



Meeting Location: **SpringHill Suites by Marriott Bozeman**
1601 Baxter Lane, Bozeman, MT 59715

Date: Friday, April 5, 2019

Time: 8:30 a.m.

Chairperson: Pat Melby

Remote Attendance: Join our meetings remotely via webinar and phone.

To hear the meeting, Dial (877) 273-4202, Access Code: 7233056#

To register for Webinar, Click: <http://housing.mt.gov/About/MBOH/Meetings>

Board Offices: Montana Housing
301 S Park Ave., Room 240, Helena MT 59601
Phone: 406.841.2840

AGENDA ITEMS

- ❖ Meeting Announcements
- ❖ Introductions - Sign in on our attendance sheet.
- ❖ Public Comments - Public comment is welcome on any public matter that is not on the agenda and that is within the jurisdiction of the agency.

Minutes

- ❖ Approve Prior Board Meeting Minutes

Multifamily Program (Manager: Mary Bair)

- ❖ Additional Credits Discussion
- ❖ Income Averaging Discussion
- ❖ Addition Credit Requests (Oakwood, Havre and Meadowlark Vista, Ronan)
- ❖ Bond Resolutions (if necessary)
- ❖ Reverse Annuity Mortgage Exceptions (if necessary)
- ❖ Multifamily Update



Finance Program (Manager: Ginger Pfankuch)

- ❖ Financial Update

Homeownership Program (Manager: Vicki Bauer)

- ❖ Set-aside Rates
- ❖ New Lender Approvals
- ❖ Homeownership Update

Mortgage Servicing (Manager: Mary Palkovich)

- ❖ Servicing Update

Operations (Cheryl Cohen)

- ❖ Operations Update

Executive Director (Bruce Brensdal)

- ❖ Update

Miscellaneous

Meeting Adjourns

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

*We make every effort to hold our meetings at fully accessible facilities. Any person needing reasonable accommodation must notify the Housing Division at 406.841.2840 or TDD 406.841.2702 before the scheduled meeting to allow for arrangements.

Future Meeting Dates and Locations can be found in the Operations Dashboard



Webinar – 301 S. Park Avenue, Suite 240, Helena MT 59601
February 11, 2019

ROLL CALL OF BOARD

MEMBERS:

Patrick Melby, Chairman (Present)	Sheila Rice (Present)
Bob Gauthier (Excused)	Eric Schindler (Present)
Johnnie McClusky (Present)	Amber Parish (Present)
Jeanette McKee (Present)	

STAFF:

Bruce Brensdal, Executive Director	Cheryl Cohen, Operations Manager
Mary Bair, Multifamily Program	Vicki Bauer, Homeownership Program
Mary Palkovich, Mortgage Servicing Program	Ginger Pfankuch, Finance Program
Penny Cope, Research & Outreach Specialist	Paula Loving, Executive Assistant
Todd Jackson, Marketing	Julie Hope, Homeownership Program
Charlie Brown, Homeownership Program	

COUNSEL:

Greg Gould, Luxan and Murfitt	John Wagner, Kutak Rock
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UNDERWRITERS:

Mina Choo, RBC Capital	Patrick Zhang, RBC Capital
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OTHERS:

Andrew Chanania	Milanna Shear, Valley Bank of Ronan
Tim German, Sparrow Group, Inc	Brenda Dennis, Valley Bank of Ronan
David Jones, CSG Advisors	Alex Burkhalter, Housing Solutions, LLC
Jennifer Wheeler, Glacier Bank	

**All persons listed present by telephone/webinar only
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 website at [Meetings and Minutes](#).*

CALL MEETING TO ORDER

- 0:00 Chairman Pat Melby called the Montana Board of Housing (MBOH) meeting to order at 8:35 a.m.
- 0:05 Introductions of Board members and attendees were made.
- 3:05 Chairman Melby asked for public comment on items not listed on the agenda.

APPROVAL OF MINUTES

December 18, 2018 MBOH Board Meeting Minutes – page 3 of packet

- 3:20 Motion: Jeanette McKee
Second: Eric Schindler
The December 18, 2018 MBOH Board meeting minutes were approved unanimously.

OPERATIONS

Financial Advisor Selection – page 7 of packet

- 4:35 Presenters: Cheryl Cohen, David Jones – CSG Advisors
Motion: Sheila Rice
Second: Johnnie McClusky
CSG Advisors Incorporated, was approved unanimously

FINANCE PROGRAM

Finance Update – page 10 of packet

- 9:10 Presenters: Ginger Pfankuch

HOMEOWNERSHIP PROGRAM

2019 B Bond Resolution – page 11 of packet

- 11:40 Presenters: Vicki Bauer, John Wagner – Kutak Rock
Motion: Eric Schindler
Second: Sheila Rice
The 2019 B Bond Resolution No. 19-0211-SF01 was approved unanimously.

Sparrow Group Set-aside Request – page 17 of packet

- 16:45 Presenters: Vicki Bauer, Tim German – Sparrow Group, Brenda Dennis and Milanna Shear – Valley Bank of Ronan
Motion: Amber Parish
Second: Jeanette McKee
The addition of Sparrow Homes to the 1st Mortgage Set-aside Pool was approved unanimously.

Homeownership Update – page 18 of packet

26:25 Presenters: Vicki Bauer

MORTGAGE SERVICING PROGRAM

Servicing Update – page 20 of packet

32:25 Presenters: Mary Palkovich

MULTIFAMILY PROGRAM

Reverse Annuity Mortgage Exception Request – page 21 of packet

35:15 Presenters: Mary Bair

Motion: Jeanette McKee

Second: Eric Schindler

The Reverse Annuity Mortgage exception for a 72-year old male in Yellowstone county in the amount of \$50,000 was approved unanimously.

