

Montana Board of Housing — Board Meeting

Meeting Location: Zoom

Date: September 14, 2026

Time: 8:30 a.m.

Board Chair: Bruce Posey

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

Conference Call:

- Dial: 1-646-558-8656
- Meeting ID: 889 8314 2280
- Password: 523646

Register for Webinar: [mt-gov.zoom.us/meeting/register/tZwkf-qpqjkoEtTQNygNB23ryez6Nh6ZIGr1](https://mt-gov.zoom.us/join/mt-gov.zoom.us/meeting/register/tZwkf-qpqjkoEtTQNygNB23ryez6Nh6ZIGr1)

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
- State AI Policy
- 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
 - Overview of 2026B Pricing
- Homeownership Program (Cheryl Cohen for Jessica Michel)
 - Mortgage Credit Certification Resolution No. 26-0914-SF03
 - Habitat for Humanity 2% Program - Eligible DPA Sources
 - Homeownership Update
- Mortgage Servicing (Jesse Ennis)
 - Mortgage Servicing Update
- Multifamily Program (Jason Hanson)
 - Qualified Allocation Plan Approval
 - Multifamily Bond Conduit Policy Approval
 - Northpark Multifamily Bond Resolution No. 26-0914-MF13
 - Timberwolf Multifamily Bond Resolution No. 26-0914-MF14
 - Multifamily Update
- Operations/Executive Director (Joe DeFilippis + Cheryl Cohen)
 - Operations / Executive Director Update
- Rental Assistance Update (Cheryl Cohen)
- 2027 Proposed Board Meeting Calendar (Cheryl Cohen)
- 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 on the second Monday of each month, excluding Mondays that conflict with other conferences or networking opportunities. In April and October, a Board training and strategic planning session is held on Monday, with the Board meeting following on Tuesday. All Board meetings begin at 8:30 am.

Board Meetings (Training and Strategic Planning Dates in **bold** font)

- **Monday, October 19 – Miles City and via Zoom**
- Tuesday, October 20 (LIHTC 9% Awards & QAP) – Miles City and via Zoom
- Monday, November **16** via Zoom
- Monday, December 14 via Zoom (subject to cancellation)

2027 Montana Board of Housing Calendar - Proposed

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

Board Meetings (Training and Strategic Planning Dates in Green)

- Monday, January 11 via Zoom
- Monday, February 8 via Zoom
- Monday, March 15 via Zoom
- **Monday, April 19 – Fort Benton**
- Tuesday, April 20 – Fort Benton
- Monday, May 17 - Helena (Pre-Application Presentations)
- Tuesday, May 18 – Helena (Pre-Application Invitations to Apply)
- Monday, June 7 via Zoom
- Monday, July 12 via Zoom
- Monday, August 9 via Zoom
- Monday, September 13 via Zoom
- **Monday, October 18 – Dillon**
- Tuesday, October 19 - Dillon (LIHTC 9% Awards and QAP)
- Monday, November 15 via Zoom
- Monday, December 13 via Zoom (subject to cancellation)

Conferences & Networking Opportunities

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

- Sunday, January 10 - Friday, January 15: HFA Institute, WA, D.C
- Monday, March 8 – Wednesday, March 10: NCSHA Legislative Conference, WA, D.C.
- Tuesday, June 22 – Friday, June 25: Housing Credit Connect, Dallas, TX
- Saturday, September 18 – Tuesday, September 21: NCSHA Annual Conference, Austin, TX

Meeting Location: Virtual via Zoom

Date: July 20, 2026

Time: 8:30 am

Roll Call of Board Members:

Bruce Posey, Chair (Present)

Sheila Rice (Present)

Amber Parish (Present)

Jeanette McKee (Present)

Richard Miltenberger (Present)

Rachel Arthur (Absent)

Ryan Aikin (Present)

Staff:

Cheryl Cohen, Executive Director

Jessica Michel, Homeownership Manager

Brian Barnes, Multifamily Program

Monique Higginbotham, Homeownership

Jason Hanson, Multifamily Manager

Julie Flynn, Community Housing Manager

Joe DeFilippis, Operations Manager

Jesse Ennis, Mortgage Servicing Manager

Vicki Bauer, Finance Manager

Kellie Guariglia, Multifamily Program

Bruce Brensdal, Multifamily Program

Nicole Newman, Community Housing

Ashley Miller, Finance Program

Charles Brown, Homeownership Program

Julie Hope, Homeownership

Jen Stepleton, Community Housing

Julles Engel, Community Housing

Emy Stueve, Multifamily Housing

Lena Negrete, Community Housing

Chandler Rowing, Community Housing

James Neary, Homeownership

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

Counsel:

Nathan Bilyeu Grace Berner

Others:

Kaitlyn Opperman	Mike Cafina	Alex Berghalter	Alex Tim
Andrew Chinania	Mina Choo	Tyler Currence	Misty Dalke
Drew Page	John Wagner	Tyson O'Connell	Sydney Ebert
Alexa Runnion	Jacob Kuntz	Shane Walk	Heather McMillin
Morgen Heckford	Angela Getchell	Parker Webb	Patti Webster
Seth O'Connell	Roeg Escleva	Peter Maney	Patrick Zhang
Kyla Owen	Gran Schnell	Jackie Girard	Matt Belles

Joel Moranton

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.

00:00:30 Board Chair, Bruce Posey reads the AI State Policy

00:01:42 Introductions of Board members, Board staff, and attendees.

00:05:01 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:**June 8 MBOH Board Meeting Minutes – See June Minutes in June's Board Packet**

00:06:04 Motion: Jeanette McKee
 Second: Sheila Rice

June 8, 2026, MBOH Board meeting minutes were approved unanimously.

00:10:42 Reading the AI State Policy

Finance Program:

Accounting & Finance Program Update

00:06:28 Presenter: Vicki Bauer

00:10:08 Mina Choo offers public comment discussing the current market on tax exempt bonds fund lending.

Home Ownership Program:

New Participating Lender Approval – Cornerstone First Mortgage, LLC

00:14:58 Presenter: Jessica Michel

Motion: Richard Miltenberger

Second: Ryan Aiken

00:17:15 The motion to approve Cornerstone First Mortgage, LLC, passed unanimously.

FY2027 Habitat for Humanity Set-Aside Request

00:14:58 Presenter: Jessica Michel

00:17:51 Board Member Sheila Rice disclosed a potential conflict of interest regarding her role Chair of Trust Montana's Board of Directors. Board Member Rice recused herself from the discussion and exited that portion of the meeting.

00:26:13 The Board engaged in discussion regarding the proposed options, including the beneficiaries of the 2% grandfathered rate and how property taxes are paid. Public comment was offered by MaryBeth Morand, Flathead Valley Habitat for Humanity, Matt Robarski, Missoula Habitat for Humanity, and Jacob Kuntz, Helena Habitat for Humanity.

00:35:14 Discussion continued to include the Libby Habitat for Humanity Project.
Motion: Ryan Aikin

Second: Amber Parish

00:37:09 The motion to approve FY2027 Habitat for Humanity Set-Aside, Option 2 as written passed with four Board members voting yes. Chair Posey voted no. Board Member Sheila Rice recused herself.

Habitat for Humanity Down Payment Assistance Request

Presenter: Jessica Michel

00:38:58 Board Member Sheila Rice returns

Presenter: Jessica

Motion: Sheila Rice

Second: Jeanette Sackertz

00:39:24 The motion to accept any viable down payment for the 2% program on a temporary basis until a final decision is made in September carries with five Board members voting yes. Chair Posey voted no.

Multifamily Program:

LB Lofts 4% Bond Resolution

00:42:42 Presenter: Jason Hanson

00:45:24 Heather McMillin offers public comment regarding the changes to the LB Lofts project.

00:56:49 Motion: Richard Miltenberger

Second: Jeanette Mckee

The motion to approve Bond Resolution 26-0720-MF-10 in the amount of \$29,700,000 for LB Lofts passed unanimously.

LB Lofts Cost Waiver

00:57:41 Presenter: Jason Hanson

Motion: Sheila Rice

Second: Ryan Aiken

00:57:55 The motion to approve the total cost project per unit waiver for exceeding the 20% threshold, subject to the total cost per unit not exceeding the

current QAP total project cost per unit limit of \$395,000 passed unanimously.

KP3 Bond Resolution

00:57:41 Presenter: Jason Hanson

Motion: Jeanette McKee

Second: Ryan Aiken

01:01:36 The motion for approval of Bond Resolution 26-0720-MF-11 in the amount not to exceed \$13 million for KP3 bond passed unanimously

Mortgage Servicing Program:**Mortgage Servicing Update**

01:19:51 Presenter: Jesse Ennis

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

01:22:43 Presenter: Cheryl Cohen

Meeting Adjournment:

01:33:33 Meeting was adjourned at 10:03 a.m.

Amber Parish, Secretary

Date

Board Agenda Item

Board Meeting: September 14, 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 July 31, 92.2% of MBOH funds were held in money market earning 3.56%.
- The remaining funds are invested in Fannie Mae (matures 11/26/2027) and Freddie Mac Bonds (matures 7/15/2032), with rates ranging from 3.69% to 6.25%.
- As of July 31, we held \$220.3 million of Ginnie Mae MBS and \$13.8 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 4.28% in August 2025 to 3.72% in July 2026.
- The rate increased slightly from 3.68% in June to 3.72% in July.
- The averages in this graph do not include the rates on the MBS.

Investment Summary

- The overall investment balance at the end of July, including MBS, was \$363.6 million with approximately \$119.5 million held in money market.

Bond Summary

- On August 27, 2026, we closed the 2026B bond issue for \$93,105,000 in the SFI indenture, which refunded the 2014A issue of \$18,105,000 in the SFII indenture.
- After the issuance and refunding, the Board has approximately \$835 million of bonds outstanding.

In the office, staff are working with Eide Bailly to prepare the FY26 financial statements, and we have been in contact with the Legislative Audit Division to start the audit of the statements once they are complete.

Finance Program Dashboard

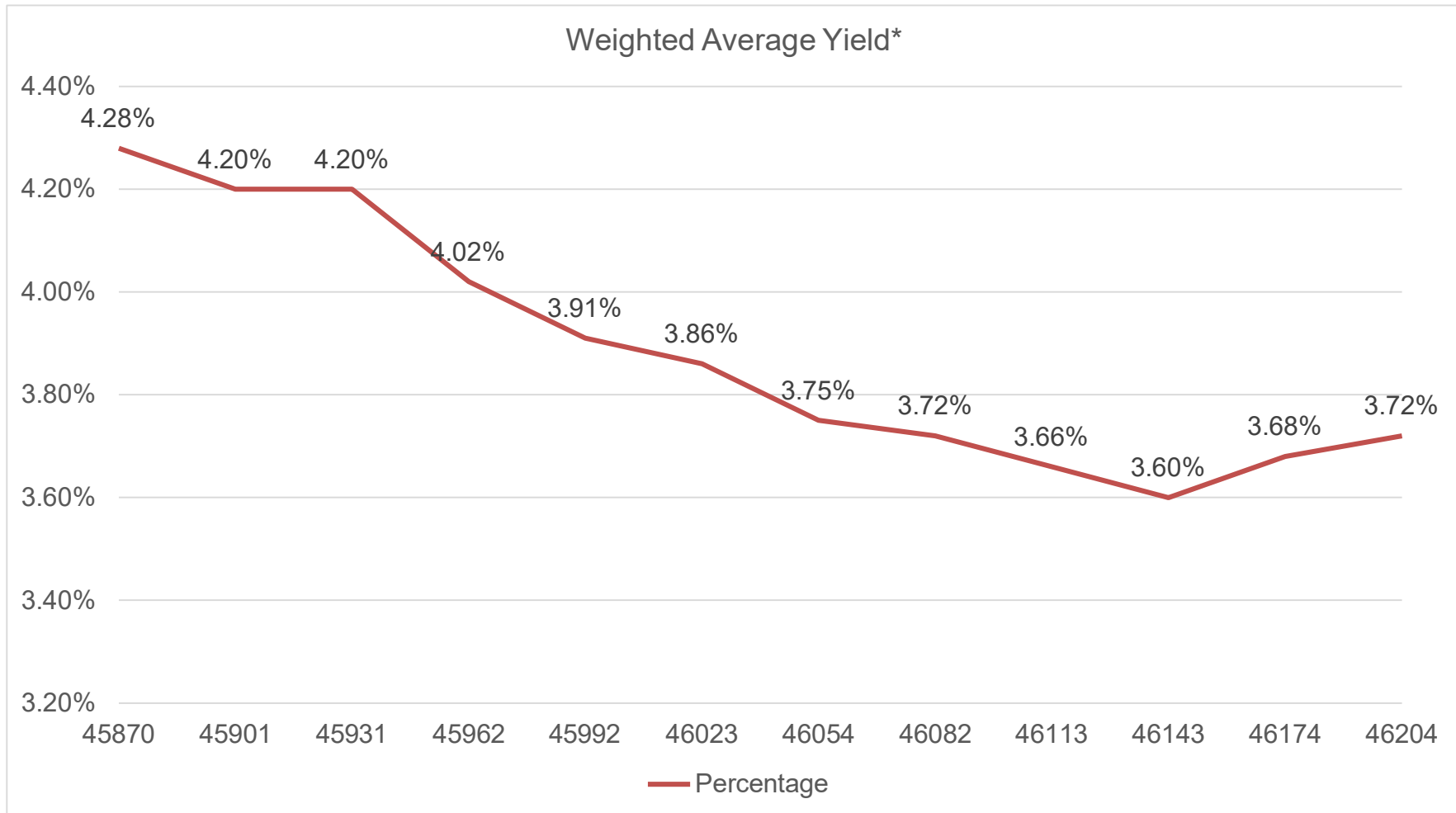
September 14, 2026 (Data as of July 31, 2026)



