



MONTANA
HOUSING

MONTANA BOARD OF HOUSING – BOARD MEETING

- Date:** Monday December 11, 2023
- Time:** 8:30 a.m.
- Board Chair:** Bruce Posey
- Remote Attendance:** Join our meetings remotely via Zoom and/or phone.
- Conference Call:** Dial: 1 646 558 8656 | Meeting ID: 832 3335 1280 | Password: 959174
- Register for Webinar:** https://mt-gov.zoom.us/meeting/register/tZcvdOgrqzooEtSmLKq_nByTD3CCz5FEKjos
- 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 (Acting Accounting & Finance Manager: Vicki Bauer)

- ❖ Financial Update (Verbal Update)

Homeownership Program (Acting Homeownership Manager: Charlie Brown)

- ❖ Lender Approval – CMG Mortgage, Inc.
- ❖ Master Servicer Selection – Idaho Housing and Finance Association
- ❖ Homeownership Update



MONTANA
HOUSING

Mortgage Servicing Program (Manager: Mary Palkovich)

- ❖ Servicing Update

Multifamily Program (Manager: Jason Hanson)

- ❖ Coal Trust Multifamily Homes Loan Approval – Stan’s Garden (Belgrade ROC)
- ❖ Coal Trust Multifamily Homes Loan Approval – Two Rivers (Lolo ROC)
- ❖ Coal Trust Multifamily Homes Loan Term Adjustments – Forest Acres Mobile Home Park
- ❖ Multifamily Update

Operations / Executive Director (Joe DeFilippis / Cheryl Cohen)

- ❖ Montana Housing Situational Report Overview – Ben Gill, Dept. of Commerce Economist
 - [Workbook: Montana Housing Situation Report](#)
- ❖ Operations Update
- ❖ Executive Director Update

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.

2024 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			

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				

July						
Su	Mo	Tu	We	Th	Fr	Sa
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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			

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		

February						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
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11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

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	

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

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

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						

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						

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					

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				

January 2024

7-12: [NCSHA HFA Institute, WA D.C. \(MBOH staff\)](#)

8: Board Meeting via Zoom

February 2024

12: Board Meeting via Zoom

March 2024

4-6: [NCSHA Legislative Conference, Hilton Washington D.C. \(Executive Director; Board Members\)](#)

11: Board Meeting via Zoom

April 2024

8: Board Training, TBD Bozeman MT ((Potential Topic: Affirmatively Furthering Fair Housing / FHEA)

9: Board Meeting, TBD Bozeman MT

May 2024

5-7: [Mountain Plains Regional Housing Summit, TBD CO \(MBOH staff and Board Members welcome\)](#)

13: Board meeting Letter of Intent Presentations

14: Board meeting LOI decisions

20-22: [Housing Partnership Conference, Missoula MT Holiday Inn \(MBOH staff and Board Members welcome\)](#)

June 2024

10-13: [NCSHA Housing Credit Connect – Atlanta GA \(MBOH staff\)](#)

17: Board Meeting via Zoom

July 2024

8: Board Meeting via Zoom

August 2024

12: Board Meeting via Zoom

September 2024

9: Board Meeting via Zoom

28-1: [NCSHA Annual Conference – Phoenix AZ \(MBOH staff and Board Members welcome\)](#)

October 2024

21: Board Strategic Planning, TBD Dillion MT

22: Board Meeting Housing Credit Award Determinations / QAP, TBD Dillion MT

November 2024

4: Board Meeting via Zoom

December 2024

9: No Board Meeting (subject to change)



MONTANA HOUSING

Zoom
December 11, 2023

ROLL CALL OF BOARD MEMBERS:

Bruce Posey, Chair (Present)
Sheila Rice (Present)
John Grant (Present)
Amber Parish (Present)

Cari Yturri (Present)
Jeanette McKee (Present)
Tonya Plummer (Present)

STAFF:

Cheryl Cohen, Executive Director
Joe DeFilippis, Operations Manager
Megan Surginer, Office Manager
Jason Hanson, Multifamily Program
Mary Palkovich, Servicing Program
Vicki Bauer, Accounting Program
Charlie Brown, Homeownership Program
Melissa Higgins, ARPA Program Manager

Kellie Guariglia, Multifamily Program
Bruce Brensdal, Multifamily Program
Brian Lundin, Multifamily Program
Nicole Newman, CDD Program
Julie Flynn, CDD Program
Jen Stepleton, CDD Program
Stacey Waites, Executive Assistant

COUNSEL:

Greg Gould, Jackson Murdo & Grant

OTHERS:

Christiane Rudmann
Colton Behr
David Jones
Drew Page
Tyler Currence
Larry Phillips
Julia Hope
Mina Choo

John Wagner
Patrick Zhang
Benjamin Gill
Chuck Kracht
Susan Semba
Kaia Peterson
Amber Robbins
Dana Rocha

Matt Hemphill
Jackie Girard
Susan Floerchinger
Luana Slettedahl
Kat Dodd
Alex Burkhalter
Jack Hua
Scott Long

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



MONTANA HOUSING

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 Chair Bruce Posey called the Montana Board of Housing (MBOH) meeting to order at 8:30 a.m.
- 1:12 Introductions of Board members and attendees were made.
- 4:17 Chair Posey asked for public comment on items not listed on the agenda.

APPROVAL OF MINUTES

November 13, 2023 MBOH Board Meeting Minutes – page 5 of packet

- 5:07 Motion: Jeanette McKee
Second: Cari Yturri
The November 13, 2023 MBOH Board meeting minutes were approved unanimously.

ACCOUNTING

Accounting Update – Verbal Only

- 5:46 Presenter: Vicki Bauer
- 7:25 Presenter: Mina Choo

HOMEOWNERSHIP PROGRAM

Participating Lender Approval – CMG Mortgage, Inc. —page 9 of packet

- 11:08 Presenters: Charlie Brown
Motion: Sheila Rice
Second: Jon Grant
The motion to approve CMG Mortgage, Inc. was approved unanimously.

Master Servicer Selection—Idaho Housing and Finance Association Page 10 of packet

- 13:07 Presenter: Charlie Brown
- 16:33 Presenter: Susan Semba
Motion: Jeanette McKee
Second: Amber Parish
The motion to approve Idaho Housing and Finance Association as a master servicer passed unanimously.

