



# MONTANA HOUSING

- Meeting Location:** Heritage Inn – 1700 Fox Farm Rd, Great Falls, MT 59404
- Date:** Tuesday, September 13, 2022
- Time:** 8:30 a.m.
- Chairperson:** Sheila Rice
- Remote Attendance:** Join our meetings remotely via Zoom and phone.  
To register for Zoom, Click: <https://mt.gov.zoom.us/meeting/register/tZUuceirjwoE9dBZyXfDalMBUvmzsVG1h43>  
To participate by phone:  
Dial 888-556-4567, Meeting ID: 813 6130 7293, Passcode: 834018
- Board Offices:** Montana Housing  
301 S Park Ave., Room 240  
Helena MT 59601  
Phone: 406.841.2840

## AGENDA ITEMS

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

### Minutes

- ❖ Approve Prior Board Meeting Minutes

### Finance Program (Manager: Ginger Pfankuch)

- ❖ Financial Update

### Homeownership Program (Manager: Vicki Bauer)

- ❖ Participating Lender Approval (if needed)
- ❖ Homeownership Update
- ❖ 2022C Resolution

#### MISSION STATEMENT:

Montana Housing works with community partners across the state, and together we ensure Montana families have access to safe and affordable homes.



# MONTANA HOUSING

## Mortgage Servicing (Manager: Mary Palkovich)

- ❖ Servicing Update

## Multifamily Program (Manager: Nicole McKeith)

- ❖ Comstock 4% Bond Resolution
- ❖ Oakwood Multifamily Loan

## Operations/Executive Director (Joe DeFilippis / Cheryl Cohen)

- ❖ Operations/Executive Director Update

## Miscellaneous

### Meeting Adjourns

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

\*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.

### **MISSION STATEMENT:**

*Montana Housing works with community partners across the state, and together we ensure Montana families have access to safe and affordable homes.*

# 2022 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
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27	28					

March						
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20	21	22	23	24	25	26
27	28	29	30	31		

April						
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24	25	26	27	28	29	30

May						
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22	23	24	25	26	27	28
29	30	31				

June						
Su	Mo	Tu	We	Th	Fr	Sa
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July						
Su	Mo	Tu	We	Th	Fr	Sa
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17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August						
Su	Mo	Tu	We	Th	Fr	Sa
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28	29	30	31			

September						
Su	Mo	Tu	We	Th	Fr	Sa
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18	19	20	21	22	23	24
25	26	27	28	29	30	

October						
Su	Mo	Tu	We	Th	Fr	Sa
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

November						
Su	Mo	Tu	We	Th	Fr	Sa
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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

## 2022

### September 2022

- 12 – Strategic Planning Session – Great Falls
- 13 – Board Meeting – Great Falls

### October 2022

- 17 – Board meeting – Zoom
- 22-25 – NCHSA Annual Conference - Houston

### November 2022

- 14 – No Board Meeting

### December 2022

- 12 – No Board Meeting

\*\*\* All meeting dates are subject to change



# MONTANA HOUSING

Heritage Inn – Great Falls and Zoom  
September 13, 2022

## **ROLL CALL OF BOARD**

### **MEMBERS:**

Sheila Rice, Chairwoman (Present)  
Adam Hertz (Excused)  
Tonya Plummer (Excused)  
John Wright (Present)

Jeanette McKee (Present)  
Bruce Posey (Present)  
Cari Yturri (Excused)

### **STAFF:**

Cheryl Cohen, Executive Director  
Joe DeFilippis, Operations Manager  
Charlie Brown, Homeownership Program  
Bruce Brensdaahl, Multifamily Program  
Kylee Hughes, Exec Assistant

Vicki Bauer, Homeownership Program  
Nicole McKeith, Multifamily Program  
Kellie Guariglia Multifamily Program  
Ginger Pfankuch, Accounting  
Mary Palkovich, Servicing Program

### **COUNSEL:**

Greg Gould, Jackson Murdo & Grant

John Wagner, Kutak Rock

### **UNDERWRITERS:**

Mina Choo, RBC Capital

Patrick Zhang, RBC Capital

### **FINANCIAL ADVISORS:**

Gene Slater, CSG Advisors

David Jones, CSG Advisors

### **OTHERS:**

Heather McMillan  
Misty Dalke  
Alex Burkhalter  
Larry Phillips

Tyler Currence  
Chase Huber  
Kirk Ruth

*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.*



# MONTANA HOUSING

*The referenced audio recordings and Board Packet are available on the MBOH website at [Meetings and Minutes](#).*

## **CALL MEETING TO ORDER**

0:00 Chairwoman Sheila Rice called the Montana Board of Housing (MBOH) meeting to order at 8:30 a.m.

1:23 Introductions of Board members and attendees were made.

7:15 Chairwoman Rice asked for public comment on items not listed on the agenda.

## **APPROVAL OF MINUTES**

**August 8, 2022 MBOH Board Meeting Minutes – page 4 of packet**

7:59 Motion: Jeanette McKee

Second: Bruce Posey

The August 8, 2022 MBOH Board meeting minutes were approved unanimously.

## **FINANCE PROGRAM**

**Finance Update – page 7 of packet**

8:31 Presenter: Ginger Pfankuch

## **HOMEOWNERSHIP PROGRAM**

**Bond Resolution Approval 22-0913-SF01\_2022C – page 12 of packet**

12:41 Presenters: Vicki Bauer

Motion: Bruce Posey

Second: John Wright

The resolution was approved unanimously.

**Homeownership Update – page 11 of packet**

15:43 Presenters: Vicki Bauer

## **MORTGAGE SERVICING PROGRAM**

**Servicing Update – page 19 of packet**

17:03 Presenter: Mary Palkovich

## **MULTIFAMILY PROGRAM**

**Oakwood Village loans – page 20 of packet**

21:44 Presenter: Nicole McKeith

Motion: Bruce Posey

Second: Jeanette McKee



The two loans requests were approved unanimously.

**Comstock I, II, and III Bond Resolution – page 22 of packet**

31:12 Presenter: Nicole McKeith

Motion: Bruce Posey

Second: John Wright

The resolution was approved unanimously.

**OPERATIONS/ EXECUTIVE DIRECTOR**

**Operations/Executive Director Update – page 29 of packet**

34:03 Presenter: Cheryl Cohen

**MEETING ADJOURNMENT**

44:59 Meeting was adjourned at 8:45 a.m.

DocuSigned by:  
  
B39BAEE79072432  
\_\_\_\_\_  
Adam Hertz, Secretary

10/17/2022

\_\_\_\_\_  
Date

# BOARD AGENDA ITEM

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## PROGRAM

Finance Program

## AGENDA ITEM

Finance Update

## BACKGROUND

The Board Accounting Team is currently working on the fiscal year-end figures and the financial statements for Fiscal Year 2022 (FY22), ending June 30, 2022. Because of the fiscal year-end requirements, the July 2022 numbers have not been updated and the Finance dashboard and maturities have not been updated since the information provided at the previous meeting.

The unaudited balance sheet data provided in your packet includes a comparison between FY21 and FY22. The total assets declined between last fiscal year and this fiscal year mainly due to the decrease in the number of mortgage loans in the Board portfolio. There was also a decrease in cash and cash equivalents as some of those funds that were in money market were used to call additional bonds on the debt service dates.

The liabilities also decreased with much of that decrease due to the use of mortgage loan payoff funds and other Board funds being used to call additional bonds. This in turn reduced the bond expenses and the overall expenses for FY22.