FNMA: Federal National Mortgage Associate (Fannie)

FHLMC: Federal Home Mortgage Corporation (Freddie)

GNMA: Government National Mortgage Association (Ginnie)



Bonds Outstanding

After 2026B closing and 2014A refunding

SFI	794,295,000.00
SFII	34,285,000.00
SFXI	6,235,000.00
MF	75,000.00
Teachers	86,366.00
Total	\$ 834,976,366.00

Board Agenda Item

Board meeting: September 14, 2026

Homeownership Program

Mortgage Credit Certificate Resolution No. 26-0914-SF03

Background:

A Mortgage Credit Certificate allows eligible homebuyers to receive a dollar-for-dollar credit on their federal income taxes of up to 20% of the annual amount of interest paid on their mortgage, not to exceed \$2,000. Homeowners are eligible for the tax credit every year they occupy the home as their primary residence.

For example, on a \$150,000 mortgage with an interest rate of 4.00%, a borrower will pay approximately \$6,000 in interest the first year. The MCC would allow that borrower to take a federal dollar-for-dollar income tax credit of \$1,200 ($\$6,000 \times 20\%$) for that year. Also, for a borrower who can itemize deductions, they can still claim a mortgage interest deduction for the remaining 80% of the mortgage interest paid.

A borrower does not have to wait until tax time to benefit from a MCC. The borrower can file an amended withholding statement with their employer and increase their monthly take-home pay by the amount of the credit. Using the previous example, a borrower would take the federal tax credit of \$1,200 and translate it into an additional \$100 in their monthly paycheck. This additional income can be used to help qualify for a loan financed with mortgage revenue bonds under other Montana Board of Housing programs.

Attached is a Mortgage Credit Certificate Resolution for the Board's consideration that authorizes the use of \$20,000,000 in bond cap to provide \$5,000,000 of tax credit authority, it is a 4 to 1 trade off. The state has adequate bond cap available to accommodate this request.

Proposal:

Staff recommend the Board approve the attached Mortgage Credit Certificate Resolution No. 26-0914-SF03.

RESOLUTION NO. 26-0914-SF03

A RESOLUTION AUTHORIZING THE ISSUANCE OF MORTGAGE CREDIT CERTIFICATES (“MCCs”); APPROVING THE FORMS OF THE MCC PROGRAM GUIDE AND RELATED ITEMS; AUTHORIZING THE EXECUTIVE DIRECTOR TO FILE ONE OR MORE MCC ELECTIONS WITH THE INTERNAL REVENUE SERVICE; AUTHORIZING THE EXECUTIVE DIRECTOR TO DETERMINE THE MCC RATES, TERMS AND CRITERIA; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO GIVE NOTICE AS REQUIRED BY THE FEDERAL TAX LAWS OF THE IMPLEMENTATION OF THE MCC PROGRAM.

WHEREAS, the Montana Board of Housing (the “Board”) is authorized by Montana Code Annotated Sections 90-6-100 through 90-6-127 and Section 2-15-1814 (the “Act”) to issue its bonds and to purchase mortgage loans in order to finance single-family housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State; and

WHEREAS, the Board is an authorized issuer of “qualified mortgage bonds” described in Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”), and receives volume cap under Section 146 of the Code to issue such qualified mortgage bonds and other private activity bonds; and

WHEREAS, Section 25 of the Code and the regulations promulgated thereunder permit the Board to exchange its authority to issue qualified mortgage bonds and other private activity bonds for which it has volume cap in order to issue mortgage credit certificates under a qualified mortgage credit certificate program; and

WHEREAS, an MCC provides housing assistance in the form of a nonrefundable, federal tax credit, the value of which is equal to a portion of the mortgage interest paid by a homeowner on certain qualifying loans, and the holder of an MCC may apply this tax credit against his or her federal income taxes in each year the MCC is effective; and

WHEREAS, the Board desires to provide the widest range of alternatives to lower-income borrowers to enable them to finance the acquisition of single-family residences at the lowest effective cost to such borrowers (collectively, such alternatives are referred to as the “Single Family Programs”); and

WHEREAS, as part of the Single Family Programs, the Board currently administers an MCC program (the “MCC Program”) and wishes to increase the amount available for MCCs; and

WHEREAS, in connection with such MCC Program, the Board desires to elect not to issue private activity bonds which it could otherwise issue (including from any unused carryforward of private activity bond authority from prior calendar years);

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

Section 1. The Board approves and authorizes a continuation of the current MCC Program, pursuant to one or more elections, benefiting qualified homebuyers and homeowners who incur mortgage loans for eligible purposes. The parameters and purposes of this continued MCC Program shall be substantially similar to the Board’s current MCC Program, and such parameters are hereby approved in substance, with such changes and modifications as the Executive Director, the staff and counsel to the Board deem necessary and advisable, and are incorporated by reference as part of this Resolution.

Section 2. The Board finds and determines that it is necessary to exchange its authority to issue up to \$20,000,000 of private activity bonds for the authority to issue MCCs. The Board directs the Executive Director to make one or more elections, pursuant to Section 25 of the Code, not to issue up to an aggregate of \$20,000,000 of private activity bonds (the “nonissued bond amount”) that the Board is authorized and has volume cap available to issue (including any unused carryforward). The nonissued bond amount shall be allocated to a continuation of the current MCC Program. To effectuate the foregoing, the Executive Director is directed to file notice of such election or elections with the Internal Revenue Service, as required by the Code and the regulations.

Section 3. The Board authorizes the Executive Director to establish one or more credit rates (based on the criteria he deems appropriate pursuant to the following sentence) for the mortgage loans described therein, determine the program expiration date, select the types of mortgage loans for which MCCs may be issued, approve the terms and conditions on which participating lenders make loans that are eligible for MCC financing, and make other determinations as appropriate, all in accordance with the terms and provisions of Section 25 of the Code and the regulations thereunder and this Resolution. The Executive Director and the staff are hereby directed to further define the MCC Program parameters, as they deem appropriate and necessary to maximize the availability of lower cost financing to low- and moderate-income persons under the Single Family Programs.

Section 4. The forms of the MCC Program Guide and related items shall be substantially the same as those for the current MCC Program, which are hereby approved in substance, with such changes and modifications as the Executive Director and counsel to the Board deem necessary, appropriate and advisable.

Section 5. The Executive Director shall give notice to the public of the establishment of each MCC program as required by Section 25 of the Code and the regulations thereunder prior to the issuance of any MCCs under the MCC Program.

Section 6. The Board ratifies and approves the use of any unused private activity bond volume cap allocated to the Board (including any amount carried forward for the previous calendar years) in connection with the issuance of MCCs.

Section 7. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 14th day of September, 2026.

MONTANA BOARD OF HOUSING

By _____
Chairman

Attest:

By _____
Treasurer/Executive Director

Board Agenda Item

Board meeting: September 14, 2026

Homeownership

Habitat for Humanity 2% Program – Eligible Down Payment Assistance Sources

Background:

During the Board's strategic planning meeting in April 2026, it was mentioned that it was staff's intent to allow Habitat for Humanity loans with the 2% rate to be able to use any viable nonprofit for the 20% down payment assistance and that it not be limited to down payment assistance provided directly by the Habitat for Humanity affiliate.

At the July 2026 Board meeting, the Board approved the temporary use of any viable nonprofit for the 20% down payment assistance. Since July, MBOH has closed zero Habitat for Humanity loans using this option.

Recommendation:

Although no loans have closed leveraging this option since the July Board meeting, staff are aware of potential loan reservations on the horizon. Staff support this modification as Habitat affiliates have articulated the financial challenges and constraints this requirement has created for some Habitat affiliates.

Staff recommend the Board formally approve the use of any viable nonprofit down payment assistance for use in the Habitat for Humanity 2% loan program. With the Board's approval, staff will update the Habitat for Humanity Terms and Conditions accordingly.

Homeownership Program Dashboard

September 14, 2026

Rates

	Current	Last Month	Last Year
MBOH*	5.500	5.375	5.625
Market	6.350	6.120	6.250
10-year Treasury	4.670	4.480	4.230
30-year Fannie Mae	6.530	6.530	6.530

*Current Set-aside 5.125, DPA 5.625

MBS Program

Reservations: August

	Number	Amount
Series 2026B (since 6.3.26)	70	\$21,596,754
Series 2026B DPA (since 6.3.26)	27	\$344,770
80% Combined (20-plus)	14	\$2,941,810

Set-aside Programs

MBOH Plus DPA	7	\$67,298
NeighborWorks		
CAP NWMT Community Land Trust		
Missoula HRDC XI		
Bozeman HRDC IX		
Home\$tart		
HUD 184		

Montana Street Community Land Trust		
Sparrow Group		
City of Billings	2	\$563,343
Foreclosure Prevention		
Disabled Accessible		
Lot Refinance		
FY26 Habitat		

Other Programs

Veterans Home Loan Program (original)	1	\$161,720
912 Mortgage Credit Certificate	3	\$886,700

Loans Purchased by IHFA: August**Number****Amount**

First mortgages	47	\$14,292,119
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Delinquencies August**30-59 Days****60-89 Days****90-plus Days**

First mortgages	23	3	6
DPA	10	1	3

Foreclosures: August**Amount**

FHA first mortgages	4
VA first mortgages	
RD first mortgages	
Conventional mortgages	
DPA	

MBS Turn times: August

Lender reservation to closing date	15.75	days
Closing date to compliance submission	26	days
Compliance submission to review time	1.6	days

Loan Purchases by Lender**2026 YTD****First****DPA**

First Security Bank 133		
Bravara Bank 186	6	2
Churchill Mortgage 869		
Clearwater FCU 901	2	
CMG Home Loans 874	1	
Cornerstone Home Lending 850		
Crosscountry Mortgage 863	9	8
Envoy Mortgage 871	4	4
Evergreen Mortgage 875	43	17
Fairway Independent Mtg 847	17	10
First Bank of MT 073	1	1
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	6	5
Guild Mortgage Company 842	26	21
Hometown Lenders 862		