Homeownership Update – page 12 of packet

- 22:58 Presenters: Charlie Brown

MORTGAGE SERVICING PROGRAM

Servicing Update – page 14 of packet



MONTANA HOUSING

25:00 Presenter: Mary Palkovich

MULTIFAMILY PROGRAM

Approval of Coal Trust Multifamily Homes Loan: Stan's Garden in Belgrade, MT—page 15 of packet

27:52 Presenters: Jason Hanson

Motion: John Grant

Second: Cari Yturri

The motion to approve the Stan's Garden Coal Trust Loan passed unanimously.

Approval of Coal Trust Multifamily Homes Loan: Two Rivers Community in Lolo, MT—page 19 of packet

35:59 Presenters: Jason Hanson

Motion: Jeanette McKee

Second: Sheila Rice

The motion to approve the Two Rivers Coal Trust Loan passed unanimously.

Approval of Coal Trust Multifamily Homes Loan: Forest Acres Trailer Park—page 23 of packet

45:31 Presenters: Jason Hanson

Motion: John Grant

Second: Jeanette McKee

The motion to approve the Forest Acres Coal Trust Loan passed unanimously.

Multifamily Update – page 25 of packet

52:55 Presenter: Jason Hanson

OPERATIONS/ EXECUTIVE DIRECTOR

Operations/Executive Director Update – page 27 of packet

55:36 Presenter: Benjamin Gill - Montana Housing Situational Report Overview

01:30:46 Presenters: Cheryl Cohen, Joe DeFilippis

MEETING ADJOURNMENT

01:41:00 Meeting was adjourned at 10:11 a.m.

DocuSigned by:

Amber Parish

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Amber Parish, Secretary

1/9/2024

Date

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Lender Approval – CMG Mortgage, Inc.

BACKGROUND

CMG Mortgage, Inc. is a privately owned, non-depository mortgage company licensed in 49 states and Washington D.C. They are wholly owned by CMG Financial Services, a California corporation (an entity owned by the Company's sole Director, President and CEO). They offer several loan products ranging from FHA, RD, VA and conventional loans and are approved to work with Fannie Mae, Freddie Mac and Ginnie Mae.

CMG Mortgage, Inc. has branch offices in Billings, Bozeman, Missoula and Cardwell and they are interested in participating in the Board's mortgage loan and MCC programs. They will sell the servicing of our loans to Montana Board of Housing.

CMG's application material, quality control plan and financials have been reviewed and approved by staff and they meet all requirements for becoming a Board of Housing Participating Lender.

Their full application and financial information are available for Board members to review upon request.

PROPOSAL

Staff requests for the Board to approve CMG Mortgage, Inc. as a participating lender for Montana Board of Housing.

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Master Servicer Approval – Idaho Housing and Finance Association

BACKGROUND

The Request for Proposals (“RFP”) for a Master Servicer is part of a strategic shift in MBOH’s business model to move into the secondary market, with the goal of issuing Mortgage-Backed Securities (“MBS”) for delivery in either the Mortgage Revenue Bond (MRB) market or the To Be Announced (“TBA”) secondary market. Additionally, MBOH may sell whole loans to either of the Government Sponsored Enterprises (“GSEs”).

The Master Servicer will be required, for both the first mortgage loans and related second mortgage loans, to review, purchase, perform pre-funding quality control, perform post-funding quality control, manage investor quality control and repurchase requests, and meet loan servicing and reporting requirements for Ginnie Mae and the GSEs, and for the related second mortgage loans, for MBOH.

The Master Servicer will acquire all rights, title, and interest in the loans as required to service the mortgage loans and to issue the MBS in accordance with GSE or Ginnie Mae requirements, or to deliver to the GSEs under a Whole Loan commitment.

Under the MRB structure, MBOH will continue to review all loans to ensure they meet IRS requirements and will coordinate the approval or suspension of such loans with the Master Servicer.

TIMELINE

RFP Issued	9/6/2023
Deadline for Receipt of Written Questions	9/20/2023
Deadline for Posting Written Responses to the State's Website	9/27/2023
RFP Response Due Date	10/4/2023
RFP Offeror Interviews	12/1/2023
Public Notice of Intent to Award Contract	12/1/2023
MBOH Board Meeting for Master Servicer Selection	12/11/2023
Due Diligence selected Master Servicer complete	2/28/2024
Intended date for contract award*	3/15/2024

Board Meeting: December 11, 2023

BOARD AGENDA ITEM

MBOH received three (3) responses to the RFP. The RFP process included thorough reviews of the written responses and documentation provided by each Offeror by the individual RFP evaluators (each evaluator individually scored and then the evaluation committee completed a consensus score for each Offeror), an analysis of pricing terms and overlays in relationship to recent MBOH loan production, an analysis of reference checks provided and performed for each Offeror, and individual interviews with all Offerors.

Based on all above factors, the MBOH evaluation committee unanimously selected the Idaho Housing and Finance Association. Susan Semba, Executive Vice President of Homeownership Lending and Chuck Kracht, Vice President of Loan Servicing, have been invited to today's Board meeting and are available to address the Board or answer any questions Board members may have.

PROPOSAL

Staff requests for the Board to approve Idaho Housing and Finance Association as the new Master Servicer for the Montana Board of Housing.

HOMEOWNERSHIP PROGRAM DASHBOARD

December 1, 2023

RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH*	5.750	6.25	6.000
Market	6.58	7.23	6.140
10 yr treasury	4.22	4.77	3.530
30 yr Fannie Mae	6.48	7.30	5.657