Multifamily Update – page 23 of packet

37:15 Presenters: Mary Bair

EXECUTIVE DIRECTOR

Executive Director Update – page 27 of packet

47:30 Presenters: Bruce Brensdal

Operations Update – page 28 of packet

54:45 Presenters: Cheryl Cohen

MEETING ADJOURNMENT

56:15 Meeting was adjourned at 9:30 a.m.

Motion: Sheila Rice

Second: Jeanette McKee

Sheila Rice, Secretary

Date

Proposed income averaging rules

Federal stuff:

The designated levels may be only 20%, 30%, 40%, 50%, 60%, 70%, and/or 80% of AMI.

Under IRC § 42(g)(1)(C)(i) a property is qualified when 40% or more of the total units are rent restricted to and occupied by households at or below the limitation designated with respect to the unit.

IRC § 42(g)(2)(D)(iii) contains a distinct Next Available Unit Rule (NAUR) for income averaging. Owners should consult with compliance experts

The 30% AMI level under the Housing Credit is not the same as the Extremely Low-Income (ELI) restriction under the National Housing Trust Fund. Owners of properties with both sources should be mindful of the difference.

Income averaging applies to the designated income/rent levels of the units, not the incomes of individual tenant households.

The minimum set-aside election is irrevocable once made on Form 8609. Therefore, existing developments already placed in service are not eligible to change their minimum set-aside/income election to income averaging.

Basic noncompliance will work the same as it does with the other minimum set-asides. If a development elects income averaging and fails to meet the income averaging standard at the end of a year, it is not a qualified low-income housing development for the year under IRC Section 42(g)(1)(C), and this noncompliance must be reported to IRS Form 8823 and the owner could be subject to loss of Credits. Presumably IRS will revise the Form 8823 and its instructions accordingly.

MBOH Income Averaging Plan

Income Averaging (IA) is only permitted if all residential units are designated as HC units. At least 50% of all units must be affordable to and occupied by households earning 60% AMI or less.

Resyndication properties are not eligible

Properties that have received their 8609's are not eligible

Six months before leasing up or moving tenants around property in rehab they must request it; MBOH will try and have it back in 3 months. Management must be trained and on board before the request is made.

To choose IA an (owner/applicant/developer) must submit:

A statement from other funding sources that the income averaging set aside will be compatible with the requirements their programs including FHLB, lenders, HOME etc

A statement from permanent lenders and the equity provider/investor acknowledging the selection of the income averaging set-aside.

A market study or revised market that shows adequate demand for all possible combinations of unit sizes and percent limits selected.

Designate units at a specific AMI by unit type (e.g., 10 one-bedroom units at 50%) at the time of application or request to change elections.

A matrix showing the AMI percentage(s) for each designated unit. Updated Uni-app sources and uses and section c financial tabs

A lease up plan

Re-underwriting fee (add to fee schedule) \$2,000??

Management must be trained on IA and submit documentation of attendance and agenda for training. Management must also agree to deal with IA in writing. • Statement committing to annual income averaging training for on-site property managers.

The average required for MBOH will at or below 58%

Properties with a reservation of credits must meet the average income targeting from the funding application or the 58% whichever is less.

Annual Compliance fees will be \$20 higher per unit for IA properties (add to fee schedule) monitor properties' compliance at least annually.

Annual Recertifications will be required

MBOH will audit 100% of IA files annually

Owners of developments with more than one building will indicate on the Forms 8609 to treat all of them as part of a multiple building project (checking "Yes" on line 8b of the current form)

Income unit designations must be equitably distributed among bedroom sizes (other than a single unit per AMI limit if necessary due to odd numbers)

The average of the rents must meet the average required or less.

Reporting – submit average rents probably spreadsheet (quarterly)

Rents on the 20% units and 30% units will be capped at the maximum rent including the subsidy. Rents on 50%, 60%, 70% and 80% will not be capped including the subsidy.

4% Tax Exempt Bonds/4% Credit Applications

The Act did not change IRC Section 142, which includes multifamily Housing Bonds. However, these properties may satisfy both income averaging and one of the elections applicable to tax-exempt financing (20 at 50 or 40 at 60).

MBOH will consider the units floating

If a lower targeted unit is Offline for UPCS average could go above the required average %

Lease ups will need to be done to keep 58% average or less.

All the above rules are subject to change, to adopt IRS direction or changes.

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Additional Credit requests

Meadowlark Vista, Ronan and Oakwood Village, Havre

BACKGROUND

An email was sent to board members and developers who had a current award of credits explaining there were Housing Credits available. The 1 year amount is \$31,035, and the 10 year amount is \$310,350.

We have received 2 applications for additional credits. Each request includes updated Uni Apps, explanation why there is a need for additional credits, and supporting documentation.

Meadowlark Vista is requesting the additional credits. They applied for HTF and HOME for a total of \$1,329,074. HTF was funded for \$923,000. Reducing the sources of funds by \$406,074. Construction costs have increased by \$100,195. Total project costs have increased by \$21,019.

Deferred developer fee went up \$169,306.

Oakwood Village is requesting the additional credits. They performed a Capital Needs Assessment (CNA) for the application of “19” credits. The property is using HUD financing. HUD required an additional CNA and that CNA requires additional scope of work. The construction costs have increased by \$349,657. The total project costs have increased by \$482,868.

Deferred developer fee raised \$219,368.

PROPOSAL

Staff has reviewed and underwritten the requests

Staff requests the Board consider the requests for the Additional Credits

If the Board decides to move forward staff recommends:

Approving one project with the full amount of additional credits

I. Request for Increase in Amount of Credit Reservation

As MBOH, in its discretion, determines necessary for financial feasibility, returned or unreserved Housing Credits may be used to increase the amount of Housing Credits reserved for a Project after the first round Awards have been made. In considering a request for an increase under this subsection, MBOH may consider 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 under Section 7. An Applicant seeking an increase in the amount of reserved Credits must apply to staff in writing for such increase and must submit new financials (UniApp Section C) and supporting documentation for the cost increases (e.g., higher bids than expected, material costs, etc.). Staff will review and evaluate application materials and present a recommendation at a later MBOH Board meeting for consideration. Staff will not recommend and the MBOH Board will not approve any increase beyond that necessary to make the Project feasible. Any request for Credits above the amount initially Awarded is considered a request for additional Credits after Initial Allocation and is subject to the provisions of this subsection.