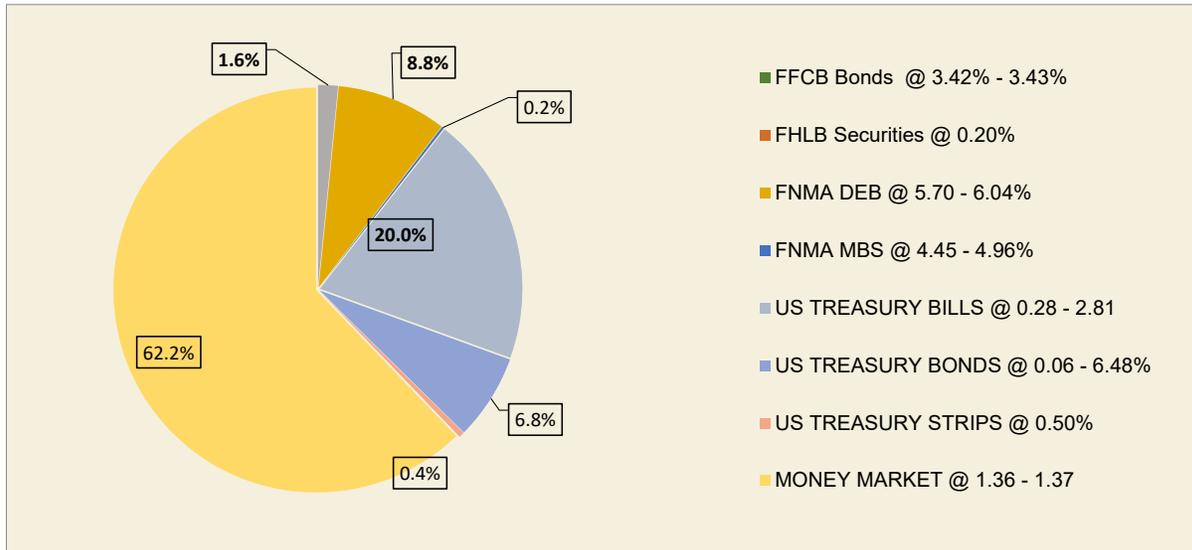
Mark down of Board investments to fair value at fiscal year-end caused a decrease \$3 million decrease in investment income for FY22. The Board investment policy indicates that investments are to be made with the expectation that they will be held to maturity. Because of this policy, the gap between investment fair value and PAR value will diminish and in turn the loss for those investment will also decrease on future financial statements. Example:

US Treasury with a PAR value of \$97,000 is purchased at a discount of \$96,964 (book value). The Board will show income of \$36 at maturity. Currently the US Treasury would sell for \$96,921 (fair value) on the market so marking the book value to fair value for financial statement purposes would show a loss of \$43. However, if this investment is held to maturity as intended a gain would be realized.

# Accounting & Finance Dashboard

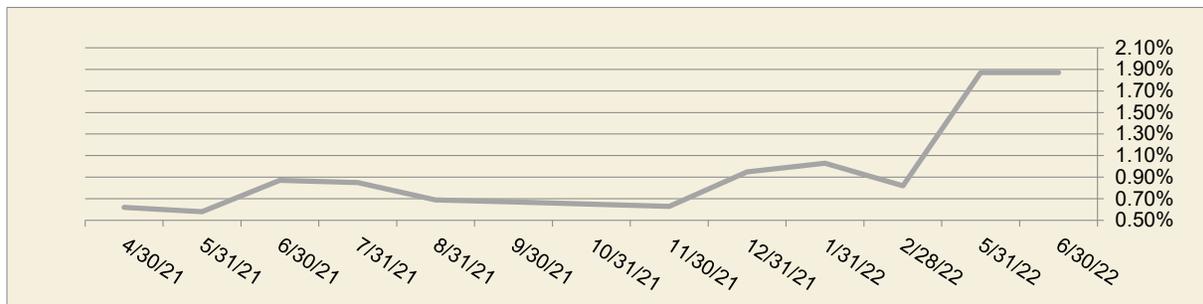
## Data as of June 30, 2022

### 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 June 30, 2022

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
\$ 87,102,046	\$ 32,106,000	\$ 18,404,000	\$ 2,225,000	\$ 197,656	\$ 53,065	\$ -	\$ 140,087,766

**Montana Board of Housing  
Accounting and Finance  
Investment Maturity Schedule  
June 30, 2022**

<b>Maturity Date</b>	<b>Trustee Bank</b>	<b>Investment Type</b>	<b>Par Value</b>
08/15/2022	US Bank Corporate Tr	T-NOTES & BONDS	3,495,000.00
06/15/2024	Wilmington Trust	T-NOTES & BONDS	1,290,000.00
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	45,425.38
05/01/2036	Wilmington Trust	FNMA MBS	24,914.83
07/01/2036	Wilmington Trust	FNMA MBS	15,723.56
03/01/2037	Wilmington Trust	FNMA MBS	77,267.56
08/01/2037	Wilmington Trust	FNMA MBS	34,324.48
08/01/2038	Wilmington Trust	FNMA MBS	53,064.52
11/03/2022	Wilmington Trust	T-BILLS	10,100,000.00
12/29/2022	Wilmington Trust	T-BILLS	10,379,000.00
02/15/2023	Wilmington Trust	TSTRIPS	615,000.00
07/28/2022	US Bank Corporate Tr	T-BILLS	97,000.00
11/17/2022	Wilmington Trust	T-BILLS	1,830,000.00
06/15/2023	Wilmington Trust	T-BILLS	5,590,000.00
06/30/2022	US Bank Corporate Tr	US BANK MONEY M	3,060,820.49
06/30/2022	Wilmington Trust	WT GOLDMAN SACH	84,041,225.27
<b>Total</b>			<b>140,087,766.09</b>

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

**Montana Board of Housing**  
**Unaudited Financial date for FYE 21 and FYE 22**

<i>(Dollars in Thousands)</i>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>Change</u>
<b>Assets:</b>			
Cash and Cash Equivalents	115,928	106,003	(9,925)
Investments	47,152	55,535	8,383
Mortgage Loans Receivable, Net	497,625	482,783	(14,841)
Corporate Advance	926	860	(66)
Interest Receivable	4,460	3,906	(555)
Prepaid Expense	165	192	27
Acquisition Costs	1,238	2,300	1,063
Capital Assets and Leases, net	11	2,752	2,741
<b>Total Assets</b>	<u>667,505</u>	<u>654,331</u>	<u>(13,174)</u>
<b>Deferred Outflow of Resources</b>	<u>1,073</u>	<u>883</u>	<u>(191)</u>
<b>Liabilities:</b>			
Accounts Payable	2,455	4,082	1,627
Funds Held for Others	6,416	5,167	(1,250)
Accrued Interest - Bonds Payable	1,367	1,127	(240)
Bonds Payable, Net	493,963	474,923	(19,040)
Arbitrage Rebate Payable	761	1,044	284
Accrued Compensated Absences	363	340	(22)
Net Pension Liability	2,554	1,536	(1,018)
Other Postemployment Benefits	380	319	(62)
Lease Payable	8	2,769	2,760
Total Liabilities	<u>508,266</u>	<u>491,306</u>	<u>(19,721)</u>
<b>Deferred Inflow of Resources</b>	<u>204</u>	<u>491,306</u>	<u>(491,101)</u>
Revenues	21,518	17,660	(3,859)
Expenses	<u>21,820</u>	<u>17,966</u>	<u>(3,854)</u>
<b>Income (Loss)</b>	<u>(301)</u>	<u>(306)</u>	<u>(5)</u>

