period, MBOH will file IRS Form 8823 with the IRS reporting the correction of the noncompliance or failure to certify.

(ii) MBOH retention of records: MBOH will retain records of noncompliance or failure to certify for six (6) years beyond MBOH's filing of the respective IRS Form 8823. In all other cases, MBOH will retain the certifications and records described in subsection I for three (3) years from the end of the calendar year MBOH receives the certifications and records.

4. **Correction period**: The Owner must supply any missing certifications and bring the project into compliance with the provisions of Section 42 within 30 days after the date of the MBOH notice to Owner provided under subsection K(2). MBOH may extend the correction period for up to six (6) months for good cause.

APPENDIX: D LEGAL/TECHNICAL REQUIREMENTS

APPENDIX D: LEGAL/TECHNICAL REQUIREMENTS AND DISQUALIFICATION

EX PARTE COMMUNICATIONS

All interested persons should review the MBOH *Ex Parte* Communication Policy, available on the MBOH website.

Both MBOH Board members and public stakeholders have a responsibility to refrain from *ex parte* communications regarding certain matters on which the Board may take action. *Ex parte* communications are communications in any form between a Board member and a public stakeholder other than in the course and on the record of a duly noticed public meeting of the Board regarding certain matters on the Board's agenda or that will require later Board action.

If a Board member receives or participates in such communications, the member will be required to disclose on the record at a public Board meeting the full content of such communication and the identity of the person making the communication. The Board may also impose additional remedial measures to avoid unfair advantage, or the

perception of unfair advantage, or to cure any prejudice to other interested parties, including disqualification of the Board member from participating in Board discussion and action on the matter, or, if the applicant or requestor committed, or failed to take reasonable action to avoid, the *ex parte* communication, denial or rejection of the application or request.
Avoidance of *ex parte* communications is preferred over disclosure, as such communications may subject the Board to challenge regarding its action on the matter.

While the foregoing rules do not apply to all Board matters, Housing Credit Pre-Application project selections and credit awards, and other requests and approvals under this QAP that require Board action (*e.g.*, waiver requests and credit refresh requests), are expressly subject to these *ex parte* communication rules and failure to observe them may lead to adverse consequences for applicants or other interested parties.

The foregoing statement is provided as general information. Ex parte communications are addressed in further detail and governed by the MBOH Ex Parte Communication Policy, available on the MBOH website.

DISCLAIMER

MBOH is charged with allocating no more Housing Credits to any given project than is required to make that project economically feasible. This decision shall be made solely at the discretion of MBOH, but in no way represents or warrants to any Applicant, investor, lender, or others that the project is feasible or viable.

MBOH reviews documents submitted in connection with this QAP for its own purposes. In allocation of Housing Credits, MBOH makes no representations to the Owner or anyone else regarding adherence to the Internal Revenue Code, Treasury regulations, or any other laws or regulations governing Housing Credits.

No member, officer, agent, or employee of MBOH shall be personally liable concerning any matters arising out of, or in relation to, allocation of Housing Credits.

If MBOH determines that an Applicant or any member of the Development Team has intentionally submitted false information, MBOH may withdraw an Award or recapture Credits.

MBOH POLICY ON CIVIL RIGHTS COMPLIANCE

The Owner, Developer, borrowers and any of their employees, agents, or sub-contractors, in doing business with the Montana Board of Housing understand and agree that it is the responsibility of the Owner(s) and such other persons and entities to comply with all applicable Federal Civil Rights laws and regulations, including without limitation applicable provisions of the Fair Housing Laws and Americans With Disabilities Act, and any applicable State and local Civil Rights Laws and regulations. Should requirements, such as design, not be specified by MBOH, it is nonetheless the Owner(s) responsibility to be aware of and comply with all applicable non-discrimination provisions related to any protected class under Federal or Montana law, including design requirements for construction or Rehabilitation, Equal Opportunity in regard to marketing and tenant selection and reasonable accommodation and modification for those tenants covered under the Laws.

DISQUALIFICATION

If an entity or individual participating in a Project as a member of the Development Team identified in an Application has a demonstrated poor track record or demonstrated past management weaknesses with respect to affordable housing developments in Montana or in another state, or has failed in the past to respond timely to an MBOH letter of inquiry with respect to a Project, MBOH may disqualify such entity or individual for up to five years and/or any Application(s) in which they are listed.