*Current Setaside 5.50, DPA 6.00

LOAN RESERVATIONS

	<u>Nov NUMBER</u>	<u>Nov AMOUNT</u>	<u>TOTAL NUMBER</u>	<u>TOTAL AMOUNT</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE</u>
REGULAR PROGRAM						
Series 2023C (since 10.19.23)	23	5,957,568	49	12,208,483	40,000,000	27,791,518
Series 2023C DPA (since 10.19.23)	6	56,173	15	154,248	1,000,000	845,752
80% Combined (20+)	3	500,800	3	500,800	Since July 2023	reg bond funds
SET-ASIDE PROGRAMS						
MBOH Plus	3	31,050	39	405,048	Since July 2023	1,299,733
Set-aside Pool			16	3,166,737	Since July 2023	Pre-Ullman funds
<i>NeighborWorks</i>			6	1,287,980		
<i>CAP NWMT CLT</i>			2	280,652		
<i>Missoula HRDC XI</i>						
<i>Bozeman HRDC IX</i>						
<i>HomeStart</i>			4	839,781		
<i>HUD 184</i>						
<i>MT Street CLT</i>			1	135,972		
<i>Sparrow Group</i>						
<i>City of Billings</i>			3	622,352		
Foreclosure Prevent					50,000	50,000
Disabled Accessible					Ongoing	862,950
Lot Refi					2,000,000	726,440
FY24 Habitat			9	1,397,192	3,751,000	2,353,808
OTHER PROGRAMS						
Veterans (Orig)	2	543,593	440	88,674,374	Revolving	93,187
912 Mrtg Cr Cert (MCC)	1	194,342	23	6,083,344.00	62,500,000	56,416,656

LOAN PURCHASES BY LENDER

	<u>Oct-23</u>		<u>2023 YTD</u>		<u>2022</u>	
	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>
BANK OF COMMERCE 086	1	1	1	1		
1ST SECURITY BK MISSOULA 133			7	2	2	1
VALLEY BANK RONAN 159			2		3	
FIRST MONTANA BANK 172			1	1		
BRAVARA BANK 186	1		4		2	1
STOCKMAN BANK OF MT MILES 524	10	4	48	26	51	25
FIRST INTERSTATE BANK-WY 601	1		4	1	11	1
US BANK 617			1			
OPPORTUNITY BANK 700	12	3	83	39	86	44
FIRST FEDERAL BANK & TRUST 731			1		1	1
GLACIER BANK KALISPELL 735	1		6		17	
WESTERN SECURITY BANK 785			4	3	11	3
MANN MORTGAGE 835	10	6	48	25	80	43
GUILD MORTGAGE COMPANY 842	6	6	19	19	16	13
UNIVERSAL 843	3	3	17	12	16	11
FAIRWAY INDEPENDENT MRTG 847	6	4	21	18	24	21
CORNERSTONE HOME LENDING 850	2	2	9	8	8	6
PRIME LENDING 851	1		5	4	2	1
BAY EQUITY LLC 853	1		5		7	1
LENDUS LLC 854					5	1
PARAMOUNT RES MTG GRP 855			3	3	2	1
CHERRY CREEK MORTGAGE 856					1	
HOMESTAR FINANCIAL 861			1	1	1	1
HOMETOWN LENDERS 862					2	1
CROSSCOUNTRY MORTGAGE 863	3	1	15	6	5	4
GUARANTEED RATE 864	7	1	13	4		
FIRST COLONY MORTGAGE 865	1	1	7	7		
WINTRUST MORTGAGE 867	2	2	2	2		
CHURCHILL MORTGAGE 869	1	1	1	1		
CLEARWATER FEDERAL C U 901					2	
INTREPID CREDIT UNION 903			4			
Grand Count	69	35	332	183	355	180

PORTFOLIO CHANGES

	October		2023 YTD		
	# loans	Princ Bal	# loans	Princ Bal	
September Balance	5,225	517,818,253.98	5,052	480,053,770.57	Dec-22
October Purchases (1st)	69	19,092,959.15	336	86,033,583.36	
October Purchases (2nd)	35	403,879.00	183	1,937,576.60	
October Amortization		(1,384,608.78)		(13,680,599.10)	
October Payoffs (1st)	(27)	(2,632,586.16)	(210)	(19,976,239.05)	
October Payoffs (2nd)	(8)	(36,206.75)	(55)	(292,828.03)	
October Foreclosures			(12)	(813,573.91)	
October Balance	5,294	533,261,690.44	5,294	533,261,690.44	Oct-23

OCTOBER PORTFOLIO SUMMARY

	# of loans	\$ of loans	% of #	% of \$	
FHA	2,731	348,677,501	51.6%	65.4%	
RD	859	89,445,416	16.2%	16.8%	
VA	354	57,084,592	6.7%	10.7%	
HUD184	37	2,432,826	0.7%	0.5%	
PMI	33	2,223,124	0.6%	0.4%	
Uninsured 1st	231	25,727,279	4.4%	4.8%	
Uninsured 2nd	1,049	7,670,953	19.8%	1.4%	
	5,294	\$ 533,261,690			
October 2022 Portfolio Balance	5,033	\$ 472,198,011	5.19%	12.93%	percent of Incr/Decr

Servicer	# of loans	\$ of loans	% of #	% of \$
MBOH	5,218	\$ 527,246,772	99%	99%
First Security Bozeman	3	\$ 74,604	0%	0%
First Boulder Valley Bank	1	\$ 43,238	0%	0%
Valley Bank Ronan	40	\$ 4,038,085	1%	1%
Manhattan Bank	1	\$ 80,275	0%	0%
Pioneer Federal Savings	19	\$ 700,933	0%	0%
Guild Mortgage	12	\$ 1,077,784	0%	0%
	5,294	533,261,690		

Weighted Average Interest Rate 4.036%

	# of loans	\$ of loans	
0 - 2.99%	1048	\$ 92,536,081	<i>rates up to 4%</i>
3 - 3.99%	1522	\$ 183,032,171	2570 \$ 275,568,252
4 - 4.99%	808	\$ 86,983,438	
5 - 5.99%	1437	\$ 144,168,463	<i>rates 4% and above</i>
6 - 6.99%	439	\$ 25,706,162	2724 \$ 257,693,439
7 - 7.99%	40	\$ 835,375	

RAM PROGRAM OCTOBER ACTIVITY

<u>Loan Requests</u>	<u>Loans Outstanding</u>	<u>Life of Program</u>	<u>Avail Balance</u>
0	0	45	2,733,971.20
		236	15,271,126
			3,293,301.00

DELINQUENCY AND FORECLOSURE RATES

	MONTANA BOARD OF HOUSING			MORTGAGE BANKERS ASSOC. 9/2023			<i>(most recent available)</i>
	<u>Oct-23</u>	<u>Sep-23</u>	<u>Oct-22</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>	
30 Days	1.13	1.42	1.43	1.30	1.59	2.04	
60 Days	0.70	0.69	1.02	0.36	0.49	0.64	
90 Days	<u>1.96</u>	<u>1.95</u>	<u>2.44</u>	<u>0.56</u>	<u>0.72</u>	<u>1.03</u>	
Total Delinquencies	3.79	4.06	4.89	2.22	2.80	3.71	
In Foreclosure	0.25	0.19	0.38	0.33	0.24	0.49	