# Homeownership Program Dashboard

September 6, 2022

## RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH*	5.125	5.25	2.50
Market	5.53	5.19	2.73
10 yr treasury	3.33	2.83	1.33
30 yr Fannie Mae	5.42	4.57	2.39

\*Current Setaside 4.875, DPA 5.375

## LOAN PROGRAMS

	<u>Aug</u>		<u>TOTAL</u>		<u>ORIGINAL</u>	
<u>REGULAR PROGRAM</u>	<u>RESERVATIONS</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>BALANCE</u>
Series 2022B (since 4.1.22)	18	4,596,909	120	27,120,945	31,203,754	4,082,809
Series 2022A DPA (since 4.1.22)	14	144,474	55	542,974	920,000	377,026
80% Combined (20+)	2	314,280	20	3,653,840	<b>Since July 2021</b>	reg bond funds
<u>SET-ASIDE PROGRAMS</u>						
MBOH Plus	2	15,900	31	206,111	<b>Since July 2021</b>	1,412,186
Set-aside Pool	1	134,767	22	3,598,895	<b>Since July 2021</b>	Pre-Ullman funds
<i>NeighborWorks</i>	1	134,767	6	873,546		
<i>CAP NWMT CLT</i>			1	160,606		
<i>Missoula HRDC XI</i>						
<i>Bozeman HRDC IX</i>			1	222,222		
<i>Home\$tart</i>			5	737,715		
<i>HUD 184</i>						
<i>Dream Makers</i>						
<i>Sparrow Group</i>			1	133,333		
<i>City of Billings</i>			8	1,471,473		
Foreclosure Prevent					50,000	50,000
Disabled Accessible					Ongoing	862,950
Lot Refi					2,000,000	726,440
FY22 Habitat	2	628,442	5	1,050,185	3,609,900	2,559,715
<u>OTHER PROGRAMS</u>						
Veterans (Orig)	3	767,635	417	82,144,394	Revolving	1,016,280
911 Mrtg Cr Cert (MCC)	1	180,000	163	42,482,668	75,000,000	32,517,332

## JULY CHANGES

## 2022 YTD

	<u># loans</u>	<u>Princ Bal</u>	<u># loans</u>	<u>Princ Bal</u>	
<b>June Balance</b>	<b>5,051</b>	<b>464,580,981.78</b>	<b>5,113</b>	<b>462,354,775.04</b>	Dec-21
July Purchases (1st)	25	5,595,168.00	203	44,100,120.50	
July Purchases (2nd)	17	145,180.00	109	1,031,184.85	
July Amortization		(1,304,069.45)		(9,379,544.03)	
July Payoffs (1st)	(40)	(2,802,035.20)	(295)	(30,980,894.80)	
July Payoffs (2nd)	(6)	(28,299.56)	(77)	(442,008.00)	
July Foreclosures	(1)	(106,097.77)	(7)	(602,805.76)	
<b>July Balance</b>	<b>5,046</b>	<b>466,080,827.80</b>	<b>5,046</b>	<b>466,080,827.80</b>	Jul-22

## DELINQUENCY AND FORECLOSURE RATES

### MONTANA BOARD OF HOUSING

### MORTGAGE BANKERS ASSOC. 6/2022

(most recent available)

	<u>Jul-22</u>	<u>Jun-22</u>	<u>Jul-21</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>
30 Days	1.53	1.68	1.53	1.16	1.41	1.72
60 Days	1.00	0.69	0.65	0.38	0.43	0.52
90 Days	<u>2.20</u>	<u>2.28</u>	<u>4.17</u>	<u>0.99</u>	<u>1.14</u>	<u>1.53</u>
Total Delinquencies	4.73	4.65	6.35	2.53	2.98	3.77
In Foreclosure	0.34	0.30	0.28	0.37	0.31	0.59

## LOAN PURCHASES BY LENDER

	Jul-22		2022 YTD		2021	
	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>
FIRST SECURITY BOZEMAN 061					1	1
1ST COMMUNITY BK GLASGOW 095					5	5
1ST SECURITY BK MISSOULA 133					5	1
VALLEY BANK RONAN 159			2		4	
YELLOWSTONE BANK BILLINGS 161					1	
BRAVARA BANK 186	1	1	2	1	5	3
STOCKMAN BANK OF MT MILES 524	3	3	32	18	45	27
FIRST INTERSTATE BANK-WY 601	1		5		14	7
OPPORTUNITY BANK 700	7	5	52	30	93	41
FIRST FEDERAL BANK & TRUST 731			1	1	3	1
GLACIER BANK KALISPELL 735	1		8		8	2
WESTERN SECURITY BANK 785			6	1	10	7
MANN MORTGAGE 835	7	4	46	26	62	36
GUILD MORTGAGE COMPANY 842	1	1	12	9	23	22
UNIVERSAL 843	1	1	5	5	31	27
FAIRWAY INDEPENDENT MRTG 847	1	1	16	13	19	18
CORNERSTONE HOME LENDING 850			4	3	7	7
PRIME LENDING 851					1	
BAY EQUITY LLC 853			3		13	12
LENDUS LLC 854			5	1	12	5
PARAMOUNT RES MTG GRP 855					1	1
CHERRY CREEK MORTGAGE 856			1		3	1
HOMESTAR FINANCIAL 861	1	1	1	1		
HOMETOWN LENDERS 862	1		1			
CLEARWATER FEDERAL C U 901			1		5	
Grand Count	25	17	203	109	371	224

## MBOH JULY PORTFOLIO

	<u># of loans</u>	<u>\$ of loans</u>	<u>% of #</u>	<u>% of \$</u>	
<b>FHA</b>	2,647	299,248,251	52%	64%	
<b>RD</b>	908	93,313,154	18%	20%	
<b>VA</b>	317	42,666,315	6%	9%	
<b>HUD184</b>	38	2,727,022	1%	1%	
<b>PMI</b>	36	2,555,404	1%	1%	
<b>Uninsured 1st</b>	199	19,577,525	4%	4%	
<b>Uninsured 2nd</b>	901	5,993,158	18%	1%	
	5,046	\$ 466,080,828			
<b>July 2021 Balance</b>	5,281	\$ 472,917,304	-4.45%	-1.45%	percent of Incr/Decr
<b>Serviced by MBOH</b>	4,968	\$ 459,891,727	98%	99%	

### Weighted Average Interest Rate 3.71%

	<u># of loans</u>	<u>\$ of loans</u>	
0 - 2.99%	1056	\$ 96,979,166	<u>rates up to 4%</u>
3 - 3.99%	1689	\$ 208,548,661	2745 \$ 305,527,827
4 - 4.99%	901	\$ 97,943,895	
5 - 5.99%	972	\$ 49,399,428	<u>rates 4% and above</u>
6 - 6.99%	384	\$ 12,172,612	2301 \$ 160,553,000
7 - 7.99%	44	\$ 1,037,066	

# BOARD AGENDA ITEM

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## PROGRAM

Homeownership Program

## AGENDA ITEM

Approval of Bond Resolution 22-0913-SF01\_2022C

## BACKGROUND

The attached Resolution approves the issuance of fixed or variable rate Mortgage Revenue Bonds in an aggregate principal amount not to exceed \$75,000,000 to finance loans or refund previously issued bonds or for both.

The resolution is written to give us the flexibility to issue bonds under any of the three indentures and to refund bonds from any of the three indentures.

Kutak prepared this resolution in the same form as the one approved for the 2022B issue. Even though this resolution allows for a Floating Rate Note as a variable rate option, we intend to issue fixed interest rate bonds under the SFI Indenture to purchase new money mortgage loans.