Multifamily & RAM Program Dashboard

January 1, 2019

LOAN PROGRAMS

	<u>Applications</u>	<u>Active Loan</u>	<u>Outstanding Balance</u>	<u>Available Balance</u>	
Reverse Annuity					
RAM		57	\$2,883,802	\$2,177,345	
Housing Montana					
TANF		61	\$270,616	403,484	
Revolving Loans		3	\$835,662	pledged	
AHP		8	\$1,512,117	NA	
Bond Programs					
Regular Program	-	-	11	\$1,008,333	3,384,385
Conduit (2006-2016)	11	\$57,250,000			
Risk Share	-	-	6	\$6,282,085	NA
Credits Assets Administered/P					
Allocated				\$561,492,874	
Number of Projects				261	
Units/Families Served				7,954	

HOUSING CREDITS (HCs) ALLOCATION

<u>Project</u>	<u>City</u>	<u>Award</u>	<u>HC Year</u>	<u>Status</u>	<u>Owner</u>
Blackfeet VI	Browning	Jan 2017	2017	construction underway	Blackfeet Housing
Rockcross Commons	Great Falls	Jan 2017	2017	construction underway	GMD/Neighborworks GF
Roosevelt Villas	WP/Culbe	Jan 2017	2017	RD Transfer tied up in shutdown	GL Development
Meadows Senior	Lewistown	Nov 2017	2018	rehab underway	Theis & Talle
Courtyard Starnier	Kalispell	Nov 2017	2018	close to completion	CAPN Kalispell
Gardens 9	Billings	Nov 2017	2018	construction underway	GMD Dev
Copper Ridge/9%	Butte	Nov 2017	2018	closed/no activity at site	Butte Aff/Thom Dev
Blue Bunch Flats	Livingston	Nov 2017	2018	Brownfield cleanup completed	Homeword

Cottonwood Creek	Deer Lodg	April 2018	2018	reservation received	GL Development
Freedoms Path	Fort Harris	Feb 2018	2018	started renovation in late October	Communities for Veterans
Sterner Gardens 4	Billings	Dec 2017	TE bond	closed bond	GMD
Rockcress/4 %	Great Falls	Dec 2017	TE bond	closed bond	GMD
Copper Ridge	Butte	Dec 2017	TE bond	closed bond	Butte Aff/Thom Dev
Oakwood Meadowlark Vista	Havre	Nov 2018	2019	reservation sent out	Affiliated Developer
Chapel Court	Ronan	Nov 2018	2019	reservation sent out	Ronan Housing/RCAC
Red Alder 9	Billings	Nov 2018	2019	reservation sent out	St Johns Luth/C.R. Build
Whitefish HA	Helena	Nov 2018	2019	reservation sent out	GL/RMDC
	Whitefish	Nov 2018	2019	reservation sent out	Whitefish HA/Homeword
Red Alder 4	Helena	Nov 2018	2019	working through bond process	GL/RMDC

HOUSING CREDITS (HCs) COMPLIANCE

	<u>Year to Date</u>	<u>Last Year</u>
Project Site Visits		98
Units monitored		3,418

Projects inspected and audited

will be sent separately

BOARD AGENDA ITEM

PROGRAM

Accounting, Finance and IT Program

AGENDA ITEM

Financial Update

BACKGROUND

Investments continue to have low yield. This drive the Board investment purchases down as the current Money Market rates are running in the 2% range and short-term investments that we have investigated remain about the same as the Money Market rate.

The new rates for long-term investments are also staying relatively low and the Board staff have decided to wait until they become less volatile and have higher yields before tying funds up for the longer periods of time.

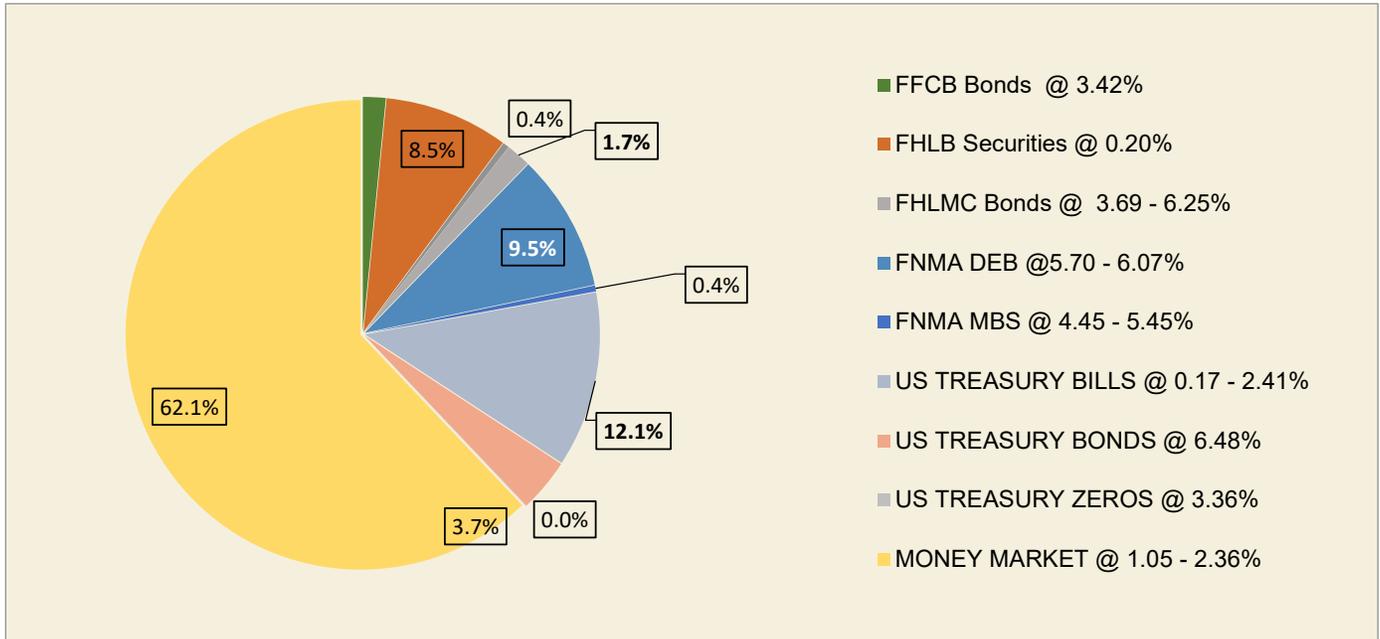
The lack of new investments has caused the percentage of Board funds in Money Market to rise to 62%. 85% of the Board funds are in Money Market or in investments that will mature within five years.