Intrepid Credit Union 903	1	1
Lower Dot Com LLC 873	17	14
New American Funding 878	5	5
Novus Home Mortgage 872	1	1
One Trust Home Loan 868	1	
Opportunity Bank 700	26	7
Premier Mortgage 884	5	2
Prime Lending 851		
Security National Mtg Co 879		
Stockman Bank MT Miles City 524	36	14
Supreme Lending 885	4	2
Synergy One Lending 880	2	2
Union Home Mortgage 876	3	3
U.S. Bank 617	1	1
Valley Bank Div of Glacier Bnk 151	3	1
V.I.P. Mortgage, Inc, 883	1	1
Western Security Bank 785	15	13
Wintrust Mortgage 867	2	2
Yellowstone Bank 161	4	2
Grand count	246	141

July 2026 Portfolio Summary	Number	Amount	Percent of number	Percent of amount
FHA	2612	\$376,002,179	47.1%	66.7%
RD	741	\$75,056,985	13.4%	13.3%
VA	361	\$63,443,038	6.5%	11.3%
HUD184	33	\$1,919,894	0.6%	0.3%
Private Mortgage Insurance	28	\$1,630,442	0.5%	0.3%
Uninsured first	262	\$32,479,308	4.7%	5.8%
Uninsured second	1506	\$13,063,022	27.2%	2.3%
July 2026 portfolio balance	5543	\$563,594,869		
July 2025 portfolio balance	5687	\$620,854,090	-2.5%	-9.2%

Weighted average interest rate	4.890%
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	Number	Amount
Rates up to 4%	2250	\$213,262,431
Rates 4% and above	3293	\$350,332,438

RAM Program August Activity	Number	Amount
Loan requests	0	\$0
Loans outstanding	44	\$2,835,107.34
Life of program	251	\$16,720,103
Available balance		\$4,898,228.52

Delinquency and Foreclosure Rates

Montana Board of Housing

	Jul-26	May-26	Jul-25
30 days	1.47	1.18	1.48
60 days	0.68	0.54	1.04
90 days	1.21	1.04	2.14
Total delinquencies	3.36	2.76	3.18
In foreclosure	0.44	0.52	0.42

Mortgage Bankers Association

Most recent available data 6/30/2026

	Montana	Region	Nation
30 days	1.49	1.82	2.24
60 days	0.43	0.58	0.7
90 days	0.74	1.14	1.39
Total delinquencies	2.66	3.54	4.33
In foreclosure	0.35	0.46	0.67

Mortgage Servicing Program Dashboard

Effective date (08. 31, 2026)

Year Monthly Servicing Report

August

	Last Year	Last Month	This Month
	08. 31, 2025	07. 31, 2026	08. 31, 2026
Portfolio total loans	6108	5675	5601
MBOH	5452	5049	4982
BOI residential	286	15	15
Veterans Home Loan Program		265	262
Multifamily Loans	21	22	22
Homeowners Assistance Fund	349	324	320
Principal (all loans)	\$708,459,578	\$664,512,275	\$659,236,817
Escrow (all loans)	\$7,121,900	\$7,582,339	\$8,221,228
Loss draft (all loans)	\$863,643	\$597,842	\$593,288
Loans delinquent (60-plus days)	283	68	171
Actual foreclosure sales in month	2	1	4
Foreclosures total calendar year	5	7	11
Deliquent contacts to make	659	458	818
Late fees: number of loans	944	845	804
Late fees: total amount of revenue	\$31,042	\$27,179	\$26,066
Payoffs	31	47	58
New loans	4	2	7

HUD's National Servicing Center TRSII Scorecard

FY 2026 Q2	Tier 3	Grade C
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Loss Mitigation

	Last Year	Last Month	This Month
	08. 31, 2025	07. 31, 2026	08. 31, 2026
Active financial packets	2	0	0
Repayment/special forbearances	2	10	12
Partial claims and mods pending (TPPs)	19	1	9
Chapter 13 bankruptcies	5	5	5
Preservation properties	6	8	10
Real estate owned properties	1	3	4
Short sale	0	0	0
Third party (at sale)	1	0	0

Foreclosures

08. 31, 2026

Foreclosures initiated	19
No. 1 Great Falls	4
No. 2 Billings	3
No. 3 Helena	3
Other cities	9
Total principal balance (all)	\$2,855,903

Foreclosure sales scheduled	5
FHA	3
VA	0
USDA/RD	1
Other loan type	1

Board Agenda Item

Board Meeting: September 14, 2026

Multifamily Program

2028 Qualified Allocation Plan

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 rulebook for the Housing Credit program and acts as a standard for our other multifamily loan programs.

A public working groups session was held on June 11, 2026. This year's revision includes several changes. These changes were reviewed, and a public hearing was held at the July 13, 2026 Board meeting. Public comments were accepted through July 31, 2026 with final Board approval being proposed at our September 14, 2026 meeting. Only one written public comment was received and is noted in the Summary of Changes.

Major Changes:

- Page 1: Add Evergreen Clause language stating that the QAP is in effect unless and until amended by the Board at a future date. This will be recommended as an amendment to the QAP that was released for public comment through July 31, 2026.
- Page 17-18: Remove maximum bond language of 60% of Total project Cost and add language that staff will work to award no more than 45% of Total Project Costs as possible.

Minor Changes:

- Remove reference to 2027 and any future year to support Evergreen Clause.
- Update approval dates.
- Page 9: Deleting the words “in Montana” would allow MBOH to consider projects and experience in other states to count and allow highly qualified developers to work on new projects.
- Page 11, 18 and 31: Added the language “The Staff may delay award of a bond resolution to manage the number of units into communities that have received previous awards.” This will help to manage the flow of projects to not overwhelm a community.
- Page 13: Change the due date for Pre-Application submissions to the 1st Monday in April. This adds consistency given Full-Applications are also due the 1st Monday in August.
- Page 16: Added language will define de minimis as being no more than 5%.
- Page 22: Added language to document the expectation of Section 508 compliance with all documents submitted and encouraging applicants to use a cover letter template that meets Section 508 requirements and removes the 2-page limit.
- Page 30: Added Opportunity Zone location to the list of items the Board may consider when selecting Applications.
- Page 37: Added Commerce media requirements.
- Page 68: Accessible units will allow the choice of a removable cabinet with finished floors.

Other Public Comments:

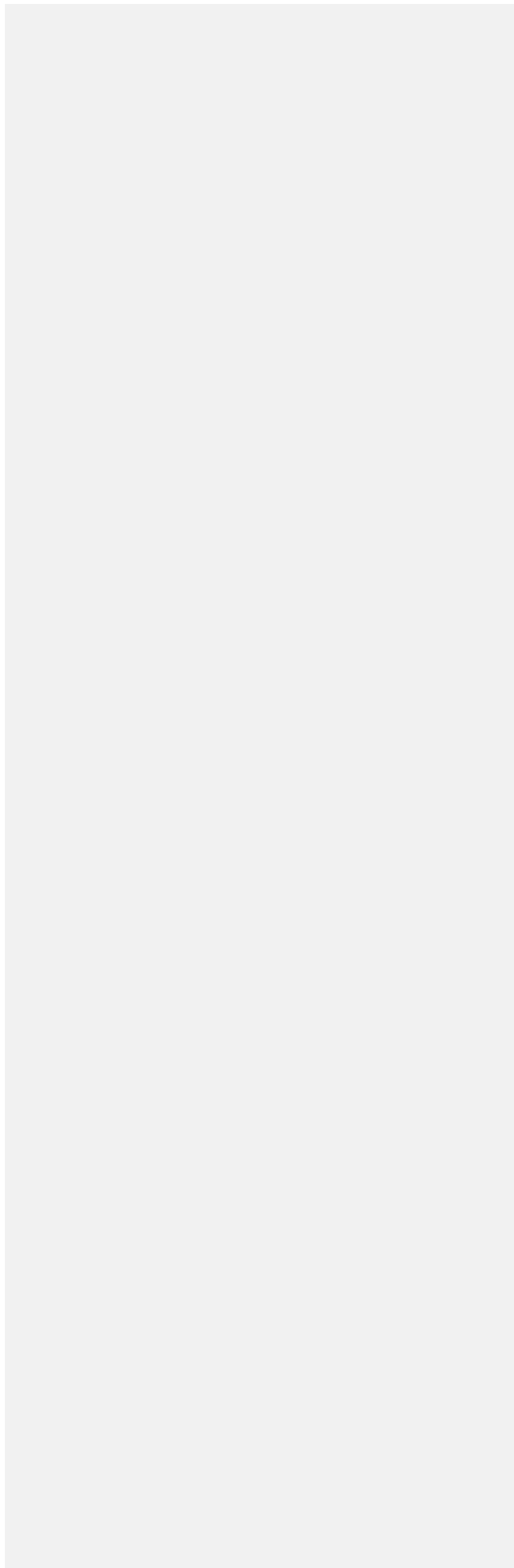
- Require a specific green building standard. Staff intends to have the QAP Appendix B: Design Standards reviewed within the next few years and will consider other green building standards at that time.

Motion Option(s):

1. Staff requests the Board's approval of the 2028 Qualified Allocation Plan as released for public comment and presented.
2. Staff additionally recommends amending the 2028 QAP to remove the annual applicability limitation and, upon consideration of public comments, to establish a QAP that will be used for future annual allocations of LIHTC credits unless and until the QAP is amended by the Board at a future date.



2028 Qualified Allocation Plan



NOTICE REGARDING APPLICABLE VERSION OF QAP

This 202~~8~~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 202~~8~~⁷. The process for award of 202~~8~~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.

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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 202~~6~~5, a public hearing was held on ~~October 20~~July 13, 202~~6~~5 and was approved by MBOH at its ~~November 4~~September 14, 202~~6~~5 public meeting.

The Governor of Montana, Greg Gianforte, approved the plan as the final 202~~8~~7 QAP on ~~November 24~~, 202~~6~~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 into 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 Full-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.

~~2027 Qualified Allocation Plan~~ 2028 Qualified Allocation Plan

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 2nd1st 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:

Commented [BB4]: This will define de minimis?

- 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:

- 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.~~

~~2027 Qualified Allocation Plan~~ 2028 Qualified Allocation Plan

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 costs as possible.

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

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

Commented [BB6]: 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 508 ADA compliant (to the best of your ability).

Commented [BB7]: 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 508 ADA 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 [BB8]: 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;
- Opportunity Zone location;

Commented [BB9]: This will allow the Board to consider projects in a Opportunity Zone for funding.

- 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

Commented [BB11]: Standard language required by MDOC for all loan and grant programs.

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

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 LIVEABILITY 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

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

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

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 of 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.

Board Agenda Item

Board meeting: September 14, 2026

Multifamily Program

Policy for Conduit Multifamily Housing Revenue Bonds

Background:

Staff are proposing some minor changes to the policy for conduit Multifamily Housing Revenue Bonds. These changes include defining long-term bonds versus short-term bonds. Another change would allow projects the option to pay the short-term bond fees up front even if they have a long-term bond. We want to encourage these fees to be paid up front. We are also removing the rates from the policy and adding it to our posted fee schedule. This ensures consistency in fees between our Qualified Allocation Plan and multifamily loan programs.

Staff Recommendation (if any):

Staff support the proposal noted above.

Motion Options(s):

1. Move to approve the Policy for Conduit Multifamily Housing Revenue Bonds.
2. No motion, proposal fails.

Adopted July 18, 2005
Amended October 15, 2007
Amended August 10, 2015
Adopted May 19, 2020
Proposed Amendment September 14, 2026

Montana Board of Housing
Policy for Conduit Multifamily Housing Revenue Bonds

The following policy ("Policy") shall apply to the issuance of bonds, notes, obligations or other evidence of indebtedness (each a "Conduit Bond") of the Montana Board of Housing ("MBOH") issued as limited revenue, non-recourse obligations of MBOH secured solely by the trust estate pledged to such Conduit Bonds under the trust indenture, resolution, loan agreement or similar document (each an "Indenture") pursuant to which such Conduit Bonds are issued, for the purpose of financing a mortgage loan made to a sponsor (the "Borrower") of a multifamily housing project located in the State of Montana (the "Project") for the construction, acquisition or rehabilitation of a Project which incorporates the use of low income housing tax credits.