As of March 31, 2022, we had fully reserved the funds provided from the proceeds of the 2022A issue that closed on February 17, 2022, and we are now reserving loans in the bridge for the 2022B issue. We have begun working with the finance team to structure the next issue, monitoring and changing interest rates to keep us competitive while mitigating risk. This resolution will allow us to move forward with the 2022B bond issue that will carry us into summer buying season.

Our current lending rates are 5.125% for first mortgages with no DPA, 5.375% for first mortgages with DPA and the set-aside rate is set at 4.875%. Set-aside loans are being funded with recycled pre-Ullman funds.

## PROPOSAL

Staff requests that the Board approve the attached resolution.

RESOLUTION NO. 22-0913 SF02\_2022C

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING THE ISSUANCE AND DELIVERY OF, AND AUTHORIZING THE DETERMINATION OF CERTAIN TERMS OF, ONE OR MORE NEW ISSUES OF SINGLE FAMILY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000, WITH FIXED OR VARIABLE RATES, TO FINANCE LOANS, REFUND OUTSTANDING BONDS OR BOTH; APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE SUPPLEMENTAL TRUST INDENTURE, PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT IF THE BONDS ARE SOLD TO THE PUBLIC, CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATED THERETO; 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 and refund its bonds and to purchase mortgage loans or mortgage-backed securities 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 of Montana (the “State”); and

WHEREAS, the Board has previously implemented mortgage purchase programs in order to finance single family dwellings in the State for families and persons of lower income; and

WHEREAS, the Board intends to issue its Single Family Mortgage Bonds, Single Family Program Bonds or Single Family Homeownership Bonds, in one or more series or subseries in an aggregate principal amount not to exceed \$75,000,000 with fixed or variable rates (the “New Series Bonds”), under the provisions of either the Trust Indenture dated March 7, 1977, as restated and amended, the Trust Indenture dated August 16, 1979, as amended, or the Trust Indenture dated as of December 1, 2009 (each, the “General Indenture”), each between the Board and Wilmington Trust, National Association (as successor trustee), as trustee, which New Series Bonds will be used to finance mortgage loans to provide additional moneys to finance single family dwellings in the State pursuant to the Mortgage Purchase and Servicing Guide and the forms of the Invitation to Participate and Notice of Acceptance previously approved by the Board, and to fund certain reserve funds, if necessary, or to refund bonds previously issued for such purpose; and

WHEREAS, a Supplemental Trust Indenture (the “Supplemental Indenture”) (together with the General Indenture under which the New Series Bonds are to be issued, which it supplements, the “Trust Indenture”), between the Board and Wilmington Trust, National Association (as successor trustee), as Trustee, will be prepared in substantially the form of such document previously approved by the Board and used in connection with the issuance of the Single Family Mortgage Bonds, 2022 Series B (the “2022 Series B Bonds”) with appropriate changes as hereinafter described, whereby the Board would issue the New Series Bonds subject to the terms, conditions and limitations established in the Trust Indenture; and

WHEREAS, if the New Series Bonds are to be sold to the public, a Preliminary Official Statement (the “Preliminary Official Statement”) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the marketing of the 2022 Series B Bonds, containing certain information relating to the Board, the Trust Indenture and the New Series Bonds, and which will be distributed to the prospective purchasers of such New Series Bonds and others by a group of investment dealers and brokers represented by RBC Capital Markets, LLC (the “Underwriters”); and

WHEREAS, a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the sale of the 2022 Series B Bonds containing the agreement of the Board to annually update certain financial and operating information in the final Official Statement (as hereinafter described) and to timely provide notice of the occurrence of certain specified events; and

WHEREAS, a purchase contract (the “Purchase Contract”), to be dated the date of sale of the New Series Bonds, between the Board and the Underwriters (or if the New Series Bonds are sold to a single institutional investor, such investor) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the sale of the 2022 Series B Bonds, pursuant to which the Board would agree to sell and the New Series Bonds purchaser would agree to purchase the New Series Bonds, at the prices and upon the terms and conditions therein set forth;

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

**Section 1. Findings.**

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of New Series Bonds, and the purchase by the Board from proceeds thereof of mortgage loans or mortgage-backed securities as contemplated by the Trust Indenture, constitute “housing developments” within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board previously found and hereby confirms:

(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 Trust Indenture and contained in the program documents relating to the mortgage loans financed thereby and to be financed are sufficient to ensure that the homes 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 homes financed and to be financed which are 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 homes financed and to be financed with the proceeds of the New Series Bonds do 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 the findings required by Section 90-6-109(1)(f) of the Act are inapplicable because the homes financed by the New Series Bonds do not involve direct loans.

**Section 2. Approval of Supplemental Indenture.** A Supplemental Indenture for each series of New Series Bonds is hereby approved in the form described above (and reflecting the provisions of the New Series Bonds consistent with the parameters set forth in the following Section) and the Chair or the Vice Chair of the Board is hereby authorized and directed to execute and deliver the Supplemental Indenture with such changes, insertions or omissions therein as may be approved by such Chair or Vice Chair, such approval to be evidenced conclusively by such execution of the Supplemental Indenture, and the Secretary or any other member of the Board or the Treasurer is hereby authorized and directed to attest thereto.

**Section 3. Authorization of Bonds.** The issuance, sale and delivery of the Board’s New Series Bonds, in one or more series or subseries, is hereby authorized and approved, subject to the following provisions. The New Series Bonds shall be issued in an aggregate principal amount (not to exceed \$75,000,000), mature on the date or dates (but no more than 40 years from the date of issuance), bear interest at the rate or rates (which may be fixed or variable rate, such weighted average interest rates initially not exceeding 6.0% per annum and in no case shall the interest rate on any maturity exceed 14%), be sold to the bond purchaser(s) for an amount (but not less than 98.5% of the principal amount of the Bonds), be subject to optional, special optional, mandatory and sinking fund redemption, be subject to mandatory or optional tenders and convertible into fixed or variable rate bonds, be issued under the related General Indenture, and have such other terms and provisions, all as are determined by the Chair and Executive Director (with the advice of such members of the Board as are available upon the pricing of such New Series Bonds) and definitively set forth in the related Supplemental Indenture or Purchase Contract upon execution and delivery as authorized in Sections 2 and 5 hereof. The New Series Bonds shall be executed and delivered substantially in the form set forth in the Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture. The New Series 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 (as such term is defined in the Trust Indenture) for purposes of executing and attesting the New Series Bonds. Such signatures may be in facsimile, provided, however, that such New Series 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 Preliminary Official Statement and Official Statement.** If the New Series Bonds are to be sold to the public through the Underwriters, a Preliminary Official Statement for a series of New Series Bonds is hereby approved in the form described above, with such changes, insertions or omissions therein as may be approved by the Executive Director, and the Chair or the Vice Chair of the Board is hereby authorized to execute and deliver a final official statement (the “final Official Statement”) substantially in the form of the Preliminary Official Statement with such changes, insertions or omissions therein as may be approved by the Chair or Vice Chair, such approval to be evidenced conclusively by such execution of the final Official Statement.