This information is as of February 28, 2019 but we have seen a continued volatility with the market remaining down.

Accounting & Finance Dashboard

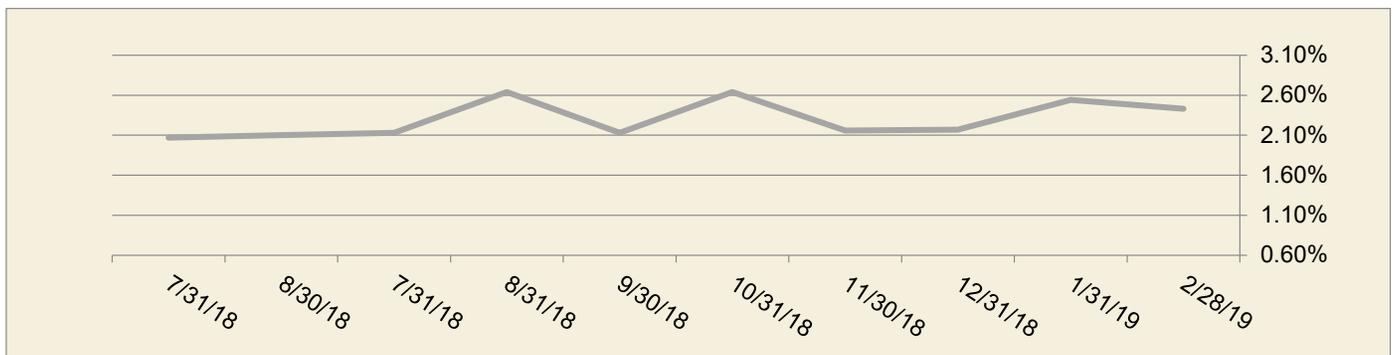
Data as of February 28, 2019

INVESTMENT DIVERSIFICATION



FNMA = Federal National Mortgage Association
 FHLB = Federal Home Loan Bank
 FHLMC = Federal Home Loan Mortgage Corporation
 FFCB = Federal Farm Credit Bank

WEIGHTED AVERAGE YIELD TREND



PORTFOLIO MATURITY

For February 28, 2019

Available Now	< 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years	21 to 25 years	Grand Total
\$ 80,796,115	\$ 16,428,000	\$ 13,155,000	\$ 17,114,000	\$ 2,225,000	\$ 532,752	\$ -	\$ 130,250,867

**Montana Board of Housing
Accounting and Finance
Investment Maturity Schedule
February 28, 2019**

Maturity Date	Trustee Bank	Investment Type	Par Value
05/15/2019	Wilmington Trust	T-BILLS	5,125,000.00
11/15/2019	Wilmington Trust	TSTRIPS	35,000.00
12/31/2019	Wilmington Trust	T-BILLS	2,102,000.00
05/24/2021	Wilmington Trust	FFCB	1,230,000.00
11/29/2021	Wilmington Trust	FHLB	11,120,000.00
12/16/2024	Wilmington Trust	FFCB	805,000.00
08/15/2025	Wilmington Trust	T-NOTES & BONDS	4,796,000.00
04/30/2026	Wilmington Trust	FNMA DEB	4,613,000.00
09/27/2027	Wilmington Trust	FNMA DEB	4,070,000.00
11/26/2027	Wilmington Trust	FNMA DEB	3,635,000.00
07/15/2032	Wilmington Trust	FHLMC BOND	2,225,000.00
02/01/2036	Wilmington Trust	FNMA MBS	52,753.14
05/01/2036	Wilmington Trust	FNMA MBS	28,761.59
07/01/2036	Wilmington Trust	FNMA MBS	75,453.94
03/01/2037	Wilmington Trust	FNMA MBS	140,716.35
08/01/2037	Wilmington Trust	FNMA MBS	39,354.95
08/01/2038	Wilmington Trust	FNMA MBS	65,763.64
12/01/2038	Wilmington Trust	FNMA MBS	66,969.89
12/01/2039	Wilmington Trust	FNMA MBS	62,978.54
04/25/2019	Wilmington Trust	T-BILLS	639,000.00
08/09/2019	US Bank Corporate Tr	FHLB DN	565,000.00
08/09/2019	US Bank Corporate Tr	FFCB DN	92,000.00
05/23/2019	Wilmington Trust	T-BILLS	3,485,000.00
07/31/2019	US Bank Corporate Tr	T-BILLS	2,975,000.00
02/28/2019	US Bank Corporate Tr	US BANK MONEY M	3,033,215.14
02/28/2019	Wilmington Trust	WT GOLDMAN SACH	77,762,899.61
01/30/2020	Wilmington Trust	T-BILLS	1,410,000.00
Total			130,250,866.79

FNMA = Federal National Mortgage Association

Fannie Mae

FHLB = Federal Home Loan Bank

FHLMC = Federal Home Loan Mortgage Corporation

Freddie Mac

FFCB = Federal Farm Credit Bank

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Lender Pool Set-aside Rate and Allocation

BACKGROUND

Lender Pool Set-aside funds are used to provide first mortgages for borrowers earning up to 80% of area median income who qualify for down payment assistance or loans from an approved program. These loans are being purchased with Pre-Ullman or Combined Revenue funds and the rate is currently set at 3.75%.