Sections C and D of this Policy apply only to privately placed Conduit Bonds that (i) are not rated Aa/AA (or equivalent) or better by a national rating agency or (ii) that are not insured, guaranteed or otherwise enhanced by an entity, the unsecured debt of which is rated Aa/AA (or equivalent) or better by a national rating agency. With the advice of counsel, MBOH staff may waive any particular requirement of this Policy if such waiver is consistent with the Montana Housing Act of 1975, as amended, and the purposes of this Policy.

NOTWITHSTANDING A BORROWER'S COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS POLICY, MBOH RESERVES THE RIGHT TO REFUSE TO PARTICIPATE IN A CONDUIT FINANCING IF OTHER EXTENUATING CIRCUMSTANCES ARISE.

A. Terms of Conduit Bond Transactions.

1. Conduit Bonds must (a) be rated Aa/AA (or equivalent) or better by a national rating agency; (b) be enhanced by an entity, the unsecured debt of which is rated Aa/AA (or equivalent) or better by a national rating agency; or (c) privately placed with either (i) an “accredited investor” as defined in Section 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”) or (ii) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act (each an “Approved Buyer”).

2. Unless otherwise approved by MBOH staff, there must be a trustee for the bondholders or a fiscal agent (the “Trustee”), identified by the Borrower and acceptable to MBOH, which must be the trust department of a federally regulated financial institution.

3. The initial purchaser of the Conduit Bonds (the “Purchaser”) shall determine whether or not the Conduit Bonds or the underlying mortgage loan shall be credit enhanced by a third party.

4. In connection with the issuance of Conduit Bonds, the Borrower will execute a tax compliance certificate that describes the requirements and provisions of the Internal Revenue Code of 1986, as amended (the “Code”) that must be followed in order to maintain the tax-exempt status of interest on such Conduit Bonds as well as the reasonable expectations of the Borrower at the time of issuance of the Conduit Bonds with respect to the use of the proceeds of the Conduit Bonds and the Project. The Borrower must adopt policies and procedures, acceptable to MBOH, that ensure Borrower’s compliance with the covenants and representations set forth in the tax compliance certificate.

5. The public sale of Conduit Bonds is subject to certain federal and state securities laws, including Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”) which

requires the Borrower to enter into a written agreement (the “Undertaking”) to provide certain financial information and operating data on an annual basis and notices of the occurrence of certain enumerated events with the Municipal Securities Rulemaking Board under its Electronic Municipal Market Access system. The Borrower must adopt policies and procedures, acceptable to MBOH, to ensure the Borrower’s compliance with its Undertaking and the Rule.

B. Issuer Fee and Costs of Issuance

1. For the purpose of this section, Long-term Conduit Bonds are defined as bonds with a term to maturity of at least ten years. Short-term Conduit bonds are defined as bonds that have a term to maturity of ten years or less.

1.2. With respect to the issuance of long-term Conduit Bonds, MBOH allows Borrowers to choose between either (a) a one-time fee due on the date of issuance for Conduit Bonds of less than \$10 million or for Conduit Bonds of \$10 million or more of 150 basis points or (b) imposes an annual fee of 25 basis points for Conduit Bonds of less than \$10 million or 20 basis points for Conduit Bonds of \$10 million or more, or, in either any case, such lesser amount as may be permitted by the Code. Please see MBOH’s fee schedule on our website for all fee rates. ~~This annual fee is~~ would be payable to MBOH on the date of issuance of the Conduit Bonds and August 1, annually, thereafter based upon the principal balance on each August 1. If any portion of such Conduit Bonds are prepaid prior to the tenth (10th) anniversary of the date of issuance of such Conduit Bonds, a pro rata portion of the unpaid fee shall be paid by the Borrower, at the time of such prepayment, as a lump sum amount equal to the present value (based on a discount rate equal to the then-current 10 year treasury rate) of the pro rata portion of the unpaid fee for the number of years remaining until the tenth (10th) anniversary of the date of issuance of such Conduit Bonds.

2.3. With respect to the issuance of short-term Conduit Bonds, MBOH imposes a one-time ~~annualized~~ fee due on the date of issuance for Conduit Bonds of less than \$10 million or for Conduit Bonds of \$10 million or more due on the date of issuance of

~~150 basis points~~, or such lesser amount as may be permitted by the Code. [Please see MBOH's fee schedule on our website for all fee rates.](#)

~~3.4~~ A portion of MBOH's fees are used to offset out-of-pocket expenses incurred by MBOH related to its administration and compliance monitoring obligations with respect to the Conduit Bonds; MBOH staff may waive any portion of its fee in excess of such amount if special circumstances warrant a reduced fee.

~~4.5~~ In addition to the foregoing fees, the Borrower shall also be responsible for the payment of MBOH's out of pocket expenses related to the Conduit Bonds including the fees of the Trustee, any MBOH municipal advisor and MBOH's general counsel and Bond Counsel.

C. Initial Private Placement of Conduit Bonds.

1. Each Purchaser of a privately placed Conduit Bond must execute an Investor Letter acceptable to MBOH and its counsel. The Investor Letter (a current form of which is available from MBOH or its Bond Counsel) will be addressed to the Trustee and MBOH and will contain certain representations and agreements from the Purchaser, including, but not limited to, representations and agreements to the effect that:

a. The Purchaser: (i) is an Approved Buyer, (ii) understands that the Conduit Bonds are not rated, and (iii) has determined to either (A) require, and has approved, credit enhancement for the Conduit Bonds or (B) waive any requirement that credit enhancement be provided.

b. The Purchaser represents that it has undertaken its own diligence with respect to the Conduit Bonds, the security for the Conduit Bonds, the terms of the Conduit Bonds, the Project, the developer, whether or not to require credit enhancement and any and all other factors relevant to its decision to invest in the Conduit Bonds.

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c. The Purchaser acknowledges that MBOH has not undertaken any credit underwriting of, and is not responsible for any disclosure concerning, the Conduit Bonds or the security or source of payment for the Conduit Bonds.

d. The Purchaser will not undertake any sale, pledge or other transfer of all or a portion of its ownership interest in the Conduit Bonds (each a "Transfer of Conduit Bond Interest") to a Transferee other than an Approved Buyer, without having such Transferee sign or acknowledge a similar Investor Letter (see Section D below).

e. The Purchaser has requested, received and reviewed pro forma financials concerning the project and projections of cash-flows for the term of the Conduit Bonds, reflecting costs, revenues and reasonable inflation factors, all of which have been certified by the party preparing them and has determined the same to be an adequate basis for investing in the Conduit Bonds.

f. The Purchaser will indemnify or otherwise hold harmless MBOH and its related parties from all damages, losses or claims, including but not limited to, Purchaser's misrepresentations or failure to comply with the terms of the Investor Letter and any and all damages, losses or claims by any subsequent owner of the Conduit Bonds. Such indemnification shall survive payment of the Conduit Bonds.

D. Transfers of Privately Placed Conduit Bond Interests.

1. Any Transfer of Conduit Bond Interest within 90 days of the date of issuance of the Conduit Bonds must comply with federal and state securities and banking laws and federal tax laws applicable to transfers occurring during such 90 day period.

2. In connection with any proposed Transfer of Bond Interest, other than a transfer to (a) an Approved Buyer or (b) a trust or custodial arrangement meeting the above described bond rating each of the beneficial owners of which are required to be Approved

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Buyers, each Transferee must execute or acknowledge an Investor Letter substantially similar to the one executed by the original Purchaser.

Fee Schedule

Application Standard Fees	<u>Fee Amount</u>	<u>Due Date</u>	<u>Payzang</u>
Pre-Application (9% competitive)	\$3,000	submission deadline	\$3,000
Application fee (9% competitive)	1% of annual credit request	submission deadline	Custom
Application fee (4% non-competitive)	1% of annual credit request	request adoption of bond resolution	Custom
42M letter fee (4% non-competitive) if MBOH is the Issuer	4% of annual credit request	bond closing	Custom
42M letter fee (4% non-competitive) if MBOH is not the Issuer	20% of annual credit request	bond closing	Custom
Reservation fee (9% competitive)	10% of annual credits reserved sum of application and reservation fee above	on or before Dec 1 of credit year	Custom
Additional credit request		when awarded	Custom
Board legal Fees	invoiced amount	30 days of invoice	Custom
10% Test underwriting fee	\$1,500	submitted with paperwork	\$1,500
8609	\$3,000	submitted with paperwork	\$3,000
Application fee (all loan programs)	1% of loan request	loan closing	Custom
Prepaid Interest	invoiced amount	loan closing	Custom
Escrows (reserves,taxes,insurance etc)	invoiced amount	loan closing	Custom

Application Late Fees	Fee Amount	Due Date	
Incomplete Pre or Full Application	\$1,000.00 for each item	submitted with correction	Custom
Failure to return Reservation Agreement by deadline	25% of Reservation Fee	submitted with paperwork	Custom
10% Test forms corrections, incomplete, or missing	\$100 for each correction, incomplete or omitted item	submitted with correction	Custom
Implementation Schedule behind more than 60 days & not updated	\$1,000	submitted with correction	\$1,000
8609 corrections	\$100.00 each correction, incomplete or omitted form	submitted with correction	Custom
8609 past 6 month last building Placed in Service	\$5,000	submitted with paperwork	\$5,000
Re-issuance of 8609 due to Developer/Accountant Error	\$1,250	submitted with paperwork	\$1,250
Completed 8609 not back to MBOH within 90 days of issuance	\$1,000	submitted with paperwork	\$1,000
Late Quarterly Reporting	\$500	submitted with paperwork	\$500
Late Payments (all loan programs)	4% of montly loan payment	submitted when invoiced	Custom

Bond Issue Fees	Fee Amount		Due Date	
Long Term Conduit Bonds of less than \$10 million	25 basis points of outstanding balance	at closing & August 1st annually	Custom	
Long Term Conduit Bonds of \$10 million or more	20 basis points of outstanding balance	at closing & August 1st annually	Custom	
Short Term Conduit Bonds of less than \$10 million	170 basis points of issuance	at closing	Custom	
Short Term Conduit Bonds of \$10 million or more	135 basis points of issuance	at closing	Custom	

*-Long Term Conduit Bonds have the option to use the Short Term Conduit Bond Fee schedule rather than the Long Term Rates at their option.

**Compliance Standard Fee
Schedule**

	<u>Fee Amount</u>	<u>Due Date</u>	
Compliance Monitoring fee	\$55.00/each non-market unit	submission deadline	\$45

Compliance Late Fees

	<u>Fee Amount</u>	<u>Due Date</u>	
Annual Compliance Package late	\$100.00 or 25% of monitoring fee whichever is greater	submitted with paperwork	Custom
Failure to provide corrections on non-compliance	\$200.00 late fee & \$200.00/week until docs received	submitted with correction	Custom
Extension granted & passes without completed documentation	\$200.00/week until docs received	submitted with correction	Custom
Ownership/Management change without notifying MBOH	\$500.00 initial late fee plus \$500.00/month	written notification	Custom
Additional Compliance Monitoring	determined based on costs of monitoring	on invoicing	Custom

Other

	<u>Fee Amount</u>	<u>Due Date</u>	
Conferece Registration General Fee	determined at time of fee	submitted with registration	Custom
Miscellaneous Fee/Payment Adjustment	determined depending on fee or adjustment	submitted when due	Custom

*** All fees are nonrefundable and will not be adjusted, unless noted.

Board Agenda Item

Board meeting: September 14, 2026

Multifamily Program

North Park Apartments Bond Resolution No. 26-0914-MF13

Background:

North Park Apartments is a 152-unit family property located in Billings, MT. This is a new construction project costing approximately \$305,105 per unit. DevCo Residential Group is the developer, and they are requesting a bond amount not to exceed \$27,000,000. This amount includes the buffer. Units will consist of 1, 2, 3 and 4-bedrooms all targeting 60% AMI.