PROVIDING NOTICE

MBOH will provide written notice within thirty (30) days of MBOH learning of any event that will result in a disqualification. If MBOH learns of the event after Application submission and prior to the MBOH Board's Award meeting, MBOH will provide written notice to the Applicant within five (5) business days. The written notice must describe the event giving rise to the disqualification and specify the Development Team member or members affected. If MBOH has learned of the event after Application submission and prior to the MBOH Board's Award meeting, the notice must be provided to the Applicant and affected members of the Development Team and inform such persons or entities that they may respond in writing to MBOH within five (5) business days of the date of the notice or, if earlier, by 3 days prior to the MBOH Board's Award meeting. If MBOH learns of the event outside the period from Application submission to MBOH Board Award meeting, the notice must be provided to the particular Development Team member affected and inform such Development Team member that they may respond in writing to MBOH within thirty (30) days of the date of the notice.

DEMONSTRATED POOR TRACK RECORD

For purposes of determining a participant's track record, MBOH may contact or otherwise receive and rely upon information from community officials, Development Team or Development Team member references, Credit bureaus, other local, state or federal agencies, including Tax Credit administering agencies, local health authorities, Public Housing Authorities and other agencies administering housing subsidy programs, including Montana Department of Commerce, and any other sources as MBOH deems appropriate.

DEMONSTRATED MANAGEMENT WEAKNESSES

MBOH may disqualify Development Team members for any of the following:

- Has not followed-through on the development of a Project from Application to rent-up and operation;

- Has not complied with MBOH submission, compliance or other requirements applicable during Project development, construction and Extended Use Period;
- Has not maintained a Project to Section 42 or other program standards;
- Has or had numerous or outstanding substantial non-compliance issues or IRS 8823s;
- Has not completed required training in a certified compliance training program;
- Has not completed required management compliance retraining at least every four years;
- Has requested income targeting changes that are not supported by unanticipated hardship;
- For Projects Awarded Credits for 2018 or later years, has a debt coverage ratio at 10% Cost Certification or final allocation that has changed significantly from the debt coverage ratio as underwritten by MBOH at Application;
- Has requested additional Credits more than once;
- Has failed to comply with the Substantial Change requirements;
- Has significantly diminished the quality and long term viability of a previous Project by lowering costs below a reasonable level;
- Has delinquent late fees due and payable to MBOH;
- Has intentionally provided false information to MBOH in connection with an Application, Project or any related Board inquiry or process;
- Has been a member of the Development Team for a prior Project that exceeded maximum Hard Cost Per Unit or Total Project Cost Per Unit at Final Cost Certification; or
- Has been a member of the Development Team for a prior Project Awarded Credits from 2018 or later years that exceeded the applicable maximum Soft Cost Ratio at Final Cost Certification.

CONSIDERATIONS

MBOH will consider the following factors in determining whether to disqualify:

- The nature and seriousness of the incident(s);

- The frequency of such incidents;
- The incidents were or were not within the control of the individual or entity;
- The degree and timeliness to and with which the entity or individual responded to correction and educational efforts;
- The responsiveness of the individual or entity in responding timely to fees, penalties and other sanctions imposed;
- The cost or financial harm caused to the Project, the Tax Credit agency or third parties;
- The nature and extent of inconvenience and harm caused to Project tenants;
- The nature and extent of damage or expense caused to Project property;
- The extent to which the Project as completed failed to comply with the Project as represented in the Application or in approved Project changes;
- The extent to which the incident would have affected scoring of the Project Application or an Award of Credits if known as the time or meeting mandatory QAP requirements;
- The extent to which completion of a Project that received an Award of Credits was substantially delayed or prevented;
- The extent to which Credits that were Awarded were recaptured;
- The extent to which unreasonable or excessive fees, profits or other improper remuneration was derived improperly from a Credit Award or Project; and
- The presence of any other relevant factors or considerations.

Multifamily Program Dashboard

Date (July 20, 2026)

MBOH Multifamily Loan Programs

Available After Commitments

GO Housing: HMF (new)	0	Funds held by DOR
GO Housing: MFHP (old CT)	0	Funds held by DOR
MBOH: MF	0	Funds held by MBOH
MBOH: HMF	0	Funds held by MBOH

Projects Underway

Bond Project	Amount	Units	City	Stage	Developer
Goldspur at Urban Farms	28,000,000	145	Bozeman	Approved	Roers
Sage Peak Sr	19,574,000	101	Bozeman	Approved	Dev Co
Alder Ridge	44,000,000	240	Bozeman	Approved	Dev Co
Elms Apts	9,941,142	60	Kalispell	Approved	Mach Dev
Sheep Mountain 4	4,158,000	24	Livingston	Approved	Boundary Dev
The Henley I & II	54,538,422	330	Great Falls	In Review	Kamaka
Timberwolf	30,000,000	228	Kalispell	In Review	Boundary Dev
Mountain View Manor	9,700,000	50	Whitefish	Approved	Good Housing