The programs that participate in the Lender Pool are NeighborWorks, City of Billings, Bozeman HRCD, Missoula HRDC, Home\$tart, Dream Makers, CAP Community Land Trust, Sparrow Group and HUD 184.

In the past, the Board had established a separate set-aside for each program in a specific amount, then the Board switched to having one specific pool of funds that is allocated to purchasing loans from any set-aside. These loans are purchased from small pots of money in various series within the indentures.

Having a set-aside program is an important tool for accomplishing our mission for helping lower income borrowers purchase homes they can afford. Since set-asides are such an important part of our program and have become a permanent offering, staff would like to move away from allocating a specific dollar amount to set-asides and have a revolving program that would continue to be funded from Pre-Ullman and Combined Revenue and, if necessary, regular bond funds.

Cash flows recently prepared by RBC indicated that the current set-aside rate should be increased, and a floor established based on the overall profitability of the indentures. The floor rate should be set at 4.25% and the rate should be 'hinged to the Regular Program rate, set .25 bp lower, so if funding for the set-side loans needs to be done through a bond issuance, the rate can be considered as we are structuring the issue.

PROPOSAL

Staff requests that the Board increase the Lender Pool Set-aside rate to 4.25% and set this as the floor rate. Going forward the set-aside rate will be hinged to the Regular Program rate, set .25 bp lower and the Board will no longer allocate a specific amount to the Lender Pool Set-aside, but let staff manage the pool as a revolving program from the funds available.

Board Meeting: April 5, 2019

Homeownership Program Dashboard

April 1, 2019

RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH	4.25	4.50	3.75
Market	4.03	4.38	4.19
10 yr treasury	2.41	2.73	2.74
30 yr Fannie Mae	3.63	3.99	4.04

LOAN PROGRAMS

	<u>MARCH</u>		<u>TOTAL</u>		<u>ORIGINAL</u>	
	<u>RESERVATIONS</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>BALANCE</u>
REGULAR PROGRAM						
Series 2019A(9.21.18)	17	2,949,407	173	30,443,833	40,400,000	9,956,167
80% Combined (20+)	2	241,600	103	13,487,359	bond & setaside	4,377,865
OTHER PROGRAMS						
Veterans (Orig)	1	224,627	299	55,754,464	Revolving	284,331
910 Mrtg Cr Cert (MCC)	9	2,086,323	133	29,172,441	60,000,000	30,827,559
SET-ASIDE PROGRAMS						
Score Advantage	3	18,655	342	1,907,214	Revolving	152,856
MBOH Plus	9	50,024	314	1,867,882	Revolving	305,885
Set-aside Pool (7.1.18)	1	171,830	101	15,431,605	17,500,000	2,068,395
<i>NeighborWorks</i>			21	3,209,855		
<i>CAP NWMT CLT</i>						
<i>Missoula HRDC XI</i>			1	137,362		
<i>Bozeman HRDC IX</i>			10	1,639,305		
<i>Home\$tart</i>	1	171,830	36	5,559,599		
<i>HUD 184</i>						
<i>Dream Makers</i>			2	384,345		
<i>City of Billings</i>			26	3,724,249		
Foreclosure Prevent	0	0	0	0	50,000	50,000
Disabled Accessible	0	0	227	16,497,050	Ongoing	862,950
Lot Refi	0	0	12	1,273,560	2,000,000	726,440
FY18 Habitat	0	0	8	989,483	2,388,350	1,398,867
Montana Street	0	0	0	0	1,000,000	1,000,000
Lee Gordon Place	0	0	0	0	1,045,000	1,045,000

FEBRUARY CHANGES

	<u># loans</u>	<u>Princ Bal</u>
January Balance	5,571	503,349,812.39
February Purchases (1st)	48	8,611,731.53
February Purchases (2nd)	22	133,241.00
February Amortization		(1,284,925.37)
February Payoffs	(27)	(1,441,162.82)
February Foreclosures	(1)	(93,715.99)
February Balance	5,613	509,274,980.74

2019 YTD

	<u># loans</u>	<u>Princ Bal</u>
	5,517	495,617,049.34
	120	20,270,985.99
	44	264,848.00
		(2,603,710.65)
	(65)	(3,989,428.46)
	(3)	(284,763.48)
	5,613	509,274,980.74

DELINQUENCY AND FORECLOSURE RATES

MONTANA BOARD OF HOUSING

MORTGAGE BANKERS ASSOC. 12/2018

(most recent available)

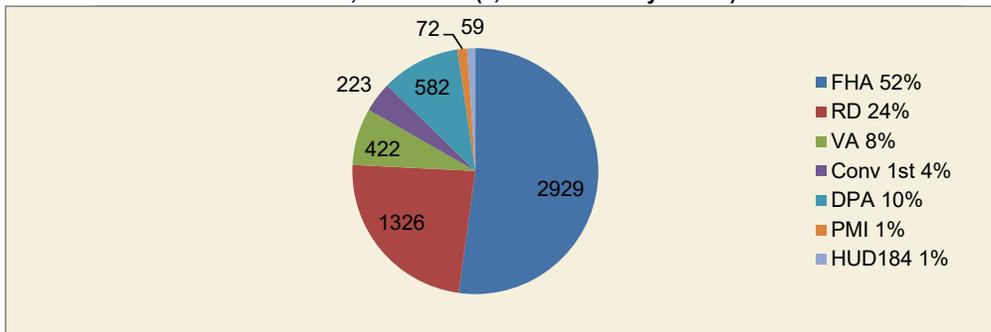
	<u>Feb-19</u>	<u>Jan-19</u>	<u>Feb-18</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>
30 Days	1.55	1.56	1.59	1.54	1.85	2.41
60 Days	0.71	0.74	0.70	0.47	0.56	0.81
90 Days	<u>0.77</u>	<u>0.72</u>	<u>1.02</u>	<u>0.52</u>	<u>0.61</u>	<u>1.11</u>
Total Delinquencies	3.03	3.02	3.31	2.53	3.02	4.33
In Foreclosure	0.53	0.59	0.82	0.53	0.61	0.95