Staff Recommendation (if any):

Staff support the proposal noted above.

Motion Options(s):

1. Move to approve Bond Resolution No. 26-0914-MF013 in the amount not to exceed \$27,000,000.
2. No motion, proposal fails.

Date: April 1, 2026

To: Montana Board of Housing

From: DevCo Residential Group

RE: Narrative for North Park Apartments

Introduction

DevCo Residential Group is pleased to present the Narrative justifying a \$4.0 million request from the Growth & Opportunity Housing Trust – Housing Montana Fund (HMF) for North Park Apartments, a 152-unit project intended for families making 60% of AMI in Billings, MT. DevCo is seeking a permanent loan on an 18-year term, amortized over 40 years. An allocation would alleviate the project's ~\$4M+ funding gap, providing much needed affordable housing to the city of Billings while permanently cleaning up an area on contamination in the downtown area.

The North Park Apartments project is located in the center of Billings's EBURD (East Billings Urban Renewal District) that was established in 2006 with the goal of revitalizing the downtown industrial core into a mixed-use corridor for housing, shopping and entertainment. North Park Apartments will be the first Low Income Housing Project within the EBURD, offering future tenants access to the amenities within the district and providing a pipeline for employment.

The piece of land that the project will be built on has been subject to environmental contamination dating back to an original Phase I report from 1998 which identified a petroleum release from neighboring rail lines, a floor drain in a now demolished 1958 auto repair shop which was discharging waste into the subsurface, and asbestos/Lead Based Paint from demolished buildings over the years. In 2017, the Big Sky EDC leveraged ~\$125K in brownfield funds for the remediation of asbestos, lead, petroleum products, and other contaminants, referencing the contamination of building materials, ground water and soil. The EPA's website states the cleanup work was completed in 03/2022, noting that the presence of both groundwater and soil contamination was remediated through natural attenuation. Monitoring

wells were installed after this work was completed and then they were removed in 2022 through a MDEQ authorized work plan after soil contamination levels were confirmed to be within the guidelines of environmental regulations.

DevCo went under contract with this site in 2024 and began work on entitling the site for 152 apartments while working to understand any further environmental cleanup that may be required. Ultimately, DevCo decided to walk away from the project due to financing challenges in early 2025. With the help of a boost in 2026 AMI's, as well as the introduction of the Housing Montana Fund, DevCo was able to go back under contract to acquire the land in late 2025 with the goal of continuing the entitlements and applying for financial support from the Montana Housing Fund to help deliver 152 affordable housing units to this central location in Billings.

The project will consist of one-, two-, three- and four-bedroom units dedicated for families. The project will include a playground, dog park, walking paths, bike storage, in unit washers/driers, fitness room and clubhouse dedicated to residents. The project will also partner with Rainbow Housing Partners and provide their LINK Connected Services program to all residents. The LINK program offers a comprehensive services program to residents through online education classes, one on one teaching, and individual resident profiles to give residents the tools to improve their lives and economic standing within the community.

Currently, the project continues to progress on the entitlement front. It has received site plan approval and has submitted building plans/civil engineering plans to the city building departments. If awarded financing, the project plans to close and break ground in late 2026.

Description of efforts to coordinate other Funding Programs

Montana Healthcare Foundation

DevCo identified the Montana Healthcare Foundation as a potential source of additional funding in October of 2025. After a brief introductory call, the Foundation informed us of their preference to deploy funds to smaller projects located in rural areas, however, they did not completely rule out making loans to projects in "The Big 7" and expressed a preference for Billings and Helena.

DevCo intends to continue discussions with the Healthcare Foundation for financial support for the North Park project. The issue is that these funds are limited to roughly \$700,000 for the project. With a project gap of \$4,000,000+, these funds help but do not close the financing gap for the project.

MBOI Infrastructure Revolving Bond Program

DevCo identified the MBOI Infrastructure Revolving Bond Program as a potential funding source to finance North Park's infrastructure improvements (utility connections, sidewalk improvements, streetside landscaping). Since then, we have worked closely with representatives from the City of Billings to better understand this product's terms and mechanics, both of which pose challenges to Financial Feasibility.

To utilize this product, the City of Billings would issue Tax Exempt Bonds to finance the infrastructure work through the creation of a Special Improvement District (SID). A Special Assessment would be imposed on parcels within the SID to pay the Debt Service on the bonds within 15-20 years. North Park Apartments would bear the entire burden of the Special Assessment, which would be an operating cost to the project and is preliminary estimated at ~\$76K (\$317 per unit). This payment would negatively impact on permanent loan proceeds and result in a larger gap for the project.

Additionally, the Program Guidelines require the city to waive Impact Fees in an amount not to exceed the Bond Amount if BOI purchases the bonds. Our City Representatives expressed this would be a non-starter, however, they may be able to circumvent that requirement if the bonds are sold publicly.

Neighborworks Montana

Devco has a long history with Neighborworks Montana and has utilized their Gallatin County Housing Fund for multiple projects in Bozeman. When inquiring about financing a potential project in Billings, Neighborworks noted that there is a state fund, but the capital is not available to support this project.

GO Housing – MFHP (requires 1st Lien Position and RE Taxes; \$13M in available funding)

This product's 1st lien position requirement and mandate to pay property taxes makes it infeasible for this project. This project's permanent lender requires 1st lien position. Additionally,

this property will receive a full Property Tax Exemption through a partnership with a Qualified Non-Profit Partner per MT Statutes.

Will the Loan replace existing or available funding for the project?

The loan will not replace existing or available funding for the project. The funds from Go Trust are the catalyst for this project to move forward.

Description of Public Benefit obtained from Project Funding

The public benefit of the North Park project will be felt on multiple levels. First and foremost, the North Park project moving forward will help the City of Billings develop a site with a long history of environmental contamination. The history of this site has been a challenge for development, with numerous failed housing projects over the years. North Park Apartments and DevCo Residential Group are able and willing to help continue the clean-up of the site and demolish an existing vacant warehouse to provide a vibrant affordable housing community. With the location of the site being in the middle of the growing EBURD area, the delivery of housing units to this area will uplift all businesses in the district and give the tenants walkability to the area to boost the economy of the district.

Secondly, the North Park project delivers much needed affordable housing to the City of Billings. According to our market study conducted in 2025, there have only been 125 affordable units funded by MBOH since 2020. The North Park project would more than double the number of units in the area by delivering 152 deed restricted affordable housing units to the heart of the city. With market rents averaging between 26 to 55% above the max LIHTC rents, the addition of more housing to the market alleviates the strain on available housing to individuals earning below 60% of AMI.

DevCo Mission Statement

DevCo Preservation uses its extensive experience in the management, construction, and financing of affordable housing to revitalize existing properties and build long lasting

communities. By planning extensive renovations and making long-term affordability commitments DevCo Preservation provides quality, affordable housing in growing markets where it is needed most. DevCo has extensive experience in Montana, owning and operating over 500 affordable housing units across the state with plans to deliver 500 more units over the next couple of years.

RESOLUTION NO. 26-0914-MF13

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING THE ISSUANCE OF ITS MULTIFAMILY HOUSING REVENUE BONDS (NORTH PARK APARTMENTS), SERIES 2026, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$27,000,000; APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE TRUST INDENTURE, LOAN AGREEMENT, PRELIMINARY OFFICIAL STATEMENT, OFFICIAL STATEMENT AND OTHER RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, the Montana Board of Housing (the “Board”) is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended (the “Act”), to issue its bonds to purchase and make mortgage loans in order to finance housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana; and

WHEREAS, the Board intends to issue its Multifamily Housing Revenue Bonds (North Park Apartments), Series 2026, in or more series, in an aggregate principal amount not to exceed \$27,000,000 (the “Bonds”), the proceeds of which will be used to finance a loan to the Borrower (hereinafter defined) for the acquisition, construction and equipping of North Park Apartments, a 152-unit affordable housing development located in Billings, Montana (the “Project”); and

WHEREAS, the Bonds will be issued pursuant to a Trust Indenture (the “Indenture”) between the Board and U.S. Bank Trust Company, National Association as trustee, or any other trust company or bank having the powers of a trust company that is in good standing with the State of Montana, duly authorized to exercise trust powers in the State with a reported capital, surplus

and retained earnings of not less than \$100,000,000, and selected by an Authorized Officer, as defined herein (the “Trustee”), which will be in substantially the form approved by the Board with respect to the Hidden Creek financing in 2026 (the “Hidden Creek Financing”), subject to the terms, conditions and limitations established herein and in the Indenture; and

WHEREAS, the proceeds of the Bonds will be used to finance a loan (the “Mortgage Loan”) to DRG North Park Apartments, LLC, a Washington limited liability company, or another affiliate of DevCo Residential Group (the “Borrower”), pursuant to a loan agreement by and between the Board and the Borrower (the “Loan Agreement”), which will be in substantially the form used in the Hidden Creek Financing; and

WHEREAS, the interest on the Bonds is intended to qualify for a federal tax exemption under Section 142 of the Internal Revenue Code of 1986 (the “Code”), and to ensure that the Bonds maintain their tax exempt status, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), which will be in substantially the form as such agreement approved by the Board with respect to the Hidden Creek Financing; and

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

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

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

Section 1. Public Hearing and Findings.

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

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

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

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

(iii) that the conditions, restrictions and limitations contained in the Indenture and contained in the program documents relating to the loan financed thereby and to be financed are sufficient to ensure that the Project will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the “housing sponsors” (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the Project to be financed which is referred to in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans and other public desires;

(v) that the Project to be financed with the proceeds of the Bonds does not involve the construction of “second homes,” which are defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that if the Loan constitutes a direct loan, in accordance with Section 90-6-109(1)(f), by virtue of the Board loaning the Bond proceeds to the Borrower pursuant to the Loan Agreement, the Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

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

Section 3. Authorization of the Bonds. The execution and delivery of the Board’s Bonds are hereby authorized and approved. The final amount and terms of the Bonds shall be determined by an Authorized Officer, consistent with the terms of the Indenture and subject to the following conditions. The Bonds shall not be general obligations of the Board, but shall be limited obligations payable solely and only from Loan payments and any other moneys pledged under the Indenture by the Borrower as required by the Indenture, and because such other means of payment have been provided to pay for the Board’s obligation, the Bonds are not subject to the limitation described in Section 90-6-11(5) of the Act. The Bonds shall mature no later than 40 years from their date of issuance, bear interest at a fixed or floating rate no greater than the net rate paid on the Loan (i.e., net of fees due to the Board and any other parties), be in a principal amount not to exceed \$27,000,000 be subject to optional, special optional, mandatory or sinking fund redemption or tender and have the other terms and provisions as described to the Board, and definitively set forth in the Indenture upon execution and delivery as aforesaid in Section 2 hereof. The Bonds shall be executed and delivered substantially in the form set forth in the Indenture, with such

additions, omissions and changes as are required or permitted by the Indenture and approved by the signatories thereto. The Bonds shall be executed in the name of the Board by the Chair or the Vice Chair of the Board, and attested to by the Secretary or the Treasurer, each of whom is hereby appointed as an Authorized Officer for purposes of executing and attesting the Bonds, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee.

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

Section 5. Approval of Regulatory Agreement. The Regulatory Agreement is hereby approved in the form hereinabove described, and an Authorized Officer is authorized and directed to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Regulatory Agreement.

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

Section 7. Approval of Purchase Contract and Sale of the Bonds. A Purchase Contract for the Bonds is hereby approved in the form described above and the execution of the Purchase Contract by an Authorized Officer is hereby authorized and directed in order to effectuate the sale of the Bonds with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Purchase Contract.