**Section 5. Approval of Purchase Contract and Sale of the Bonds.** A Purchase Contract for a series of New Series Bonds is hereby approved in the form described above and the execution of the Purchase Contract by the Chair, the Vice Chair or Executive Director of the Board is hereby authorized and

directed in order to effectuate the sale of the related New Series 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 6. Authorization of Standby Bond Purchase Agreement, Continuing Covenant Agreement and/or Remarketing Agreement.** If any New Series Bonds are subject to optional or mandatory tender, the Chair or Vice Chair of the Board or the Executive Director are authorized to negotiate, execute and deliver one or more (1) standby bond purchase or similar agreements with a financial institution, with a rating of no less than “A1” or the equivalent by Moody’s Investors Service, Inc., whereby such institution agrees to purchase (or provide the Board with funds to purchase) tendered bonds, (2) continuing covenant agreements with the purchaser of such New Series Bonds which agreements may set forth additional covenants with respect to such New Series Bonds, and/or (3) remarketing agreements with any Board approved underwriter with respect to the remarketing of any tendered bonds; such agreements to have such terms and conditions, and provide for the payment by the Board of such fees, as are determined by the Chair and Executive Director to be in the best interests of the Board, such determinations to be evidenced conclusively by the execution thereof.

**Section 7. Approval of Continuing Disclosure Agreement.** A Continuing Disclosure Agreement for a series of New Series Bonds is hereby approved in the form described above, and the Chair or Vice Chair of the Board or the Executive Director 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 Continuing Disclosure Agreement.

**Section 8. Approval of Program Documents.** The Executive Director and Single Family Program Manager are hereby authorized to continue to use the form of the Mortgage Purchase and Servicing Guide, Invitation to Participate and Notice of Acceptance presently in use, and to the extent they deem necessary and appropriate, the Executive Director and Single Family Program Manager are authorized to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, to continue the Single Family Program.

**Section 9. Ratification of Prior Actions.** All action previously taken by the officers, members or staff of the Board with respect to the Trust Indenture, a Preliminary Official Statement, a Purchase Contract and the New Series Bonds is hereby approved, confirmed and ratified.

**Section 10. Execution of Documents.** In the event of the absence or disability of the Chair, the Vice Chair or the Treasurer of the Board, 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 Single Family Program Manager or the Accounting and Finance Manager, with the same effect as if done by the Chair, the Vice Chair or the Treasurer of the Board 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 Tax Certificate and Declaration of Intent.** The Chair, the Vice Chair or the Executive Director of the Board is hereby authorized to issue certifications as to the Board’s reasonable expectations regarding the amount and use of the proceeds of the New Series Bonds as described in Section 148 of the Internal Revenue Code of 1986, as amended. The Board also hereby declares its intention, within the meaning of Section 1.150-2 of the Internal Revenue Code regulations, to facilitate continuous funding of its Single Family Program (as described above) by, from time to time, financing mortgage loans and then issuing bonds in an amount to be determined by the Board in one or more series within 18 months thereof to reimburse itself for such financing, which reimbursement amount is presently expected to not exceed \$75,000,000 (or such greater reimbursement amount as may from time to time be

determined by written declaration of the Executive Director), provided that this declaration does not obligate the Board to issue any such bonds.

**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 Single Family 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 Trust Indenture and a Purchase Contract, to take such other action (including, without limitation, making any bond designations) as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and to modify any other agreement or obligation of the Board (including, without limitation, notes or bonds) to substitute a comparable interest rate index for the London Inter Bank Offered Rate (“LIBOR”) if LIBOR is discontinued, and the members and officers named above are hereby designated as Authorized Officers for such purposes.

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

ADOPTED by the Montana Board of Housing this 13<sup>th</sup> day of September, 2022.

MONTANA BOARD OF HOUSING

By \_\_\_\_\_  
Chair

Attest:

By \_\_\_\_\_  
Treasurer/Executive Director

## Mortgage Servicing Program Dashboard Effective 08/31/22

	Last Year	Last Month	This Month
MONTH	AUG 2021	JUL 2022	Aug 2022
PORTFOLIO TOTAL LOANS	5,545	5,352	5,376
MBOH	5210	4989	5057
BOI	319	298	303
MULTI FAMILY	16	16	16
HAF Homeownership Assistant Fund	NA	49	54
PRINCIPAL (all loans)	\$533,308,405.79	\$522,945,739.70	\$528,746,339.54
ESCROW (all loans)	\$5,457,935.51	\$4,722,012.68	\$5,218,575.58
LOSS DRAFT (all loans)	\$869,033.44	\$721,132.94	\$826,423.44
LOANS DELINQUENT (60+ days)	350	244	262
ACTUAL FORECLOSURE SALES IN MONTH	0	1	0
FORECLOSURES TOTAL CALENDAR YEAR	6	7	7
DELINQUENT CONTACTS TO MAKE	784	776	727
LATE FEES - NUMBER OF LOANS	578	703	764
LATE FEES - TOTAL AMOUNT	\$15,918.31	\$19,595.86	\$21,097.29
PAYOFFS	115	49	56
NEW LOANS/TRANSFERS	56	26	79

## 2022 Monthly Servicing Report

LOSS MITIGATION	AUG 2022	<b>HUD's National Servicing Center TRSII SFDMS Reporting FY 2022 Q2 Score 93.81% Tier 1 - Grade A</b>
ACTIVE FINANCIALPACKETS	1	
REPAYMENT/SPECIAL FORBEARANCE	0	
COVID19 FORMAL FORBEARANCE (JULY)	88	
HAMPS, PARTIAL CLAIMS & MODS PNDG	2	
CHAPTER 13 BANKRUPTCIES	11	
PRESERVATION PROPERTIES	7	
REAL ESTATE OWNED PROPERTIES	1	
SHORT SALE	0	
DEED IN LIEU	0	

# BOARD AGENDA ITEM

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## PROGRAM

Multifamily Program

## AGENDA ITEM

Oakwood Village- Multifamily Loan Program

## BACKGROUND

Oakwood Village in Havre MT is 60 unit acquisition rehab being developed by Affiliated Developers.

The developer is requesting to decrease the Coal Trust loan from \$3,600,000 to \$2,100,000 and with a decreased term of 30 years to 20 years, with the same 30 year amortization and 1.89% interest rate. The Coal Trust Program requires property taxes be paid by a project receiving a loan from that fund. This was unknown until close to closing, so the property is forced to restructure its finances. The developer is requesting \$1,500,000 of Multifamily Loan Program (MFLP) funds to cover the decrease in Coal Trust funds. The insertion of the MFLP is crucial because it has the flexibility to be structured to meet the needs of the project more so than the Coal Trust Homes Program. Thus this project is requesting interest only payments, with a 20 year term and 30 year amortization at a 2.3276% interest rate.

## PROPOSAL

Staff supports approving the request for \$1,500,000 from the Multifamily Loan Program.

## Oakwood Village Apartment Permanent Loan change

To: MBOH Board of Directors

We received a commitment letter from the Montana Board of Housing (“MBOH”) for a permanent post renovation loan from the Coal Trust Loan Program (“CTLP”) of \$3.6M @ 1.89 % amortized for 30 years with a term of 30 years on November 30<sup>th</sup> 2020. It was our understanding and MBOH was aware as early as March of 2020 that we could also negotiate a payment of lieu of taxes (“PILOT”). We met with the Board of Directors of Hill County and ask them for a PILOT in which we all agreed upon because of their known need to preserve Oakwood Village Apartments as affordable housing for their community. Our understanding as long as we paid some property taxes this would be acceptable under this program.

It came to our attention in July of 2022 that we are required to pay taxes in FULL under this financing program. In good faith, we went into the market place to find an alternative. Unfortunately, due to the sudden increase in interest rates this became an impossible task. So, we have been working diligently with MBOH on a resolution as has MBOH which we are more than appreciative.