RC3	13,500,000	119	Sidney/Fair	Approved	Good Housing
KP3	15,000,000	116	Kalispell	In Review	Beneficial Hsing
Wildflower 4	10,734,536	50	Missoula	Approved	MHA/United
North Park	24,800,000	150	Billings	In Review	Dev Co
Woodward	34,000,000	171	Bozeman	In Review	Rueter Walton
LB Lofts & Laurel	27,000,000	109	Billings	In Review	Homeword
Towers 4	13,750,000	101	Billings	In Review	Homeword
Cottage Park	9,000,000	60	Missoula	Incoming	Good Housing
Franklin Crossing	24,000,000	178	Missoula	Incoming	UH/MHA
BP9-Blgs Portfolio Project	45,000,000	216	Billings	Incoming	Good Housing
Silver Mountain	13,500,000	139	Helena	Incoming	Rocky Mtn Dev
Roers Development	45,000,000	240	Bozeman	Incoming	Roers
Copper Ranch	63,000,000	320	Belgrade	Incoming	Inland Group
Copper Grove	43,000,000	264	Bozeman	In Review	Inland Group

YTD Bond Closings

The Beck Apartments	36,706,926	149	Bozeman	Closed	Kamaka
Sheep Mountain 4	36,768,917	24	Bozeman	Closed	Boundary Dev
Rocky Mountain Flats	64,000,000	296	Bozeman	Closed	Blueline
Hidden Creek 4	34,800,000	158	Bozeman	Closed	United Housing
AP 3	32,500,000	164	Anaconda	Closed	Good Housing
Total Closed	204,775,843	791			

Board Agenda Item

Board Meeting: July 20, 2026

Operations / Executive Director

Board Meetings

- We will not have a Board meeting in August. Our next Board meeting will be held on Monday, September 14, 2026, via Zoom.

Board Member Opportunities

- Board members are invited to join in the 10-city roadshow this summer by attending the destination closest to their residence. Please contact Cheryl Cohen if you would like to attend. See details below for dates and locations.
- The NCSHA 2026 Annual Conference and Showplace will be held in Detroit, MI from Oct. 3 to Oct. 6, 2026. Registration is now open and you can view the agenda here - NCSHA Registration/Agenda. Board members are requested to inform Cheryl Cohen of their interest in attending no later than July 31, 2026. Hotel rooms at the conference venue are going fast.

Contracts/Procurement

- US Bank, our master servicer for a small number of MBS loans dating back nearly 18 years, is due for a new contract since it expires at the end of 2026. Board staff are working with US Bank to execute a new contract, which will also require acceptance of the state’s new IT Terms and Conditions.
- Builders Patch for multifamily, a cloud-based system, has been renewed for the third year.

- CoreLogic for mortgage servicing, which maintains tax payment status for non-escrow tax payment, is being prepped for renewal in October.

Personnel

- We welcome Kima Rosling to our Housing team as the new Executive Assistant. Kima has 15+ years of experience providing executive-level support in Montana state government and in the private sector. She served as Executive Assistant to the State Superintendent from 2007 - 2009, and as Executive Assistant to the Secretary of State from 2009 - 2013. Most recently, Kima served as Administrative Assistant at Rudd & Company, PLLC. She has experience coordinating logistics for Boards including agendas, materials, follow up actions, editing/proofreading official correspondence and public communications. In her prior roles, she handled sensitive financial and personal information with discretion and confidentiality.
- Skye Cabana has accepted the role of ARPA Program Manager, effective July 6, 2026. Skye has been with Commerce since the first Montana Emergency Rental Assistance program launched as a Reviewer and supervised the HAF program over the last 16 months.
- We thank Kacy Garrett for all her hard work with the HAF program and wish her the best in her new role at the Department of Transportation.

Homeowners Assistance Fund

- A total of 4,315 applications have been submitted to all statewide programs as of June 30, 2026.
- HAF has expended $34 million on all programs.
- We will be accepting Reinstatement and Lien Prevention applications through July 31, 2026, then closing the program to new applicants to give staff time to

process submitted applications prior to the program closure date of September 30, 2026.

- Three of our staff members recently completed the Mental Health First Aid Training, this was a very heavy but informative training. It provided a lot of good resources for our team to help handle difficult situations with borrowers who are experiencing a difficult time in their life.

Community Housing

- HUD has not yet announced Commerce's 2026 Housing Trust Fund allocation.
- Staff continue to gather resources to assist developers in complying with BABA requirements, owners in complying with NSPIRE and HOTMA, and grant/loan recipients in complying with the regular host of federal requirements.
- Commerce submitted the 2025 Consolidated Annual Performance Evaluation Report to HUD on June 23.
- The draft 2026 Annual Action Plan was available for public comment through July 17. Commerce will submit the final version to HUD in August.
- The deadline for HOME, HTF and CDBG-Housing applications is September 15, 2026.