LOAN PURCHASES BY LENDER

	FEBRUARY		2019 YTD	
	1st	DPA	1st	DPA
FIRST SECURITY BOZEMAN 061	3	3	5	3
1ST COMMUNITY BK GLASGOW 095	1	1	2	1
1ST SECURITY BK MISSOULA 133	2		4	
VALLEY BANK RONAN 159	1		1	
BIG SKY WESTERN BANK 165			1	
STOCKMAN BANK OF MT MILES 524	8	3	16	6
FIRST INTERSTATE BANK-WY 601	2	1	8	3
U.S. BANK N.A. 617	1		1	
OPPORTUNITY BANK 700	6	2	16	6
GLACIER BANK KALISPELL 735			4	
MANN MORTGAGE 835	7	3	19	8
GUILD MORTGAGE COMPANY 842	4	1	9	2
UNIVERSAL 843	1	1	5	2
FAIRWAY INDEPENDENT MRTG 847	5	3	19	7
CORNERSTONE HOME LENDING 850	1		1	
BAY EQUITY LLC 853	1	1	2	2
LENDUS LLC 854	5	3	6	4
MISSOULA FEDERAL C U 901			1	
Grand Count	48	22	120	44

MBOH FEBRUARY PORTFOLIO

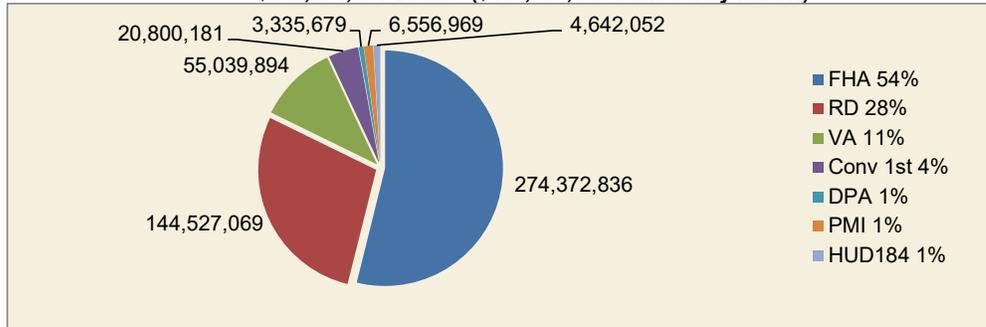
5,613 Loans* (4,850 serviced by MBOH)



**Weighted Average
Interest Rate
4.13%**

*This a 9.93% increase in number of loans from February 2018 when we had 5,106 loans

\$509,274,681 Loans* (\$439,688,059 serviced by MBOH)



*This a 17.1% increase in portfolio size from February 2018 when we had \$434,822,370 loans

LENDER/REALTOR/PARTNER OUTREACH

<u>Date</u>	<u>Event</u>
Feb 1 Julie/Vicki	Meeting with Encompass to get MBOH docs on lender system
Feb 14 Julie/Vicki/Charlie	Housing conference content meeting
Feb 15 Julie/Vicki	Meeting with Encompass to get MBOH docs on lender system
Feb 20 Julie	Webinar trainings with Fairway Purchase Clearing
Feb 25 Julie/Vicki	Partner call with Homebuyer Ed network
Feb 28 Julie/Vicki	Housing conference content meeting
Mar 1 Julie/Vicki	Meeting with Encompass to get MBOH docs on lender system
Mar 7 Vicki	Meeting with Encompass to get MBOH docs on lender system
Mar 7 Charlie/Julie	Helena Assoc. Realtors Lunch and Learn with First Community Bank
Mar 8 Julie	Webinar trainings with Universal
Mar 14 Charlie/Vicki	Housing conference content meeting
Mar 14 Julie/Ryan/Hannah	Helena Assoc. Realtors Lunch and Learn with First Interstate Bank
Mar 18 Julie	Partner call with Homebuyer Ed network
Mar 20 Vicki	Record Homebuyer Ed videos with Neighborworks

*** Hired Ryan Baker as Loan Specialist

Mortgage Servicing Program Dashboard Effective 2/28/19

	Last Year	Last Month	This Month
MONTH	FEB 2018	JAN 2019	FEB 2019
PORTFOLIO TOTAL LOANS	4653	5140	5152
MBOH	4346	4834	4847
BOI	291	290	290
MULTI FAMILY	16	16	15
PRINCIPAL (all loans)	\$ 435,026,203.06	\$ 487,795,234.19	\$ 489,706,613.44
ESCROW (all loans)	\$ 5,042,126.69	\$ 4,861,191.17	\$ 4,728,783.07
LOSS DRAFT (all loans)	\$ 714,945.51	\$ 587,274.74	\$ 552,667.11
LOANS DELINQUENT (60+ days)	173	165	162
ACTUAL FORECLOSURE SALES IN MONTH	0	2	0
FORECLOSURES TOTAL CALENDAR YEAR	3	2	2
DELINQUENT CONTACTS TO MAKE	507	732	663
LATE FEES - NUMBER OF LOANS	741	767	702
LATE FEES - TOTAL AMOUNT	\$ 20,501.51	\$ 21,564.21	\$ 19,356.20
PAYOFFS	30	34	23
NEW LOANS/TRANSFERS	37	132	37