The resolution that is being proposed is utilizing a combination of the multifamily loan program (“MFLP”) and Coal Trust Loan program (“CTLP”) with the following terms: \$1.5m interest only payment @ 2.3276% amortized over 30 years with a term of 20 years for the MFLP and \$2.1m with principal and interest payments (“P&I”) @ 1.89% amortized for 30 years with a 20 year term for the CTLP.

The 20 year term gets Affiliated Developers, Inc (“ADI”) past the Limited Partner (“LP”) threshold, but also allows MBOH to get their funds back as soon as possible to reinvest. I am trying to be cognizant of all the parties needs. And, I again, I fully appreciate MBOH and have for many years now.

*Kirk Bruce*

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Affiliated Developers, Inc (a nonprofit 501 c3)

By: Kirk Bruce

Its: Executive Director

# BOARD AGENDA ITEM

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## PROGRAM

Multifamily Program

## AGENDA ITEM

Comstock Bond Resolution Approval

## BACKGROUND

Comstock I, II and III is an 86-unit family property located in Bozeman previously awarded tax credits in the nineties. The property consists of 10 residential buildings. The proposed rehab will consist of approximately \$54,000 per unit which will cover the renovation of all units, major systems, site work, ADA accessibility and property amenities.

Devco Preservation is the developer and is requesting a Bond in the amount of \$11,500,000, with a 20% buffer, resulting in a resolution of \$14,000,000

## PROPOSAL

Staff supports approving the resolution.

## **RESOLUTION NO. 22-0913-MF03**

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 (COMSTOCK APARTMENTS PROJECT), SERIES 2022, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$14,000,000; 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 (Comstock Apartments Project), Series 2022 in an aggregate principal amount not to exceed \$14,000,000 (the “Bonds”), the proceeds of which will be used to finance a loan to the Borrower (hereinafter defined) for the acquisition, rehabilitation and equipping of Comstock Apartments, an 86-unit affordable housing development located in Bozeman, Montana; and

WHEREAS, the Bonds will be issued pursuant to a Trust Indenture (the “Indenture”), between the Board and U.S. Bank Trust Company, National Association 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 as the Trust Indenture approved by the Board with respect to its Multifamily Housing Revenue Bonds (Bridger Peaks Apartments Project), Series 2022 (the “Bridger Peaks 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 Comstock Apartments, LLC, a Washington registered limited liability company, or another affiliate of DevCo, LLC or Hearthstone Group (the “Borrower”), pursuant to a loan agreement, by and among the Board, the Borrower and the Trustee (the “Loan Agreement”), which will be in substantially the form as such agreement approved by the Board with respect to the Bridger Peaks 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 same form as such agreement approved by the Board with respect to the Bridger Peaks Financing; and

WHEREAS, a Bond Purchase Agreement (the “Purchase Contract”) to be dated the date of sale of the Bonds between the Board, the Borrower and the initial purchaser of the Bonds (the “Purchaser”), will be prepared in substantially the same form as such agreement approved by the Board with respect to the Bridger Peaks Financing, pursuant to which the Board would agree to sell, and the Purchaser would agree to purchase, the Bonds at the prices and upon the terms and conditions therein set forth; 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, such information being substantially similar to that provided in the final Official Statement approved by the Board with respect to the Bridger Peaks Financing, and which is to be used by the Purchaser in connection with the sale of the Bonds to investors; and

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

**Section 1. Public Hearing and Findings.**

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

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

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

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

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

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

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

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

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

**Section 3. Authorization of the Bonds.** The execution and delivery of the Board’s Bonds are hereby authorized and approved. The final amount and terms of the Bonds shall be determined by an Authorized Officer, consistent with the terms of the Indenture and subject to the following conditions. The Bonds shall not be general obligations of the Board but shall be limited obligations payable solely and only from Loan payments and any other moneys pledged under the Indenture by the Borrower as required by the Indenture. The Bonds shall mature no later than 40 years from their date of issuance, bear interest at a fixed or floating rate no greater than the net rate paid on the Loan (i.e. net of fees due to the Board and any other parties), be in a principal amount not to exceed \$14,000,000, 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 (the “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. Reserved.**

**Section 9. 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 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 Bonds as described in Section 148 of the Internal Revenue Code of 1986, as amended.

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

[Remainder of Page Intentionally Left Blank]

ADOPTED by the Montana Board of Housing this 13th day of September, 2022.

MONTANA BOARD OF HOUSING

Attest:

By \_\_\_\_\_  
Sheila Rice, Chair

By \_\_\_\_\_  
Cheryl Cohen, Executive Director

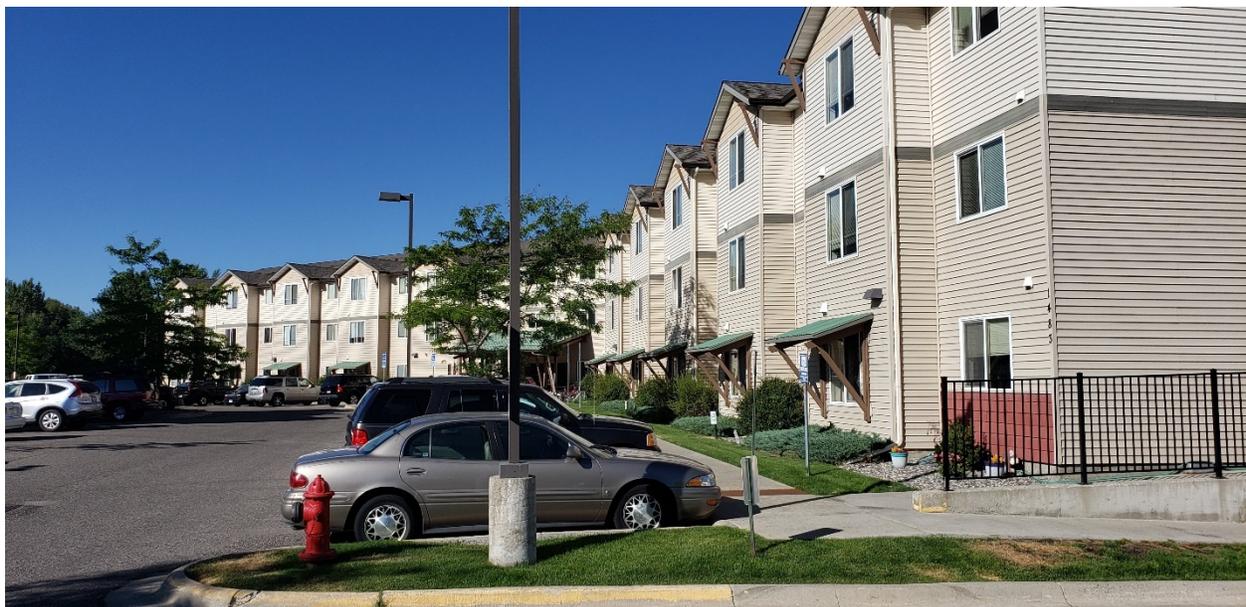
## **Comstock Apartments Executive Summary**

### **Property Description**

Comstock Apartments is located at 777 Haggerty Lane in the city of Bozeman. The property was developed in three phases, Phase I was built in 1996, phase II was built in 1999, and phase three was built in 2001. The phases were placed in service in 1996, 1999, and 2001 under the Section 42 Low-Income Housing Tax Credit (LIHTC) program. It consists of 86 units consisting of 52 one-bedroom units, 24 two-bedroom units, 8 three-bedroom units and 2 four-bedroom units, spread out across 10 residential buildings. The community offers residents a playground, outdoor grilling and picnic areas, an on-site laundry facility, and an on-site property manager. Each home is outfitted with amenities that include a fully equipped electric kitchen with a dishwasher, disposal, and refrigerator. Units have semi-private entries and extra storage.