Executive Director

- On July 9, 2026, the Federal Home Loan Bank-Des Moines Affordable Housing Advisory Council convened in Missoula. Cheryl Cohen joined Kaia Peterson, NeighborWorks Montana Executive Director, and Grant Kier, CEO Missoula Economic Development Partnership, on an Affordable Housing Landscape in Montana: Rural and Urban Priorities panel moderated by AHAC member, Don Sterhan.

- Cheryl Cohen is scheduling a meeting with Chris Thomas, Member Engagement Manager at FHLB-Des Moines, to learn how MBOH could more robustly partner with FHLB.
- Cheryl Cohen is also scheduling a meeting with The Federal Reserve Bank of Minneapolis. Their Community Development and Engagement Team will be in Helena briefly later this month.
- The Montana Rural Impact Forum will be held in Great Falls on September 9, 2026. Cheryl Cohen will attend and hold a 10-minute morning “speed dating” session on Commerce activities for attendees.
- The Montana Departments of Commerce and Agriculture are holding a Road Show to visit 10 cities from mid-June to late-August to meet with local leadership and elected officials. Six of the 10 visits will have occurred before our July 20 Board meeting. The purpose of these meetings is to provide an overview of Commerce and Agriculture programs that support Montana communities, highlighting specific investments and results over recent years. The list of remaining cities and dates are included below.

    - Billings, July 15 from 1:30 – 4:00 (Julie Flynn)
    - Bozeman, July 16 from 9:00 – 11:30 (Jason Hanson)
    - Kalispell, July 28 from 1:30 – 4:00
    - Missoula, July 29 from 9:00 – 11:30
    - Wolf Point, August 11 from 1:30 – 4:00
    - Glendive, August 12 from 9:00 – 11:30
    - Helena, August 15 from 9:00 – 11:30

Rental Assistance Dashboard

May 2026 Dashboard (Data as of July 8, 2026)

Totals

	Previous Month	Current Month	Change
Paid Units	7,245	7,308	63
Budgeted Units		8,317	
All Section 8 HAPs	5,811,834	5,921,154	109,320
All Waitlists	5,826	6,497	671

Rental Assistance Tenant Based Programs

	Month 4/30/2026	5/31/2026	Change	Year HAP
Housing Choice Voucher (HCV)				
Paid Units (VMS)	3,130	3,200	70	
Current Month Payment Amount	2,463,396	2,530,944	67,548	11,867,946
Veterans Affairs Supportive Housing (VASH)				
Number Units Paid (VMS)	342	339	-3	
Payment Amount	252,973	254,678	1,705	1,151,229
Moderate Rehabitation (ModRehab)				
Paid Units (71 Authorized)	37	36	-1	
Payment Amount	23,144	23,518	374	121,024
Mainstream Vouchers				
Number Units Paid (VMS)	17	17	0	
Payment Amount	17,382	17,137	-245	84,148
Project Based VASH				
Number Units Paid (VMS)	40	41	1	
Payment Amount	41,722	41,553	-169	131,087

NOTE: Utilization on Two Year Tool combines VASH and PBVASH

EHV				
Number Units Paid (VMS)	27	0	-27	
Payment Amount	23,831	0	-23,831	135,118

NOTE: EHV converted to HCV per HUD direction

Rental Assistance Project Based Programs

Project-Based Section 8				
Contracts	85	85	0	
Units Paid (4132 Authorized with 8bb)	3,639	3,662	23	
Housing Assistance Payment Amount	2,989,386	3,053,324	63,938	15,433,430
811 Project Rental Assistance Demo (FY)				
Rental Assistance Contracts (RAC)	2	2	0	
Units leased(grant requires 82)	13	13	0	
Housing Assistance Payment Amount	0	0	0	8,808

Original grant is terminating; transitioning to annual contracts.

NOTE: 811 HAP disbursed and balance numbers are from eLOCCS

Rental Assistance Waiting Lists

Regional Field Agencies	5/28/2026	7/8/2026	Change	Vouchers issued since 7/1/2025 5/1/2026	6/1/2026	Change

Action for Eastern Montana	144	179	35	37	43	6
HomeFront Billings	659	727	68	70	72	2
Billings HRDC (outside city limits)	176	214	38	100	100	0
Bozeman	523	581	58	134	134	0
Butte	339	383	44	104	104	0
Helena	261	303	42	77	84	7
Kalispell	516	569	53	56	62	6
Lewistown	15	24	9	33	34	1
Missoula	770	843	73	61	72	11
Opportunities Inc (Great Falls & Havre)	799	943	144	462	468	6
Moderate Rehabilitation Billings	540	580	40			
Moderate Rehabilitation Chinook	0	0	0			
Moderate Rehabilitation Great Falls	721	758	37			
Moderate Rehabilitation Helena	0	0	0			
Moderate Rehabilitation Missoula	363	393	30			
TOTAL	5826	6497	671	1,134	1,173	39