Mortgage Servicing Program Dashboard

Effective 11/30/23

2023 Monthly Servicing Report

MONTH	Last Year	Last Month	This Month
	Nov-22	Oct-23	Nov-23
PORTFOLIO TOTAL LOANS	5395	5836	5908
MBOH	4998	5281	5341
BOI	300	302	302
MULTI FAMILY	15	16	16
HAF-Homeownership Assistance Fund	82	237	249
PRINCIPAL (all loans)	\$536,245,936.51	\$604,440,700.97	\$616,882,187.49
ESCROW (all loans)	\$3,047,810.10	\$7,229,882.47	\$3,492,549.41
LOSS DRAFT (all loans)	\$826,643.97	\$763,261.49	\$766,586.60
LOANS DELINQUENT (60+ days)	289	254	252
ACTUAL FORECLOSURE SALES IN MONTH	0	0	1
FORECLOSURES TOTAL CALENDAR YEAR	8	9	10
DELINQUENT CONTACTS TO MAKE	679	712	734
LATE FEES - NUMBER OF LOANS	839	904	900
LATE FEES - TOTAL AMOUNT REVENUE	\$22,961.93	\$26,650.88	\$26,576.20
PAYOFFS	38	37	37
NEW LOANS	66	105	110

HUD's National Servicing Center TRSII SFDMS Reporting

FY 2023 Final Score 94.74% - Grade A

LOSS MITIGATION	Nov-22	Oct-23	Nov-23
ACTIVE FINANCIALPACKETS	1	0	0
REPAYMENT/SPECIAL FORBEARANCE	4	0	0
COVID19 FORMAL FORBEARANCE (OCT)	82	35	20
HAMPS, PARTIAL CLAIMS & MODS PNDG	6	23	15
CHAPTER 13 BANKRUPTCIES	10	10	11
PRESERVATION PROPERTIES	7	10	10
REAL ESTATE OWNED PROPERTIES	2	1	1
SHORT SALE	0	0	0
DEED IN LIEU	0	0	0

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Stan’s Garden in Belgrade, MT - Coal Trust Multifamily Homes Loan Program approval

BACKGROUND

This project involves the purchase of an existing manufactured home community and its conversion to a resident ownership cooperative (ROC) model. This process includes resident organizing, working with 3rd party consultants (including WGM Engineering) to receive a property condition report and identify priority repairs needed as part of this transaction, and the resident cooperative purchasing the property and taking over governance through a board structure. There are 39 mobile homes on site.

Proposal:

Borrower:	Stan’s Garden, Inc.
Program:	Coal Trust Multifamily Homes Loan Program
Type:	Permanent Amortizing
Amount:	\$5,356,765
Term:	30 years
Amortization Period:	40 years
Loan to Project Ratio:	95%
Rate:	3.9452% based on Oct 2023 application submission
Security:	1 ST lien position non-recourse
Property Taxes:	Yes, will be subject to property taxes
Loan Fees:	1% of Loan amount paid at closing
Escrows:	Will be held with Montana Housing
Underwriting	
Assumptions:	As outlined in Housing Credit QAP
Closing & Stabilization	
Conditions:	Contingent on staff reviewing appraisal & conditions report

STAFF RECOMMENDATION (if any)

Staff supports proposal noted above.

MOTION OPTION(S)

1. Move to approve a Coal Trust Multifamily Homes Loan in the amount up to \$5,356,765 in first lien position with a 40-year amortization, 30-year term at a 3.9425% interest rate that will close upon conversion, with the staff’s discretion to change loan terms or funding pool if needed.
2. No motion, proposal fails.



October 11, 2023

Montana Housing
301 S Park Avenue
Helena, MT 59620

RE: Stan's Garden, Inc. Application

NeighborWorks Montana (NWMT) is requesting on behalf of the residents of the Stan's Garden Community, formerly Belgrade Village Community, a loan from the Multifamily Coal Trust Homes Program to support the conversion of this park to resident ownership.

Stan's Garden is a manufactured home community located in Belgrade, Montana. NWMT is working with the residents of the community to purchase the land their homes are located on from the seller. As part of this, NWMT will work as the Certified Technical Assistance Provider (CTAP) for the residents living in the community and help them to organize and create a board of directors for their cooperative as well as find financing, assist with vendors, and create a capital improvement plan for their community.

Stan's Garden is located in Belgrade at 100 Cottonwood Lane. The community is currently licensed for 39 manufactured home units. The approximately 7.2 acre property is currently under contract with a purchase price of \$5.25 million and a closing date of January 12, 2024. The sellers of the community are interested in supporting the resident ownership model.

Currently, the residents have held four organizing meetings and are interested in pursuing resident ownership for their community with NWMT's support. Many of the residents are interested in this opportunity as it provides future security for their homes and families. The members of the community will be able to make their own decisions with each household having a vote on governance, financial needs, future infrastructure improvements, and lot rental rates; all things that the residents currently have unavailable to them.

NWMT views this model of conversion between investor ownership to resident ownership as a key method to preserve affordability and create ownership in these communities. In the investor ownership structure, residents own their homes but not the land under them. This can make their housing unstable as they never know when their lot rent will increase or what will happen if the community changes ownership. It is also highly concerning that the manufactured home owners are normally not given long term leases and are not protected from having the land under their home sold out from under them to a developer who inflates rents without warning or pursues eviction to convert the property into a different type of development. Many homes are unable to be relocated due to condition, if they can be relocated it is a very cumbersome, lengthy and expensive process. Because of this it creates a large disparity for those living in these communities knowing that they likely cannot afford to undertake the process and may not find a new location for their home. One developer/owner of these communities equated the situation residents face to "a diner where all the customers are chained to the booths" – essentially

Together we strengthen our communities by providing education and financing that gives every Montanan the opportunity to live in a home where they can thrive.



powerless to change their situation. The ROC model is focused on providing a better balance of power for those living in these manufactured home parks by putting the decisions in their collective hands while providing market rate prices to purchase the land from the existing owners.