The property was originally built as a LIHTC development and therefore all units are rent restricted by regulatory agreements with the Montana Board of Housing. Phase I restrictions run through 2035, Phase II restrictions run through 2029 and Phase III restrictions run through 2046.

DevCo will seek a new issuance of tax-exempt bonds and 4% LIHTCs through the Montana Board of Housing and will extend the affordability commitments. 98% of the units will be set at 60% set asides with the two market units being used for on site storage and an administrative unit.



### **Management**

The property will be managed by Alliance Property Management. The company was established in 2002 and oversees 115 properties across Montana consisting of 417, of which 256 are LIHTC.

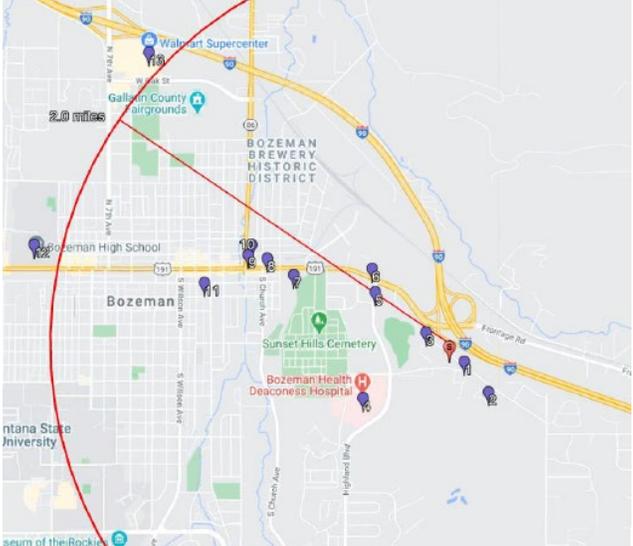
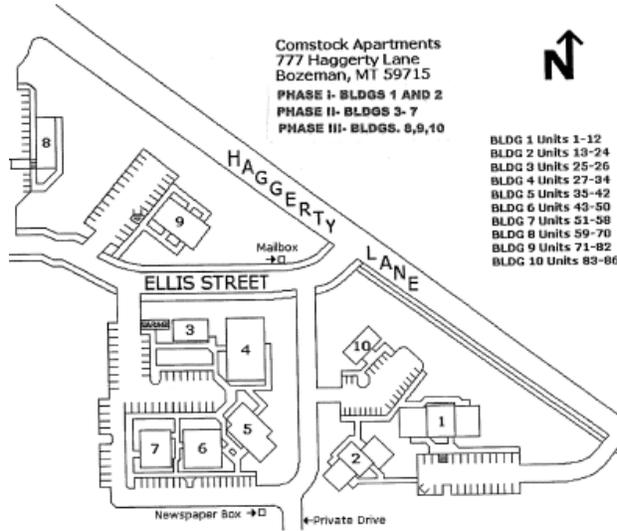
### **Planned Renovations**

In connection with the new issuance of tax-exempt bonds and 4% credits extensive renovations are planned to be completed at the property. The current budget includes approximately \$54,000/unit in which will cover the following:

- Repair of existing asphalt
- Parking Lot Restriping, curb painting and new ADA signage
- New Kitchen Cabinets, Kitchen Countertops, Sinks and Fixtures
- Installation of all new appliances
- Replacement of new Fire Rated Entry Door Doors and Hardware
- Installation of New Low E Vinyl windows
- Installation of LVP Flooring Throughout Units
- Installation of Towel Bars, shower Rods, Grab Bars and Vanities
- New Gas Water Heaters
- New LED Light Fixtures
- ADA Upgrades

### **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.



<b>County</b>	<u>Gallatin</u>
<b>Project Name</b>	<u>Comstock Apartments</u>
<b>Developer / General Ptnr</b>	<u>Comstock Manager, LLC</u>
<b>Set-aside</b>	General
<b>HC Requested</b>	7,514,790
<b>Project Type</b>	Family
<b>Construction Type</b>	Acq / Rehab
<b>Projected Construction Start</b>	Oct-22
<b>Projected Completion</b>	Oct-23

<b><u>Unit Numbers</u></b>	<b><u>Target</u></b>	
1-bdrm	60%	24
1-bdrm	60%	28
2-bdrm	60%	24
3-bdrm	60%	9
4	mgr(60%)	1
Total Units		<u>86</u>
Average Income Targeting		60.00%

<b><u>Square Footage</u></b>	
Income Restricted Units	56,540
Managers Unit(s)	1,400
Total	<u>57,940</u>

<b><u>Unit Rents</u></b>		
1-bdrm	60%	1,032
1-bdrm	60%	1,036
2-bdrm	60%	1,234
3-bdrm	60%	1,420
4	mgr(60%)	1,398
Total Monthly Rents		<u>97,558</u>
vacancy factor		7.00%
Adjusted Rent		<u>90,729</u>
other/commercial income		1,591
total rent		<u>92,320</u>
x 12 months		<u>12</u>
Total Annual Income		<u>1,107,839</u>

<b><u>Expenses</u></b>	
Administration	28,810
Management	57,951
Maintenance	103,200
Operating	95,418
Taxes	-
Replacement Reserve	25,800
Total Expenses	<u>311,179</u>

Net Income Before Debt Service 796,660

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**Financing Sources**

Hard Loan	11,229,454
Hard Loan	1,300,000
Other	100
Other	686,475
Deferred Dev Fee	1,568,024
HC Equity Non-Competitive	6,627,681
<b>Total Sources:</b>	<b>21,411,734</b>
<b>% of Project Financed by HC:</b>	<b>30.95%</b>

**Return on Sale of HTC**

HTC Requested	7,514,790
HTC Equity	6,627,681
HTC Return on Sale	0.882

**Ratios**

Rent (Income)	1,107,839
Operating	285,379
Replacement	25,800
Net Income	796,660
Total Debt Service	680,278
Debt Coverage Ratio (DCR)	1.17
Total Expense Ratio	1.12

**Project Costs**

Land	990,000
Building/Acquisition	8,410,000
Site Work	-
Construction / Rehab	6,312,144
Soft Costs	2,764,542
Developer Fees	2,604,048
Reserves	331,000
<b>Total Project Costs</b>	<b>21,411,734</b>
Supportive Services Costs	-
Residential Costs	21,411,734

**Costs versus Sources**

Total Project Costs	21,411,734
Total Financing Sources	21,411,734
Difference	-

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**Project Cost Limitations**

	<u>Limits</u>	
General Requirements	6.00%	4.65%
Contractor Overhead	2.00%	1.55%
Contractor Profit	6.00%	4.65%
Developer Fees	15.00%	14.89%
Soft Cost	32 or 37 or 40%	34.17%

**Per Unit Comparison**

	<u>Limits</u>	
Cost per unit total	n/a	248,974
Cost per unit residential only	\$280,000	248,974
Cost per unit Const / Rehab	n/a	73,397
Credits per unit	n/a	87,381
Operating Cost per unit	\$3,000 min	3,318
Replacement Reserves	\$300 min	300

**Per Square Foot Comparison**

Construction / Rehab per sq ft	108.94
Total Project Cost per sq ft	369.55
Credits per sq ft	129.70
Credits per sq ft (residential only)	129.70