2019 Monthly Servicing Report

LOSS MITIGATION	FEB 2019	HUD's National Servicing Center TRSII Reporting FY2018 Q4 95.09% Tier 1 - Grade A
ACTIVE FINANCIALPACKETS	3	
REPAYMENT/FORBEARANCE	20	
SHORT SALE	0	
DEED IN LIEU	0	
HAMPS/PARTIAL CLAIMS & MODS PNDG	4	
PRESERVATION PROPERTIES	6	
REAL ESTATE OWNED PROPERTIES	5	
CHAPTER 13 BANKRUPTCIES	23	

2019 CALENDAR

January						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

February						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

March						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

July						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

October						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

December						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

May 2019

6-8 – Mountain Plains Housing Summit – Utah
 20 – Board Meeting - Helena, Housing Credit LOI Presentations
 21 – Board Meeting – Helena, Delta Marriott – Housing Credit LOI Selection for Full Application

June 2019

17 – Board meeting – Billings, Billings Hotel
 17-19 – Housing Conference – Billings, Billings Hotel

July 2019

No Board Meeting

August 2019

7 – Board Meeting QAP Draft Review – Webinar

September 2019

9 – Strategic Planning – Lewistown, Yogo Inn
 10 – Board Meeting – Lewistown, Yogo Inn

October 2019

19-22 – NCSHA Annual Conference – Boston MA
 28 - Board Meeting – Helena, Delta Marriott – Housing Credit Award

November 2019

No Board Meeting

December 2019

No Board Meeting

Operations Dashboard March 2019

Board Meetings

The next Board meeting will be held Monday, May 20, 2019 through Tuesday, May 21, 2019 in Helena at the Delta Marriott Hotel. The Board will hear Housing Credit Letter of Intent presentations on Monday and will decide which projects move forward to full application Tuesday morning.

Board Training

In state Board Member training: June 17-19 Montana Housing Partnership Conference – Billings Hotel and Conv Ctr.

The following are out of state Board Member training:

May 6-8, 2019 Mountain Plains Regional Summit – Utah (estimated) (no members)
 October 19-22, 2019 NCSHA Annual Conference – Boston MA (Pat, Eric and Amber)

Staffing

Montana Housing is hiring a Mortgage Loan Compliance Program Specialist. Applications are due February 7.

Procurement

GSE & GINNIE MAE CONSULTANT

Responses to our RFP for GSE & Ginnie Mae Consultant were due February 26, 2019. We received one proposal meeting the requirements of the RFP, from Acorn Mortgage Consulting, LLC (Luana Slettedahl). Luana previously completed a limited scope assessment of our Homeownership program in the fall of 2018, and we found this engagement positive and productive. Luana has proficient market knowledge and experience in the mortgage industry, GSEs, Ginnie Mae and HFAs. We executed a contract for her services on March 26, 2019.

GSE SELLER/SERVICER APPROVAL WORK PLAN

The staff GSE work group and our GSE consultant is now meeting weekly. We have identified an initial scope of work. We are striving to re-submit to Fannie Mae by June 1, 2019 and to concurrently becoming Freddie Mac approved. We are preparing for upcoming meetings with Gina Celli-Marlow from Freddie Mac on April 25, and have a call scheduled with Fannie Mae (Jessica Wright and others from the Seller/Servicer applicant team) on April 29.

Legislative Update

Housing Bill Status:

HB 16	 	LC0131	Dave Fern (D) HD 5	(S) Committee Report--Bill Concurred as Amended -- (S) Taxation	03/12/2019	Establish affordable housing loan program
HB 376	 	LC1474	Ross H Fitzgerald (R) HD 17	(S) Hearing -- (S) Business, Labor, and Economic Affairs	04/02/2019; 8:30 AM, Rm 422	Repeal the real estate recovery account.
HB 422	 	LC0544	Edward Buttrey (R) HD 21	(H) Signed by Speaker	03/27/2019	Increase amount available for Montana veteran home loan program
HB 527	 	LC3218	Zach Brown (D) HD 63	(S) Committee Report--Bill Concurred -- (S) Taxation	03/25/2019	Revise laws related to affordable housing tax exemptions
SB 18	 	LC0130	Margaret (Margie) MacDonald (D) SD 26	(S) 2nd Reading Indefinitely Postponed*	03/27/2019	Establish workforce housing tax credits
SR 15	 	LC3153	Steve Fitzpatrick (R) SD 10	(S) Filed with Secretary of State	02/11/2019	Confirm Governor's appointees to business-related boards
SR 32	 	LC3259	Steve Fitzpatrick (R) SD 10	(S) Filed with Secretary of State	03/20/2019	Confirm Governor's appointee to the board of housing
LC3304		03/20/2019	Carlie Boland (D) SD 12	(C) Draft Request Received	03/20/2019	Interim study on the affordability of homes in Montana

Section 8 Program Dashboard

March 28, 2019

TENANT BASED, VETERANS' VOUCHERS, MOD REHAB, SHELTER PLUS CARE I and II, 811 PRA DEMO PROGRAMS:

CURRENT PERIOD: March 2019

SECTION 8 PROGRAMS	<u>Previous Month</u>	<u>Month</u>	<u>Change</u>	<u>Year</u>	<u>HUD</u>	<u>Date</u>
	<u>Feb-2019</u>	<u>Feb-2019</u>		<u>HAP</u>	<u>Budget</u>	<u>Fees</u>
Housing Choice Voucher (HCV)					15,426,099	109,160 CY 2019
PBS8 Opt-Out Conversion Funding						
Paid Units (3625 Agency contracts)	3,143	3,131	-12			
Current Month Payment Amount	1,529,989	1,507,711	-22,278	4,511,731		325,450
Veterans Affairs Supportive Housing (VASH)						CY2019
Number Units Paid (321 Authorized)	268	275	7			9,018
Payment Amount	136,081	140,207	4,126	417,281		27,108
Moderate Rehabilitation (ModRehab)					2,012,728	CY2019
Number Contracts	18	18	0			
Paid Units (297 Authorized)	264	259	-5			8,795
Payment Amount	143,428	134,449	-8,979	416,715		25,804
Shelter Plus Care I (Individual) FY13 Grant Funds					195,344	8-1-17-7-31-18
Number Units Paid (28 Authorized)	0	0	0		Grant Balance	
Payment Amount	0	0	0	130,229	61,459	Grant ended 11/18
Shelter Plus Care II (Family)						
Number Units Paid (5 Authorized)	0	0	0		Grant Balance	
Payment Amount	0	0	0			Grant ended 11/18
Project-Based (PBS8)						Admin Earnings
Contracts	87	87	0			76,372
Units Paid (4132 Authorized with 8bb)	3,639	3,637	-2			Contract Extension
Payment Amount	1,834,791	1,834,791	0			
Calendar Year Admin Earnings						152,744
811 Project Rental Assistance Demo (FY)					1,900,000	157,000 Five Year
Rental Assistance Contracts (RAC)	4	4	0	Disbursed:	251,918	Balance: 1,648,082
Units (grant requires 82)	18	18	0			8 Units Kalispell
Payment Amount	9,410	9,399	-11			40 Units Missoula
						5 Units Ronan
						21 Units Bozeman/Blegrade
						74

TOTALS

	<u>Previous Month</u>	<u>Current Month</u>	<u>Change</u>
Paid Units:	7,314	7,302	-12
Budgeted Units:		8,317	
All Section 8 HAPs	3,644,288	3,617,158	-27,131



MONTANA
HOUSING

SpringHill Suites by Marriott Bozeman – 1601 Baxter Lane, Bozeman MT 59715
April 5, 2019

ROLL CALL OF BOARD

MEMBERS:

Patrick Melby, Chairman (Present)	Sheila Rice (Present)
Bob Gauthier (Excused)	Eric Schindler (Present)
Johnnie McClusky (Present)	Amber Parish (Present)
Jeanette McKee (Present)	

STAFF:

Bruce Brensdal, Executive Director	Cheryl Cohen, Operations Manager
Mary Bair, Multifamily Program	Vicki Bauer, Homeownership Program
Mary Palkovich, Mortgage Servicing Program	Ginger Pfankuch, Finance Program
Todd Jackson, Marketing	Paula Loving, Executive Assistant
Charlie Brown, Homeownership Program	Angela Heffern, Finance Program
Kellie Guariglia, Multifamily Program	Hannah Rotter, Homeownership Program
Ryan Baker, Homeownership Program	Jeannene Maas, Homeownership Program

COUNSEL:

Greg Gould, Luxan and Murfitt	John Wagner, Kutak Rock
Drew Page, Kutak Rock	

ADVISIORS:

Gene Slater, SCG

UNDERWRITERS:

Mina Choo, RBC Capital	Patrick Zhang, RBC Capital
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OTHERS:

Rob Rasmus, MT Management Ventures	Steve Dymoke, GMD Development
Alex Burkhalter, Housing Solutions, LLC	Tyler Currence, Housing Solutions, LLC
Jodie Paxton, Lake County Housing	Bonnie Craigie, Rural Community Assistance Corporation
Whitney Cantlon, Mission Mountain Enterprises	Heather McMilin, Homeward
Eileen Piekarz, RCAC	Catalina Vielma, Boston Financial

**All persons listed present by telephone/webinar only*

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 website at [Meetings and Minutes](#).

CALL MEETING TO ORDER

- 3:15 Chairmen Pat Melby called the Montana Board of Housing (MBOH) meeting to order at 8:30 a.m.
- 4:20 Introductions of Board members and attendees were made.
- 6:45 Chairman Melby asked for public comment on items not listed on the agenda.

APPROVAL OF MINUTES

February 11, 2019 MBOH Board Meeting Minutes – page 3 of packet

7:05 Motion: Johnnie McClusky

Second: Jeanette McKee

The February 11, 2019 MBOH Board meeting minutes were approved unanimously.

MULTIFAMILY PROGRAM

Additional Credits Discussion

8:00 Presenters: Mary Bair

Income Averaging Discussion – page 6 of packet

16:35 Presenters: Mary Bair

Additional Credits Requests (Oakwood, Havre and Meadowlark Vista, Ronan) – page 9 of packet

55:50 Motion: Sheila Rice

Second: Jeanette McKee

The request from Meadowlark Vista in Ronan in additional Housing Credits in the amount of \$310,350 was approved unanimously.

Multifamily Update – page 11 of packet

1:14:35 Presenters: Mary Bair

FINANCE PROGRAM

Finance Update – page 13 of packet

1:29:10 Presenters: Ginger Pfankuch

HOMEOWNERSHIP PROGRAM

Set-aside Rates – page 16 of packet

1:32:40 Presenters: Vicki Bauer

Motion: Jeanette McKee

Second: Johnnie McClusky

The set-aside rate change that will be hinged to the Regular Program rate, set .25 basis points lower and the Board will no longer allocate a specific amount to the Lender Pool set-aside, but allow staff to manage the pool as a revolving program from funds available was approved unanimously.

Homeownership Update – page 17 of packet

1:45:25 Presenters: Vicki Bauer

MORTGAGE SERVICING PROGRAM

Servicing Update – page 20 of packet

1:47:30 Presenters: Mary Palkovich

OPERATIONS

Operations Update – page 22 of packet

1:52:20 Presenters: Cheryl Cohen

EXECUTIVE DIRECTOR

Executive Director Update – page 21 of packet

1:54:40 Presenters: Bruce Brensda

MEETING ADJOURNMENT

1:58:20 Meeting was adjourned at 10:25 a.m.

Sheila Rice, Secretary

Date