NWMT has helped residents in 19 parks across the state of Montana convert to resident homeownership and works to find them financing, helps with budgets and projections, and overall governance. NWMT is an affiliate of ROC USA, the national arm that supports this work, and has a large amount of resources to help the members of these communities with organizing as well as ongoing governance. As part of NWMT's efforts to support this work, the residents traditionally decide to keep NWMT on as a technical assistance provider to assist in their operations once the conversion to resident ownership is completed.

Financing is traditionally received from ROC Capital, a CDFI connected with ROC USA, but NWMT has also completed conversions with local banks in Montana that want to support this work including Opportunity Bank and Glacier Bank. Traditionally, financing has an extended amortization period and a 10-year balloon at a smaller LTV. NWMT supports the remainder of the acquisition and conversion costs with a secondary loan with a similar repayment timeline. During the first 10 years, the community residents operate the community and overtime show financial growth and capacity. At the time of the balloon repayments, many ROCs can leverage their operating history, equity and knowledge of their community to apply for traditional credit lines and commercial loans from local and national banks.

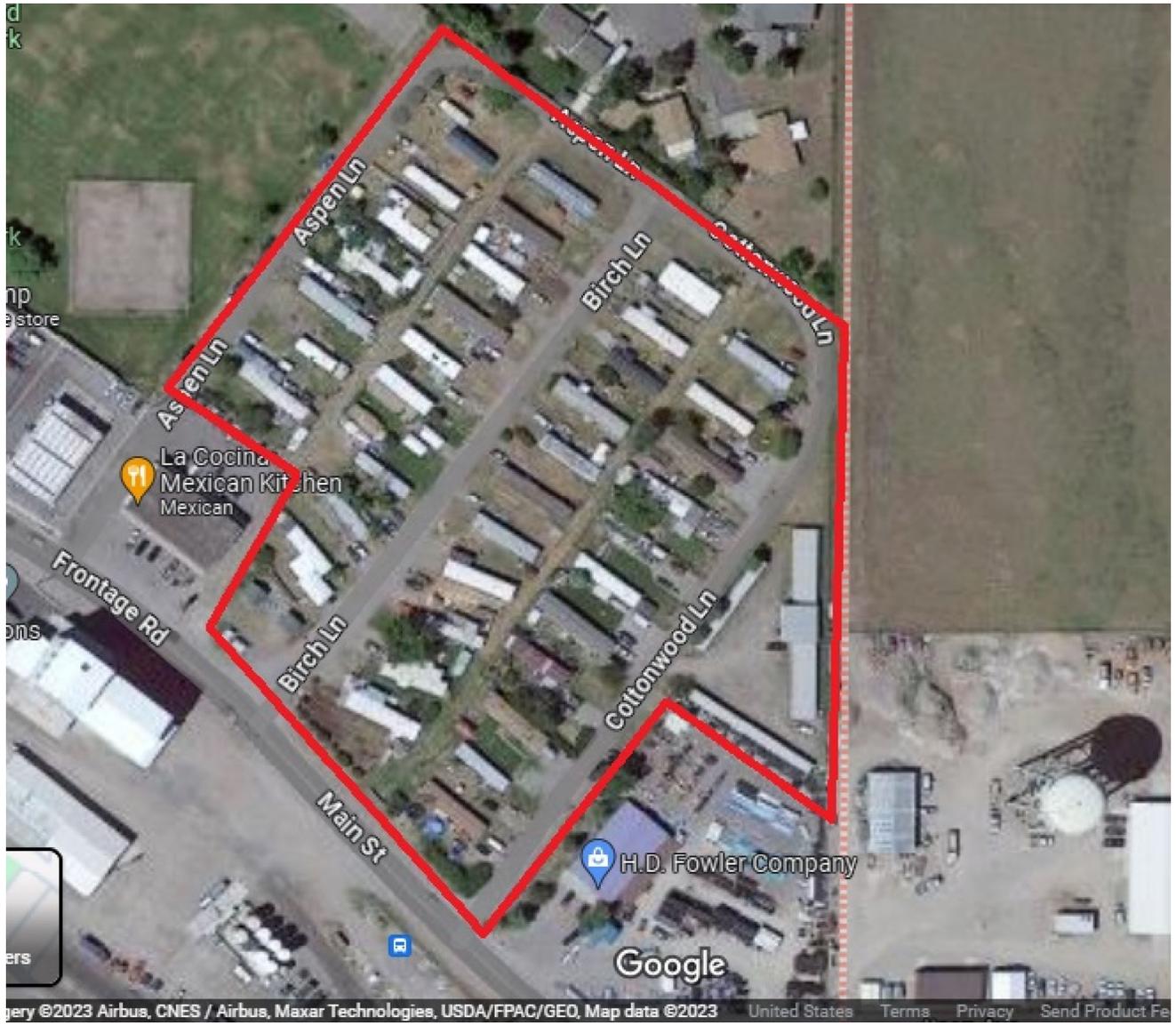
Attached to this application you will find the items requested for your review of this project. For items listed in the threshold document by Montana Housing staff that are currently unavailable or require some explanation, please review the narratives document.

Thank you again for your consideration of the Stan's Garden ROC project. Please let us know if you have any questions while reviewing this application and the supporting documents.

DocuSigned by:
Danielle Maiden
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Danielle Maiden
Cooperative Housing Director

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BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Two Rivers Community in Lolo, MT Coal Trust Multifamily Homes Loan Program approval

BACKGROUND

This project involves the purchase of an existing manufactured home community and its conversion to a resident ownership cooperative (ROC) model. This process includes resident organizing, working with 3rd party consultants (including WGM Engineering) to receive a property conditions report and identify priority repairs needed as part of this transaction, and the resident cooperative purchasing the property and taking over governance through a board structure. This ROC consists of 59 mobile homes.

Proposal:

Borrower:	Two Rivers Community, Inc
Program:	Coal Trust Multifamily Homes Loan Program
Type:	Permanent Amortizing
Amount:	\$5,460,833
Term:	30 years
Amortization Period:	40 years
Loan to Project Ratio:	95%
Rate:	3.8825% based on Nov 2023 application submission
Security:	1 ST lien position non-recourse
Property Taxes:	Yes, will be subject to property taxes
Loan Fees:	1% of Loan amount paid at closing
Escrows:	Will be held with Montana Housing
Underwriting	
Assumptions:	As outlined in Housing Credit QAP
Closing & Stabilization	
Conditions:	Review appraisal and conditions report

STAFF RECOMMENDATION (if any)

Staff supports proposal noted above.