Section 8. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board within the authority granted herein, with respect to the Indenture, the Loan Agreement, the Regulatory Agreement, the Preliminary Official Statement, the Purchase Contract and the Bonds is hereby approved, confirmed and ratified.

Section 9. Execution of Documents. In the event of the absence or disability of an Authorized Officer, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another member of the Board or by the Multifamily Program Manager or the Accounting and Finance Manager, with the same effect as if done by an Authorized Officer and without the further authorization of the Board. The execution of such documents by such member shall be conclusive evidence of his or her authority to so act.

Section 10. Execution of No-Arbitrage Certificate. An Authorized Officer is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the Bonds as described in Section 148 of the Code.

Section 11. Additional Actions Authorized. The Chair, the Vice Chair, the Secretary or any other member of the Board, and the Executive Director and Treasurer, the Multifamily Program Manager and the Accounting and Finance Manager, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Indenture, the Loan Agreement or the Purchase Contract and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the members and officers named above are hereby designated as Authorized Officers for such purposes. With respect to the issuance of the Bonds authorized by this Resolution, such Authorized Officers are also authorized, with the advice of General Counsel or Bond Counsel, to interpret and apply the Board's Policy for Conduit Multifamily Housing Revenue Bonds (the "Policy") and to waive any requirement of the Policy to the extent such interpretation, application or waiver is consistent with the purpose of the Policy.

Section 12. Effective Date. This Resolution shall become effective immediately.

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ADOPTED by the Montana Board of Housing this 14th day of September, 2026.

MONTANA BOARD OF HOUSING

Attest:

By _____
Bruce Posey, Chair

By _____
Cheryl Cohen, Executive Director

City	<u>Billings</u>
County	<u>Yellowstone</u>
Project Name	<u>North Park</u>
HC Requested	19,969,970

<u>Unit Numbers</u>	<u>Target</u>	
1-bdrm	60%	64
2-bdrm	60%	46
3-bdrm	60%	34
4-bdrm	60%	8
Total Units		152
Average Income Targeting		60.00%

<u>Square Footage</u>	
Income Restricted Units	118,680
Total	118,680

<u>Unit Rents</u>		
1-bdrm	60%	1,110

2-bdrm	60%	1,318
3-bdrm	60%	1,505
4-bdrm	60%	1,660
Total Monthly Rents		196,118
vacancy factor		<u>5.00%</u>
Adjusted Rent		186,312
other/commercial income		<u>10,228</u>
total rent		196,540
x 12 months		<u>12</u>
Total Annual Income		2,358,479

Expenses

Administration	85,807
Management	71,046
Maintenance	395,200
Operating	145,160
Taxes	-
Replacement Reserve	<u>53,200</u>
Total Expenses	<u>750,413</u>

Net Income Before Debt	1,608,066
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Financing Sources

Hard Loan	20,276,984
Hard Loan	-
Soft Loan	750,000
Soft Loan	3,685,812
State HOME	-
State CDBG	-
State NHTF	-
Other	1,763,188
Other	-
Other	-
Other	-
Deferred Dev Fee	4,162,688
HC Equity Competitive	16,397,319
HC Equity Non-Competitive	-
Total Sources:	47,035,991
% of Project Financed by HC:	34.86%

Return on Sale of HTC

HTC Requested	19,969,970
HTC Equity	16,397,319
HTC Return on Sale	0.821

Ratios

Rent (Income)	2,358,479
Operating Expenses	697,213
Replacement Reserves	53,200
Net Income Available for DS	1,608,066
Total Debt Service	\$1,381,446
Debt Coverage Ratio (DCR)	1.16
Total Expense Ratio	1.11

Project Costs

Land	3,950,000
Building/Acquisition	206,500
Construction / Rehab	29,692,147

Soft Costs	6,993,519
Developer Fees	5,533,825
Reserves	<u>660,000</u>
Total Project Costs	47,035,991
Residential Costs	47,035,991

Costs versus Sources

Total Project Costs	47,035,991
Total Financing Sources	<u>47,035,991</u>
Difference	(0)

Project Cost Limitations

	<u>Limits</u>	
General Requirements	6.00%	4.92%
Contractor Overhead	2.00%	1.66%
Contractor Profit	6.00%	4.92%
Developer Fees	15.00%	15.00%
Soft Cost	40 or 45%	41.90%

Per Unit Comparison

	<u>Limits</u>	
Cost per unit total	n/a	305,105
Cost per unit residential only	\$365,000	305,105
Cost per unit Const / Rehab	n/a	195,343
Credits per unit	n/a	131,381
Operating Cost per unit	\$3,000 min	4,587
Replacement Reserves	\$350 min	350

Per Square Foot Comparison

Construction / Rehab per sq ft	250.19
Total Project Cost per sq ft	396.33
Credits per sq ft	168.27
Credits per sq ft (residential only)	168.27

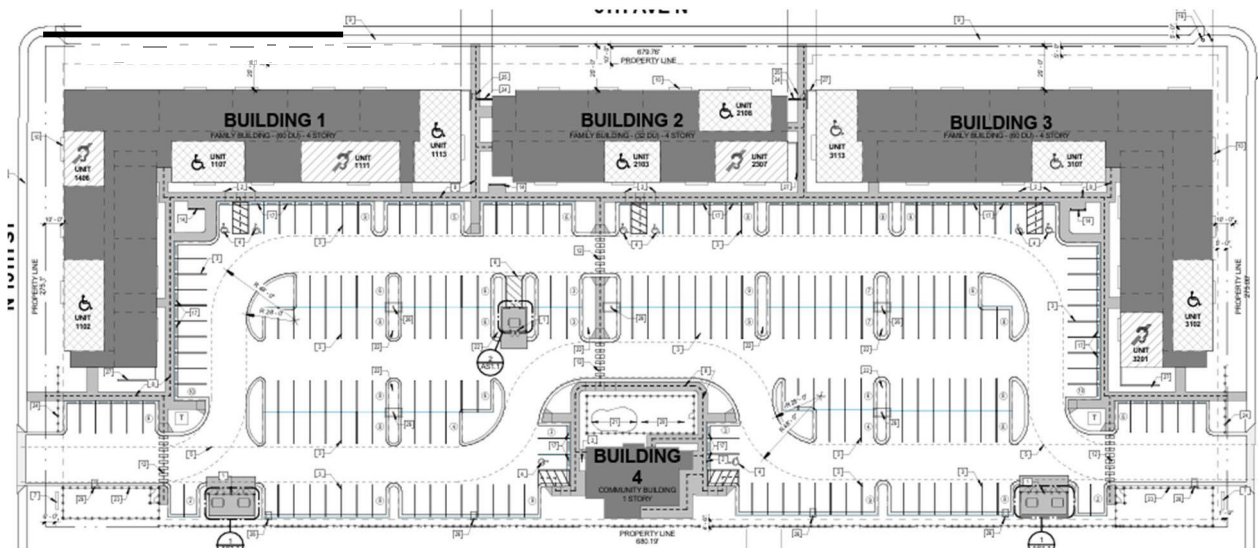
Utilities Paid by (Tenant / Owner) Tenant

Market Study Data:

Vacancy Rates	5.2%
Absorption Rate	29.7%
Months to Absorb	15
Average Project Rent	1,413
Average Market Rent	1,794
Units needed for Targeted AMI's	5,459

Market Rents

1-bdrms	1,350
2-bdrms	1,600
3-bdrms	2,000
4-bdrms	2,225





Subject site facing northeast



Subject site facing north



Subject site facing southwest



Subject site facing northwest



Board Agenda Item

Board meeting: September 14, 2026

Multifamily Program

Timberwolf Apartments Bond Resolution No. 26-0914-MF14

Background:

Timberwolf Apartments is a 216-unit family property located in Kalispell, MT. This is a new construction project costing approximately \$269,273 per unit. Boundary Development LLC & Mach LLC are the developers, and they are requesting a bond amount not to exceed \$36,000,000. This amount includes the buffer. Units will consist of 1, 2, and 3-bedrooms all targeting 60% AMI. Support letters are included in the packet.

Staff Recommendation (if any):

Staff support the proposal noted above.

Motion Options(s):

1. Move to approve Bond Resolution No. 26-0914-MF014 in the amount not to exceed \$36,000,000.
2. No motion, proposal fails.

Montana Board of Housing

RE: The Timberwolf Apartments,

Dear Montana Board of Housing,

Mach Development and Boundary Development are pleased to submit this application for the Timberwolf Apartments, proposed to be financed through Private Activity Bonds and 4 percent Low-Income Housing Tax Credits. Timberwolf Apartments is a new construction, 228-unit affordable housing development located within the Timberwolf Ridge Planned Unit Development in Kalispell, Montana, at 605 Stillwater Road.

The project is situated in a DDA and benefits from close proximity to key amenities, including approximately four miles from downtown Kalispell, thirteen miles from Whitefish, one-half mile from Kalispell High School, and ~one mile from North Kalispell's primary commercial corridor. This central location places the development within one of the region's fastest-growing areas.

Timberwolf Apartments is designed to address the critical need for affordable housing in the region and will serve households earning at or below 60 percent of the area median income.

Building Description

The site is approximately 11.0 acres and the Project will feature six buildings of 38 and 48 units. The Project will include 84 one-bedrooms, 108 two-bedrooms and 36 three-bedrooms. The units will include Energy Star appliances, open living and kitchen areas and expansive views. The Project will include 342 on-site parking spaces, active open space, a playground, a fitness center and a community room. Our design will incorporate sustainable design features, energy star appliances and conform to the Montana Board of Housing Green Building requirements.

Market Overview

Kalispell is the economic hub of Flathead County and one of the fastest-growing micropolitan areas in the Mountain West. Growth has been driven by high-amenity migration, a diversified regional economy, and expanding transportation infrastructure, including a recent terminal expansion at Glacier Park International Airport. Flathead County's population surpassed 100,000 in the 2020 Census and continues to grow, supported by strong employment in healthcare, retail, construction, manufacturing, and visitor services.

Despite these strong fundamentals, housing supply - particularly affordable and workforce housing - has not kept pace with demand. The University of Montana Bureau of Business and Economic Research estimates that Flathead County underbuilt housing throughout the past decade, resulting in a cumulative shortage of approximately 3,161 units. This imbalance has driven rapid increases in home prices and rents, declining vacancy rates, and widespread affordability challenges. Median home prices increased more than 230 percent between 2012 and 2024, while income growth lagged significantly, placing homeownership out of reach for many local workers and increasing pressure on the rental market.

The Novogradac Market Study for the Timberwolf Apartments further confirms the critical shortage of affordable units:

- There are relatively few existing affordable rental units in Kalispell, and those that do exist operate at near-full occupancy. Our Novogradac market study identified only 324 competitive LIHTC units

in the Primary Market Area, with an average occupancy rate of 99.2 percent and vacancy rates ranging from zero to 2.9 percent. (Page 2 of market study)

- Demand for new affordable units far exceeds supply. The study identifies a need for 698 affordable units. (Page 5 of market study)
- Four of the five affordable comparable properties reported being fully occupied and three maintaining waiting lists. (Page 2 of market study)

Development Team Experience

Boundary Development is a Montana-based developer and owner, focused on affordable and market-rate multifamily development. We are a long-term investor and seek to create design-driven projects that have a sense of place and enhance the communities around them. Our team seeks to add value by applying a disciplined and creative approach to acquisitions, financing, design, construction and the overall realization of each project. Boundary has approximately \$200 million of active projects in Montana, including two (2) twin 4% / 9% tax-credit financed projects in Bozeman and Livingston. Boundary has been actively working in the Kalispell area for the past several years, providing a familiarity with local market conditions, entitlement processes, municipal coordination, and the regional subcontractor base. This active presence materially reduces execution risk and enhances certainty of delivery on schedule and on budget.

MACH Development is a Montana based real estate developer and owner focused on high density multifamily housing across the western United States. Our work spans affordable housing, market rate apartments, and senior housing, allowing us to operate across a wide range of project types and capital structures. We invest with a long-term perspective and remain closely involved throughout the life of each project.