**Utilities Paid by (Tenant / Owner)** Tenant

**Market Study Data:**

Vacancy Rates	50.0%
Absorption Rate	35.9%
Months to Absorb	4-5 mo
% of Mkt Rents	71.8%
Units needed for Targeted AMI's	1,623

**Market Rents**

1-bdrms	1,460
2-bdrms	1,669
3-bdrms	2,018

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<b><u>Evaluation Scoring</u></b>	<b><u>Points Available</u></b>	
1 <u>Extended Low Income Use</u>	100	100
2 <u>Lower Income Tenants</u>	200	50
3 <u>Project Location</u>	100	100
4 <u>Housing Needs Characteristics</u>		
Community Input	30	-
Appropriate Size	35	35
Market Need - Vacancy	35	35
Total	<u>100</u>	<u>70</u>
5 <u>Project Characteristics</u>		
Preservation of or Increase QCT or Revitalization Plan	(100 pts for any one of these 4 categories)	100
Historic Preservation		-
Project Based Rent Subsidy		-
Green & Energy	100	-
Total	<u>200</u>	<u>100</u>
6 <u>Development Team Characteristics</u>	400	400
7 <u>Participation of Local Entity</u>	60	-
8 <u>Tenant Populations</u>	100	80
9 <u>Developer Knowledge and Response</u>		-
Management past performances		
Late responses to MBOH		
Management Weaknesses		
<b>Total Points Available</b>	<b>1,260</b>	<b>900</b>
<b>Self Evaluation Score</b>		<b>900</b>



### Market Study Summary

The market study must clearly identify the following on a summary sheet: must be in the first 10 pages of the market study.

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

0 Bedroom	\$ _____	_____ %	
1 Bedroom	\$ <u>1,460</u>	<u>60.3 - 62.7</u> %	
2 Bedroom	\$ <u>1,669</u>	<u>65.1</u> %	
3 Bedroom	\$ <u>2,018</u>	<u>61.7</u> %	
4 Bedroom	\$ _____	_____ %	Reference page: <u>4</u>

# of New Units Needed: 4,911 Reference page: 111

Vacancy Rate 0.5 % Reference page: 99

Capture Rate 5.3% Reference page: 110  
(projected income eligible tenants who will move in next year/proposed units)

Units needed in market area 1,623 Reference page: 110

Absorption Rate: 35.9% 4-5 months Reference page: 113  
(proposed units/existing LIH, market area units required)

Penetration Rate 1.8% Reference page: 111  
(existing LIH units/total eligible households)

Number of LI households that can afford rent of proposed project 5,409

Reference page: 109

Distances to essential services as listed in Development Evaluation Criteria #3.

List of essential services must contain the list below and list the distance:

1	Bus Stop	Adjacent	8	American Bank	1.1 miles
2	Genoa Healthcare (Pharmacy)	0.2 miles	9	Bozeman Police/Fire Dept.	1.2 miles
3	Bozeman Softball Complex	0.2 miles	10	Hawthorne Elementary School	1.2 miles
4	Bozeman Deaconess Hospital	0.5 miles	11	Post Office	1.3 miles
5	Heebs Grocery	0.5 miles	12	Bozeman High School	2.2 miles
6	Exxon Gas Station	0.6 miles	13	Walmart Supercenter	2.2 miles
7	Bozeman Public Library	0.9 miles	14	Sacajawea Middle School	2.7 miles



## AMENITIES FORM

**Project Name: Comstock Apartments**

All Units	Yes/No	Incremental Cost Per Unit	Benefit
Air Conditioning	No		
Carport/Garage	No		
Dishwasher	Yes	\$500	Competitive amenity in market
Disposal			
Extra storage outside unit			
Microwave	Yes	\$200	Competitive amenity in market
Patios or Balconies	Yes		Balconies already exist on property
Washer/dryer hookups	Yes	\$ -	Competitive amenity in market, already exists at property
Washer/dryer in unit	No		

Project Wide	Yes/No	Incremental Cost Total	Benefit
Basketball hoop/pad			
Car plug ins			
Community Garden			
Community Room	Yes	\$ -	Provides socializing opporunity for residents, builds community, decreases turnover
Computer(s) for tenant use			
Library			
On site Manager	Yes	\$ -	Allows for efficient operation of property, reduces turnover
Outdoor community area	Yes	\$ -	Provides socializing opporunity for residents, builds community, decreases turnover
Play Area			
Hotspot/Wi-Fi			
Other:			

# BOARD AGENDA ITEM

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## PROGRAM

Operations/Executive Director

## BOARD MEETINGS

The next scheduled board meeting is October 17, 2022 and will be held virtually via Zoom.

## BOARD TRAINING OPPORTUNITIES

- 2022 NCSHA Annual Conference & Showplace, October 22 – 25 (Houston, TX). Registration is now open. The [NCSHA Annual Conference](#) has traditionally included sessions specifically for board members, including board governance and related topics. Please contact Kylee Hughes, Executive Assistant, at [Kylee.Hughes2@mt.gov](mailto:Kylee.Hughes2@mt.gov) to register.

## CONTRACTS / PROCUREMENT

- CoreLogic Tax Services for Servicing expires October 15, 2022. Received permission from Legal to procure for another 7 years with our Delegation Agreement. This contract is in progress.

## GSE SELLER/SERVICER UPDATE

- Preparing to submit the Freddie Mac Annual Certification Report that is due September 28, 2022.

## PERSONNEL UPDATE

Montana Housing is in various recruitment stages for the following permanent positions:

- Reverse Annuity Mortgage Specialist
- MERA Compliance Specialists (3 modified FTE positions open)
- MERA Program Manager
- Program Specialist for Community Housing

New team members:

- Jason Hanson is our new Multifamily Program Manager taking over for Nicole McKeith, who will move to a part-time Program Specialist position.
- Megan Surginer is our new Administrative Supervisor.
- Paige Bowsher is our new Loan and Bonds Specialist for Homeownership.

## EMERGENCY RENTAL ASSISTANCE UPDATE

- Through August 2022, we have awarded \$78.7 million in rent and utility assistance. The average award – including continued assistance – is over \$7,200 per approved household. Approximately 1,400 applications are currently under review.
- Staff have demonstrated responsible public stewardship of these funds. Approximately 2,300 potentially fraudulent applications requesting over \$40.8 million in assistance have been flagged, isolated, and ultimately denied.

# BOARD AGENDA ITEM

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## HOMEOWNER ASSISTANCE FUND UPDATE

- As of August 30, 2022, HAF completed their pilot project after having funded \$551,379 in reinstatement loans for 52 Montana Housing borrowers.
- As of August 30, 2022, there have been 137 applications submitted to the statewide program and HAF staff have approved and paid over \$61,000 in total through all statewide program areas.
- HAF staff are developing and testing reporting features within the online platform for ease of quarterly Federal Treasury reporting.
- The program will be hiring a new reviewer position to assist with the quality and ease of application review.

## EXECUTIVE DIRECTOR UPDATE

- State of Montana ROWS / Telework roll-out. Starting the week of August 22<sup>nd</sup>, Montana Housing staff have been approved for 1-4 days of remote work depending on the tasks they perform. New staff will complete initial onboarding and training before shifting to hybrid schedules.
- Cheryl and Joe are participating in the newly formed Disaster Housing Work Group. Kickoff meeting was held August 30<sup>th</sup> with staff from FEMA, HUD, USDA-RD, DES, and Salvation Army. Weekly meetings started last week, and bringing in more stakeholders (Department of Labor and Industry, DEQ - to mention a few).
- Governor's [Housing Task Force](#) update.