MOTION OPTION(S)

1. Move to approve an amount up to \$5,460,833 of a Coal Trust Multifamily Homes Loan in first lien position with a 40-year amortization, 30-year term at a 3.8825% interest rate that will close on or after 3 months of stabilized occupancy, with the staff's discretion to change loan terms or funding pool if needed.
2. No motion, proposal fails.



November 15, 2023

Montana Housing
301 S Park Avenue
Helena, MT 59620

RE: Two Rivers Community, Inc. Application

NeighborWorks Montana (NWMT) is requesting on behalf of the residents of the Two Rivers Community a loan from the Multifamily Coal Trust Homes Program to support the conversion of this park to resident ownership.

Two Rivers is a manufactured home community located in Lolo, Montana. NWMT is working with the residents of the community to purchase the land their homes are located on from the seller. As part of this, NWMT will work as the Certified Technical Assistance Provider (CTAP) for the residents living in the community and help them to organize and create a board of directors for their cooperative as well as find financing, assist with vendors, and create a capital improvement plan for their community.

Two Rivers is located in Lolo at 6300 Lantern Ridge Road. The community is currently licensed for 59 manufactured home units. The approximately 5.5 acre property is currently under contract with a purchase price of \$5.35 million and a closing date of February 3, 2024. The sellers of the community are interested in supporting the resident ownership model.

Currently, the residents have held five organizing meetings and are interested in pursuing resident ownership for their community with NWMT's support. Many of the residents are interested in this opportunity as it provides future security for their homes and families. The members of the community will be able to make their own decisions with each household having a vote on governance, financial needs, future infrastructure improvements, and lot rental rates; all things that the residents currently have unavailable to them.

NWMT views this model of conversion between investor ownership to resident ownership as a key method to preserve affordability and create ownership in these communities. In the investor ownership structure, residents own their homes but not the land under them. This can make their housing unstable as they never know when their lot rent will increase or what will happen if the community changes ownership. It is also highly concerning that the manufactured home owners are normally not given long term leases and are not protected from having the land under their home sold out from under them to a developer who inflates rents without warning or pursues eviction to convert the property into a different type of development. Many homes are unable to be relocated due to condition, if they can be relocated it is a very cumbersome, lengthy and expensive process. Because of this it creates a large disparity for those living in these communities knowing that they likely cannot afford to undertake the process and may not find a new location for their home. One developer/owner of these communities equated the situation residents face to "a diner where all the customers are chained to the booths" – essentially

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Attached to this application you will find the items requested for your review of this project. For items listed in the threshold document by Montana Housing staff that are currently unavailable or require some explanation, please review the narratives document.

Thank you again for your consideration of the Stan's Garden ROC project. Please let us know if you have any questions while reviewing this application and the supporting documents.

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Cooperative Housing Director

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BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Forest Acres Trailer Park, Whitefish MT Coal Trust Multifamily Homes Loan Term Changes

BACKGROUND

Forest Acres Trailer Park is a 100-unit mobile home park located in Whitefish, MT. The purchase price of the park is \$8,500,000. After purchase of the property, the borrower intends to add an additional 20 mobile home lots.

This project was approved last month (November), with a 16-year term and a debt coverage ratio (DCR) of 1.08. The borrower is interested in modifying the loan to a 30-year term and the DCR to 1.20. The borrower’s request is to include lot rent increases every year that would be tied to the consumer price index (CPI). The affordability period will remain at 30 years, but the borrower wishes to have the flexibility for DCR to increase up to 1.35 if the loan is paid off early.

We request that the Board discuss whether the 20 new mobile home lots would be restricted or market rate rents.

Proposal:

Board Meeting:	December 11, 2023
Borrower:	Colton & Cheryl Behr (LLC to be formed)
Program:	Coal Trust Multifamily Homes Loan Program
Type:	Permanent Amortizing
Amount:	\$7,500,000
Term:	30 years (change from 16 year at November Board meeting)
Amortization Period:	40 years
Loan to Project Ratio:	88%
Rate:	3.9125% based on Oct 2023 application submission
Security:	1 ST lien position non-recourse
Property Taxes:	Yes, will be subject to property taxes
Loan Fees:	1% of Loan amount paid at closing
Escrows:	Will be held with Montana Housing
Underwriting Assumptions:	As outlined in Housing Credit QAP
Closing & Stabilization Conditions:	Funds will be disbursed at closing

BOARD AGENDA ITEM

STAFF RECOMMENDATION (if any)

Staff recommend that the Board approves the adjusted loan terms, including 1.20 DCR initially with the option to adjust to a maximum of 1.35 DCR if the loan is paid off early. Staff does not recommend tying future mobile home lot rent increases to CPI, but to instead review lot rent increases on an annual basis under the 1.20 DCR framework. Staff additionally recommends that the proposal to add an additional 20 new mobile home lots specify that those new lots must also be restricted and under the recorded Regulatory Agreement, given that the \$7,500,000 loan is for the acquisition of the entire parcel where the additional lots will be added.

MOTION OPTION(S)

1. Board approval of the following adjusted terms, including all items **a** through **f** below, for the \$7,500,000 loan approved at the November 13, 2023 Board meeting:
 - a. 30-year term instead of 16-year
 - b. Starting DCR at 1.20 instead of 1.08
 - c. Ability to increase DCR to 1.35 if the loan is paid off early
 - d. Staff review and approval of annual lot rent increases under the 1.20 DCR framework (with flexibility to shift to 1.35 if loan is paid off early)
 - e. Any additional mobile home lots to be added in the future (beyond current 100 lots) to be covered under the recorded Regulatory Agreement
 - f. Contingent on staff completing underwriting and review of the project
2. Move to not approve the project.