Our team manages the entire development process including site selection, underwriting, entitlements, design coordination, construction oversight, and ongoing asset management. By maintaining hands on control and disciplined execution, we deliver high quality housing that meets real market needs and performs over time.

CAPNM is a private, nonprofit Community Action Agency founded in 1976 that works to alleviate poverty, improve lives, and strengthen communities across Flathead, Lake, Lincoln, and Sanders counties in northwest Montana. It provides a wide range of services and advocacy to help individuals and families achieve long-term self-sufficiency, including housing assistance, energy and weatherization support, education and job training, financial counseling, and community resource navigation.

Financing and Timeline

The financing for Timberwolf Apartments includes tax-exempt bonds issued by Montana Board of Housing (MBOH), equity from the sale of non-competitive 4% Low Income Housing Tax Credits, Montana Healthcare Foundation soft debt and Montana NeighborWorks soft debt. The Timberwolf Apartments anticipates closing its financing and starting construction in September 2026, with construction completion by April 2028.

Thank you for your time and commitment to affordable housing in Montana.

Sincerely,

Mach Development and Boundary Development

RESOLUTION NO. 26-0914-MF14

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$36,000,000, (1) A BORROWING, AND REPAYMENT THEREOF, IN ONE OR MORE SERIES; APPROVING A FUNDING LOAN AGREEMENT, PROJECT LOAN AGREEMENT AND OTHER RELATED DOCUMENTS AND (2) THE ISSUANCE IN ONE OR MORE SERIES OF ITS MULTIFAMILY HOUSING REVENUE BONDS (TIMBERWOLF APARTMENTS), APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT, APPROVING THE TRUST INDENTURE, LOAN AGREEMENT AND OTHER RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, the Montana Board of Housing (the “Board”) is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended (the “Act”), to 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 U.S. Bank National Association (or such other financial institution as is approved by the Chair, Vice Chair or Executive Director and Treasurer) (the “Funding Lender”), in one or more series, the proceeds of which will be used to finance a loan to the Borrower (hereinafter defined) for the acquisition, construction and equipping of Timberwolf Apartments (the “Project”), an affordable housing development consisting of 216 units 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 U.S. Bank Trust Company, National Association, or such other fiscal agent agreed to by the Board and the hereinafter defined Borrower, as fiscal agent (the “Funding Loan Agreement”), and the agreement to repay such borrowing shall be reflected in a non-recourse revenue note (the “Note”) to be issued to the Funding Lender pursuant thereto, which Funding Loan Agreement and Note will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, and omissions as approved by an authorized officer; and

WHEREAS, one or more series of subordinate bonds (the “Subordinate Bonds” and together with the Note, the “Obligations”) will be issued pursuant to a Trust Indenture (the “Indenture”), between the Board and U.S. Bank Trust Company, National Association, or such other bond trustee agreed to by the Board and the hereinafter defined Borrower, as trustee (the “Trustee”), which Indenture will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, omissions as approved by an authorized officer; and

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

WHEREAS, the aggregate principal amount of the Note and the Subordinate Bonds is not to exceed \$36,000,000; and

WHEREAS, the proceeds of the Obligations will be used to finance a loan (the “Loan”) to Timberwolf Residential LLC, a Montana limited liability company, or a similar affiliate of Boundary Development LLC (the “Borrower”), pursuant to a Project Loan Agreement between the Board and the Borrower (the “Senior Loan Agreement”) and a subordinate Loan Agreement between the Board and the Borrower (the “Subordinate Loan Agreement” and together with the

Senior Loan Agreement, the “Loan Agreement”), each of which will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, omissions as approved by an authorized officer; and

WHEREAS, the interest on the Obligations is intended to qualify for a federal tax exemption under Section 142 of the Internal Revenue Code of 1986, as amended (the “Code”), and to ensure that the Obligations maintain their tax exempt status, the Borrower will enter into a Regulatory Agreement and Declarations of Restrictive Covenants (the “Regulatory Agreement”) which will be in substantially the form on file with the Multifamily Program Manager with such changes, additions, omissions as approved by an authorized officer.

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

Section 1. Public Hearing and Findings.

(a) The Board hereby finds and determines that the Project financed through the issuance of the Obligations 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, the Indenture, and in the program documents relating to

the loans financed thereby and to be financed are sufficient to ensure that the Project will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the “housing sponsors” (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the Project to be financed referred to in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans and other public desires;

(v) that the Project to be financed with the proceeds of the Obligations does not involve the construction of “second homes,” which are defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that if the Loan constitutes a direct loan in accordance with Section 90-6-109(1)(f), by virtue of the Board loaning the Obligation proceeds to the Borrower pursuant to the Loan Agreement, the Project qualifies for federal funds through its receipt of 4% federal low income housing tax credits.

Section 2. Approval of 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 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 execution of the Funding Loan Agreement.

Section 3. Approval of Indenture. The Indenture is hereby approved, in the form hereinabove described, and the Chair, the Vice Chair or the Executive Director and Treasurer of the Board (each an “Authorized Officer”) is hereby authorized and directed to select a trustee and execute and deliver the Indenture, with such changes, insertions or omissions therein as may be

approved by such signatory, such approval to be evidenced conclusively by execution of the Indenture.

Section 4. Authorization and Execution of the Obligations. The issuance, sale, and delivery of the Board's Obligations are hereby authorized and approved. The final amount and terms of the Obligations shall be determined by an Authorized Officer, consistent with the terms of the Funding Loan Agreement and the Indenture and subject to the following conditions. The Obligations shall not be general obligations of the Board, but shall be limited obligations payable solely and only from Loan payments and any other moneys pledged under the Funding Loan Agreement and the Indenture, as applicable, by the Borrower as required by the Funding Loan Agreement and the Indenture, and because such other means of payment have been provided to pay for the Board's obligation, the Obligations are not subject to the limitation described in Section 90-6-111(5) of the Act. The Obligations shall mature no later than 40 years from their date of issuance, bear interest at a fixed or floating rate no greater than the net rate paid on the Loan (i.e. net of fees due to the Board and any other parties), be in a principal amount not to exceed \$36,000,000, be subject to optional, special optional, mandatory or sinking fund redemption or tender and have the other terms and provisions as described to the Board and definitively set forth in the Funding Loan Agreement and the Indenture upon execution and delivery as aforesaid in Section 2 hereof. The Obligations shall be executed and delivered substantially in the form set forth in the Funding Loan Agreement and the Indenture, respectively, with such additions, omissions and changes as are required or permitted by the Funding Loan Agreement and the Indenture and approved by the signatories thereto. The Obligations shall be executed in the name of the Board by the Chair or the Vice Chair of the Board, and attested to by the Secretary or the Treasurer, each of whom is hereby appointed as an Authorized Officer for purposes of executing and attesting the Obligations, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Obligations shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Fiscal Agent.

Section 5. Approval of Senior Loan Agreement. The Senior Loan Agreement is hereby approved, in the form hereinabove described, and an Authorized Officer is hereby authorized to execute and deliver the Senior Loan Agreement, with such changes, insertions or omissions therein

as may be approved by such person, such approval to be evidenced conclusively by execution of the Senior Loan Agreement as set forth herein.

Section 6. Approval of Subordinate Loan Agreement. The Subordinate Loan Agreement is hereby approved, in the form hereinabove described, and an Authorized Officer is hereby authorized to execute and deliver the Subordinate Loan Agreement, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by execution of the Subordinate Loan Agreement as set forth herein.

Section 7. 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 8. Approval of Purchase Contract and Sale of the Subordinate Bonds. The Purchase Contract is hereby approved, in the form described above and the execution of the Purchase Contract by an Authorized Officer is hereby authorized and directed in order to effectuate the sale of the Subordinate Bonds, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Purchase Contract.

Section 9. Ratification of Prior Actions. All actions previously taken by the officers, members or staff of the Board within the authority granted herein with respect to the Funding Loan Agreement, the Indenture, the Loan Agreement, the Regulatory Agreement, the Purchase Contract, and the Obligations are hereby approved, confirmed and ratified.

Section 10. 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 11. 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 Obligations as described in Section 148 of the Code.

Section 12. Additional Actions Authorized. The Chair, the Vice Chair, the Secretary, or any other member of the Board, and the Executive Director and Treasurer, the 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, the Indenture, the Loan Agreement, or the Purchase Contract, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the members and officers named above are hereby designated as Authorized Officers for such purposes. With respect to the issuance of the Obligations authorized by this Resolution, such Authorized Officers are also authorized, with the advice of General Counsel or Bond Counsel, to interpret and apply the Board's Policy for Conduit Multifamily Housing Revenue Bonds (the "Policy") and to waive any requirement of the Policy to the extent such interpretation, application or waiver is consistent with the purpose of the Policy.

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

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ADOPTED by the Montana Board of Housing this 14th day September, 2026.

MONTANA BOARD OF HOUSING

Attest:

By _____
Bruce Posey, Chair

By _____
Cheryl Cohen, Executive Director

City
County

Project Name
HC Requested

Kalispell
Flathead County
Timberwolf
Apartments
26,998,260

1-bdrm	60%	72
2-bdrm	60%	108
3-bdrm	60%	36
Total Units		216
Average Income Targeting		60.00%

Square Footage

Income Restricted Units	163,800
Total	163,800

Unit Rents

1-bdrm	60%	1,091
2-bdrm	60%	1,310
3-bdrm	60%	1,506
Total Monthly Rents		274,248
vacancy factor		5.00%
Adjusted Rent		<u>260,536</u>
other/commercial income		<u>9,986</u>
total rent		<u>270,522</u>
x 12 months		<u>12</u>
Total Annual Income		<u>3,246,259</u>

Expenses

Administration	90,720
Management	97,388
Maintenance	151,200

Operating	573,841
Taxes	67,720
Replacement Reserve	75,600
Total Expenses	<u>1,056,469</u>

Net Income	
Before Debt	
Service	2,189,790

Financing Sources

Hard Loan	27,500,000
Hard Loan	2,000,000
State HOME	-
State CDBG	-
State NHTF	-
Other	750,000
Other	4,000,000
Deferred Dev Fee	3,239,718
HC Equity Competitive	-
HC Equity Non-Competitive	<u>21,596,453</u>
Total Sources:	59,086,171
% of Project Financed by HC:	36.55%

Return on Sale of HTC

HTC Requested	26,998,260
HTC Equity	21,596,453
HTC Return on Sale	0.800

Ratios

Rent (Income)	3,246,259
---------------	-----------

Operating Expenses	980,869
Replacement Reserves	75,600
Net Income Available for DS	2,189,790
Total Debt Service	\$1,861,564
Debt Coverage Ratio (DCR)	1.18
Total Expense Ratio	1.11

Project Costs

Land	4,000,000
Construction / Rehab	39,265,658
Soft Costs	7,832,543
Developer Fees	7,064,730
Reserves	923,240
Total Project Costs	59,086,171
Supportive Services Costs	-
Residential Costs	59,086,171

Costs versus Sources

Total Project Costs	59,086,171
Total Financing Sources	59,086,171
Difference	-

Project Cost Limitations

	<u>Limits</u>	
General Requirements	6.00%	2.56%
Contractor Overhead	2.00%	1.71%

Contractor Profit	6.00%	3.41%
Developer Fees	15.00%	15.00%
Soft Cost	40 or 45%	37.94%

Per Unit Comparison

	<u>Limits</u>	
Cost per unit total	n/a	269,273
Cost per unit residential only	\$365,000	269,273
Cost per unit Const / Rehab	n/a	181,785
Credits per unit	n/a	124,992
Operating Cost per unit	\$3,000 min	4,541
Replacement Reserves	\$350 min	350

Per Square Foot Comparison

Construction / Rehab per sq ft	239.72
Total Project Cost per sq ft	360.72
Credits per sq ft	164.82

Utilities Paid by (Tenant / Owner)

Tenant

Market Study Data:

Vacancy Rates	5.0%
Absorption Rate	82.5%
Months to Absorb	10
Average Project Rent	1,330
Average Market Rent	1,750
Units needed for Targeted AMI's	1,647
<u>Market Rents</u>	
1-bdrms	1,523

2-bdrms
3-bdrms

1,804
1,924



Phase I





View of the Subject site facing north



View of the Subject site facing east



View of the Subject site facing south



View of the Subject site facing west

From: [Ryan Hunter](#)
To: [Hanson, Jason](#)
Cc: [Nygren, Jarod](#)
Subject: [EXTERNAL] Timberwolf
Date: Tuesday, April 14, 2026 8:12:30 AM
Attachments: [Outlook-virjmkwg.png](#)

Hi Jason,

I received your letter soliciting input regarding the proposed affordable housing units in Kalispell proposed for the Timberwolf project. I'm responding only on behalf of myself and do not represent the city or the city council. As you are likely aware, Kalispell has experienced rapid growth in recent years, which has put tremendous pressure on affordability locally. Affordable housing is desperately needed and projects that increase the availability of affordable housing are very much welcome.