Multi Family Program Dashboard

December 11, 2023

Funds For Coal Trust, MFLP, Housing Montana Fund

Available After Commitments

Coal Trust Applications	\$15,073,524	From the \$65,000,000
MFLP	\$789,035	
HMF - AHRLF	\$116,425	
HMF - TANF	\$0	Assumes transfer TANF funds to HMF - AHRLF

Projects Underway

Dollar Amount	Program/Project	City/Units	Year Awarded	Recipient	Status*
7,500,000	CT/Forest Acres Trailer Park	Whitefish/100	2023	General One Construction	Approved in November
5,460,833	CT/Two Rivers	Lolo/59	TBD	Two Rives Community, Inc.	Up for Approval
5,356,765	CT/Stan's Garden Community	Belgrade/39	TBD	NeighborWorks	Up for approval
3,189,229	CT/Alpenglow II	Whitefish/18	TBD	Housing Whitefish	Under review
30,460,886	9%/CT/4%Twin Creek	Helena/72	2024	United Housing Partners	Awarded in 2023
8,050,000	95%/CT/Riverstone Senior	Hamilton/23	2024	Housing Solutions	Awarded in 2023
6,500,000	9%/Elmore Roberts	Great Falls/60	2024	Community Preservation Partners	Awarded in 2023
13,197,880	9%/4%/7th & Aspen	Bozeman/46	2024	Boundry Dev & HRDC	Awarded in 2023
8,200,000	9%/CTMitchell Court	Billings/32	2024	GL Development	Awarded in 2023
2,090,000	CT/Welcome Way Apartments	Darby/24	2023	Summit Housing Group	Closed
10,963,840	4%/The Manor	Hamilton/60	TBD	Sapphire Lutheran Homes	Up for approval
18,341,480	4%/Parkview Village	Great Falls/84	2023	Vitus Development, LLC	Approved August
11,993,710	4%Baxter	Bozeman/50	2023	Devco Preservation	Approved in September
82,575,000	4%North 3rd Apartments	Bozeman/216	2023	Devco Preservation	Approved in July
58,551,220	4%/HMF/Lumberyard	Bozeman/155	2023	Rueter Walton Development	Approved in July
7,414,040	4%/Big Fork Senior	Big Fork/24	2023	Bigfork Senior Housing	Approved in May
14,342,680	4%/Union Place	Missoula/63	2023	Union Place Apartments LLC	Closed July 2023
23,985,160	4%/Sunshine Village	Great Falls/92	2023	Community Preservation Partners	Closed June 2023
24,103,280	4%/South Forty	Billings/101	2023	Lincoln Avenue Capital	Closed May 2023
6,435,000	9%/ANHA LIHTC #2	Crow Agency/23	2023	Apsaalook Nation HA	Awarded in 2022
6,500,000	9%/MF/Cabinet Affordable	Libby/24	2023	Cabinet Affordable Housing	Awarded in 2022
8,200,000	9%/CT/Carter Commons	Great Falls/25	2023	Carter Commons, LLLP	Awarded in 2022
41,961,750	9%/4%/Creek Side Apartments	Missoula/161	2023	Homeward	Awarded in 2022
7,700,000	9%/MF/Meadowlark Senior	Butte/26	2023	Group	Awarded in 2022
7,991,250	9%/MF/Riverview Apts	Big Sky/25	2022	Blueline	Under Construction
5,590,170	9%/Bicentennial Apts	Dillon/58	2022	Dawson Holdings	8609 submitted
6,100,000	9%/Baatz Block Apts	Great Falls/25	2022	Homeward	Credit Refresh
6,200,000	9%/Tapestry Apts	Billings/26	2022	CLDI	Under Construction
20,503,498	9%/4%/Junegrass 4/9	Kalispell/138	2022	GMD/Homeward	Under Construction
5,812,010	9%/ARPA/Laurel Depot	Laurel/19	2021	GL/North Fork Dev.	Under Construction
8,435,000	9%/ARPA/MRM Unified Campus	Billings/29	2021	MT Rescue Mission	Under Construction
8,435,000	9%/ARPA/Jackson Court	Billings/38	2021	GL Development	Under Construction
8,015,483	9%/ARPA/AHNA LIHTC 1	Crow Agency/43	2021	Apsaalooke Nation HA	Closed September 2022
6,435,000	9%/MF/Creekside Commons	Kalispell/36	2021	Housing Solutions	Under Construction
3,320,000	9%/Crowley Flats	Lewistown/16	2021	Homeward	Under Construction
7,453,444	4%/Comstock I, II & III	Bozeman/86	2022	Devco Preservation	Closed November 2022
5,555,150	4%/ARPA/Spruce Grove	Laurel/Bridger/62	2022	GL Development	Under Construction
5,460,890	4%/Bridger Peaks	Bozeman/60	2022	Devco Preservation	Under Construction
6,649,597	4%/ARPA/Highland Manor	Havre/32	2021	Echo Enterprise	Closed October 2023
5,751,770	4%Castlebar	Bozeman/72	2021	Devco Preservation	Under Construction
74,254,570	4%/ARPA/Villagio	Missoula/200	2021	Blueline/Missoula HA	Almost done
62,425,730	4%ARPA/Trinity	Missoula/202	2021	Blueline.Homeward/Missoula HA	Almost done

Coal Trust Requests	Dollar Amount Requested	Status
Whitefish	\$7,500,000	Approved in November
Lolo	\$5,460,833	Up for approval
Belgrade	\$5,356,765	Up for approval
Whitefish	\$4,000,000	In underwriting
Hamilton	\$1,550,000	Approved
Billings	\$1,700,000	Approved
Helena	\$7,686,748	Approved
Helena	\$474,940	Approved
Great Falls	\$1,700,000	Approved
Total Current Requests	\$35,429,286	

Events and Deadlines

BOARD AGENDA ITEM

PROGRAM

Operations/Executive Director

BOARD MEETINGS

The next Board meeting will be Monday, January 8, 2024, at 8:30 am via Zoom.

The 2024 Board meeting calendar is included after the meeting agenda in the Board packet. Please inform Cheryl Cohen and Stacey Waites as soon as possible if you have any conflicts with the 2024 schedule.