Needless to say, if a project were to receive Low Income Housing Tax Credits, it should be deed restricted to ensure affordability over a long term with a non-profit housing provider involved to ensure that the deed restricted commitment is upheld over time. Is this project deed restricted with a non-profit housing provider involved?

Thank you.

Ryan Hunter
Mayor of Kalispell
rhunter@kalispell.com



Messages and attachments sent to or from this e-mail account pertaining to City of Kalispell business may be considered public or private records depending on the message content. The City is required by law to protect private, confidential information. Emails that contain confidential information such as information related to individual privacy may therefore be protected from disclosure under law. However, these communications are also subject to the Right to Know provisions of Montana's Constitution (Art. II, Sect. 9) and may be considered a "public record" pursuant to Title 2, Chpt. 6, Montana Code Annotated. As such, this email, its sender and receiver, and the contents may be available for public disclosure and will be retained pursuant to the City's record retention policies. Any unauthorized review, use, disclosure or distribution of this e-mail or its attachment(s) is prohibited. If you are not the intended recipient, immediately contact the sender by reply e-mail and destroy all copies of the original message.



April 17, 2026

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

RE: Timberwolf Ridge
Proposed Affordable Housing in Kalispell Montana

Dear Mr. Hanson,

We are writing in support of the proposed apartment complex in Timberwolf Ridge. Kalispell is facing a severe shortage of rental units, pushing the pricing of our existing rental housing stock out of reach for our residents with low to moderate incomes.

The proposed location is in an area seeing substantial growth, particularly in relation to both single-family and multi-family residential units, and has an existing approved planned unit development overlay supporting this use. It is near the high school and employment centers, as well as health care facilities. This project would help add to that mix and expand housing choices, particularly for those within the income range targeted by the developer.

Thank you again for your timely work in Kalispell and we look forward to helping this greatly needed project to completion.

Sincerely,



PJ Sorensen
Assistant Development Services Director
Office: (406) 758-7732
psorensen@kalispell.com

Multifamily Program Dashboard

September 14, 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	Approved	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	Approved	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: September 14, 2026

Operations / Executive Director

Board Meetings

- Our next Board meetings will be held in-person on Monday, Oct. 19 and Tuesday, Oct. 20, 2026 in Miles City at the Miles City Town and Country Club, 727 S. 4th St. A Zoom link is also available for partners and members of the public to join remotely. Both meetings will begin at 8:30 am.

Board Member Opportunities

- The NCSHA 2026 Annual Conference and Showplace will be held in Detroit, MI from Oct. 3 to Oct. 6, 2026. Bruce Posey, Richard Miltenberger, Cheryl Cohen, Joe DeFilippis, Vicki Bauer, Jessica Michel and Nick Worsley are registered to attend.

Contracts/Procurement

- We are nearing completion of the consensus scoring meetings for our software request for proposals. This means we'll soon be ready to reach out to our top vendor candidate(s) to invite them to demonstrate how they can meet our specific business requirements. This step is crucial as it will help us evaluate their solutions more thoroughly.
- A Contractor for Engagement Proposal has been created to help us secure a Project Manager to support the implementation of new software selected by the RFP evaluation committee. This proposal was sent to State Procurement on Aug. 19 and they are now in the process of obtaining responses from the Master IT

Contract. Once we receive feedback, we'll be able to move forward with engaging the right project manager.

Personnel

- At this time, we have no position openings or known departures of employees.

Homeowners Assistance Fund

- We currently have 22 Home Repair cases being finalized with completion expected by Aug. 31.
- As of Aug. 31, we have 3 Lien Prevention cases and 10 Reinstatement cases remaining.
- We have officially concluded our Montana Legislative audit and there was only one non-consequential finding. Our exit interview was held on Friday, Aug. 21.
- HAF has expended over \$36 million of its \$50 million allocation to date.
- Cheryl Cohen can share just one example of a homeowner who received substantial support under the HAF Home Repair Program.

Community Housing

- Applications for HOME Program, Housing Trust Fund and Community Development Block Grant housing funds are now available on the [Montana Grants and Loans Portal](#). Applications are due Sept. 15 and Commerce will award approximately \$2.49 million in HOME, \$2.98 million in HTF and \$1.5 million in CDBG.
- Commerce took public comment on its 2026-2027 AAP through July 17, 2026, and before HUD had announced the 2026 HTF allocations on Aug. 4, 2026. Therefore, HUD now requires Commerce to submit a substantial amendment to its AAP that includes information regarding Commerce's 2026 HTF allocation. **The draft amendment is available for public comment from Aug. 28 to Sept.**

29, 2026. The draft amendment is available electronically on [Commerce's website](#) or as a hard copy by request.

- Staff continue to gather resources to assist developers in complying with Build America Buy America requirements. While Commerce has provided de minimis waivers to a handful of projects, we expect to receive our first product-specific waivers from the federal Office of Management and Budget in September.

Executive Director

- The Montana Rural Impact Forum was held in Great Falls on September 9, 2026. Cheryl Cohen attended and presented a 10-minute morning “speed dating” session on Commerce programs for attendees.
- The Montana Departments of Commerce and Agriculture completed their in-person Road Show events. Commerce is also providing a virtual Road Show presentation for elected officials and candidates on Sept. 16 from 12:00 – 1:00 pm. This presentation will be recorded and posted to the Commerce website.
- The Board of Housing is scheduled to present at Interim Budget Committee Section A on Wednesday, Sept. 16 at 1:00 pm. We were asked to present on “Grant Programs and Application Process” as well as “Mortgage Bonding and Servicing.” Cheryl Cohen has prepared and submitted the presentation materials to the Commerce Director’s office. We clarified with legislative services staff that MBOH does not administer any grant programs, but we will present about our multifamily loan programs and application process. For the “Mortgage Bonding and Servicing” the presentation will cover our prior business model and shift to our current Master Servicer / Mortgage-Backed Securities model. Board members can access live streaming for the committee hearing here: [Montana State Legislature](#).
- The Montana Housing Partnership is kicking off its inaugural affinity groups on Wednesday, Sept. 23 from 12:00 – 1:00 pm. Interest Board members and housing industry professionals can register now via this [Event Registration Link](#).

MHP affinity groups will bring together practitioners to work on shared challenges and solutions, identify resource gaps, share best practices, and collaborate on tangible activities to grow industry capacity. At the kick-off call, attendees will learn about the MHP's proposed Asset Management/Property Management and Housing Preservation and Development affinity groups and next steps on how to participate in these new convenings starting in November 2026.

Led by the NeighborWorks Montana, the Montana Department of Commerce and its administratively attached Montana Board of Housing, the Montana Housing Partnership's purpose is to engage and build the capacity of the affordable housing sector in Montana through professional development opportunities, training, and peer engagement. MHP provides programs that advance housing solutions across Montana including urban, rural, frontier, and Native communities.

Participants include a broad range of professionals and practitioners who work on housing in Montana. This includes developers, property and asset managers, property owners, lenders, funders, service providers, case management and other social service providers within the housing sector, elected officials and government staff. We look forward to your participation and collaboration.

- On Thursday, Aug. 27, HUD Secretary Turner and Governor Gianforte hosted a Foster Youth to Independence Roundtable in Bozeman. Details about this convening are included in the following press release: [Gov. Gianforte, HUD Secretary Scott Turner Discuss Housing Stability for Foster Youth](#). After the roundtable, the Secretary and Governor toured EngineWorks at Montana State University, which received Opportunity Zone 1.0 investments. We thank all the partners who participated in these events, especially the two FYI participants who shared their lived experience and perspectives on ways the FYI program could better serve young adults aging out of the foster care system.

Rental Assistance Program Dashboard

July, 2026 Dashboard (Data as of September 3, 2026)

Totals

	Previous Month	Current Month	Change
Paid units	7,307	7,326	19
Budgeted units	X	8,317	X
All Section 8 HAPs	6,088,314	5,978,299	-110,015
All waitlists	6,497	7,368	871

Rental Assistance Tenant-Based Programs

	Month		Year	
	Jun/30/2026	Jul. 31,2026	Change	HAP
Housing Choice Voucher				
Paid units (two-year tool)	3,207	3,232	25	
Current month payment amount	2,574,699	2,610,467	35,768	17,053,112
Veterans Affairs Supportive Housing				
Number units paid (two-year tool)	326	327	1	
Payment amount	249,747	252,378	2,631	1,653,354
Moderate Rehabilitation				
Paid units (71 authorized)	32	32	0	
Payment amount	18,613	19,325	712	158,962
Mainstream Vouchers				
Number units paid	21	21	0	
Payment amount	20,431	21,029	598	125,608

Project-Based VASH				
Number units paid	43	45	2	
Payment amount	41,731	43,812	2,081	216,630
Note: January 2026 utilization on two-year tool combines VASH and PBVASH.				
Project-Based VASH				
Number units paid	X	X	X	
Payment amount	X	X	X	X
EHV				
Number units paid	0	0	0	
Payment amount	0	0	0	135,118

Rental Assistance Project-Based Programs

Month

Jun/30/2026 Jul. 31,2026 Change

Project-Based Section 8				
Contracts	85	85	0	
Units paid (4,132 authorized with 8bb)	3,665	3,656	-9	
Housing assistance payment amount	3,183,093	3,031,288	-151,805	21,647,811
811 Project Rental Assistance (FY)				
Rental assistance contracts	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 Jan. 2, 2026, current.

Rental Assistance Waiting Lists

Regional Field Agency Jul/08/2026 Sep/03/2026 Change

Action for Eastern Montana	179	212	33
HomeFront Billings	727	805	78
Billings HRDC (outside city limits)	214	249	35

Bozeman	581	663	82
Butte	383	429	46
Helena	303	372	69
Kalispell	569	641	72
Lewistown	24	36	12
Missoula	843	928	85
Opportunities Inc. (Great Falls, Havre)	943	1160	217
ModRehab Billings	580	630	50
ModRehab Chinook	0	0	0
ModRehab Great Falls	758	825	67
ModRehab Helena	0	0	0
ModRehab Missoula	393	418	25
Total	6497	7368	871

Vouchers Issued Since Waiting List Reopened July 1, 2025

Regional Field Agency Jun/01/2026 Sep/03/2026 Change

Action for Eastern Montana	43	1	44
HomeFront Billings	72	0	72
Billings HRDC (outside city limits)	100	0	100
Bozeman	134	1	135
Butte	104	2	106
Helena	84	1	85
Kalispell	62	0	62
Lewistown	34	0	34
Missoula	72	6	78
Opportunities Inc. (Great Falls, Havre)	468	1	469
ModRehab Billings	0	0	0
ModRehab Chinook	0	0	0
ModRehab Great Falls	0	0	0
ModRehab Helena	0	0	0
ModRehab Missoula	0	0	0
Total	1173	12	1185