BOARD TRAINING & CONFERENCE OPPORTUNITIES

- The NCSHA 2024 Legislative Conference (LegCon) will be held March 4 – 6, 2024 in Washington, D.C. LegCon is an opportunity for Board members to connect with and educate our legislators about the impact of federal housing programs in our state; the agenda will also include sessions with federal officials and industry leaders to gain their insights on the 2024 legislative agenda. Board members interested in attending LegCon can notify Cheryl Cohen and Stacey Waites. The full agenda and registration are not yet available.
- Staff are beginning to develop Board training content for 2024. For the April Board training session, we are looking to include the following:
 - Board governance best practices, potentially by John Wagner, Kutak
 - Refresher sessions on Conflict of Interest and Ex Parte Communications
 - Board Members to complete a new Conflict of Interest declaration form
 - Affirmatively Furthering Fair Housing, potentially by Kate Boyd with FHEO
 - Board members may also be interested in taking online courses on various programs, such as the Novogradac LIHTC 101 on-demand trainingBoard members are encouraged to share training or suggestions with Cheryl Cohen.

CONTRACTS / PROCUREMENT

- Emphasys contract has been routed, awaiting signature from vendor.
- Working with Rental Assistance Bureau to add another appraiser vendor for Rent Comparability Studies (RCS).

PERSONNEL UPDATE

Montana Housing is actively recruiting for:

- Community Housing Program Specialist
- Housing Choice Voucher Contract Officer

Brian Barnes (currently our Quality Control Specialist in Servicing) has accepted the new position as the Multifamily Asset Manager and will start on January 2, 2024.

We also welcome Stacey Waites to the Montana Housing team, who started on December 4 as our new Executive Assistant.

Board Meeting: December 11, 2023

BOARD AGENDA ITEM

Vicki Bauer and Charlie Brown continue to serve in their respective finance and homeownership acting roles. We will be revisiting the Finance Manager position and recruitment process in January.

EMERGENCY RENTAL ASSISTANCE UPDATE

- The Montana Eviction Intervention Program through MLSA will be funded for at least another year.
- The Department is reviewing other possible eligible uses for any remaining MERA funding per Treasury guidance in FAQ #46 targeted to very low-income families. We are hoping to finalize our path forward for the other eligible uses next week.

HOMEOWNER ASSISTANCE FUND UPDATE

- As of December 4, 2023, there have been 1,047 applications submitted to the statewide program and HAF staff have approved and paid over \$3.4 million in total through all statewide program areas.
- HAF Home Repair program is receiving steady monthly applications and is progressing towards the next step of waiting for bids to be submitted. 55 applications have been submitted as of December 4, 2023.
- We are now able to pay forward facing mortgage payments, up to 6 months, for households whose mortgage payment is more than 30% of their income. This is also in the form of an interest-free loan.
- Utility applications are now stand alone as of November 22, 2023, and we have started receiving applications.
- We have internally opened up a position for QC Compliance Specialist.

COMMUNITY HOUSING UPDATE

- Montana's HOME-ARP allocation from HUD is \$11,309,211 (HUD's final amount following a \$150,557 reduction due to a HUD administrative error), or which 8.8% will be used to administer the funds through September 30, 2030. Applications were accepted through October 31, 2023. We received five applications requesting a total of \$7.5 million for construction of permanent supportive housing, non-congregate shelter and supportive services. Total project costs for these proposed projects is \$23 million, providing a 1:3 leverage. Staff is reviewing applications now and plan to make recommendations to the Director of Commerce by the end of the year. Because the amount requested is less than the amount available, Montana Housing announced a second HOME-ARP application deadline (April 30, 2024 at 5 p.m.) via a GovDelivery notice on December 5, 2023.
- For the Emergency Shelter Facility Grant (ESFG) program, the Community Housing team received eleven (11) applications from seven (7) communities, totaling \$5,938,912 in requests, by the November 30, 2023 application deadline. ESFG has ~\$5 million to grant to non-profits proposing capital improvements or expansion of shelter space. Proposals are under review and decisions are expected in January.

BOARD AGENDA ITEM

County	Type	ESFG request	Total project cost
Flathead	Rehab	\$750,000	\$7,344,649
Gallatin	Rehab	\$187,500	\$1,984,815
Gallatin	New Construction	\$562,500	\$16,150,000
Lewis & Clark	Rehab	\$750,000	\$1,388,590
Missoula	Rehab	\$369,183	\$5,769,624
Missoula	Rehab	\$228,593	\$228,593
Ravalli	Rehab and Expansion	\$750,000	\$3,273,462
Silver Bow	Rehab	\$750,000	\$2,359,683
Yellowstone	Rehab	\$750,000	\$3,767,076
Yellowstone	New Construction	\$750,000	\$3,989,352
Missoula	Rehab	\$91,136	\$182,272
	TOTAL	\$5,938,912	\$56,438,116

EXECUTIVE DIRECTOR UPDATE

- On November 14, 2023, Cheryl Cohen provided an update on HB819 Coal Trust Multifamily Homes Loan Program to the Economic Affairs Interim Committee. The audio / video is available online: <https://leg.mt.gov/committees/interim/eaic/>.
- On December 5, 2023, the Governor announced that he will launch a task force to address rising property taxes and how to restrain their growth to help Montana homeowners.
- On December 13, 2023, Commerce Deputy Director Mandy Rambo will present on Commerce's Annual Plan at Interim Budget Committee Section A General Government. Additionally, Cheryl Cohen will provide updates on HB 819 Coal Trust Multifamily Homes Loan Program and the Emergency Shelter Facility Grant Program to Interim Budget Committee Section F Long Range Planning.
- Governor's Housing Task Force. The next [Task Force](#) meeting will be Wednesday, January 17, 2023, from 10:00 – 11:30 am, via Teams/Zoom. The Task Force will be breaking up into two sub-groups, one focusing on Housing Successes in the 2023 legislative session and another focusing on Continued Housing Development Issues.
- Finally, MBOH is continuing to work with the Legislative Audit Division on the Performance Audit (focused on LIHTC program) and our annual Financial/Compliance Audit. The Performance Auditors are currently working on a spatial analysis of Housing Credit awards from 2018-2022 in relationship to a variety of data variables, including rent incomes, vacancy rates and other applicable data. The Performance Auditors met with Cheryl Cohen and several staff from the Commerce Research and Information Services Bureau on November 28 to discuss the variables and weighting of this analysis.

BOARD AGENDA ITEM

With respect to the Financial/Compliance audit, we received the non-trivial communication items from the auditors on December 1 and are working on our agency responses which are due Monday, December 11. The audit opinion date is currently planned for December 12.

